POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr 1 / 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 first quarter of the financial year **2024** from **1 January 2024** to **31 March 2024** containing the condensed consolidated financial statements prepared under IAS (International Accounting Standard) 34 in PLN, and condensed financial statements prepared under IAS 34 in PLN.

publication date: 15 May 2024

KGHM Polska Miedź Spółka Akcyjna
(name of the issuer)

KGHM Polska Miedź S.A. (name of the issuer in brief)	**Mining** (issuer branch title per the Warsaw Stock Exchange)
59 – 301 (postal code)	**LUBIN** (city)
M. Skłodowskiej – Curie (street)	**48** (number)
(48 76) 74 78 200 (telephone)	**(48 76) 74 78 500** (fax)
ir@kghm.com (e-mail)	**www.kghm.com** (website address)
692–000–00-13 (NIP)	**390021764** (REGON)

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 31 March 2024	**from 1 January 2023 to 31 March 2023**	**from 1 January 2024 to 31 March 2024**	**from 1 January 2023 to 31 March 2023**
I.	Revenues from contracts with customers	8 315	9 585	1 924	2 039
II.	Profit on sales	586	662	136	141
III.	Profit before income tax	703	513	163	109
IV.	Profit for the period	424	164	98	35
V.	Profit for the period attributable to shareholders of the Parent Entity	424	163	98	35
VI.	Profit for the period attributable to non-controlling interest	-	1	-	-
VII.	Other comprehensive income	(155)	(138)	(36)	(29)
VIII.	Total comprehensive income	269	26	62	6
IX.	Total comprehensive income attributable to shareholders of the Parent Entity	269	25	62	6
X.	Total comprehensive income attributable to non-controlling interest	-	1	-	-
XI.	Number of shares issued (million)	200	200	200	200
XII.	Earnings per ordinary share (PLN/EUR) attributable to shareholders of the Parent Entity	2.12	0.82	0.49	0.18
XIII.	Net cash generated from/(used in) operating activities	86	1 480	20	315
XIV.	Net cash generated from/(used in) investing activities	(1 418)	(1 163)	(328)	(247)
XV.	Net cash generated from/(used in) financing activities	432	66	100	14
XVI.	Total net cash flow	(900)	383	(208)	82
		As at 31 March 2024	**As at 31 December 2023**	**As at 31 March 2024**	**As at 31 December 2023**
XVII.	Non-current assets	38 696	37 981	8 997	8 736
XVIII.	Current assets	12 373	13 402	2 877	3 082
XIX.	Total assets	51 069	51 383	11 874	11 818
XX.	Non-current liabilities	11 465	11 136	2 666	2 561
XXI.	Current liabilities	10 704	11 617	2 489	2 672
XXII.	Equity	28 900	28 630	6 719	6 585
XXIII.	Equity attributable to shareholders of the Parent Entity	28 834	28 565	6 704	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 31 March 2024	**from 1 January 2023 to 31 March 2023**	**from 1 January 2024 to 31 March 2024**	**from 1 January 2023 to 31 March 2023**
I.	Revenues from contracts with customers	7 279	8 370	1 685	1 781
II.	Profit on sales	501	997	116	212
III.	Profit before income tax	610	869	141	185
IV.	Profit for the period	387	482	90	103
V.	Other comprehensive net income	(160)	(87)	(37)	(19)
VI.	Total comprehensive income	227	395	53	84
VII.	Number of shares issued (million)	200	200	200	200
VIII.	Earnings per ordinary share (PLN/EUR)	1.94	2.41	0.45	0.52
IX.	Net cash generated from/(used in) operating activities	(195)	1 762	(45)	375
X.	Net cash generated from/(used in) investing activities	(1 240)	(1 559)	(287)	(332)
XI.	Net cash generated from/(used in) financing activities	639	86	148	18
XII.	Total net cash flow	(796)	289	(184)	61
		As at 31 March 2024	**As at 31 December 2023**	**As at 31 March 2024**	**As at 31 December 2023**
XIII.	Non-current assets	37 223	36 781	8 655	8 460
XIV.	Current assets	11 215	12 115	2 608	2 786
XV.	Total assets	48 438	48 896	11 263	11 246
XVI.	Non-current liabilities	9 745	9 468	2 266	2 178
XVII.	Current liabilities	9 649	10 610	2 243	2 440
XVIII.	Equity	29 044	28 818	6 754	6 628

Table of contents

Part 1 – Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Note 3.3	Revenues from contracts with customers	8 315	9 585
Note 4.1	Cost of sales	(7 306)	(8 502)
	Gross profit on sales	**1 009**	**1 083**
Note 4.1	Selling costs and administrative expenses	(423)	(421)
	Profit on sales	**586**	**662**
	Profit or loss on involvement in a joint venture - interest income on loans granted to a joint venture calculated using the effective interest rate method	144	147
Note 4.2	Other operating income, including:	272	205
	other interest calculated using the effective interest rate method	6	10
	reversal of impairment losses on financial instruments	1	1
Note 4.2	Other operating costs, including:	(192)	(575)
	impairment losses on financial instruments	-	(2)
Note 4.3	Finance income	-	94
Note 4.3	Finance costs	(107)	(20)
	Profit before income tax	**703**	**513**
	Income tax expense	(279)	(349)
	PROFIT FOR THE PERIOD	**424**	**164**
	Profit for the period attributable to:		
	Shareholders of the Parent Entity	424	163
	Non-controlling interest	-	1
	Weighted average number of ordinary shares (million)	200	200
	Basic/diluted earnings per share (in PLN)	**2.12**	**0.82**

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Profit for the period	**424**	**164**
Measurement and settlement of hedging instruments net of the tax effect	(129)	(22)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	9	(43)
Other comprehensive income which will be reclassified to profit or loss	**(120)**	**(65)**
Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	(101)	(20)
Actuarial gains/(losses) net of the tax effect	66	(53)
Other comprehensive income, which will not be reclassified to profit or loss	**(35)**	**(73)**
Total other comprehensive net income	**(155)**	**(138)**
TOTAL COMPREHENSIVE INCOME	**269**	**26**
Total comprehensive income attributable to:		
Shareholders of the Parent Entity	269	25
Non-controlling interest	-	1

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CASH FLOWS

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
	Cash flow from operating activities		
	Profit before income tax	703	513
	Depreciation/amortisation recognised in profit or loss	356	431*
	Interest on loans granted to a joint venture	(144)	(147)
	Other interest	48	10
	Impairment losses on property, plant and equipment and intangible assets	20	8
	Exchange differences, of which:	(111)	195
	from investment activities and cash	(144)	289
	from financing activities	33	(94)
	Change in provisions for decommissioning of mines, liabilities related to future employee benefits programs and other provisions	110	141
	Change in other receivables and liabilities other than working capital	67	61
	Change in assets and liabilities due to derivatives	90	(17)
	Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(158)	16
	Other adjustments	6	2
	Exclusions of income and costs, total	284	700
	Income tax paid	(106)	(248)
Note 4.11	Changes in working capital, including:	(795)	515*
	change in trade payables transferred to factoring	(439)	(14)
	Net cash generated from/(used in) operating activities	**86**	**1 480**
	Cash flow from investing activities		
	Expenditures on mining and metallurgical assets, including:	(1 149)	(988)
Note 4.8	paid capitalised interest on borrowings	(39)	(41)
	Expenditures on other property, plant and equipment and intangible assets	(162)	(157)
	Expenditures on financial assets designated for decommissioning mines and other technological facilities	(28)	(24)
	Proceeds from disposal of property, plant and equipment and intangible assets	3	9
	Expenditures on financial assets	(74)	-
	Other	(8)	(3)
	Net cash generated from/(used in) investing activities	**(1 418)**	**(1 163)**
	Cash flow from financing activities		
Note 4.8	Proceeds from borrowings	835	1 385
Note 4.8	Repayments of borrowings	(326)	(1 284)
Note 4.8	Repayment of lease liabilities	(15)	(11)
	Payment of interest, including:	(65)	(27)
Note 4.8	borrowings	(28)	(26)
	Other	3	3
	Net cash generated from/(used in) financing activities	**432**	**66**
	NET CASH FLOW	**(900)**	**383**
	Exchange gains/(losses)	(3)	(9)
	Cash and cash equivalents at beginning of the period	1 729	1 200
	Cash and cash equivalents at end of the period, including:	**826**	**1 574**
	restricted cash	23	31

** Reclassification of depreciation/amortisation recognised in the inventory in previous years in the amount of PLN 235 million to the change in working capital (change in inventory).*

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2024	As at 31 December 2023
	ASSETS		
	Mining and metallurgical property, plant and equipment	21 140	20 798
	Mining and metallurgical intangible assets	2 765	2 697
	Mining and metallurgical property, plant and equipment and intangible assets	23 905	23 495
	Other property, plant and equipment	3 219	2 941
	Other intangible assets	328	313
	Other property, plant and equipment and intangible assets	3 547	3 254
Note 4.5	Involvement in joint ventures – loans granted	9 364	9 096
	Derivatives	204	233
	Other financial instruments measured at fair value	781	905
	Other financial instruments measured at amortised cost	505	475
Note 4.6	Financial instruments, total	1 490	1 613
	Deferred tax assets	143	137
	Other non-financial assets	247	386
	Non-current assets	**38 696**	**37 981**
	Inventories	7 959	8 425
Note 4.6	Trade receivables, including:	1 616	932
	trade receivables measured at fair value through profit or loss	1 127	414
	Tax assets	630	985
Note 4.6	Derivatives	591	760
	Other financial assets	307	296
	Other non-financial assets	444	275
Note 4.6	Cash and cash equivalents	826	1 729
	Current assets	**12 373**	**13 402**
	TOTAL ASSETS	**51 069**	**51 383**
	EQUITY AND LIABILITIES		
	Share capital	2 000	2 000
	Other reserves from measurement of financial instruments	47	277
	Accumulated other comprehensive income, other than from measurement of financial instruments	1 557	1 482
	Retained earnings	25 230	24 806
	Equity attributable to shareholders of the Parent Entity	28 834	28 565
	Equity attributable to non-controlling interest	66	65
	Equity	**28 900**	**28 630**
Note 4.6	Borrowings, lease and debt securities	5 313	4 761
Note 4.6	Derivatives	173	202
	Employee benefits liabilities	2 934	3 117
	Provisions for decommissioning costs of mines and other technological facilities	1 932	1 923
	Deferred tax liabilities	630	646
	Other liabilities	483	487
	Non-current liabilities	**11 465**	**11 136**
Note 4.6	Borrowings, lease and debt securities	1 015	964
Note 4.6	Derivatives	419	499
Note 4.6	Trade and similar payables	5 088	6 188
	Employee benefits liabilities	1 781	1 709
	Tax liabilities	598	611
	Provisions for liabilities and other charges	223	194
	Other liabilities	1 580	1 452
	Current liabilities	**10 704**	**11 617**
	Non-current and current liabilities	**22 169**	**22 753**
	TOTAL EQUITY AND LIABILITIES	**51 069**	**51 383**

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Entity						
	Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total	Equity attributable to non-controlling interest	Total equity
As at 1 January 2023	**2 000**	**(427)**	**1 812**	**28 704**	**32 089**	**57**	**32 146**
Profit for the period	**-**	-	-	163	**163**	1	**164**
Other comprehensive income	-	(42)	(96)	-	**(138)**	-	**(138)**
Total comprehensive income	-	(42)	(96)	163	**25**	1	**26**
As at 31 March 2023	**2 000**	**(469)**	**1 716**	**28 867**	**32 114**	**58**	**32 172**
As at 1 January 2024	**2 000**	**277**	**1 482**	**24 806**	**28 565**	**65**	**28 630**
Transactions with non-controlling interest	-	-	-	-	**-**	1	**1**
Profit for the period	-	-	-	424	**424**	-	**424**
Other comprehensive income	-	(230)	75	-	**(155)**	-	**(155)**
Total comprehensive income	-	(230)	75	424	**269**	-	**269**
As at 31 March 2024	**2 000**	**47**	**1 557**	**25 230**	**28 834**	**66**	**28 900**

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.

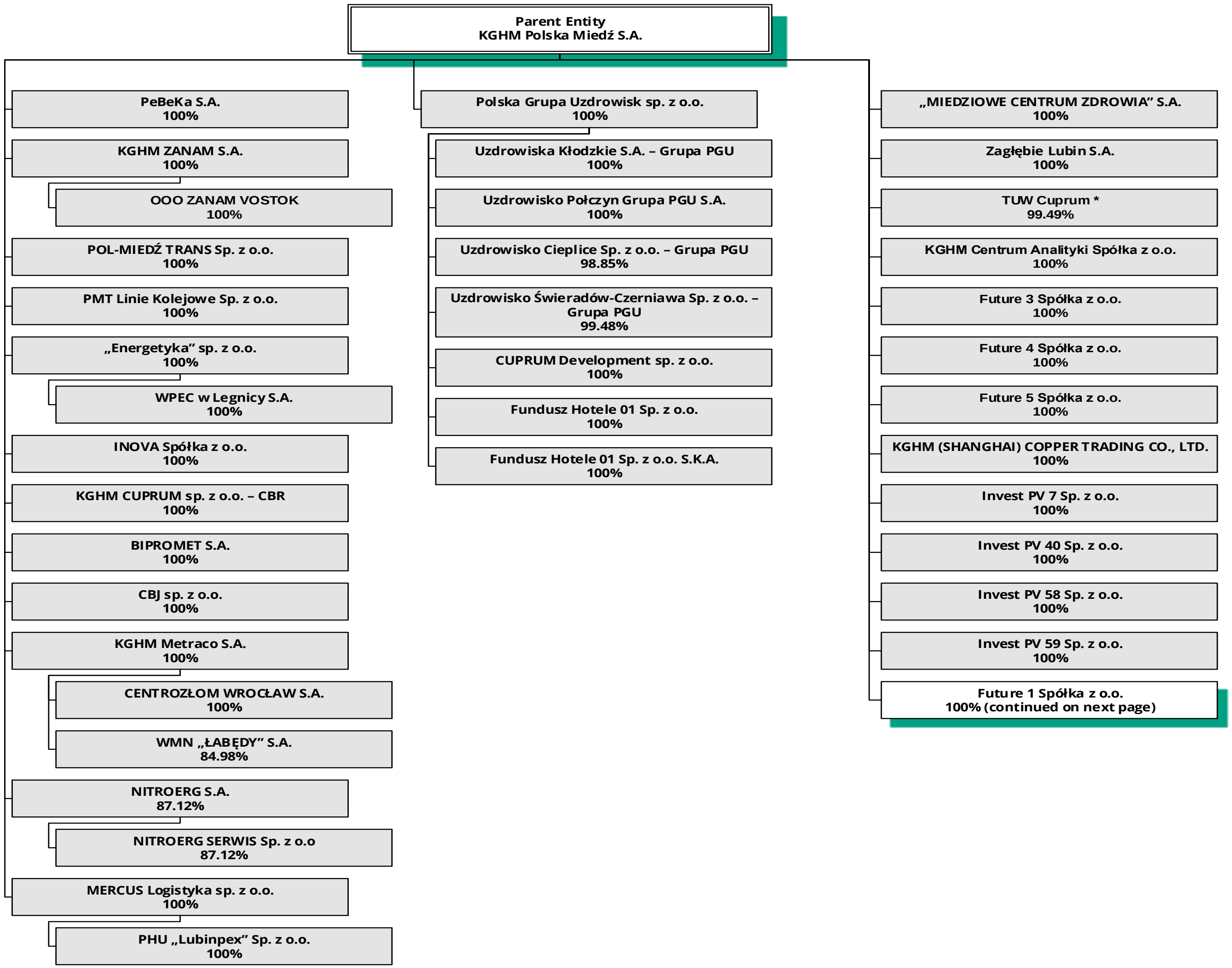
The Parent Entity's principal activities include:
- the mining of copper and non-ferrous metals ores; and
- the production of copper, precious and non-ferrous metals.

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.

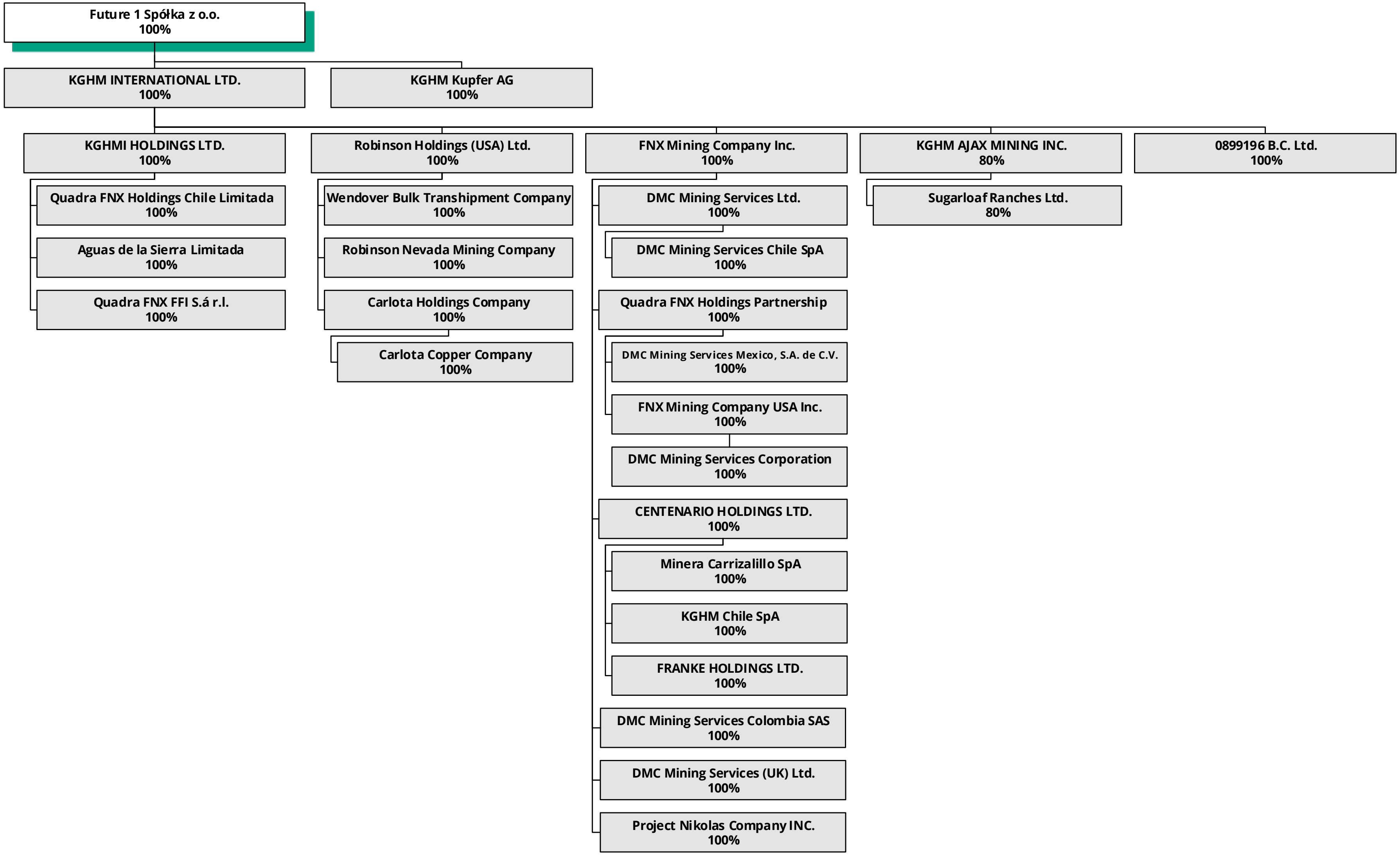
The KGHM Polska Miedź S.A. Group (the Group) carries out exploration for and mining of copper, nickel and precious metals based on concessions for Polish deposits held by KGHM Polska Miedź S.A., and also based on legal titles held by companies of the KGHM INTERNATIONAL LTD. Group for the exploration 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 31 March 2024, KGHM Polska Miedź S.A. consolidated 66 subsidiaries and used the equity method to account for the shares of two joint ventures (Sierra Gorda S.C.M. and NANO CARBON Sp. z o.o. in liquidation).



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


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

Note 1.3 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 ***4.3211 EURPLN*,***
- for the conversion of turnover, profit or loss and cash flow for the comparable period, the rate of ***4.7005 EURPLN*,***
- for the conversion of assets, equity and liabilities at 31 March 2024, the current average exchange rate announced by the National Bank of Poland (NBP) as at 31 March 2024, of ***4.3009 EURPLN,***
- for the conversion of assets, equity and liabilities at 31 December 2023, the current average exchange rate announced by the NBP as at 31 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 March 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 31 March 2024 and the comparable period from 1 January to 31 March 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 31 March 2024 and the comparable period from 1 January to 31 March 2023 **(Part 2)**.

Neither the condensed consolidated financial statements for the period from 1 January to 31 March 2024 and as at 31 March 2024 nor the quarterly financial information of KGHM Polska Miedź S.A. for the period from 1 January to 31 March 2024 and as at 31 March 2024 were subject to audit by a certified auditor.

The consolidated quarterly report for the period from 1 January 2024 to 31 March 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,
- **Amendments to IAS 1** on classification of liabilities as current or non-current (including changes due to deferral of effective date),
- **Amendments to IAS 1** on non-current liabilities associated with covenants,
- **Amendments to IAS 7 and IFRS 7** on disclosure requirements regarding supplier finance arrangements.

Up to the date of publication of this consolidated quarterly report, with the exception of amendments to IAS 7 and IFRS 7, the aforementioned amendments to standards were adopted for use by the European Union. The Group will implement these amendments within the date of their first mandatory application. In the Group's opinion:

- amendments to IAS 1 will not have an impact on current classification of liabilities due to bank and other loans, since the Group presented 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, following their adoption by the European Union, be included by the Group in disclosures on the scope of reverse factoring used by the Group, as an addition to information currently published in the consolidated financial statements, but it was determined that this impact will be insignificant,
- amendments to IFRS 16 do not have an impact on these condensed consolidated financial statements or on the comparable period.

amounts in PLN millions, unless otherwise stated

2 – Realisation of strategy

In the first quarter of 2024, the Company consistently implemented the "Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040", as adopted by the Company's Supervisory Board, based on approved development directions: Elasticity/flexibility, Efficiency, Ecology, E-industry and Energy.

Note 2.1 Key achievements of the KGHM Polska Miedź S.A. Group in the activities implemented in individual strategic directions of development

Efficiency	– Mined production in domestic assets amounted to 116.8 thousand tonnes of copper in ore. Production of electrolytic copper amounted to 146.2 thousand tonnes, and was higher than the budgeted targets, both in general, as well as the production from own concentrates. – Copper production in the international assets was higher than the budgeted targets. Production of payable copper: Sierra Gorda 17.0 thousand tonnes (55%); Robinson 14.3 thousand tonnes; Carlota 0.9 thousand tonnes; the Sudbury Basin 0.8 thousand tonnes. The Sierra Gorda mine continued to operate exclusively on power provided by RES. The sinking of the exploration shaft continued as part of the so-called Advanced Exploration phase of the Victoria project in Canada, aimed at specifying the level of assessment of mineral resources. – Silver production amounted to 316 tonnes for the Group. The first place in the list of "world's largest silver mines" in the World Silver Survey 2024 was maintained. In the "largest silver producers" category, the second place was again achieved in the global ranking. – The advancement of the Deposit Access Program was continued – 11.7 kilometres of tunnelling had been excavated in the Rudna and Polkowice-Sieroszowice mines. All of the works carried out under the Mine Projects Group enables the successive opening of new mining areas. – The development of the Żelazny Most Tailings Storage Facility was continued, including especially the development of the Southern Quarter and the Tailings Segregation and Compacting Station. – Works were carried out to reduce the level of water hazards - the "Anti-filtration barrier" project was launched and projects related to the construction of a water clarifier in one of the Lubin mine divisions along with the infrastructure. – R&D initiatives to enhance the efficiency of the core production business of the Company were conducted. – Use of external sources to finance R&D&I projects continued.
Elasticity/ flexibility	– The Hybrid Legnica Smelter and Refinery Strategic Program was continued, aimed at ensuring flexibility for the metallurgy by allowing the management of larger amounts of scrap. – Modernisation works at the Legnica Copper Smelter and Refinery were carried out in the scope of the electrorefining process. – Activities involving the extension of the Company's value chain continued, including those related to the construction of Upcast II production line, along with the Conform installation at the Cedynia Wire Rod Plant, aimed at ensuring flexibility of product portfolio of KGHM. – Exploration projects with respect to exploring for and evaluating copper ore deposits in Poland and other concessions for exploration and evaluation, including the Puck project, continued. – Development projects in the international assets were continued. – Financial stability was ensured by basing the financing structure of the Group on long-term instruments, shortening the cash conversion cycle and managing market and credit risk in the KGHM Polska Miedź S.A. Group.
Ecology, Safety and Sustainable development	– The balance of greenhouse gas emissions in scopes 1 and 2 for 2023 for the Group was prepared and the greenhouse gas emissions in scopes 1 and 2 for 2022 were verified. – Annual reports on CO_2 emissions for 2023 were prepared for the purposes of the greenhouse gas emission allowances acquisition system. – Applications together with documentation were prepared and submitted to the State Water Holding Polish Waters for special use of water for discharge of unpolluted water from the drainage of the Lubin mine to the Zimnica stream and for water services including the introduction of mine-technological waters into the Odra River. – The first Phase of the Decarbonisation Program of KGHM Polska Miedź S.A. was prepared – up to the year of 2030 with an outlook to 2050. – Activities related to planting trees in the areas belonging to the Głogów Copper Smelter and Refinery have been initiated. – The Occupational Health and Safety Improvement Program was continued (LTIFR: 6.07, TRIR: 0.22).

amounts in PLN millions, unless otherwise stated

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 aimed at testing electric and battery-powered mining machinery). – The system for locating and identifying machinery and people in the underground mines was integrated and extended. – Activities were continued in the area of digital transformation, ICT security and cybersecurity as part of the KGHM 4.0 Program.
Energy	– RES Projects on own land – the procedure for issuing grid connection consent was carried out with Tauron Dystrybucja S.A. for Photovoltaic Power Plant (PV) Piaskownia Obora (50 MW), the project has a final environmental decision for the first stage with a capacity of 19 MW. The tender preparation process has begun for the selection of the General Contractor and Supervision Inspector for the designed photovoltaic installations in the Głogów Copper Smelter and Refinery I-III PV power plant complex (7.5 MW). An application for issuing environmental decisions was submitted for PV Tarnówek, PV Kalinówka and PV Polkowice (~10 MW). An application for technical connection conditions to Tauron Dystrybucja S.A. was also submitted for PV Kalinówka. A decision on Development Conditions was obtained for PV Cedynia Wire Rod Plant (1.5 MW). A planning procedure was carried out by the Lubin Municipal Office in connection with the application of KGHM Polska Miedź S.A. regarding amendments to the provisions in the local development plan, enabling the construction of the PV Western Lubin Mine (5 MW). An application for the issuance of technical connection conditions for PV Wartowice I (88 MW) was submitted. The Radwanice-Żukowice wind farm project (20 MW) near the Głogów Copper Smelter and Refinery was continued. Activities on using the potential of own land for RES projects continued. – RES acquisition projects - the acquisition of shares in three special purpose companies was completed, with photovoltaic farm projects with a total capacity of 42 MW as part of the closing of the Asgard transaction. Therefore, 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. – Development of SMR technology – R&D activities as regards SMR technology continued. A pre-feasibility study for the nuclear power plant in the SMR technology was completed. – In the first quarter of 2024, 23.93% of the need of KGHM Polska Miedź S.A. for electricity was supplied by its own sources.

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

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

The KGHM Polska Miedź S.A. Group will continue its exploratory work, the objective of which is to develop the resource base and, as a result, to maintain optimum production levels and maximise the value of the Group's assets in the long term.

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

The aforementioned intentions will be realised by continuing already commenced or bringing into operation new investments, the most significant of which are, among others:

- 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,
- Hybrid Legnica Smelter and Refinery,
- modernisation of electrorefining process at the Legnica Copper Smelter and Refinery by conversion to technology with a backing strip,
- intensification of oxygen-free copper wire rod production at the Cedynia Wire Rod Plant by constructing new production lines,
- the Deposit Access Program (Deep Głogów along with access and development tunnels),
- exploring for and evaluating deposits in areas under exploration concessions,
- development of the Żelazny Most Tailings Storage Facility above a crown height of 195 m a.s.l.
- construction of an installation and acquisitions in terms of photovoltaic energy.

Moreover, the Company will continue work on new intelligent technologies 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. In addition, the Management Board receives and analyses reports on the whole KGHM INTERNATIONAL LTD. Group. Operating segments are engaged in the exploration and mining of copper, molybdenum, silver, gold, nickel, platinum and palladium deposits. The operating segments were aggregated based on the similarity of long term margins achieved by individual segments, and the similarity of products, processes and production methods.
Sierra Gorda S.C.M.	Sierra Gorda S.C.M. (joint venture)	Not applicable (it is a single operating and reporting segment)
Other segments	This item includes other Group companies (every individual company is a separate operating segment).	Aggregation was carried out as a result of not meeting the criteria necessitating the identification of a separate additional reporting segment.

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

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

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

Each of the segments KGHM Polska Miedź S.A., KGHM INTERNATIONAL LTD. and Sierra Gorda S.C.M. have their own Management 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 Transhipment Company
Chile	Aguas de la Sierra Limitada, Minera Carrizalillo SpA, KGHM Chile SpA, Quadra FNX Holdings Chile Limitada, DMC Mining Services Chile SpA
Canada	KGHM INTERNATIONAL LTD., 0899196 B.C. Ltd., Centenario Holdings Ltd., DMC Mining Services Ltd., FNX Mining Company Inc., FRANKE HOLDINGS LTD., KGHM AJAX MINING INC., KGHMI HOLDINGS LTD., Quadra FNX Holdings Partnership, Sugarloaf Ranches Ltd., Project Nikolas Company INC.
Mexico	DMC Mining Services Mexico, S.A. de C.V.
Colombia	DMC Mining Services Colombia SAS
The United Kingdom	DMC Mining Services (UK) Ltd.
Luxembourg	Quadra FNX FFI S.à r.l.

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

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

The Parent Entity and the KGHM INTERNATIONAL LTD. Group (a subgroup) have a fundamental impact on the 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, investments in subsidiaries (including indirect investment 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 a segment's performance based on adjusted EBITDA and the profit or loss for the period.
The Group defines adjusted EBITDA as profit/loss for the period pursuant to IFRS, excluding taxes (current and deferred income tax as well as the mining tax), finance income and costs, other operating income and costs, profit or loss on involvement in joint ventures, depreciation/amortisation and recognition/reversal of impairment losses on property, plant and equipment and intangible assets included in the cost of sales, selling costs and administrative expenses.

In the third quarter of 2023, the Company redefined adjusted EBITDA during the reporting period, by including depreciation/amortisation recognised in expenses by nature in the calculation method (until now, the depreciation/amortisation recognised in profit or loss was included). The applied approach is commonly used by numerous listed companies, including in the mining sector, and ensures consistency and comparability with plans of individual operating segments of the KGHM Polska Miedź S.A. Group and parameters applied in credit agreements. The comparable period was converted pursuant to the presentation in the current reporting period, adjusted EBITDA changed as compared to the one presented in the published Consolidated report for the first quarter of 2023, a decrease in the amount of PLN 80 million.

Adjusted EBITDA – as a financial indicator not defined by IFRSs – is not a standardised measure and therefore its method of calculation may vary between entities, and consequently the presentation and calculation of adjusted EBITDA applied by the Group may not be comparable to that applied by other market entities.

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

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

Note 3.2 Financial results of reporting segments

		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data: Elimination of data of the segment Sierra Gorda S.C.M	Reconciliation items to consolidated data: Consolidation adjustments****	Consolidated financial statements
		from 1 January 2024 to 31 March 2024						
Note 3.3	**Revenues from contracts with customers, of which:**	**7 279**	**525**	**679**	**2 987**	**(679)**	**(2 476)**	**8 315**
	- inter-segment	188	5	-	2 288	-	(2 481)	-
	- external	7 091	520	679	699	(679)	5	8 315
	Segment result - profit/(loss) for the period	**387**	**(89)**	**(17)**	**(10)**	**17**	**136**	**424**
	Additional information on significant revenue/cost items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(395)	(192)	(180)	(80)	180	74	(593)
	Impairment losses on non-current assets	-	-	-	-	-	(20)	(20)
		As at 31 March 2024						
	Assets, including:	**48 438**	**14 462**	**13 548**	**6 875**	**(13 548)**	**(18 706)**	**51 069**
	Segment assets	48 438	14 462	13 548	6 875	(13 548)	(18 706)	51 069
	Assets unallocated to segments	-	-	-	-	-		-
	Liabilities, including:	**19 394**	**19 274**	**13 290**	**3 831**	**(13 290)**	**(20 330)**	**22 169**
	Segment liabilities	19 394	19 274	13 290	3 831	(13 290)	(20 458)	22 041
	Liabilities unallocated to segments	-	-	-	-	-	128	128
	Other information	**from 1 January 2024 to 31 March 2024**						
	Cash expenditures on property, plant and equipment and intangible assets – cash flows	1 019	329	319	166	(319)	(203)	1 311
	Production and cost data	**from 1 January 2024 to 31 March 2024**						
	Payable copper (kt)	146.2	16.0	17.0				
	Molybdenum (million pounds)	-	-	0.5				
	Silver (t)	309.8	0.4	5.8				
	TPM (koz t)	20.1	14.2	6.5				
	C1 cash cost of producing copper in concentrate (USD/lb PLN/lb)**	3.01 12.00	2.17 8.64	1.90 7.59				
	Segment result - adjusted EBITDA	**896**	**247**	**332**	**76**	**-**	**-**	**1 551**
	EBITDA margin* **	**12%**	**47%**	**49%**	**3%**	**-**	**-**	**17%**

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

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

**** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (17%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [1 551 / (8 315 + 679) * 100]*

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

Financial results of reporting segments for the comparable period

		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data: Elimination of data of the segment Sierra Gorda S.C.M	Reconciliation items to consolidated data: Consolidation adjustments****	Consolidated financial statements
		from 1 January 2023 to 31 March 2023						
Note 3.3	**Revenues from contracts with customers, of which:**	**8 370**	**711**	**932**	**3 236**	**(932)**	**(2 732)**	**9 585**
	- inter-segment	201	10	-	2 531	-	(2 742)	-
	- external	8 169	701	932	705	(932)	10	9 585
	Segment result - profit/(loss) for the period	**482**	**(331)**	**78**	**(68)**	**(78)**	**81**	**164**
	Additional information on significant revenue/cost items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(413)	(112)	(198)	(71)	198	11	(585)
	Impairment losses on non-current assets	-	(8)	-	-	-	-	(8)
		As at 31 December 2023						
	Assets, including:	**48 896**	**13 916**	**12 597**	**6 671**	**(12 597)**	**(18 100)**	**51 383**
	Segment assets	48 896	13 916	12 597	6 671	(12 597)	(18 100)	51 383
	Assets unallocated to segments	-	-	-	-	-	-	-
	Liabilities, including:	**20 078**	**18 581**	**12 905**	**3 771**	**(12 905)**	**(19 677)**	**22 753**
	Segment liabilities	20 078	18 581	12 905	3 771	(12 905)	(19 790)	22 640
	Liabilities unallocated to segments	-	-	-	-	-	113	113
	Other information	from 1 January 2023 to 31 March 2023						
	Cash expenditures on property, plant and equipment and intangible assets – cash flows	883	203	327	162	(327)	(103)	1 145
	Production and cost data	from 1 January 2023 to 31 March 2023						
	Payable copper (kt)	149.0	7.6	18.9				
	Molybdenum (million pounds)	-	-	1				
	Silver (t)	374.9	0.7	5.3				
	TPM (koz t)	30.9	9.0	7.5				
	C1 cash cost of producing copper in concentrate (USD/lb PLN/lb)**	3.08 13.51	5.00 21.94	1.48 6.49				
	Segment result - adjusted EBITDA	**1 410**	**(169)**	**550**	**11**	**-**	**-**	**1 802**
	EBITDA margin* **	**17%**	**(24%)**	**59%**	**0%**	**-**	**-**	**17%**

** 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data.*
*** Unit cash cost of payable copper production, reflecting ore mining and processing costs, transport costs, the minerals extraction tax, administrative expenses during the mining phase and smelter treatment and refining charges (TC/RC) less by-product value. C1 cost is in regard to payable copper in own concentrate in the case of the segment KGHM Polska Miedź S.A. and payable copper in end products of individual mines of the segment KGHM INTERNATIONAL LTD. and the segment Sierra Gorda S.C.M. C1 cost in PLN/lb was calculated using the average exchange rate by the NBP (arithmetical average of daily quotations per the NBP's tables).*
**** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (17%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [1 802 / (9 585 + 932) * 100]*
***** Adjustments arise from consolidation eliminations and financial data of companies unallocated to any segment.*

amounts in PLN millions, unless otherwise stated

Reconciliation of adjusted EBITDA	from 1 January 2024 to 31 March 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	**387**	**(89)**	**(10)**	**136**	**424**	**(17)**	
[-] Profit or loss on involvement in joint ventures	**-**	**144**	**-**	**-**	**144**	**-**	
[-] Current and deferred income tax, mining tax***	(223)	(19)	(6)	(31)	(279)	-	
[-] Depreciation/amortisation recognised in expenses by nature	(395)	(192)	(80)	74	(593)	(180)	
[-] Finance income and (costs)	(122)	(263)	(12)	290	(107)	(188)	
[-] Other operating income and (costs)	231	(6)	12	(157)	80	19	
[-] Impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	-	-	-	-	-	
Segment result - adjusted EBITDA	**896**	**247**	**76**	**(40)**	**1 179**	**332**	**1 551**

** 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 31 March 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	**482**	**(331)**	**(68)**	**81**	**164**	**78**	
[-] Profit or loss on involvement in joint ventures	**-**	**147**	**-**	**-**	**147**	**-**	
[-] Current and deferred income tax, mining tax***	(387)	63	(13)	(12)	(349)	(50)	
[-] Depreciation/amortisation recognised in expenses by nature	(413)	(112)	(71)	11	(585)	(198)	
[-] Finance income and (costs)	56	(266)	(12)	296	74	(202)	
[-] Other operating income and (costs)	(184)	14	17	(217)	(370)	(22)	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	(8)	-	-	(8)	-	
Segment result - adjusted EBITDA	**1 410**	**(169)**	**11**	**3**	**1 255**	**550**	**1 802**

** 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.*

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 31 March 2024						
					Reconciliation items to consolidated data		
Products	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Copper	5 714	278	533	2	(533)	(7)	**5 987**
Silver	1 018	1	16	-	(16)	-	**1 019**
Gold	208	45	54	-	(54)	-	**253**
Services	53	176	-	577	-	(419)	**387**
Energy	49	-	-	180	-	(115)	**114**
Salt	19	-	-	-	-	(1)**	**18**
Blasting materials and explosives	-	-	-	69	-	(35)	**34**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	76	-	(69)	**7**
Fuel additives	-	-	-	34	-	-	**34**
Lead	53	-	-	-	-	-	**53**
Products from other non-ferrous metals	-	-	-	30	-	(1)	**29**
Other products	53	25	76	203	(76)	(128)	**153**
Merchandise and materials							
Steel	-	-	-	110	-	(17)	**93**
Petroleum and its derivatives	-	-	-	107	-	(91)	**16**
Salt	-	-	-	18	-	(18)**	**-**
Other merchandise and materials	112	-	-	1 581	-	(1 575)	**118**
TOTAL	**7 279**	**525**	**679**	**2 987**	**(679)**	**(2 476)**	**8 315**

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

*** Including: PLN 18 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

amounts in PLN millions, unless otherwise stated

	from 1 January 2023 to 31 March 2023						
					Reconciliation items to consolidated data		
Products	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Copper	6 447	426	767	3	(767)	(19)	**6 857**
Silver	1 221	9	18	-	(18)	-	**1 230**
Gold	331	58	68	-	(68)	-	**389**
Services	45	175	-	610	-	(449)	**381**
Energy	16	-	-	152	-	(84)	**84**
Salt	17	-	-	-	-	(3)**	**14**
Blasting materials and explosives	-	-	-	86	-	(67)	**19**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	68	-	(57)	**11**
Fuel additives	-	-	-	32	-	-	**32**
Lead	73	-	-	-	-	-	**73**
Products from other non-ferrous metals	-	-	-	41	-	(2)	**39**
Other products	47	43	79	211	(79)	(115)	**186**
Merchandise and materials							
Steel	-	-	-	118	-	(17)	**101**
Petroleum and its derivatives	-	-	-	122	-	(106)	**16**
Salt	-	-	-	13	-	(13)**	**-**
Other merchandise and materials	173	-	-	1 780	-	(1 800)	**153**
TOTAL	**8 370**	**711**	**932**	**3 236**	**(932)**	**(2 732)**	**9 585**

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

*** Including: PLN 13 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 31 March 2024						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers	**7 279**	**525**	**679**	**2 987**	**(679)**	**(2 476)**	**8 315**
Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which:	4 889	349	662	33	(662)	(53)	**5 218**
settled	4 578	24	30	1	(30)	(26)	**4 577**
unsettled	311	325	632	32	(632)	(27)	**641**
Revenues from realisation of long-term contracts for mine construction	-	171	-	54	-	(52)	**173**
Revenues from other sales contracts	2 390	5	17	2 900	(17)	(2 371)	**2 924**

Total revenues from contracts with customers, of which:	**7 279**	**525**	**679**	**2 987**	**(679)**	**(2 476)**	**8 315**
in factoring	2 376	-	-	278	-	(270)	**2 384**
not in factoring	4 903	525	679	2 709	(679)	(2 206)	**5 931**

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Total revenues from contracts with customers, of which:	**8 315**	**9 585**
transferred at a certain moment	7 769	9 047
transferred over time	546	538

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

amounts in PLN millions, unless otherwise stated

	from 1 January 2023 to 31 March 2023						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers	**8 370**	**711**	**932**	**3 236**	**(932)**	**(2 732)**	**9 585**
Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which:	5 838	537	851	-	(851)	(47)	**6 328**
settled	5 235	85	29	-	(29)	(47)	**5 273**
unsettled	603	452	822	-	(822)	-	**1 055**
Revenues from realisation of long-term contracts for mine construction	-	165	-	44	-	(37)	**172**
Revenues from other sales contracts	2 532	9	81	3 192	(81)	(2 648)	**3 085**
Total revenues from contracts with customers, of which:	**8 370**	**711**	**932**	**3 236**	**(932)**	**(2 732)**	**9 585**
in factoring	2 161	-	-	116	-	(48)	**2 229**
not in factoring	6 209	711	932	3 120	(932)	(2 684)	**7 356**

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

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 31 March 2024							from 1 January 2023 to 31 March 2023
					Reconciliation items to consolidated data			
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data	KGHM Polska Miedź S.A. Group
Poland	1 885	-	-	2 909	-	(2 476)	**2 318**	2 323
Austria	82	-	-	8	-	-	**90**	131
Belgium	7	-	-	2	-	-	**9**	6
Bulgaria	34	-	-	6	-	-	**40**	172
Czechia	563	-	-	2	-	-	**565**	627
Finland	8	-	-	1	-	-	**9**	3
France	103	-	-	2	-	-	**105**	165
Greece	11	-	-	2	-	-	**13**	3
Spain	8	-	-	1	-	-	**9**	2
The Netherlands	1	-	19	-	(19)	-	**1**	3
Germany	1 226	-	-	20	-	-	**1 246**	2 125
Romania	29	-	-	-	-	-	**29**	45
Slovakia	48	-	-	3	-	-	**51**	70
Slovenia	26	-	-	1	-	-	**27**	33
Sweden	210	-	-	7	-	-	**217**	8
Hungary	390	-	-	2	-	-	**392**	388
The United Kingdom	297	-	-	1	-	-	**298**	270
Italy	565	-	-	4	-	-	**569**	460
Australia	60	-	-	-	-	-	**60**	67
Chile	-	78	141	-	(141)	-	**78**	67
China	857	275	325	-	(325)	-	**1 132**	1 382
India	-	-	16	-	(16)	-	**-**	-
Japan	1	-	146	-	(146)	-	**1**	-
Canada	9	141	-	-	-	-	**150**	238
South Korea	27	-	25	-	(25)	-	**27**	-
The United States of America	278	31	-	4	-	-	**313**	282
Switzerland	334	-	-	-	-	-	**334**	416
Türkiye	90	-	-	2	-	-	**92**	71
Taiwan	-	-	-	-	-	-	**-**	49
Algeria	-	-	-	-	-	-	**-**	23
Saudi Arabia	112	-	-	2	-	-	**114**	-
Brazil	-	-	7	-	(7)	-	**-**	-
Thailand	-	-	-	-	-	-	**-**	74
Philippines	-	-	-	-	-	-	**-**	(1)
Malaysia	-	-	-	-	-	-	**-**	51
Vietnam	-	-	-	-	-	-	**-**	2
Other countries	18	-	-	8	-	-	**26**	30
TOTAL	**7 279**	**525**	**679**	**2 987**	**(679)**	**(2 476)**	**8 315**	**9 585**

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

amounts in PLN millions, unless otherwise stated

Note 3.6 Main customers

In the period from 1 January 2024 to 31 March 2024, the revenues from contracts with customers with one of the clients exceeded 10% of the revenues from contracts with customers of the Group and amounted to PLN 834 million. These revenues were recognised in the segment KGHM Polska Miedź S.A.

In the comparable period, the 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 31 March 2024	As at 31 December 2023
Poland	23 822	23 309
Canada	1 890	1 791
The United States of America	1 682	1 613
Chile	246	228
TOTAL*	**27 640**	**26 941**

**Non-current assets, excluding: derivatives, other financial instruments, other non-financial assets and deferred tax assets (IFRS 8.33b) in the total amount of PLN 11 056 million as at 31 March 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	1st quarter of 2024	1st quarter of 2023	Change (%)
Ore extraction (dry weight)	mn t	7.9	7.9	-
Copper content in ore	%	1.48	1.46	+1.4
Copper production in concentrate	kt	102.5	100.5	+2.0
Silver production in concentrate	t	343.2	338.6	+1.4
Production of electrolytic copper	kt	146.2	149.0	(1.9)
- including from own concentrate	kt	95.1	99.2	(4.1)
Production of metallic silver	t	309.8	374.9	(17.4)
Production of gold	koz t	20.1	30.9	(35.0)

In the first 3 months of 2024, ore extraction was at the same level as in the previous year. Copper content in ore increased to the level of 1.48%.

Copper production in concentrate amounted to 102.5 thousand tonnes and was higher by 2.0 thousand tonnes (+2%) as compared to the first 3 months of 2023. The increase in production was a result of extraction of higher quality ore by the mines and their processing in concentrators.

As compared to the corresponding period of 2023, there was a decrease in electrolytic copper production by 2.8 thousand tonnes. The cathode production is consistent with the adopted production plan for 2024.

Metallic silver production amounted to 309.8 tonnes and was lower by 65.1 tonnes (-17.4%) as compared to the first quarter of 2023. The decrease in metallic silver production was a result of the performed, planned technological maintenance at the Precious Metals Plant.

Metallic gold production amounted to 20.1 thousand troy ounces and was lower by 10.8 thousand troy ounces (-35%) as compared to the first quarter of 2023. The lower metallic gold production was a result of processing lower amount of purchased copper concentrates with a high content of this metal.

Sales

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Revenues from contracts with customers, including:	**PLN mn**	**7 279**	**8 370**	**(13.0)**
- copper	PLN mn	5 714	6 447	(11.4)
- silver	PLN mn	1 018	1 221	(16.6)
Volume of copper sales	kt	158.8	156.9	+1.2
Volume of silver sales	t	336.2	372.2	(9.7)

Revenues in the first quarter of 2024 amounted to PLN 7 279 million and were lower than in the corresponding prior year period by 13%. The main factors for the decrease in revenues were: a less favourable exchange rate, lower copper prices and lower sales volume of gold and silver.

Costs

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Cost of sales, selling costs and administrative expenses	**PLN mn**	**6 778**	**7 373**	**(8.1)**
Expenses by nature	**PLN mn**	**6 453**	**7 323**	**(11.9)**
Pre-precious metals credit unit cost of electrolytic copper production from own concentrate[1]	PLN/t	42 748	43 451	(1.6)
Total unit cost of electrolytic copper production from own concentrate	PLN/t	31 937	31 980	(0.1)
C1 unit cost [2]	**USD/lb**	**3.01**	**3.08**	**(2.3)**

[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 quarter of 2024 amounted to PLN 6 778 million and were lower by 8.1% as compared to the corresponding period of 2023, mainly due to lower expenses by nature alongside higher utilisation of inventories, which resulted in higher sales of copper products alongside a decrease in electrolytic copper production by 2%.

In the first quarter of 2024, total expenses by nature as compared to the first three months of 2023 were lower by PLN 870 million, alongside a mineral extraction tax lower by PLN 263 million and the cost of consumption of purchased metal-bearing materials lower by PLN 271 million due to 13% lower purchase price alongside a higher volume by 0.5 thousand tonnes of copper (+0.8%).

The decrease in expenses by nature, excluding purchased metal-bearing materials and the minerals extraction tax, amounted to PLN 336 million (-8.3%) and mainly resulted from decreases in the following costs:

- energy carriers by PLN 219 million due to lower prices of energy and lower purchase volume alongside higher energy production from own sources,
- technological gas by PLN 141 million due to lower prices alongside higher volume used to produce energy,
- other technological materials by PLN 57 million, mainly due to lower purchase prices,
- depreciation/amortisation by PLN 18 million due to impairment losses on the Polish production assets of the Company, recognised at the end of 2023.

At the same time, the Company recorded increases in the following costs:

- external services by PLN 56 million due to higher fees for provided services,
- labour costs by PLN 23 million due to higher remuneration of employees alongside a simultaneous decrease in liabilities due to future employee benefits measured in correspondence with costs – a difference as compared to the corresponding period of 2023 in the amount of -PLN 89 million.

C1 cost for the first quarter of 2024 amounted to 3.01 USD/lb and was lower than the C1 cost in the corresponding period of 2023 by 2.4%. The decrease in this cost was mainly due to lower tax burden by the minerals extraction tax and higher production of copper in own concentrate alongside a negative impact of a decrease in USD exchange rate.

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 42 748 PLN/t (in the corresponding period of 2023: 43 451 PLN/t) and was lower by 1.6%, mainly due to the lower mineral extraction tax alongside a lower production from own concentrate by 4%.

The total unit cost of electrolytic copper production from own concentrate amounted to 31 937 PLN/t and was lower than in the corresponding period of 2023 by 0.1% alongside lower value of anode slimes due to lower volumes of silver and gold.

Financial results

The Company recorded a profit for the first quarter of 2024 of PLN 387 million, or PLN 95 million lower than in the corresponding prior-year period.

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

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers, including:	**7 279**	**8 370**	**(13.0)**
- adjustment of revenues due to hedging transactions	160	65	×2.5
Cost of sales, selling costs and administrative expenses	**(6 778)**	**(7 373)**	**(8.1)**
Profit on sales	**501**	**997**	**(49.7)**
Other operating income and (costs)	231	(184)	×
Finance income and (costs)	(122)	56	×
Profit before income tax	**610**	**869**	**(29.8)**
Income tax expense	(223)	(387)	(42.4)
Profit for the period	**387**	**482**	**(19.7)**
Amortisation/depreciation recognised in expenses by nature	395	413	(4.4)
Adjusted EBITDA[1]	**896**	**1 410**	**(36.5)**

[1)] Adjusted EBITDA = profit 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

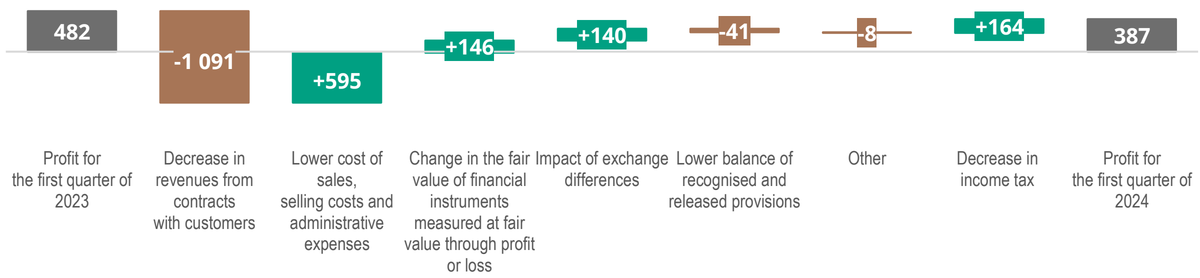
The main factors affecting the change in profit or loss for the period

Item	*Description*
Decrease in revenues from contracts with customers – impact on result: -PLN 1 091 million	**-PLN 703 million** – a decrease in revenues from sales of basic products (copper, silver, gold) alongside a less favourable average USD/PLN exchange rate – a change from 4.39 to 3.99 USD/PLN, **-PLN 290 million** - changes in metal prices, including the decrease in copper prices by 489 USD/t (-5%) alongside an increase in prices of silver by 0.79 USD/oz t (+4%) and gold by 181 USD/oz t, that is +10%, **-PLN 162 million** - a lower volume of silver and gold sales (respectively by 10% and 37%) alongside a slightly higher volume of copper sales (+1%), **+PLN 95 million** - an increase in adjustment to revenues due to hedging transactions, **-PLN 31 million** - a decrease in other revenues from sales, including sales of merchandise and materials (-PLN 61 million),
Decrease in cost of sales, selling costs and	**+PLN 870 million** - a decrease in expenses by nature (which was described above), **-PLN 378 million** - a change in inventories and work in progress

administrative expenses[1] – impact on result: +PLN 595 million	
Impact of other operating activities and financing activities: +PLN 237 million	**+PLN 146 million** - higher balance of fair value gains and losses on financial assets measured at fair value, including those concerning loans (+PLN 133 million), **+PLN 140 million** - a higher balance of exchange differences, including due to measurement of assets and liabilities other than borrowings (+PLN 268 million) and measurement of borrowings (-PLN 128 million), **-PLN 41 million** - a lower balance of released and recognised provisions.
Decrease in income tax – impact on result: +PLN 164 million	**+PLN 126 million** – a decrease in current income tax, including due to the settlement of the Tax Group by PLN 64 million.

[1]) *Cost of products, merchandise and materials sold plus selling costs and administrative expenses*

Change in profit for the period (in PLN million)



Capital expenditures

In the first quarter of 2024, expenditures on property, plant and equipment and intangible assets amounted to PLN 652 million.

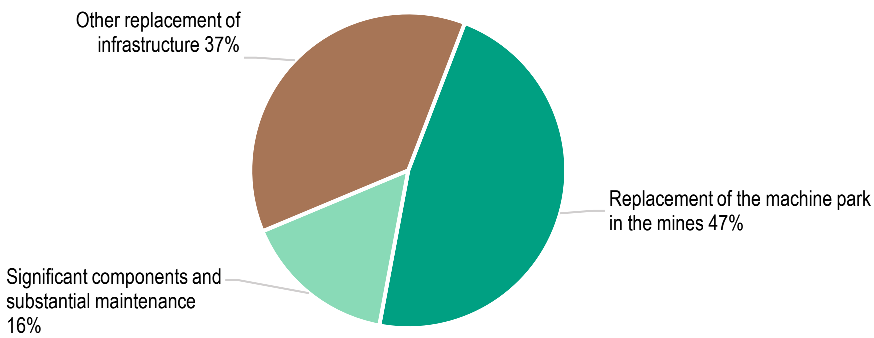
Structure of expenditures on property, plant and equipment and intangible assets (in PLN million)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Mining	536	553	(3.1)
Metallurgy	87	59	+47.5
Other activities	5	3	+66.7
Development work - uncompleted	-	2	×
Leases per IFRS 16	24	22	+9.1
Total	**652**	**639**	**+2.0**
including borrowing costs	59	58	+1.7

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

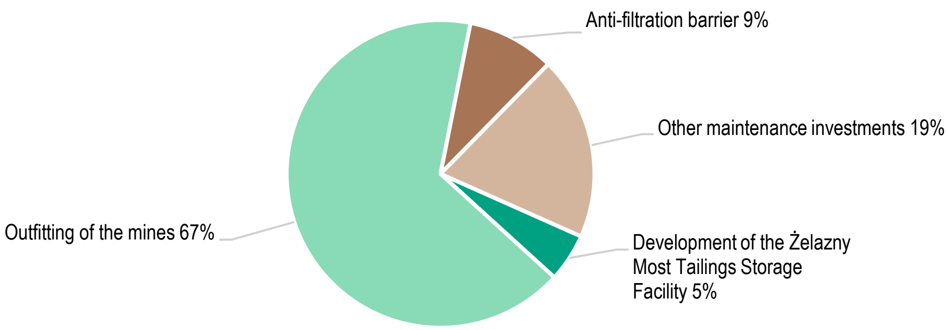
Projects related to replacement aimed at maintaining production equipment in an undeteriorated condition, represent 35% of total expenditures incurred.

Structure of expenditures on replacement



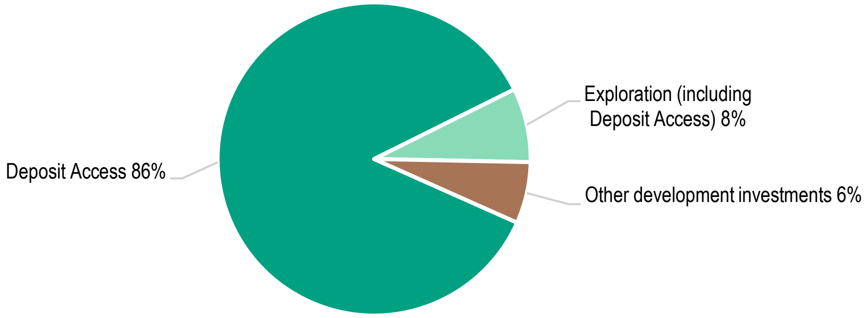
Projects related to maintenance aimed at maintaining mine production at the level set in the approved Production Plan (development of infrastructure to match mine advancement) represent 33% of total expenditures incurred.

Structure of expenditures on maintenance



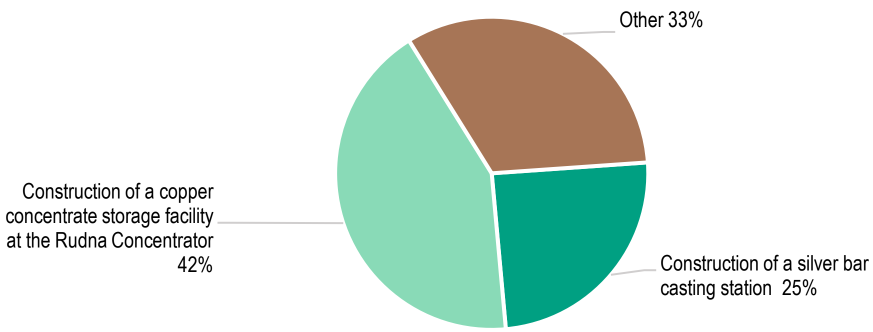
Development projects aimed at increasing or maintaining the current level of revenues from sales, implementation of technical and technological activities optimising use of existing infrastructure, decreasing operating costs, represent 30% of total expenditures incurred.

Structure of expenditures on development



Adaptation projects aimed at implementation of legal requirements, applicable standards or other regulations, in particular in the area of occupational health and safety, property protection, cybersecurity, ethical and anticorruption standards, environmental protection, quality standards and management systems represent 2% of total expenditures incurred.

Structure of adaptation expenditures



Detailed information on the advancement of key projects may be found in Part 1, Note 2 of this report on the realisation of the strategy in 2024.

3.8.2 The segment KGHM INTERNATIONAL LTD.

Production results

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Payable copper, including:	**kt**	**16.0**	**7.6**	**×2.1**
- Robinson mine (USA)	kt	14.3	5.3	×2.7
Payable nickel	kt	0.1	0.1	-
Precious metals (TPM), including:	koz t	14.2	9.0	+57.8
- Robinson mine (USA)	koz t	10.2	3.2	×3.2
- Sudbury (Canada)	koz t	4.0	5.8	(31.0)

Copper production in the first quarter of 2024 doubled as compared to the corresponding quarter of 2023. The increase in production was caused by mining in areas with much higher copper content in ore, than in the corresponding period of 2023, when mining was conducted in the transition zone (the Robinson mine) alongside the problems with mining machine park associated with mining in significantly more difficult weather conditions. Ore from the new zones enabled the mine to achieve higher copper recovery.

An increase in production of precious metals by 58% during the year is also a result of mining a richer deposit and the associated increase in gold production by the Robinson mine.

Sales

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Revenues from contracts with customers [1], including:	**USD mn**	**132**	**163**	**(19.0)**
- copper	USD mn	70	98	(28.6)
- nickel	USD mn	2	3	(33.3)
- TPM – precious metals	USD mn	14	19	(26.3)
Copper sales volume	kt	8.7	10.7	(18.7)
Nickel sales volume	kt	0.1	0.1	-
TPM sales volume	koz t	8.9	12.0	(25.8)

1) Reflects processing premium

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Revenues from contracts with customers [1], including:	**PLN mn**	**525**	**711**	**(26.2)**
- copper	PLN mn	278	426	(34.7)
- nickel	PLN mn	8	12	(33.3)
- TPM – precious metals	PLN mn	56	84	(33.3)

1) Reflects processing premium

In the first quarter of 2024, revenues of KGHM INTERNATIONAL LTD. amounted to USD 132 million, or PLN 525 million, which is a decrease respectively by 19% and 26% as compared to the corresponding period of 2023. The decrease in revenues is mostly a result of a lower amount of copper sold and lower copper prices. In the first quarter of 2023, the concentrate sold by the Robinson mine came, for a large part, from inventories made in 2022, and therefore sales volume was at a disproportionately higher level as compared to production results.

The impact of individual factors on changes in revenues from contracts with customers was presented in the subsection on financial results of KGHM INTERNATIONAL LTD.

Costs

The costs of sales, selling costs and administrative expenses in the first quarter of 2024 amounted to USD 118 million (PLN 470 million), significantly below the amount recorded in the corresponding quarter of 2023.

C1 payable copper production cost

	Unit	1st quarter of 2024	1st quarter of 2023	Change (%)
Costs of sales, selling costs and administrative expenses	USD mn	(118)	(229)	(48.5)
Costs of sales, selling costs and administrative expenses	PLN mn	(470)	(1 000)	(53.0)
C1 payable copper production cost [1]	**USD/lb**	**2.17**	**5.00**	**(56.6)**

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

The main factors responsible for the decrease in costs as compared to the first quarter of 2023 are:
- a decrease in write-downs of inventories,
- an increase in inventories of products and work in progress as compared to the decrease in the corresponding period of 2023,
- an increase in the scope of stripping work, and therefore capitalised stripping costs.

Alongside the increase in operating efficiency of the Robinson mine and the increased scope of stripping work, C1 unit copper production cost had significantly improved. It should also be stressed that in the first quarter of 2023 the costs were increased by the write-downs of inventories, which in this year had a marginal impact on the level of C1. The negative factor was the decrease in revenues from sales of precious metals, which are excluded in the calculation of the unit cost.

The impact of main factors on changes in costs of sales, selling costs and administrative expenses was presented in the subsequent subsection.

Financial results

In the first quarter of 2024, KGHM INTERNATIONAL LTD. achieved an adjusted EBITDA at the level of USD 62 million, as compared to the negative amount in the corresponding quarter of 2023.

Financial results (in USD million)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers	132	163	(19.0)
Cost of sales, selling costs and administrative expenses, including: [1]	(118)	(229)	(48.5)
(recognition)/reversal of impairment losses on non-current assets	-	(2)	(100.0)
Profit/(loss) on sales	**14**	**(66)**	**x**
Profit/(loss) before taxation	**(18)**	**(90)**	**(80.0)**
Income tax	(5)	14	x
Profit/(loss) for the period	**(22)**	**(76)**	**(71.1)**
Depreciation/amortisation	(48)	(26)	+84.6
Adjusted EBITDA	**62**	**(38)**	**x**

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

Financial results (in PLN million)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers	525	711	(26.2)
Cost of sales, selling costs and administrative expenses, including: [1]	(470)	(1 000)	(53.0)
- (recognition)/reversal of impairment losses on non-current assets	-	(8)	×
Profit/(loss) on sales	**55**	**(289)**	**×**
Profit/(loss) before taxation	**(70)**	**(394)**	**(82.2)**
Income tax	(19)	63	×
Profit/(loss) for the period	**(89)**	**(331)**	**(73.1)**
Depreciation/amortisation	(192)	(112)	+71.4
Adjusted EBITDA	**247**	**(169)**	**×**

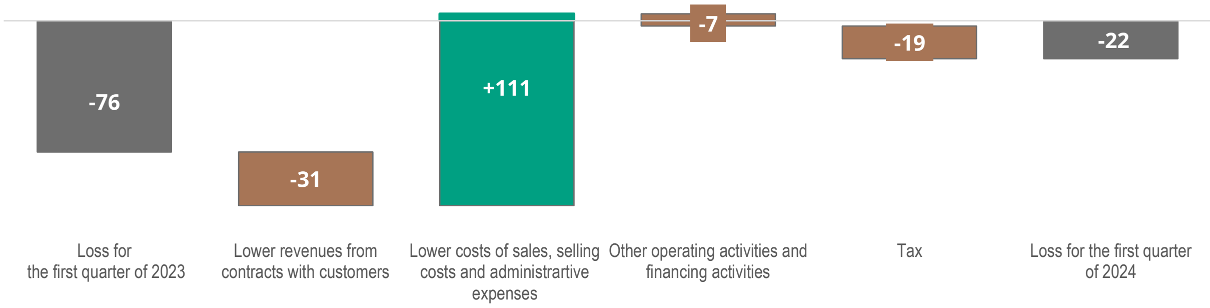
1) *Cost of products, merchandise and materials sold, selling costs and administrative expenses*

Main factors impacting the change in profit or loss

Item	*Description*
Lower revenues from contracts with customers – impact on result – USD 31 million	**-USD 22 million –** lower revenues due to a change in the metal sales volume, of which: – copper (-2 thousand tonnes; -USD 17 million), – precious metals (-3.1 thousand troy ounces; -USD 5 million)
	- USD 17 million - lower revenues due to a change in the metal sales price, of which: – copper (-USD 15 million) – other metals (-USD 2 million)
	+USD 5 million - higher revenues realised by DMC Mining Services Ltd.'s companies
	+USD 3 million – other factors,
Lower cost of sales, selling costs and administrative expenses – impact on result – impact on result +USD 111 million	**+USD 34 million**- lower write-downs of ore and concentrate inventories (write-down in the amount of USD 9 million for the first quarter of 2024 as compared to USD 43 million in the first quarter of 2023)
	+USD 2 million – no impairment losses on non-current assets in the first quarter of 2024 (there was an impairment loss in this regard in the amount of USD 2 million in the first quarter of 2023)
	+USD 76 million – impact of change in products and work in progress (-USD 50 million in the first quarter of 2024 versus +USD 26 million in the first quarter of 2023)
	+USD 33 million – higher capitalised stripping costs due to an increased scope of work by the Robinson mine (USD 37 million in the first quarter of 2024 versus USD 4 million in the first quarter of 2023)
	-USD 34 million – higher costs, mainly depreciation/amortisation related to the capitalised stripping costs due to the aforementioned increased scope of work.

Impact of other operating activities and financing activities -USD 7 million	**-USD 8 million**– exchange differences – foreign exchange loss (-USD 4 million) in the first quarter of 2024 versus gain (+USD 4 million) in the first quarter of 2023
	-USD 2 million – interest income/costs in the amount of (-USD 28 million) in the first quarter of 2024 versus (-USD 26 million) in the corresponding period of 2023
	+USD 3 million – other income/costs
Taxes – impact on result -USD 19 million	An increase in income tax due to the improved operating results and the lower write-down of inventories, which had a significant impact on the amount of deferred tax in the first quarter of 2023

Change in profit or loss (in USD million)



Cash expenditures

Cash expenditures by the segment KGHM INTERNATIONAL LTD. in the first quarter of 2024 amounted to USD 82 million, and were higher by USD 36 million (+78%) as compared to the first quarter of 2023, mainly as regards expenditures on stripping in the Robinson mine and to advance the Victoria project.

Cash expenditures (in USD million)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Victoria project	20	15	+33.3
Stripping and other	62	31	×2
Total	**82**	**46**	**+78.3**

Cash expenditures (in PLN million)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Victoria project	80	65	+22.9
Stripping and other	249	138	+80.4
Total	**329**	**203**	**+62.0**

3.8.3 The segment Sierra Gorda S.C.M.

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

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

Production results

Production of copper, molybdenum and precious metals – payable metal in concentrate

	Unit	*1st quarter of 2024*	*1st quarter of 2023*	*Change (%)*
Copper production	kt	**30.9**	**34.4**	**(10.2)**
Copper production – segment (55%)	kt	17.0	18.9	(10.2)
Molybdenum production	mn lbs	0.9	1.8	(50.0)
Molybdenum production – segment (55%)	mn lbs	0.5	1.0	(50.0)
TPM production – gold	koz t	11.9	13.7	(13.1)
TPM production – gold -segment (55%)	koz t	6.5	7.5	(13.1)

Sierra Gorda S.C.M. increased its ore throughput by 8%, but due to a lower copper content in ore processed in the first quarter of 2024 the production of payable copper in concentrate amounted to 30.9 thousand tonnes and was lower by 3.5 thousand tonnes as compared to the amounts recorded in the first quarter of 2023.

The noticeable decrease in molybdenum production (-50%) is a result of lower molybdenum content in processed material, as well as the high content of swelling clays which caused the decrease in recovery.

Sales

Revenues from sales in the first quarter of 2024 amounted to USD 309 million (on a 100% basis), or PLN 679 million respectively to the 55% interest held by KGHM Polska Miedź S.A.

Sales volume and revenues

	Unit	*1st quarter of 2024*	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers,[1] including from the sale of:	**USD mn**	**309**	**389**	**(20.6)**
- copper	USD mn	243	319	(23.8)
- molybdenum	USD mn	35	33	+6.1
- TPM (gold)	USD mn	24	28	(14.3)
Copper sales volume	kt	29.2	34.4	(15.1)
Molybdenum sales volume	mn lbs	1.8	1.2	+50.0
TPM (gold) sales volume	koz t	11.5	14.3	(19.6)
Revenues from contracts with customers [1] - segment (55% share)	**PLN mn**	**679**	**932**	**(27.2)**

1) Reflects metallurgical and refining processing premium and other

As compared to results achieved in the first quarter of 2023, revenues decreased by 21% in the functional currency and by 27% in PLN million (for the 55% share). Decrease in revenues is a result, among others, of mining ore with lower copper content, which led to lower sales by 5.2 thousand tonnes of payable copper (-15%).

The detailed impact of individual factors on changes in revenues was 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 240 million, including cost of sales of USD 212 million and total selling costs and administrative expenses of USD 28 million. Proportionally to the interest held (55%), the costs of the segment amounted to PLN 527 million.

Cost of sales, selling costs and administrative expenses and payable copper production cost (C1)

	Unit	*1st quarter of 2024*	*1st quarter of 2023*	*Change (%)*
Costs of sales, selling costs and administrative expenses	USD mn	(240)	(242)	(1.0)
Costs of sales, selling costs and administrative expenses – segment 55%	PLN mn	(527)	(580)	(9.2)
C1 unit cost [1]	**USD/lb**	**1.90**	**1.48**	**+28.4**

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

Costs incurred in the first quarter of 2024 are at the level comparable to the corresponding period of 2023.

The decrease in the volume of copper sold and lower revenues from sales of precious metals were the main reasons for the worsening of C1, that is a unit cash cost of copper production, which increased from the level of 1.48 USD/lb to 1.90 USD/lb in the first quarter of 2024.

Financial results

In the first quarter of 2024, adjusted EBITDA amounted to USD 151 million. Proportionally to the interest held (55%), PLN 332 million is attributable to the KGHM Group.

Results in USD million (on a 100% basis)

	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers	309	389	(20.6)
Cost of sales, selling costs and administrative expenses	(240)	(242)	(1.0)
Profit/(loss) on sales	**69**	**147**	**(52.9)**
Profit/(loss) for the period	**(8)**	**32**	**x**
Depreciation/amortisation	(82)	(83)	(1.3)
Adjusted EBITDA	**151**	**229**	**(34.0)**

Results proportionally to the interest held (55%) in PLN million

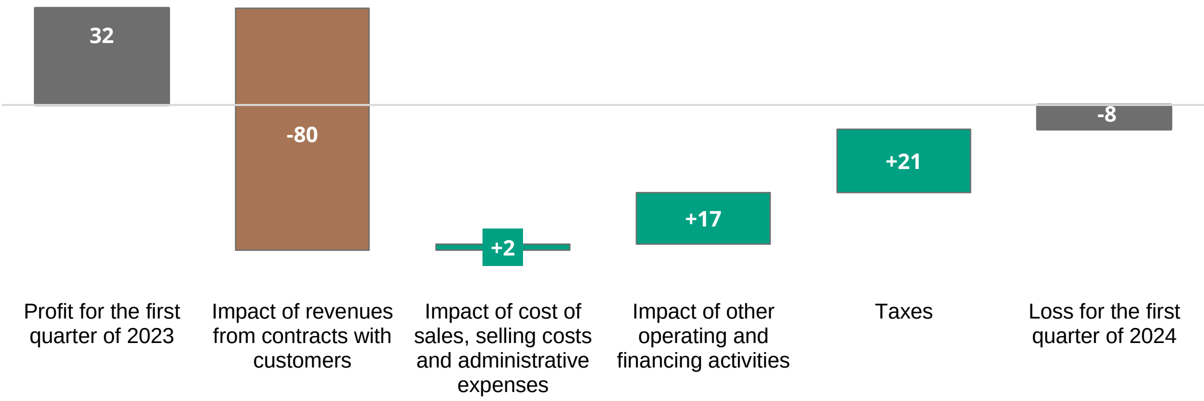
	1st quarter of 2024	*1st quarter of 2023*	*Change (%)*
Revenues from contracts with customers	679	932	(27.2)
Cost of sales, selling costs and administrative expenses	(527)	(580)	(9.2)
Profit/(loss) on sales	**152**	**352**	**(56.8)**
Profit/(loss) for the period	**(17)**	**78**	**x**
Depreciation/amortisation	(180)	(198)	(9.1)
Adjusted EBITDA	**332**	**550**	**(39.6)**

The summary of the most significant factors impacting the level of revenues and costs, and therefore the adjusted EBITDA.

Main factors impacting the change in profit or loss

Item	*Description*
Lower revenues from contracts with customers – impact on result -USD 80 million	**-USD 82 million** – lower revenues from copper sales, mainly due to: – a lower sales volume by 5 thousand tonnes (-USD 40 million) – lower prices (-USD 42 million, including the Mark to Market accounting)
	+USD 1 million - higher revenues from molybdenum sales due to sales volume higher by 0.6 million pounds (+USD 13 million), the impact of which was partially limited by less favourable prices (-USD 12 million, including the Mark to Market accounting)
	-USD 4 million - lower revenues from sales of silver and gold
	+USD 5 million - **l**ower treatment and refining charges due to market conditions
Lower costs of sales, selling costs and administrative expenses – impact on result +USD 2 million	**-USD 15 million** – change in inventories and work in progress
	+USD 15 million – higher capitalisation of stripping costs (increased scope of stripping work)
	+USD 10 million – lower costs of labour, materials and transport
	-USD 6 million – higher cost of spare parts and external services
	-USD 2 million - an increase in other expenses by nature
Impact of other operating and financing activities +USD 17 million	**+USD 19 million -** foreign exchange gains (+USD 10 million) versus losses in the first quarter of 2023 (-USD 9 million).
Taxes – impact on result +USD 21 million	**+USD 21 million** - lower tax burden due to loss before income tax versus profit before income tax in the corresponding period of 2023.

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



Cash expenditures

Cash expenditures on property, plant and equipment and intangible assets, presented in Sierra Gorda S.C.M.'s statement of cash flows, amounted to USD 145 million, the majority of which, that is USD 80 million, represented expenditures on stripping to gain access to further areas of the deposit and the rest concerned development and replacement of property, plant and equipment.

Cash expenditures

	Unit	*1st quarter of 2024*	*1st quarter of 2023*	*Change (%)*
Cash expenditures on property, plant and equipment	USD mn	145	136	+6.6
Cash expenditures on property, plant and equipment – segment (55% share)	PLN mn	319	327	(2.6)

The increase in expenditures by 7% (in the functional currency – USD) mainly concerned the capitalised stripping costs and resulted from increased scope of work, alongside the lower unit cost which is a basis of capitalisation.

amounts in PLN millions, unless otherwise stated

4 – Selected additional explanatory notes

Note 4.1 Expenses by nature

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
	Depreciation of property, plant and equipment and amortisation of intangible assets	593	585
	Employee benefits expenses	2 028	1 925
	Materials and energy, including:	3 483	4 239
	purchased materials	1 940	2 211
	External services	642	694
	Minerals extraction tax	805	1 068
	Other taxes and charges	349	355
Note 3.8.2	Write-down of inventories	40	191
	Impairment losses on property, plant and equipment and intangible assets	-	8
	Other costs	46	54
	Total expenses by nature	**7 986**	**9 119**
	Cost of merchandise and materials sold (+)	168	205
	Change in inventories of finished goods and work in progress (+/-)	60	(23)
	Costs of manufacturing products for internal use of the Group (-)	(485)	(378)
	Total costs of sales, selling costs and administrative expenses, of which:	**7 729**	**8 923**
	Cost of sales	7 306	8 502
	Selling costs	126	124
	Administrative expenses	297	297

amounts in PLN millions, unless otherwise stated

Note 4.2 Other operating income and (costs)

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Gains on derivatives, of which:	67	130
measurement	57	129
realisation	10	1
Interest income calculated using the effective interest rate method	6	10
Exchange differences on financial assets and liabilities other than borrowings	158	-
Reversal of impairment losses on financial instruments	1	1
Provisions released	5	6
Income from servicing of letters of credit and guarantees	10	10
Other	25	48
Total other operating income	**272**	**205**
Losses on derivatives, of which:	(83)	(143)
measurement	(74)	(50)
realisation	(9)	(93)
Fair value losses on financial assets	(28)	(41)
Impairment losses on financial instruments	-	(2)
Exchange differences on financial assets and liabilities other than borrowings	-	(305)
Provisions recognised	(39)	(5)
Impairment losses on intangible assets not yet available for use	(20)	-
Losses on disposal of property, plant and equipment	(2)	-
Donations granted	(11)	(40)
Other	(9)	(39)
Total other operating costs	**(192)**	**(575)**
Other operating income and (costs)	**80**	**(370)**

Note 4.3 Finance income and (costs)

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Finance income - Exchange gains/(losses) on measurement and realisation of borrowings	**-**	**94**
Interest on borrowings, including:	(7)	(4)
leases	(3)	(2)
Interest on reverse factoring	(36)	-
Unwinding of the discount effect	(23)	(6)
Exchange gains/(losses) on measurement and realisation of borrowings	(33)	-
Bank fees and charges on borrowings	(5)	(7)
Other	(3)	(3)
Total finance costs	**(107)**	**(20)**
Finance income and (costs)	**(107)**	**74**

amounts in PLN millions, unless otherwise stated

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 31 March 2024	from 1 January 2023 to 31 March 2023
Purchase of property, plant and equipment, including:	998	811
leased assets	9	37
Purchase of intangible assets	84	172

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

	As at 31 March 2024	As at 31 December 2023
Payables due to the purchase of property, plant and equipment and intangible assets	496	909

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

	As at 31 March 2024	As at 31 December 2023
Purchase of property, plant and equipment	1 624	1 668
Purchase of intangible assets	20	22
Total capital commitments	**1 644**	**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 31 March 2024	from 1 January 2023 to 31 March 2023
As at the beginning of the reporting period	**-**	**-**
Share of profit for the reporting period	-	78
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	-	(87)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	-	9
As at the end of the reporting period	**-**	**-**

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
The Group's share (55%) of profit/(loss) for the reporting period of Sierra Gorda S.C.M., of which:	**(17)**	**78**
recognised in the valuation of the joint venture	-	78
unrecognised in the valuation of the joint venture	(17)	-

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
As at the beginning of the reporting period	**(1 054)**	**(1 174)**
Group's share of comprehensive losses (including in loss for the period, PLN (17) million and exchange differences from translation of statements of operations with a functional currency other than PLN, PLN (3) million) unrecognised in the measurement of joint ventures	(21)	-
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	-	120
As at the end of the reporting period	**(1 075)**	**(1 054)**

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

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
As at the beginning of the reporting period	**9 096**	**9 603**
Repayment of loans (principal and interest)	-	(163)
Accrued interest	144	597
Gain due to the reversal of allowances for impairment	-	101
Exchange differences	124	(1 042)
As at the end of the reporting period	**9 364**	**9 096**

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

Pursuant to the requirements of IFRS 9.5.5.17, the Group performed impairment testing of the loan. To estimate the expected credit losses, scenario analysis (IFRS 9.5.5.18) was used, comprising the Group's assumptions on the repayment of the loan granted. The scenario analysis was based on cash flows of Sierra Gorda S.C.M., which were subsequently discounted using the effective interest rate adjusted by the credit risk, determined at the initial recognition of the loan pursuant to IFRS 9.B5.5.45 at the level of 6.42%.

As at 31 March 2024, the assumptions adopted for estimation of cash flow due to repayment of receivables due to loans granted to Sierra Gorda S.C.M. have not changed in comparison with the assumptions adopted as at 31 December 2023.

amounts in PLN millions, unless otherwise stated

Note 4.6 Financial instruments

Financial assets	As at 31 March 2024					As at 31 December 2023				
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	705	76	9 869	204	**10 854**	829	114	9 571	195	**10 709**
Loans granted to a joint venture	-	-	9 364	-	**9 364**	-	-	9 096	-	**9 096**
Derivatives	-	-	-	204	**204**	-	38	-	195	**233**
Other financial instruments measured at fair value	705	76	-	-	**781**	829	76	-	-	**905**
Other financial instruments measured at amortised cost	-	-	505	-	**505**	-	-	475	-	**475**
Current	-	1 520	1 577	243	**3 340**	-	919	2 475	323	**3 717**
Trade receivables	-	1 127	489	-	**1 616**	-	414	518	-	**932**
Derivatives	-	348	-	243	**591**	-	437	-	323	**760**
Cash and cash equivalents	-	-	826	-	**826**	-	-	1 729	-	**1 729**
Other financial assets	-	45	262	-	**307**	-	68	228	-	**296**
Total	**705**	**1 596**	**11 446**	**447**	**14 194**	**829**	**1 033**	**12 046**	**518**	**14 426**

amounts in PLN millions, unless otherwise stated

Financial liabilities	As at 31 March 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	-	5 534	173	**5 707**	38	4 991	164	**5 193**
Borrowings, leases and debt securities	-	5 313	-	**5 313**	-	4 761	-	**4 761**
Derivatives	-	-	173	**173**	38	-	164	**202**
Other financial liabilities	-	221	-	**221**	-	230	-	**230**
Current	402	6 308	25	**6 735**	480	7 433	26	**7 939**
Borrowings, leases and debt securities	-	1 015	-	**1 015**	-	964	-	**964**
Derivatives	394	-	25	**419**	473	-	26	**499**
Trade payables	-	2 540	-	**2 540**	-	3 167	-	**3 167**
Similar payables – reverse factoring	-	2 548	-	**2 548**	-	3 021	-	**3 021**
Other financial liabilities	8	205	-	**213**	7	281	-	**288**
Total	**402**	**11 842**	**198**	**12 442**	**518**	**12 424**	**190**	**13 132**

amounts in PLN millions, unless otherwise stated

The fair value hierarchy of financial instruments

	As at 31 March 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
Classes of financial instruments	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	22	8 057	9 386	-	22	7 778	9 118
Listed shares	579	-	-	579	703	-	-	703
Unquoted shares	-	126	-	126	-	126	-	126
Trade receivables	-	1 127	-	1 127	-	414	-	414
Derivatives, of which:	-	203	-	203	-	292	-	292
Assets	-	795	-	795	-	993	-	993
Liabilities	-	(592)	-	(592)	-	(701)	-	(701)
Received long-term bank and other loans	-	(3 017)	-	(3 017)	-	(2 486)	-	(2 486)
Long-term debt securities	(1 647)	-	-	(1 600)	(1 627)	-	-	(1 600)
Other financial assets	-	35	64	99	-	48	74	122
Other financial liabilities	-	(8)	-	(8)	-	(7)	-	(7)

The Group does not disclose the fair value of financial instruments measured at amortised cost in the statement of financial position (except for loans granted, long-term bank and other loans received and long-term debt securities), 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).

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

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

Level 1

Listed shares

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

Long-term debt securities

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

Level 2

Unquoted shares

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

Trade receivables

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

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

Loans granted

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

Other financial assets/liabilities

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

Currency and currency-interest derivatives

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

Metals derivatives

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

Received long-term bank and other loans

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

Level 3

Loans granted

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

The forecasted cash flows of Sierra Gorda S.C.M. which are the basis for the estimation of fair value of loans measured at amortised cost are the most sensitive to changes in copper prices, which implies other assumptions such as forecasted production and operating margin. Therefore the Group performed a sensitivity analysis of the fair value of loans to changes in copper prices, pursuant to IFRS 13 p.93.f. Price paths adopted as at 31 March 2024 have not changed compared to those adopted as at 31 December 2023.

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

		Sensitivity analysis of the fair value to changes in copper price	
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	**8 057**	8 255	7 839
Loans granted measured at amortised cost (USD million)	**2 020**	2 070	1 965

		Sensitivity analysis of the carrying amount to changes in copper price	
Classes of financial instruments	**Carrying amount**	Base plus 0.1 USD/lb during mine life	Base minus 0.1 USD/lb during mine life
Loans granted measured at amortised cost	**9 364**	9 495	9 220
Loans granted measured at amortised cost (USD million)	**2 348**	2 380	2 312

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.

amounts in PLN millions, unless otherwise stated

Note 4.7 Management of commodity, currency and interest rate risk and of risk of changes in prices of energy and energy carriers in the KGHM Polska Miedź S.A. Group

Commodity, currency and interest rate risk management

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

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

The primary technique used by the Group in market risk management 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 and on the statement of other comprehensive income of the Group is presented below:

Statement of profit or loss	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Revenues from contracts with customers (reclassification adjustment)	160	65
Other operating income / (costs) (including reclassification adjustment):	(16)	(13)
on realisation of derivatives	1	(92)
on measurement of derivatives	(17)	79
Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect)	**144**	**52**
Statement of other comprehensive income		
Impact of measurement of hedging transactions (effective portion)	(1)	(43)
Reclassification to the statement of profit or loss due to realisation of a hedged item	(158)	(16)
Impact of hedging transactions (excluding the tax effect)	**(159)**	**(27)**
TOTAL COMPREHENSIVE INCOME	**(15)**	**25**

The following table contains 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 quarter of 2024 and in the first quarter 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)	(1)	(43)
Reclassification to revenues from contracts with customers due to realisation of hedged item	(160)	(65)
Reclassification to other operating costs due to realisation of hedged item (settlement of the hedging cost)	2	81
As at 31 March	**469**	**44**

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).

The notional amount of transactions hedging the risk of changes in the USD/PLN exchange rate settled in the first quarter of 2024 represented 20% of revenues from copper and silver sales realised by the Parent Entity in this period (in the first quarter of 2023, 24%).

In the first 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. In the first quarter of 2024, no hedging transactions were entered into on the metals, currency and interest rates markets.

In the first quarter of 2024, QP adjustment swap transactions were entered into on the copper and gold markets with maturities to June 2024, as part of the management of a net trading position[1].

As at 31 March 2024, the Parent Entity held an open derivatives position for:

- 5.9 thousand tonnes of copper (entered into as a part of the management of a net trading position),
- 14.2 million troy ounces of gold (entered into as a part of the management of a net trading position), and
- USD 495 million of planned revenues from sales of metals.

Furthermore, as at 31 March 2024, the Parent Entity had loans with fixed interest rates and open Cross Currency Interest Rate Swap (CIRS) transactions in the notional amount of PLN 2 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 incurring liabilities in currencies in which it has revenues. As at 31 March 2024, the bank and investment loans which were drawn in USD, following their translation to PLN, amounted to PLN 3 200 million (as at 31 December 2023: PLN 2 648 million).

In the first 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 31 March 2024.

Condensed tables of open transactions in derivatives held by the Parent Entity as at 31 March 2024, entered into as part of the strategic management of market risk, are presented below. The hedged notional amounts of transactions on the currency market in the presented periods are allocated evenly on a monthly basis. The condensed tables do not reflect opposite transactions (purchased versus sold) consistent with instrument, strike price, notional and maturity period entered into as part of restructuration and restructured hedging strategies.

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

	Instrument/ option structure	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price
			sold put option *hedge limited to*	purchased put option *exchange rate hedging*	sold call option *participation limited to*		
		[USD mn]	[USD/PLN]	[USD/PLN]	[USD/PLN]	[PLN for USD 1]	[USD/PLN]
2nd quarter of 2024	put spread	165.00	3.60	4.48	-	(0.01)	4.47
2nd half of 2024	put spread	330.00	3.60	4.48	-	0.01	4.49
	TOTAL 2024	**495.00**					

Hedging against currency-interest rate risk connected with the issue of bonds with a variable interest rate in PLN – open derivatives as at 31 March 2024

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

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

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

Open hedging derivatives	Notional of the transaction	Average weighted price /exchange rate/interest rate	Maturity - settlement period		Period of profit/loss impact**	
Type of derivative	currency [USD mn] CIRS [PLN mn]	[USD/PLN] [USD/PLN, fixed interest rate for USD]	from	to	from	to
Currency – *put spread*	495.00	3.60 - 4.48	April'24	- Dec'24	April'24	- Jan'25
Currency – interest rate – CIRS*	400	3.78 and 3.23%		June'24		June'24
Currency - interest rate – CIRS*	1 600	3.81 and 3.94%		June'29	June'29	- July'29

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

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

Taking into consideration the receivables due to open derivative transactions held by the Group (excluding embedded derivatives) as at 31 March 2024 and net receivables[2] due to settled derivatives, the maximum single entity share of the amount exposed to credit risk arising from these transactions amounted to 24%, or PLN 201 million (as at 31 December 2023: 24%, or PLN 246 million).

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

The following table presents the structure of ratings of the financial institutions with which the Group entered into derivatives transactions, representing an exposure to credit risk.

Rating level		As at 31 March 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	78%	71%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	22%	29%

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

The fair value of open derivatives of the KGHM Polska Miedź S.A. Group as at 31 March 2024 broken down into hedging transactions[3] 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.

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

- the settlement of transactions in derivatives with maturities in the first quarter of 2024, which were open at the end of 2023,
- entering into new transactions on the forward market (adjustment transactions on the copper and gold market entered into as a part of the management of a net trading position),
- the change in macroeconomic conditions (e.g. forward prices of copper, gold, USD/PLN forward rates, interest rates and volatility implied at the measurement date).

[2] The Parent Entity offsets receivables and liabilities due to settled derivatives (that is for which the future flows are known at the end of the reporting period) pursuant to the principles of net settlements of cash flows adopted in framework agreements with individual customers.
[3] Within the KGHM Polska Miedź S.A. Group, the Parent Entity applies cash flow hedge accounting (CFH).

amounts in PLN millions, unless otherwise stated

Group's derivatives open as at the end of the reporting period

Type of derivative	As at 31 March 2024				
	Financial assets		Financial liabilities		Total
	Non-current	Current	Non-current	Current	
Hedging instruments (CFH), of which:	**204**	**243**	**(173)**	**(25)**	**249**
Derivatives – Currency (USDPLN exchange rate)					
Options – *put spread*	-	235	-	(1)	**234**
Derivatives – Currency-interest rate					
Cross Currency Interest Rate Swap CIRS	204	8	(173)	(24)	**15**
Trade instruments, of which:	**-**	**12**	**-**	**(394)**	**(382)**
Derivatives – Metals (price of copper, gold)					
QP adjustment swap transactions (copper)	-	-	-	(9)	**(9)**
QP adjustment swap transactions (gold)	-	12	-	(23)	**(11)**
Derivatives – Currency					
Sold put option (USDPLN)	-	-	-	(335)	**(335)**
Purchased put option (USDPLN)	-	-	-	-	**-**
Purchased call option (USDPLN)	-	-	-	-	**-**
Forward/swap (USDPLN)	-	-	-	-	**-**
Embedded derivatives (price of copper, gold)					
Purchase contracts for metal-bearing materials	-	-	-	(27)	**(27)**
Instruments initially designated as hedging instruments excluded from hedge accounting, of which:	**-**	**336**	**-**	**-**	**336**
Derivatives – Currency (USDPLN exchange rate)					
Options – *collar*	-	336	-	-	**336**
TOTAL OPEN DERIVATIVES	**204**	**591**	**(173)**	**(419)**	**203**

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

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 flows.

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

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

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

In the case of changes in electricity prices, the source of exposure are sales prices in bilateral contracts and energy sales prices on the Polish Power Exchange, where the Parent Entity purchases electricity in forward products (RTEE) as well as on the intra-day and next-day market. Moreover, the Parent Entity entered into a contract for the supply of electricity from renewable energy sources under a PPA (Power Purchase Agreement), which was entered into to meet the own needs of the Parent Entity and, in accordance with the exemption provided for under IFRS 9 para. 2.4, is not subject to measurement and recognition as a financial instrument.

In the 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 largely depends on the prices quoted on the Polish Power Exchange for E-type gas (as regards both forward and SPOT contracts).

amounts in PLN millions, unless otherwise stated

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

Merchandise	Unit	from 1 January 2024 to 31 March 2024
CO_2 emission allowances	EUA	339 350
Property rights, so-called green certificates	GWh	25
Property rights, so-called blue certificates	GWh	2.5
Property rights, so-called white certificates	TOE	714
Gas	GWh	689
Electricity	GWh	630

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

Liquidity and capital management policy

The Management Board of the Parent Entity is responsible for financial liquidity management in the Group and compliance with the adopted policy. The Financial Liquidity Committee is a unit supporting the Management Board in this regard.

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, intra-group liquidity transfers are realised 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 quarter of 2024, the KGHM Polska Miedź S.A. Group showed a full capacity for meeting its obligations. The cash held and obtained external financing by the Group guarantee continued liquidity and enable the realisation of investment projects.

In accordance with market practice, the Group monitors the level of financial security, among others on the basis of the Net Debt/Adjusted EBITDA ratio, the level of which as at the balance sheet dates is as follows:

Ratio	31 March 2024	31 December 2023
Net debt/Adjusted EBITDA*	**1.48**	**1.06**

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

amounts in PLN millions, unless otherwise stated

Net debt changes

Liabilities due to borrowings	As at 31 December 2023	Cash flows	Accrued interest	Exchange differences	Other changes	As at 31 March 2024
Bank loans	667	568	24	7	4	1 270
Loans	2 272	(106)	22	28	1	2 217
Debt securities	2 002	-	36	-	-	2 038
Leases	784	(35)	24	-	30*	803
Total debt	**5 725**	**427**	**106**	**35**	**35**	**6 328**
Free cash and cash equivalents	1 702	(899)	-	-	-	803
Net debt	**4 023**	**1 326**	**106**	**35**	**35**	**5 525**

** PLN 21 million represents the amount at the day of obtaining control of entities, the remaining amount represents modifications and conclusion of new lease agreements.*

Reconciliation of cash flows recognised in net debt change to the consolidated statement of cash flows	from 1 January 2024 to 31 March 2024
I. Financing activities	**466**
Proceeds from borrowings	835
Repayment of borrowings	(326)
Repayment of lease liabilities	(15)
Repayment of interest on borrowings	(28)
II. Investing activities - paid capitalised interest on borrowings	**(39)**
III. Change in free cash and cash equivalents	**(899)**
TOTAL (I+II-III)	**1 326**

Structure of external financing sources

As at 31 March 2024, the Group had open credit lines, loans and debt securities with a total balance of available financing being the equivalent of PLN 14 928 million, out of which PLN 5 525 million had been drawn.

The structure of financing sources is presented below.

	Unsecured, revolving syndicated credit facility	Investment loans	Other bank loans	Debt securities	Total
As at 31 March 2024					
Amount granted	5 983	3 551	3 394	2 000	**14 928**
Amount of the liability	601	2 217	669	2 038	**5 525**
As at 31 December 2023					
Amount granted	5 903	3 582	3 452	2 000	**14 937**
Amount of the liability	-	2 272	667	2 002	**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 31 March 2024, the Group held liabilities due to guarantees granted in the total amount of PLN 1 202 million and due to promissory note liabilities in the amount of PLN 221 million.

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

- **Sierra Gorda S.C.M.** – a corporate guarantee in the amount of PLN 878 million (USD 220 million) set as security on a bank loan drawn by Sierra Gorda S.C.M. The guarantee is valid to September 2024. The carrying amount of the liability due to a financial guarantee granted was recognised in the amount of PLN 19 million – the initial amount of the issued guarantee decreased by the amount of revenues recognised in profit or loss due to guarantees (the amount of expected credit losses (Stage 2) is PLN 6 million)*,

– **other entities, including the Parent Entity:**
  - PLN 107 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 100 million - securing the obligations incurred by Brokerage House due to settlements of transactions entered into by the Parent Entity on the markets run by Towarowa Giełda Energii S.A, the guarantee is valid for up to 1 year,
  - PLN 17 million - securing claims to cover by the Group costs related to collecting and processing waste, the guarantee is valid up to 5 years,
  - PLN 34 million (PLN 15 million, EUR 3 million and CAD 2 million) securing the obligations related to proper execution of agreements concluded by the Group, the guarantee is valid for up to 5 years,
  - PLN 2 million - securing obligations related to tax and customs duties, the guarantee is valid indefinitely,
  - PLN 6 million – financial guarantees, securing the obligations of Group companies, the guarantees are valid for up to 1 year*.

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

** Financial guarantee was recognised pursuant to par. 4.2.1. point c of IFRS 9.*

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 31 March 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 31 March 2024, the guarantees amounted to PLN 633 million.

amounts in PLN millions, unless otherwise stated

Note 4.9 Related party transactions

Operating income from related entities	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Revenues from sales of products, merchandise and materials to a joint venture	5	10
Interest income on loans granted to a joint venture	144	147
Revenues from other transactions with a joint venture	10	10
Revenues from other transactions with other related parties	10	13
Total	**169**	**180**

Purchases from related entities	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Purchase of services, merchandise and materials	23	24
Other purchase transactions	4	3
Total	**27**	**27**

Trade and other receivables from related parties	As at 31 March 2024	As at 31 December 2023
From the joint venture Sierra Gorda S.C.M. - loans granted	9 364	9 096
From the joint venture Sierra Gorda S.C.M. - other receivables	25	29
From other related parties	28	5
Total	**9 417**	**9 130**

Trade and other payables towards related parties	As at 31 March 2024	As at 31 December 2023
Towards a joint venture	19	18
Towards other related parties	22	3
Total	**41**	**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 31 March 2024 and in the period from 1 January to 31 March 2024, the Group concluded the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, unusual due to their nature or amount:

- due to an agreement on setting mining usufruct for the extraction of mineral resources and for the exploration for and assessment of mineral resources – the balance of payables amounted to PLN 214 million (as at 31 December 2023: PLN 243 million), including payments on setting mining usufruct for the extraction of mineral resources recognised in costs in the amount of PLN 9 million (as at 31 December 2023: PLN 31 million),
- due to a reverse factoring agreement the Group had payables in the amount of PLN 2 055 million, interest costs from 1 January to 31 March 2024 in the amount of PLN 29 million (as at 31 December 2023, payables in the amount of PLN 2 528 million and interest costs from 1 January to 31 March 2023 in the amount of PLN 0 million),
- other transactions and economic operations: spot currency exchange, depositing cash, granting bank loans, guarantees and letters of credit (including documentary letters of credit), running bank accounts, servicing of business credit cards, servicing of documentary collection, and servicing of special purpose funds and entering into transactions on the forward currency market 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 31 March 2024, the turnover from these transactions amounted to PLN 777 million (from 1 January to 31 March 2023: PLN 1 084 million), and, as at 31 March 2024, the unsettled balance of liabilities from these transactions amounted to PLN 251 million (as at 31 December 2023: PLN 378 million),
- sales to Polish State Treasury Companies. In the period from 1 January to 31 March 2024, the turnover from these sales amounted to PLN 172 million (from 1 January to 31 March 2023: PLN 157 million), and, as at 31 March 2024, the unsettled balance of receivables from these transactions amounted to PLN 224 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 31 March 2024	from 1 January 2023 to 31 March 2023
Remuneration due to service in the Supervisory Board, salaries and other current employee benefits	637	572

Remuneration of the Management Board of the Parent Entity (in PLN thousands)	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Salaries and other current employee benefits due to serving in the function	1 374	1 506
Benefits due to termination of employment	1 347	-
Total	**2 721**	**1 506**

Remuneration of other key managers (in PLN thousands)	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Salaries and other current employee benefits	734	1 047

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 31 March 2024	Increase/(decrease) since the end of the last financial year
	Contingent assets	**454**	**(5)**
	Guarantees received	324	-
	Promissory notes receivables	111	-
	Other	19	(5)
	Contingent liabilities	**612**	**23**
Note 4.8	Guarantees and letters of credit	318	58
Note 4.8	Promissory notes liabilities	221	(36)
	Property tax on underground mine workings	6	-
	Other	67	1
	Other liabilities not recognised in the statement of financial position - liabilities towards local government entities due to expansion of the tailings storage facility	**23**	**(3)**

amounts in PLN millions, unless otherwise stated

Note 4.11 Changes in working capital

	Inventories	Trade receivables	Trade payables	Similar payables	Working capital
As at 1 January 2024	(8 425)	(932)	3 167	3 021	**(3 169)**
As at 31 March 2024	(7 959)	(1 616)	2 540	2 548	**(4 487)**
Change in the statement of financial position	**466**	**(684)**	**(627)**	**(473)**	**(1 318)**
Exchange differences from the translation of statements of operations with a functional currency other than PLN	5	4	(3)	-	**6**
Depreciation recognised in inventories	210	-	-	-	**210**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	270	33	**303**
Change in liabilities due to interest on reverse factoring	-	-	-	1	**1**
Other	3	-	-	-	**3**
Adjustments, total	**218**	**4**	**267**	**34**	**523**
Change in the statement of cash flows	**684**	**(680)**	**(360)**	**(439)**	**(795)**

	Inventories	Trade receivables	Trade payables	Similar payables	Working capital
As at 1 January 2023	(8 902)	(1 178)	3 076	18	**(6 986)**
As at 31 March 2023	(8 538)	(1 132)	2 815	4	**(6 851)**
Change in the statement of financial position	**364**	**46**	**(261)**	**(14)**	**135**
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(14)	(7)	4	-	**(17)**
Depreciation recognised in inventories	150	-	-	-	**150**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	248	-	**248**
Other	(1)	-	-	-	**(1)**
Adjustments, total	**135**	**(7)**	**252**	**-**	**380**
Change in the statement of cash flows	**499**	**39**	**(9)**	**(14)**	**515**

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

In the first quarter of 2024, KGHM Polska Miedź S.A. acquired 100% of shares in the companies: INVEST PV 40 sp. z o.o., INVEST PV 58 sp. z o.o. and INVEST PV 59 sp. z o.o.
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, the Group concluded that the transaction constituted an acquisition of assets and was recognised as such in these consolidated financial statements.
The acquired assets are property, plant and equipment mainly constituting expenditures incurred on the construction of photovoltaic farms (i.e. steel structures, Energy Performance Contracting costs) and land usufruct under tenancy agreements.

Note 5.2 Seasonal or cyclical activities

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

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

There was no issuance, redemption or repayment of debt and equity securities in the Group in the current quarter.

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

Information related to paid (declared) dividend, total and per share for year 2023 is presented in Note 5.7.

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

All shares of the Parent Entity are ordinary shares.

amounts in PLN millions, unless otherwise stated

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 2023

As at the date of preparation of this report, pursuant to the information held by KGHM Polska Miedź S.A., the following shareholders held at least 5% in 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 2023.

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 2023

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. This state did not change since the publication of the consolidated report for 2023.

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 elektrorafinacji 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. In view of the fulfilment of the obligation – there was no reason to create a provision. 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 alternatively 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 point 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 returned on 23 February 2024. By a ruling dated 6 February 2024, the Supreme Court explained that the judgment of the Supreme Court dated 24 November 2022 in case III PSKP 10/22 should be understood that the judgment dated 12 June 2019 of the Court of Appeal in Wrocław with file reference number I ACa 205/19 was revoked in the part challenged by the defendant and in this respect the case was remitted for reconsideration. By order of 19 March 2024, the Court of Appeal scheduled the appeal hearing for 8 May 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 31 March 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 sureties on bank and other loans or guarantees granted by KGHM Polska Miedź S.A. or its subsidiaries – jointly to a single entity or subsidiary thereof, if the total amount of existing sureties or guarantees is significant

In the first 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 amount of 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 11 March 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., concluded an additional protocol to the Collective Labour Agreement increasing the monthly rates of basic remuneration by 9.2% from 1 January 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) escalation of the conflict in Israel and its potential impact on the destabilisation of global economies, among other due to the increase in prices, the decrease in supply or disruptions in oil supplies,
c) lower-than-expected growth rate of global economies,
d) volatility in copper and silver prices on the metals markets,
e) volatility in the USD/PLN exchange rate,
f) volatility in electrolytic copper production costs, including in particular due to the minerals extraction tax, changes in the value of consumed purchased copper-bearing materials, volatility in prices of energy carriers and electricity,
g) the effects of the implemented hedging policy,
h) the pace and effects of the expiration of anti-inflation shields, manifesting themselves in fluctuations in prices of materials and services, as well as in wage pressure,
i) changes in the monetary policy of central banks and changes in interest rates,
j) the general uncertainty on financial markets.

The most significant factors affecting the results of the KGHM Polska Miedź S.A. Group through the KGHM INTERNATIONAL LTD. Group, including in particular over the following quarter, may be:
a) similarly as in the case of the Parent Entity, the ongoing war in Ukraine and escalation of the conflict in Israel and their potential impact on business continuity disruptions or business restrictions,
b) lower-than-expected growth rate of global economies,
c) volatility in the level of mining and the level of metal recovery,
d) volatility in copper, silver, gold prices,
e) the CLP/USD and USD/PLN exchange rates volatility,
f) volatility in the cost of copper mining production,
g) an increase in the prices of materials and services, wage pressure,
h) the general uncertainty on financial markets.

The above may affect the results of the Group in subsequent quarters. However, it is not possible to present quantitative estimates 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.
The Parent Entity continues to monitor the global economic situation, in order to assess its potential negative impact on the KGHM Polska Miedź S.A. Group and to take anticipative actions to mitigate this impact.
Simultaneously, expectations of an increase in long-term metal prices, which may potentially affect the future valuation of assets are observed.

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

Key risk categories

The most significant risk categories related to the war in Ukraine which impact the Group's operations are:

- interruptions in the supply chain and the availability of materials and components, fuels and energy on international markets,
- lower-than-expected growth rate of global economies,
- volatility in copper and silver prices on the metals markets,
- volatility in the USD/PLN exchange rate,
- volatility in electrolytic copper production costs, including in particular due to the minerals extraction tax, changes in the value of consumed, purchased copper-bearing materials and volatility in prices of energy carriers and electricity,
- the general uncertainty on financial markets.

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

Impact on the metals market and shares price

From the point of view of the Group, the war in Ukraine has an impact on market risk connected with volatility in metals prices and stock exchange indices during the reporting period. The Company's share price at the end of the first quarter of 2024 fell by 7% compared to prices at the end of 2023 and at the close of trading on 28 March 2024 amounted to PLN 114.15. In the same period WIG index increased by 5.0% and WIG20 index increased by 4%. As a result of a change in share prices, the Company's capitalisation decreased from PLN 24.54 billion at the end of 2023 to PLN 22.83 billion at the end of the first 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 first quarter of 2024 amounted to 8 438 USD/t, and was at the level assumed in the budget. The average price of copper in the first quarter of 2024 increased by 3.4% compared to the average price of copper in the fourth quarter of 2023, while compared to the average price of copper in the entire year 2023, it decreased by 0.5%.

Impact on the fuels and energy carriers market as well as 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 group companies

Currently, the geopolitical situation related to the direct aggression of Russia against Ukraine and the implemented system of sanctions does not restrict the operations of KGHM Polska Miedź S.A. and other Group companies, while the risk of interruptions to the going concern of the Company and the KGHM Polska Miedź S.A. Group in this regard continues to be estimated as low.

The ongoing war in Ukraine, limited availability of Russian cathodes on European markets and the lack of production of the Ronnskar smelter in Sweden (the fire in June 2023) have already been discounted by the market, and do not constitute an additional factor affecting the sales results of basic copper products in the first quarter of 2024. Increased logistical difficulty of shipments, Houthi attacks on ships on civilian shipping lanes in the Red Sea and the tense geopolitical situation in the Middle East caused disruptions in the availability of copper in Europe, which resulted in additional demand for cathodes. In the first three months of the year, there was also very good demand for copper semi-finished products (ETP wire rod and OFE wire). The high market demand included orders from many sectors that demand cables, wires and other final products of copper processing. In particular, it is worth mentioning the good economic situation in the energy sector, driven by the transformation of energy sources in Europe.

With respect to the availability of capital and the level of debt, the Group does not hold bank loans drawn from institutions threatened with sanctions.

Preventive actions in the Group

There were no production stoppages either in KGHM Polska Miedź S.A. or in any of the international mines of the KGHM Polska Miedź S.A. Group, including Sierra Gorda S.C.M., which could have been directly attributable to the war in Ukraine.

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

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

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

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

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

Note 5.7 Subsequent events

Shareholder’s request to include a point in the agenda of the next General Meeting

On 29 April 2024, the Management Board of KGHM Polska Miedź S.A. received an information, that an entitled shareholder of the Company - the State Treasury, represented by the Minister of State Assets, acting on the basis of art. 401 § 1 of the Commercial Partnerships and Companies Code, requested to include the following point: “Changes in the composition of the Supervisory Board of the Company” in the agenda of the next General Meeting of the Company.

Adoption of a resolution on covering the loss for financial year 2023 and the dividend payout

On 8 May 2024, the Management Board of KGHM Polska Miedź S.A. adopted a resolution in respect of which it recommends the Ordinary General Meeting of KGHM Polska Miedź S.A. to cover the loss for 2023 in the amount of PLN 1 153 million from the reserve capital of the Company and to pay out a dividend in the amount of PLN 300 million (PLN 1.50 per share) from the Company’s reserve capital, from prior profit.

Moreover, the Management Board of KGHM Polska Miedź S.A. proposes that the Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date at 28 June 2024 and the dividend payment date at 16 July 2024. The recommendation of the Management Board was positively reviewed by the Supervisory Board of KGHM Polska Miedź S.A.

The final decision on covering the loss for 2023 and dividend payout will be made by the Ordinary General Meeting of KGHM Polska Miedź S.A.

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

On 10 May 2024, the Management Board of KGHM Polska Miedź S.A. announced the convening of the Ordinary General Meeting, which will take place on 7 June 2024, beginning at 11:00 a.m., at the head office of the Company in Lubin, at the address ul. Marii Skłodowskiej-Curie 48 (in Jan Wyżykowski Hall).

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

SEPARATE STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Note 1	Revenues from contracts with customers	7 279	8 370
Note 2	Cost of sales	(6 510)	(7 108)
	Gross profit on sales	**769**	**1 262**
Note 2	Selling costs and administrative expenses	(268)	(265)
	Profit on sales	**501**	**997**
Note 3	Other operating income, including:	409	283
	interest income calculated using the effective interest rate method	92	86
	fair value gains on financial assets measured at fair value through profit or loss	128	5
	gain due to reversal of impairment losses on financial instruments	-	4
Note 3	Other operating costs, including:	(178)	(467)
	impairment losses on financial instruments	(1)	(8)
Note 5	Finance income	-	94
Note 4	Finance costs	(122)	(38)
	Profit before income tax	**610**	**869**
	Income tax expense	(223)	(387)
	PROFIT FOR THE PERIOD	**387**	**482**
	Weighted average number of ordinary shares (million)	200	200
	Basic and diluted earnings per share (in PLN)	**1.94**	**2.41**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Profit for the period	**387**	**482**
Measurement of hedging instruments net of the tax effect	(129)	(22)
Other comprehensive income, which will be reclassified to profit or loss	**(129)**	**(22)**
Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	(99)	(18)
Actuarial gains/(losses) net of the tax effect	68	(47)
Other comprehensive income, which will not be reclassified to profit or loss	**(31)**	**(65)**
Total other comprehensive net income	**(160)**	**(87)**
TOTAL COMPREHENSIVE INCOME	**227**	**395**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF CASH FLOWS

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
	Cash flow from operating activities		
	Profit before income tax	610	869
	Depreciation/amortisation recognised in profit or loss	350	363
	Interest on investment activities	(78)	(68)
	Other interest	69	35
	Fair value (gains)/losses on financial assets measured at fair value through profit or loss	(121)	12
	Impairment losses on non-current assets	-	6
	Reversal of impairment losses on non-current assets	(1)	-
	Exchange differences, of which:	(44)	62
	from investing activities and cash	(78)	156
	from financing activities	34	(94)
	Change in provisions for decommissioning of mines, employee benefits liabilities and other provisions	102	124
	Change in other receivables and liabilities other than working capital	(156)	471
	Change in assets and liabilities due to derivatives	90	(17)
	Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(158)	16
	Other adjustments	7	17
	Exclusions of income and costs, total	60	1 021
	Income tax paid	(104)	(244)
Note 5	Changes in working capital, including:	(761)	116
	change in trade payables transferred to factoring	(439)	-
	Net cash generated from/(used in) operating activities	**(195)**	**1 762**
	Cash flow from investing activities		
	Expenditures on mining and metallurgical assets, including:	(1 004)	(869)
	paid capitalised interest on borrowings	(28)	(31)
	Expenditures on other property, plant and equipment and intangible assets	(15)	(14)
	Expenditures due to loans granted	(61)	(472)
	Advances grated for property, plant and equipment and intangible assets	(4)	(77)
	Expenditures due to acquisition of shares	(86)	(115)
	Proceeds from repayment of loans granted (principal)	7	5
	Expenditures on financial assets	(74)	-
	Other	(3)	(17)
	Net cash generated from/(used in) investing activities	**(1 240)**	**(1 559)**
	Cash flow from financing activities		
	Proceeds from borrowings	799	1 299
	Cash pooling proceeds	200	80
	Repayments of borrowings received	(285)	(1 256)
	Repayment of lease liabilities	(8)	(7)
	Payment of interest, including:	(67)	(30)
	borrowings	(30)	(30)
	Net cash generated from /(used in) financing activities	**639**	**86**
	TOTAL NET CASH FLOW	**(796)**	**289**
	Exchange differences on measurement of 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	**685**	**1 271**
	restricted cash	**17**	**20**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	As at 31 March 2024	As at 31 December 2023
Mining and metallurgical property, plant and equipment	19 239	19 006
Mining and metallurgical intangible assets	1 418	1 419
Mining and metallurgical property, plant and equipment and intangible assets	20 657	20 425
Other property, plant and equipment	107	111
Other intangible assets	51	54
Other property, plant and equipment and intangible assets	158	165
Investments in subsidiaries - shares	4 919	4 807
Loans granted, of which:	10 045	9 638
measured at fair value through profit or loss	3 887	3 766
measured at amortised cost	6 158	5 872
Derivatives	204	233
Other financial instruments measured at fair value through other comprehensive income	680	803
Other financial instruments measured at amortised cost	435	445
Financial instruments, total	11 364	11 119
Other non-financial assets	125	265
Non-current assets	**37 223**	**36 781**
Inventories	6 822	7 506
Trade receivables, including:	1 121	471
trade receivables measured at fair value through profit or loss	913	211
Tax assets	577	932
Derivatives	591	760
Cash pooling receivables	688	424
Other financial assets	426	327
Other non-financial assets	305	214
Cash and cash equivalents	685	1 481
Current assets	**11 215**	**12 115**
TOTAL ASSETS	**48 438**	**48 896**
EQUITY AND LIABILITIES		
Share capital	2 000	2 000
Other reserves from measurement of financial instruments	91	320
Accumulated other comprehensive income	(853)	(921)
Retained earnings	27 806	27 419
Equity	**29 044**	**28 818**
Borrowings, lease and debt securities	5 052	4 508
Derivatives	173	202
Employee benefits liabilities	2 631	2 821
Provisions for decommissioning costs of mines and other technological facilities	1 401	1 389
Deferred tax liabilities	275	328
Other liabilities	213	220
Non-current liabilities	**9 745**	**9 468**
Borrowings, lease and debt securities	877	833
Cash pooling liabilities	551	350
Derivatives	419	499
Trade and similar payables	4 791	6 065
Employee benefits liabilities	1 403	1 315
Tax liabilities	411	405
Provisions for liabilities and other charges	117	82
Other liabilities	1 080	1 061
Current liabilities	**9 649**	**10 610**
Non-current and current liabilities	**19 394**	**20 078**
TOTAL EQUITY AND LIABILITIES	**48 438**	**48 896**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total equity
As at 1 January 2023	**2 000**	**(395)**	**(702)**	**28 772**	**29 675**
Profit for the period	-	-	-	482	**482**
Other comprehensive income	-	(40)	(47)	-	**(87)**
Total comprehensive income	-	(40)	(47)	482	**395**
As at 31 March 2023	**2 000**	**(435)**	**(749)**	**29 254**	**30 070**
As at 1 January 2024	**2 000**	**320**	**(921)**	**27 419**	**28 818**
Profit for the period	-	-	-	387	**387**
Other comprehensive income	-	(229)	68	-	**(161)**
Total comprehensive income	-	(229)	68	387	**226**
As at 31 March 2024	**2 000**	**91**	**(853)**	**27 806**	**29 044**

amounts in PLN millions, unless otherwise stated

Explanatory notes

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

		from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Europe			
	Poland	1 884	1 902
	Germany	1 226	2 108
	Italy	565	455
	Czechia	563	620
	Hungary	390	384
	Switzerland	334	416
	The United Kingdom	297	268
	Sweden	210	-
	France	103	164
	Austria	82	125
	Slovakia	48	66
	Bulgaria	34	166
	Romania	29	45
	Slovenia	26	33
	Greece	11	-
	Finland	8	2
	Spain	8	1
	Belgium	7	3
	Bosnia and Herzegovina	6	2
	Estonia	5	7
	Denmark	3	-
	The Netherlands	1	3
	Other countries (dispersed sales)	1	2
North and South America			
	The United States of America	278	246
	Canada	9	9
	Argentina	1	-
	Chile	-	2
Australia		60	67
Asia			
	China	857	1 007
	Saudi Arabia	112	-
	Türkiye	90	67
	South Korea	27	-
	Japan	1	-
	Taiwan	-	49
	Thailand	-	74
	Vietnam	-	2
	Malaysia	-	51
Africa		3	24
TOTAL		**7 279**	**8 370**

amounts in PLN millions, unless otherwise stated

Note 2 Expenses by nature

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	395	413
Employee benefits expenses	1 290	1 267
Materials and energy, including:	3 033	3 721
purchased metal-bearing materials	1 940	2 211
electrical and other energy	465	684
External services, including:	636	580
transport	90	89
repairs, maintenance and servicing	190	171
mine preparatory work	181	173
Minerals extraction tax	805	1 068
Other taxes and charges	270	241
Write-down of inventories	4	6
Other costs	20	27
Total expenses by nature	**6 453**	**7 323**
Cost of merchandise and materials sold (+)	97	202
Change in inventories of finished goods and work in progress (+/-)	282	(96)
Cost of manufacturing products for internal use (-)	(54)	(56)
Total costs of sales, selling costs and administrative expenses, including:	**6 778**	**7 373**
Cost of sales	6 510	7 108
Selling costs	47	44
Administrative expenses	221	221

amounts in PLN millions, unless otherwise stated

Note 3 Other operating income and (costs)

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Gains on derivatives, of which:	67	130
measurement	57	129
realisation	10	1
Exchange differences on financial assets and liabilities other than borrowings	95	-
Interest on loans granted and other financial receivables	92	88
Fees and charges on re-invoicing of costs of bank guarantees securing payments of liabilities	10	11
Reversal of impairment losses on financial instruments measured at amortised cost	-	4
Fair value gains on financial assets measured at fair value through profit or loss, including:	128	5
loans	121	-
Release of provisions	1	6
Other	16	39
Total other operating income	**409**	**283**
Losses on derivatives, of which:	(83)	(143)
measurement	(74)	(50)
realisation	(9)	(93)
Impairment losses on financial instruments measured at amortised cost	(1)	(8)
Exchange differences on assets and liabilities other than borrowings	-	(173)
Fair value losses on financial assets measured at fair value through profit or loss, including:	(35)	(58)
loans	-	(12)
Provisions recognised	(38)	(2)
Donations granted	(10)	(40)
Compensations, fines and penalties paid and costs of litigation	-	(8)
Other	(11)	(35)
Total other operating costs	**(178)**	**(467)**
Other operating income and (costs)	**231**	**(184)**

Note 4 Finance income and (costs)

	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Finance income - exchange differences on measurement and realisation of borrowings	**-**	**94**
Interest on borrowings, including:	(27)	(28)
leases	(2)	(2)
Interest on reverse factoring	(36)	-
Fees and charges on external financing	(6)	(7)
Exchange differences on measurement and realisation of borrowings	(34)	-
Unwinding of the discount effect	(19)	(3)
Total finance costs	**(122)**	**(38)**
Finance income and (costs)	**(122)**	**56**

amounts in PLN millions, unless otherwise stated

Note 5 Changes in working capital

	Inventories	Trade receivables	Trade payables	Similar payables	Working capital
As at 1 January 2024	(7 506)	(471)	3 044	3 021	**(1 912)**
As at 31 March 2024	(6 823)	(1 121)	2 243	2 548	**(3 153)**
Change in the statement of financial position	683	(650)	(801)	(473)	**(1 241)**
Depreciation recognised in inventories	44	-	-	-	**44**
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	402	33	**435**
Change in liabilities due to interest on reverse factoring	-	-	-	1	**1**
Adjustments, total	44	-	402	34	**480**
Change in the statement of cash flows	**727**	**(650)**	**(399)**	**(439)**	**(761)**

	Inventories	Trade receivables	Trade payables	Similar payables	Working capital
As at 1 January 2023	(7 523)	(620)	2 819	-	**(5 324)**
As at 31 March 2023	(7 340)	(691)	2 486	-	**(5 545)**
Change in the statement of financial position	183	(71)	(333)	-	**(221)**
Depreciation recognised in inventories	48	-	-	-	**48**
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	289	-	**289**
Adjustments, total	48	-	289	-	**337**
Change in the statement of cash flows	**231**	**(71)**	**(44)**	**-**	**116**

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD

This report was authorised for issue on 15 May 2024

President
of the Management Board

Andrzej Szydło

Vice President
of the Management Board

Mirosław Laskowski

SIGNATURE OF PERSON RESPONSIBLE FOR ACCOUNTING

Executive Director
of Accounting Services Centre
Chief Accountant

Agnieszka Sinior