

Layers of possibilities



KGHM Group Investor Presentation

June 2023

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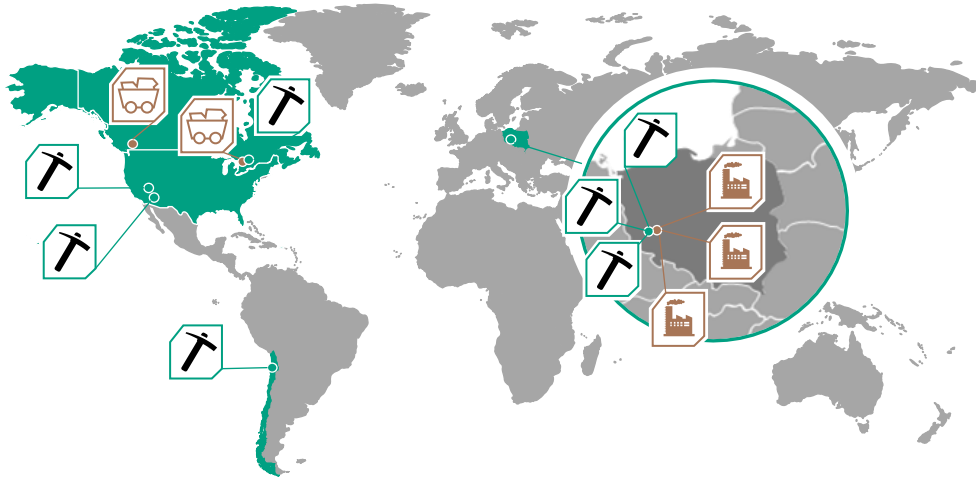


Key information about the KGHM Group and our approach to Sustainability



KGHM: a top ten copper producer and a leading Polish exporter

The Group has a global reach and plays a significant role on the global copper and silver markets



Legenda: Mining projects of KGHM Mines of KGHM Metallurgical facilities of KGHM

Eighth
largest mining
copper
producer



Second
largest
silver
producer



Source: Kitco 2023, World Silver Survey 2023

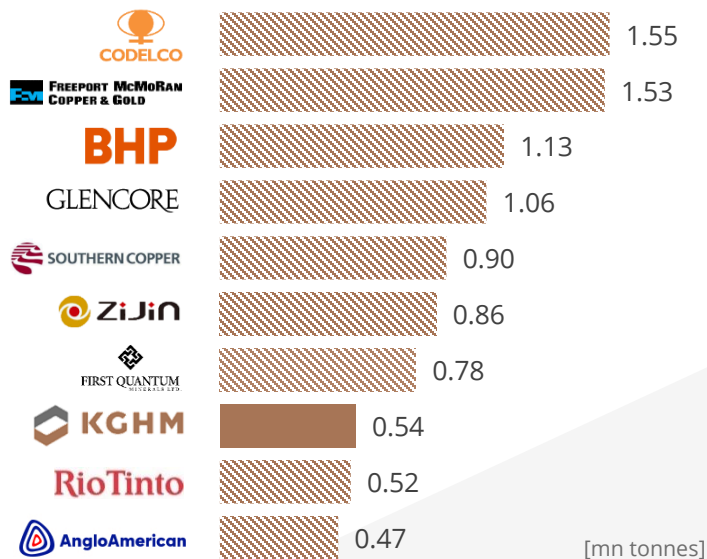
Other KGHM Group products:

- Molybdenum
- Lead
- Nickel
- Gold
- Palladium
- Platinum
- Rhenium
- Sulphuric acid
- Selenium
- Copper sulphate
- Nickel sulphate

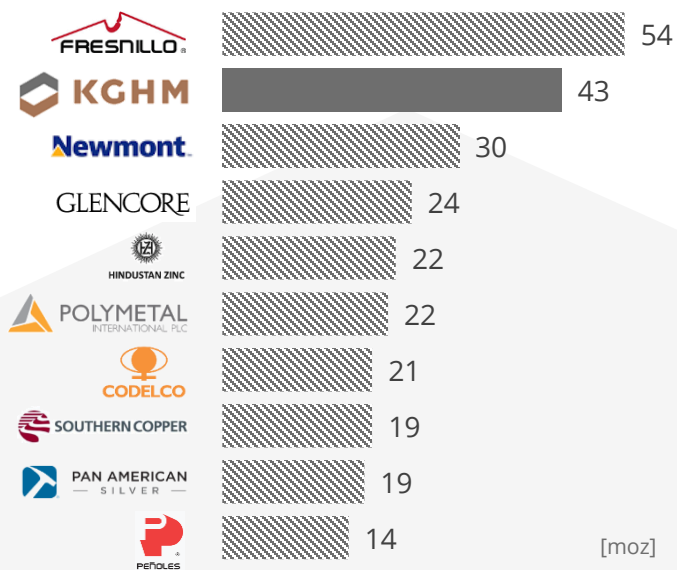


KGHM among the biggest copper and silver producers

Mined Copper production 2022¹⁾



Silver production 2022²⁾

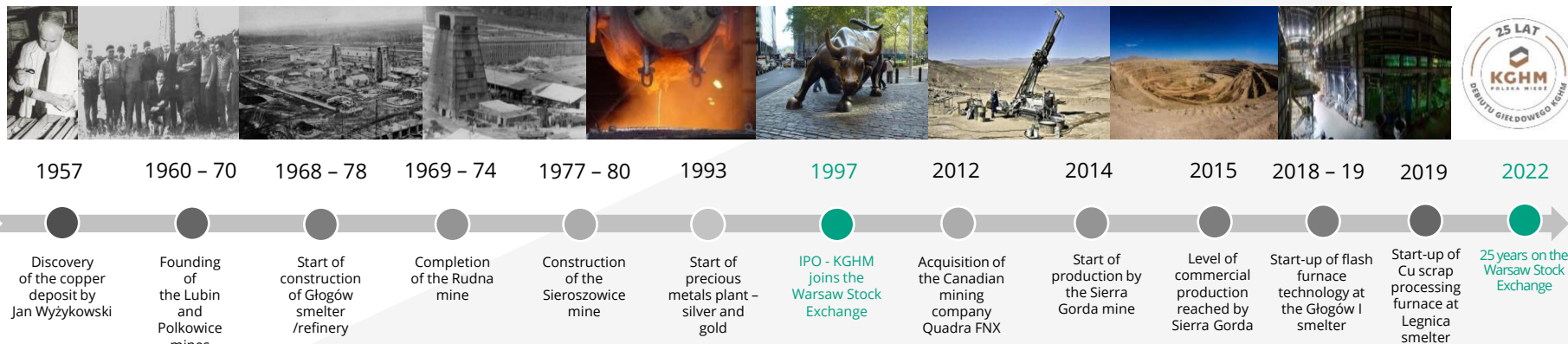


Source: 1) KITCO, March 2023

2) World Silver Survey, April 2023

A proud history of mining and metallurgy

Discovery of the copper deposit brought about a fundamental change in the region's economy thanks to the growth of KGHM Polska Miedź S.A. As a result of M&A activities, capped by the acquisition of Quadra FNX, KGHM became a truly global copper producer aimed at continued growth.



Core production assets in Poland – stable output and earnings

Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

approx. 36 years LOM

- Copper in extracted ore in 2022: 196.8 kt
- Associated metals: silver, lead, rock salt, gold



Legnica Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 120 kt electrolytic Cu/year ¹⁾

- Other products: Pb, H₂SO₄, NiSO₄, CuSO₄
- 2022 Cu production: 122.5 kt



Rudna Mine

approx. 23 years LOM

- Copper in extracted ore in 2022: 174.6 kt
- Associated metals: silver, lead, gold



Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 240 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re



Lubin Mine

approx. 38 years LOM

- Copper in extracted ore in 2022: 71.3 kt
- Associated metals: silver, lead, gold



Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 230 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re

2022 Cu production in total: 463.5 kt



Deep Głogów Project

- Extension of Rudna and Polkowice-Sieroszowice mines
- DG production figures are included in Rudna and Polkowice-Sieroszowice mines' production stats



Cedynia Copper Wire Rod Plant

Contirod and Upcast technology

- Production in 2022: 260.9 kt of copper wire and 17.0 kt of OFE rod

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile

- 26 years LOM 2022 production stats:
- Open-pit mine
 - Porphyry
 - Cu production (payable, 100%): 165.1 kt
 - Cu production (payable, 55%): 90.8 kt



Robinson Mine, USA

- 14 years LOM 2022 production stats:
- Open-pit mine
 - Porphyry/Skarn orebody
 - Cu production (payable): 46.8 kt



Sudbury, Canada

- 5 years LOM 2022 production stats:
- Underground mine
 - Footwall/Contact orebody
 - Cu production (payable): 2.5 kt

Actions involving other, third-tier production assets:

- Carlota Mine, USA – renewal of divestment process under consideration
- Sudbury assets (excl. Victoria project) – preliminary divestment process commenced (accepting of bids)

Potential growth projects



Sierra Gorda Oxide, Chile

- ~ 11 years LOM
- The project aims at processing the oxide ore
 - The oxide ore is currently stored separately for later heap leaching
 - The ore will be transported to a permanent heap, where it will be processed via leaching



Victoria, Canada

- ~14 years LOM (from start of revenue stream)
- The projects assumes building an underground copper-nickel mine
 - Current development scenario assumes accessing the deposit via 2 shafts
 - Forecasted annual production: 18 kt Cu p.a., 16 kt Ni p.a.



Ajax (80% stake), Canada

- 19 years LOM
- The project assumes building an open-pit copper-gold mine and processing plant with associated infrastructure
 - 53 kt Cu p.a., 114 koz t Au p.a.

KGHM's efforts towards energy transformation

KGHM Polska Miedź S.A. aims at permanently increasing the share of renewable energy sources and in-house generation to meet its energy needs

COMPETITIVE ADVANTAGES

Climate Policy



Access to copper and precious metals is a critical component if the plan to achieve climate neutrality by 2050 by the largest western economies is to succeed.

Development of RES and EV markets



Technologies used by the renewable Energy market and by the electric vehicles sector are far more metals-intensive than the traditional power and transportation sectors.

Cost-efficient resources



Easily-accessible resources of metals, located in safe jurisdictions, are rapidly being exhausted; KGHM is the sole copper producer from its own mined resources on a large scale within the European Union.

ACTIONS UNDERTAKEN

- ✓ KGHM has its own low-emissions, natural gas-powered energy generation sources.
- ✓ The Company is currently advancing further investments to increase electrical power generation using nitrogen-enriched natural gas.
- ✓ KGHM plans to build a small modular light water nuclear unit with a capacity of up to 500 MW by 2030. In 2021, KGHM Polska Miedź S.A. established a Nuclear Energy Department and in February 2022 a contract was signed with NuScale Power, LLC ("NuScale") to commence work on implementing the SMR technology in Poland.
- ✓ Currently, photovoltaic power plant projects are being carried out in the areas owned by KGHM, i.e. at the Głogów Copper Smelter and Refinery and at the Cedynia Copper Wire Rod plant, next to the Tailings Plant and in the Obora Sandpit area. Other projects are also being prepared on KGHM's own land.
- ✓ The Company is also active on the M&A market for renewable energy sources and is engaged in several due diligence and valuation processes for assets that are available for purchase.

The Copper Mark®

The Copper Mark® was created to promote responsible copper production. The prolongation of this certification enables KGHM's products to continue being registered (copper cathodes and lead products) on the London Metal Exchange.

The Copper Smelters and Refineries in Głogów and Legnica joined the Copper Mark® program in 2020. International experts reviewed the compliance of the business processes in these divisions of KGHM with 32 criteria required for the granting of the Copper Mark®. Amongst the areas assessed were actions involving environmental protection, the supply chains for metals, working conditions, risk management practices and cooperation with local communities. This year a follow-up assessment was conducted to assess compliance with the Copper Mark® certificate.

- **Głogów Copper Smelter/Refinery** - certified 2021, follow-up assessment 2023
- **Legnica Copper Smelter/Refinery** - certified 2021, follow-up assessment 2023
- **Cedynia Wire Rod Plant** - preparations to become certified underway



RESPONSIBLY
PRODUCED
COPPER

The Copper Mark® arose to enable a better understanding of, and to deal with, the growing demands for independently verified, responsible production practices as well as to make a positive contribution to sustainable development. It is a voluntary program for companies in the copper industry which thereby have the opportunity to receive their own quality assurance certification. Companies which successfully pass the requirements may utilise the Copper Mark® in their corporate publications, in contracts and on their copper products.

The 32 topics covered by The Copper Mark® include:

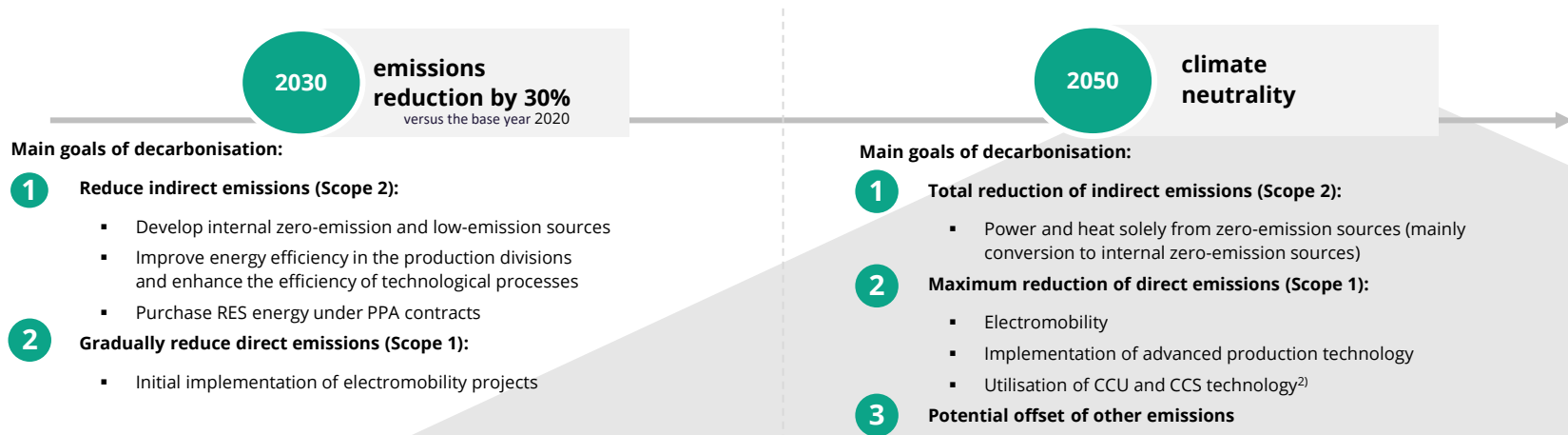
- *Forced Labor*
- *Gender Equality*
- *Occupational Health and Safety*
- *Freshwater Management and Conservation*
- *Waste Management*
- *Biodiversity and Protected Areas*
- *Community Development*
- *Human Rights*
- *Indigenous Peoples' Rights*
- *Cultural Heritage*

The full Summary Reports are available at The Copper Mark® website:

<https://coppermark.org/participants-home/participants/>

Climate neutrality by 2050

- ✓ KGHM will achieve climate neutrality by 2050 and will reduce total Scope 1 and 2 emissions by 2030 by 30%¹⁾
- ✓ Information on the volume of **Scope 1 and Scope 2** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced in the **2nd quarter of 2023**.
- ✓ Information on the volume of **Scope 3** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced in the **4th quarter of 2023**.
- ✓ Due to the published update of the Climate Policy, the date for announcing the climate goals of the KGHM Group was postponed from mid-2023 to the end of 2024³⁾



Details regarding capital expenditures on actions to restrict greenhouse gas emissions will be included and announced as part of the Decarbonisation Program of the KGHM Group

1) Main goal in respect of Scope 1 and Scope 2 GHG emissions, assuming their maximum possible reduction. Reduction goals in reference to 2020 emissions.

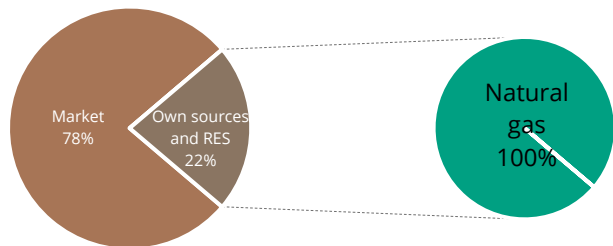
2) CCU (carbon capture and utilisation) and CCS (carbon capture and storage) technology

3) Due to the highly volatile situation on the energy markets, the unforeseeable global economic situation and the overall impact of Russia's aggression on Ukraine on the international situation, it is necessary to change the date of preparation of the entire Decarbonization Program of the KGHM Group and subsequently the climate targets for the KGHM Group. The aforementioned factors make it significantly more difficult to model CAPEX and OPEX, and as a result also NPV for the decarbonization initiatives of the Group.

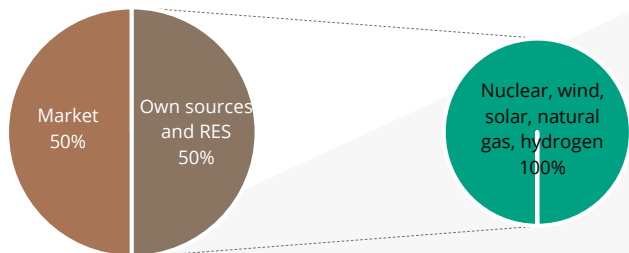
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

Share of power source in supplies to KGHM Polska Miedź S.A.

2020 – base year (2.9 TWh):



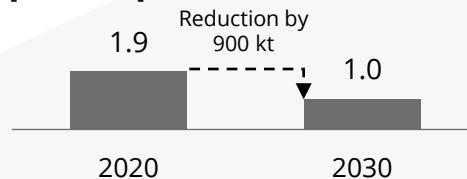
2030 - goal:



Q1 2023:

Own generation sources covered 15.69% of KGHM Polska Miedź S.A.'s total power needs in Q1 2023.

Estimated CO₂ emissions due to electricity consumption
[mn tonnes]



Implementation of the „Development of Energy generation, incl. RES” Program alongside changes in the national energy system structure will enable the avoidance of approx. 900 kt of CO₂ annually



100% of electricity to be generated **by RES** in the **Sierra Gorda mine** from 2023

Employee safety as a strategic priority for the KGHM Group



Safety and development

ISO 45001:2018

Occupational Health and Safety Management System Certificate

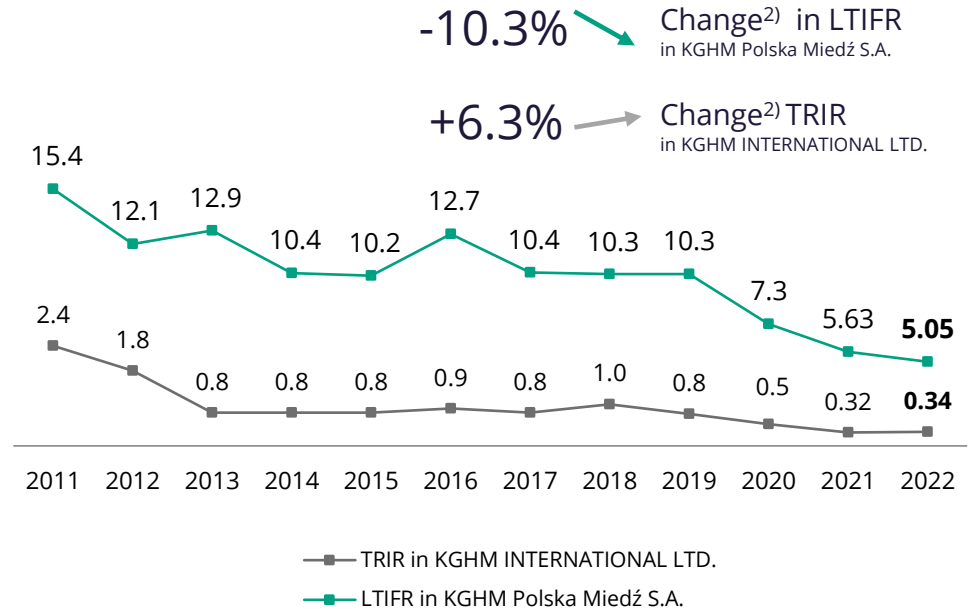
Leader's Gold Card of Workplace Safety

KGHM Polska Miedź S.A. in 2022 recorded a decrease in the number of workplace accidents by 9.7 % (y/y). The Company was again awarded the Leader's Gold Card of Workplace Safety for its OHS achievements.

Once again – low accident rates

In 2022 we again achieved excellent results in the area of Occupational Health and Safety. Thanks to the joint efforts and commitment of Employees, the number of accidents in KGHM Polska Miedź S.A. **decreased from 165 in 2021 to 149 recorded at the end of 2022**. Once more, there was a decrease recorded in the number of accidents caused by human carelessness.

Accident rates¹⁾



1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the International Council on Mining & Metals standard, in total for the employees of KGHM INTERNATIONAL LTD., KGHM Chile SpA and Sierra Gorda S.C.M. and sub-contractors for these entities, per 200 000 worked hours

2) Average accident rate in 2022 compared to the average for 2021

Pro-family action and CSR

156

Employees of KGHM joined the CUdownni Rodzice (Wonderful parents) of KGHM program

4th

Edition of Combatting Depression Week in KGHM

14

subsidised preventative programs for students, teachers and parents under the KGHM Academy



Beneficiaries:

More than 400

participants in sport-related meetings for parents

More than 1000

beneficiaries of preventative programs (students, teachers and parents)

More than 250

 subsidised

consulting hours in the area of mental health

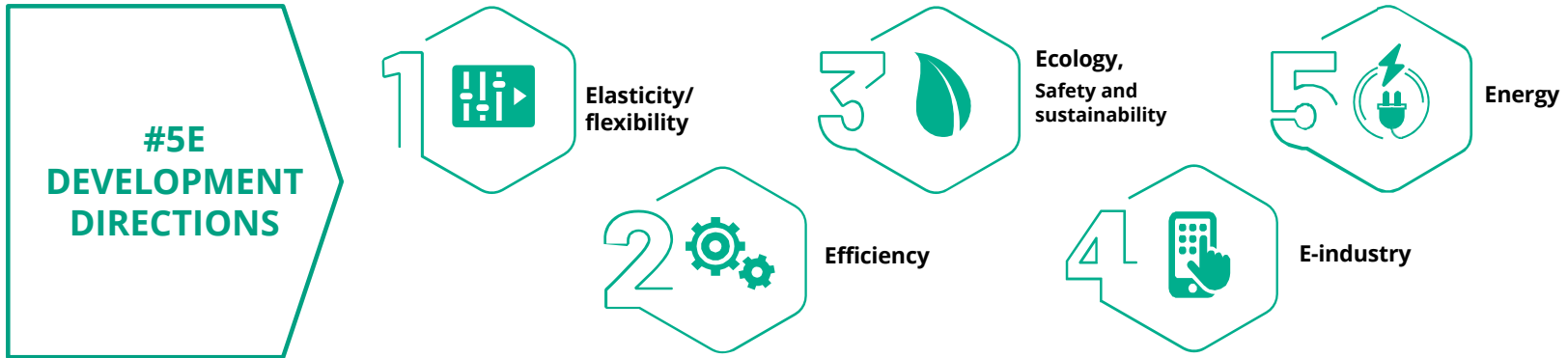
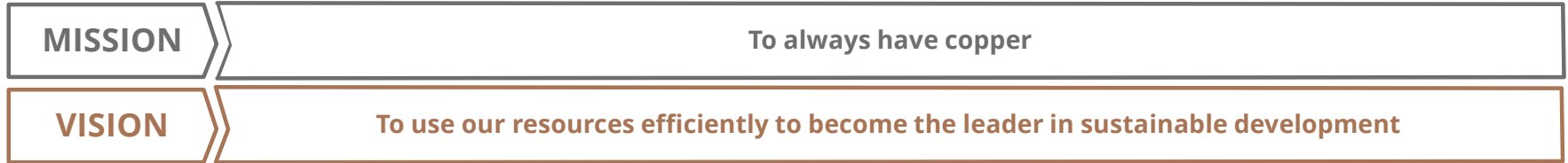


Strategy of the KGHM Polska Miedź S.A. Group



Strategy of the KGHM Group to 2030 with an outlook to 2040

While the mission and vision of KGHM remain unchanged, the strategic directions were expanded to include a fifth element – Energy, to reflect changes in the overall environment.



Key elements of the Strategy advanced in Q1 2023



Flexibility

- Continuation of the Strategic Program Hybrid Legnica Smelter and Refinery.
- Continuation of actions involving extension of the value chain of KGHM.
- Continuation of exploration projects in Poland with respect to exploring for and evaluating copper ore deposits.
- Continuation of development projects in the international assets.
- Focus on financial stability: basing the KGHM Group's financing structure on long-term instruments, shortening the cash conversion cycle, management of market and credit risk in the KGHM Group.



Efficiency

- Stable production of copper from the domestic assets (mined 114.6 thousand tonnes; metallurgical 149 thousand tonnes).
- Production of payable copper from the international assets (Sierra Gorda 18.9 thousand tonnes (55%); Robinson 5.3 thousand tonnes; Carlota 0.7 thousand tonnes; Sudbury Basin 1.6 thousand tonnes). The Sierra Gorda mine is operating exclusively on power provided by Renewable Energy Sources.
- Continuation of the Deposit Access Program (sinking of the GG-1 shaft concluded upon reaching a depth of 1 348 meters, an agreement was signed with a contractor to build the GG-2 shaft).
- Continued development of the Żelazny Most Tailings Storage Facility (95% of the physical scope of work for the Southern Quarter completed and 93% of the physical scope of work on the Tailings Segregation and Compacting Station. Tailings are being deposited in the Southern Quarter).
- R&D initiatives are underway to enhance the efficiency of the core production business.
- Continued advancement of projects under the Horizon Europe and KIC Raw Materials Programs, and submission of applications for the subsidizing of new initiatives.
- Advancement of actions involving intellectual property of KGHM.



Ecology, safety and sustainable development

- Continuation of the Program to adapt the Company's production installations to BAT conclusions for the nonferrous metals industry and to restrict emissions of arsenic (BATAs).
- Advancement of work involving environmental policy and pro-environmental activities.
- Continuation of the Occupational Health and Safety Improvement Program (LTIFR: 4.99; TRIR: 0.12).
- KGHM, as the only Company in Poland, was ranked 150th in the prestigious ranking Carbon Clean 200™ for 2022 - companies acting on behalf of the climate.



E-industry

- Continuation of projects to automate the production lines of the Mining Divisions of KGHM (including initiatives connected with testing electric battery-powered mining machinery).
- Continuation of digital transformation under the KGHM 4.0. Program.



Energy

- Development of energy from RES and continuation of the SMR project to increase power generation from own sources.
- Submission by KGHM to the Ministry of Climate and the Environment (April 2023) of an application to issue a fundamental decision for the project to build a small modular reactor power plant (SMR) in Poland.
- Commencement by KGHM and TAURON Polska Energia S.A. of work on defining the joint scope of development of the Pre-feasibility Study for the SMR project.
- 15.69% of KGHM's need for electricity was met by its own internal sources.



Performance in 2022 - KGHM Group



Summation of Q1 2023 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to Q1 2022

Macroeconomic environment¹⁾

-11%

Copper price

-6%

Silver price

+6%

Stronger USD vs PLN

Operating results

+7%

increase in revenues to
PLN 9 585 mn

+0.5%

Production of
copper in concentrate
by KGHM Polska Miedź S.A.

+10.3%

Production of metallic silver by
KGHM Polska Miedź S.A.

Financial and operating indicators

0.9

Debt
(Liquidity indicator measured as net
debt to adjusted EBITDA)

+31.5%

Higher CAPEX execution
(property, plant and equipment)
by KGHM Polska Miedź S.A.

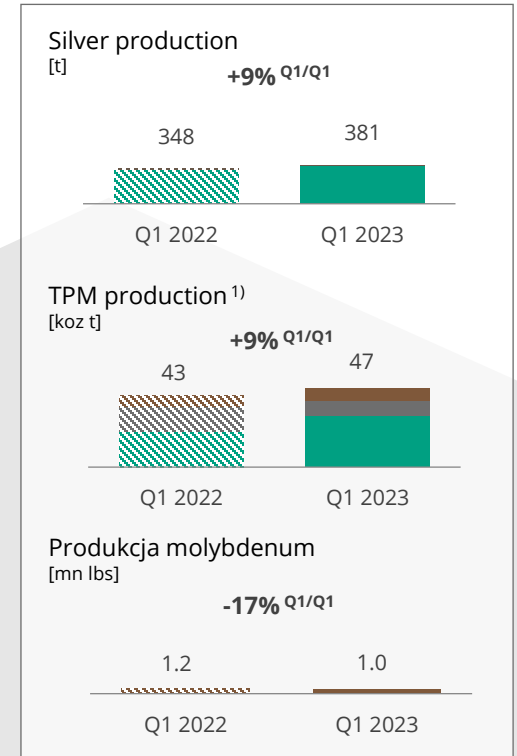
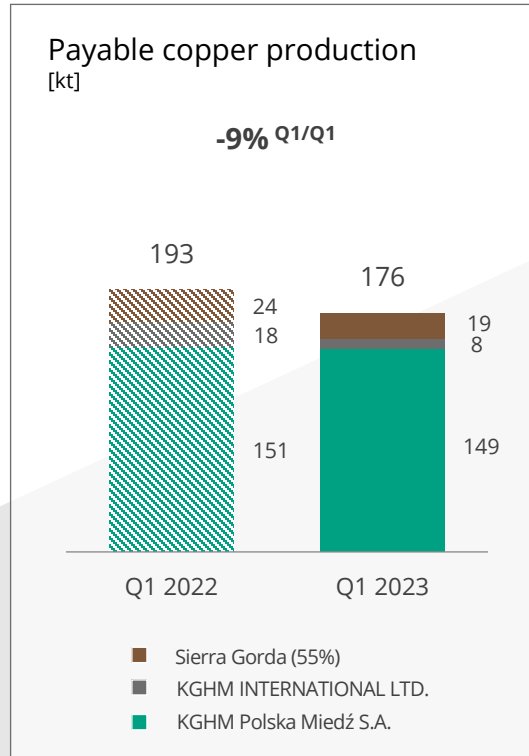
+2.6%

Increase in extraction of ore,
dry weight in KGHM Polska Miedź S.A.

Metals production

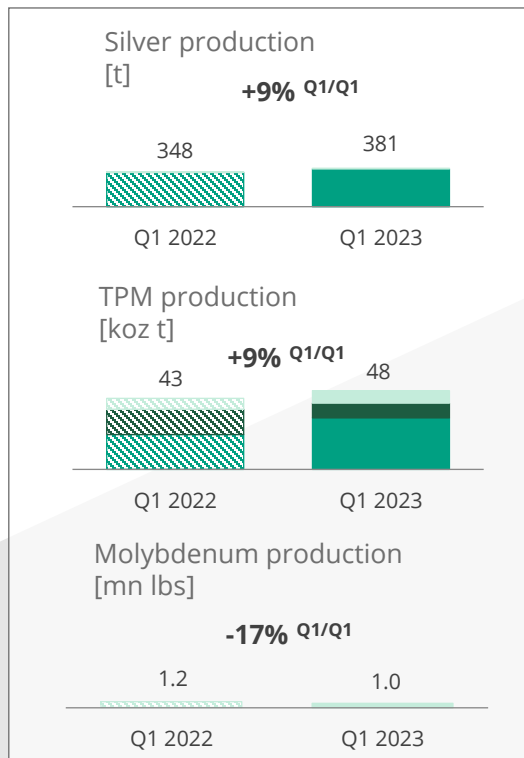
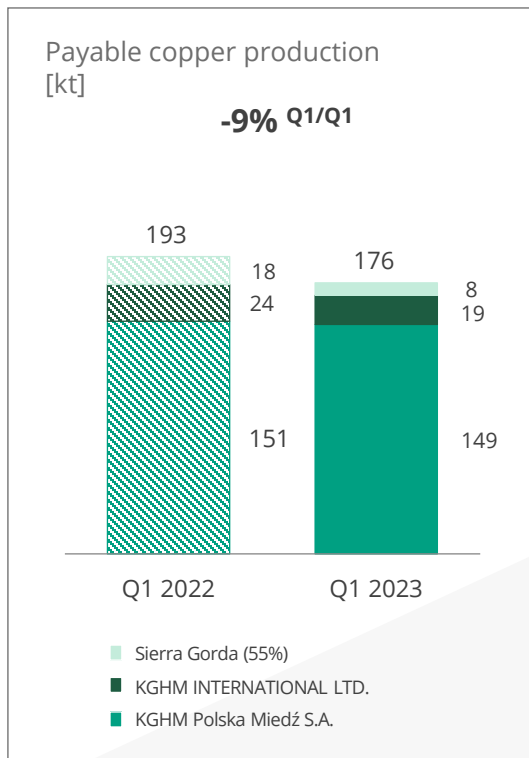
KGHM Group

- Lower copper production Q1/Q1:
 - in KGHM Polska Miedź S.A. due to advancement in Q1 2023 of planned investments in the Głogów smelter's tankhouse
 - in KGHM INTERNATIONAL LTD. due to lower production by the Robinson mine
 - in the Sierra Gorda mine due to lower copper content in ore, lower recovery and ore processing
- Higher production of silver by KGHM Polska Miedź S.A.
- Higher TPM production by KGHM Polska Miedź S.A.
- Lower production of molybdenum by Sierra Gorda (lower recovery and ore processing volume) and by the Robinson mine (mining of ore with lower molybdenum content)

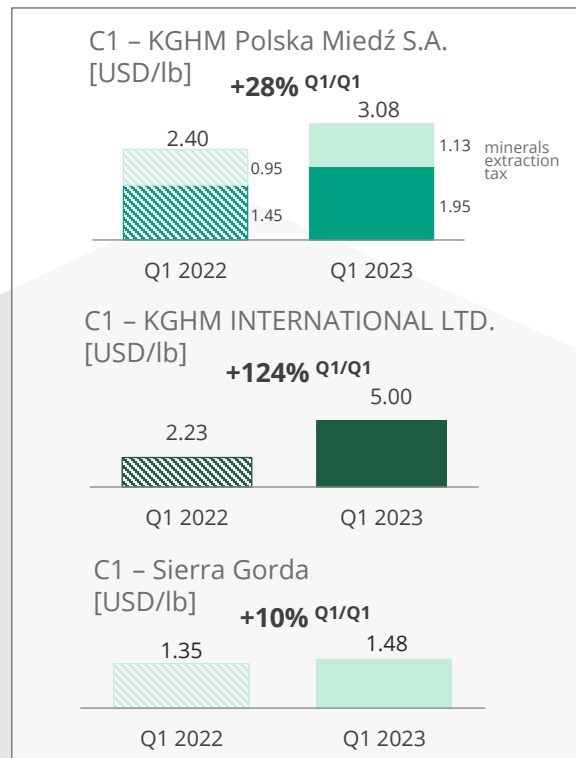


Other major metals and costs

Production



C1 cost



Key financial indicators of the KGHM Group

Q1 2023

40% lower adjusted EBITDA of the KGHM Group versus Q1 2022

Lower adjusted EBITDA versus Q1 2022 (-PLN 1 251 mn; -40%), of which by segment:

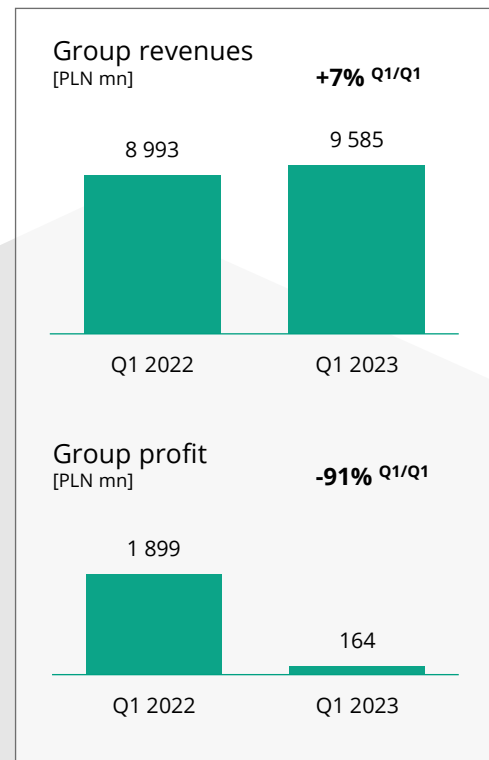
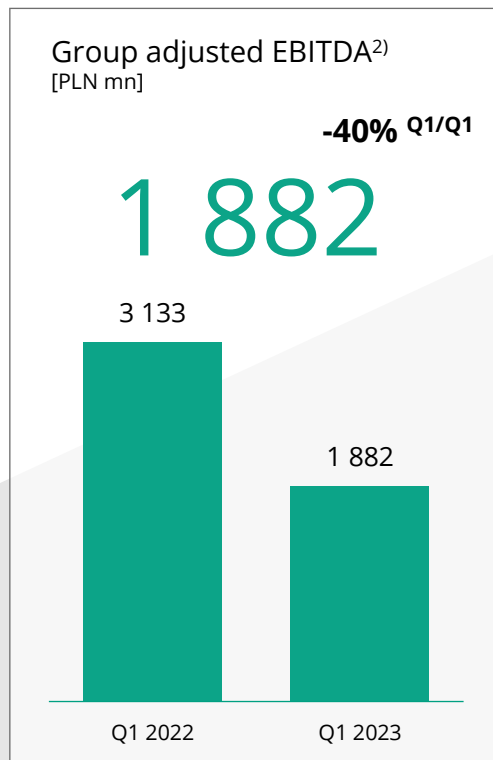
- KGHM Polska Miedź -PLN 564 mn – higher non-Company-controllable costs
- Sierra Gorda¹⁾ -PLN 271 mn – a decrease due to lower copper prices and Extraction from zones with lower copper grade (lower sales volume)
- KGHM INTERNATIONAL LTD. -PLN 398 mn – lower metals prices and lower effective production by the Robinson mine due to processing lower-quality ore from a transition zone

Higher Group revenues

- Impact of a higher volume and a more favourable exchange rate

Lower Group profit for the period

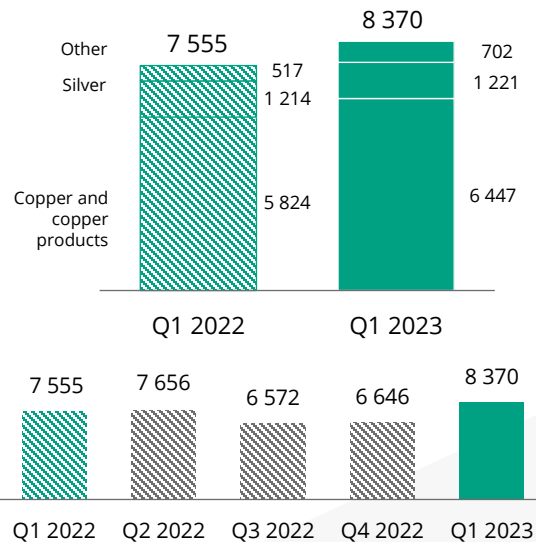
- Lower profit by PLN 1 735 mn (-91%) mainly due to a lower operating result



Financial results – KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

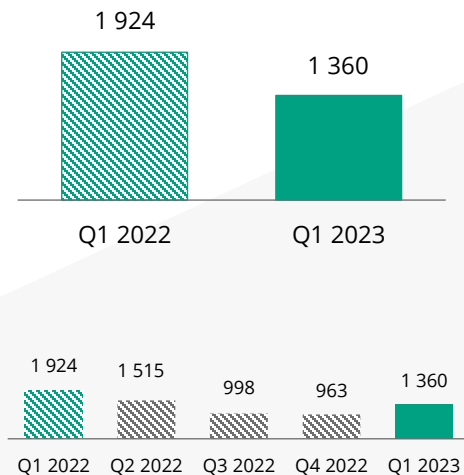
+11% Q1/Q1



Adjusted EBITDA

[mn PLN]

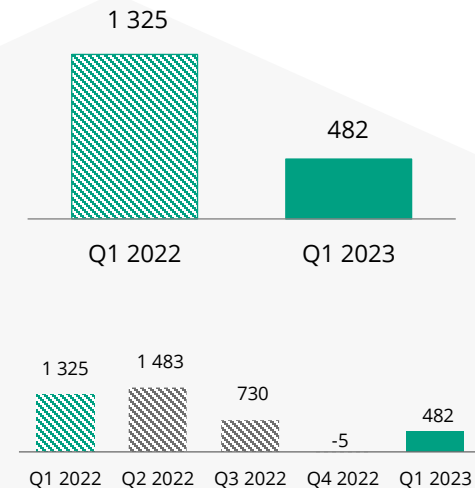
-29% Q1/Q1



Profit for the period

[mn PLN]

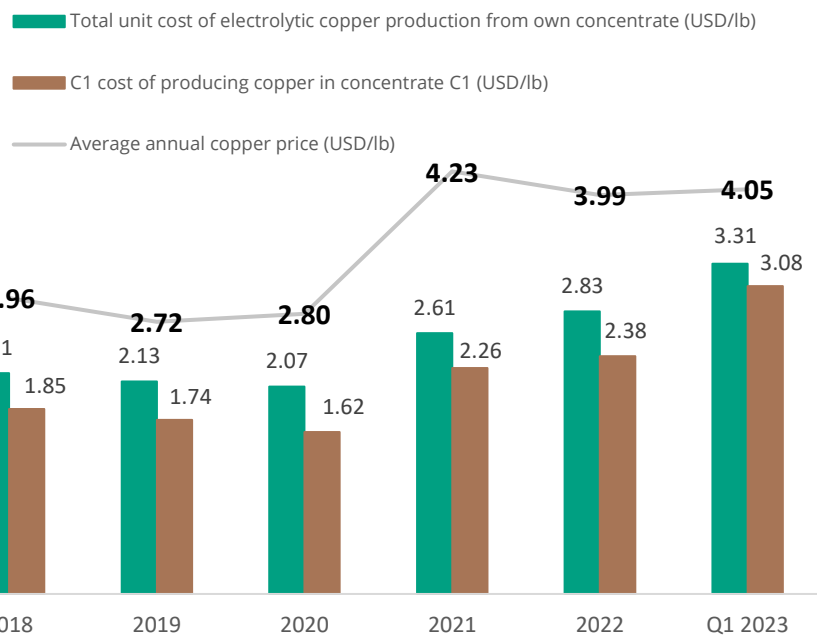
-64% Q1/Q1



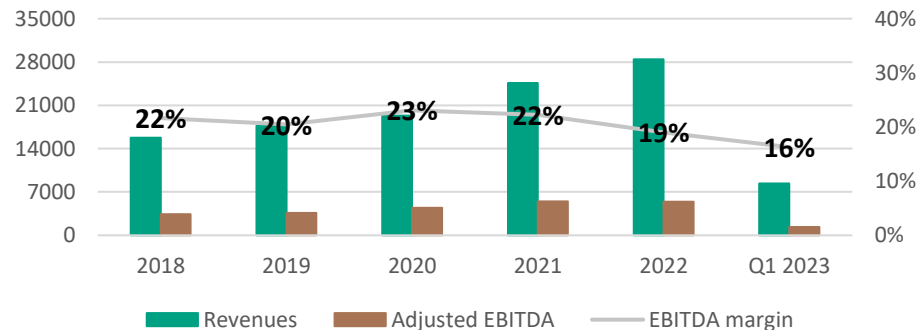
Margins remain robust

KGHM Polska Miedź S.A.

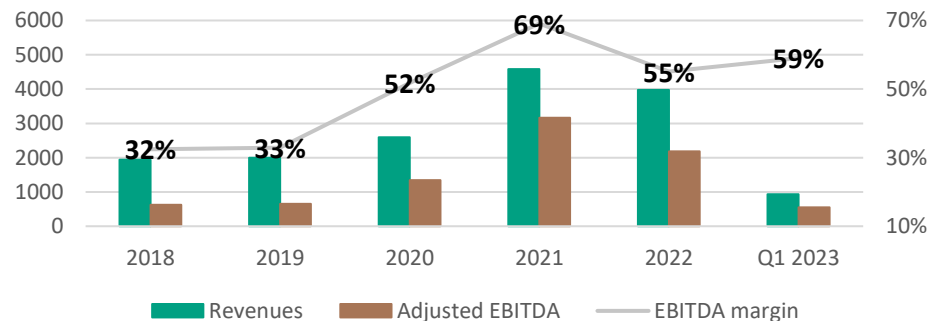
Copper production cost vs copper price



KGHM Polska Miedź S.A. Revenues vs EBITDA (mn PLN)



Sierra Gorda S.C.M. Revenues vs EBITDA (mn PLN)*



*Proportionally to the interest held (55%)

Net debt of the KGHM Group

As at the end of Q1 2023

Main factors affecting net debt in 2023

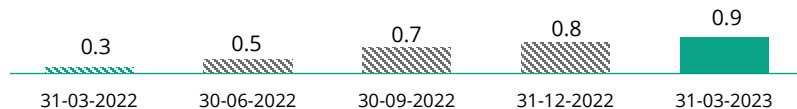
Increases in debt

- Cash expenditures on property, plant and equipment (PLN 1 145 mn)
- The minerals extraction tax (PLN 1 068 mn)
- Change in trade and other receivables (higher by PLN 89 mn)
- Borrowing costs recognised in cash flow (PLN 27 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 2 208 mn)
- Change in inventories (lower by PLN 264 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 165 mn)
- Positive exchange differences (lower net debt expressed in PLN by PLN 95 mn)

Net debt / adjusted EBITDA

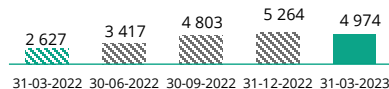


KGHM Group net debt

[USD mn]

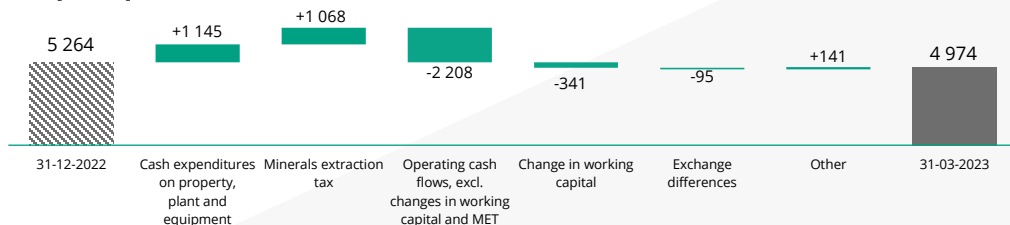


[PLN mn]



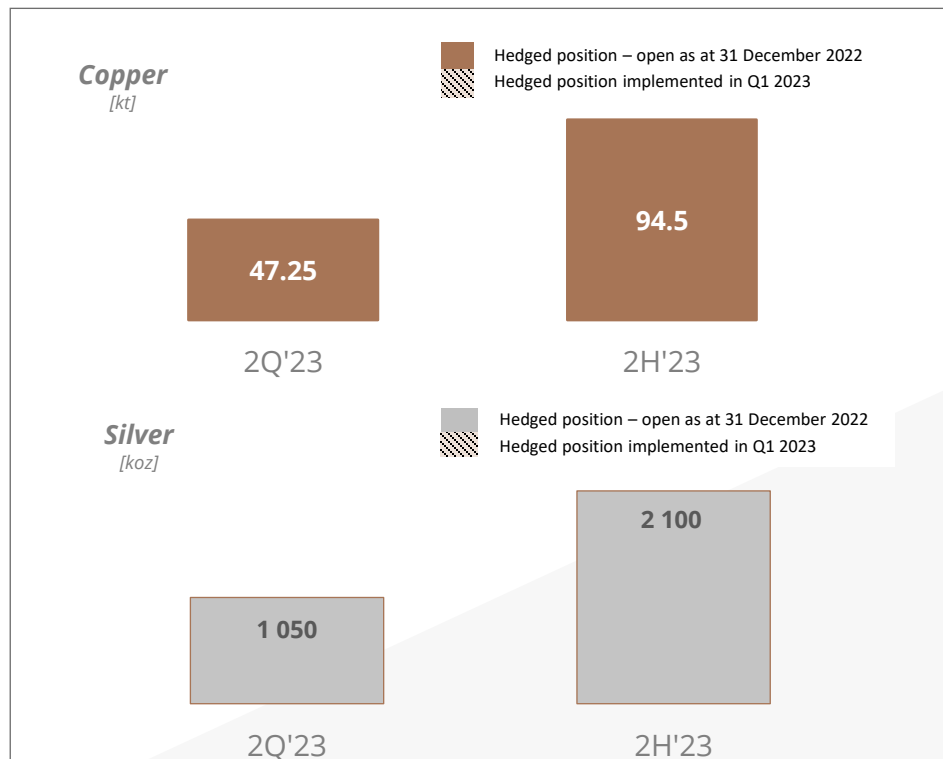
Change in net debt

[PLN mn]



Market risk management

Hedged position on the copper and silver markets (as at 31 March 2023)



At the end of Q1 2023 the Parent Entity recorded a result on derivatives* and hedges in the amount of PLN 24 million:

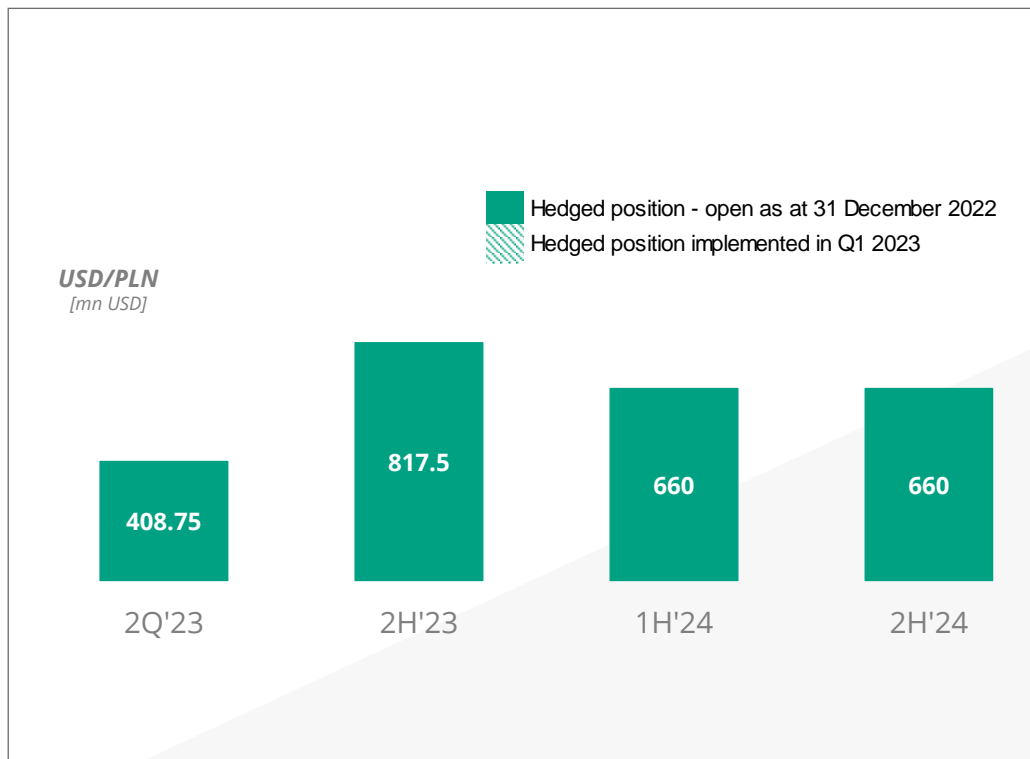
- PLN 65 mn adjusted revenues from contracts with customers (transactions settled to 31 March 2023),
- PLN 41 mn decreased the result on other operating activities.

- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2023 amounted to PLN 347 mn*.
- The revaluation reserve on cash flow hedging instruments as at 31 March 2023 amounted to PLN 44 mn.
- In Q1 2023 the Parent Entity did not enter into hedging transactions on the forward copper and silver markets.

* excludes embedded instruments

Market risk management

Hedged positions on the currency market (as at 31 March 2023)

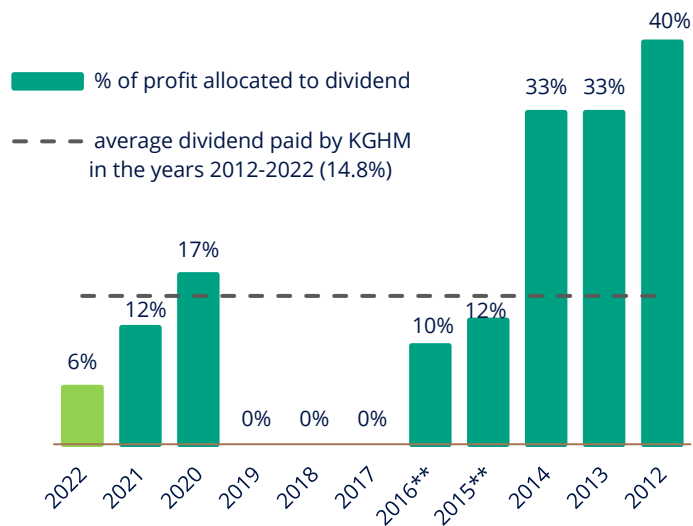


- In Q1 2023 the Parent Entity did not enter into transactions hedging currency or forward interest rates.
- As at 31 March 2023 held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion.

Capital allocation

Renewal of dividend payout

2023 Dividend Payout* (on 2022 profit)
(6% of net profit)
200 mn PLN
(1.00 PLN/share - gross)



Dividend for shareholders

- PLN 200 000 000.00 (PLN 1.00 per share)
- dividend date 27 July 2023, dividend payment date 10 August 2023

Dividend policy

The Dividend Policy of KGHM Polska Miedź S.A. is part of its on-going efforts to ensure a balance between dividends paid out to shareholders and opportunities to efficiently invest the Company's funds.

The Dividend Policy of KGHM Polska Miedź S.A. assumes that the Management Board will recommend allocation of **up to one-third of the Company's standalone net profit** for the previous financial year as a dividend, while taking into account the current and anticipated financial situation of the Company and the Group. In particular, in making its recommendation the Management Board will take into account the Company's anticipated requirements for capital to complete the Company's development program as well as a safe debt level for the Group.

* Subject to approval by the Ordinary General Meeting

** In the years 2015-2016 the company reported a net loss, mainly due to the impairment of assets. The dividend payout ratio for this period was calculated on the basis of the company's net result, after eliminating the impact of the impairments.

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in Q1 2023



639 mn PLN

CAPEX execution in Q1 2023

3 250 mn PLN

CAPEX target for 2023

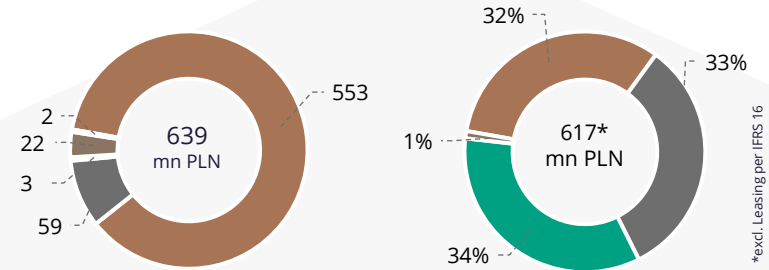
CAPEX execution in Q1 2023

by area

- Mining
- Metallurgy
- Other activities
- Leasing IFRS 16
- Development - uncompleted

by category

- Replacement
- Maintaining mine production
- Development (incl. R&D)
- Adaptation projects



High execution of equity investments due to support of energy companies and loans to advance the Victoria project.

Comparison: CAPEX and budget execution in 2022



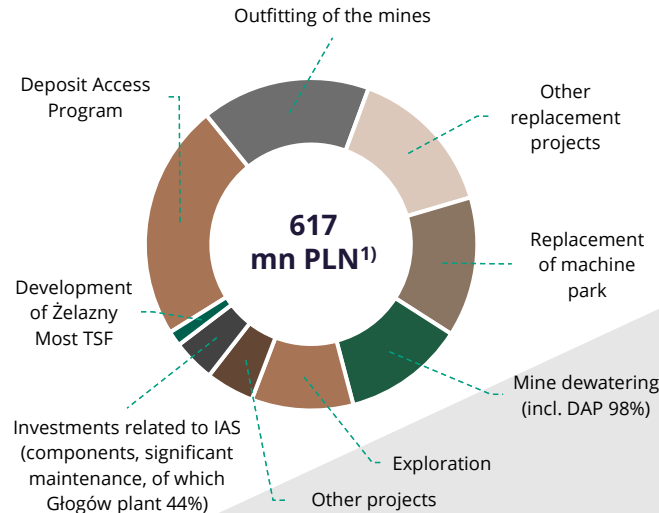
486 mn PLN
CAPEX execution Q1 2022

2 835 mn PLN
CAPEX budget target for 2022

CAPEX execution in key investments

Deposit Access Program

- GG-1 shaft – Sinking of the shaft concluded. The shaft reached a depth of 1348 meters. Construction and installation work is underway to prepare the shaft to serve a ventilation function (transition period). Work is underway on designing final facilities to ultimately serve in a material and personnel transport function.
- GG-2 „Odra” shaft – Agreement signed for shaft site drilling and servicing of the drilling. Worksite handed over on 30 March 2023.
- „Retków” shaft – Grębocice municipality moving forward with changes to the SUIKZP²; talks underway with the municipality regarding changes to the MPZP³ for the site where the Retków shaft complex will be built.
- Gaworzycze shaft - Municipality moving forward with changes to the SUIKZP and MPZP for the site where the shaft complex will be built.
- 9.7 kilometers of tunnelling were excavated
- Power and related projects (UiUGO SW-4) – preparations made to commence stage 1 working trials, i.e. to achieve capacity of 6m³/min – sealing trials of water reservoirs; handover of settling tanks, assembly of pumps in embankment pumps and work related to electrical and other equipment.
- Central Air Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) operating with a nominal capacity of 33MW. The process is underway of obtaining an operating decision for the co-generation container units along with technical infrastructure. The first part of the Ice Water Transportation System is operating properly. Construction continues on building part 2 of the System.
The commissioned SKC enables work under proper climate conditions in the development and operating regions of Deep Głogów sections of the Polkowice-Sierszowice and Rudna mines. Further expansion of the SKC will increase the scope of mining work.



Program to adapt the technological installations to BAT Conclusions

- Głogów Copper Smelter and Refinery:
 - Construction and assembly work was carried out on the installation to reduce dusting at the concentrates loaders of Głogów II; completion of the investment planned in the second quarter of 2023
 - Documentation developed to construct the installation to improve working conditions in the crude lead production hall in the Lead Section; handover of documentation planned in June 2023
- Legnica Copper Smelter and Refinery:
 - operational start-up of the installation to remove particulates containing mercury and arsenic from process gases of the SOLINOX installation – optimisation and other work on the calomel unit, elimination of faults by the Contractor; completion of the investment planned in the second quarter of 2023

Development of Żelazny Most Tailings Storage Facility

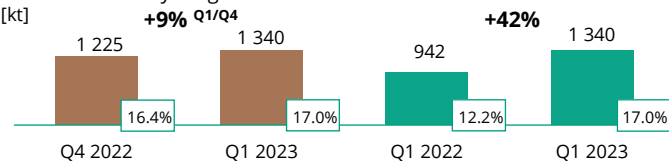
- Stages 1, 2 & 3 of construction of the Southern Quarter were completed. Operating permit received. Proceedings involving the signing of a tailings slimes management agreement were completed. Tailings are being deposited in the Southern Quarter.
- Work continues on the Tailings Segregation and Compacting Station – 93% completed. Stage 1 completed - hydrocyclones. Stage 2 – compactors built. The steel portion of the compactors was assembled together with a flocculants station.
- The process of large-grain tailings segregation and compacting is underway for the purpose of deposition in the Southern Quarter.
- The deposition of compacted (de-watered) tailings enables the return (i.e. re-utilisation) of significant amounts of water into processing and around 5-times less water needing to be stored in the Southern Quarter.

Role of Deep Głogów (GGP) in maintaining output in Poland

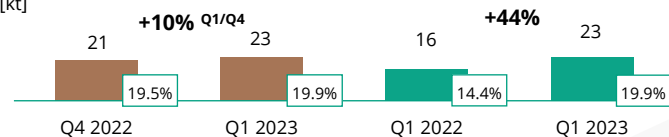
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

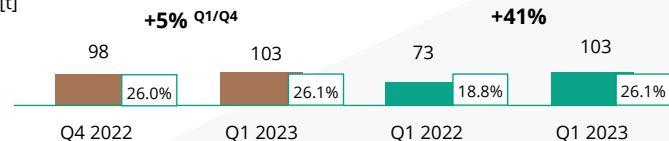
Ore extraction dry weight from GGP [kt]



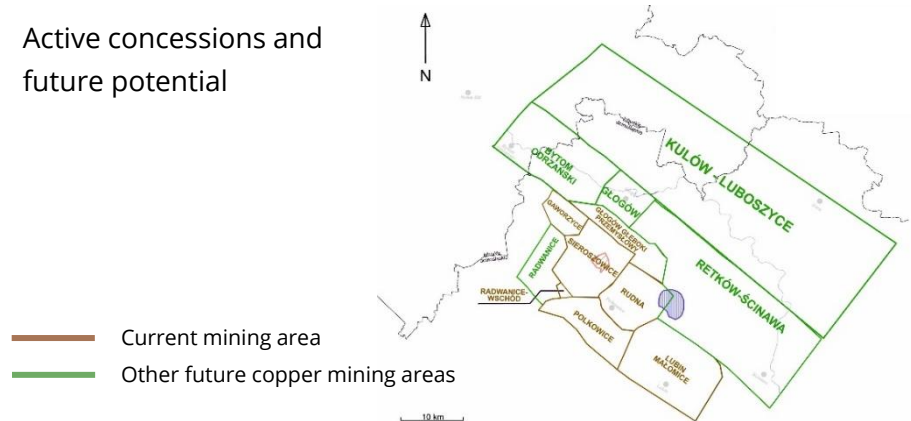
Amount of copper in ore [kt]



Amount of silver in ore [t]



Active concessions and future potential



Ore extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q1 2023/Q4 2022) as well as in annual terms (Q1 2023/Q1 2022) remained in a rising trend.

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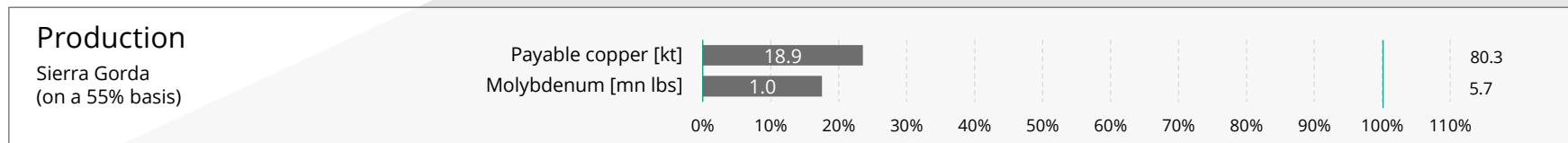
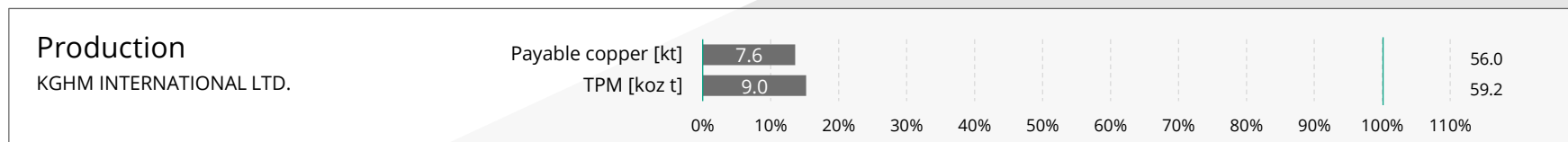
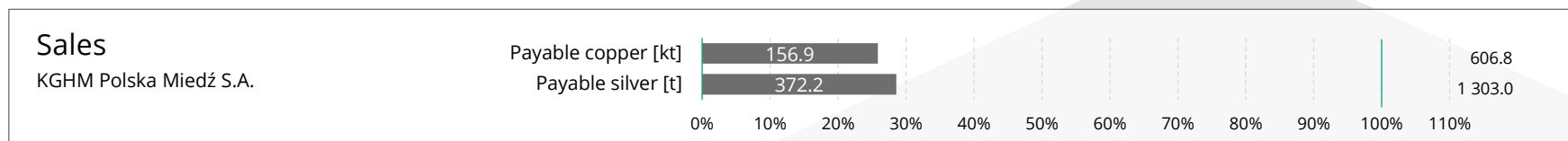
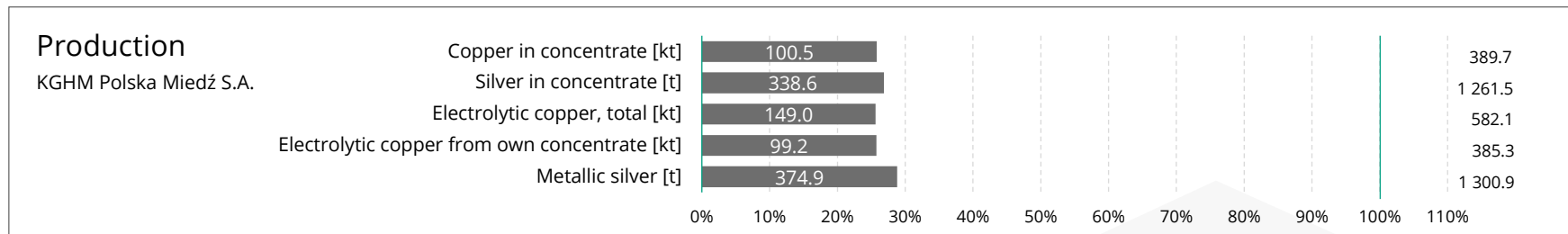
Supporting slides



Group production and sales in Q1 2023

Execution of annual targets

2023
Budget

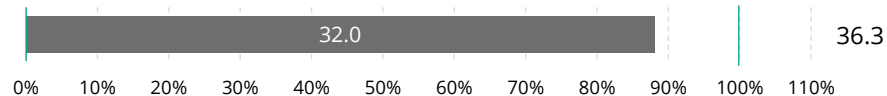


The financial situation of the KGHM Group remains stable and safe

2023
Budget

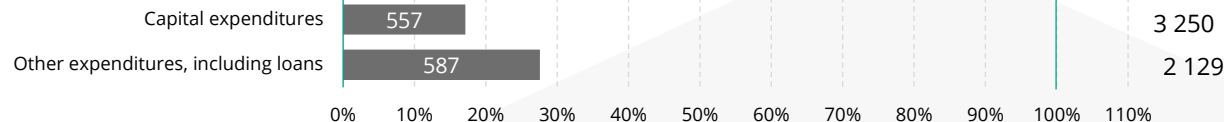
Total unit production cost

of electrolytic copper from own concentrate
of KGHM Polska Miedź S.A.¹⁾
[k PLN/t]



Investments

of KGHM Polska Miedź S.A.²⁾
[PLN mn]



Liquidity of the KGHM Group

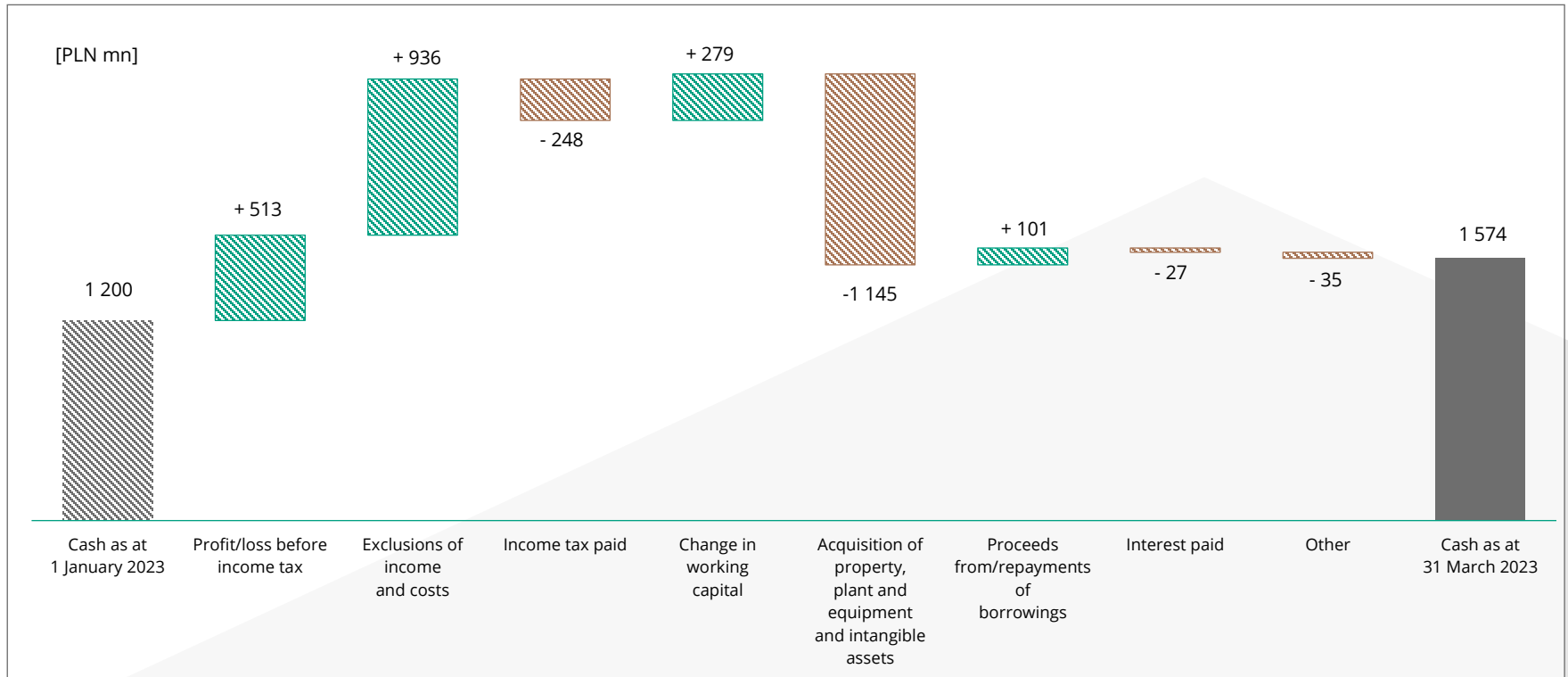
[net debt / adjusted EBITDA]³⁾



- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic copper production from own concentrates
- 2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted; Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted
- 3) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 4) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2023

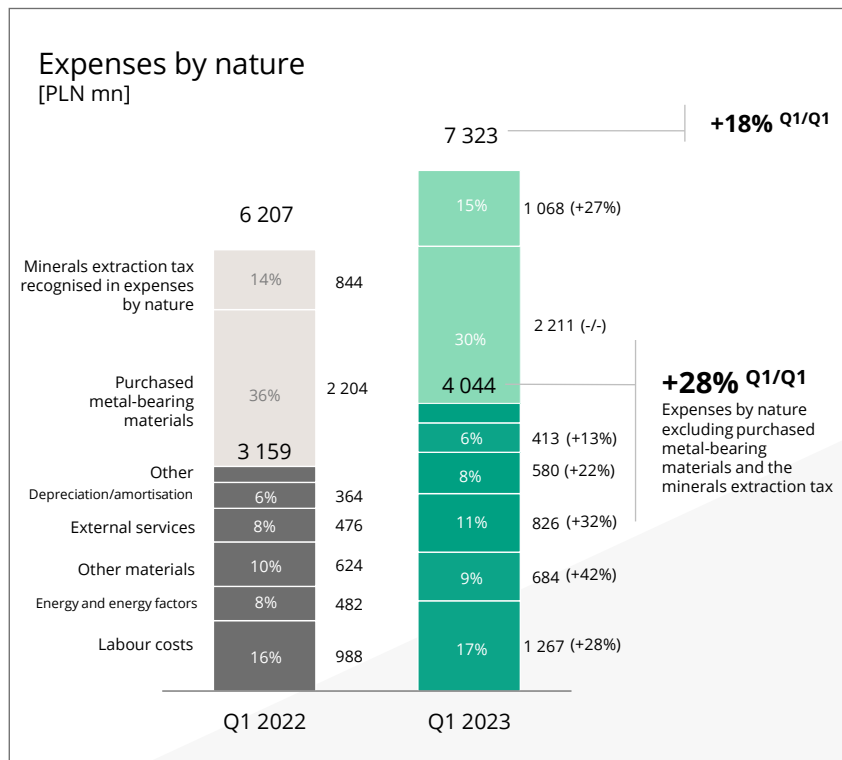
Cash flow

KGHM Group

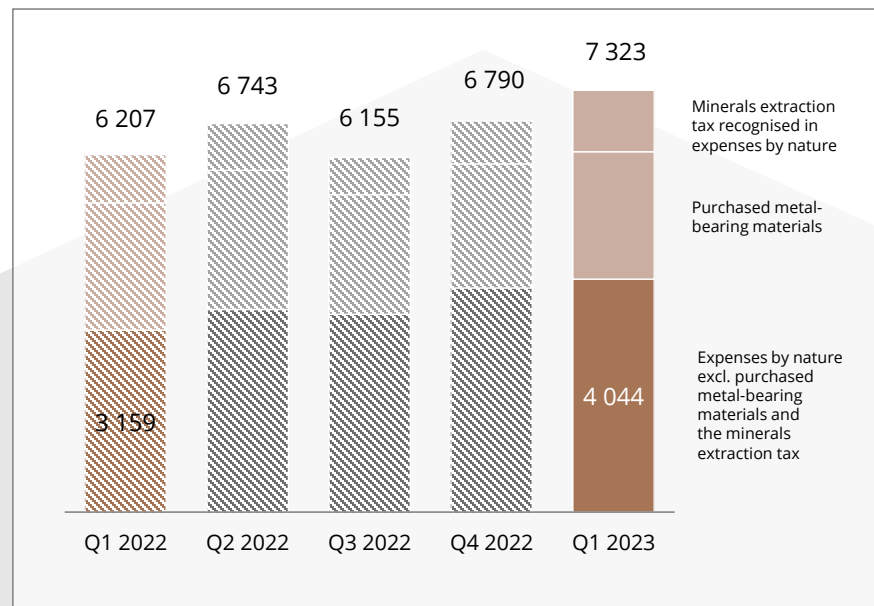


Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 1 116 mn y/y





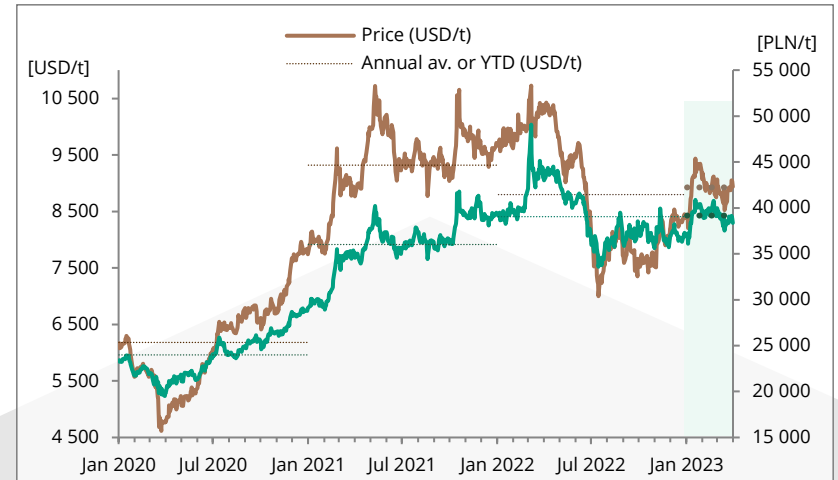
Macroeconomic environment in Q1 2023

Macroeconomic environment

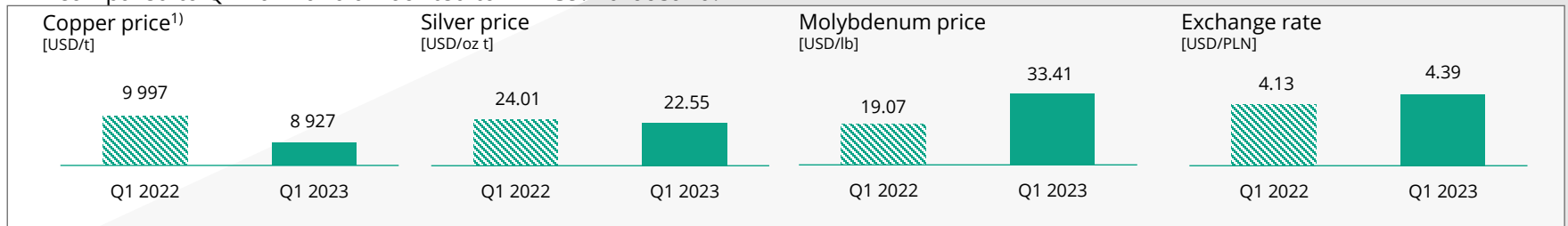
Commodities and currencies prices

Copper prices in Q1 2023 expressed in USD ranged from 8 200 to 9 450 USD/t. Prices were mainly impacted by the economic situation in China and the hope of higher demand in China following the post-covid re-opening of the economy. The average price in the quarter was 8 927 USD/t.

- The average price of copper in the first quarter of 2023 was nearly 11% lower than in the corresponding period of 2022, while the average silver price fell by 6% compared to Q1 2022.
- The average price of molybdenum in the first quarter of 2023 was 75% higher compared to the average price recorded in the prior year.
- Due to the depreciation of the PLN vs the USD by over 6%, the average price of copper in PLN in Q1 2023 only fell by 5% compared to Q1 2022 and amounted to PLN 39.2 thousand.



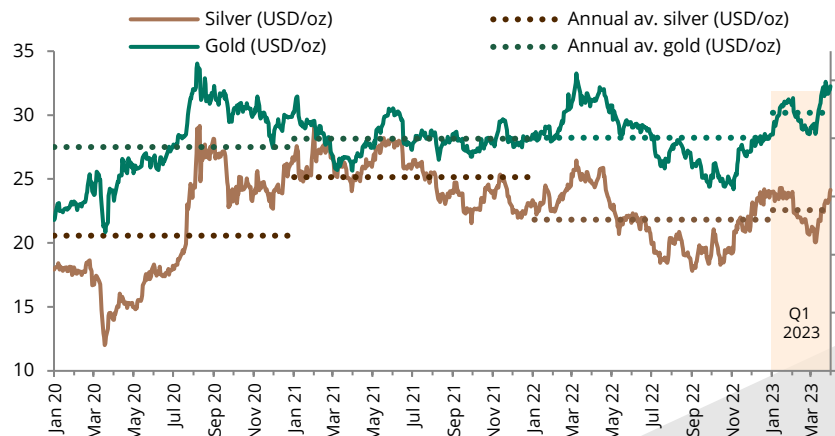
Source: Refinitiv, KGHM Polska Miedź S.A.



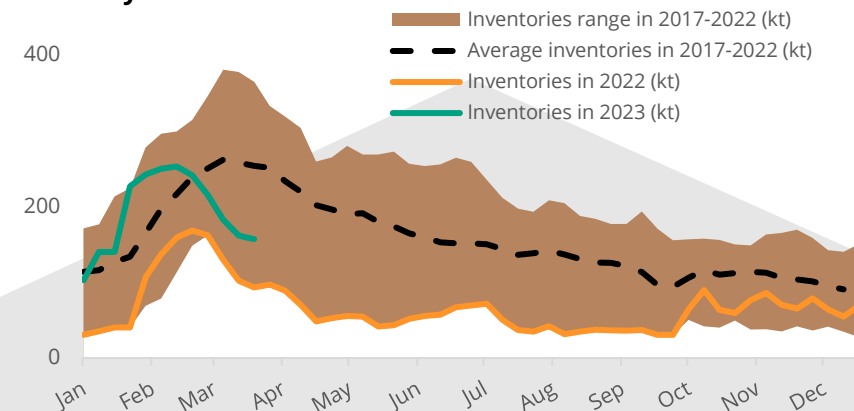
Precious metals prices and the copper market in Q1 2023

A threat to the stability of the banking system led investors to turn towards precious metals

The prices of gold and silver fluctuated due to uncertainty surrounding the global economy, finally rising in March in response to threats to the banking system.



Copper inventories on the market in Shanghai rose before the Chinese New Year and remain above the levels from 2022, indicating uncertainty as to economic growth in the Chinese economy.



- The average price of gold in the first quarter of 2023 amounted to 1 889 USD/oz and was a mere 0.66% higher than the average price in the corresponding period of 2022. The average price of silver in the first quarter of 2023 amounted to 22.55 USD/oz and was lower by 6% y/y.
- The price of gold in PLN was more than 7% higher than in the first quarter of 2022, while silver remained practically unchanged. This was due to the weakening of the PLN vs the USD.
- Copper inventories on the market in Shanghai, after record low levels in 2022, rose at the start of the year in the vicinity of their 5-year highs. Despite a downward correction in the second half of February, they remained on average higher than in the prior year. The higher inventories suggest that the recovery in China was not as dynamic as investors thought, the property market is continuing to contract, while demand for copper is coming mainly from the development of power infrastructure.

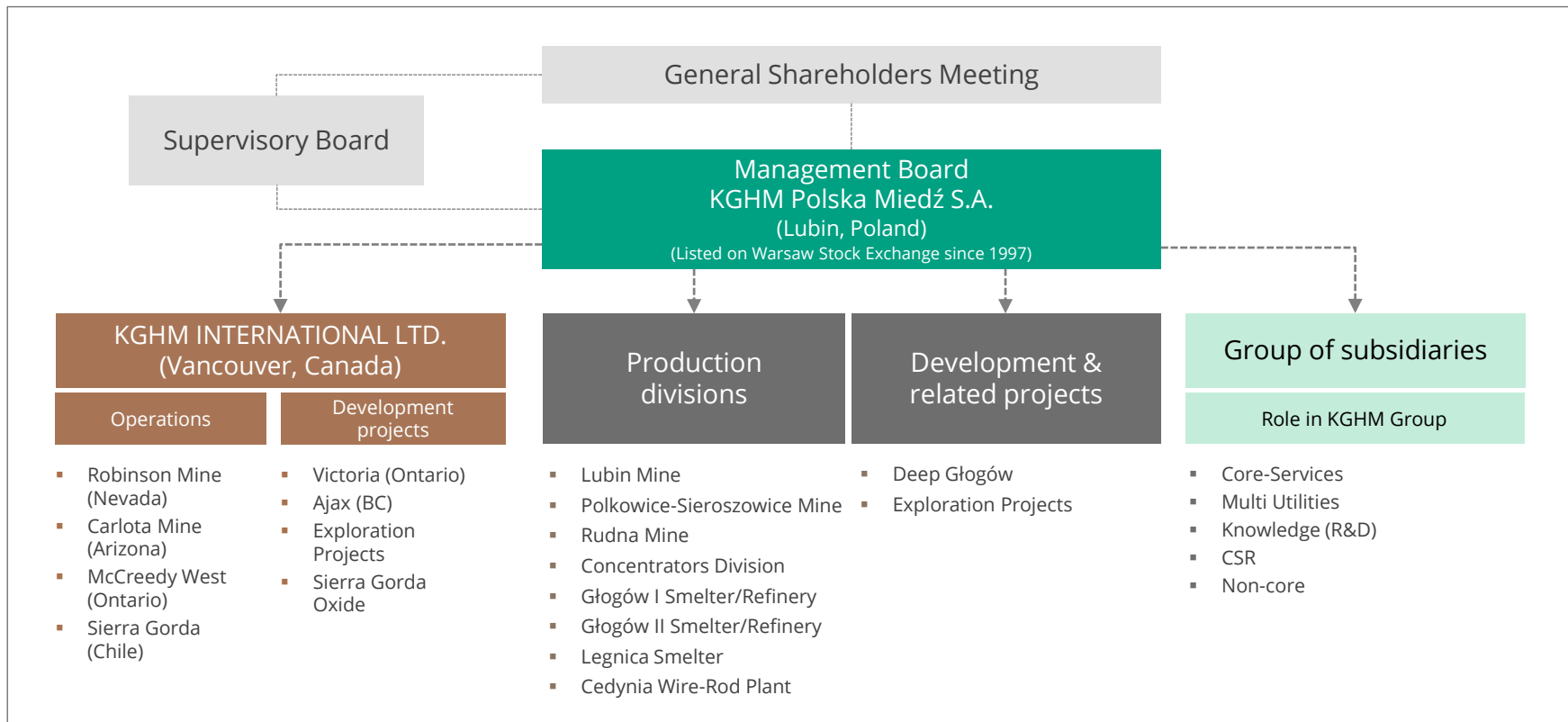
Source: Bloomberg, KGHM Polska Miedz



Governance

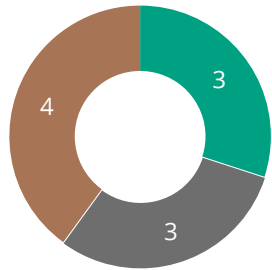


Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (10 directors total)



■ Independent Directors
■ Employee Elected
■ Other

Independent Directors by gender:
2 men, 1 woman

Total directors by gender:
8 men, 2 women

KGHM meets the top quality Corporate Governance standards of the Warsaw Stock Exchange (compliant with EU/OECD guidance)

KGHM's Corporate Governance is guided by international standards and follows best practices:

- All members of KGHM's Supervisory Board are appointed by the General Shareholders Meeting
- All of KGHM's shares have equal voting rights (no preferred stock)
- 3 independent members of the Supervisory Board ¹⁾
- Committees of the Supervisory Board:
 - Strategy Committee
 - Audit Committee
 - Remuneration Committee
- Internal audit structure implemented across the KGHM Group - consistent with the best international practices
- Code of Ethics - implemented in 2015

External recognition of ESG performance:

Copper Mark – 2 metallurgical facilities, since 2021; 3rd undergoing certification

FTSE4Good index certificate – since 2018

MSCI – BBB rating



RESPONSIBLY
PRODUCED
COPPER

Shareholder structure of KGHM Polska Miedź S.A.

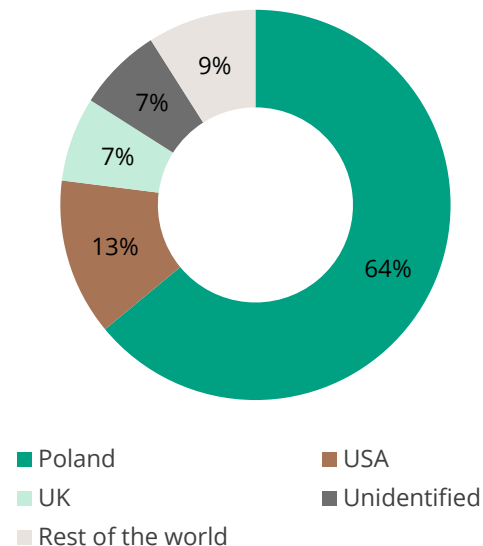
Ownership structure

Shareholder	No. of shares/ votes	Percentage of share capital	Share in total number of votes
Polish State Treasury	63,589,900	31.79%	31.79%
Allianz OFE	12,241,453	5.98%	5.98%
Nationale-Nederlanden OFE	10,104,354	5.05%	5.05%
Other shareholders	114,064,293	57.18%	57.18%
Total	200,000,000	100.00%	100.00%



Geographical ownership structure

[% of shares]



Information on the impact of Russia's aggression against Ukraine on the functioning of the Company and the KGHM Group

- The geopolitical situation related to the direct aggression of Russia against Ukraine and the implemented system of sanctions at the present time is not restricting the operations of KGHM Polska Miedź S.A. or other Group companies, while the risk of interruptions to the continuity of the activities of the Company and the KGHM Polska Miedź S.A. Group in this regard continue to be estimated as low.
- Work was continued in terms of ensuring ICT security due to the war in Ukraine and the Charlie CRP alarm level (involving cyberspace threats) at a country-wide level. Thanks to this there were no interruptions recorded in the business operations of the KGHM Group, and security processes were supported.
- In KGHM Polska Miedź S.A. as well as in all international mines of the KGHM Polska Miedź S.A. Group and Sierra Gorda S.C.M., no production stoppages which would have been directly attributable to the war in Ukraine were recorded.
- Russia's aggression against Ukraine also has an impact on food security, high prices of energy and the Producer Price Index, as well as problems with access to synthetic fertilizers. The Parent Entity continuously monitors the international economic situation in order to assess its potential negative impact on the KGHM Polska Miedź S.A. Group and to take anticipative actions to mitigate this impact.
- Despite the high inflation observed in the global economy, resulting in the tightening of the monetary policy, the demand for the Company's key products did not deteriorate significantly in the first quarter of 2023.
- In terms of the availability of capital and the level of debt, KGHM Polska Miedź S.A. holds no bank loans drawn from institutions threatened with sanctions.
- Evaluation of the key categories of risk which are impacted by the war in Ukraine underwent detailed analysis by the ongoing monitoring of selected information in the areas of production, sales, supply chains, personnel management and finance, in order to support the process of reviewing the current financial and operating situation of the KGHM Polska Miedź S.A. Group. As a result, the aforementioned threats did not have a substantial negative impact on the Group's operations and finally did not cause deviation in the achievement of the budget assumptions for the first quarter of 2023.

Selected ESG Policies and procedures in KGHM Polska Miedź S.A.

Environment

- Environmental Policy
- Climate Policy

Society

- Code of Ethics
- Code of Conduct
- Organisational Health and Safety Policy in KGHM Polska Miedź S.A.
- Responsible Supply Chains Policy
- Declaration of Diversity
- Human Rights Policy

Governance

- Tax Policy (new)
- Management Systems - ISO
- Energy Policy
- Remuneration Policy
- Competition Rights Policy
- Procurement Policy
- Procedure on counteracting money laundering and prevention of fraud and extortion in trading transactions regarding the sale of products and the procurement of ore and copper-bearing materials
- Anti-corruption Policy
- Privacy Policy and Personal Data Processing Policy



Upcoming events for investors

2023

Date	Upcoming events
17 August	Consolidated report for the first half of 2023
15 November	Consolidated quarterly report for Q3 2023

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