

Layers of possibilities



Results of the KGHM Group
for the first quarter of 2022

Warsaw, 12-13 May 2022

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Agenda



1. Strategy of the KGHM Polska Miedź S.A. Group



2. KGHM's commitments towards the environment and climate



3. Key issues and execution of main targets



4. Production results of the KGHM Group by segment



5. Financial results of the KGHM Group



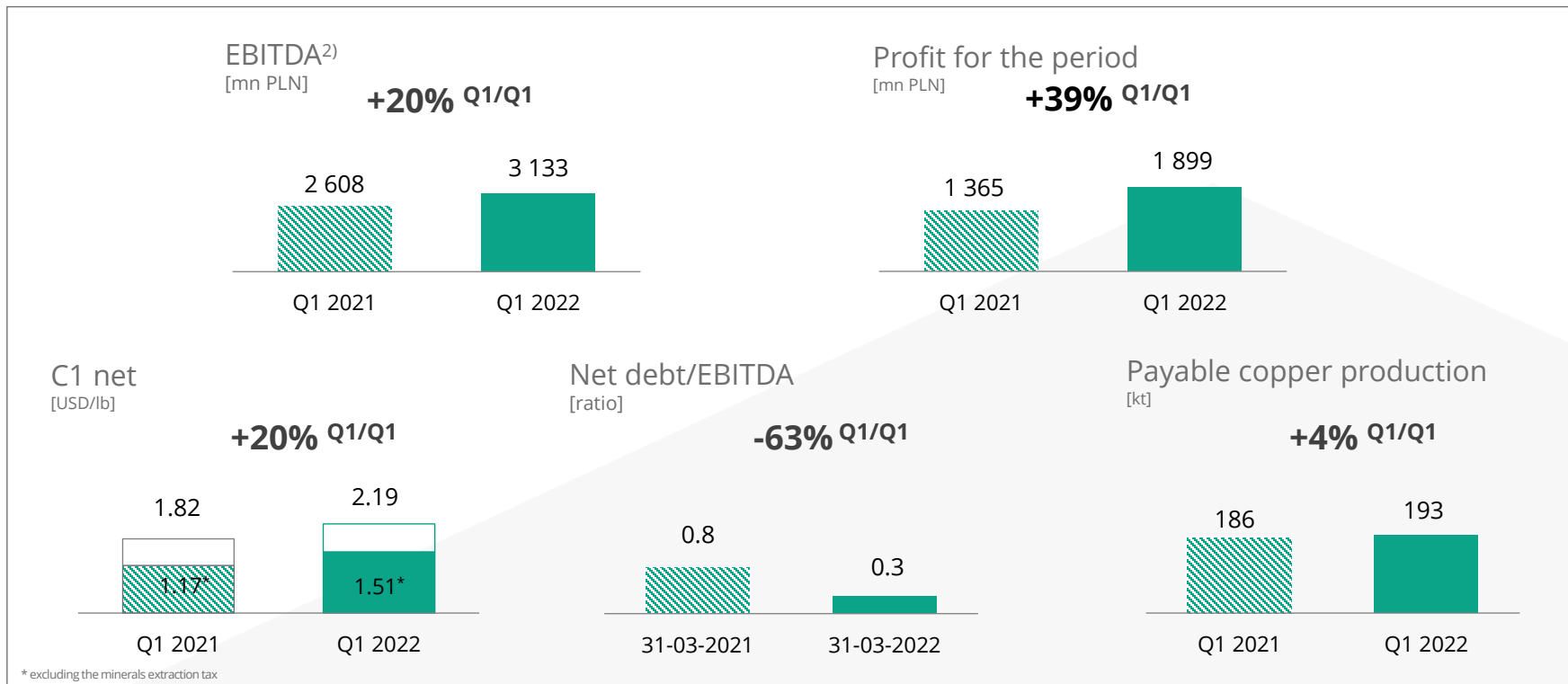
6. Advancement of development initiatives



7. Supporting slides – KGHM Polska Miedź S.A.

Summation of the first quarter in the KGHM Group

Selected key statistics in Q1 2022¹⁾



Aid for Ukraine



- More than 250 refugees found a peaceful home in housing paid for by KGHM
- 140 overnight places in Spa centers
- Subsidising of over 40 places with board for refugees taken in by local governments
- Transport of refugees to housing points in the voivodeship and around the country
- Transports of medical supplies to hospitals in Ukraine
- Transport of donations from local collections to the Polish-Ukrainian border
- Free, warm meals for thousands of refugees at the Central Train Station in Warsaw
- Tens of thousands of liters of bottled water sent to the Polish-Ukrainian border
- Hundreds of beds, sets of bed linen and quilts along with cosmetics provided to local government points for refugees
- Shoes and other donations provided from local collections to Ukraine
- Medical, psychological and legal aid as well as translation assistance
- Teaching of Polish, free lessons and classes for children
- Hundreds of volunteers engaged in various activities
- Questionnaires developed along with an assistance activities base in the Copper Belt
- Cooperation with local governments, other companies and institutions on behalf of refugees



Strategy of the KGHM Polska Miedź S.A. Group



Key elements of the Strategy advanced in the first quarter of 2022



Flexibility

- Continuation of the Strategic Program Hybrid Legnica Smelter and Refinery, work on adaptation documentation for the Scrap Turnover Base
- Continuation of work aimed at building a 2nd Upcast line at the Cedyňa Wire Rod Plant
- Continuation of exploration projects in Poland and development of projects in the international assets
- Continuation of R&D projects under the CuBR venture as well as the Implementation Doctorates Program
- Actions related to the „CuValley Hack“ Hackathon under the Dolina Miedziowa (Copper Valley) program
- Continuation of the KGHM Group's financial flexibility (basing the KGHM Group's financing structure on long-term instruments, optimisation of the receivables recovery period and the payables payment period)



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)
- Continuation of the Occupational Health and Safety Program (LTIFR: 3.94; TRIR: 0.2)
- Development of IT tools supporting R&D management and the safe collection and transfer of knowledge in the KGHM Group



E-industry

- Continuation of projects aimed at automatization of production in the Mining Divisions of KGHM (including the advancement of initiatives related to testing electric, battery-powered mining machinery)
- Continued digital transformation under the KGHM 4.0 Program



Energy

- Actions undertaken related to increasing Energy production from own sources, including RES: development of solar energy, wind power, including offshore; development of hydrogen technology and nuclear power (SMRs)
- 12.75% of KGHM's need for electrical power was supplied by its own internal sources





























Efficiency












- Stable copper production from the domestic assets (mined production 114.4 kt; metallurgical production 151.1 kt)
- Stable payable copper production from the international assets (Sierra Gorda 23.9 kt (55%); Robinson 14.3 kt; Carlota 1.2 kt; Franke 2.3 kt; Sudbury Basin 0.4 kt)
- Continuation of the Deposit Access Program (sinking of GG-1 shaft, selection of contractor to build the GG-2 shaft)
- Continued development of the Źelazny Most Tailings Storage Facility (99.5% of physical work on the Southern Quarter completed and 81% of physical work on building the Tailings Segregation and Compacting Station)
- Preparations for the maintenance shutdown of the Glogów II Copper Smelter and Refinery
- R&D initiatives to enhance the efficiency of KGHM's core production business
- Continued advancement of projects subsidised under the Horizon Europe and KIC Raw Materials Programs
- Advancement of actions involving intellectual property (protection of trademarks and inventions)
- Continued financial stability of the KGHM Group (centralisation of the process of acquiring financial instruments of a guarantee nature, effective management of market and credit risk in the KGHM Group)

The Company is currently engaged in operationalising the Strategy, and following its completion data will be presented through the prism of the Strategy's new pillars.

Key performance indicators for the updated Strategy of the KGHM Group for the years 2022-2030 – advancement in the first quarter of 2022

	2020 (base year)	Q1 2022	2030	
<div style="background-color: #1a522a; color: white; padding: 10px; text-align: center;">  Core business </div> <div style="background-color: #008060; color: white; padding: 10px; text-align: center; margin-top: 10px;">  New activities </div>	 Domestic copper production	approx. 560 kt of electrolytic copper  151.1 thousand tonnes of electrolytic copper	 ~ 600 thousand tonnes of electrolytic copper (including production based on a higher amount of purchased materials and copper from recycling). Higher production by the international assets of KGHM by extending their life-of-mine, developing assets in the mine projects portfolio held and increasing the resource base thanks to advancement of the International Exploration Strategy.	
	 International copper production	approx. 150 kt of payable copper  42 thousand tonnes of payable copper		Maintain the position amongst the world's top-three producers of silver (approx. 1200 tonnes of silver annually).
	 Silver production	approx. 1 320 tonnes of silver (top three)  348 tonnes of silver		
	 Profitability	8.5%¹⁾  10.6% (ROCE for last 3 years, IQ2019 - IQ2022)		10.2%¹⁾
	 Cost competitiveness	4th quartile  n/a²⁾		3rd quartile
	 Energy produced	694 GWh (22% of consumption)  96.4 GWh		Min. 50% of consumption (approx. 1.5 TWh)
	 Reduction in estimated CO ₂ emissions resulting from electricity consumed	~1.9 mn tonnes of CO ₂ (in 2019)  n/a²⁾		1.0 mn tonnes of CO ₂
	 Diversification of the commercial offer in terms of metals	2%  2.33%		10%

Key performance indicators for the updated Strategy of the KGHM Group for the years 2022-2030 – advancement in the first quarter of 2022

	2020 (base year)	Q1 2022	2030
 Supporting activities	 Recycling of scrap	Approx. 125 kt of copper scrap ▶ 37.4 kt of copper scrap	▶ Approx. 350 kt of copper scrap
	 Revenues from sales on foreign markets of selected Group companies	Base 2020 Base year=100% Revenues from sales on foreign markets in the base year 2020.	▶ 128% vs base year for the companies ZANAM, NITROERG, PeBeKa ▶ 124% vs base year for the company DMC (calculated as: IQ2020 to IQ2022)
 Health	 LTIFR	7.3 ▶ 3.94	▶ aiming at 0 accidents
	 TRIR	0.52 ▶ 0.2	
	 Level of support for the area of Health carried out by the KGHM Polska Miedź Foundation	Approx. PLN 11.5 mn¹⁾ ▶ PLN 7.05 mn (combined for institutions and individuals)	▶ Approx. PLN 7 mn
 Prosociality	 Support for the fair transformation of the mining sector	n/a ▶ n/a ²⁾	▶ Potential employment of approx. 500 miners annually
	 Number of volunteer projects advanced	25 ▶ 5	▶ 30
	 Level of support for the arts, sport and health	Approx. PLN 38.5 mn ▶ PLN 4.88 mn	▶ Approx. PLN 48 mn

1) Due to the epidemic situation, the area „Health and Safety” was a particular priority for the KGHM Polska Miedź Foundation in 2020, thus the significantly higher financing in this area in the base year

2) Not applicable. This indicator is measured on a yearly basis



Sustainable development - commitments of
KGHM Polska Miedź S.A.



Climate neutrality by 2050

Achieving climate neutrality by 2050 is the overriding goal of the Climate Policy of KGHM Polska Miedź S.A. Intermediate goal – the reduction of total Scope 1 and Scope 2 emissions by 2030 by 30%¹⁾



Main goals of decarbonisation:

- 1 Reduce indirect emissions (Scope 2):**
 - Develop internal zero-emission and low-emission sources
 - Improve energy efficiency in the production divisions and enhance the efficiency of technological processes
 - Purchase RES energy under PPA contracts
- 2 Gradually reduce direct emissions (Scope 1):**
 - Admixture of hydrogen in technological processes
 - Initial implementation of electromobility projects

Reduction goals for the entire KGHM Group will be announced at the latest in the first half of 2023

Main goals of decarbonisation:

- 1 Total reduction of indirect emissions (Scope 2):**
 - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- 2 Maximum reduction of direct emissions (Scope 1):**
 - Hydrogen technology
 - Electromobility
 - Implementation of advanced production technology
 - Utilisation of CCU and CCS technology²⁾
- 3 Potential offset of other emissions**

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

KGHM is a key element in global energy transformation



Restrictive 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



Rapid 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



Access to 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

KGHM – substantial competitive advantages



Largest mined copper producer in Europe,
largest silver mine in the world



A European leader in implementing efficient,
low-emissions energy technologies



The highest corporate governance standards,
in a safe jurisdiction (European Union)



Access to copper resources in Poland and Chile,
guaranteeing stable production



Key issues and execution of main targets



Summation of the first quarter of 2022 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to Q1 2021

Macroeconomic environment¹⁾

+18%

Copper price

-8%

Silver price

+9%

Stronger USD vs the PLN

Production and C1 cost

+4%

Copper production

+13%

Silver production

+20%

C1 cost

Financial results

+33%

increase in revenues to
PLN 8 993 mn

+20%

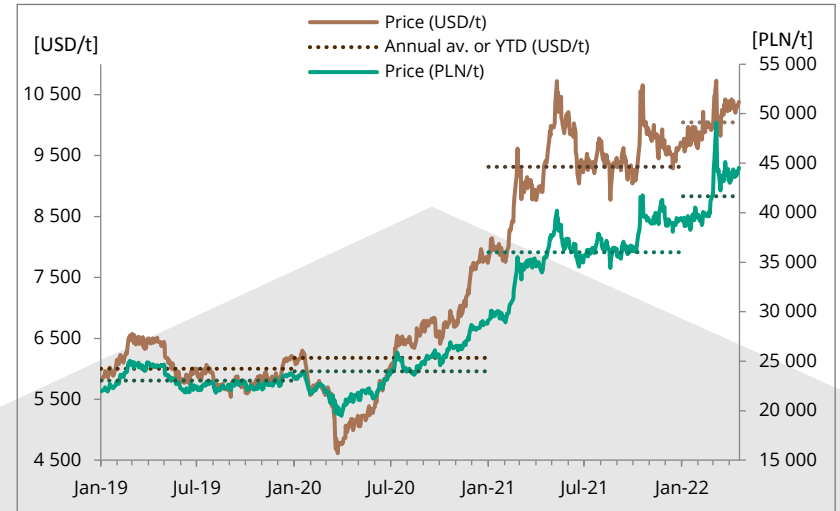
increase in EBITDA²⁾ to
PLN 3 133 mn

Macroeconomic environment

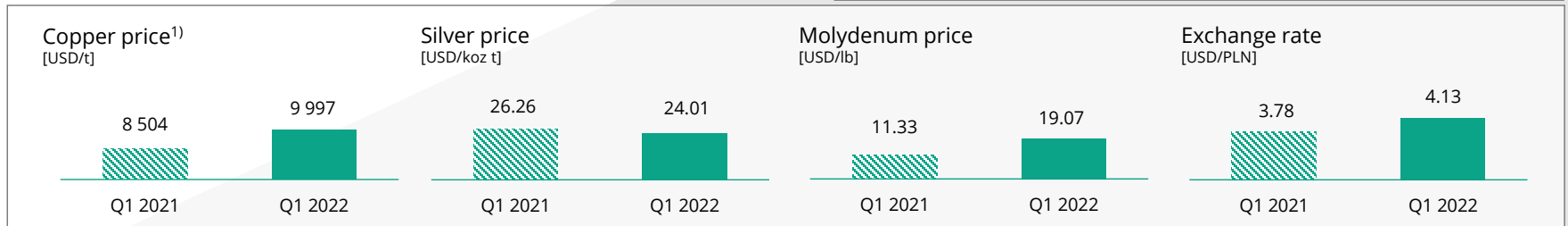
Commodities and currencies prices

On 7th March, copper prices in Q1 2022 reached the historic record of 10 730 USD/t, with an average price of 9 997 USD/t. The greatest impact on the metal's price was from Russia's aggression against Ukraine.

- The average price of copper in the first quarter of 2022 was more than 17% higher than in the corresponding period of 2021, while the average silver price in the first quarter of 2022 fell by more than 8% in the same corresponding period
- The average annual price of molybdenum in the first quarter of 2021 was 68% higher compared to the average recorded in Q1 2021
- The average price of copper in PLN in Q1 2022 was the highest in history and amounted to over PLN 41 thousand, or 29% higher than in Q1 2021, with a weakening of the PLN to the USD by approx. 9%



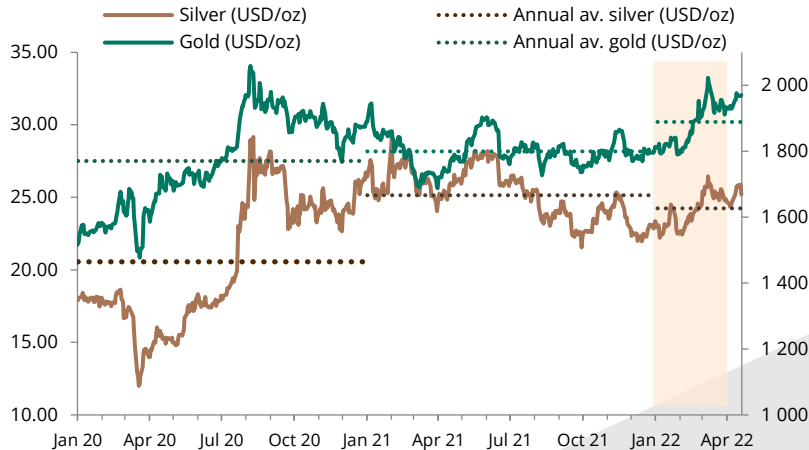
Source: Thomson Reuters, KGHM Polska Miedź S.A.



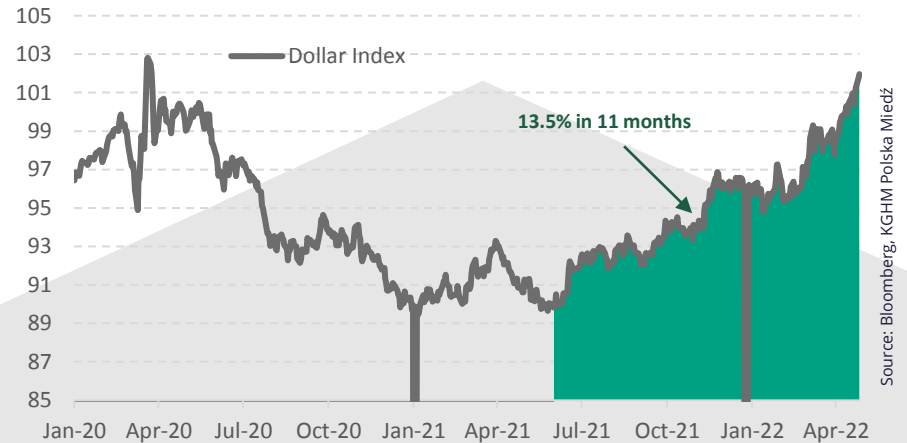
Precious metals prices in the first quarter of 2022

In the first quarter of 2022 precious metals prices were under pressure from Russia's aggression against Ukraine

The war's first days saw investors flee from risky assets towards safer ones, like precious metals



A counterpoint to the aversion to risk in the markets was the strengthening of the USD, which put a brake on silver price rises



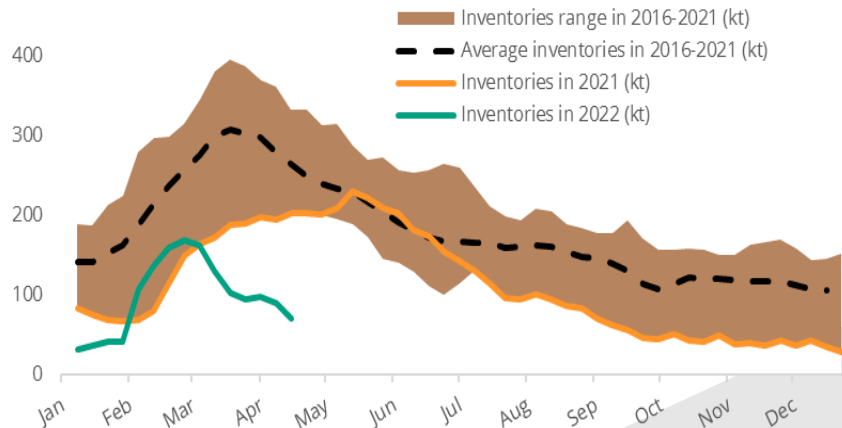
Source: Bloomberg, KGHM Polska Miedz

- The average gold price in the first quarter of 2022 was 1 877 USD/oz and was 4.5% higher than the average price in the corresponding period of 2021. The average silver price in the first quarter amounted to 24 USD/oz and was lower by more than 8%
- The prices of silver and gold expressed in PLN were higher than in the first quarter of 2021 due to the strengthening of the USD versus the PLN. The average silver price in the first quarter expressed in PLN was 0.2%, and gold 14.2% higher than in the corresponding period of 2021
- The USD strengthened versus the basket of currencies in recent months. The strength of the USD expressed in the dollar index, calculated as the average trade-weighted USD exchange rate to other currencies, rose by nearly 14% from June 2021

In official Shanghai warehouses, copper inventories fell to another minimum

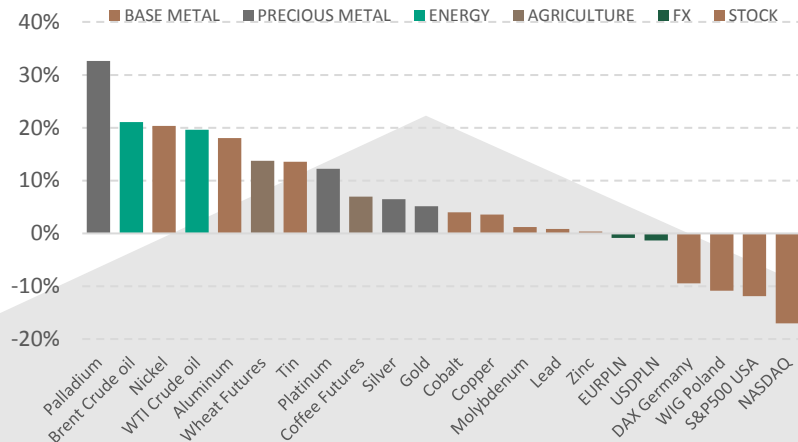
In the first quarter of 2022 the energy commodities index rose by 45%, and industrial metals by 23%

In Q1 2022 copper inventories on the Shanghai market fell to levels unseen in years and have diverged from the seasonal trend.



- Low copper inventories on the Chinese market indicate wider problems with availability of the red metal than the model of the last 6 years would suggest
- The most likely reason for the collapse in inventories in March 2022 are the continuing problems with the copper cathodes supply chain due to the lockdown in Shanghai. The restrictions in imports led to a greater use of material from exchange warehouses

Commodities prices shot up in Q1 2022, while share prices on global markets fell sharply.



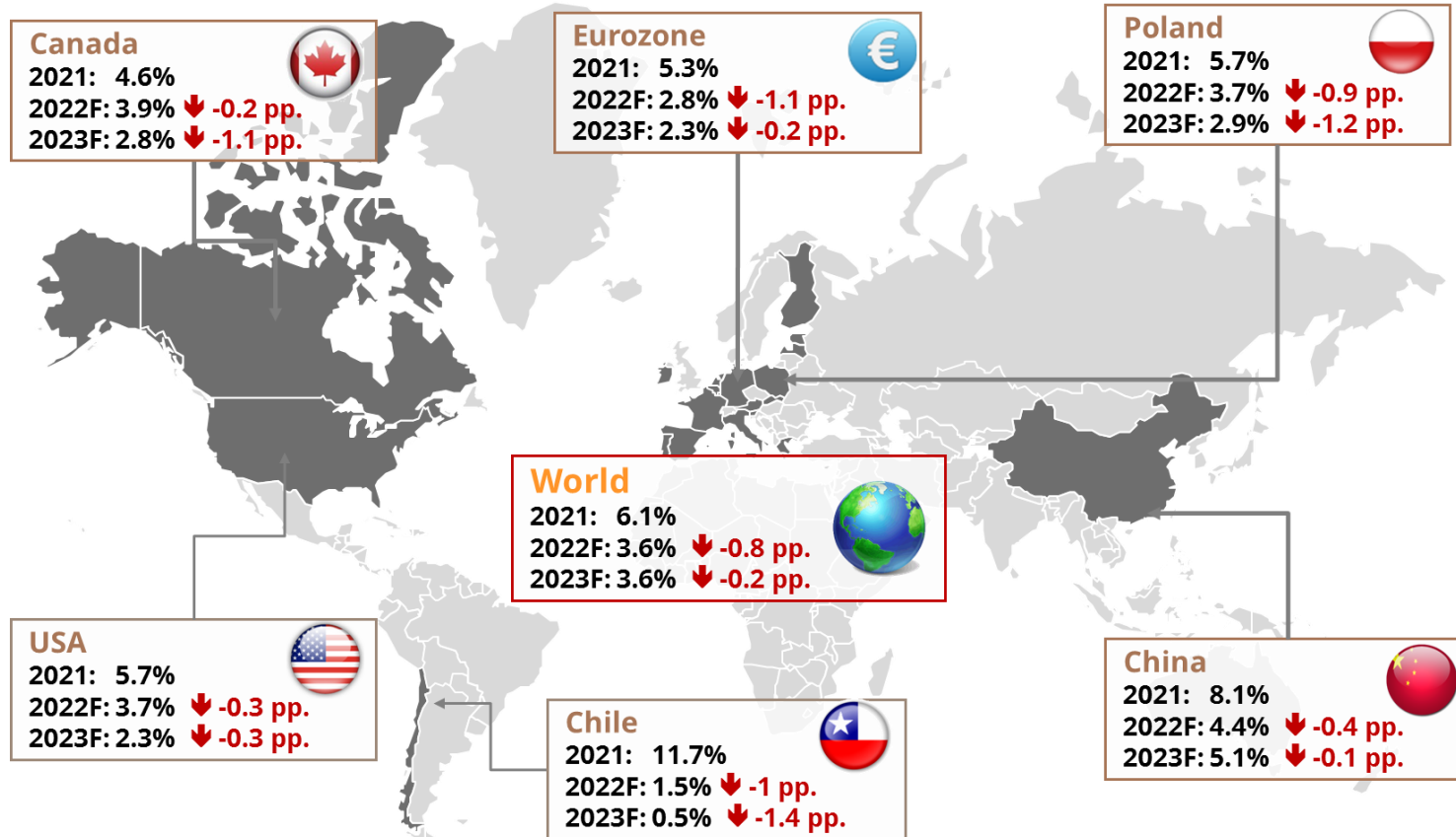
- The Bloomberg commodities index reached its highest level in 6 years
- The rise in commodities prices in the first quarter was caused by fears about problems with raw materials availability (in particular crude oil) as a result of the war started by Russia and the sanctions imposed on that country
- On the energy commodities market oil prices rose by 20%, while the European natural gas price for 1-month delivery rose by 37%

Investor sentiment in the first quarter of 2022 deteriorated as a result of Russia's aggression against Ukraine and continued Covid-19 flare-ups in China

- In the United States and Europe the Purchasing Managers' Index (PMI) readings were only slightly lower compared to the end of 2021, compared to a larger decrease in Asian indices
- Chinese PMI fell below 50, which separates the expected future improvement from expected deterioration
- Sentiment in Russia fell as a result of the war instigated by Putin and the sanctions imposed on Russia

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
USA (ISM)	47.9	51.4	50.3	49.1	41.6	43.5	52.4	53.9	55.4	55.4	58.8	57.3	60.5	59.4	60.9	63.7	60.6	61.6	60.9	59.9	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1
USA (PMI)	52.4	51.9	50.7	48.5	36.1	39.8	49.8	50.9	53.1	53.2	53.4	56.7	57.1	59.2	58.6	59.1	60.5	62.1	63.4	61.1	60.7	58.4	58.3	57.7	55.5	57.3	58.8	
Canada	50.4	50.6	51.8	46.1	33.0	40.6	47.8	52.9	55.1	56.0	55.5	55.8	57.9	54.4	54.8	58.5	57.2	57.0	56.5	56.2	57.2	57.0	57.7	57.2	56.5	56.2	56.6	58.9
Mexico	47.1	49.0	50.0	47.9	35.0	38.3	38.6	40.4	41.3	42.1	43.6	43.7	42.4	43.0	44.2	45.6	48.4	47.6	48.8	49.6	47.1	48.6	49.3	49.4	49.4	46.1	48.0	49.2
Brazil	50.2	51.0	52.3	48.4	36.0	38.3	51.6	58.2	64.7	64.9	66.7	64.0	61.5	56.5	58.4	52.8	52.3	53.7	56.4	56.7	53.6	54.4	51.7	49.8	49.8	47.8	49.6	52.3
Eurozone	46.3	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5
Germany	43.7	45.3	48.0	45.4	34.5	36.6	45.2	51.0	52.2	56.4	58.2	57.8	58.3	57.1	60.7	66.6	66.2	64.4	65.1	65.9	62.6	58.4	57.8	57.4	57.4	59.8	58.4	56.9
France	50.4	51.1	49.8	43.2	31.5	40.6	52.3	52.4	49.8	51.2	51.3	49.6	51.1	51.6	56.1	59.3	58.9	59.4	59.0	58.0	57.5	55.0	53.6	55.9	55.6	55.5	57.2	54.7
Italy	46.2	48.9	48.7	40.3	31.1	45.4	47.5	51.9	53.1	53.2	53.8	51.5	52.8	55.1	56.9	59.8	60.7	62.3	62.2	60.3	60.9	59.7	61.1	62.8	62.0	58.3	58.3	55.8
Spain	47.4	48.5	50.4	45.7	30.8	38.3	49.0	53.5	49.9	50.8	52.5	49.8	51.0	49.3	52.9	56.9	57.7	59.4	60.4	59.0	59.5	58.1	57.4	57.1	56.2	56.2	56.9	54.2
Netherlands	48.3	49.9	52.9	50.5	41.3	40.5	45.2	47.9	52.3	52.5	54.0	54.4	58.2	58.8	59.6	64.7	67.2	69.4	68.8	67.4	65.8	62.0	62.5	60.7	58.7	60.1	60.6	58.4
Austria	46.0	49.2	50.2	45.8	31.6	40.4	46.5	52.8	51.0	51.7	54.0	51.7	53.5	54.2	58.3	63.4	64.7	66.4	67.0	63.9	61.8	62.8	60.6	58.1	58.7	61.5	58.4	59.3
Ireland	49.5	51.4	51.2	45.1	36.0	39.2	51.0	57.3	52.3	50.0	50.3	52.2	57.2	51.8	52.0	57.1	60.8	64.1	64.0	63.3	62.8	60.3	62.1	59.9	58.3	59.4	57.8	59.4
UK	47.5	50.0	51.7	47.8	32.6	40.7	50.1	53.3	55.2	54.1	53.7	55.6	57.5	54.1	55.1	58.9	60.9	65.6	63.9	60.4	60.3	57.1	57.8	58.1	57.9	57.3	58.0	55.2
Greece	53.9	54.4	56.2	42.5	29.5	41.1	49.4	48.6	49.4	50.0	48.7	42.3	46.9	50.0	49.4	51.8	54.4	58.0	58.6	57.4	59.3	58.4	58.9	58.8	59.0	57.9	57.8	54.6
Poland	48.0	47.4	48.2	42.4	31.9	40.6	47.2	52.8	50.6	50.8	50.8	51.7	51.9	53.4	54.3	53.7	57.2	59.4	57.6	56.0	53.4	53.8	54.4	56.1	54.5	54.7	52.7	
Czech Rep.	43.6	45.2	46.5	41.3	35.1	39.6	44.9	47.0	49.1	50.7	51.9	53.9	57.0	57.0	56.5	58.0	58.9	61.8	62.7	62.0	61.0	58.0	55.1	57.1	59.1	59.0	56.5	54.7
Turkey	49.5	51.3	52.4	48.1	33.4	40.9	53.9	56.9	54.3	52.8	53.9	51.4	50.8	54.4	51.7	52.6	50.4	49.3	51.3	54.0	54.1	52.5	51.2	52.0	52.1	50.5	50.4	49.4
Russia	47.5	47.9	48.2	47.5	31.3	36.2	49.4	48.4	51.1	48.9	46.9	46.3	49.7	50.9	51.5	51.1	50.4	51.9	49.2	47.5	46.5	49.8	51.6	51.7	51.6	51.8	48.6	44.1
Asia	50.5	50.9	43.7	50.0	42.0	42.6	47.4	48.7	50.6	51.7	52.4	52.5	52.7	52.6	52.4	53.0	53.0	51.8	50.8	51.0	50.5	51.0	51.8	52.5	52.2	52.0	51.8	51.2
China (Caixin)	51.5	51.1	40.3	50.1	49.4	50.7	51.2	52.8	53.1	53.0	53.6	54.9	53.0	51.5	50.9	50.6	51.9	52.0	51.3	50.3	49.2	50.0	50.6	49.9	50.9	49.1	50.4	48.1
China	50.2	50.0	35.7	52.0	50.8	50.6	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5
Japan	48.4	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1
India	52.7	55.3	54.5	51.8	27.4	30.8	47.2	46.0	52.0	56.8	58.9	56.3	56.4	57.7	57.5	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0
Indonesia	49.5	49.3	51.9	45.3	27.5	28.6	39.1	46.9	50.8	47.2	47.8	50.6	51.3	52.2	50.9	53.2	54.6	55.3	53.5	40.1	43.7	52.2	57.2	53.9	53.5	53.7	51.2	51.3
Malaysia	50.0	48.8	48.5	48.4	31.3	45.6	51.0	50.0	49.3	49.0	48.5	48.4	49.1	48.9	47.7	49.9	53.9	51.3	39.9	40.1	43.4	48.1	52.2	52.3	52.8	50.5	50.9	49.6
Taiwan	50.8	51.8	49.9	50.4	42.2	41.9	46.2	50.6	52.2	55.2	55.1	56.9	59.4	60.2	60.4	60.8	62.4	62.0	57.6	59.7	58.5	54.7	55.2	54.9	55.5	55.1	54.3	54.1
Thailand	51.2	49.6	49.7	46.4	35.8	41.3	42.5	45.3	50.0	49.6	51.1	50.7	52.3	48.5	47.2	49.2	49.7	46.4	48.9	48.0	48.5	49.1	51.5	51.4	50.3	52.4	52.8	51.4
South Korea	50.1	49.8	48.7	44.2	41.6	41.3	43.4	46.9	48.5	49.8	51.2	52.9	52.9	53.2	55.3	55.3	54.6	53.7	53.9	53.0	51.2	52.4	50.2	50.9	51.9	52.8	53.8	51.2

Economic growth forecast of the IMF from April 2022



Key production indicators

Q1 2022

Payable copper production
by the KGHM Group
higher by 4% (Q/Q)

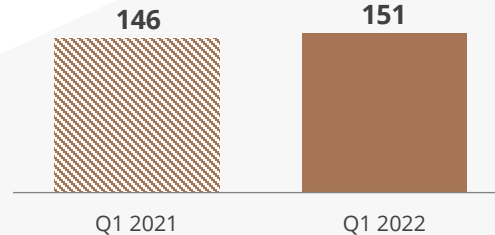
193

+4% Q1/Q1
[kt]

- KGHM Polska Miedź – higher availability of purchased copper-bearing materials and higher availability of production lines
- Sierra Gorda – higher recovery and higher throughput
- KGHM INTERNATIONAL LTD. – higher production, mainly due to increased production by the Robinson mine

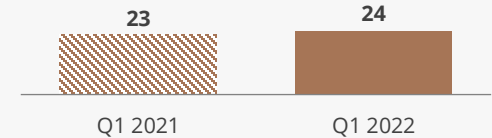
Payable copper production
KGHM Polska Miedź [kt]

151

 +3.4% Q1/Q1

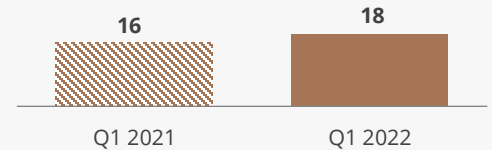
Payable copper production
Sierra Gorda¹⁾ [kt]

+4.3% Q1/Q1



Payable copper production
KGHM INTERNATIONAL [kt]

+12.5% Q1/Q1



Key financial indicators of the KGHM Group

Q1 2022

20% higher adjusted EBITDA of the KGHM Group vs Q1 2021

Higher adjusted EBITDA compared to Q1 2021 (+PLN 525 mn; +20%), of which by segment:

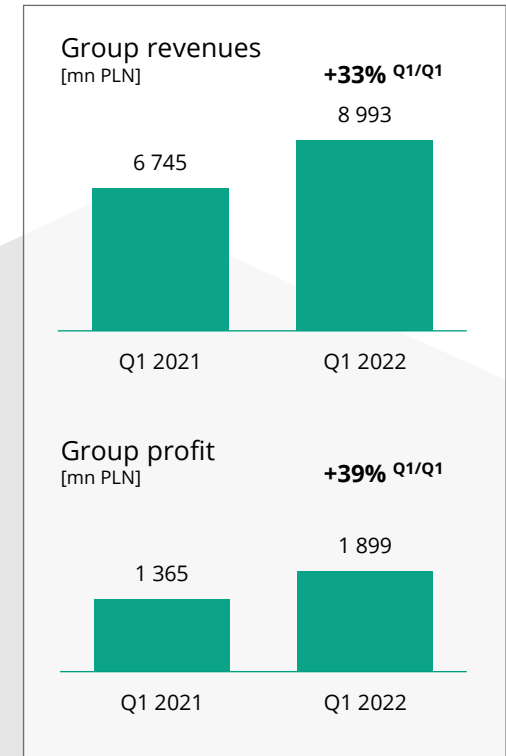
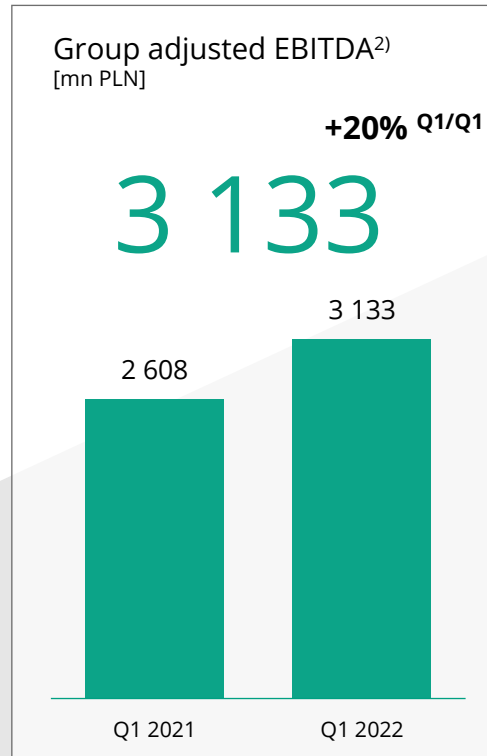
- KGHM Polska Miedź +PLN 249 mn – higher copper prices
- Sierra Gorda¹⁾ +PLN 178 mn – mainly higher revenues from copper sales due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 123 mn – higher copper prices and control of costs

Higher Group revenues

- Impact of higher metals prices

Higher Group profit for the period

- Higher profit for the period by PLN 534 mn (+39%) mainly due to a higher operating profit

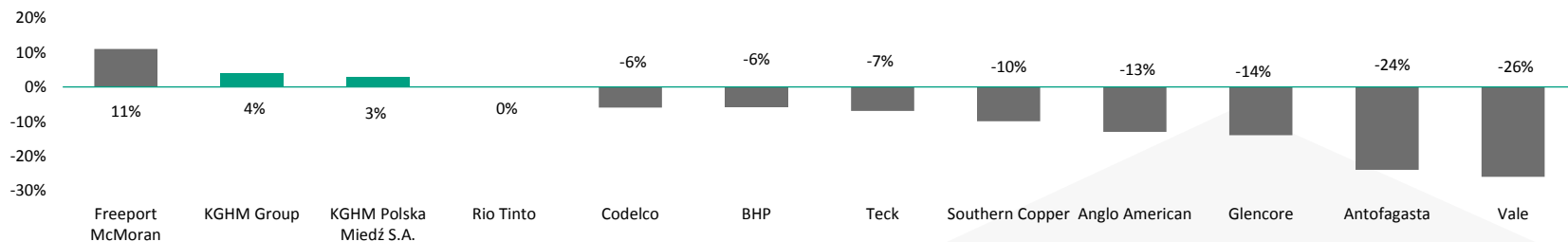


1) On a 55% basis

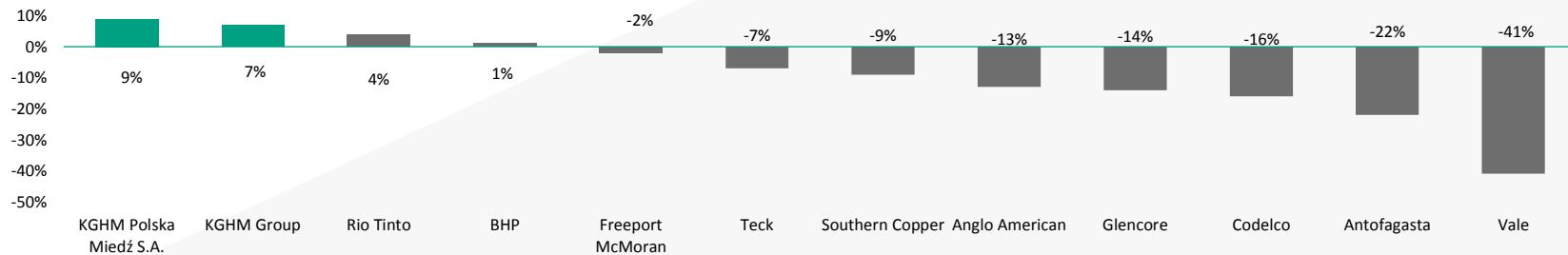
2) Sum of segments; adjusted EBITDA = profit/loss on sales + depreciation/amortisation adjusted by impairment losses/reversals of impairment losses on non-current assets

The production of miners in Q1 2022

Copper production by miners, Q1 2022 vs Q1 2021 (Y/Y)



Copper production by miners, Q1 2022 vs Q4 2021 (Q/Q)

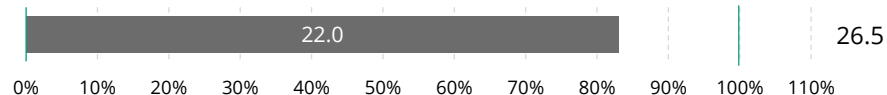


The financial situation of the KGHM Group remains stable and safe

2022
Budget

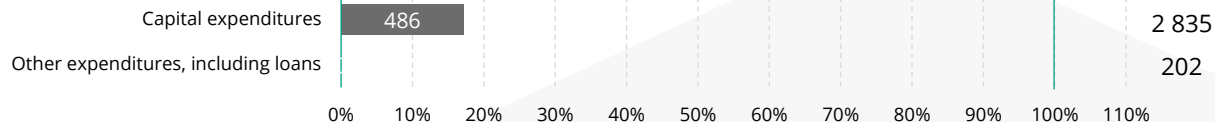
Total unit production cost

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



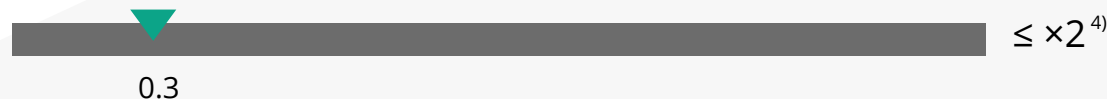
Investments

KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

[net debt / adjusted EBITDA]³⁾

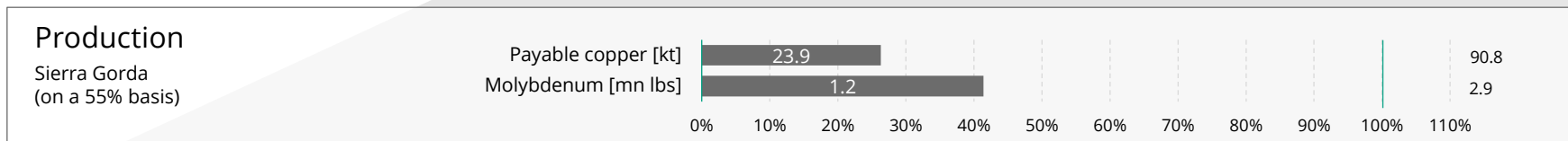
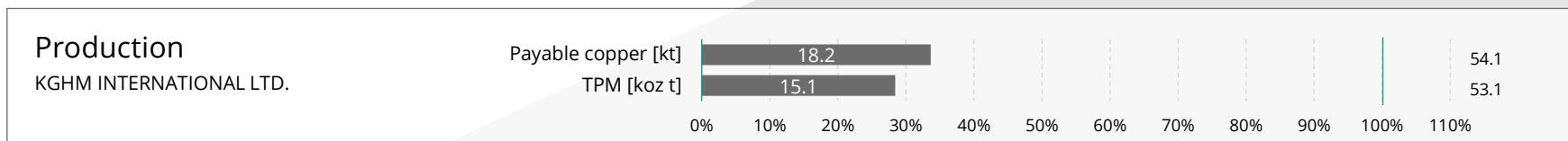
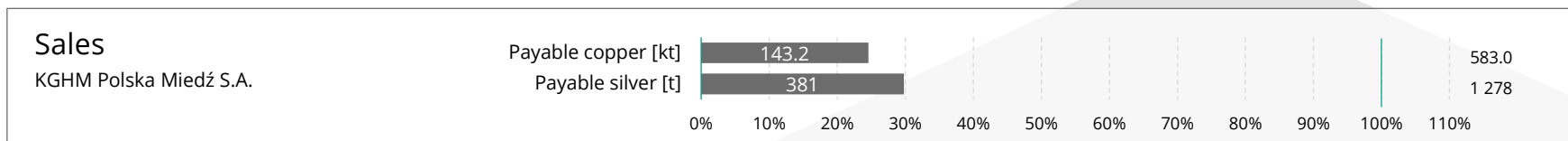
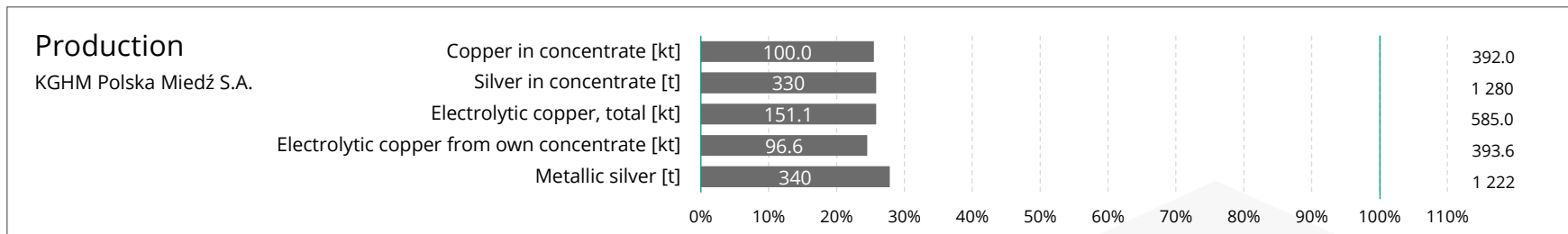


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic 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 2022

Group production and sales in Q1 2022

Execution of annual targets

2022
Budget





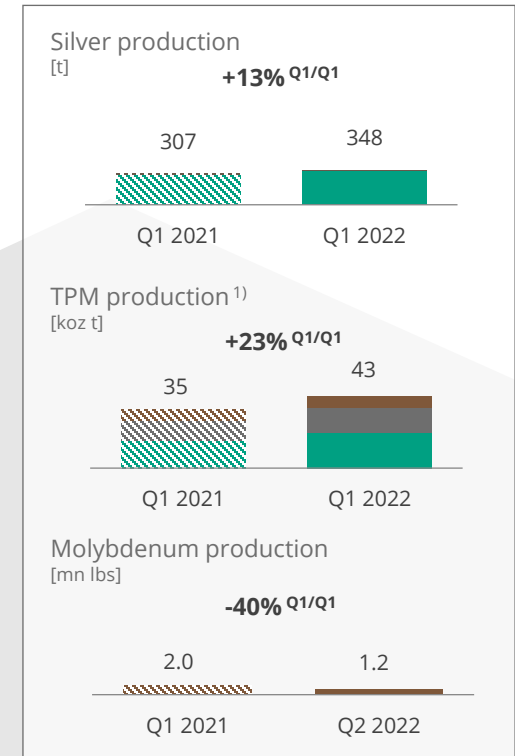
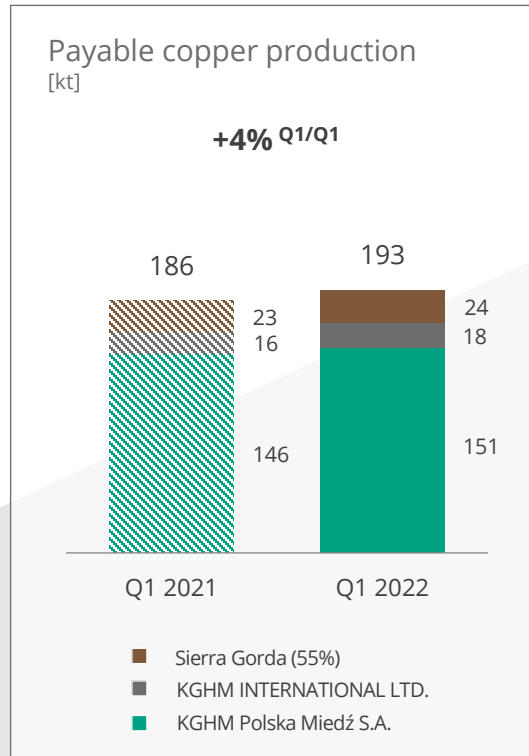
Production results of the KGHM Group by segment



Metals production

KGHM Group

- Higher copper production:
 - by KGHM Polska Miedź S.A. higher availability of purchased copper-bearing materials and higher availability of production lines
 - by KGHM INTERNATIONAL LTD. due to higher production by the Robinson mine
 - by the Sierra Gorda mine due to higher recovery and throughput
- Higher silver production by KGHM Polska Miedź
- Higher TPM production by KGHM Polska Miedź, KGHM INTERNATIONAL LTD.
- Lower molybdenum production by Sierra Gorda (extraction of ore with lower Mo content despite higher recovery), which was not offset by higher production by the Robinson mine (extraction of ore with higher Mo content)

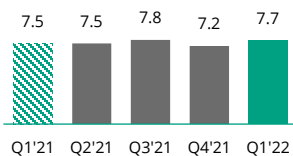
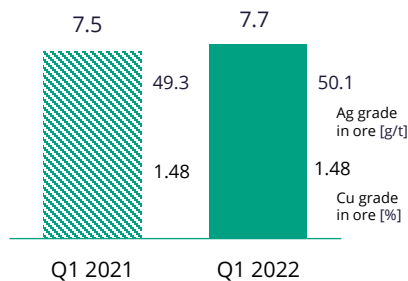


Production results

KGHM Polska Miedź S.A.

Ore extraction
[mn t dry weight]

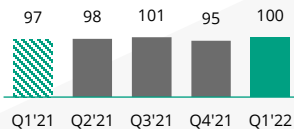
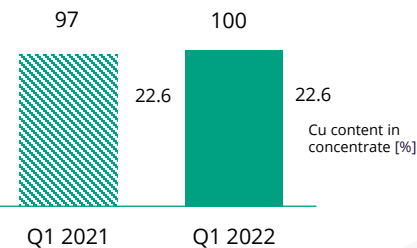
+2.7% Q1/Q1



- Ore extraction results from areas selected for mining

Production of copper
in concentrate [kt]

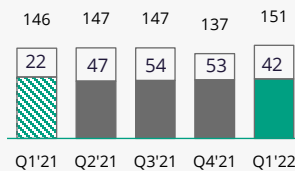
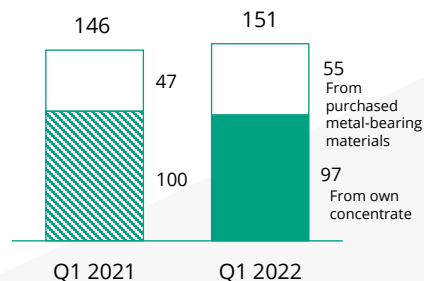
+3.1% Q1/Q1



- Production of copper in concentrate resulting from volume of production and copper content

Electrolytic copper
production [kt]

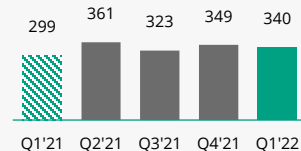
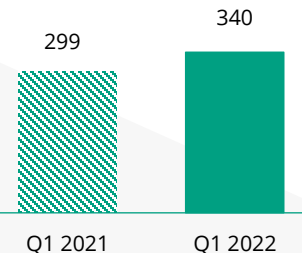
+3.4% Q1/Q1



- Higher production of electrolytic copper due to adopted production targets for 2022

Metallic silver
production [t]

+13.7% Q1/Q1

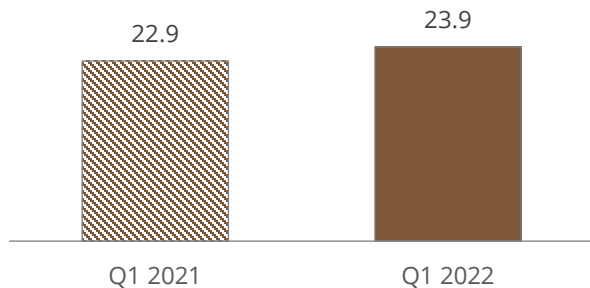


- Higher production due to the higher availability of charge materials

Production results

Sierra Gorda¹⁾

Payable copper production **+4% Q1/Q1**
[kt]

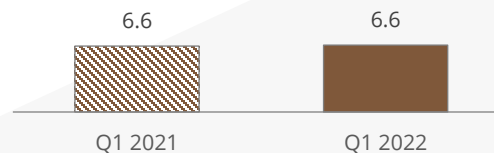


- Higher payable copper production in Q1 2022 compared to Q1 2021 due to a higher volume of ore processed and higher recovery

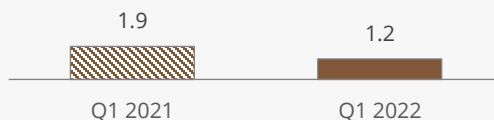
Silver production **-4% Q1/Q1**
[t]



TPM production **-/- Q1/Q1**
[koz t]



Molybdenum production **-37% Q1/Q1**
[mn lbs]



- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower molybdenum content compared to ore mined in the prior year, partially offset by higher metal recovery and the higher volume of ore processed

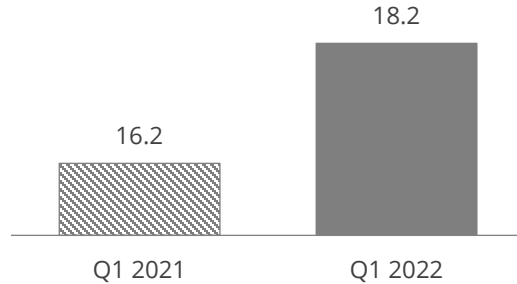
Production results

KGHM INTERNATIONAL LTD.

Payable copper production

[kt]

+12% Q1/Q1

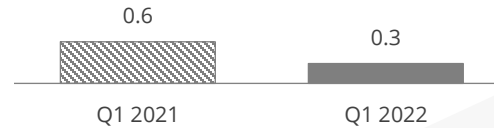


- Higher production by the Robinson mine (mining of higher-grade ore and higher recovery) had a positive impact on the production results of KGHM INTERNATIONAL LTD. in Q1 2022.

Silver production

[t]

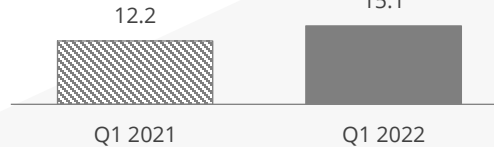
-50% Q1/Q1



TPM production

[koz t]

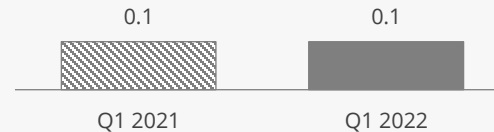
+24% Q1/Q1



Molybdenum production

[mn lbs]

-/- Q1/Q1



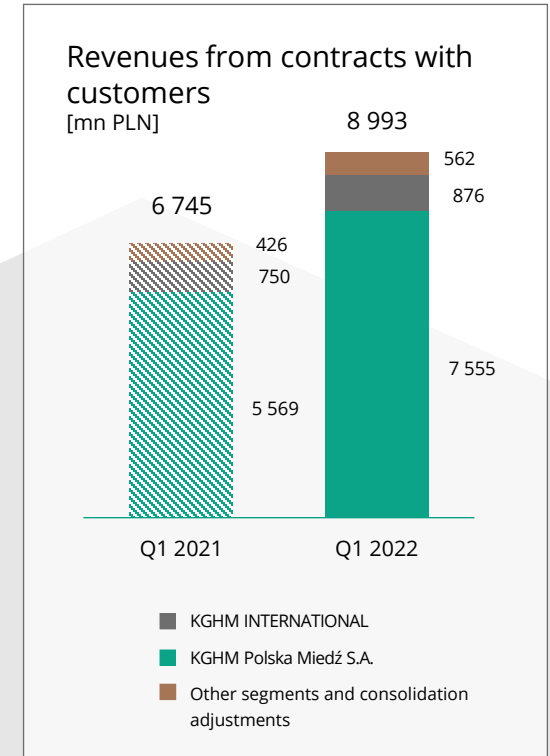
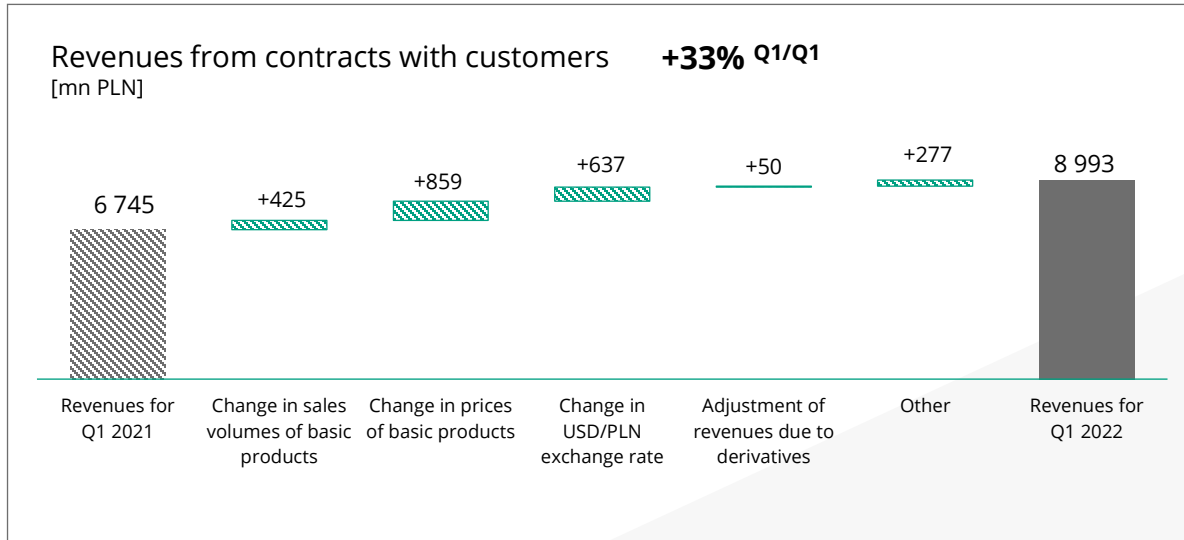
- Higher silver production by the Sudbury Basin due to higher silver content in ore
- Higher gold production by the Robinson mine (higher gold content in mined ore and higher recovery) offset lower TPM production by the Sudbury Basin (lower TPM content in ore)
- No change Q/Q in molybdenum production by the Robinson mine



Financial results of the Group

Group sales revenue

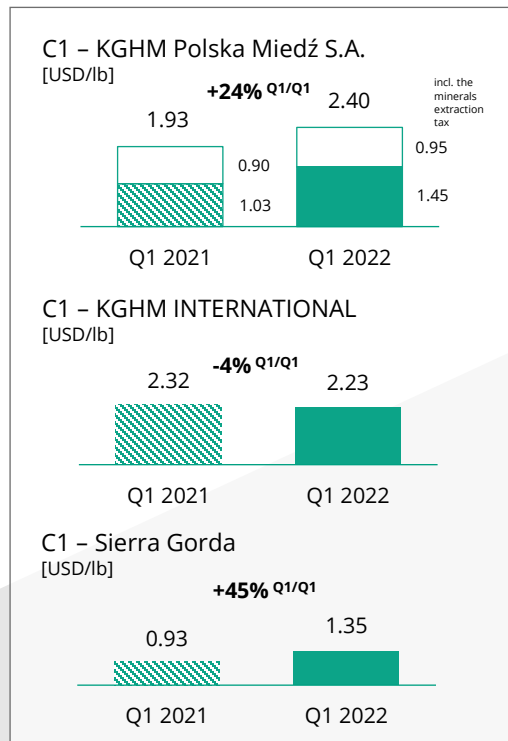
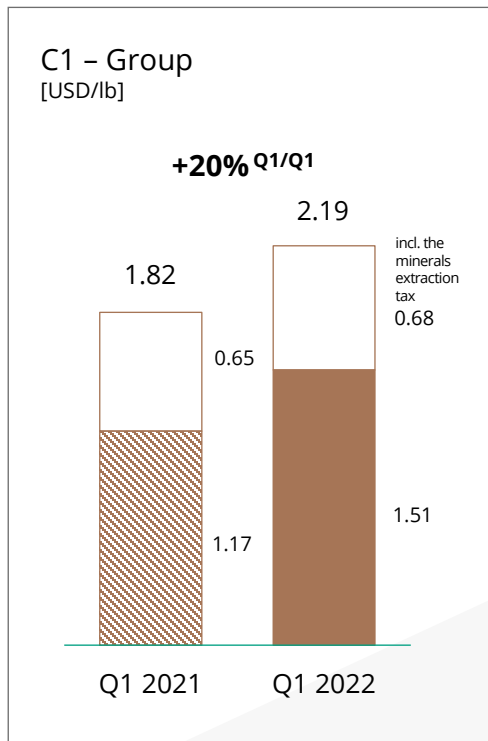
Q1 2022



- Higher revenues by PLN 2 248 mn (+33%) versus Q1 2021 due to higher prices for basic products, a more favourable USD/PLN exchange rate and higher sales volumes

C1 unit cost¹⁾

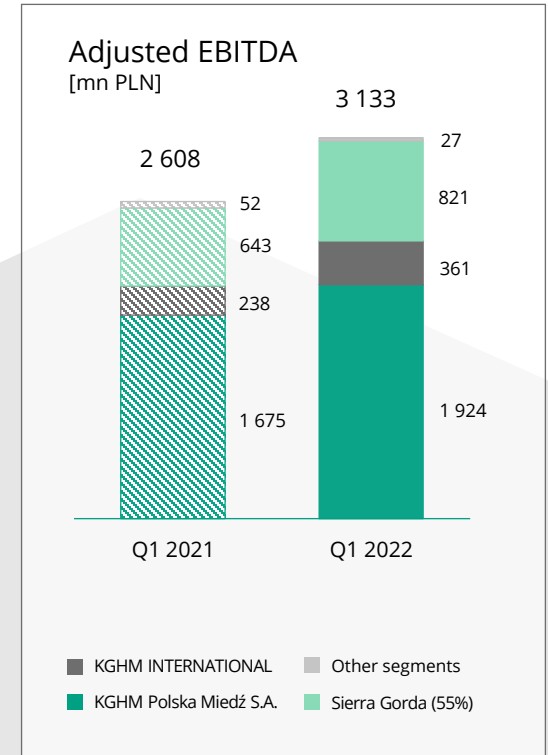
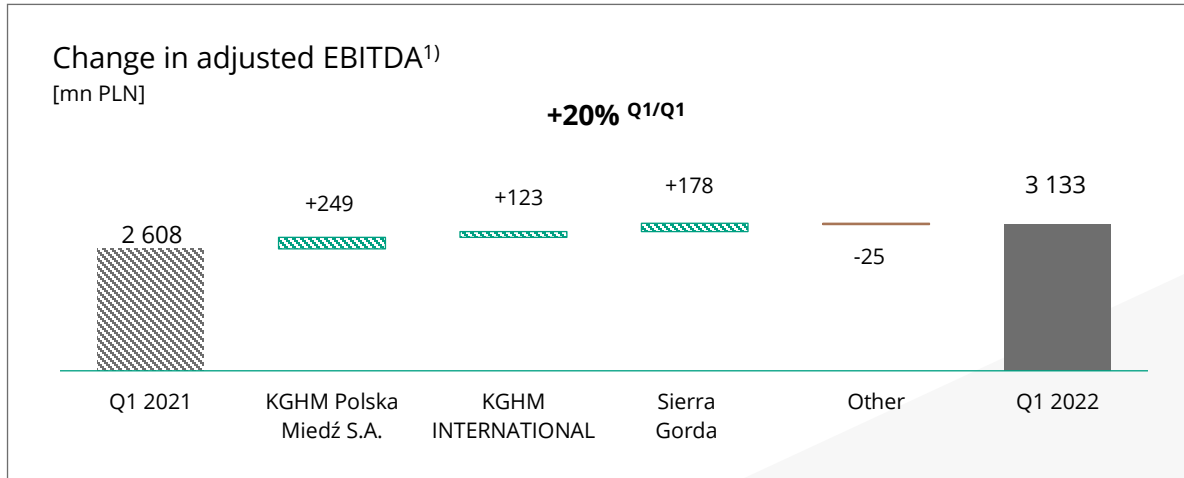
KGHM Group



- The increase in C1 cost in KGHM Polska Miedź by 24% versus Q1 2021 was due to higher expenses by nature, a lower valuation of byproducts and a higher minerals extraction tax charge
- The decrease in C1 by 4% in KGHM INTERNATIONAL versus Q1 2021 was mainly due to the Robinson mine, mainly as a result of higher offset from the sale of gold due to its higher price
- The increase in C1 cost in Sierra Gorda by 45% compared to the prior year was due to higher costs of energy, fuels and materials (higher prices) with a lower volume of molybdenum produced (lower offset from sales of associated metals)

Operating results

KGHM Group



Higher adjusted EBITDA versus Q1 2021 by PLN 525 million mainly due to higher metals prices and a more favourable USD/PLN exchange rate.

Financial results

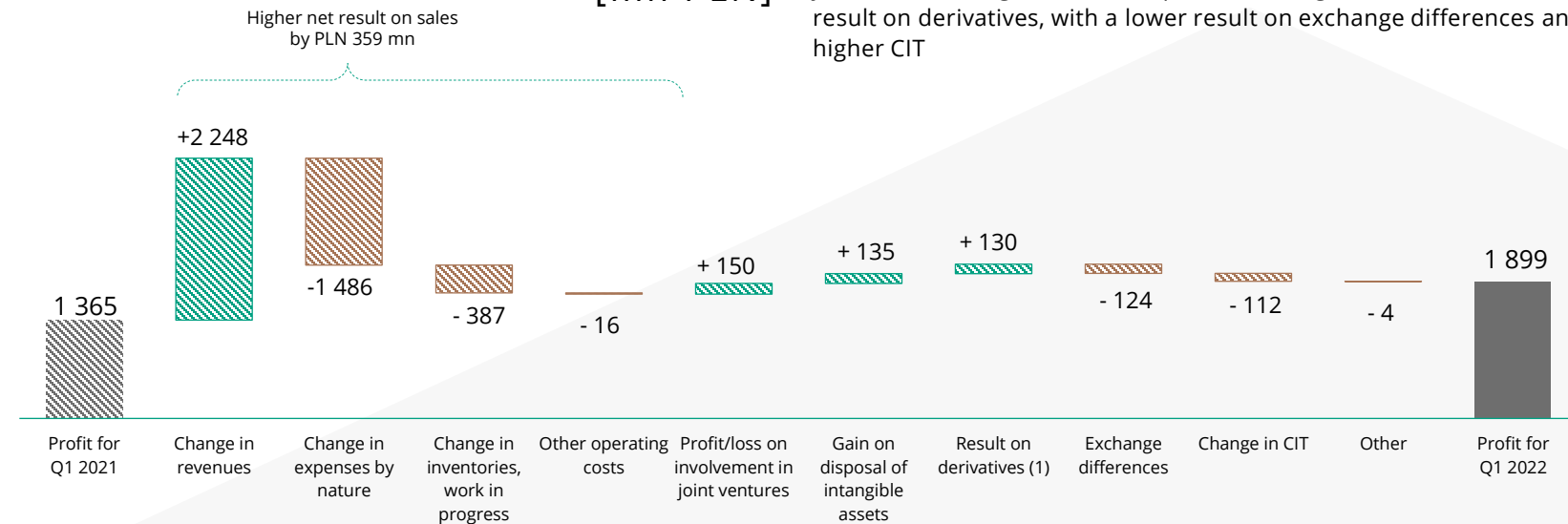
KGHM Group

Profit for the period **+39% Q1/Q1**
[mn PLN]

1 899
[mn PLN]

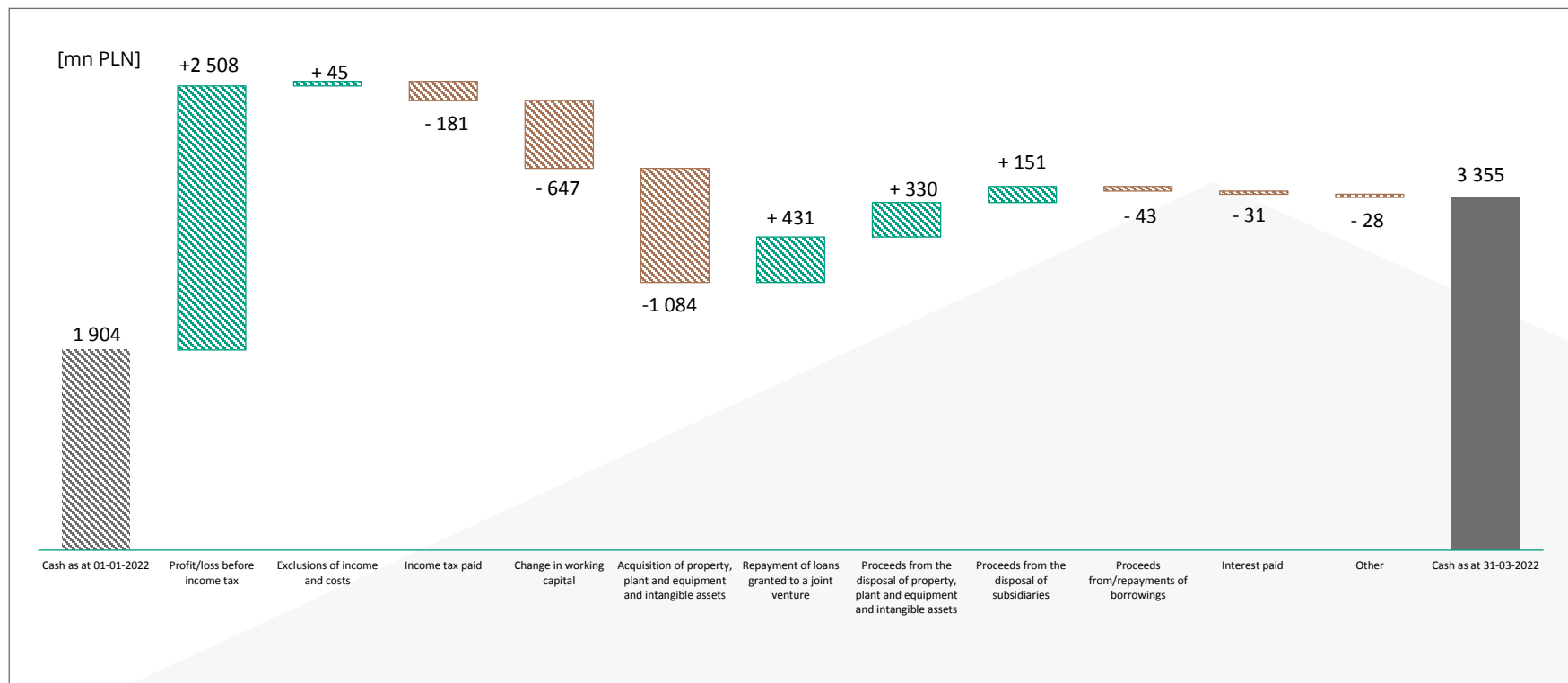
consolidated net profit in the first quarter

Higher KGHM Group profit by PLN 534 mn (+39%) mainly due to a higher net result on sales and a higher result on the involvement in joint ventures, a gain on the disposal of intangible assets and the result on derivatives, with a lower result on exchange differences and higher CIT



Cash flow

KGHM Group





Advancement of development initiatives



A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in Q1 2022



486 mn PLN

CAPEX execution in Q1 2022

2 835 mn PLN

CAPEX target for 2022,
including a reserve of PLN 162 mn

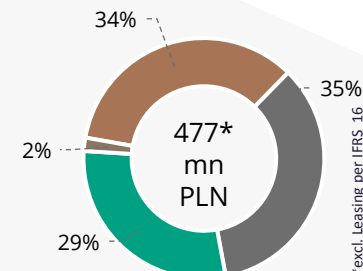
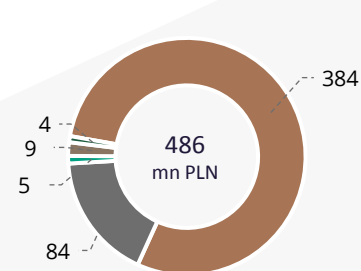
CAPEX execution in Q1 2022

by area

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

by category

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



*excl. Leasing per IFRS 16

Comparison: CAPEX and budget execution in 2021



447 mn PLN

CAPEX execution in Q1 2021

2 853 mn PLN

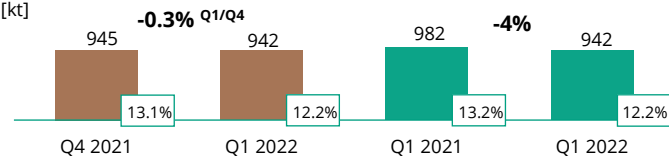
CAPEX budget target for 2021

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

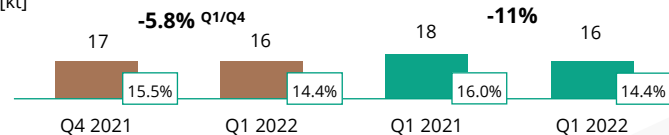
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

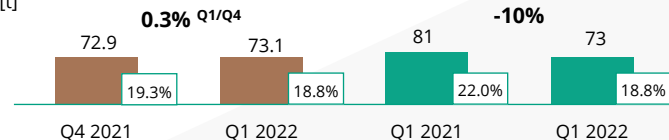
Ore extraction dry weight from GGP [kt]



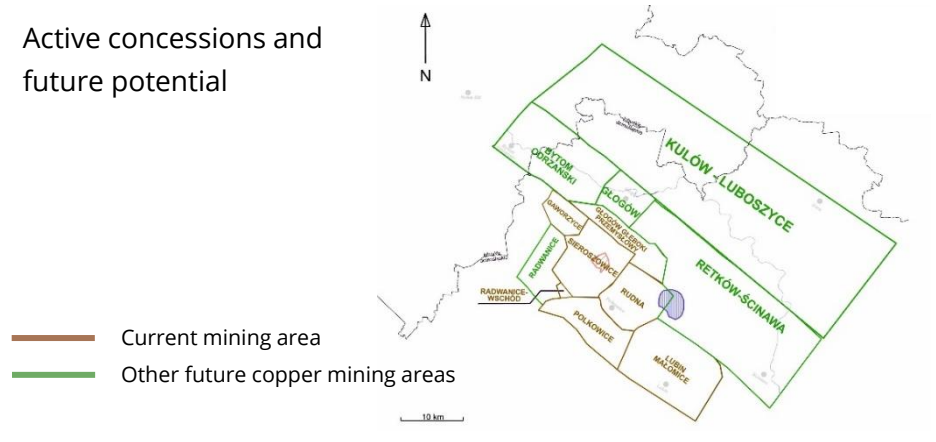
Amount of copper in ore [kt]



Amount of silver in ore [t]



Active concessions and future potential



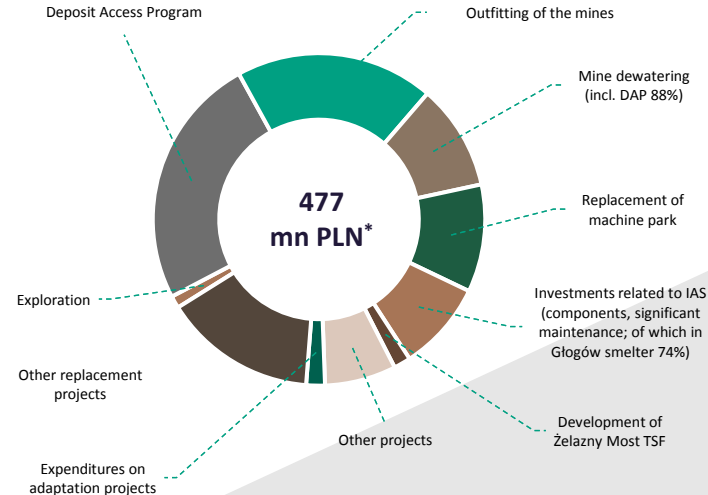
Ore extraction, as well as the amounts of copper and silver in ore, quarter to quarter (Q1 2022/Q4 2021) in the GGP region remained at similar levels.

The lower extraction in Q1 2022 compared to Q1 2021 (-4%) was due to increased, required work in barren rock.

CAPEX execution in key projects

Deposit Access Program

- GG-1 shaft – sunk to 1 313.7 m
- GG-2 „Odra” shaft – work advanced on the shaft site drillholes. Planned completion of drilling – 30.12.2022
- „Retków” shaft – an understanding with the Gmina (Municipality) of Grębocice is being prepared
- 10.3 km of tunneling were excavated – 94% of plan
- Power and other projects (UiUGO SW-4) – understandings reached and negotiations conducted under individual agreements regarding:
 - work on electrical and telecommunications projects as well as on automated and control equipment,
 - construction of underground water pumps with reservoirs and requisite technical infrastructure (at the surface)
 - The purchase, supply, transport, assembly and start-up of 9 high-pressure pumping units in the high-pressure pumps chamber
- Central Air Cooling System – in January 2022 the Central Air Cooling Networks of the Polkowice-Sieroszowice and Rudna mines were connected, enabling cooling of the T/W-169 region with the newly-built ice water feeder no. 1 powered by the PSK GG-1 unit; preparations commenced for testing; handover continues



Maintenance shutdown of the Głogów II Copper Smelter and Refinery after four years of operations

- Prefabrications received and equipment delivered, greater detailing of working plan, audits conducted and meetings to verify preparedness to commence the shutdown, as well as advanced prefabrications of individual equipment. Technology to conduct and organise the work agreed
- 128 agreements were signed for investment, maintenance and servicing work and for preparing prefabrications. Contracts for spare parts needed to conduct the shutdown were signed
- The planned shutdown of the flash furnace for the maintenance shutdown occurred on 24 April 2022. The shutdown is planned to last 78 days. The final length of the shutdown will be determined up to three weeks from the date it commences and the technical condition of the equipment and installations after four years of work is assessed

Program to adapt the technological installations to BAT Conclusions

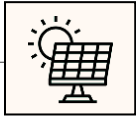
- Głogów Copper Smelter and Refinery:
 - the project to build an installation to remove particulates from gases arising during the draining of smelted copper and slag from flash furnace II was settled and completed
 - start-up commenced on installations to reduce impurities in process gases from the convertor furnaces and from the Dörschel furnaces in the Lead Unit
- Legnica Copper Smelter and Refinery:
 - start-up commenced on the installation to remove particulates containing mercury and arsenic from process gases of the SOLINOX installation – the process of technological start-up is underway as regards the electrofilters, start-up commenced on the calomel installation

Development of Żelazny Most Tailings Storage Facility

- Completion of Stages 1, 2 & 3 of construction of the Southern Quarter. Operating permit received. Amendments to the task „Construction of power and water infrastructure” are being introduced
- Continuation of work on the Tailings Segregation and Thickening Station – 81% completed. The following are completed: assembly of the production-related part of the Station, internal installations: water-effluents, ventilation for the hall and the power building. Work continues on developing infrastructure in the vicinity of the station
- The process of large-grain tailings segregation and thickening is underway for the purpose of deposition in the Southern Quarter
- The deposition of thickened (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

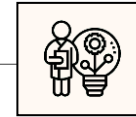
Energy Development Program, including RES

Actions in Q1 2022



Development of energy generation, including RES:

- Actions are underway to obtain permits and administrative decisions along with design work to build the Obora Sandpit and HM Głogów I-III* sites,
- Analyses of the impact of connecting the HM Głogów I-III solar power plant to the distribution network of KGHM Polska Miedź S.A. were prepared,
- Preparatory work continues to commence construction of the solar power plant at the Cedynia Wire Rod Plant,
- Preparatory work continues on a concept for building two additional solar power plants on terrain belonging to the Divisions of KGHM Polska Miedź S.A.,
- The Company participated in proceedings involving the voicing of opinions on municipals plans and impact studies and on land use directions aimed at enabling the construction of a RES installation on terrain belonging to KGHM Polska Miedź S.A.,
- A Memorandum of Understanding was entered into with the company Total Energies Renewables SAS aimed at the joint advancement of a project to build offshore wind farms in the Baltic Sea, dependant on obtaining a favourable decision by the Minister of Infrastructure regarding the granting of permits to raise artificial islands,
- A structure was prepared in terms of acquiring external energy generation sources,
- On 14 February 2022 KGHM signed an agreement with the company NuScale Power, LLC (a supplier of nuclear technology) for preliminary work (an Early Works Agreement), as the first step in the process of implementing SMR technology in the business activities of the KGHM Group,
- In January 2022, KGHM Polska Miedź S.A. became a signer of a „Sector Agreement for the development of hydrogen power in Poland”, advanced under the patronage of the Minister of Climate and Environment of the Republic of Poland. At the end of February KGHM became one of the initiators of the newly-founded Lower Silesia Hydrogen Association. Under these agreements, work is underway to identify potential partners or contractors for the first, experimental implementations of hydrogen technology in the Company's core production business.



Energy security

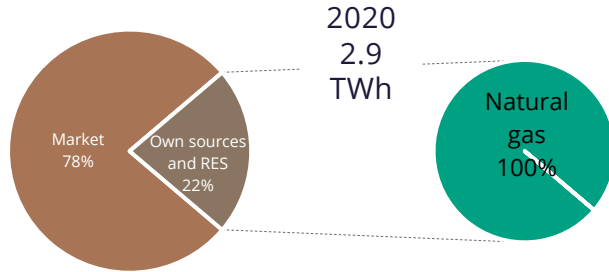
- The CCGT gas-steam blocks provided energy security as regards power supply in the case of a blackout, and steam heat for internal purposes of the core production business

*The numerical designation HM Głogów I-III refers to the plot numbers

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.

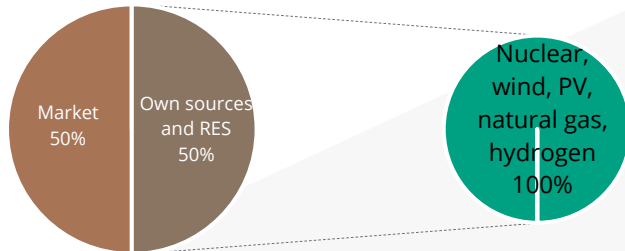
2020 – base year:



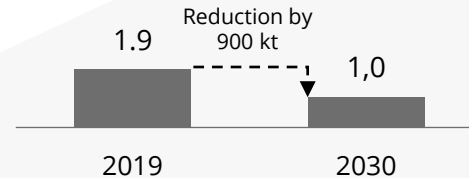
2021:

Own generation sources covered 18.70% of KGHM's total power needs in 2021.

2030 - goal:



Estimated CO₂ emissions due to electricity consumption
[mn tonnes]



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

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



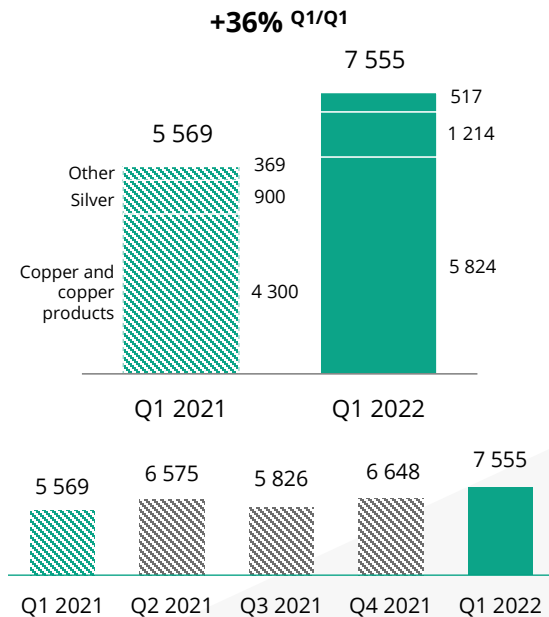
Supporting slides – KGHM Polska Miedź S.A.



Sales revenue

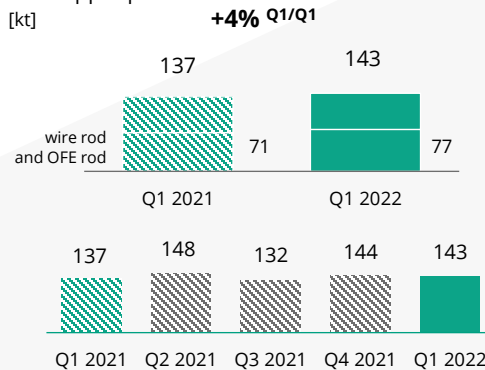
KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

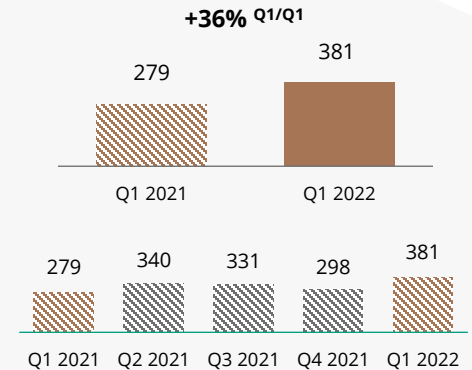


Higher revenues from contracts with customers by PLN 1 986 million (+36%) in Q1 2022 compared to Q1 2021 due to higher metals prices, a more favourable exchange rate and a higher sales volume

Sales of copper and copper products
[kt]

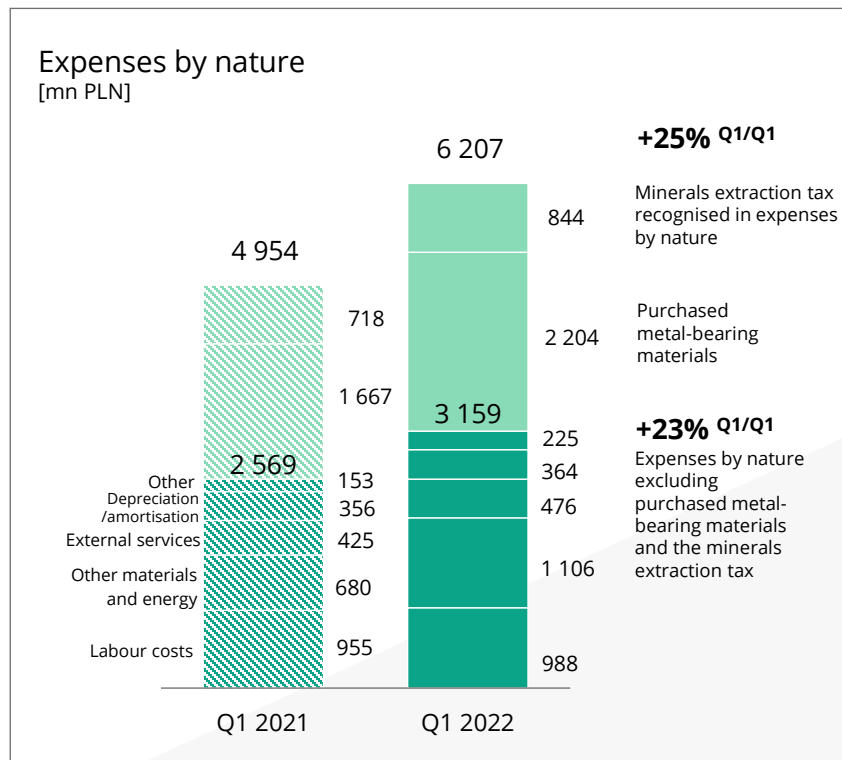


Silver sales
[t]



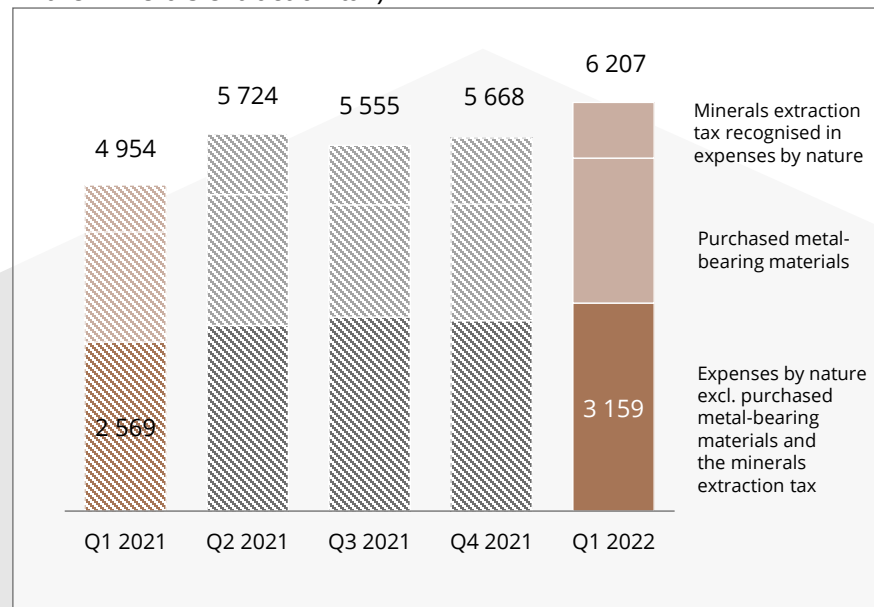
Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 1 253 million Q1/Q1

(of which PLN 663 mn due to purchased metal-bearing materials and the minerals extraction tax)

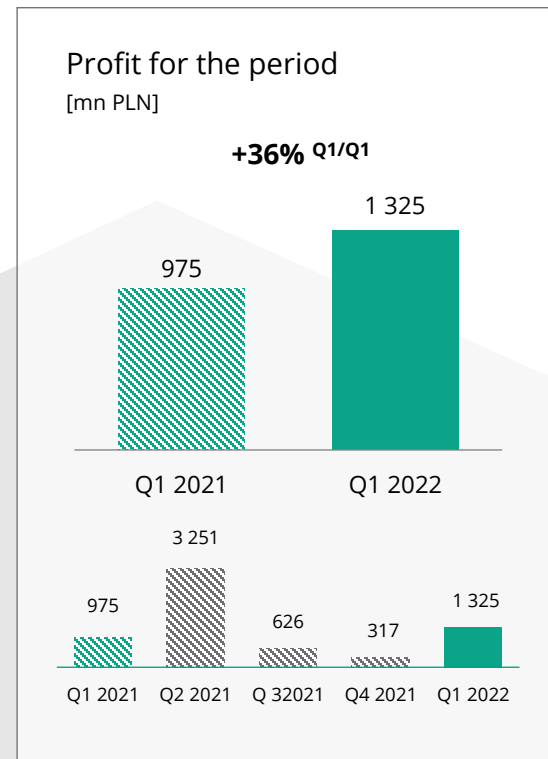
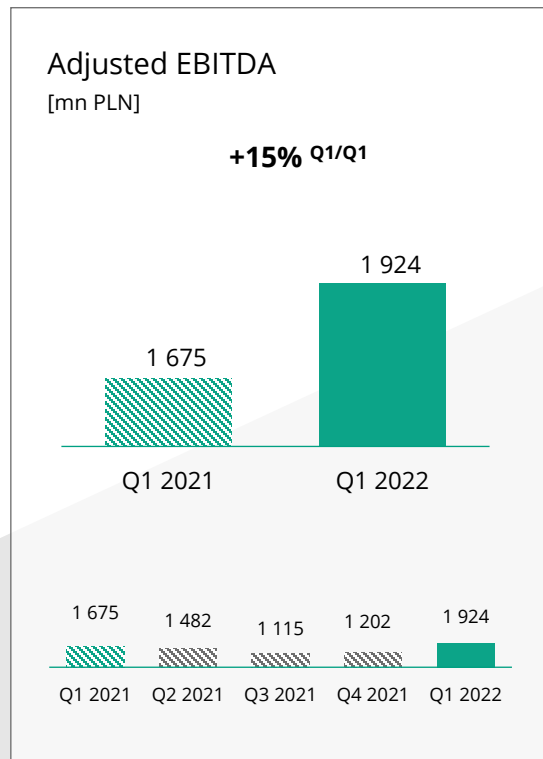


EBITDA and profit for the period

KGHM Polska Miedź S.A.

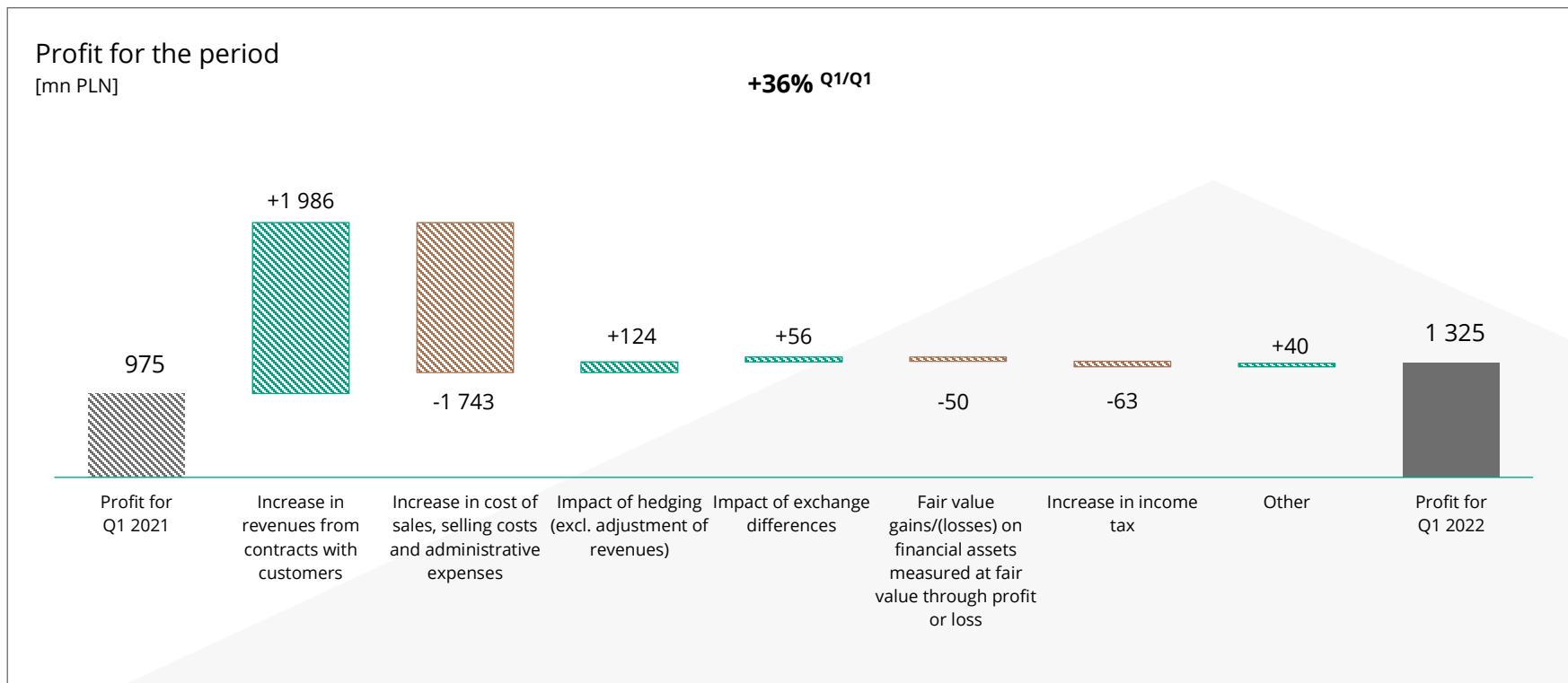
Higher EBITDA, higher net profit

- EBITDA higher by 15% versus Q1 2021
- Higher net profit by PLN 350 mn (+36%) versus Q1 2021 mainly due to more favourable macroeconomic conditions (higher operating profit)



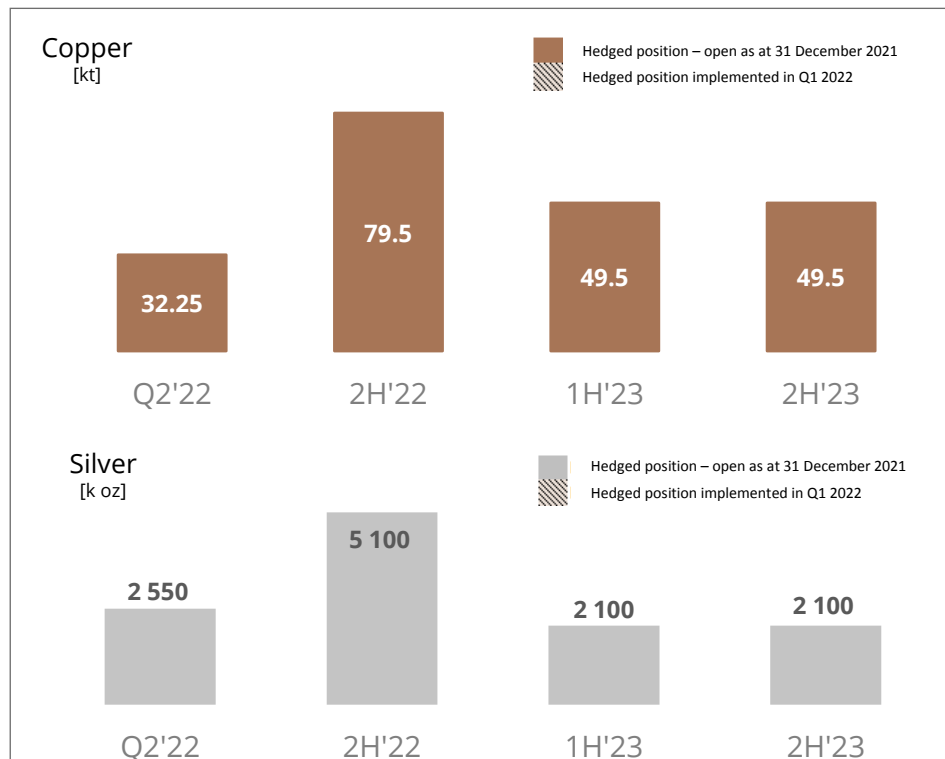
Profit for the period

KGHM Polska Miedź S.A.



Market risk management

Hedged position on the copper and silver markets (as at 31 March 2022)



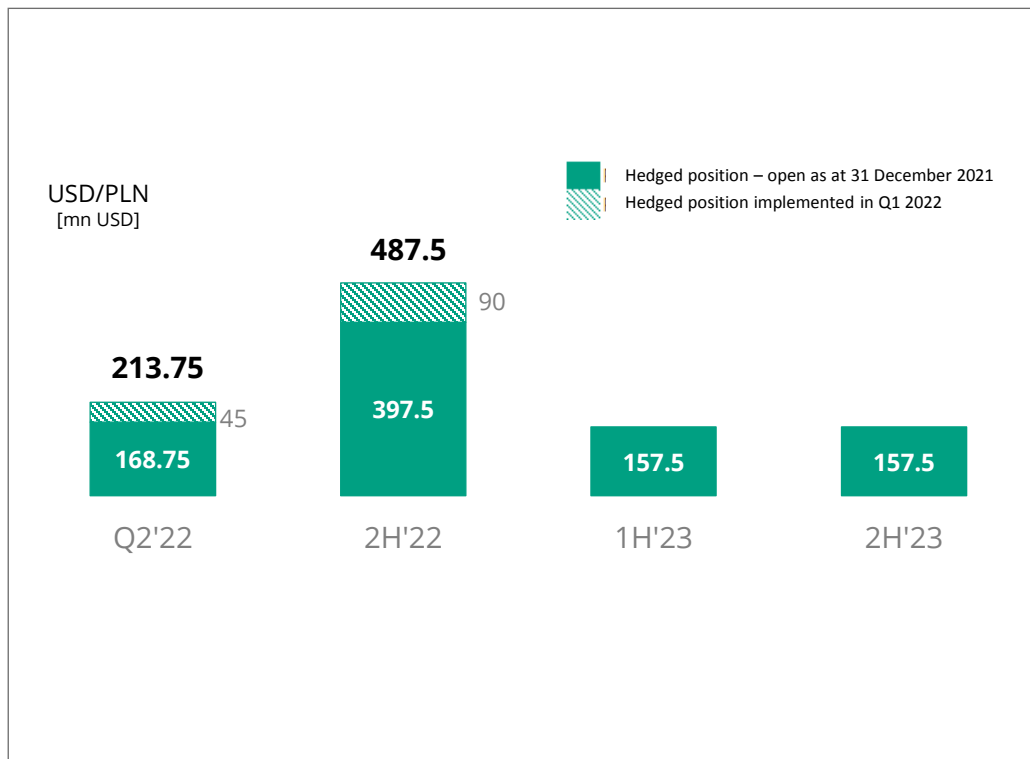
At the end of Q1 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 269 million:

- -PLN 216 million adjusted revenues from contracts with customers (transactions settled to 31 March 2022),
- PLN 53 million decreased the result on other operating activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2022 amounted to -PLN 1 557 million*
- The revaluation reserve on cash flow hedging instruments as at 31 March 2022 amounted to -PLN 1 952 million
- In Q1 2022 the Parent Entity did not enter into derivatives transactions on the copper and silver markets

* excludes embedded instruments

Market risk management

Hedged positions on the currency market (as at 31 March 2022)



In Q1 2022 transactions were implemented on the forward currency market:

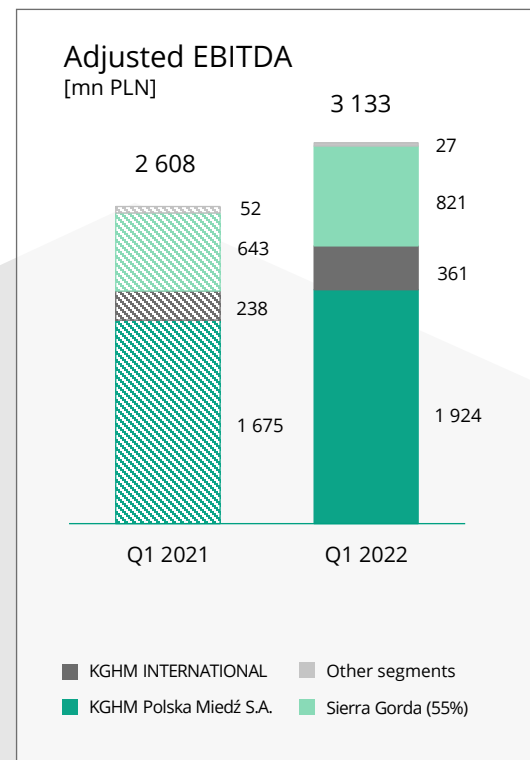
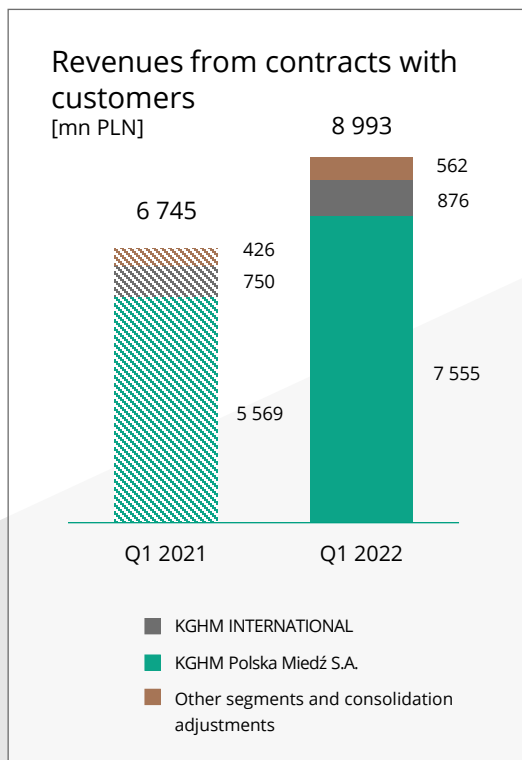
- Put options were bought to hedge USD 135 million in planned revenues from sales, with maturities from April to December 2022
- In Q1 2022 the Parent Entity did not enter into transactions hedging forward interest rates
- As at 31 March 2022 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion

Revenues and EBITDA in Q1 2022

KGHM Group and operating segments

Higher adjusted EBITDA compared to Q1 2021 by PLN 525 million, mainly due to higher metals prices and a more favourable USD/PLN exchange rate

- **KGHM Group**
(+PLN 525 mn, +20%)
- **KGHM Polska Miedź S.A.**
(+PLN 249 mn, +15%)
- **Sierra Gorda**
(+PLN 178 mn, +28%)
- **KGHM INTERNATIONAL**
(+PLN 123 mn, +52%)



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