

Layers of possibilities



Results of the KGHM Group for the third quarter
and first 9 months of 2022

Warsaw, 17 November 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



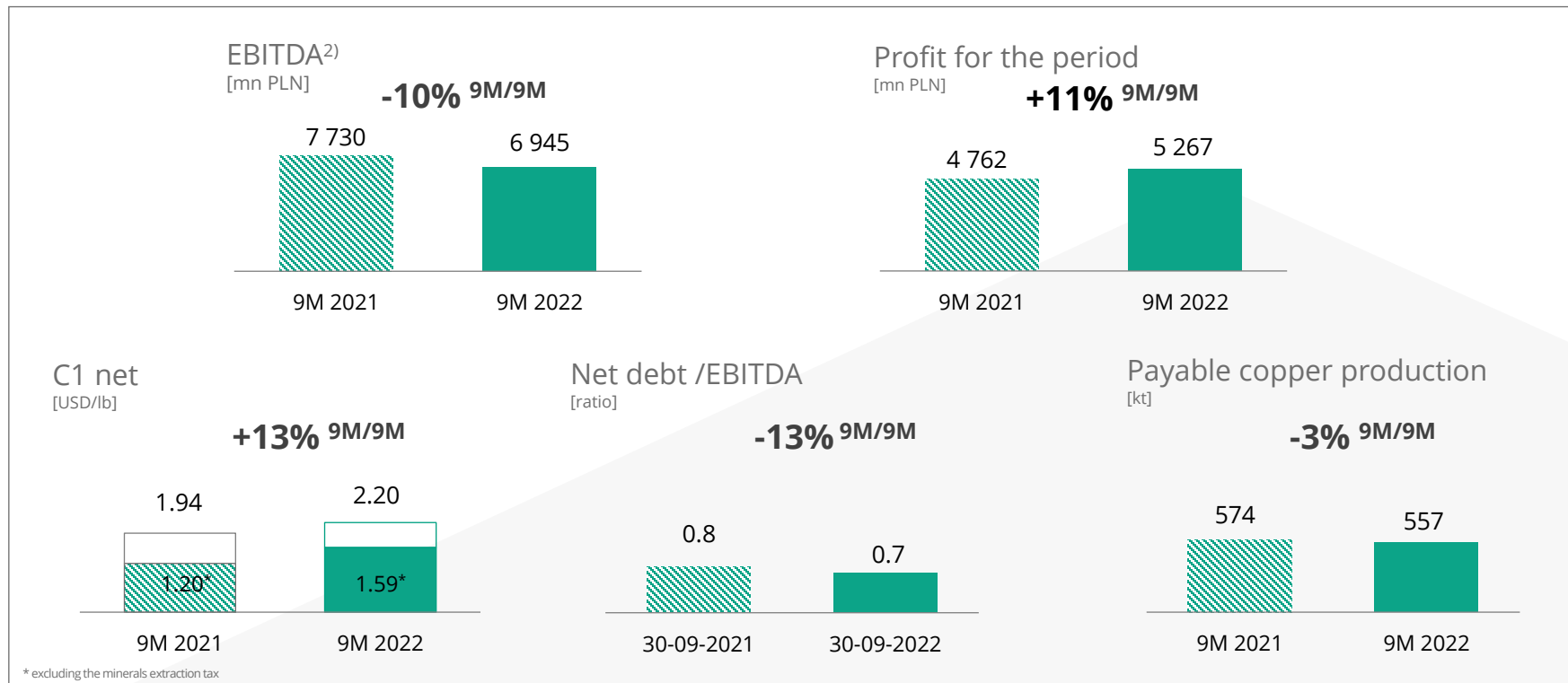
6. Advancement of development initiatives



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

Summation of the first 9 months of 2022 in the KGHM Group

Selected key statistics for the first 9 months of 2022¹⁾



KGHM Volunteers in Action

3 768

children took part in the project „Children of Copper” where they learned about the secrets of mining and processing copper

34

schools visited by the volunteers under the „Children of Copper” project

14

initiatives engaged in by KGHM's volunteers



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Activities:

5 collections of items for those in need

4 campaigns to promote an active lifestyle combined with charitable activities

3 educational projects

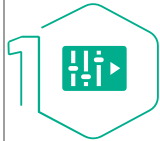
2 collections of money to support colleagues in need



Strategy of the KGHM Polska Miedź S.A. Group



Key elements of the Strategy advanced in the first three quarters of 2022



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 and development of projects in the international assets
- Continuation of R&D projects under the CuBR venture as well as the Implementation Doctorates Program
- Development of new business directions, including: investment gold and silver, Institute of Future Mining, Urban Mining
- Letter of Intent signed (at the start of October 2022) on cooperation with the Polish Investment and Trade Agency, regarding development of the Polish economy



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)
- Actions taken in line with the Environmental Policy to protect the natural environment
- Continuation of the Occupational Health and Safety Program (LTIFR: 4.81; TRIR: 0.3)
- KGHM signed a „Sector Agreement for the development of hydrogen power in Poland” under the patronage of the Minister of Climate and Environment of the Republic of Poland and was a founder of the Lower Silesia Hydrogen Association. Studies are being conducted to implement zero-emissions hydrogen technology in the Company's core business
- Analytical work and studies were commenced as well as technical dialogue with suppliers of CO₂ capture technology for the metallurgical facilities



Efficiency

- Stable copper production from the domestic assets (mined production 334.4 kt; metallurgical production 442.5 kt)
- Stable payable copper production from the international assets (Sierra Gorda 67.7 kt (55%); Robinson 39.6 kt; Carlota 3.4 kt; Franke 2.8 kt*; Sudbury Basin 1.5 kt)
- Continuation of the Deposit Access Program (sinking of GG-1 shaft, signing of agreements with contractors to build the GG-2 shaft)
- Continued development of the Żelazny Most Tailings Storage Facility (95% of physical work on the Southern Quarter completed and 84% of physical work on building the Tailings Segregation and Compacting Station)
- The Głogów II Copper Smelter and Refinery was shut down for maintenance (the shutdown lasted 70 days)
- R&D initiatives continued 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 the intellectual property of KGHM



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












- Long-term investments in the energy area: development of solar energy, wind power (including offshore); nuclear (SMR) and hydrogen technology to increase the share of electricity generation from own sources
- At the start of July 2022 for the first time in Poland an application was submitted to the National Atomic Energy Agency regarding the evaluation of SMR technology
- 10.84% of KGHM's need for electrical power was supplied by its own internal sources

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

	2020 (base year)	9M 2022	2030
 Core business	 Domestic copper production	approx. 560 kt of electrolytic copper > 442.5 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 > 115 thousand tonnes of payable copper	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.
	 Silver production	approx. 1 320 ton of silver (top three) > 1 022 tonnes of silver	Maintain the position amongst the world's top-three producers of silver (approx. 1200 tonnes of silver annually).
	 Profitability	8.5% ¹⁾ > 10.4% (ROCE for last 3 years, i.e for the period Q3 2019 – Q3 2022)	10.2% ¹⁾
	 Cost competitiveness	4th quartile > n/a ²⁾	3rd quartile
	 Energy produced	694 GWh (22% of consumption) > 246.97 GWh	Min. 50% of consumption (approx. 1.5 TWh)
	 Reduction in estimated CO ₂ emissions resulting from electricity consumed	~1.9 mn tonnes CO ₂ (in 2019) > n/a ²⁾	1.0 mn tonnes of CO ₂
 New activities	 Diversification of the commercial offer in terms of metals	2% > 2.1%	10%

1) Average ROCE from the last 3 years
 2) Not applicable. This indicator is measured on a yearly basis

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

	2020 (base year)	9M 2022	2030	
 Supporting activities	 Recycling of scrap	Approx. 125 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.	<ul style="list-style-type: none"> ▪ 110.9 kt of copper scrap ▪ 121% vs base year for the companies ZANAM, NITROERG, PeBeKa ▪ 104% vs base year for the company DMC (calculated as: Q3 2022 to Q3 2020)	<ul style="list-style-type: none"> ▪ 147% vs base year for the companies Zanam, Nitroerg, PeBeKa ▪ 163% vs base year for the company DMC
 Health	 LTIFR	7.31	4.81	
	 TRIR	0.52	0.3	
	 Level of support for the area of Health carried out by the KGHM Polska Miedź Foundation	Approx. PLN 11.5 mn	▪ PLN 13.2 mn (combined for institutions and individuals)	Approx. PLN 7 mn
 Prosociality	 Support for the fair transformation of the mining sector	n/a	▪ n/a (strategic assumptions involving support of the fair transformation of the mining sector were analysed)	Potential employment of approx. 500 miners annually
	 Number of volunteer projects advanced	25	▪ 14	30
	 Level of support for the arts, sport and health	Approx. PLN 38.5 mn	▪ PLN 42.9 mn	Approx. PLN 48 mn



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



Key issues and execution of main targets



Summation of the first three quarters of 2022 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to the first 9M of 2021

Macroeconomic environment¹⁾

-17%

Copper price

-21%

Silver price

+22%

Stronger USD vs PLN

Production and C1 cost

-3%

Copper production

+1%

Silver production

+13%

C1 cost

Financial results

+18%

increase in revenues to
25 696 mn PLN

-10%

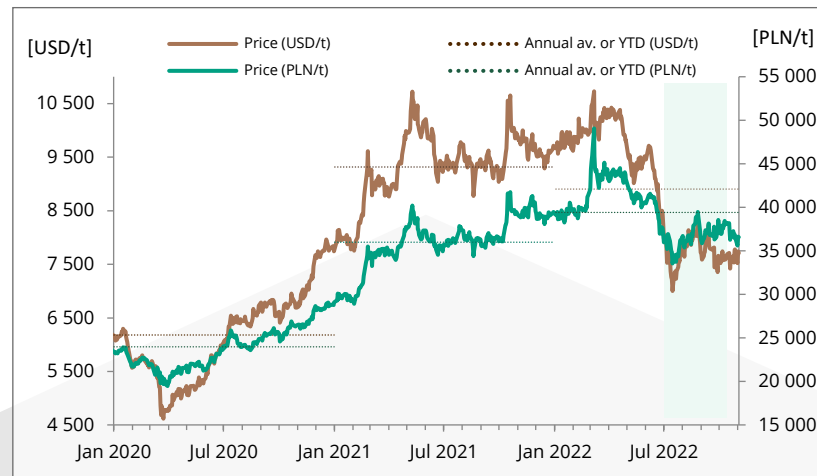
EBITDA²⁾ of
6 945 mn PLN

Macroeconomic environment

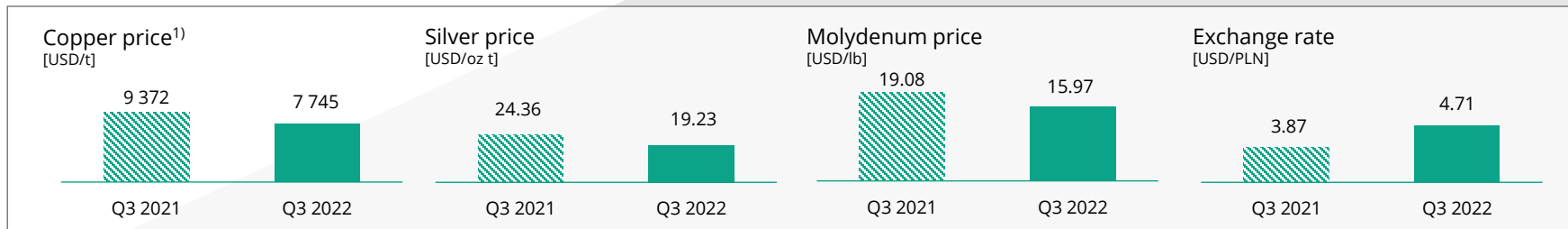
Commodities and currencies prices

The largest impact on copper prices in the third quarter of 2022 was Russia's aggression in Ukraine and the accompanying energy crisis, particularly impacting the EU, as well as China's uncertain economic outlook.

- The average price of copper in the third quarter of 2022 was more than 17% lower than in the corresponding period of 2021, while the average silver price fell by 21% compared to the third quarter of 2021
- The average price of molybdenum in the third quarter of 2022 was more than 16% lower compared to the average price recorded in the third quarter of 2021
- Due to the depreciation of the PLN vs the USD by nearly 22%, the average price of copper in PLN in the third quarter of 2022 rose slightly by 0.46% compared to the corresponding period of 2021 and amounted to PLN 36.4 thousand



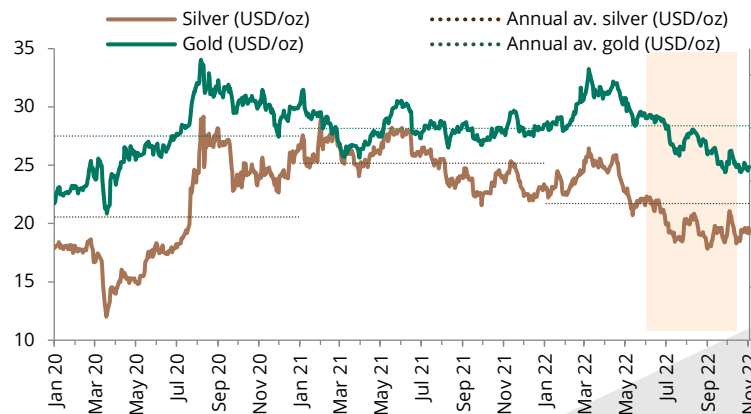
Source: Thomson Reuters, KGHM Polska Miedz S.A.



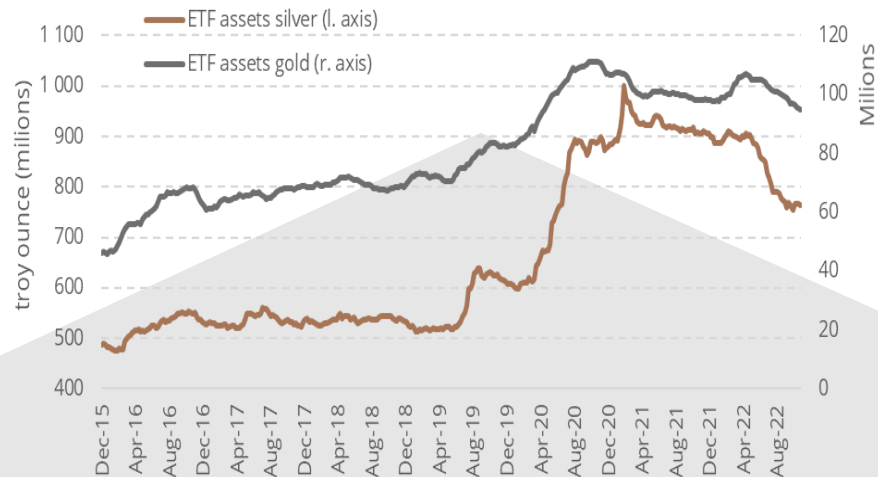
Precious metals prices in the third quarter of 2022

Precious metals prices were under pressure from rising interest rates

Tightening of monetary policy in the largest economies forced by rising inflation resulted in lower gold and silver prices.



In the third quarter of 2022 investors began to withdraw assets from gold and silver ETFs.



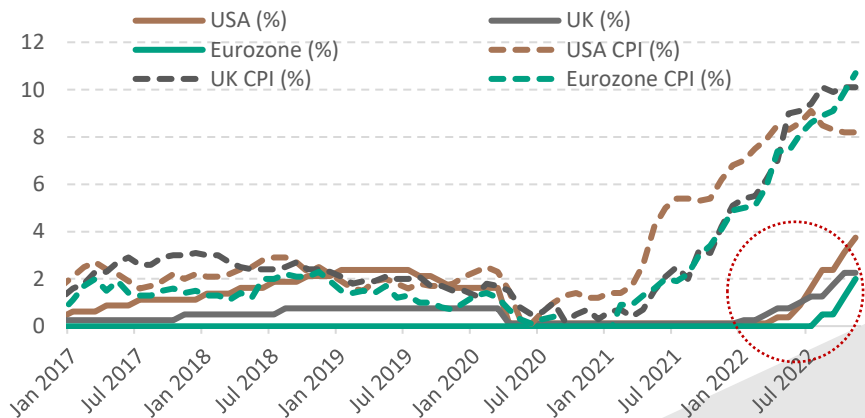
Source: Bloomberg, KGHM Polska Miedz

- The average price of gold in the third quarter of 2022 amounted to 1 729 USD/oz and was 3.4% lower than the average price in the corresponding period of 2021. The average price of silver in the third quarter of 2022 amounted to 19.23 USD/oz and was lower by nearly 21%
- The price of gold in PLN was more than 17% higher than in the third quarter of 2021, and silver was 4% lower. This was due to the strengthening of the USD vs the PLN
- Investors began to exit from ETFs investing in silver. The assets of these funds decreased by 10% in the third quarter of 2022, and by nearly 24% from their peak in February 2021
- Likewise, ETFs investing in gold began to lose their luster, and since mid-2022 have lost 9% of their assets

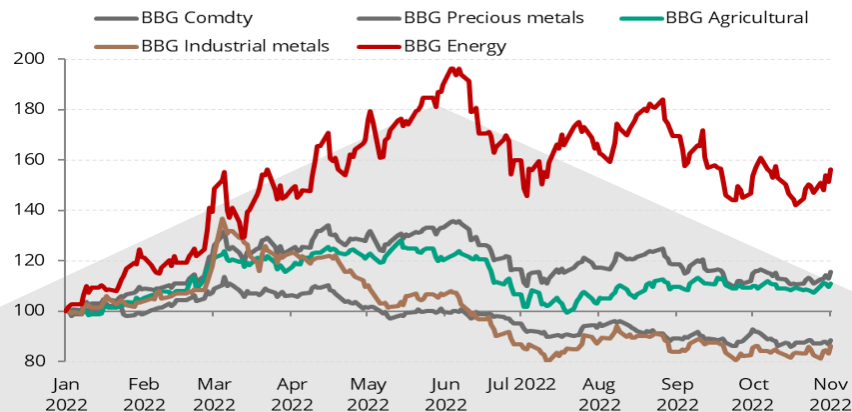
The continuing high prices of energy commodities are keeping inflation high. Developed countries are tightening monetary policy at a rapid rate.

Since the start of 2022 the price of electricity for 2023 has risen by nearly 30%, natural gas by 80%, and crude oil by about 10%

The world's major central banks have commenced a determined cycle of monetary policy tightening and interest rate hikes



The increase in the energy commodities index from the start of the year to the end of the 3rd quarter exceeded 45%.



Source: Bloomberg, KGHM Polska Miedz

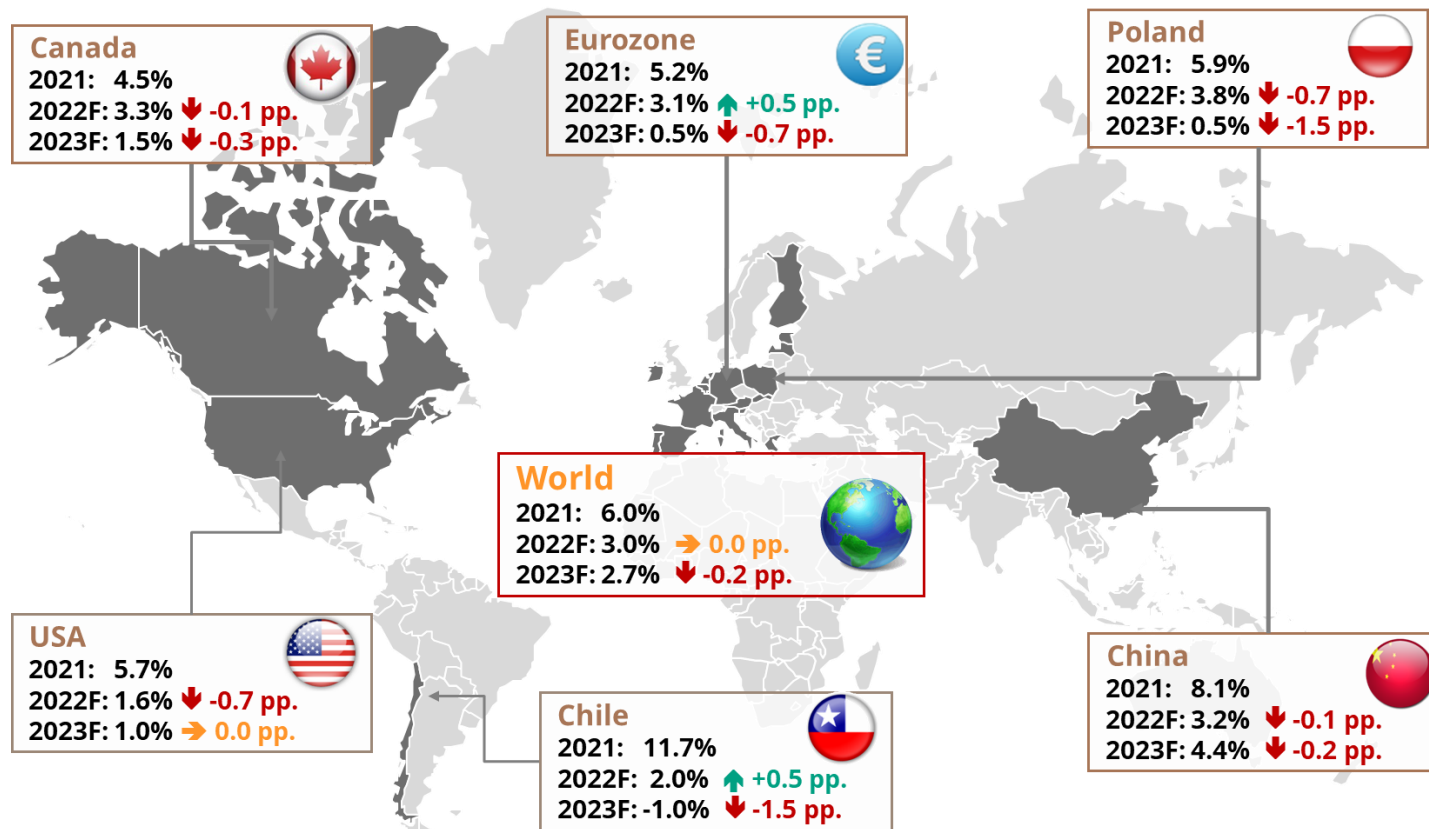
- Rising prices of energy, fuels and foodstuffs led to the highest inflation in decades. In the eurozone and the UK inflation exceeded 10%, while in the USA it remains above 8%.
In the third quarter of 2022 the increase in energy commodities prices was checked, though prices remained at very high levels, leading to a jump in costs for companies and services, driving inflation and requiring difficult decisions by central banks which are forced into raising interest rates at a record pace.
- In an attempt to control the rise in prices, central banks have been raising interest rates since mid-2021. Statements by governing members of central banks indicate an increasingly hawkish sentiment towards raising interest rates over the coming quarters.
Further development in the prices of energy factors, and in particular natural gas, will depend on temperatures during the the coming winter and on restrictions to demand for natural gas in the EU.
- A by-product of the fight with inflation might be a slowdown and lower economic demand.
The industrial metals prices index fell in the third quarter of 2022 by 8%

Investor sentiment in the third quarter of 2022 continued to be impacted by the tense geopolitical situation and by the risk of recession in Europe caused by the energy crisis

- From the start of Russia's aggression against Ukraine on 24 February, leading indicators, which show manager sentiment in the industrial sector, began to decline in most countries, reaching levels near or below 50 in the third quarter of 2022
- The Polish economy showed one of the weakest PMIs amongst European countries - 42
- Industrial PMI in China and in the eurozone fell below 50. German PMI is at its lowest since the Covid-19 pandemic

	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	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
USA (ISM)	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	55.4	56.1	53.0	52.8	52.8	50.9	50.2
USA (PMI)	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	62.1	63.4	61.1	60.7	58.4	57.7	55.5	57.3	58.8	59.2	57.0	52.7	52.2	51.5	52.0	50.4	
Canada	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	56.2	56.8	54.6	52.5	48.7	49.8	48.8
Mexico	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	49.3	50.6	52.2	48.5	48.5	50.3	50.3
Brazil	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	51.8	54.2	54.1	54.0	51.9	51.1	50.8
Eurozone	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	55.5	54.6	52.1	49.8	49.6	48.4	46.4
Germany	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	54.6	54.8	52.0	49.3	49.1	47.8	45.1
France	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	55.7	54.6	51.4	49.5	50.6	47.7	47.2
Italy	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	54.5	51.9	50.9	48.5	48.0	48.3	46.5
Spain	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	53.3	53.8	52.6	48.7	49.9	49.0	44.7
Netherlands	49.9	52.9	50.5	41.3	40.5	45.2	47.9	52.3	52.5	50.4	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	59.9	57.8	55.9	54.5	52.6	49.0	47.9
Austria	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	57.9	56.6	51.2	51.7	48.8	48.8	46.6
Ireland	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	59.1	56.4	53.1	51.8	51.1	51.5	51.4
UK	50.0	51.7	47.8	32.6	40.7	50.1	53.3	55.2	54.1	53.7	56.5	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	55.8	54.6	52.8	51.2	47.3	48.4	46.2
Greece	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	54.8	53.8	51.1	49.1	48.8	49.7	48.1
Poland	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	52.4	48.5	44.4	42.1	40.9	43.0	42.0	
Czech Rep.	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	54.4	52.3	49.0	46.8	46.8	44.7	41.7
Turkey	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	49.2	49.2	48.1	46.9	47.4	46.9	46.4
Russia	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	48.2	50.8	50.9	50.3	51.7	52.0	50.7
Asia	50.9	44.1	49.9	41.5	42.2	47.2	48.6	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	50.3	51.2	51.2	50.9	51.0	51.2	50.5
China (Caixin)	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	46.0	48.1	51.7	50.4	49.5	48.1	49.2
China	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	47.4	49.6	50.2	49.0	49.4	50.1	49.2
Japan	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	53.5	53.3	52.7	52.1	51.5	50.8	50.7
India	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	54.7	54.6	53.9	56.4	56.2	55.1	55.3
Indonesia	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	51.9	50.8	50.2	51.3	51.7	53.7	51.8
Malaysia	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	51.6	50.1	50.4	50.6	50.3	49.1	48.5
Taiwan	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	55.8	55.1	54.3	54.1	51.7	50.0	49.8	44.6	42.7	42.2	41.7
Thailand	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	50.4	50.0	49.8	52.1	54.0	57.1	52.0
South Korea	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	52.1	51.8	51.3	49.8	47.6	47.3	48.2

IMF World Economic Outlook – October 2022



Key production indicators

9M 2022

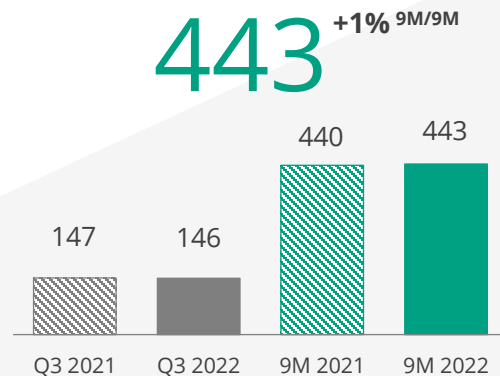
Payable copper production
by the KGHM Group
lower by 3% (9M/9M)

557

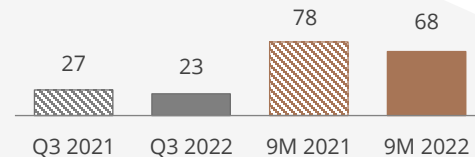
-3% 9M/9M
[kt]

- **KGHM Polska Miedź S.A.** – higher production from purchased copper-bearing materials
- **Sierra Gorda** – lower copper content in ore; lower metal recovery
- **KGHM INTERNATIONAL LTD.²⁾** – lower production by the Robinson mine and lack of production from the Franke mine since April 2022

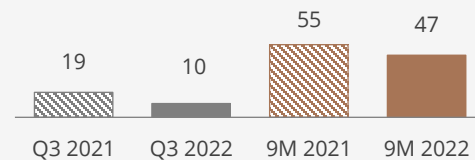
Payable copper production
KGHM Polska Miedź S.A. [kt]



Payable copper production
Sierra Gorda¹⁾ [kt]



Payable copper production
KGHM INTERNATIONAL LTD. [kt]



1) On a 55% basis

2) On 26 April 2022 subsidiaries of KGHM INTERNATIONAL LTD. sold 100% of the shares of the company Sociedad Contractual Minera Franke (SCMF), being the owner of the Franke mine in Chile – from this date production by the Franke mine is excluded

Key financial indicators of the KGHM Group

9M 2022

Lower adjusted EBITDA of the KGHM Group by 10%

Lower adjusted EBITDA versus the first 9 months of 2021 (-PLN 785 mn), of which by segment:

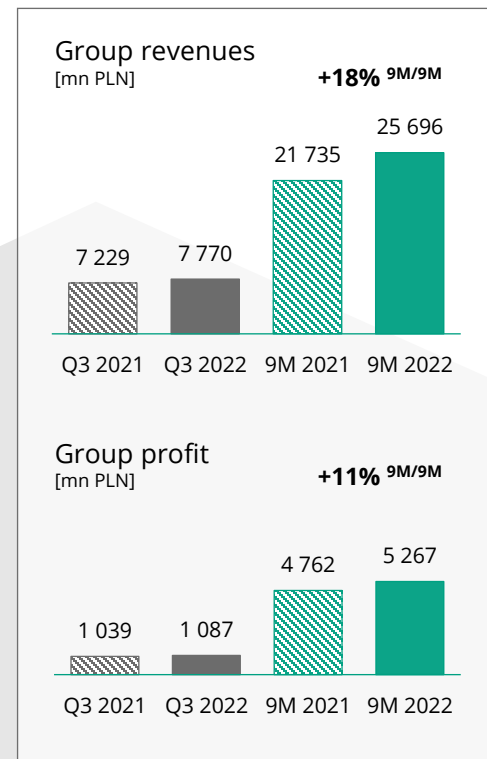
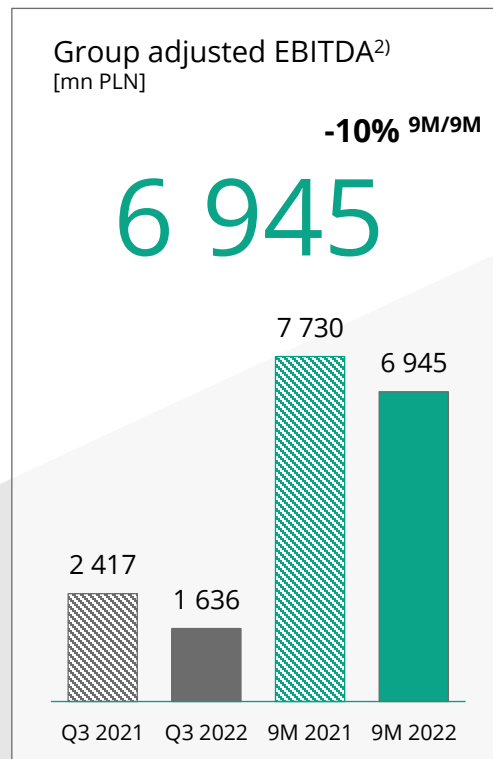
- KGHM Polska Miedź S.A. +PLN 165 mn
- Sierra Gorda¹⁾ -PLN 681 mn
- KGHM INTERNATIONAL LTD. -PLN 283 mn

Higher Group revenues

- Impact of a more favourable exchange rate, higher sales volumes and a lower negative adjustment of revenues due to hedging

Higher Group profit for the period

- Higher profit for the period by PLN 505 mn (+11%) mainly due to a higher result on exchange differences

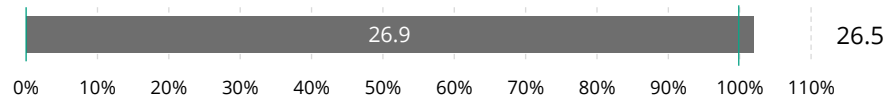


The financial situation of the KGHM Group remains stable and safe

2022
Budget

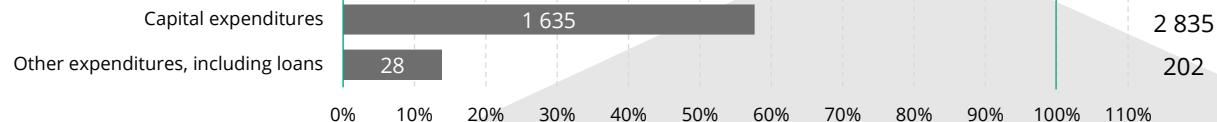
Total unit production cost

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



Investments

of KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

[net debt / adjusted EBITDA]³⁾

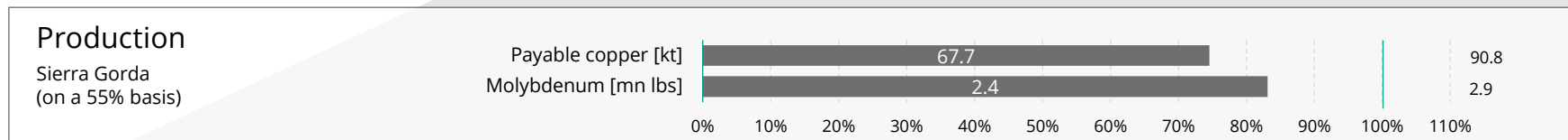
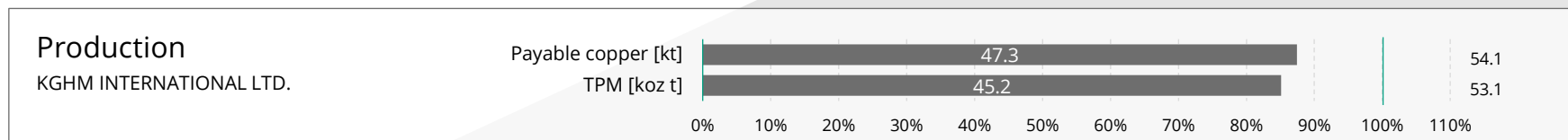
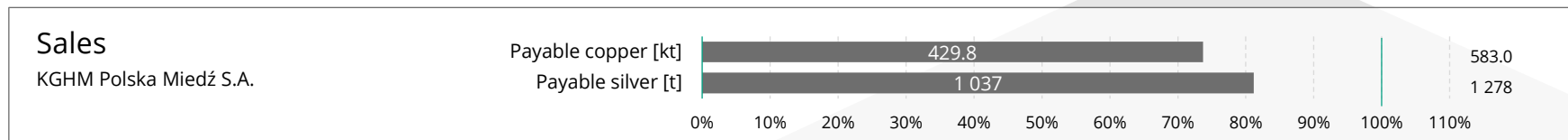
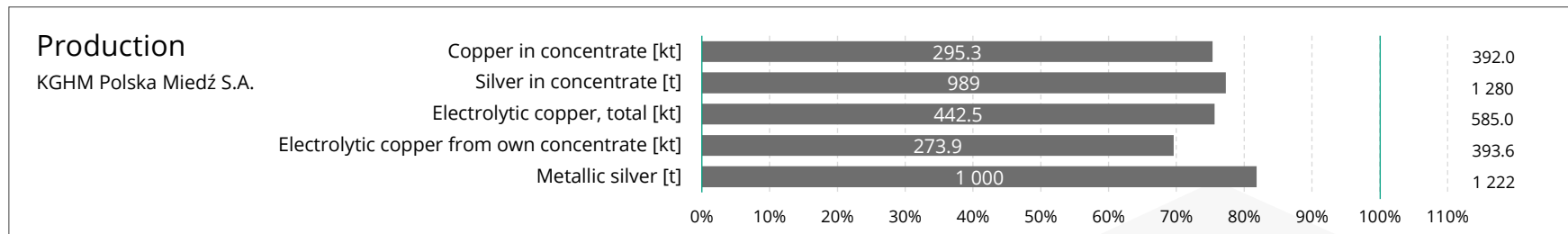


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic 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) (excluding FIZANrestructurisation)
- 4) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 5) 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 the first 9 months of 2022

Execution of annual targets

2022
Budget





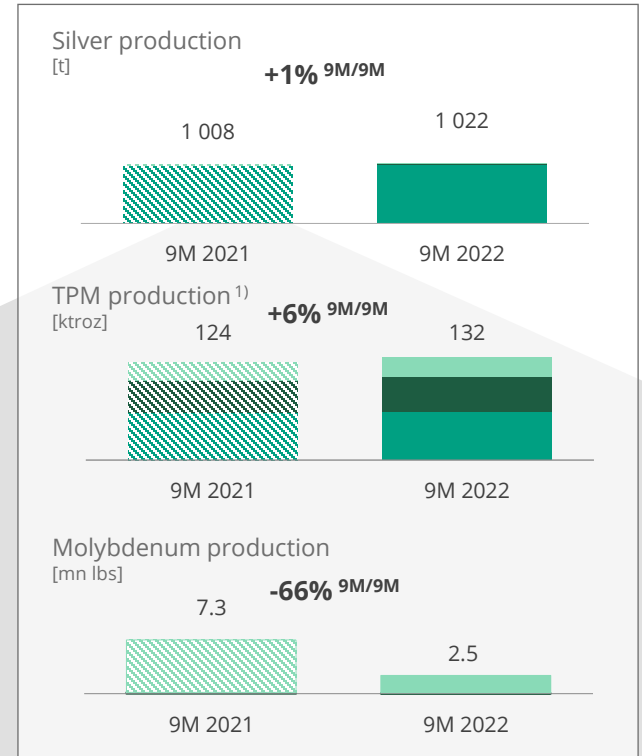
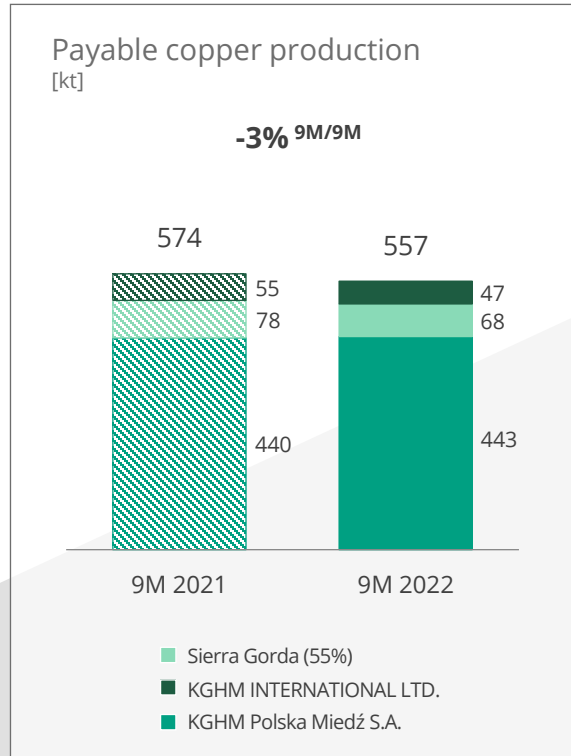
Production results of the KGHM Group by segment



Metals production

KGHM Group

- Lower production y/y by KGHM INTERNATIONAL LTD. due to lower production by the Robinson mine and lack of production from the Franke mine due to its sale in April 2022
- Lower production by Sierra Gorda versus the corresponding prior period due to lower copper content in ore and to lower recovery of this metal
- Higher copper production by KGHM Polska Miedź S.A. due to higher availability of purchased metal-bearing materials and higher availability of production lines
- Higher production of silver by KGHM Polska Miedź S.A.
- Higher TPM production by KGHM Polska Miedź S.A., KGHM INTERNATIONAL LTD. and Sierra Gorda
- Lower production of molybdenum by Sierra Gorda (mining of ore with lower molybdenum content, lower recovery) and by the Robinson mine (mining of ore with lower molybdenum content)

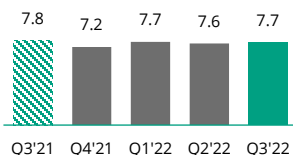
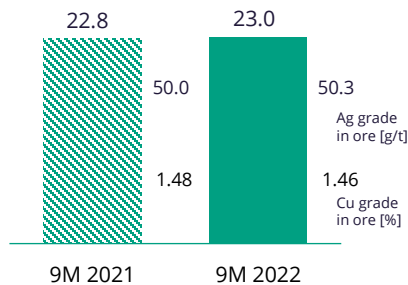


Production results

KGHM Polska Miedź S.A.

Ore extraction
[mn t dry weight]

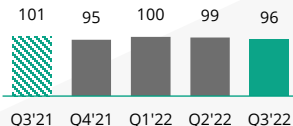
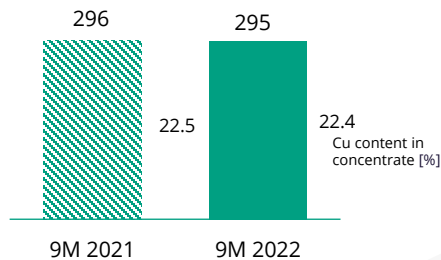
+0.9% 9M/9M



- Ore extraction results from areas selected for mining

Production of copper
in concentrate [kt]

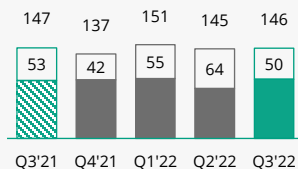
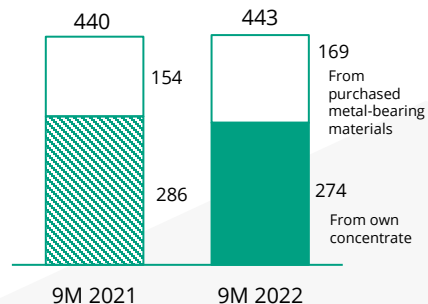
-0.3% 9M/9M



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

Electrolytic copper
production [kt]

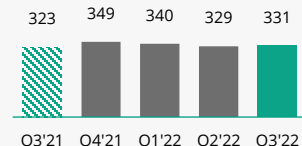
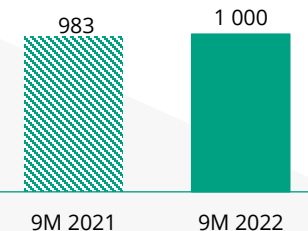
+0.7% 9M/9M



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

Metallic silver
production [t]

+1.7% 9M/9M

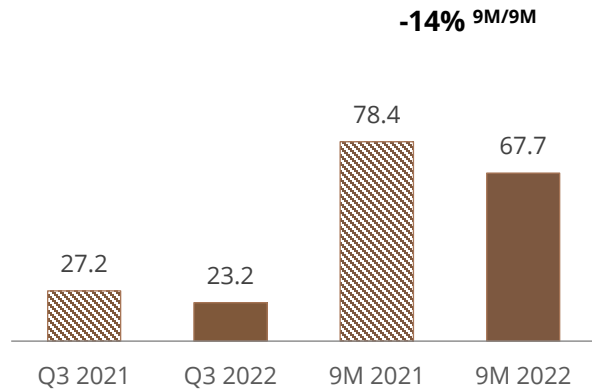


- Higher production due to the higher availability of charge materials

Production results

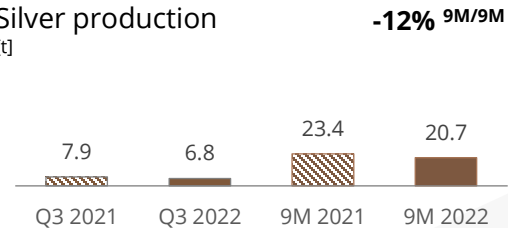
Sierra Gorda¹⁾

Payable copper production [kt]

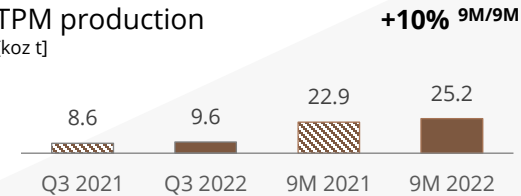


- Lower payable copper production in the first 9M of 2022 compared to the first 9M of 2021 due to the mining of ore with lower copper content and lower recovery

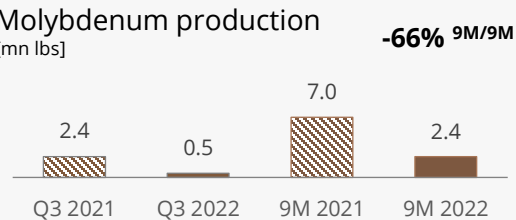
Silver production [t]



TPM production [koz t]



Molybdenum production [mn lbs]

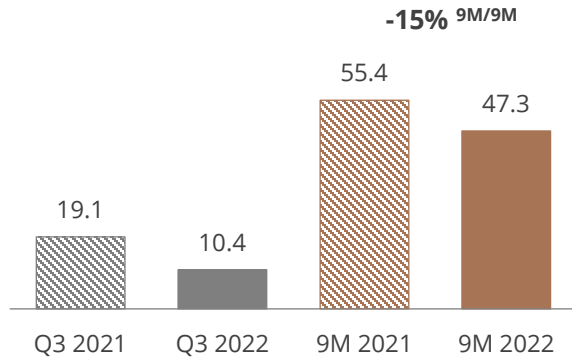


- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower molybdenum content compared to ore mined in the prior year

Production results

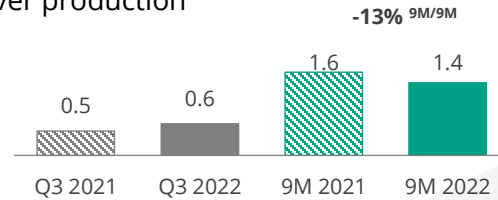
KGHM INTERNATIONAL LTD.

Payable copper production [kt]

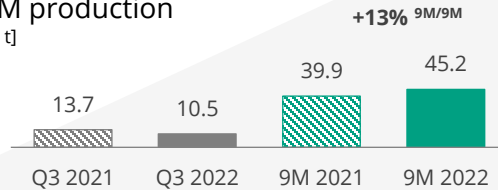


- Lower production by the Robinson mine (lower recovery)
- Sale by subsidiaries of KGHM INTERNATIONAL LTD. of 100% of the shares of Sociedad Contractual Minera Franke (SCMF), being the owner of the Franke mine in Chile

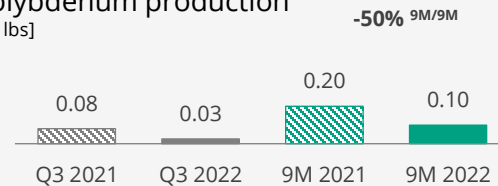
Silver production [t]



TPM production [koz t]



Molybdenum production [mn lbs]



- Lower silver production by the Sudbury Basin due to lower silver content in ore
- Higher gold production by the Robinson mine (higher gold content in mined ore) and TPM by the Sudbury Basin (higher extraction)
- Lower molybdenum production by the Robinson mine due to mining of areas with lower molybdenum content

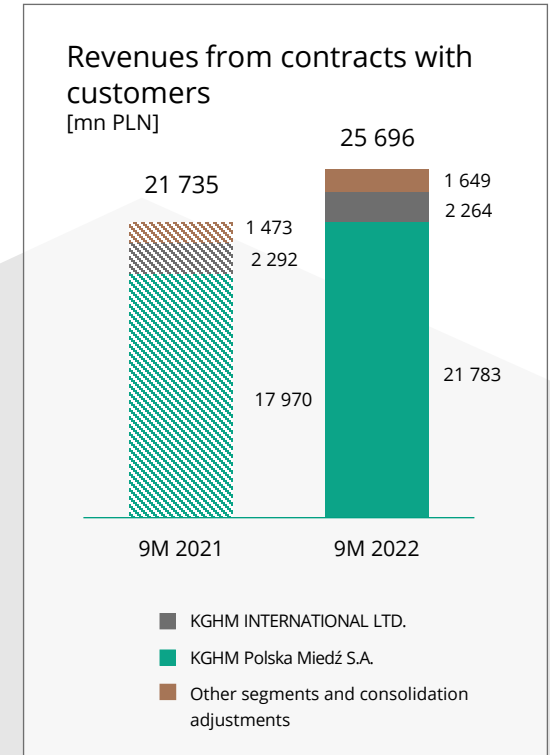
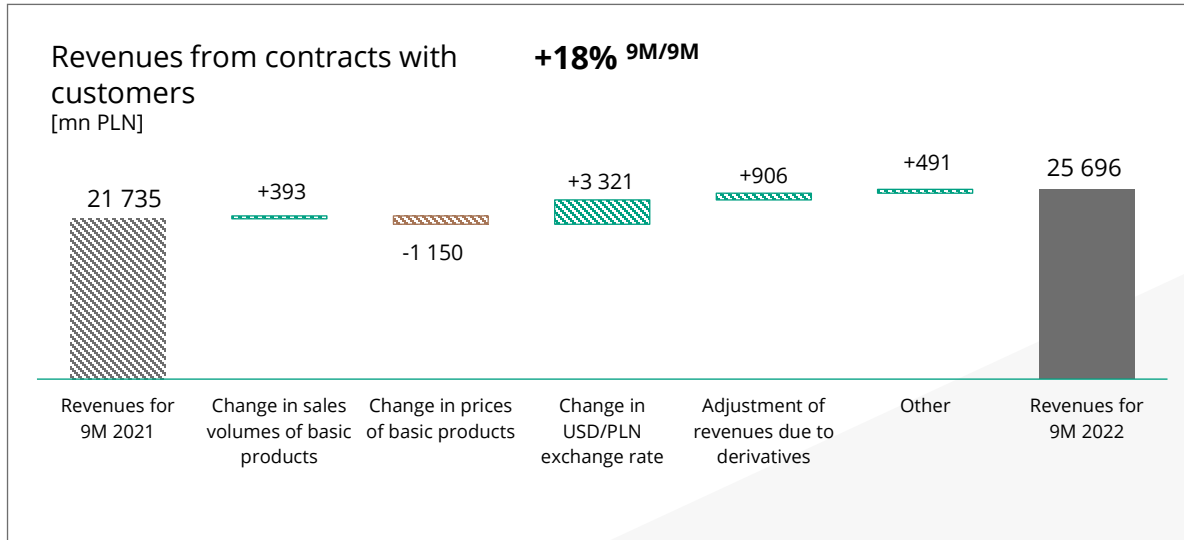


Financial results of the Group



Group sales revenue

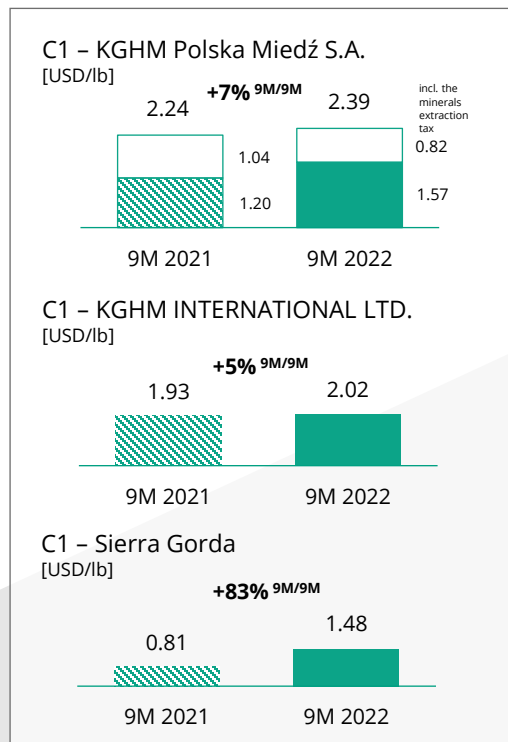
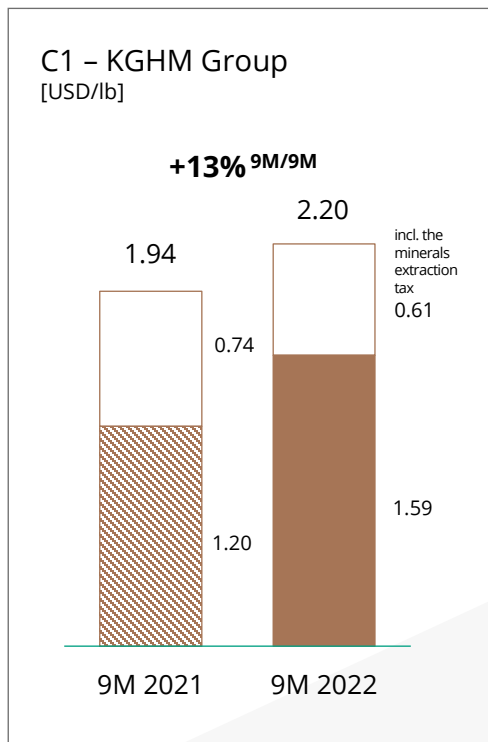
9M 2022



- Higher revenues by PLN 3 961 mn (+18%) compared to the first 9 months of 2021 due to a more favourable USD/PLN exchange rate, a higher sales volume and a lower negative adjustment due to derivatives, alongside lower metals prices

C1 unit cost¹⁾

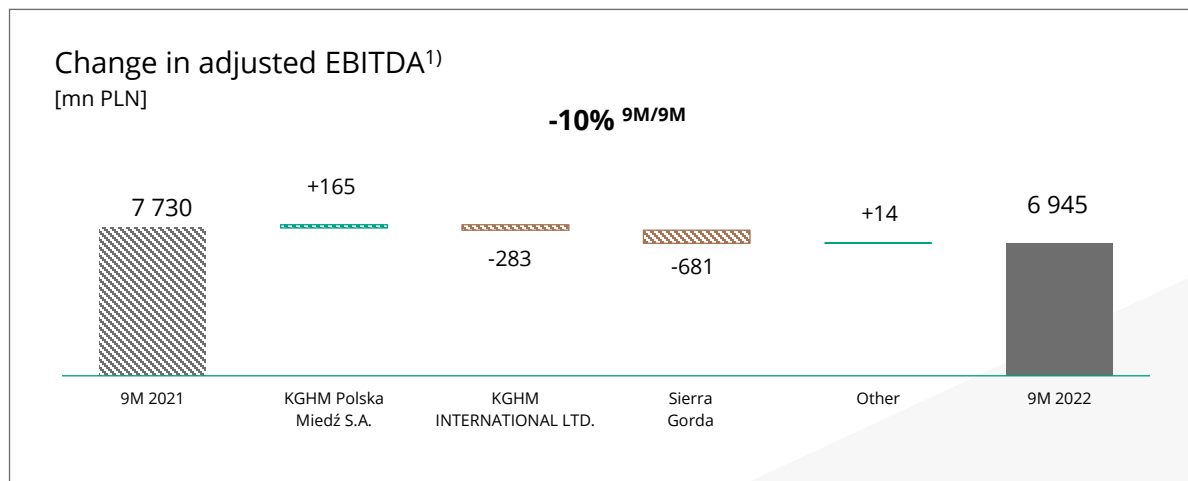
KGHM Group



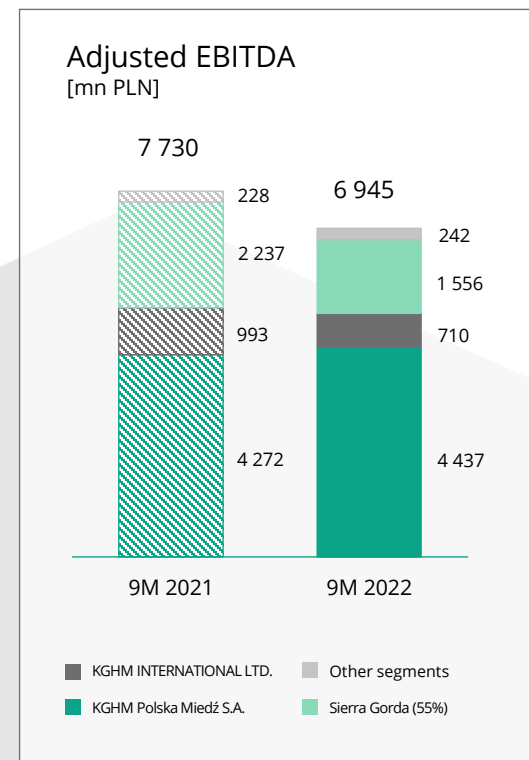
- The increase in C1 cost in KGHM Polska Miedź by 7% compared to the first 9 months of 2021 was due to higher costs of materials, fuels and energy, labour costs and lower valuation of by-products
- The increase in C1 cost in KGHM INTERNATIONAL LTD. by 5%, despite the more favourable valuation of precious metals, was mainly due to the decrease in the volume of copper sales by the Robinson mine
- The increase in C1 cost in Sierra Gorda by 83% was due to a lower volume of copper sales, higher prices for fuels, energy and materials and the lower production and sales of molybdenum (lower offset from sales of associated metals)

Operating results

KGHM Group



Lower EBITDA compared to the first 9 months of 2021 in the international segments, mainly due to lower copper sales volumes by KGHM INTERNATIONAL LTD. (-23%) and Sierra Gorda (-12%) and lower copper prices



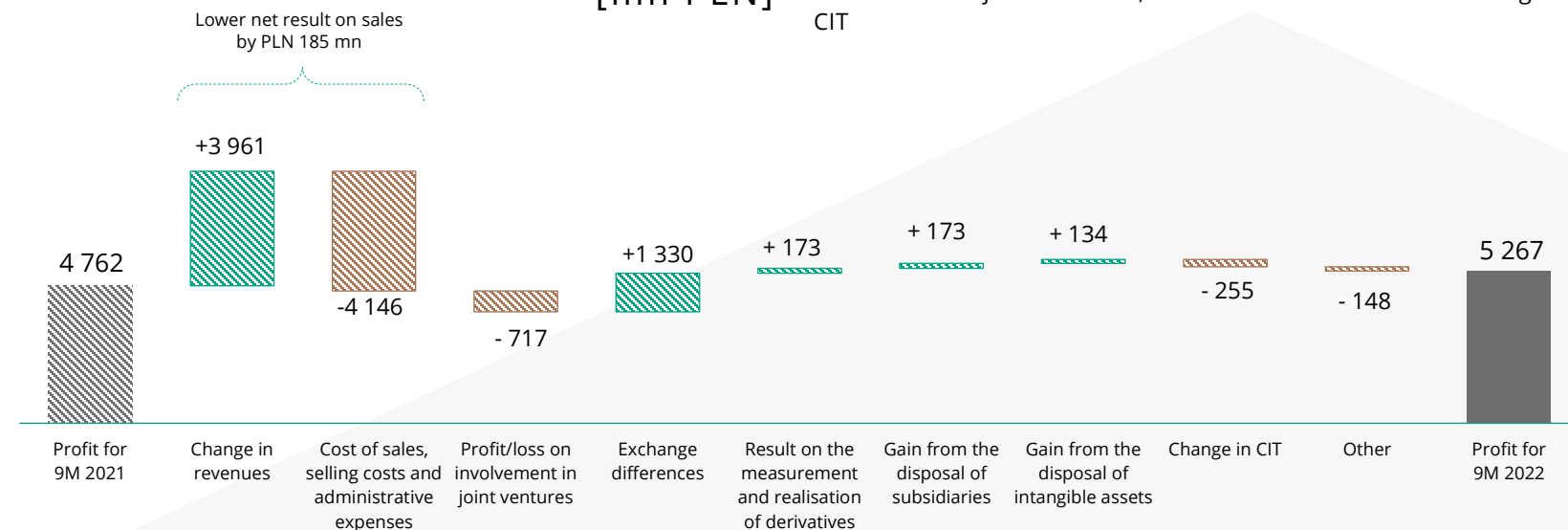
Financial results

KGHM Group

Profit for the period **+11% 9M/9M**
[mn PLN]

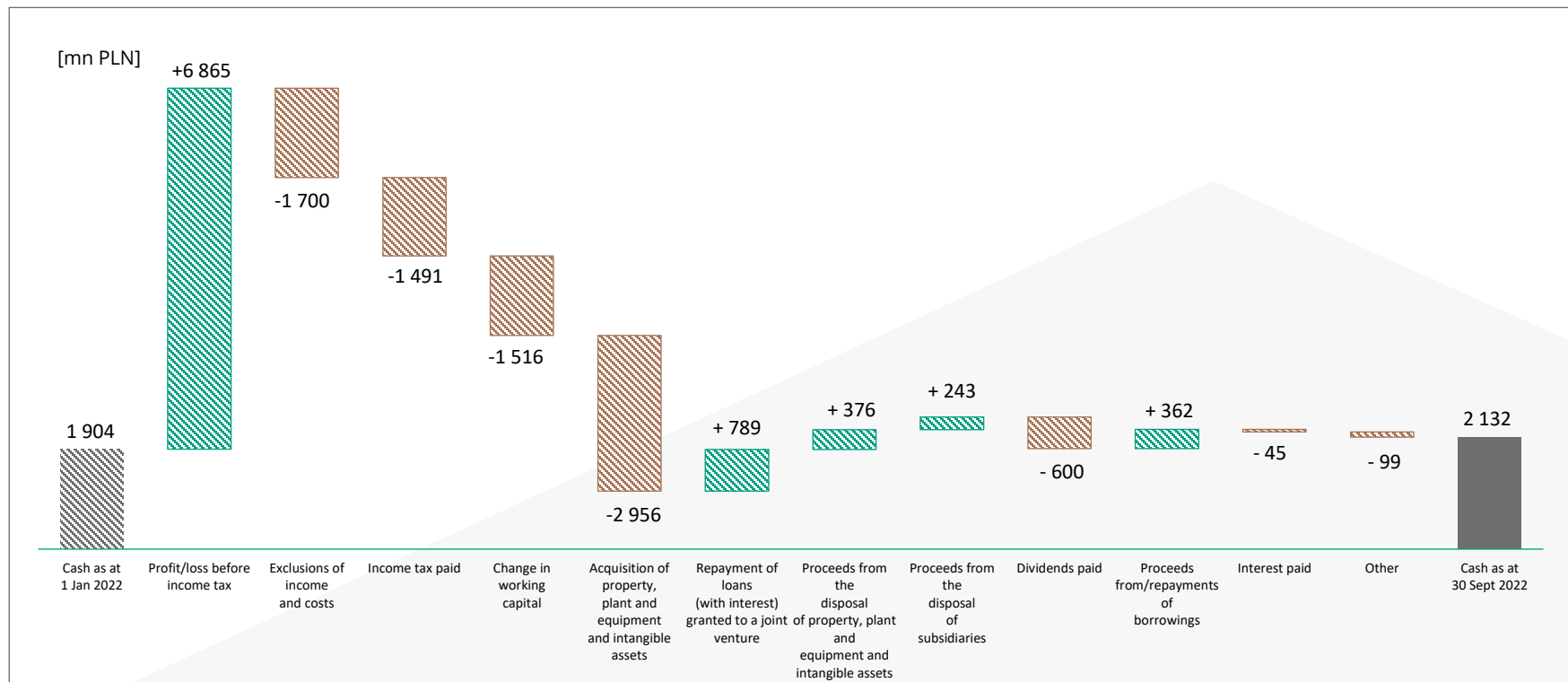
5 267
[mn PLN]

consolidated net profit in the first 9 months of 2022
Higher KGHM Group profit by PLN 505 mn (+11%) mainly due to a higher result on exchange differences alongside a lower result on the involvement in joint ventures, a lower net result on sales and higher CIT



Cash flow

KGHM Group



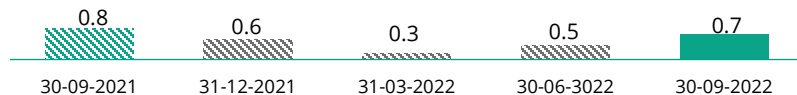
Net debt of the KGHM Group

As at the end of Q3 2022

Main factors affecting net debt in 2022

Net debt / adjusted EBITDA

-13% compared to 30 September 2021



KGHM Group net debt

[mn USD]

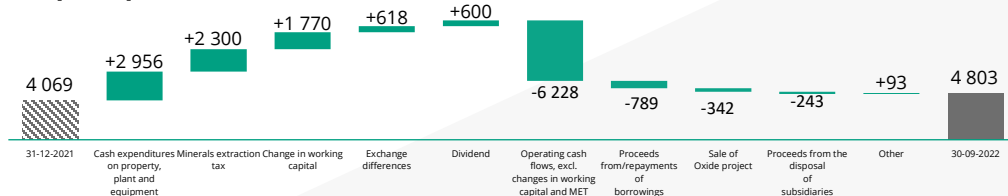


[mn PLN]



Change in net debt

[mn PLN]



Increases in debt

- Cash expenditures on property, plant and equipment (PLN 2 956 mn)
- The minerals extraction tax (PLN 2 300 mn)
- Change in inventories (higher by PLN 1 575 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 618 mn)
- Dividend paid (PLN 600 mn)
- Change in trade and other receivables (higher by PLN 545 mn)
- Borrowing costs recognised in cash flow (PLN 45 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 6 228 mn)
- Proceeds from repaid loans (PLN 789 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 350 mn)
- Proceeds from the sale of the Oxide project to Sierra Gorda SCM (PLN 342 mn)
- Disposal of subsidiaries (PLN 243 mn)

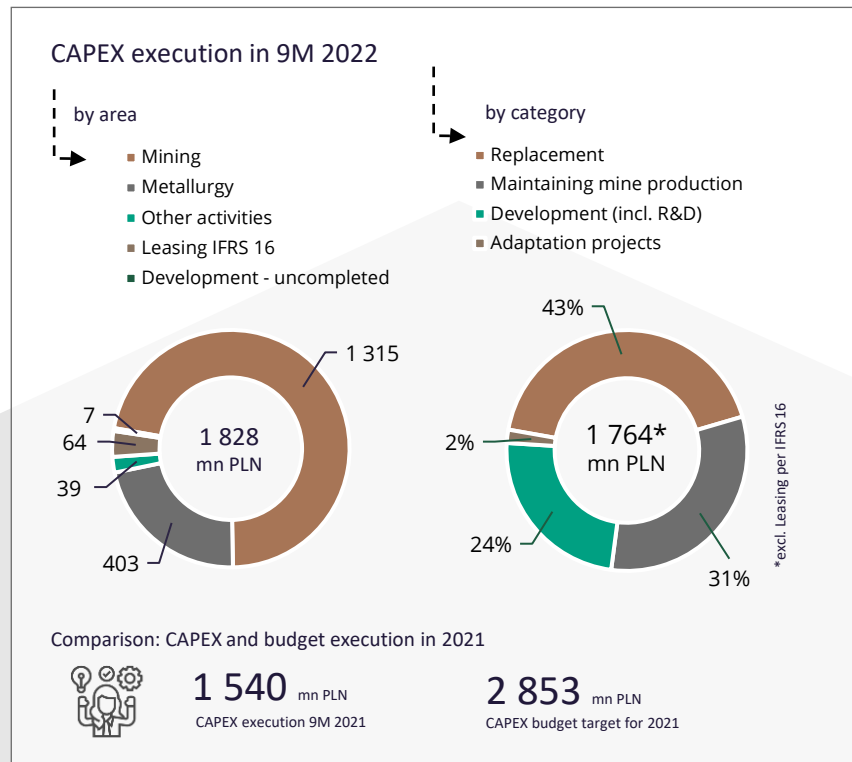


Advancement of development initiatives



A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. after the first 9M of 2022

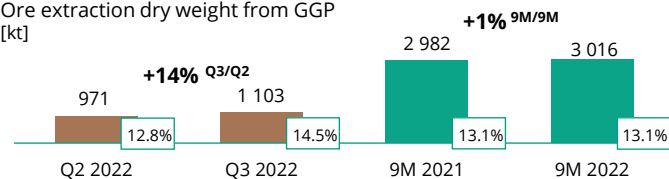


Role of Deep Głogów (GGP) in maintaining output in Poland

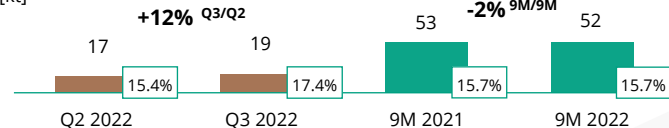
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

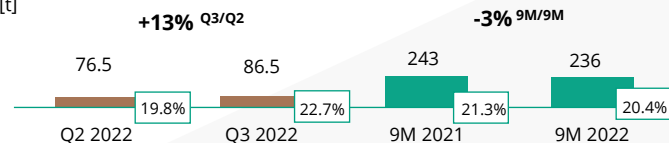
Ore extraction dry weight from GGP [kt]



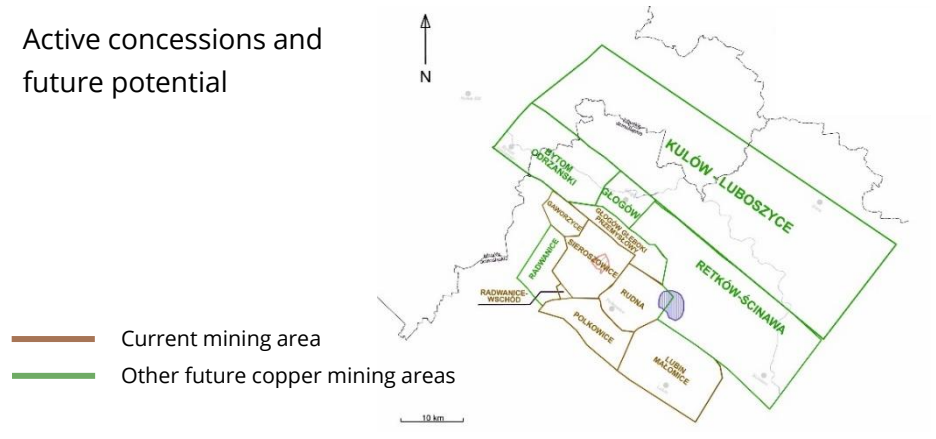
Amount of copper in ore [kt]



Amount of silver in ore [t]



Active concessions and future potential



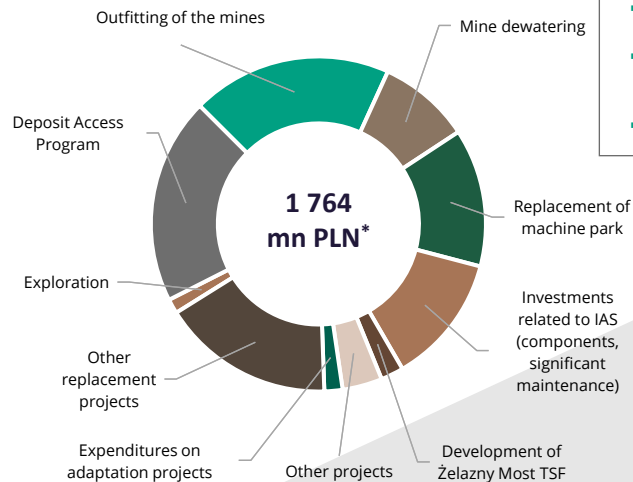
Ore extraction, as well as the amounts of copper and silver in ore, quarter to quarter (Q3/Q2 2022) in the GGP region increased substantially.

Extraction in the first 9 months of 2022 compared to the 9M of 2021 (+1%) rose slightly.

CAPEX execution in key projects

Deposit Access Program

- GG-1 shaft – sunk to the maximum depth of 1 342.2 m
- GG-2 „Odra” shaft – work advanced on the shaft site drillholes. Planned completion of drilling – 30 October 2023
- „Retków” shaft – talks are underway with the Gmina of Grębocice regarding an Understanding
- 30.5 km of tunneling were excavated – 92% of plan
- Power and related projects (UiUGO SW-4) – detailed agreements were signed and the following is underway:
 - 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)
- Central Air Cooling System („PSK”):
 - In April trial runs of the approx. 22 MWt PSK GG-1 unit with an ice water flow of approx. 800 m³/h were carried out. The trials are expected to be completed by 31 December 2022
 - Technological start-up commenced with capacity of 33 MWt
 - The process commenced of gathering opinions for the project to develop the PSK of GG-1 to a capacity of approx. 40 MWt



Mine dewatering

- Local pumps and piping (for dewatering, technological water and fire fighting) amounting in total length to over 15 km, were built,
- Purchased and assembled were elements of the main dewatering pump, cabling, the monitoring system, TRAFO stations and electrical switching stations
- Underway: development of dewatering piping, modernisation of pumps and development of technical infrastructure

Replacement of machine park

In 2022 the plan foresees the purchase of 216 mine machines. In the first 9 months, 158 were purchased (73% of plan). Of which: Lubin mine - 22 (73% of plan), Polkowice-Sieroszowice mine - 67 (74% of plan) and Rudna mine - 69 (73% of plan).

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

On 23 June 2022 the heating of the electric furnace commenced, and on 24 June 2022 of the flash furnace. On 3 July 2022 concentrate was fed to the flash furnace. The maintenance shutdown was shortened by 8 calendar days. In the third quarter the processes of settling and closing investment projects conducted during the maintenance shutdown of the Głogów II Copper Smelter and Refinery were carried out.

Program to adapt the technological installations to BAT Conclusions

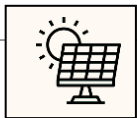
- Głogów Copper Smelter and Refinery:
 - the project to build an installation to remove particulates from gases arising during the draining of smelted copper and slag from flash furnace II was settled and completed
 - start-up commenced on installations to reduce impurities in process gases from the convertor furnaces and from the Dörschel furnaces in the Lead Unit
- Legnica Copper Smelter and Refinery:
 - The project to build an installation to desulphurise and remove impurities in process gases from granulation was settled and completed
 - start-up commenced on the installation to remove particulates containing mercury and arsenic from process gases of the SOLINOX 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 Compacting Station – 85% completed. Stage 1 completed (hydrocyclones). Work continues on developing infrastructure in the vicinity of the station. Work is underway on stage 2 involving the compacting machinery. This work is being carried out by the Contractor. The Contractor has also commenced the prefabrication of steel elements.
- 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

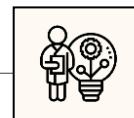
Energy Development Program, including RES

Actions in the first 9 months of 2022



Development of energy generation, including RES:

- To the end of the third quarter of 2022 advancement continued on four photovoltaic farm construction projects (the „Obora I Sandpit“ project and the HMG I-III photovoltaic power plants complex* project**).
- In terms of the project „Piaskownia Obora I“ work is underway involving changes to the municipal area utilisation plan and receipt of an environmental decision.
- In terms of the projects „HM Głogów I – III“ the expected changes to the municipal area utilisation plan were made. The Technical Connection Conditions were obtained for all sites in the PV HMG I-III power plants complex. The wording of a connection agreement is being agreed. In terms of the applications submitted in June 2022 the issuance of an environmental permit is currently being awaited.
- By the end of the third quarter of 2022, 3 new projects involving the construction of PV farms had been initiated. Two projects on the grounds of the Tailings Division and one project on the grounds of the Rudna mine are being advanced.
- Preparatory work continues to formally commence construction of a photovoltaic power plant at the Cedynia Wire Rod Plant as well as on the grounds of the Lubin mine.
- Analyses are underway involving the utilisation of other terrain belonging to KGHM in terms of renewable energy sources (photovoltaics and wind farms).
- KGHM is also engaged in discussions involving the possibility of taking over photovoltaic power plants and wind farms at various stages of development (M&A).
- In 2022 the Company entered into a Memorandum of Understanding with Total Energies Renewables SAS aimed at the joint advancement of a project to build offshore wind farms in the Baltic Sea, contingent on obtaining a favourable decision by the Minister of Infrastructure regarding the granting of permits to raise artificial islands (siting permits). In the first half of 2022, seven applications were submitted for the issuance of siting permits, and by the end of the third quarter two decision-making proceedings were announced, as a result of which complete documentation was submitted involving the meeting of the criteria set forth in the Act on maritime areas of the Republic of Poland and maritime administration.
- 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. Work is underway to identify potential partners or contractors for the first, experimental implementations of hydrogen technology in the Company's core production business. At the same time a technical dialogue was commenced with suppliers of metallurgical technology in terms of the possibility of utilising hydrogen in the Company's core business. At the same time, a technical dialogue with suppliers of metallurgical technology was commenced involving the possibility of utilising hydrogen in metallurgical processes.
- In February 2022, KGHM signed an agreement with NuScale Power LCC (a supplier of nuclear technology) for preliminary work (Early Works Agreement), constituting the first step in the process of implementing SMR technology in the business activities of the KGHM Group. On 20 April 2022 a letter of intent was signed with TAURON Polska Energia S.A. regarding cooperation in the construction of low-carbon energy sources, including with the use of small modular nuclear reactors (SMRs).
- On 8 July 2022 KGHM submitted an application to the President of the National Atomic Energy Agency on the issuance of a general opinion as provided for in art. 39b of the Act on nuclear power. The general opinion will determine whether the considered SMR nuclear power technology of the company NuScale Power, LLC meets Polish nuclear safety and radiological protection requirements.
- On 6 September 2022, during the Economic Forum in Karpacz, KGHM and SN Nuclearelectrica SA – a Romanian nuclear power operator – announced the signing of a memorandum of cooperation (MOU) on the development of SMR projects.



Energy security

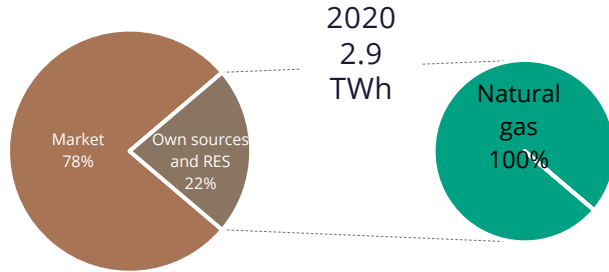
- The Company's CCGT gas-steam blocks provided energy security to the Core Business in terms of supplying power to the mining divisions Polkowice-Sieroszowice and Rudna and to the Głogów Copper Smelter and Refinery in the case of a blackout of the National Energy System and co-generated steam heat to meet the production needs of the metallurgical plants.

*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.

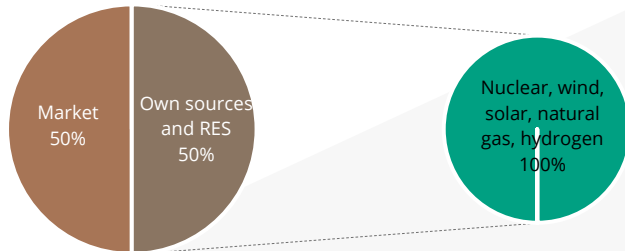
2020 – base year:



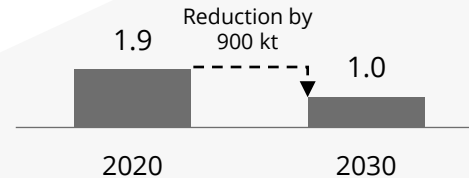
9M 2022:

Own generation sources covered 10.84% of KGHM's total power needs in the first 9 months of 2022.

2030 - goal:



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



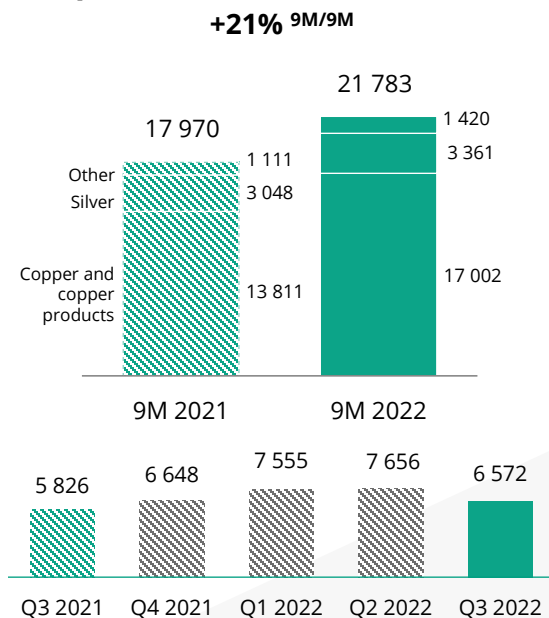
Supporting slides – KGHM Polska Miedź S.A.



Sales revenue

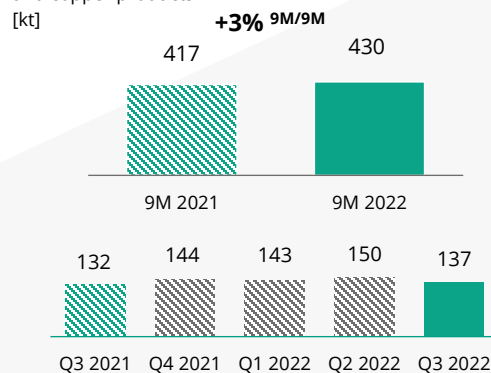
KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

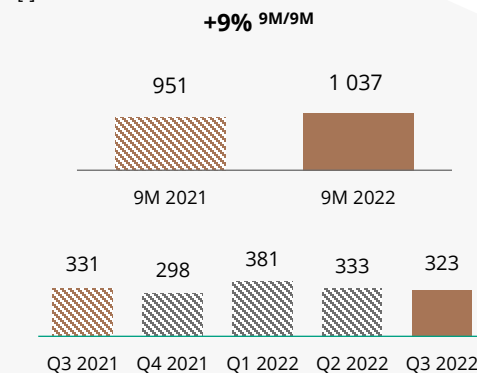


Higher revenues from contracts with customers by PLN 3 813 mn (+21%) in the first 9 months of 2022 compared to 9M 2021 due to a more favourable exchange rate and a higher sales volume

Sales of copper
and copper products
[kt]

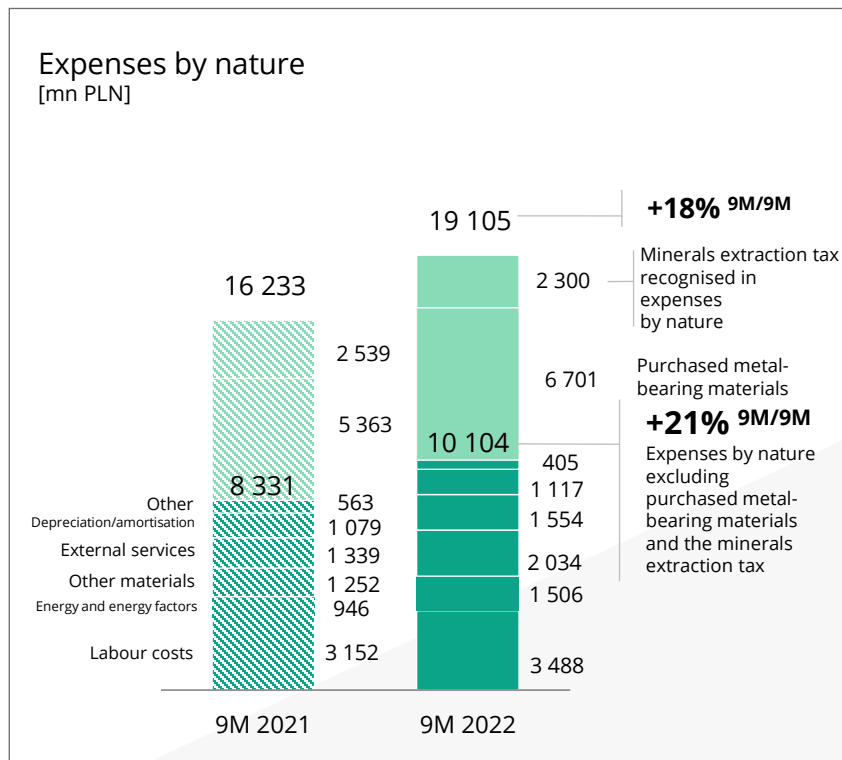


Silver sales
[t]



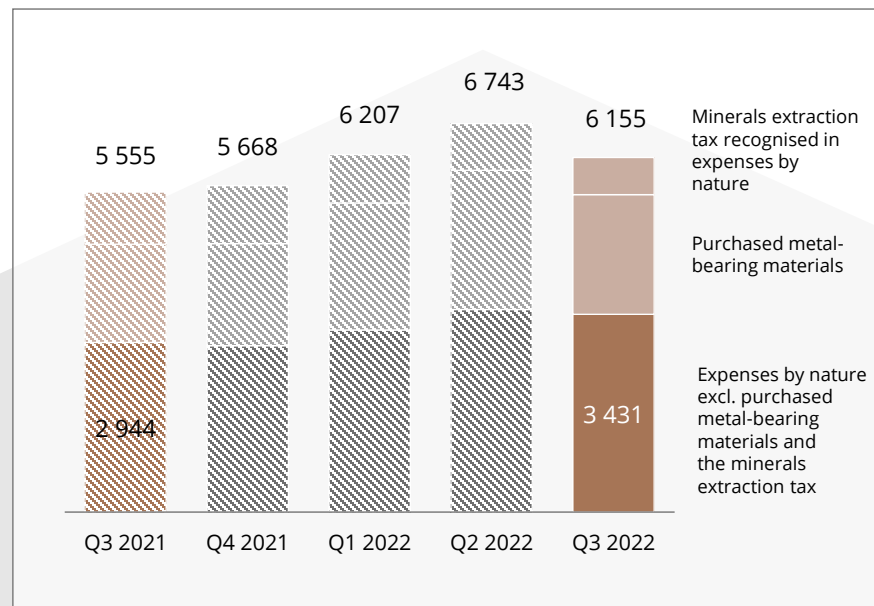
Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 2 872 mn 9M/9M

(of which PLN 1 338 mn due to purchased metal-bearing materials)

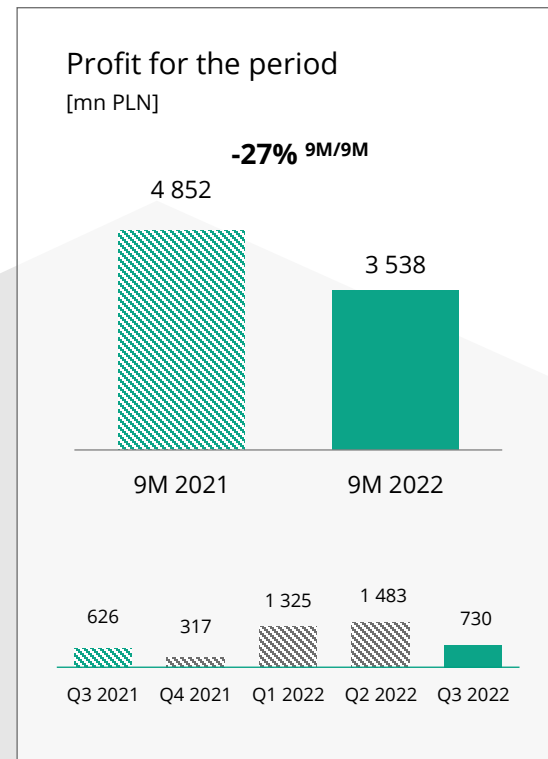
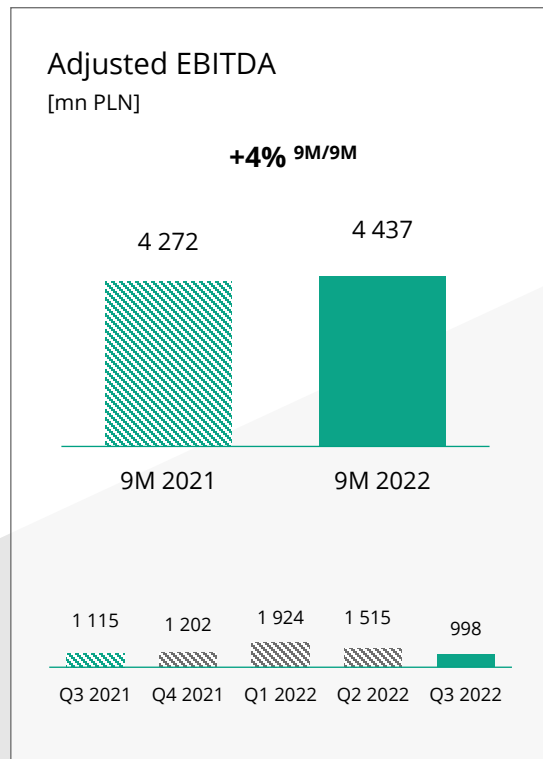


EBITDA and profit for the period

KGHM Polska Miedź S.A.

Higher EBITDA, lower net profit

- EBITDA higher by 4% versus 9M 2021
- Lower net profit by PLN 1 314 mn (-27%) versus 9M 2021 mainly due to a lower level of impairment reversals and a lower impact from the measurement of financial instruments



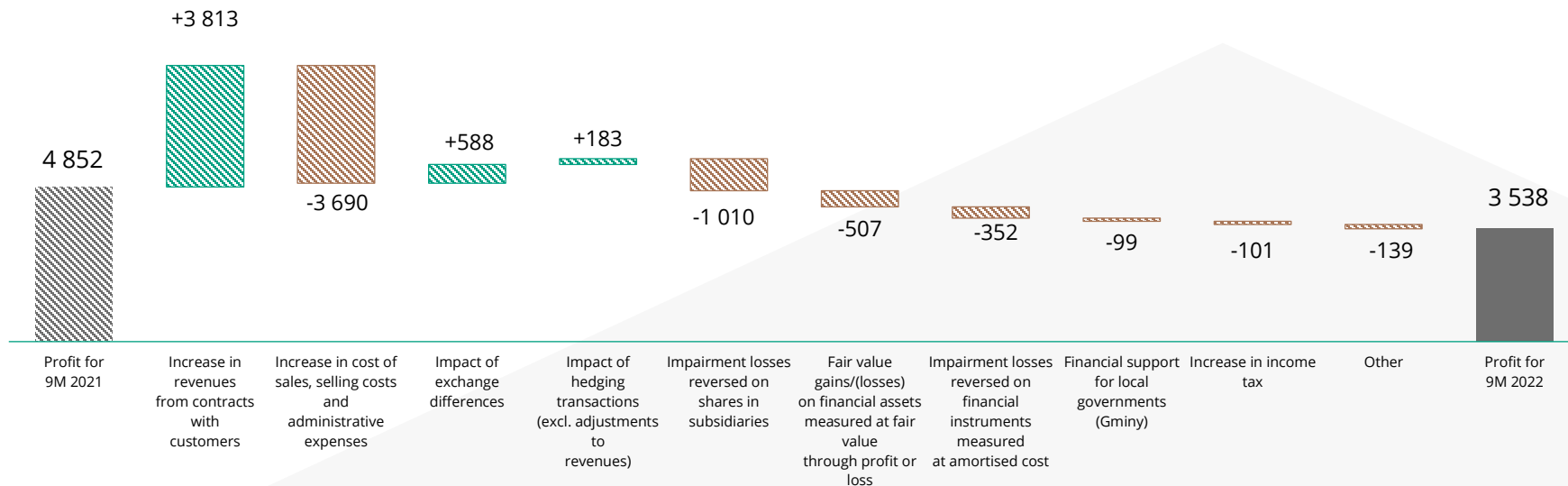
Profit for the period

KGHM Polska Miedź S.A.

Profit for the period

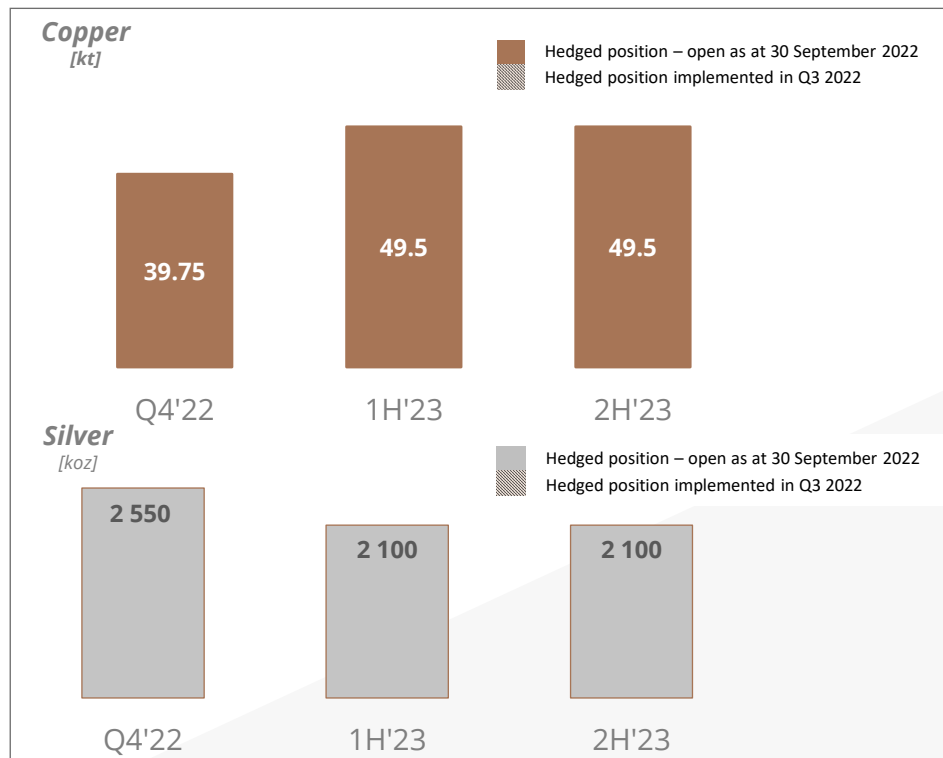
[mn PLN]

-27% 9M/9M



Market risk management

Hedged position on the copper and silver markets (as at 30 September 2022)



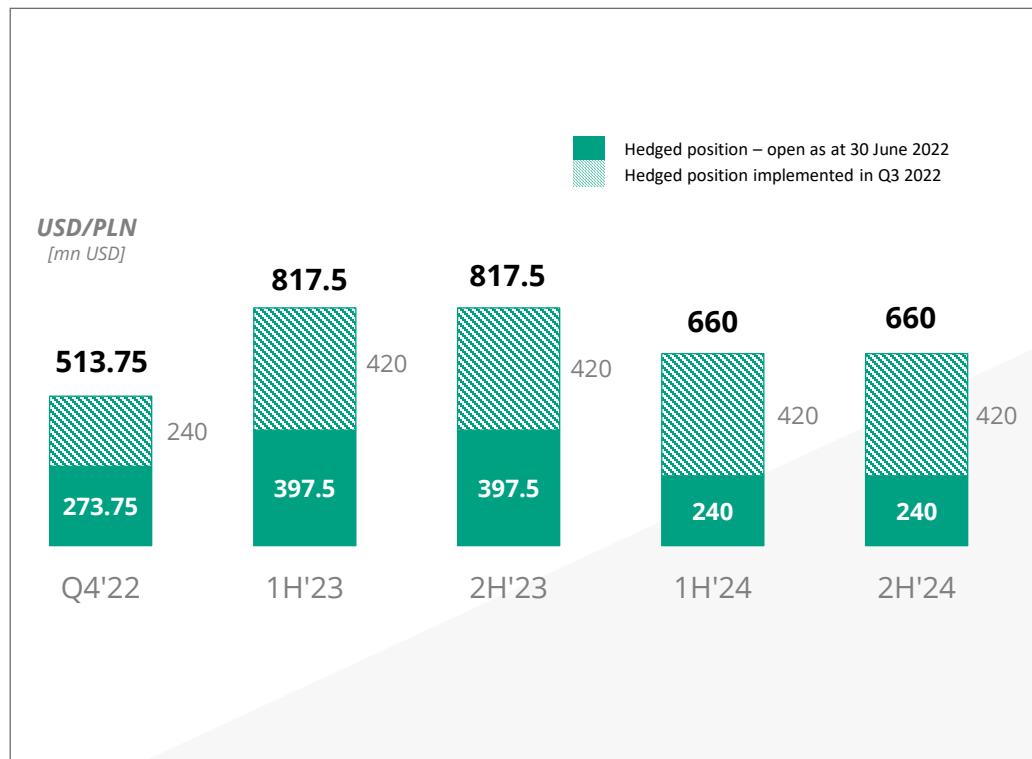
At the end of 3Q 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 419 mn:

- PLN 254 mn adjusted revenues from contracts with customers (transactions settled to 30 September 2022),
 - PLN 163 mn decreased the result on other operating activities,
 - PLN 2 mn decreased the result on financing activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 30 September 2022 amounted to -PLN 408 mn*.
 - The revaluation reserve on cash flow hedging instruments as at 30 September 2022 amounted to -PLN 719 mn.
 - In 3Q 2022 the Parent Entity restructured a portion of its hedged position on the copper market for the period from January 2023 to December 2023

* excludes embedded instruments

Market risk management

Hedged positions on the currency market (as at a 30 September 2022)



In Q3 2022 transactions were implemented on the forward currency market:

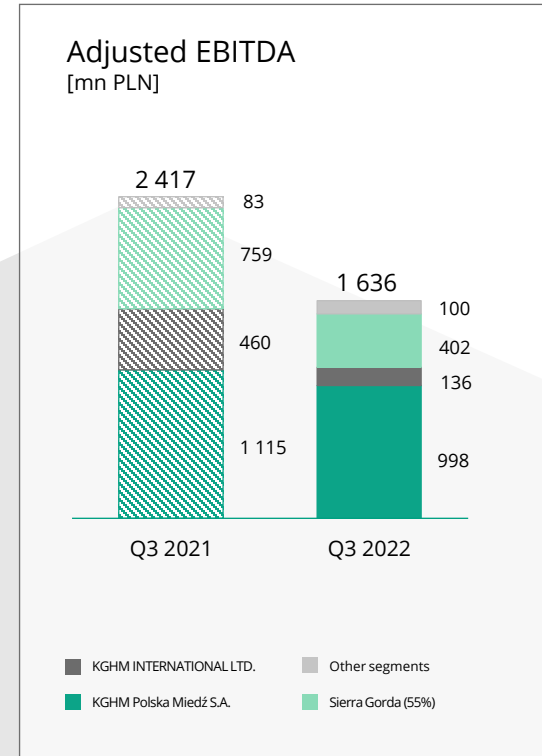
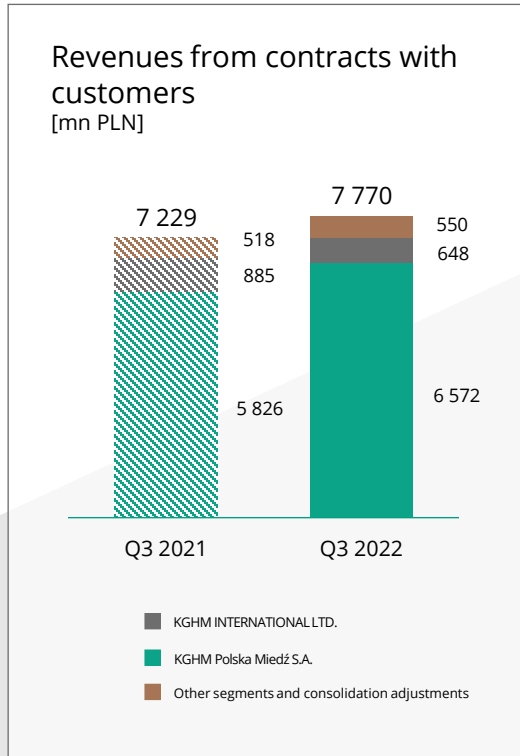
- Collar-type options strategies were implemented in the notional amount of USD 2 080 million with maturities from August 2022 to December 2024 (of which USD 1 920 mn for the period from October 2022 to December 2024)
- In Q3 2022 the Parent Entity did not enter into transactions hedging forward interest rates.
- As at 30 September 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 Q3 2022

KGHM Group and operating segments

Lower adjusted EBITDA compared to Q3 2021 by PLN 781 million, mainly due to lower operating results by the international assets

- **KGHM Group**
(-PLN 781 mn, -32%)
- **KGHM Polska Miedź S.A.**
(-PLN 117 mn, -10%)
- **Sierra Gorda**
(-PLN 357 mn, -47%)
- **KGHM INTERNATIONAL LTD.**
(-PLN 324 mn, -70%)



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