

# Layers of possibilities



Results of the KGHM Group for the fourth quarter  
and full year 2022

Lubin, 23 March 2023

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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.

## Pro-family action and CSR

# 457

Parents in KGHM received presents on the occasion of the birth of their children.

# 12

Editions of workshops to improve the parenting skills of employees.

# 62

Editions of subsidised preventative programs for students, teachers and parents.



Beneficiaries:

## More than 100

participants in parenting workshops

**8 000** beneficiaries of efforts involving mental health

## More than 25 000

participants in all subsidised social projects

**We create  
a good  
climate for  
families!**

## CSR ECO-Health Program – project activities

**A project involving screenings for KGHM employees, comprising early detection of lung cancer, diagnosis of emphysema and evaluation of calcification in the coronary arteries, conducted by the company „Miedziowe Centrum Zdrowia” S.A.**

- *Assumptions:* the project enables continuation of social responsibility policy as part of the Company's conduct of CSR programs, aimed at one of the Company's most important stakeholder groups – its employees.
- *Goal:* carry out early detection and prevention activities amongst 5 000 employees of KGHM.
- In 2022 over 250 people took advantage of these check-ups.



**Nordic Walking for adults – regular meetings of marching with sticks, promoting physical activity and recreation.**

- Meetings with qualified and experienced instructors allow one to learn or improve the basic techniques and skills of Nordic Walking.
- In 2022 more than 200 people took advantage of this project, in several towns in the copper region.



# Aid for Ukrainian refugees



- Hundreds of refugees found a peaceful home in housing paid for by KGHM and in spa facilities
- Subsidised room and 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



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

- The geopolitical situation related to the direct aggression of Russia against Ukraine and the implemented system of sanctions at the present time is not restricting the operations of KGHM Polska Miedź S.A. or other Group companies, while the risk of interruptions to the continuity of the activities of the Company and the KGHM Polska Miedź S.A. Group in this regard continue to be estimated as low.
- The process is continuing in the Company of implementing a comprehensive business continuity management system, which also enables a detailed breakdown of the scope of actions undertaken as regards managing corporate risk in terms of the risk of a catastrophic impact and the small probability of its occurrence.
- Work was continued in terms of ensuring ICT security due to the war in Ukraine, and the Charlie CRP alarm level (involving cyberspace threats) was introduced at a country-wide level. Thanks to this there were no interruptions recorded in the business operations of the KGHM Group, and security processes were supported
- In 2022, an important factor impacting exposure to risk was the general uncertainty on financial markets, which slowed down the expected economic recovery in the country and world despite the improved situation with the COVID-19 pandemic in the second half of 2022. Uncertainty as to the potential continuation of increases in the prices of fuels and energy carriers may continue to be the main factor generating further increases in basic operating costs.
- It cannot be ruled out that a continuation of this armed conflict over an extended period of time as well as the system of economic sanctions could have a negative impact on suppliers and lead to interruptions in the continuity of materials and services supply chains in the KGHM Polska Miedź S.A. Group, caused among others by logistical restrictions and availability of materials on international markets, e.g. of steel, fuels and energy. The companies of the Group have plans to mitigate risk of interruptions in supply chains.
- The KGHM Group is exposed to the risk of external and internal factors, such as metals prices, exchange rates, costs of supply of purchased metal-bearing materials, the level of TC/RCs and selling premiums and costs of services and utilities. With respect to the availability of capital and the level of debt, KGHM does not hold bank loans drawn from institutions threatened with sanctions.
- In the context of the impact of the war in Ukraine on the implementation of the Strategy, no significant negative consequences have been recorded and neither they are expected. The risk of disrupting the business continuity of the Group is assessed as low. Rising prices of goods and services may turn out to be potentially negative, which may result in an increase in the overall costs of implementing the Strategy. Consequently, the Company is intensifying mitigating actions, among others: efforts to ensure access to its own, low-emissions energy sources, the introduction of instruments to enhance financial security and the realisation of a broad spectrum of efficiency initiatives.





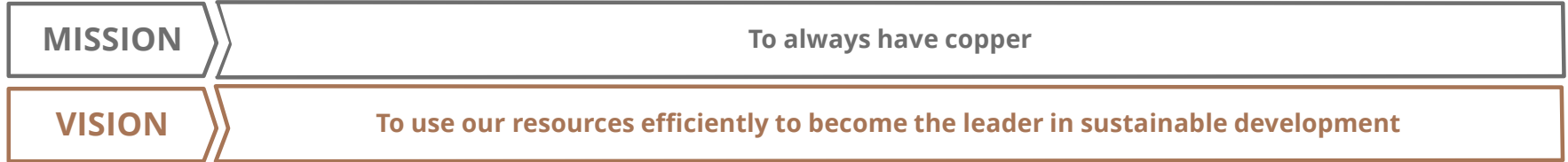
# Strategy of the KGHM Polska Miedź S.A. Group

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

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



# Key elements of the Strategy advanced in 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.
- Letter of Intent signed (October 2022) on cooperation with the Polish Investment and Trade Agency, regarding development of the Polish economy.
- Financial stability in focus: the financing structure of the KGHM Group based on long-term instruments, shortening the cash conversion cycle and managing the KGHM Group's market and credit risk effectively.



## 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: 5.05; TRIR: 0.34).
- Adoption of the „Human Rights Policy in KGHM Polska Miedź S.A.“.
- Certification successfully prolonged under the Copper Mark for the Głogów and Legnica smelter/refineries.
- The Polish Chamber of Commerce “Eco-development” (“Ekorozwój”) awarded the “Green Laurels – 2022” (“Zielony Laur – 2022”) prize for an installation to remove arsenic and mercury from gases at the SOLINOX installation.



## Efficiency

- Stable copper production from the domestic assets (mined production 442.7 kt; metallurgical production 586 kt).
- Stable payable copper production from the international assets (Sierra Gorda 90.8 kt (55%); Robinson 46.8 kt; Carlota 4.1 kt; Franke 2.8 kt\*; Sudbury Basin 2.5 kt).
- Continuation of the Deposit Access Program (sinking of GG-1 shaft completed, selection of contractors to build the GG-2 shaft underway).
- Continued development of the Żelazny Most Tailings Storage Facility (95% of physical work on the Southern Quarter completed and 85% 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, under PPAs.
- Submission (in July 2022) of an application to the National Atomic Energy Agency, the first-such application in Poland, regarding the evaluation of SMR technology.
- 11.71% of KGHM's need for electrical power was supplied by its own internal sources.





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



# The Copper Mark®

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

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

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



RESPONSIBLY  
PRODUCED  
COPPER

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

## The 32 topics covered by The Copper Mark® include:

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

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

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

# KGHM's efforts towards energy transformation

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

## COMPETITIVE ADVANTAGES

### Climate Policy



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

### Development of RES and EV markets



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

### Cost-efficient resources



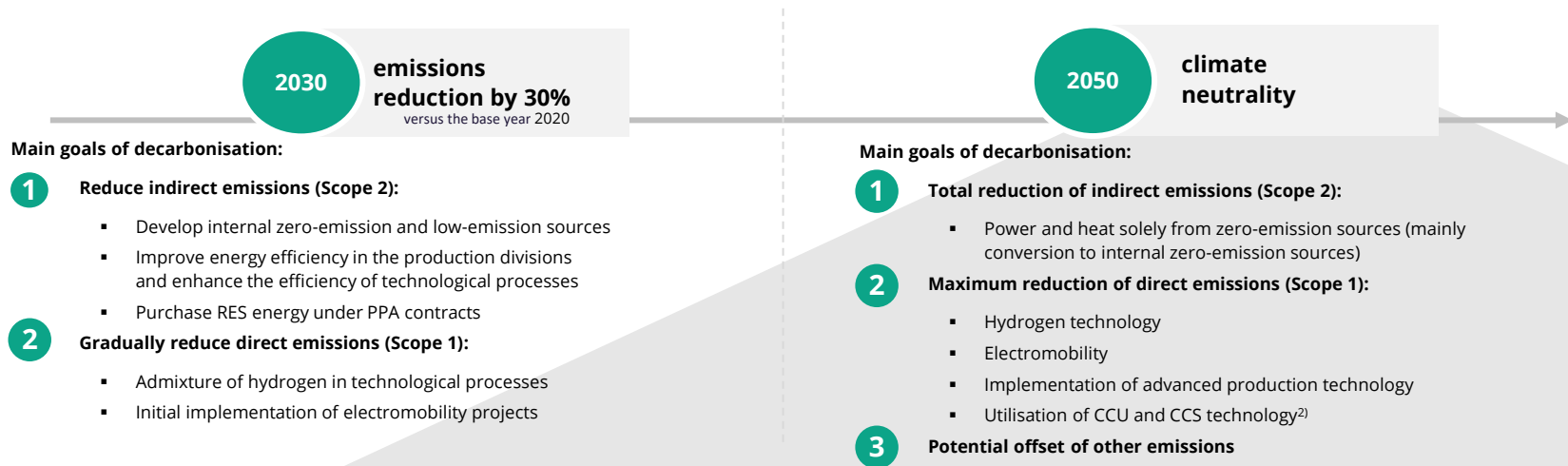
Easily-accessible resources of metals, located in safe jurisdictions, are rapidly being exhausted; KGHM is the sole copper producer from its own mined resources on a large scale within the European Union.

## ACTIONS UNDERTAKEN

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

# Climate neutrality by 2050

- ✓ KGHM will achieve climate neutrality by 2050 and will reduce total Scope 1 and 2 emissions by 2030 by 30%<sup>1)</sup>
- ✓ Information on the volume of **Scope 1 and Scope 2** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced in the **2<sup>nd</sup> quarter of 2023**.
- ✓ Information on the volume of **Scope 3** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced in the **4<sup>th</sup> quarter of 2023**.
- ✓ Due to the published update of the Climate Policy, the date for announcing the climate goals of the KGHM Group was postponed from mid-2023 to the end of 2024<sup>3)</sup>



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

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

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

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



# Seizing opportunities arising from the energy transformation

The Climate Policy is a significant step towards seizing opportunities, and as a result ensuring that long-term value is enhanced



## Support of the transformation to a low-carbon economy

**Diversification** and efforts towards **sustainable development** through building own power capacity from low-emission sources (construction and acquisition of PV and wind power plants, and in the long term the use of SMRs), is one of the main Pillars of the adopted Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040, and one of its elements is for KGHM Polska Miedź S.A. to achieve the position of one of the **leading producers of environmentally-friendly electricity** supporting Poland's energy transition.



## Strategic investments compliant with ESG

In the course of operationalization of the **Business Strategy** and taking into account **ESG** elements and climate-related factors, **each of the strategic initiatives was further assessed**. Impacts were examined in the negative, neutral or positive category: on Scope 1 and 2 greenhouse gas (GHG) emissions, on ESG image divided into three categories: environment, society and corporate governance and impact on mitigating risks and supporting climate opportunities according to the TCFD (Task Force on Climate-Related Financial Disclosures).



## Reducing emissions - a competitive advantage

KGHM monitors and calculates **Scope 1, 2 and 3 emissions**. Data on Scope 1 and Scope 2 emissions for the entire KGHM Group in 2022 will be published **in the second quarter of 2023**.

Information on Scope 3 greenhouse gas emissions for 2022 for the entire KGHM Group will be published **in the fourth quarter of 2023**.



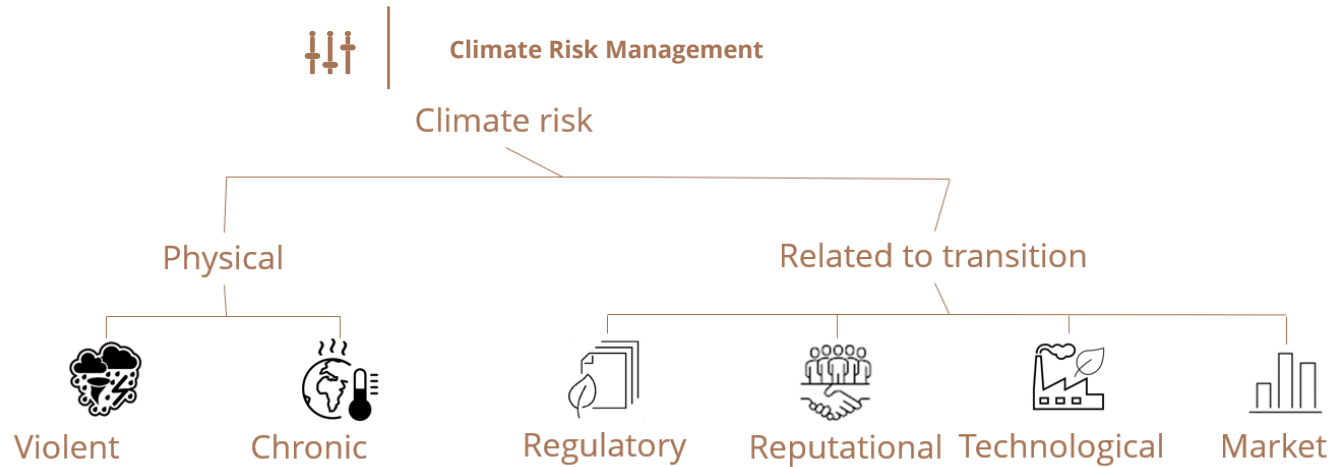
## Stakeholder expectations

KGHM, in order to satisfy rising stakeholder expectations as to protection of the climate, is strengthening the **transparency of the message** and the regularly-published **non-financial disclosures** – both in terms of KGHM's impact on the climate as well as the Company's adaptation to climate change. KGHM engages in continuous cooperation and dialogue with local communities and governments.



# Actions taken under the Climate Policy of KGHM Polska Miedź S.A.

KGHM Polska Miedź S.A., as an organisation aware of the impact of climate change on business activity, has fully integrated the Climate Risk Management process with the Corporate Risk Management Process of the KGHM Polska Miedź S.A. Group.



Being an ambitious participant in the **green transformation**, KGHM Polska Miedź S.A. undertakes obligations not only with respect to further development of the core business, but also to carry out a number of changes in the functioning of the Company aimed at **demonstrating awareness of climate change** and deepening communication in this respect with all stakeholders.

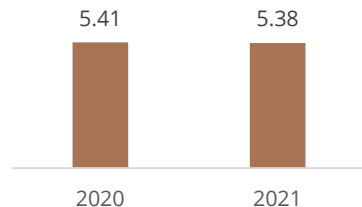
**Preventing and minimizing the environmental and climate impact and rational management of natural resources is of fundamental importance for KGHM Polska Miedź S.A. with respect to sustainable development, the satisfaction of stakeholder expectations and accountability to future generations.**

# Greenhouse gas emissions (Scope 1 and Scope 2) by KGHM Polska Miedź S.A.

Greenhouse gas emissions by KGHM Polska Miedź S.A. [tonnes of eCO<sub>2</sub>]

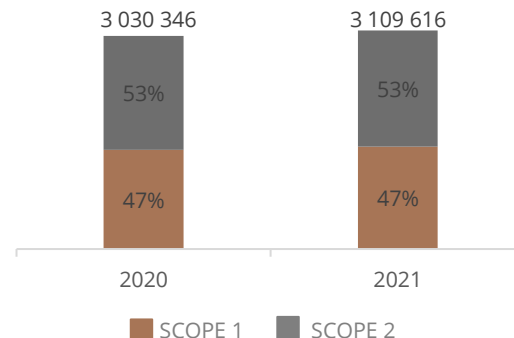
	2020	2021	y/y	y/y %
Scope 1	1 413 129	1 457 899	<b>+44 770</b>	<b>+3.17%</b>
Scope 2	1 617 217	1 651 717	<b>+34 500</b>	<b>+2.17%</b>
Total emissions (Scope 1 + 2)	3 030 346	3 109 616	<b>+79 270</b>	<b>+2.62%</b>

**Greenhouse gas emissions indicator in KGHM Polska Miedź S.A.**  
[tonnes of eCO<sub>2</sub>/t of electrolytic copper]



Comparing emissions for 2021 to the base year, we can see a slight increase in scope 1 and emissions 2. Total Scope 1 and 2 emissions increased by 2.62%. The slight increase in Scope 1 and 2 emissions was due to higher electrolytic copper production. Comparing the greenhouse gas emissions indicator we can however see a slight decrease in emissions intensity despite the increase in electrolytic copper production.

**Scope 1 and 2 greenhouse gas emissions by KGHM Polska Miedź S.A. in the years 2020-2021 [t CO<sub>2</sub>e]**



In 2021 Scope 1 and 2 greenhouse gas emissions by KGHM Polska Miedź S.A. amounted in total to around 3 million tonnes of eCO<sub>2</sub> (equivalent tonnes of carbon dioxide) of which around 47% were Scope 1 emissions and 53% were Scope 2 emissions.

Due to the full implementation of the GHG protocol, emissions for 2020 were re-calculated, which year is at the same time the base year for the reduction goals defined in the Climate Policy.

# Greenhouse gas emissions (Scope 1 and Scope 2) by the KGHM Polska Miedź S.A. Group

## Greenhouse gas emissions by the KGHM Polska Miedź S.A. Group in 2021 [tonnes of eCO<sub>2</sub>]

	KGHM Polska Miedź S.A.	Companies in Poland	Companies ex-Poland	Group
<b>TOTAL EMISSIONS (Scope 1 + 2)</b>	<b>3 109 616</b>	<b>862 797</b>	<b>1 249 542</b>	<b>5 221 955</b>
<b>SCOPE 1 – Direct emissions</b>	<b>1 457 899</b>	<b>623 757</b>	<b>504 932</b>	<b>2 586 588</b>
<b>SCOPE 2 - Indirect emissions</b>	<b>1 651 717</b>	<b>239 040</b>	<b>744 610</b>	<b>2 635 367</b>
<i>Incl. indirect emissions related equivalently to consuming heat:</i>	0	4 917	0	4 917
<i>Incl. indirect emissions related equivalently to consuming electricity:</i>	1 651 717	234 123	744 610	2 630 450
<b>Indirect emissions of eCO<sub>2</sub> from biomass:</b>	<b>2 984</b>	<b>31 064</b>	<b>0</b>	<b>34 047</b>

In 2021, Scope 1 and 2 greenhouse gas emissions by the KGHM Polska Miedź S.A. amounted in total to 5.22 million tonnes of eCO<sub>2</sub>, of which around 60% is attributable to the Parent Entity. Calculations of emissions by the KGHM Polska Miedź S.A. Group were made for the first time, which is why the year 2021 was set as the base year for monitoring changes in emissions in the Group.

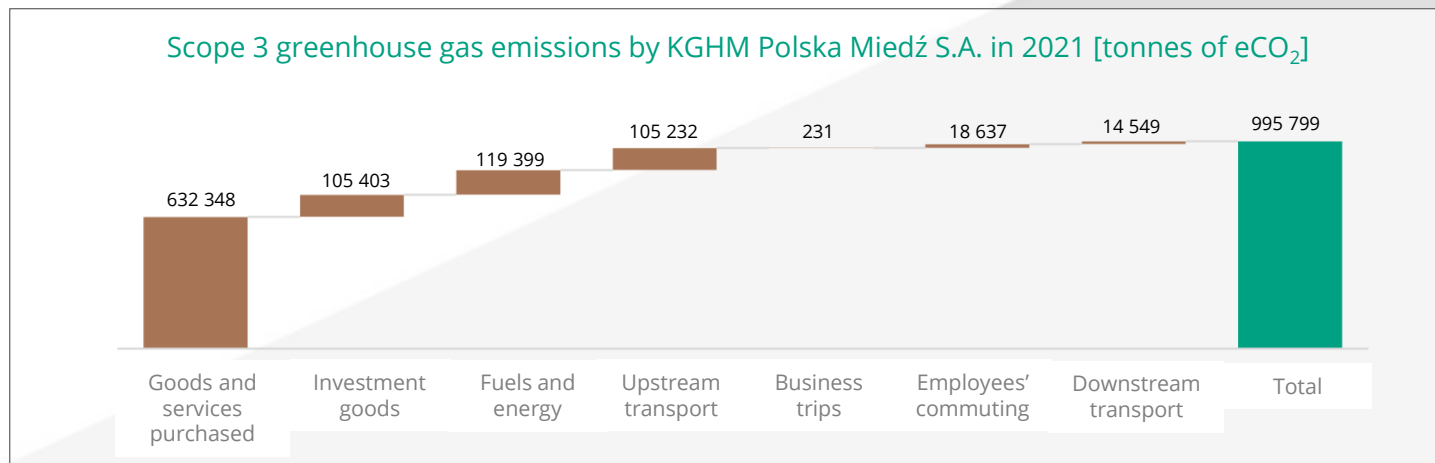
## Scope 3 greenhouse gas emissions by KGHM Polska Miedź S.A.

In 2021 Scope 3 emissions were calculated for KGHM Polska Miedź S.A. and for the entire KGHM Group. The balance of Scope 3 emissions included the following emissions categories:

- upstream activities: goods and services purchased, investment goods, activities related to the use of fuels and energy not included in Scopes 1 or 2 of the balance, transport and distribution of input streams, business trips, employees' commuting to and from work,
- downstream activities: transport of output streams.

Emissions for the category of waste generated in production processes, related to their transport and treatment, were included as emissions related to purchased services, including waste collection and transport.

Emissions associated with both the lease of assets from external companies and the lease of assets to external companies, due to their limited extent, are insignificant in the balance of greenhouse gases under analysis. The franchise category for output streams does not apply to companies of the KGHM Polska Miedź S.A. Group.



## Scope 3 greenhouse gas emissions by the KGHM Polska Miedź S.A. Group

Scope 3 greenhouse gas emissions by the KGHM Polska Miedź S.A. Group in 2021 [tonnes of eCO<sub>2</sub>]

	KGHM Polska Miedź S.A.	Companies in Poland	Companies ex-Poland	Group
<b>SCOPE 3 - total</b>	<b>995 799</b>	<b>359 319</b>	<b>692 121</b>	<b>2 047 238</b>
<b>Goods and services purchased</b>	<b>632 348</b>	<b>149 269</b>	<b>399 586</b>	<b>1 181 203</b>
<b>Investment goods</b>	<b>105 403</b>	<b>76 986</b>	<b>78 105</b>	<b>260 494</b>
<b>Fuels and energy not included in Scopes 1 and 2</b>	<b>119 399</b>	<b>84 735</b>	<b>113 997</b>	<b>318 131</b>
<b>Transport and distribution - <i>upstream</i></b>	<b>105 232</b>	<b>25 120</b>	<b>12 230</b>	<b>142 582</b>
<b>Business trips</b>	<b>231</b>	<b>143</b>	<b>-</b>	<b>374</b>
<b>Employees' commuting</b>	<b>18 637</b>	<b>15 508</b>	<b>14 053</b>	<b>48 198</b>
<b>Transport of output streams - <i>downstream</i></b>	<b>14 549</b>	<b>7 558</b>	<b>74 149</b>	<b>96 256</b>

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

## Environment

- Environmental Policy
- Climate Policy

## Society

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

## Governance

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





## Key issues and execution of main targets

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## Summation of 2022 in the KGHM Group

Consolidated revenues

33 847  
[PLN million]

Investments in the Group<sup>1)</sup>

4 118  
[PLN million]

LTIFR [Polish assets]<sup>2)</sup>

5.05

1) Expenditures on mining and Metallurgical assets, equity investments in the Polish and international assets

2) LTIFR (*Lost Time Injury Frequency Rate*) – indicator of the number of accidents at work (as defined in Poland) in KGHM Polska Miedź S.A., standardised to 1 million worked hours



# Summation of 2022 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to 2021

## Macroeconomic environment <sup>1)</sup>

**-6%**

Copper price

**-14%**

Silver price

**+16%**

Stronger USD vs PLN

## Production and C1 cost

**-3%**

Copper production

**-3%**

Silver production

**+12%**

C1 cost

## Financial results

**+14%**

increase in revenues to  
PLN 33 847 mn

**-14%**

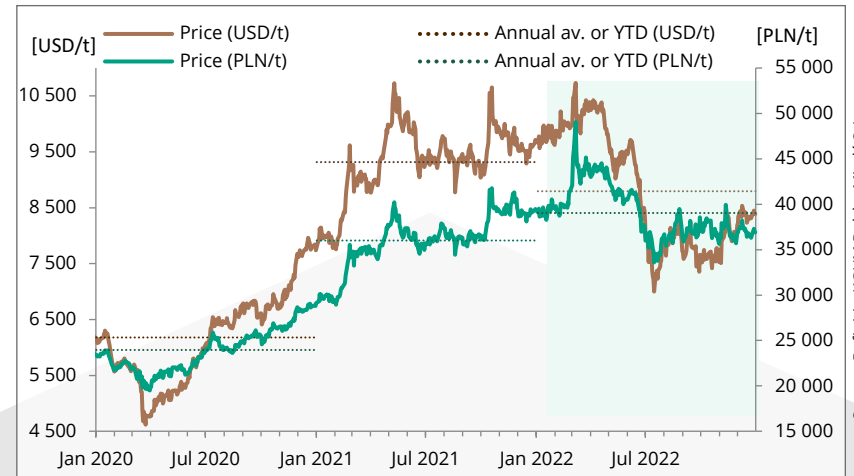
EBITDA<sup>2)</sup> of  
PLN 8 865 mn

# Macroeconomic environment

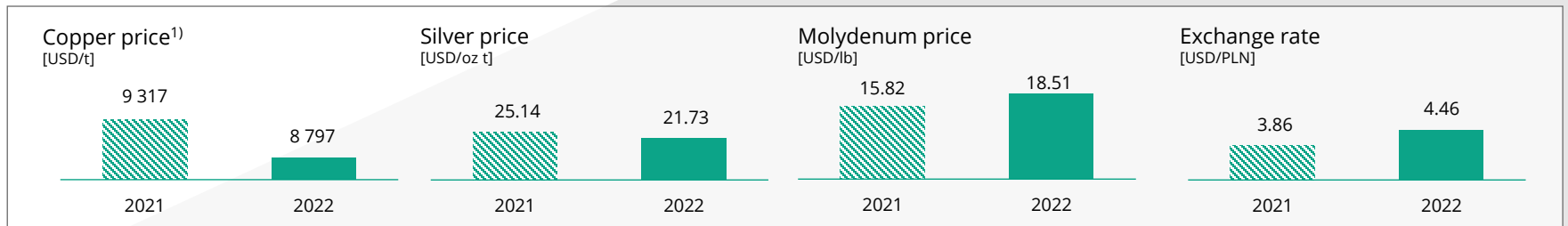
## Commodities and currencies prices

**Copper prices in 2022 expressed in USD and in PLN reached a historic record in Q1, respectively 10 730 USD/t and 49 060 PLN/t, which subsequently decreased against a backdrop of the energy crisis and the uncertain economic outlook, giving an average for the year of 8 797 USD/t.**

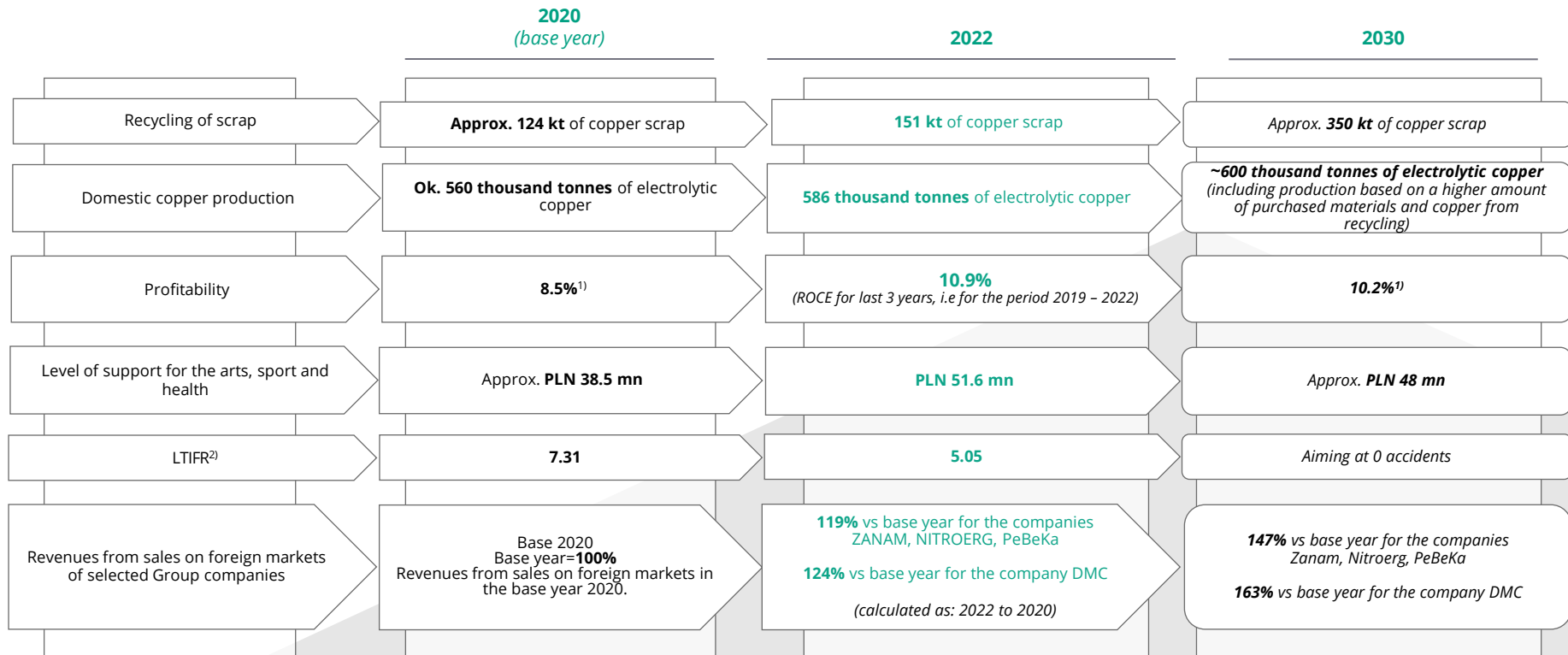
- The average price of copper in 2022 was more than 5% lower than in 2021, while the average silver price fell by more than 13% compared to 2021.
- The average price of molybdenum in 2022 was 17% higher compared to the average price recorded in 2021.
- Due to the depreciation of the PLN vs the USD by more than 15%, the average price of copper in PLN in 2022 rose by more than 8% compared to 2021 and amounted to PLN 39 thousand.



Source: Refinitiv, KGHM Polska Miedź S.A.



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



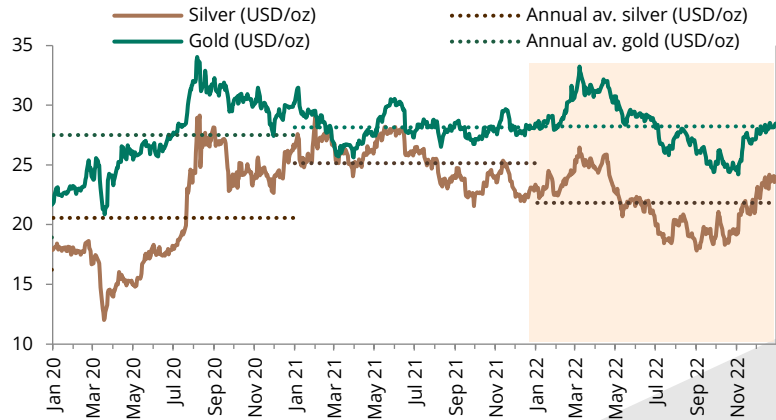
1) Average ROCE from the last 3 years.

2) LTIFR (Lost Time Injury Frequency Rate) – indicator of the number of accidents at work (as defined in Poland) in KGHM Polska Miedź S.A., standardised to 1 million worked hours

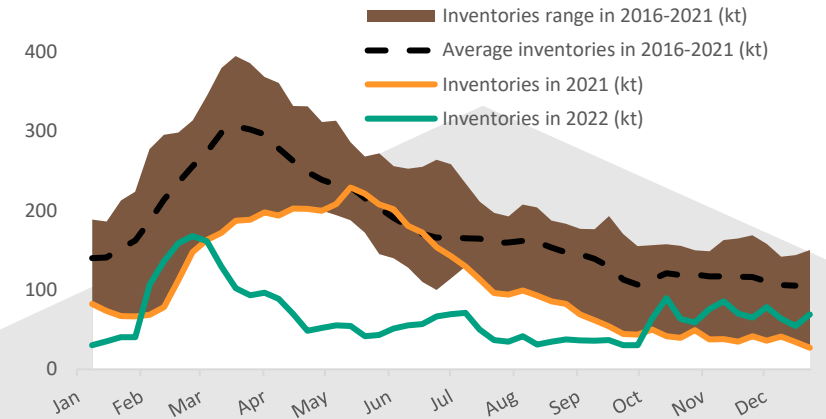
# Precious metals prices and the copper market in 2022

Precious metals prices were under pressure from rising interest rates

**Following initial rises on precious metals markets caused by the uncertain geopolitical situation, prices came down as a result of interest rate increases by the Fed and the ECB.**



**In 2022 copper inventories on the Shanghai exchange were at multi-year minimums, and rose only at year's end.**



Source: Bloomberg, KGHM Polska Miedź

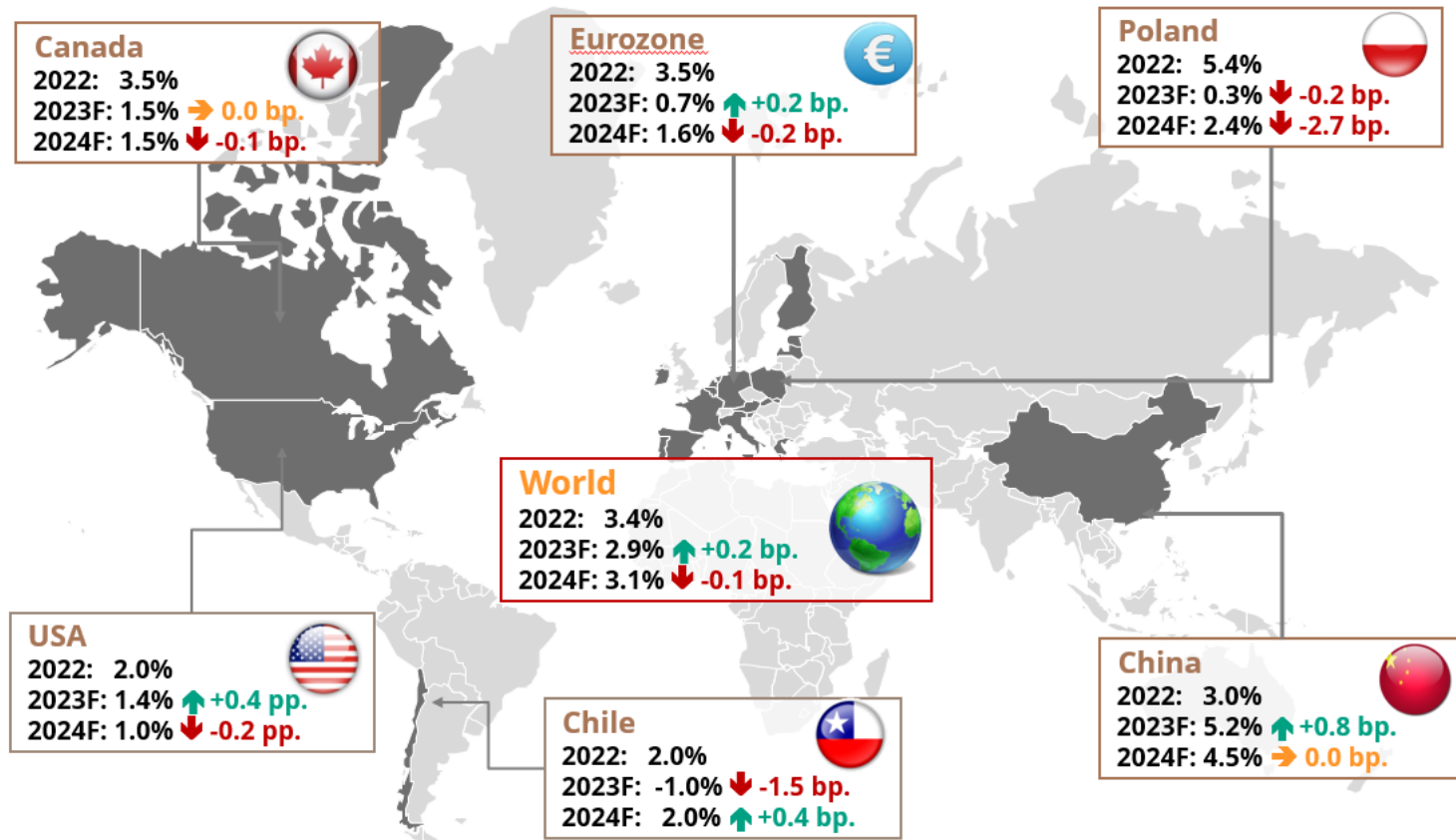
- The average price of gold in 2022 amounted to 1 800 USD/oz and remained practically unchanged (+0.1%) from the average price in the prior year. The average price of silver in 2022 amounted to 21.73 USD/oz and was lower by nearly 14%.
- The price of gold in PLN was more than 15% higher than in 2021, with silver practically unchanged. This was due to the weakening of the PLN vs the USD.
- Copper inventories on the Shanghai exchange, after record-low levels in 2021, in 2022 reached further minimums. The economic situation in China generated great doubts, however, due to the introduction of the „zero-covid” policy requiring the introduction of restrictions on economic activity as well as continuing problems on the property market.

# Investor sentiment in 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 to below 50, dividing expected economic recovery from a downturn.
- In August 2022, the Polish economy showed one of the weakest PMIs amongst European countries – 40.9.
- Industrial PMI in China remained below 50 after hard lockdowns in Shanghai in Spring 2022, and remained low to year's end due to an economic slowdown caused first by the „zero-covid” policy, then followed by its rapid ending at the end of the year and a jump in illnesses.

	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	Nov-22	Dec-22	Jan-23
JSA (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	49.0	48.4	47.4
JSA (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	58.3	57.7	55.5	57.3	58.8	59.2	57.0	52.7	52.2	51.5	52.0	50.4	47.7	46.2	46.9
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	49.6	49.2	51
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	50.6	51.3	48.9
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	44.3	44.2	47.5
<b>Eurozone</b>	<b>47.9</b>	<b>49.2</b>	<b>44.5</b>	<b>33.4</b>	<b>39.4</b>	<b>47.4</b>	<b>51.8</b>	<b>51.7</b>	<b>53.7</b>	<b>54.8</b>	<b>53.8</b>	<b>55.2</b>	<b>54.8</b>	<b>57.9</b>	<b>62.5</b>	<b>62.9</b>	<b>63.1</b>	<b>63.4</b>	<b>62.8</b>	<b>61.4</b>	<b>58.6</b>	<b>58.3</b>	<b>58.4</b>	<b>58.0</b>	<b>58.7</b>	<b>58.2</b>	<b>56.5</b>	<b>55.5</b>	<b>54.6</b>	<b>52.1</b>	<b>49.8</b>	<b>49.6</b>	<b>48.4</b>	<b>46.4</b>	<b>47.1</b>	<b>47.8</b>	<b>48.8</b>
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	46.2	47.1	47.3
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	48.3	49.2	50.5
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	48.4	48.5	50.4
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	45.7	46.4	48.4
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	59.9	64.7	67.2	69.8	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	46	48.6	49.6
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	46.6	47.3	48.4
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	48.7	48.7	50.1
UK	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	55.8	54.6	52.8	52.1	47.3	48.4	46.2	46.5	45.3	47
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	48.4	47.2	49.2
Poland	47.4	48.2	42.4	31.9	40.6	47.2	52.8	50.6	50.8	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	43.4	45.6	47.5
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	41.6	42.6	44.6
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	45.7	48.1	50.1
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	53.2	53	52.6
<b>Asia</b>	<b>50.9</b>	<b>44.1</b>	<b>49.9</b>	<b>41.5</b>	<b>42.2</b>	<b>47.2</b>	<b>48.6</b>	<b>50.6</b>	<b>51.7</b>	<b>52.4</b>	<b>52.5</b>	<b>52.7</b>	<b>52.6</b>	<b>52.4</b>	<b>53.0</b>	<b>53.0</b>	<b>51.8</b>	<b>50.8</b>	<b>51.0</b>	<b>50.5</b>	<b>51.0</b>	<b>51.8</b>	<b>52.5</b>	<b>52.2</b>	<b>52.0</b>	<b>51.8</b>	<b>51.2</b>	<b>50.3</b>	<b>51.2</b>	<b>51.2</b>	<b>50.9</b>	<b>51.0</b>	<b>51.2</b>	<b>50.5</b>	<b>49.7</b>	<b>49.8</b>	<b>51.0</b>
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	49.4	49	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	48	47	50.1
Japan	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	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	49	48.9	48.9	
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	55.7	57.8	55.4
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	51.7	53.7	51.8	51.8	51.8	50.3	50.9	51.3		
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	48.7	47.9	47.8	46.5
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	55.5	54.3	54.1	51.7	50.0	49.8	44.6	42.7	42.2	41.5	41.6	44.6	44.3	
Thailand	49.6	49.7	46.4	35.8	41.3	42.5	45.3	50.0	49.9	51.1	50.7	52.3	48.5	47.2	49.2	49.7	46.0	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	51.2	54.0	57.1	52.0	51.6	54.9	59
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	49	48.2	48.5

# IMF World Economic Outlook – January 2023



# Key production indicators of the KGHM Group and segments

2022

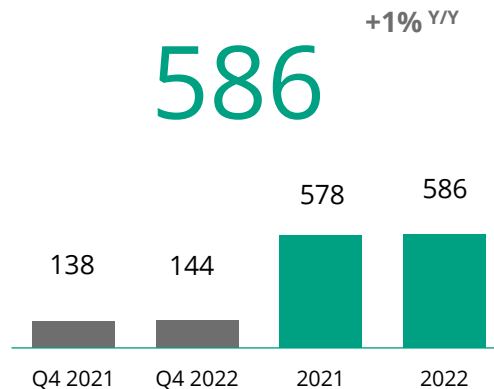
Payable copper production  
by the KGHM Group  
lower by 2.7% (Y/Y)

733

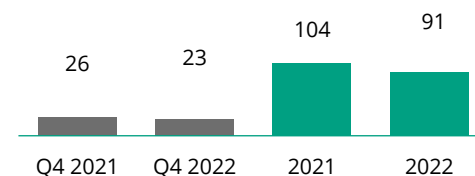
-2.7% Y/Y  
[kt]

- **KGHM Polska Miedź:**  
higher production from own and purchased copper-bearing materials due to improved availability of production lines
- **Sierra Gorda:**  
Extraction of ore with lower copper grade and lower recovery
- **KGHM INTERNATIONAL LTD.:**  
lower production by the Robinson mine and sale of the Franke mine in first half of 2022

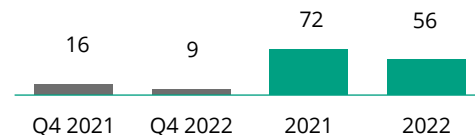
Payable copper production  
KGHM Polska Miedź [kt]



Payable copper production  
Sierra Gorda<sup>1)</sup> [kt]



Payable copper production  
KGHM INTERNATIONAL LTD. [kt]



# Key financial indicators of the KGHM Group

2022

## Lower adjusted EBITDA of the KGHM Group vs 2021

Lower adjusted EBITDA compared to 2021 (-PLN 1 462 mn; -14%), of which by segment:

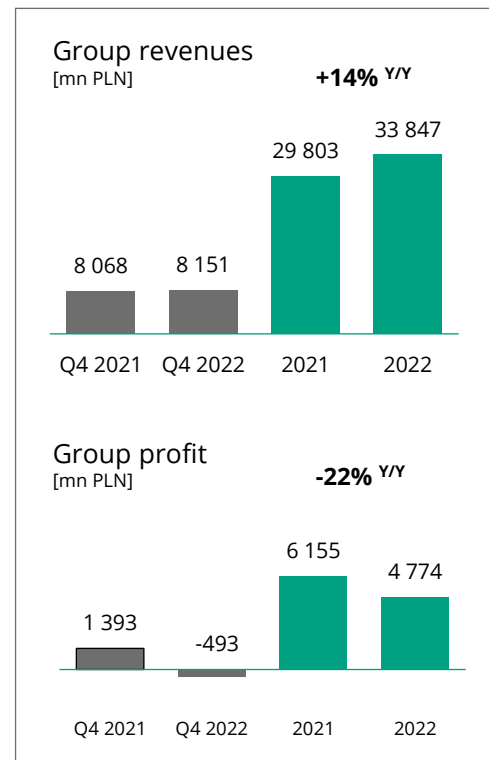
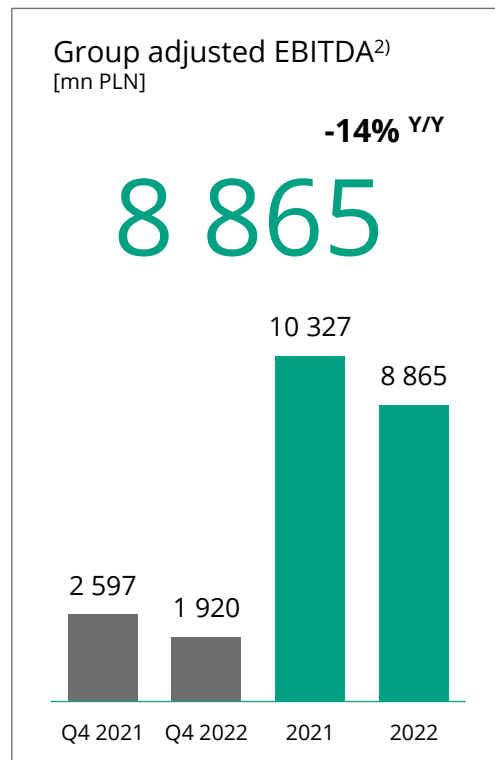
- Sierra Gorda<sup>1)</sup> -PLN 977 mn
- KGHM INTERNATIONAL LTD. -PLN 339 mn  
The lower EBITDA in the international segments is mainly due to lower copper content in ore, and therefore lower copper sales, as well as market factors (lower sales prices)
- KGHM Polska Miedź -PLN 74 mn

### Higher Group revenues

- Impact of a higher exchange rate and a lower negative adjustment of revenues due to hedging

### Lower Group profit for the period

- A lower operating result and a lower result on involvement in joint ventures led to a lower profit for the period than in 2021 by PLN 1 381 mn (-22%)





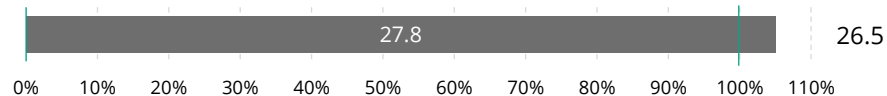
# The financial situation of the KGHM Group remains stable and safe

2022

2022  
Budget

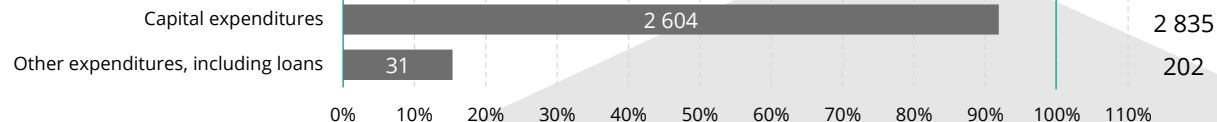
## Total unit production cost

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



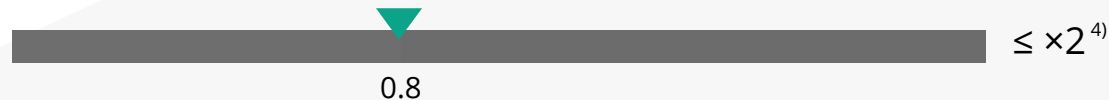
## Investments

of KGHM Polska Miedź S.A.<sup>2)</sup>  
[mn PLN]



## Liquidity of the KGHM Group

[net debt / adjusted EBITDA<sup>3)</sup>]

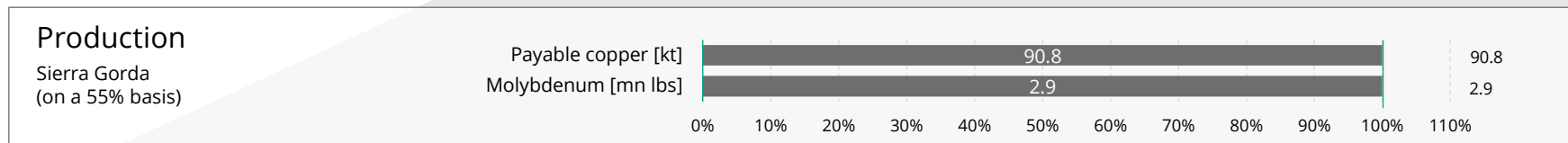
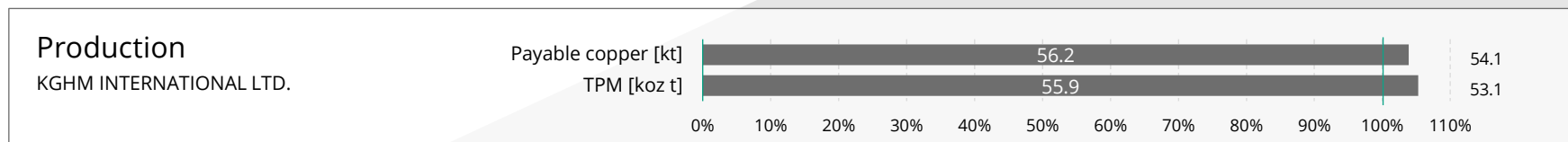
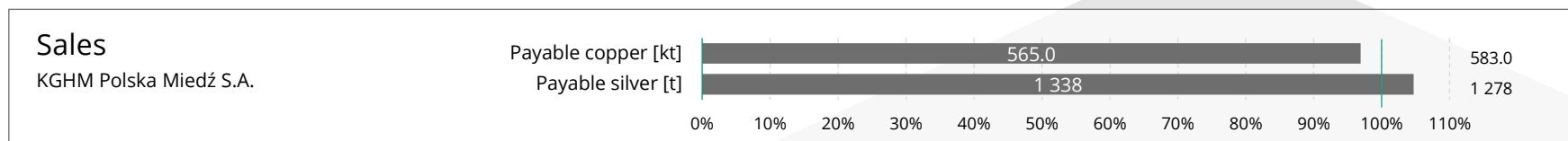
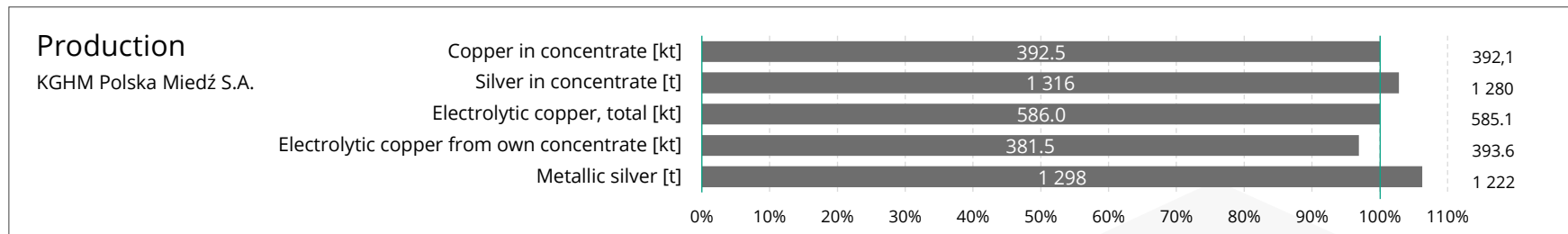


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic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

Execution of annual targets

**2022**  
Budget





## Production results of the KGHM Group by segment

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# Employee safety as a strategic priority for the KGHM Group



## Safety and development

### ISO 45001:2018

Occupational Health and Safety Management System Certificate

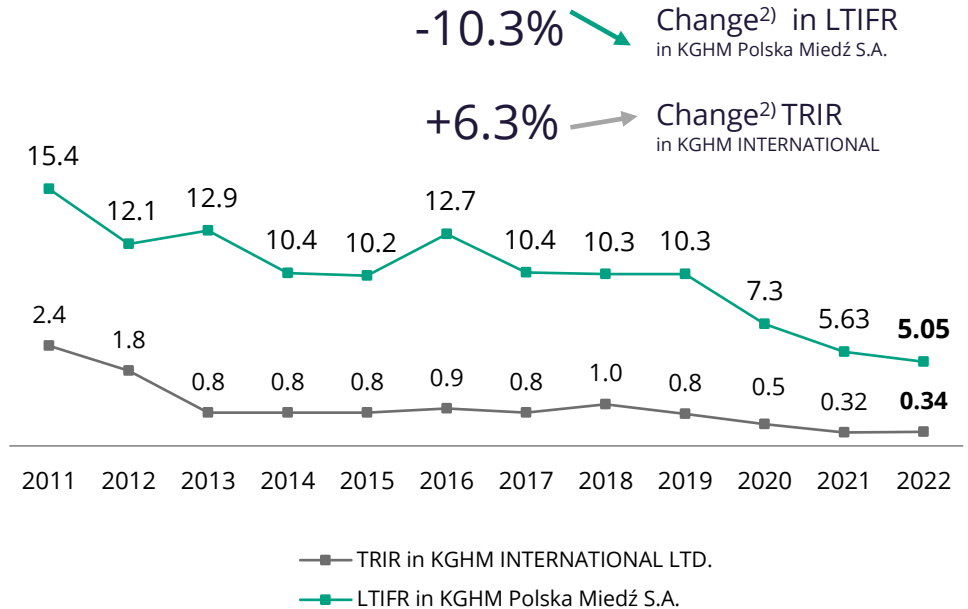
### Leader's Gold Card of Workplace Safety

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

### Once again – low accident rates

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

Accident rates<sup>1)</sup>



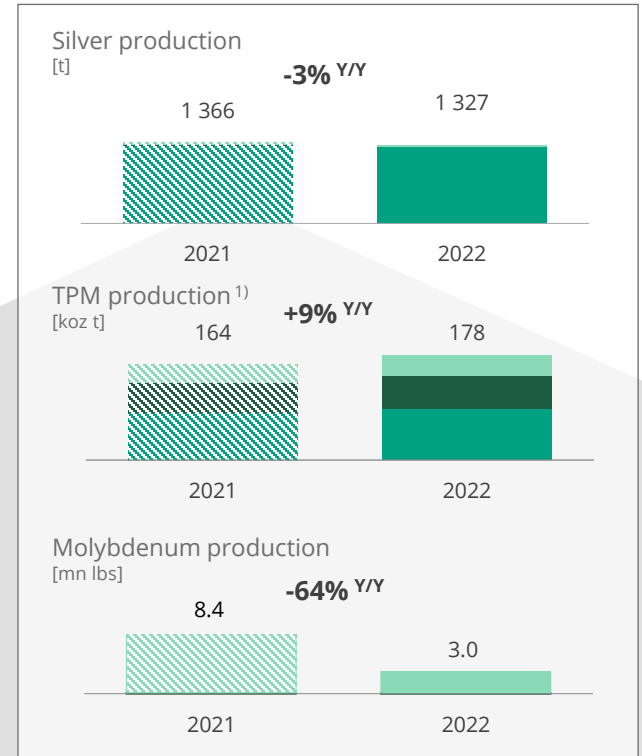
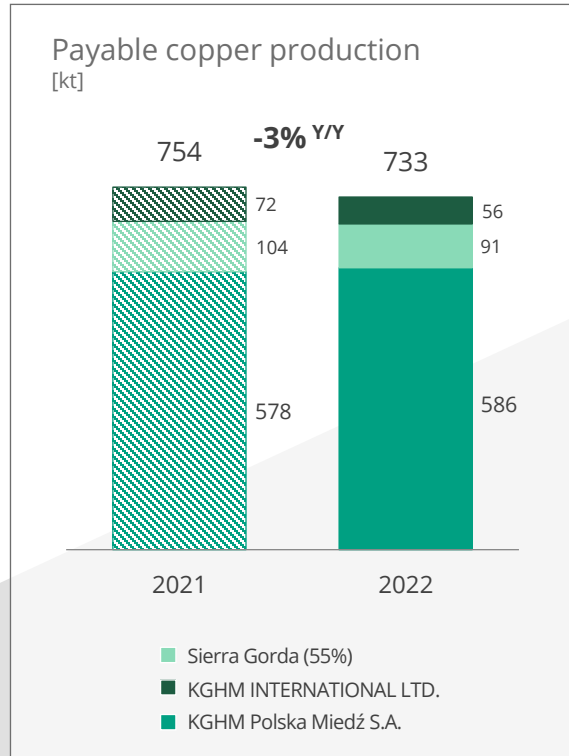
1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the International Council on Mining & Metals standard, in total for the employees of KGHM INTERNATIONAL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

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

# Metals production

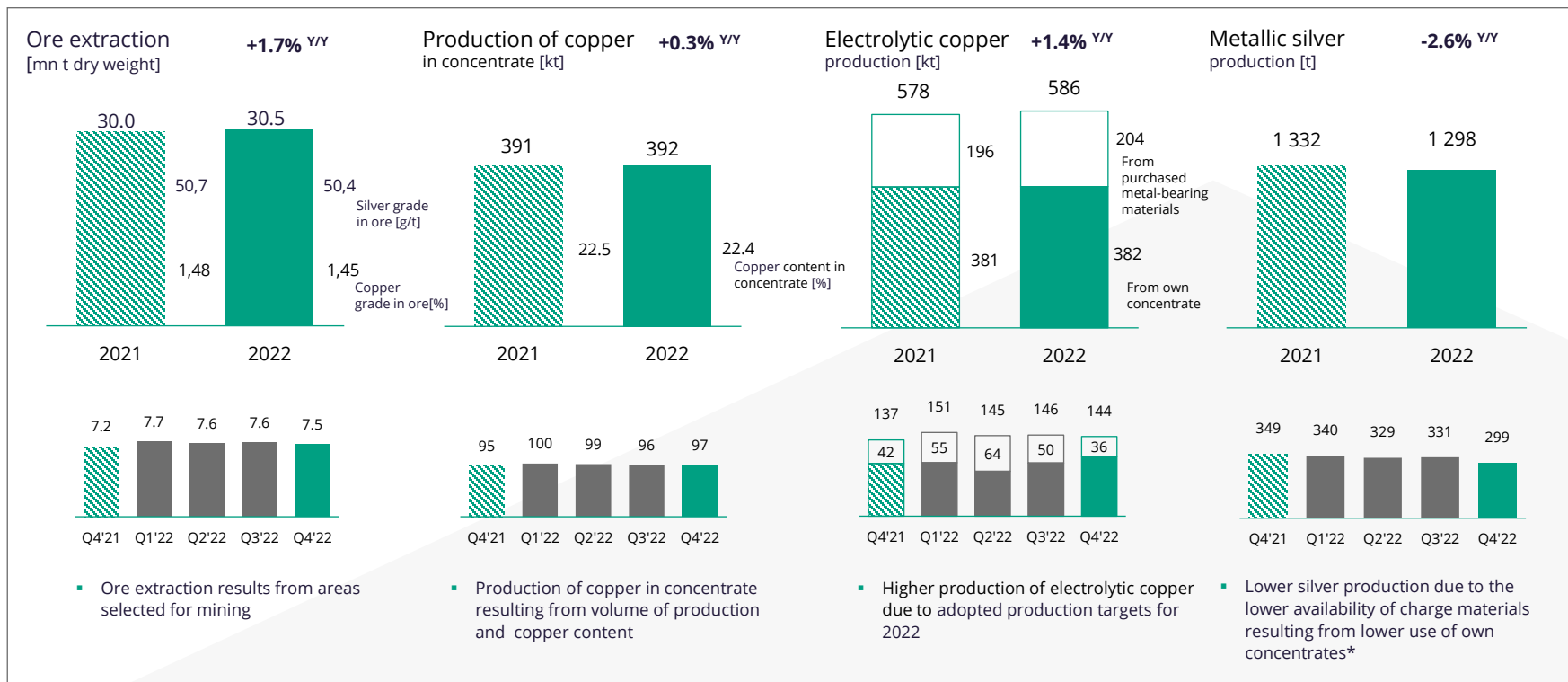
## KGHM Group

- 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 the first half of 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
- Lower 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

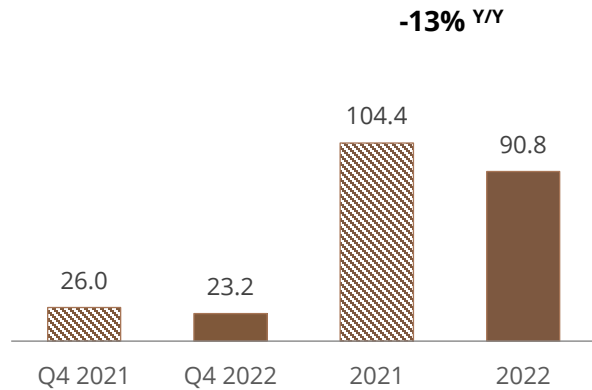
KGHM Polska Miedź S.A.



# Production results

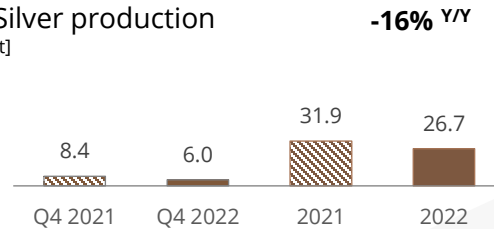
Sierra Gorda<sup>1)</sup>

## Payable copper production [kt]

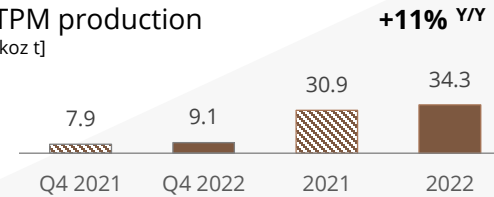


- Lower payable copper production in 2022 compared to 2021 due to the mining of ore with lower copper content and lower recovery

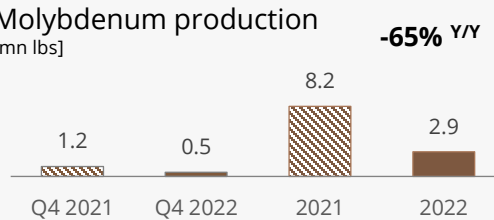
## Silver production [t]



## TPM production [koz t]



## Molybdenum production [mn lbs]

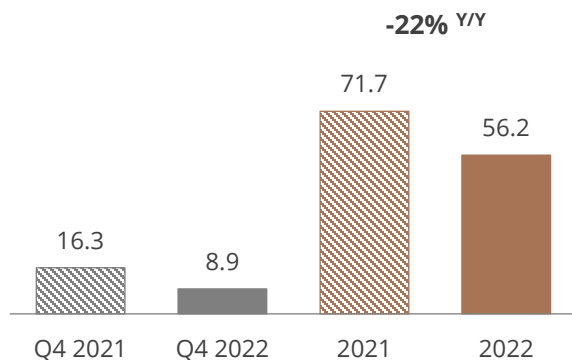


- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower molybdenum content compared to ore mined in the prior year

# Production results

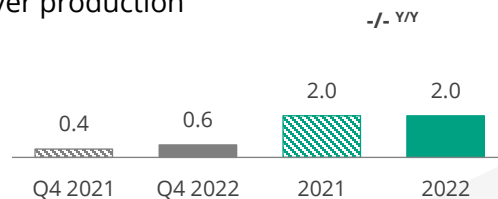
KGHM INTERNATIONAL LTD.

## Payable copper production [kt]

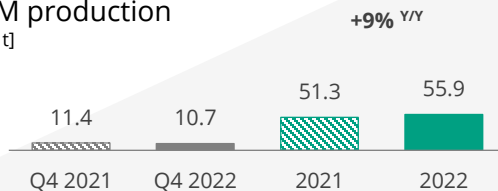


- Lower production by the Robinson mine (lower recovery, lower extraction)
- Sale through subsidiaries of KGHM INTERNATIONAL LTD. of 100% of the shares of Sociedad Contractual Minera Franke (SCMF), being the owner of the Franke mine in Chile

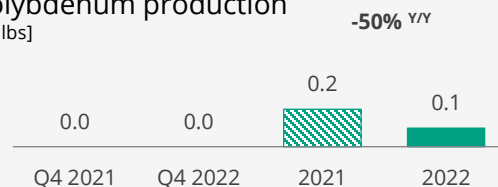
## Silver production [t]



## TPM production [koz t]



## Molybdenum production [mn lbs]



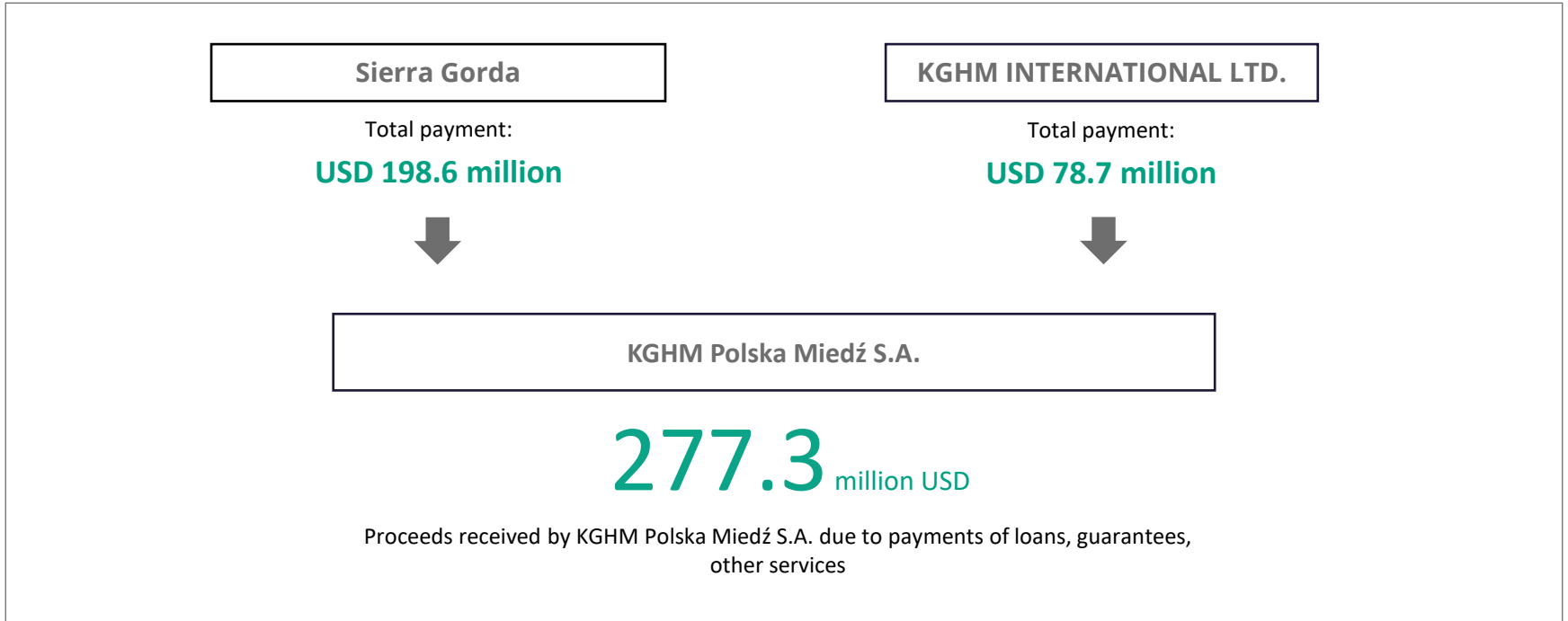
- Lower silver production by the Sudbury Basin due to lower silver content in ore
- Higher gold production by the Robinson mine (higher gold content in mined ore) and TPM by the Sudbury Basin (higher extraction)
- Lower molybdenum production by the Robinson mine due to mining of areas with lower molybdenum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



# Cash flow to the Group in 2022

## Proceeds to KGHM Polska Miedź S.A.

The international assets paid USD 277.3 million to KGHM Polska Miedź S.A.<sup>1)</sup>



<sup>1)</sup> all amounts are prior to taxation, excluding accrued WHT



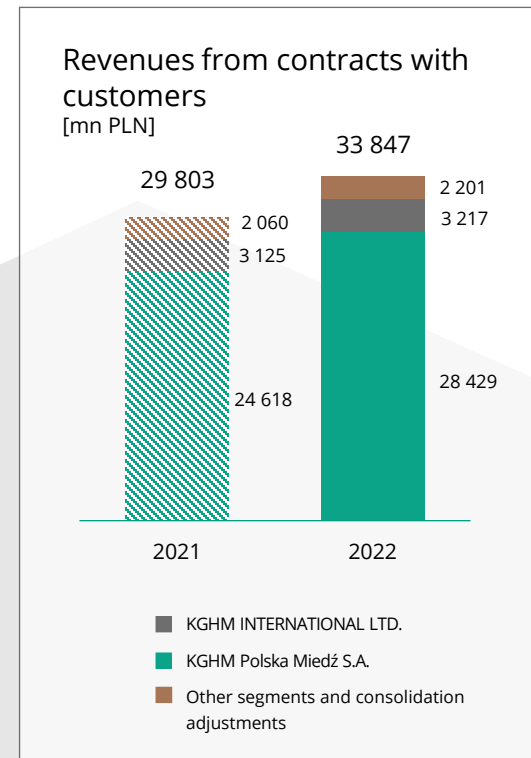
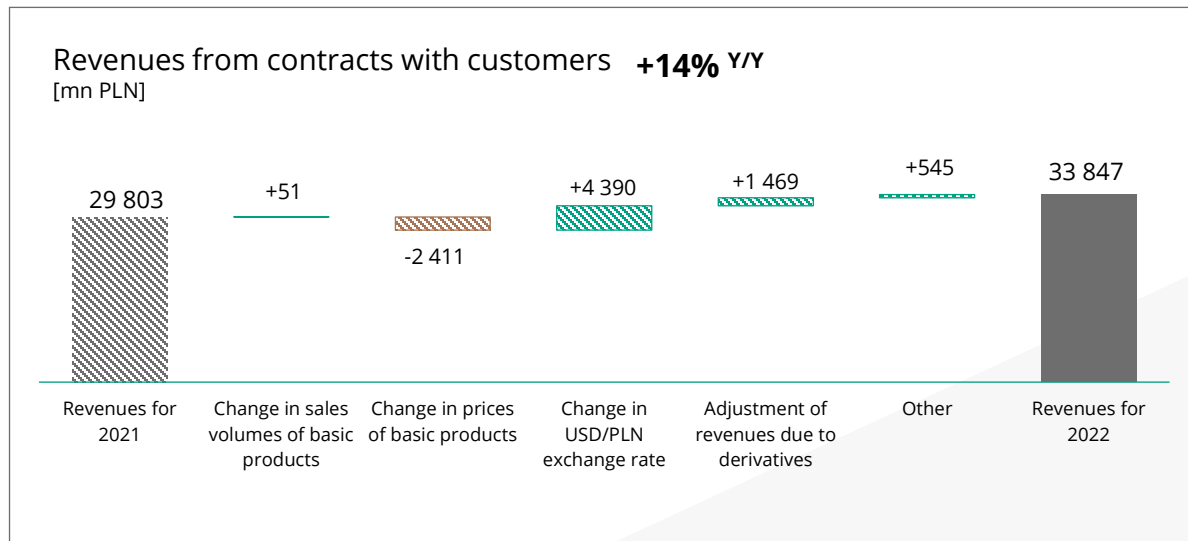
## Financial results of the Group

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# Group sales revenue

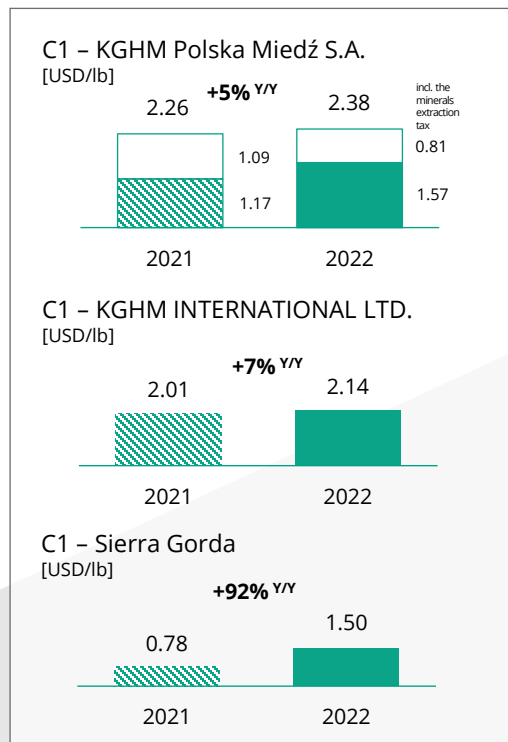
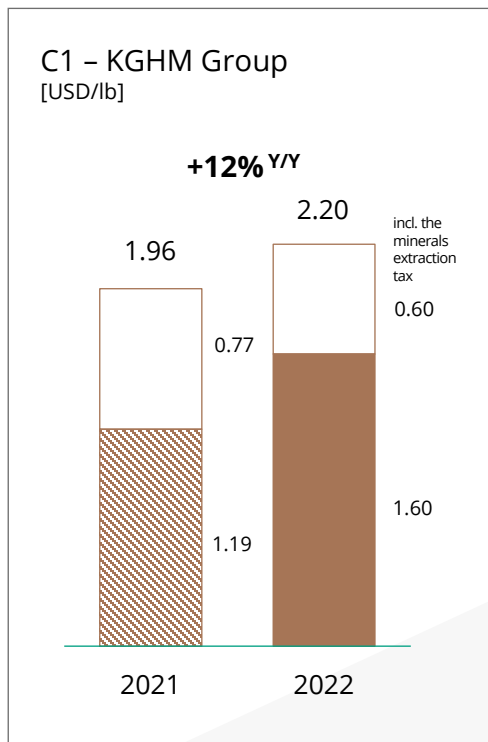
2022



- Higher revenues by PLN 4 044 million (+14%) compared to 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 cost<sup>1)</sup>

KGHM Group

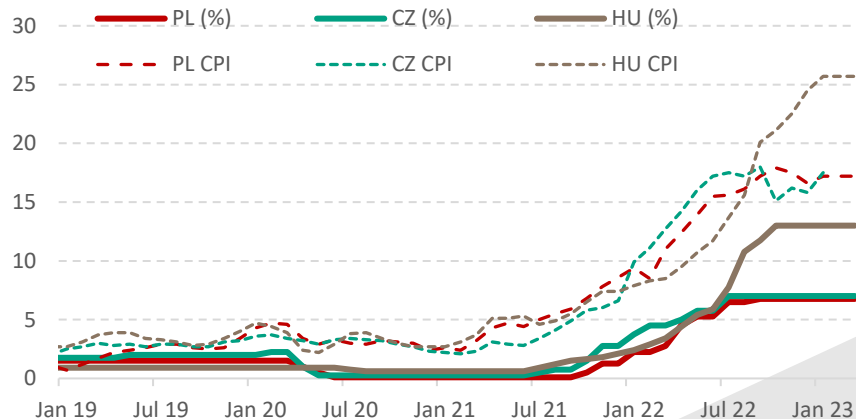


- The increase in C1 cost in KGHM Polska Miedź by 5% compared to 2021 was mainly due to higher costs of materials, fuels and energy, labour costs and lower valuation of by-products
- The increase in C1 cost in KGHM INTERNATIONAL LTD. by 7%, despite the more favourable valuation of precious metals, was mainly due to the decrease in the volume of copper sales by the Robinson mine
- The increase in C1 cost in Sierra Gorda by 92% 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)

# 2022 was another year of crises on the energy prices market, high inflation and global tightening of monetary policy.

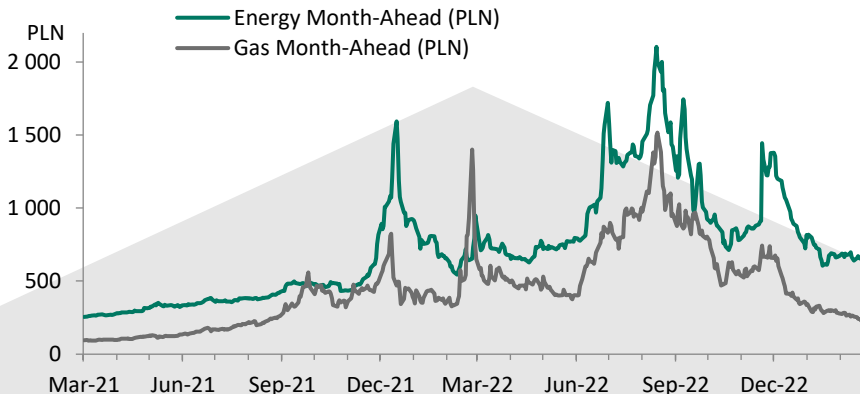
In peak moments, the price of electricity contracts for „month ahead” delivery exceeded 2 100 PLN/MWh, and natural gas 1 500 PLN/MWh.

**In our region, CPI inflation reached record levels. Since the end of 2021 a cycle of interest rates increases has been underway.**



- Rising prices of energy, fuels and foodstuffs led to the highest inflation in decades. In the eurozone and the UK inflation exceeded 10%, and in the USA 8%. Base inflation is in a rising trend. In our region of Europe, inflation reached 18% (Poland, Czechia) and even exceeded 25% in Hungary.
- In an attempt to gain control over these price increases, central banks have been raising interest rates since the second half of 2021. In Poland, interest rates reached 6.75%. A side effect of the fight with inflation might be a slowdown and lower economic demand.

**Natural gas and electricity prices in Poland were highly volatile due to turbulence on the energy commodities market caused by Russia.**



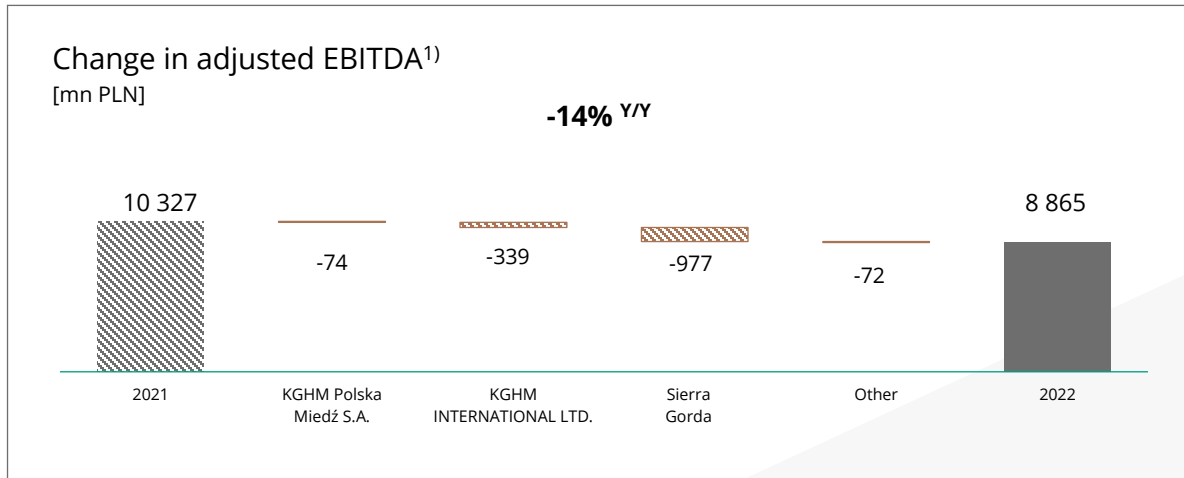
Source: Bloomberg, Revinitiv, TGE, KGHM Polska Miedz

- As a result of Russia's aggressive policy, which attempted to exploit energy commodities as an element of a policy aimed against Ukraine, and indirectly the West, natural gas and electricity prices increased even by several times.
- At the end of 2022 these price rises were checked, though they remained at a high level, leading to higher costs for industry and services, driving inflation.
- Further price rises of energy carriers will depend on the market's expectations regarding checks on demand in the EU and the level of natural gas storage facilities prior to winter, as well as weather

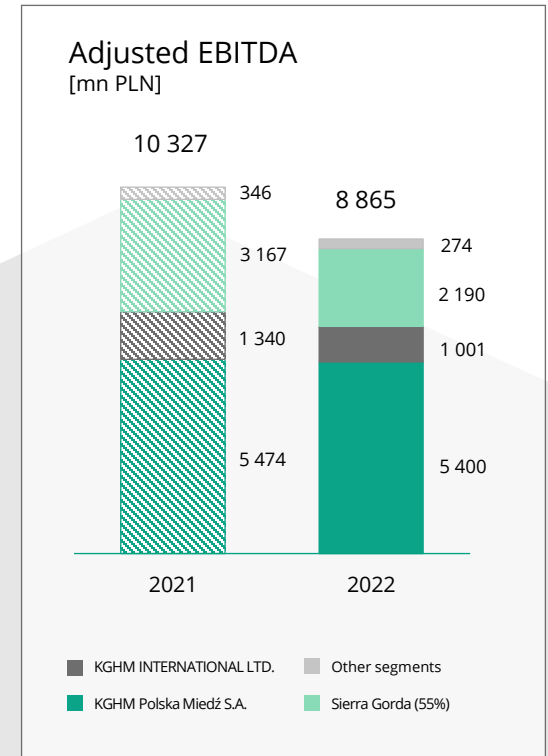


# Operating results

KGHM Group



Lower EBITDA compared to 2021 mainly in the international segments, primarily due to lower copper sales volumes by KGHM INTERNATIONAL LTD. (-17%) and Sierra Gorda (-11%) as well as lower copper prices.



# Financial results

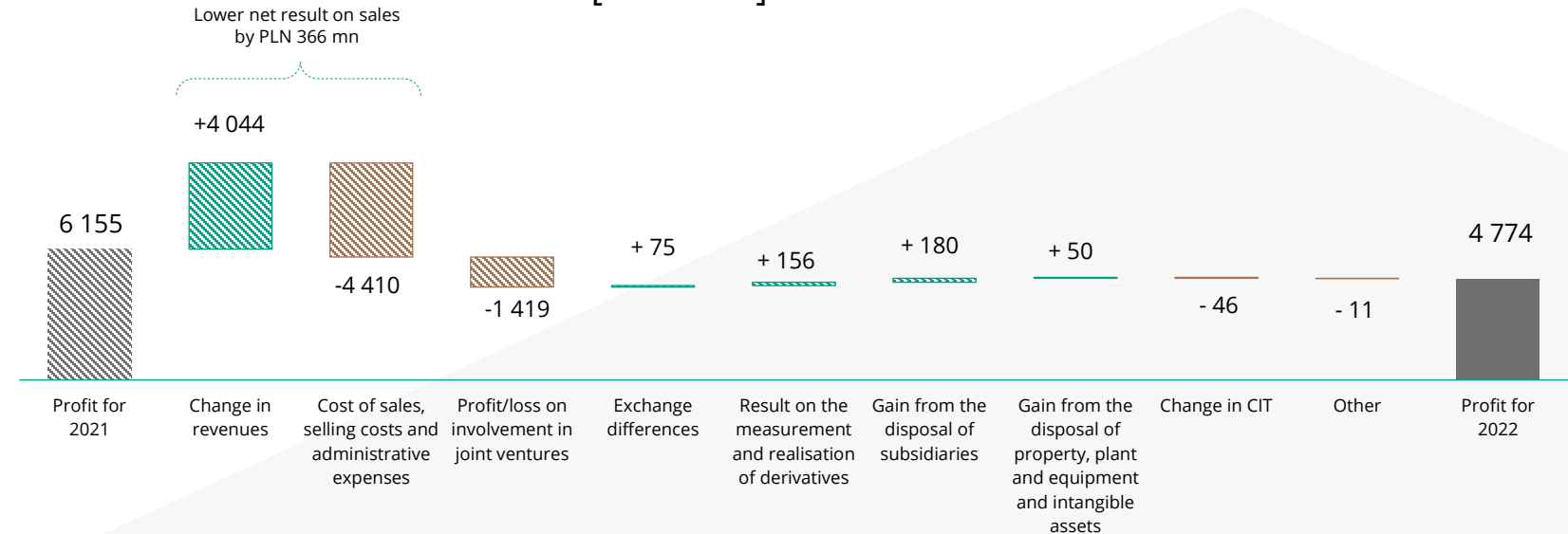
KGHM Group

Profit for the period **-22%** <sup>Y/Y</sup>  
[mn PLN]

**4 774**  
[mn PLN]

consolidated net profit in 2022

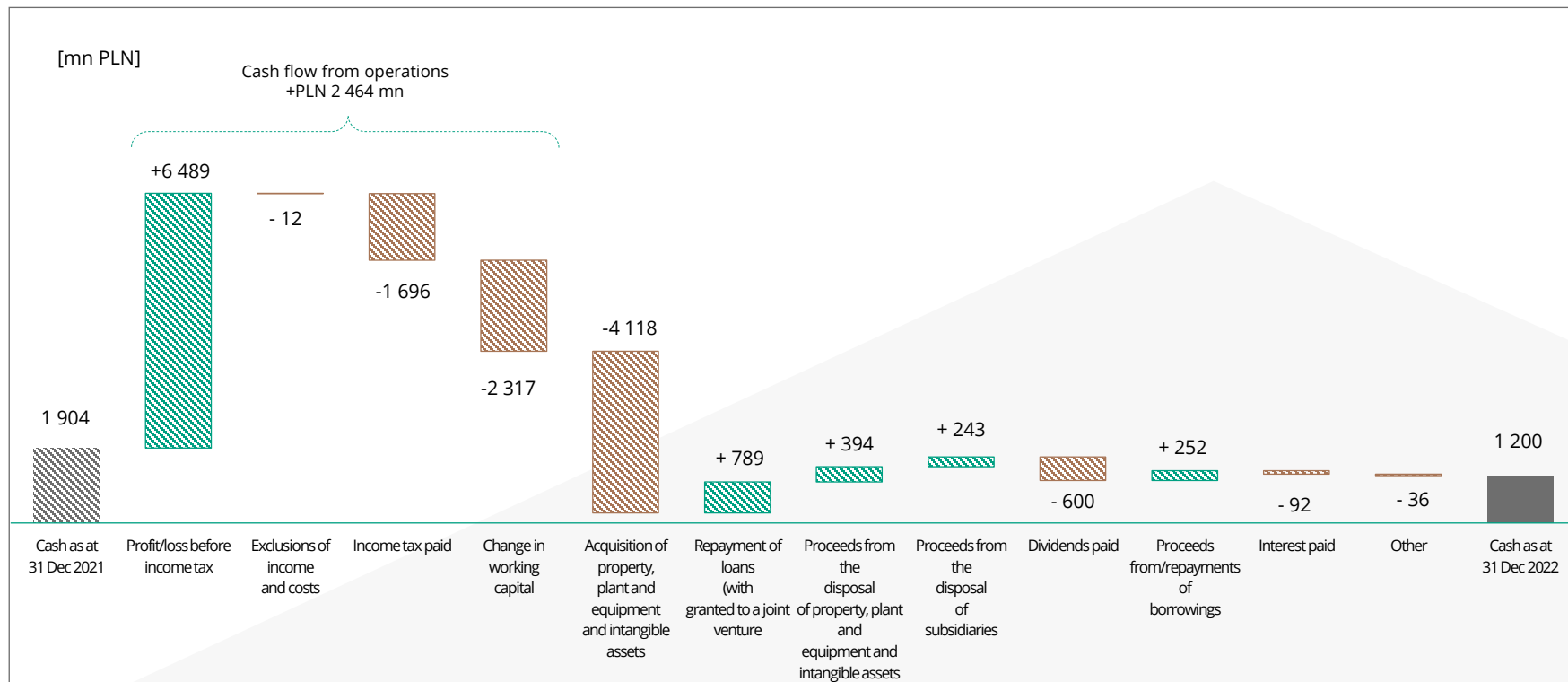
Lower Group profit by PLN 1 381 million (-22%) mainly due to a lower result on involvement in joint ventures and the result on basic operating activities.





# Cash flow

## KGHM Group



# Net debt of the KGHM Group

Net debt of the KGHM Group Q4 2022

## Main factors affecting net debt in 2022

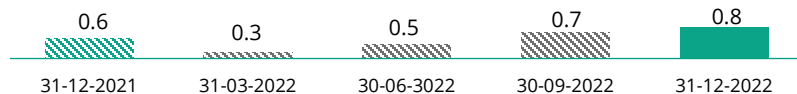
### Increases in debt

- Cash expenditures on property, plant and equipment (PLN 4 118 mn)
- The minerals extraction tax (PLN 3 046 mn)
- Change in inventories (higher by PLN 2 343 mn)
- Dividend paid (PLN 600 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 181 mn)
- Change in trade and other receivables (higher by PLN 570 mn)
- Borrowing costs recognised in cash flow (PLN 92 mn)

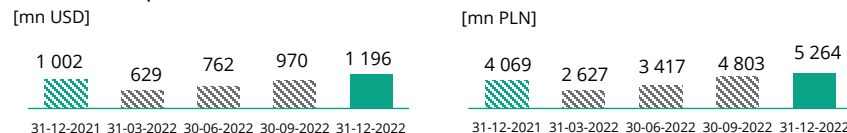
### Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 7 960 mn)
- Proceeds from repaid loans with interest (PLN 789 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 464 mn)
- Proceeds from the sale of the Oxide project to Sierra Gorda SCM (PLN 342 mn)
- Disposal of subsidiaries (PLN 243 mn)

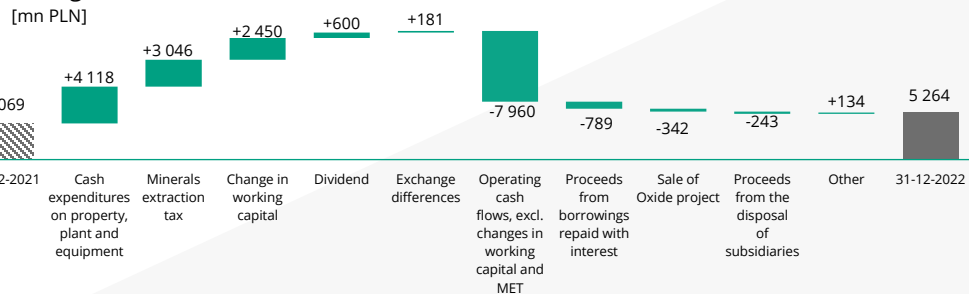
Net debt / adjusted EBITDA



KGHM Group net debt



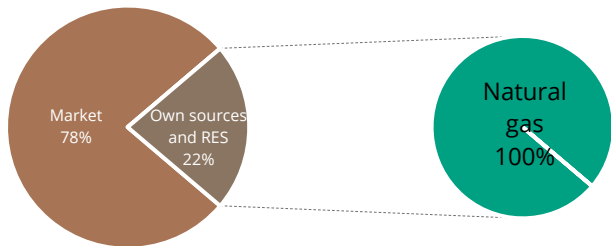
Change in net debt



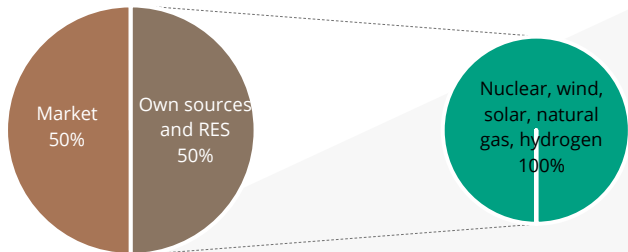
# By 2030 the increase in share of RES will lead to a substantial reduction in CO<sub>2</sub> emissions

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

2020 – base year (2.9 TWh):



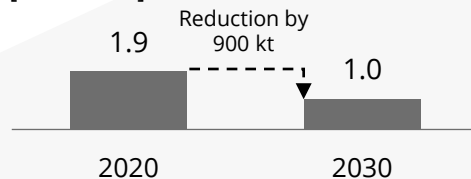
2030 - goal:



2022:

Own generation sources covered 11.71%<sup>1)</sup> of KGHM's total power needs in 2022.

Estimated CO<sub>2</sub> 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 CO<sub>2</sub> annually



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

<sup>1)</sup> Lower power generation from own sources in 2022 compared to 2021 mainly due to unplanned shutdowns of the CCGT blocks due to high prices of natural gas and CO<sub>2</sub> emissions rights



## Advancement of development initiatives

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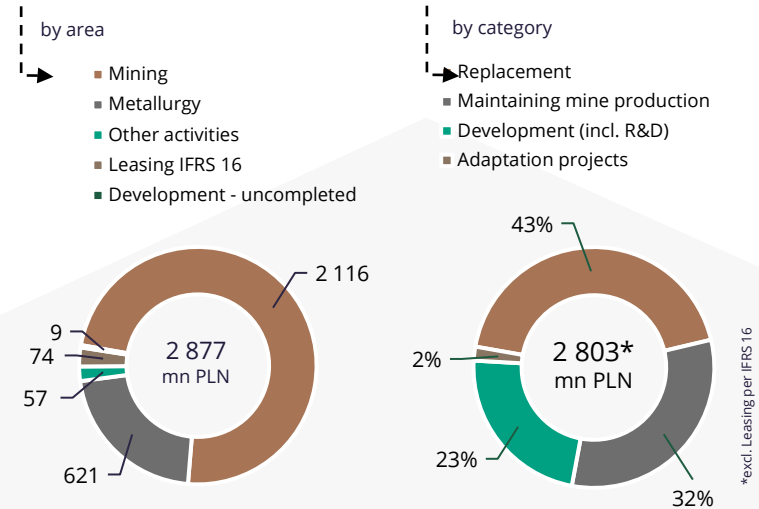


# A rationale and responsible investment program

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



## CAPEX execution in 2022



Comparison: CAPEX and budget execution in 2021



**2 586** mn PLN  
CAPEX execution 2021

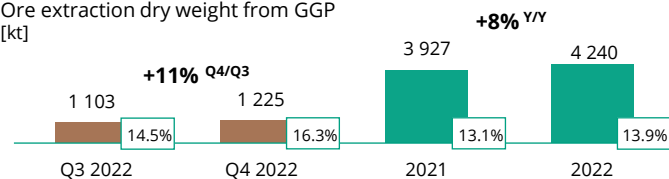
**2 853** mn PLN  
CAPEX budget target for 2021

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

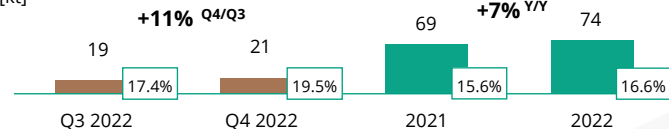
Deposit access program in KGHM's concessioned areas

## Share of production from GGP in total production in Poland

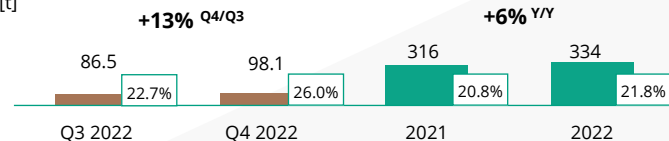
Ore extraction dry weight from GGP [kt]



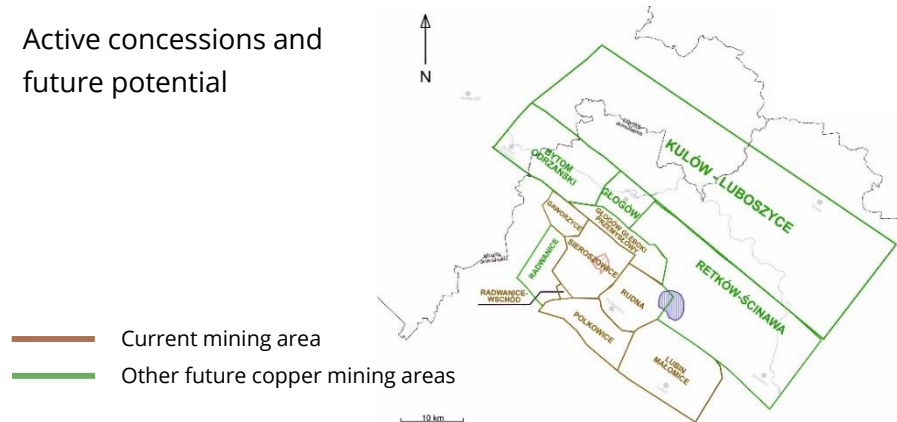
Amount of copper in ore [kt]



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 (Q4/Q3 2022) in the GGP region increased substantially.

Extraction in 2022 compared to 2021 (+8%) also increased substantially.

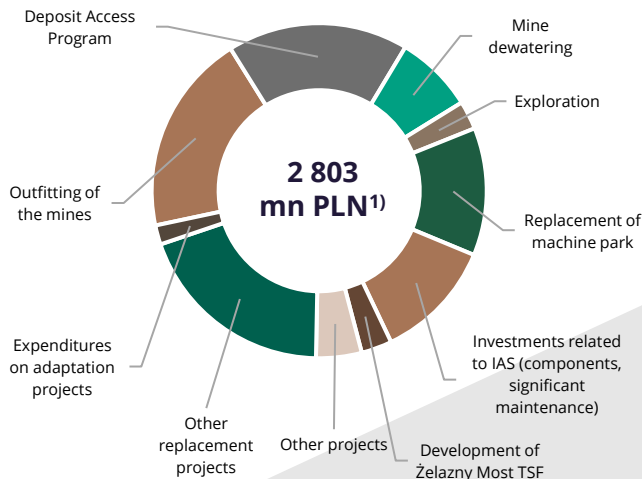
# CAPEX execution in key investments

## Deposit Access Program

- GG-1 shaft – sunk to the maximum depth of 1 348 m
- GG-2 „Odra” shaft – preparatory work completed for the shaft site drillholes. Planned completion of drilling – 30 March 2024. Actions underway to select contractors for the MTS<sup>2)</sup> and facilities required to sink the shaft.
- „Retków” shaft – talks are underway with the Gmina of Grębocice regarding an Understanding
- 41 km km of tunneling were excavated in the Rudna and Polkowice-Sieroszowice mines
- Power and related projects (UiUGO SW-4) – detailed agreements were signed and construction of underground water pumps is underway, with reservoirs and requisite technical infrastructure (at the surface)
- Central Air Cooling System („PSK”):
  - Work continued on building/expanding the PSK at the GG-1 shaft.
  - Trial operation of stage 1 of the installation with a capacity of approx. 22 MWt are underway.
  - Technological start-up of stage 2 equipment commenced with a capacity of 33 MWt
  - The process commenced of increasing to 40MW capacity – a conceptual design was developed

## 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 of installations to reduce impurities in process gases from the convertor furnaces and from the Dörschel furnaces in the Lead Unit was carried out and completed
  - construction was carried out on the renovation of an installation to restrict particulates emissions at the concentrates unloading unit of Głogów II as well as work related to developing documentation for an installation to improve working conditions in the crude lead production hall
- 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



## Mine dewatering

- Local pumps and piping (for dewatering, technological water and fire fighting) amounting in total length to over 15 km, were built
- elements of the main dewatering pump, cabling, the monitoring system, TRAF0 stations and electrical switching stations were purchased and assembled
- Underway: development of dewatering piping, modernisation of pumps and development of technical infrastructure

## Replacement of machine park

224 machines were purchased, including 37 in the Lubin mine (plan 38), 89 in the Polkowice-Sieroszowice mine (plan 90) and 98 in the Rudna mine (plan 95)

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

Maintenance work comprised among others the following sections: charge preparation, the flash furnace, the electric furnace and converters, the anode furnaces, the sulphuric acid plant and electrical/power installations. On 3 July 2022 concentrate was fed to the flash furnace, marking the end of the shutdown. In the fourth quarter the process of settling the investment projects carried out during the maintenance shutdown of Głogów II were completed.

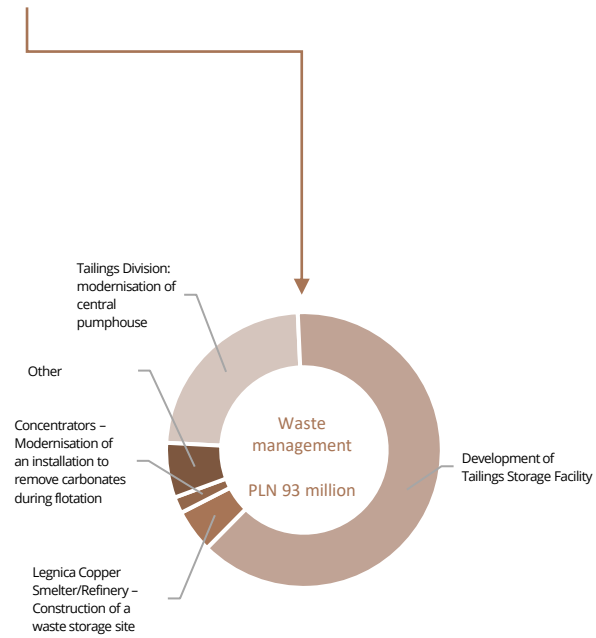
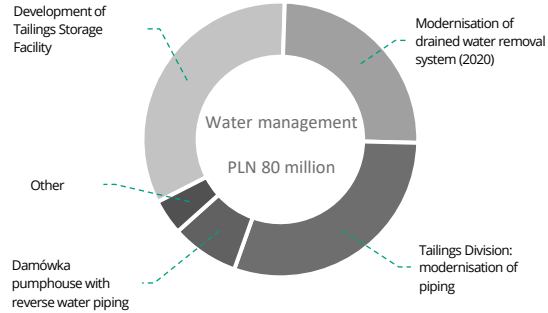
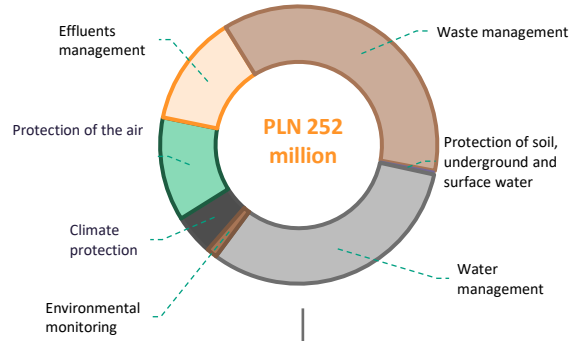
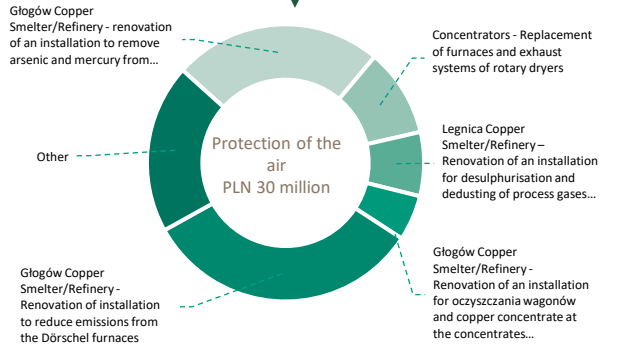
## Development of Żelazny Most Tailings Storage Facility

- Stages 1, 2 & 3 of construction of the Southern Quarter were completed. Operating permit received. Proceedings involving the signing of a tailings slimes management agreement were completed.
- Work continued on the Tailings Segregation and Compacting Station – 87% completed. Stage 1 completed (hydrocyclones). Work was carried out on developing infrastructure in the vicinity of the station, as well as on stage 2 involving the compacting machinery.
- 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



# Environmental Investments

2022





Supporting slides – KGHM Polska Miedź S.A.

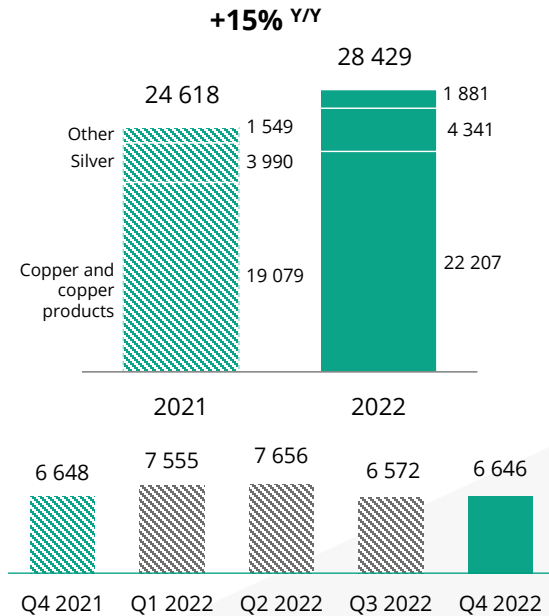
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# Sales revenue

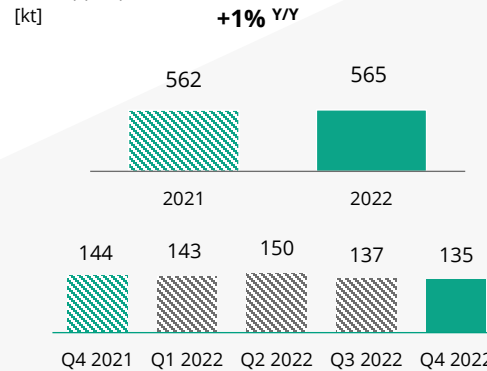
KGHM Polska Miedź S.A.

Revenues from contracts with customers  
[mn PLN]

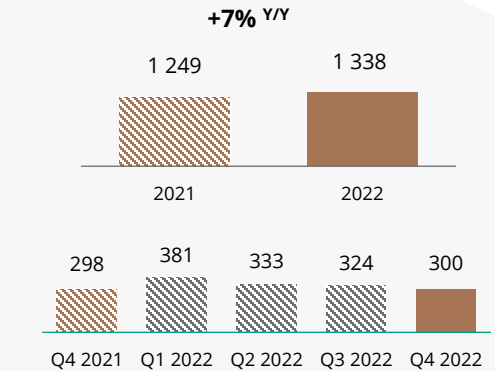


Higher revenues from contracts with customers by PLN 3 811 mn (+15%) in 2022 compared to 2021 due to a more favourable exchange rate and a higher sales volume

Sales of copper  
and copper products  
[kt]

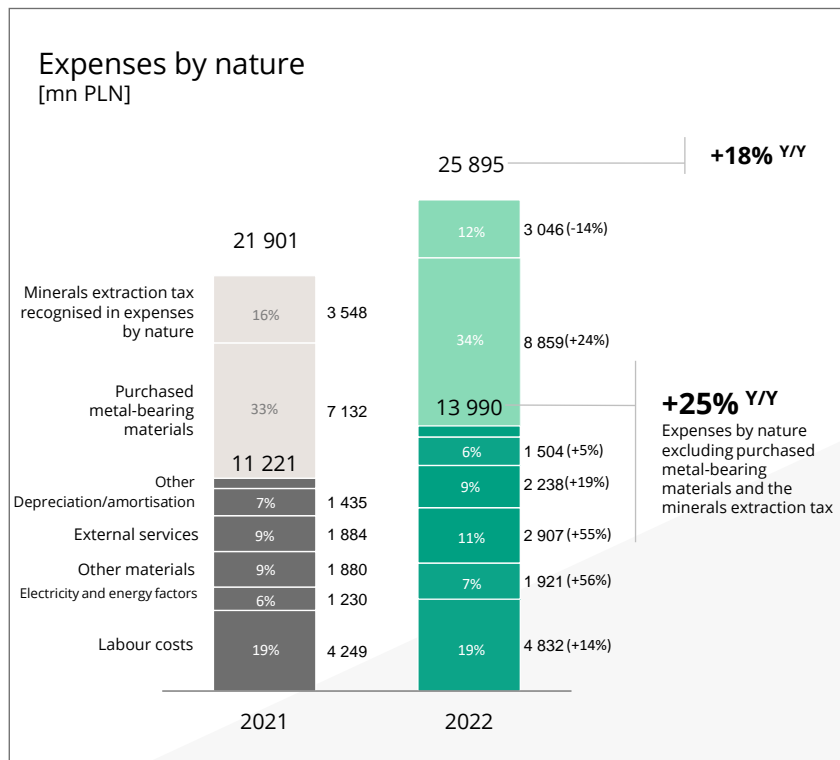


Silver sales  
[t]



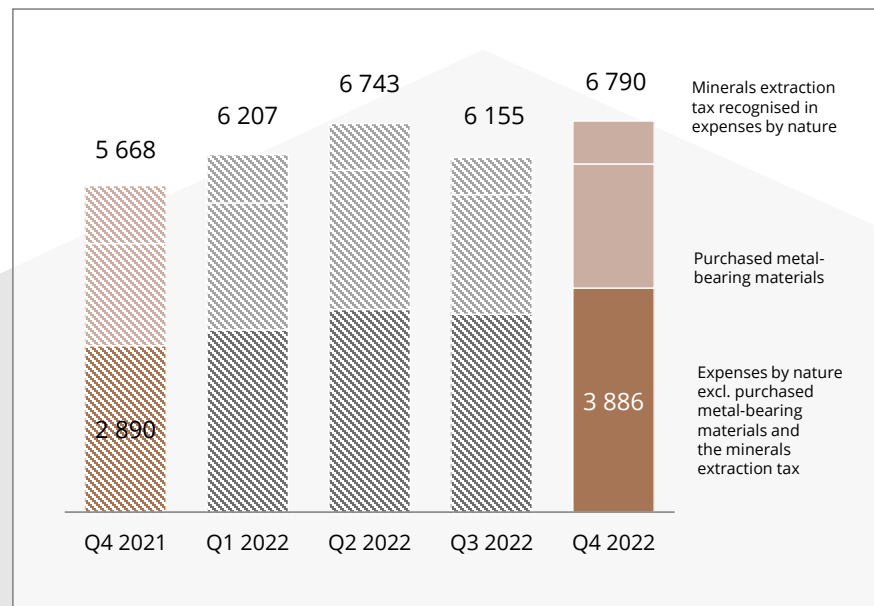
## Expenses by nature

KGHM Polska Miedź S.A.



## Expenses by nature higher by PLN 3 994 million Y/Y

(of which PLN 1 727 mn due to purchased metal-bearing materials and PLN 1 718 mn due to other materials and energy)

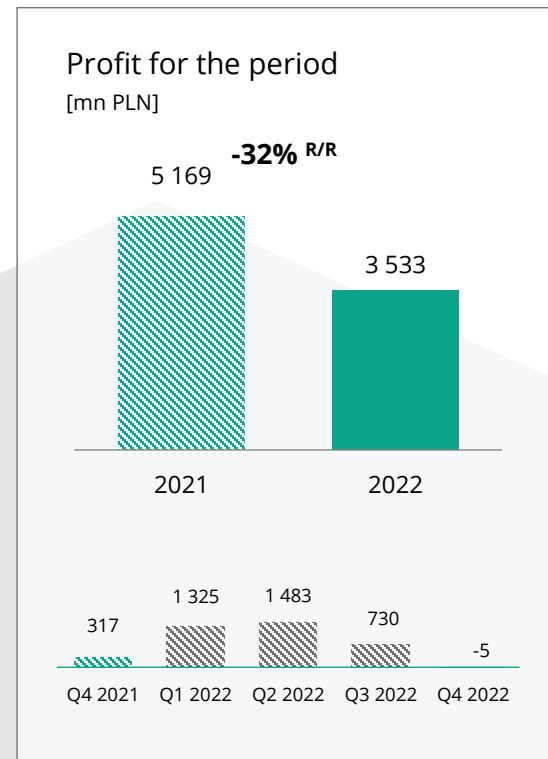
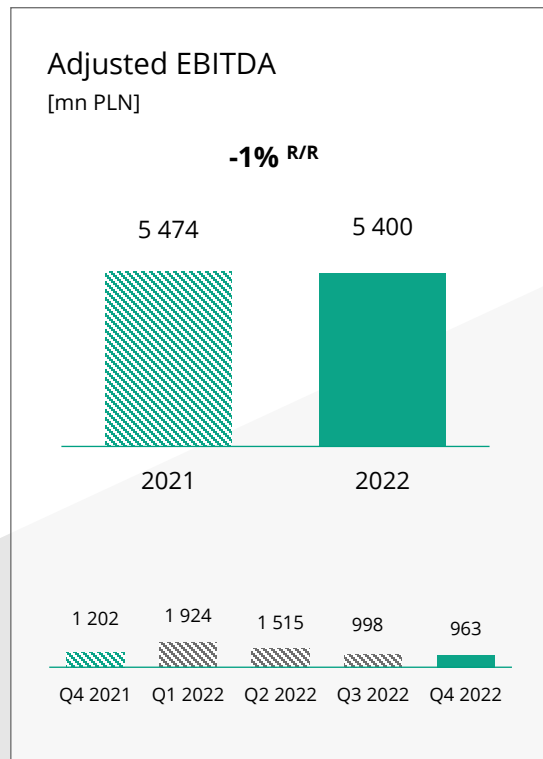


# EBITDA and profit for the period

KGHM Polska Miedź S.A.

## Slightly lower EBITDA and lower net profit

- EBITDA lower by 1% versus 2021
- Lower net profit by PLN 1 663 million (-32%) versus 2021, mainly due to a lower level of impairment reversals and a lower impact from the measurement of financial instruments



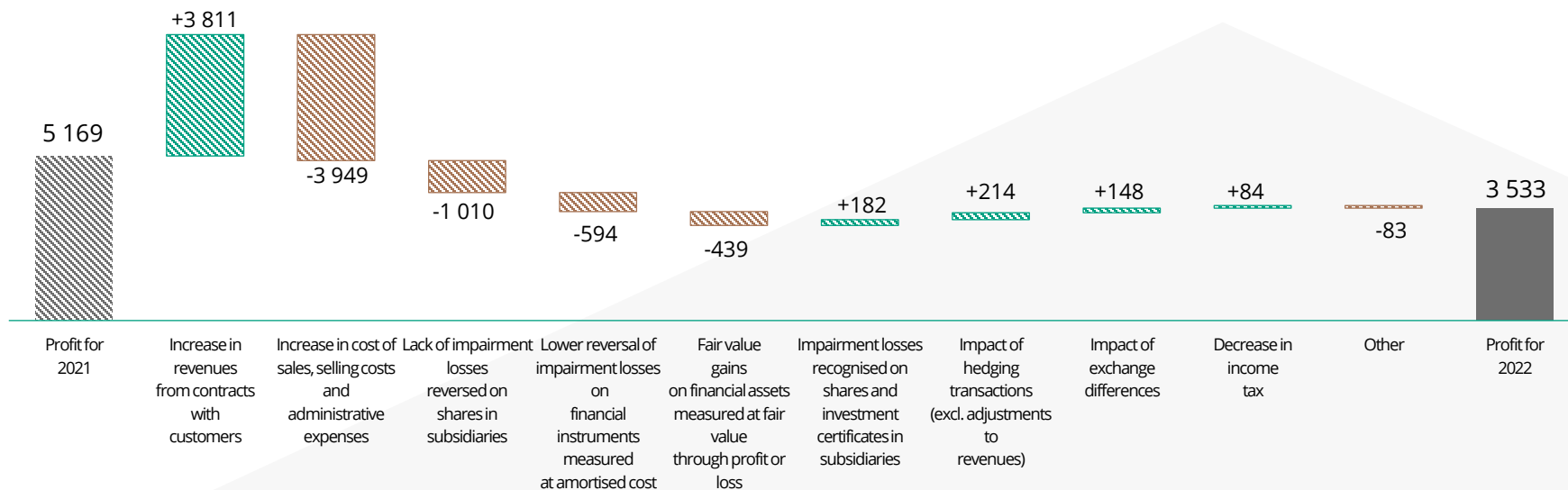
# Profit for the period

KGHM Polska Miedź S.A.

## Profit for the period

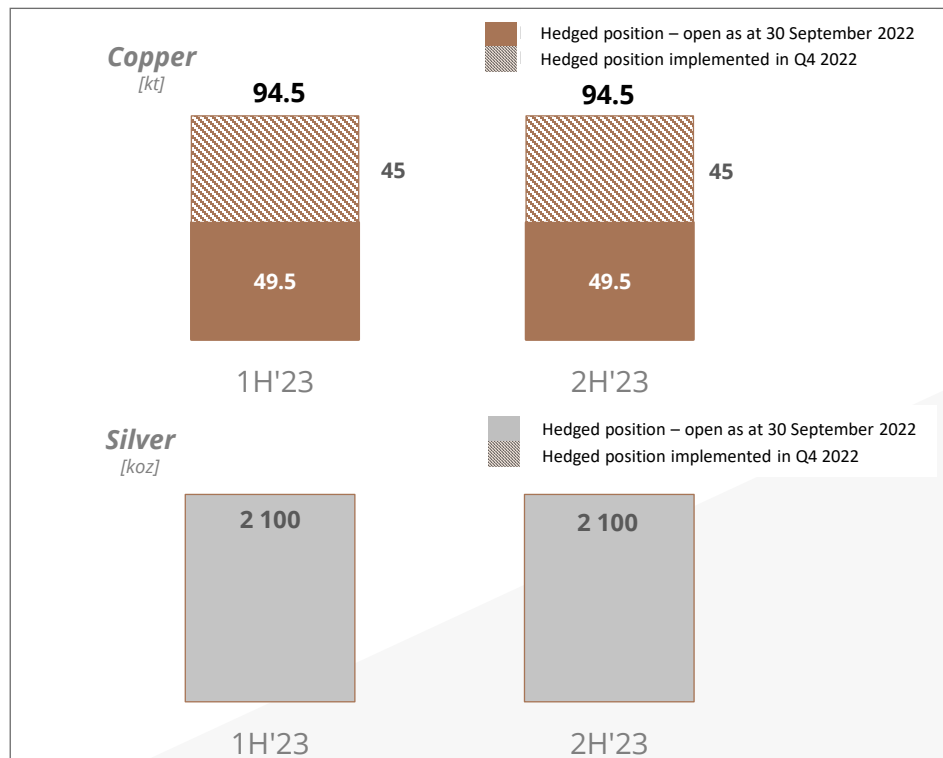
[mn PLN]

**-32% Y/Y**



## Market risk management

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



**At the end of 2022 the Parent Entity recorded a result on derivatives\* and hedges in the amount of -PLN 341 million :**

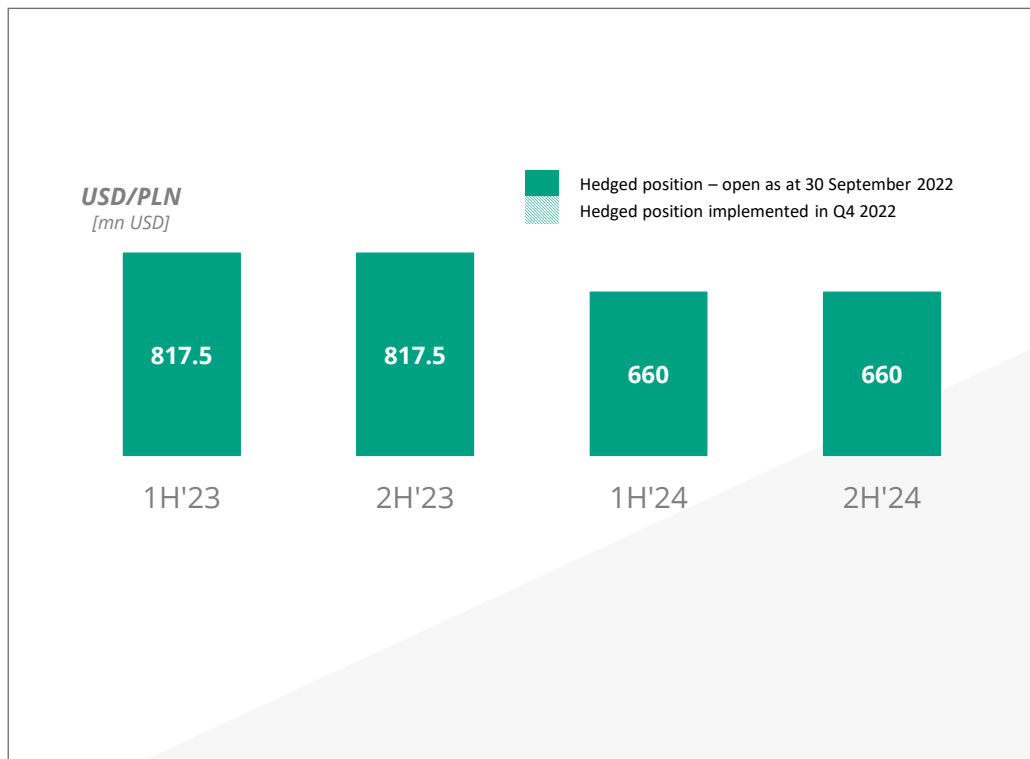
- -PLN 182 mn adjusted revenues from contracts with customers (transactions settled to 31 December 2022),
  - PLN 200 mn decreased the result on other operating activities,
  - PLN 41 mn increased the result on financing activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 December 2022 amounted to PLN 400 mn\*.
  - The revaluation reserve on cash flow hedging instruments as at 31 December 2022 amounted to PLN 71 mn.
  - In 2022 the Parent Entity entered into *seagull* strategies on the copper market for the period from January 2023 to December 2023 for the total volume of 90 thousand tonnes. In addition, a hedged position on the copper market was restructured for the total volume of 12 thousand tonnes.
  - In 2022 the Parent Entity did not enter into derivatives transactions on the forward silver market.

\* excludes embedded instruments



# Market risk management

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



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

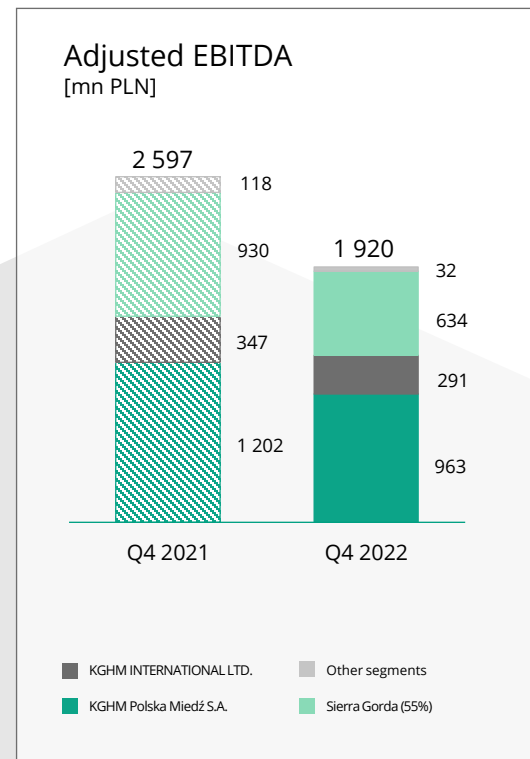
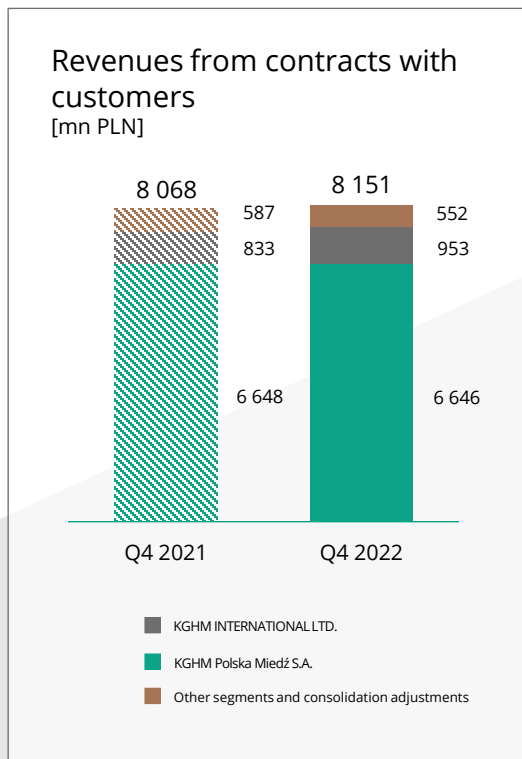
- Put options were purchased on the currency market for USD 205 million in planned revenues from sales, with maturities from April 2022 to December 2022,
- Collar-type options structures were entered into on the currency market in total for USD 400 million in planned revenues from sales in the period from August 2022 to December 2022.
- Collar-type options structures were entered into on the currency market in total for USD 2 640 million in the period from January 2023 to December 2024.
- In 2022 the Parent Entity did not enter into transactions hedging forward interest rates.
- As at 31 December 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 Q4 2022

KGHM Group and operating segments

Lower adjusted EBITDA compared to Q4 2021 o PLN 677 million, mainly due to lower operating results by the international assets

- **Grupa KGHM**  
(-PLN 677 mn, -26%)
- **KGHM Polska Miedź S.A.**  
(-PLN 239 mn, -20%)
- **Sierra Gorda**  
(-PLN 296 mn, -32%)
- **KGHM INTERNATIONAL LTD.**  
(-PLN 56 mn, -16%)



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