

Layers of possibilities



KGHM Group Investor Presentation

Raifeissen Conference Zürs 2023
April 2023

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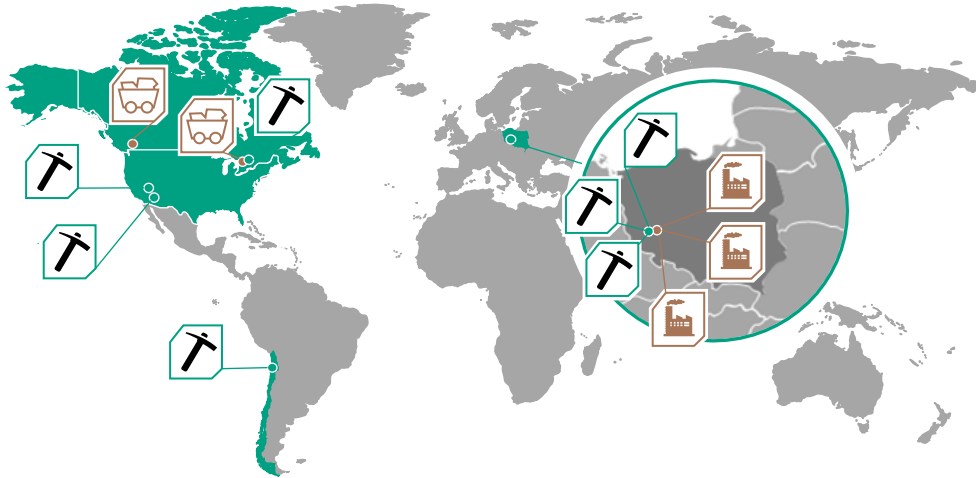


Key information about the KGHM Group
and our approach to Sustainability



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

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



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

Eighth
largest mining
copper
producer



Second
largest
silver
producer



Source: Kitco 2023

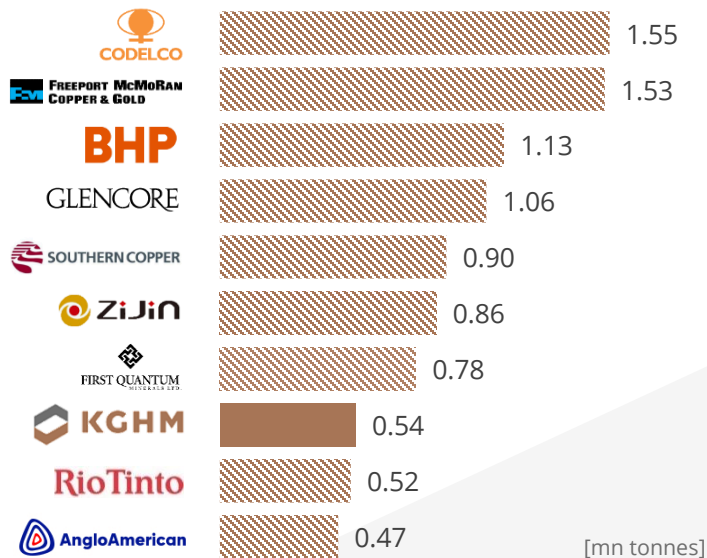
Other KGHM Group products:

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

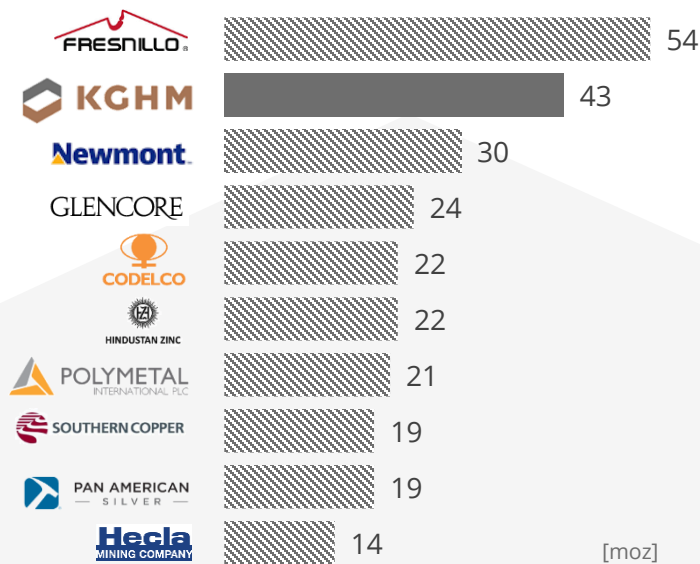


KGHM among the biggest copper and silver producers

Mined Copper production 2022



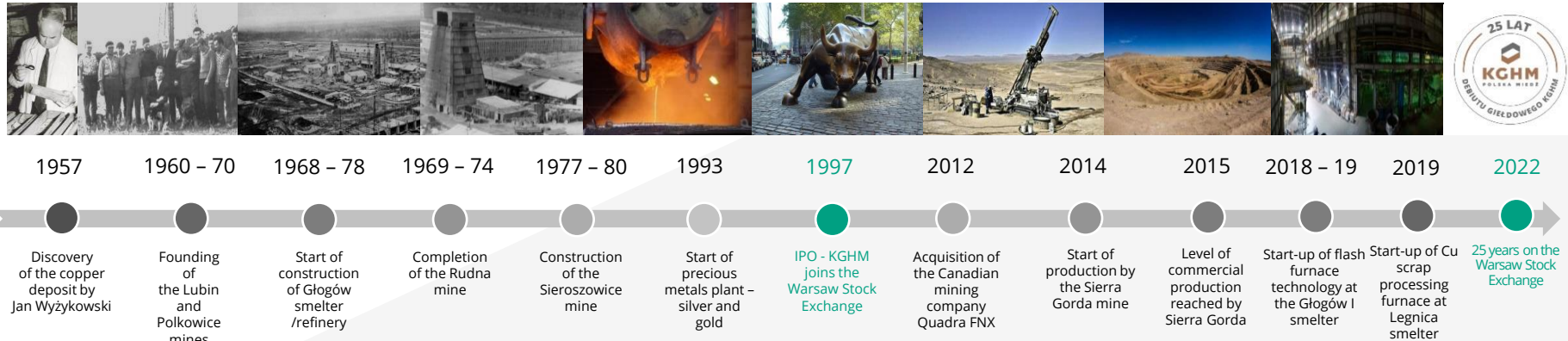
Silver production 2022



Source: KITCO, March/April 2023

A proud history of mining and metallurgy

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



Core production assets in Poland – stable output and earnings

Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

approx. 36 years LOM

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



Legnica Smelter and Refinery

LME grade A-registered cathodes

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

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



Rudna Mine

approx. 23 years LOM

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



Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 240 kt electrolytic Cu/year¹⁾

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



Lubin Mine

approx. 38 years LOM

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



Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 230 kt electrolytic Cu/year¹⁾

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

2022 Cu production in total: 463.5 kt



Deep Głogów Project

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



Cedynia Copper Wire Rod Plant

Contirod and Upcast technology

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

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile

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



Robinson Mine, USA

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



Sudbury, Canada

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

Actions involving other, third-tier production assets:

- Franke Mine, Chile (asset sold on 26 April 2022)
- Carlota Mine, USA – renewal of divestment process under consideration
- Sudbury assets (excl. Victoria project) – preliminary divestment process commenced (accepting of bids)

Potential growth projects



Sierra Gorda Oxide, Chile

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



Victoria, Canada

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



Ajax (80% stake), Canada

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

KGHM's efforts towards energy transformation

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

COMPETITIVE ADVANTAGES

Climate Policy



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

Development of RES and EV markets



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

Cost-efficient resources



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

ACTIONS UNDERTAKEN

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

The Copper Mark®

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

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

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



RESPONSIBLY
PRODUCED
COPPER

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

The 32 topics covered by The Copper Mark® include:

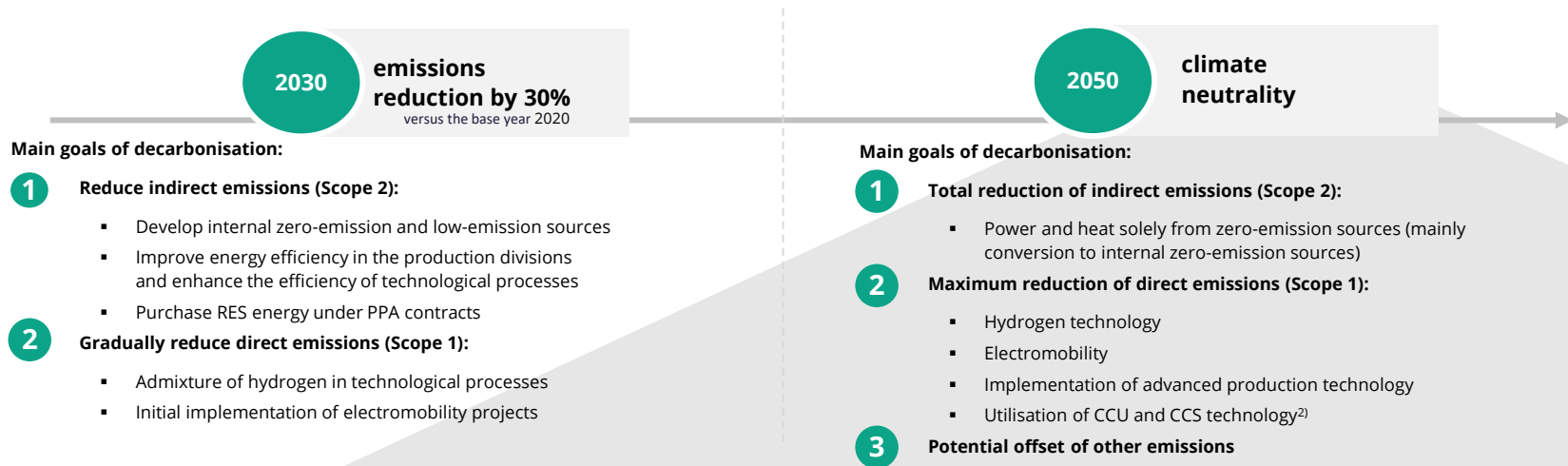
- *Forced Labor*
- *Gender Equality*
- *Occupational Health and Safety*
- *Freshwater Management and Conservation*
- *Waste Management*
- *Biodiversity and Protected Areas*
- *Community Development*
- *Human Rights*
- *Indigenous Peoples' Rights*
- *Cultural Heritage*

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

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

Climate neutrality by 2050

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



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

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

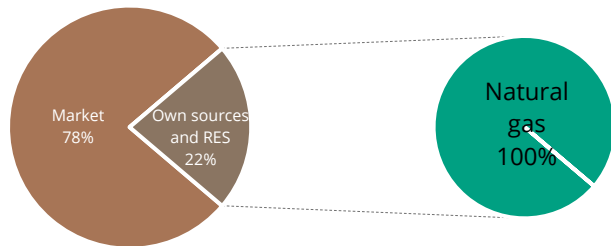
2) CCU (carbon capture and utilisation) and CCS (carbon capture and storage) technology

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

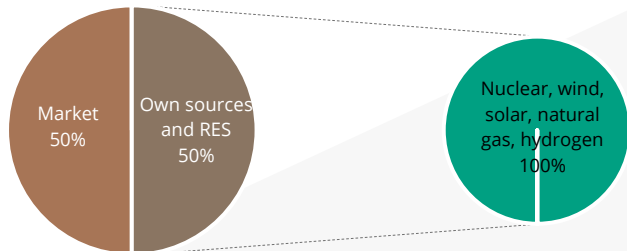
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

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

2020 – base year (2.9 TWh):



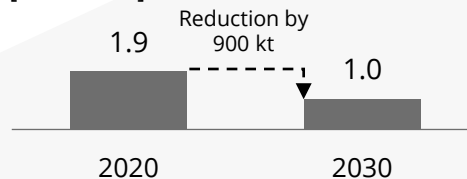
2030 - goal:



2022:

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

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

¹⁾ 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 CO₂ emissions rights

Employee safety as a strategic priority for the KGHM Group



Safety and development

ISO 45001:2018

Occupational Health and Safety Management System Certificate

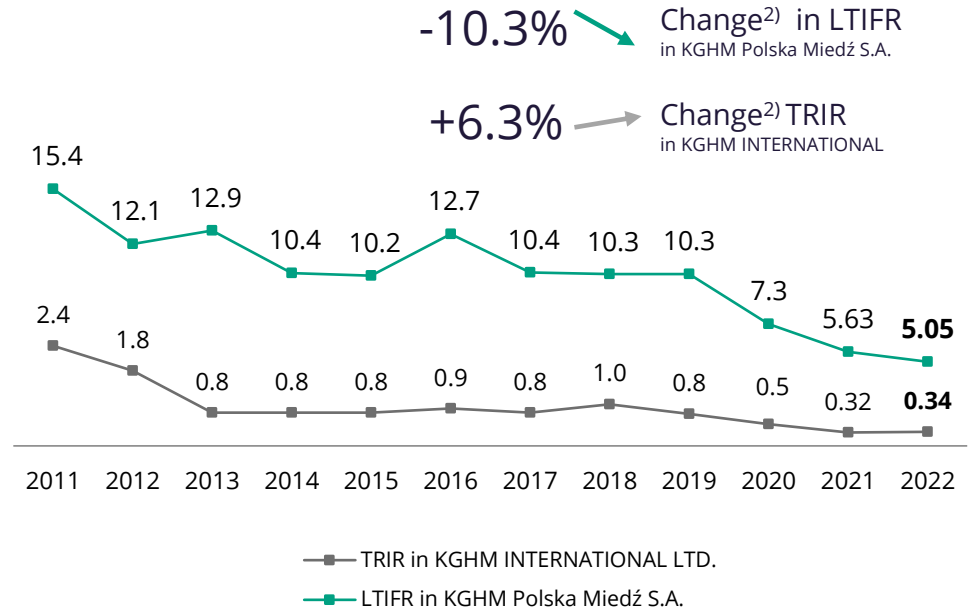
Leader's Gold Card of Workplace Safety

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

Once again – low accident rates

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

Accident rates¹⁾



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

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

Pro-family action and CSR

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



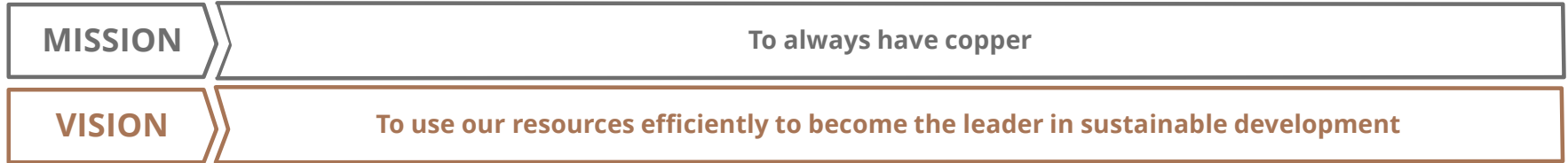


Strategy of the KGHM Polska Miedź S.A. Group



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

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



Key elements of the Strategy advanced in 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.



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.



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.



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.



Performance in 2022 - KGHM Group



Summation of 2022 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to 2021

Macroeconomic environment ¹⁾

-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

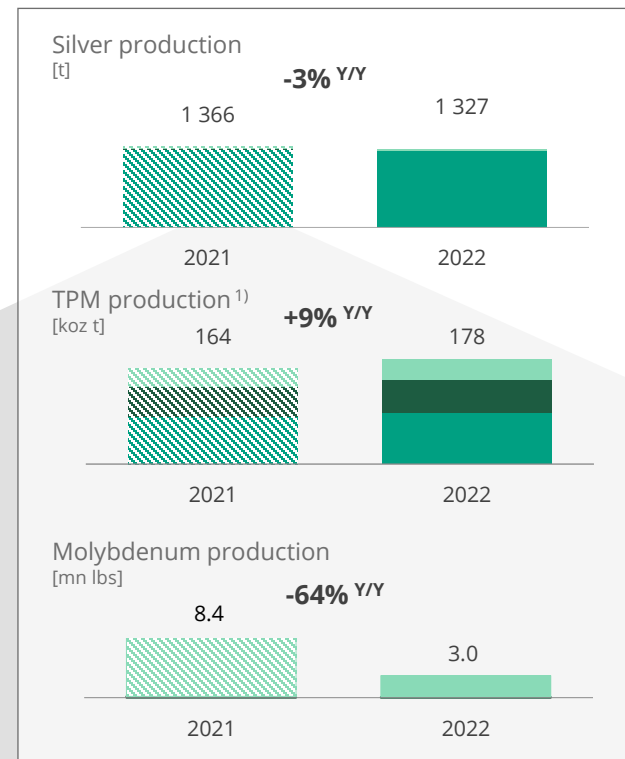
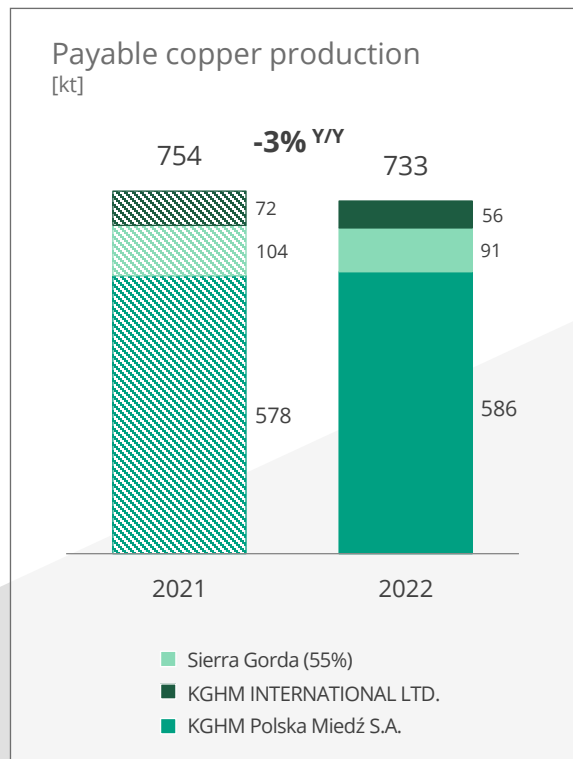
-14%

EBITDA²⁾ of
PLN 8 865 mn

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)



Key production indicators of the KGHM Group and segments

2022

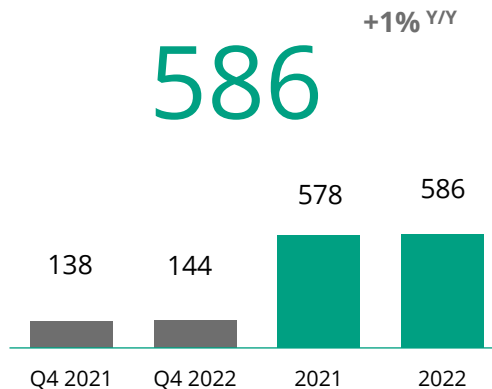
Payable copper production
by the KGHM Group
lower by 2.7% (Y/Y)

733

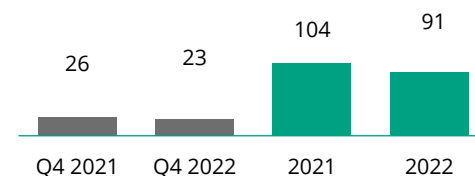
-2.7% Y/Y
[kt]

- **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

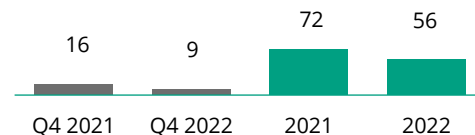
Payable copper production
KGHM Polska Miedź [kt]



Payable copper production
Sierra Gorda¹⁾ [kt]

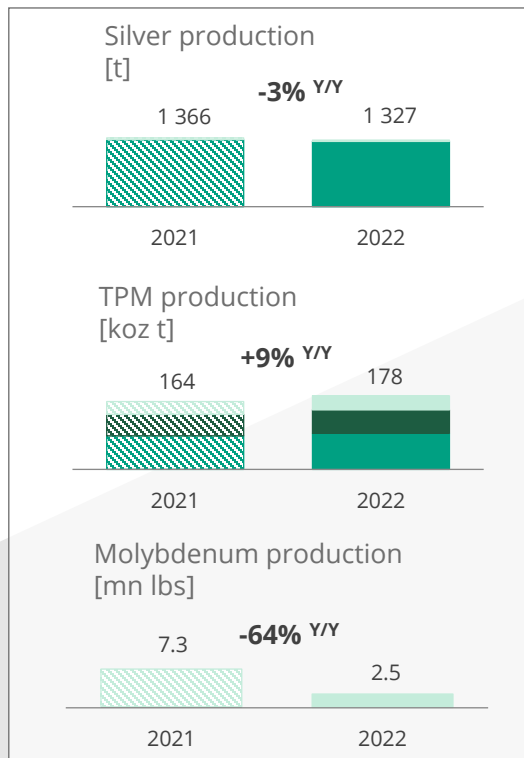
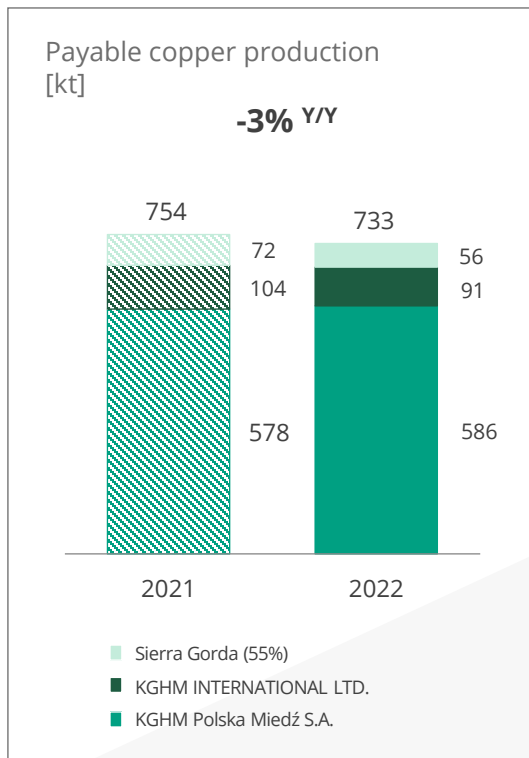


Payable copper production
KGHM INTERNATIONAL LTD. [kt]

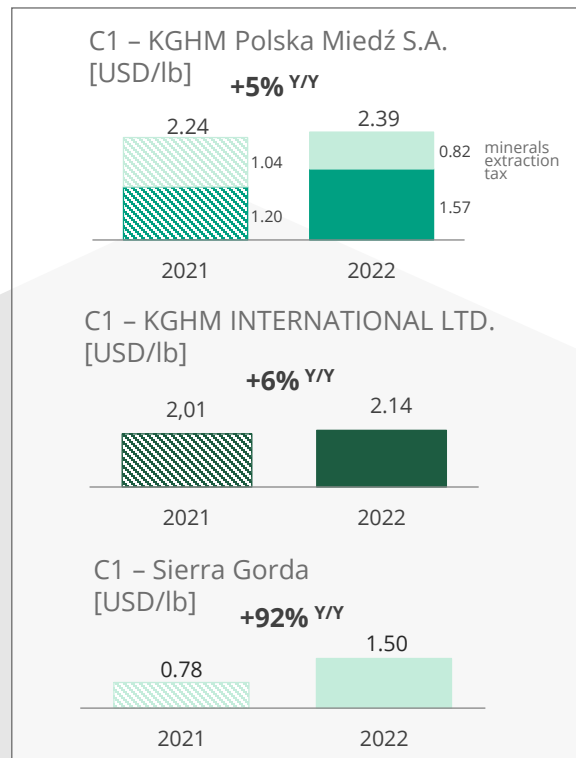


Other major metals and costs

Production



C1 cost



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:

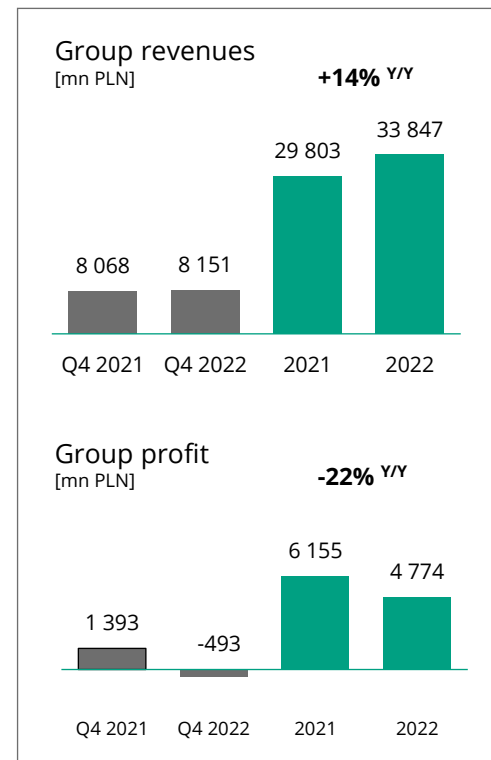
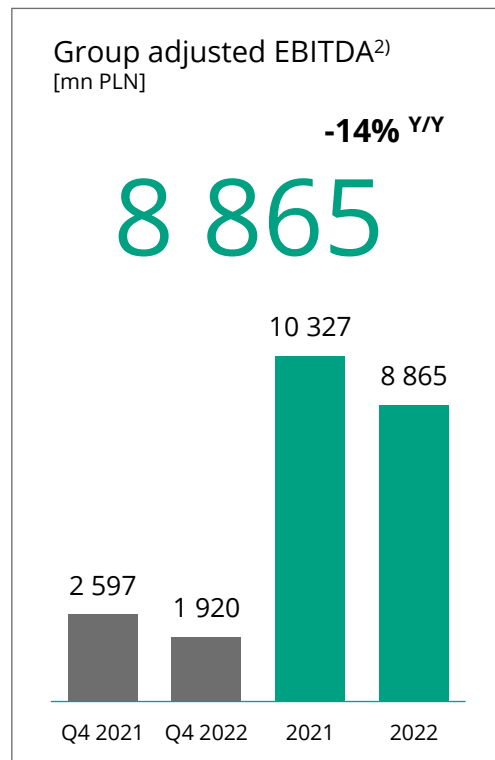
- Sierra Gorda¹⁾ -PLN 977 mn
- KGHM INTERNATIONAL LTD. -PLN 339 mn
The lower EBITDA in the international segments is mainly due to lower copper content in ore, and therefore lower copper sales, as well as market factors (lower sales prices)
- KGHM Polska Miedź -PLN 74 mn

Higher Group revenues

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

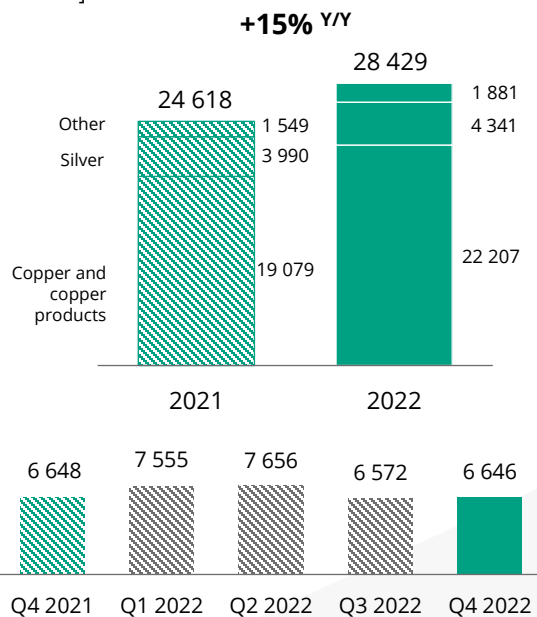
Lower Group profit for the period

- 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%)

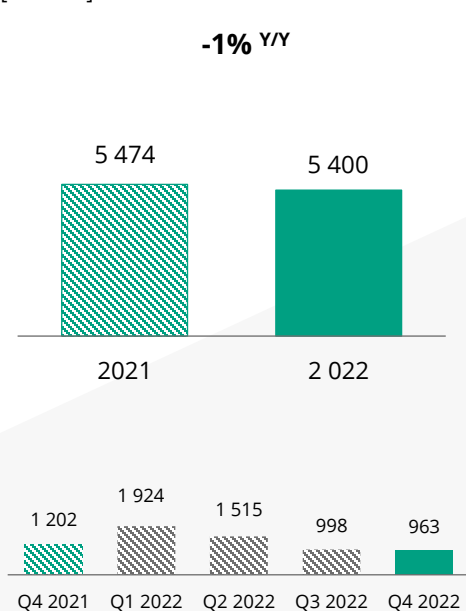


Financial results – KGHM Polska Miedź S.A.

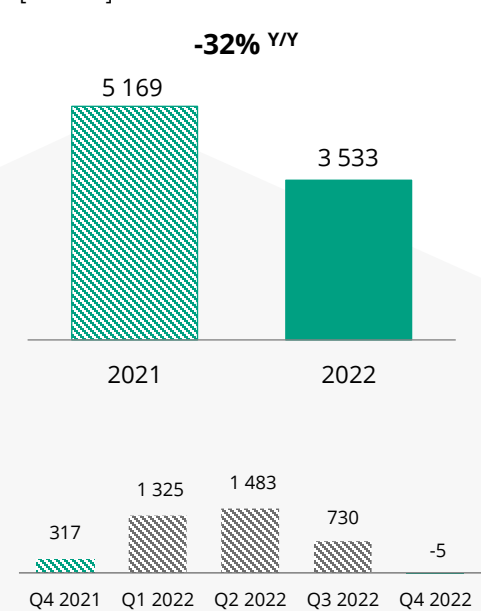
Revenues from contracts with customers
[mn PLN]



Adjusted EBITDA
[mn PLN]



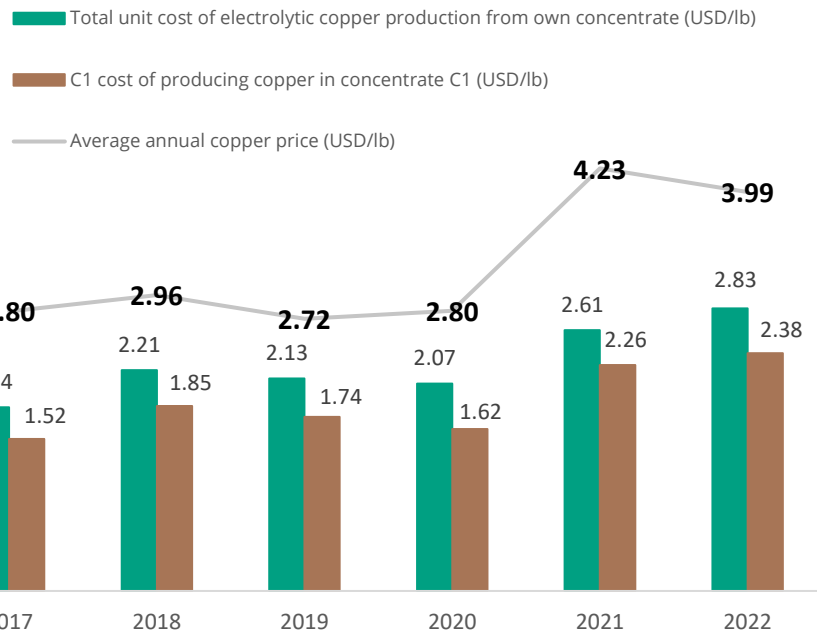
Profit for the period
[mn PLN]



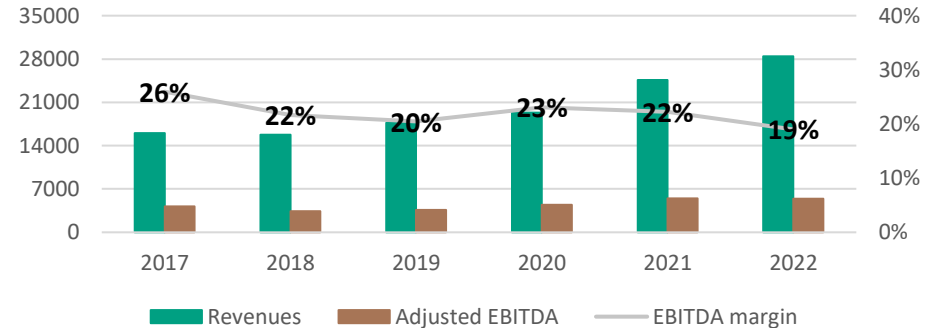
Margins remain robust

KGHM Polska Miedź S.A.

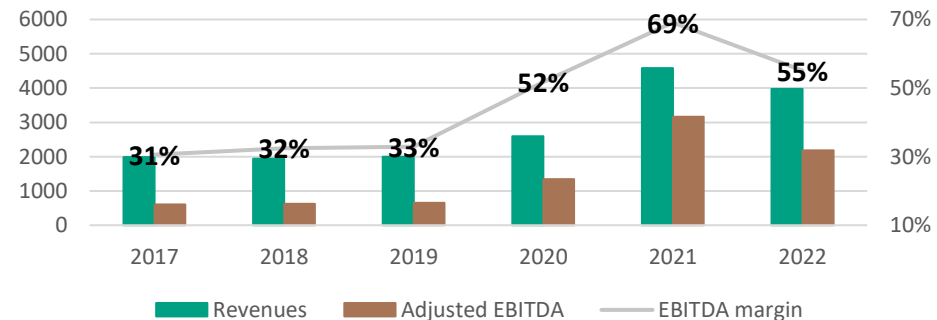
Copper production cost vs copper price



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



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



*Proportionally to the interest held (55%)

Net debt of the KGHM Group

Net debt of the KGHM Group Q4 2022

Main factors affecting net debt in 2022

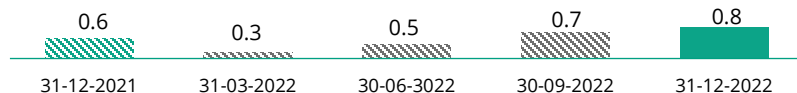
Increases in debt

- 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)

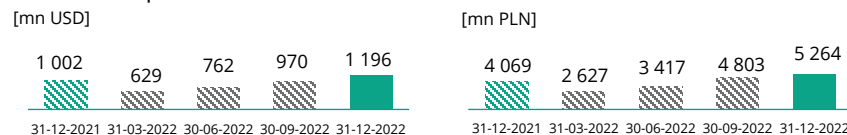
Decreases in debt

- 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)

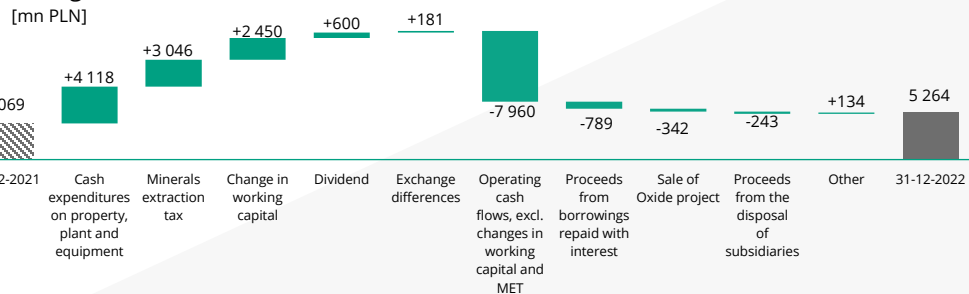
Net debt / adjusted EBITDA



KGHM Group net debt

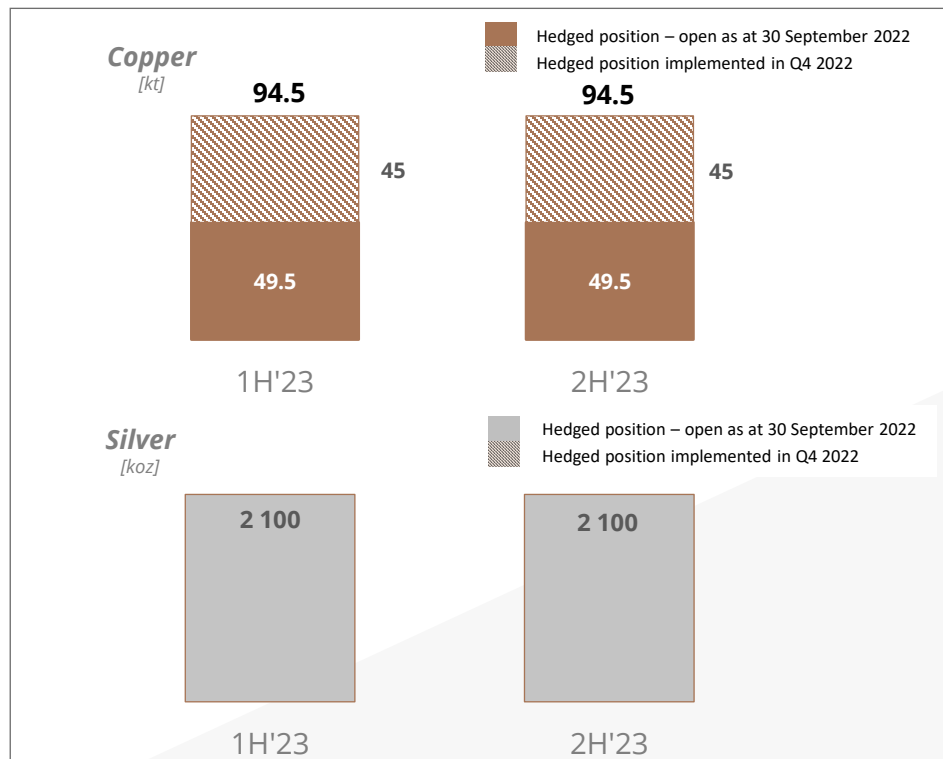


Change in net debt



Market risk management

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



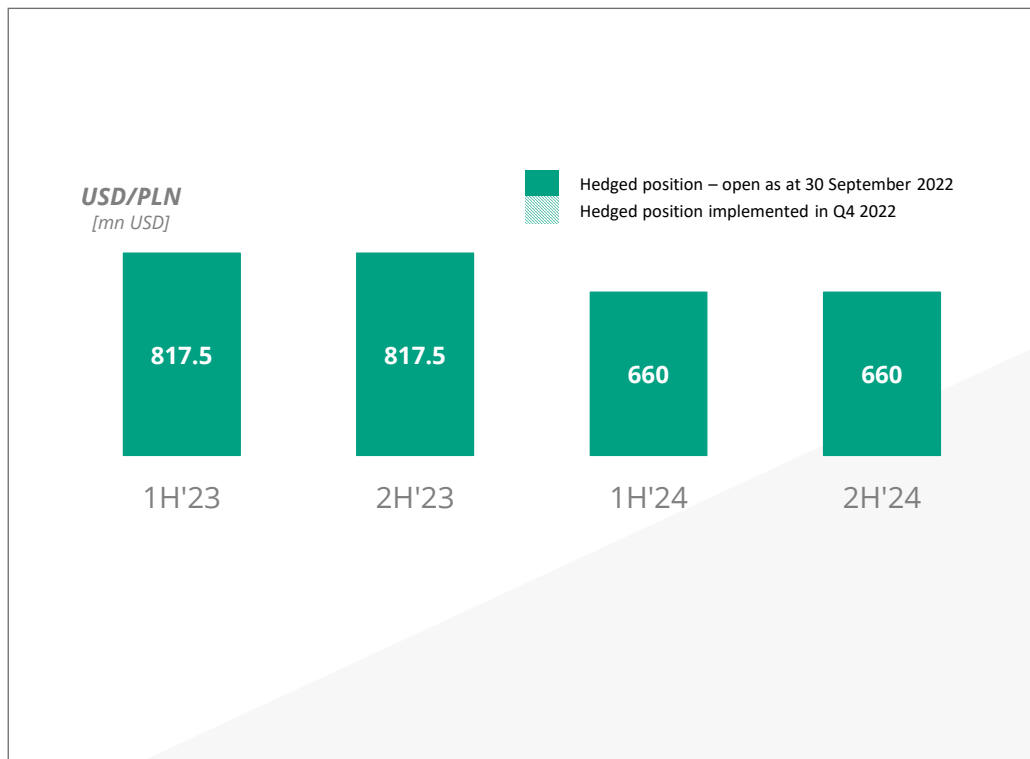
At the end of 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 341 million :

- 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.

Capital allocation

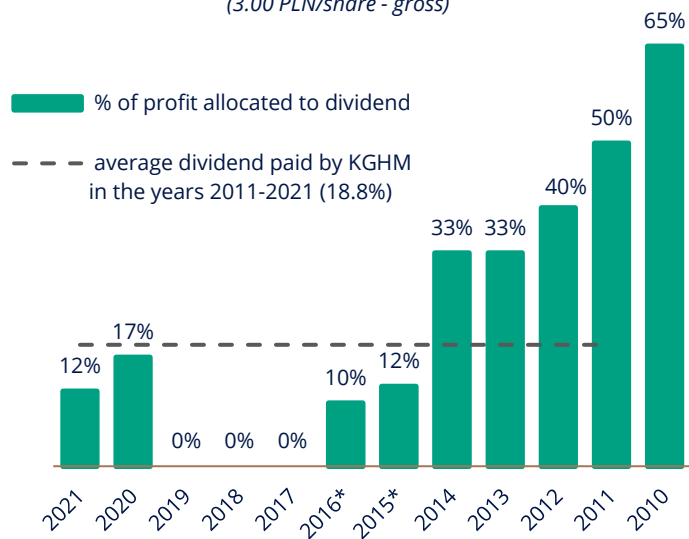
Renewal of dividend payout

2022 Dividend Payout (on 2021 profit)

(12% of net profit)

600 mn PLN

(3.00 PLN/share - gross)



Dividend for shareholders

- PLN 600 000 000.00 (PLN 3.00 per share)
- dividend date 7 July 2022, dividend payment date 14 July 2022

Dividend policy

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

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

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

A rationale and responsible investment program

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



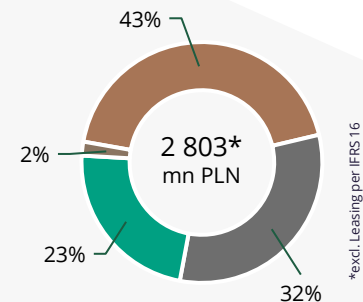
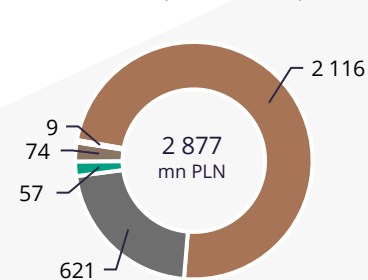
CAPEX execution in 2022

by area

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

by category

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



Comparison: CAPEX and budget execution in 2021



2 586 mn PLN
CAPEX execution 2021

2 853 mn PLN
CAPEX budget target for 2021

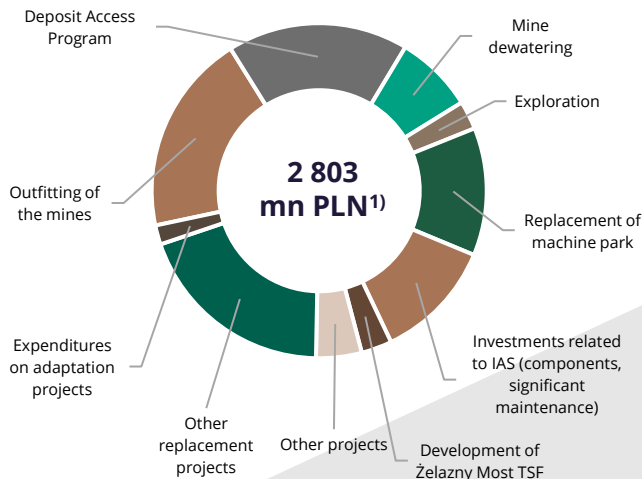
CAPEX execution in key investments

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 MTS²⁾ 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

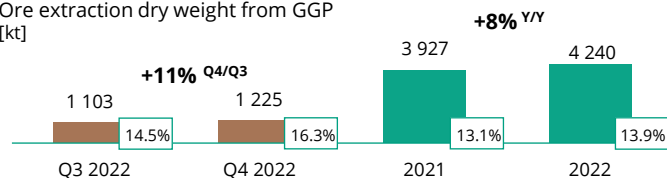
- Stages 1, 2 & 3 of construction of the Southern Quarter were completed. Operating permit received. Proceedings involving the signing of a tailings slimes management agreement were completed.
- Work continued on the Tailings Segregation and Compacting Station – 87% completed. Stage 1 completed (hydrocyclones). 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

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

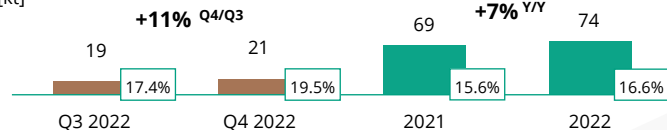
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

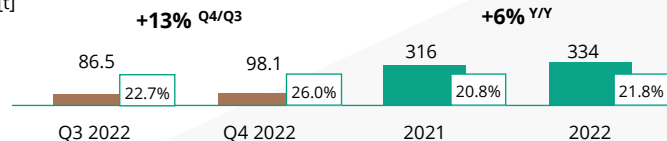
Ore extraction dry weight from GGP [kt]



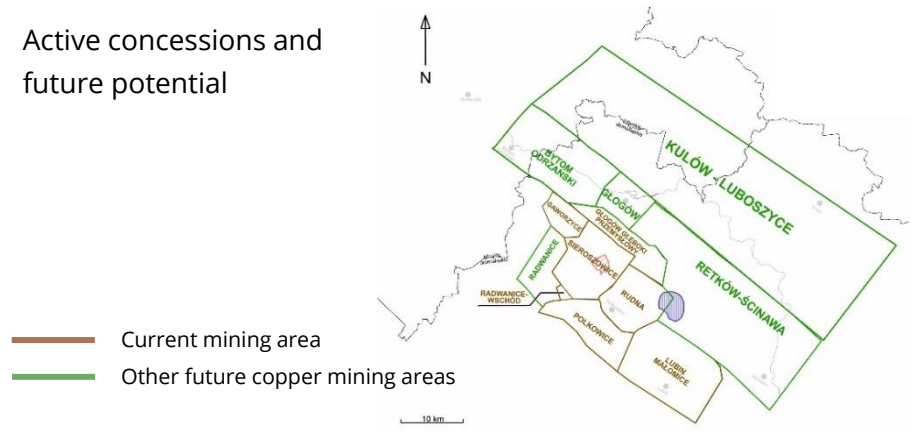
Amount of copper in ore [kt]



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.

2022 targets versus achievements and targets for 2023

| | | 2022 | Budget 2022 | Execution (%) | Budget 2023 | Change (%) |
|---|--------|---------|-------------|---------------|-------------|------------|
| KGHM Polska Miedź S.A. | | | | | | |
| Production of copper in concentrate | kt | 392.5 | 392.1 | 100.1 | 389.7 | (0.7) |
| Production of silver in concentrate | t | 1 315.8 | 1 279.6 | 102.8 | 1 261.5 | (4.1) |
| Electrolytic copper production, including: | kt | 586.0 | 585.1 | 100.2 | 582.1 | (0.7) |
| - from own concentrate | kt | 381.5 | 393.6 | 96.9 | 385.3 | +1.0 |
| Metallic silver production | t | 1 298.4 | 1 221.8 | 106.3 | 1 300.9 | +0.2 |
| Copper products sales volume | kt | 565.0 | 583.0 | 96.9 | 606.8 | +7.4 |
| Silver products sales volume | t | 1 338.3 | 1 278.1 | 104.7 | 1 303.0 | (2.6) |
| Total unit cost of electrolytic copper production from own concentrate ¹ | PLN/t | 27 775 | 26 455 | 105.0 | 36 340 | +30.8 |
| Capital expenditures on property, plant and equipment ² | PLN mn | 2 604 | 2 835 | 91.9 | 3 250 | +24.8 |
| Other investments, including loans ³ | PLN mn | 31 | 202 | 15.3 | 2 129 | ×68.7 |
| KGHM INTERNATIONAL LTD. | | | | | | |
| Payable copper production | kt | 56.2 | 54.1 | 103.9 | 56.0 | (0.4) |
| TPM production | koz t | 55.9 | 53.1 | 105.3 | 59.2 | +5.9 |
| Sierra Gorda (55%) | | | | | | |
| Payable copper production | kt | 90.8 | 90.8 | 100.0 | 80.3 | (11.6) |
| Molybdenum production | mn lbs | 2.9 | 2.9 | 100.0 | 5.7 | +96.6 |

The expected total unit cost of copper production from own concentrate⁽¹⁾ in KGHM Polska Miedź S.A. amounts to 36.3 thousand PLN/t.

KGHM Polska Miedź S.A.'s capital expenditures on property, plant and equipment planned for 2023 amount to PLN 3 250 million, while other capital expenditures⁽³⁾ amount to PLN 2 129 million.

¹ The sum of costs of mining, flotation, smelter processing per electrolytic copper, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less anode slimes and divided by the volume of electrolytic copper production from own concentrate.

² Excluding costs of borrowing, leases per IFRS 16 unrelated to an investment project as well as expenditures on development work - uncompleted

³ Acquisition of shares and investment certificates as well as loans, adjusted by proceeds resulting from the restructuring of FIZAN.

- ❑ 2023 mined production of copper in ore similar to 2022
- ❑ Silver production expected to be higher as a result of the full utilisation of processing capacity alongside lower silver content in ore
- ❑ Total unit cost of electrolytic copper production from own concentrate higher in 2023, mainly due to an increase in prices of materials used in production, energy factors and fuels, as well as of rates for external services while maintaining the material scope of costs.

Capital expenditures on property, plant and equipment PLN 3 250 million, including a reserve of PLN 250 million (for the financing of items requiring individual approvals during the year or for supporting alterations of ongoing projects), will primarily be aimed at the continuation of existing projects, including key strategic programs. These include the Deposit Access Program (including the GG-2 „Odra” project), development of the Żelazny Most TSF, Resource Base Development programs, KGHM 4.0 and also planned maintenance shutdowns in the Company's core business.

Equity expenditures PLN 2 129 million, including on **key areas connected with energy projects** – involving photovoltaics, the acquisition of shares in Offshore Wind installations and investments in the energy companies of the KGHM Group. These investments will undergo appropriate economic feasibility reviews, reflecting the expected rate of return. Equity expenditures also including financing for KGHM INTERNATIONAL LTD. connected with advancement of the Victoria project.

Reasons to invest in KGHM

A leading player on the copper and silver market in terms of mine output and size of documented resources, in mining-friendly jurisdictions

A diversified portfolio of assets at various stages of development to guarantee continued operations

A reliable producer, a trusted business partner and a company committed to sustainable development

Experienced management with a proven track record of success

A solid outlook for the copper market in the medium-to-long term

A rational leveraging policy with a safe level of the net debt/EBITDA ratio and long-term financing ensured among others through the Bond Issue Program

Śledź nas w mediach
społecznościowych:



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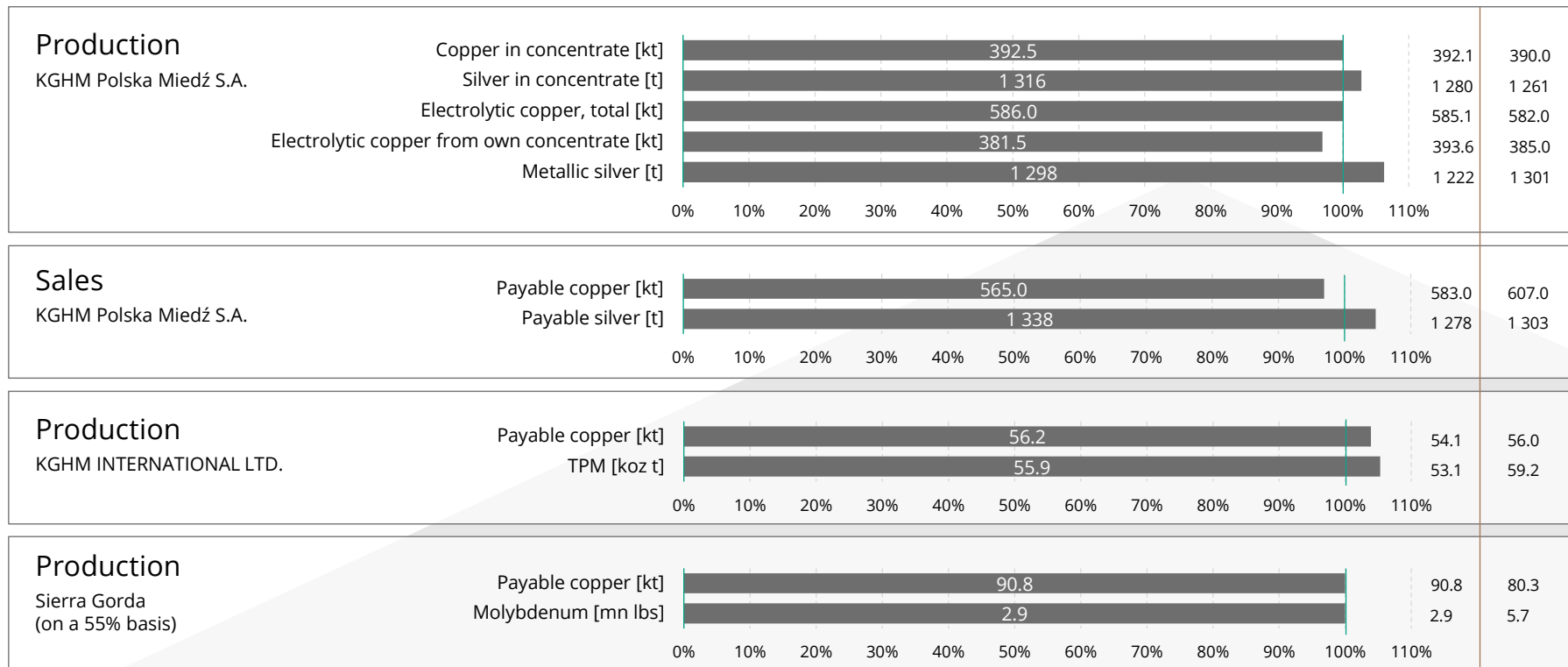
Supporting slides



Group production and sales in 2022

Execution of annual targets

2022 **2023**
Budget Target



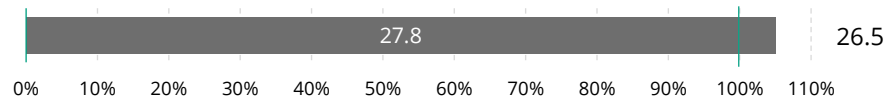
The financial situation of the KGHM Group remains stable and safe

2022

2022
Budget

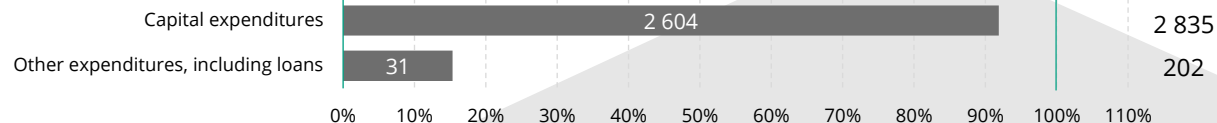
Total unit production cost

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



Investments

of KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

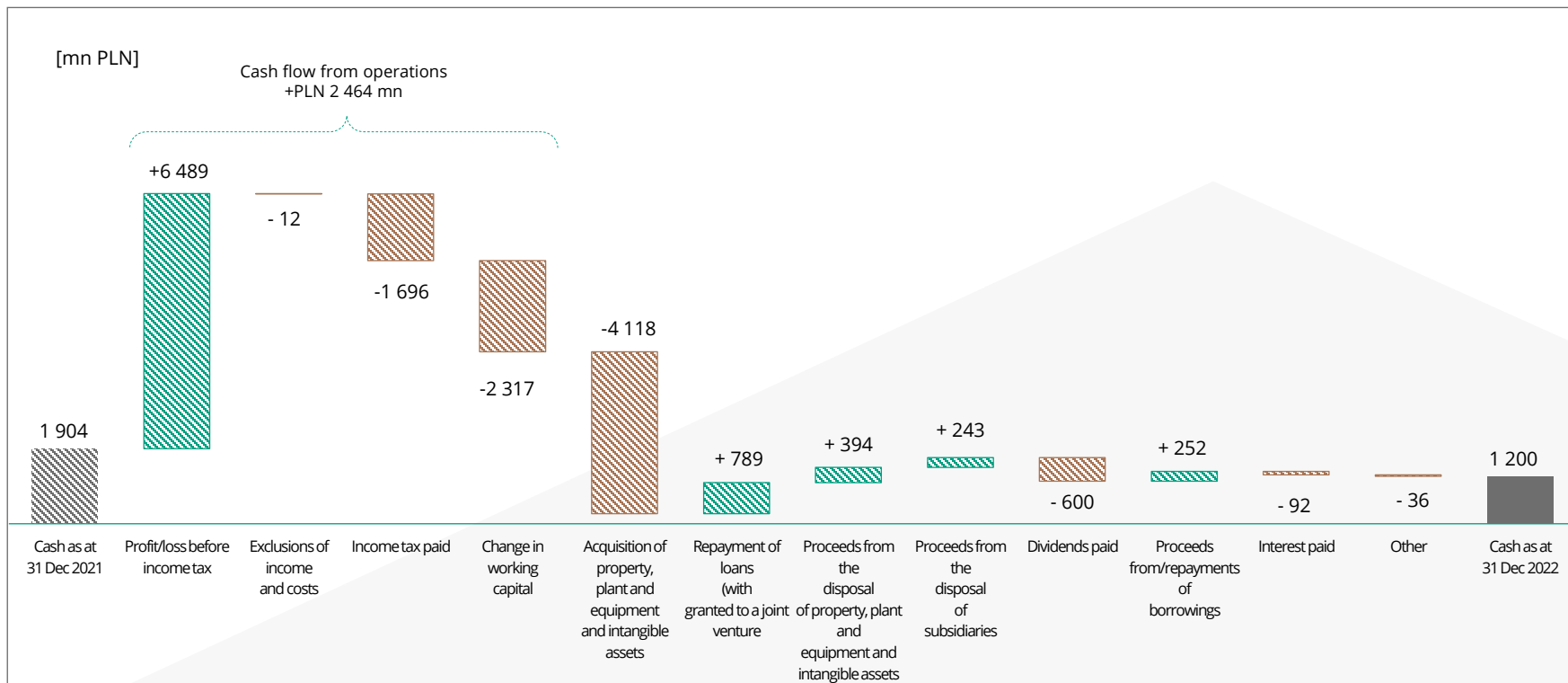
[net debt / adjusted EBITDA³⁾]



- 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

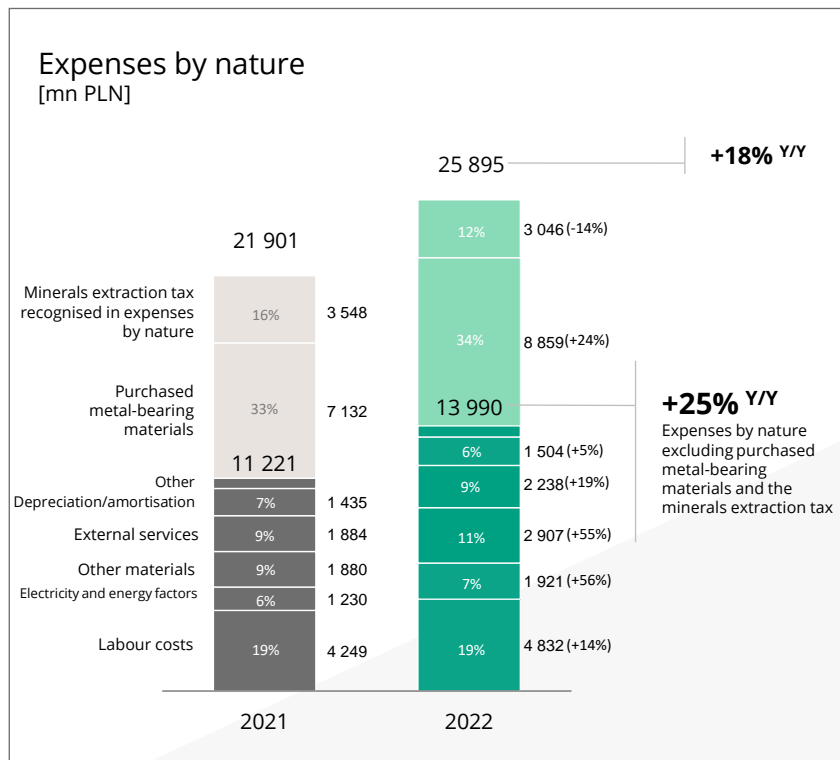
Cash flow

KGHM Group



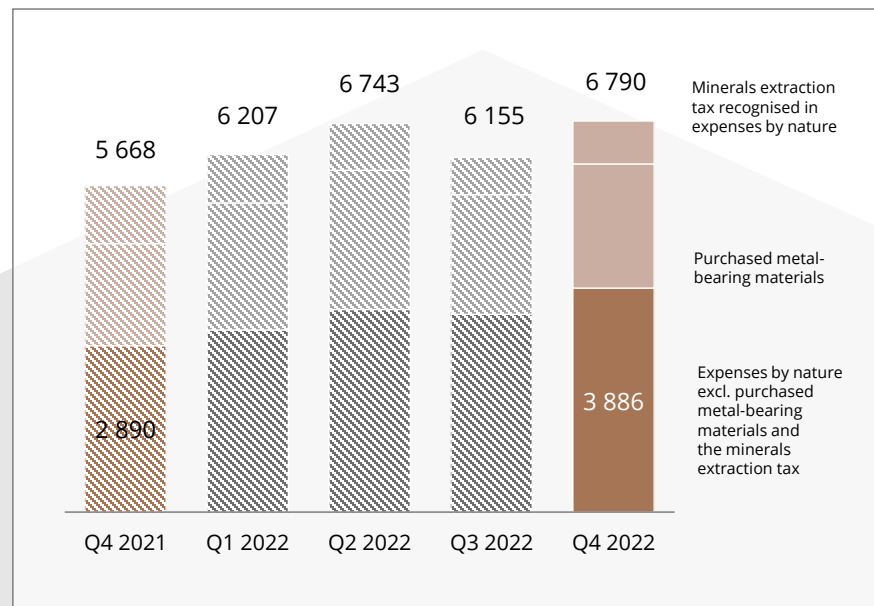
Expenses by nature

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)





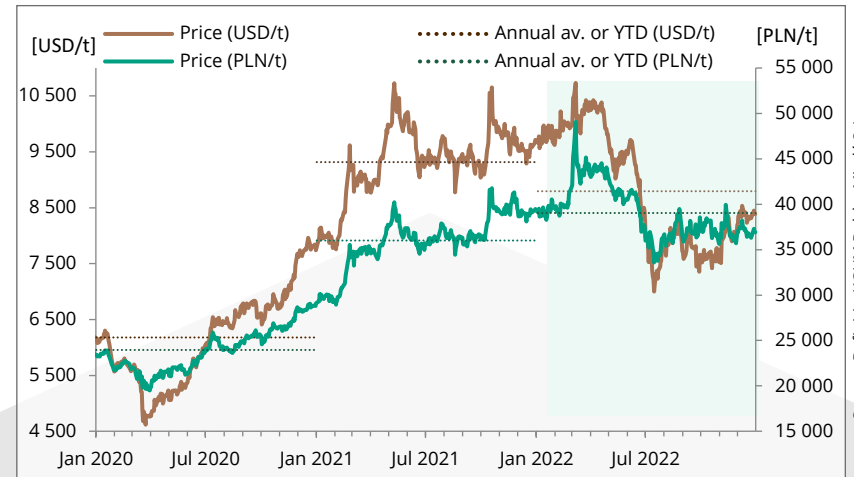
Macroeconomic environment in 2022

Macroeconomic environment

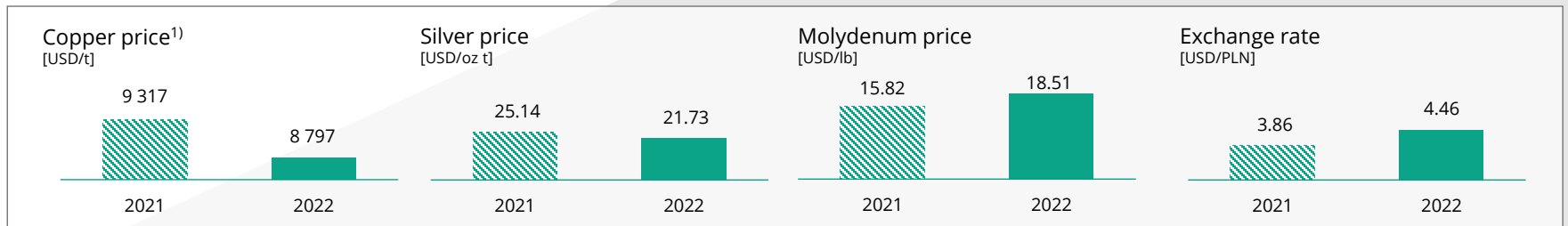
Commodities and currencies prices

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.



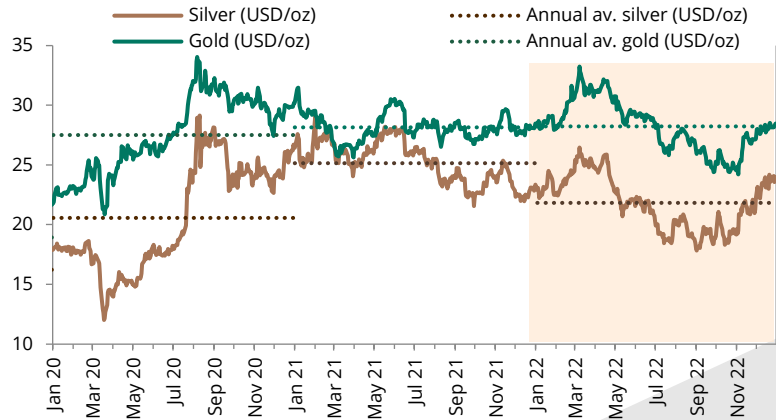
Source: Refinitiv, KGHM Polska Miedź S.A.



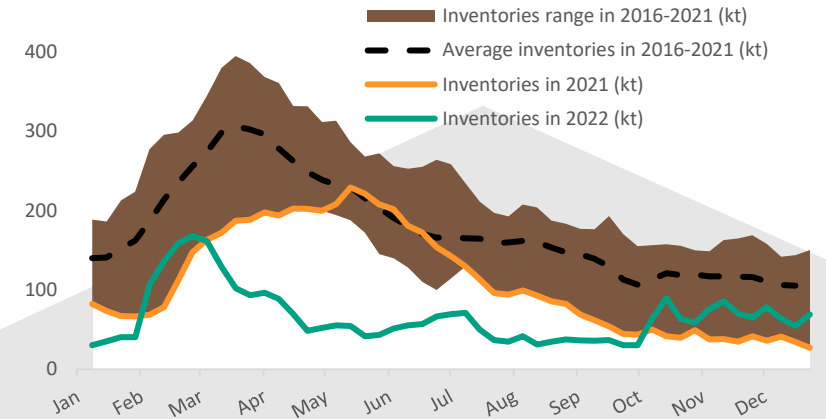
Precious metals prices and the copper market in 2022

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

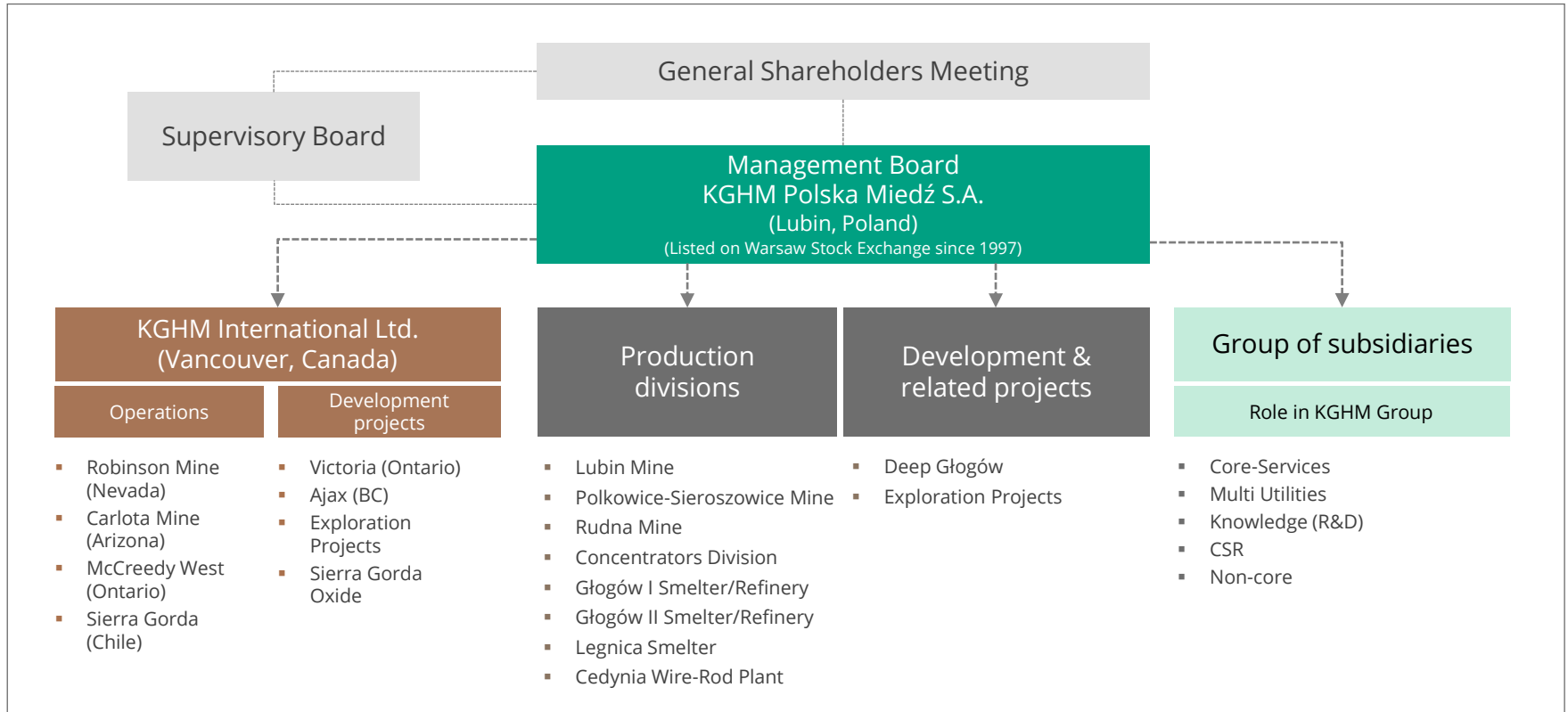
- The average price of gold in 2022 amounted to 1 800 USD/oz and remained practically unchanged (+0.1%) from the average price in the prior year. The average price of silver in 2022 amounted to 21.73 USD/oz and was lower by nearly 14%.
- The price of gold in PLN was more than 15% higher than in 2021, 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.



Governance

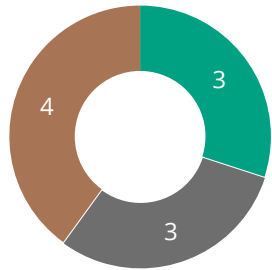


Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (10 directors total)



■ Independent Directors
■ Employee Elected
■ Other

Independent Directors by gender:
2 men, 1 woman

Total directors by gender:
8 men, 2 women

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

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

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

External recognition of ESG performance:

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

FTSE4Good index certificate – since 2018

MSCI – BBB rating



RESPONSIBLY
PRODUCED
COPPER

Shareholder structure of KGHM Polska Miedź S.A.

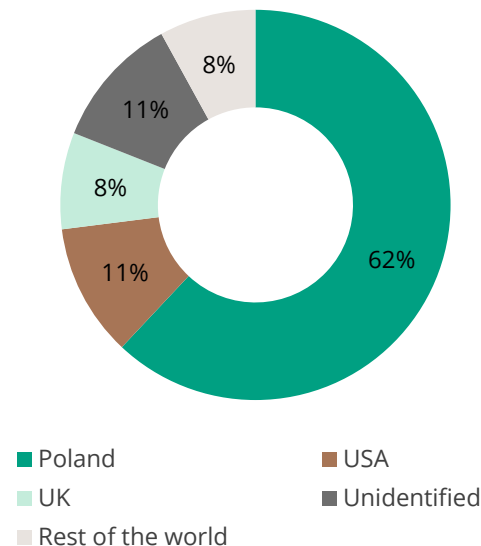
Ownership structure

| Shareholder | No. of shares/ votes | Percentage of share capital | Share in total number of votes |
|---|-------------------------|-----------------------------------|--------------------------------------|
| Polish State Treasury | 63,589,900 | 31.79% | 31.79% |
| Powszechnie Towarzystwo Emerytalne Allianz Polska S.A. | 12,241,453 | 6.12% | 6.12% |
| Nationale-Nederlanden OFE | 10,104,354 | 5.05% | 5.05% |
| Other shareholders | 114,064,293 | 57.04% | 57.04% |
| Total | 200,000,000 | 100.00% | 100.00% |



Geographical ownership structure

[% of shares]



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

- The geopolitical situation related to the direct aggression of Russia against Ukraine and the implemented system of sanctions at the present time is not restricting the operations of KGHM Polska Miedź S.A. or other Group companies, while the risk of interruptions to the continuity of the activities of the Company and the KGHM Polska Miedź S.A. Group in this regard continue to be estimated as low.
- 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.

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



Upcoming events for investors

2023

| Date | Upcoming events |
|-------------|--|
| 17 May | Consolidated quarterly report for Q1 2023 |
| 17 August | Consolidated report for the first half of 2023 |
| 15 November | Consolidated quarterly report for Q3 2023 |

Śledź nas w mediach
społecznościowych:



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