

Pokłady możliwości



Results of the KGHM Group for the third quarter
and first 9 months of 2023

Lubin, 16 November 2023

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Agenda



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



2. Sustainable development – KGHM's environmental and climate commitments



3. Key issues and execution of main targets



4. Production results of the KGHM Group by segment



5. Advancement of development initiatives



6. Financial results of the KGHM Group



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.

MISSION

To always have copper

VISION

To use our resources efficiently to become the leader in sustainable development

#5E DEVELOPMENT DIRECTIONS



Elasticity/
flexibility



Efficiency



Ecology,
Safety and
sustainability



Energy



E-industry

Key elements of the Strategy advanced in the first nine months of 2023



Flexibility

- Continuation of the Hybrid Legnica Smelter and Refinery Strategic Program (including advancement of the concept for the Legnica Smelter and Refinery Scrap Turnover Base).
- Continuation of actions to extend the value chain of the Company.
- Continuation of exploration projects in Poland with respect to exploring for and evaluating copper ore and other deposits.
- Continuation of development projects in the international assets.
- Focus on financial stability: basing the Group's financing structure on long-term instruments, shortening the cash conversion cycle, management of market and credit risk in the Group.



Ecology, safety and sustainable development

- Completion on 31 August 2023, in accordance with the plan, of the Program to adapt the technological installations of the Company to the requirements of BAT conclusions for the non-ferrous metals industry and to restrict emissions of arsenic (BATAs). The Program's goal was accomplished – achievement of a modern environmental protection infrastructure at the Głogów Copper Smelter and Refinery and the Legnica Copper Smelter and Refinery, adapted to BAT conclusions and with minimal environmental impact, as well as achievement of a substantial reduction in arsenic emissions.
- Advancement of work involving the Environmental Policy and pro-environmental activities, including: Scope 3 greenhouse gas emissions by the KGHM Group in 2022 were calculated. The Cedynia Wire Rod Plant was granted the prestigious The Copper Mark certificate along with the right to use the trademark.
- For the second year in a row, the LBMA (London Bullion Market Association) certificate was granted for responsible silver production in 2022.
- The second edition of the Environmental Policy of KGHM Polska Miedź S.A. was published.
- Continuation of the Occupational Health and Safety Improvement Program (LTIFR: 4.79; TRIR: 0.37).



E-industry

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



Energy

- A preliminary, contingent agreement was signed for the purchase of shares in special purpose companies, the owners of solar power farm projects with a combined capacity of approx. 47 MW. On 10 October 2023, in terms of significant events subsequent to the reporting period, KGHM became the owner of the Żuki PV farm with a capacity of 5.2 MW. Moreover, the Supervisory Board of KGHM consented to the acquisition of 100% of the shares of a special purpose company which owned a solar power farm project with a capacity of approx. 20 MW.
- Continued cooperation with the supplier of SMR technology, the company NuScale Power, LCC, under a preliminary works agreement. On 12 July 2023 a foundational decision was issued by the Minister of Climate and the Environment to KGHM for the project to build a small modular reactor power plant (SMR). Additionally, work continued on a detailed analysis of sites for the SMR installation under stage II of the preparation of a preliminary site analysis report.
- Advancement of projects involving the construction of PV farms on own terrain, and commencement of the review of possibilities of advancing on-shore wind farms.
- 16.89% of KGHM's need for electricity was met by its own internal sources, including RES, in the first three quarters of 2023.

Advancement of key strategic performance indicators in the first nine months of 2023

Strategy pillar	Strategic measure of success (strategic KPI)	2020 (base year)	Goal 2030	9M 2023
Core business	 Domestic copper production	approx. 560 kt of electrolytic copper	Approx. 600 thousand tonnes of electrolytic copper (including production based on a higher amount of purchased materials and copper from recycling).	443.5 kt
	 International copper production	approx. 150 kt of payable copper	Higher production by the international assets of KGHM by extending their life-of-mine, developing assets in the mine projects portfolio held and increasing the resource base thanks to advancement of the International Exploration Strategy.	83.7 kt
	 Silver production	approx. 1 320 tonnes of silver (top three)	Maintain the Company's position amongst the world's top-three producers of silver (approx. 1200 tonnes of silver annually).	1 099 tonnes
	 Profitability	8.5% ¹⁾	10.2% ¹⁾	9.4% ¹⁾
	 Cost competitiveness	4 th decile	3rd decile	n/a ²⁾
New activities	 Energy produced	694 GWh (22% of consumption)	Min. 50% of consumption (approx. 1.5 TWh)	358 GWh (~16.89% of consumption)
	 Reduction in estimated CO₂ emissions resulting from electricity consumed	approx. 1.6 mn tonnes of eCO ₂	1.0 mn tonnes of eCO ₂	n/a ²⁾
	 Diversification of the commercial offer in terms of metals	2%	10%	2.3%

8

1) Average ROE from the last 3 years.

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

Advancement of key strategic performance indicators in the first nine months of 2023

Strategy pillar	Strategic measure of success (strategic KPI)	2020 (base year)	Goal 2030	9M 2023
Supporting activities	 Recycling of scrap  Revenues from sales on foreign markets of selected Group companies	<p>Approx. 124 kt of copper scrap</p> <p>Base 2020 Base year=100% Revenues from sales on foreign markets in the base year 2020.</p>	<p>Approx. 350 kt of copper scrap</p> <p>147% vs base year for the companies Zanam, Nitroerg, PeBeKa</p> <p>163% vs base year for the company DMC</p>	107.7 kt 110%¹⁾ vs base year for the companies: ZANAM, NITROERG, PeBeKa 136%¹⁾ vs base year for the company DMC
Health	 LTIFR  TRIR  Level of support for the area of Health carried out by the KGHM Polska Miedź Foundation	<p>7.31</p> <p>0.52</p> <p>Approx. PLN 11.5 mn</p>	<p>Aiming at 0 accidents</p> <p>Aiming at 0 accidents</p> <p>Approx. PLN 7 mn</p>	4.79 0.37 PLN 16.8 mn (combined for institutions and individuals)
Prosociality	 Support for the fair transformation of the mining sector  Number of volunteer projects advanced  Level of support for the arts, sport and health	<p>n/a</p> <p>25</p> <p>Approx. PLN 38.5 mn</p>	<p>Potential employment of approx. 500 miners annually</p> <p>30</p> <p>Approx. PLN 48 mn</p>	n/a²⁾ 217 (incl. 42 projects in the KGHM Group) PLN 54.4 mn



Sustainable development – KGHM's environmental and climate commitments



Actions in support of families and CSR

311

employees of KGHM joined the CUdowni Rodzice (Wonderful parents) of KGHM program



1500

books collected during the first edition of the KGHM Book Club



35

subsidised programs under the KGHM Academy



Beneficiaries:

1 500 wonderful parents of KGHM since the start of the program

Over 4 000 books borrowed under the KGHM Book Club

Over 4 300 beneficiaries of preventative programs (students, teachers and parents)

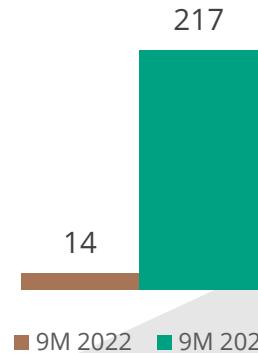
We create a good climate for families!

Actions by KGHM's employee volunteers

WOLONTARIAT



Number of volunteer projects



217
actions involving volunteers



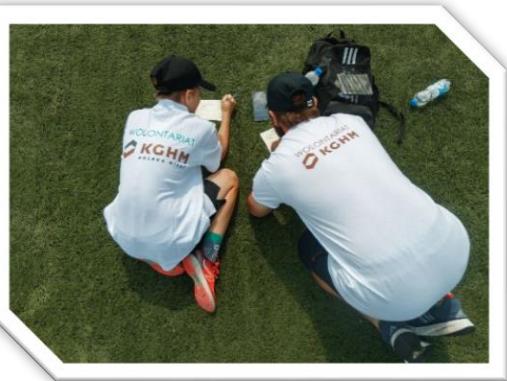
1 917
employee volunteers took
part in actions

over 9 000
hours dedicated to advancing
volunteer projects



Actions by KGHM's employee volunteers

WOLONTARIAT



Variety of actions:



62 involving science and education



44 involving science and education



39 involving health and safety



28 involving ecology



19 involving sport and recreation

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

BACKGROUND CONDITIONS

Climate Policy EU



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



The Company is currently advancing further investments to increase electrical power generation using **nitrogen-enriched natural gas**.



Plan to build a **small, light-water, modular nuclear plant (SMR)** with a capacity of up to 500 MW – update:

- In July 2023 KGHM received a basic ministerial decision regarding the construction of an SMR in Poland



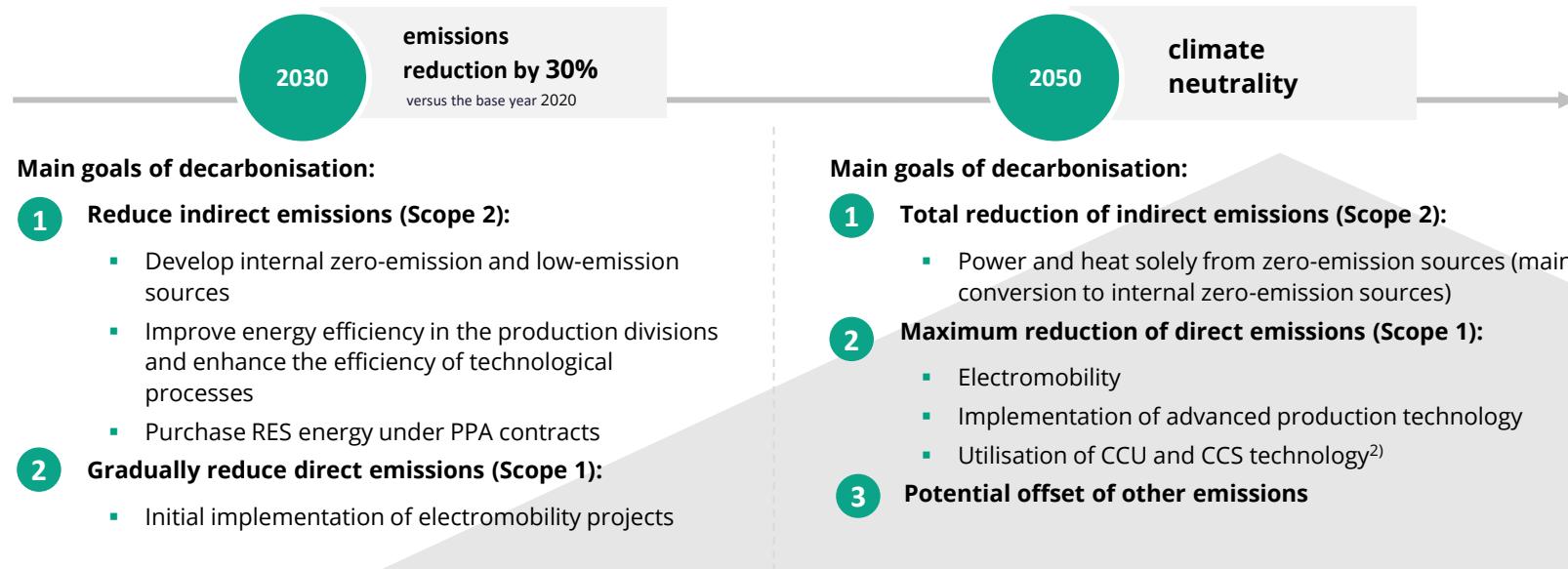
Currently, **photovoltaic power plant projects** are being carried out in the areas owned by KGHM, i.e. at the Głogów Copper Smelter and Refinery and at the Cedynia Copper Wire Rod plant, next to the Tailings Plant and in the Obora Sandpit area. Other projects are also being prepared on KGHM's own land. In June 2023 the Company submitted an application to issue connection conditions for **designed power capacity of 88 MW**.

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 – update:

- In September 2023 KGHM purchased a portfolio of **8 photovoltaic installations**, with combined capacity of **nearly 50 MW** (the installations purchased ensure around **2 percent coverage** of KGHM's needs for power).

Climate neutrality by 2050

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

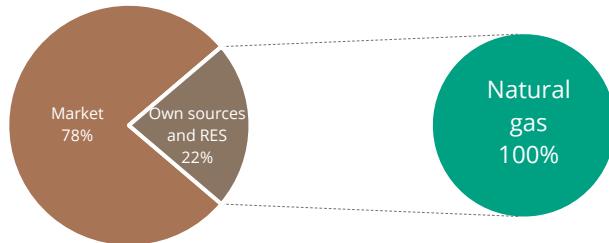


Details regarding capital expenditures on actions to restrict greenhouse gas emissions will be included and announced as part of the Decarbonisation Program of the KGHM Group.

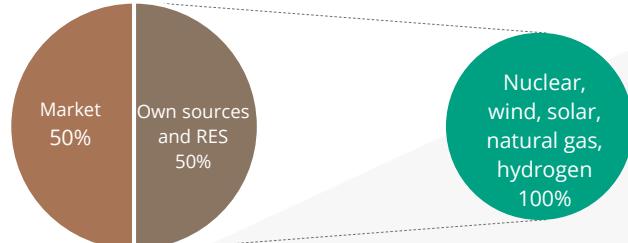
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

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

2020 – base year (2.9 TWh):



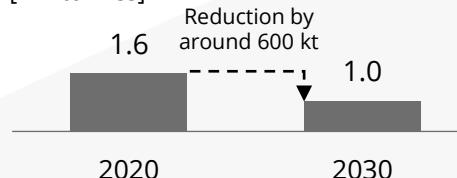
2030 - goal:



9M 2023:

Own generation sources, including RES, covered 16.89%¹⁾ of KGHM Polska Miedź S.A.'s total power needs.

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 generated by RES in the Sierra Gorda mine since January 2023

1) In the first nine months of 2023, lower power generation by the CCGT units compared to the base year 2020 in a similar manner was due to the need for a maintenance shutdown of the CCGT block in Polkowice in the first quarter of 2023 due to unfavourable macroeconomic conditions, which meant that the price of electricity generated by the block was higher than could be realised in terms of purchasing energy from the market. The Company Energetyka provided an alternate source of heating from carbon-based sources during the block's shutdown.

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, 2 and 3 emissions by the entire KGHM Group in 2022 were published among others in the CDP Climate report and in the [Integrated Report for 2022](#), and are available on the KGHM corporate website in the ESG section ([ESG | KGHM Corporate Website](#)) in the file called [Scope 1, 2, 3 GHG emissions](#).



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.

Selected ESG Policies

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
- Corporate Risk Management Policy
- Compliance Management Policy
- Continuity of Operations Management Policy
- Energy Policy
- Remuneration Policy
- Competition Policy
- Procurement Policy
- Anti-corruption Policy
- Tax Policy
- Privacy Policy and Personal Data Processing Policy
- Procedure for Counteracting Money Laundering and the Prevention of Fraud and Extortion in Trading Transactions Regarding the Sale of Products and the Procurement of Ore and Copper-bearing Materials





Key issues and execution of main targets

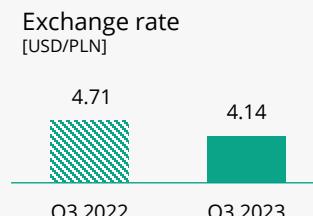
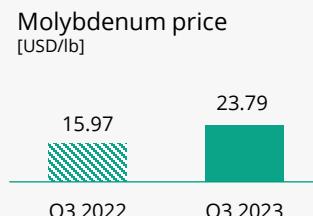
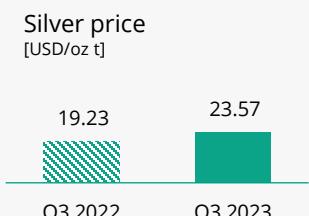
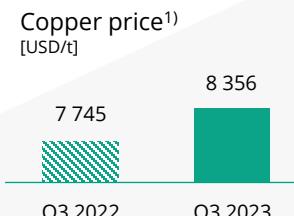
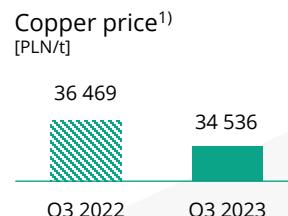
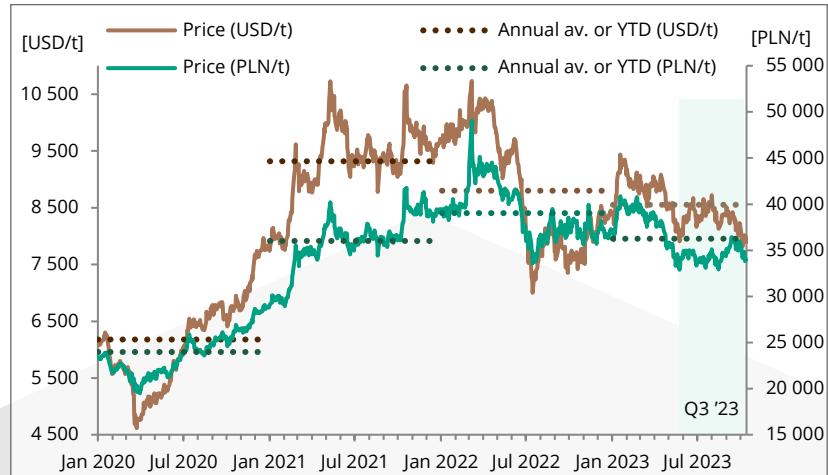


Macroeconomic environment

Commodities and currencies prices

Copper prices in Q3 2023 ranged between 8 017 and 8 720 USD/t. The price of copper in Q3 exhibited a sideways trend, given the lack of definitive impulses to increase demand or drops in the copper price related to the Chinese economy, along with weak global macroeconomic data.

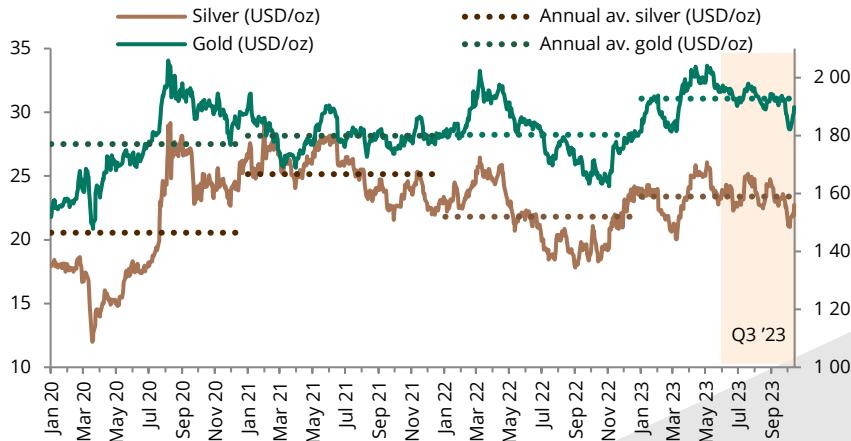
- The average price of copper in Q3 2023 amounted to 8 356 USD/t, and was 8% higher than in the corresponding period of 2022. The average silver price was 23% higher than its average in Q3 2022.
- The average price of molybdenum in Q3 2023 was 49% higher compared to the average price recorded in the corresponding period of 2022.
- In Q3, 2023 the average PLN to USD exchange rate was more than 12% lower than in Q3 2022. Consequently, the price of copper expressed in PLN in Q3 2023 was more than 5% lower than in Q3 2022. The average PLN-denominated price of copper in Q3 2023 amounted to 34 536 PLN/t.



Precious metals prices and the copper market in Q3 2023

Precious metals were under pressure from the rising profitability of US bonds

The prices of gold and silver in Q3 2023 fell in step with rising interest rates and the profitability of government bonds.



The decrease in investor interest can be seen in the size of assets of ETFs investing in gold and silver.



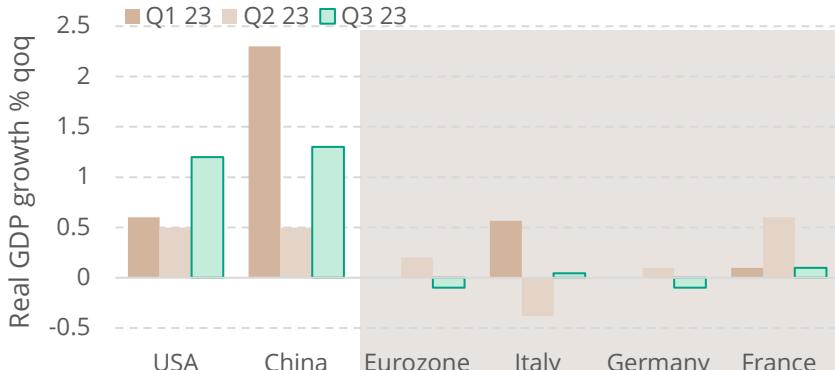
Source: Bloomberg, KGHM Polska Miedź S.A.

- The average price of gold in Q3 2023 amounted to 1 929 USD/oz, or 11% higher than the average price in the corresponding period of 2022. The average price of silver in Q3 2023 amounted to 23.57 USD/oz and was higher by nearly 23% compared to Q3 2022.
- The price of gold in PLN was more than 2% lower, and silver 7.6% higher than in Q3 2022.
- The assets of ETFs investing in silver have successively decreased over the last year or so, with the decrease in Q3 2023 alone amounting to more than 4 percent, while the decrease from the peak at the start of 2021 reached nearly 29%. The total drop, from 2020's peak, was lower in the case of ETFs investing in gold and amounted to 20%, and in the third quarter of 2023 to 5%.

Copper inventories remain at low levels in China, despite a weakening rate of economic growth in the world's most important economies

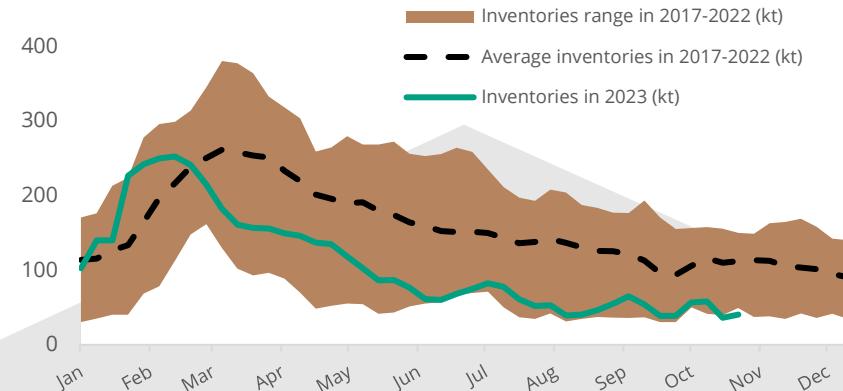
Quarterly GDP growth in 2023 was very low in Europe, bordering on recession.

The economies of the USA and China, despite having higher GDP growth rates than that of the eurozone, are also growing more slowly than their potential would indicate.



- In 2023, the countries of the eurozone have displayed very weak growth. Q3 saw a drop in GDP (q/q). A low rate was evident in the German economy, while PMIs confirmed the existence of a challenging period in that country, considered to be the industrial engine of the EU.
- The economy of the USA showed signs of recovery in Q3, sustaining hopes for a „soft landing”, i.e. an optimistic scenario of monetary policy tightening in the USA, while avoiding a recession.
- Slightly better-than-expected data in Q3 for China convinced the IMF to raise its GDP growth forecast for this country for 2023 to 5.4%. However, forecasts for subsequent years are less optimistic than Party expectations.

Official copper inventories on the Shanghai exchange, following increases at the start of the year, decreased to multi-year lows.



Source: Bloomberg, Revintiv, KGHM Polska Miedź

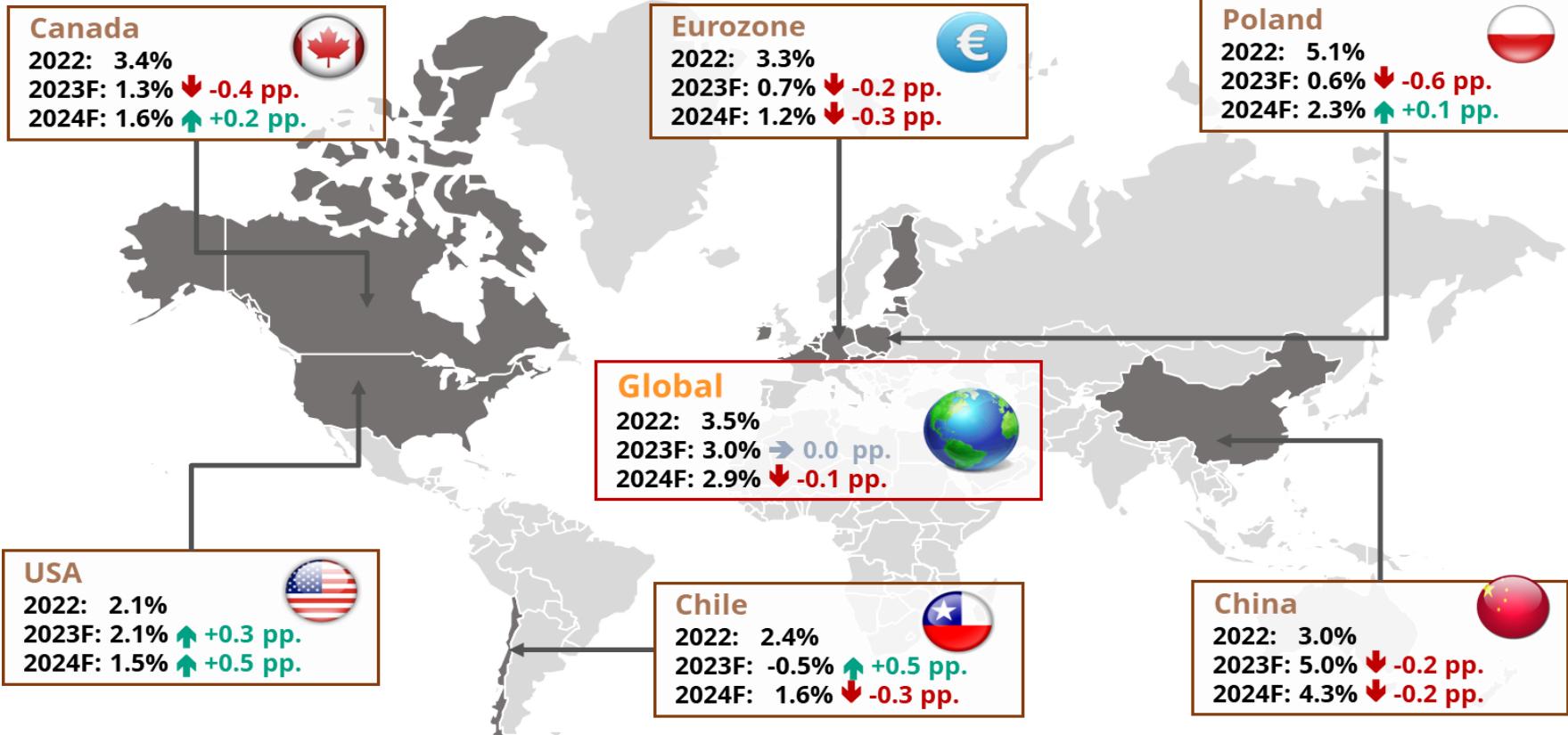
- Copper inventories on the Shanghai exchange rose at the start of the year to the level of around their 5-year peak, following which they began a gradual decline which continued in Q3. The weakening of the yuan versus the USD led to a decrease in the attractiveness of imports of the metal, which resulted in heightened use of internal (domestic) inventories (destocking).
- Another important factor affecting copper inventories is a change in their production structure. China is continuing its strategy of developing its own smelting capacity, reducing the need for imports of refined copper.

Purchasing managers' sentiment remained at a low level in Q3 2023. PMI was particularly low amongst European countries.

- PMI indices began to deteriorate at the end of 2022, and in the third quarter of 2023 reached low levels, close to readings from the time of the Covid-19 pandemic
- The deterioration in PMI levels was also recorded in the Chinese economy, in respect of which PMI levels are hovering between a slowdown and growth (50 points). The weak sentiment in China is being driven by the crisis in the construction industry and the lack of an expected, decisive response in the form of a stimulus package by the Chinese government.
- The drop in PMI indicators accelerated in Europe in Q3 2023. Readings in the eurozone approached 40, and in Germany fell below this level in July. The lowest reading during the pandemic was 33. Compared to those of the eurozone, readings in the USA are better, though they, too, remain below 50.

	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	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
USA (ISM)	60.0	59.6	60.7	60.4	60.8	58.6	57.6	58.4	57.0	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	49.0	46.7
USA (PMI)	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	47.3	49.2	50.2	48.4	46.3	49.0	47.9	49.8	50.0
Canada	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	51.0	52.4	48.6	50.2	49.0	48.8	49.6	48.0	47.5	48.6
Mexico	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	50.6	51.3	48.9	51.0	51.0	51.1	50.5	50.9	53.2	51.2	49.8	52.1	
Brazil	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	49.2	47.0	44.3	47.1	46.6	47.8	50.1	49.0	48.6
Eurozone	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.1
Germany	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	46.3	44.7	44.5	43.2	40.6	38.8	39.1	39.6	40.8
France	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	47.4	47.3	45.6	45.7	46.0	45.1	46.0	44.2	42.8
Italy	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	46.5	48.4	48.5	50.4	52.0	51.1	46.8	45.9	43.8	44.5	45.4	46.8	44.9	
Spain	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	50.7	51.3	49.0	48.4	48.0	47.8	46.5	47.7	45.1
Netherlands	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	46.0	48.6	49.6	48.7	46.4	44.9	44.2	43.8	45.3	45.9	43.6	43.8
Austria	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	47.1	44.7	42.0	39.7	39.0	38.8	40.6	39.6	41.7
Ireland	63.3	62.8	60.3	62.1	59.9	59.3	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	51.3	49.7	48.6	47.5	47.3	47.0	50.8	49.6	
UK	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	47.0	49.3	47.9	47.8	47.1	46.5	45.3	43.0	44.3	44.8
Greece	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	51.7	52.8	52.4	51.5	51.8	53.5	52.9	50.3	50.8
Poland	57.6	56.0	53.4	53.8	54.4	56.1	54.5	54.7	52.7	52.4	48.8	44.4	42.1	40.9	43.0	42.0	43.4	45.6	47.5	48.5	48.3	46.6	47.0	45.1	43.5	43.1	43.9	44.5
Czech Rep.	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	44.3	44.3	42.8	42.8	40.8	41.4	42.9	41.7	42.0
Turkey	54.0	54.1	52.5	51.2	52.0	52.1	50.5	50.4	49.4	49.2	48.1	46.9	47.4	46.4	46.4	45.7	48.1	50.1	50.1	50.9	51.5	51.5	49.9	49.0	49.6	48.4	48.4	
Russia	47.5	46.5	49.8	51.6	51.7	51.6	51.8	48.6	44.1	48.2	50.8	50.9	51.7	52.0	50.7	53.2	53.0	52.6	53.6	53.2	52.6	52.6	52.1	52.7	54.5	53.8		
Asia	51.1	50.5	51.0	51.8	52.5	52.2	52.0	51.8	51.2	50.3	51.2	51.2	50.9	51.0	51.2	50.5	49.7	49.8	51.0	52.3	52.2	51.2	51.2	51.0	51.1	51.5	51.4	50.6
China (Caixin)	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	49.0	49.2	51.6	50.0	49.5	50.9	50.5	49.2	51.0	50.6	49.5
China	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	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5
Japan	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	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7
India	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	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5
Indonesia	40.1	43.7	52.2	57.2	53.9	53.5	53.7	51.2	51.3	51.9	50.8	50.2	51.3	51.7	53.7	51.8	50.3	51.3	51.2	51.9	52.7	50.3	52.5	53.3	53.9	52.3	51.5	
Malaysia	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	46.5	48.4	48.8	48.8	47.8	47.7	47.8	46.8	46.8	46.8	
Taiwan	59.7	58.5	54.7	55.2	54.9	55.5	55.1	54.3	54.1	51.7	50.0	49.8	44.6	42.7	42.2	41.5	41.6	44.6	44.3	49.0	48.6	47.1	44.3	44.1	44.3	46.4	47.6	
Thailand	48.0	48.5	49.1	51.5	51.4	50.3	52.4	52.8	51.4	50.4	50.0	49.8	52.1	54.0	51.6	54.9	56.4	54.2	59.0	52.6	48.7	48.9	48.1	47.6				
South Korea	53.0	51.2	52.4	50.2	50.9	51.9	52.8	53.8	51.2	51.8	51.3	49.8	47.6	47.3	48.2	49.0	48.5	48.5	47.6	48.1	48.4	47.8	49.4	48.9	49.9	49.8		

IMF World Economic Outlook - October 2023



Summation of the first 9 months of 2023 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to the first 9M of 2022

Macroeconomic environment¹⁾

-5%

Copper price
in USD/t

-8%

Copper price
in PLN/t

+7%

Silver price
in USD/oz t

+3%

Silver price
in PLN/oz t

-4%

A weaker USD vs PLN

Operating results

+1.3%

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

+2.7%

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

+8.0%

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

+34.8%

Production of gold
by KGHM Polska Miedź S.A.

Indicators

+19%

Higher CAPEX execution
by KGHM Polska Miedź S.A.

-0.2%

slight decrease in revenues to
PLN 25 648 mn

1.2

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

Summation of the first 9 months of 2023 in the KGHM Group and KGHM Polska Miedź S.A.

Basic measures of the 9M 2023 results

KGHM Group	PLN 25 648 mn Revenues	PLN 4 235 mn Adjusted EBITDA	PLN 836 mn Profit
KGHM Polska Miedź S.A.	PLN 22 470 mn Revenues	PLN 3 162 mn Adjusted EBITDA	PLN 1 737 mn Profit



Production results of the KGHM Group by segment

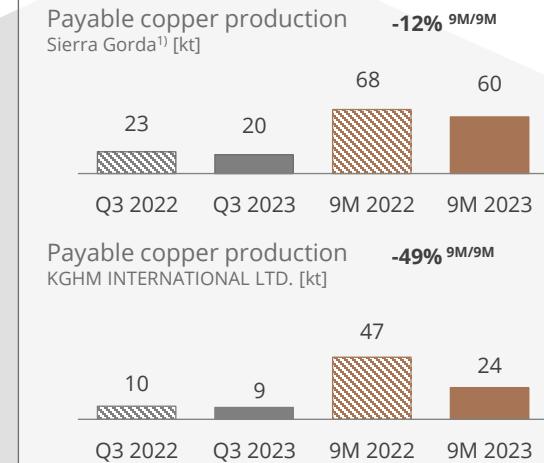
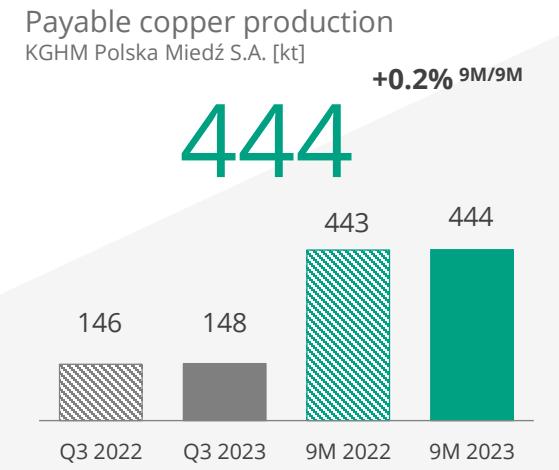
Key production indicators

9M 2023

Payable copper production
by the KGHM Group
lower by 5% (9M/9M)

527
-5% 9M/9M
[kt]

- **KGHM Polska Miedź** –
production similar to prior year;
the slight rise was due to better
use of working time of
infrastructure in the Tank House
of the Głogów Smelter/Refinery
- **Sierra Gorda** – lower copper in
ore; lower metal recovery
- **KGHM INTERNATIONAL LTD.** –
lower production mainly due to
lower production by the
Robinson mine



Metals production

KGHM Group

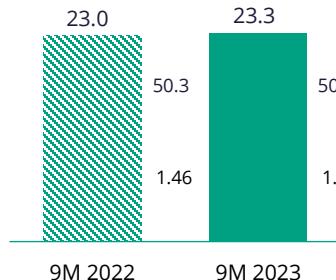
- Copper production by KGHM Polska Miedź S.A. similar to prior year
- Copper production lower 9M/9M:
 - in KGHM INTERNATIONAL LTD. due to lower production by the Robinson mine
 - in the Sierra Gorda mine due to lower copper content in ore and lower recovery
- Production of silver and TPM by the Group was higher than in 2022 due to higher production of these metals by KGHM Polska Miedź S.A., as well as by the Sudbury Basin
- Higher molybdenum production by Sierra Gorda due to extraction in areas with higher molybdenum content compared to ore mined in the prior year



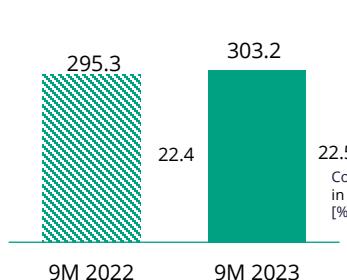
Production results

KGHM Polska Miedź S.A.

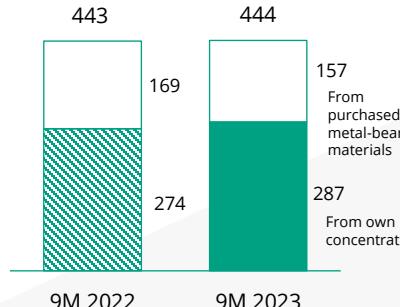
Ore extraction
[mn t dry weight] **+1.3% 9M/9M**



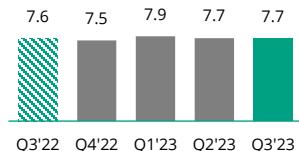
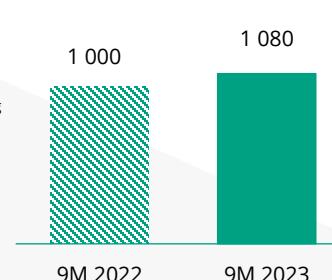
Production of copper
in concentrate [kt] **+2.7% 9M/9M**



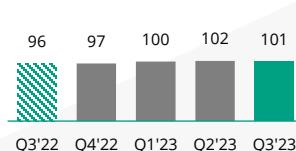
Electrolytic copper
production [kt] **+0.2% 9M/9M**



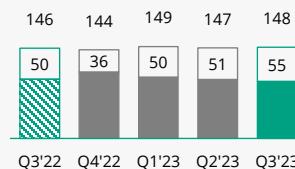
Metallic silver
production [t] **+8.0% 9M/9M**



- Ore extraction results from areas selected for mining



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



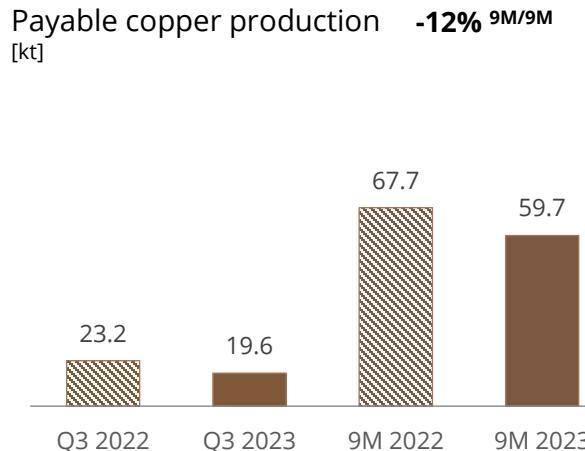
- Higher production of electrolytic copper due to adopted production targets for 2023



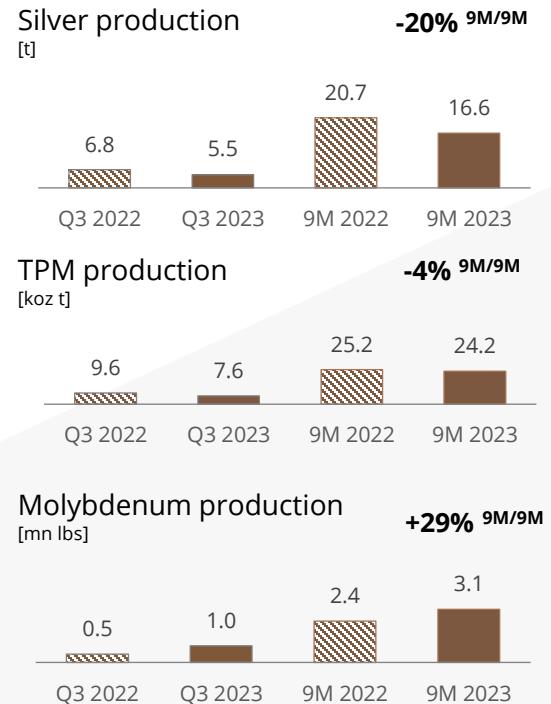
- Higher production due to the higher availability of charge materials

Production results

Sierra Gorda¹⁾



- Lower payable copper production in the first 9M of 2023 compared to the same period of 2022 due to the mining of ore with lower copper content and lower recovery

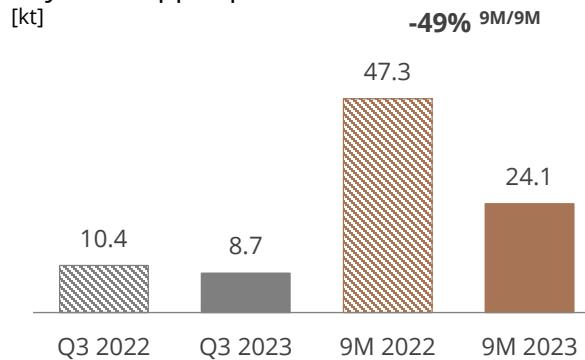


- The volume of precious metals production derived from the content of these metals in mined ore
- The increase in molybdenum production was due to extraction from areas with higher molybdenum content compared to ore mined in the prior year

Production results

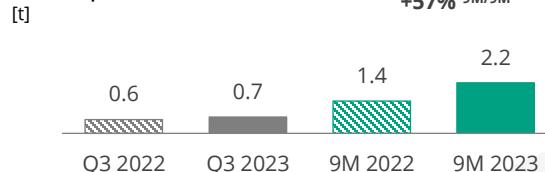
KGHM INTERNATIONAL LTD.

Payable copper production

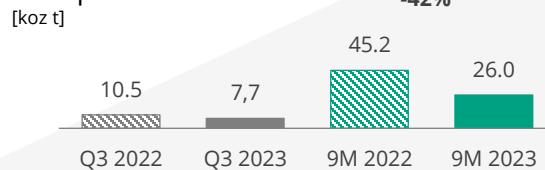


- Lower production by the Robinson mine mainly due to lower extraction of ore from a low-quality transitional zone and lower recovery due to the high content of acid-soluble copper and zinc. The lower production by KGHM INTERNATIONAL LTD. was also due to the recognition of production by the Franke mine in the results for the first nine months of 2022; this mine was sold in April 2022.
- Higher production was recorded by the McCready mine (Sudbury Basin) – higher ore extraction with higher copper content.

Silver production



TPM production



Molybdenum production



- Higher silver production by the Sudbury Basin due to higher silver content in ore and a higher volume of ore extracted
- Lower gold production by the Robinson mine (lower uzysk, lower extraction of ore with lower gold content), which was not offset by higher TPM production by the Sudbury Basin (higher TPM content in ore, higher extraction)
- Lower molybdenum production by the Robinson mine due to mining of areas with lower molybdenum content

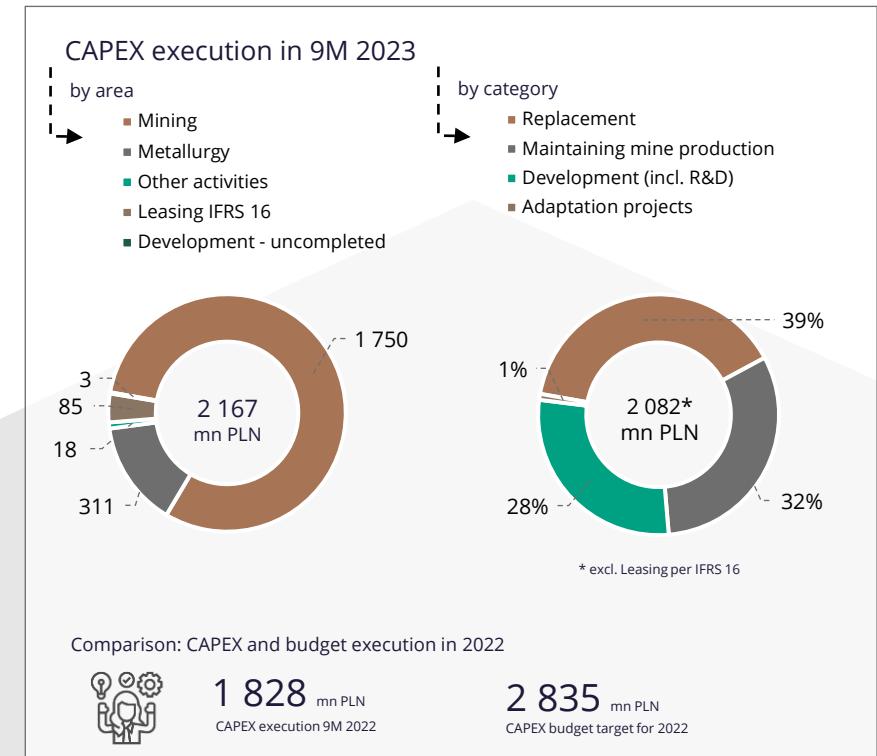


Advancement of development initiatives



A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in 9M 2023



CAPEX execution in key investments

Deposit Access Program

- GG-1 shaft 1 – Construction/installation work underway to prepare the shaft as a ventilation shaft (transitional period). Design work is underway for the final facilities required to support the shaft's ultimate function as a material and personnel transport shaft. Environmental decision received for the target facilities.
- GG-2 „Odra” shaft – Work is underway on sinking headway workings, as well as preparations to build facilities needed to begin sinking the shaft and freezing the rockmass, along with design work .
- „Retków” shaft – Grębocice municipality moving forward with changes to the SUiKZP²; talks underway with the municipality regarding changes to the MPZP³ for the site where the Retków shaft complex will be built.
- Gaworzyce shaft - Municipality moving forward with changes to the SUiKZP and MPZP for the site where the shaft complex will be built.
- 29.6 kilometers of tunnelling were excavated.
- Power and related projects (UiUGO SW-4) – stage 1 working trials were conducted, i.e. to achieve capacity of 6m3/min. Work is underway to commence working trials under stage 2, i.e. to achieve pumping capacity of 12m3/min.
- Central Air Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) is operating with a nominal capacity of 33MW. An operating decision was received for the co-generation container units along with technical infrastructure. The first part of the Ice Water Transportation System is operating properly. Construction continues on building part 2 of the System.
- The commissioned SKC enables work under proper climate conditions in the development and operating regions of Deep Głogów sections of the Polkowice-Sieroszowice and Rudna mines.
- Further expansion of the SKC will increase the scope of mining work.



Program to adapt the technological installations to BAT Conclusions

- The program concluded on 31 August 2023 with the achievement, through the investments made, of adaptation to BAT conclusions of the infrastructure of the Głogów and Legnica Copper Smelters and Refineries in terms of environmental protection and restricting emissions of arsenic.

Replacement of machine park

- 180 mine machines were purchased and supplied to the three mines: 21 to Lubin; 72 to Rudna; 87 to Polkowice-Sieroszowice.

Maintenance shutdown at Legnica

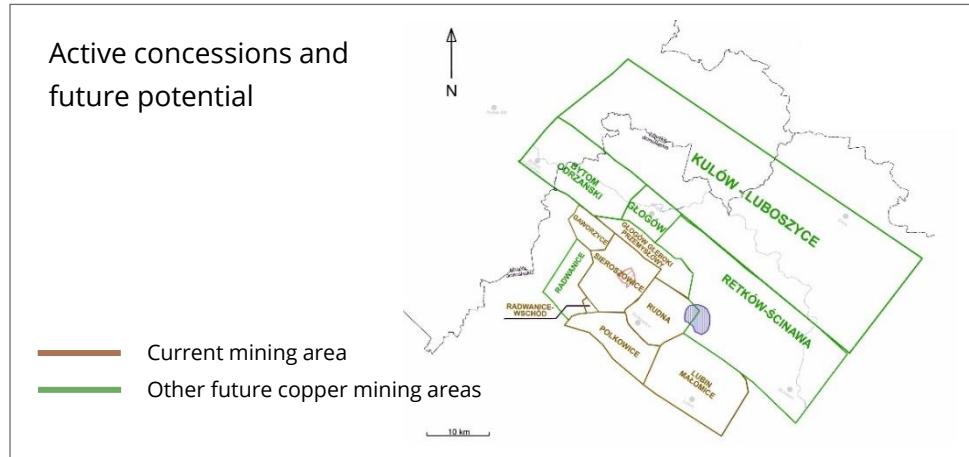
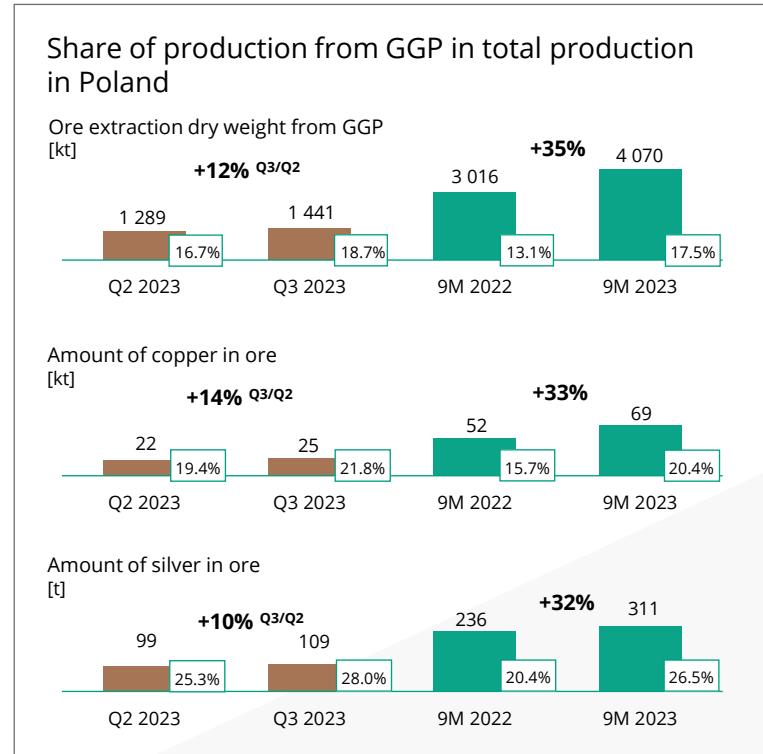
- Maintenance and repair work was undertaken from 1 Sept. to 14 Oct. on the facilities and installations of the pyrometallurgical line. The re-start of the production installations occurred on 15 October 2023. Settlement of the work performed is underway.

Development of the Żelazny Most Tailings Storage Facility

- Stages 1, 2 & 3 of construction of the Southern Quarter were completed. Operating permit received. A tailings slimes management agreement was signed and work commenced. A causeway was built (to a crown height of 158 m a.s.l.), enabling the deposition of compacted, small-grain tailings. The causeway is being developed (to a crown height of 163 m a.s.l.) and the Crown Formation Area BC is being sealed, enabling the further deposition of compacted tailings.
- Work continues on the Tailings Segregation and Compacting Station – 98% completed. Stage 1 completed - hydrocyclones. In terms of Stage 2 – construction of compactors – 98% of work was completed. The compactors were assembled and underwent operational trials, together with a flocculants station.
- The process of large-grain tailings segregation and compacting is underway for the purpose of deposition in the Southern Quarter.
- The deposition of compacted (de-watered) tailings enables the return (i.e. re-utilisation) of significant amounts of water into processing and around 5-times less water needing to be stored in the Southern Quarter.

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

Deposit access program in KGHM's concessioned areas



Ore Extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q3/Q2 2023) as well as 9M/9M, increased substantially, thanks among others to a substantial improvement in working conditions in the vicinity of working areas of the GG -1 shaft.

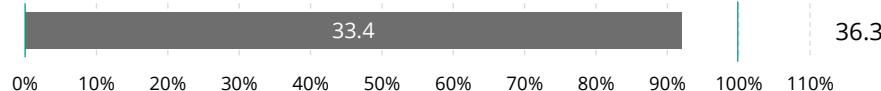
The financial situation of the KGHM Group remains stable and safe

2023
Budget

Total unit production cost

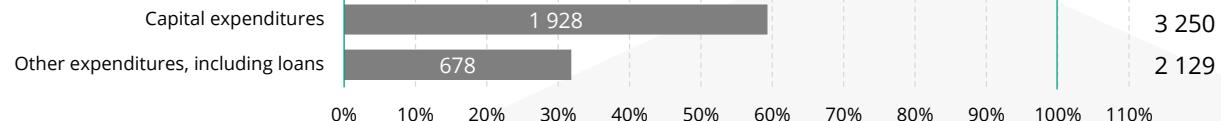
of electrolytic copper from own concentrate
of KGHM Polska Miedź S.A.¹⁾

[k PLN/t]



Investments

KGHM Polska Miedź S.A.²⁾
[PLN mn]



Liquidity of the KGHM Group

[net debt / adjusted EBITDA]³⁾



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

2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted;
Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted

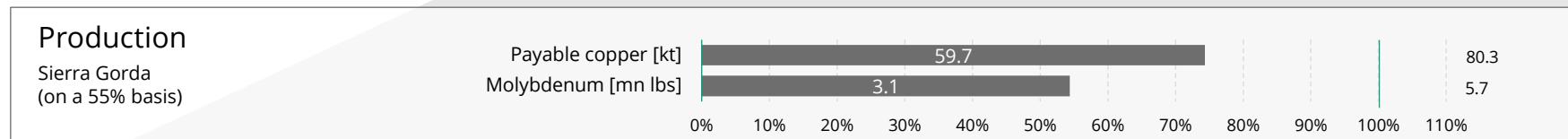
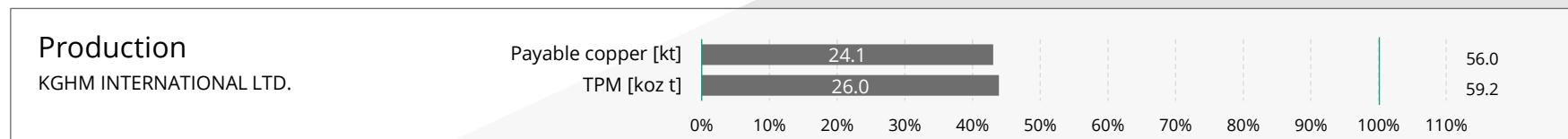
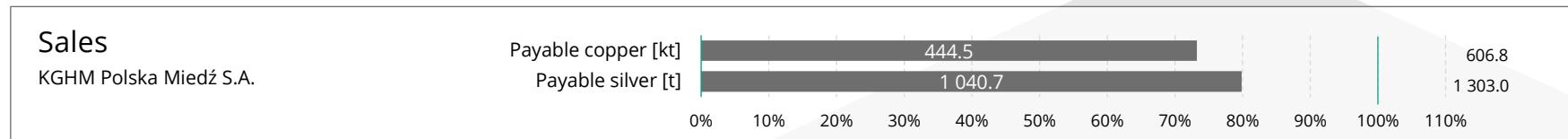
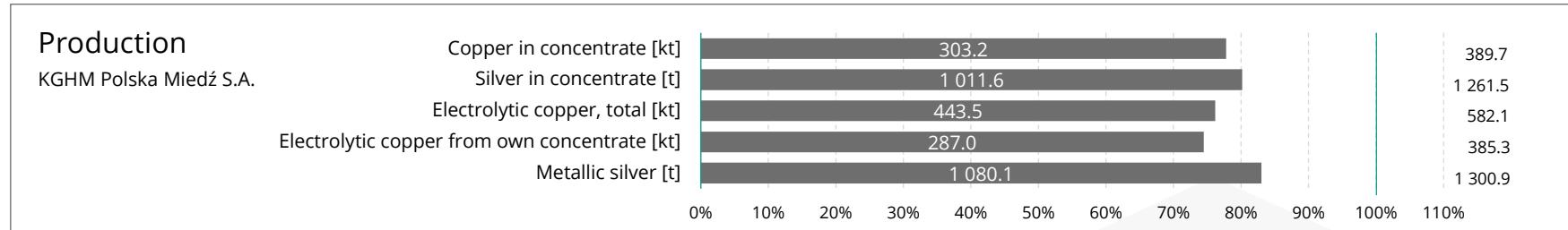
3) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.

4) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2023

Group production and sales in the first 9M of 2023

Execution of annual targets

**2023
Budget**



Energy Development Program, including RES | major events in Q3 2023



Development of solar energy

- Administrative proceedings commenced, including for a building permit and an announcement of intent to build a cable network for the HMG I-III¹⁾ photovoltaic power plants complex at the Glogów Copper Smelter and Refinery
- An internal Technical Connection Conditions Decision was issued for the Obora Sandpit PV project to connect to the network of KGHM with total capacity of 50 MW. Procedures are underway to agree the possibilities of connection of such capacity to the network of OSD Tauron Dystrybucja S.A. An application was submitted for the issuance of an Environmental Impact decision to the Lubin Mining Office, based on which the Office commenced administrative proceedings. The decision of the County Office in Lubin was received regarding completion of restoration of former terrain of the Obora Sandpit, which enabled the designation of former mining terrain comprising 38.89 hectares of watery terrain and 18.93 hectares of land, for renewable energy purposes.
- Design work is underway in respect of the Cedynia, Tarnówek, Kalinówka and Polkowice photovoltaic power plants, under an agreement signed with general contractors.
- The project to build a photovoltaic power plant on the grounds of liquidated shafts of the Lubin mine was commenced, along with the process of preparing the investment.
- The Company submitted an application to issue a technical connection conditions decision for a RES project being advanced on Company terrain with designed power of 88 MW. Tauron recognised the application as complete, and commenced analysis of the impact of the connection of the planned PV farm to its network.
- Further localisation projects were assessed (Feasibility Study, MAMP) to secure the possibility of advancing the RES investment on KGHM terrain.



M&A

- At the consent of the Management Board and Supervisory Board, on 12 September 2023 a preliminary contingent agreement was signed for the purchase of shares in special purpose companies, the owners of solar power farm projects with a combined capacity of approx. 47 MW. The farms are located in the following voivodeships: Lower Silesia, Łódź, Pomerania and Greater Poland. On 10 October 2023, KGHM became the owner of the first of the farms in the aforementioned portfolio – PV Żuki, with a capacity of 5.2 MW, carrying out the closing of the acquisition of shares in the Company INVEST PV7 sp. z o.o.
- The market environment continued to be assessed in terms of potential acquisitions of companies with OZE projects (solar farms, wind farms).
- KGHM submitted preliminary non-binding offers to selected investors (developers) for the purchase of shares of companies with RES projects: those at the ready-to-build stage as well as those built by the seller and are ready for commercial operation (so-called commercial operation date projects, COD).



Development of wind energy

- As a result of liberalisation of the distance law in the first quarter of 2023, containing clauses enabling a reduction in the absolute distance for siting wind turbines from housing to 700 m, KGHM commenced a review of the possibilities of advancing on-shore wind power projects, including the signing of an Agreement with the Company Energetyka regarding the transfer of project documentation and proprietary asset rights to the Radwanice-Żukowice project aimed at renewing appropriate project work. A detailed site analysis is being developed which will reflect current sector regulations, upon which continuation of the project is contingent.

Energy Development Program, including RES | major events in Q3 2023



Development of nuclear energy

- KGHM continued work on the SMR project.
- Jointly with the company Przedsiębiorstwo Energoprojekt-Katowice, work continued on analysing specific sites for the SMR installation under the second stage of preparing a preliminary siting report.
- Public opinion research regarding potential sites for the SMR installation was completed.
- On 12 July 2023 the Minister of Climate and Environment granted the Company a foundational decision, as described in art. 3a of the special act on nuclear energy (this decision represents the first administrative permit required to advance the investment).



Ensuring energy security in KGHM

- The Natural Gas-Steam (CCGT) blocks of the Head Office ensured energy security for the Core Production Business as regards the supply of power to the Polkowice-Sieroszowice and Rudna mines as well as to the Głogów Copper Smelter and Refinery. Maintaining the operation and/or availability of the CCGT blocks serves to reduce the impact on KGHM in the case of a blackout of the National Energy System, and ensures the supply of cogenerated heat for the production needs of the metallurgical plants as well as heat in the form of hot water for KGHM's facilities and for customers in the communities of Polkowice, Głogów and Lubin.
- KGHM Polska Miedź S.A. as a corporate whole (meaning all of its facilities and equipment) is protected against the potential introduction of restrictions in the supply and off-take of electricity by a Decision of the President of the Energy Regulatory Office dated 25 May 2023 confirming the consolidated plan of restrictions for the period from 1 June 2023 to 31 May 2024 and confirming the Company's exemption in this regard.



Financial results of the Group

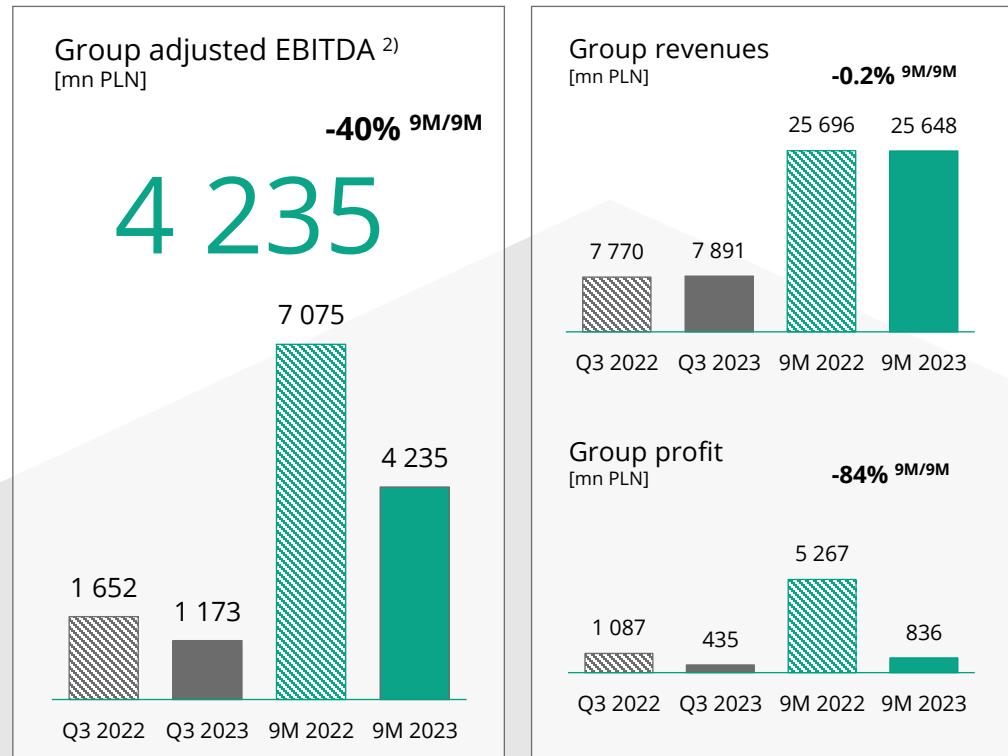


Key financial indicators of the KGHM Group

9M 2023

Adjusted EBITDA of the KGHM Group

Lower adjusted EBITDA compared to the first nine months of 2022, mainly due to a less favourable exchange rate and lower copper prices, alongside cost pressures



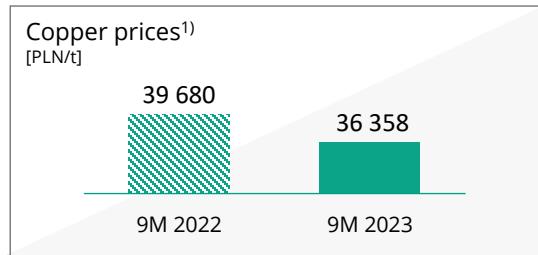
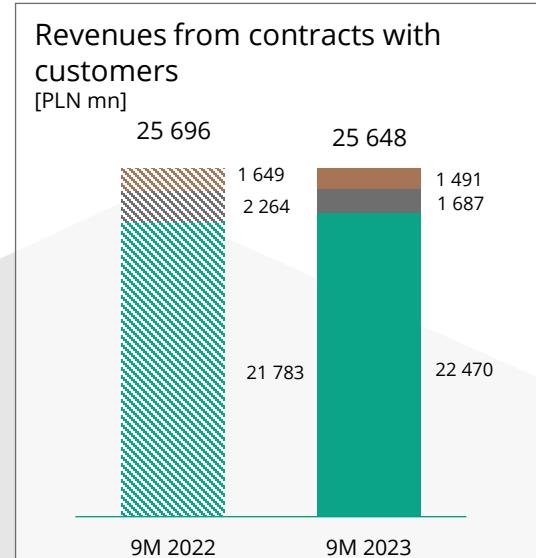
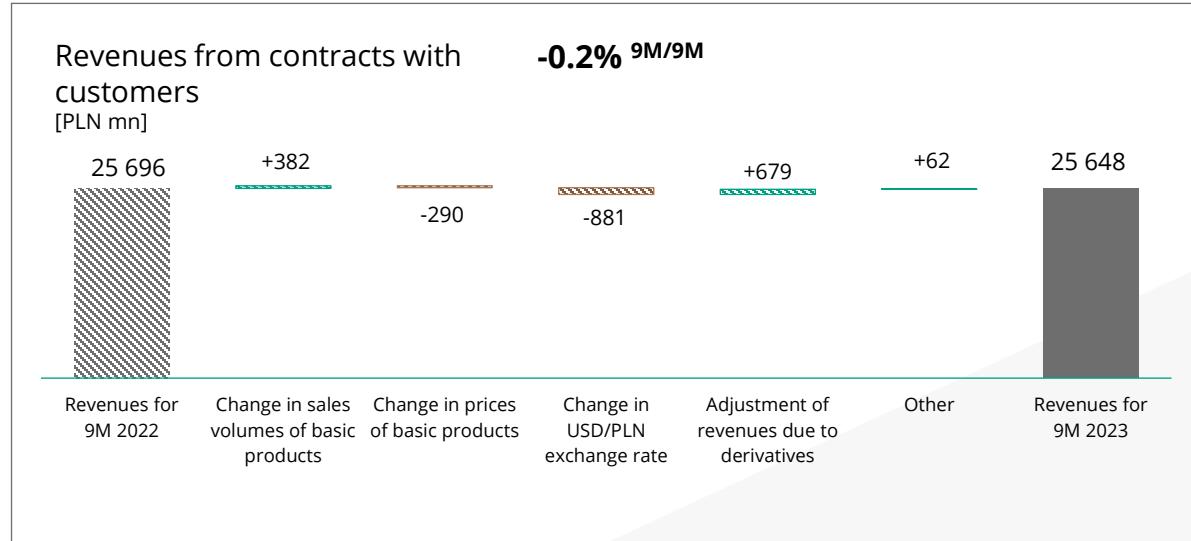
1) On a 55% basis

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

EBITDA presented in accordance with the amended definition (see Consolidated quarterly report, Note 3)

Group sales revenue

9M 2023



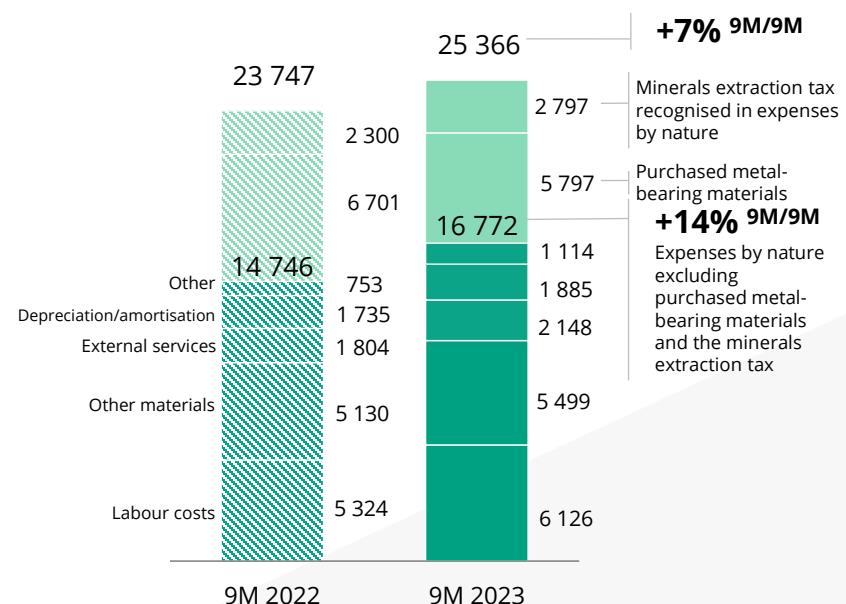
- Lower revenues by PLN 48 million (-0.2%) compared to the first 9M of 2022 – a less favourable exchange rate was offset by a higher volume of sales and by the adjustment of sales due to derivatives

- KGHM INTERNATIONAL LTD.
- KGHM Polska Miedź S.A.
- Other segments and consolidation adjustments

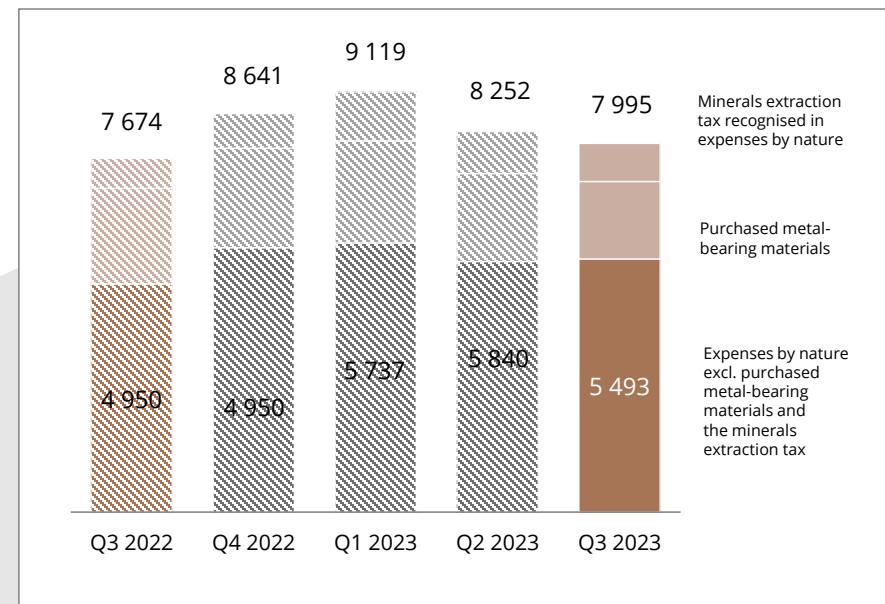
Expenses by nature

Group

Expenses by nature
[PLN mn]

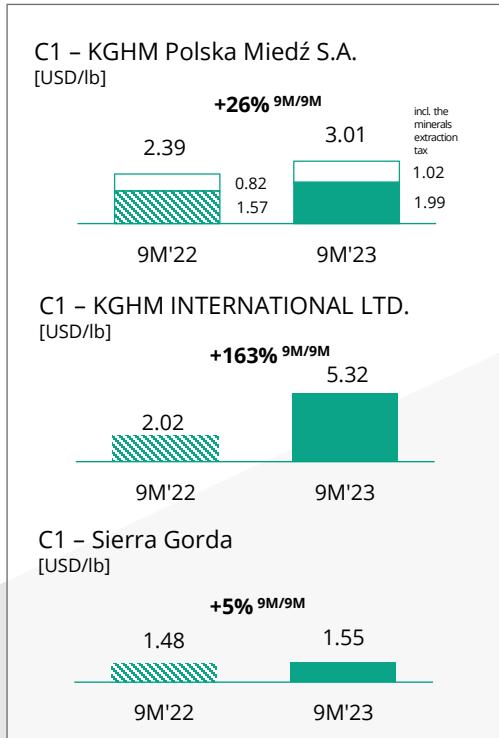
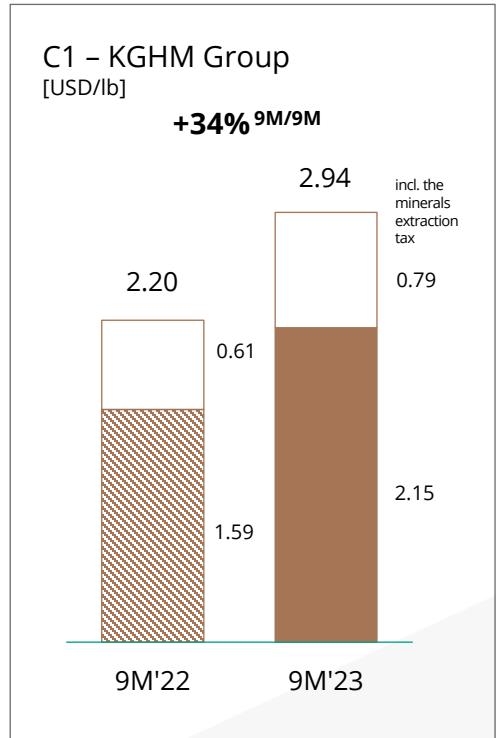


Cost pressure in the KGHM Group due to global inflation.



C1 unit cost ¹⁾

KGHM Group



- The increase in C1 cost in KGHM Polska Miedź by 26% compared to the first 9M of 2022 was mainly due to a higher minerals extraction tax charge and to higher costs of materials, fuels and energy, and labour costs.
 - The rate of increase of C1 expressed in PLN/lb was lower than as expressed in USD/lb and amounted to 21% (12.74 PLN/lb for 9M 2023 versus 10.55 PLN/lb in 9M 2022), due to a weakening of the USD vs PLN.
- The substantial increase in C1 cost in KGHM INTERNATIONAL LTD. is connected with the situation at the Robinson mine:
 - mining in a so-called transitional zone characterised by low copper content,
 - an increase in basic operating costs at Robinson due among others to lower capitalisation of stripping costs,
 - a write-down of inventories,
 - a significant decrease in the volume of copper sales.
- The increase in C1 cost in Sierra Gorda by 5% was due to higher mining costs, with a lower volume of sales due to extraction from areas with lower copper content

Financial results

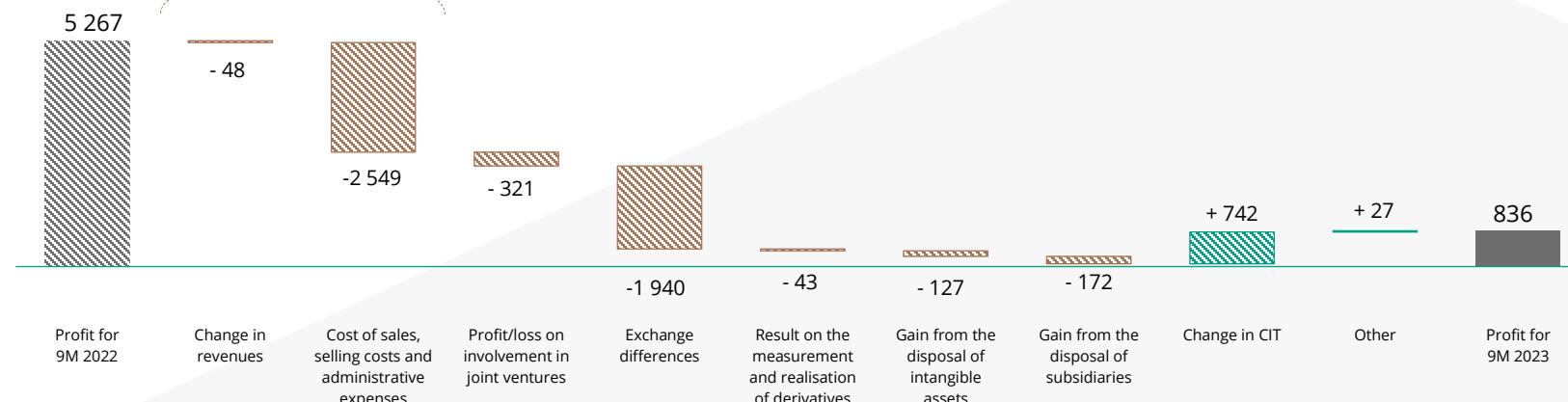
KGHM Group

Profit for the period
[PLN mn]

836
[PLN mn]

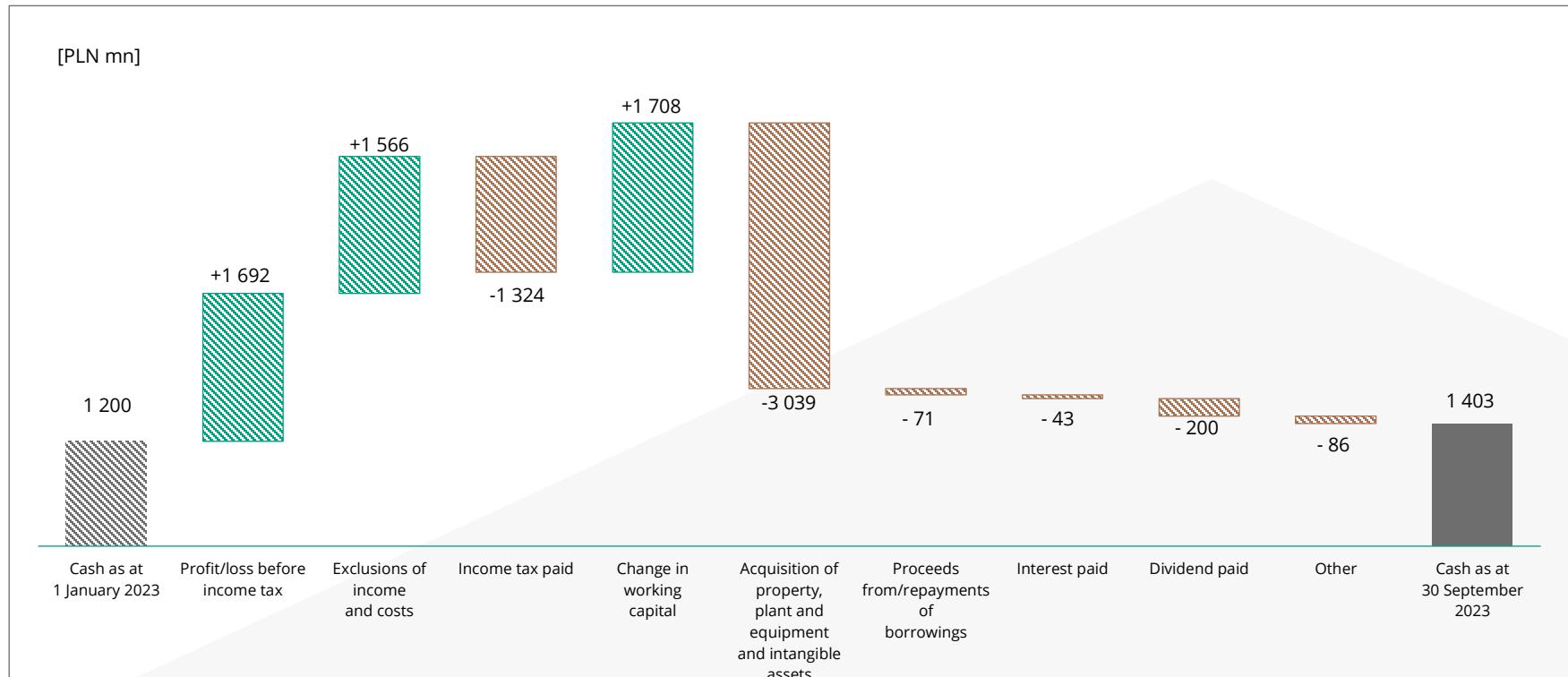
consolidated net profit in the first 9 months of 2023
Lower KGHM Group profit mainly due to a lower result on basic operating activities and a very large impact of exchange differences

Lower net result on sales
by PLN 2 597 million



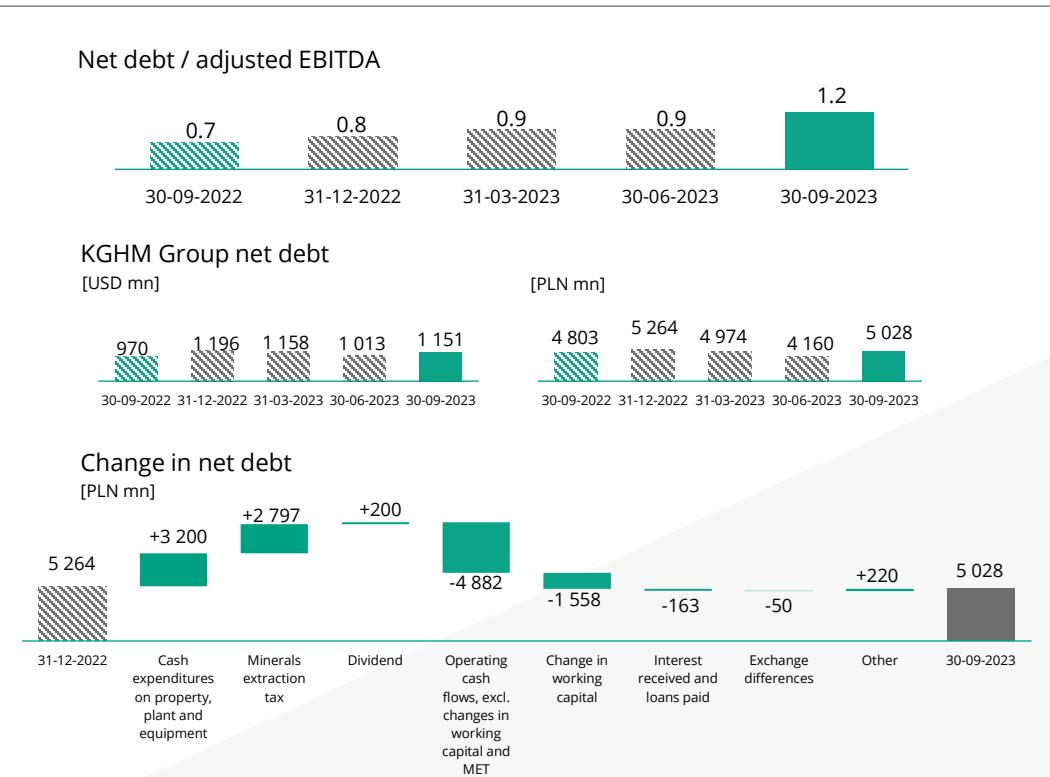
Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of Q3 2023



Main factors affecting net debt in 2023

Increases in debt

- Cash expenditures on property, plant and equipment (PLN 3 200 mn)
- The minerals extraction tax (PLN 2 797 mn)
- Change in trade and other receivables (higher by PLN 360 mn)
- Dividend paid (PLN 200 mn)

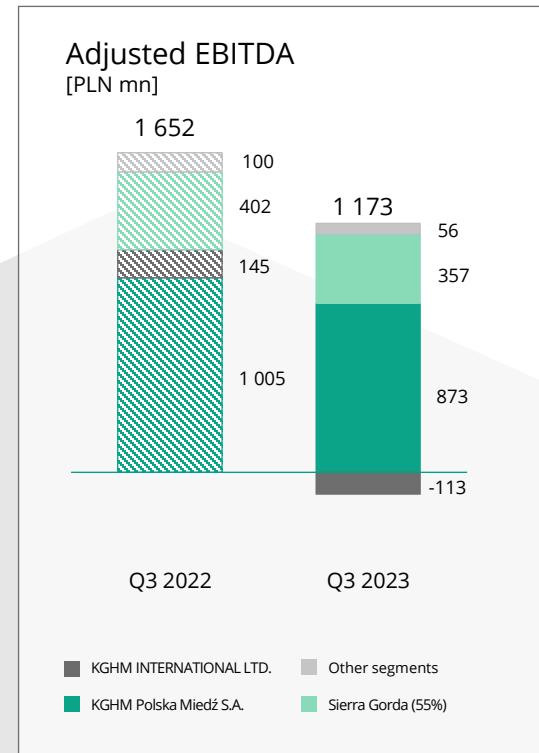
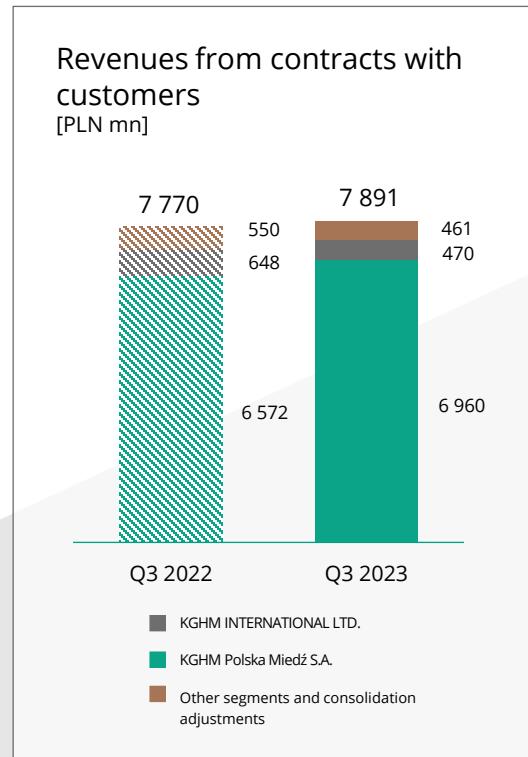
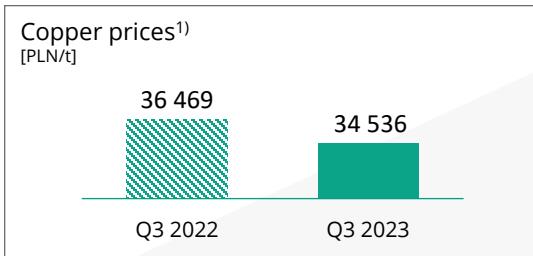
Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 4 882 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 1 662 mn)
- Change in inventories (lower by PLN 256 mn)
- Interest received and repayment of loans (PLN 163 mn)
- Positive exchange differences (lower net debt expressed in PLN by PLN 50 mn)

Revenues and EBITDA in Q3 2023

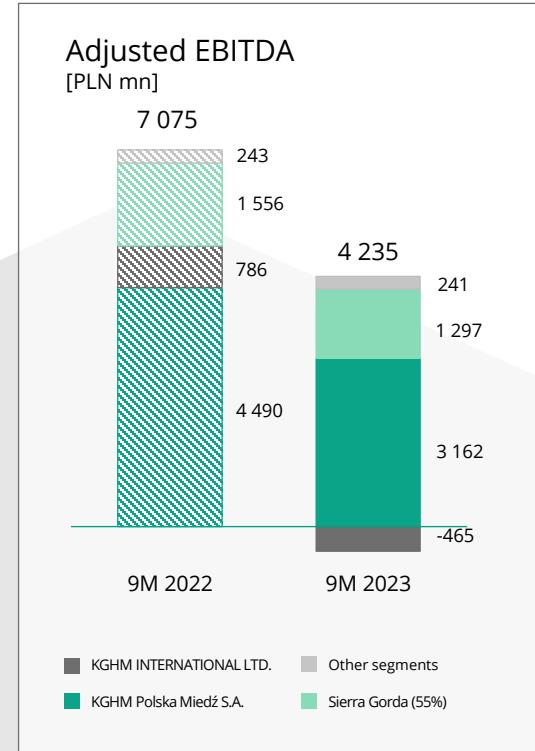
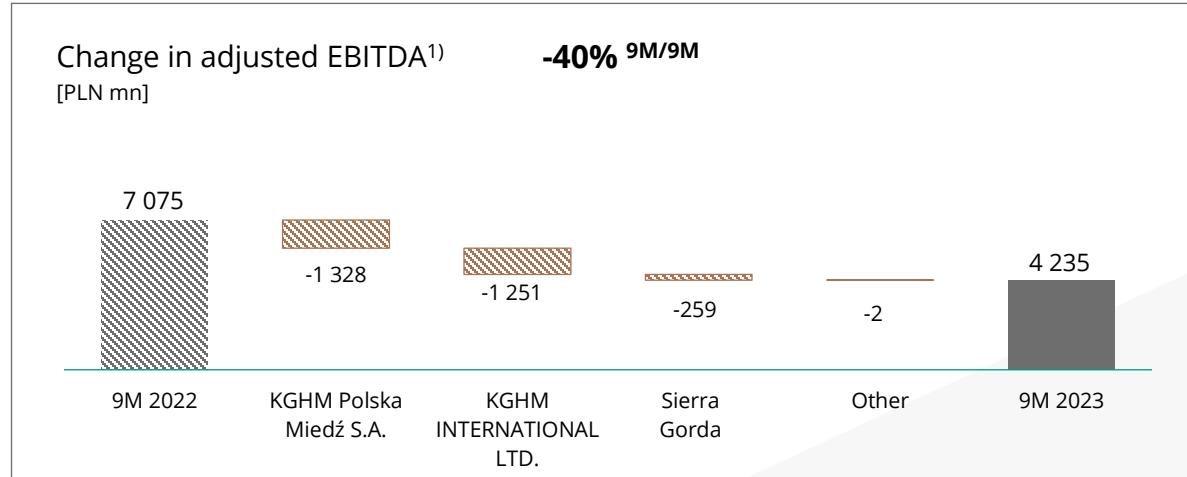
KGHM Group and operating segments

Lower adjusted EBITDA compared to Q3 2022 by PLN 479 million, mainly due to KGHM INTERNATIONAL LTD. and KGHM Polska Miedź S.A.



Operating results

KGHM Group



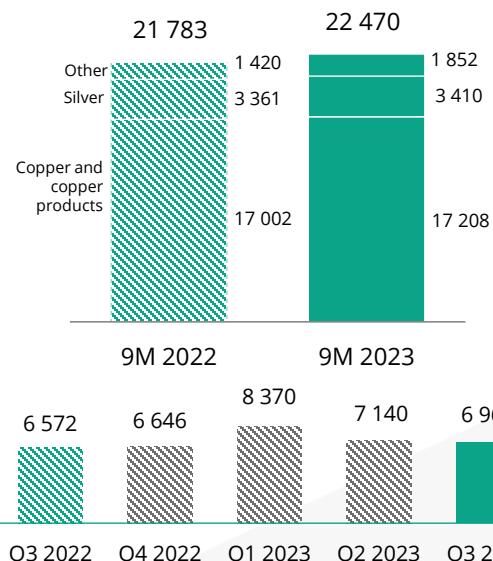
A decrease in adjusted EBITDA compared to the first 9M of 2022 mainly due to a less-favourable exchange rate alongside cost pressures.

Sales revenue

KGHM Polska Miedź S.A.

Revenues from contracts with customers
[PLN mn]

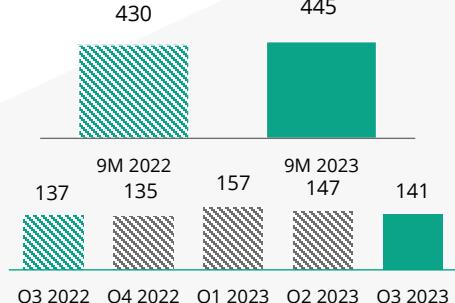
+3% 9M/9M



Higher revenues from contracts with customers by PLN 687 million (+3%) in the first 9M of 2023 compared to 9M 2022, due to a higher volume of sales and a more favorable adjustment of revenues due to hedging transactions

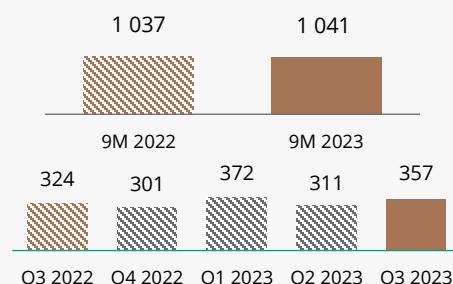
Sales of copper
and copper products
[kt]

+3% 9M/9M



Silver sales
[t]

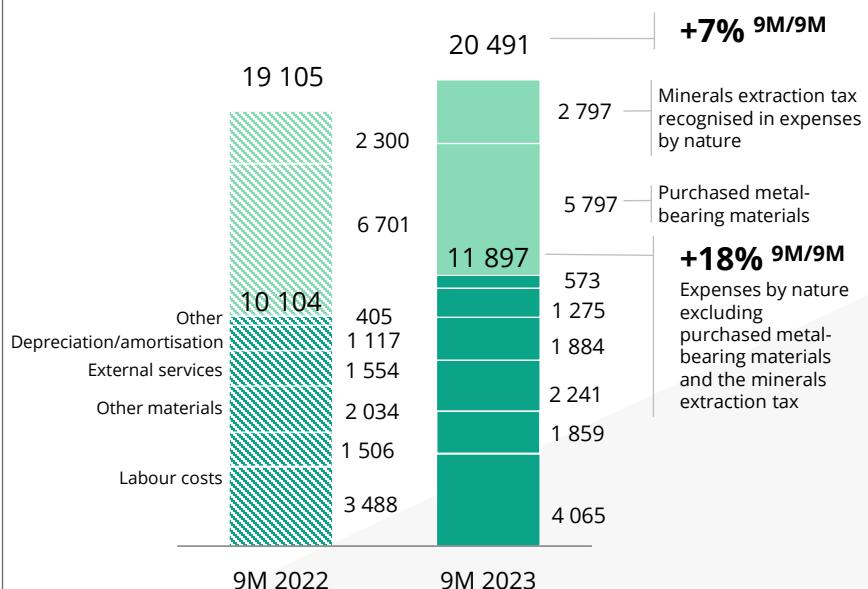
+0.3% 9M/9M



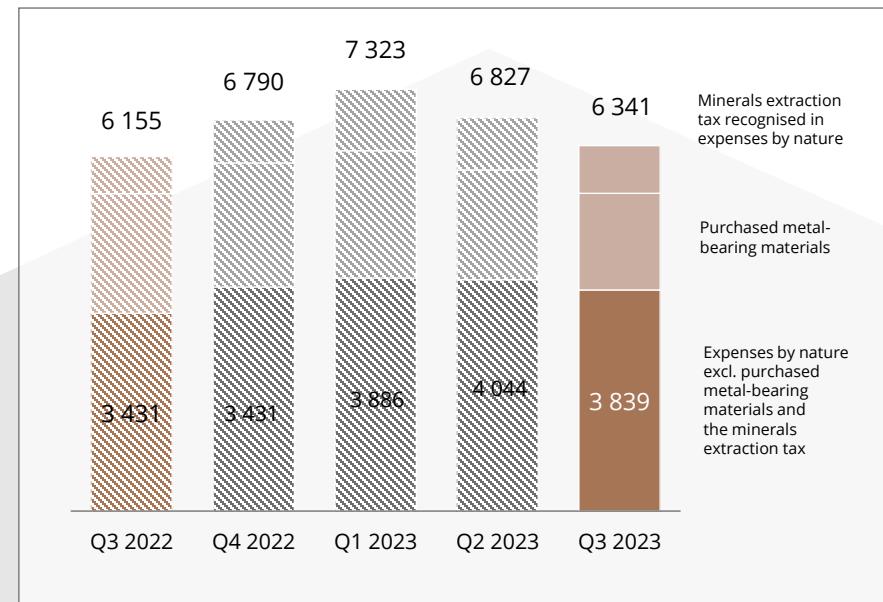
Expenses by nature

KGHM Polska Miedź S.A.

Expenses by nature
[PLN mn]



Cost pressures in the KGHM Group due to global inflation



EBITDA and profit for the period

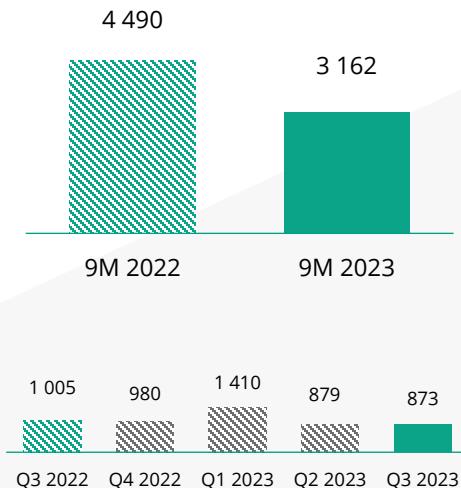
KGHM Polska Miedź S.A.

EBITDA and profit for the period

- EBITDA lower versus the first 9M of 2022 mainly due to a less favourable exchange rate and global inflationary pressures
- Profit for the period lower versus 9M 2022 mainly due to a lower operating result and a very large, negative impact of exchange differences

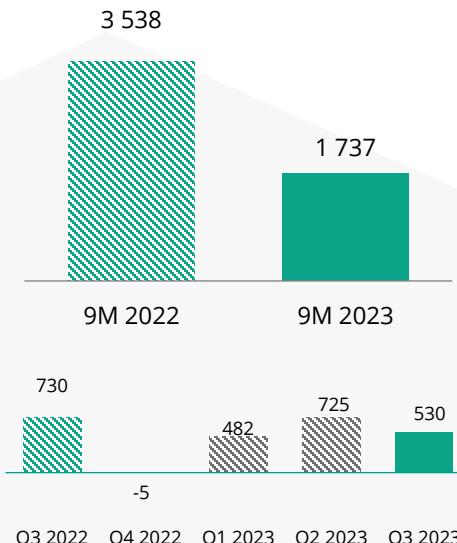
Adjusted EBITDA
[PLN mn]

-30% 9M/9M



Profit for the period
[PLN mn]

-51% 9M/9M

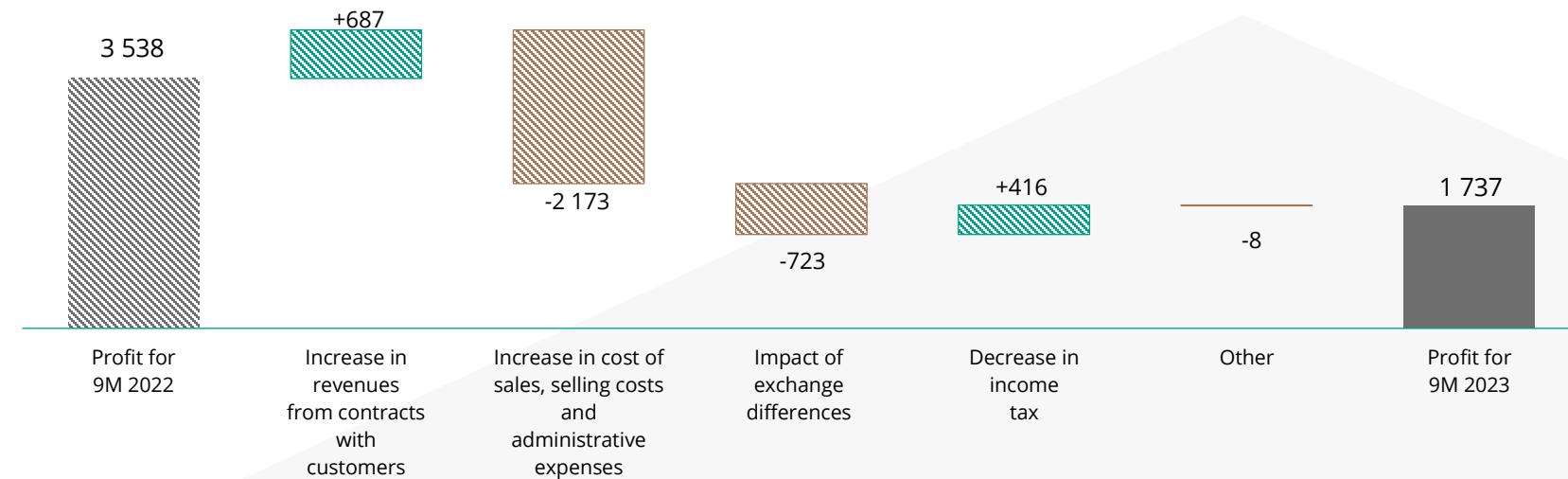


Profit for the period

KGHM Polska Miedź S.A.

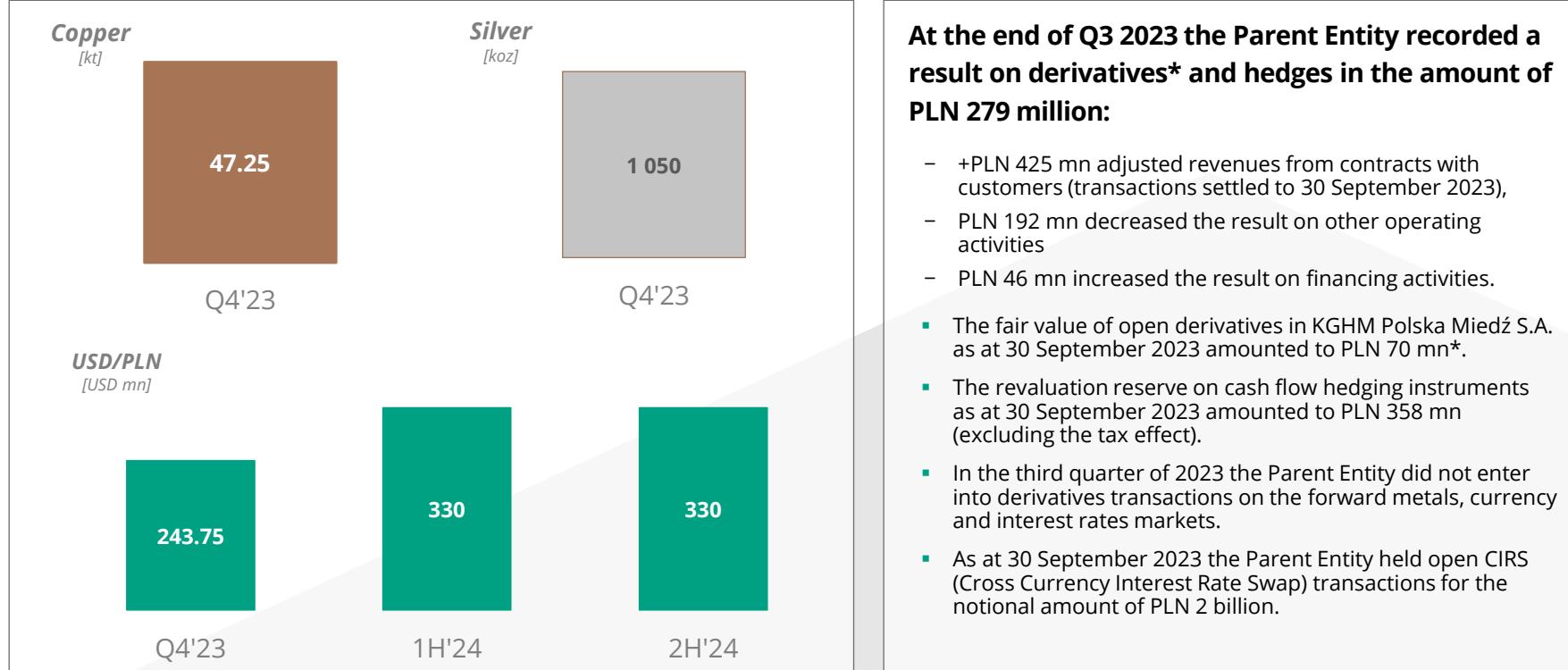
Profit for the period

[PLN mn]



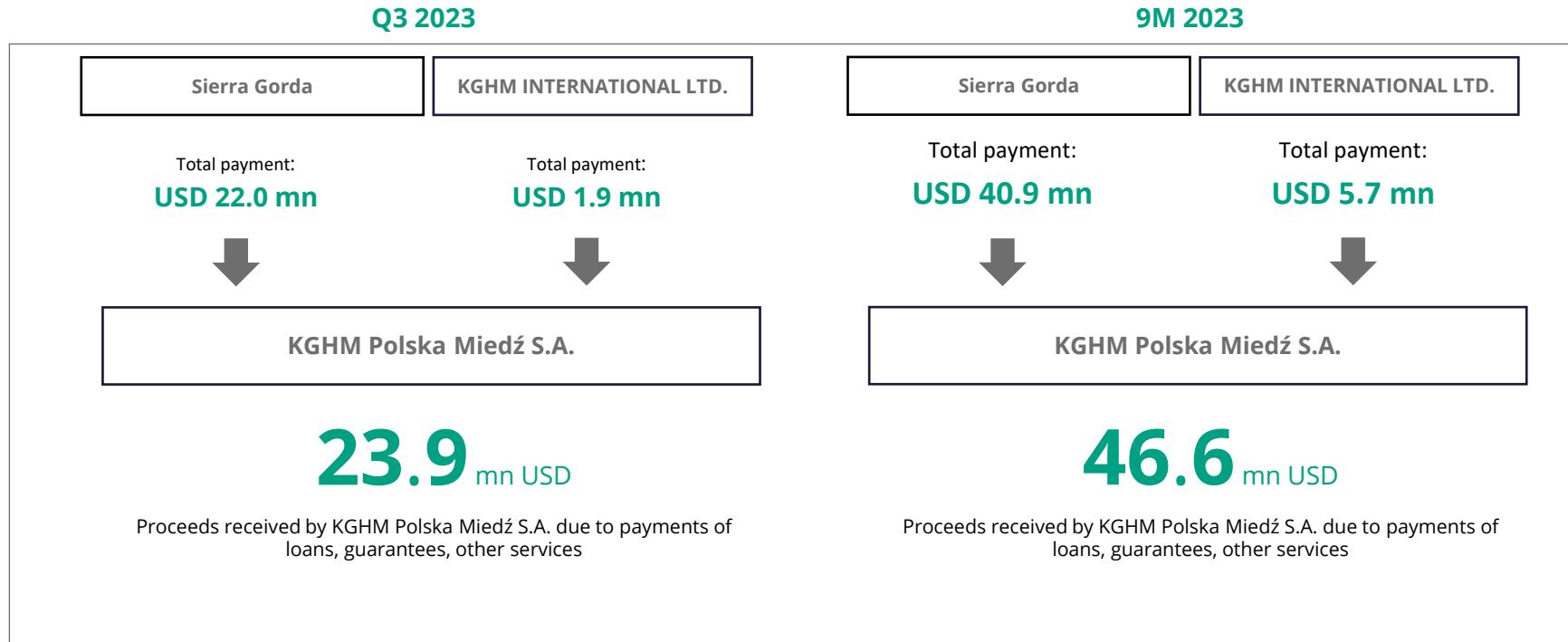
Market risk management

Hedged position on the copper, silver and currency markets (as at 30 September 2023)



Cash flow to the Group in Q3 2023 and in the first 9 months of 2023 Proceeds to KGHM Polska Miedź S.A.

The international assets paid USD 46.6 million to KGHM Polska Miedź S.A. in the first 9 months of 2023*



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

- The geopolitical situation associated with the direct aggression of Russia on Ukraine and the implemented system of sanctions does not currently limit the operations of KGHM Polska Miedź S.A. and other Group companies, while the risk of interruptions to the operational continuity of the Company and of the KGHM Polska Miedź S.A. Group in this regard continues to be considered as low.
- Despite the high inflation observed in the global economy, resulting in the tightening of monetary policy, the demand for the Company's key products did not deteriorate significantly in the first quarter of 2023. However, in the second quarter of 2023, a decrease in demand for wire rod and wire was observed compared to the first quarter of 2023 due to the stagnation in the construction and energy sectors and the general slowdown of the European economy, which is reflected in a decrease in the number of orders from final customers. During the holiday months (July - August 2023), a seasonal decline in customer orders was observed, related to the holiday period and customer renovation shutdowns. In September 2023, there was a rebound in demand for wire rod and wire, which translated into a higher sales volume of this group of copper products. Throughout the third quarter of 2023, demand for copper cathodes in Europe was significantly lower than in the first two quarters of the year.
- In terms of the availability of capital and the level of debt, KGHM Polska Miedź S.A. holds no bank loans drawn from institutions threatened with sanctions.

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