

60 YEARS
KGHM



THE FUTURE IS MADE
OF COPPER

KGHM Group Investor Presentation

September 2022

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Key information about the KGHM Group

and our approach to Sustainability

We produce copper responsibly

Achievements in 2021:



Climate Policy:



- The Głogów and Legnica smelter/refineries were certified by **The Copper Mark** – an international program providing a credible assurance framework to promote responsible production practices
- Expanded environmental reporting through the **CDP Climate Change** questionnaire, now including GHG¹⁾ Scope 3 emissions and climate risks – further data to be added following publication of the Climate Policy
- **KGHM's Climate Policy** was announced **with targets for 2030 and neutrality by 2050**, as a framework for further work towards a detailed **Decarbonisation Programme**

Based on analyses carried out for the purposes of the Climate Policy, further means to improve the management of emissions and their reduction will be identified

*The granting of **The Copper Mark**, participation in the CDP project, continued presence in the FTSE4Good index series and the publication of our Climate Policy are expressions of the Company's sense of accountability for the environment and society.*

These endeavours also serve to mobilise and commit us to even greater efforts to reduce our impact on the environment.

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 2022
- **Legnica Copper Smelter/Refinery** - certified 2021, follow-up assessment 2022
- **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/>

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Employee safety as a strategic priority for the KGHM Group



Safety and development

- ISO 45001:2018

Occupational Health and Safety Management System Certificate

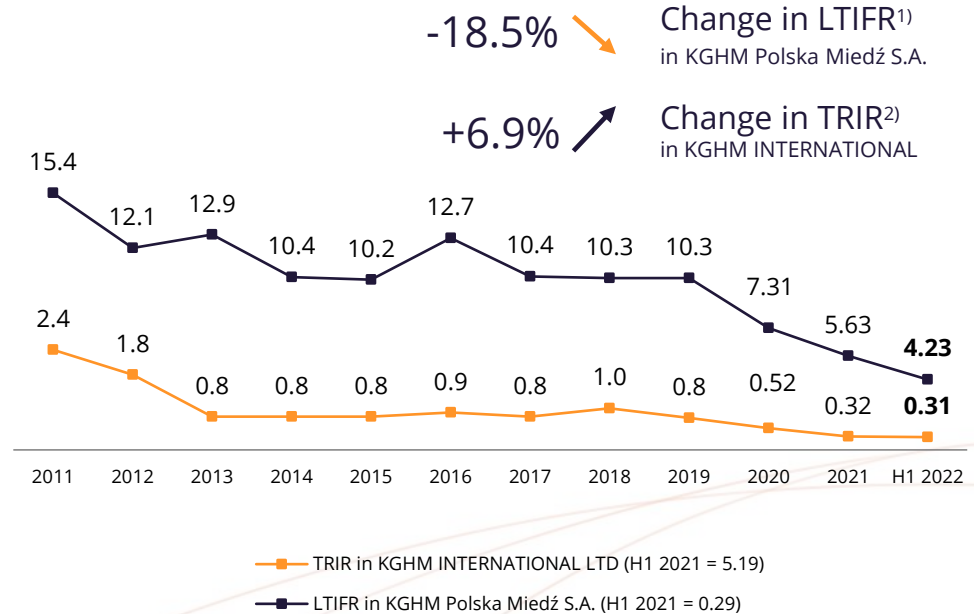
- Leader's Gold Card of Workplace Safety

A decrease of 23% (y/y) in the number of recognized accidents at work from 213 to 165 registered at the end of 2021

- Low accident ratios

In the first half of 2022, KGHM recorded a continuation of the downward trend in workplace accidents. The number of workplace accidents in KGHM Polska Miedź S.A. decreased by 18.2% compared to the corresponding period of 2021 (63 vs 77). Most such events in KGHM can be characterised as light accidents, resulting in a short-term incapacity to work. In KGHM's entities in Canada, the United States and Chile, 10 accidents were recorded in the first half of 2022, higher by 1 event compared to the corresponding period of 2021.

Accident ratios, H1 2022 vs H1 2021



1) LTIFR (Lost Time Injury Frequency Rate) – accident rate for the employees of KGHM Polska Miedź S.A., being the number of accidents per million hours worked, calculated in accordance with Polish rules regarding accidents statistics

2) 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

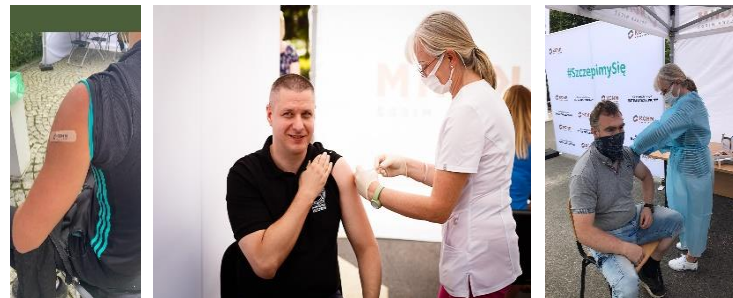
We care, we act, we protect

We effectively protect the health and safety of our employees, actively support our volunteers and are involved in assisting refugees from Ukraine.

PANDEMIC



- Vaccinations
- Educational programs
- Combatting depression



AID FOR UKRAINE



- Transports of medical supplies
- Overnight accommodations for those in need
- Help in transporting and feeding refugees
- Legal, psychological and medical assistance



KGHM is a key element in the global energy transformation



Restrictive climate policy

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



Rapid development of RES and EV markets

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



Access to cost-efficient resources

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

KGHM – substantial competitive advantages



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



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



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



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

Strengthening corporate governance

New Policies in KGHM Polska Miedź S.A.

ISO 14001

Environmental Policy

Based on continual improvement under the PN-EN ISO 14001 Environmental Management System, the Company's senior management is committed among others to the following:

- the continuous prevention and restriction of the Company's environmental and climate impact by improving and developing our technological processes, modernising and replacing equipment and preventing pollution and breakdowns,
- the rational utilisation of our environmental resources, such as land, water and forests and other natural resources,
- restricting the amount of waste generated and the continuous development of waste management methods,
- restricting emissions to the air, water and soil,
- restoring terrain adversely impacted by our activities,
- the active support of efforts to ensure biological diversity and, if that is not possible, to undertake appropriate compensatory actions.

[More...](#)

ISO 37001

Anti-Corruption Policy

The senior leadership of the KGHM Group hereby declares its absolute commitment to actions aimed at maintaining and perfecting the Anti-corruption Management System in accordance with the PN-ISO 37001 standard

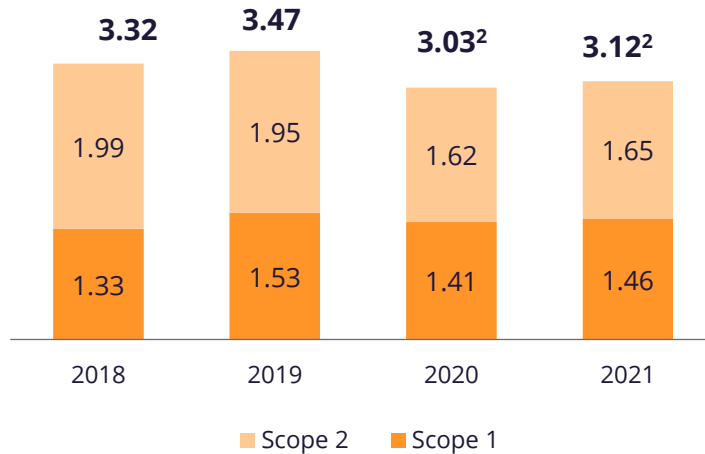
- It is forbidden to take part in any behaviors of a corruption-related nature, consisting of offering, promising, giving, accepting, demanding or applying for undue benefits, whether financial or non-financial, in particular in connection with the performance of official duties,
- It is forbidden to engage in any type of retaliation towards individuals who have refused to give or adopt undue benefits. This also applies to cases that may result in the loss of business opportunities with entities of the KGHM Group,
- Anyone taking part in an act of a corruption-related nature, or being a witness or possessing information regarding said event, is obliged to immediately report such an occurrence,

[More...](#)

Inventorisation of key sources of greenhouse gas emissions

At the Parent Entity level, to be followed in turn at the Group level

Scope 1 and 2 greenhouse emissions of KGHM Polska Miedź S.A. [mn t CO₂e]



Source: KGHM Polska Miedź S.A.



Annual CO₂-equivalent emissions by KGHM Polska Miedź S.A. are around 3.3 mn tonnes, of which around 40% are Scope 1 and 60% are Scope 2 pursuant to *GHG Protocol*¹⁾

In 2022 KGHM is conducting a full inventorisation of Scope 1 and Scope 2 emissions in its subsidiaries so as to publish complete information on Scope 1 and Scope 2 emissions for the entire organisation pursuant to *GHG Protocol* at the latest by mid-2023.

Moreover, KGHM will publish data on Scope 3 emissions by the Group at the latest in the first half of 2024.

- 1) Level of emissions calculated pursuant to the GHG Protocol standard, though this does not include the entire Group. KGHM Polska Miedź S.A. is the major emitter of greenhouse gases in the KGHM Group.
- 2) Data for 2020 and 2021 adjusted due to first-time calculation of Scope 1 & 2 emissions for the entire KGHM Group

Climate neutrality by 2050

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



Main goals of decarbonisation:

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

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

Main goals of decarbonisation:

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

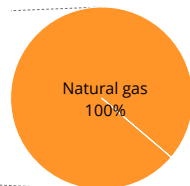
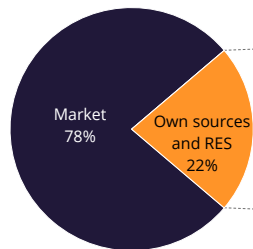
Details regarding capital expenditures on actions to restrict greenhouse gas emissions will be included and announced as part of the Decarbonisation Program of the KGHM Group

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:

2020
2.9
TWh

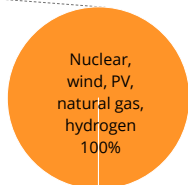
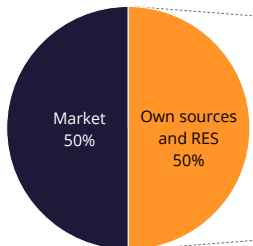


H1 2022:

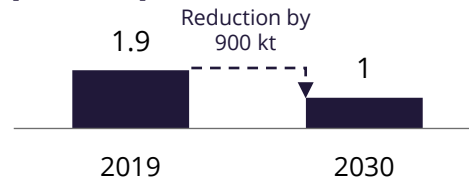
Own generation sources covered 12.95% of KGHM's total power needs in the first half of 2022.

2030 - goal:

2030
3.0
TWh



Estimated CO₂ emissions due to electricity consumption [mn tonnes]



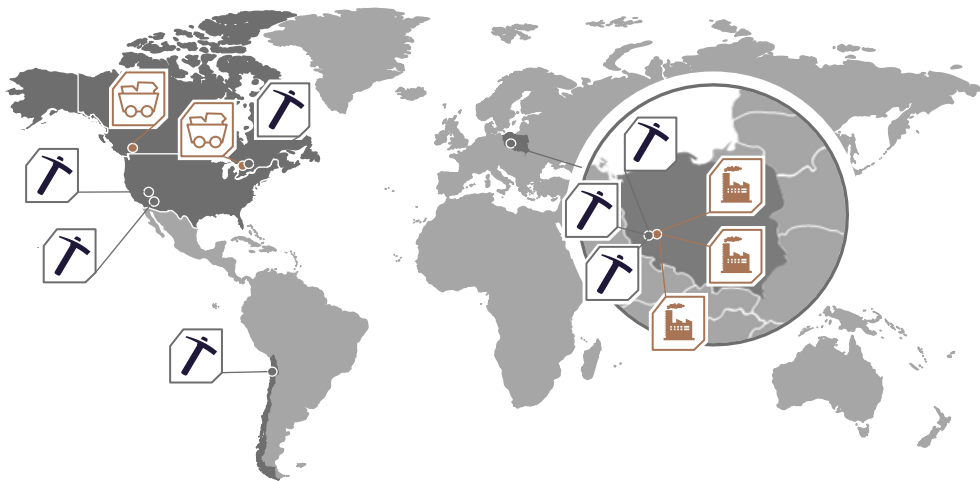
Implementation of the „Development of Energy generation, incl. RES” Program alongside changes in the national energy system structure will enable the avoidance of approx. 900 kt of CO₂ annually



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

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



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

Seventh largest copper producer*



Second largest silver producer*



* data for 2021

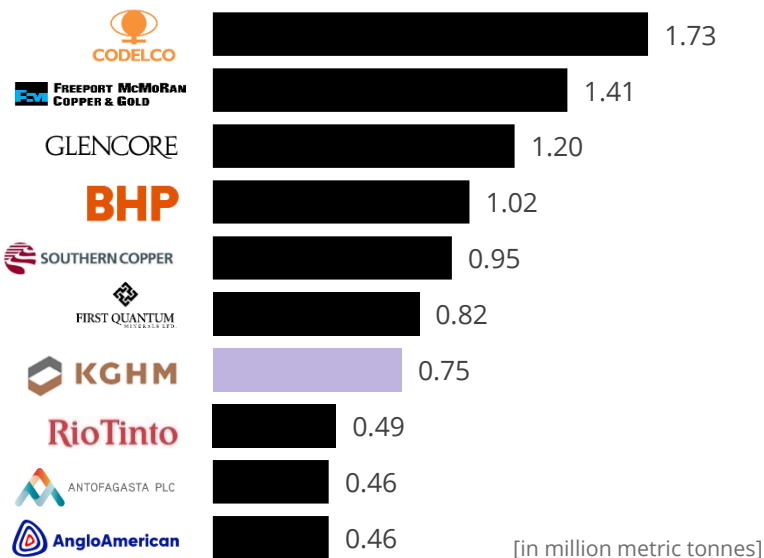
Other KGHM Group products:

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

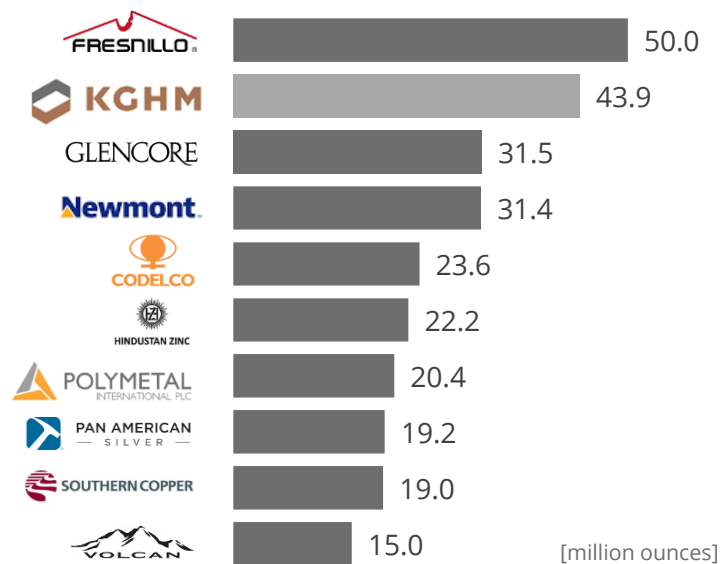


KGHM among the biggest copper and silver producers

Copper production 2021 ¹⁾



Silver production 2021 ²⁾

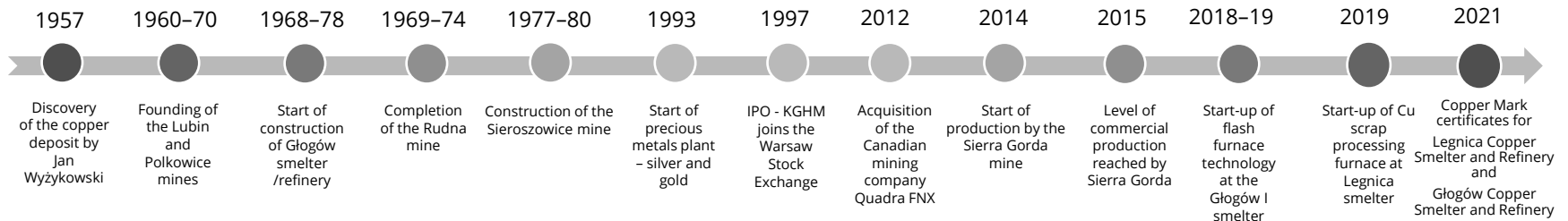


1) Kitco, April 2022

2) World Silver Survey 2022

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

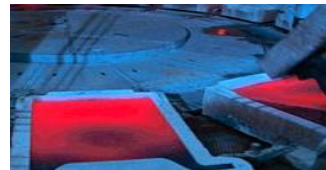
Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

approx. 37 years LOM

- Copper in extracted ore in 2021: 195.4 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 metals produced: Ag, Au, Pb, Re
- 2021 Cu production: 122.1 kt



Rudna Mine

approx. 24 years LOM

- Copper in extracted ore in 2021: 175.7 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. 39 years LOM

- Copper in extracted ore in 2021: 71.6 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

2021 Cu production in total: 455.5 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 2021: 264.3 kt of copper wire and 17.6 kt of OFE rod

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile

- | | |
|---|---|
| 23 years LOM | 2021 production stats: |
| <ul style="list-style-type: none"> ▪ Open-pit mine ▪ Porphyry | <ul style="list-style-type: none"> ▪ Cu production (payable, 100%): 189.8 kt ▪ Cu production (payable, 55%): 104.4 kt |



Robinson Mine, USA

- | | |
|---|--|
| 7 years LOM | 2021 production stats: |
| <ul style="list-style-type: none"> ▪ Open-pit mine ▪ Porphyry/Skarn orebody | <ul style="list-style-type: none"> ▪ Cu production (payable): 53.7 kt |



Sudbury, Canada

- | | |
|--|---|
| 5 years LOM | 2021 production stats: |
| <ul style="list-style-type: none"> ▪ Underground mine ▪ Footwall/Contact orebody | <ul style="list-style-type: none"> ▪ Cu production (payable): 1.9 kt |

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 (McCreedy mine) – being considered for divestment

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: 16 kt Cu p.a., 18 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 Group updated strategy

to 2030 with an outlook to 2040

Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040

While the Mission and Vision of KGHM remain unchanged, in order to reflect the changes in the general environment, the strategic directions were augmented by a fifth element – Energy.

MISSION

To always have copper

VISION

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

**#5E
DEVELOPMENT
DIRECTIONS**



Elasticity
and flexibility



Efficiency



Ecology,
safety and
sustainability



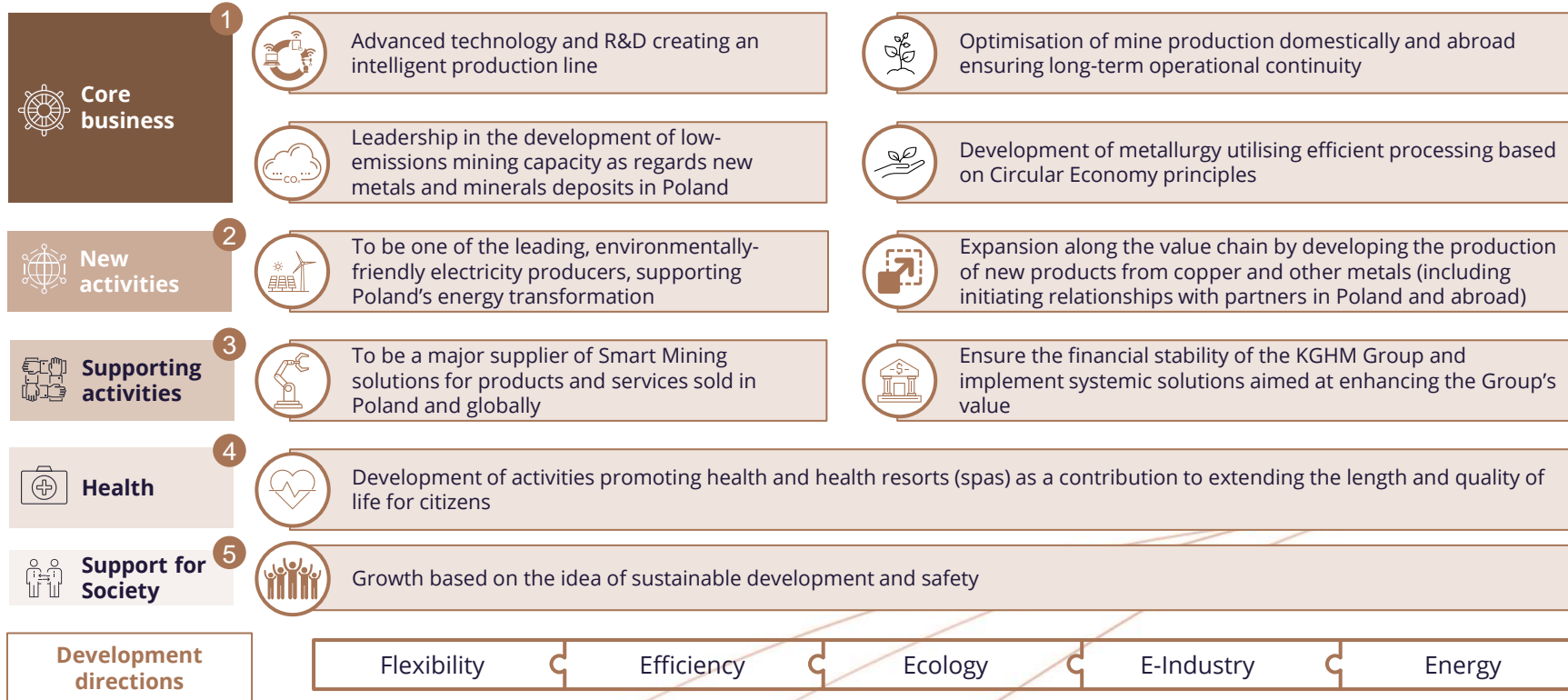
E-industry



Energy

The KGHM Group's Strategy consists of 5 pillars based on 5 development directions

Strategy of the KGHM Group for the years 2022-2030 with an outlook to 2040

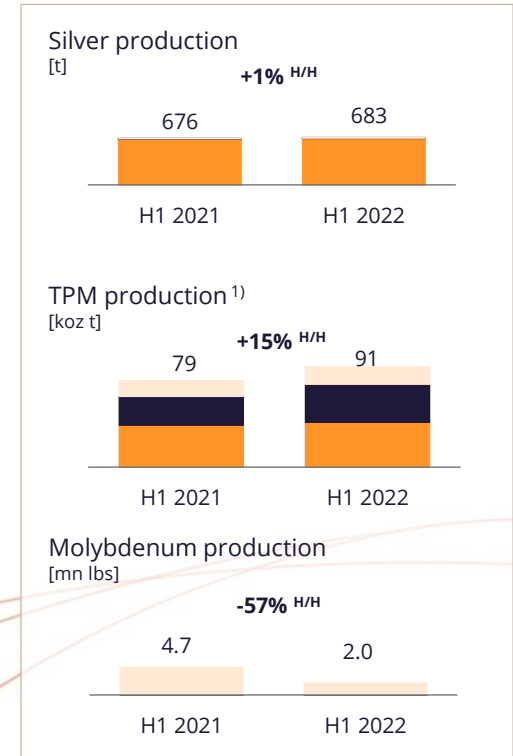
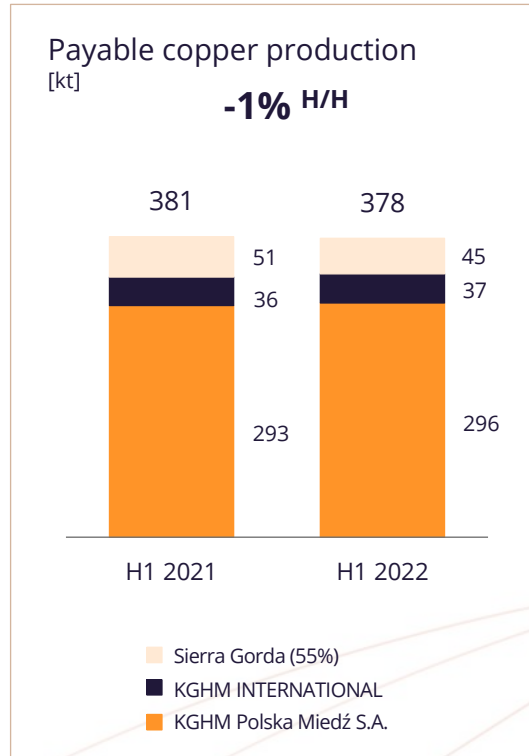


Performance in H1 2022 - KGHM Group

Metals production in H1 2022

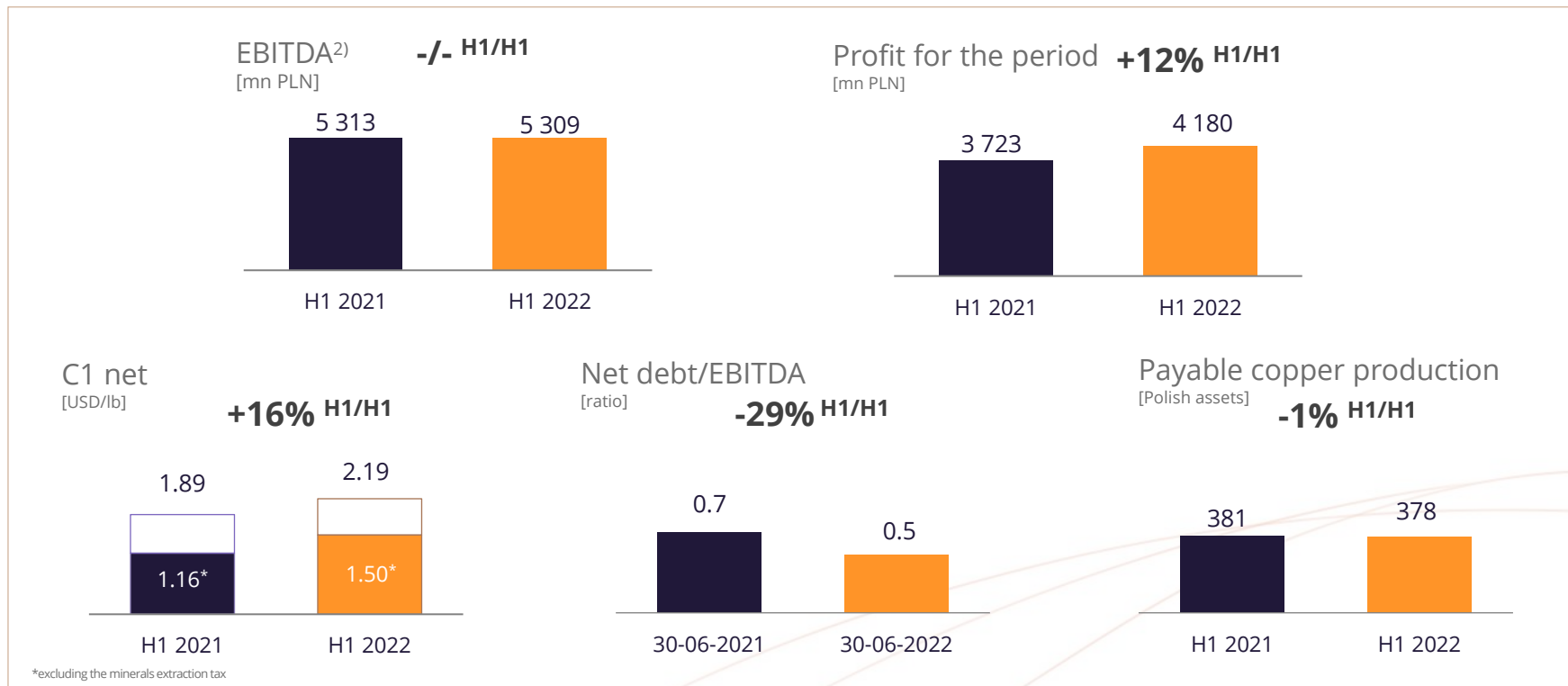
KGHM Group

- Higher payable copper production:
 - by KGHM Polska Miedź S.A. due to higher availability of purchased copper-bearing materials and higher availability of production lines
 - by KGHM INTERNATIONAL LTD. due to higher production by the Robinson mine
- Lower production by Sierra Gorda vs the first half of 2021 due to lower copper content in ore and lower recovery of this metal
- Higher production of silver by KGHM Polska Miedź S.A.
- Higher production of TPM in 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)



Summation of H1 2022 in the KGHM Group

Selected key statistics in H1 2022¹⁾



Key production indicators

H1 2022

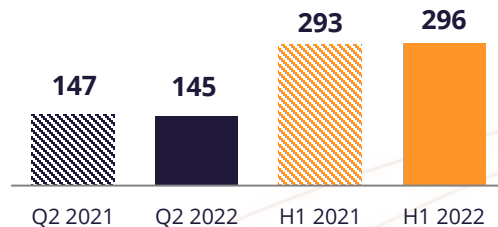
Payable copper production
by the KGHM Group
lower by 1% (H/H)

378 **-1% H1/H1**
[kt]

- **KGHM Polska Miedź** – higher availability of purchased copper-bearing materials and higher availability of production lines
- **Sierra Gorda** – lower copper content in ore; lower metal recovery
- **KGHM INTERNATIONAL LTD.** – higher production by the Robinson mine

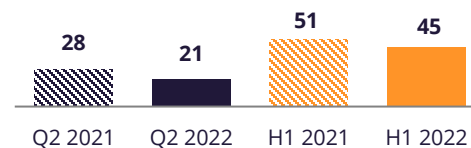
Payable copper production
KGHM Polska Miedź [kt]

296 **+1% H1/H1**



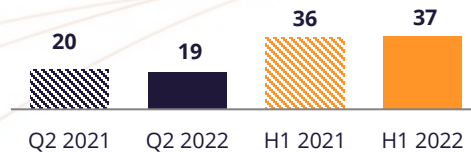
Payable copper production
Sierra Gorda¹⁾ [kt]

-12% H1/H1



Payable copper production
KGHM INTERNATIONAL [kt]

+3% H1/H1

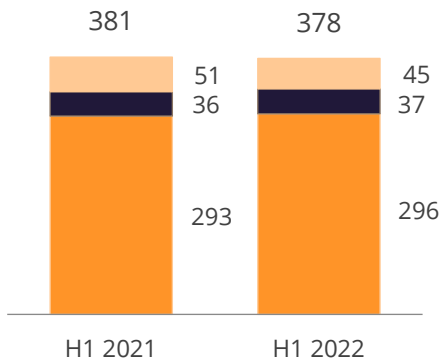


Other major metals and costs

Production

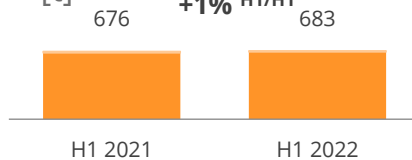
Payable copper production [kt]

-1% H1/H1



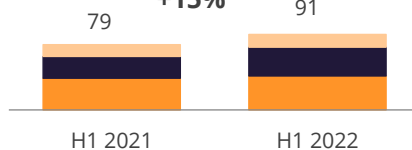
- Sierra Gorda (55%)
- KGHM INTERNATIONAL LTD.
- Silver production [t]

+1% H1/H1



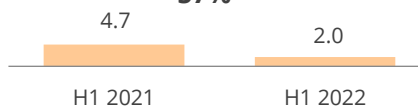
TPM production [koz t]

+15% H1/H1



Molybdenum production [mn lbs]

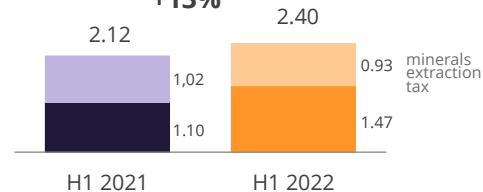
-57% H1/H1



C1 cost

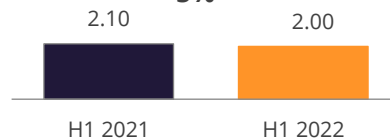
C1 - KGHM Polska Miedź S.A. [USD/lb]

+13% H1/H1



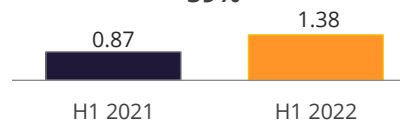
C1 - KGHM INTERNATIONAL [USD/lb]

-5% H1/H1



C1 - Sierra Gorda [USD/lb]

+59% H1/H1



Key financial indicators of the KGHM Group

H1 2022

No change in adjusted EBITDA of the KGHM Group vs H1 2021

Slightly lower adjusted EBITDA compared to H1 2021 (-PLN 4 mn), of which by segment:

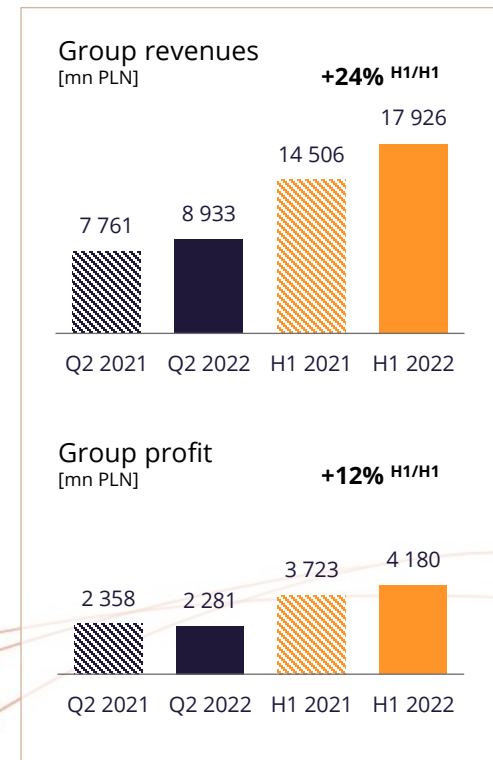
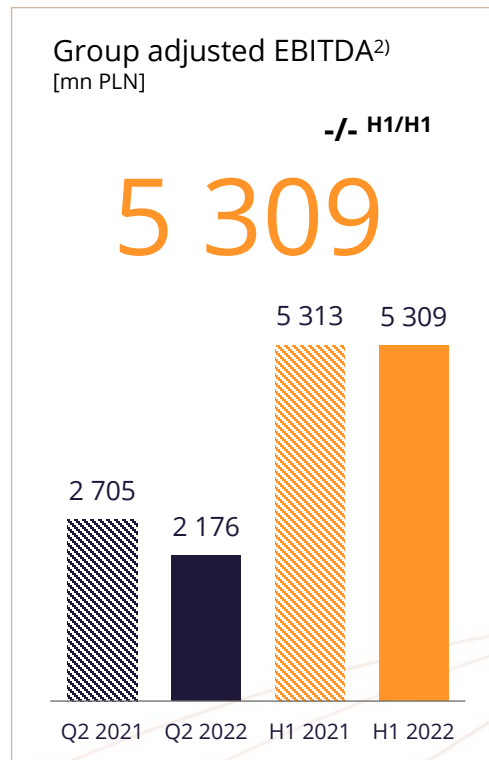
- KGHM Polska Miedź S.A. +PLN 282 mn – an increase mainly due to a more favourable USD/PLN exchange rate and a higher sales volume
- Sierra Gorda¹⁾ -PLN 324 mn – a decrease mainly due to the planned mining of areas of lower copper content, as well as a lower volume of copper sales
- KGHM INTERNATIONAL LTD. +PLN 41 mn – the result of restatement due to a higher USD/PLN exchange rate (in USD EBITDA decreased, from USD 141 mn to USD 134 mn, mainly due to a lower volume of copper sales)

Higher Group revenues

- Impact of a more favourable exchange rate and higher metals prices

Higher Group profit for the period

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



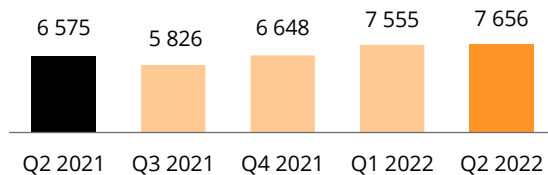
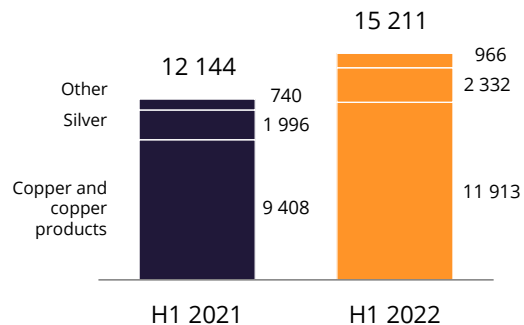
1) On a 55% basis

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

Financial results – KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

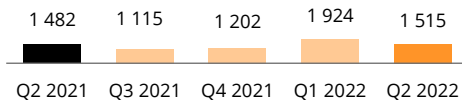
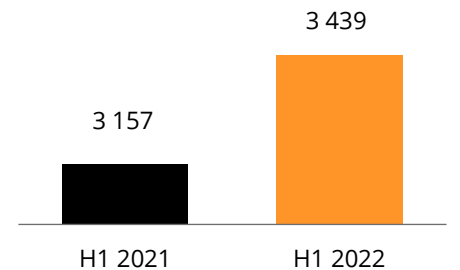
+25% H1/H1



Adjusted EBITDA

[mn PLN]

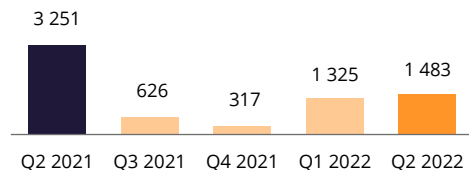
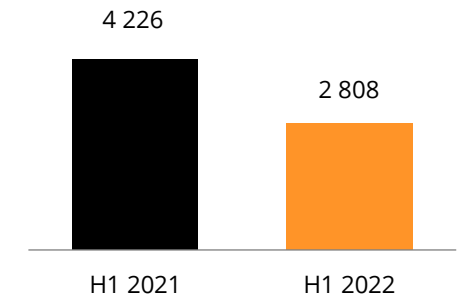
+9% H1/H1



Profit for the period

[mn PLN]

-34% H1/H1

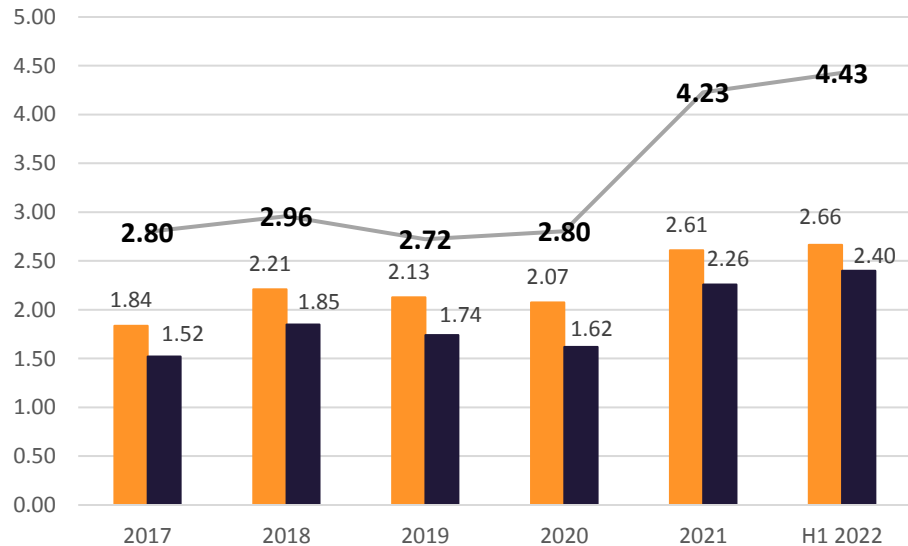


Margins remain robust

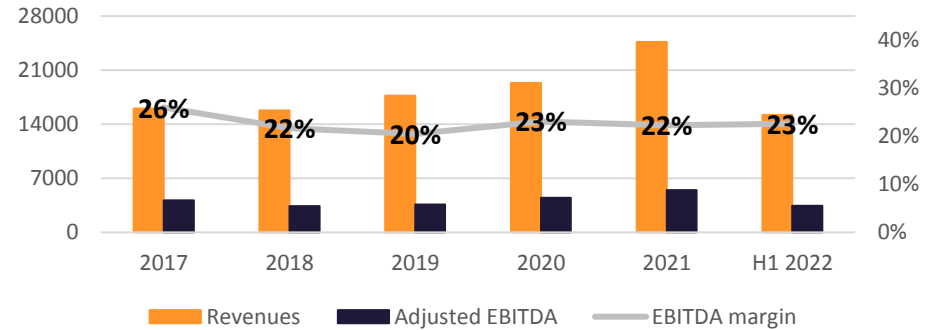
KGHM Polska Miedź S.A.

Copper production cost vs copper price

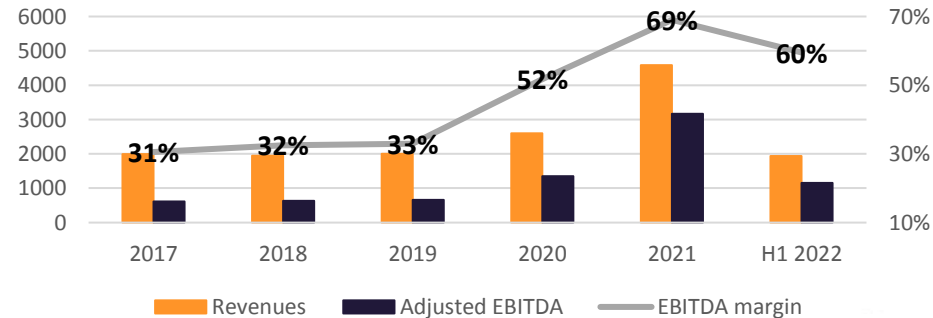
- Total unit cost of electrolytic copper production from own concentrate (USD/lb)
- C1 cost of producing copper in concentrate C1 (USD/lb)
- Average annual copper price (USD/lb)



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



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



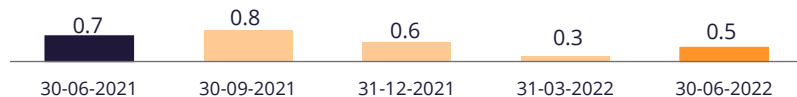
*Proportionally to the interest held (55%)

Net debt of the KGHM Group

As at the end of Q2 2022

Net debt / adjusted EBITDA

-29% compared to 30 June 2021



KGHM Group net debt

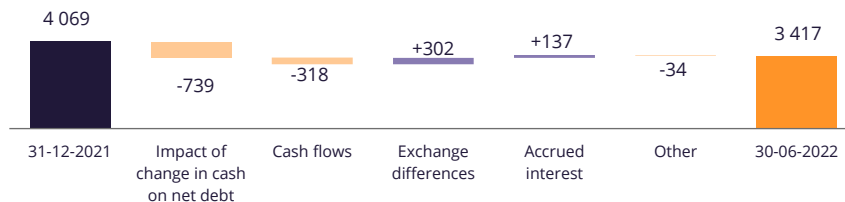
[mn USD]

[mn PLN]



Change in net debt

[mn PLN]



Main factors affecting net debt in 2022

Increases in debt

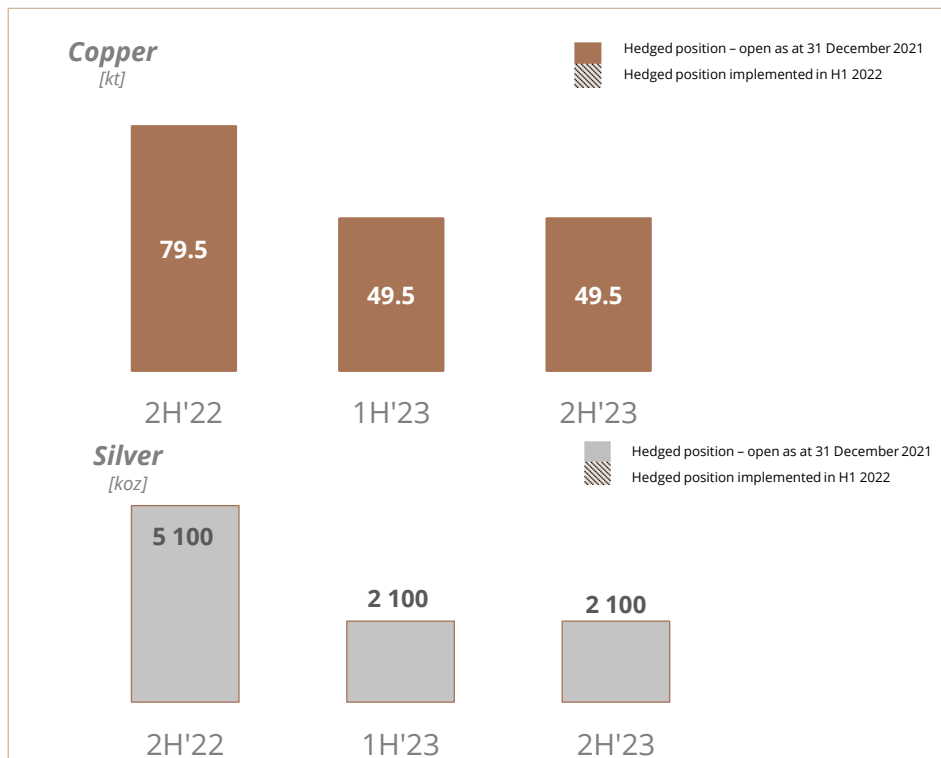
- Cash expenditures on property, plant and equipment (PLN 1 943 mn)
- The minerals extraction tax (PLN 1 653 mn)
- Change in inventories (higher by PLN 1 295 mn)
- Change in trade and other receivables (higher by PLN 771 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 302 mn)
- Borrowing costs recognised in cash flow (PLN 65 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 4 634 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 676 mn)
- Proceeds from repaid loans (PLN 789 mn)
- Proceeds from the sale of the Oxide project to Sierra Gorda SCM (PLN 324 mn)
- Disposal of subsidiaries (PLN 242 mn)

Market risk management

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



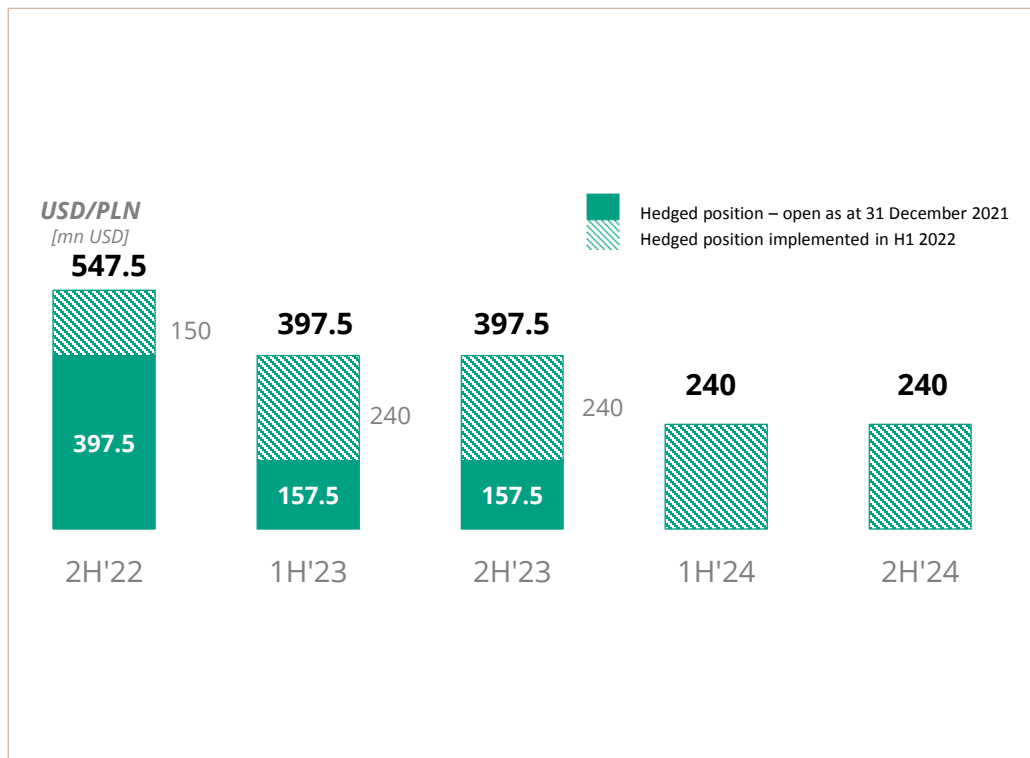
At the end of H1 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 451 million:

- -PLN 377 million adjusted revenues from contracts with customers (transactions settled to 30 June 2022),
 - PLN 70 million decreased the result on other operating activities,
 - PLN 4 million decreased the result on other financing activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 30 June 2022 amounted to -PLN 103 million*
 - The revaluation reserve on cash flow hedging instruments as at 30 June 2022 amounted to -PLN 475 million
 - In H1 2022 the Parent Entity did not enter into derivatives transactions on the copper and silver markets

*excludes embedded instruments

Market risk management

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



In H1 2022 transactions were implemented on the forward currency market:

- Put options were bought to hedge USD 205 million in planned revenues from sales (incl.: to cover USD 150 million with maturities from July to December 2022)
- In addition, collar options strategies were implemented in the notional amount of USD 960 million with maturities from January 2023 to December 2024
- In H1 2022 the Parent Entity did not enter into transactions hedging forward interest rates
- As at 30 June 2022 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion

Capital allocation

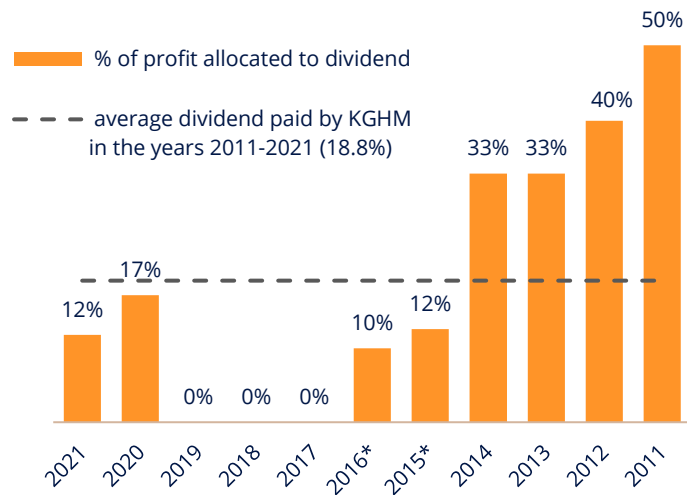
Renewal of dividend payout

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

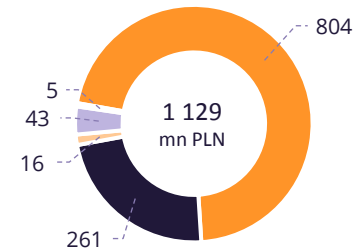
Capital expenditures by KGHM Polska Miedź S.A. in H1 2022



CAPEX execution in Q1 2022

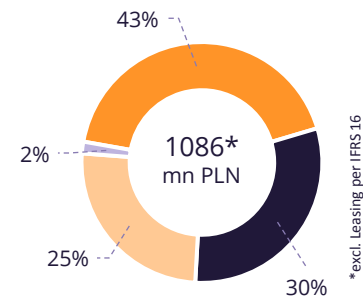
by area

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



by category

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



Comparison: CAPEX and budget execution in 2021



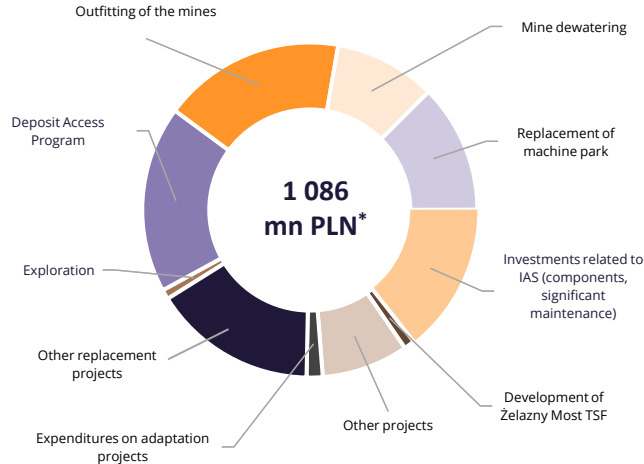
1 036 mn PLN
CAPEX execution in H1 2021

2 853 mn PLN
CAPEX budget target for 2021

CAPEX execution in key projects

Deposit Access Program

- GG-1 shaft – sunk to 1 317.2 m
 - GG-2 „Odra” shaft – GG-2 „Odra” shaft – work advanced on the shaft site drillholes. Planned completion of drilling – 30 December 2022
 - „Retków” shaft – an understanding with the Gmina (Municipality) of Grębocice is being prepared
 - 20 km of tunneling were excavated – 92% of plan
 - Power and related projects (UiUGO SW-4) – detailed agreements were signed regarding:
 - work on electrical and telecommunications projects as well as on automated and control equipment,
 - construction of underground water pumps with reservoirs and requisite technical infrastructure (at the surface)
- Negotiations were completed on the agreement for the purchase, supply, transport, assembly and start-up of 9 high-pressure pumping units in the high-pressure pumps chamber.
- Central Air Cooling System – In April trial runs of the approx. 22 MWt PSK GG-1 unit with an ice water flow of approx. 800 m³/h were carried out. The trials are expected to be completed by 31 August 2022.



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

- The renovation work included average maintenance of the flash furnace and general renovation of the recovery boiler, renovation of the steam drier and heat exchangers in the sulphuric acid section.
- The actions taken included modernisation of the five-zone dry electrofilter behind the flash furnace, a new ladle crane was built, a new drying tower in the sulphuric acid section and an installation for oxygen enrichment of gas-oil burners at the flash furnace.
- On 23 June 2022 the heating of the electric furnace commenced, and on 24 June 2022 of the flash furnace. On 3 July 2022 concentrate was fed to the flash furnace. The maintenance shutdown was shortened by 8 calendar days.

Program to adapt the technological installations to BAT Conclusions

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

Development of Żelazny Most Tailings Storage Facility

- Completion of Stages 1, 2 & 3 of construction of the Southern Quarter. Operating permit received. Amendments to the task „Construction of power and water infrastructure” are being introduced
- Continuation of work on the Tailings Segregation and Compacting Station – 83% completed. The following are completed: assembly of the production-related part of the Station, internal installations: water-effluents, ventilation for the hall and the power building. Work continues on developing infrastructure in the vicinity of the station.
- The process of large-grain tailings segregation and thickening is underway for the purpose of deposition in the Southern Quarter
- The deposition of thickened (de-watered) tailings enables the return (i.e. re-utilisation) of significant amounts of water into processing and around 5-times less water needing to be stored in the Southern Quarter

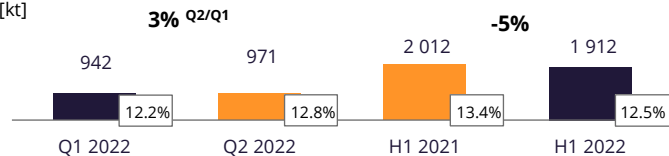
*excluding Leasing per IFRS 16, plus borrowing costs

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

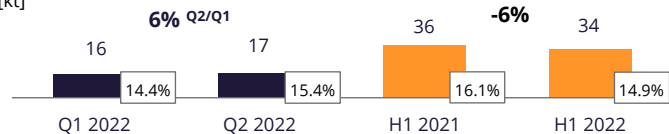
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

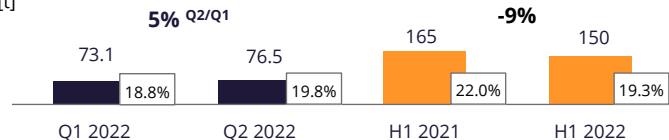
Ore extraction dry weight from GGP [kt]



Amount of copper in ore [kt]

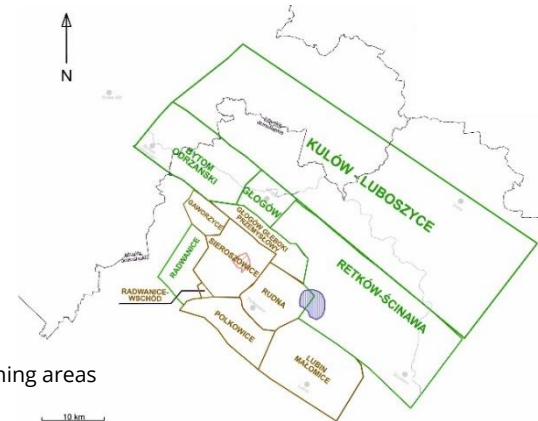


Amount of silver in ore [t]



Active concessions and future potential

- Current mining area
- Other future copper mining areas



Ore extraction, as well as the amounts of copper and silver in ore, quarter to quarter (Q2 /Q1 2022) in the GGP region remained at similar levels.

The lower extraction in H1 2022 compared to H1 2021 (-5%) was due to increased, required work in barren rock.

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



Investor Relations Department

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Supporting slides

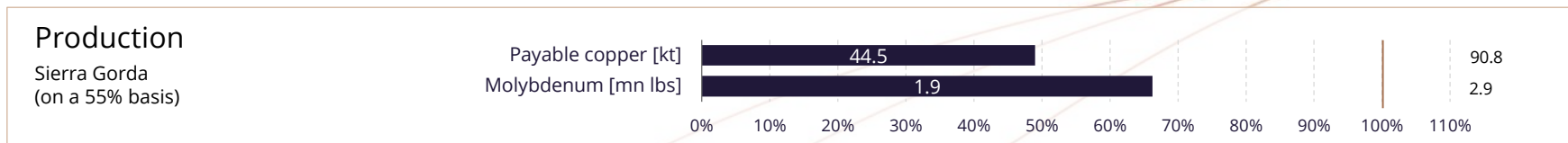
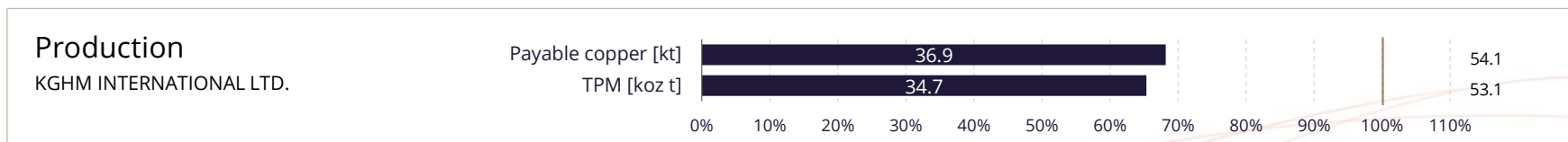
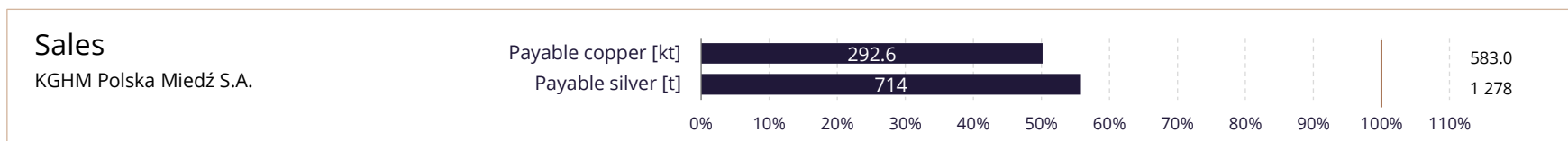
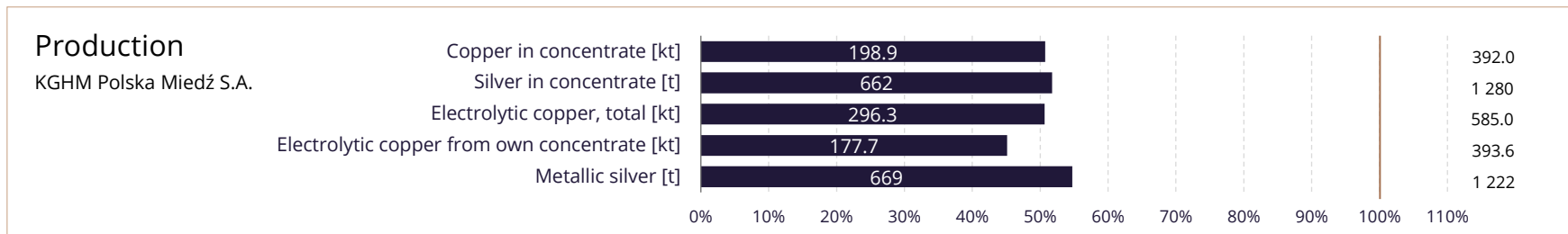
Group production and sales in H1 2022

Execution of annual targets



2022

Budget

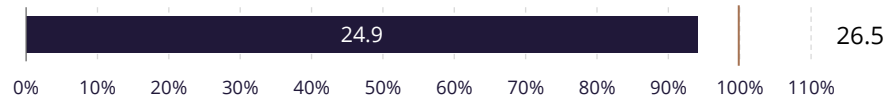


The financial situation of the KGHM Group remains stable and safe

2022
Budget

Total unit production cost

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



Investments

Of KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

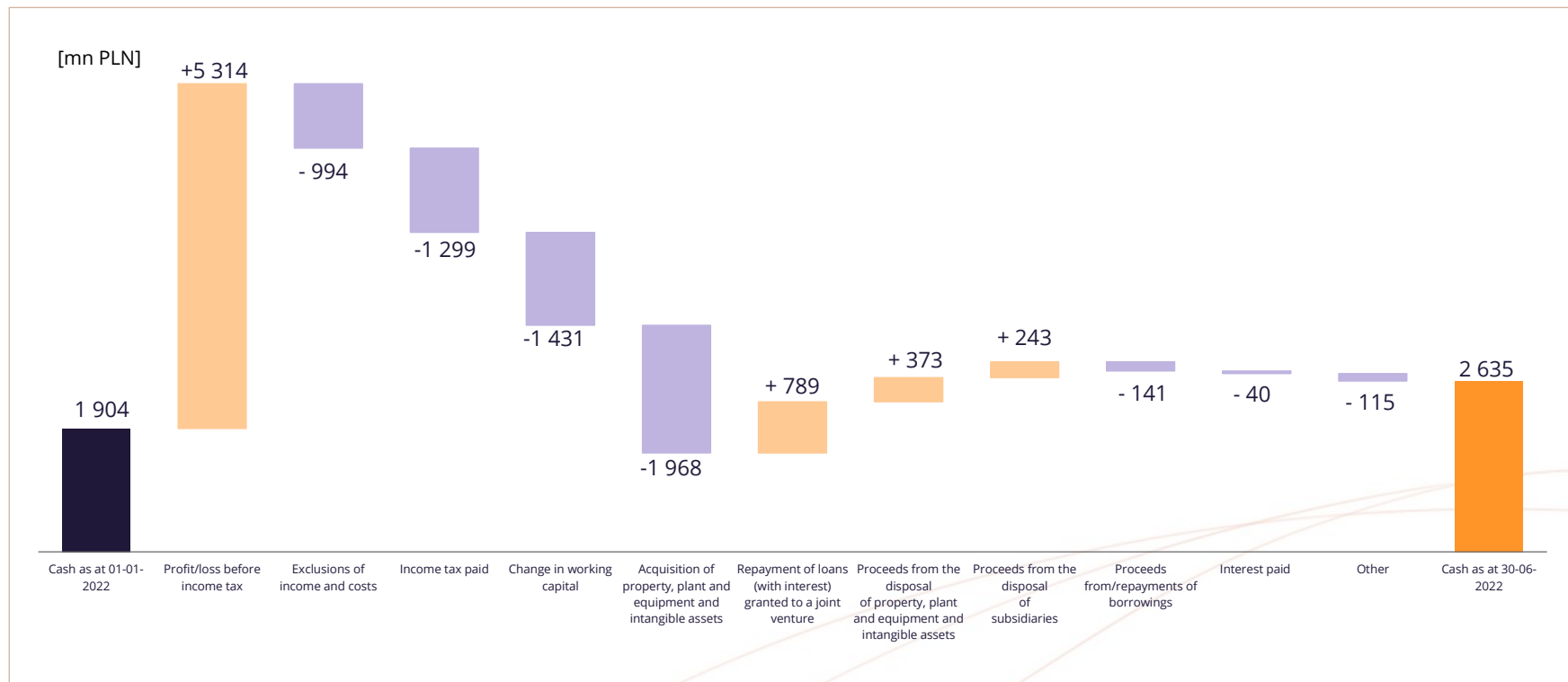
[net debt / adjusted EBITDA]³⁾



- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic copper production from own concentrates
- 2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted;
Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted
- 3) 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

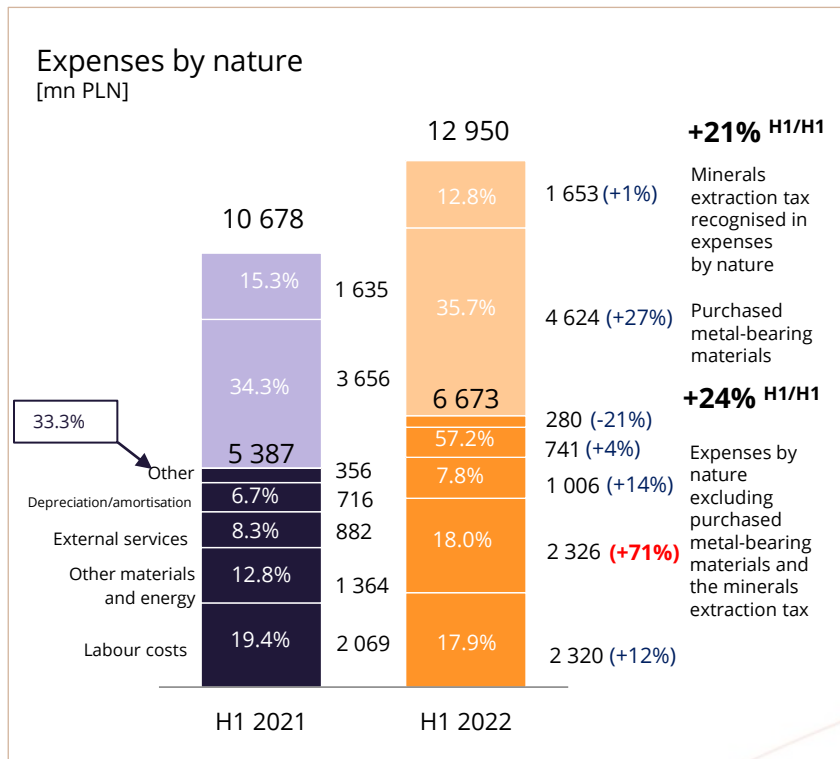
Cash flow

KGHM Group



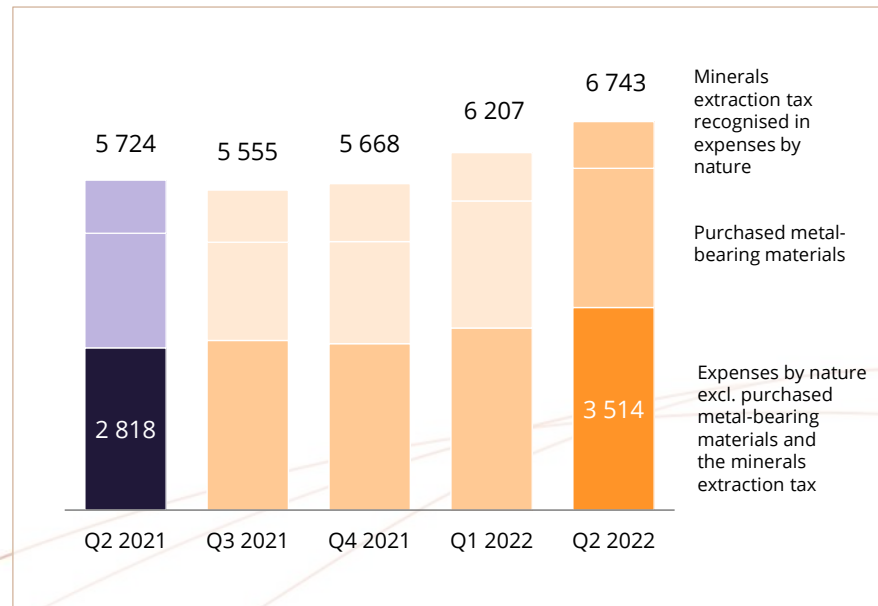
Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 2 272 million H1/H1

(of which PLN 968 mn due to purchased metal-bearing materials)



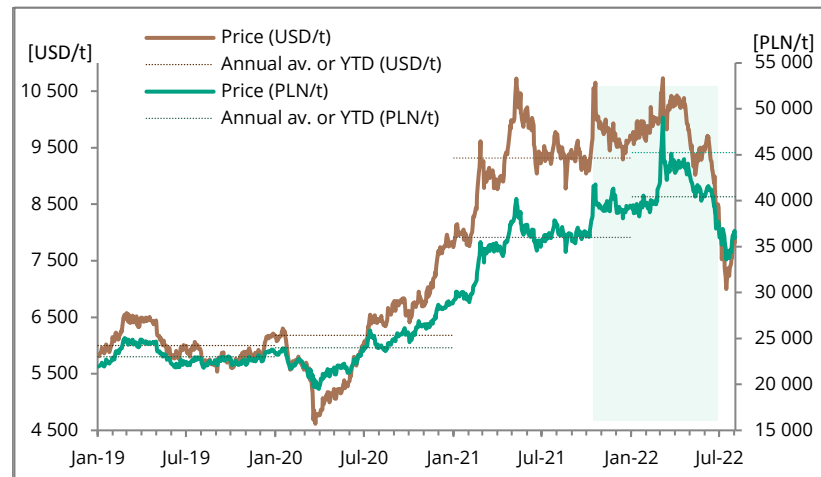
Macroeconomic environment in H1 2022

Macroeconomic environment

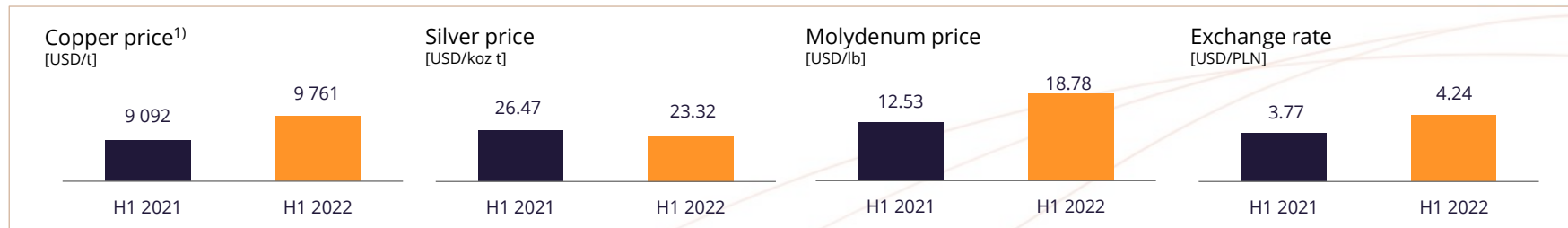
Commodities and currencies prices

On 7th March 2022 the copper fixing price on the LME reached its historic record of 10 730 USD/t in H1 2022, with an average price for the period of 9 761 USD/t. The main factor affecting the price was Russia's aggression against Ukraine.

- The average price of copper in the first half of 2022 was more than 7% higher than in the corresponding period of 2021, while the average silver price in the first quarter of 2022 fell by nearly 12% compared to H1 2021. This was the highest average price of copper in history.
- The average price of molybdenum in the first half of 2022 was 50% higher compared to the average recorded in H1 2021.
- The average price of copper in PLN in H1 2022 was the highest in history and amounted to over PLN 41 thousand, or nearly 21% higher than in H1 2021, with a weakening of the PLN to the USD by approx. 13%.



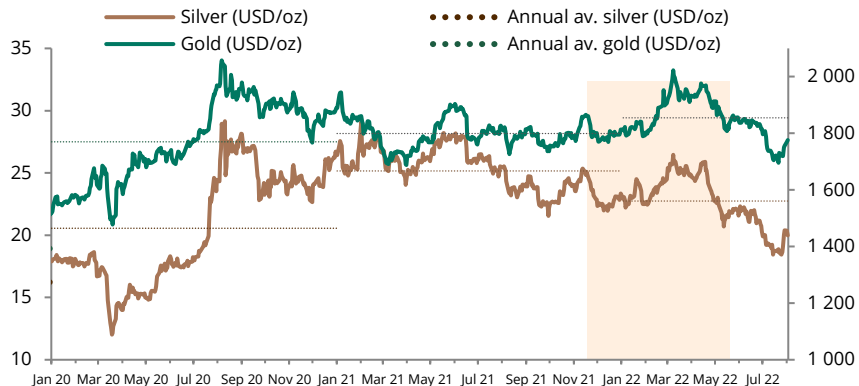
Source: Thomson Reuters, KGHM Polska Miedź S.A.



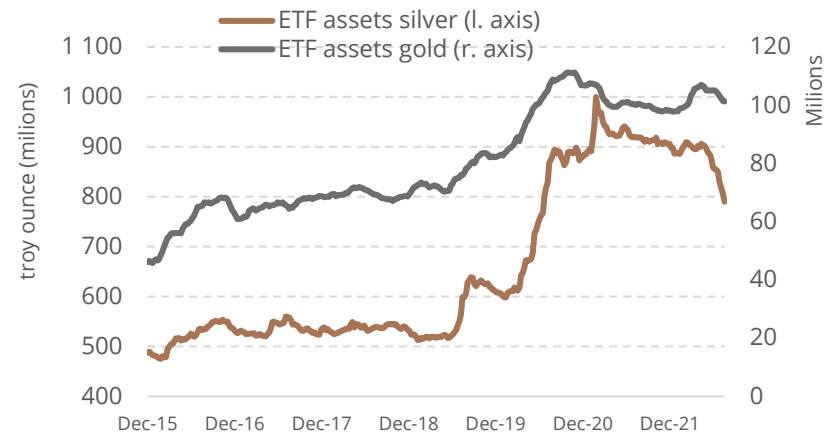
Precious metals prices in the first half of 2022

In the first half of 2022 precious metals prices were under pressure from rising interest rates

Interest rate hikes by the largest central banks forced by rising inflation led to declines in the prices of gold and silver



In the first half of 2022 investors began to pull back from silver-focused ETF assets



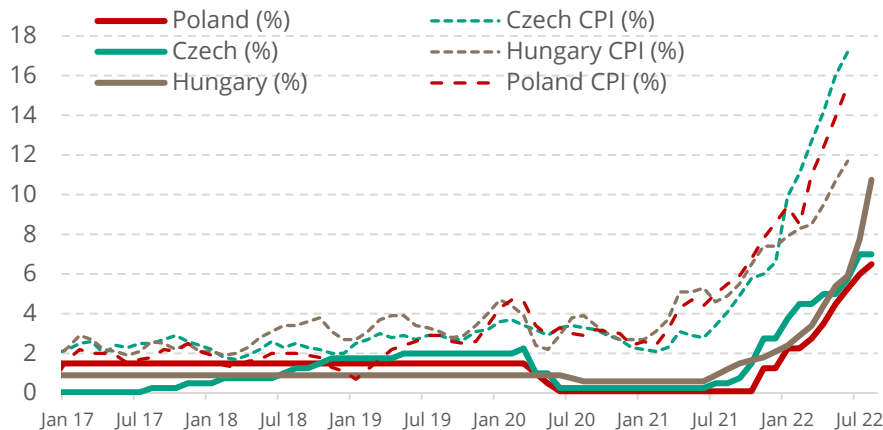
- The average price of gold in the first half of 2022 amounted to 1 875 USD/oz and was 3.8% higher than the average in the corresponding period of 2021. The average price of silver in the first half of 2022 amounted to 23.32 USD/oz and was lower by nearly 12%
- The price of gold in PLN was higher than in the first half of 2021, while silver was slightly lower (-0.8%). This was due to the strengthening of the USD vs the PLN. The average price of gold in the first half of 2022 in PLN was 17% higher than in the corresponding period of 2021
- Investors began to exit from ETFs investing in silver; the assets of these funds have decreased by 12% since the start of May
- In recent months the USD has strengthened versus the wider basket of currencies. The strength of the USD expressed through the USD index, calculated as the average USD exchange rate compared to other currencies, weighted by commercial trade, rose by nearly 9% since the start of the year

Source: Bloomberg, KGHM Polska Miedź S.A.

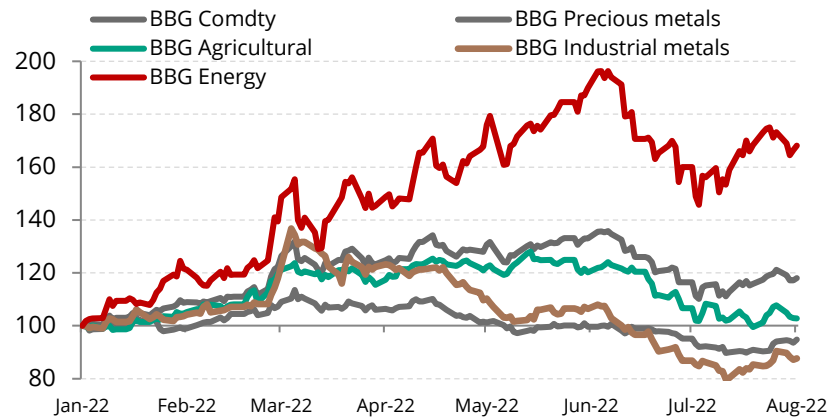
The energy commodities index recorded an increase of 170% since the start of the year

In the first half of 2022 the price of electricity for 2023 rose by 130%, natural gas by 57% and crude oil by about 40%

Inflation in the countries of our region accelerated in H1 2022, bringing with them decisions to raise interest rates.



The increased in energy commodities prices eclipsed price movements on other commodities markets. In H1 2022 precious metals and industrial indices fell.



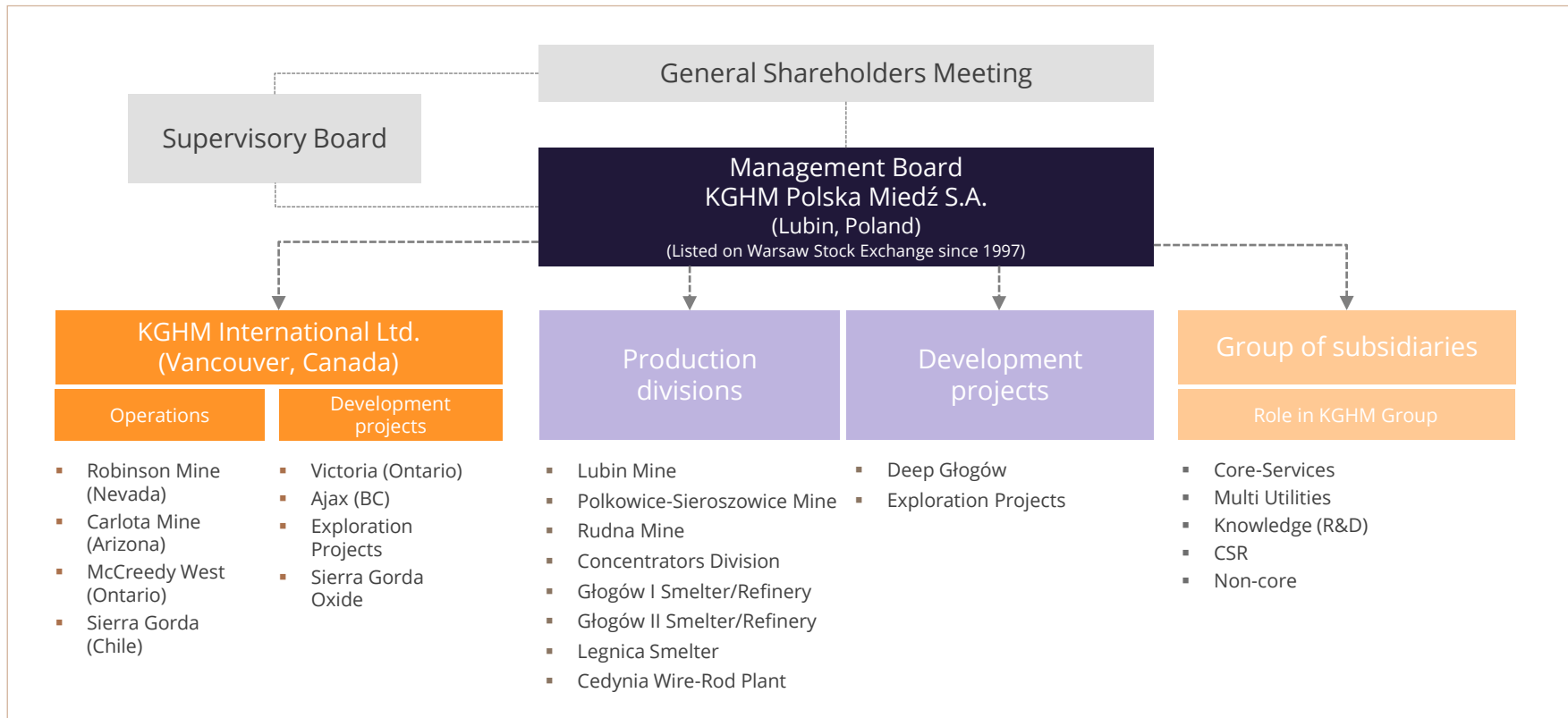
Source: Bloomberg, KGHM Polska Miedź S.A.

- Rising prices of energy, fuels and foodstuffs led to the highest inflation in 25 years
- In an attempt to control the rise in prices, central banks have been raising interest rates since mid-2021. The markets expect that rates will approach their maximum level and, if inflation begins to return to its target level, at some point rates will begin to fall
- A by-product of the fight with inflation may be an economic slowdown and limited economic demand

- The increase in energy commodities prices in the first half of 2022 was caused by an unstable situation on the natural gas and oil markets resulting from the sanctions imposed on Russia following its aggression against Ukraine and by Russia reducing natural gas supplies to Europe, alongside an insufficient level of stored natural gas supplies
- If there arises the need to ration natural gas during the winter months, industrial production in the EU may suffer, which could push the European economy into recession

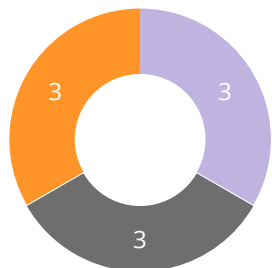
Governance

Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (9 directors total)



■ Independent Directors
■ Employee Elected
■ Other

Independent Directors by gender:
2 men, 1 woman

Total directors by gender:
7 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 facilities, since 2021

FTSE4Good index certificate – since 2018

MSCI – BBB rating



Shareholder structure of KGHM Polska Miedź S.A.

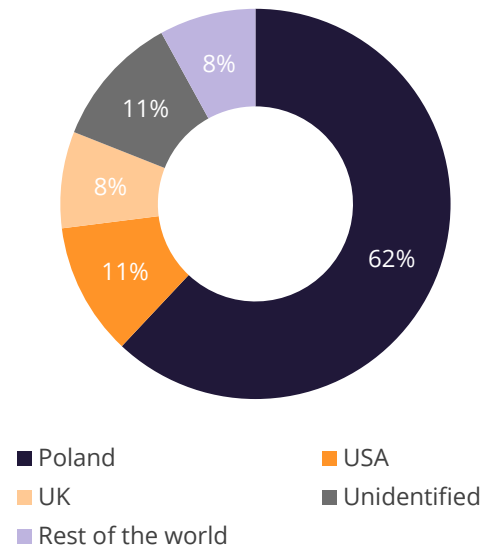
Ownership structure

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%
Nationale-Nederlanden OFE	10,104,354	5.05%	5.05%
Aviva OFE	10,039,684	5.02%	5.02%
Other shareholders	116,266,062	58.14%	58.14%
Total	200,000,000	100.00%	100.00%



Geographical ownership structure

[% of shares]



Information on the impact of the war in Ukraine on the Company's and Group's operations

- The geopolitical situation associated with the direct aggression of Russia on Ukraine and the implemented system of sanctions does not have a substantial impact on the operations of the Group, while the risk of interruptions to the Group's operational continuity in this regard continues to be considered as low.
- The Group does not engage in direct transactions with entities from Russia, Belarus or Ukraine; such contacts are held by certain intermediaries, mainly traders of wire rod.
- The possible increase in the near-term in prices of fuels and energy carriers could be a primary factor generating higher cost of sales, selling costs and administrative expenses of the Group.
- 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 potential for changes in supply and high copper prices on metals markets resulting from the aforementioned situation may lead to higher revenues of KGHM Polska Miedź S.A., but at the same time to higher prices for purchased metal-bearing materials used in production.
- A similar dependency may occur in the case of a weakening of the PLN versus other currencies (USD and EUR), where the possibility exists for higher revenues, and simultaneously for higher prices for imported materials and resources, for a higher copper tax, or the aforementioned costs of purchased metal-bearing materials. It is impossible to estimate the impact of potential events aforesaid on potential profit or loss; the situation is currently subject to ongoing monitoring with the simultaneous use of possible mitigating actions.
- In terms of the availability of capital and the level of debt, the Group holds no bank loans drawn from institutions threatened with sanctions.
- In 2021 the process of implementing a comprehensive Business Continuity Management System commenced in the Group, which also enables a more detailed scope of actions to be taken in terms of corporate risk management as regards risks having a catastrophic impact and a small likelihood of occurrence.

Upcoming events for investors

2022

Date	Upcoming events
4 October	Erste - The Finest CEElection Investor Conference 2022
16 November	Consolidated report for the 3rd quarter of 2022



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