

Layers of possibilities



Results of the KGHM Group
for the first half of 2024

Warsaw, 14 August 2024

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Agenda



1. Sustainable development – commitments and initiatives of KGHM Polska Miedź S.A.



2. Key issues and execution of main targets



3. Production results of the KGHM Group by segment



4. Advancement of development initiatives



5. Financial results of the KGHM Group



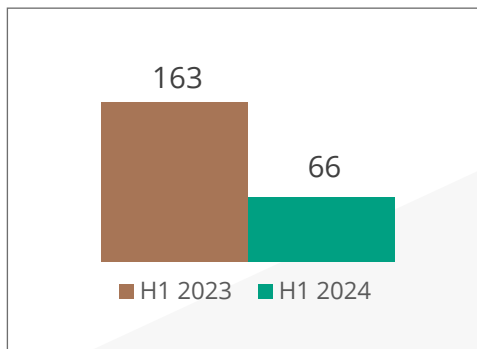
Sustainable development - commitments and initiatives of KGHM Polska Miedź S.A.

Actions by KGHM's employee volunteers

WOLONTARIAT



Number of volunteer projects



66

actions involving volunteers



435

employee volunteers
took part in actions

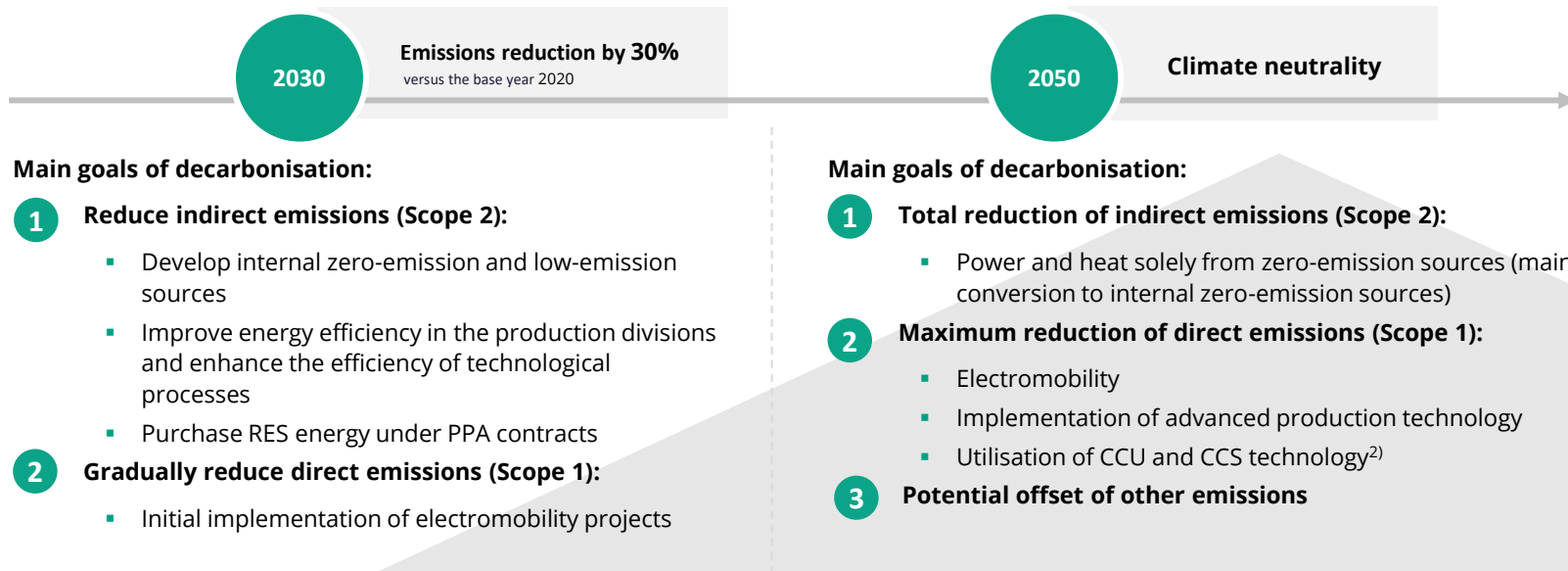


1 695

hours dedicated to advancing
volunteer projects

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⁾

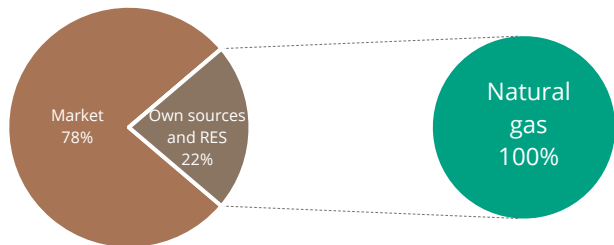


Details regarding **capital expenditures** on actions to restrict greenhouse gas emissions will be included and announced as part of the **Decarbonisation Program** of the KGHM Group

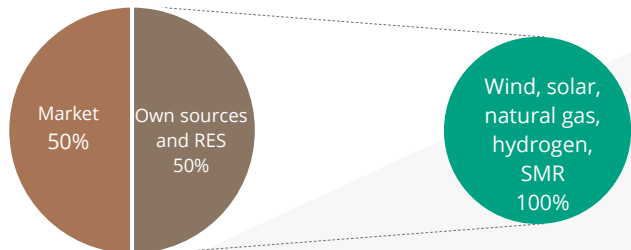
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

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

2020 – base year (2.9 TWh):



2030 - goal:

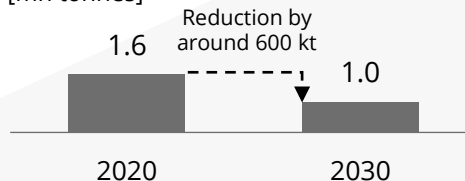


H1 2024:

Own generation sources, including RES, covered 21.29% 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. 600 kt of CO₂ annually



100% of electricity generated by **RES** in the **Sierra Gorda mine** since January 2023

Employee safety as a strategic priority for the KGHM Group



Safety and development

ISO 45001:2018

We hold an Occupational Health and Safety Management System Certificate.

Leader's Gold Card of Workplace Safety

KGHM Polska Miedź S.A. in the years 2020, 2021 and 2022 recorded a decrease in the number of workplace accidents by a further 28.8%, 22.5% and 9.7% respectively (y/y). The Company was again awarded the Leader's Gold Card of Workplace Safety for its OHS achievements.

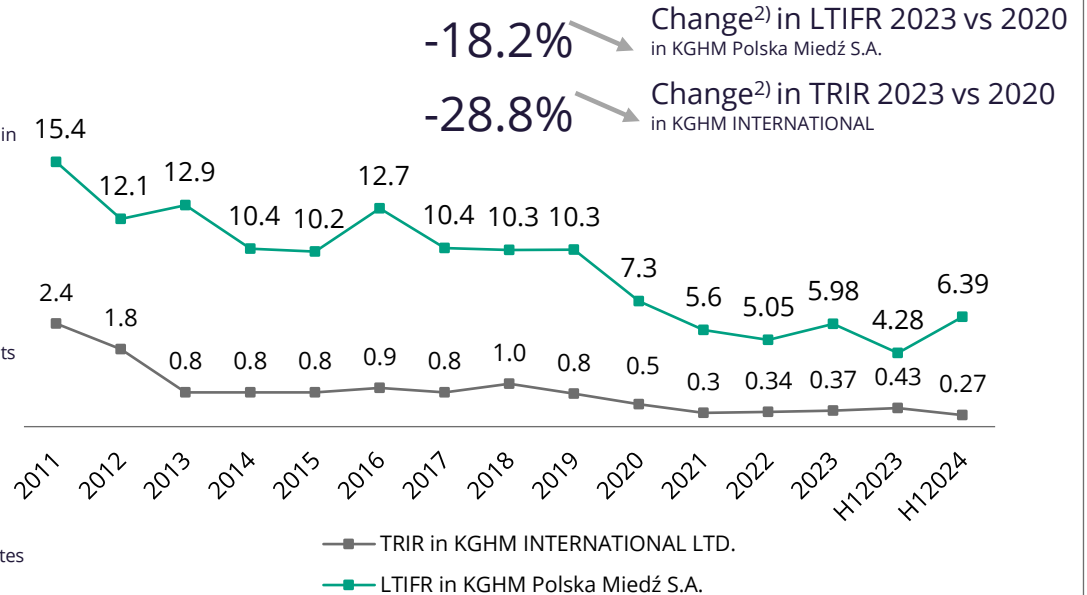
Accident rates

In 2023 the Company recorded an increase in the number of workplace accidents by 16.9%.

In H1 2024 the Company recorded an increase in the number of confirmed accidents of 96 vs 65 in the corresponding period of 2023. All of these accidents were classified as light injuries resulting in a short-term work absence.

In strategic terms (long-term), both the LTIFR 2023/2020 and TRIR 2023/2020 rates are lower than the base values. The Company has launched additional actions aimed at reducing the number of workplace accidents.

Accident rates¹⁾



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

2) Average accident rate in 2023 compared to the average for 2020



Key issues and execution of main targets

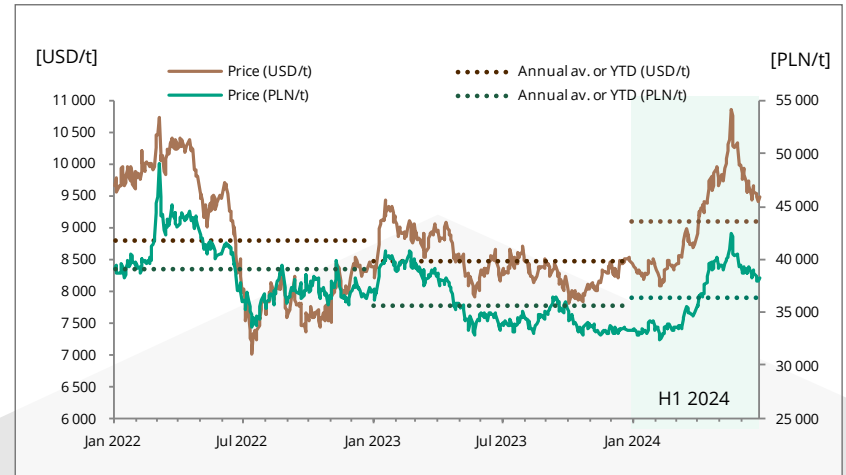


Macroeconomic environment

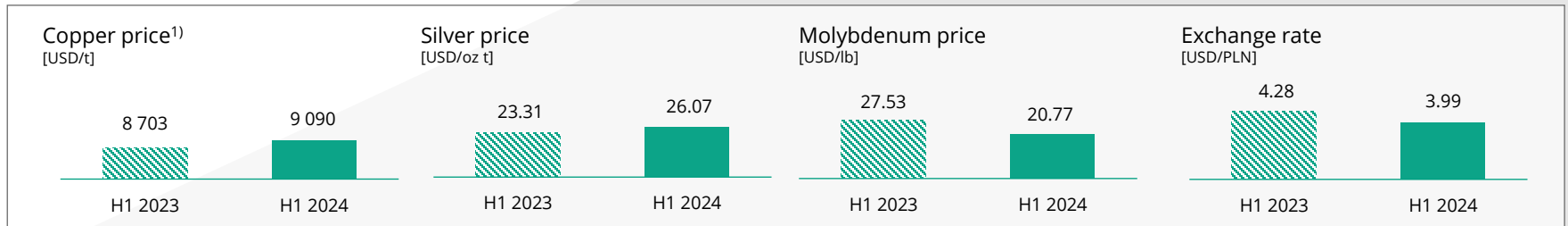
Commodities and currencies prices

Copper prices in H1 2024 ranged between 8 085 and 10 857 USD/t, remaining at the beginning of the year in a sideways trend, along with worse data from the Chinese market and Euro Zone. Copper prices hit an all-time high in May, fueled by an influx of funds looking for short-term profits.

- The average copper price in H1 2024 was USD 9 090/t, which was 4.5% higher than in H1 2023. The average silver price in H1 2024 was 11.8% higher than the average from H1 2023.
- The average molybdenum price in H1 2024 was nearly 25% lower than the average from the same period of the previous year.
- In H1 2024, the average USD to PLN exchange rate was 7% lower than in H1 2023. As a result, the copper price expressed in PLN was almost 3% lower in H1 2024 than in the same period of 2023. The average copper price in Polish currency was PLN 36 304/t.



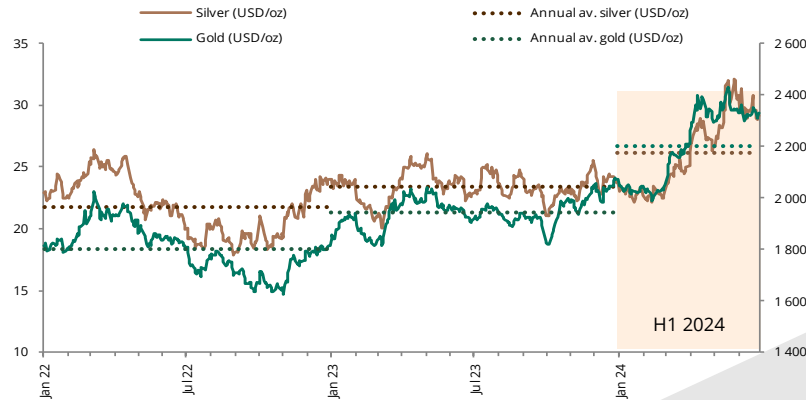
Source: Refinitiv, KGHM Polska Miedź S.A.



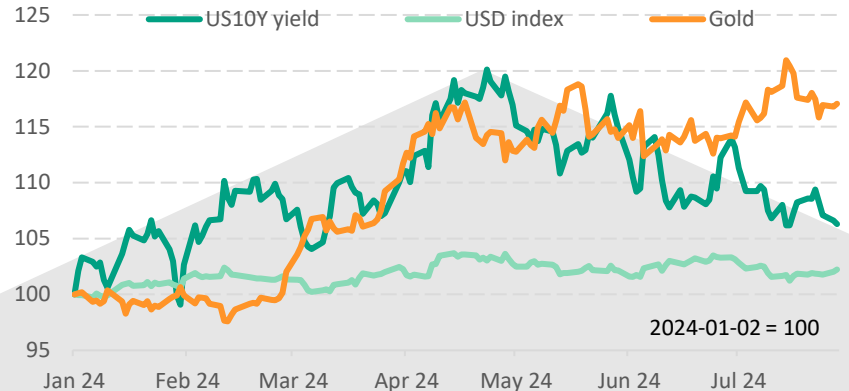
Precious metals prices in H1 2024

Investors purchased gold in the expectation of the start of a cycle of interest rates cuts and as a hedge against geopolitical risk.

In May 2024 gold prices reached their historic maximum. Silver prices rose, tracking gold.



In H1 2024 the price of gold, contrary to its historic dependence, rose in tandem with the profitability of bonds. The USD did not have a significant impact on gold prices.

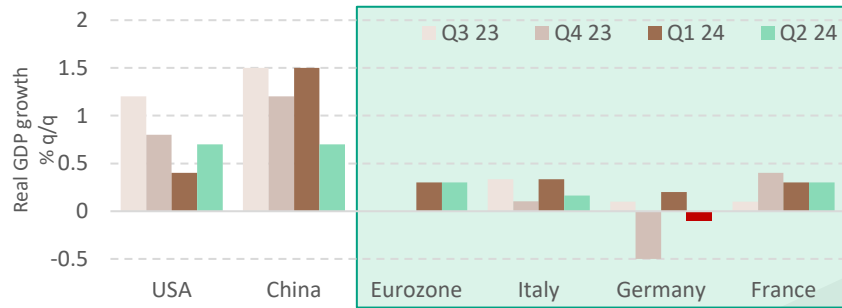


- The average price of gold in H1 2024 amounted to 2 203 USD/oz and was more than 14% higher than the average price in H1 2023. The average price of silver in H1 2024 amounted to 26.07 USD/oz and rose by 11.8% compared to H1 2023.
- In May the price of gold broke the barrier of 2 400 USD/oz, reaching the highest levels in history. The record was again broken in July 2024, following the end of the reporting period.
- The price of gold in H1 2024 in PLN was higher by 6.4% than the price in H1 2023, while silver was 4.4% higher than in H1 2023.
- In H1 2024 metals prices diverged from their dependence with the directions of changes in interest rates. Historically, decreases in the profitability of treasury bonds were accompanied by higher gold prices, but in the last half year the price of gold rose along with the profitability of American bonds, driven by buying by central banks, in particular China, along with heightened geopolitical risk.

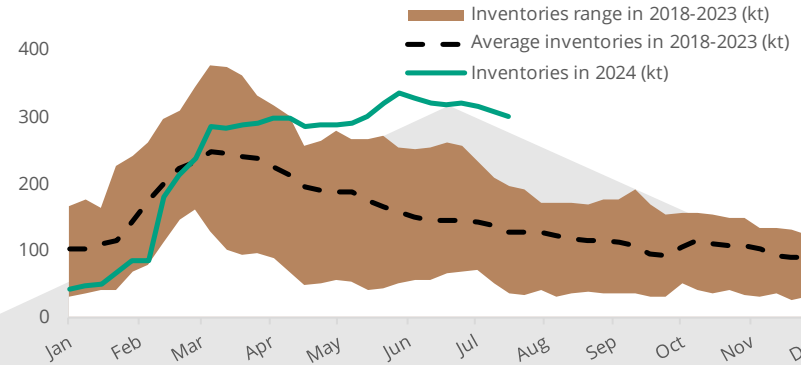
Weak growth in the eurozone, problems in the German Economy and a lower-than-expected rise in GDP in China led to lower demand for copper

Despite the reaching of new price records by copper, market fundamentals did not improve

Amongst the largest global economies, only the USA increased GDP. Readings for China in the second quarter were a negative surprise.



Copper inventories in Shanghai remain substantially above the seasonal model, reflecting weak demand for copper in China.



- Indications are strong that the US economy is in a period of dealing with heightened inflation without an economic slowdown. In H1 2024 inflation fell towards the Fed's inflationary goal, and the period of monetary tightening ended.
- The Covid-19 pandemic exposed the structural problems in the Chinese economy. Despite the end of the „zero-covid“ policy, internal demand is unsatisfactory, and the crisis on the property market continues.
- The eurozone has for some time recorded a low rate of economic growth, while the German economy has recorded negative growth in some quarters. Weak demand and lower production are a result of the crisis on the energy commodities market.
- Following the traditional rise in copper inventories around the time of the Chinese New Year, in February in SHFE warehouses inventories did not drop, but remained in the vicinity of 300 thousand tonnes – above their peak in many years.
- The high copper inventories in H1 2024 were associated with very low, even negative, physical premiums for copper in Shanghai – suggesting minimal interest in cathodes by Chinese customers, as well as negative TC/RC premiums, which indicated metallurgical surpluses in production capacity and a lack of copper concentrate.
- An increase in demand for copper in China is evident mainly in the green technology sector.

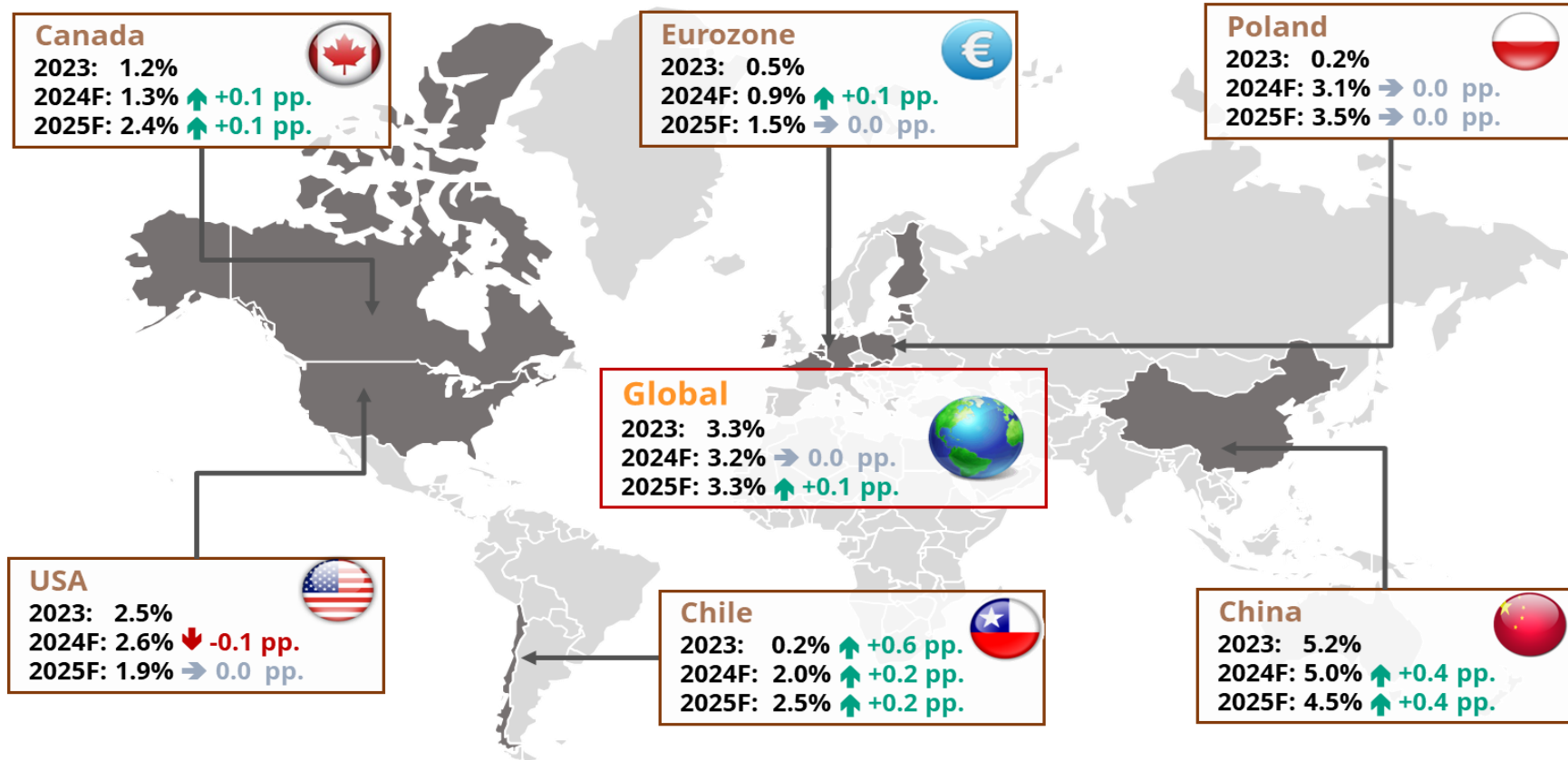
Source: Bloomberg, Revinitiv, KGHM Polska Miedz

Although indicators of sentiment in the eurozone indicate that industry has not been able to pull itself out of the stagnation of the last two years, industrial indicators in the USA remain elevated.










- In H1 2024 PMI in the USA returned to above 50, which marks the border between expected economic slowdown and growth. In China in turn, after two months of improvement, the main PMI fell beneath 50 in May.
- In the eurozone, purchasing managers' sentiment remains low. Only managers in Spain, the Netherlands and Greece are positively inclined towards future industrial growth. The main burden on the eurozone indicator is the German economy.

	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	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	
USA (ISM)	55.6	56.1	53.4	52.8	52.8	50.8	50.0	48.9	48.1	47.4	47.7	46.5	47.0	46.6	46.4	46.5	47.6	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	
USA (PMI)	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	49.4	47.9	50.7	52.2	51.9	50.0	51.3	51.6	
Canada	56.2	56.8	54.6	52.5	48.7	49.0	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	47.7	45.4	48.3	49.7	49.8	49.4	49.3	49.3	
Mexico	49.3	50.6	52.2	48.5	48.5	50.3	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	52.5	52.0	50.2	52.3	52.2	51.0	51.2	51.1	
Brazil	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	49.4	48.4	52.8	54.1	53.6	55.9	52.1	52.5	
Eurozone	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	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	
Germany	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	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	
France	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	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	
Italy	54.5	51.9	50.9	48.5	48.0	48.3	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	44.4	45.3	48.5	48.7	50.4	47.3	45.6	45.7	
Spain	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	46.3	46.2	49.2	51.5	51.4	52.2	54.0	52.3	
Netherlands	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	44.9	44.8	48.9	49.3	49.7	51.3	52.5	50.7	
Austria	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	42.2	42.0	43.0	43.0	42.2	43.5	46.3	43.6	
Ireland	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	48.2	50.0	48.9	49.5	52.2	49.6	47.6	49.8	47.4	
UK	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	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	
Greece	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	50.9	51.3	54.7	55.7	56.9	55.2	54.9	54.0	
Poland	52.4	48.5	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	48.7	47.4	47.1	47.9	48.0	45.9	45.0	45.0	
Czech Rep.	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	43.2	41.8	43.0	44.3	46.2	44.7	46.1	45.3	
Turkey	49.2	49.2	48.1	46.9	47.4	46.9	46.4	45.7	48.1	50.1	50.1	50.9	51.5	51.5	51.5	49.9	49.0	49.6	48.4	47.2	47.4	49.2	50.2	50.0	49.3	48.4	47.9	
Russia	48.2	50.8	50.9	50.3	51.7	52.0	50.7	53.2	53.0	52.6	53.6	53.2	52.6	53.5	52.6	52.1	52.7	54.5	53.8	53.8	54.6	52.4	54.7	55.7	54.3	54.4	54.9	
Asia	50.3	51.2	51.2	51.0	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	50.7	50.2	50.9	50.7	52.3	52.1	51.6	51.7	
China (Caixin)	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	50.7	50.8	50.8	50.9	51.1	51.4	51.1	51.8	
China	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	49.4	49.0	49.2	49.1	50.8	50.4	49.5	49.5	
Japan	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	48.4	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0
India	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	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	
Indonesia	51.9	50.8	50.2	51.3	51.7	53.7	51.8	50.3	50.9	51.3	51.2	51.9	52.7	50.3	52.5	53.3	53.9	52.3	51.5	51.7	52.2	52.9	52.7	54.2	52.9	52.1	50.7	
Malaysia	51.6	50.1	50.4	50.6	50.3	49.1	48.7	47.9	47.8	46.5	48.4	48.8	48.8	47.8	47.7	47.8	47.8	46.8	46.8	47.9	47.9	49.0	49.5	48.4	49.0	50.2	49.9	
Taiwan	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	44.8	44.1	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2	50.9	53.2	
Thailand	50.4	50.0	49.8	52.1	54.0	57.1	52.0	51.6	54.9	59.0	56.4	54.2	59.9	58.6	52.6	48.7	48.9	48.1	47.6	48.3	45.7	47.9	45.1	50.0	48.5	50.3	51.3	
South Korea	52.1	51.8	51.3	49.8	47.6	47.3	48.2	49.0	48.2	48.5	48.5	47.6	48.1	48.4	47.8	49.4	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4	51.6	52.0	

IMF World Economic Outlook – July 2024



Advancement of key strategic performance indicators in H1 2024

Strategic measure of success (strategic KPI)	Base year 2020	Goal 2030	H1 2024
 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).	292.5 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.	65.1 kt
 Silver production ¹⁾	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).	678.4 t of Ag
 Energy produced	694 GWh (22% of consumption)	Min. 50% of consumption (approx. 1.5 TWh)	341 GWh (~ 21.29% of consumption)
 Recycling of scrap	Approx. 124 kt of copper scrap	Approx. 350 kt of copper scrap	86.9 kt (dry weight)
 Revenues from sales on external markets of selected Group companies	Base 2020 Base year= 100% Revenues from sales on external markets in the base year 2020.	147% vs base year for the companies Zanam, Nitroerg, PeBeKa 163% vs base year for the compan DMC	107% ²⁾ vs base year for the companies: ZANAM, NITROERG, PeBeKa 166% ²⁾ vs base year for DMC
 LTIFR	7.31	Aiming at 0 accidents	6.39
 TRIR	0.52	Aiming at 0 accidents	0.27
 Number of volunteer projects advanced	25	30	66 (incl. 18 projects in the KGHM Group)

Summation of H1 2024 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to H1 2023

Macroeconomic environment¹⁾

+4%

Copper price
in USD/t

-3%

Copper price
in PLN/t

+12%

Silver price
in USD/oz t

+4%

Silver price
in PLN/oz t

-7%

A weaker USD vs the PLN

Operating results

no change

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

+1.6%

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

-4.7%

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

-22.4%

Production of gold
by KGHM Polska Miedź S.A.

Indicators

+15%

Higher CAPEX execution
by KGHM Polska Miedź S.A.

-2%

Decrease in revenues to
PLN 17 480 mn

0.7

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

Summation of H1 2024 in the KGHM Group and KGHM Polska Miedź S.A.

Basic measures of the results in H1 2024

KGHM Group

PLN 17 480 mn

Revenues

PLN 4 208 mn

Adjusted EBITDA

PLN 1 074 mn

Profit for the period

KGHM Polska Miedź S.A.

PLN 15 076 mn

Revenues

PLN 2 472 mn

Adjusted EBITDA

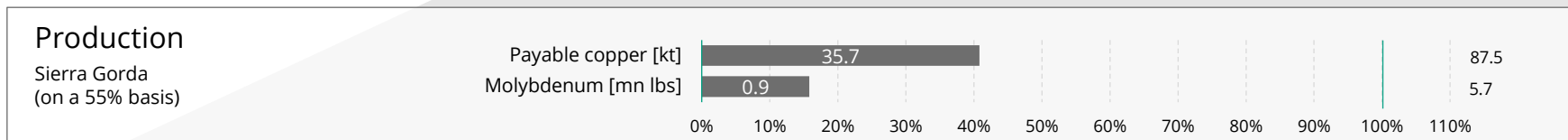
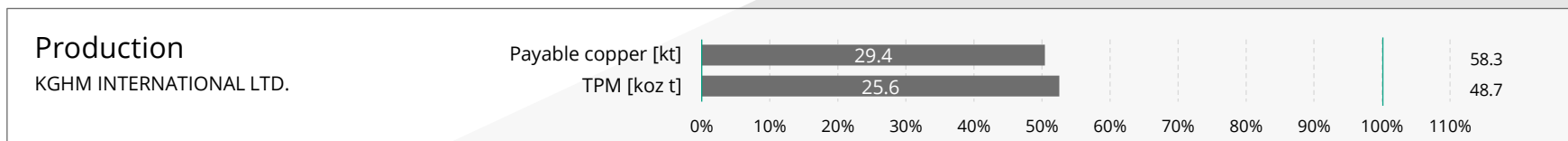
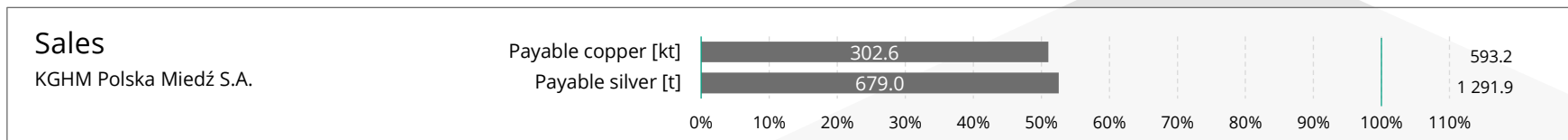
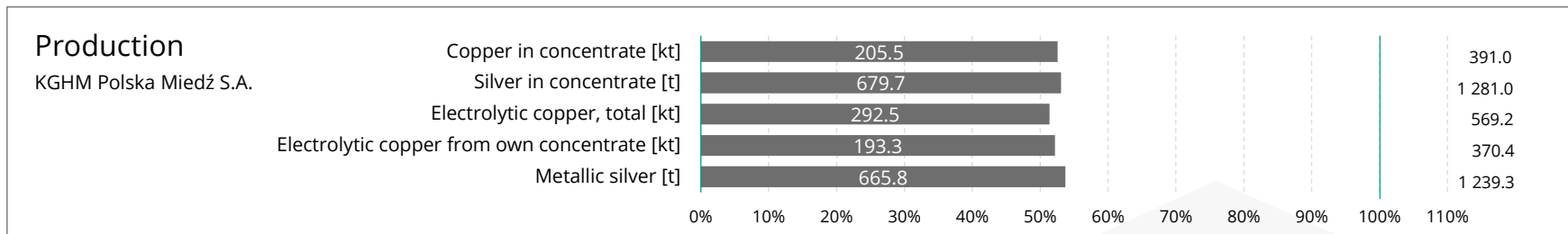
PLN 1 331 mn

Profit for the period

Group production and sales in H1 2024

Execution of annual targets

2024
Budget



Key production indicators

H1 2024

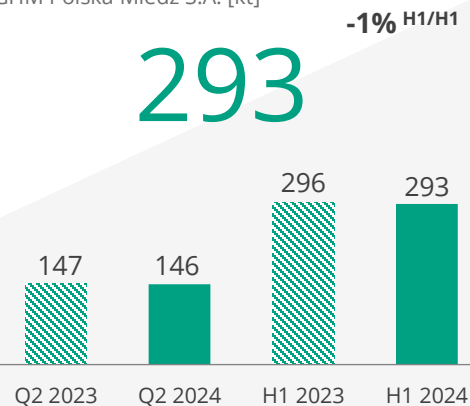
Payable copper production
by the KGHM Group
higher by 2% (H1/H1)

358

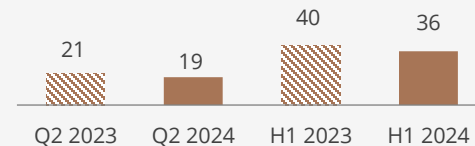
+2% H1/H1
[kt]

- **KGHM Polska Miedź**
Production slightly lower than in the prior year – the small decrease was due to execution of the adopted production plan for 2024
- **Sierra Gorda**
Lower copper content in ore and lower metal recovery, partially offset by higher processing
- **KGHM INTERNATIONAL LTD.**
Higher production mainly due to higher production by the Robinson mine

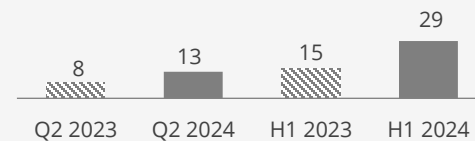
Payable copper production
KGHM Polska Miedź S.A. [kt]



Payable copper production
Sierra Gorda¹⁾ [kt] **-10% H1/H1**



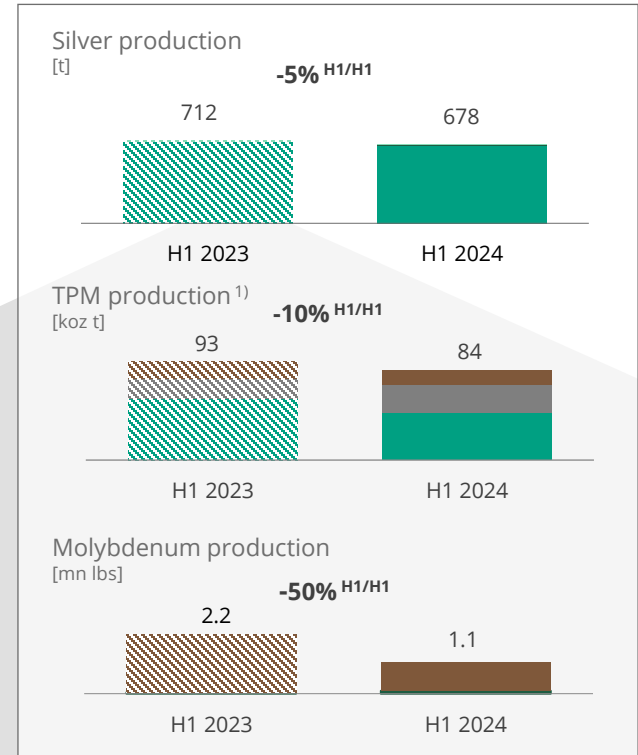
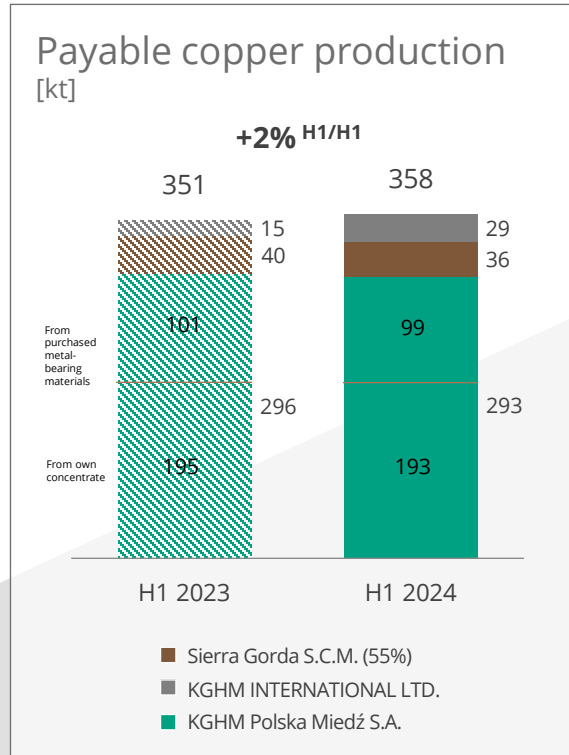
Payable copper production
KGHM INTERNATIONAL LTD. [kt] **+93% H1/H1**



Metals production

KGHM Group

- Slightly lower copper production by KGHM Polska Miedź S.A. due to execution of the adopted production plan for 2024
- Higher copper production by KGHM INTERNATIONAL LTD. due to higher production by the Robinson mine
- Lower copper production by the Sierra Gorda mine due to lower copper content in ore and lower recovery, which was not offset by higher processing
- Production of silver by the Group was lower than in H1 2023 due to lower production by KGHM Polska Miedź S.A., as well as in the Sudbury Basin
- Production of precious metals lower than in H1 2023 due to lower gold production in KGHM Polska Miedź S.A. and Sierra Gorda S.C.M. as well as TPM in the Sudbury Basin
- Lower molybdenum production by Sierra Gorda S.C.M. due to extraction of ore with lower molybdenum content and lower recovery



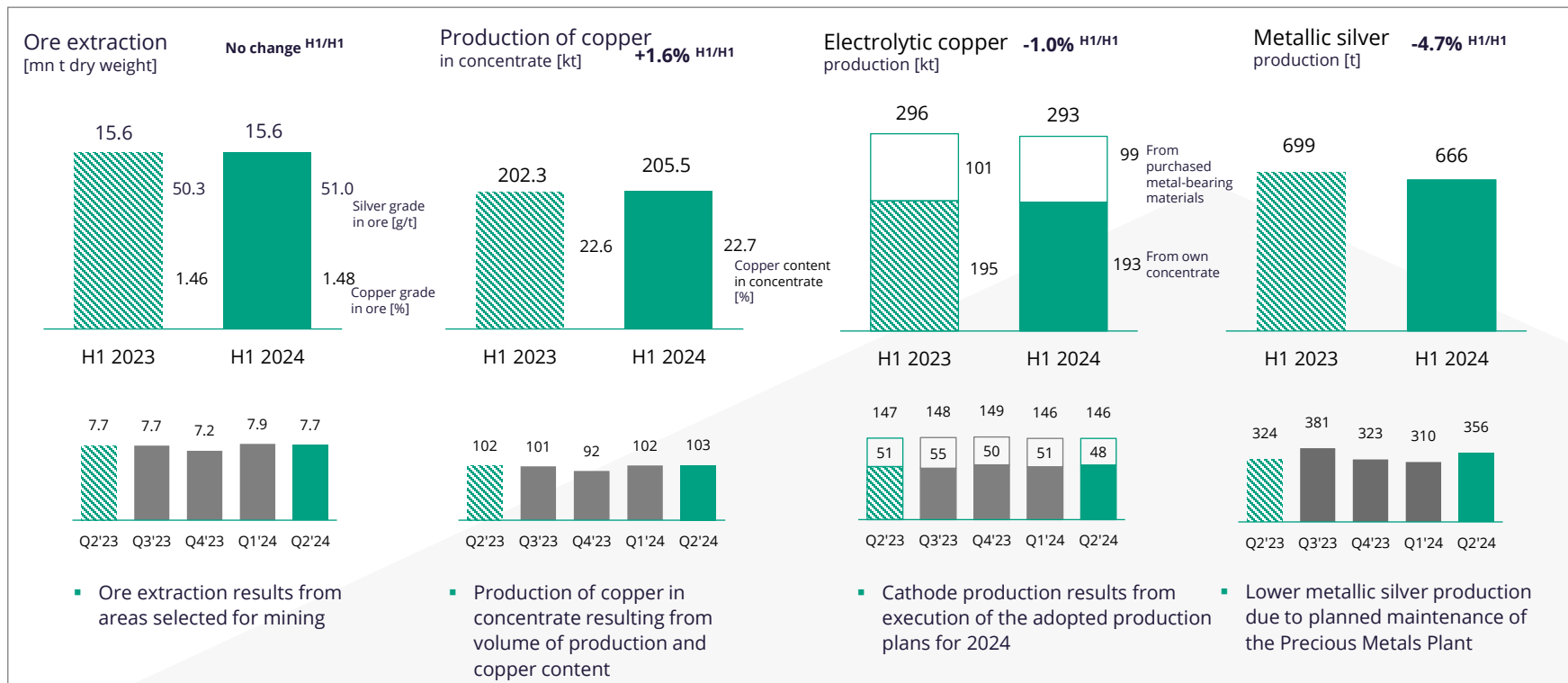


Production results of the KGHM Group by segment



Production result

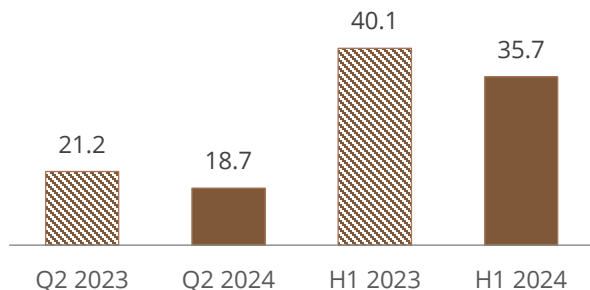
KGHM Polska Miedź S.A.



Production results

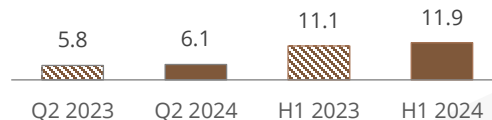
Sierra Gorda S.C.M.¹⁾

Payable copper production [kt] **-11% H1/H1**

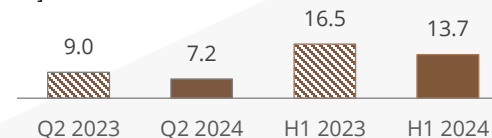


- Lower payable copper production in H1 2024 compared to H1 2023 due to the mining of ore with lower copper content and lower recovery

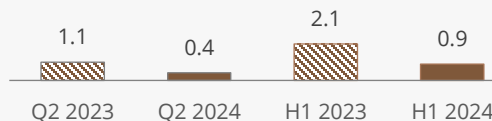
Silver production [t] **+7% H1/H1**



TPM production [koz t] **-17% H1/H1**



Molybdenum production [mn lbs] **-57% H1/H1**

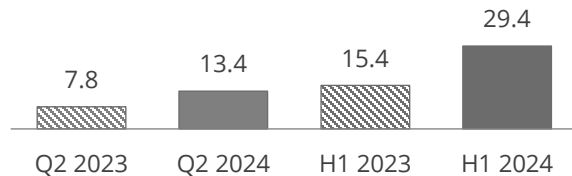


- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower metal content compared to ore mined in the prior year and lower recovery

Production results

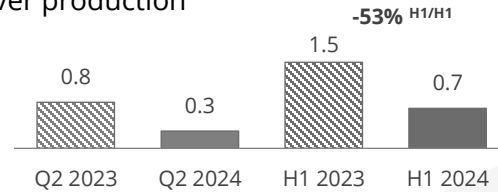
KGHM INTERNATIONAL LTD.

Payable copper production [kt] **+91% H1/H1**



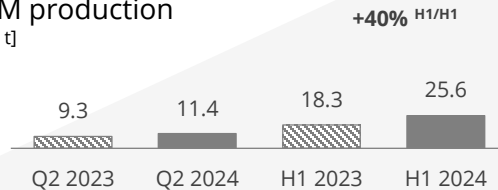
- Higher copper production in H1 2024 vs H1 2023 mainly due to higher copper production by the Robinson mine due to extraction from the main, copper-rich zone (higher volume of ore extraction with higher copper content)
- Lower copper production compared to the corresponding prior-year period in the Sudbury Basin (extraction of ore with lower copper content, lower volume of ore extraction)
- Lower production by the Carlota mine compared to H1 2023 due to lower copper content in leaching solution (PLS grade)

Silver production [t]



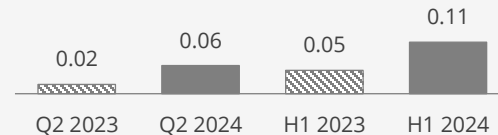
- Lower silver production by the Sudbury Basin due to lower silver content in ore and a lower volume of ore extraction

TPM production [koz t]



- Higher gold production by the Robinson mine (higher recovery and extraction). Lower precious metals production by the Sudbury Basin (lower TPM content in ore, lower volume of ore extraction)

Molybdenum production [mn lbs] **+120% H1/H1**



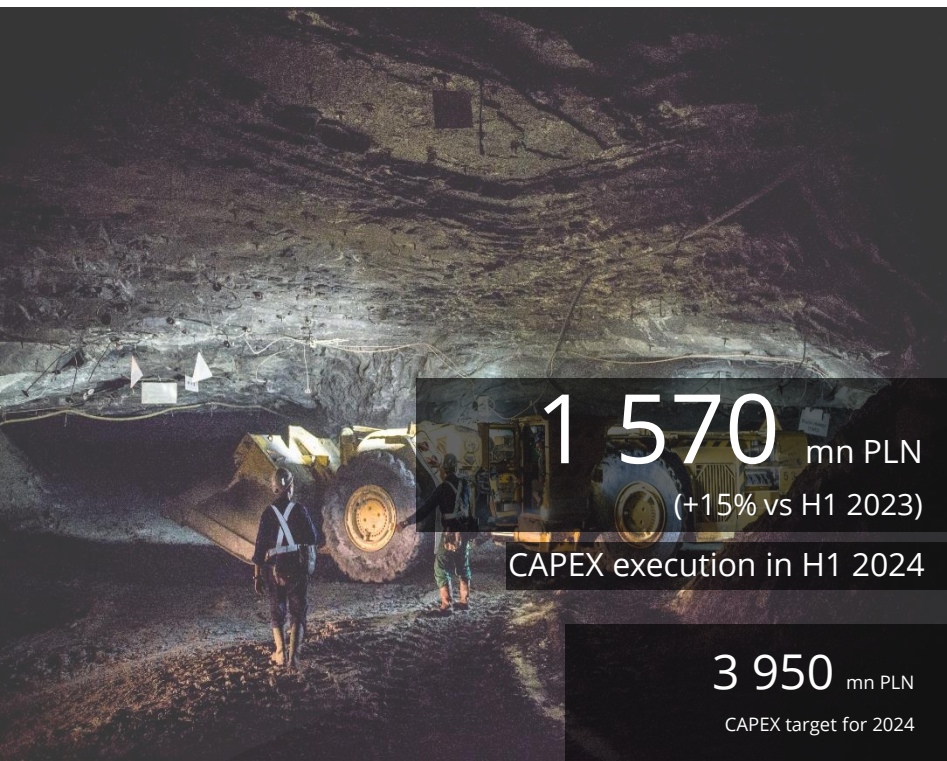
- Higher molybdenum production by the Robinson mine due to higher molybdenum content in ore and higher volume of ore extraction



Advancement of development initiatives

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in H1 2024



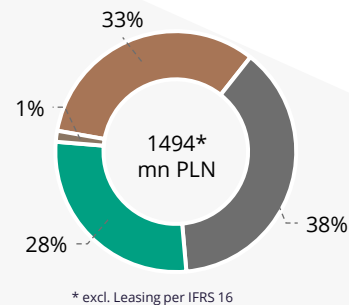
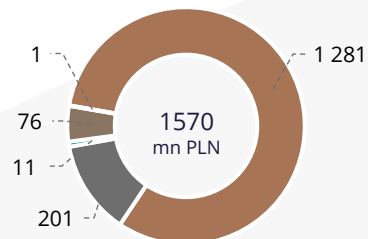
CAPEX execution in H1 2024. incl. borrowings

by area

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

by category

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



Comparison: CAPEX and budget execution in H1 2023



1 369 mn PLN
CAPEX execution 2023

3 250 mn PLN
CAPEX budget target for 2023

CAPEX execution in key investments

Deposit Access Program

- GG-1 shaft – Work continues on the final facilities. An environmental decision was obtained for the target facilities.
- GG-2 „Odra” shaft – Work carried out on shaft design.
- Retków shaft – Land for the construction of a shaft was purchased.
- Gaworzycze shaft – the Municipality published the changes to the MPZP²⁾ for the shaft complex construction area.
- 21.7 kilometres of tunnelling were excavated
- Central Air-Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) is operating with a nominal capacity of 33 MW. Part I of the Ice Water Transfer System (SPWL) is operating without disruptions. Construction of part II of the SPWL has been completed. Preparations to expand the SKC to 40 MW are underway.

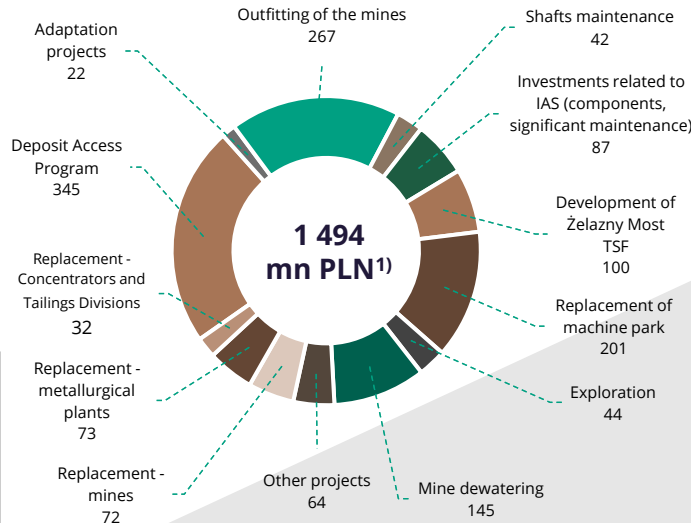
Replacement - metallurgical plants

- Renovation of three storage areas at the sulphuric acid plant of the Głogów II Copper Smelter/Refinery;
- Modernisation of electrorefining at the Głogów II Copper Smelter/Refinery
- Replacement of revolving concentrate drier no. 3 at the Shaft Furnaces Section of the Legnica Copper Smelter/Refinery
- Modernisation of the 6kV S1 and S2 switching stations of the Main Transformer Station at the Cedyňa Copper Wire Rod Plant

Replacement - mines

- Modernisation of conveyor belts, shafts, air cooling and ventilation, power and telecommunications equipment; purchase of finished products.

- 1) excluding Leasing per IFRS 16, plus borrowing costs and R&D
- 2) municipal area management plan
- 3) study of conditions and directions of area development



Mine dewatering

- UiUGO SW-4 – high-pressure pumping units were built and handed over. Technological commissioning is in progress.
- Polkowice-Sieroszowice mine – development of the piping network and the anti-filtration barrier.
- Rudna mine and Lubin mine – work commenced and continued on retention clarifier construction.

Outfitting of the mines

- Conveyor belt transport – construction and extension of conveyor belts (29 conveyor belts under construction; completed - 4 km).
- Outfitting and infrastructure of regions/sections – work continued (the largest expenditures were incurred, among others, in projects related to the outfitting of section G-54– G-32 in the Polkowice-Sieroszowice mine).

Development of the Żelazny Most Tailings Storage Facility

- In terms of the project to increase the crown height above the level of 195 m a.s.l. – work carried out by the company PORR is on time or accelerated. Design work is underway on utilising terrain and occupying the north-west area. At the same time, administrative work is underway in three municipalities to enact changes to the MPZP²⁾, which are at the stage of having resolutions adopted for the SUJKZP³⁾.

Replacement of machine park

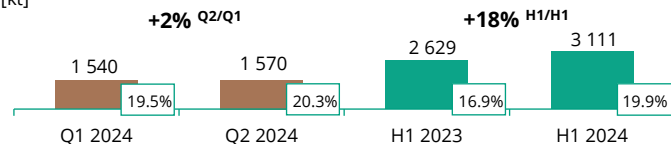
- 122 mine machines were purchased and supplied to the three mines: 29 to Lubin; 34 to Rudna; 59 to Polkowice-Sieroszowice.

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

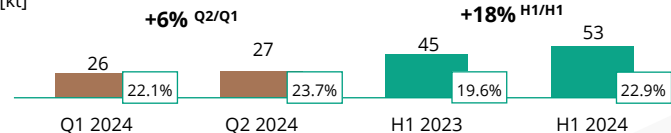
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

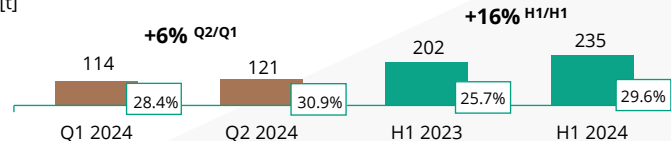
Ore extraction dry weight from GGP [kt]



Amount of copper in ore [kt]

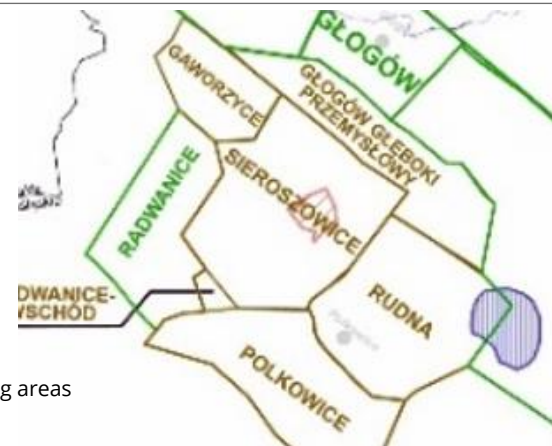


Amount of silver in ore [t]



Active concessions and future potential

- Current mining area
- Other future copper mining areas



Ore Extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q2/Q1 2024) increased by 2%.

The share of production from the GGP region in total domestic production year to year (H1 2024/H1 2023) remained in a rising trend, due to the successive increase in the number of mining sections and executed workings, as well as thanks to the improved ventilation of the workings from the GG-1 shaft.

Execution of strategy by the Group's entities in Poland in H1 2024

Supporting actions



Reorganisation of the Group

Optimisations actions

Adaptation of companies portfolio to the current needs of KGHM

Advancement of the energy transformation strategy of KGHM. Continuation of the process of acquiring target companies, being operators of solar power farms – purchase of shares of three additional target companies (the first company was acquired in October 2023), to ensure coverage of part of the needs of KGHM for electrical power. The possibility of utilizing KGHM's own land for the construction of wind farms, photovoltaic farms and energy storage facilities connected to the KGHM power system was determined.

Energy Development Program, including RES | major events in H1 2024

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-Sierszowice 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 27 May 2024 confirming the consolidated plan of restrictions for the period from 1 June 2024 to 31 May 2025 and confirming the Company's exemption in this regard.



M&A

- 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 voivodeships of 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, followed on 29 February 2024 by the acquisition of additional farms – PV Głogów, PV Koryta and PV Gniewino, with a total capacity of nearly 42 MW, carrying out the closing of the acquisition of shares in the companies INWEST PV 40 sp. z o.o., INWEST PV 58 sp. z o.o., INWEST PV 59 sp. z o.o.
- The Company actively participates in acquisition processes, in particular as regards wind energy.

Development of solar energy

- The process of preparing a tender to select a General Contractor and Oversight Inspector is underway for the PV power plant project at the Głogów Smelter and Refinery terrain, with a total capacity of **7.5 MW**.
- Technical connection conditions for a PV project with capacity of **88 MW** on own terrain of the Warta Bolesławiecka municipality, for the Obora Sandpit PV **50 MW** project, as well as for the Kalinówka PV **2 MW** project, were received.
- Advanced work on four other sites with total capacity of **approx. 10 MW** (connection conditions stage) continued.
- Further preparatory work is underway to exploit the potential of own land for PV projects.

Development of wind energy

- A siting analysis was prepared (terrain and environmental conditions, analysis of existing town laws, etc.), and preliminary sites were selected for wind farms (**4 sites planned on KGHM land at the Głogów Copper Smelter and Refinery**). Work commenced aimed at acquiring technical connection conditions.
- Further preparatory work is underway to exploit the potential of own land for wind farm projects.

Development of nuclear energy

- KGHM continued R&D work in respect of the SMR project
- Preparations are underway on a pre-feasibility study for the construction of a nuclear power plant using SMR technology to meet the electrical power needs of KGHM Polska Miedź S.A.



Financial results of the Group

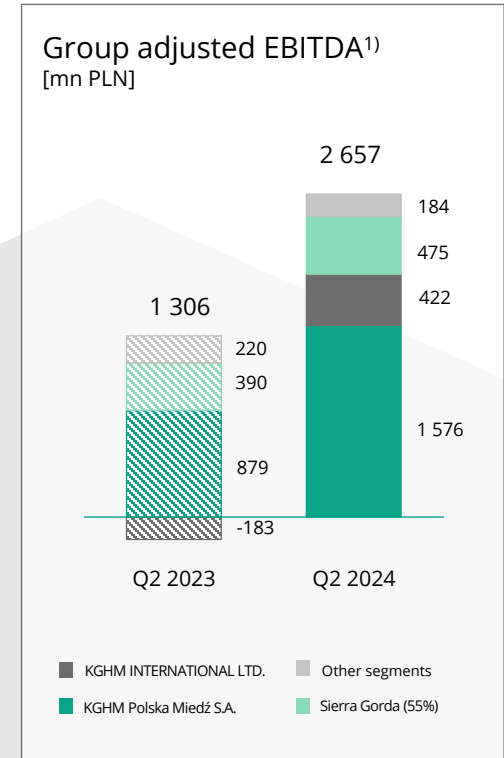
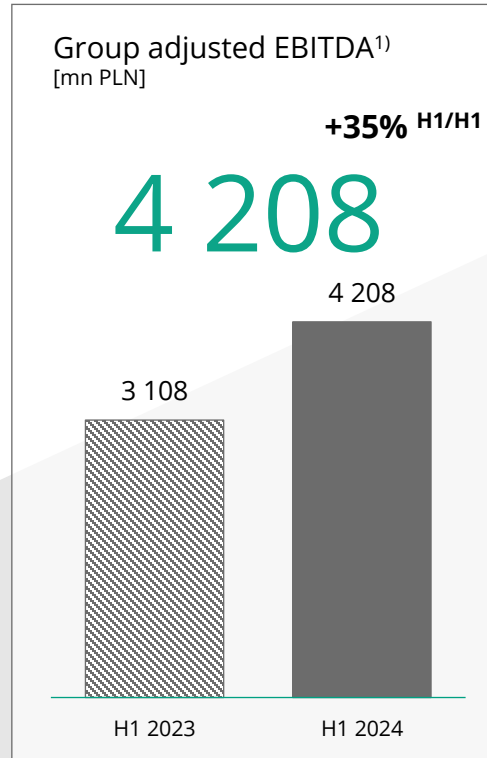
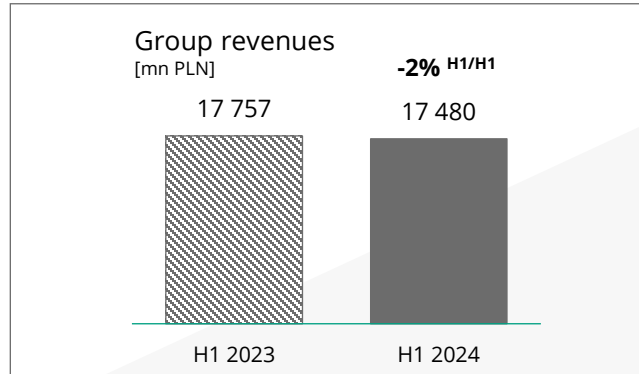


Key financial indicators of the KGHM Group

H1 2024

Adjusted EBITDA of the KGHM Group

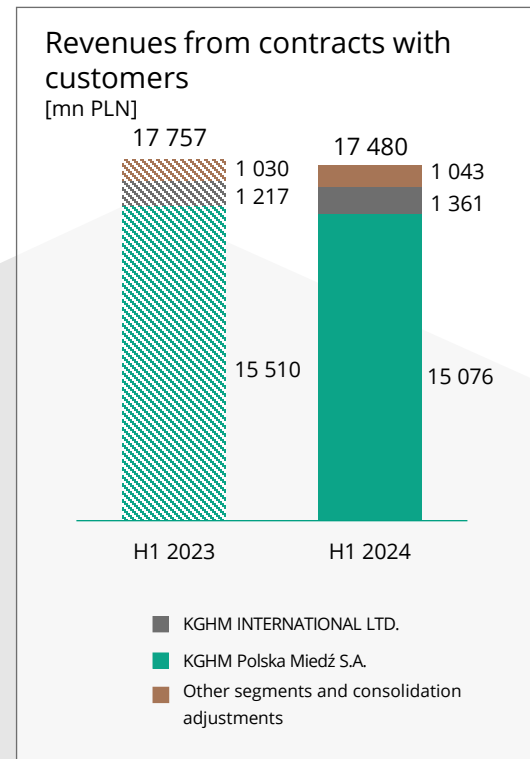
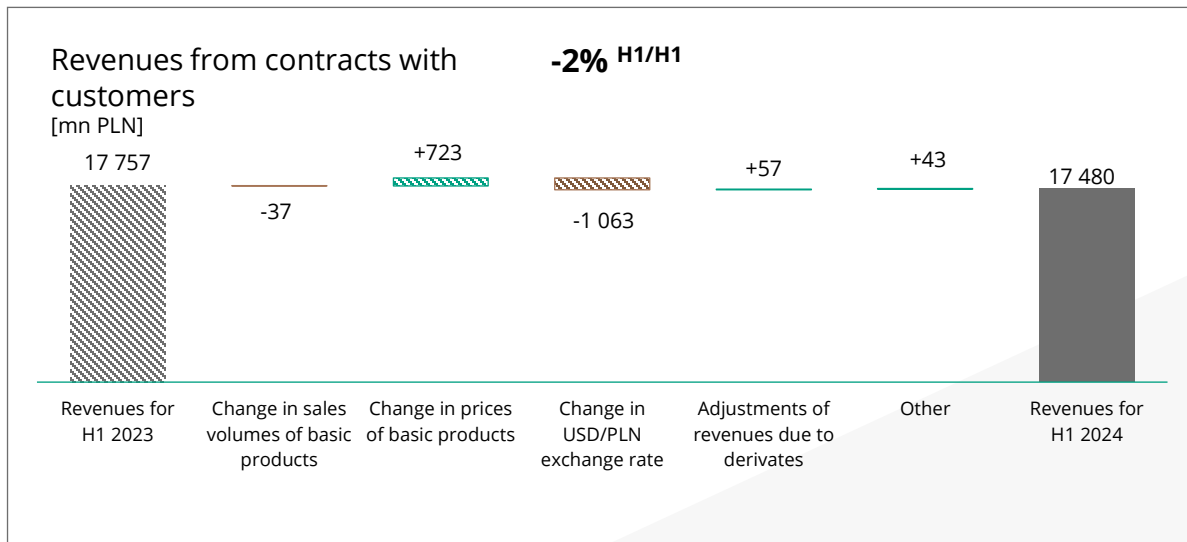
Higher adjusted EBITDA compared to H1 2023 applies mainly to KGHM INTERNATIONAL LTD. and to a lesser extent to KGHM Polska Miedź S.A.



1) 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 the consolidated half-year report Note 2.1)

Group sales revenue

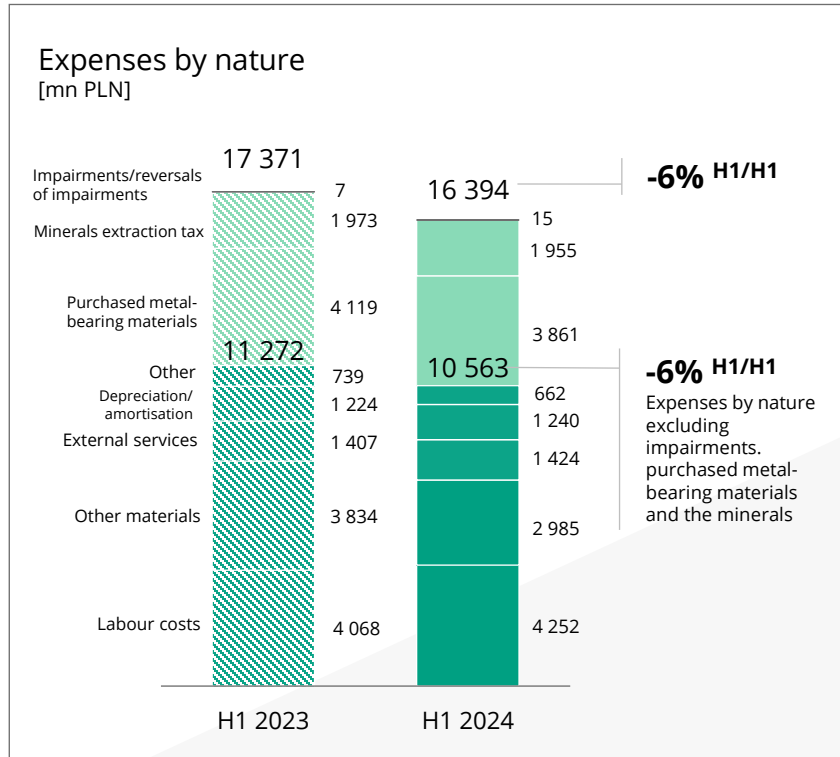
H1 2024



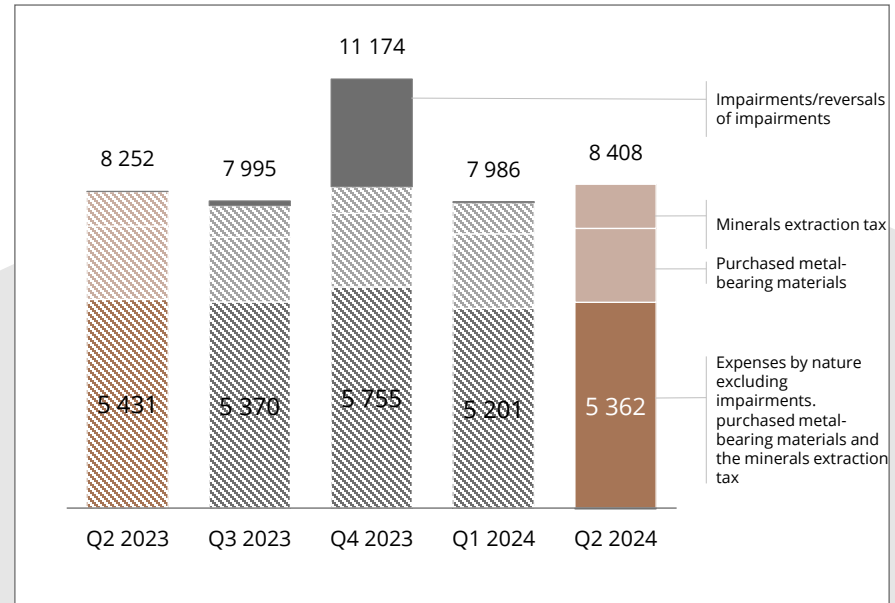
- Lower revenues by PLN 277 million (-2%) compared to H1 2023, due to less favourable macroeconomic conditions and lower sales by KGHM Polska Miedź S.A.

Expenses by nature

KGHM Group

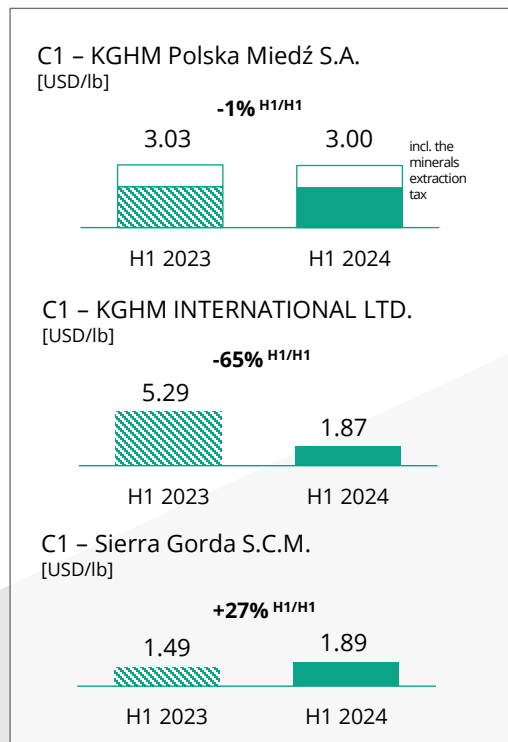
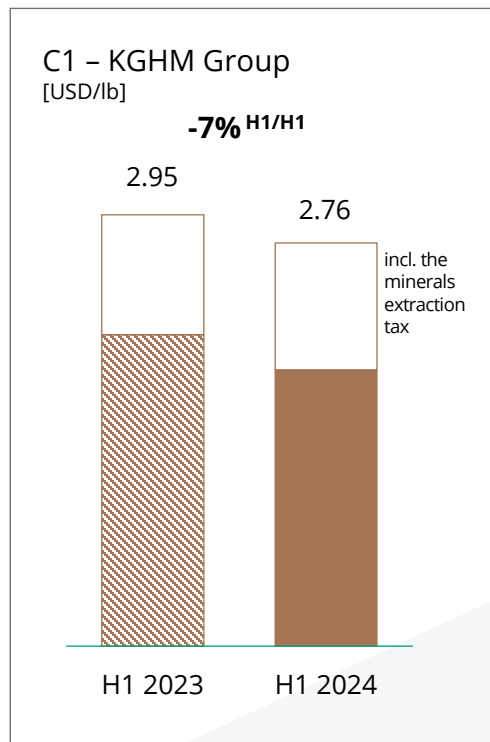


Lower expenses by nature compared to H1 2023 mainly due to lower costs of purchased metal-bearing materials, as well as energy and natural gas



C1 unit cost ¹⁾

KGHM Group



- **KGHM Polska Miedź S.A.** – a decrease in C1 by 1% mainly due to higher production from own concentrates, higher valuation of by-products and lower costs of extraction and metallurgical processing. The lower C1 cost was achieved despite weakening of the USD versus the PLN by 7%, when converting costs from PLN to USD.
- **KGHM INTERNATIONAL LTD.** – the significant decrease in C1 cost results from the improvement in the Robinson mine, which in 2023 had mainly mined from low copper content zones and struggled with technical problems
- **Sierra Gorda S.C.M.** - higher by 27%, mainly due to a lower volume of copper sold and the increase in cost of external services, fuel and spare parts

Financial results

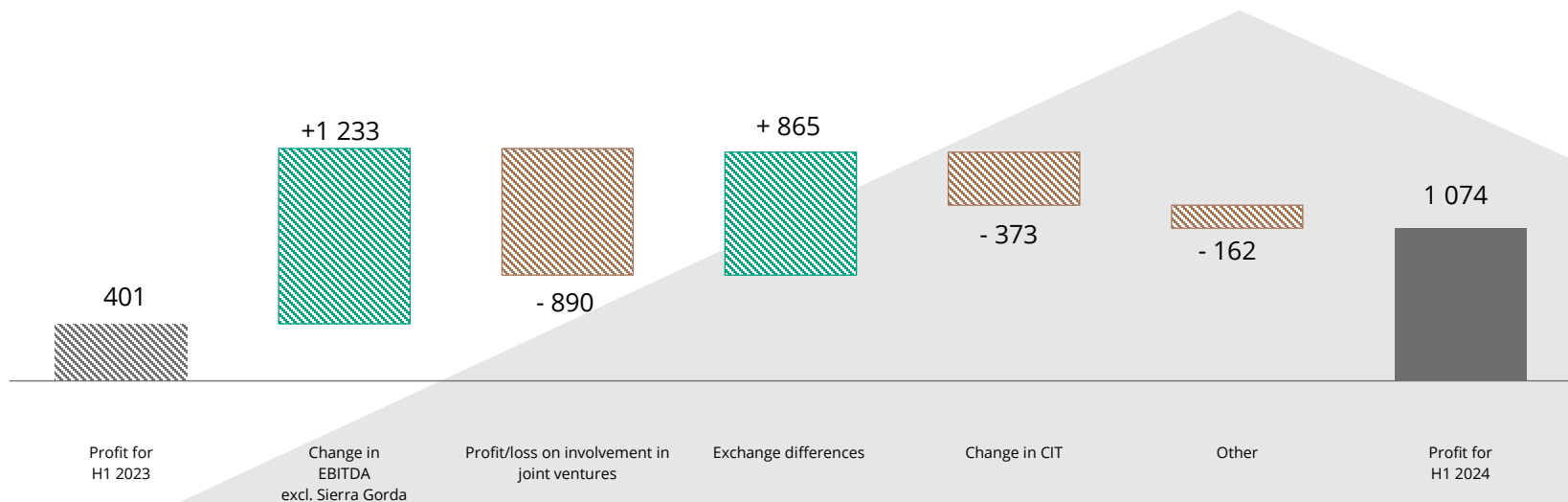
KGHM Group

Profit/loss for the period
[mn PLN]

1 074
[mn PLN]

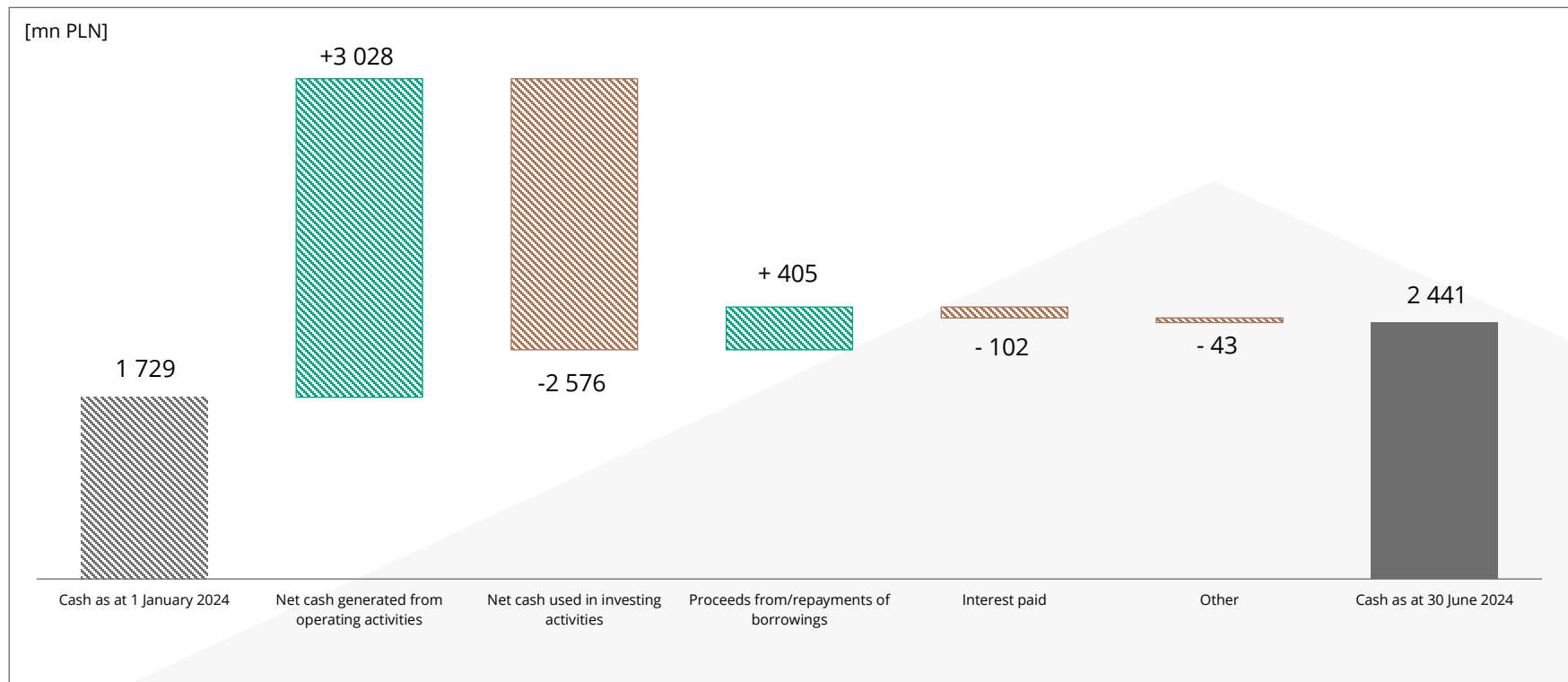
Consolidated profit in H1 2024

An increase in KGHM Group profit, mainly due to an EBITDA increase in KGHM INTERNATIONAL LTD. and exchange differences



Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of Q2 2024

Main factors affecting net debt in 2024

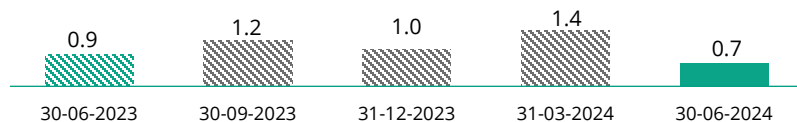
Increases in debt

- Cash expenditures on property, plant and equipment (PLN 2 599 mn)
- The minerals extraction tax (PLN 1 955 mn)
- Change in trade and other payables (increase by PLN 588 mn)
- Negative exchange differences (higher net debt expressed in PLN by PLN 62 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, including trade liabilities transferred to the factor (increase by PLN 381 mn)
- Change in inventories (lower by PLN 309 mn)
- Repayment of loans granted (principal and interest) (PLN 44 mn)

Net debt / adjusted EBITDA¹⁾



KGHM Group net debt¹⁾ [mn USD]

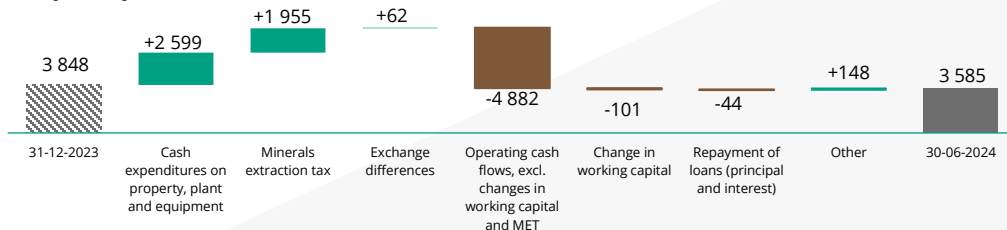


[mn PLN]



Change in net debt

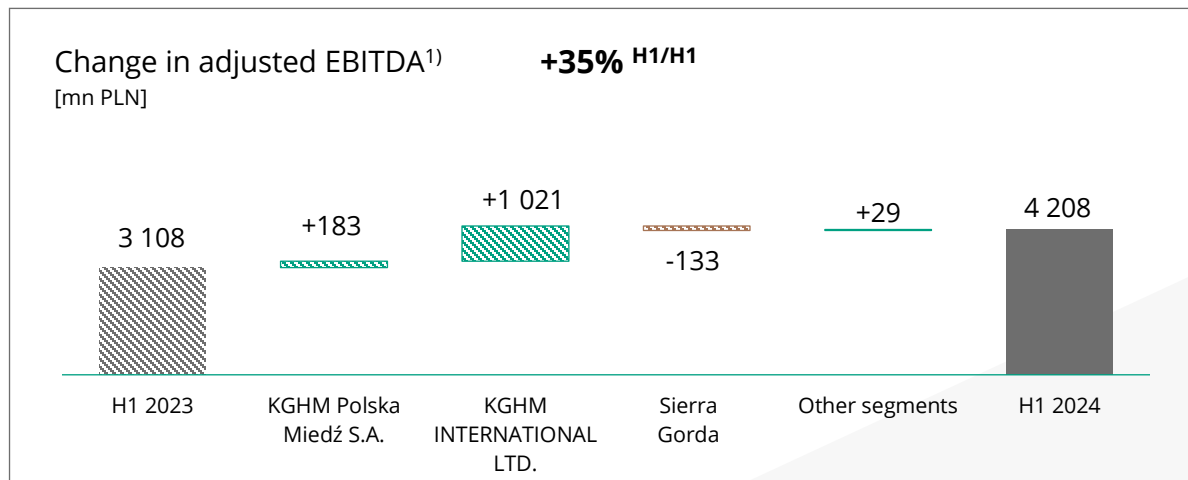
[mn PLN]



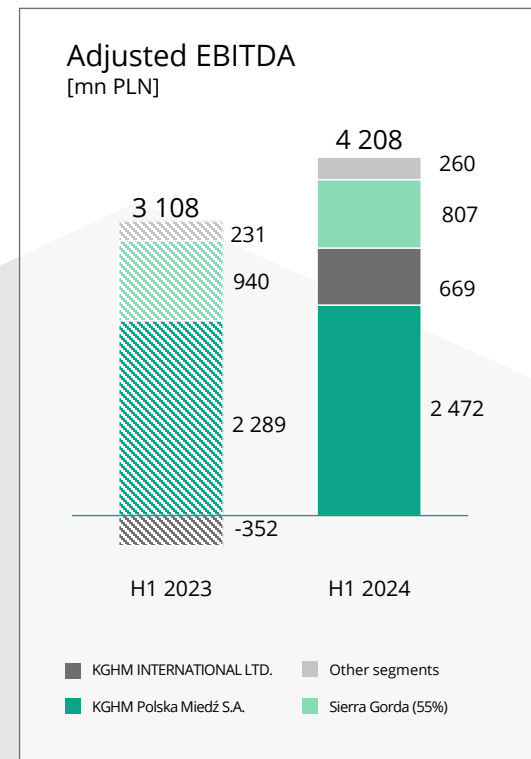
39 1) For the dates 30-06-2023 and 30-09-2023, net debt according to former definition (i.e. excluding derivatives related to external financing sources).

Operating results

KGHM Group



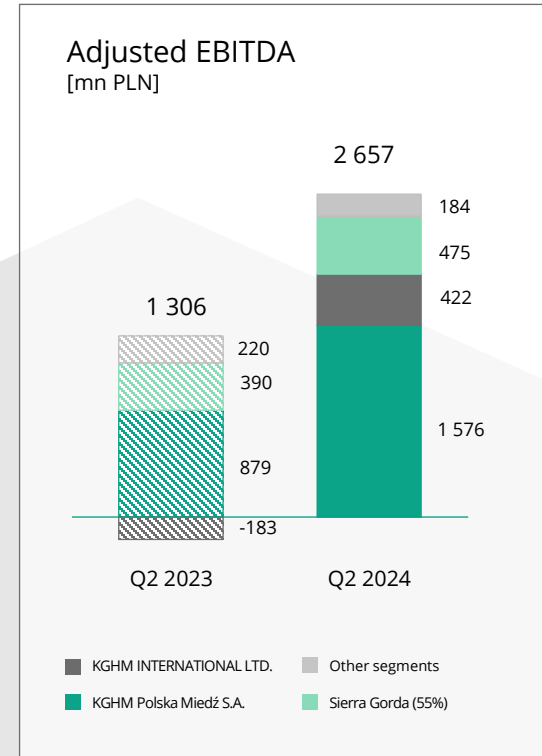
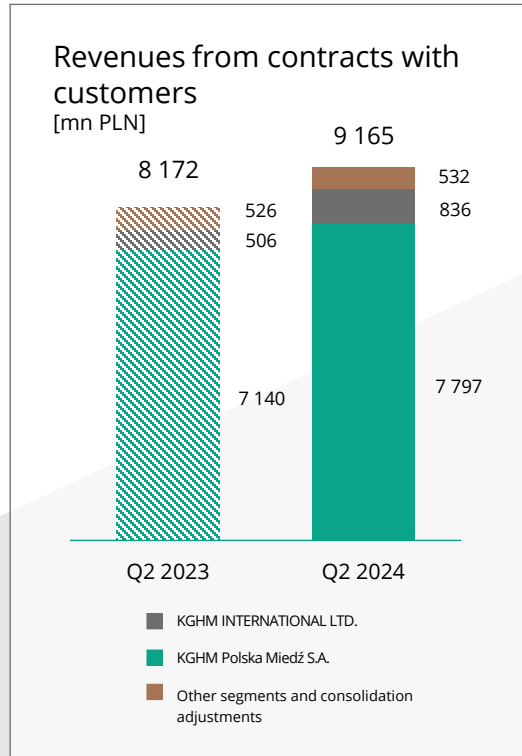
An increase in adjusted EBITDA compared to the first half of 2023 by PLN 1 100 million mainly in respect of KGHM INTERNATIONAL LTD. and to a lesser extent of KGHM Polska Miedź S.A., alongside a decrease in the operating result of Sierra Gorda S.C.M.



Revenues and EBITDA in Q2 2024

KGHM Group and operating segments

Higher adjusted EBITDA compared to Q2 2023 by PLN 1 351 million mainly in respect of KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD., and results from economic conditions and lower natural gas and energy prices



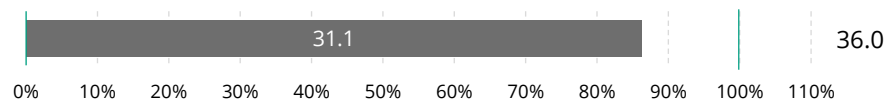
The financial situation of the KGHM Group remains stable and safe

2024
Budget

Total unit production cost

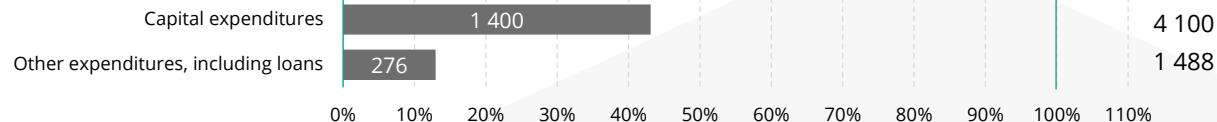
of electrolytic copper from own concentrate
of KGHM Polska Miedź S.A.¹⁾

[k PLN/t]



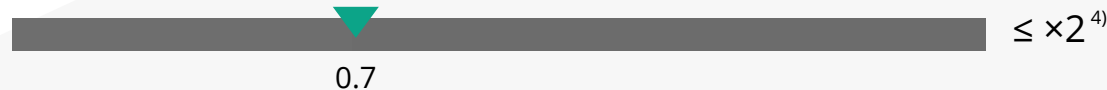
Investments

KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

[net debt / adjusted EBITDA]³⁾

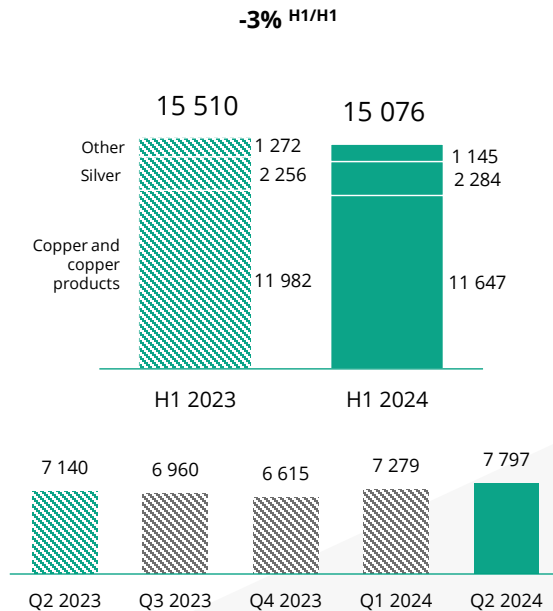


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic 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 2024

Sales revenue

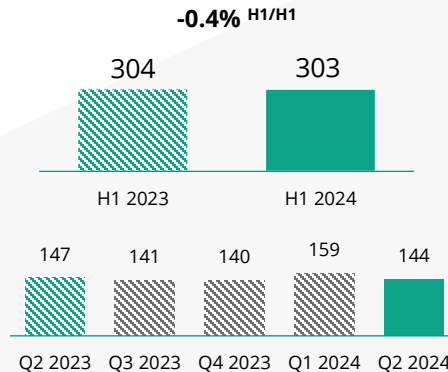
KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

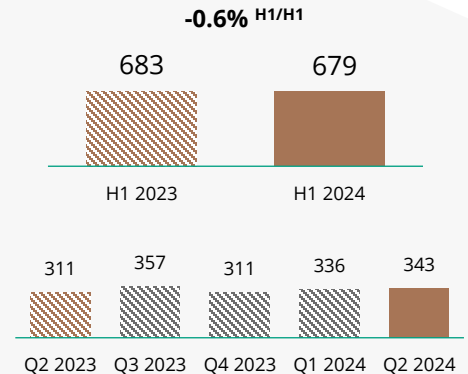


Lower revenues from contracts with customers by PLN 434 million (-3%) in H1 2024 compared to H1 2023, mainly due to less favourable macroeconomic conditions

Sales of copper
and copper products
[kt]

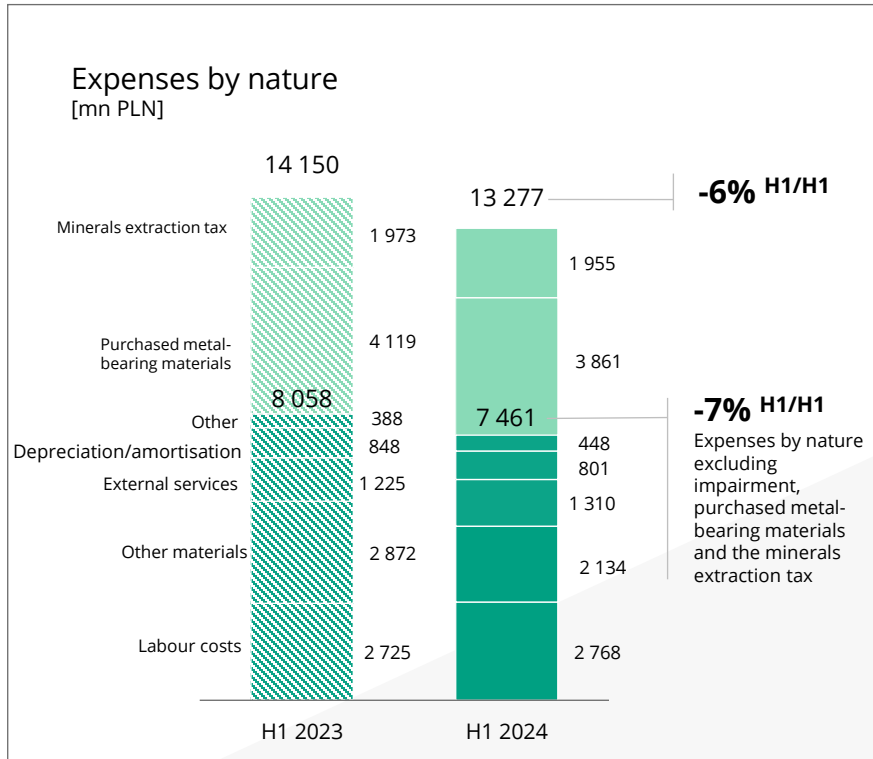


Silver sales
[t]

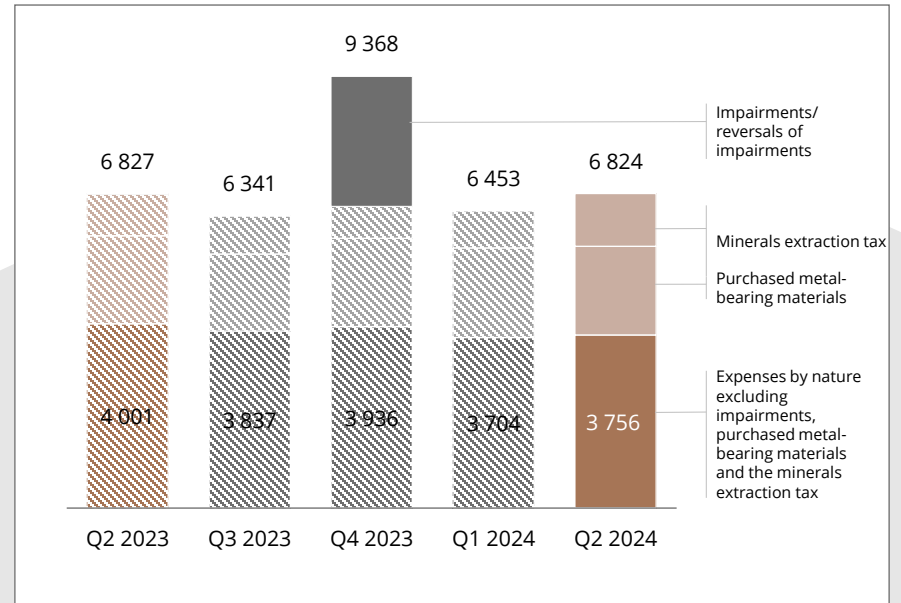


Expenses by nature

KGHM Polska Miedź S.A.



Lower expenses by nature compared to the first half of 2023 mainly due to lower costs of purchased metal-bearing materials, electricity and natural gas

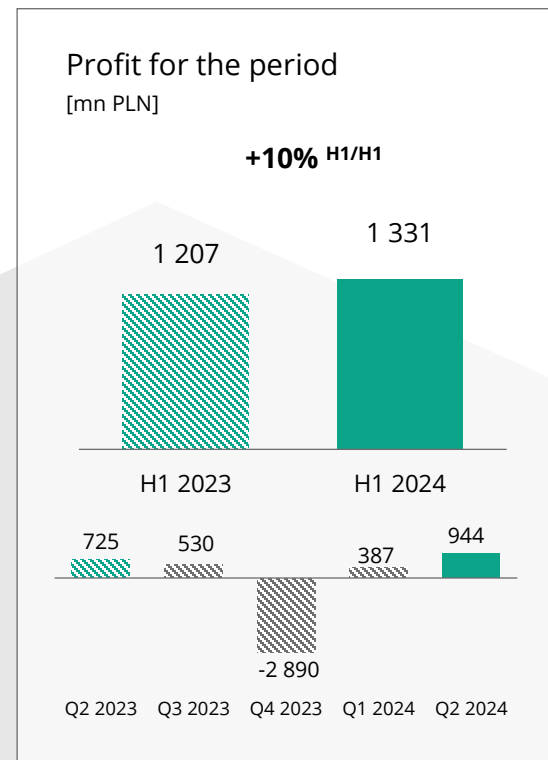
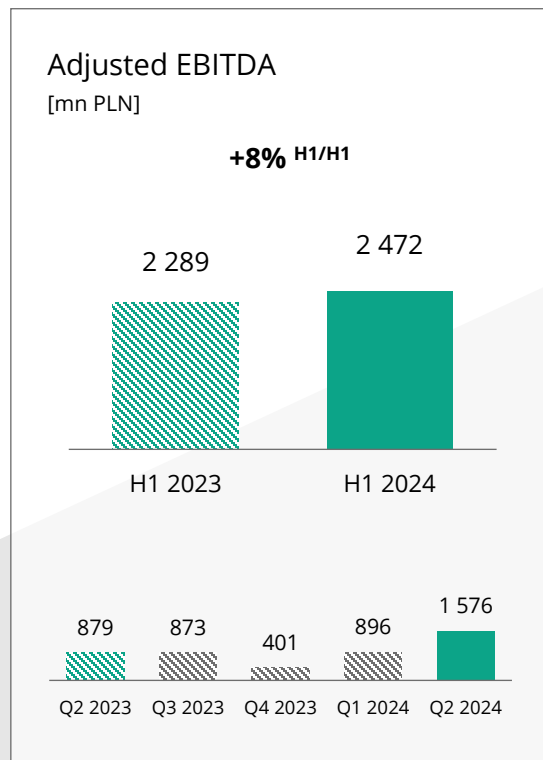


EBITDA and profit for the period

KGHM Polska Miedź S.A.

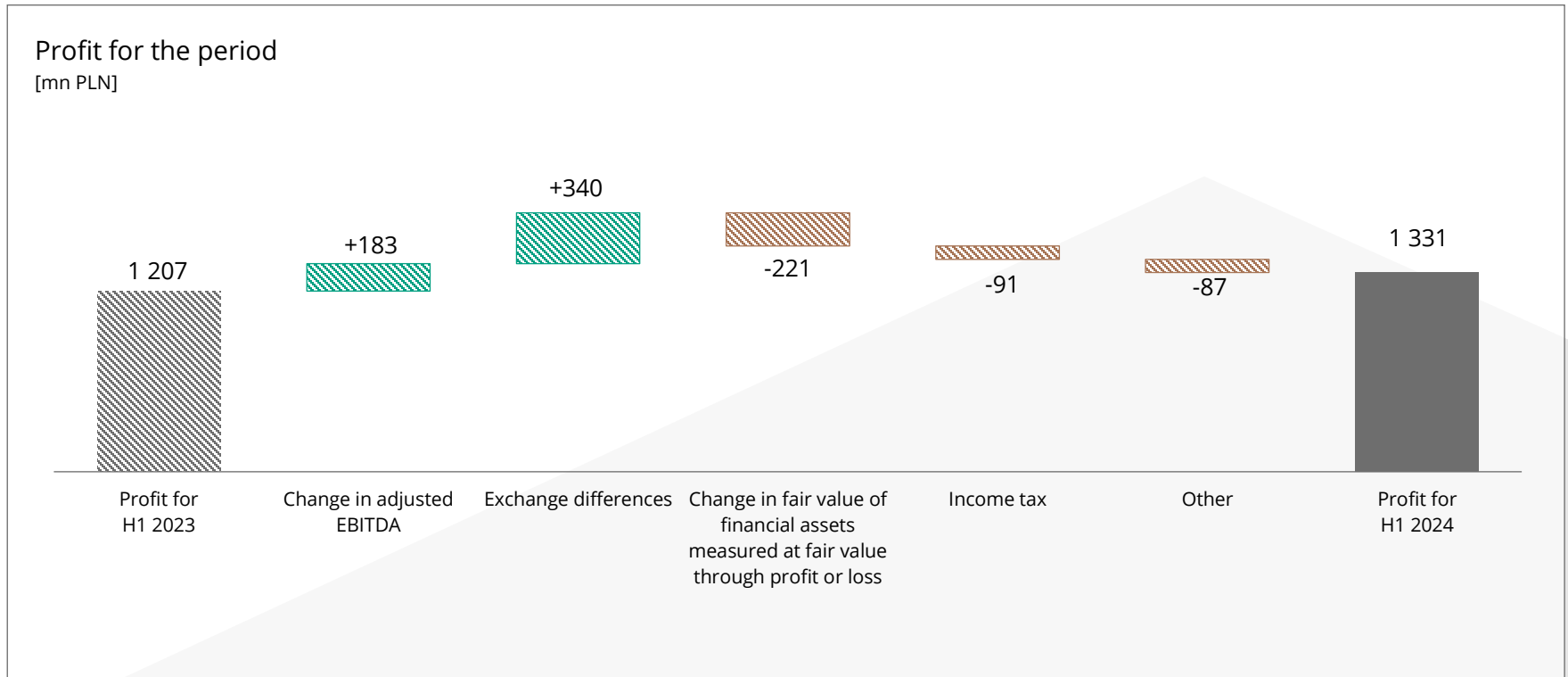
EBITDA and profit for the period

- Higher EBITDA compared to H1 2023 by PLN 183 million, despite less favourable macroeconomic conditions and lower production
- The increase in net profit, apart from operating activities, was also impacted by exchange rate differences



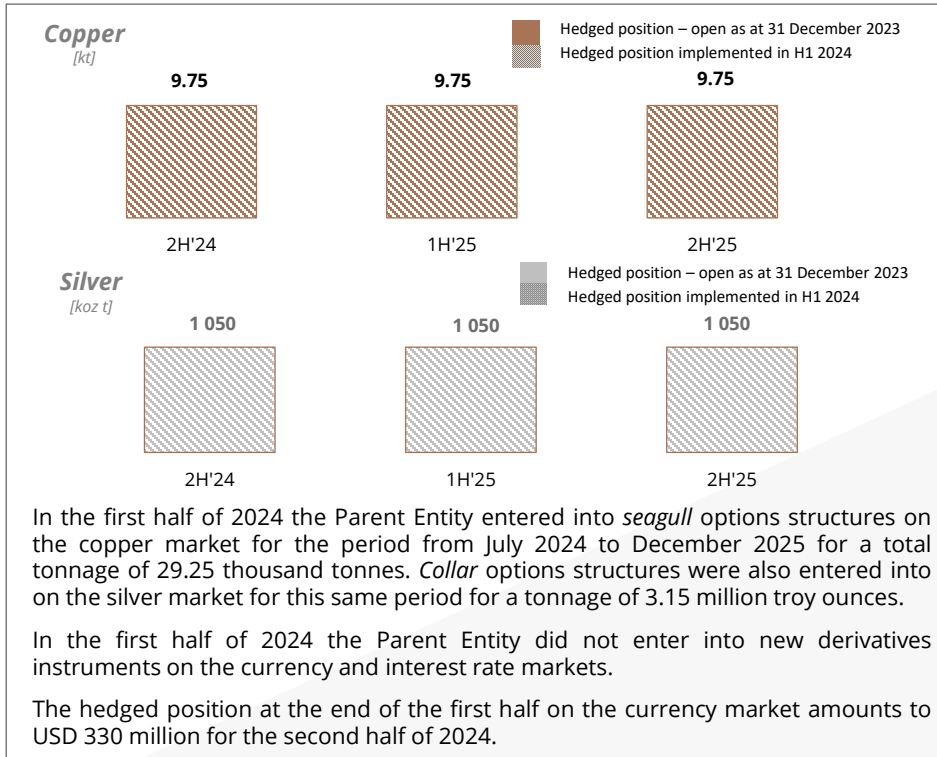
Profit for the period

KGHM Polska Miedź S.A.



Market risk management

Hedged position on the copper, silver, currency and interest rate markets (as at 30 June 2024)



At the end of the first half of 2024 the Parent Entity recorded a result on derivatives* and hedges in the amount of PLN 264 million:

- PLN +284 mn adjusted revenues from contracts with customers (transactions settled to 30 June 2024),
- PLN 22 mn decreased the result on other operating activities*,
- PLN 2 mn increased the result on financing activities.

Moreover the Parent Entity activated PLN 31 million in gains from the settlement of an instrument hedging the interest rate on bonds (CIRS) (Cross Currency Interest Rate Swap) in the statement of financial position – non-current assets (as at 30 June 2024).

- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 30 June 2024 amounted to PLN 177 million*.
- The revaluation reserve on cash flow hedging instruments as at 30 June 2024 amounted to PLN 301 million (excluding the tax effect).
- As at 30 June 2024 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 1.6 billion.

* excludes embedded instruments

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