

Layers of possibilities



KGHM Group Investor Presentation

WOOD's Winter Wonderland EME Conference
December 2022

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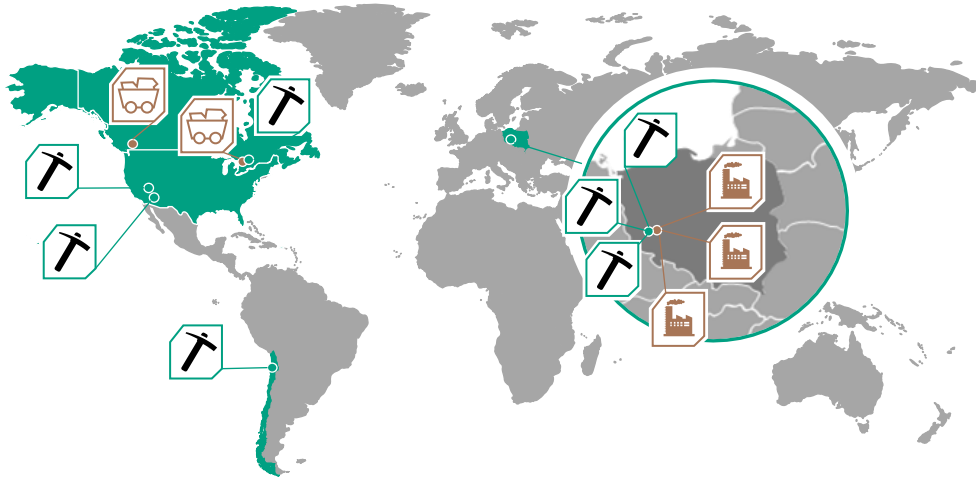


Key information about the KGHM Group
and our approach to Sustainability



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

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



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

Seventh largest copper producer



Second largest silver producer



Source: Kitco 2022, World Silver Survey 2022

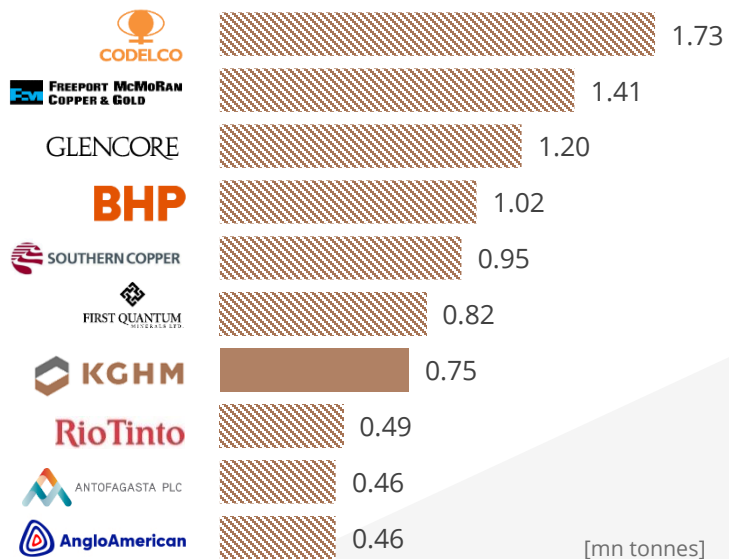
Other KGHM Group products:

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

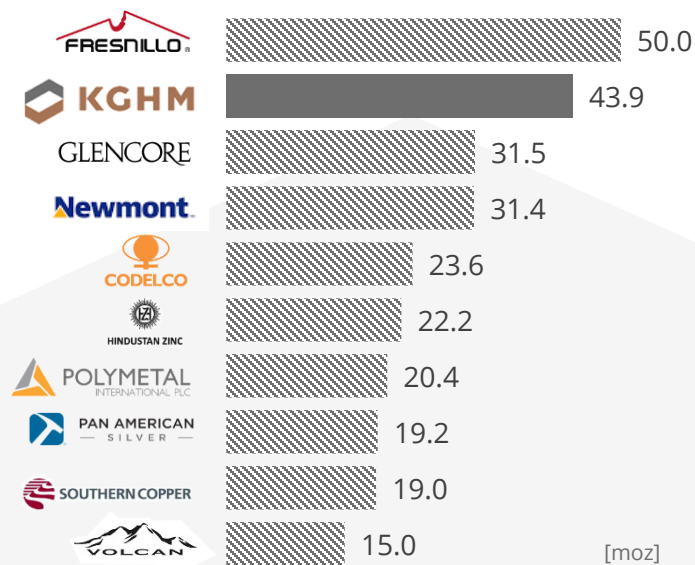


KGHM among the biggest copper and silver producers

Mined Copper production 2021¹⁾



Silver production 2021²⁾

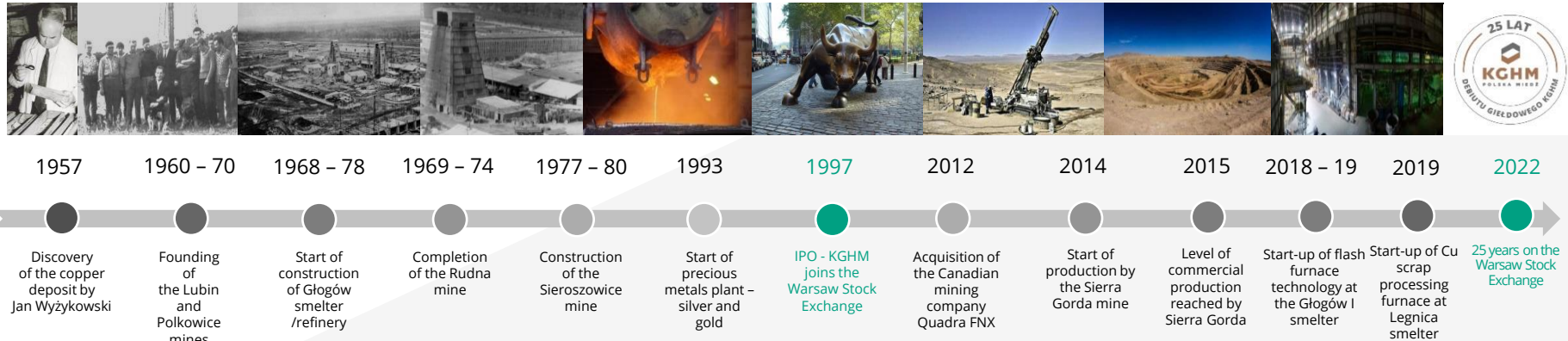


1) KITCO, April 2022

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

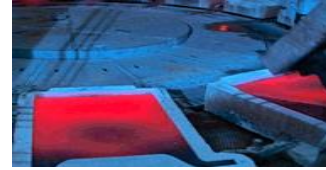
Underground copper mines, fully integrated production



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

- 22 years LOM** **2021 production stats:**
- Open-pit mine
 - Porphyry
 - Cu production (payable, 100%): 189.8 kt
 - Cu production (payable, 55%): 104.4 kt



Robinson Mine, USA

- 6 years LOM** **2021 production stats:**
- Open-pit mine
 - Porphyry/Skarn orebody
 - Cu production (payable): 53.7 kt



Sudbury, Canada

- 4 years LOM** **2021 production stats:**
- Underground mine
 - Footwall/Contact orebody
 - 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 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

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/>



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:

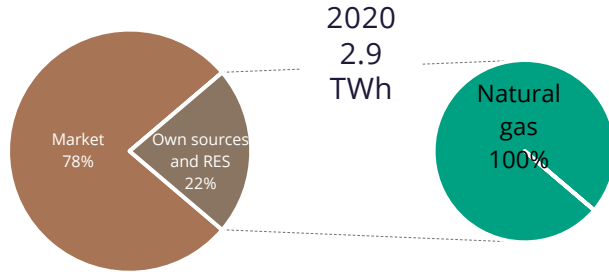
- 1 Total reduction of indirect emissions (Scope 2):**
 - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- 2 Maximum reduction of direct emissions (Scope 1):**
 - Hydrogen technology
 - Electromobility
 - Implementation of advanced production technology
 - 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.

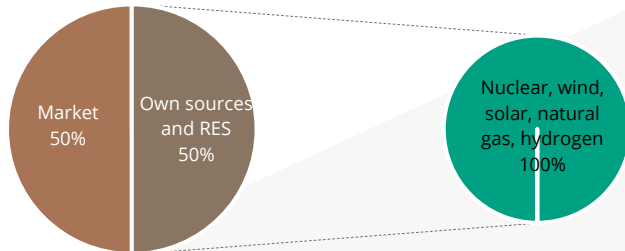
2020 – base year:



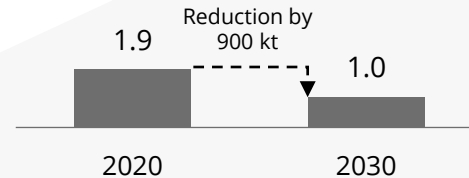
9M 2022:

Own generation sources covered 10.84% of KGHM's total power needs in the first 9 months of 2022.

2030 - goal:



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

Employee safety as a strategic priority for the KGHM Group



Safety and development

- ISO 45001:2018

Occupational Health and Safety Management System Certificate

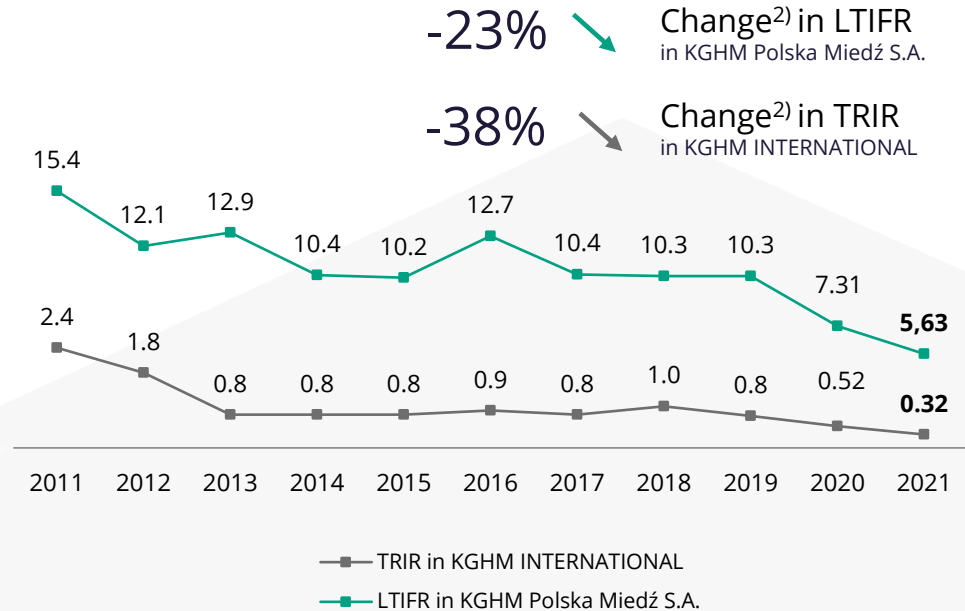
- Leader's Gold Card of Workplace Safety

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

- Historically-low accident ratio

Once more KGHM's employees met the challenge. In 2021 we again achieved excellent results in Occupational Health and Safety. Despite the threat caused by the SARS CoV-2 virus pandemic, thanks to the mutual efforts and commitment of our employees, the number of workplace accidents **decreased from 213 in 2020 to 165 at the end of 2021**. The main decrease was in accidents caused by human error.

Accident ratios¹⁾



1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology 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 for 2021 compared to the average for 2020

KGHM Volunteers in Action

3 768

children took part in the project „Children of Copper” where they learned about the secrets of mining and processing copper

34

schools visited by the volunteers under the „Children of Copper” project

14

initiatives engaged in by KGHM's volunteers



WOLONTARIAT



Activities:

5 collections of items for those in need

4 campaigns to promote an active lifestyle combined with charitable activities

3 educational projects

2 collections of money to support colleagues in need

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 Group updated strategy
to 2030 with an outlook to 2040

Strategy of the KGHM 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	<i>To always have copper</i>
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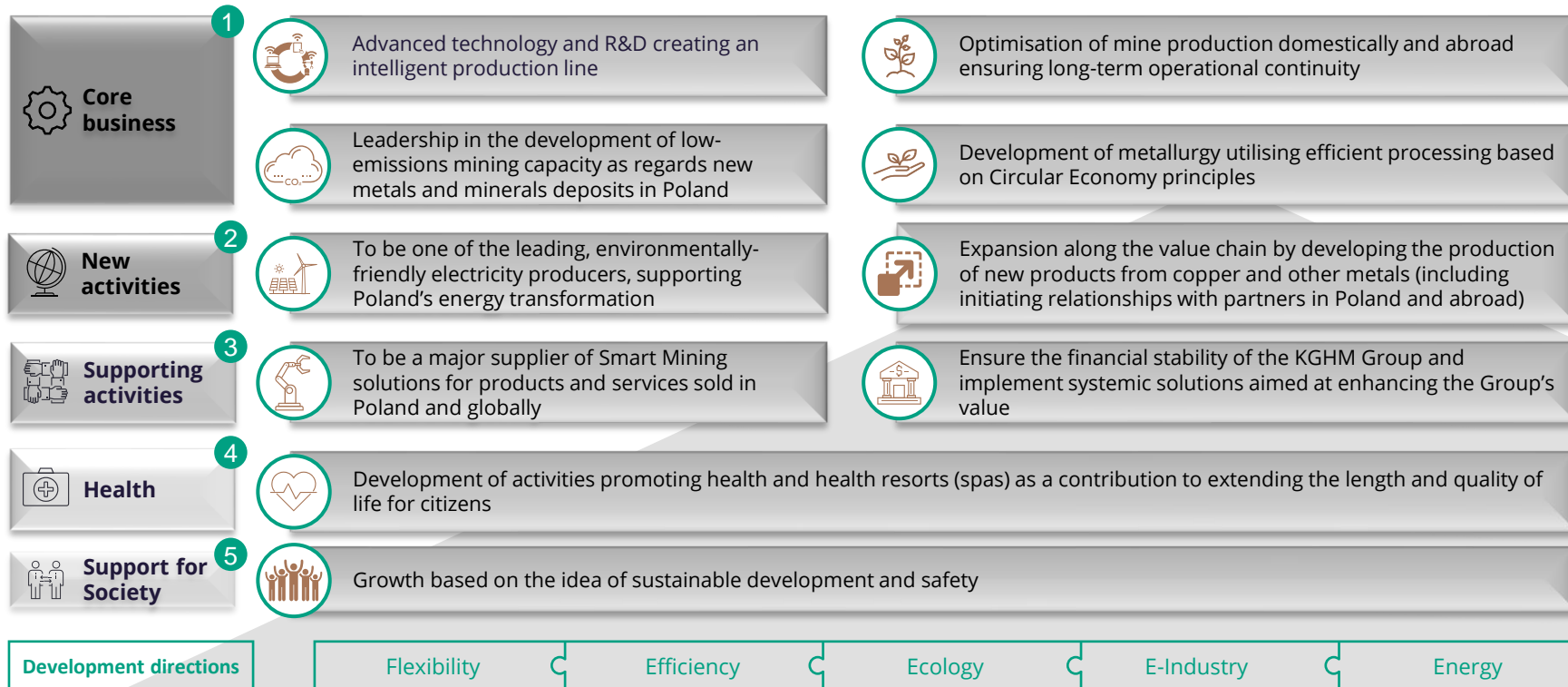
VISION	<i>To use our resources efficiently to become the leader in sustainable development</i>
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**#5E
DEVELOPMENT
DIRECTIONS**



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



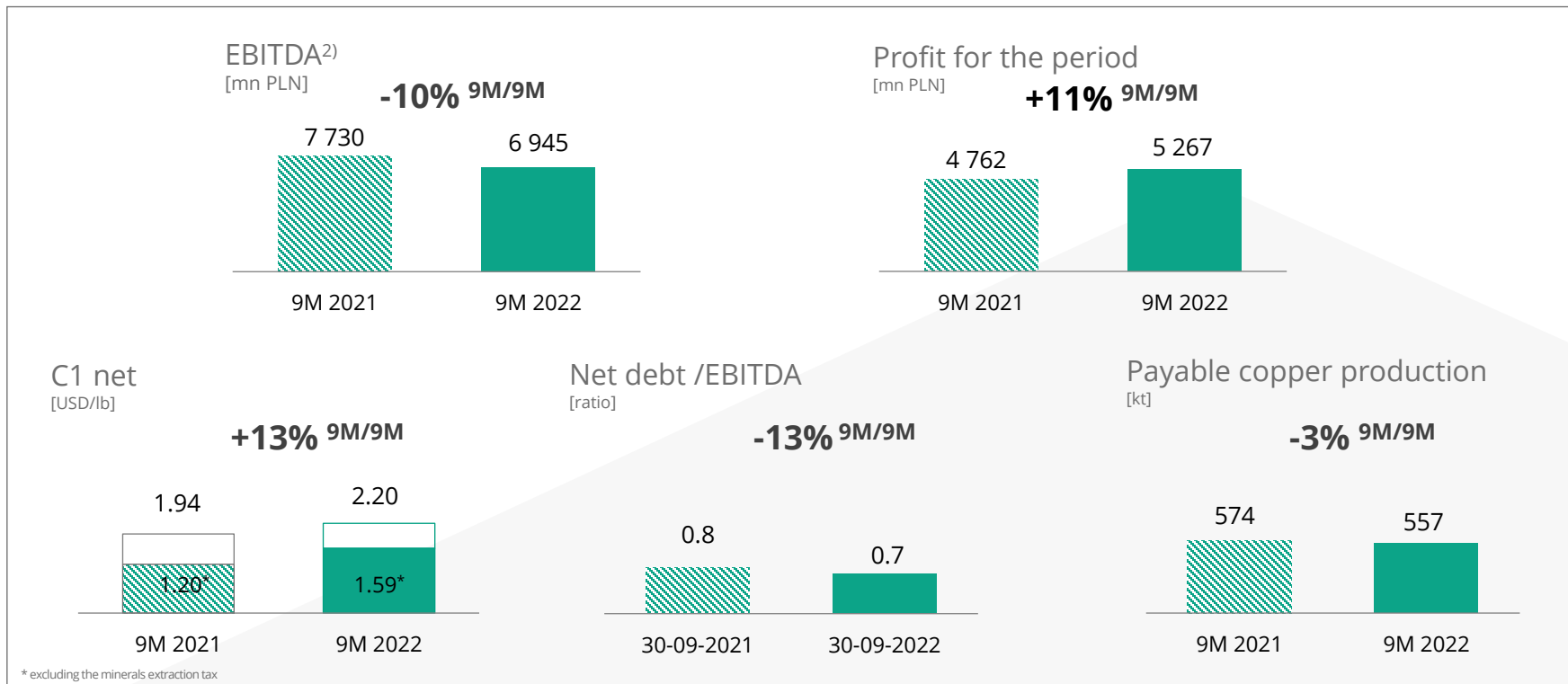


Performance in the first 9 months of 2022 -
KGHM Group



Summation of the first 9 months of 2022 in the KGHM Group

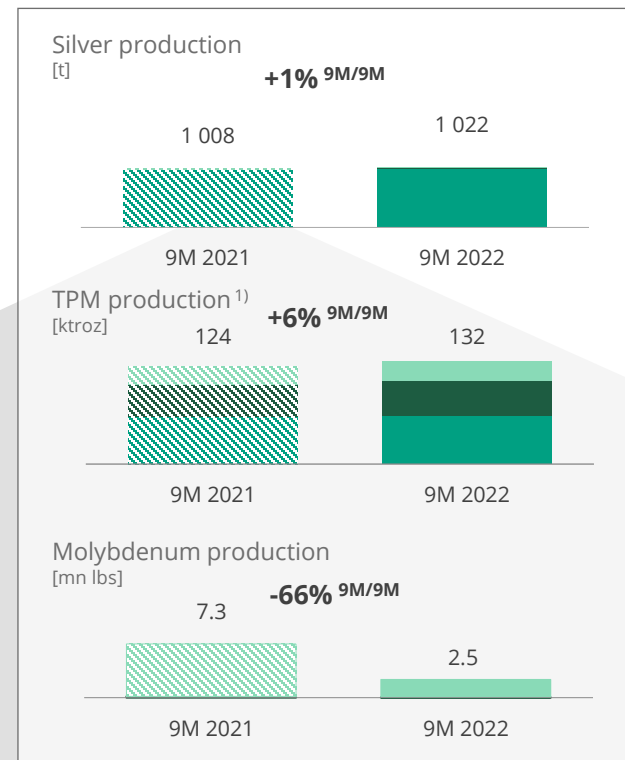
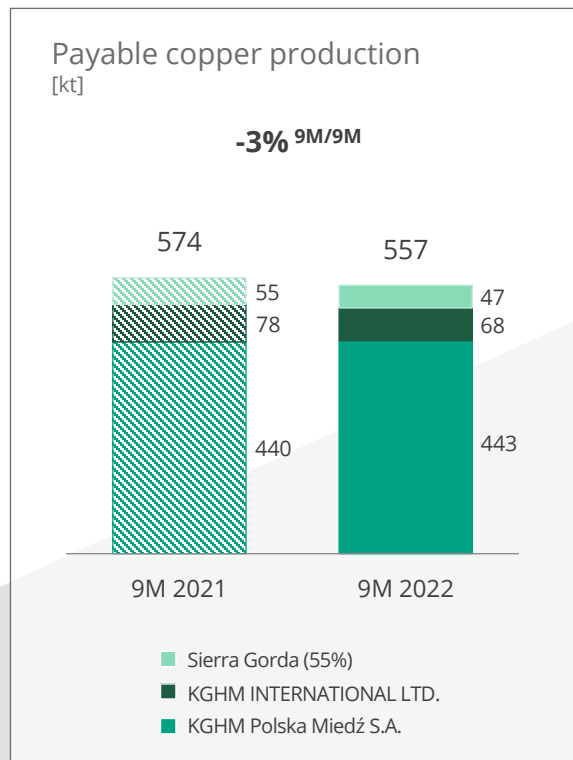
Selected key statistics for the first 9 months of 2022¹⁾



Metals production

KGHM Group

- Lower production y/y by KGHM INTERNATIONAL LTD. due to lower production by the Robinson mine and lack of production from the Franke mine due to its sale in April 2022
- Lower production by Sierra Gorda versus the corresponding prior period due to lower copper content in ore and to lower recovery of this metal
- Higher copper production by KGHM Polska Miedź S.A. due to higher availability of purchased metal-bearing materials and higher availability of production lines
- Higher production of silver by KGHM Polska Miedź S.A.
- Higher TPM production by KGHM Polska Miedź S.A., KGHM INTERNATIONAL LTD. and Sierra Gorda
- Lower production of molybdenum by Sierra Gorda (mining of ore with lower molybdenum content, lower recovery) and by the Robinson mine (mining of ore with lower molybdenum content)



Key production indicators

9M 2022

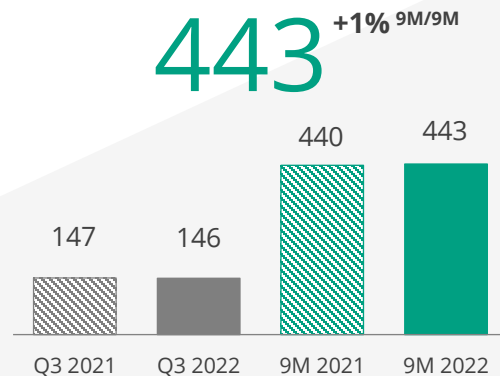
Payable copper production
by the KGHM Group
lower by 3% (9M/9M)

557

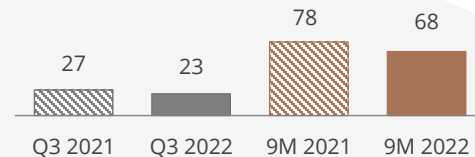
-3% 9M/9M
[kt]

- **KGHM Polska Miedź S.A.** – higher production from purchased copper-bearing materials
- **Sierra Gorda** – lower copper content in ore; lower metal recovery
- **KGHM INTERNATIONAL LTD.²⁾** – lower production by the Robinson mine and lack of production from the Franke mine since April 2022

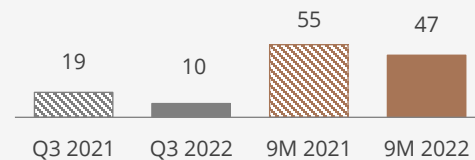
Payable copper production
KGHM Polska Miedź S.A. [kt]



Payable copper production
Sierra Gorda¹⁾ [kt]



Payable copper production
KGHM INTERNATIONAL LTD. [kt]

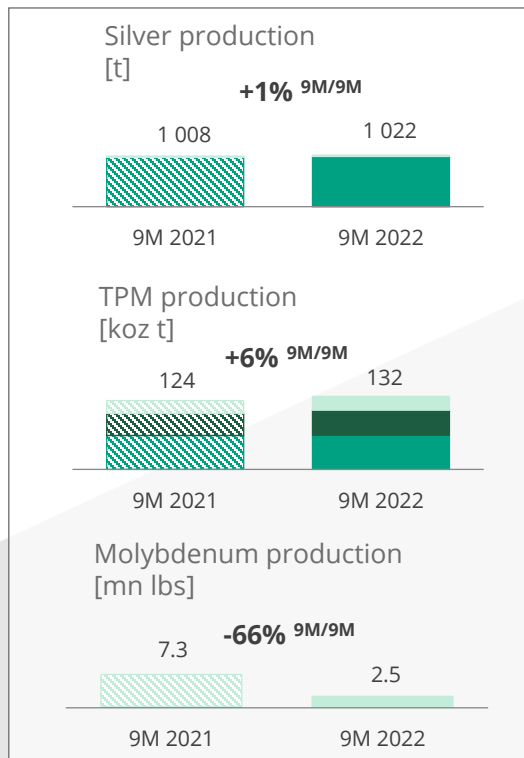
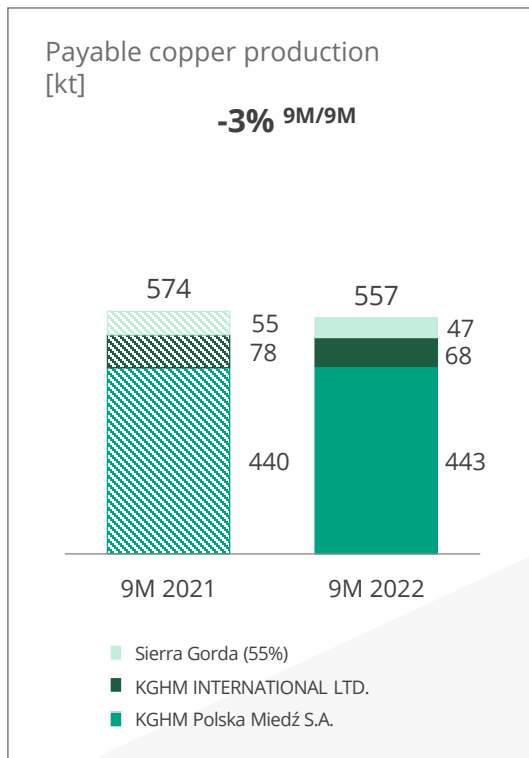


1) On a 55% basis

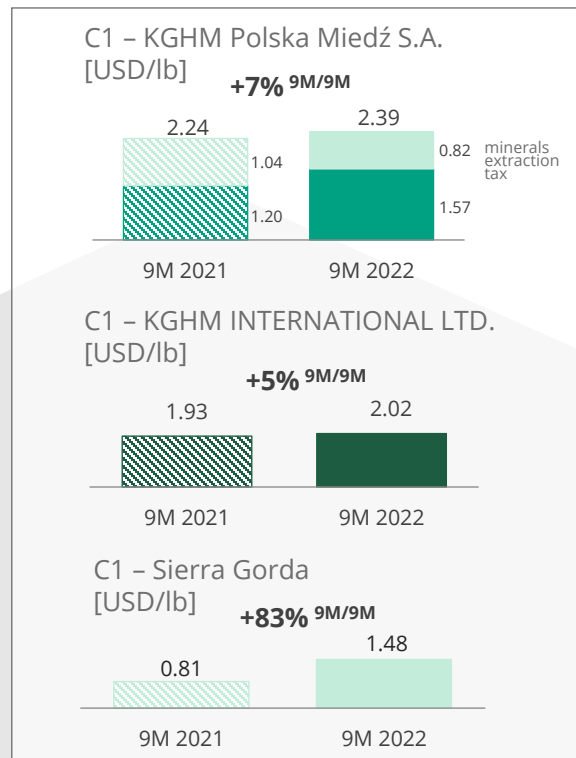
2) On 26 April 2022 subsidiaries of KGHM INTERNATIONAL LTD. sold 100% of the shares of the company Sociedad Contractual Minera Franke (SCMF), being the owner of the Franke mine in Chile – from this date production by the Franke mine is excluded

Other major metals and costs

Production



C1 cost



Key financial indicators of the KGHM Group

9M 2022

Lower adjusted EBITDA of the KGHM Group by 10%

Lower adjusted EBITDA versus the first 9 months of 2021 (-PLN 785 mn), of which by segment:

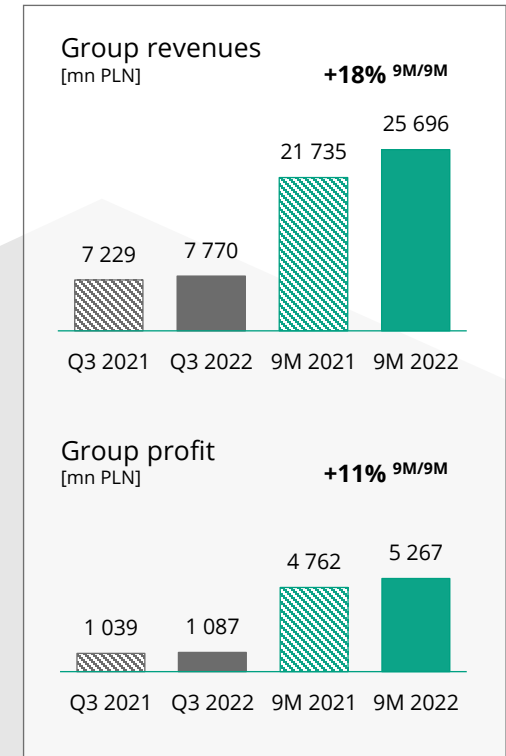
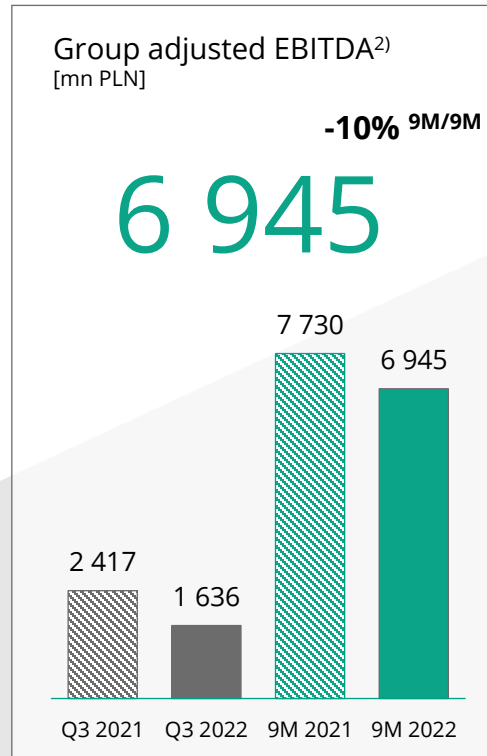
- KGHM Polska Miedź S.A. +PLN 165 mn
- Sierra Gorda¹⁾ -PLN 681 mn
- KGHM INTERNATIONAL LTD. -PLN 283 mn

Higher Group revenues

- Impact of a more favourable exchange rate, higher sales volumes and a lower negative adjustment of revenues due to hedging

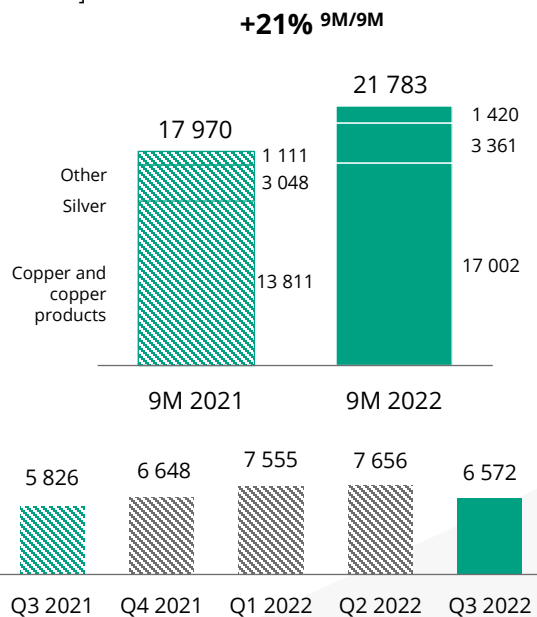
Higher Group profit for the period

- Higher profit for the period by PLN 505 mn (+11%) mainly due to a higher result on exchange differences

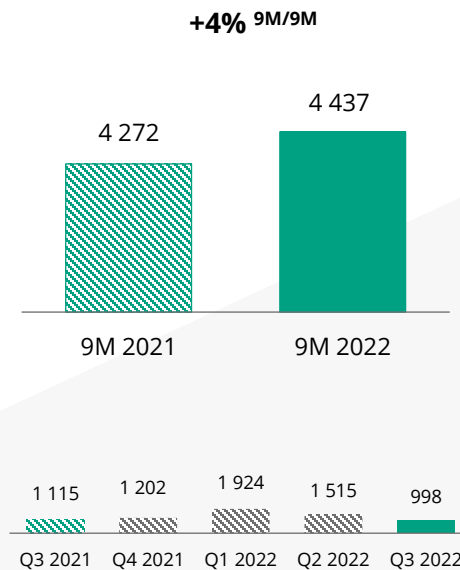


Financial results – KGHM Polska Miedź S.A.

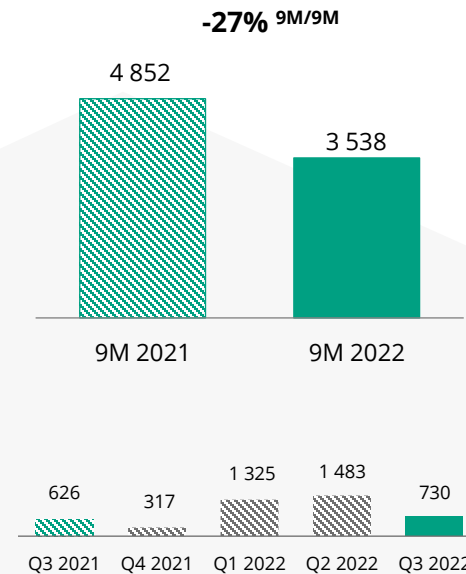
Revenues from contracts with customers
[mn PLN]



Adjusted EBITDA
[mn PLN]



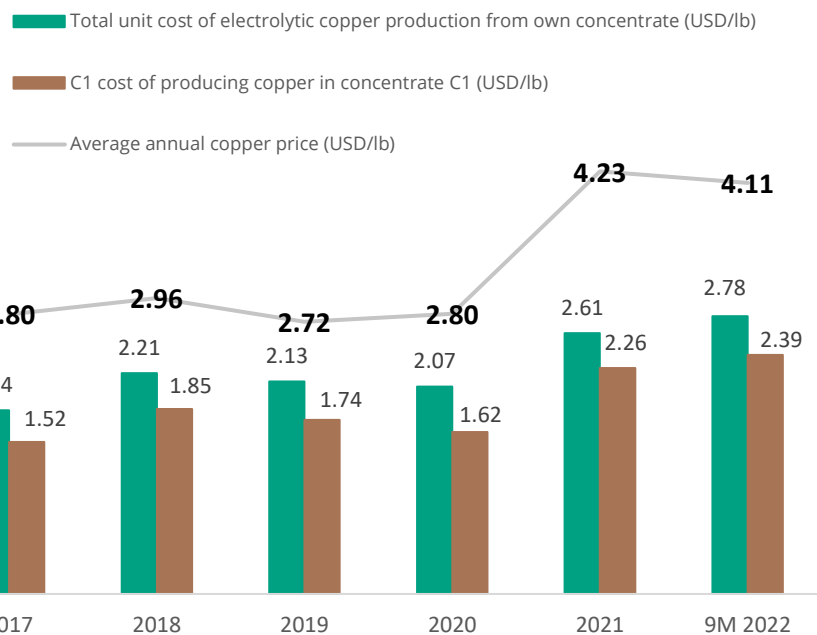
Profit for the period
[mn PLN]



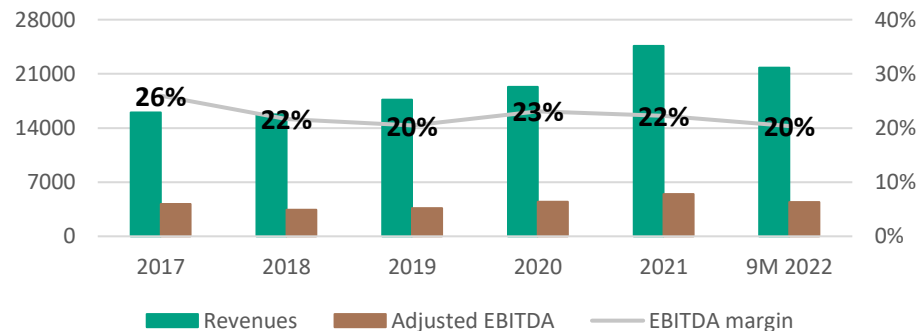
Margins remain robust

KGHM Polska Miedź S.A.

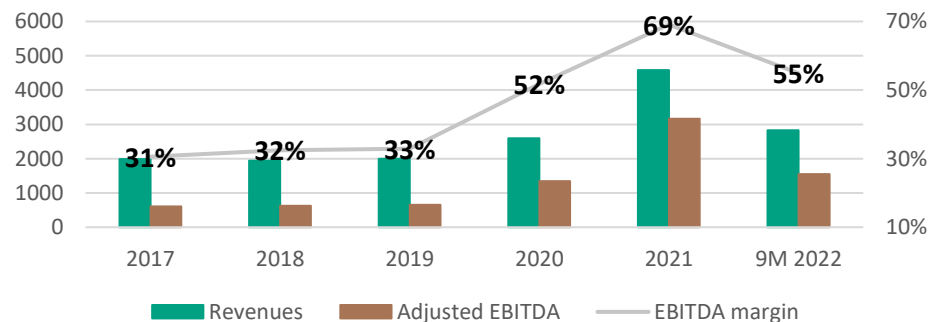
Copper production cost vs copper price



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



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



*Proportionally to the interest held (55%)

Net debt of the KGHM Group

As at the end of Q3 2022

Main factors affecting net debt in 2022

Increases in debt

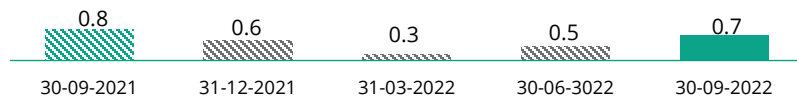
- Cash expenditures on property, plant and equipment (PLN 2 956 mn)
- The minerals extraction tax (PLN 2 300 mn)
- Change in inventories (higher by PLN 1 575 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 618 mn)
- Dividend paid (PLN 600 mn)
- Change in trade and other receivables (higher by PLN 545 mn)
- Borrowing costs recognised in cash flow (PLN 45 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 6 228 mn)
- Proceeds from repaid loans (PLN 789 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 350 mn)
- Proceeds from the sale of the Oxide project to Sierra Gorda SCM (PLN 342 mn)
- Disposal of subsidiaries (PLN 243 mn)

Net debt / adjusted EBITDA

-13% compared to 30 September 2021

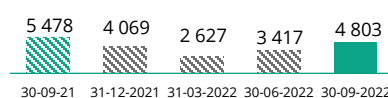


KGHM Group net debt

[mn USD]

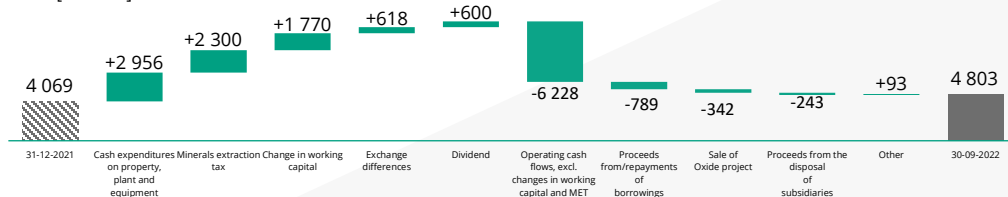


[mn PLN]



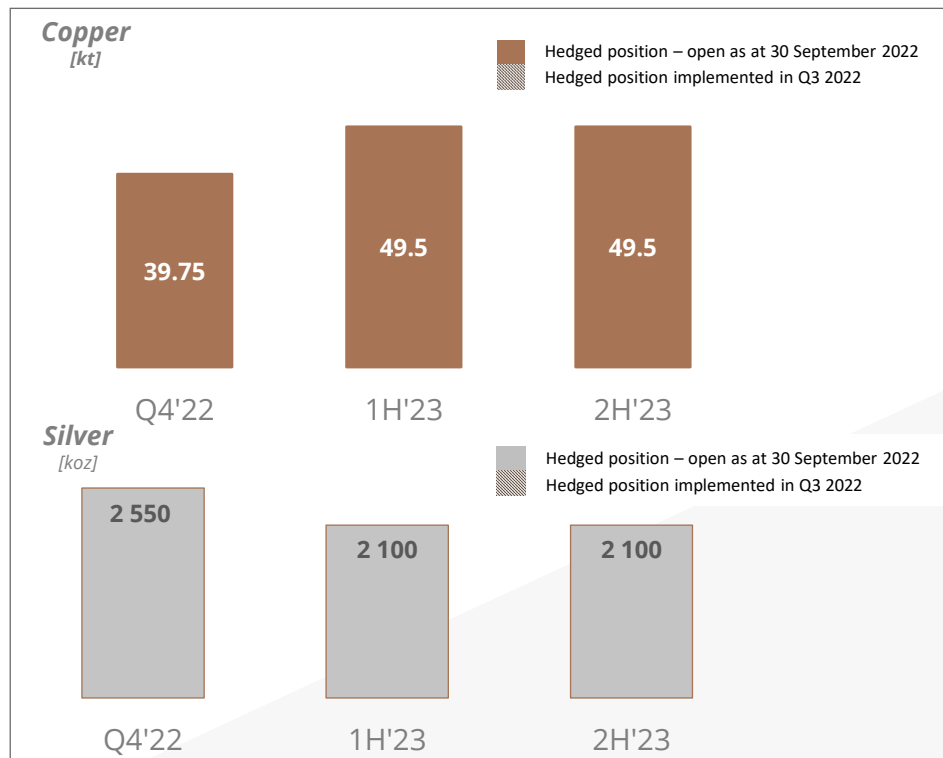
Change in net debt

[mn PLN]



Market risk management

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



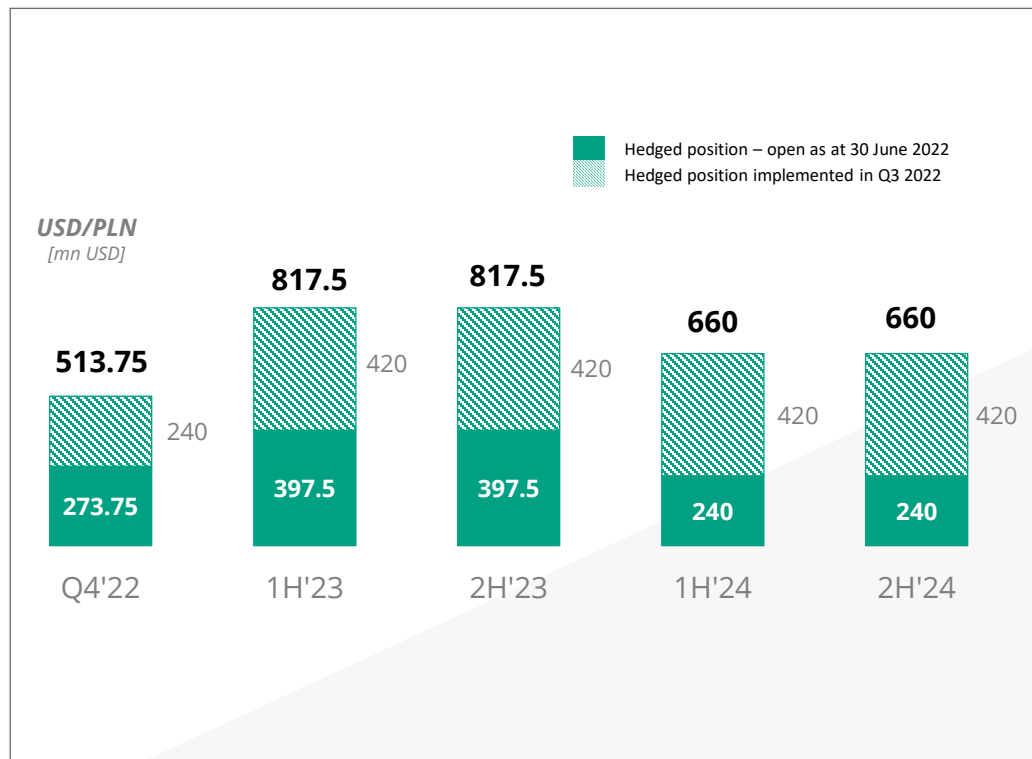
At the end of 3Q 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 419 mn:

- PLN 254 mn adjusted revenues from contracts with customers (transactions settled to 30 September 2022),
 - PLN 163 mn decreased the result on other operating activities,
 - PLN 2 mn decreased the result on financing activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 30 September 2022 amounted to -PLN 408 mn*.
 - The revaluation reserve on cash flow hedging instruments as at 30 September 2022 amounted to -PLN 719 mn.
 - In 3Q 2022 the Parent Entity restructured a portion of its hedged position on the copper market for the period from January 2023 to December 2023

* excludes embedded instruments

Market risk management

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



In Q3 2022 transactions were implemented on the forward currency market:

- Collar-type options strategies were implemented in the notional amount of USD 2 080 million with maturities from August 2022 to December 2024 (of which USD 1 920 mn for the period from October 2022 to December 2024)
- In Q3 2022 the Parent Entity did not enter into transactions hedging forward interest rates.
- As at 30 September 2022 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion.

Capital allocation

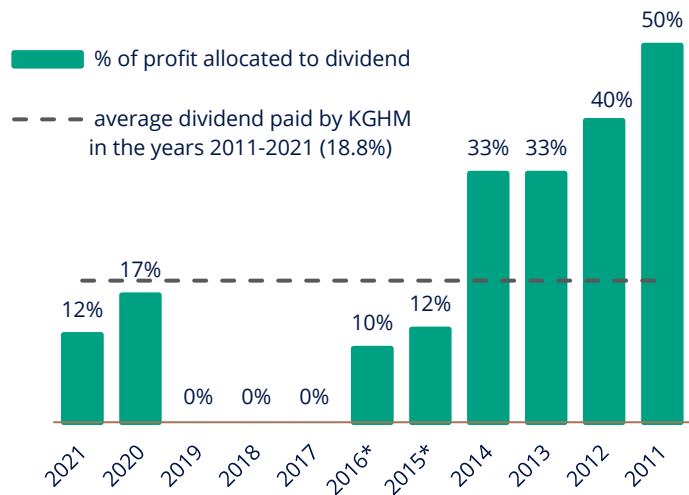
Renewal of dividend payout

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

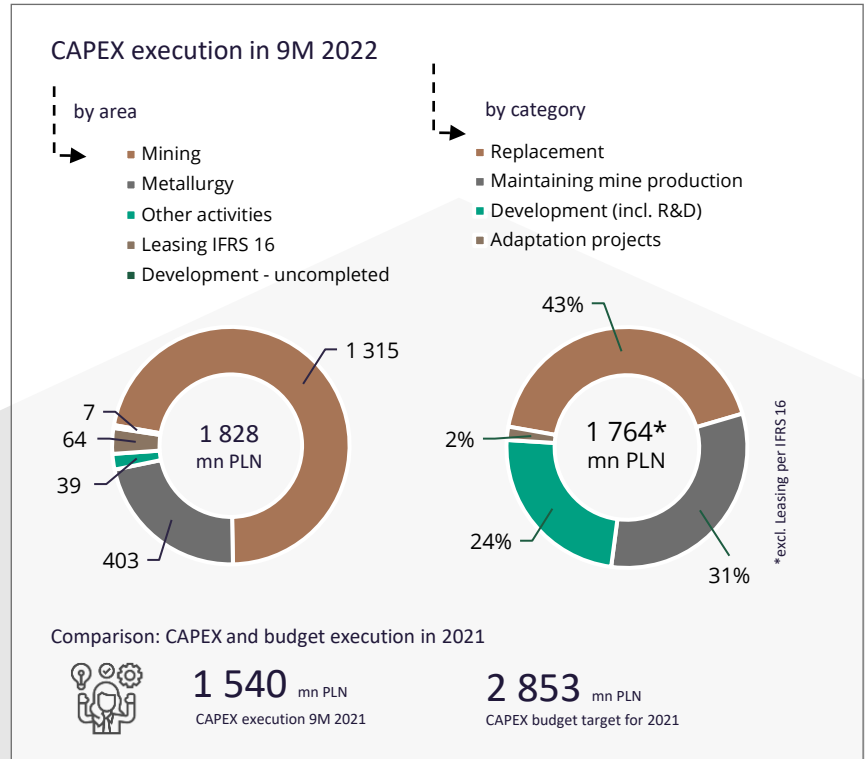
The Dividend Policy of KGHM Polska Miedź S.A. is part of its on-going efforts to ensure a balance between dividends paid out to shareholders and opportunities to efficiently invest the Company's funds.

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

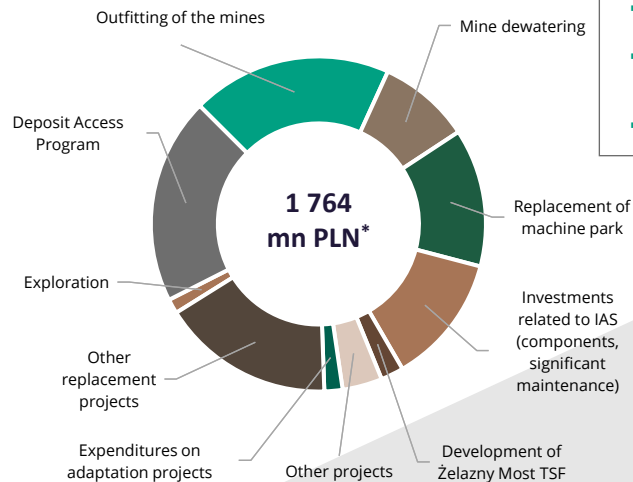
Capital expenditures by KGHM Polska Miedź S.A. after the first 9M of 2022



CAPEX execution in key projects

Deposit Access Program

- GG-1 shaft – sunk to the maximum depth of 1 342.2 m
- GG-2 „Odra” shaft – work advanced on the shaft site drillholes. Planned completion of drilling – 30 October 2023
- „Retków” shaft – talks are underway with the Gmina of Grębocice regarding an Understanding
- 30.5 km of tunneling were excavated – 92% of plan
- Power and related projects (UiUGO SW-4) – detailed agreements were signed and the following is underway:
 - 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)
- Central Air Cooling System („PSK”):
 - 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 December 2022
 - Technological start-up commenced with capacity of 33 MWt
 - The process commenced of gathering opinions for the project to develop the PSK of GG-1 to a capacity of approx. 40 MWt



Mine dewatering

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

Replacement of machine park

In 2022 the plan foresees the purchase of 216 mine machines. In the first 9 months, 158 were purchased (73% of plan). Of which: Lubin mine - 22 (73% of plan), Polkowice-Sieroszowice mine - 67 (74% of plan) and Rudna mine - 69 (73% of plan).

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

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. In the third quarter the processes of settling and closing investment projects conducted during the maintenance shutdown of the Głogów II Copper Smelter and Refinery were carried out.

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 settled and 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

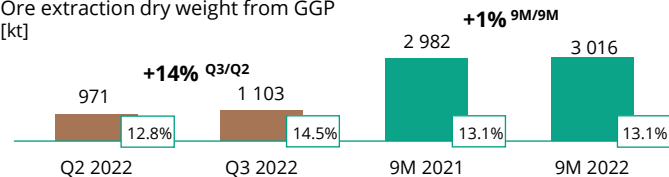
- Completion of Stages 1, 2 & 3 of construction of the Southern Quarter. Operating permit received. Amendments to the task „Construction of power and water infrastructure” are being introduced.
- Continuation of work on the Tailings Segregation and Compacting Station – 85% completed. Stage 1 completed (hydrocyclones). Work continues on developing infrastructure in the vicinity of the station. Work is underway on stage 2 involving the compacting machinery. This work is being carried out by the Contractor. The Contractor has also commenced the prefabrication of steel elements.
- The process of large-grain tailings segregation and thickening is underway for the purpose of deposition in the Southern Quarter
- The deposition of thickened (de-watered) tailings enables the return (i.e. re-utilisation) of significant amounts of water into processing and around 5-times less water needing to be stored in the Southern Quarter

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

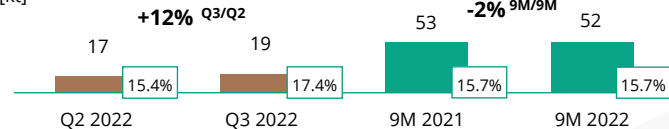
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

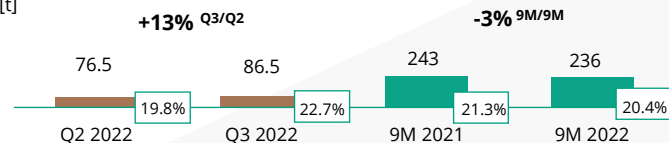
Ore extraction dry weight from GGP [kt]



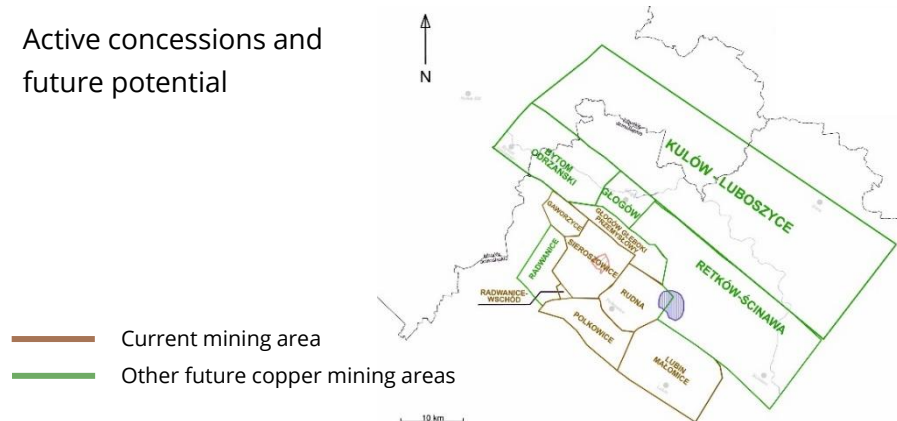
Amount of copper in ore [kt]



Amount of silver in ore [t]



Active concessions and future potential



Ore extraction, as well as the amounts of copper and silver in ore, quarter to quarter (Q3/Q2 2022) in the GGP region increased substantially.

Extraction in the first 9 months of 2022 compared to the 9M of 2021 (+1%) rose slightly.

Reasons to invest in KGHM

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

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

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

Experienced management with a proven track record of success

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

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

Śledź nas w mediach
społecznościowych:



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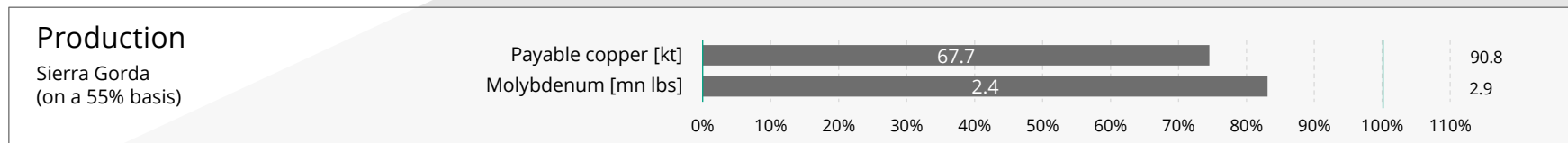
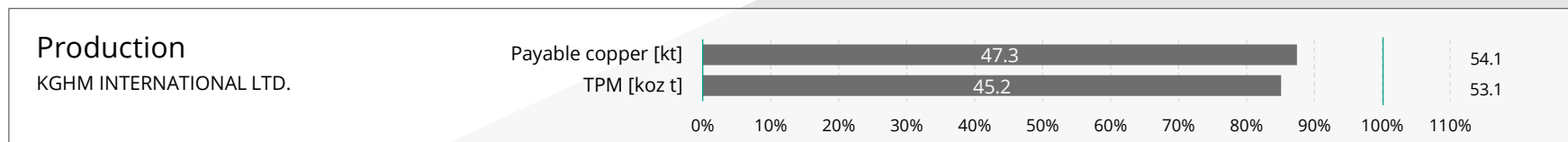
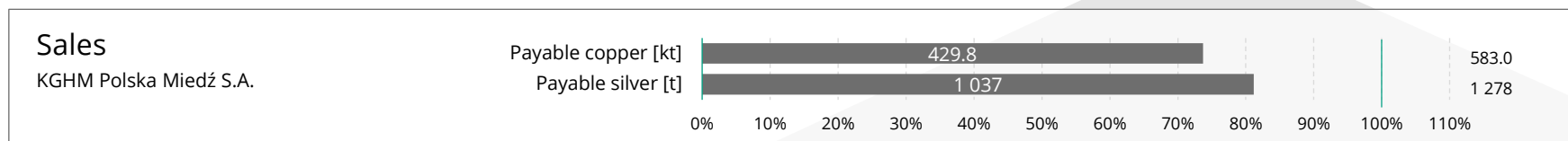
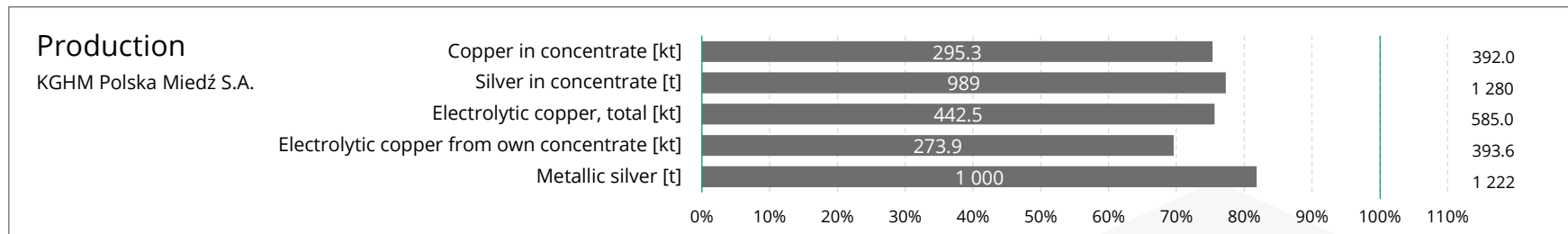
Supporting slides



Group production and sales in the first 9 months of 2022

Execution of annual targets

2022
Budget

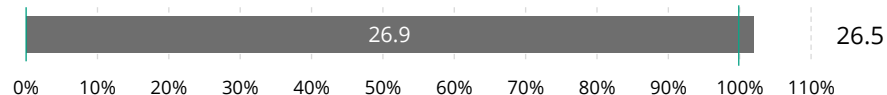


The financial situation of the KGHM Group remains stable and safe

2022
Budget

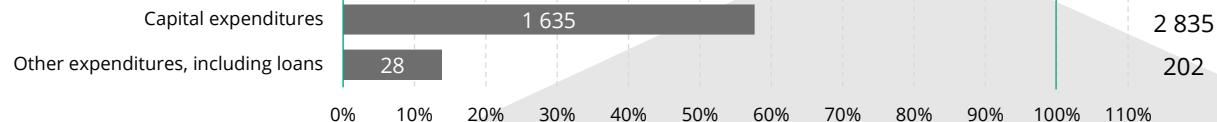
Total unit production cost

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

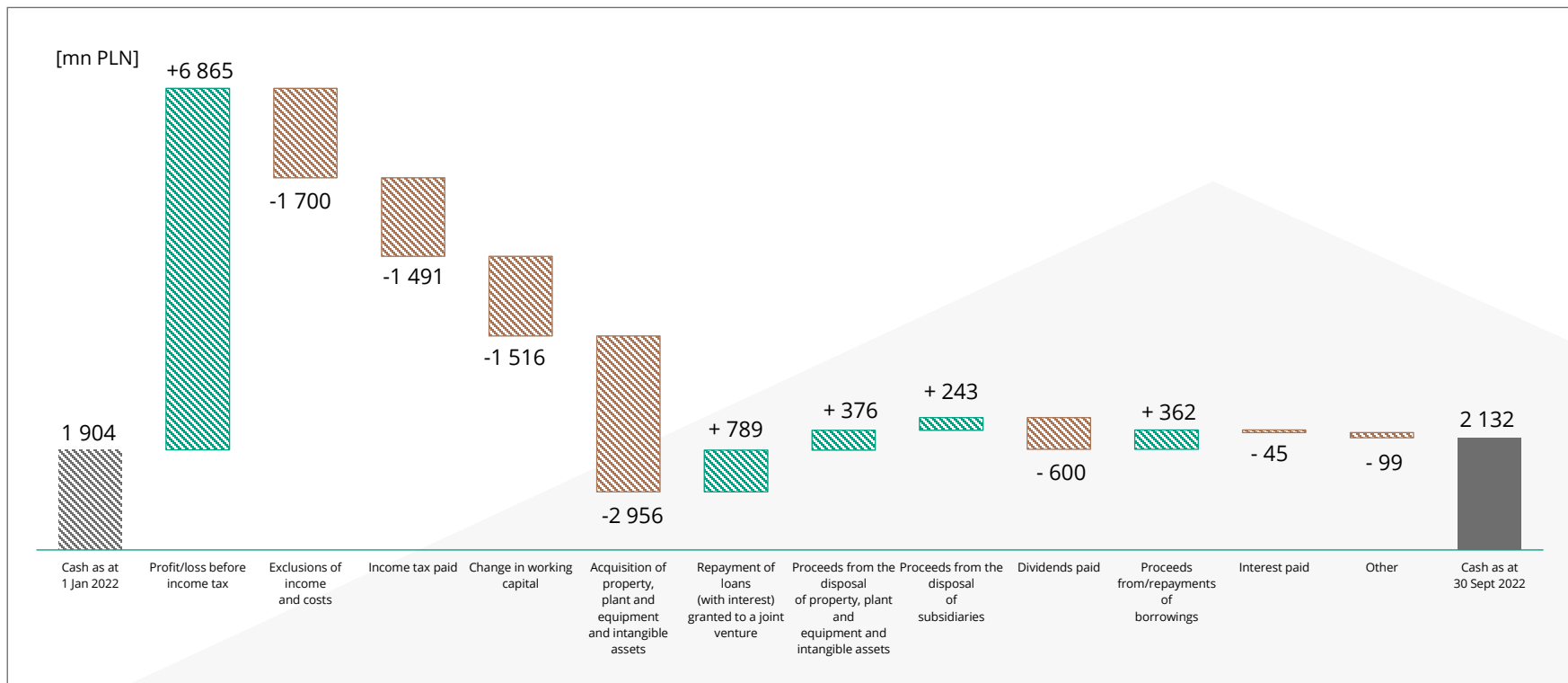
[net debt / adjusted EBITDA]³⁾



- 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) (excluding FIZANrestructurisation)
- 4) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 5) 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

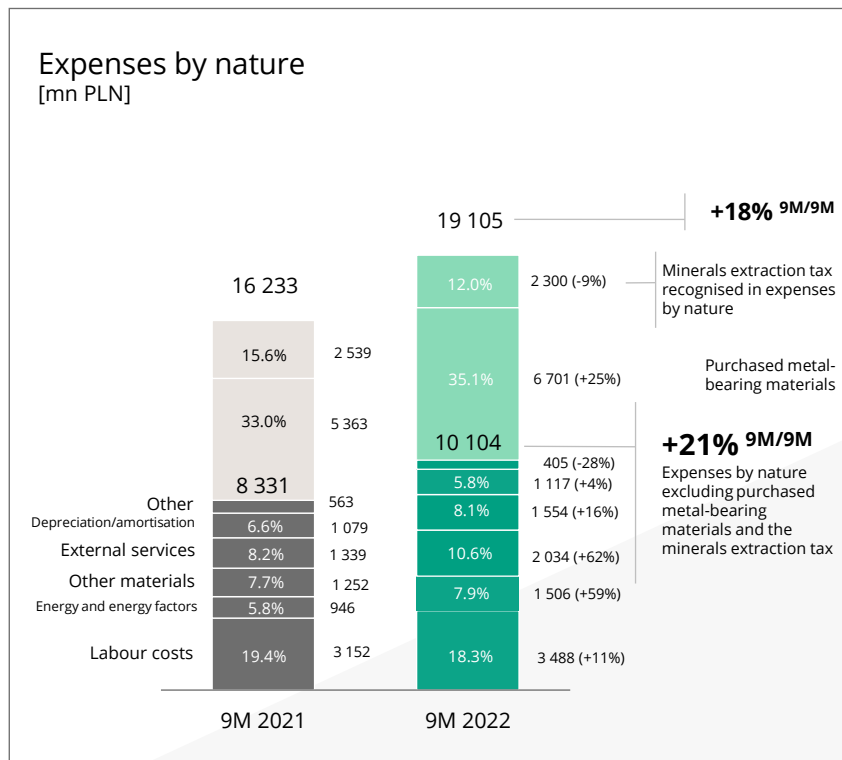
Cash flow

KGHM Group



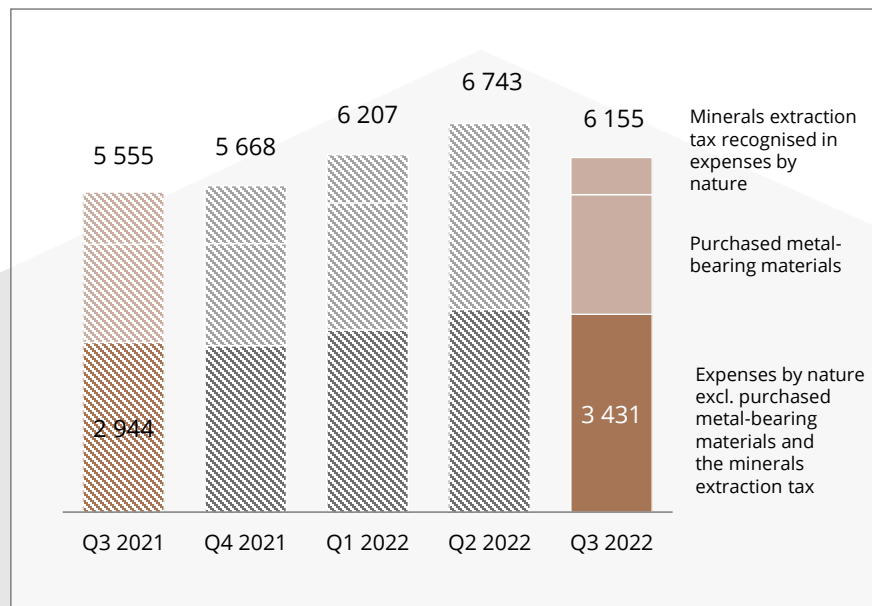
Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 2 872 mn 9M/9M

(of which PLN 1 338 mn due to purchased metal-bearing materials)





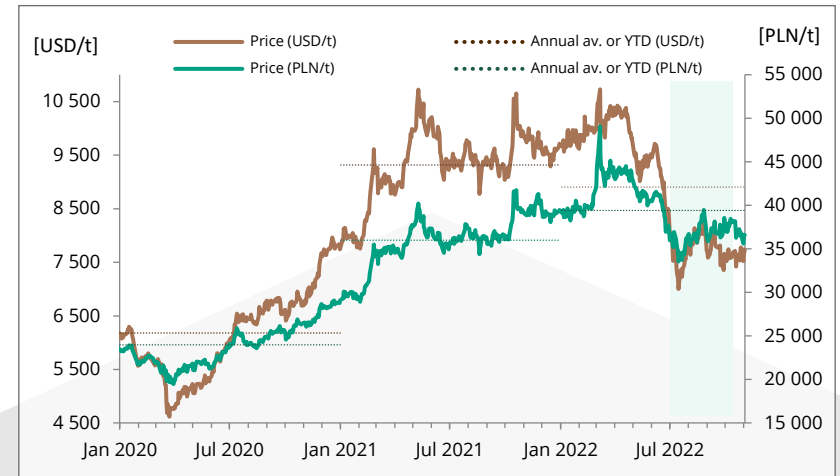
Macroeconomic environment in the first 9 months of 2022

Macroeconomic environment

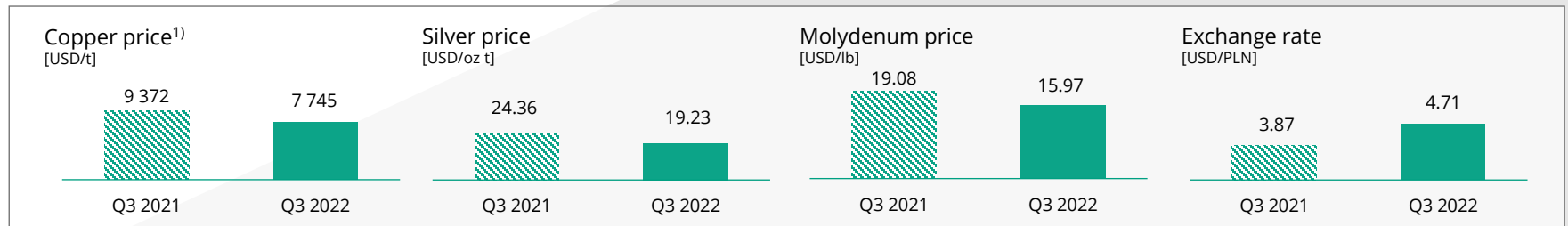
Commodities and currencies prices

The largest impact on copper prices in the third quarter of 2022 was Russia's aggression in Ukraine and the accompanying energy crisis, particularly impacting the EU, as well as China's uncertain economic outlook.

- The average price of copper in the third quarter of 2022 was more than 17% lower than in the corresponding period of 2021, while the average silver price fell by 21% compared to the third quarter of 2021
- The average price of molybdenum in the third quarter of 2022 was more than 16% lower compared to the average price recorded in the third quarter of 2021
- Due to the depreciation of the PLN vs the USD by nearly 22%, the average price of copper in PLN in the third quarter of 2022 rose slightly by 0.46% compared to the corresponding period of 2021 and amounted to PLN 36.4 thousand



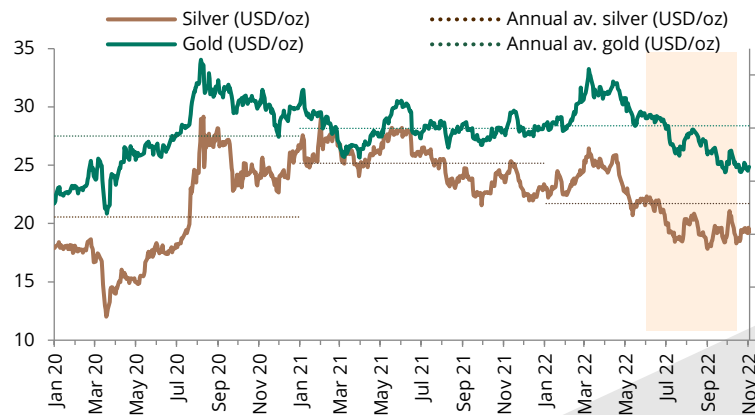
Source: Thomson Reuters, KGHM Polska Miedź S.A.



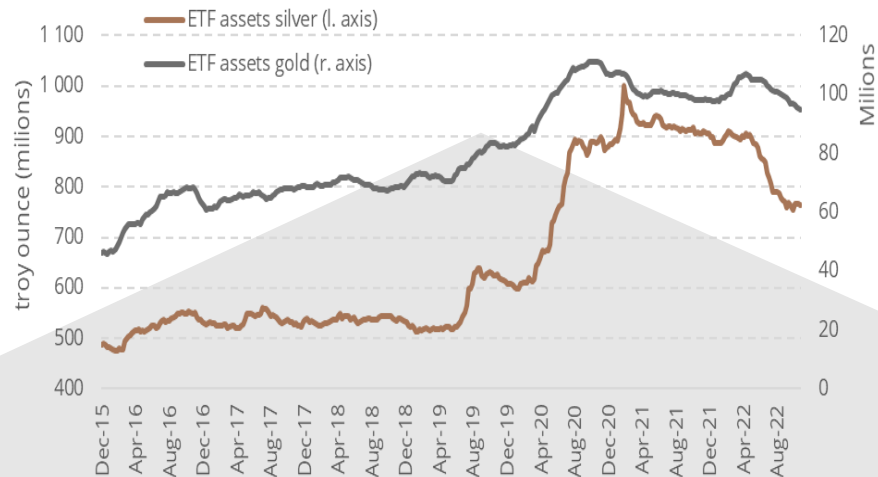
Precious metals prices in the third quarter of 2022

Precious metals prices were under pressure from rising interest rates

Tightening of monetary policy in the largest economies forced by rising inflation resulted in lower gold and silver prices.



In the third quarter of 2022 investors began to withdraw assets from gold and silver ETFs.



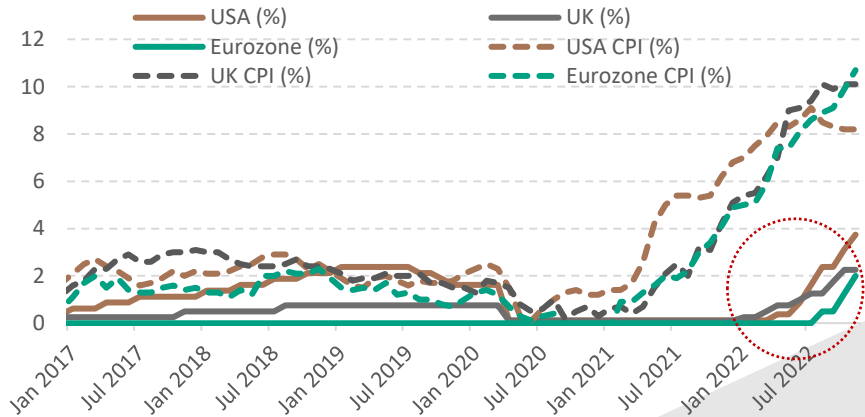
Source: Bloomberg, KGHM Polska Miedz

- The average price of gold in the third quarter of 2022 amounted to 1 729 USD/oz and was 3.4% lower than the average price in the corresponding period of 2021. The average price of silver in the third quarter of 2022 amounted to 19.23 USD/oz and was lower by nearly 21%
- The price of gold in PLN was more than 17% higher than in the third quarter of 2021, and silver was 4% lower. This was due to the strengthening of the USD vs the PLN
- Investors began to exit from ETFs investing in silver. The assets of these funds decreased by 10% in the third quarter of 2022, and by nearly 24% from their peak in February 2021
- Likewise, ETFs investing in gold began to lose their luster, and since mid-2022 have lost 9% of their assets

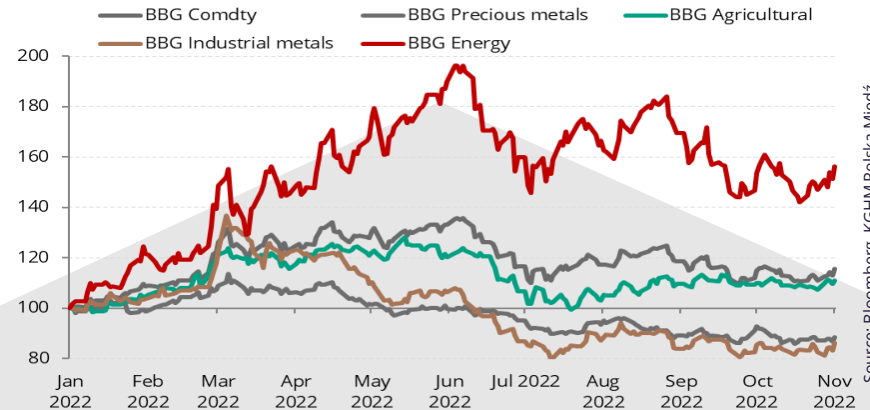
The continuing high prices of energy commodities are keeping inflation high. Developed countries are tightening monetary policy at a rapid rate.

Since the start of 2022 the price of electricity for 2023 has risen by nearly 30%, natural gas by 80%, and crude oil by about 10%

The world's major central banks have commenced a determined cycle of monetary policy tightening and interest rate hikes



The increase in the energy commodities index from the start of the year to the end of the 3rd quarter exceeded 45%.



Source: Bloomberg, KGHM Polska Miedz

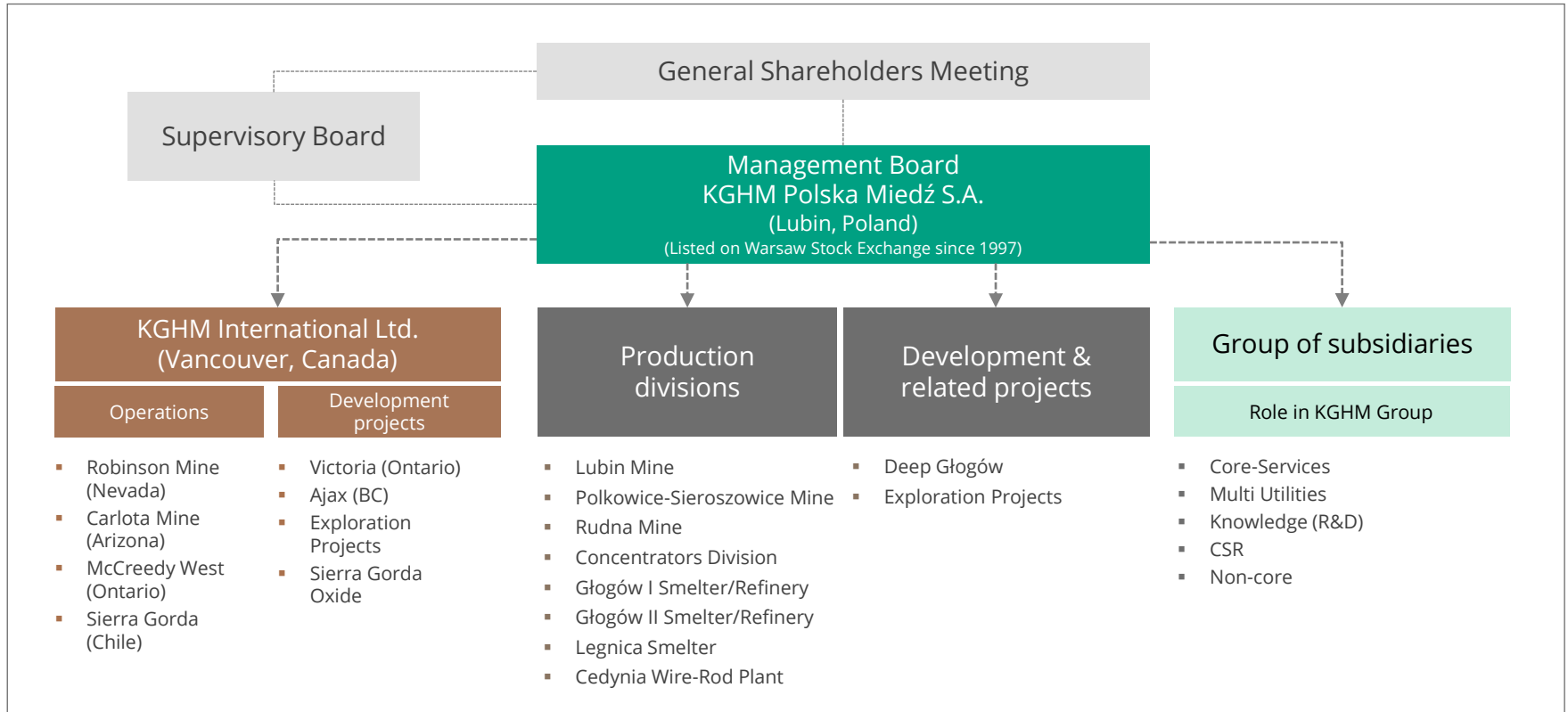
- Rising prices of energy, fuels and foodstuffs led to the highest inflation in decades. In the eurozone and the UK inflation exceeded 10%, while in the USA it remains above 8%.
In the third quarter of 2022 the increase in energy commodities prices was checked, though prices remained at very high levels, leading to a jump in costs for companies and services, driving inflation and requiring difficult decisions by central banks which are forced into raising interest rates at a record pace.
- In an attempt to control the rise in prices, central banks have been raising interest rates since mid-2021. Statements by governing members of central banks indicate an increasingly hawkish sentiment towards raising interest rates over the coming quarters.
Further development in the prices of energy factors, and in particular natural gas, will depend on temperatures during the the coming winter and on restrictions to demand for natural gas in the EU.
- A by-product of the fight with inflation might be a slowdown and lower economic demand.
The industrial metals prices index fell in the third quarter of 2022 by 8%



Governance

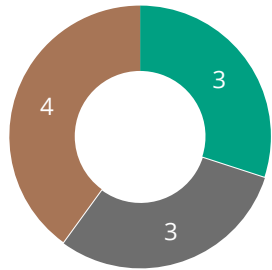


Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (10 directors total)



■ Independent Directors
■ Employee Elected
■ Other

Independent Directors by gender:
2 men, 1 woman

Total directors by gender:
8 men, 2 women

KGHM'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

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

External recognition of ESG performance:

Copper Mark – 2 facilities, since 2021

FTSE4Good index certificate – since 2018

MSCI – BBB rating



RESPONSIBLY
PRODUCED
COPPER

Shareholder structure of KGHM Polska Miedź S.A.

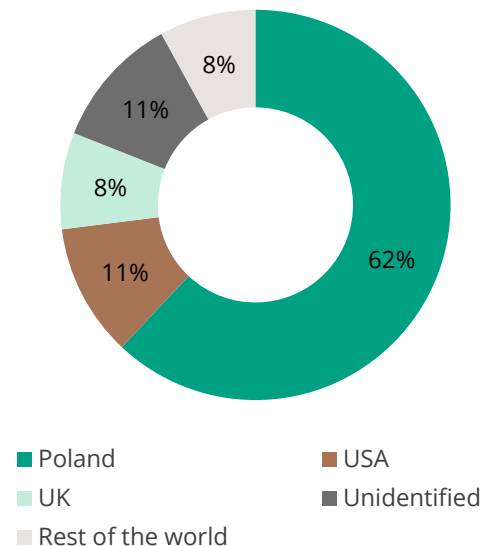
Ownership structure

Shareholder	No. of shares/ votes	Percentage of share capital	Share in total number of votes
Polish State Treasury	63,589,900	31.79%	31.79%
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.

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.

Upcoming events for investors

2022

Date

Upcoming events

9 December

WOOD's Winter Wonderland EME Conference

Śledź nas w mediach
społecznościowych:



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