

60 YEARS
KGHM



THE FUTURE IS MADE
OF COPPER

KGHM Group Investor Presentation

WOOD & Co Spring Emerging Markets Conference

June 9-10, 2022

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Key information about the KGHM Group

and 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.

Employee safety as a strategic priority for the KGHM Group

2021



Safety and development

ISO 45001:2018

Occupational Health and Safety Management System Certificate

Leader's Gold Card of Workplace Safety

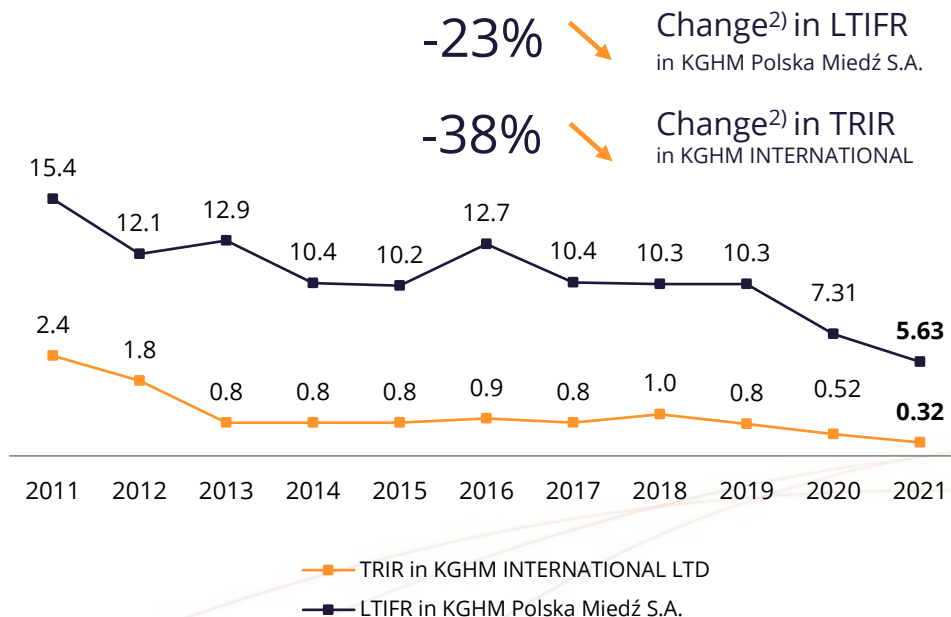
A decrease of 23% (y/y) in the number of recognized accidents at work from 213 to 165 registered at the end of 2021

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 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 for 2021 compared to the average for 2020

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 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

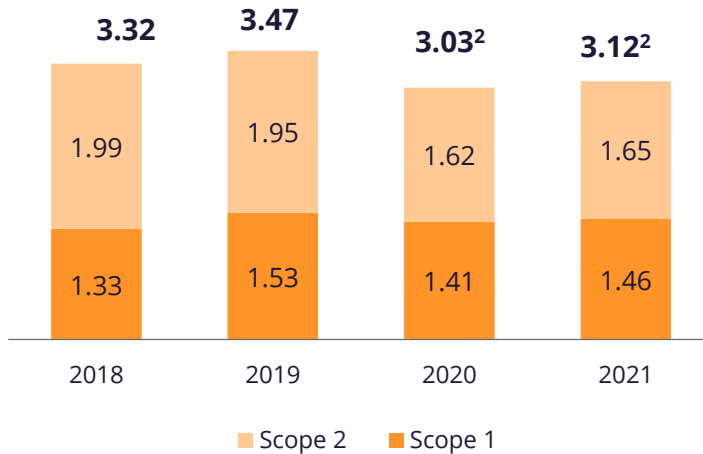
- It is forbidden to take part in any behaviors of a corruption-related nature, consisting of offering, promising, giving, accepting, demanding or applying for undue benefits, whether financial or non-financial, in particular in connection with the performance of official duties,
- It is forbidden to 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 Protocol¹⁾

In 2022 KGHM will conduct 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:

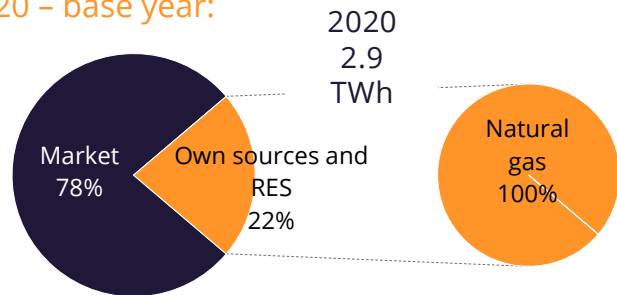
- 1 **Total reduction of indirect emissions (Scope 2):**
 - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- 2 **Maximum reduction of direct emissions (Scope 1):**
 - Hydrogen technology
 - Electromobility
 - Implementation of advanced production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

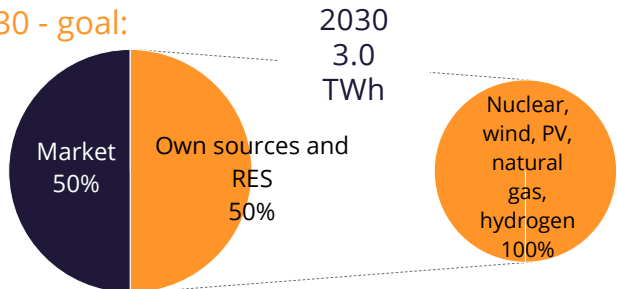
2020 - base year:



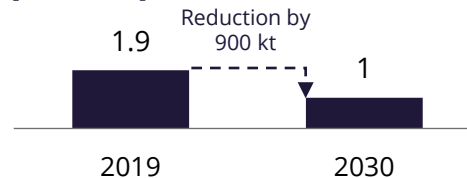
2021:

Own generation sources covered 18.70% of KGHM's total power needs in 2021

2030 - goal:



Estimated CO₂ emissions due to electricity consumption [mn tonnes]



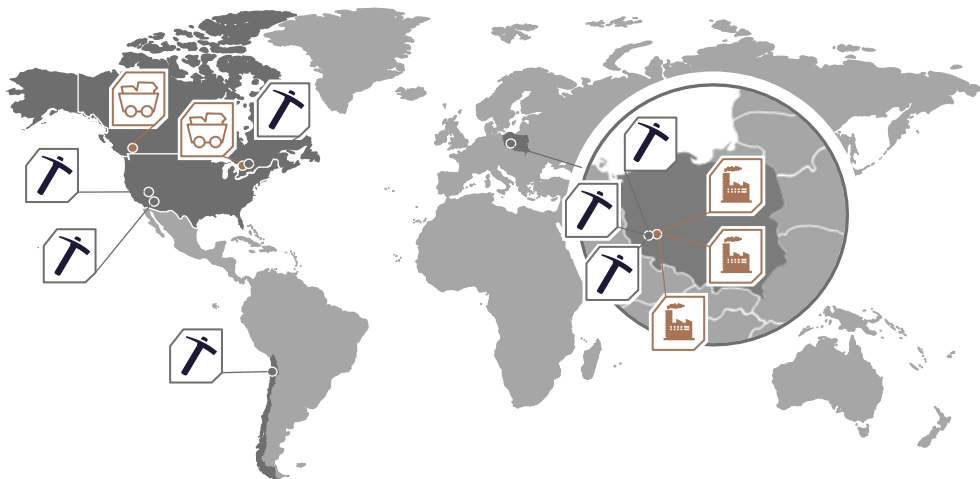
Implementation of the „Development of Energy generation, incl. RES” Program alongside changes in the national energy system structure will enable the avoidance of approx. 900 kt of CO₂ annually



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

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

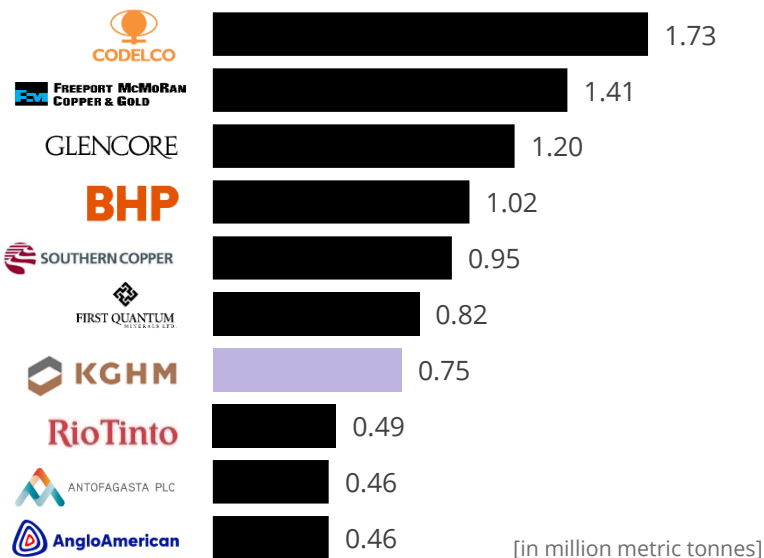
Other KGHM Group products:

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

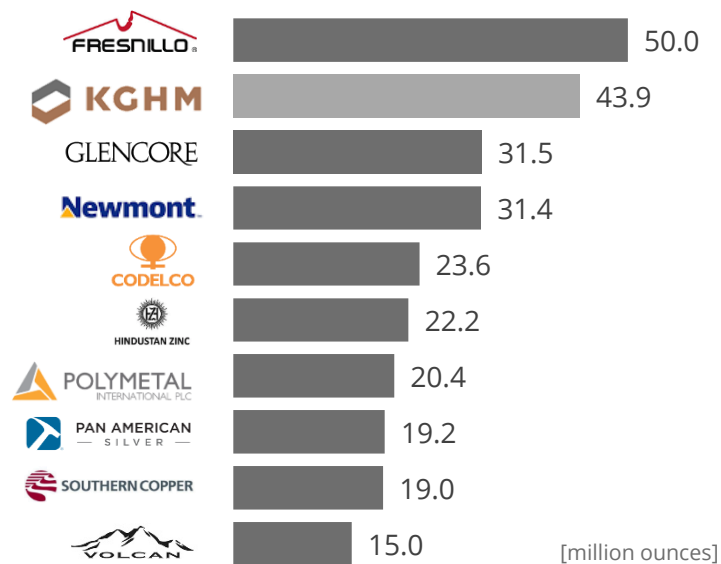


KGHM among the biggest copper and silver producers

Mined Copper production 2021 ¹⁾



Silver production 2021 ²⁾

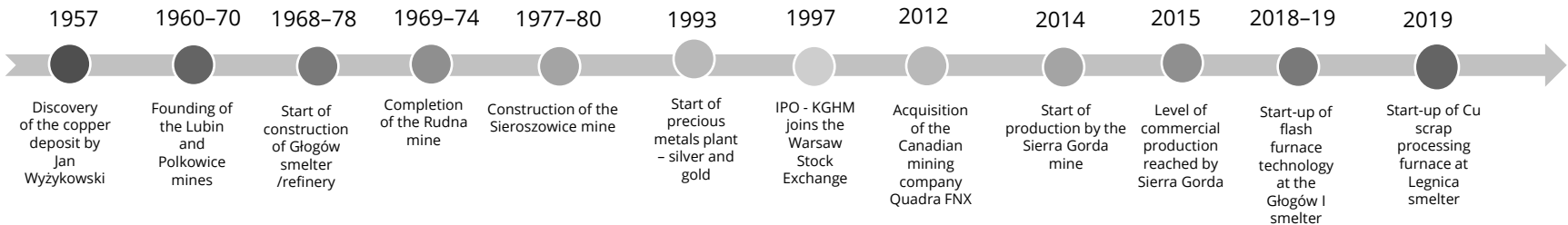


1) Kitco, April 2022

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

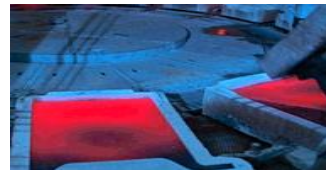
Underground copper mines, fully integrated production



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: |
| ▪ Open-pit mine | ▪ Cu production |
| ▪ Porphyry | (payable, 100%): 189.8 kt |
| | (payable, 55%): 104.4 kt |



Robinson Mine, USA

- | | |
|------------------------------|------------------------|
| 7 years LOM | 2021 production stats: |
| ▪ Open-pit mine | ▪ Cu production |
| ▪ Porphyry/
Skarn orebody | (payable): 53.7 kt |



Sudbury, Canada

- | | |
|--------------------------------|------------------------|
| 5 years LOM | 2021 production stats: |
| ▪ Underground mine | ▪ Cu production |
| ▪ Footwall/
Contact orebody | (payable): 1.9 kt |

Other, third-tier production assets, currently in the process of divestment:

- Franke Mine, Chile (asset sold on 26 April 2022)
- Carlota Mine, USA

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.

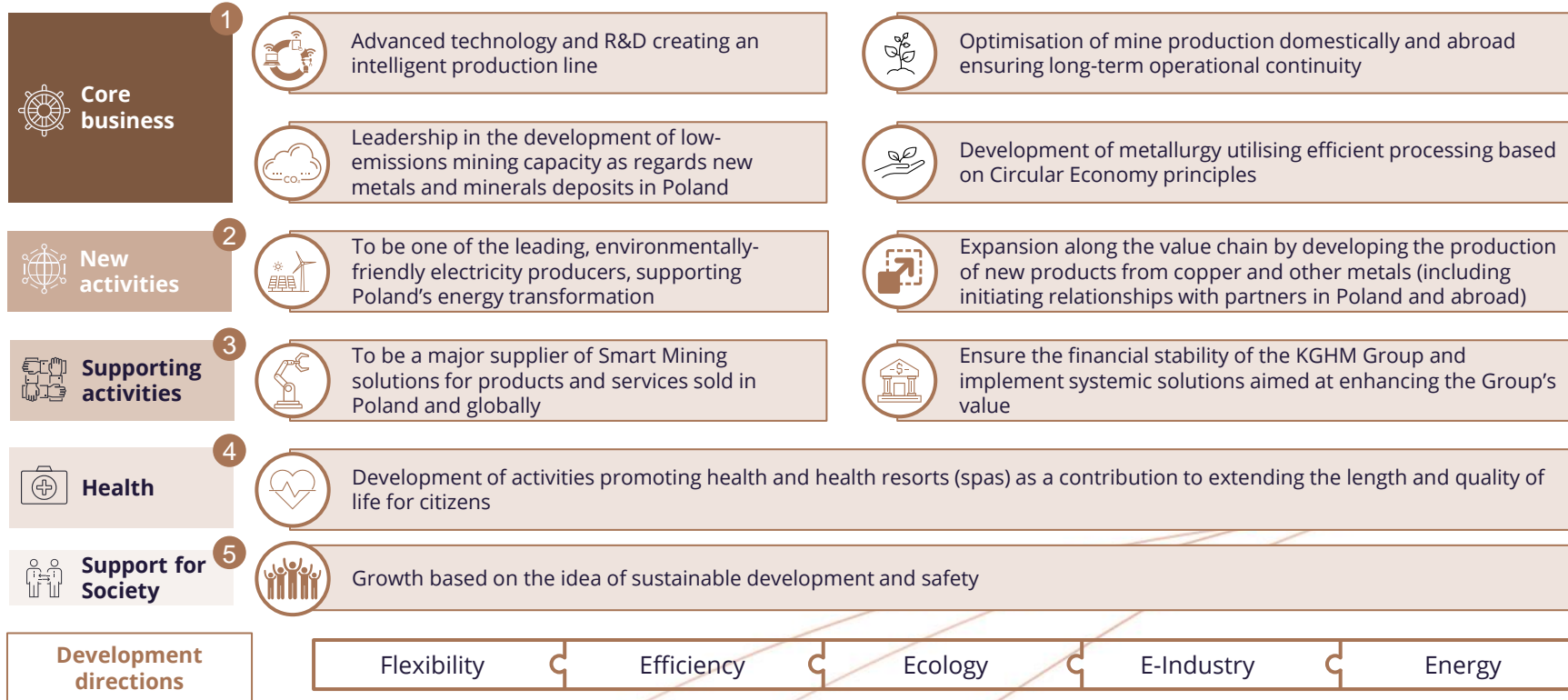


#5E DEVELOPMENT DIRECTIONS



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



Actions connected with the Strategy of the KGHM Group to the year 2030

Main drivers of the need to update

Changes in the macroeconomic environment of strategic import for the mining sector.

Decarbonisation path and increased commitment to protect the climate.

Securing access to the raw materials base and development of mining capacity to ensure future copper production.

Intensification of actions to implement innovations in the core production business.

Gaining competitive advantage and development of the Company in new, promising business areas.

A extraordinary market situation due to the SARS-CoV-2 pandemic.

2nd half 2021

Assessment of Strategy and strategic analysis

- **Analysis of internal/external environment.**
- **Report on the assessment of the Strategy with conclusions on potential updates of the Strategy.**



1st quarter 2022

Adoption of Strategy to the year 2030 with an outlook to 2040

- **The Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040.**
- **Strategic priorities, Strategy areas broken down into operational goals and initiatives.**
- **KPIs identified.**



Plan - 2nd quarter 2022

Preparation of a Strategy implementation plan (operationalisation of Strategy)

- **Strategy Implementation Plan** – integrated tool kit for planning for implementation of strategic areas, with a timeline for the physical and financial execution and a risks map.

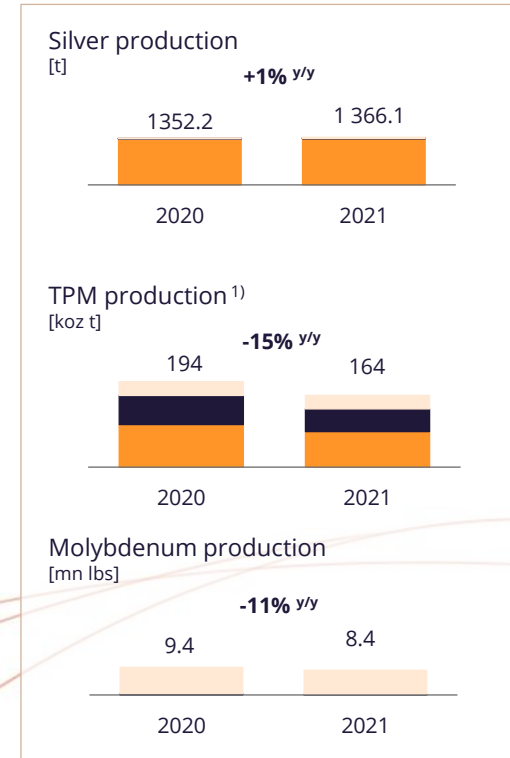
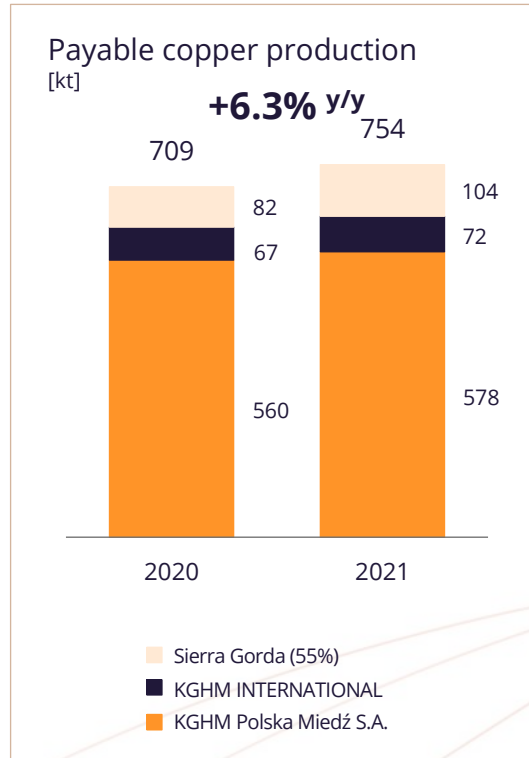


Performance in Q1 2021 - KGHM Group

Metals production in 2021

KGHM Group

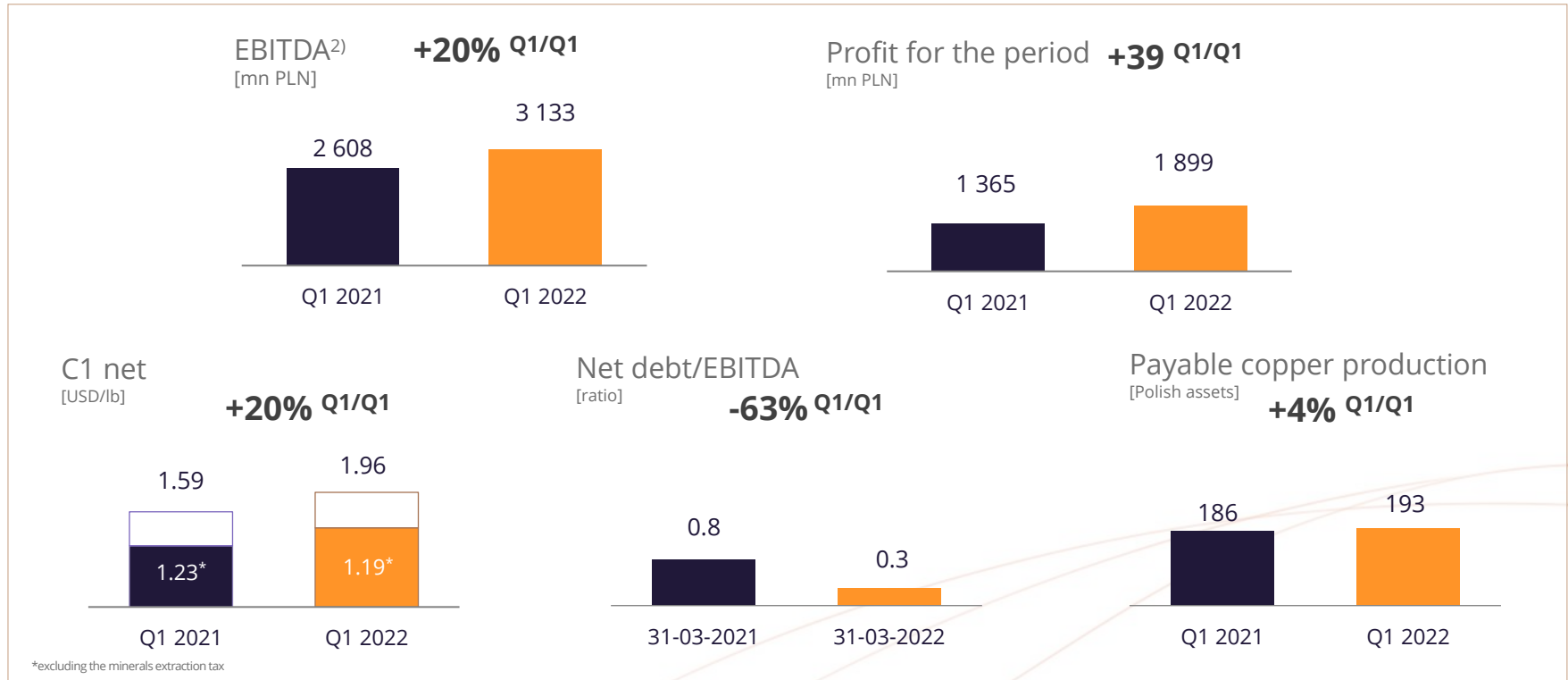
- Higher payable copper production:
 - by KGHM Polska Miedź due to higher production from purchased copper-bearing materials
 - by KGHM INTERNATIONAL due mainly to higher production by the Robinson mine
 - by the Sierra Gorda mine due to higher recovery, higher copper content in ore and higher ore throughput
- Lower production of TPM by KGHM Polska Miedź, the Sudbury Basin and Sierra Gorda
- Lower molybdenum production – by Sierra Gorda and Robinson
- In the International Assets, TPM was lower by 2% compared to the target for 2021.
- Lower molybdenum production – by Sierra Gorda and Robinson. Compared to the target for 2021 production was higher by 19%.



1) TPM – Total Precious Metals, comprising gold, platinum and palladium

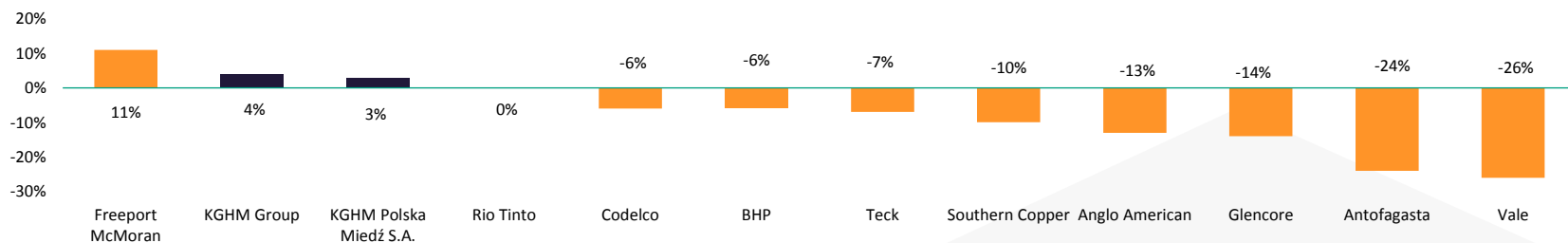
Summation of Q1 2022 in the KGHM Group

Selected key statistics in Q1 2022¹⁾

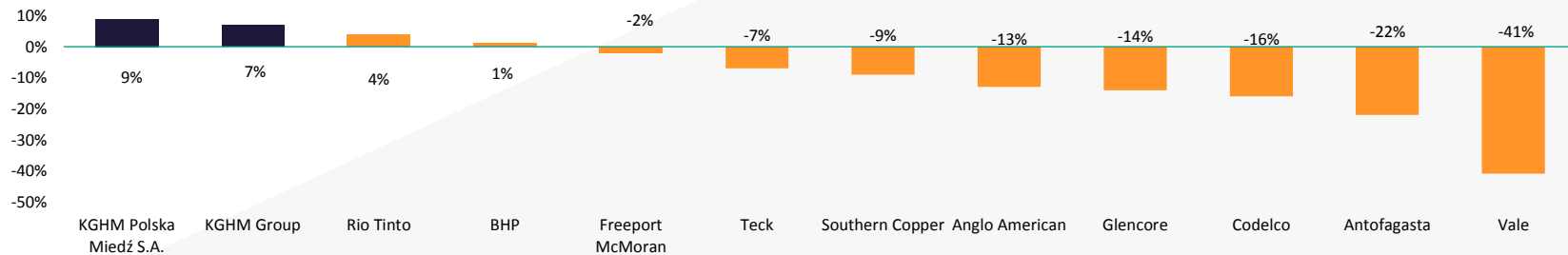


The production of miners in Q1 2022

Copper production by miners, Q1 2022 vs Q1 2021 (Y/Y)



Copper production by miners, Q1 2022 vs Q4 2021 (Q/Q)



Key production indicators

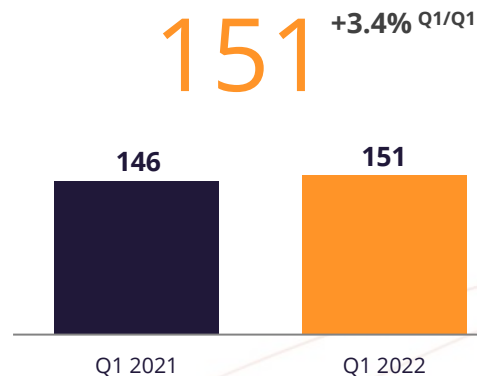
Q1 2022

Payable copper production
by the KGHM Group
higher by 4% (Q/Q)

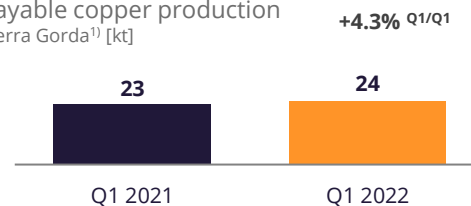
193 +4% Q1/Q1
[kt]

- KGHM Polska Miedź – higher availability of purchased copper-bearing materials and higher availability of production lines
- Sierra Gorda – higher recovery and higher throughput
- KGHM INTERNATIONAL LTD. – higher production, mainly due to increased production by the Robinson mine

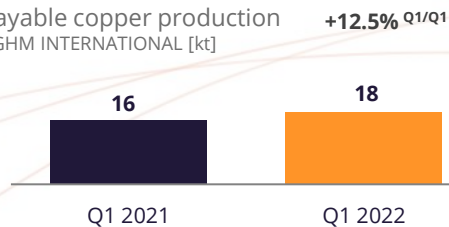
Payable copper production
KGHM Polska Miedź [kt]



Payable copper production
Sierra Gorda¹⁾ [kt]



Payable copper production
KGHM INTERNATIONAL [kt]

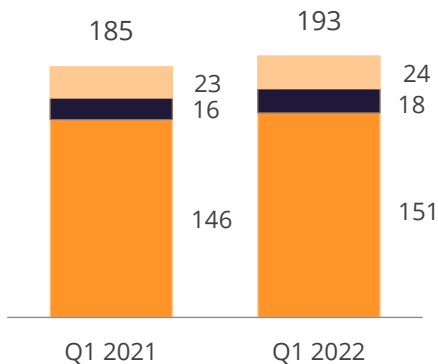


Other major metals and costs

Production

Payable copper production [kt]

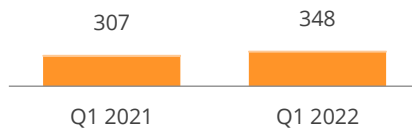
+4% Q1/Q1



- Sierra Gorda (55%)
- KGHM INTERNATIONAL
- KGHM Polska Miedz S.A.

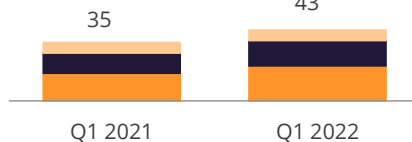
Silver production [t]

+13% Q1/Q1



TPM production [koz t]

+23% Q1/Q1



Molybdenum production [mn lbs]

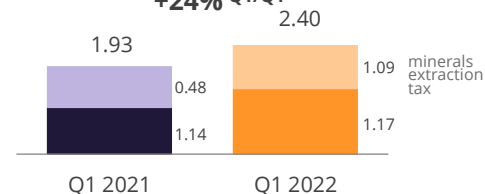
-67% Q1/Q1



C1 cost

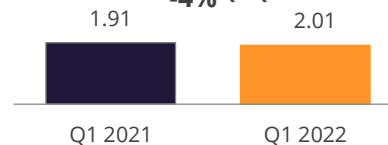
C1 - KGHM Polska Miedz S.A. [USD/lb]

+24% Q1/Q1



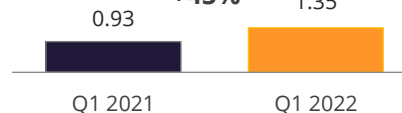
C1 - KGHM INTERNATIONAL [USD/lb]

-4% Q1/Q1



C1 - Sierra Gorda [USD/lb]

+45% Q/Q



Key financial indicators of the KGHM Group

Q1 2022

20% higher adjusted EBITDA of the KGHM Group vs Q1 2021

Higher adjusted EBITDA compared to Q1 2021 (+PLN 525 mn; +20%), of which by segment:

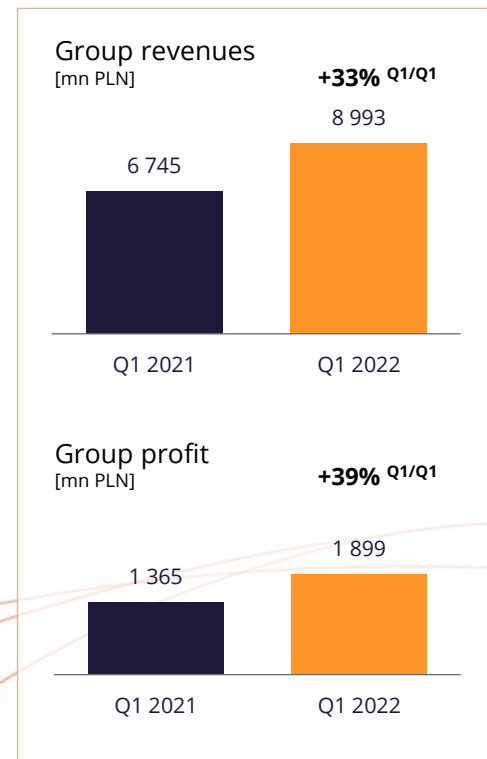
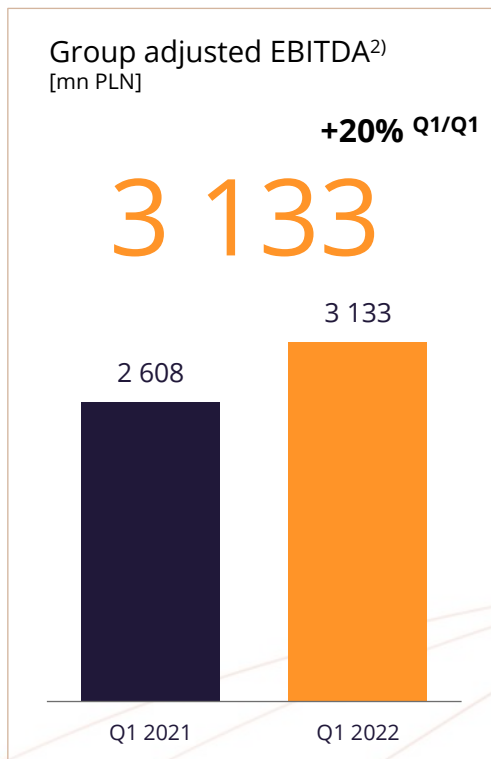
- KGHM Polska Miedź +PLN 249 mn – higher copper prices
- Sierra Gorda¹⁾ +PLN 178 mn – mainly higher revenues from copper sales due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 123 mn – higher copper prices and control of costs

Higher Group revenues

- Impact of higher metals prices

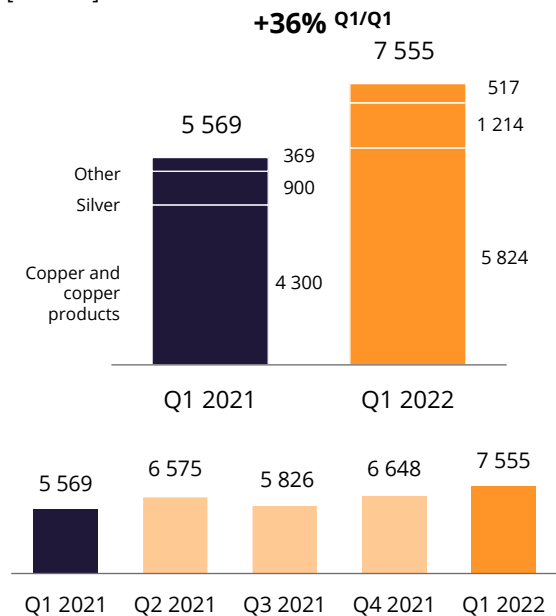
Higher Group profit for the period

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

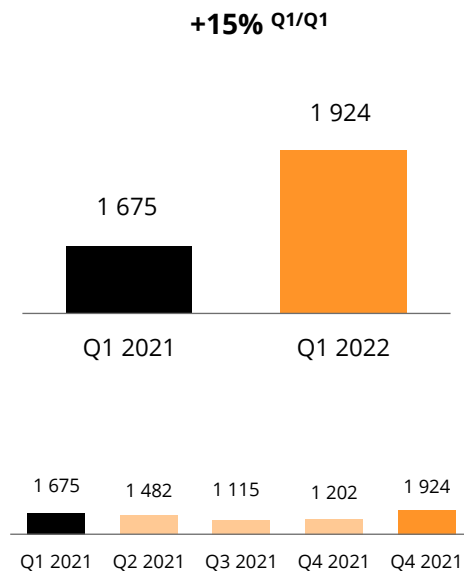


Financial results – KGHM Polska Miedź S.A.

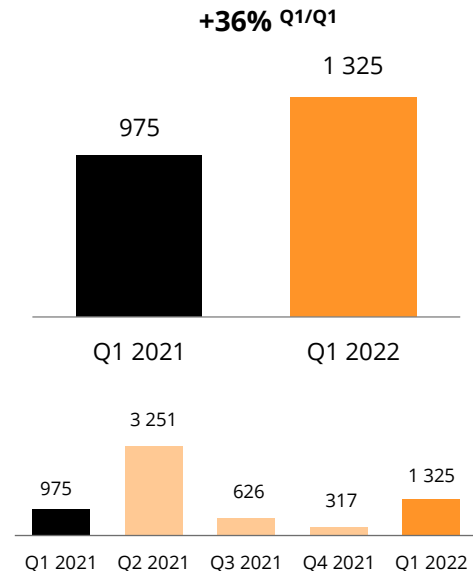
Revenues from contracts with customers
[mn PLN]



Adjusted EBITDA
[mn PLN]



Profit for the period
[mn PLN]



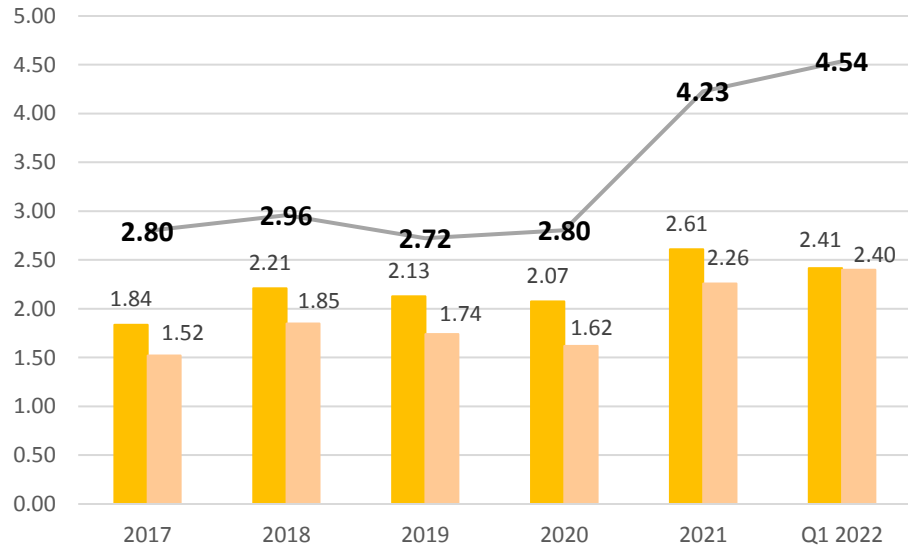
Margins remain robust



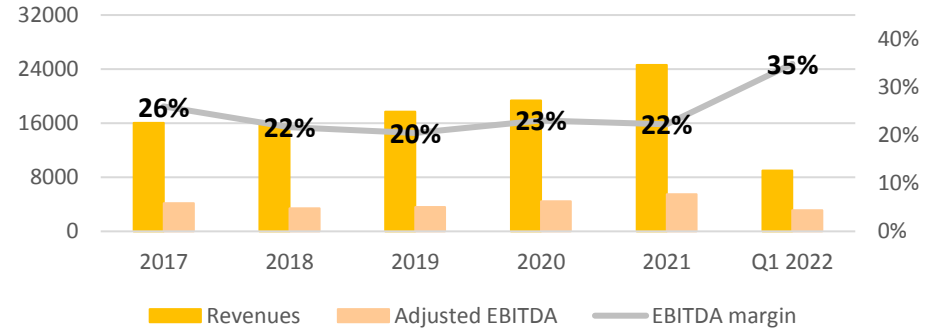
KGHM Polska Miedź S.A.

Copper production cost vs copper price

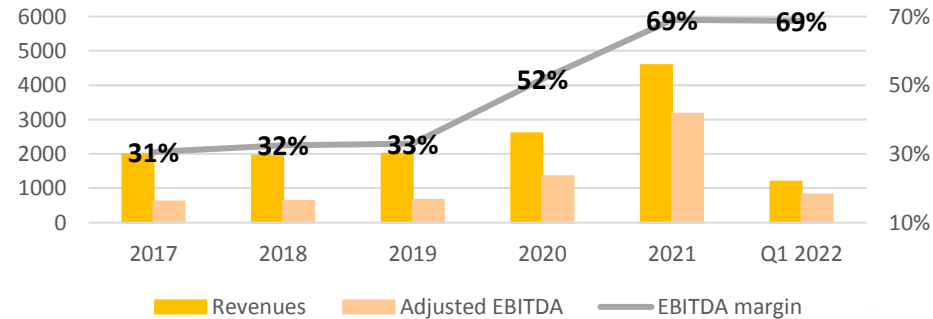
- Total unit cost of electrolytic copper production from own concentrate (USD/lb)
- C1 cost of producing copper in concentrate C1 (USD/lb)
- Average annual copper price (USD/lb)



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%)

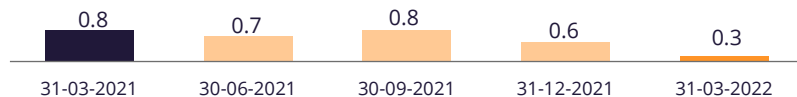
THE FUTURE IS MADE
OF COPPER

Net debt of the KGHM Group

As at the end of Q1 2022

Net debt / adjusted EBITDA

-63% compared to 31 March 2021



KGHM Group net debt

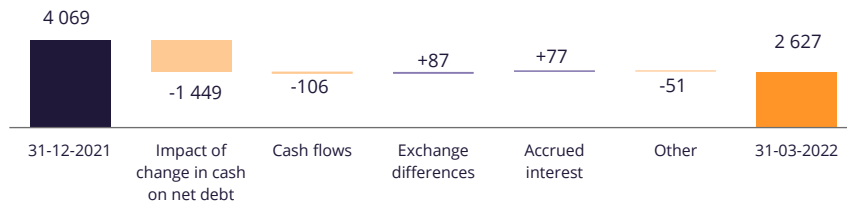
[mn USD]

[mn PLN]



Change in net debt

[mn PLN]



Main factors affecting net debt in 2022

Increases in debt

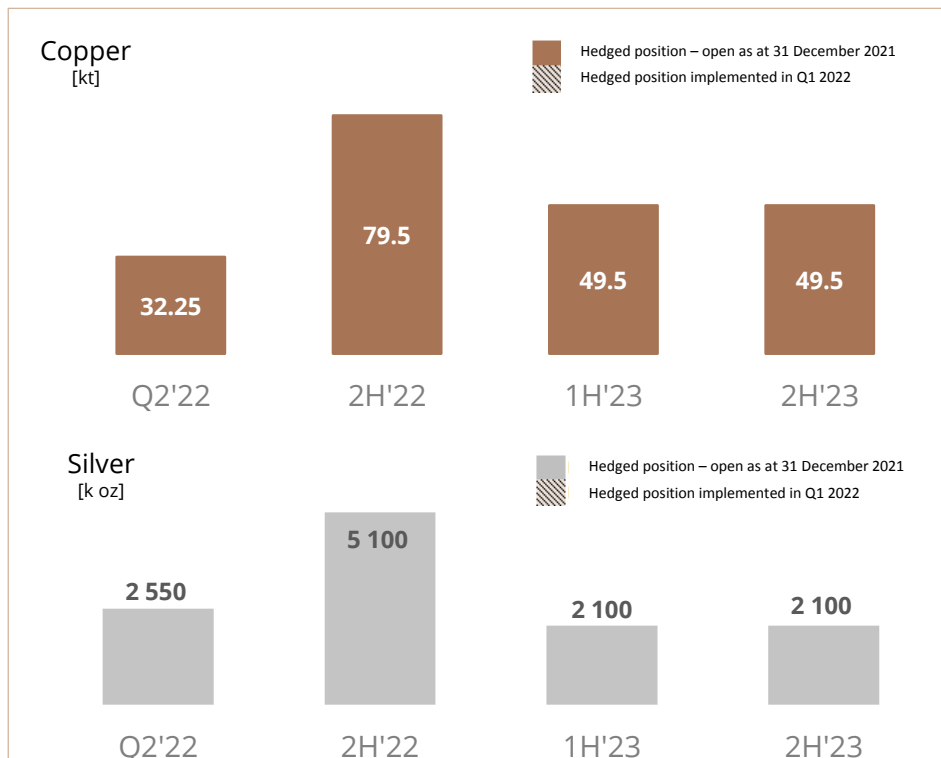
- Cash expenditures on property, plant and equipment (PLN 1 084 mn)
- The minerals extraction tax (PLN 844 mn)
- Change in inventories (higher by PLN 476 mn)
- Change in trade and other receivables (higher by PLN 415 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 91 mn)
- Borrowing costs recognised in cash flow (PLN 31 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 3 027 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 432 mn)
- Proceeds from repaid loans (PLN 431 mn)
- Proceeds from the sale of the Oxide project to Sierra Gorda SCM (PLN 324 mn)
- Disposal of subsidiaries (PLN 151 mn)

Market risk management

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



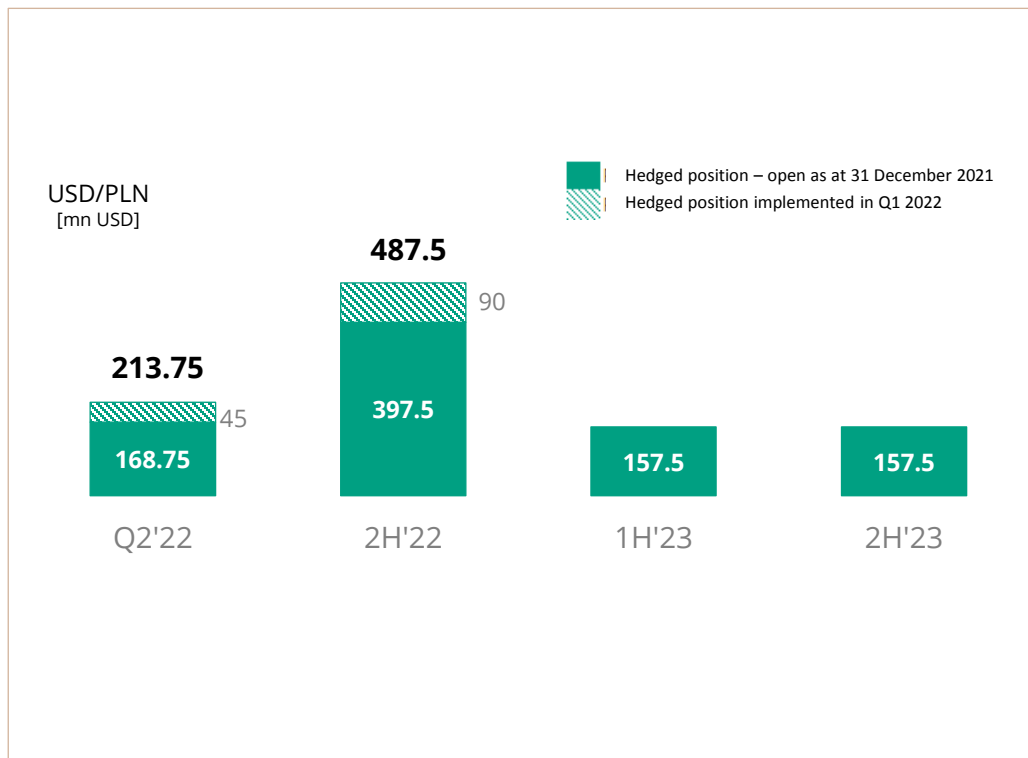
At the end of Q1 2022 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 269 million:

- -PLN 216 million adjusted revenues from contracts with customers (transactions settled to 31 March 2022),
 - PLN 53 million decreased the result on other operating activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2022 amounted to -PLN 1 557 million*
 - The revaluation reserve on cash flow hedging instruments as at 31 March 2022 amounted to -PLN 1 952 million
 - In Q1 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 31 March 2022)



In Q1 2022 transactions were implemented on the forward currency market:

- Put options were bought to hedge USD 135 million in planned revenues from sales, with maturities from April to December 2022
- In Q1 2022 the Parent Entity did not enter into transactions hedging forward interest rates
- As at 31 March 2022 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion

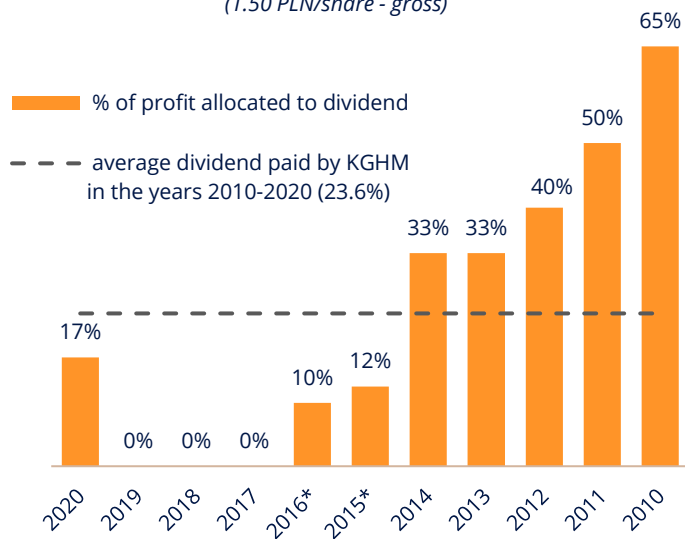
Capital allocation

Renewal of dividend payout

2021 Dividend Payout (on 2020 profit) (17% of net profit)

300 mn PLN

(1.50 PLN/share - gross)



Management Board proposal regarding the appropriation of profit for 2021*

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

*Subject to approval by the AGM scheduled for 21 June 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 Q1 2022



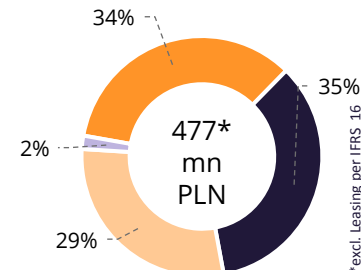
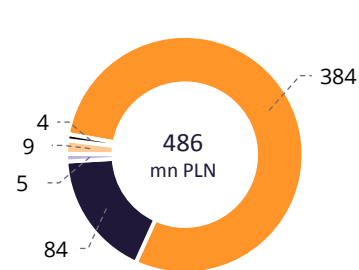
CAPEX execution in Q1 2022

by area

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

by category

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



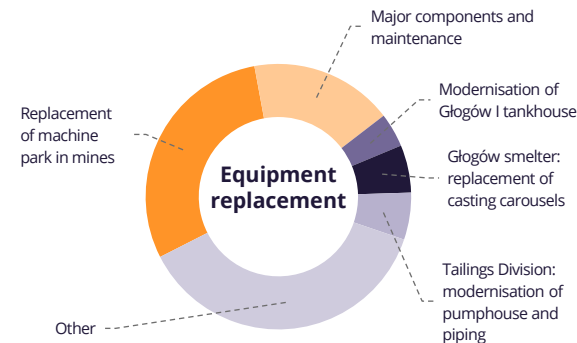
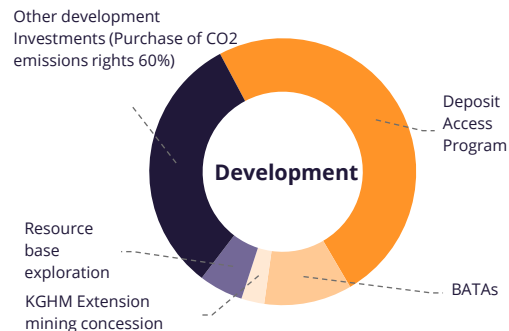
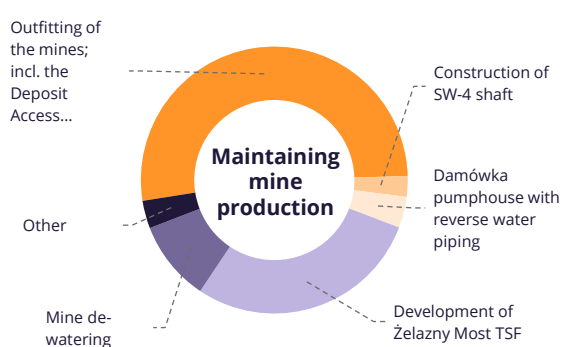
Comparison: CAPEX and budget execution in 2021



447 mn PLN
CAPEX execution in Q1 2021

2 853 mn PLN
CAPEX budget target for 2021

CAPEX execution in key projects



Development of Żelazny Most Tailings Storage Facility

- Completion of Stages 1, 2 & 3 of construction of the Southern Quarter. Operating permit received.
- Continuation of work on the Tailings Segregation and Thickening Station – 80% completed (100% of Stage 1 and 59% of Stage 2)
- The process of segregating and compacting coarse-grained material for deposition into the Southern Quarter commenced
- 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

Deposit Access Program

- GG-1 shaft – sunk to 1 293.2 m
- GG-2 „Odra” shaft – commenced procedures aimed at shaft sinking
- 44.3 km of tunneling completed
- Central Air Cooling System – final work and start-up actions underway

Program to adapt the technological installations to BAT Conclusions

At the Głogów and Legnica metallurgical plants, by the end of 2021 all of the planned installations to reduce impurities in process gases were brought online, such as during the draining of smelted copper and slag from flash furnace II, from the convertor furnaces, from the Dörschel furnaces and from the Solinox installation. All of the tests of guarantee parameters for the constructed installation meet the required BAT conclusions.

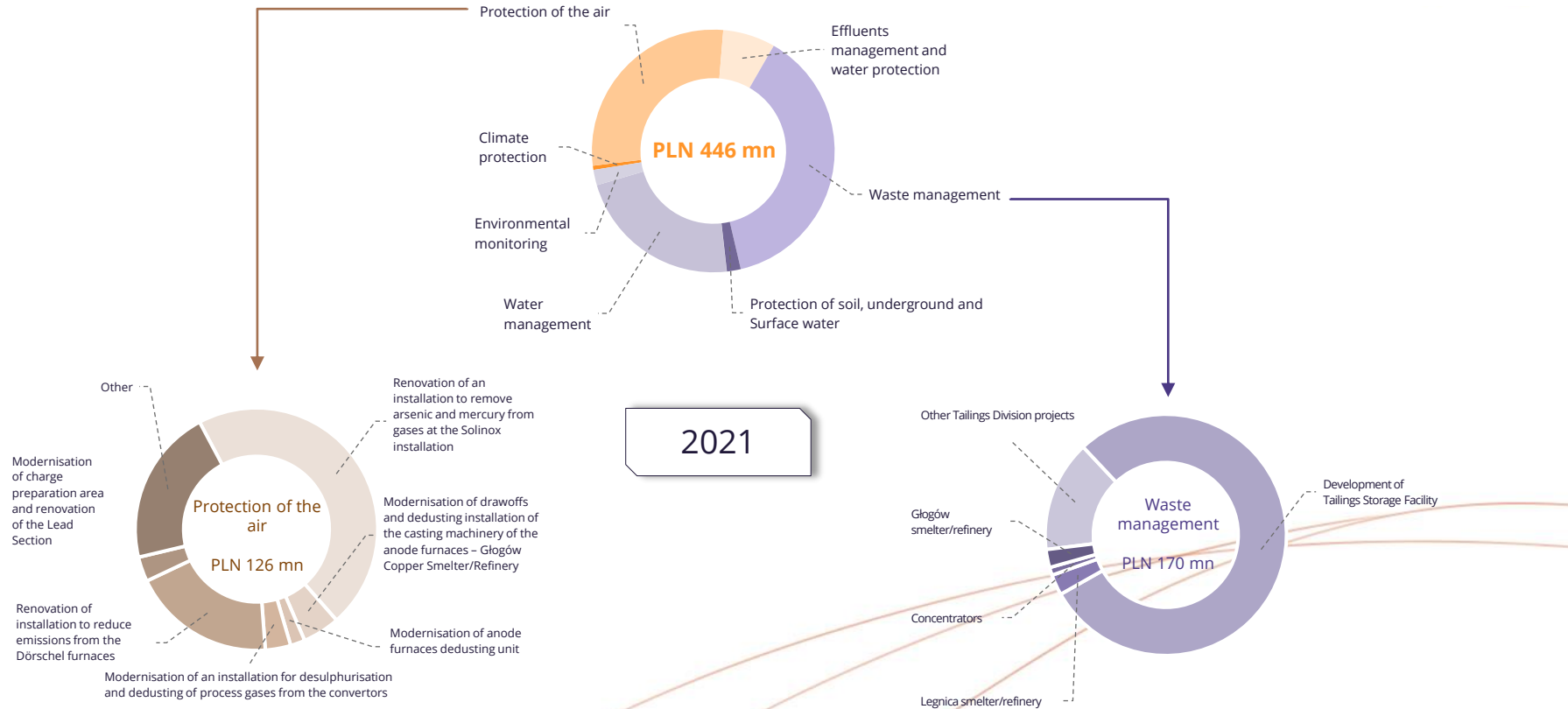
Modernisation of Głogów I Tankhouse

- Completion of main work on replacing the roof undercarriage (300 m long and 105 m wide), renovation of walls, lighting installation replaced. The water drainage installation was also modernised.

Anti-collision operator support system

- Project completed in all three mines
- The system is installed in 1 292 mining machines. The project included the construction of testing equipment, synchronisation gates, data readout units from the machines and 20 081 tags on miner lamps.
- The system supports workplace safety

Environmental Investments

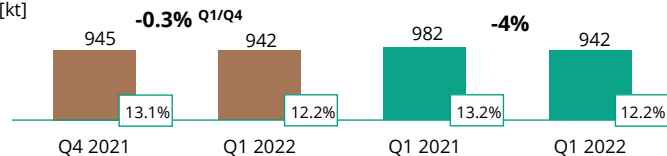


Role of Deep Głogów (GGP) in maintaining output in Poland

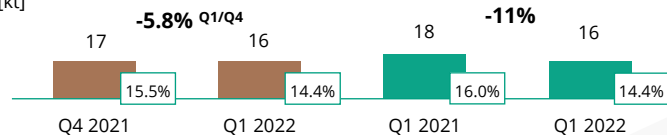
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

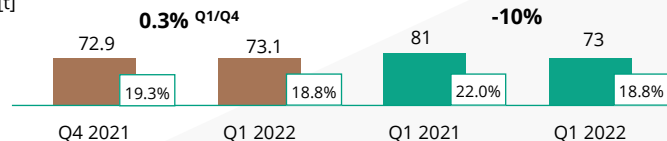
Ore extraction dry weight from GGP [kt]



Amount of copper in ore [kt]

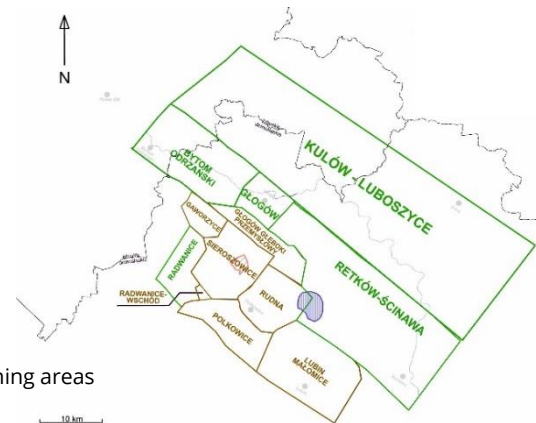


Amount of silver in ore [t]



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 (Q1 2022/Q4 2021) in the GGP region remained at similar levels.

The lower extraction in Q1 2022 compared to Q1 2021 (-4%) 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



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Supporting slides

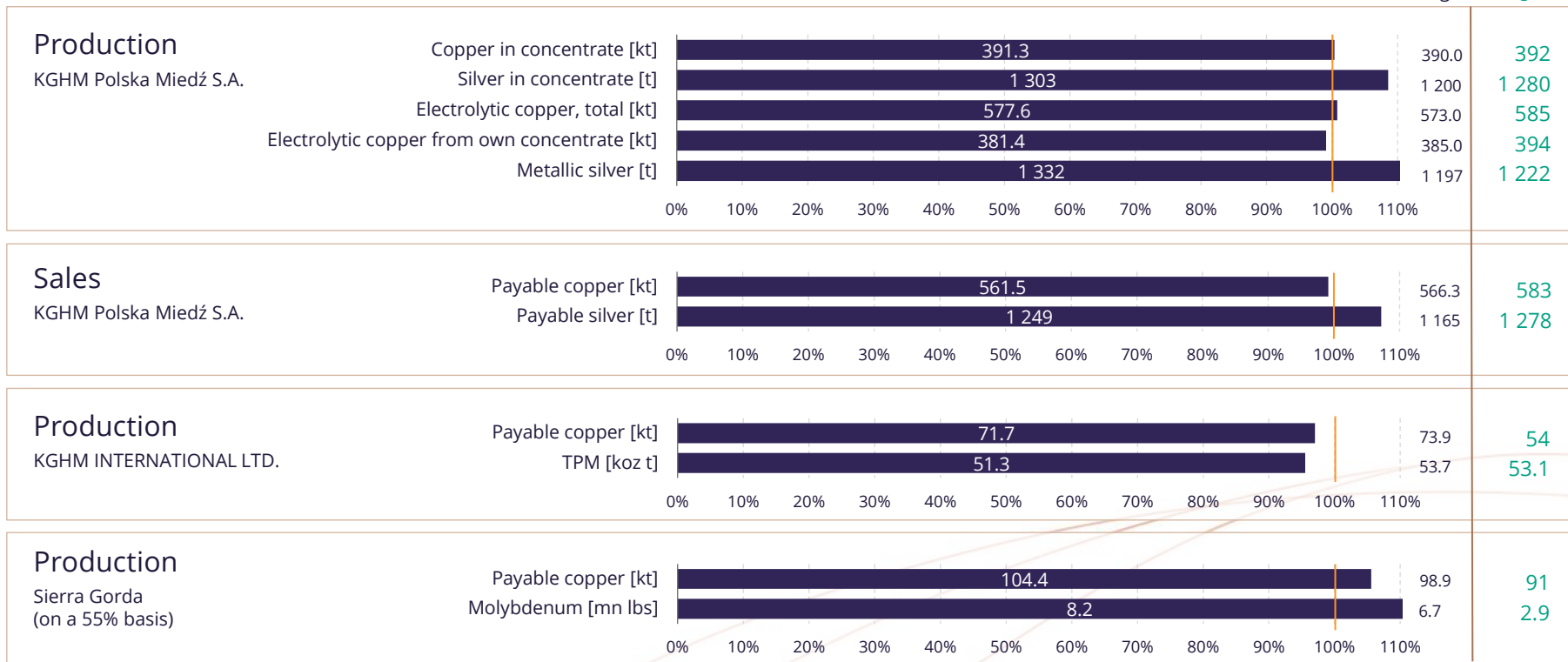
Group production and sales in 2021

Execution of annual targets



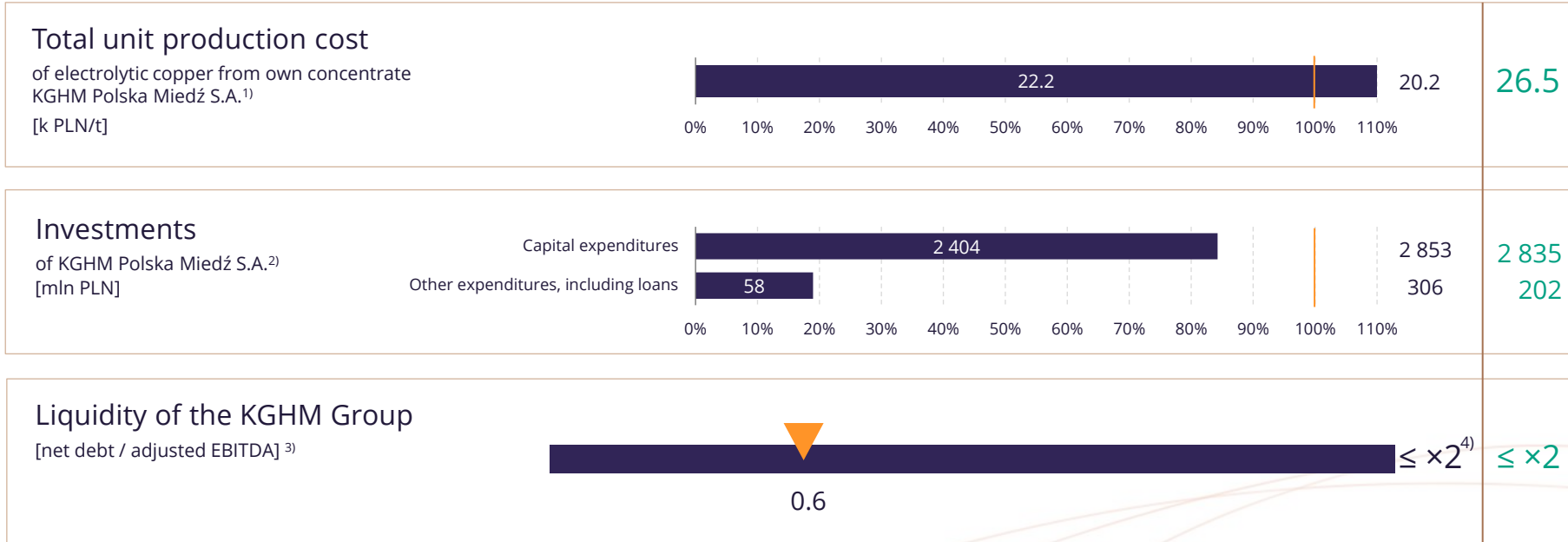
2021
Budget

2022
Target



The financial situation of the KGHM Group remains stable and safe

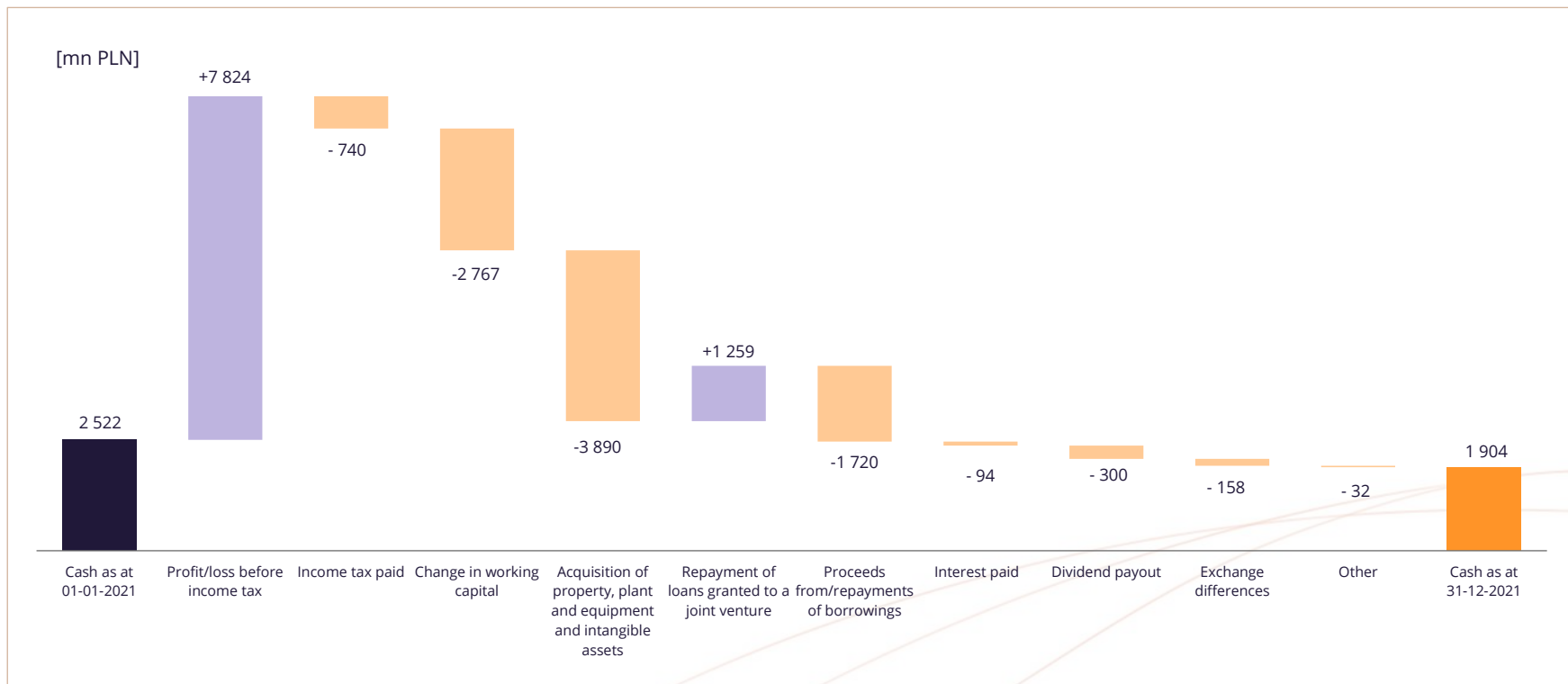
2021 Budget 2022 Target



- 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 2021

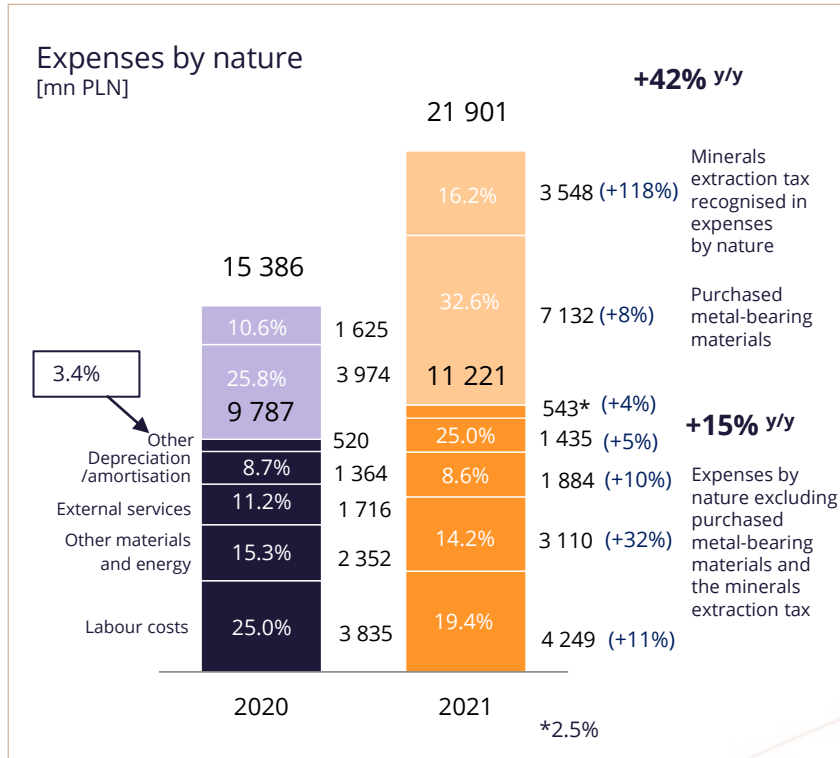
Cash flow

KGHM Group



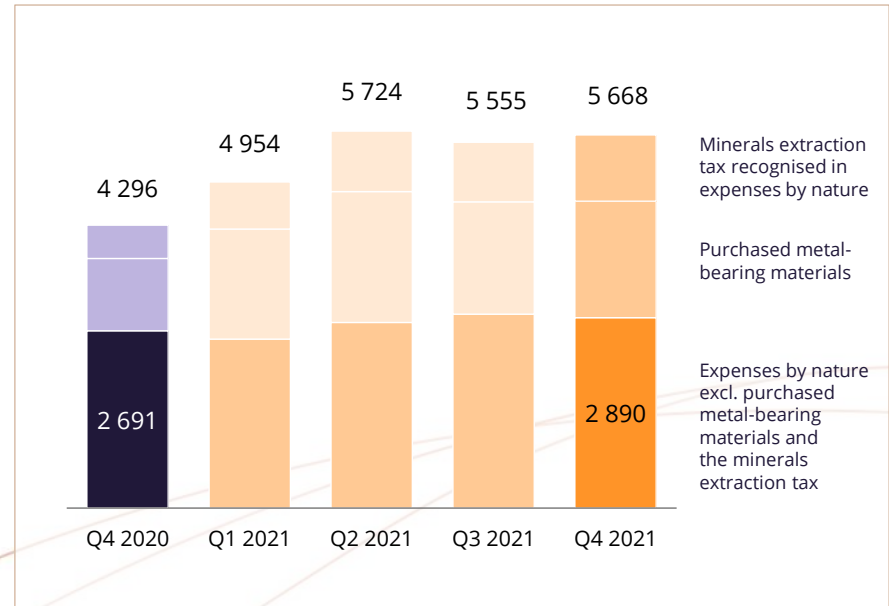
Expenses by nature

KGHM Polska Miedź S.A. in 2021



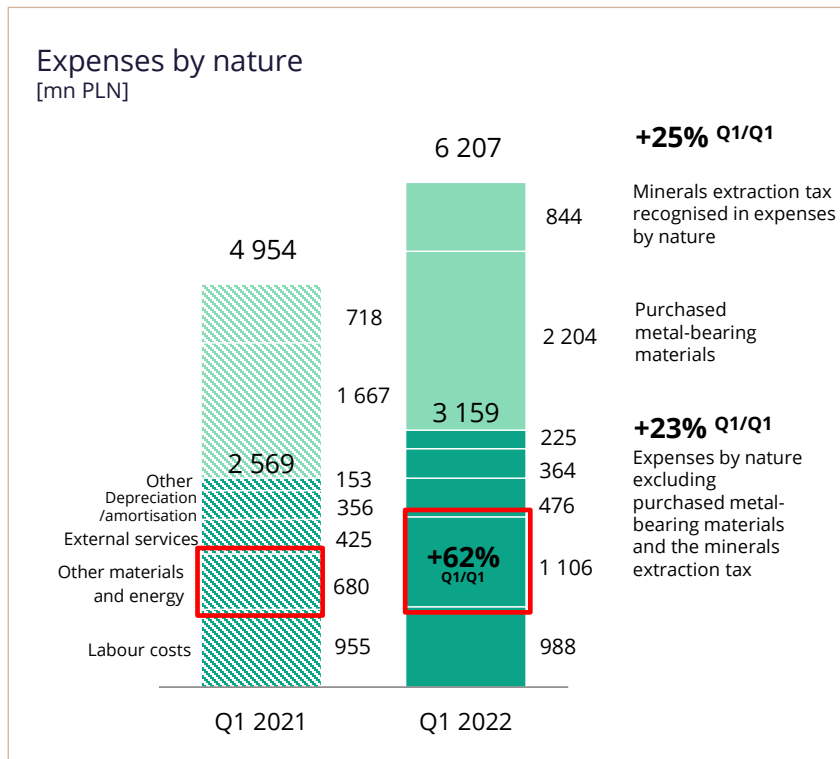
Expenses by nature higher by PLN 6 515 million versus 2020

(of which PLN 5 081 mn due to purchased metal-bearing materials and the minerals extraction tax)



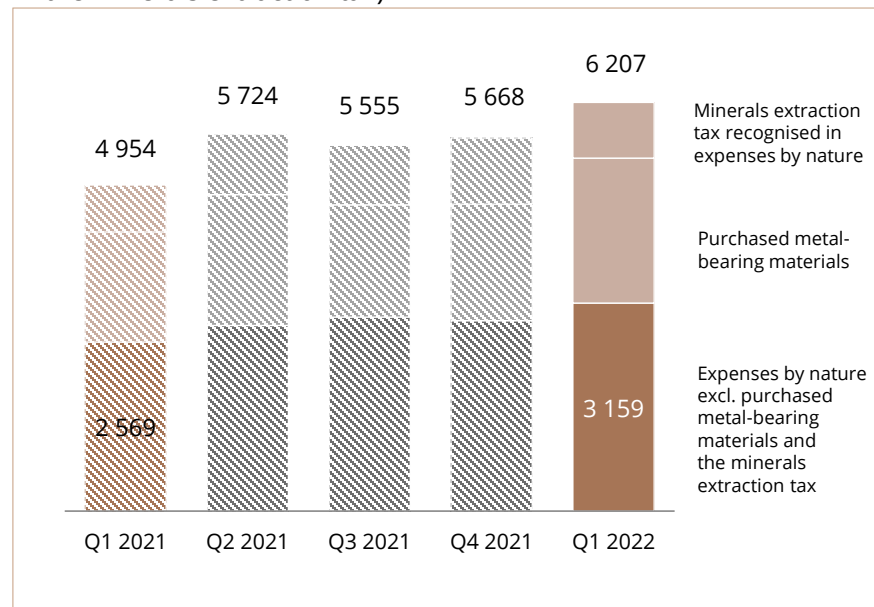
Expenses by nature

KGHM Polska Miedź S.A. in Q1 2022



Expenses by nature higher by PLN 1 253 million Q1/Q1

(of which PLN 663 mn due to purchased metal-bearing materials and the minerals extraction tax)



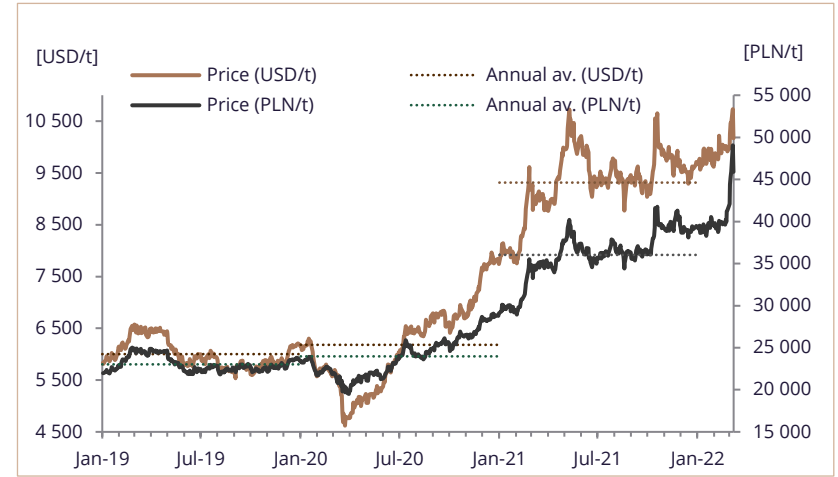
Macroeconomic environment in 2021

Macroeconomic environment

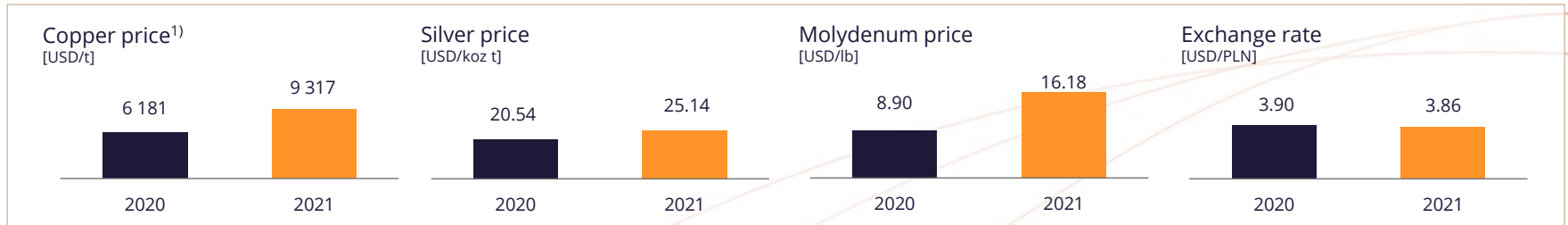
Commodities and currencies prices

Copper prices in 2021 recorded a historic record of 10 724 USD/t, with an average price of 9 317 USD/t in 2021. Remaining at the center of attention were the pandemic, the condition of the Chinese economy and the *green transformation*.

- The average price of copper in 2021 was 51% higher than in the corresponding period of 2020, while the average silver price in 2021 rose by 22% in the same corresponding period.
- The average annual price of molybdenum in 2021 was 82% higher compared to the average recorded in the prior year.
- The average price of copper in PLN was the highest in history and amounted to over PLN 36 thousand, or 50% higher than in 2020, with a slight strengthening of the PLN to the USD (by approx. 1%).



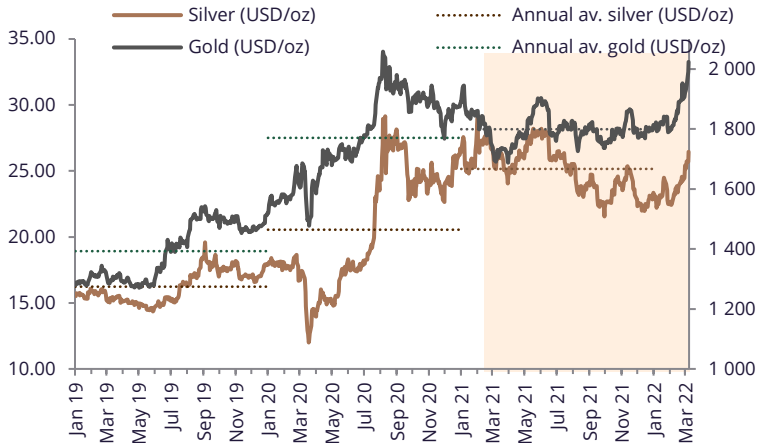
Source: Thomson Reuters, KGHM Polska Miedź S.A.



Precious metals prices in 2021

In 2021 after an unsuccessful attempt on the level of 30 USD/oz, the price of silver fell and remained below 25 USD/oz

In 2021 the average silver price exceeded 25 USD/oz, while gold remained around 1800 USD/oz



The gold-to-silver ratio returned to its multi-year average of 79



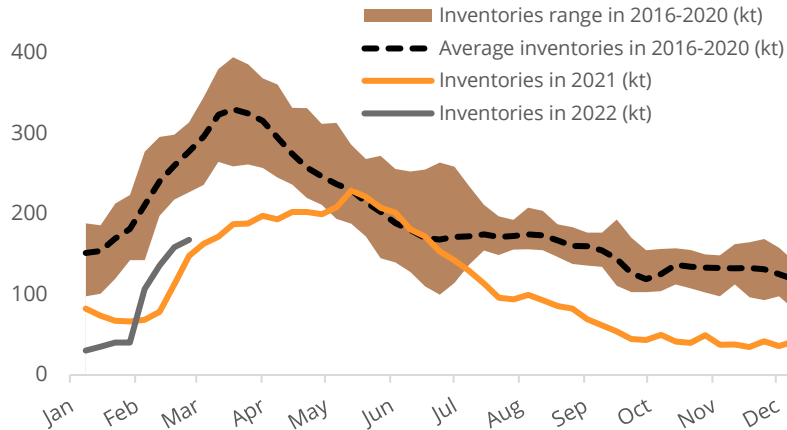
Source: Bloomberg, KGHM Polska Miedź

- The average gold price amounted to 1 799 USD/oz and was more than 1.6% higher than the average price in the prior year.
- Contrary to historic relationships, the price of silver (and gold as well) did not react significantly to the increase in expectations and to the global inflationary dynamics. Instead, the impact of fears about the sustainability of growth and a change in the monetary policy regime was evident. The continuation or record-low real interest rates globally and strengthening of the USD reduced investor interest in precious metals.
- Following a turbulent 2020, the relationship between gold and silver prices returned to a long-term balance.

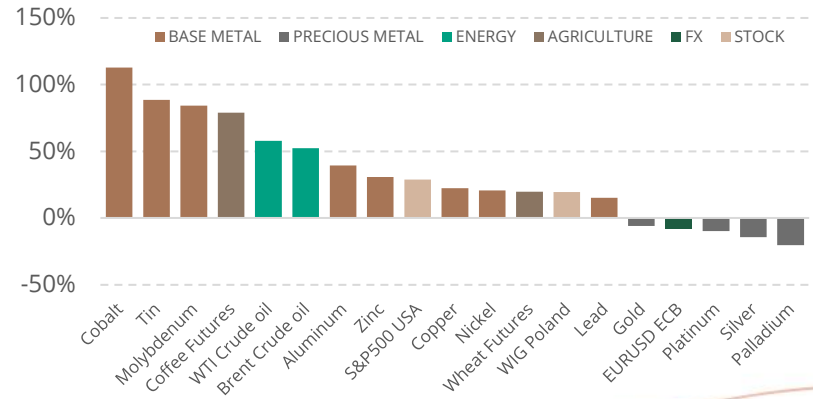
In official Shanghai warehouses, copper inventories were at historically-low levels for most of 2021

In 2021 the Energy commodities index rose by 53%, and industrial metals by 28%

In 2021 movements on the Shanghai exchanges varied considerably from seasonal models of prior years



2021 brought a significant increase in the prices of most commodities, with the upward trend broken only by precious metals



Source: Bloomberg, KGHM Polska Miedź

- Low copper inventories on the Chinese market indicate stronger demand for physical metal than the model of the last 5 years would suggest.
- The Chinese State Reserve Bureau (SRB) decided to intervene to keep prices from rising by releasing stored material, which had previously only occurred very infrequently.
- In Chile and Peru there were political changes which could be consequential for copper mining (taxes) and the investment climate.
- The Bloomberg commodities index reached its highest level in 6 years.
- The rise in commodities prices was driven by the post-pandemic economic recovery.
- In Q4 2021 a crisis emerged involving energy commodities. The increase in their prices indicates further price rises in the economy and increases in the Consumer Price Index (CPI) and the Producer Price Index.

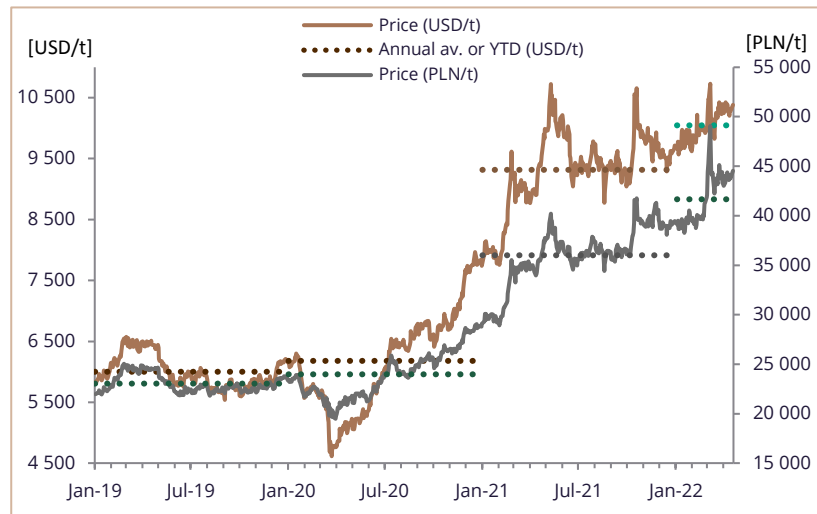
Macroeconomic environment in Q1 2022

Macroeconomic environment

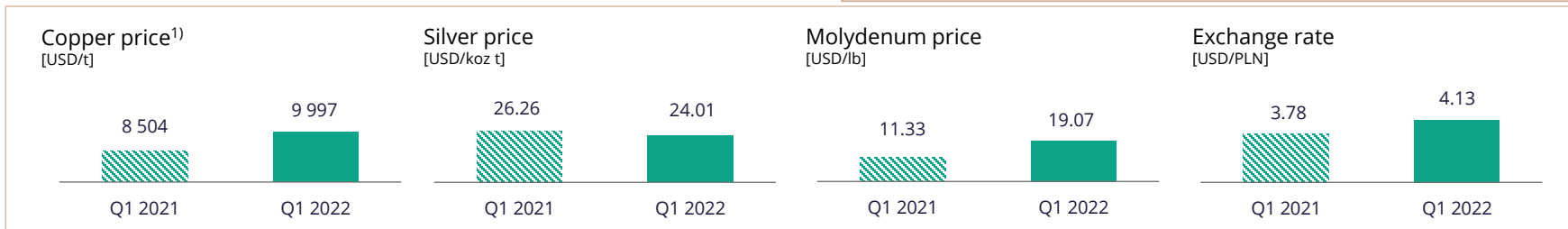
Commodities and currencies prices

On 7th March, copper prices in Q1 2022 reached the historic record of 10 730 USD/t, with an average price of 9 997 USD/t. The greatest impact on the metal's price was from Russia's aggression against Ukraine.

- The average price of copper in the first quarter of 2022 was more than 17% higher than in the corresponding period of 2021, while the average silver price in the first quarter of 2022 fell by more than 8% in the same corresponding period
- The average annual price of molybdenum in the first quarter of 2021 was 68% higher compared to the average recorded in Q1 2021
- The average price of copper in PLN in Q1 2022 was the highest in history and amounted to over PLN 41 thousand, or 29% higher than in Q1 2021, with a weakening of the PLN to the USD by approx. 9%



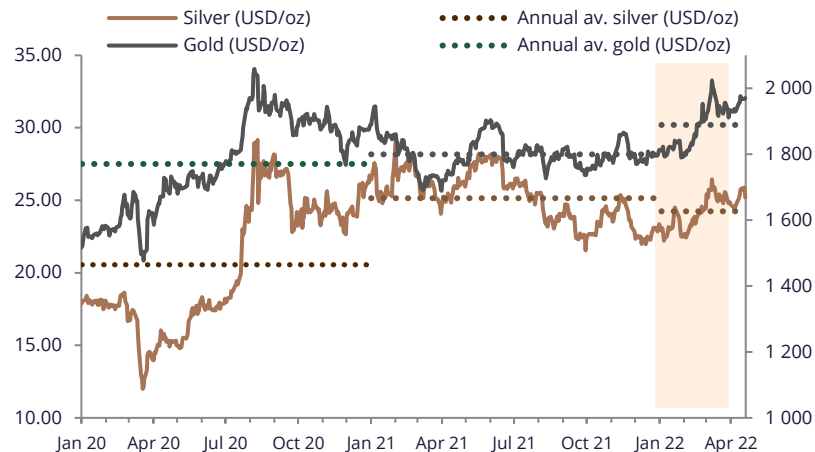
Source: Thomson Reuters, KGHM Polska Miedź S.A.



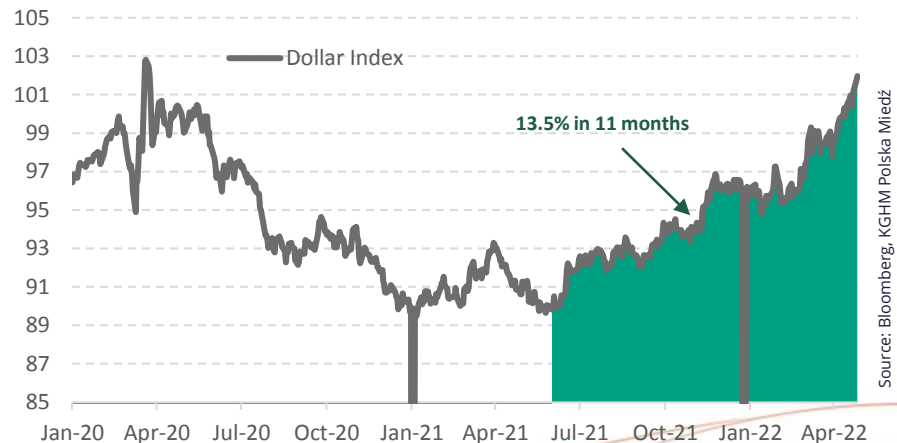
Precious metals prices in the first quarter of 2022

In the first quarter of 2022 precious metals prices were under pressure from Russia's aggression against Ukraine

The war's first days saw investors flee from risky assets towards safer ones, like precious metals



A counterpoint to the aversion to risk in the markets was the strengthening of the USD, which put a brake on silver price rises



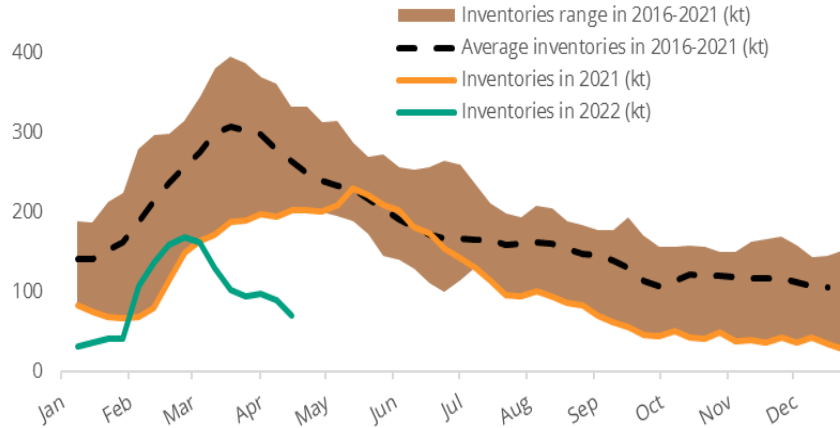
Source: Bloomberg, KGHM Polska Miedź

- The average gold price in the first quarter of 2022 was 1 877 USD/oz and was 4.5% higher than the average price in the corresponding period of 2021. The average silver price in the first quarter amounted to 24 USD/oz and was lower by more than 8%
- The prices of silver and gold expressed in PLN were higher than in the first quarter of 2021 due to the strengthening of the USD versus the PLN. The average silver price in the first quarter expressed in PLN was 0.2%, and gold 14.2% higher than in the corresponding period of 2021
- The USD strengthened versus the basket of currencies in recent months. The strength of the USD expressed in the dollar index, calculated as the average trade-weighted USD exchange rate to other currencies, rose by nearly 14% from June 2021

In official Shanghai warehouses, copper inventories fell to another minimum

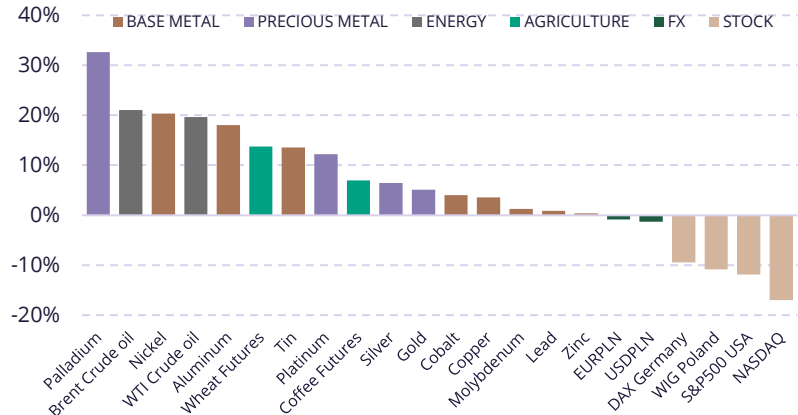
In the first quarter of 2022 the energy commodities index rose by 45%, and industrial metals by 23%

In Q1 2022 copper inventories on the Shanghai market fell to levels unseen in years and have diverged from the seasonal trend.



- Low copper inventories on the Chinese market indicate wider problems with availability of the red metal than the model of the last 6 years would suggest
- The most likely reason for the collapse in inventories in March 2022 are the continuing problems with the copper cathodes supply chain due to the lockdown in Shanghai. The restrictions in imports led to a greater use of material from exchange warehouses

Commodities prices shot up in Q1 2022, while share prices on global markets fell sharply.

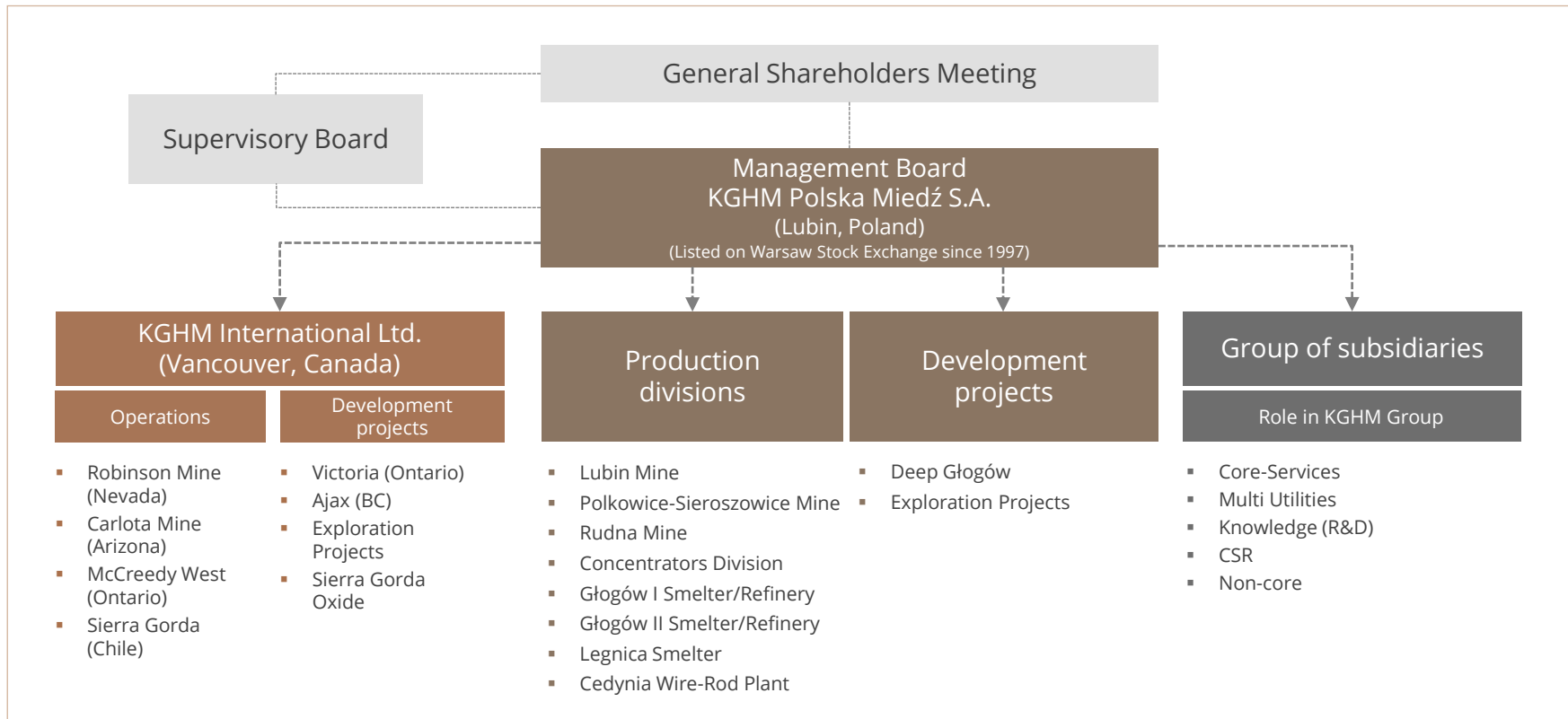


- The Bloomberg commodities index reached its highest level in 6 years
- The rise in commodities prices in the first quarter was caused by fears about problems with raw materials availability (in particular crude oil) as a result of the war started by Russia and the sanctions imposed on that country
- On the energy commodities market oil prices rose by 20%, while the European natural gas price for 1-month delivery rose by 37%

Source: Bloomberg, KGHM Polska Miedź

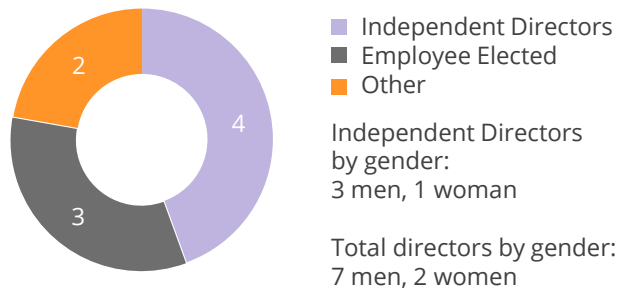
Governance

Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (9 directors total)



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)
- 5 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 – BB rating

Shareholder structure of KGHM Polska Miedź S.A.

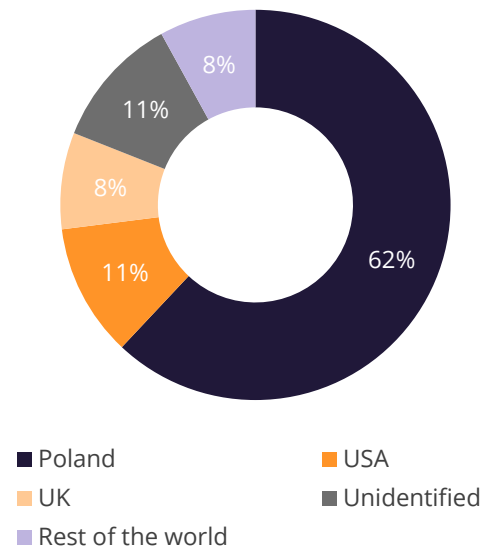
Ownership structure

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
21 June	Annual General Meeting
17 August	Consolidated report for the first half of 2022
16 November	Consolidated report for the 3rd quarter of 2022



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