

Layers of possibilities



Results of the KGHM Group
for the first quarter of 2024

Lubin, 16 May 2024

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Agenda



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



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



3. Key issues and execution of main targets



4. Financial results of the KGHM Group



5. Production results of the KGHM Group by segment



6. Advancement of development initiatives



Strategy of the KGHM Polska Miedź S.A. Group



Key action in individual areas of the Strategy in Q1 2024



FLEXIBILITY

- Continuation of the Strategic Program Hybrid Legnica Smelter and Refinery, aimed at ensuring flexibility for the metallurgy industry by allowing the management of larger amounts of scrap.
- Modernisation work at the Legnica Copper Smelter and Refinery was carried out with respect to the electrorefining process.
- Activities involving the extension of the Company's value chain continued, including those related to the construction of the UPCAST II line, along with the Conform installation at the Cedynia Wire Rod Plant, aimed at ensuring flexibility of product portfolio of KGHM.
- Exploration projects with respect to exploring for and evaluating copper ore deposits in Poland and other concessions for exploration and evaluation, including the Puck project, continued.
- Development projects in the international assets were continued.
- Financial stability was ensured by basing the financing structure of the KGHM Group on long-term instruments, shortening the cash conversion cycle and managing market and credit risk in the KGHM Polska Miedź S.A. Group.



ECOLOGY, SAFETY AND SUSTAINABLE DEVELOPMENT

- The balance of scope 1 and 2 greenhouse gas emissions for 2023 for the KGHM Group was prepared, and the balance of scope 1 and 2 greenhouse gas emissions for 2022 was verified.
- Annual reports on CO2 emissions for 2023 were prepared for the purposes of the greenhouse gas emission allowances acquisition system.
- Applications together with documentation were prepared and submitted to The State Water Holding Polish Waters for special use of water for discharge of unpolluted water from the drainage of the Lubin mine to the Zimnica stream and for water services including the introduction of mine/technological waters into the Odra River.
- The first phase of the Decarbonisation Program of KGHM Polska Miedź S.A. was prepared – up to the year 2030 with an outlook to 2050.
- Activities related to planting trees in the areas belonging to the Glogów Copper Smelter and Refinery were initiated.
- The Occupational Health and Safety Improvement Program was continued (LTIFR: 6.07, TRIR: 0.22).



EFFICIENCY

- Mined production in domestic assets amounted to 116.8 thousand tonnes of copper in ore. Production of electrolytic copper amounted to 146.2 thousand tonnes, and was higher than the budgeted targets, both in general, as well as the production from own concentrates.
- Copper production in the international assets was higher than the budgeted targets. The Sierra Gorda mine continues to operate exclusively on power provided by RES. The sinking of the exploration shaft continued as part of the so-called Advanced Exploration phase at the Victoria Project in Canada, aimed at specifying the level of assessment of mineral resources.
- Silver production amounted to 316.1 tonnes for the KGHM Polska Miedź S.A. Group. KGHM Polska Miedź S.A. stayed in first place in the list of the „world's largest silver mines” in the World Silver Survey 2024. In the „largest silver producers” category, KGHM again ranked second in the global ranking.
- The advancement of the Deposit Access Program was continued – 11.7 kilometers of tunnelling was excavated in the Rudna and Polkowice-Sieroszowice mines. All of the work carried out under the Mine Projects Group enables the successive opening of new mining areas.
- The development of the Żelazny Most Tailings Storage Facility was continued, including especially the development of the Southern Quarter and the Tailings Segregation and Compacting Station.
- Work was carried out to reduce the level of water hazards - an "Anti-filtration barrier" project was launched as well as projects related to the construction of a water clarifier in one of the Lubin mine divisions, along with infrastructure.
- R&D initiatives to enhance the efficiency of the core production business of the Company were conducted.
- Use of external sources to finance R&D&I projects continued.



E-INDUSTRY

- The advancement of projects to automate the production lines of the Mining Divisions of the Company continued (including, among others, the implementation of initiatives connected with testing electric and battery-powered mining machinery).
- The system for locating and identifying machinery and people in the underground mines was integrated and extended.
- Activities were continued in the area of digital transformation, ICT security and cybersecurity as part of the KGHM 4.0 Program.



ENERGY

- RES Projects on own land – the procedure for issuing grid connection consent was carried out with Tauron Dystrybucja S.A. for Photovoltaic Power Plant (PV) Piaskownia Obora (50 MW), the project has a final environmental decision for the first stage with a capacity of 19 MW. The tender preparation process has begun for the selection of the General Contractor and Supervision Inspector for the designed photovoltaic installations in the Glogów Copper Smelter and Refinery I-III PV power plant complex (7.5 MW). An application for issuing environmental decisions was submitted for PV Tarnówek, PV Kalinówka and PV Polkowice (~10 MW). An application for technical connection conditions to Tauron Dystrybucja S.A. was also submitted for PV Kalinówka. A decision on Development Conditions was obtained for PV Cedynia Wire Rod Plant (1.5 MW). A planning procedure was carried out by the Lubin Commune Office in connection with the application of KGHM regarding amendments to the provisions in the local development plan, enabling the construction of the PV „Western Lubin Mine” (5 MW). An application for the issuance of technical connection conditions for PV Wartowice I (88 MW) was submitted. The Radwanice-Zukowice wind farm project (20 MW) near the Glogów Smelter and Refinery was continued. Activities on using the potential of own land for renewable energy projects continued.
- RES acquisition projects - the acquisition of shares in three special purpose companies was completed, with photovoltaic farm projects with a total capacity of 42 MW as part of the closing of the Asgard transaction. Therefore, KGHM owns 8 photovoltaic farms with a total capacity of 47 MW, located in the following voivodeships: Lower Silesia, Łódź, Pomerania and Greater Poland.
- Development of SMR technology – R&D activities as regards SMR technology continued. A pre-feasibility study for the nuclear power plant in the SMR technology was completed.
- In the first quarter of 2024, 23.93% of the need of KGHM's Divisions for electricity was supplied by its own sources.

Advancement of key strategic performance indicators in Q1 2024

Strategic measure of success (strategic KPI)	Base year 2020	Goal 2030	Q1 2024
 Domestic copper production	approx. 560 kt of electrolytic copper	Approx. 600 thousand tonnes of electrolytic copper (including production based on a higher amount of purchased materials and copper from recycling).	146.2 kt
 International copper production	approx. 150 kt of payable copper	Higher production by the international assets of KGHM by extending their life-of-mine, developing assets in the mine projects portfolio held and increasing the resource base thanks to advancement of the International Exploration Strategy.	33.0 kt
 Silver production ¹⁾	approx. 1 320 tonnes of silver (top three)	Maintain the Company's position amongst the world's top-three producers of silver (approx. 1200 tonnes of silver annually).	316.1 tonnes
 Energy produced	694 GWh (22% of consumption)	Min. 50% of consumption (approx. 1.5 TWh)	192 GWh (~23.93% of consumption)
 Recycling of scrap	Approx. 124 kt of copper scrap	Approx. 350 kt of copper scrap	45.6 kt (dry weight)
 Revenues from sales on external markets of selected Group companies	Base 2020 Base year= 100% Revenues from sales on external markets in the base year 2020.	147% vs base year for the companies Zanam, Nitroerg, PeBeKa 163% vs base year for the compan DMC	99% ²⁾ vs base year for the companies: ZANAM, NITROERG, PeBeKa 197% ²⁾ vs base year for DMC
 LTIFR	7.31	Aiming at 0 accidents	6.07
 TRIR	0.52	Aiming at 0 accidents	0.22
 Number of volunteer projects advanced	25	30	36 (incl. 9 projects in the KGHM Group)

7 1) For the KGHM Polska Miedź S.A. Group
2) Q1 2024 to Q1 2020.



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

Actions by KGHM's employee volunteers in Q1 2024

WOLONTARIAT



36

actions involving volunteers



213

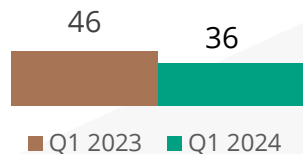
employee volunteers
took part in actions



526

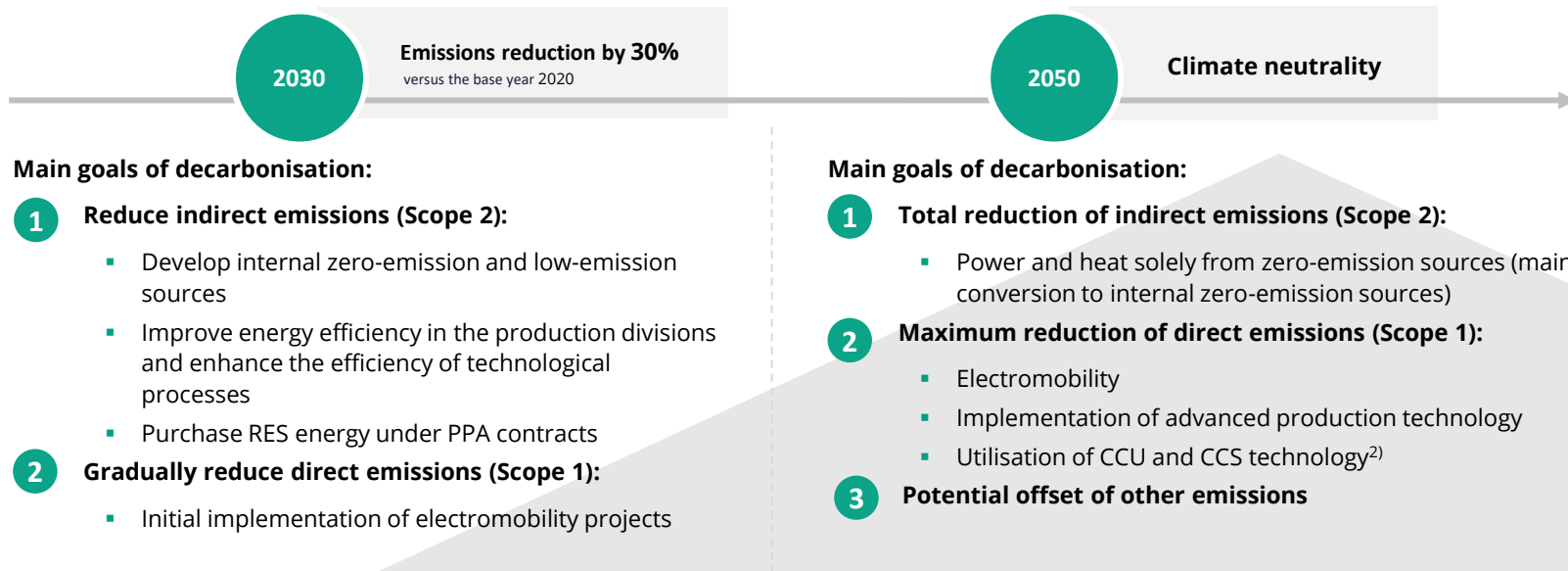
hours dedicated to advancing
volunteer projects

Number of volunteer projects



Climate neutrality by 2050

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

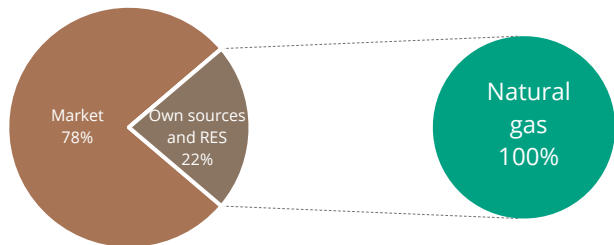


Details regarding **capital expenditures** on actions to restrict greenhouse gas emissions will be included and announced as part of the **Decarbonisation Program** of the KGHM Group

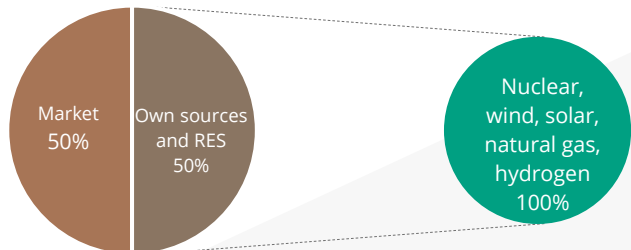
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

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

2020 – base year (2.9 TWh):



2030 - goal:

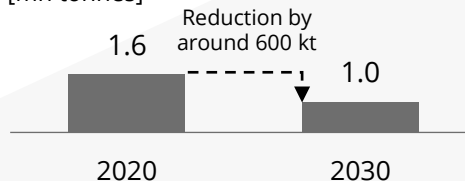


Q1 2024:

Own generation sources, including RES, covered 23.93% of KGHM Polska Miedź S.A.'s total power needs.

Estimated CO₂ emissions due to electricity consumption

[mn tonnes]



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



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



Key issues and execution of main targets

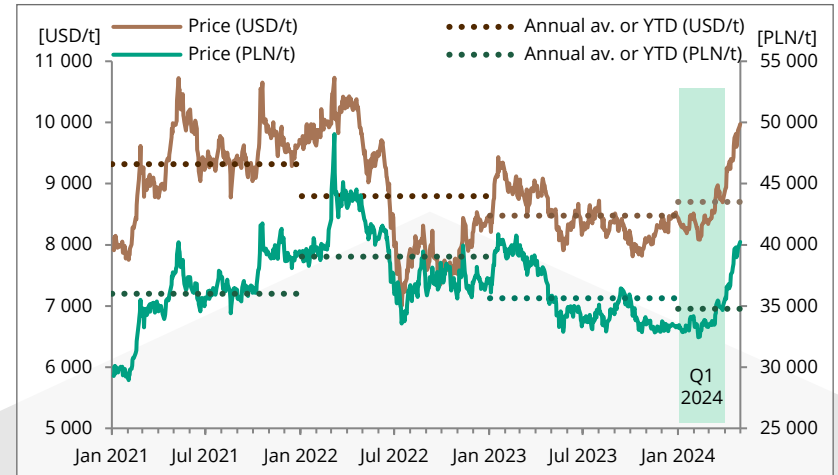


Macroeconomic environment

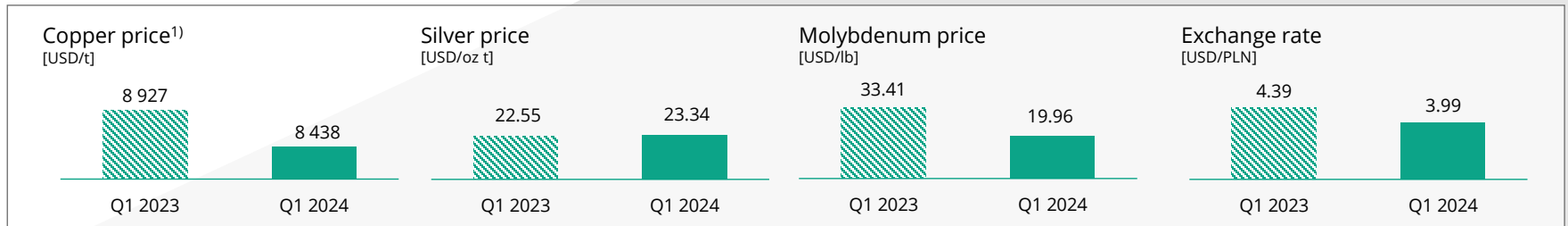
Commodities and currencies prices

Copper prices in Q1 2024 ranged between 8 085 and 8 973 USD/t, remaining to mid-March in a sideways trend, with a slower-than-expected Chinese economy and with weaker global data from the eurozone. Metals prices were impacted by changes in expectations as to further Fed decisions.

- The average price of copper in Q1 2024 amounted to 8 438 USD/t, and was 5.5% lower than in Q1 2023. The average silver price in Q1 2024 was 3.5% higher than the average in Q1 2023.
- The average price of molybdenum in Q1 2024 was 40% lower compared to the average price recorded in the corresponding period of 2023.
- In Q1 2024 the average USD to PLN exchange rate was 9% lower than in Q1 2023. Consequently, the price of copper expressed in PLN in Q1 2024 was nearly 14% lower than in Q1 2023. The average PLN-denominated price of copper amounted to 33 638 PLN/t.



Source: Refinitiv, KGHM Polska Miedź S.A.

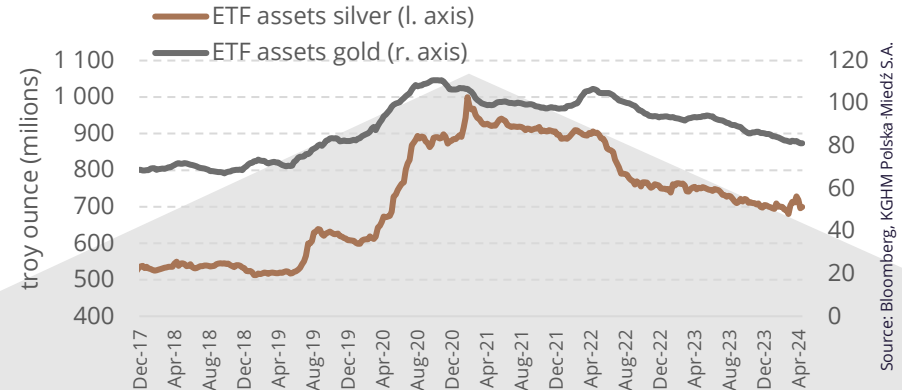
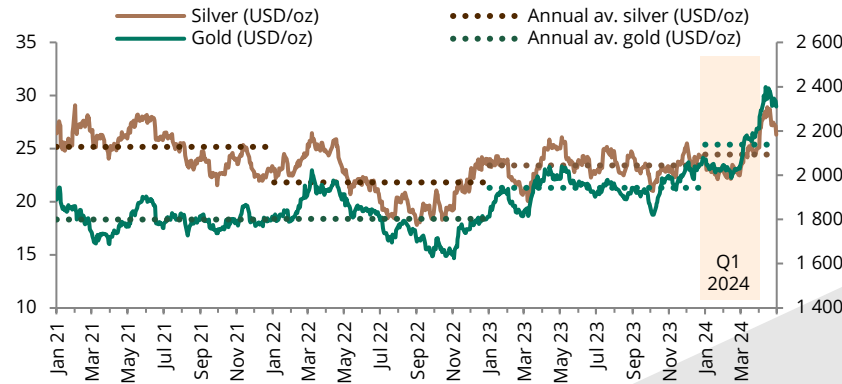


Precious metals prices in Q1 2024

Precious metals remain under pressure from expectations related to Fed decisions and fears surrounding geopolitical tensions

At the start of 2024 the combination of geopolitical risk and expectations of interest rate cuts in the USA led to a trend of increasing precious metals prices

The rise in precious metals prices has not yet instigated a more pronounced reaction by investors. The assets of ETF funds remain in a sideways trend



- The average price of gold in Q1 2024 amounted to 2 070 USD/oz and was nearly 10% higher than the average price in the first three months of the prior year. The average price of silver in Q1 2024 amounted to 23.34 USD/oz and rose by 3.5% compared to Q1 2023.
- The price of gold broke the psychological barrier of 2 200 USD/oz, and at the same time reached the highest levels in history.
- The price of gold in Q1 2024 in PLN was nearly equal to the price in Q1 2023, while silver was 5.8% lower than in Q1 2023.
- Since the end of the Covid-19 pandemic, ETF assets investing in precious metals have decreased (volume-wise). This decrease was particularly strong in the case of funds investing in silver. Increases in precious metals prices in the second half of March have not yet led to heightened activity by investors in ETFs.

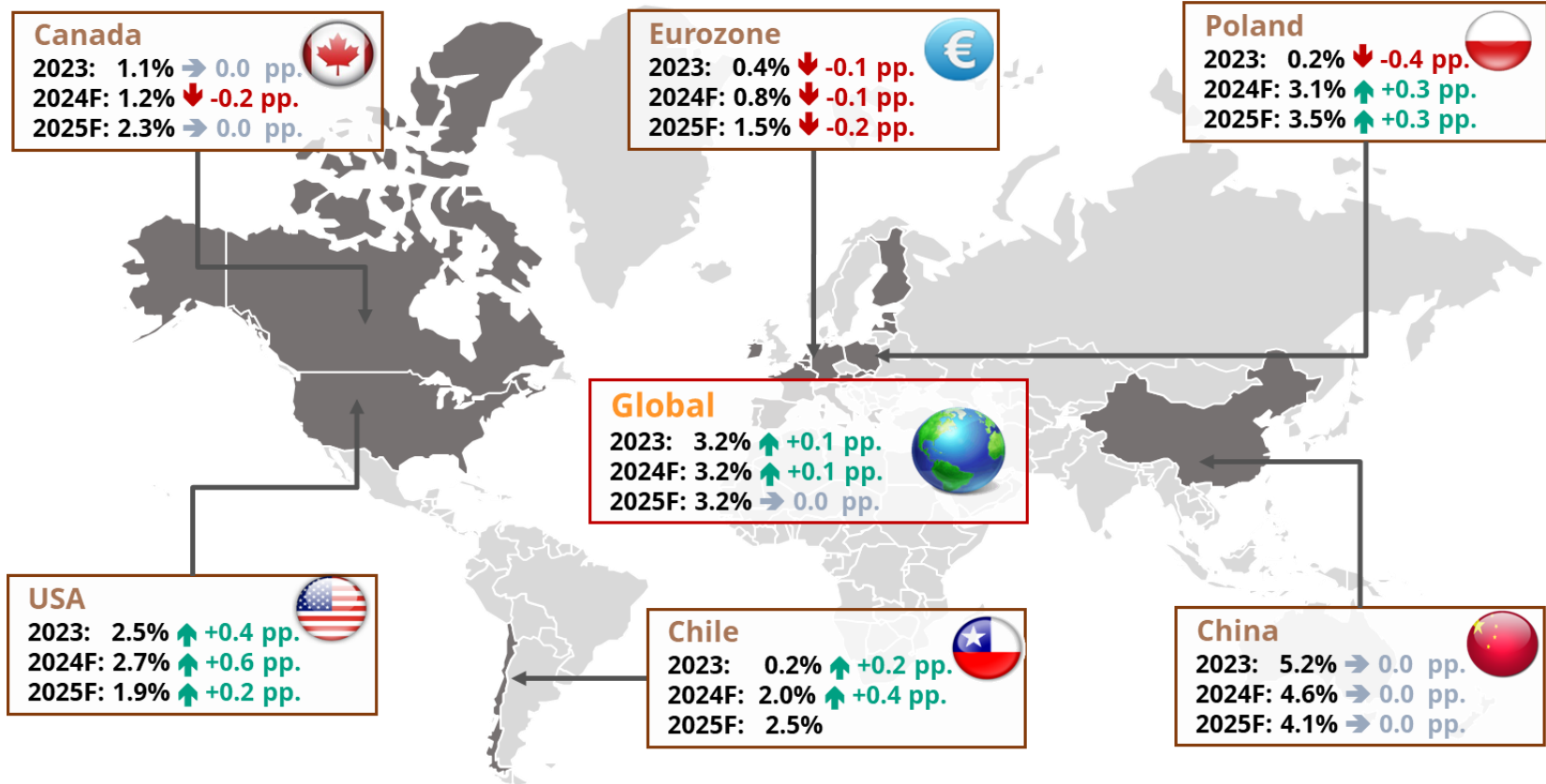
Purchasing managers' sentiment remains low in the eurozone.

In the USA and China, PMI indices returned in March to above 50.

- PMI indices rose in the USA and China in March 2024, breaking the 50 level which marks the border between expected economic slowdown and growth.
- In the eurozone, purchasing managers' sentiment remains low, especially in Germany and France. In some economies – Italy and Spain – sentiment is gradually improving, though the deterioration of sentiment in Germany is driving the low-level of indices for the entire eurozone.

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
USA (ISM)	57.4	58.3	57.3	55.6	56.1	53.4	52.8	52.8	50.8	50.0	48.9	48.1	47.4	47.7	46.5	47.0	46.6	46.4	46.5	47.6	48.6	46.9	46.6	47.1	49.1	47.8	50.3
USA (PMI)	55.5	57.3	58.8	59.2	57.0	52.7	52.2	51.5	52.0	50.4	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49.0	47.9	49.8	50.0	49.4	47.9	50.7	52.2	51.9
Canada	56.2	56.6	58.9	56.2	56.8	54.6	52.5	48.7	49.8	48.8	49.6	49.2	51.0	52.4	48.6	50.2	49.0	48.8	49.6	48.0	47.5	48.6	47.7	45.4	48.3	49.7	49.8
Mexico	46.1	48.0	49.2	49.3	50.6	52.2	48.5	48.5	50.3	50.3	50.6	51.3	48.9	51.0	51.0	51.1	50.5	50.9	53.2	51.2	49.8	52.1	52.5	52.0	50.2	52.3	52.2
Brazil	47.8	49.6	52.3	51.8	54.2	54.1	54.0	51.9	51.1	50.8	44.3	44.2	47.5	49.2	47.0	44.3	47.1	46.6	47.8	50.1	49.0	48.6	49.4	48.4	52.8	54.1	53.6
Eurozone	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.1	44.2	44.4	46.6	46.5	46.1
Germany	59.8	58.4	56.9	54.6	54.8	52.0	49.3	49.1	47.8	45.1	46.2	47.1	47.3	46.3	44.7	44.5	43.2	40.6	38.8	39.1	39.6	40.8	42.6	43.3	45.5	42.5	41.9
France	55.5	57.2	54.7	55.7	54.6	51.4	49.5	50.6	47.7	47.2	48.3	49.2	50.5	47.4	47.3	45.6	45.7	46.0	45.1	46.0	44.2	42.8	42.9	42.1	43.1	47.1	46.2
Italy	58.3	58.3	55.8	54.5	51.9	50.9	48.5	48.0	48.3	46.5	48.4	48.5	50.4	52.0	51.1	46.8	45.9	43.8	44.5	45.4	46.8	44.9	44.4	45.3	48.5	48.7	50.4
Spain	56.2	56.9	54.2	53.3	53.8	52.6	48.7	49.9	49.0	44.7	45.7	46.4	48.4	50.7	51.3	49.0	48.0	47.8	46.5	47.7	45.1	46.3	46.2	49.2	51.5	51.4	
Netherlands	60.1	60.6	58.4	59.9	57.8	55.9	54.5	52.6	49.0	47.9	46.0	48.6	49.6	48.7	46.4	44.9	44.2	43.8	45.3	45.9	43.6	43.8	44.9	44.8	48.9	49.3	49.7
Austria	61.5	58.4	59.3	57.9	56.6	51.2	51.7	48.8	48.8	46.6	46.6	47.3	48.4	47.1	44.7	42.0	39.7	39.0	38.8	40.6	39.6	41.7	42.2	42.0	43.0	43.0	42.2
Ireland	59.4	57.8	59.4	59.1	56.4	53.1	51.8	51.1	51.5	51.4	48.7	48.7	50.1	51.3	49.7	48.6	47.5	47.3	47.0	50.8	49.6	48.2	50.0	48.9	49.5	52.2	49.6
UK	57.3	58.0	55.2	55.8	54.6	52.8	52.1	47.3	48.4	46.2	46.5	45.3	47.0	49.3	47.9	47.8	47.1	46.5	45.3	43.0	44.3	44.8	47.2	46.2	47.0	47.5	50.3
Greece	57.9	57.8	54.6	54.8	53.8	51.1	49.1	48.8	49.7	48.1	48.4	47.2	49.2	51.7	52.8	52.4	51.5	51.8	53.5	52.9	50.3	50.8	50.9	51.3	54.7	55.7	56.9
Poland	54.5	54.7	52.7	52.4	48.5	44.4	42.1	40.9	43.0	42.0	43.4	45.6	47.5	48.5	48.3	46.6	47.0	45.1	43.5	43.1	43.9	44.5	48.7	47.4	47.1	47.9	48.0
Czech Rep.	59.0	56.5	54.7	54.4	52.3	49.0	46.8	46.8	44.7	41.7	41.6	42.6	44.6	44.3	44.3	42.8	42.8	40.8	41.4	42.9	41.7	42.0	43.2	41.8	43.0	44.3	46.2
Turkey	50.5	50.4	49.4	49.2	49.2	48.1	46.9	47.4	46.9	46.4	45.7	48.1	50.1	50.1	50.9	51.5	51.5	51.5	49.9	49.0	49.6	48.4	47.2	47.4	49.2	50.2	50.0
Russia	51.8	48.6	44.1	48.2	50.8	50.9	50.3	51.7	52.0	50.7	53.2	53.0	52.6	53.6	53.2	52.6	53.5	52.6	52.1	52.7	54.5	53.8	53.8	54.6	52.4	54.7	55.7
Asia	52.0	51.8	51.2	50.3	51.2	51.2	50.9	51.0	51.2	50.5	49.7	49.8	51.0	52.3	52.2	51.2	51.2	51.0	51.1	51.5	51.4	50.6	50.7	50.2	50.9	50.7	52.3
China (Caixin)	49.1	50.4	48.1	46.0	48.1	51.7	50.4	49.5	48.1	49.2	49.4	49.0	49.2	51.6	50.0	49.5	50.9	50.5	49.2	51.0	50.6	49.5	50.7	50.8	50.8	50.9	51.1
China	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5	49.4	49.0	49.2	49.1	50.8
Japan	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	47.9	48.0	47.2	48.2
India	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1
Indonesia	53.7	51.2	51.3	51.9	50.8	50.2	51.3	51.7	53.7	51.8	50.3	50.9	51.3	51.2	51.9	52.7	50.3	52.5	53.3	53.9	52.3	51.5	51.7	52.2	52.9	52.7	54.2
Malaysia	50.5	50.9	49.6	51.6	50.1	50.4	50.6	50.3	49.1	48.7	47.9	47.8	46.5	48.4	48.8	48.8	47.8	47.7	47.8	47.8	46.8	46.8	47.9	47.9	49.0	49.5	48.4
Taiwan	55.1	54.3	54.1	51.7	50.0	49.8	44.6	42.7	42.2	41.5	41.6	44.6	44.3	49.0	48.6	47.1	44.3	44.8	44.1	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3
Thailand	52.4	52.8	51.4	50.4	50.0	49.8	52.1	54.0	57.1	52.0	51.6	54.9	59.0	56.4	54.2	59.9	58.6	52.6	48.7	48.9	48.1	47.6	48.3	45.7	47.9	45.1	50.0
South Korea	52.8	53.8	51.2	52.1	51.8	51.3	49.8	47.6	47.3	48.2	49.0	48.2	48.5	48.5	47.6	48.1	48.4	47.8	49.4	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8

IMF World Economic Outlook - April 2024



Summation of Q1 2024 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to Q1 2023

Macroeconomic environment¹⁾

-5%

Copper price
in USD/t

-14%

Copper price
in PLN/t

+3%

Silver price
in USD/oz t

-6%

Silver price
in PLN/oz t

-9%

A weaker USD vs the PLN

Operating results

no change

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

+2.0%

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

-17.3%

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

-35.0%

Production of gold
by KGHM Polska Miedź S.A.

Indicators

+2%

Higher CAPEX execution
by KGHM Polska Miedź S.A.

-13%

Decrease in revenues to
PLN 8 315 mn

1.5

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

Summation of Q1 2024 in the KGHM Group and KGHM Polska Miedź S.A.

Basic measures of the results in Q1 2024

KGHM Group

PLN 8 315 mn

Revenues

PLN 1 551 mn

Adjusted EBITDA

PLN 424 mn

Profit for the period

KGHM Polska Miedź S.A.

PLN 7 279 mn

Revenues

PLN 896 mn

Adjusted EBITDA

PLN 387 mn

Profit for the period



Financial results of the Group

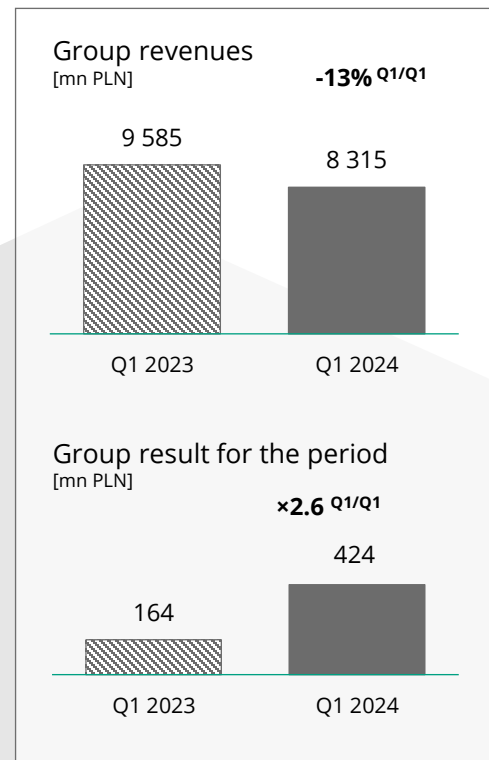
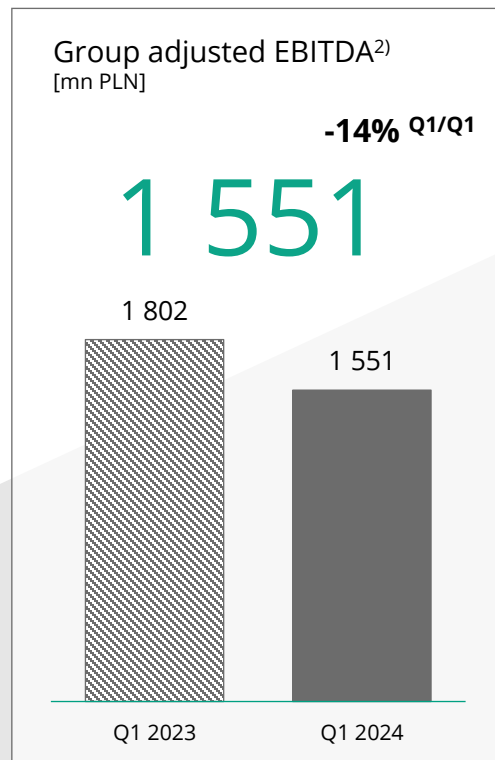


Key financial indicators of the KGHM Group

Q1 2024

Adjusted EBITDA of the KGHM Group

Lower adjusted EBITDA compared to Q1 2023 in respect of KGHM Polska Miedź S.A. and Sierra Gorda S.C.M.

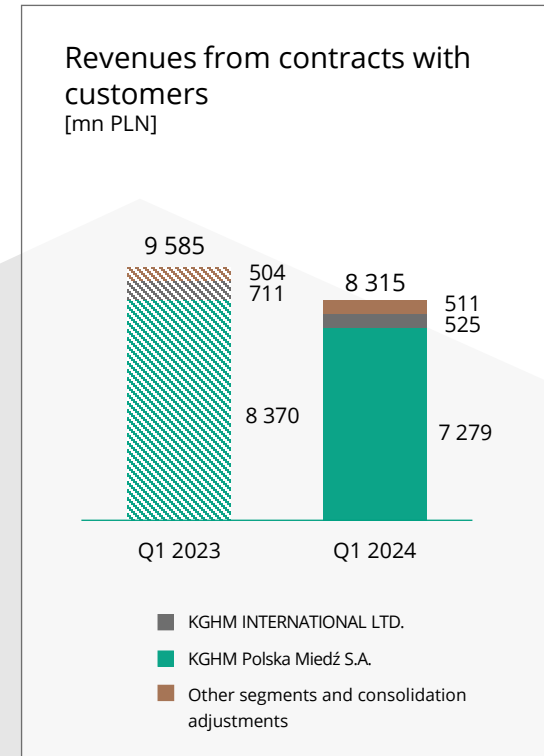
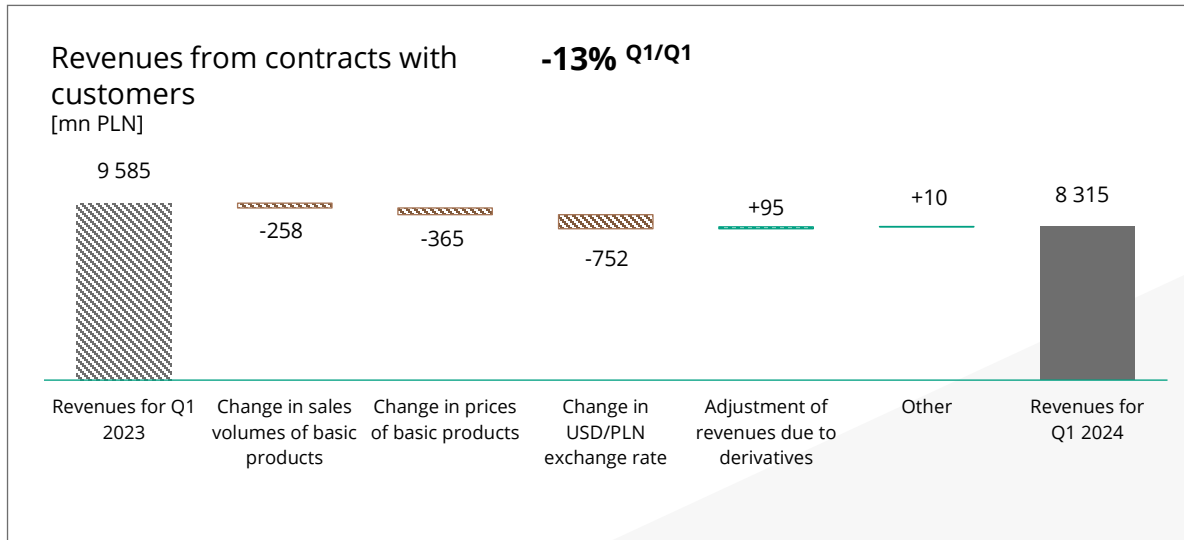


1) On a 55% basis

2) Sum of segments; adjusted EBITDA = profit/loss on sales + depreciation/amortisation adjusted by impairment losses/reversals of impairment losses on non-current assets.
EBITDA presented in accordance with the amended definition (see Consolidated quarterly report, Note 3.1)

Group sales revenue

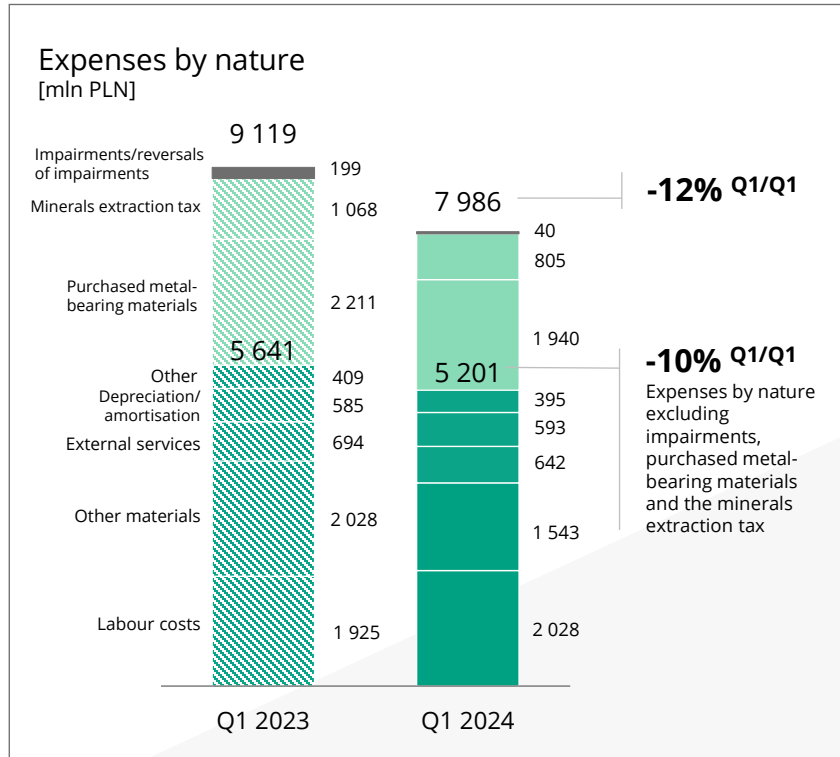
Q1 2024



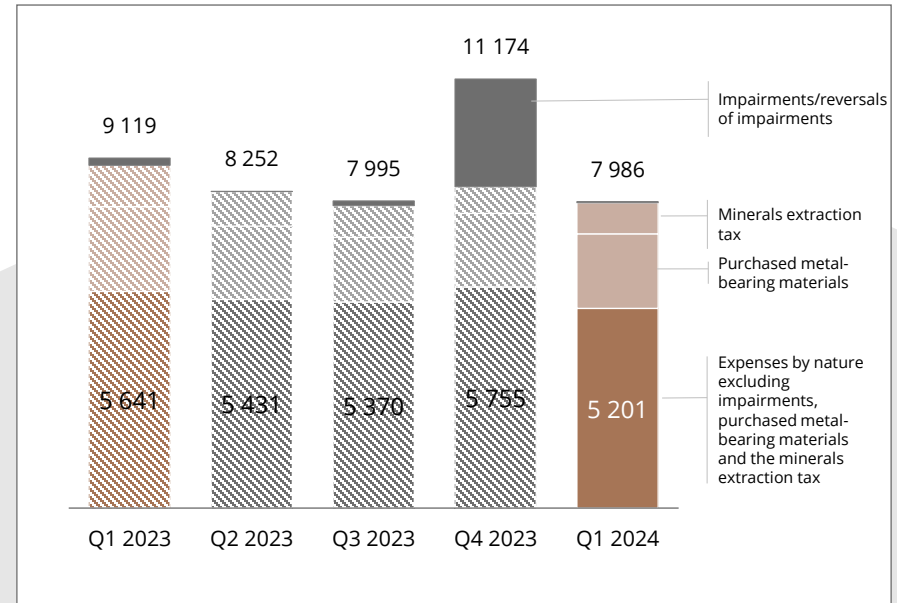
- Lower revenues by PLN 1 270 million (-13%) compared to Q1 2023, due to less favourable macroeconomic conditions and lower sales, both in KGHM Polska Miedź S.A. as well as KGHM INTERNATIONAL LTD.

Expenses by nature

KGHM Group

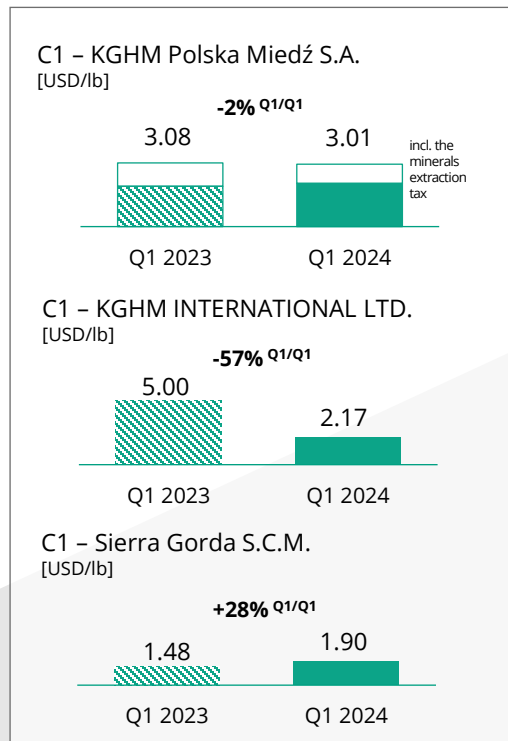
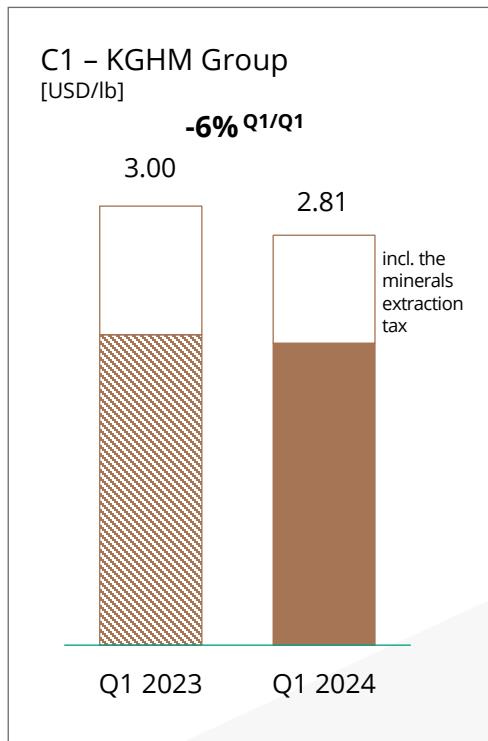


Lower expenses by nature compared to Q1 2023 mainly due to a lower minerals extraction tax charge, costs of purchased metal-bearing materials, and energy and natural gas



C1 unit cost ¹⁾

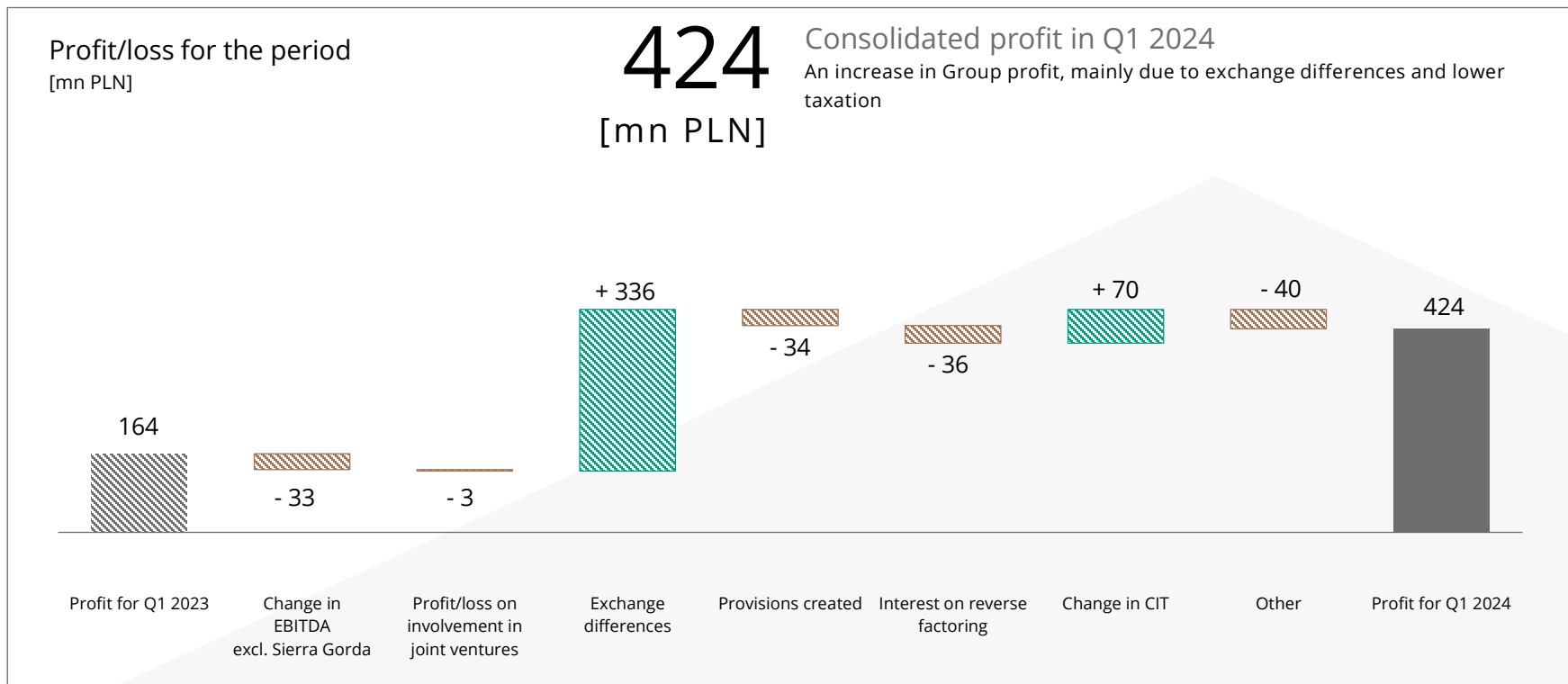
KGHM Group



- **KGHM Polska Miedź S.A.** – a decrease in C1 by 2% mainly due to a lower minerals extraction tax charge and higher production of copper from own concentrate, alongside the negative impact of a decrease in the USD exchange rate
- **KGHM INTERNATIONAL LTD.** – the substantial drop in C1 was due to improved operational efficiency by the Robinson mine and to a higher scope of stripping work
- **Sierra Gorda S.C.M.** - C1 higher by 28%, mainly due to a lower volume of copper sold and lower revenues from the sale of precious metals

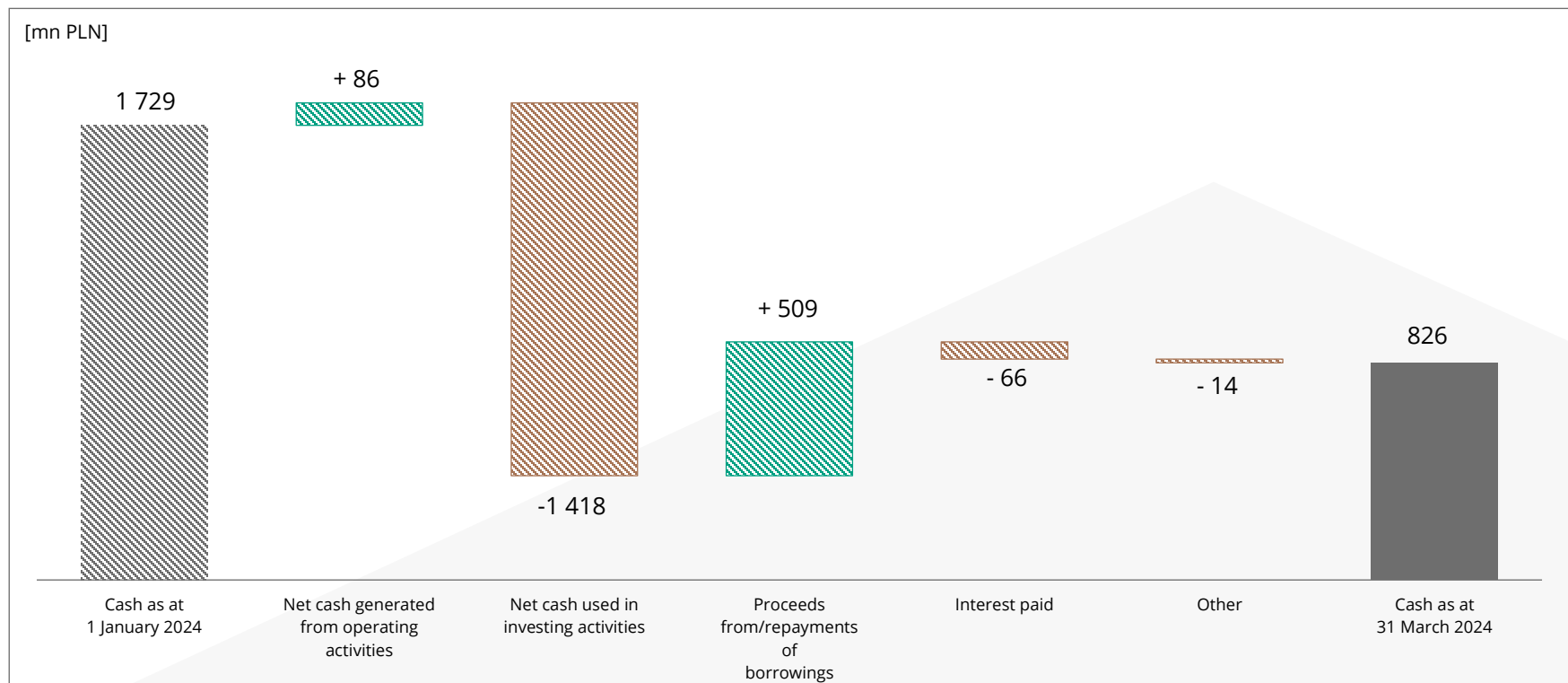
Financial results

KGHM Group



Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of Q1 2024

Main factors affecting net debt in 2024

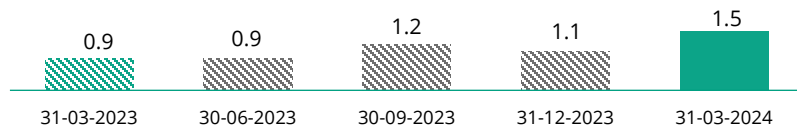
Increases in debt

- Cash expenditures on property, plant and equipment (PLN 1 392 mn)
- The minerals extraction tax (PLN 805 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (lower by PLN 738 mn)
- Change in trade and other receivables (higher by PLN 675 mn)
- Negative exchange differences (higher net debt expressed in PLN by PLN 35 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 1 620 mn)
- Change in inventories (lower by PLN 684 mn)

Net debt / adjusted EBITDA

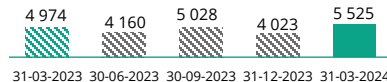


KGHM Group net debt

[mn USD]

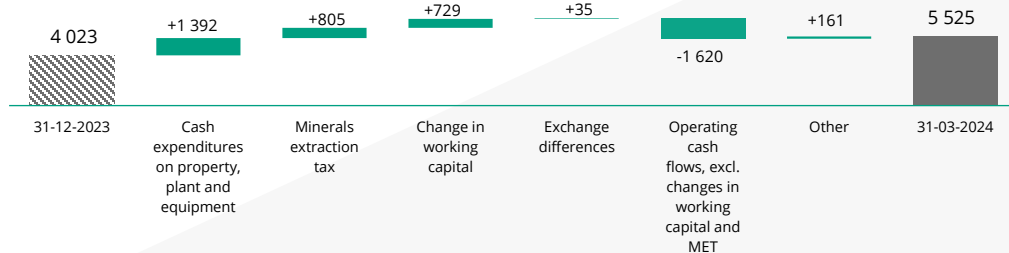


[mn PLN]



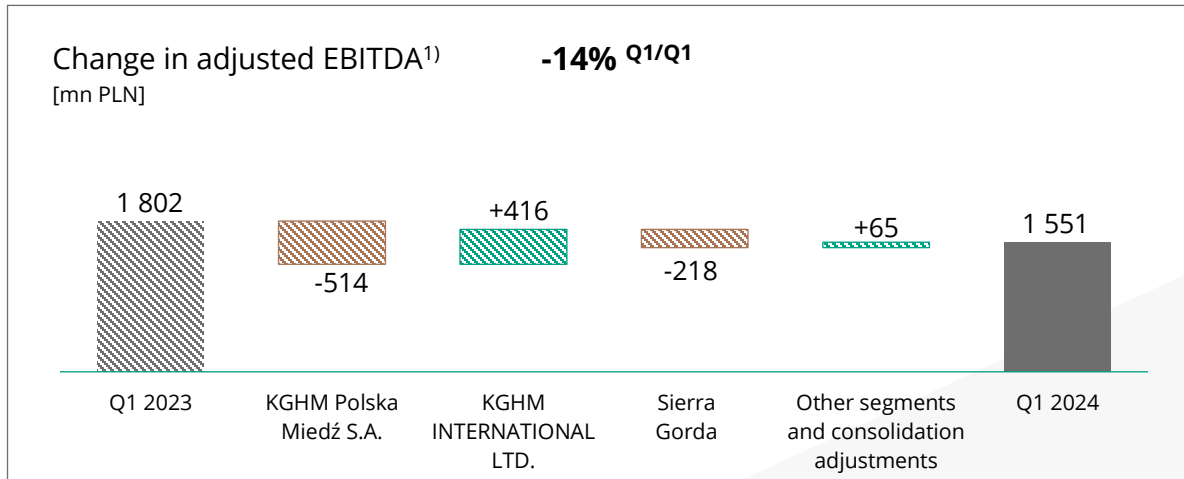
Change in net debt

[mn PLN]

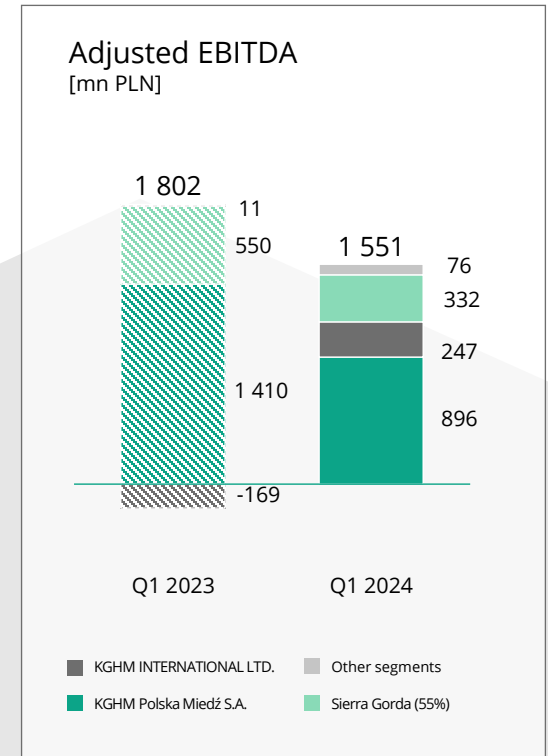


Operating results

KGHM Group



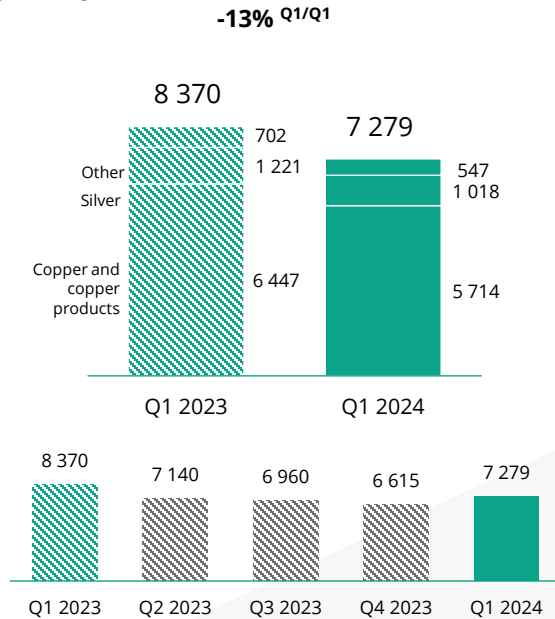
A decrease in adjusted EBITDA compared to the first quarter of 2023 in respect of KGHM Polska Miedź S.A. and Sierra Gorda S.C.M., with improvement in the operating result of KGHM INTERNATIONAL LTD.



Sales revenue

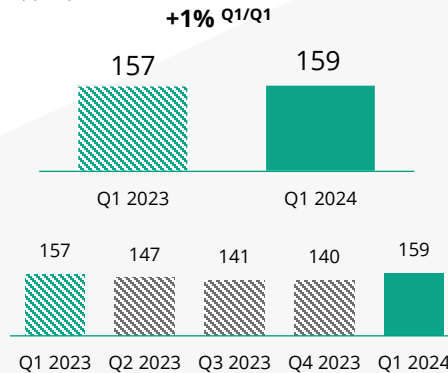
KGHM Polska Miedź S.A.

Revenues from contracts with customers
[mn PLN]

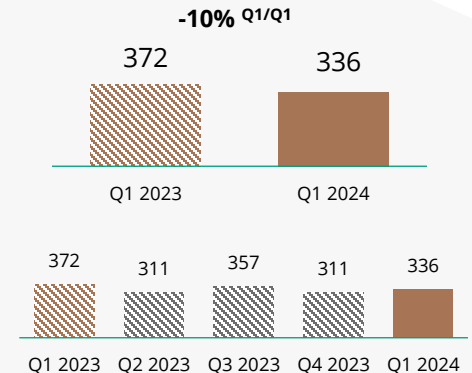


Lower revenues from contracts with customers by PLN 1 091 million (-13%) in Q1 2024 compared to the prior year due to less favourable macroeconomic conditions

Sales of copper
and copper products
[kt]

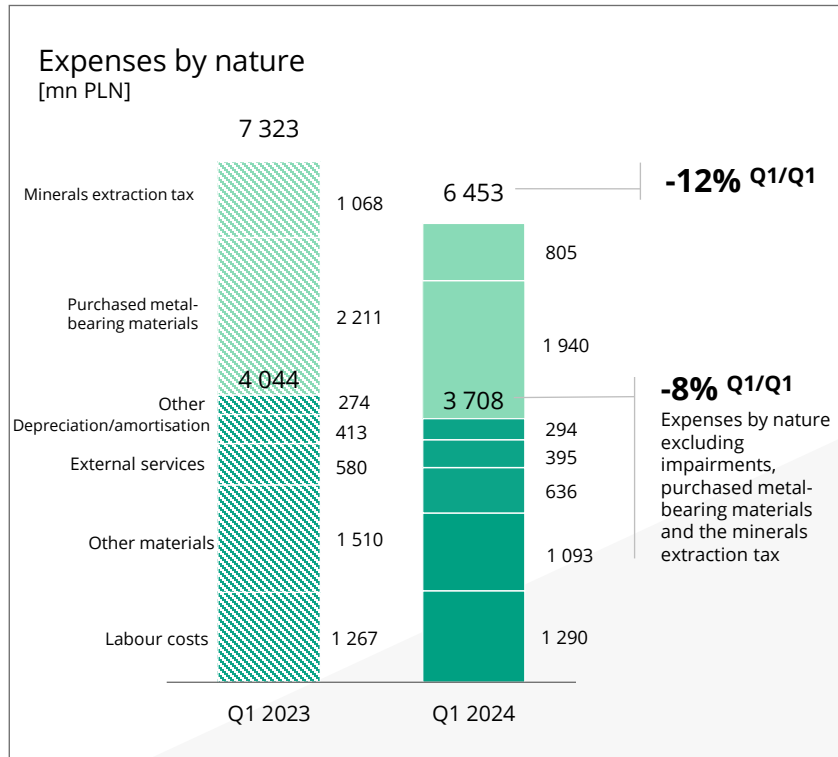


Silver sales
[t]

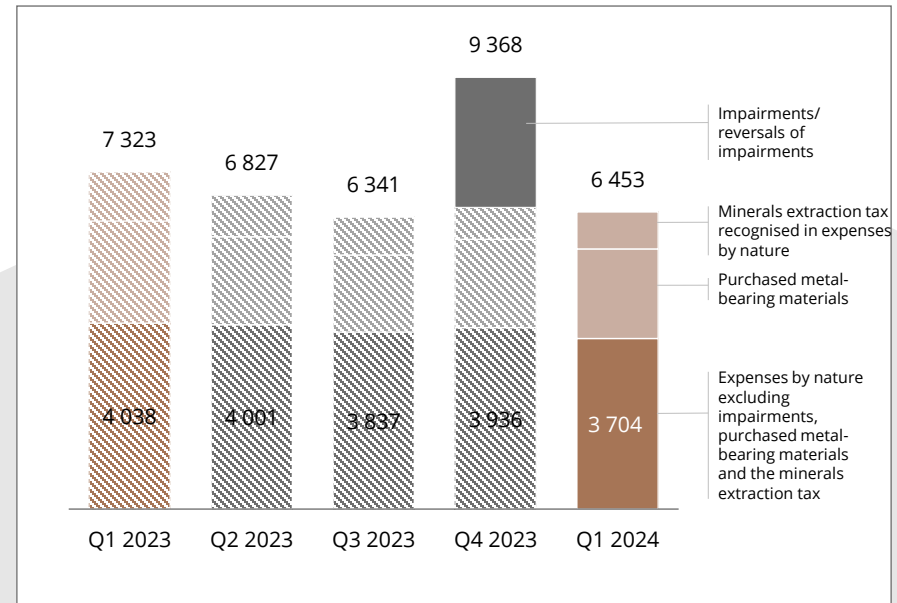


Expenses by nature

KGHM Polska Miedź S.A.



Lower expenses by nature compared to the first quarter of 2023 mainly due to a lower minerals extraction tax charge and lower costs of purchased metal-bearing materials, electricity and natural gas

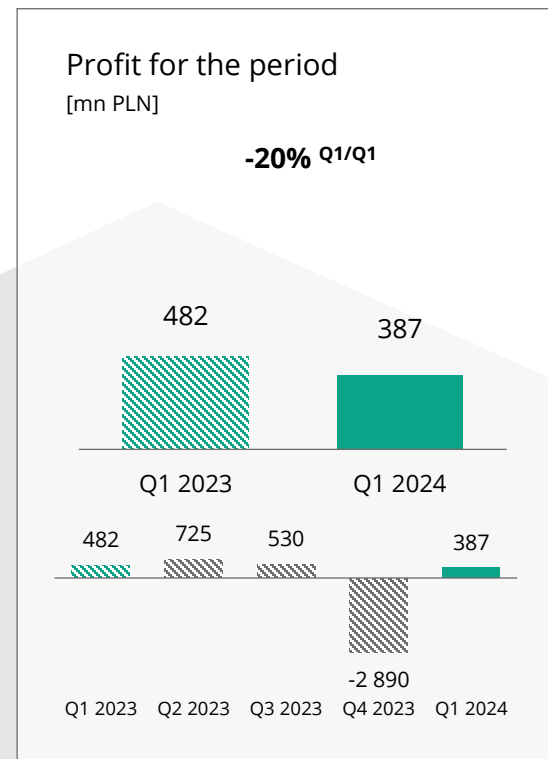
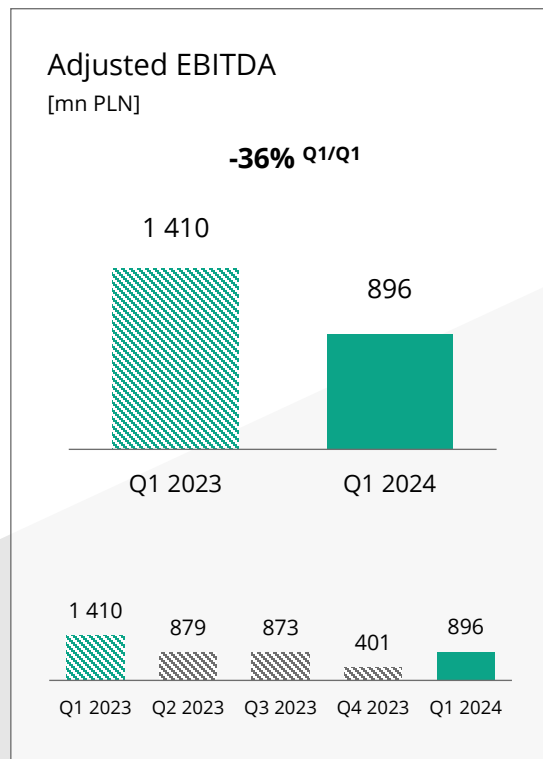


EBITDA and profit for the period

KGHM Polska Miedź S.A.

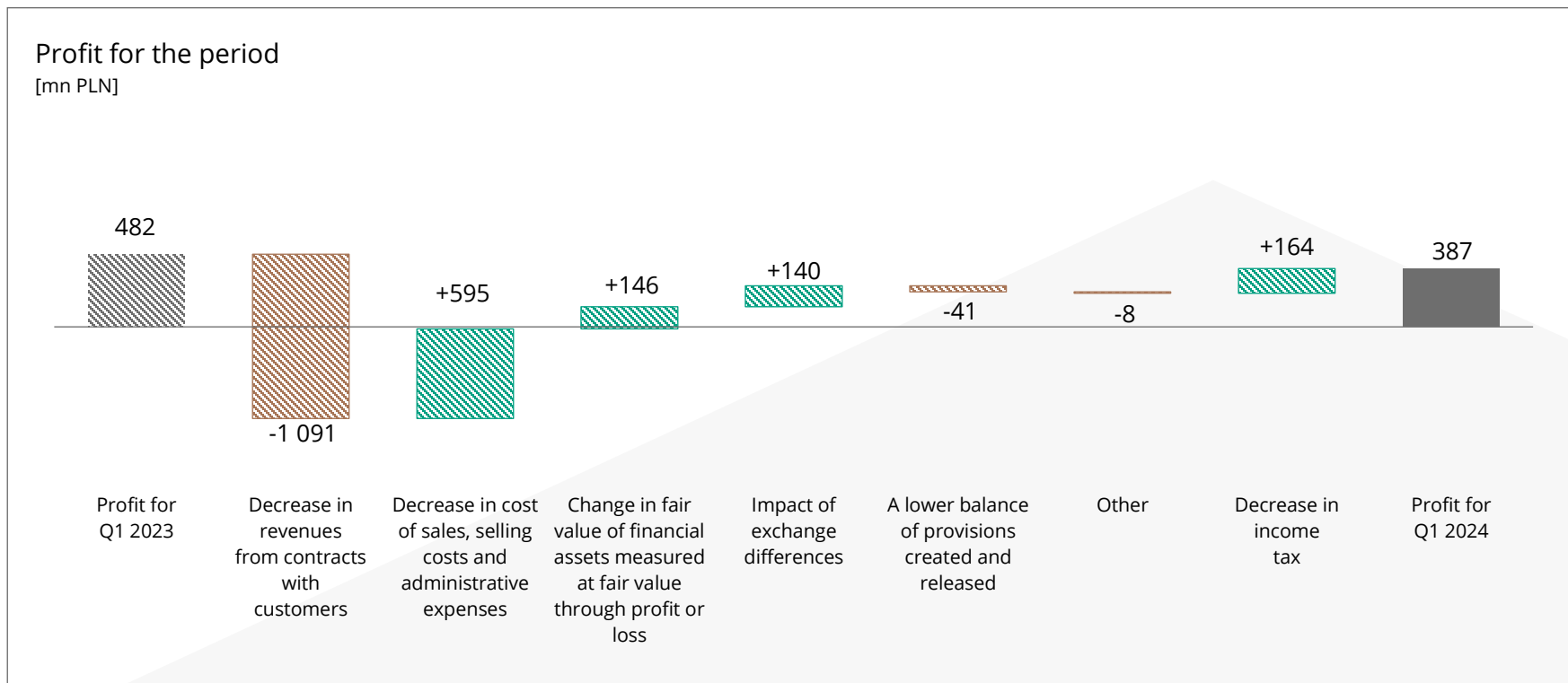
EBITDA and profit for the period

- EBITDA lower compared to 2022 by PLN 514 million, mainly due to less favourable macroeconomic conditions
- Lower operating profit, partially offset by a more favourable valuation of financial assets, exchange differences and lower income tax



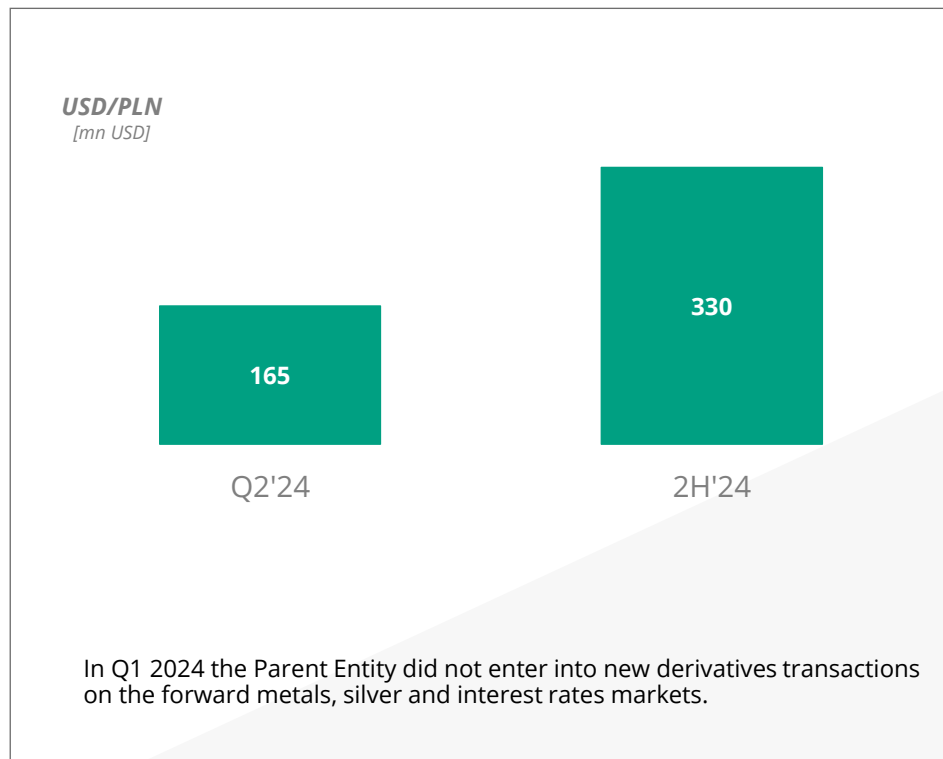
Profit for the period

KGHM Polska Miedź S.A.



Market risk management

Hedged position on the copper, silver and currency markets (as at 31 March 2024)



At the end of Q1 2024 the Parent Entity recorded a result on derivatives* and hedges in the amount of PLN 145 million:

- +PLN 160 mn adjusted revenues from contracts with customers (transactions settled to 31 March 2024),
 - PLN 15 mn decreased the result on other operating activities.
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2024 amounted to PLN 230 million.*
 - The revaluation reserve on cash flow hedging instruments as at 31 March 2024 amounted to PLN 469 million (excluding the tax effect).
 - As at 31 March 2024 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion.

* excludes embedded instruments



Production results of the KGHM Group by segment



Key production indicators

Q1 2024

Payable copper production
by the KGHM Group
higher by 2% (Q1/Q1)

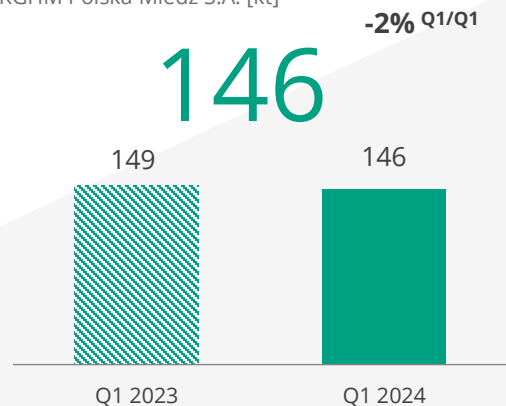
179

+2% Q1/Q1
[kt]

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

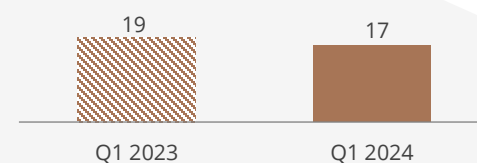
Payable copper production

KGHM Polska Miedź S.A. [kt]



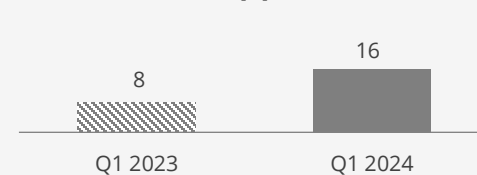
Payable copper production

Sierra Gorda¹⁾ [kt]



Payable copper production

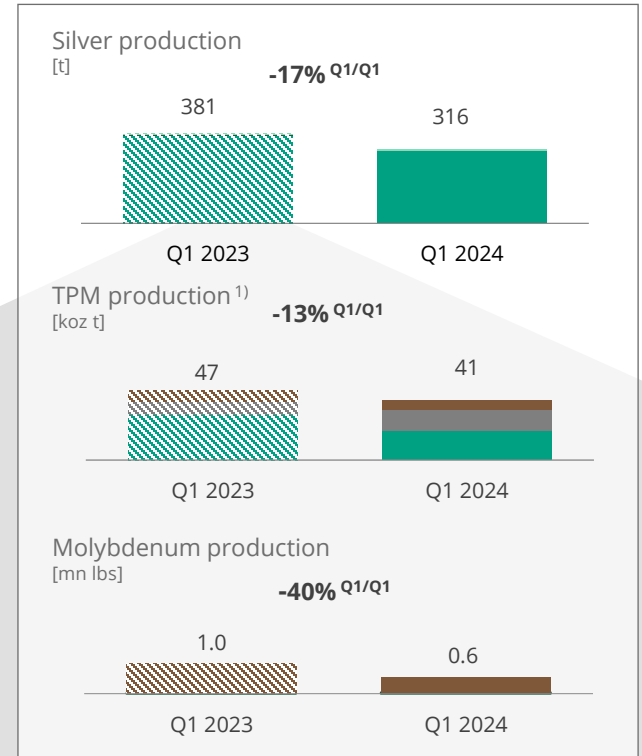
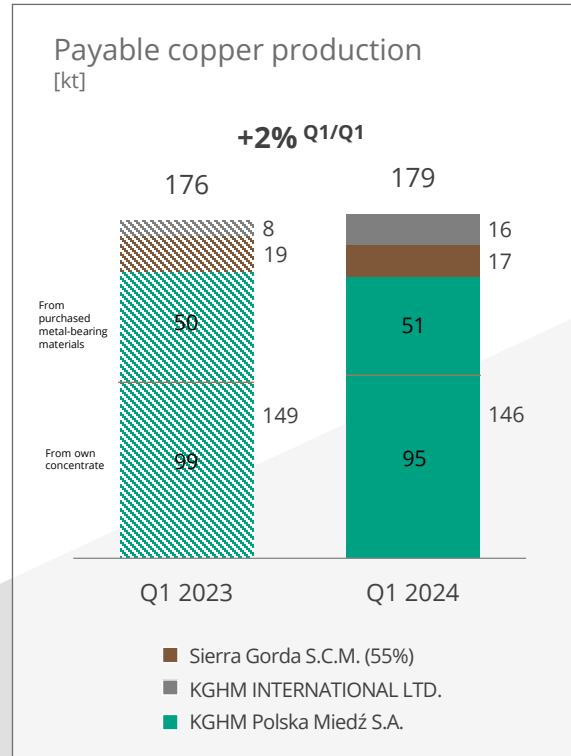
KGHM INTERNATIONAL LTD. [kt]



Metals production

KGHM Group

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

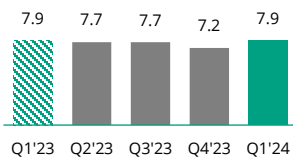
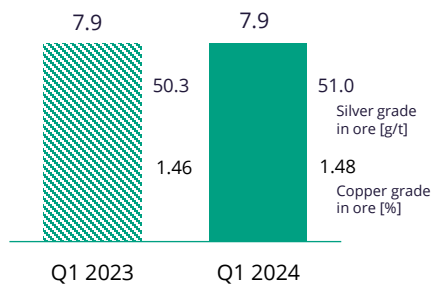


Production result

KGHM Polska Miedź S.A.

Ore extraction
[mn t dry weight]

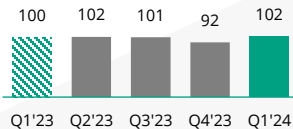
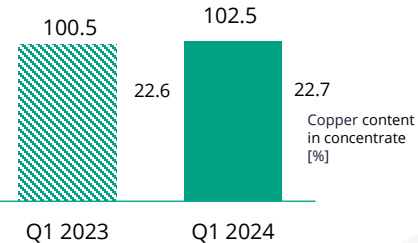
-./- Q1/Q1



- Ore extraction results from areas selected for mining

Production of copper
in concentrate [kt]

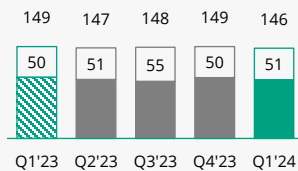
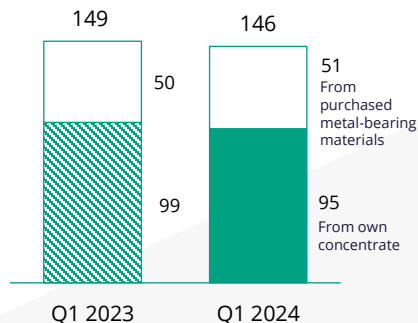
+2.0% Q1/Q1



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

Electrolytic copper
production [kt]

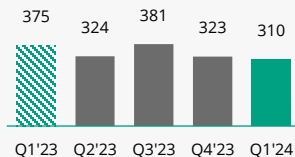
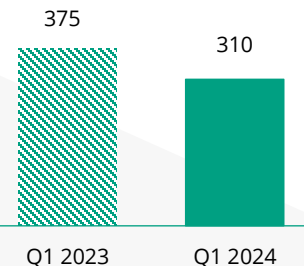
-2.0% Q1/Q1



- Cathode production result from execution of adopted production plans for 2024.

Metallic silver
production [t]

-17.3% Q1/Q1

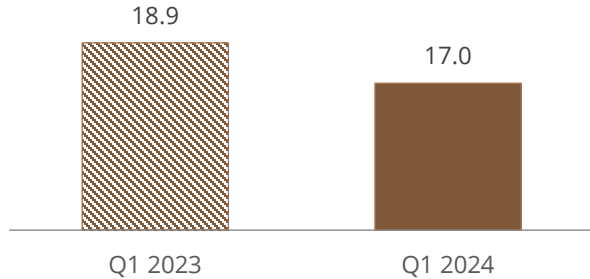


- Lower metallic silver production due to planned maintenance of the Precious Metals Plant.

Production results

Sierra Gorda S.C.M.¹⁾

Payable copper production [kt] **-10% Q1/Q1**



- Lower payable copper production in Q1 2024 compared to Q1 2023 due to the mining of ore with lower copper content and lower recovery

Silver production [t] **+9% Q1/Q1**



TPM production [koz t] **-13% Q1/Q1**



Molybdenum production [mn lbs] **-50% Q1/Q1**

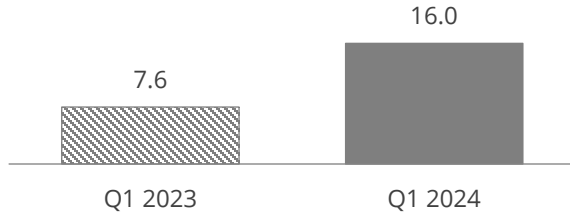


- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower metal content compared to ore mined in the prior year and lower recovery.

Production results

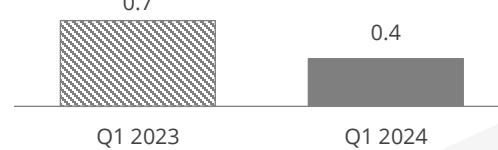
KGHM INTERNATIONAL LTD.

Payable copper production [kt] **+100% Q1/Q1**

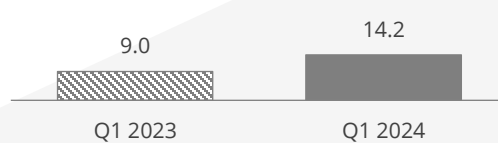


- Higher copper production compared to Q1 2023 mainly due to higher copper production by the Robinson mine due to extraction from the main, copper-rich zone
- Lower copper production compared to the corresponding prior-year period in the Sudbury Basin (extraction of ore with lower copper content)
- Higher production by the Carlota mine compared to Q1 2023 due to higher copper content in leaching solutions (PLS grade)

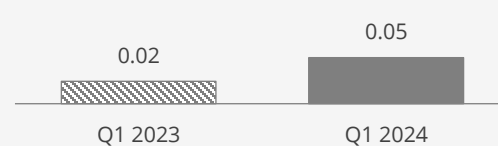
Silver production [t] **-43% Q1/Q1**



TPM production [koz t] **+58% Q1/Q1**



Molybdenum production [mn lbs] **+150% Q1/Q1**



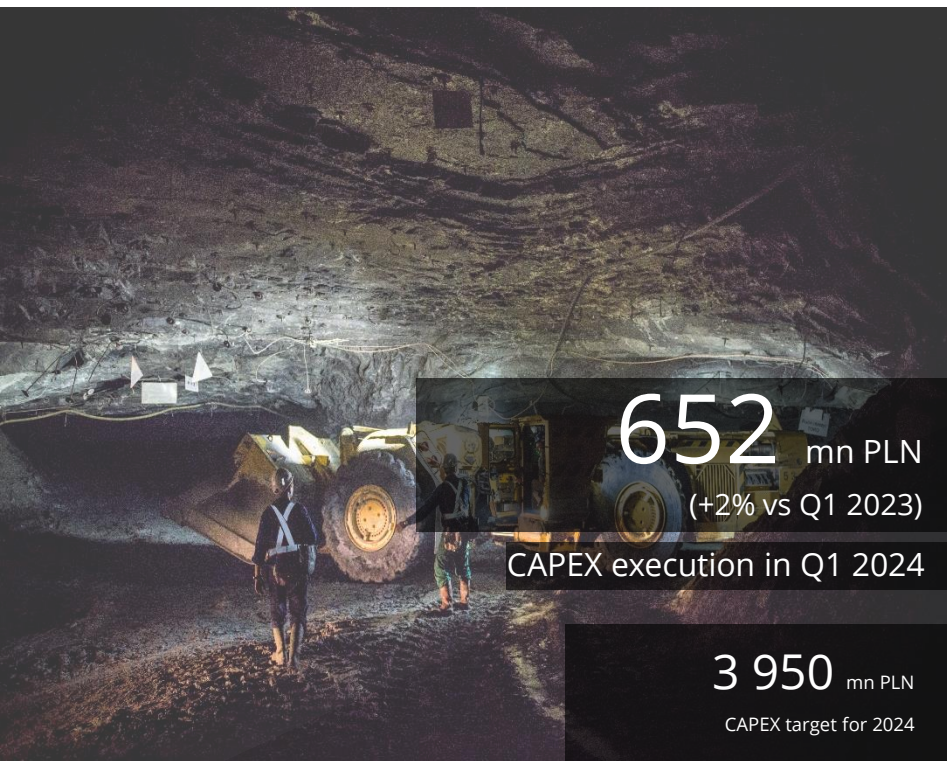
- Lower silver production by the Sudbury Basin due to lower silver content in ore
- Higher gold production by the Robinson mine (higher recovery and extraction). Lower precious metals production by the Sudbury Basin (lower TPM content in ore)
- Higher molybdenum production by the Robinson mine due to higher molybdenum content in ore



Advancement of development initiatives

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in Q1 2024



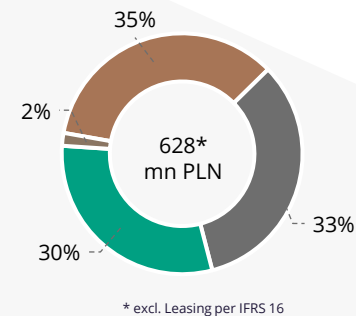
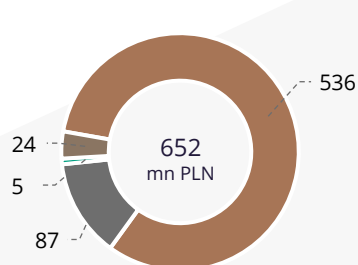
CAPEX execution in Q1 2024, incl. borrowings

by area

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

by category

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



Comparison: CAPEX and budget execution in Q1 2023



639 mn PLN
CAPEX execution 2023

3 250 mn PLN
CAPEX budget target for 2023

CAPEX execution in key investments

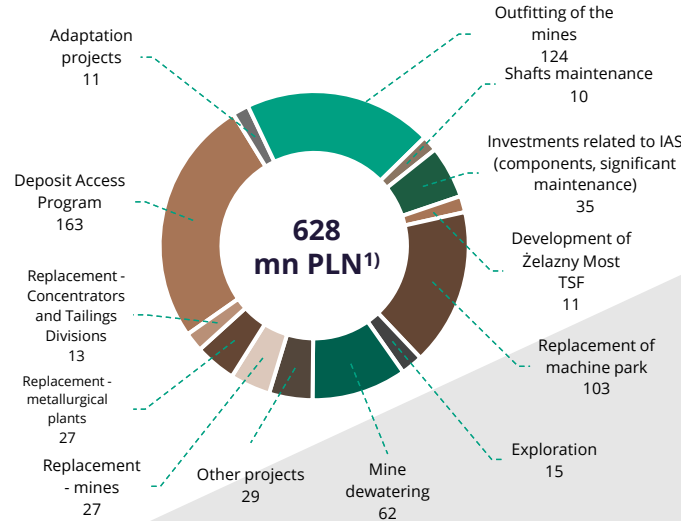
Deposit Access Program

- GG-1 shaft – Work continues on the final facilities required to support the shaft's ultimate function as a material and personnel transport shaft. Shaft injecting performed. Preparations begun for the final outfitting of the shaft.
- GG-2 „Odra” shaft – Work carried out on sinking headframe workings and research to enable the preparation of designs for the freezing of the shaft and the housing. Administrative proceedings carried out to build the main 110kV transformer station.
- Retków shaft – preparation of tender procedures to acquire geological works projects.
- Gaworzycze shaft - Municipality moving forward with changes to the MPZP²⁾; changes adopted to the SUIKZP³⁾ for the shaft complex construction area.
- 4 kilometers of tunnelling were excavated.
- Central Air Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) is operating with a nominal capacity of 33 MW. An offer of estimated costs was verified to expand the SKC to 40 MW.

The commissioned SKC enables work under proper climate conditions in the development and operating regions of Deep Głogów sections of the Polkowice-Sieroszowice and Rudna mines. Further expansion of the SKC will increase the scope of mining work.

Modernisation of electrorefining at the Legnica Copper Smelter/Refinery – conversion to permanent cathode plate technology

- The project began in 2023. In the first quarter of 2024 work continued on documentation – projects were obtained from the electrical sector. The processes of manufacturing and pre-fabrication of elements were commenced.



Outfitting of the mines

Conveyor belt transport – construction and extension of conveyor belts (Rudna mine - Outfitting of G-12 W-160 L-2: Conveyor belts and ore unloading points, Lubin mine – Construction of a conveyor belt C-1701/2).

- Outfitting and infrastructure of regions/sections (Polkowice-Sieroszowice mine - Outfitting of section G-54(Level D1E) / S-VI).

Development of the Żelazny Most Tailings Storage Facility

- Work completed on dike superstructure (to a crown height of 163 m a.s.l.). The Crown Formation Area BC is being sealed, enabling the further deposition of compacted tailings. The tailings are being examined in terms of their use in building the dam following processing in the hydrocyclones as well as work on improving working ergonomics at the SSIZO.
- In terms of the project „Development of the TSF a crown height of 195 m a.s.l.” in Q1 2024 work began by the Company PORR, the general contractor for construction work. Design work is underway on utilising terrain and occupying the north-west area. At the same time, administrative work is underway in three municipalities to enact changes to the MPZP²⁾, which are at the stage of having resolutions adopted for the SUIKZP³⁾.

Replacement of machine park

- 69 mine machines were purchased and supplied to the three mines : 15 to Lubin; 14 to Rudna; 40 to Polkowice-Sieroszowice.

Mine dewatering

- UIUGO SW-4 – High-pressure pumping units were built and handed over.
- Polkowice-Sieroszowice mine – Development of the piping network, the Anti-filtration Barrier, Main dewatering pumps - PG region.

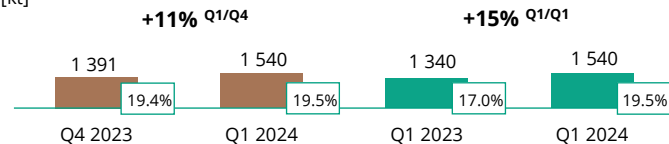
41 1) excluding Leasing per IFRS 16, plus borrowing costs and R&D
 2) municipal area management plan
 3) study of conditions and directions of area development

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

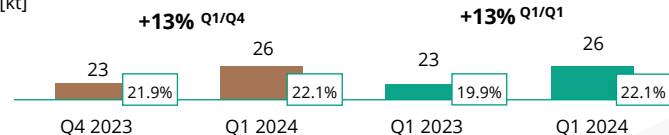
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

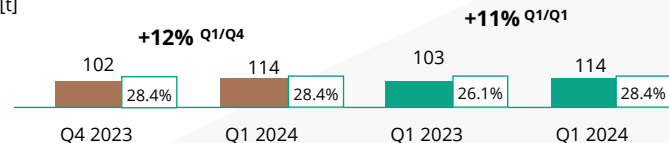
Ore extraction dry weight from GGP [kt]



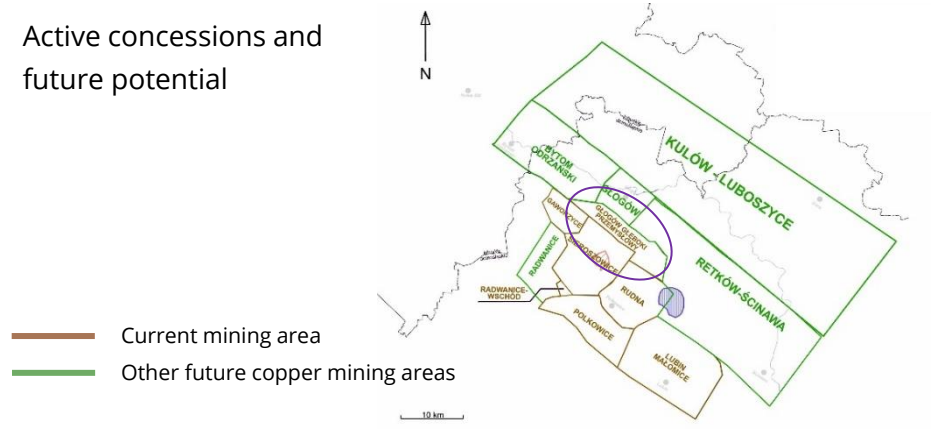
Amount of copper in ore [kt]



Amount of silver in ore [t]



Active concessions and future potential



Ore Extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q1 2024/Q4 2023) was higher by more than 10%.

The share of production from the GGP region in total domestic production year to year (Q1 2024/Q1 2023) consistently rose by a further 2 percentage points, due to an increase in the number of mining sections and mine workings built as well as to a substantial improvement in ventilation of underground workings from the GG-1 shaft.

Energy Development Program, including RES | major events in Q1 2024

Ensuring energy security in KGHM

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



M&A

- On 12 September 2023 a preliminary contingent agreement was signed for the purchase of shares in special purpose companies, the owners of solar power farm projects with a combined capacity of **approx. 47 MW**. The farms are located in the voivodeships of Lower Silesia, Łódź, Pomerania and Greater Poland. On 10 October 2023, KGHM became the owner of the first of the farms in the aforementioned portfolio – PV Żuki, with a capacity of 5.2 MW, followed on 29 February 2024 by the acquisition of additional farms – PV Głogów, PV Koryta and PV Gniewino, with a total capacity of nearly 42 MW, carrying out the closing of the acquisition of shares in the companies INWEST PV 40 sp. z o.o., INWEST PV 58 sp. z o.o., INWEST PV 58 sp. z o.o.
- The Company actively participates in acquisition processes, in particular as regards wind energy.

Development of solar energy

- **3 building permits** for PV projects on the grounds of the Głogów Copper Smelter and Refinery, with combined capacity of **7.5 MW**.
- Internal technical connection conditions were issued for the Obora Sandpit PV to connect to the network of KGHM with total capacity of **50 MW**. The potential of land transferred from mining purposes to the Obora Sandpit is **38.89 ha** of water reservoir and **18.93 ha** of land for renewable energy purposes.
- Technical connection conditions for a PV project with capacity of **88 MW** on own terrain of the Warta Bolesławiecka municipality were received.
- Advanced work on four other sites with total capacity of **approx. 10 MW** (connection conditions stage) continued.
- Further preparatory work is underway to exploit the potential of own land for PV projects.

Development of wind energy

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

Rozwój energetyki jądrowej

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

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