

# Layers of possibilities



Results of the KGHM Group for the fourth quarter  
and full year 2023

Warsaw, 25 April 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. Production results of the KGHM Group by segment



5. Advancement of development initiatives



6. Financial results of the KGHM Group



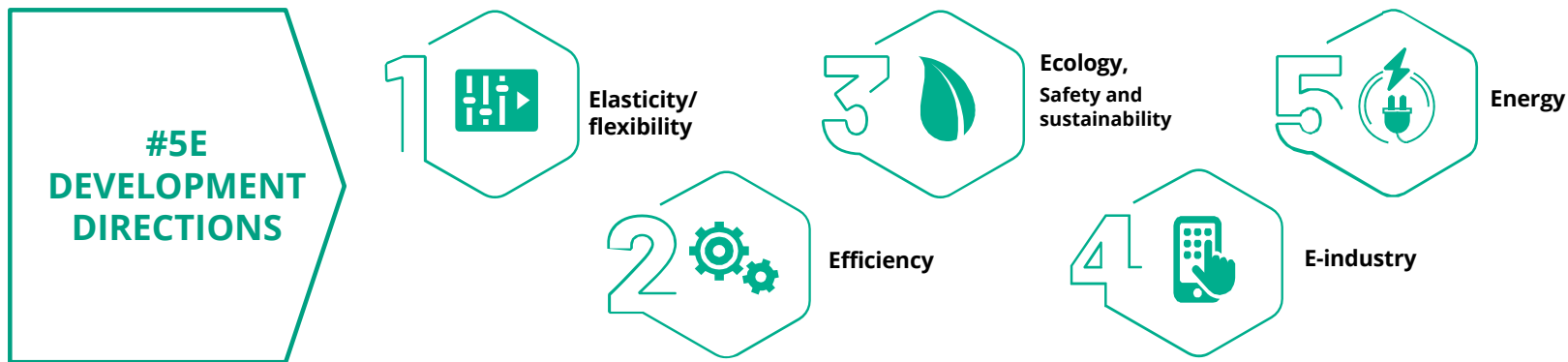
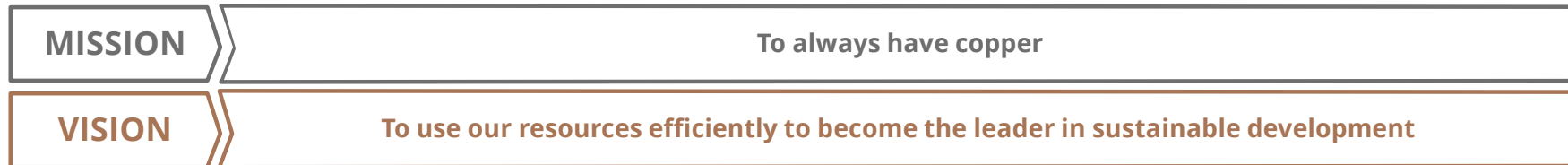
## Strategy of the KGHM Polska Miedź S.A. Group

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# Strategy of the KGHM Group to 2030 with an outlook to 2040

In 2023 the Company consistently advanced its mission and vision, based on the adopted development directions: Flexibility, Efficiency, Ecology, E-industry and Energy.



# Key action in individual areas of the Strategy in 2023



## FLEXIBILITY

- Continuation of the Strategic Program Hybrid Legnica Smelter and Refinery (incl. realisation of the „digital twin“ concept, along with receipt of a building permit for the Scap Turnover base at the Legnica Smelter and Refinery).
- Continuation of actions involving extension of the Company's value chain, including those related to the delivery and commissioning of the infrastructure necessary for the production of cast gold and silver bars in the Głogów Copper Smelter and Refinery.
- Continuation of 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.
- Continuation of development projects in the international assets.
- Financial stability was ensured by basing the financing structure of the KGHM Group on long-term instruments, reducing the cash conversion cycle and managing market and credit risk in the KGHM Group.



## EFFICIENCY

- The Company exceeded its production goals for 2023 in all of the main product lines. Mined production in domestic assets amounted to 445 kt of copper in extracted ore. Production of electrolytic copper and metallic silver in KGHM Polska Miedź S.A. was the highest in recent years, amounting to 592.4 kt of electrolytic copper and 1 403 t of silver, respectively.
- Copper production in the international assets in 2023 was lower than the budgeted targets.
- Advancement of the Deposit Access Program continued (the GG-1 shaft reached a depth of 1 348 m).
- Development of the Żelazny Most Tailings Storage Facility continued (development of the Southern Quarter and the Tailings Segregation and Compacting Station was advanced on an ongoing basis). Depositing and building up the dams in the Southern Quarter was carried out.
- R&D initiatives to enhance the efficiency of the core production business of the Company were conducted.
- Activities regarding the intellectual property of the Company were carried out.
- Use of external financing for R&D&I projects continued.



## ECOLOGY, SAFETY AND SUSTAINABLE DEVELOPMENT

- The Program to adapt the technological installations of the Company to the requirements of BAT conclusions for the non-ferrous metals industry and to restrict emissions of arsenic (BATAs) was concluded at the Głogów Copper Smelter and Refinery and Legnica Copper Smelter and Refinery. The objectives of the Program were achieved: cutting-edge technologies were applied, modern infrastructure was built, and arsenic and mercury emissions were reduced. The arsenic emission ratio from metallurgical production decreased by 82% in 2023 vs. 2018.
- The Cedynia Wire Rod Plant was granted the prestigious Copper Mark certificate.
- Implementation work of the environmental management system at the Head Office of KGHM Polska Miedź S.A. based on the ISO 14001 standard was completed.
- Environmental declarations for KGHM Polska Miedź S.A. products were prepared and verified, presenting the results of environmental and carbon footprint analyses.
- Allocations of free CO<sub>2</sub> emission allowances for 2023 for KGHM Polska Miedź S.A. were acquired.
- A number of pro-environmental activities were carried out, including: the balance of greenhouse gas emissions in all scopes for 2022 for the KGHM Group was prepared, work on the Decarbonisation Program of KGHM Polska Miedź S.A. was launched and a feasibility study was commenced on the construction of an evaporated salt plant at the Głogów Copper Smelter and Refinery in order to reduce the salinity of process waters.
- The Occupational Health and Safety Improvement Program was continued (LTIFR: 5.98; TRIR: 0.37).



## E-INDUSTRY

- The advancement of projects to automate the production lines of the Mining Divisions of the Company continued (including the implementation of initiatives connected with testing electric 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

- Projects aimed at increasing production of energy from own sources were continued, using photovoltaic farms, wind farms and nuclear energy.
- RES projects on own land - technical conditions of connection and the building permit for the Głogów Copper Smelter and Refinery Photovoltaic Power Plant (7.5 MW) were obtained, and the procedure for issuing technical conditions of connection was initiated for a number of Photovoltaic power plant projects: Warta-Bolesławiecka (88 MW), Piaskownia Obora (50 MW), Tarnówek (3 MW), Kalińkówka (2 MW) and Polkowice (3.5 MW), design work was resumed and activities were initiated for obtaining technical conditions of connection for 4 wind power plant locations as part of the Radwanice-Żukowice project (30-40 MW).
- RES acquisition projects - the acquisition of the Żuki photovoltaic farm (5.2 MW) was completed, a preliminary contingent agreement was signed for the acquisition of 100% of the shares in the company owning the Jerzmanowa photovoltaic power plant project (20 MW), final negotiations were conducted on the acquisition of shares in special purpose companies owned by the Solartech Project holding photovoltaic power plant projects with a total capacity of 47 MW.
- Development of SMR technology - a fundamental decision for the construction of a power plant with SMR reactors was obtained from the Minister of Climate and the Environment, a contractor for a pre-feasibility study for the implementation of the investment was selected, work on a detailed site analysis for the power plant was completed as part of the preparation of the preliminary site assessment report, and a general opinion on selected technical assumptions for the NuScale NPM-20 reactor technology was obtained from the President of the National Atomic Energy Agency.
- Off-shore projects - the necessary qualifying minima were not achieved in the adjudication proceedings conducted by the Ministry of Infrastructure for the off-shore sites applied for jointly with Total Energies.
- In 2023, 18.36% of the need of KGHM's Divisions for electricity was supplied by its own sources.










# Advancement of key strategic performance indicators in 2023

Strategy pillar	Strategic measure of success (strategic KPI)	2020 (base year)	Cel 2030	2023
Core business	 <b>Domestic copper production</b>	approx. 560 kt of electrolytic copper	<b>Approx. 600 thousand tonnes of electrolytic copper</b> (including production based on a higher amount of purchased materials and copper from recycling).  <b>Higher production by the international assets of KGHM</b> 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.  Maintain the Company's position amongst the world's top-three producers of silver (approx. <b>1200 tonnes</b> of silver annually).	<b>592.4 kt</b>
	 <b>International copper production</b>	approx. 150 kt of payable copper		<b>118.5 kt</b>
	 <b>Silver production</b>	approx. 1 320 tonnes of silver (top three)		<b>1 428.3 tonnes</b>
New activities	 <b>Energy produced</b>	694 GWh (22% of consumption)	<b>Min. 50%</b> of consumption (approx. 1.5 TWh)	<b>578 GWh</b> (~18% of consumption)
	 <b>Reduction in estimated CO<sub>2</sub> emissions resulting from electricity consumed</b>	approx. 1.6 mn tonnes of eCO <sub>2</sub>	<b>1.0 mn tonnes</b> of eCO <sub>2</sub>	<b>1.76 mn tonnes</b> eCO <sub>2</sub>
	 <b>Diversification of the commercial offer in terms of metals</b>	2%	<b>10%</b>	<b>2.3%</b>

1) Average ROCE from the last 3 years.



# Advancement of key strategic performance indicators in 2023

Strategy pillar	Strategic measure of success (strategic KPI)	2020 (base year)	Goal 2030	2023
Supporting activities	 <b>Recycling of scrap</b>	Approx. 124 kt of copper scrap	Approx. 350 kt of copper scrap	<b>143.5 kt</b> (dry weight)
	 <b>Revenues from sales on foreign markets of selected Group companies</b>	Base year 2020 Base year=100% Revenues from sales on foreign markets in the base year 2020.	<b>147%</b> vs base year for the companies Zanam, Nitroerg, PeBeKa <b>163%</b> vs base year for the company DMC	<b>109%</b> vs base year for the companies: ZANAM, NITROERG, PeBeKa; <b>154%</b> vs base year for DMC
Health	 <b>LTIFR</b>	7.31	<b>Aiming at 0 accidents</b>	<b>5.98</b>
	 <b>TRIR</b>	0.52	<b>Aiming at 0 accidents</b>	<b>0.37</b>
	 <b>Level of support for the area of Health carried out by the KGHM Polska Miedz Foundation</b>	Approx. PLN 11.5 mn	Approx. PLN 7 mn	<b>PLN 19.15 mn</b> (combined for institutions and individuals)
Prosociality	 <b>Support for the fair transformation of the mining sector</b>	n/a	Potential employment of approx. <b>500 miners</b> annually	<b>n/a</b> <sup>1)</sup>
	 <b>Number of volunteer projects advanced</b>	25	<b>30</b>	<b>310</b> (incl. 58 projects in the KGHM Group)

1) Not applicable. The EU's energy policy against the backdrop of the war in Ukraine and the approaching energy crisis is forcing countries to make further use of coal-based power sources.



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

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# Advancement of Sustainable Development Goals in 2023



# Initiatives and awards

- Another metallurgical facility of KGHM Polska Miedź received *The Copper Mark* certificate, testifying to its responsible production practices
- Creation of an ESG unit responsible for sustainability issues and the development of an ESG strategy
- Calculation and publication of the carbon footprints of key products
- Continued recognition as part of the *FTSE4Good Index Series*
- Training for management and ESG coordinators in the 26 companies of the KGHM Group
- A cycle of ESG webinars for employees involved in reporting
- Continuation of employee satisfaction surveys
- Organisation of conferences and workshops dedicated to neurodiversity
- Purchase of solar power farms
- Decision made to attempt to report non-financial information for 2023 under ESRs



**THE CLEAN200**

**GLOBAL  
ESG  
MONITOR**

7.42 points (out of a possible 10)  
KGHM Polska Miedź S.A.  
Recognised as a **Climate Aware Company for 2023**

Special award THE BEST OF THE BEST  
Special distinction THE BEST OF THE BEST  
Special distinction for **Most progress in improving integrated reports**

KGHM was the sole company<sup>1)</sup> amongst those identified by **THE CLEAN200** by Corporate Knights & As You Sow

In the TOP10 of WIG20 companies with a high level of ESG reporting transparency: **High Transparency** per Global ESG Monitor<sup>2)</sup>

1) Amongst 6 000 global entities  
2) Publication of result in 2023

## Program CSR ECO-Health – actions in 2023

**Assumptions:** the project enables continuation of the policy of social responsibility under the Company's CSR programs, aimed at the Company's most important Stakeholders – its employees and the people in the neighbouring communities of the Copper Basin.

**Goal:** promotion of an active lifestyle amongst social groups: children, adults and seniors, at the same time caring about employees' health, their families and people in the local communities.



**Swimming lessons** for children ages 5 – 10, assuming systematic lessons in indoor pools with qualified instructors. In 2023 around **550 children** took part in the autumn edition took part in five local communities: Legnica, Lubin, Głogowie, Chojnów, Polkowice and Rudna.

**Nordic Walking for adults** – cyclical Nordic Walking sessions, propagating an active lifestyle and recreation. These lessons, with the participation of qualified and experienced instructors, provide education in the sport and the mastery of basic Nordic Walking techniques and skills. In 2023 more than **100 persons** participated in several local towns in the Copper Basin: Lubin, Legnica, Głogów and Polkowice.

**Recreational gymnastics for seniors** - cyclical meetings with the aid of specialised hammocks and other gymnastics props. Supervised by experienced physiotherapists and rehabilitators, **90 persons** aged 55 – 80 take part in group sessions.

## Pro-family action and CSR

# 458

KGHM employees joined the CUdowni Rodzice (Wonderful Parents) of KGHM program



# 75

Editions of subsidised programs under the KGHM Academy



# 3.5

thousand

books collected in two book collection drives of the KGHM Book Club

**KLUB CZYTELNIKA KGHM**



Benefits of these campaigns:

**Over 8 000** beneficiaries of preventive programs (students, teachers and parents)

**Nearly 7 000** borrowings from the KGHM Book Club

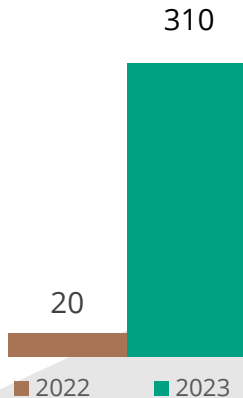
**5 libraries** from the region in the campaign : „Mie(dź) apetyt na czytanie” (Have an appetite for reading)

## Actions by KGHM's employee volunteers

# WOLONTARIAT



Number of volunteer projects



# 310

actions involving volunteers



# 2 635

 employee  
volunteers took part in actions

# nearly 11 000

hours dedicated to advancing volunteer projects





## Actions by KGHM's employee volunteers

# WOLONTARIAT



Variety of actions:



**80** involving science and education



**79** involving culture and traditions



**43** involving health and safety



**34** involving ecology



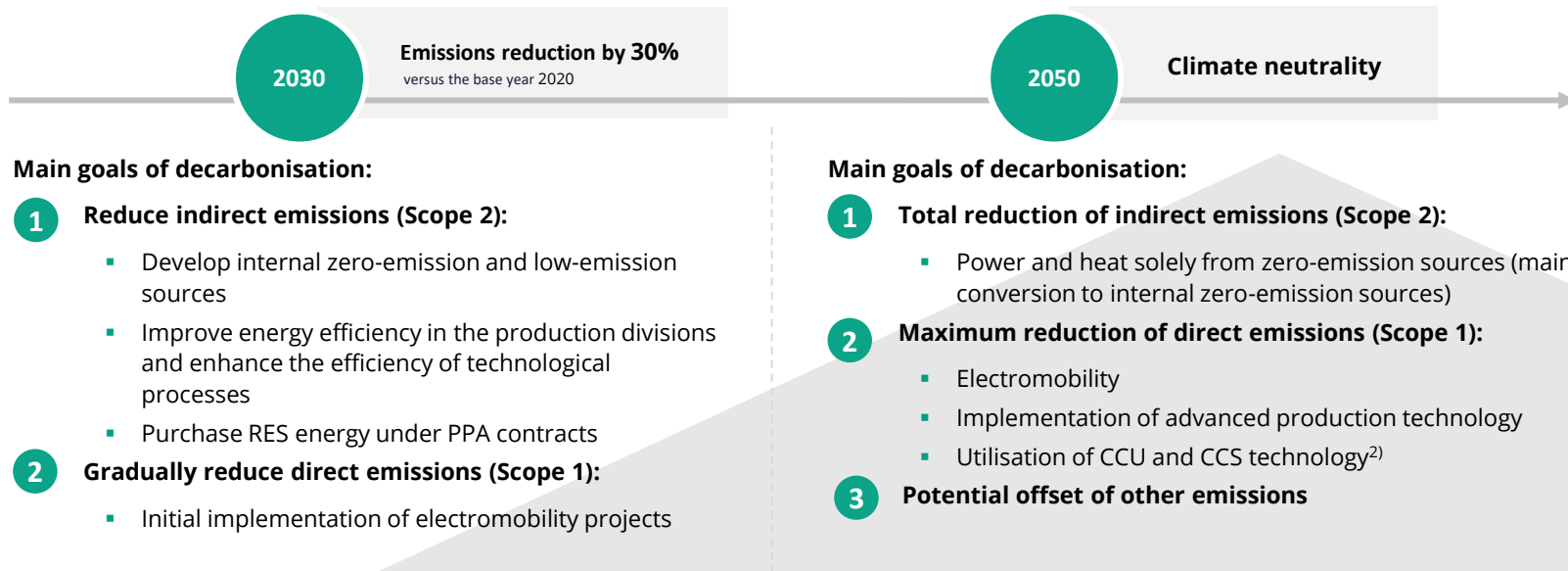
**22** involving sport and recreation



**52** other

# 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%<sup>1)</sup>



## 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):**
  - Initial implementation of electromobility projects

## Main goals of decarbonisation:

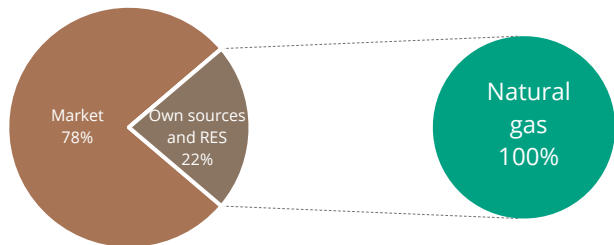
- 1 Total reduction of indirect emissions (Scope 2):**
  - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- 2 Maximum reduction of direct emissions (Scope 1):**
  - Electromobility
  - Implementation of advanced production technology
  - Utilisation of CCU and CCS technology<sup>2)</sup>
- 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

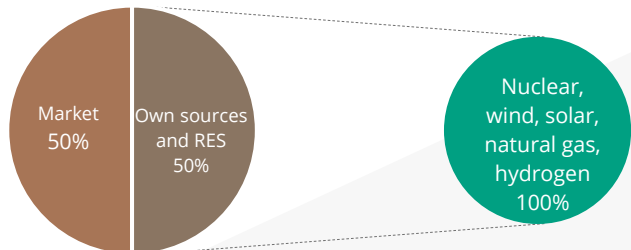
## By 2030 the increase in share of RES will lead to a substantial reduction in CO<sub>2</sub> emissions

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

2020 – base year (2.9 TWh):



2030 - goal:

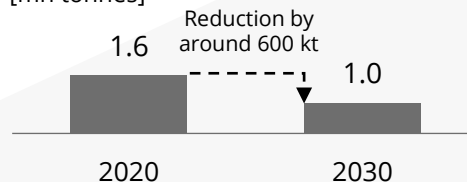


2023:

Own generation sources, including RES, covered 18.36%<sup>1)</sup> of KGHM Polska Miedź S.A.'s total power needs.

Estimated CO<sub>2</sub> 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 CO<sub>2</sub> annually

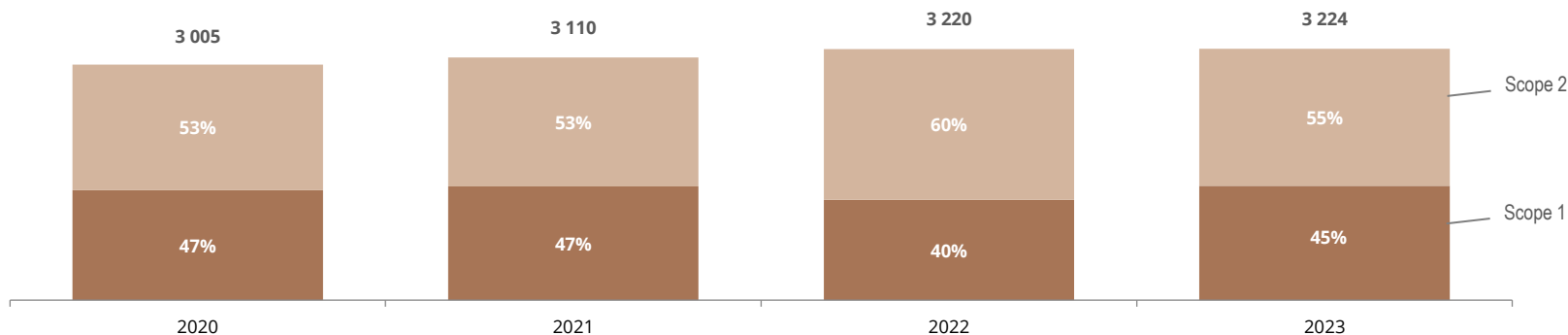


**100%** of electricity generated by **RES** in the **Sierra Gorda mine** since January 2023

1) In 2023, lower power generation by the CCGT units compared to the base year 2020 in a similar manner was due to the need for a maintenance shutdown of the CCGT block in Polkowice in the first quarter of 2023 due to unfavourable macroeconomic conditions, which meant that the price of electricity generated by the block was higher than could be realised in terms of purchasing energy from the market. The Company Energetyka provided an alternate source of heating from carbon-based sources during the block's shutdown.

## Greenhouse gas emissions (Scope 1 and Scope 2) of KGHM Polska Miedź S.A.

Greenhouse gas emissions in the producing assets of KGHM Polska Miedź S.A. in the years 2020-2023 (thousand tonnes of CO<sub>2</sub>e) pursuant to the location-based method



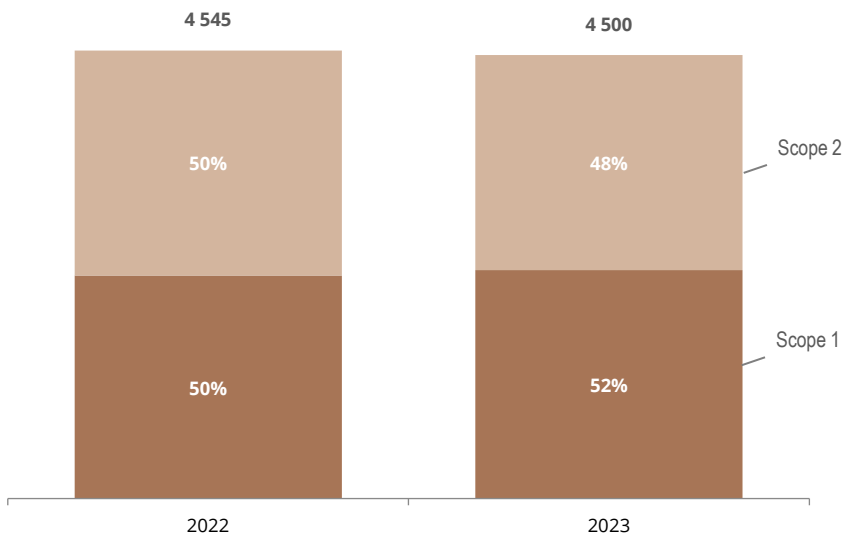
In 2023 Scope 1 and 2 greenhouse gas emissions of KGHM Polska Miedź S.A. amounted in total to 3 224 thousand tonnes of CO<sub>2</sub>e (tonnes equivalent of carbon dioxide) of which nearly 45% were Scope 1 (i.e. arising from sources owned or controlled by KGHM, such as emissions from combustion in Company boilers, furnaces and vehicles), while 55% of emissions were Scope 2 (arising from the use of purchased or acquired electricity, technological steam, heat or cooling consumed by KGHM).

In comparison to 2022, Scope 1 emissions increased by 13.7% due to the longer working time of the CCGT Gas-Steam Blocks, while Scope 2 emissions decreased by 8.9% (pursuant to the location-based method) and by 2.4% (pursuant to the market-based method).

Total Scope 1 and 2 emissions in 2023 increased by 7.3% (pursuant to the location-based method) and by 10% (pursuant to the market-based method) compared to the base year, while compared to 2022, emissions increased by 0.12% (pursuant to the location-based method) and by 4.1% (pursuant to the market-based method).

# Greenhouse gas emissions (Scope 1 and Scope 2) by the KGHM Polska Miedź S.A. Group

Greenhouse gas emissions by the KGHM Polska Miedź S.A. Group in the years 2022-2023  
(thousand tonnes of CO<sub>2</sub>e) pursuant to the location-based method



In 2023, Scope 1 and 2 greenhouse gas emissions by the KGHM Polska Miedź S.A. Group amounted in total to 4 500 thousand tonnes of CO<sub>2</sub>e (tonnes equivalent of carbon dioxide) of which nearly 48% were Scope 1 emissions (arising from sources such as emissions from combustion in Company boilers, furnaces and vehicles), while 52% of emissions were Scope 2 (arising from the use of purchased or acquired electricity, technological steam, heat or cooling consumed).

In comparison to 2022, Scope 1 emissions increased by 2.5% due to the longer working time of the CCGT Gas-Steam Blocks, while Scope 2 emissions decreased by 4.5 (pursuant to the location-based method) and by 0.1% (pursuant to the market-based method).

Total Scope 1 and 2 emissions in 2023 decreased by 1% (pursuant to the location-based method) and increased by 1.2% (pursuant to the market-based method) compared to 2022.

KGHM Polska Miedź S.A. is in the process of preparing a Climate Policy for the Group along with the setting of reduction goals and the base year.

# Employee safety as a strategic priority for the KGHM Group



## Safety and development

### ISO 45001:2018

We hold an Occupational Health and Safety Management System Certificate.

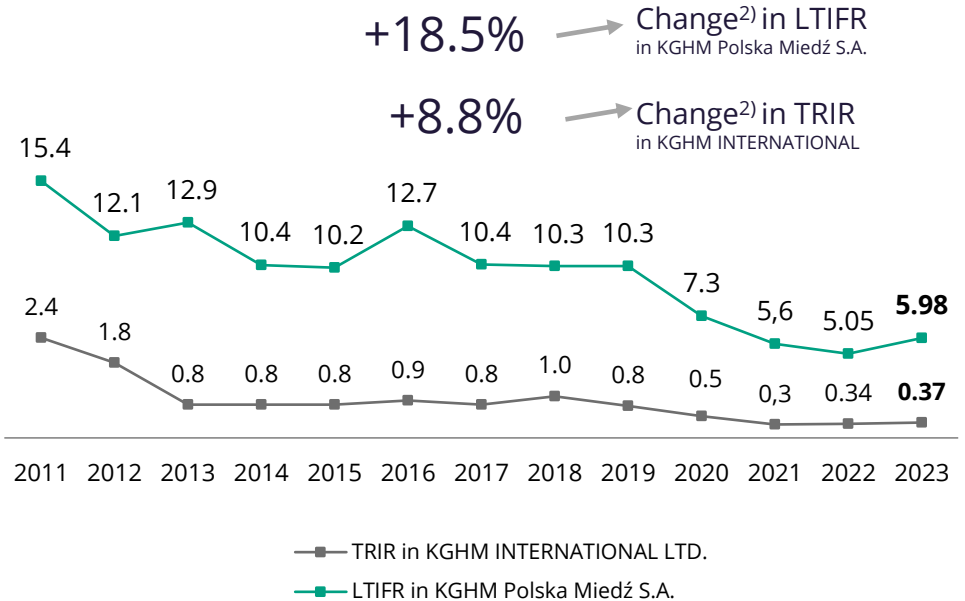
### Leader's Gold Card of Workplace Safety

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

### Accident rates

In 2023 the Company recorded an increase in the number of workplace accidents from 149 to 177. 98% of these were classified as light injuries. In 2023 the Company recorded an increase in the number of group accidents, which affected the accident rate numbers (5 vs 2). Compared to 2020 the number of workplace accidents in the Company was lower by 16.9%.

Accident rates<sup>1)</sup>



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

2) Average accident rate in 2023 compared to the average for 2022





## Key issues and execution of main targets

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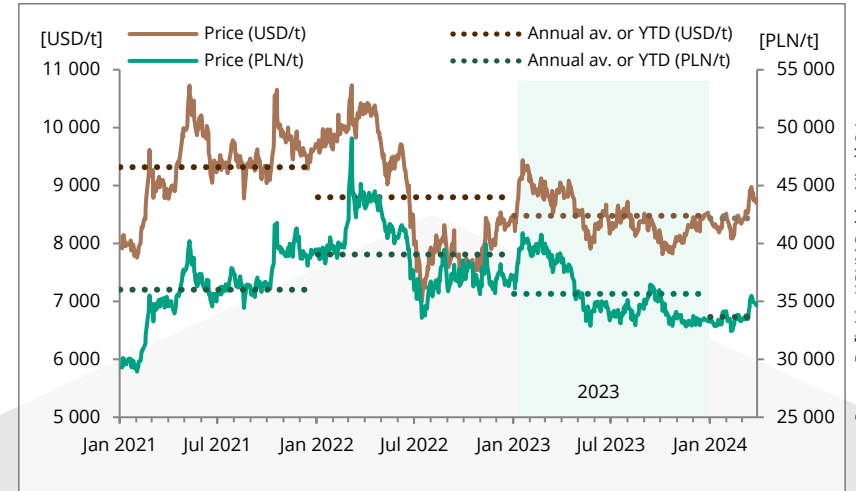


# Macroeconomic environment

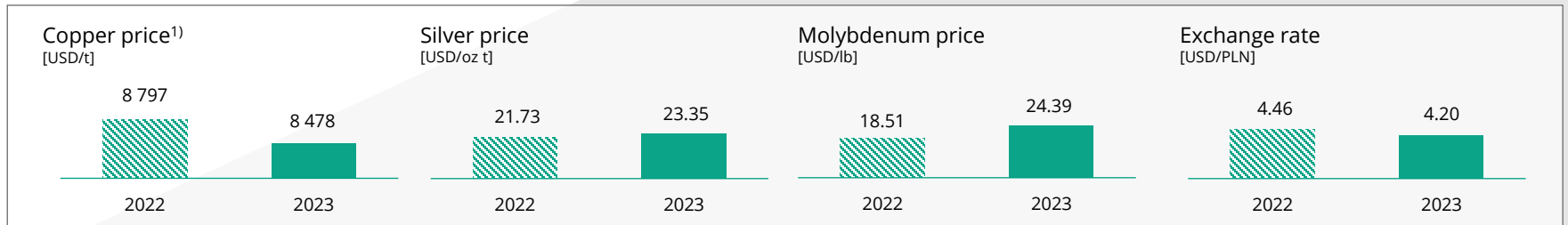
## Commodities and currencies prices

**Copper prices in 2023 ranged between 7 812 and 9 436 USD/t, remaining for most of the year in a sideways trend, without clear impulses from the Chinese Economy and with weaker global economic data. The copper price was heavily impacted by USD volatility.**

- The average price of copper in 2023 amounted to 8 478 USD/t, and was 3.6% lower than in 2022. The average silver price in 2023 was 7.5% higher than the average in 2022.
- The average price of molybdenum in 2023 was 32% higher compared to the average price recorded in the corresponding period of 2022.
- In 2023 the average PLN to USD exchange rate was nearly 6% lower than in 2022. Consequently, the price of copper expressed in PLN in 2023 was nearly 9% lower than in 2022. The average PLN-denominated price of copper amounted to 35 647 PLN/t.



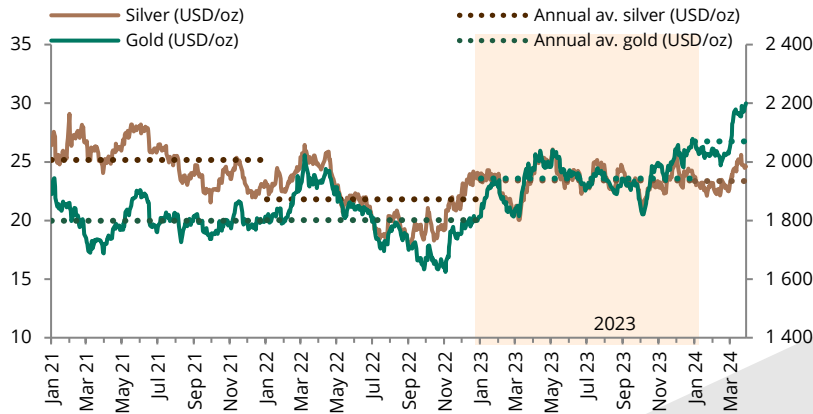
Source: Refinitiv, KGHM Polska Miedź S.A.



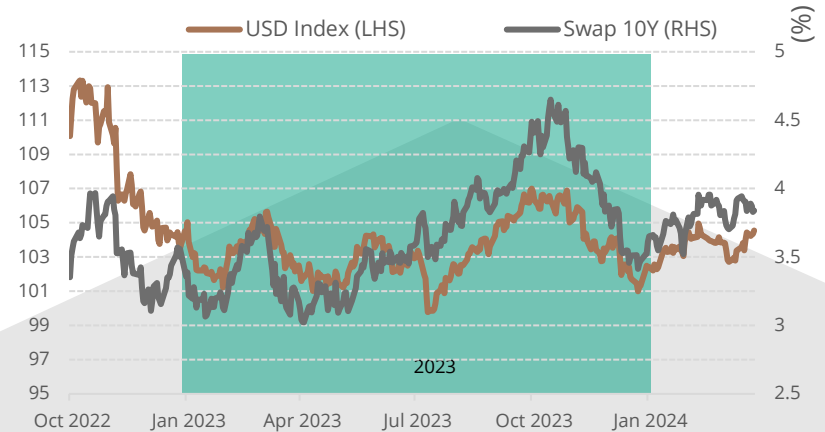
# Precious metals prices in 2023

Precious metals were under pressure from expectations related to Fed monetary policy

**Gold prices began to rise in Q4 as a result of heightening global geopolitical tensions and hopes for reduced rates. Silver remained in a sideways trend.**



**In 2023 precious and base metals were substantially impacted by interest rates in the USA and USD volatility.**



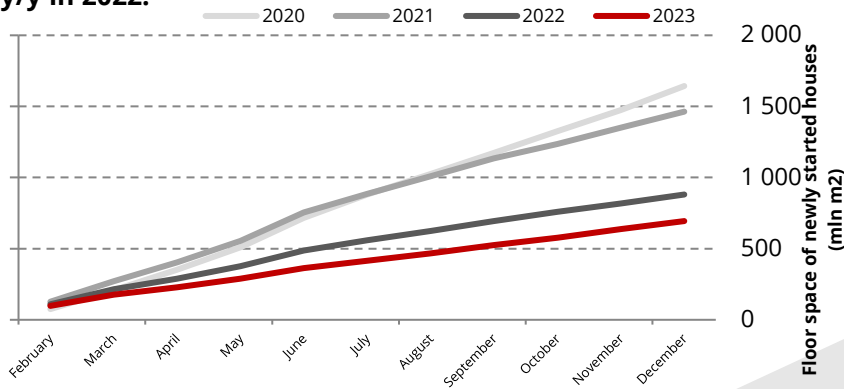
- The average price of gold in 2023 amounted to 1 941 USD/oz and was nearly 8% higher than the average price in the prior year. The average price of silver in 2023 amounted to 23.35 USD/oz and rose by 7.5% compared to 2022.
- The price of gold in 2023 in PLN was 1.6% higher, and silver 1.5% higher than in 2022.
- Precious metals are traditionally treated as an alternative to treasury paper, particularly American ones, with a consequent drop in the profitability of American bonds. In the case of a lack of additional factors, this could drive increases in precious metals prices. In 2023 expectations of interest rate changes by the Fed, with the consequent change in the profitability of treasuries, underwent frequent changes and adjustments, which kept gold and silver prices in a sideways trend. Heightened geopolitical tensions, following the attack by Hamas on Israel in October, spurred rises in gold prices.

Source: Bloomberg, KGHM Polska Miedź S.A.

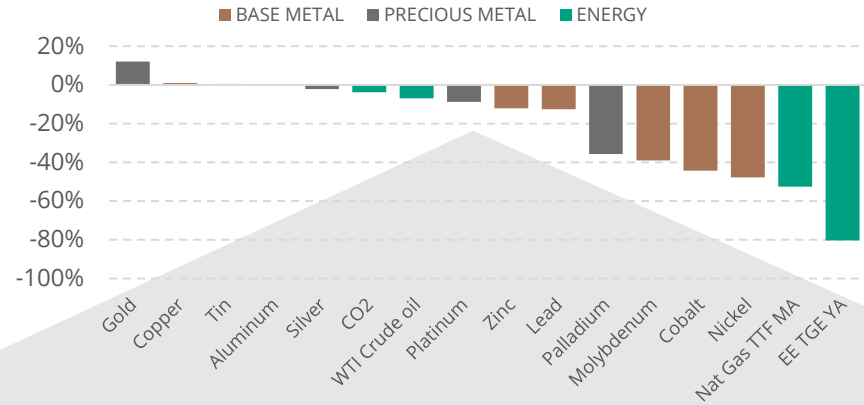
# There continues to be a crisis in the Chinese real estate market, which is driving lower demand for copper in China

Nevertheless, despite the lack of a clear price rise signal, the copper price stood out amongst other commodities.

**The Chinese property crisis continues, illustrated by the drop in new building starts in 2023 by 21% y/y, after a fall of 40% y/y in 2022.**



**In 2023 commodities markets underwent a broad drop in prices, due to lower tensions in supply chains**



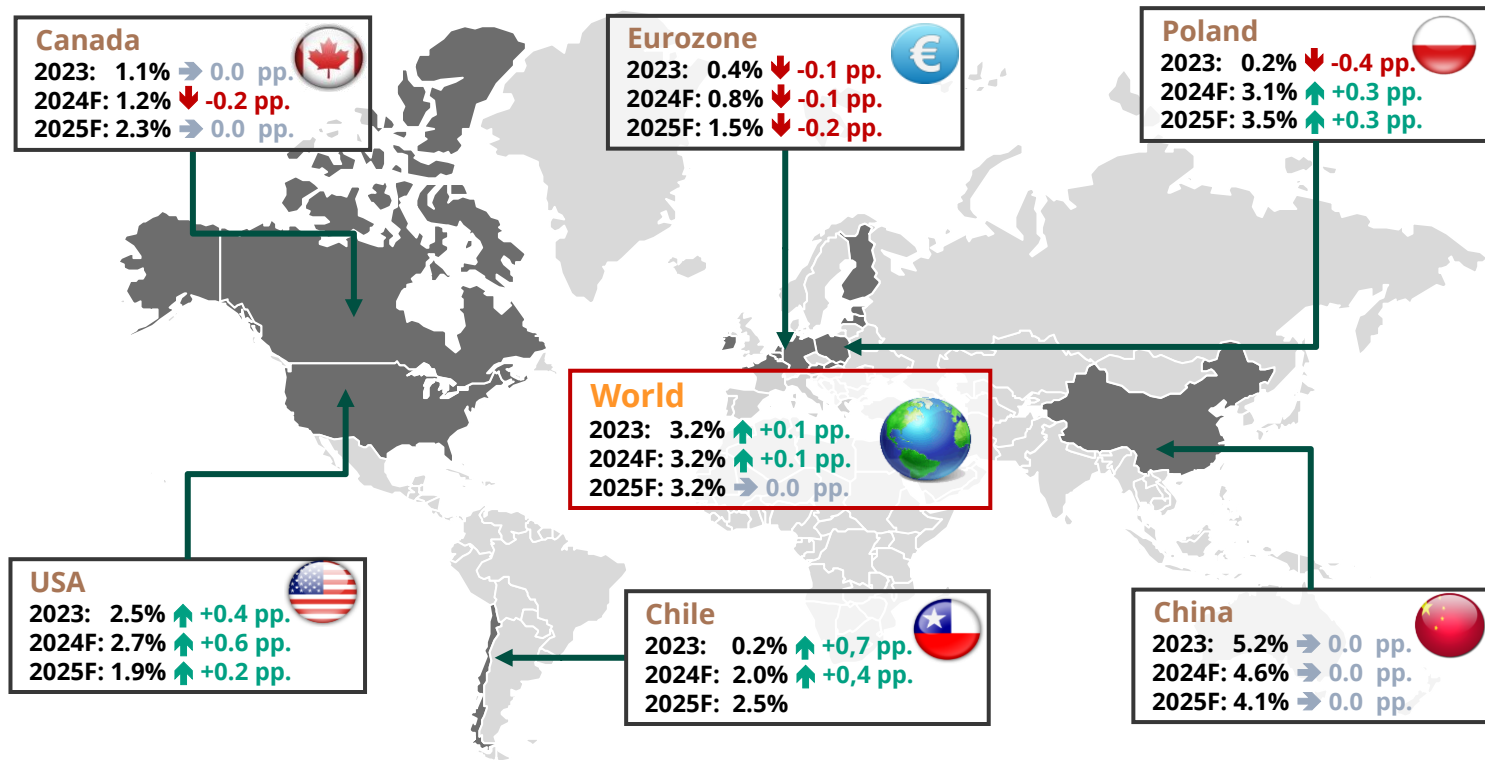
- Since the end of the pandemic, China has been dealing with a crisis on its real estate market, as illustrated amongst other by the increasingly lower floor space of new starts and completed developer projects. Another sign of the crisis is the bankruptcy of such firms as Evergrande and Country Garden. Consequently, one of the drivers of demand for copper – the construction sector – remains visibly below expectations.
- The lack of demand in the construction sector is being offset by investments in energy transformation in China.
- The value of direct foreign Investments in China is also falling. In 2023 they amounted to only USD 33 billion, the lowest level in 30 years.
- The prices of a broad spectrum of commodities fell in 2023. In particular, this involved natural gas and electricity, which a year earlier were at a very high level, following the crisis instigated by Russia's aggression against Ukraine.
- The decrease in supply chain-related problems following the pandemic led to lower metals prices. The increase in geopolitical tensions and the outlook of monetary policy easing supported gold prices.
- Oil prices rose in the second half of the year as a result of cut-backs in OPEC+ production, supported at year's end by tensions in the Middle East.

# Purchasing managers' sentiment was exceptionally low in 2023 in the eurozone. Sentiment in the USA and China likewise remained pessimistic for most of the year.

- PMI indices began to deteriorate at the end of 2022, and in the second half of 2023 reached low levels. Readings for the eurozone were near levels last seen during the Covid-19 pandemic.
- The deterioration in PMI levels was also recorded in the Chinese economy, in respect of which PMI levels are hovering between a slowdown and growth (50 points). The weak sentiment in China is being driven by the crisis in the construction industry and the lack of an expected, decisive response in the form of a stimulus package by the Chinese government.

	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
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
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
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
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
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
<b>Eurozone</b>	<b>58.7</b>	<b>58.2</b>	<b>56.5</b>	<b>55.5</b>	<b>54.6</b>	<b>52.1</b>	<b>49.8</b>	<b>49.6</b>	<b>48.4</b>	<b>46.4</b>	<b>47.1</b>	<b>47.8</b>	<b>48.8</b>	<b>48.5</b>	<b>47.3</b>	<b>45.8</b>	<b>44.8</b>	<b>43.4</b>	<b>42.7</b>	<b>43.5</b>	<b>43.4</b>	<b>43.1</b>	<b>44.2</b>	<b>44.4</b>	<b>46.6</b>	<b>46.5</b>
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
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
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
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	48.4	48.0	47.8	46.5	47.7	45.1	46.3	46.2	49.2	51.5
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
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
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
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
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
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
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
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
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
<b>Asia</b>	<b>52.0</b>	<b>51.8</b>	<b>51.2</b>	<b>50.3</b>	<b>51.2</b>	<b>51.2</b>	<b>50.9</b>	<b>51.0</b>	<b>51.2</b>	<b>50.5</b>	<b>49.7</b>	<b>49.8</b>	<b>51.0</b>	<b>52.3</b>	<b>52.2</b>	<b>51.2</b>	<b>51.2</b>	<b>51.0</b>	<b>51.1</b>	<b>51.5</b>	<b>51.4</b>	<b>50.6</b>	<b>50.7</b>	<b>50.2</b>	<b>50.9</b>	<b>50.9</b>
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	50.7
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
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
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
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
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
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
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
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

# IMF World Economic Outlook - January 2024



# Summation of 2023 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to 2022

## Macroeconomic environment<sup>1)</sup>

**-4%**

Copper price  
in USD/t

**-9%**

Copper price  
in PLN/t

**+7%**

Silver price  
in USD/oz t

**+2%**

Silver price  
in PLN/oz t

**-6%**

A weaker USD vs the PLN

## Operating results

**-0.3%**

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

**+0.7%**

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

**+8.1%**

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

**+27.1%**

Production of gold  
by KGHM Polska Miedź S.A.

## Indicators

**+21%**

Higher CAPEX execution  
by KGHM Polska Miedź S.A.

**-1%**

Slight decrease in revenues to  
PLN 33 467 mn

**1.1**

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

# Summation of 2023 in the KGHM Group and KGHM Polska Miedź S.A.

Basic measures of the 2023 results

KGHM Group

PLN 33 467 mn

Revenues

PLN 5 362 mn

Adjusted EBITDA

-PLN 3 691 mn

Loss for the period

KGHM Polska Miedź S.A.

PLN 29 084 mn

Revenues

PLN 3 563 mn

Adjusted EBITDA

-PLN 1 153 mn

Loss for the period





## Production results of the KGHM Group by segment

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# Key production indicators

2023

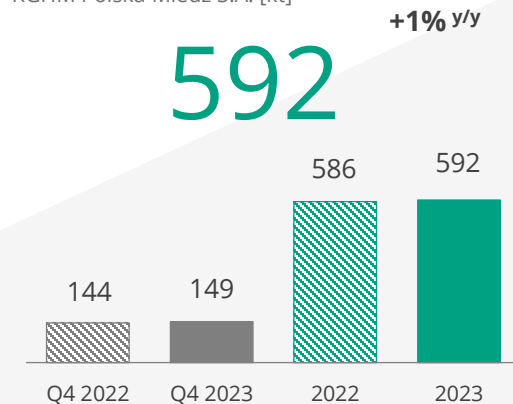
Payable copper production  
by the KGHM Group  
lower by 3% (y/y)

711

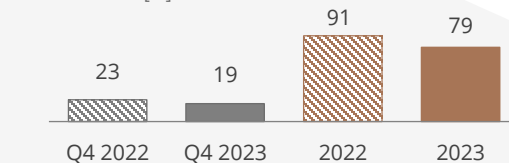
-3% y/y  
[kt]

- **KGHM Polska Miedź** – production slightly higher than in the prior year; the small rise was due to better use of working time of infrastructure in the Tank House of the Głogów Smelter/Refinery
- **Sierra Gorda** – lower copper in ore; lower metal recovery, partially offset by higher processing
- **KGHM INTERNATIONAL LTD.** – lower production mainly due to lower production by the Robinson mine

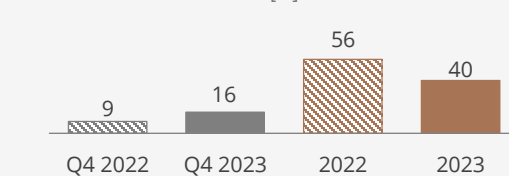
Payable copper production  
KGHM Polska Miedź S.A. [kt]



Payable copper production  
Sierra Gorda<sup>1)</sup> [kt]



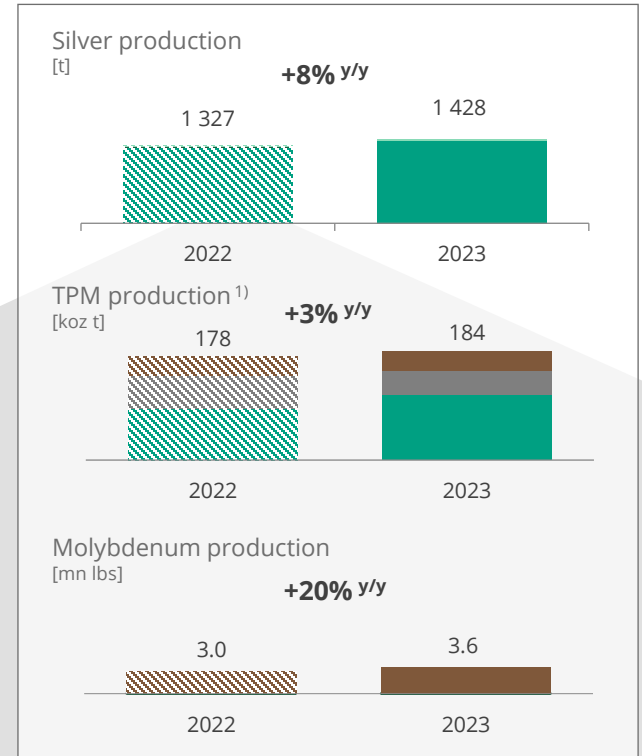
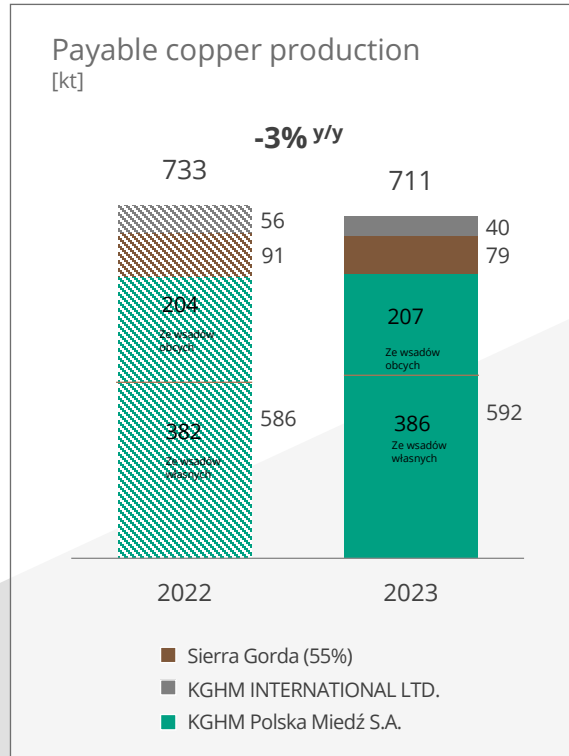
Payable copper production  
KGHM INTERNATIONAL LTD. [kt]



# Metals production

## KGHM Group

- Higher production by KGHM Polska Miedź S.A. from purchased materials and from own copper-bearing charges due to higher availability of production lines, in particular better use of working time of infrastructure in the Tank House of the Głogów Smelter/Refinery
- Lower copper production:
  - in KGHM INTERNATIONAL LTD. due to lower production by the Robinson mine
  - in the Sierra Gorda mine due to lower copper content in ore and lower recovery
- Production of silver and TPM by the Group was higher than in 2022 due to higher production of these metals by KGHM Polska Miedź S.A., as well as by the Sudbury Basin
- Higher molybdenum production by Sierra Gorda due to extraction in areas with higher molybdenum content and to higher processing

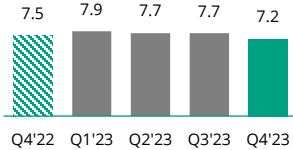
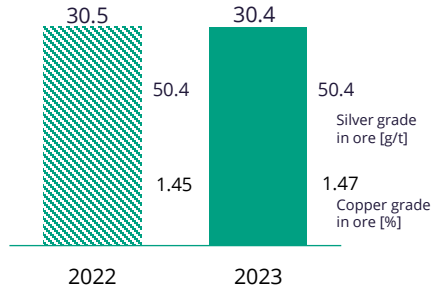


# Production results

KGHM Polska Miedź S.A.

Ore extraction  
[mn t dry weight]

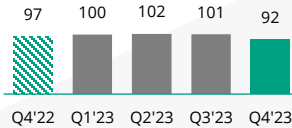
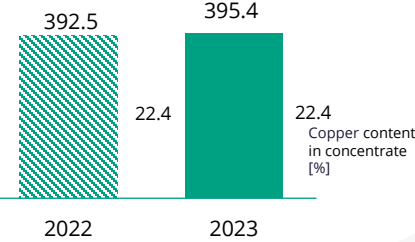
**-0.3% y/y**



- Ore extraction results from areas selected for mining

Production of copper  
in concentrate [kt]

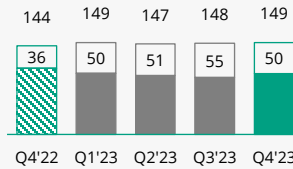
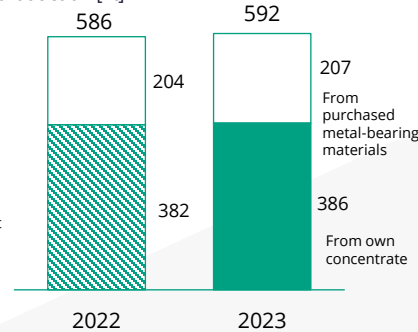
**+0.7% y/y**



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

Electrolytic copper  
production [kt]

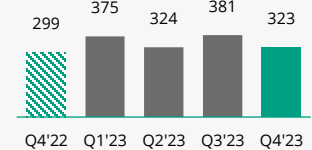
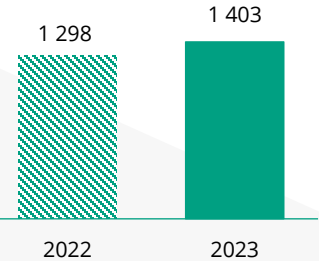
**+1.0% y/y**



- Highest level of annual electrolytic copper production in history – thanks to availability of charge material and full utilisation of equipment production capacity

Metallic silver  
production [t]

**+8.1% y/y**

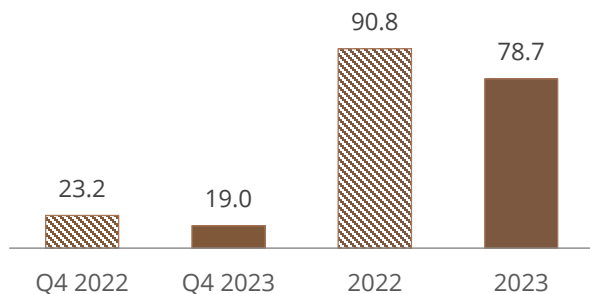


- Highest level of annual metallic silver production in history - thanks to availability of charge material and extension of the effective working time of equipment

# Production results

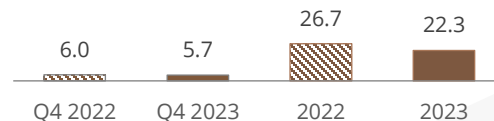
Sierra Gorda<sup>1)</sup>

Payable copper production **-13% y/y**  
[kt]

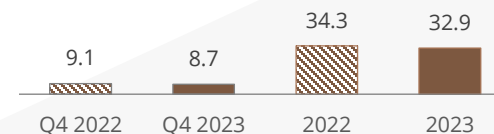


- Lower payable copper production in 2023 compared to 2022 due to the mining of ore with lower copper content and lower recovery

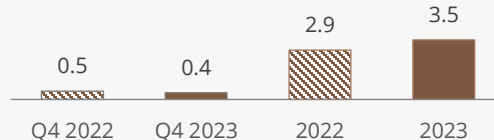
Silver production **-16% y/y**  
[t]



TPM production **-4% y/y**  
[koz t]



Molybdenum production **+21% y/y**  
[mn lbs]



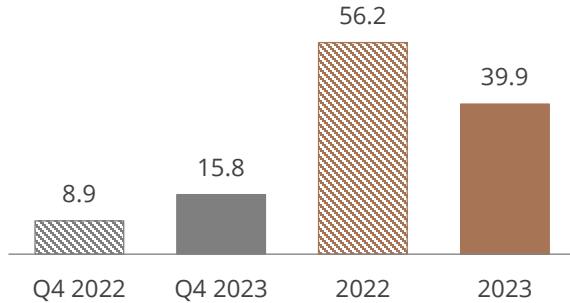
- The volume of precious metals production derived from the content of these metals in mined ore
- The increase in molybdenum production was due to extraction from areas with higher metal content compared to ore mined in the prior year, despite shutdowns of the molybdenum processing plant in the fourth quarter of 2023

# Production results

KGHM INTERNATIONAL LTD.

## Payable copper production [kt]

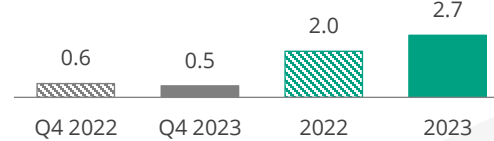
-29% y/y



- Lower production by the Robinson mine up to October 2023 due to lower extraction of ore from a low-quality transitional zone and lower recovery - high content of acid-soluble copper and zinc. From November 2023 production rose significantly (extraction from the main, rich ore zone)
- The lower production by KGHM INTERNATIONAL LTD. was also due to the recognition in 2022 of production by the Franke mine, which was sold in April 2022
- Higher production compared to 2022 was also recorded by the McCreevy mine (Sudbury Basin) - higher ore extraction with higher copper content

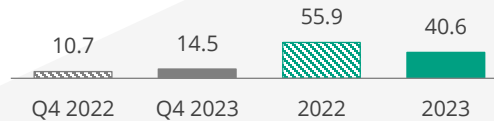
## Silver production [t]

+35% y/y



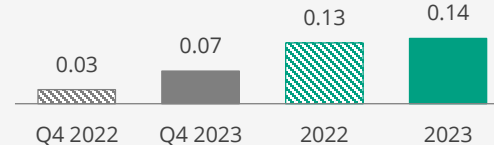
## TPM production [koz t]

-27% y/y



## Molybdenum production [mn lbs]

+8% y/y



- Higher silver production by the Sudbury Basin due to higher silver content in ore
- Lower gold production by the Robinson mine (lower recovery, lower extraction of ore with lower gold content), which was not offset by higher TPM production by the Sudbury Basin (higher TPM content in ore, with a similar level of extraction y/y)
- Molybdenum production by the Robinson mine at a similar level y/y



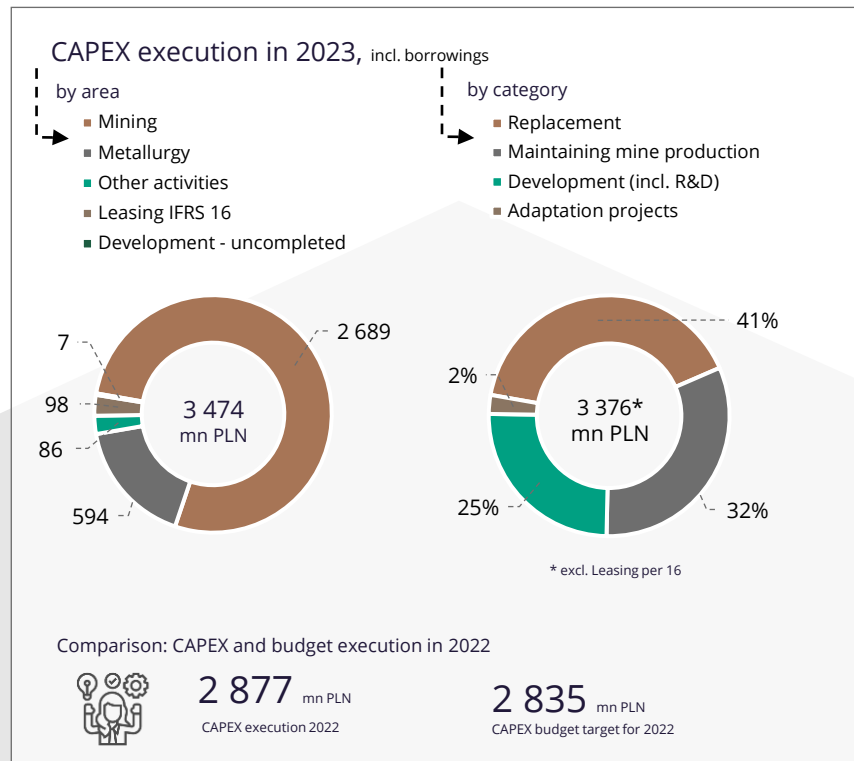


## Advancement of development initiatives

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# A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in 2023



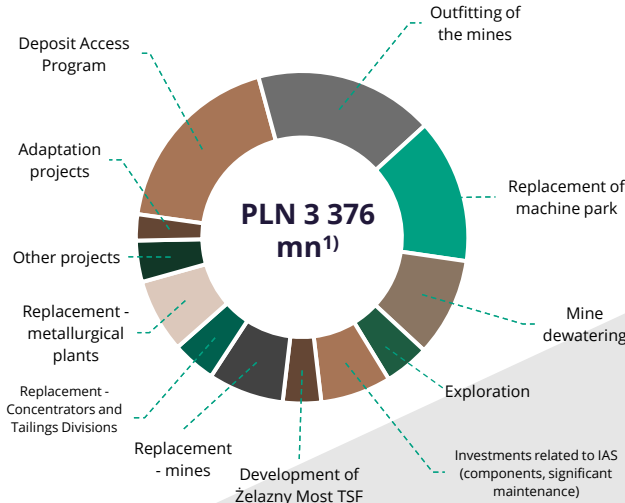


# CAPEX execution in key investments

## Deposit Access Program

- GG-1 shaft – For the transitional period, construction was completed on shaft heating facilities, the assembly of cable tracks and cables in the shaft. Work is underway on the final facilities required to support the shaft's ultimate function as a material and personnel transport shaft. Environmental decision received for the target facilities.
- GG-2 „Odra” shaft – Work is underway on sinking headway workings as well as research to enable the preparation of designs for the freezing of the shaft and the housing. Framework agreement signed for the execution of facilities needed to begin sinking the shaft; under this agreement negotiations were concluded on an executory design agreement.
- „Retków” shaft – Grębocice municipality moving forward with changes to the SUIKZP<sup>2</sup>; talks underway with the municipality regarding changes to the MPZP<sup>3</sup> for the site where the Retków shaft complex will be built. Agreement signed with the municipality regarding the execution of investments on their terrain. Corporate consent received for the purchase of property for the investment.
- Gaworzyce shaft - Municipality moving forward with changes to the SUIKZP and MPZP for the site where the shaft complex will be built.
- 40 kilometers of tunnelling were excavated.
- Power and related projects (LIUGO SW-4) – stage 1 working trials were conducted, i.e. to achieve capacity of 6m<sup>3</sup>/min, and for stage 2, i.e. pumping capacity of 12m<sup>3</sup>/min. Based on the handover to the KRZG<sup>4</sup> the Polkowice-Sieroszowice mine requested the Director of the Mining Office in Wrocław to grant a permit to commence operations of the project in the region of the SW 4 shaft of the Polkowice-Sieroszowice mine.
- Central Air Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) is operating with a nominal capacity of 33MW. An operating decision was received for the co-generation container units along with technical infrastructure. The first part of the Ice Water Transportation System is operating properly. Construction continues on building part 2 of the System.

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.



## Program to adapt the technological installations to BAT Conclusions

- The program concluded on 31 August 2023 with the achievement, through the investments made, of adaptation to BAT conclusions of the infrastructure of the Głogów and Legnica Copper Smelters and Refineries in terms of environmental protection and restricting emissions of arsenic.

## Replacement of machine park

- 256 mine machines were purchased and supplied to the three mines: 51 to Lubin; 96 to Rudna; 109 to Polkowice-Sieroszowice

## Maintenance shutdown at Legnica

- Maintenance and repair work was undertaken from 1 Sept. to 14 Oct. on the facilities and installations of the pyrometallurgical line. The re-start of the production installations occurred on 15 October 2023.

## Development of the Żelazny Most Tailings Storage Facility

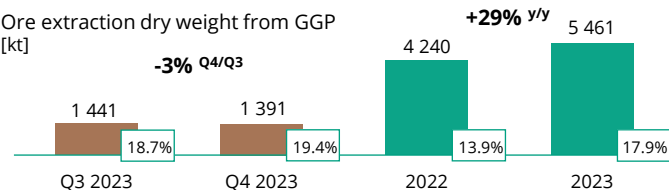
- Stages 1, 2 & 3 of construction of the Southern Quarter were completed. Operating permit received. A tailings slimes management agreement was signed and work commenced. A causeway was built (to a crown height of 158 m a.s.l.), enabling the deposition of compacted, small-grain tailings. The causeway is being developed (to a crown height of 163 m a.s.l.) and the Crown Formation Area BC is being sealed, enabling the further deposition of compacted tailings.
- Work continues on the Tailings Segregation and Compacting Station – 99% completed. Stage 1 completed - hydrocyclones. In terms of Stage 2 – construction of compactors – 99% of work was completed. The compactors were assembled and underwent operational trials, together with a flocculants station.
- The process of large-grain tailings segregation and compacting is underway for the purpose of deposition in the Southern Quarter.
- The deposition of compacted (de-watered) tailings enables the return (i.e. re-utilisation) of significant amounts of water into processing and around 5-times less water needing to be stored in the Southern Quarter.

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

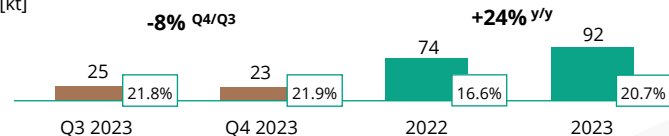
Deposit access program in KGHM's concessioned areas

## Share of production from GGP in total production in Poland

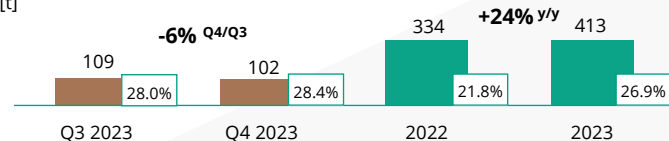
Ore extraction dry weight from GGP [kt]



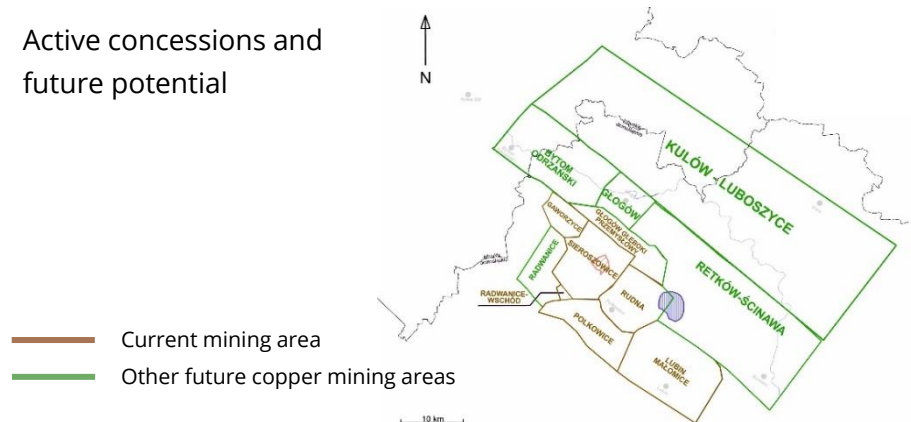
Amount of copper in ore [kt]



Amount of silver in ore [t]



## Active concessions and future potential



Ore Extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q4/Q3 2023) was lower due to lower extraction and to slightly lower copper and silver content in ore as a result of the proximity of the work to barren rock areas.

The share of production from the GGP region in total domestic production year to year (2023/2022) remained in a rising trend, and higher by at least 24%, due to the successive increase in the number of mining sections and executed workings, as well as thanks to the improved ventilation of the workings from the GG-1 shaft.

# Execution of strategy by the Group's entities in Poland

Supporting actions



## Reorganisation of the Group

### Optimisations actions

Adaptation of companies portfolio to the current needs of KGHM

## 2023

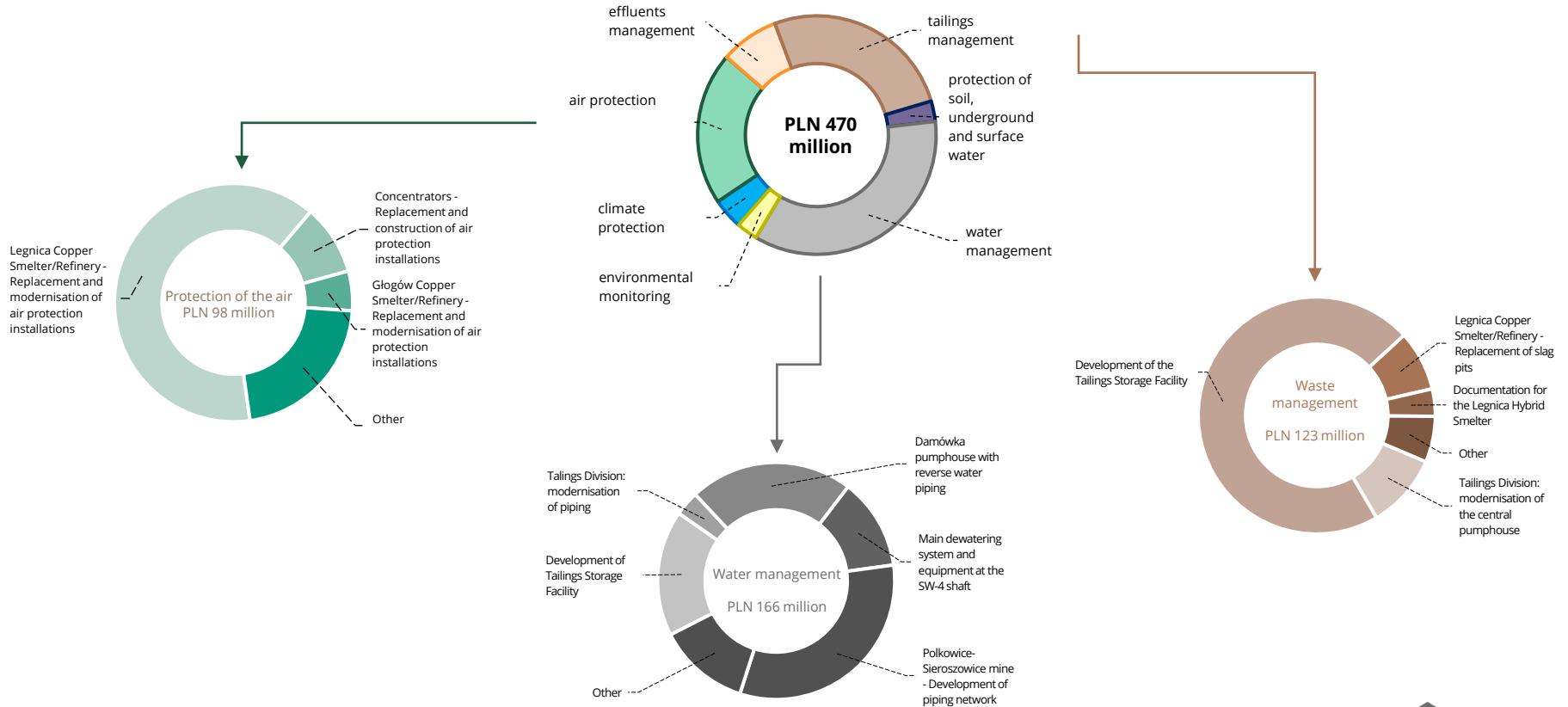
Advancement of the energy transformation strategy of KGHM  
Acquisition of target companies, being operators of solar power farms – ensuring coverage of part of the needs of KGHM for power

## Subsequent years

- Strategy aimed at core companies – maximising operational security, including financial security,
- Improvement of the Group structure aimed at optimising utilisation of the resources of subsidiaries (assets, knowledge, experience), by exchanging activities, advancing joint projects/ventures,
- Increase the transparency of the Group's management – implementation and monitoring of standards and best corporate governance practices in Group companies.

# Environmental Investments

2023

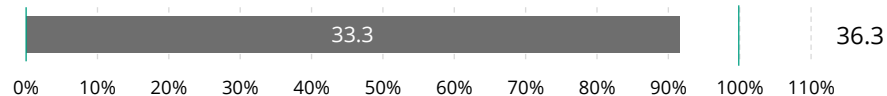


# The financial situation of the KGHM Group remains stable and safe

2023  
Budget

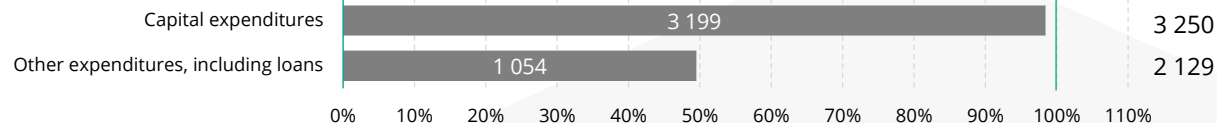
## Total unit production cost

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



## Investments

KGHM Polska Miedź S.A.<sup>2)</sup>  
[PLN mn]



## Liquidity of the KGHM Group

[net debt / adjusted EBITDA]<sup>3)</sup>

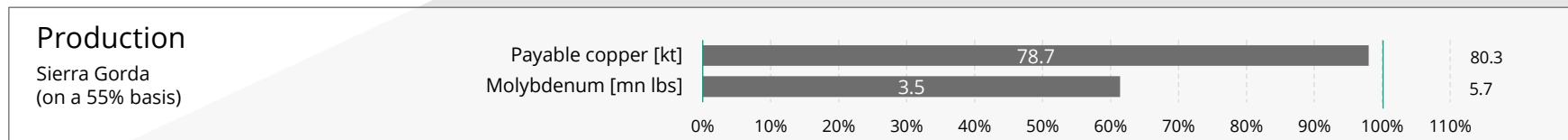
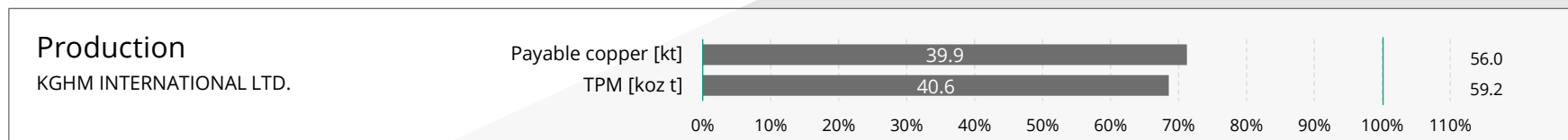
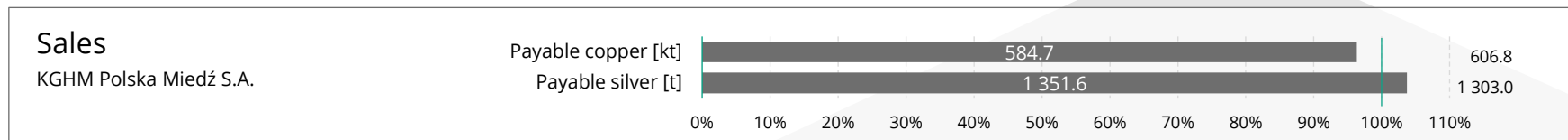
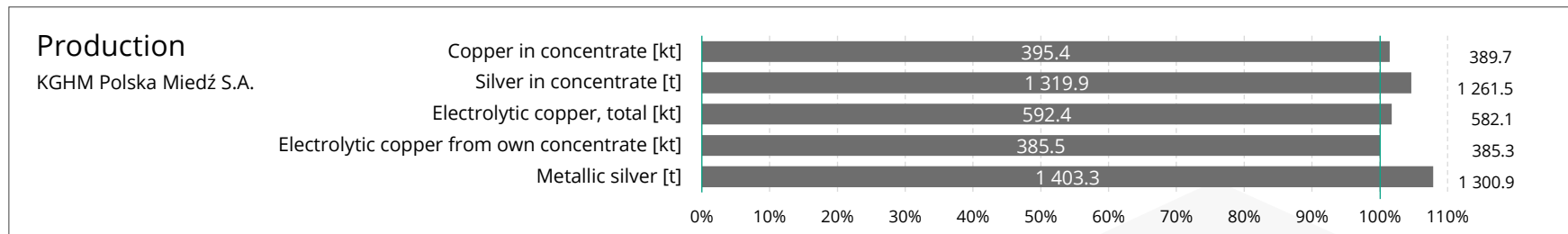


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic 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 2023

# Group production and sales in 2023

Execution of annual targets

**2023**  
Budget





# Energy Development Program, including RES | major events in Q4 2023

## Ensuring energy security in KGHM

- The Natural Gas-Steam (CCGT) blocks of the Head Office ensured energy security for the Core Production Business as regards the supply of power to the Polkowice-Sierszowice and Rudna mines as well as to the Głogów Copper Smelter and Refinery. Maintaining the operation and/or availability of the CCGT blocks serves to reduce the impact on KGHM in the case of a blackout of the National Energy System, and ensures the supply of cogenerated heat for the production needs of the metallurgical plants as well as heat in the form of hot water for KGHM's facilities and for customers in the communities of Polkowice, Głogów and Lubin.
- KGHM Polska Miedź S.A. as a corporate whole (meaning all of its facilities and equipment) is protected against the potential introduction of restrictions in the supply and off-take of electricity by a Decision of the President of the Energy Regulatory Office dated 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 following voivodeships: 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, carrying out the closing of the acquisition of shares in the company INWEST PV7 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.
- An application was submitted to issue technical connection conditions for a PV project with capacity of **88 MW** on terrain of the Warta Bolesławiecka municipality
- Advanced work on four other sites with total capacity of **approx. 10 MW** (connection conditions stage)
- Further preparatory work is underway to exploit the potential of own land for PV projects.

## Development of wind energy

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

## Development of nuclear energy

- A contractor was selected and work commenced 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.
- Work was completed on an „Analysis of sites for the planned nuclear power plant using SMR technology – Final Report”.
- On 22 December 2023 the President of the National Atomic Energy Agency (PAA) issued a general opinion on selected technical assumptions for the NuScale NPM-20 reactor technology. The PAA reviewed the conformity of the selected technical assumptions described in the application for a general opinion with the Polish nuclear safety requirements.



## Financial results of the Group

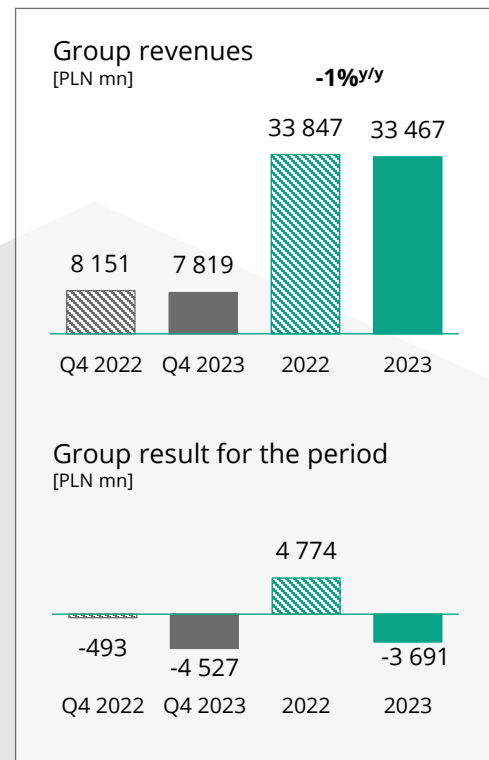
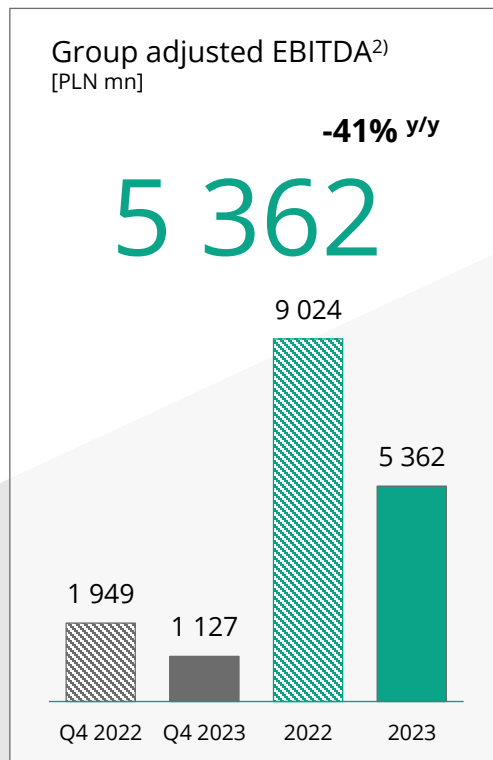
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# Key financial indicators of the KGHM Group

2023

## Adjusted EBITDA of the KGHM Group

Lower adjusted EBITDA compared to 2022  
in all the main Group segments

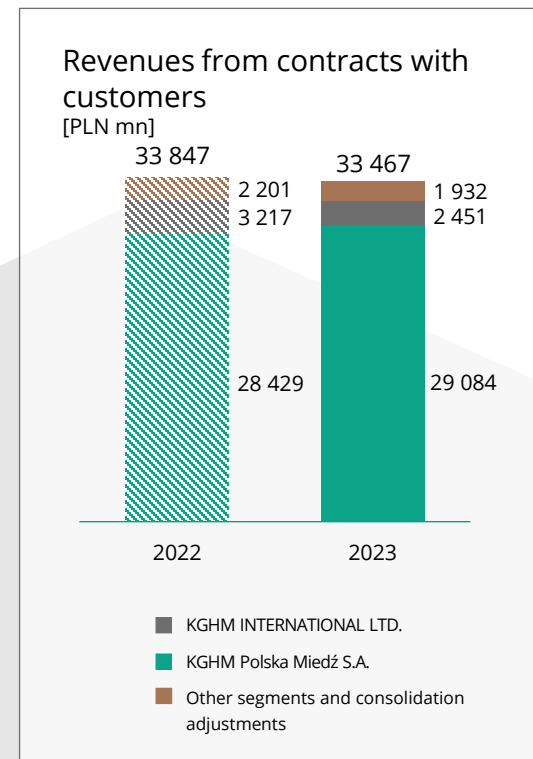
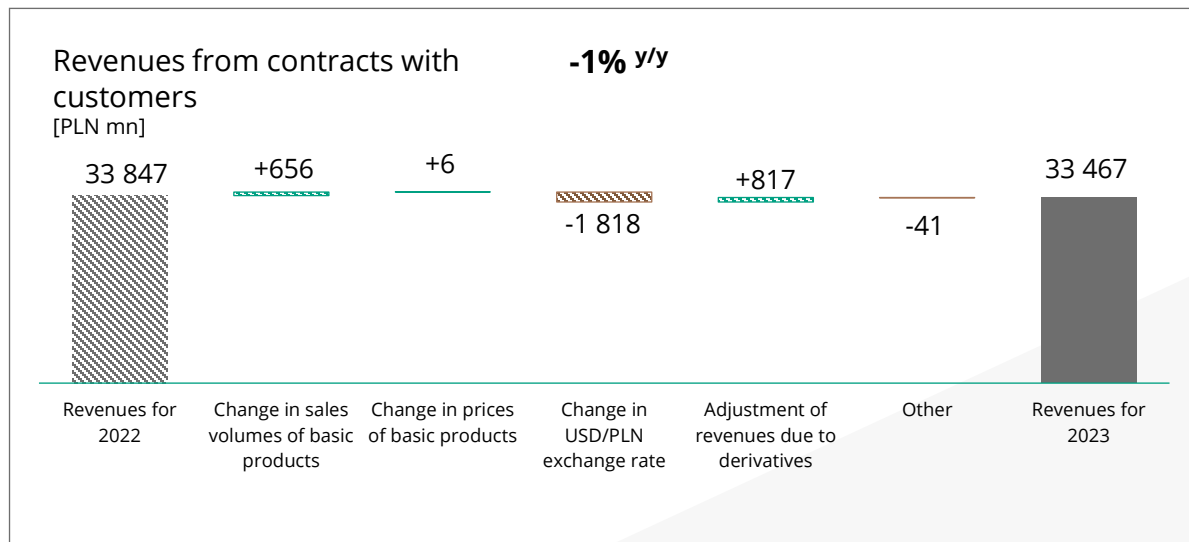


1) On a 55% basis

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

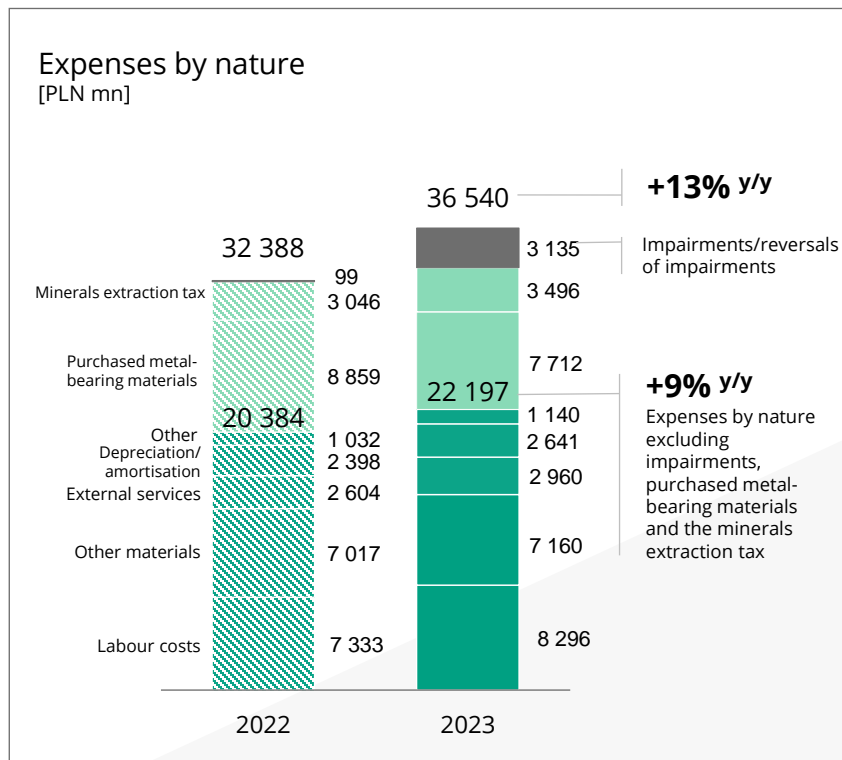
2023



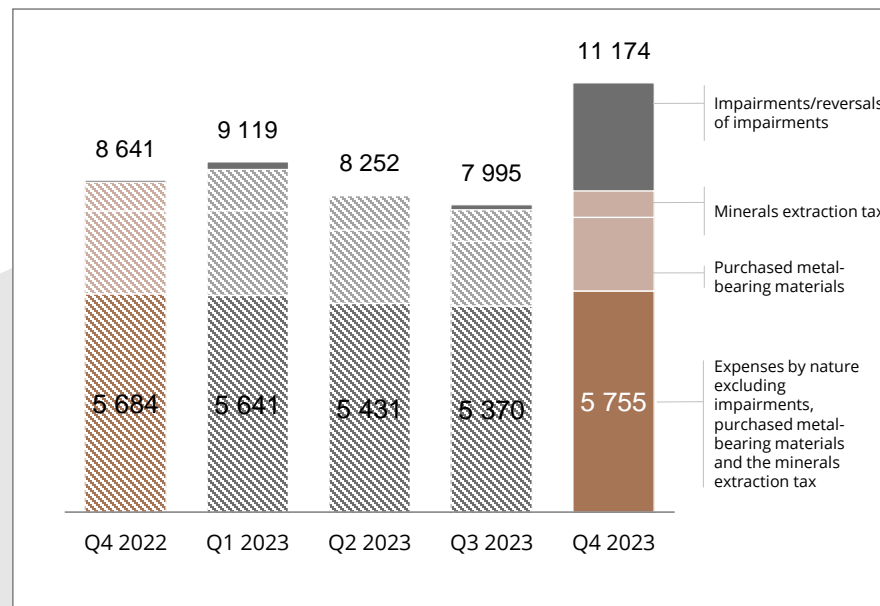
- Lower revenues by PLN 380 million (-1%) compared to 2022 – a less favourable exchange rate and lower sales by KGHM INTERNATIONAL LTD. was only partially offset by a higher volume of sales by KGHM Polska Miedz S.A. and by the adjustment of sales due to derivatives.

# Expenses by nature

KGHM Group

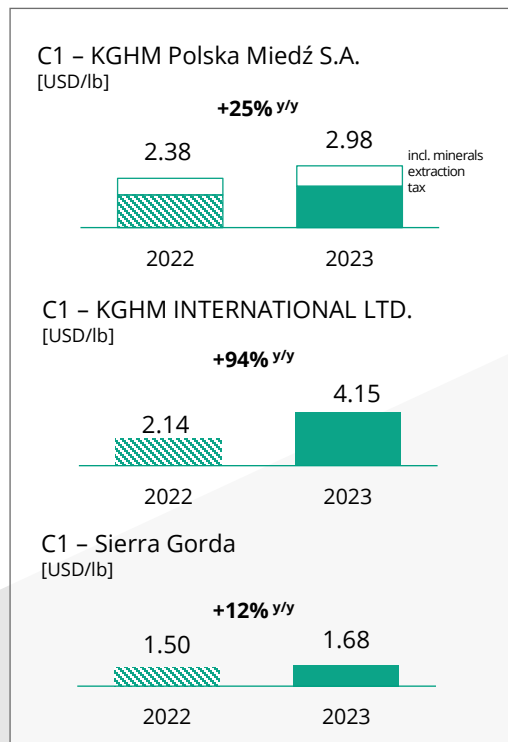
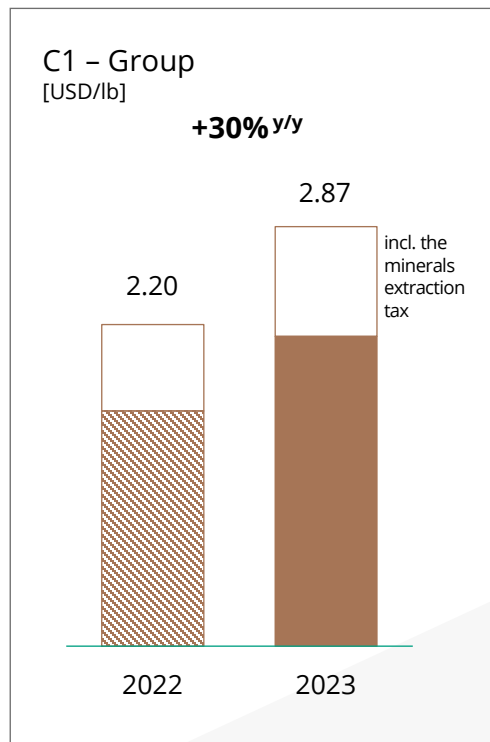


Expenses by nature in 2023 were higher mainly due to recognition of impairment write-downs



## C1 unit cost <sup>1)</sup>

KGHM Group



- KGHM Polska Miedź S.A.** - the increase in C1 cost by 25% was mainly due to a higher minerals extraction tax charge, higher costs of materials, fuels and energy, and higher labour costs.
  - the rate of increase of C1 expressed in PLN/lb was lower than as expressed in USD/lb and amounted to 18% (12.52 PLN/lb vs 10.62 PLN/lb in 2022), due to a weakening of the USD vs PLN.
- KGHM INTERNATIONAL LTD.** - the increase in C1 cost was due to the situation at the Robinson mine in the first three quarters of 2023:
  - mining in a so-called transitional zone characterised by low copper content – a lower copper sales volume,
  - an increase in basic operating costs at Robinson due among others to lower capitalisation of stripping costs, and
  - a write-down of inventories,

There was a significant improvement in C1 in Q4 (2.22 USD/lb) as mining at Robinson moved to a more copper-rich zone.
- Sierra Gorda S.C.M.** - C1 higher by 12%, mainly due to higher costs of external services and labour, with a lower sales volume due to mining in areas with lower copper content.



# Financial results

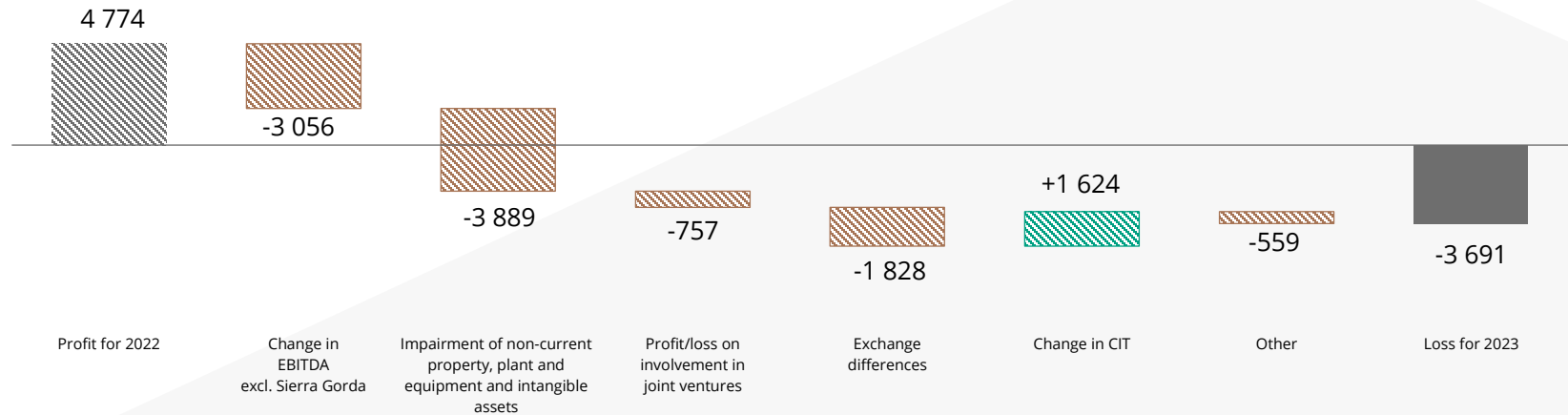
KGHM Group

## Profit/loss for the period

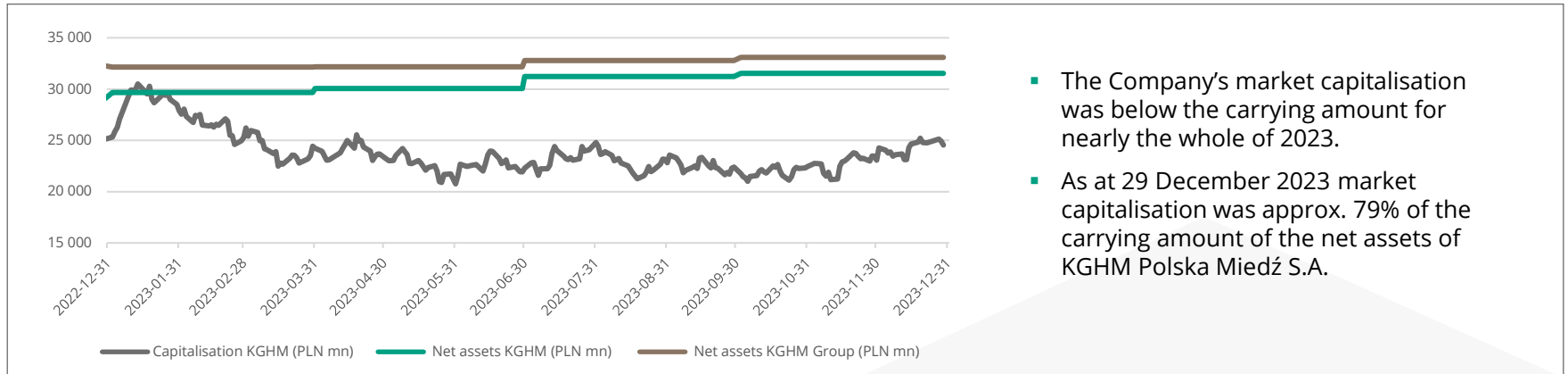
[PLN mn]

The Group recorded a lower net result mainly due to:

- impairment write-downs
- a lower result on basic operating activities
- the impact of exchange differences



## Indications to conduct impairment testing



- The Company's market capitalisation was below the carrying amount for nearly the whole of 2023.
- As at 29 December 2023 market capitalisation was approx. 79% of the carrying amount of the net assets of KGHM Polska Miedź S.A.

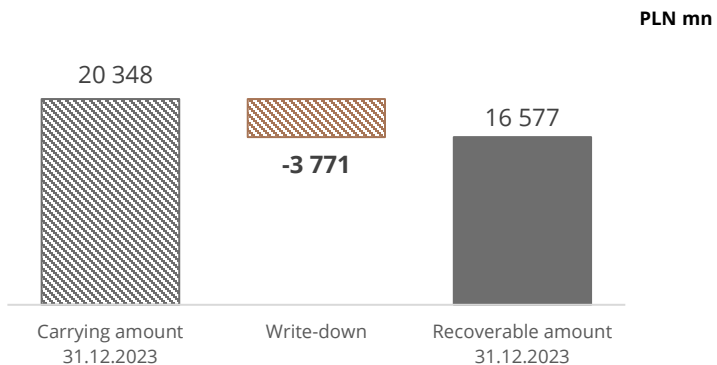
Due to the fact, among others, that the Company's market capitalisation remained below the carrying amount of its net assets, it was determined that indications had arisen indicating the possible impairment of the Company's production assets.

**As a result, in accordance with IAS 36 the Company was obliged to conduct tests for the impairment of assets.**

- The recoverable amount was determined using the value in use model, based on an analysis of the discounted cash flows generated by the Company's individual assets.
- This analysis took into account the current forecasts of price paths of individual commodities, long-term productions plans, operating costs and capital expenditure as well as action undertaken to improve efficiency.

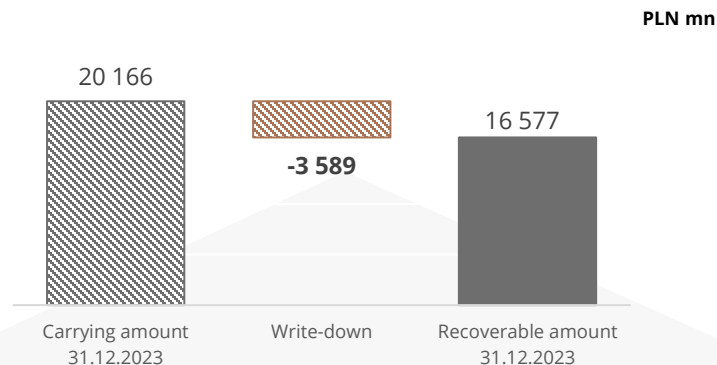
## Production assets in Poland (mining and metallurgical assets)

### Standalone financial statements



- Impairment write-down of **PLN 3 771 million**.
- The impairment write-down is the difference between the carrying amount of net assets\* in the Standalone financial statements and their recoverable amount.
- Recognition of the impairment write-down resulted in a decrease in deferred tax by PLN 710 million.

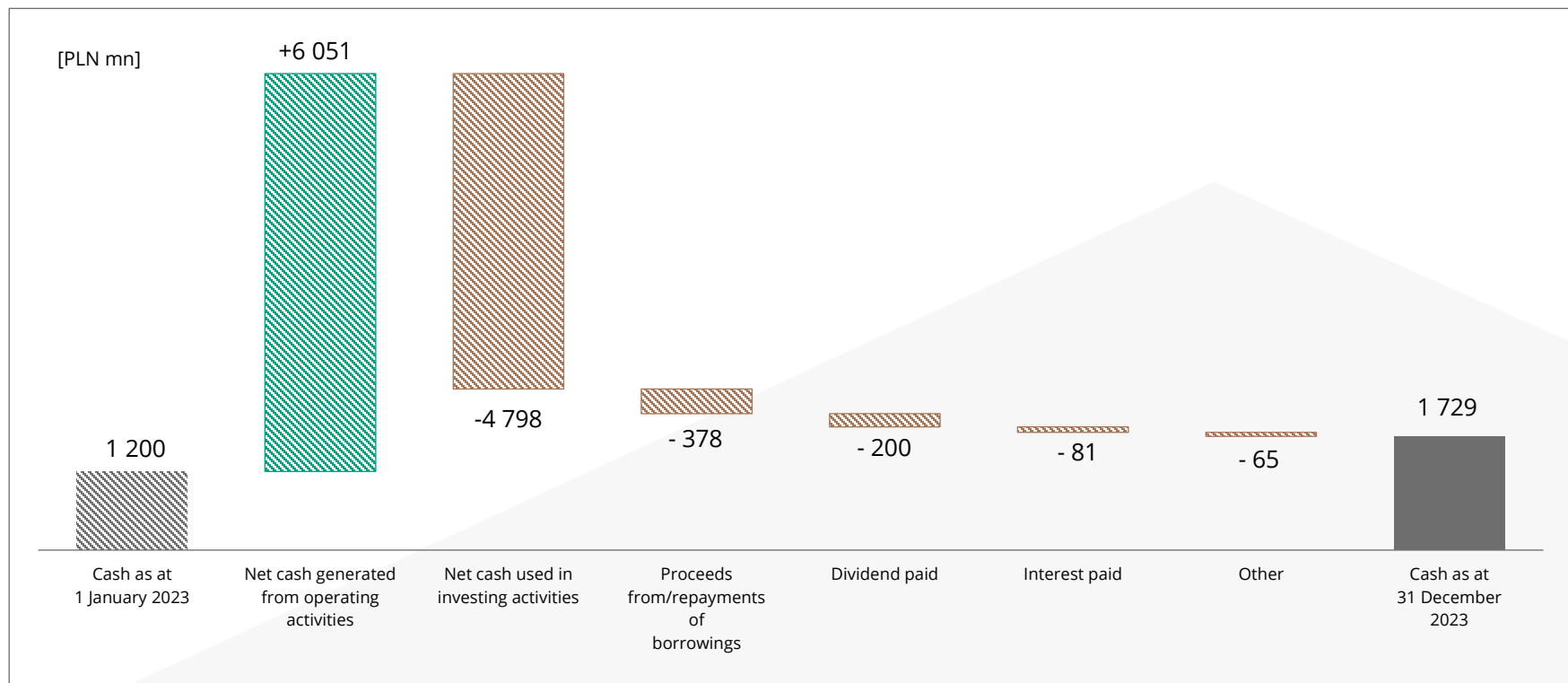
### Consolidated financial statements



- Impairment write-down of **PLN 3 589 million**.
- The impairment write-down is the difference between the carrying amount of net assets\* in the Consolidated financial statements and their recoverable amount.
- Recognition of the impairment write-down resulted in a decrease in deferred tax by PLN 666 million.

# Cash flow

KGHM Group



# Net debt of the KGHM Group

As at the end of Q4 2023

## Main factors affecting net debt in 2023

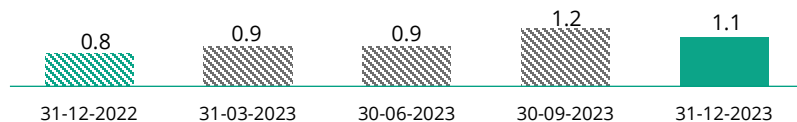
### Increases in debt

- Cash expenditures on property, plant and equipment (PLN 4 963 mn)
- The minerals extraction tax (PLN 3 496 mn)
- Dividend paid (PLN 200 mn)

### Decreases in debt

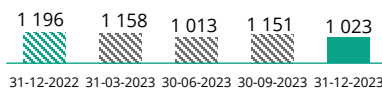
- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 6 035 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 2 661 mn)
- Change in inventories (lower by PLN 693 mn)
- Positive exchange differences (lower net debt expressed in PLN by PLN 378 mn)
- Interest received and repayment of loans (PLN 163 mn)
- Change in trade and other receivables (lower by PLN 159 mn)

Net debt / adjusted EBITDA

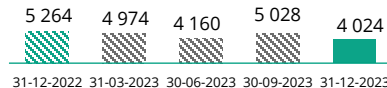


KGHM Group net debt

[USD mn]

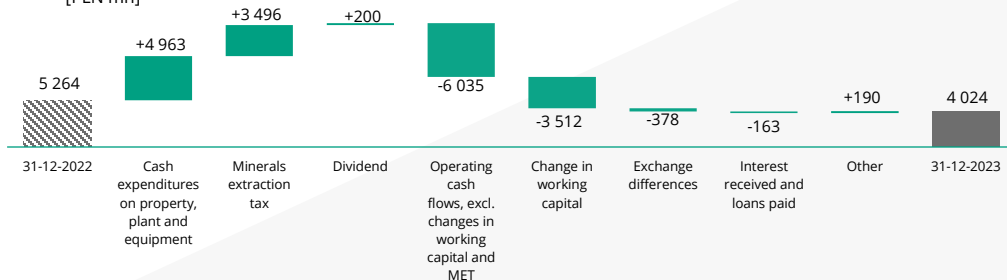


[PLN mn]



Change in net debt

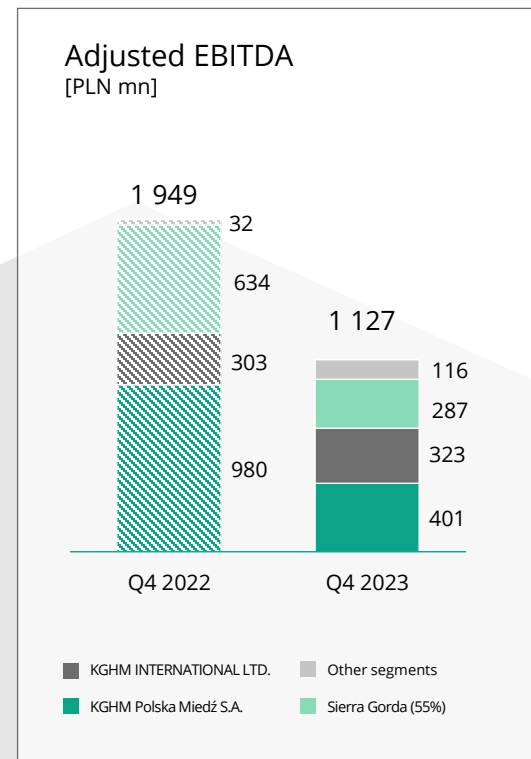
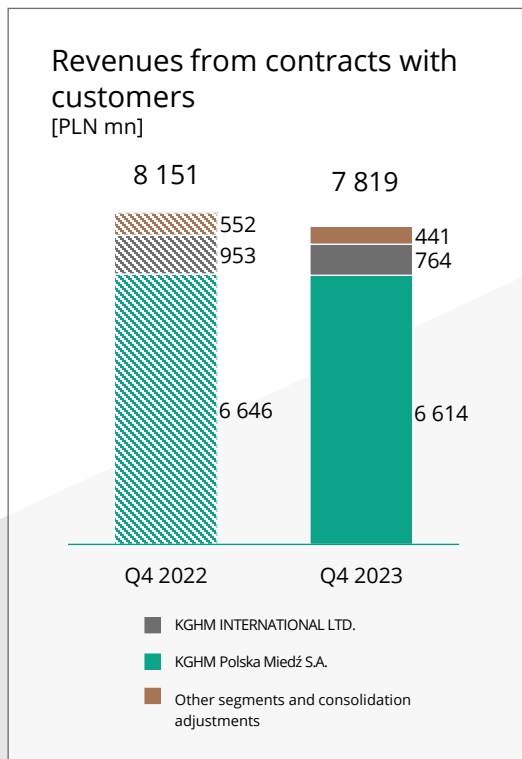
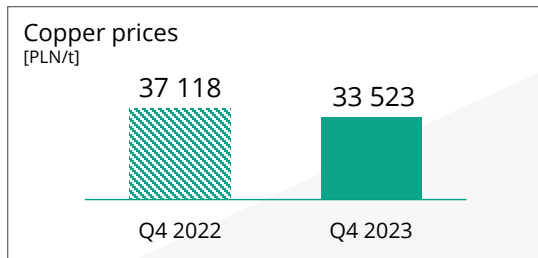
[PLN mn]



# Revenues and EBITDA in Q4 2023

KGHM Group and operating segments

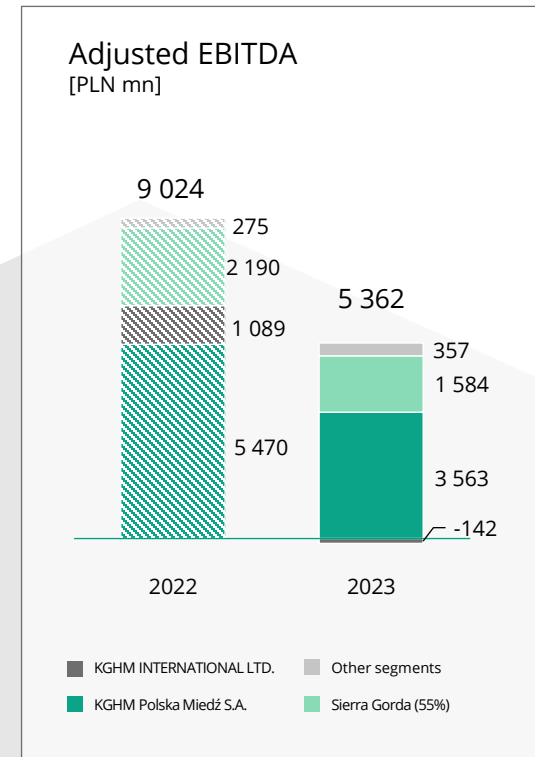
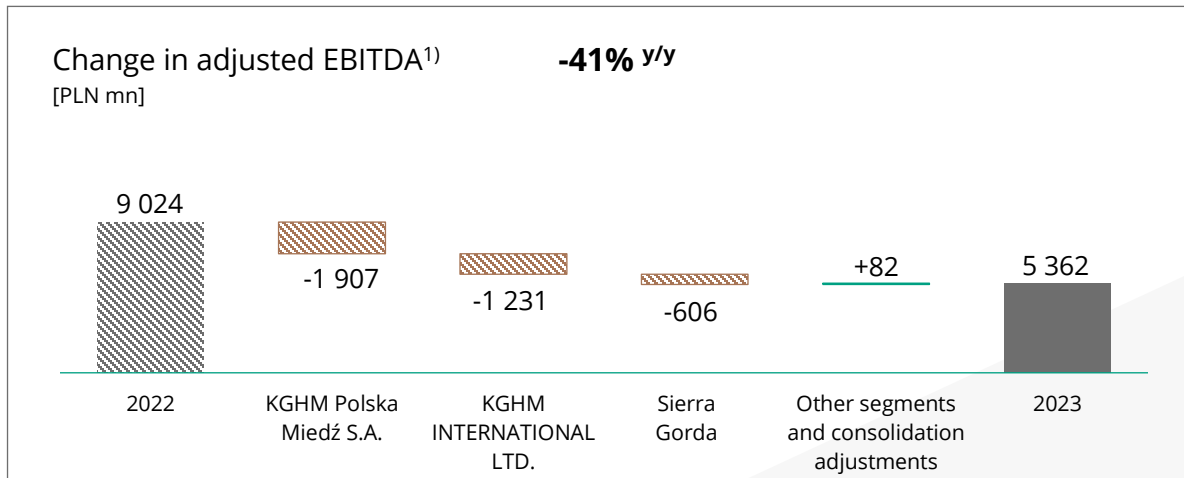
Lower adjusted EBITDA compared to Q4 2022 by PLN 822 million, mainly due to the segments KGHM Polska Miedź S.A. and Sierra Gorda





# Operating results

KGHM Group



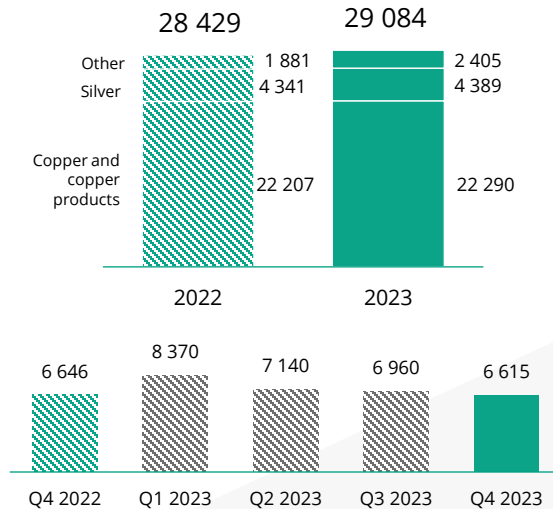
A decrease in adjusted EBITDA compared to 2022 in respect of all main operating segments

# Sales revenue

KGHM Polska Miedź S.A.

Revenues from contracts with customers  
[PLN mn]

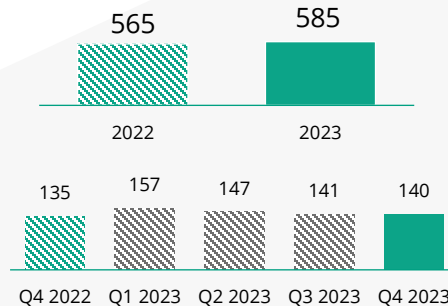
+2% y/y



Higher revenues from contracts with customers by PLN 655 million (+2%) in 2023 compared to 2022, due to a higher volume of sales and a more favorable adjustment of revenues due to hedging transactions

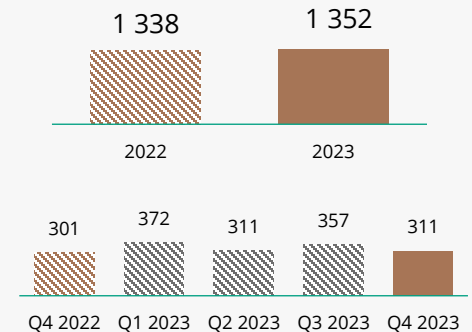
Sales of copper  
and copper products  
[kt]

+4% y/y



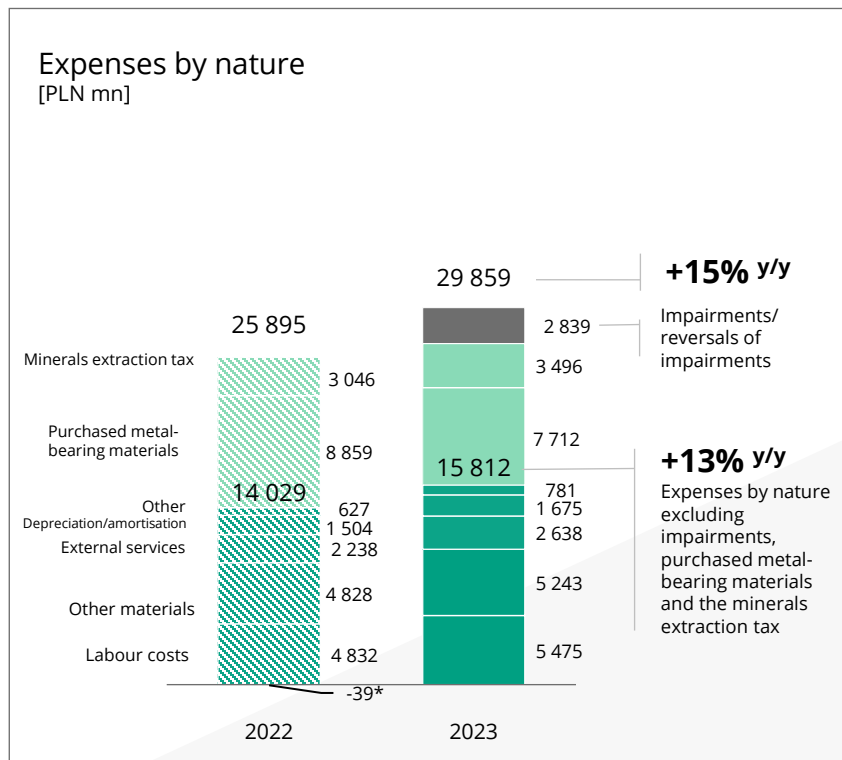
Silver sales  
[t]

+1% y/y

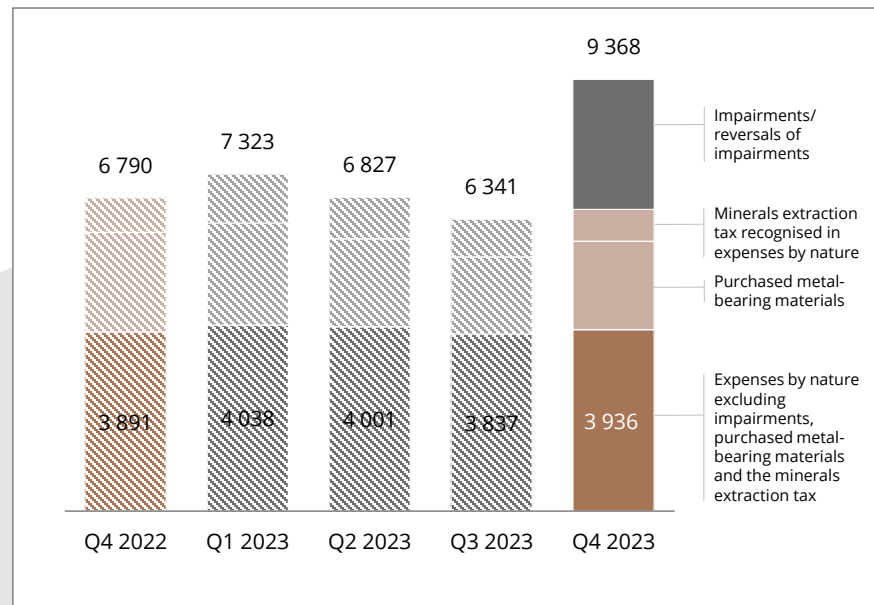


# Expenses by nature

KGHM Polska Miedź S.A.



Expenses by nature in 2023 were higher mainly due to recognition of impairment write-downs

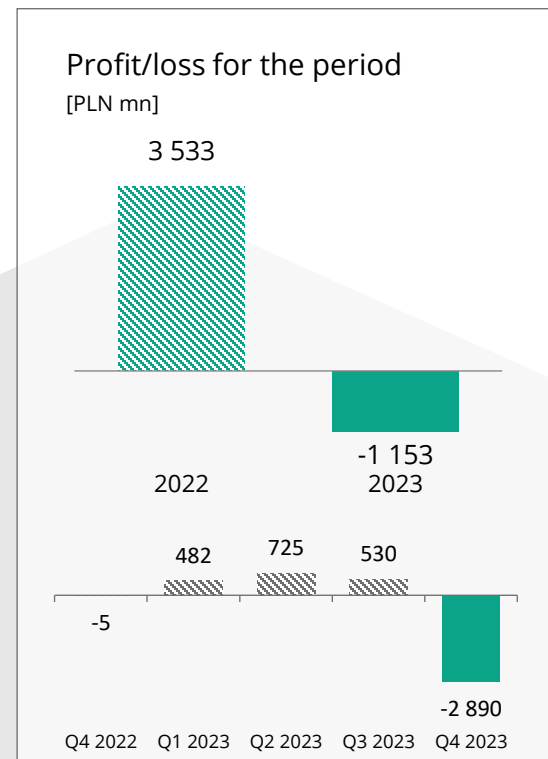
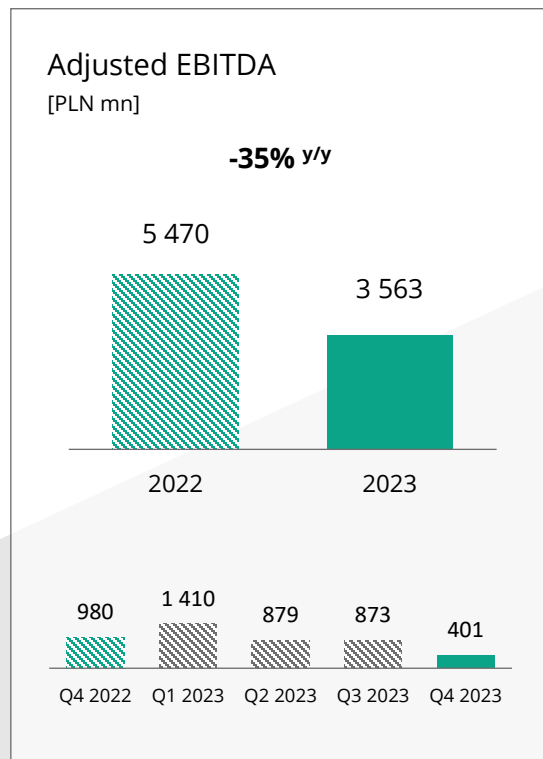


# EBITDA and profit/loss for the period

KGHM Polska Miedź S.A.

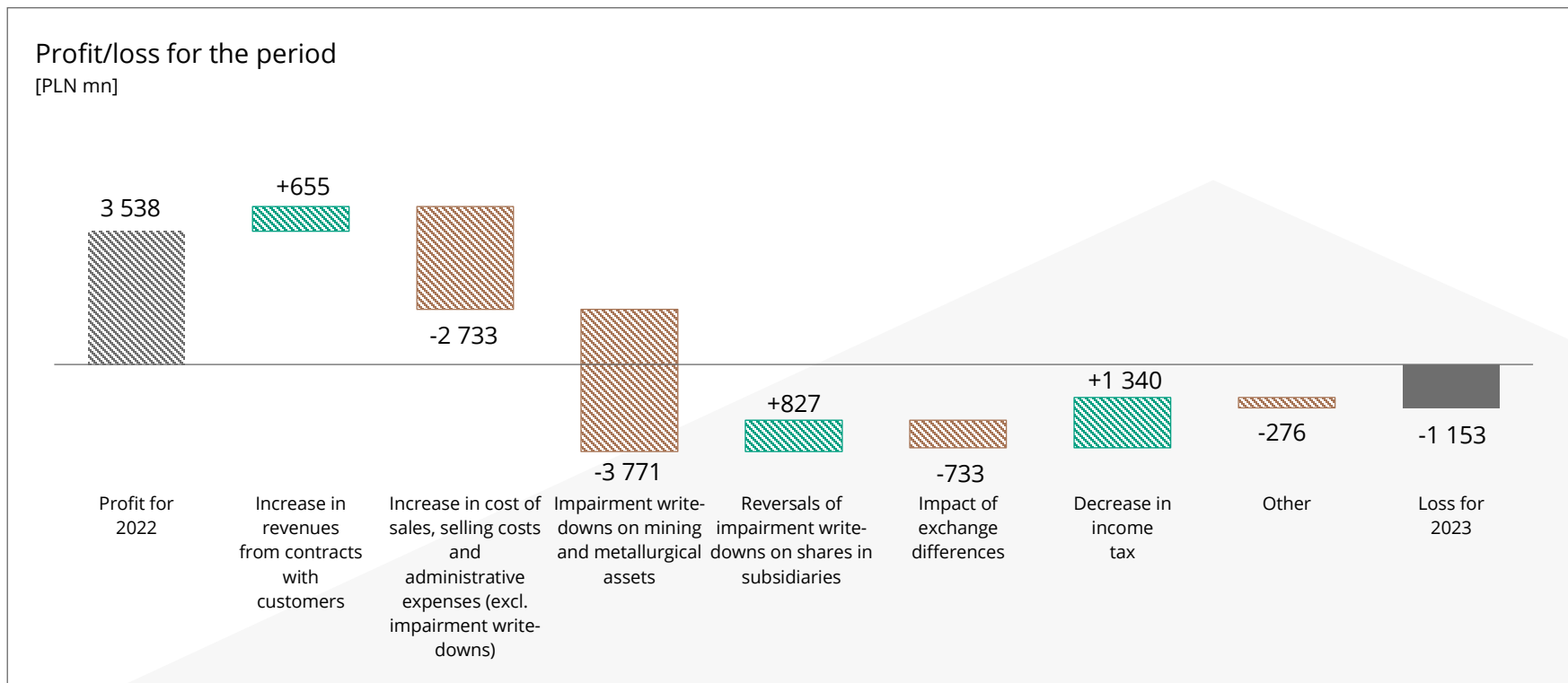
## EBITDA and profit/loss for the period

- EBITDA lower versus 2022 mainly due to a less favourable exchange rate and higher costs, including labour costs and energy factors
- Lower profit/loss for the period mainly due to impairment write-downs, a less favourable exchange rate and the negative impact of exchange differences



# Profit/loss for the period

KGHM Polska Miedź S.A.



# Market risk management

Hedged position on the copper, silver and currency markets (as at 31 December 2023)

USD/PLN  
[USD mn]



In 2023 the Parent Entity restructured a hedged position on the currency market.

- Part of the collar options structures hedging revenues from sales in the period from July 2023 to December 2024, in the total notional amount of USD 990 million, was closed, which led to cash inflow due to option premiums of approx. PLN 533 million in the first half of 2023.
- Part of the collar options structures for 2024 were restructured into *put spread* structures in the total notional amount of USD 660 million, which enabled full participation in potential increases in the USD/PLN exchange rate.

In 2023 the Parent Entity did not enter into new derivatives transactions on the forward copper, silver and interest rates markets.

## At the end of 2023 the Parent Entity recorded a result on derivatives\* and hedges in the amount of PLN 380 million:

- +PLN 635 mn adjusted revenues from contracts with customers (transactions settled to 31 December 2023),
- PLN 268 mn decreased the result on other operating activities,
- PLN 13 mn increased the result on financing activities.

Moreover in 2023 PLN 78 million in gains from the settlement of derivatives hedging the interest rate on bonds (CIRS) were capitalised in the statement of financial position – non-current assets.

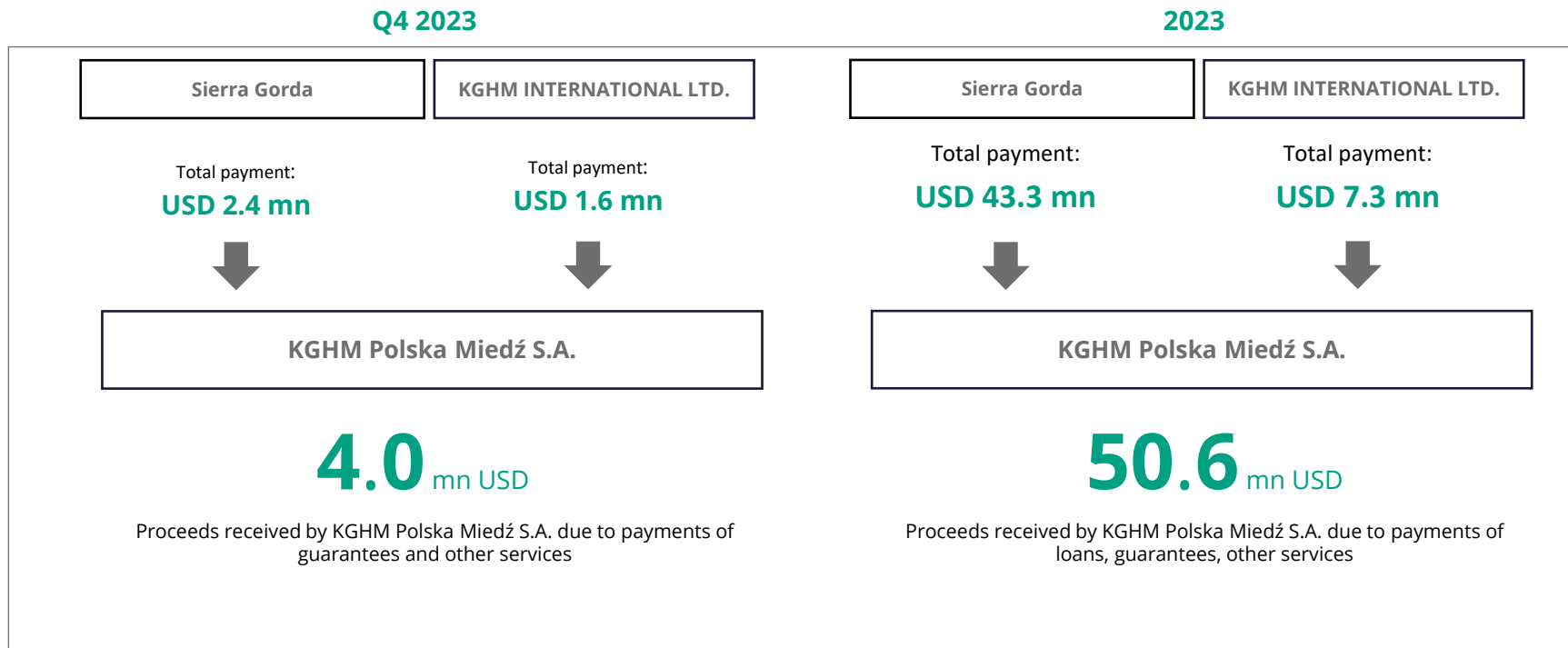
- The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 December 2023 amounted to PLN 318 million\*.
- The revaluation reserve on cash flow hedging instruments as at 31 December 2023 amounted to PLN 628 million (excluding the tax effect).
- As at 31 December 2023 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion.

\* excludes embedded instruments



# Cash flow to the Group in Q4 2023 and 2023 Proceeds to KGHM Polska Miedź S.A.

In 2023 the international assets paid USD 50.6 million\* to KGHM Polska Miedź S.A.



\*all amounts are prior to taxation, excluding accrued WHT

## Information on the impact of Russia's aggression against Ukraine on the functioning of the Company and the KGHM Group

- The geopolitical situation related to the direct aggression of Russia against Ukraine and the implemented system of sanctions did not restrict the operations of KGHM Polska Miedź S.A. and other Group companies either during the reported period nor at the present time, while the risk of interruptions to the going concern of the Company and the KGHM Polska Miedź S.A. Group in this regard continues to be estimated as low.
- Despite the high level of inflation observed in the global economy, leading to a tightening of monetary policy, demand for the Company's key products in 2023 remained at a good level.
- There were no production stoppages in KGHM Polska Miedź S.A. nor in any international mines of the KGHM Polska Miedź S.A. Group as well as Sierra Gorda S.C.M., which could have been directly attributable to the war in Ukraine.
- With respect to the availability of capital and the level of debt, the Group does not hold bank loans drawn from institutions threatened with sanctions.
- No significant, negative impact of the aforementioned factors has been recorded on the continued operations of the Core Production Business, sales or continuity of the supply chain for materials and services yet. The Parent Entity continuously monitors the global economic situation in order to assess its potential negative impact on the KGHM Polska Miedź S.A. Group and to take preventive actions to mitigate this impact.

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