



THE FUTURE IS MADE
OF COPPER

KGHM Group Investor Presentation

July 2021

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Agenda



1. Key information about the KGHM Group



2. Sustainable development of the KGHM Group



3. The KGHM Group vs the sector



4. Production and financial results of the KGHM Group



5. Advancement of the Group's Strategy



6. Additional slides, Q&A

We care, we act, we protect

Effectively fighting the spread of the coronavirus



Initiatives
& procedures



Preventative
methods



Communication
& education

- COVID-19 unit at the hospital MCZ
- Two temporary hospitals in Legnica and Wałbrzych
- Help for seniors
- Home office and restricted contacts
- Protective procedures

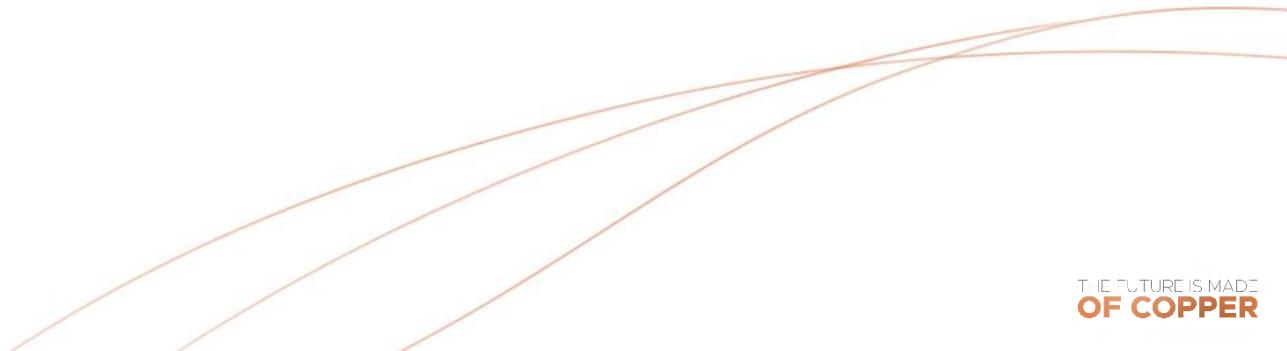
- Voluntary employee vaccination program through the KGHM Group hospital¹⁾
- Thermal cameras
- NITROSEPT disinfectant liquid
- Disinfection and masks in common-use areas and during transport
- Personal safety measures when travelling into/out of the mines

- Numerous communication channels
- Continuous announcements on internal procedures and sanitary services guidelines
- Billboards, educational films, handouts, newspapers and company TV
- Special Infolines for employees

4) Compliant with the schedule of the National Vaccination Program



Key information about the KGHM Group



KGHM Group in brief

One of the world's largest producers of copper and silver with 60 years of experience in mining and metallurgy

709 thousand tonnes of payable copper production by the KGHM Group in 2020, (1.1% higher y/y)

A diversified portfolio of assets at various stages of development located in mining-friendly jurisdictions

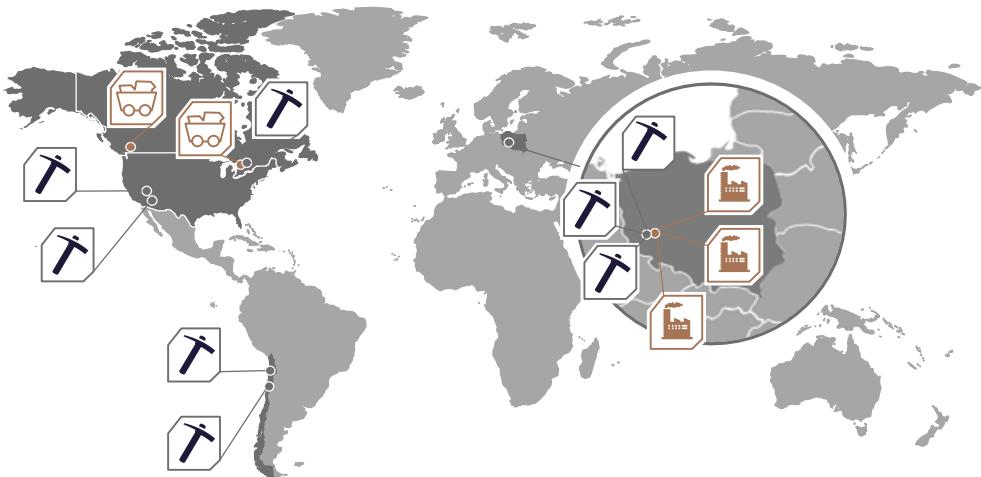
Member of the prestigious indices WIG-ESG¹⁾ & FTSE4Good published by the GPW and LSE

A stable and competitive position in a key sector for the global economy - copper mining and processing

An organisation with strong values-based roots, focused on corporate social responsibility

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

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



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

Seventh
largest
copper
producer



Second
largest
silver
producer



Other KGHM Group products:

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

Geology



Mining



Metallurgy



Exploration and evaluation

Ore extraction

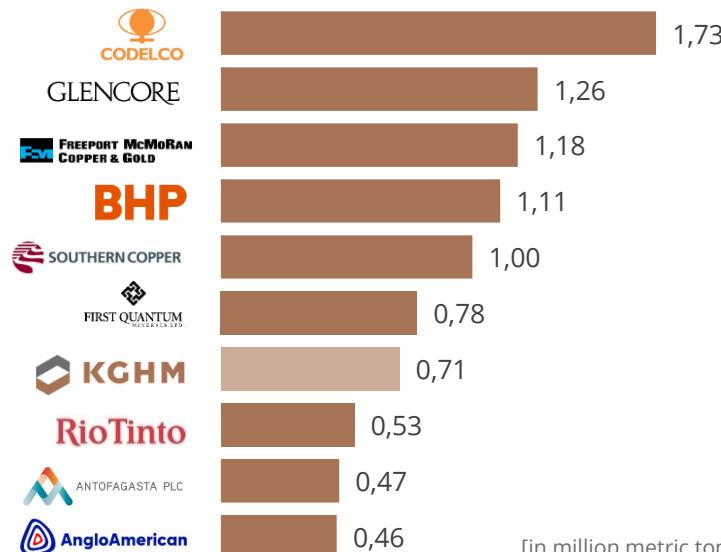
Ore enrichment

Smelting and refining

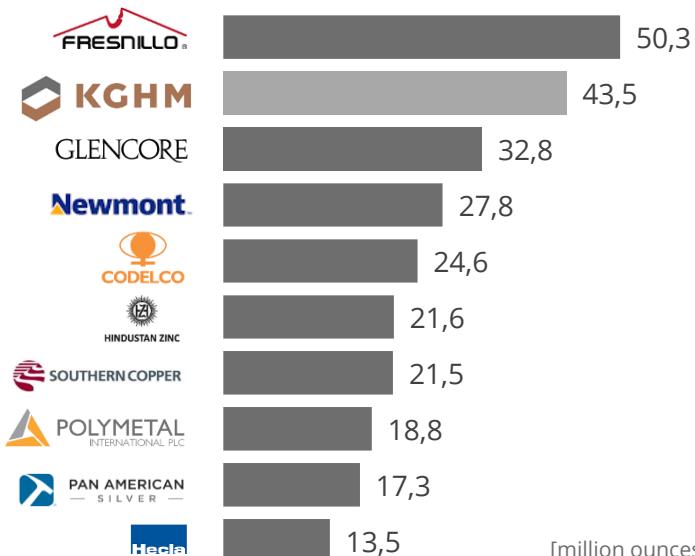
Casting

KGHM among the biggest copper and silver producers¹⁾

Mined Copper production 2020 ²⁾



Silver production 2020 ³⁾



[in million metric tonnes]

[million ounces]

1) KGHM results as reported in its consolidated financial statement 2020

2) Statista, April 2020

3) World Silver Survey 2021

A proud history of mining and metallurgy

Discovery of the copper deposit brought about a fundamental change in the region's economy thanks to the growth of KGHM Polska Miedź S.A. As a result of M&A activities, capped by the acquisition of Quadra FNX, KGHM became a truly global copper producer aimed at continued growth



1957

1960-70

1968-78

1969-74

1977-80

1993

1997

2012

2014

2015

2018-19



Discovery of the copper deposit by Jan Wyżykowski

Founding of the Lubin and Polkowice mines

Start of construction of Głogów smelter /refinery

Completion of the Rudna mine

Construction of the Sieroszowice mine

Start of precious metals plant – silver and gold

IPO - KGHM joins the Warsaw Stock Exchange

Acquisition of the Canadian mining company Quadra FNX

Start of production by the Sierra Gorda mine

Level of commercial production reached by Sierra Gorda

Start-up of flash furnace technology at the Głogów I smelter

Core production assets in Poland – stable output and earnings

Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

36 years LOM

- Copper in extracted ore in 2020: 191.0 kt
- Associated metals: silver, lead, rock salt, gold



Legnica Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 120 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re
- 2020 Cu production: 123.3 kt



Rudna Mine

21 years LOM

- Copper in extracted ore in 2020: 177.4 kt
- Associated metals: silver, lead, gold



Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 240 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re



Lubin Mine

26 years LOM

- Copper in extracted ore in 2020: 73.5 kt
- Associated metals: silver, lead, gold



Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 230 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re

2020 Cu production in total: 437.1 kt



Deep Głogów Project

- Extension of Rudna and Polkowice-Sieroszowice mines
- DG production figures are included in Rudna and Polkowice-Sieroszowice mines' production stats



Cedynia Copper Wire Rod Plant

Contirod and Upcast technology

- Production in 2020: 245.4 kt of copper wire and 14.1 kt of OFE rod

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile
23 years LOM

- Open-pit mine
- Porphyry

2020 production stats:

- Cu production (payable): 148.7 kt



Robinson Mine, USA
9 years LOM

- Open-pit mine
- Porphyry/
Skarn orebody

2020 production stats:

- Cu production (payable): 47.4 kt



Sudbury, Canada
7 years LOM

- Underground mine
- Footwall/
Contact orebody

2020 production stats:

- Cu production (payable): 2.1 kt



Franke Mine, Chile
5 years LOM

- Open-pit mine
- IOCG orebody

2010 production stats:

- Cu production (cathodes: SX-EW): 12.5 kt

Potential growth projects



Sierra Gorda Oxide, Chile
11 years LOM

- The project aims at processing the oxide ore
- The oxide ore is currently stored separately for later heap leaching
- The ore will be transported to a permanent heap, where it will be processed via leaching



Victoria, Canada
14 years LOM

- The project assumes building an underground copper-nickel mine
- Current development scenario assumes accessing the deposit via 2 shafts
- Forecasted annual production: 16 kt Cu p.a., 18 kt Ni p.a.



Ajax (80% stake), Canada
19 years LOM

- The project assumes building an open-pit copper-gold mine and processing plant with associated infrastructure
- 53 kt Cu p.a., 114 koz t Au p.a.

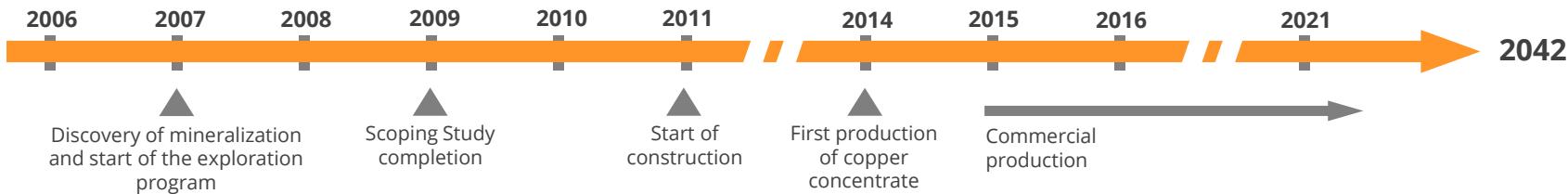
Sierra Gorda



Sierra Gorda is an open pit copper and molybdenum mine located in Chile's Antofagasta region in the Atacama desert. Sierra Gorda is a Joint Venture of:

- KGHM Polska Miedź S.A. – 55% share
- Sumitomo Metal Mining – 31.5% share
- Sumitomo Corporation – 13.5% share

Schedule of Sierra Gorda development



Sierra Gorda payable copper production and silver production¹⁾

Cu production in 2020 vs 2019	81.8 kt	59.5 kt	+37% y/y
Ag production in 2020 vs 2019	27.6 t	14.6 t	+87% y/y

Sustainable development



Copper - a strategic material

in a carbon neutral and circular economy



Metal in a circular economy

Nearly 50% of copper produced in the EU is obtained through recycling

Lower GHG emissions

While adding 0.4% GHG, copper contributes to reducing ca. 75% of emissions in EU society

22 million tonnes

Amount needed in the years 2020 – 2050 to make the European economy climate neutral

Carrier of valuable metals

Copper metallurgy is needed to handle and recover many other valuable materials present in electronics, batteries, etc.

Half a million people

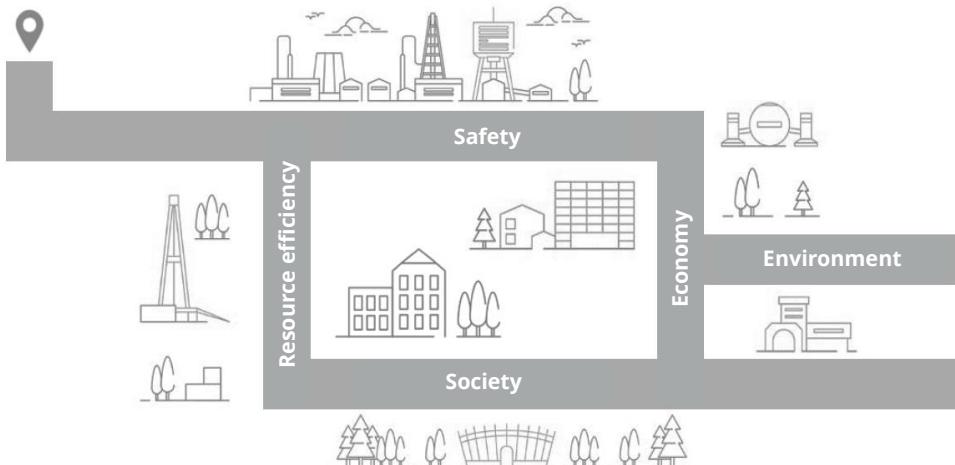
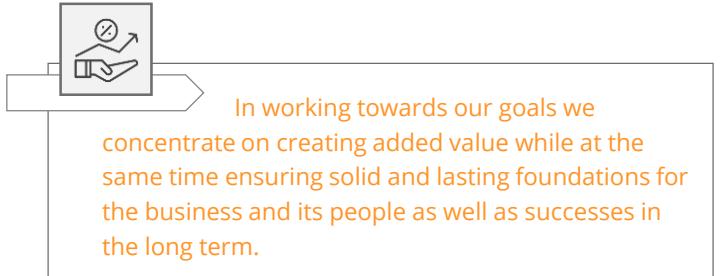
Employed in the production and processing of nonferrous metals in Europe

Green Energy generation, sustainable transport

Copper's innovative potential: wind turbines, photovoltaics, energy distribution and storage; electric cars and charging point infrastructure

Raw materials a key to sustainable development

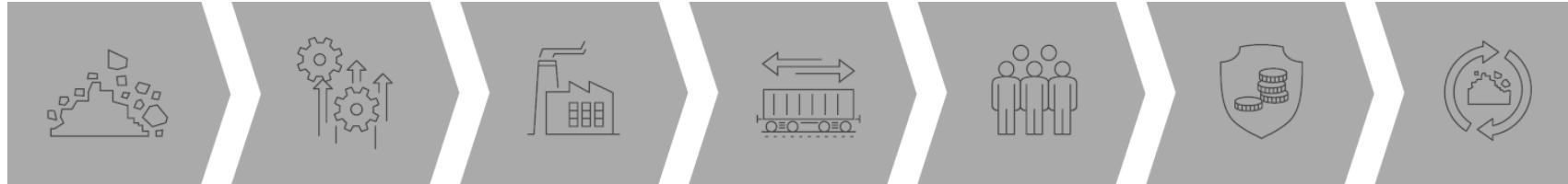
as well as care for the environment and ensuring life's comforts to employees and society



We operate based on the principles of sustainable development, reflecting in our daily activities obligations tied to such areas as **Society**, the **Environment**, the **Economy**, **Safety** and **Resource efficiency**.



Sustainable value chain in the KGHM Group



Raw materials

Responsible use of raw materials while caring for natural resources

Extraction

Rational deposits management - Intelligent production solutions - KGHM 4.0

Production

Reduction of the environmental, product and organisational footprint

Logistics

Reduction of emissions, making logistics structures and procedures more efficient

Stakeholders

Customers, consumers and partners as guideposts for the Company's standards of responsible actions

Commerce

Commerce based on Fair Trade principles

Tailings

Product life cycles based on the Circular Economy and adherence to its principles at every stage of the value chain

The collage includes:

- KGHM Responsible Silver Certificate:** Issued by LBMA, dated 8 April 2019.
- KGHM Responsible Gold Certificate:** Issued by LBMA, dated 8 January 2018 – 31 December 2019.
- THE COPPER MARK Certificates:** Two certificates for KGHM Polska Miedź S.A., Oddział Huta Miedzi, Gliwice and Legnica, dated 27 July 2021.
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas:** Third Edition.
- LBMA RESPONSIBLE SOURCING PROGRAMME RESPONSIBLE GOLD GUIDANCE:** Version 15.12.2019.
- KGHM Code of Ethics:** Version 1.0, dated 2019-01-01.
- KGHM Code of Conduct:** Version 1.0, dated 2019-01-01.
- KGHM Report of compliance by KGHM Polska Miedź S.A. and LBMA responsible gold and silver guidance:** Dated 2019-01-01.
- KGHM Photo:** Five KGHM employees in mining gear standing in a mine.
- KGHM Photo:** Two KGHM employees in mining gear working in a mine.
- KGHM Responsible Supply Chain policy:** A detailed document explaining the company's approach to responsible supply chain management.

Ethical standards

KGHM Polska Miedź S.A.

KGHM is a Company based on strongly-rooted values and principles, which guide our employees in their daily work

Zero harm, teamwork, results-oriented, accountability and courage – these values unite all of KGHM's employees, regardless of whether they work in a mine, processing plant or smelter, whether in Poland or anywhere else.



1
Good of people



2
Good of the company



3
Good of stakeholders

KGHM Ethics Hotline. Protection for whistleblowers.



- The Platform is available in four languages
- Available at <https://liniaetyki.kghm.com/web/liniaetyki/home> for employees, contractors and customers
- Enables anonymous reporting of violations
- Serves as an alternative channel to other forms of contact – telephone, email, traditional mail

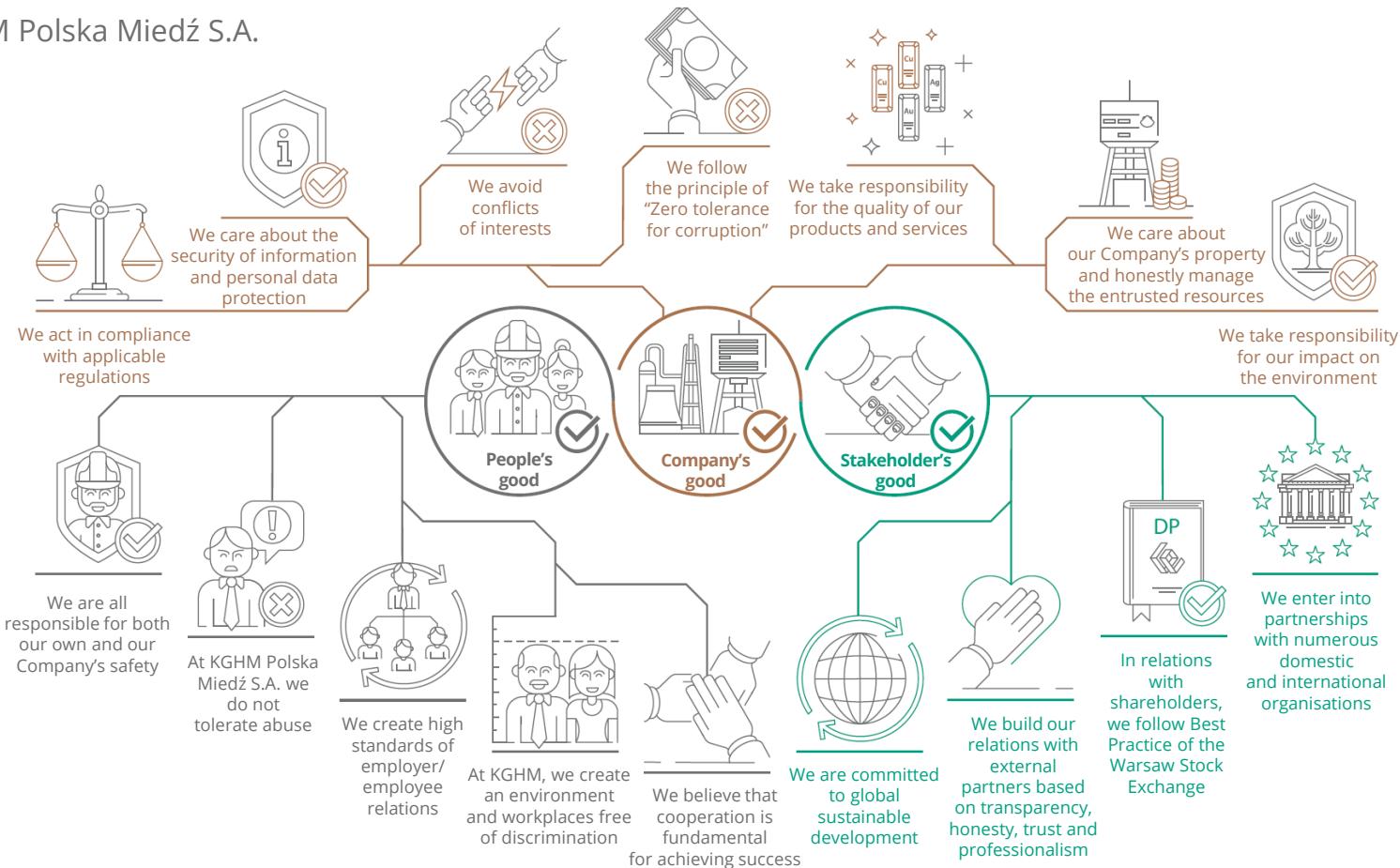
Number of reports of violations of ethical principles

[by quarter]



Ethical standards

KGHM Polska Miedź S.A.



Employee safety as a strategic priority for the KGHM Group

Summary of 2020



Safety and development

- ISO 45001:2018

Granting of an Occupational Health and Safety Management System Certificate

- Leader's Gold Card of Workplace Safety

A 29% decrease in the number of recognised workplace accidents to 213 at year's end

- Historically-low accident ratio

Thanks to the outstanding behaviour and commitment of all employees

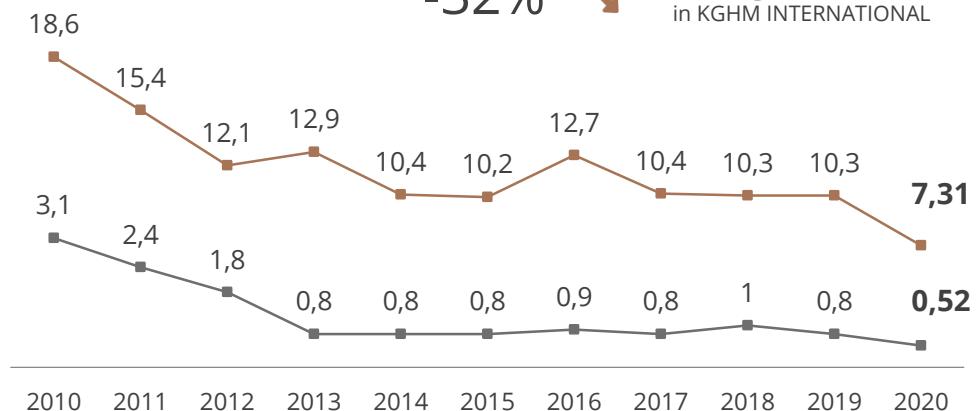
Accident ratios¹⁾

-29%

-32%

Change in LTIFR yoy
in KGHM Polska Miedź S.A.

Change in TRIR yoy
in KGHM INTERNATIONAL



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

Environmental protection

Primary obligations of KGHM Polska Miedź S.A.



We supply metals and related products in order to achieve the environmental goals of contemporary society, including actions on behalf of the climate and efficient energy use



We keep abreast of new technologies to reduce industrial impact on the environment and introduce them according to our needs and possibilities



We minimise waste generation and are constantly developing techniques to manage waste in order to achieve the greatest degree of environmental protection



We strengthen our employees' sense of accountability to protect the environment



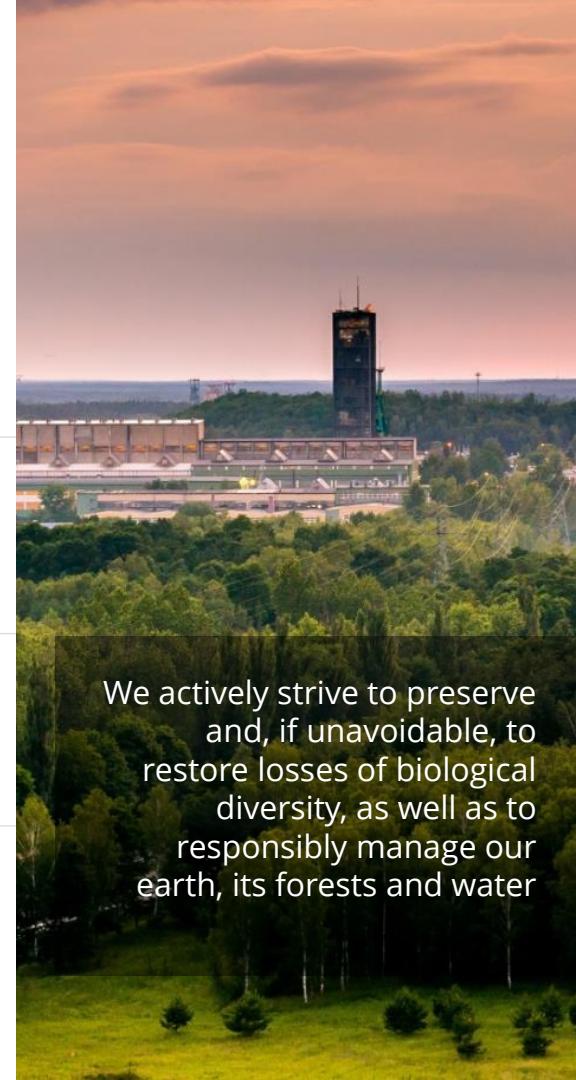
We apply the principles of responsible management of chemicals introduced by the EU's REACH and CLP regulations



We conduct objective, open and respectful dialogue with our local communities and appropriate government bodies concerning the environment



We operate our installations in compliance with the environmental permits held. We monitor emissions to the air, water and soil. We minimise the utilisation of limited resources, such as soil, water and energy

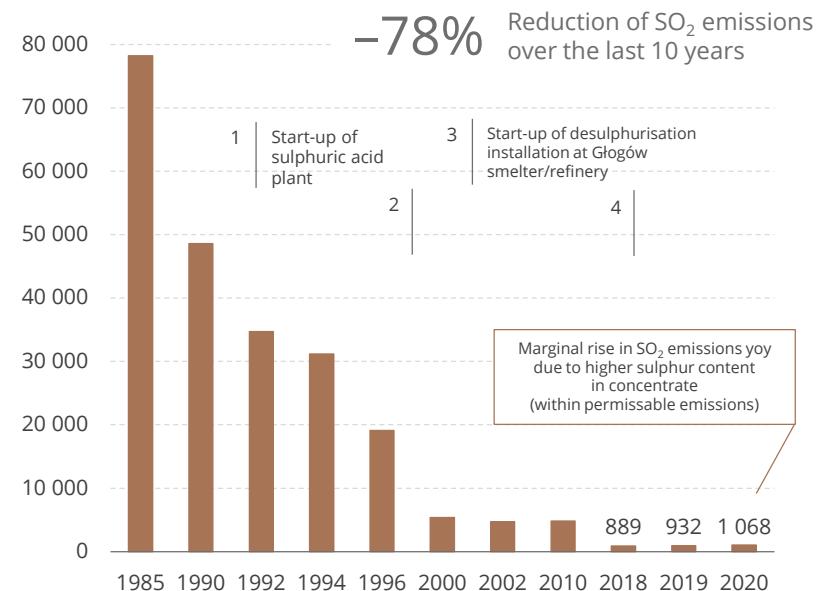


We actively strive to preserve and, if unavoidable, to restore losses of biological diversity, as well as to responsibly manage our earth, its forests and water

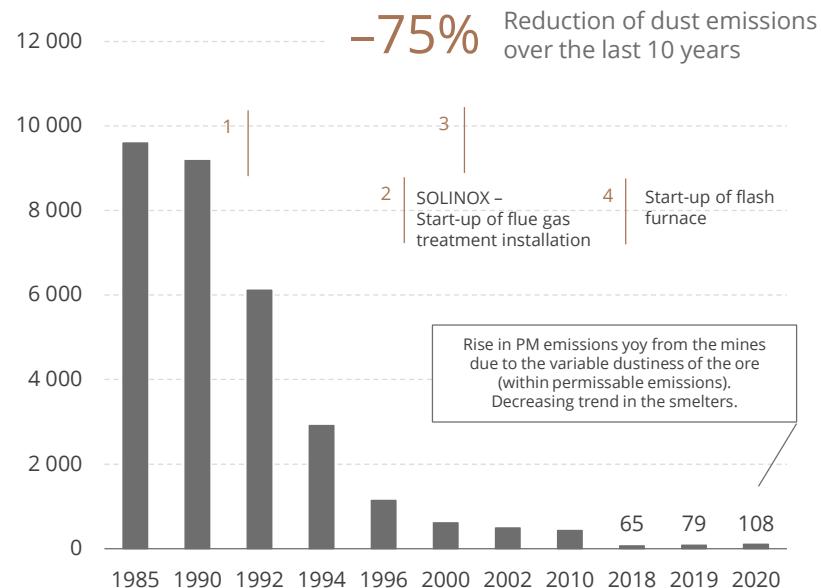
Emissions by the divisions of KGHM Polska Miedź S.A.

SO₂ and dust emissions¹⁾

SO₂ emissions by KGHM Polska Miedź S.A.
[tonnes]



Dust emissions by KGHM Polska Miedź S.A.
[tonnes]

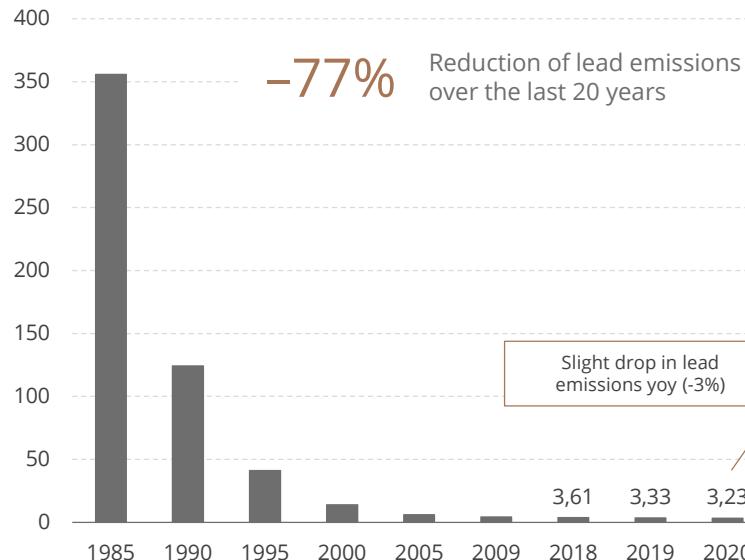


Emissions by the divisions of KGHM Polska Miedź S.A.

Lead and copper emissions

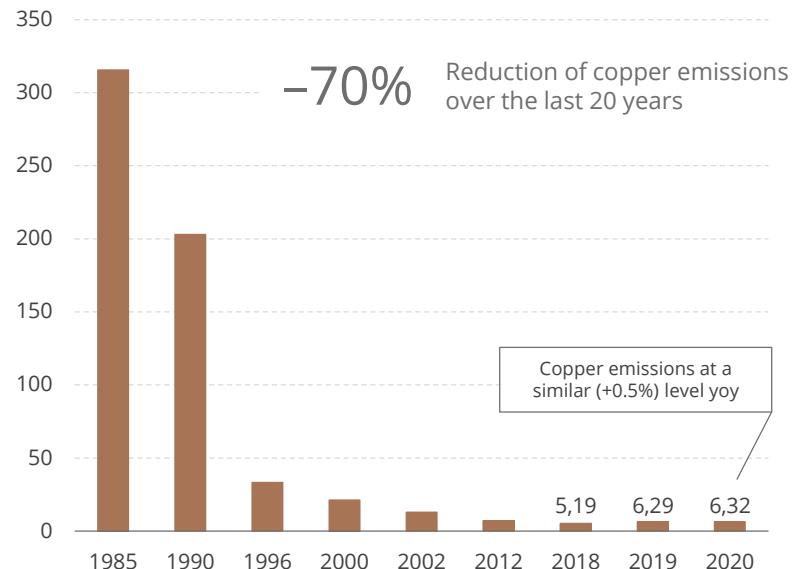
Lead emissions by KGHM Polska Miedź S.A.

[tonnes]



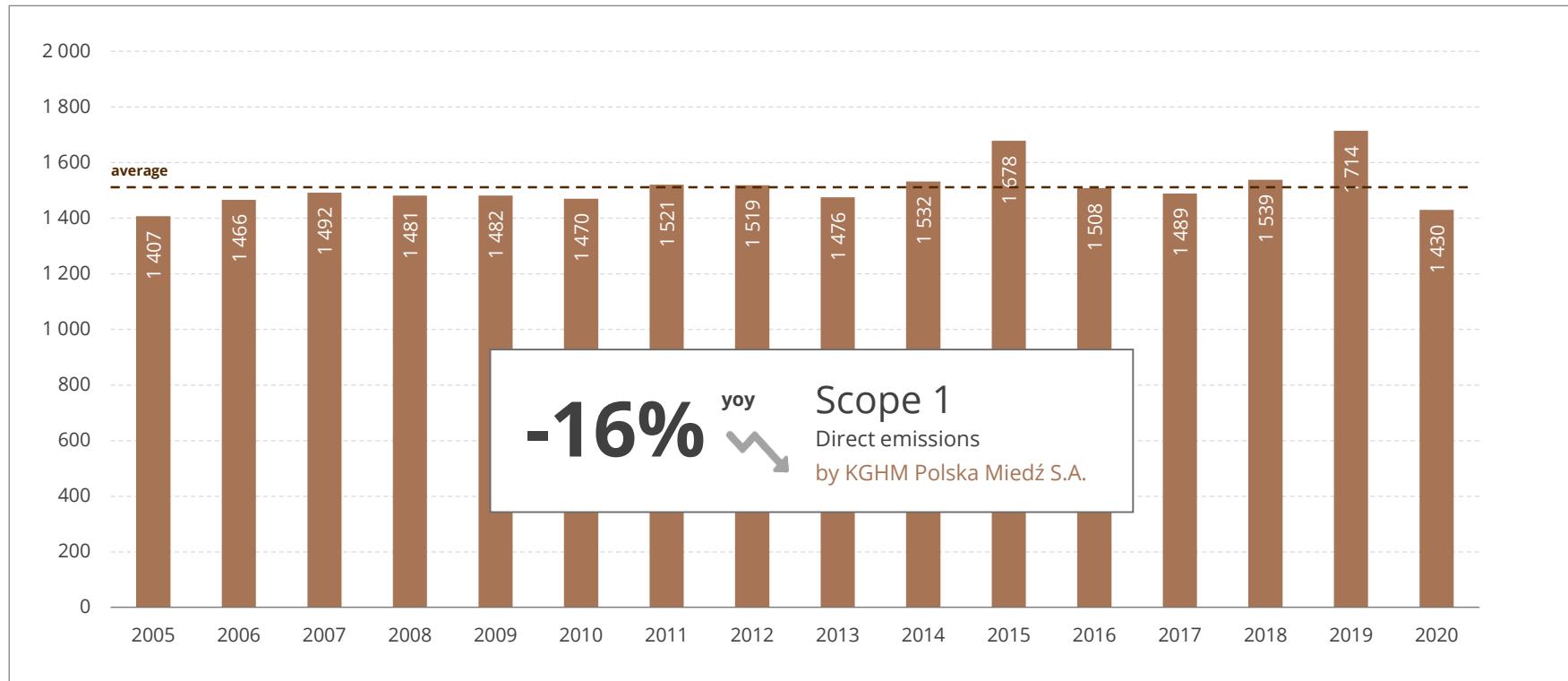
Copper emissions by KGHM Polska Miedź S.A.

[tonnes]



CO₂ emissions by KGHM Polska Miedź S.A.¹⁾

ETS²⁾ direct emissions + non-ETS equivalent [kt CO₂]





ECOLOGY

4E Strategy pillar

WE ARE PREPARING A CLIMATE POLICY

The KGHM Group has committed to preparing a Climate Policy which will comprise medium-term (2030) and long-term (2050) quantitative goals, including among others:

- decreases in GHG emissions (Scope 1, 2 and 3)
- improved energy efficiency and greater use of renewable energy sources
- an increase in the share of products associated with activities which meet the criteria of making a substantial contribution to climate change mitigation or climate change adaptation



The KGHM Group vs the sector

Macroeconomic environment

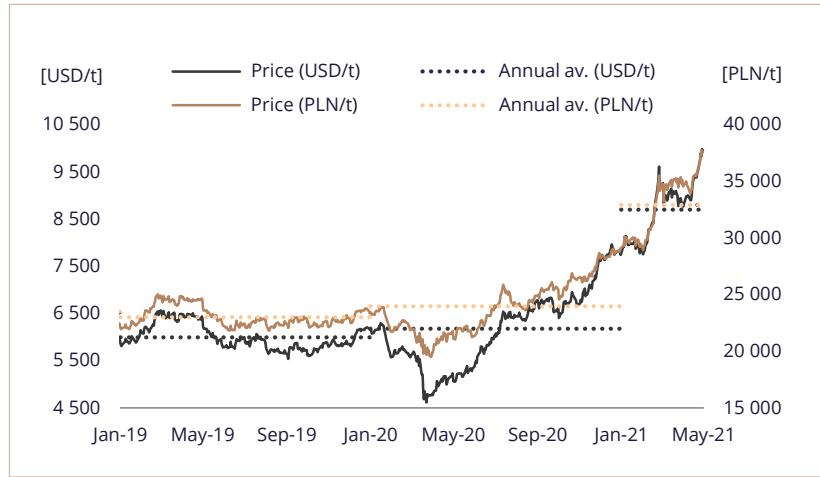


Macroeconomic environment

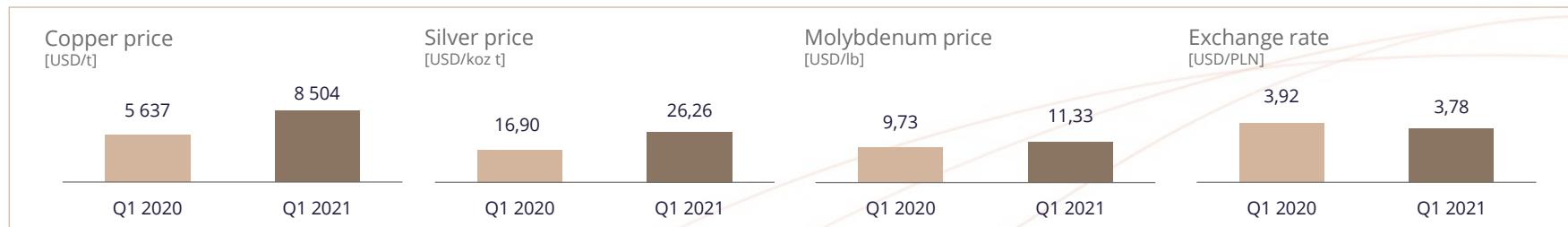
Commodities and currencies prices

Copper prices in Q1 2021 continued their upward trend, approaching the levels of 2011. Silver prices remained above 25 USD/koz t.

- The average price of copper in Q1 2021 was higher by 50%, and molybdenum by more than 16%, than in the corresponding prior-year period
- The average silver price in Q1 2021 was more than 55% higher than a year earlier
- The average price of copper expressed in PLN was over 45% higher than in Q1 2020, while the impact of the USD-expressed copper price was only slightly offset by strengthening of the PLN, i.e. a decrease in the USD/PLN exchange rate by 3% Q1/Q1



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



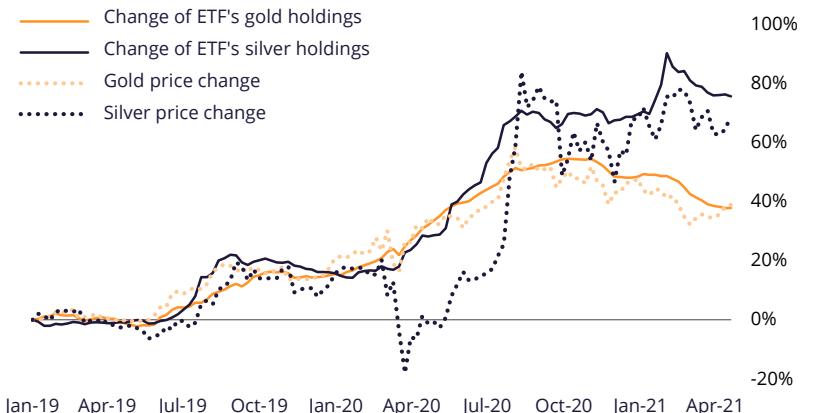
Precious metals prices in Q1 2021

Gold prices fell against the backdrop of economic recovery, silver prices in the range of 25-29 USD/koz t

The price of silver in Q1 2021 remains at a high level despite gold's weakness



The inflow of cash into ETF precious metals funds is strongly correlated with changes in the prices of these metals



Source: Bloomberg, KGHM Polska Miedź

- Silver prices, as opposed to the price of gold, which, following the increase associated with the start of the COVID-19 pandemic, fell back starting in August 2020, stabilised at high levels, establishing an average price in the first quarter above 26 USD/koz t
- The gold/silver ratio – an important indicator which shows gold as over-priced or under-priced compared to silver – after reaching record levels in the first half of 2020, returned to the average level of the last 40 years
- Changes in the price of gold are strongly correlated with decisions made by investors, which also effects flows into ETF funds; the correlation is also evident, though to a lesser degree, in the case of silver, due to the industrial nature of this metal apart from its investment characteristic

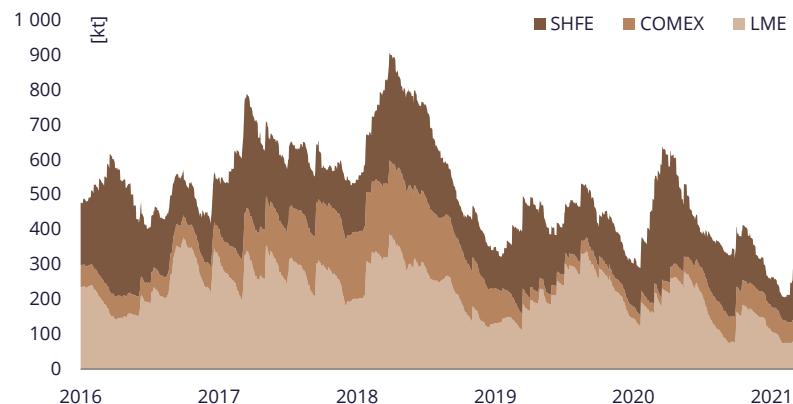
A spectacular rise in copper prices over the last 12 months

This price volatility was related to fluctuations in metal inventories in recent months

Over the last 12 months the price of copper has doubled, approaching the historic highs of 2011



In February 2021 copper inventories in official warehouses reached a multi-year minimum



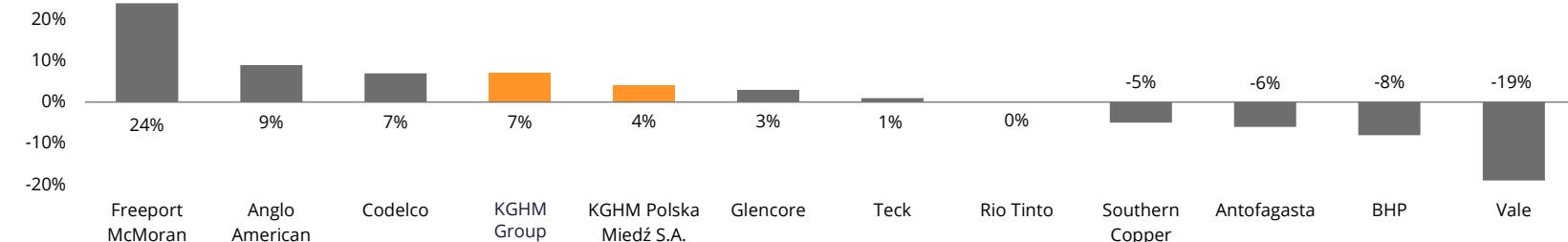
Source: Bloomberg, KGHM Polska Miedź

- The lockdowns in Q1 and Q2 2020 led to a collapse in the copper price and a jump in metal inventories
- In November 2020 the victory of Joe Biden and the Democrats in the USA, along with the announced fiscal packages and the weakening of the USD, supported copper prices
- During the first 100 days of his presidency, Biden announced stimulus packages on the order of USD 1.9 tn and a further USD 2 tn to improve infrastructure

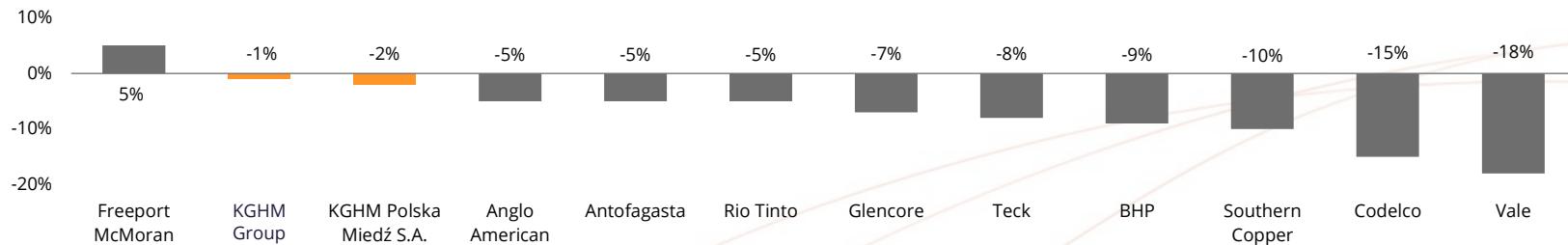
- Inventories in official warehouses fell in February 2021 to the record low levels last seen prior to the crisis in 2008
- The increasingly low physical premiums and the high long net positions held by investors on COMEX and the LME suggest that prices are being supported to a large extent by investor demand
- As a result of the increase in the red metal's price, an increasing amount of copper scrap is finding its way onto the market

The production of miners in Q1 2021

Copper production by miners, Q1 2021 vs Q1 2020

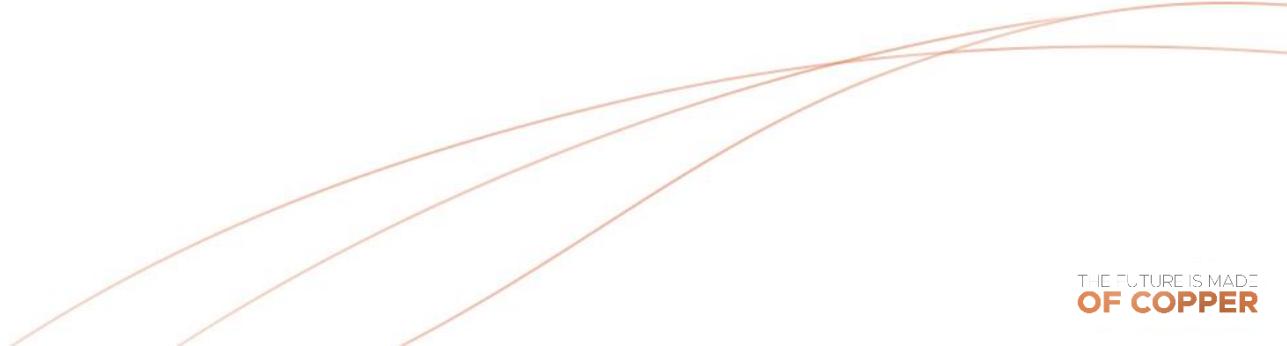


Copper production by miners, Q1 2021 vs Q4 2020



Production and financial results of the KGHM Group

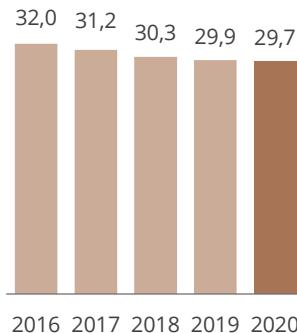
Part I: 5 years data



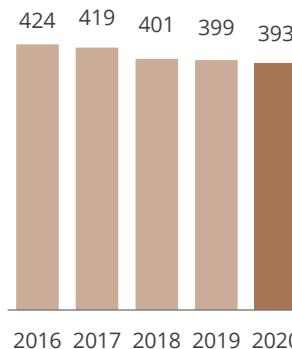
Key production data - 5 years

KGHM Polska Miedź S.A.

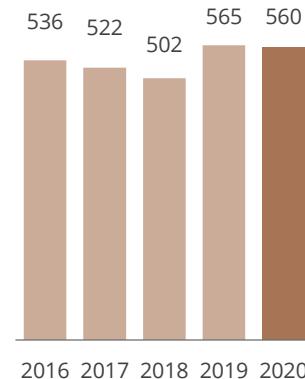
Ore extraction
[mn t dry weight]



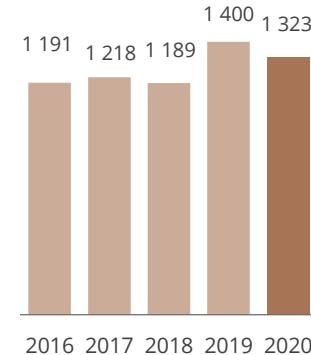
Production of copper
in concentrate
[kt]



Production of
electrolytic copper
[kt]



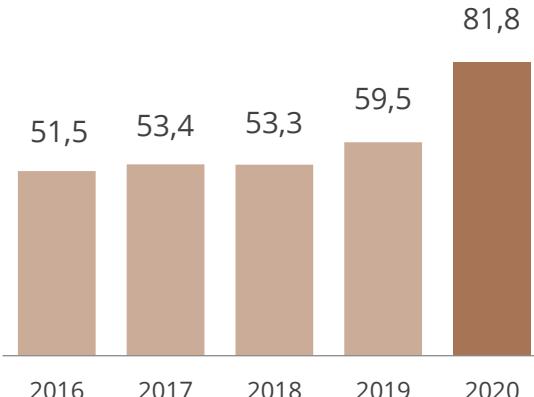
Metallic silver production
[t]



Key production data - 5 years

Sierra Gorda¹⁾

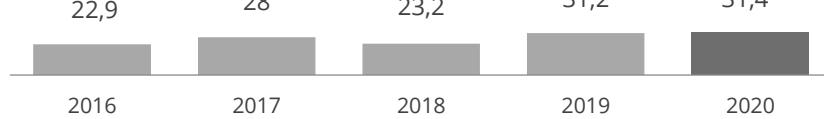
Payable copper production
[kt]



Silver production
[t]



TPM²⁾ production
[koz t]



Molybdenum production
[mn lbs]



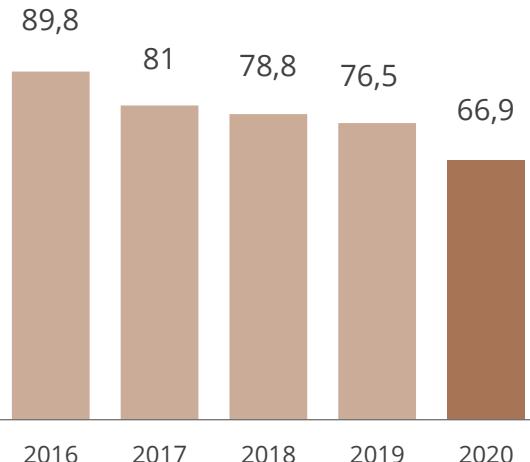
33 1) Pursuant to interest held (55%); production data – 5 years (since production start)

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

Key production data - 5 years

KGHM INTERNATIONAL

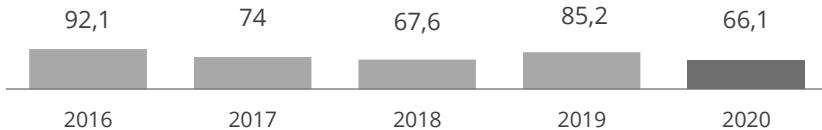
Payable copper production
[kt]



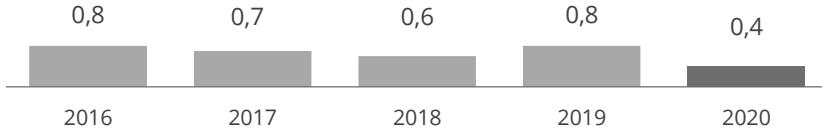
Silver production
[t]



TPM production
[koz t]



Molybdenum production
[mn lbs]

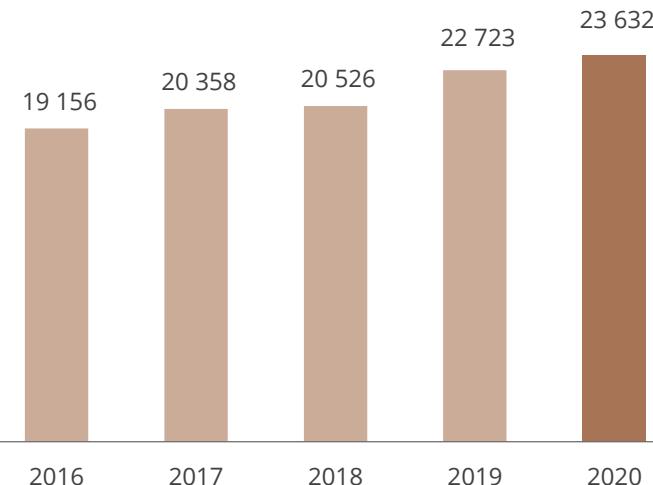


Sales revenue and net profit - 5 years

KGHM Group

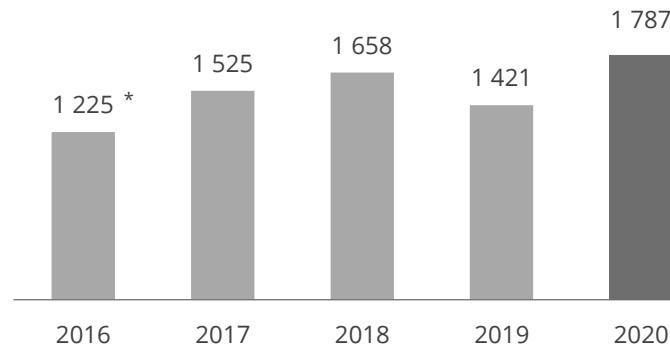
Revenues

[mn PLN]



Net profit

[mn PLN]

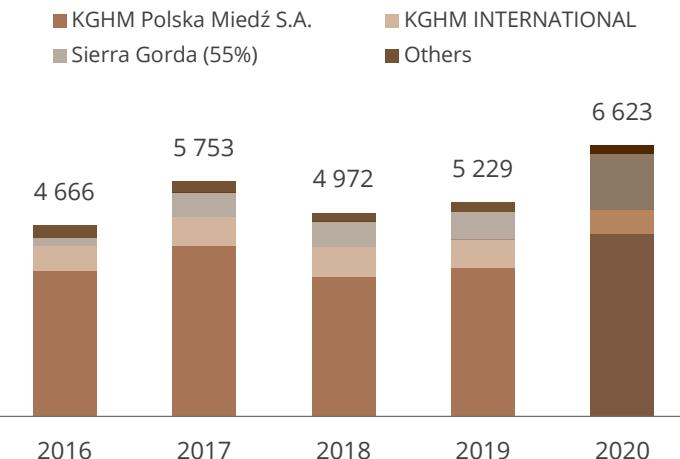


EBITDA and EBITDA margin - 5 years

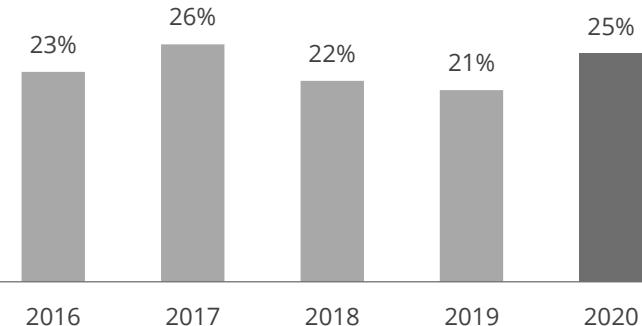
KGHM Group

EBITDA by segments ¹⁾

[mn PLN]



EBITDA margin ²⁾



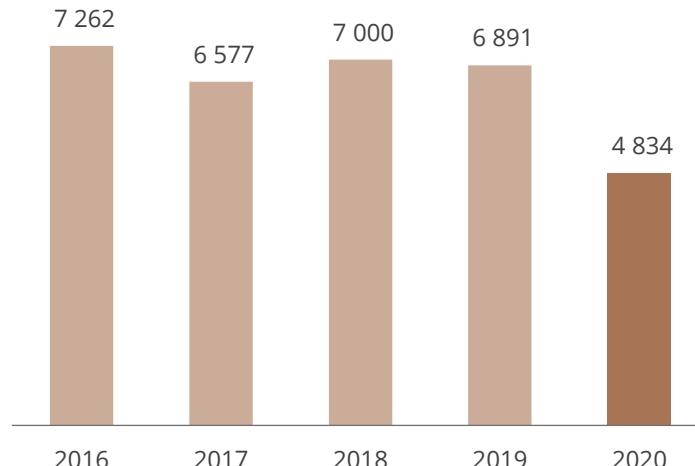
1) Sum of segments; adjusted EBITDA = EBITDA (profit/(loss) on sales + depreciation/amortisation) adjusted by impairment losses on non-current assets

2) Adjusted EBITDA to revenues from sales. For the purposes of calculating the Group's EBITDA margin, the consolidated revenues from sales were increased by revenues from sales of the segment Sierra Gorda S.C.M. e.g. for 2019: [5 229 / (22 723 + 2 002) * 100]

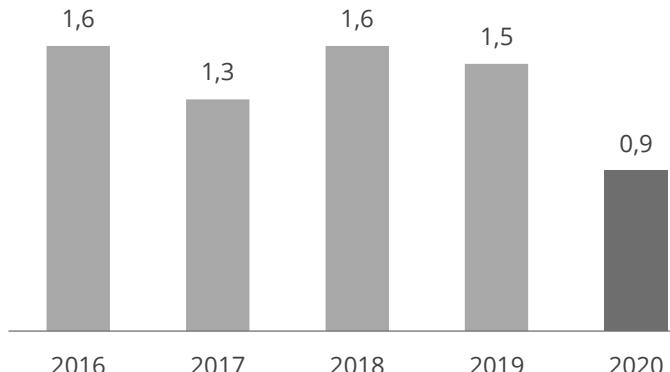
Net debt and net debt/EBITDA ratio – 5 years

KGHM Group

Net debt
[mn PLN]



Net debt/adjusted EBITDA
[ratio]



Basic items of the consolidated financial statements

KGHM Group

Consolidated data [unless otherwise indicated]		2016	2017	2018	2019	2020
Sales revenue	[mn PLN]	19 156	20 358	20 526	22 723	23 632
Adjusted EBITDA	[mn PLN]	4 666	5 753	4 971	5 229	6 623
Profit/(loss) for the period	[mn PLN]	-4 449	1 525	1 658	1 421	1 797
Total assets	[mn PLN]	33 442	34 122	37 237	39 409	42 780
Liabilities and provisions	[mn PLN]	17 531	16 337	18 012	19 207	21 699
Earnings per share (EPS) ¹⁾	[PLN]	-20.42	6.62	10.13	6.32	8.90
Dividend per share (DPS) ²⁾	[PLN]	1.00	x	x	x	TBA
Net debt/EBITDA ³⁾	[ratio]	1.6	1.3	1.6	1.5	0.9
Payable copper production ⁴⁾	[kt]	677	656	634	702	709
Payable silver production ⁴⁾	[t]	1 207	1 234	1 205	1 417	1 352
Concentrate production cost C1 ⁴⁾	[USD/lb]	1.41	1.59	1.81	1.70	1.59
Cash expenditures on property, plant, equipment and intangible assets ⁵⁾	[mn PLN]	2 604	1 991	1 907	2 366	2 331

1) Attributable to shareholders of the Parent Entity

2) Dividend for the financial year

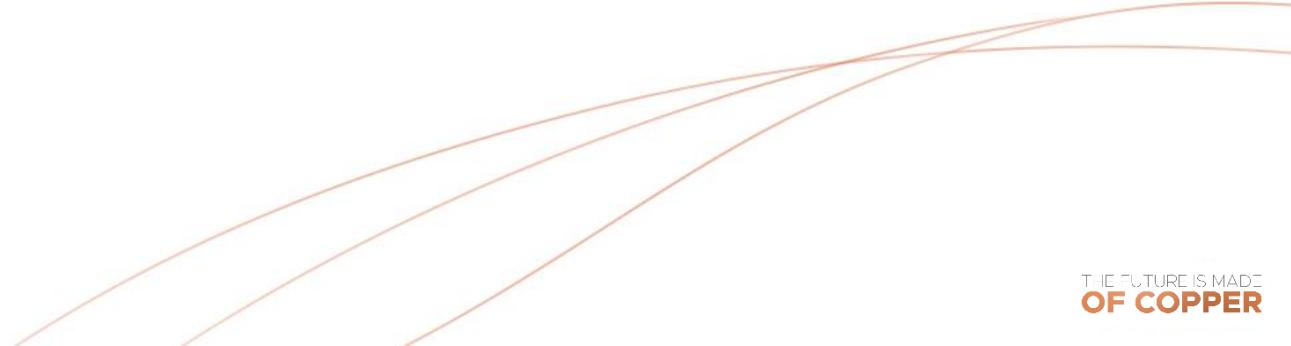
3) Adjusted EBITDA for the year, excluding EBITDA of the joint venture Sierra Gorda S.C.M.

4) Comprises Sierra Gorda S.C.M. pursuant to interest held (55%)

5) For KGHM Polska Miedź S.A.

Production and financial results of the KGHM Group

Part II: FY 2020



Summation of the year 2020 in the KGHM Group

Main macroeconomic factors and aspects of the Group in the age of the COVID-19 pandemic compared to 2019

Macroeconomic environment¹⁾

+3%

Copper price

+27%

Silver price

+2%

Stronger USD vs the PLN

Production and C1 cost

+1.1%

Copper production

-4.5%

Silver production

-6.5%

C1 cost

High base 2019
+5% vs avg.
for last 5 yrs
(1 264.20 kt)

Financial results

+4%

Increase in revenues to
PLN 23 632 mn

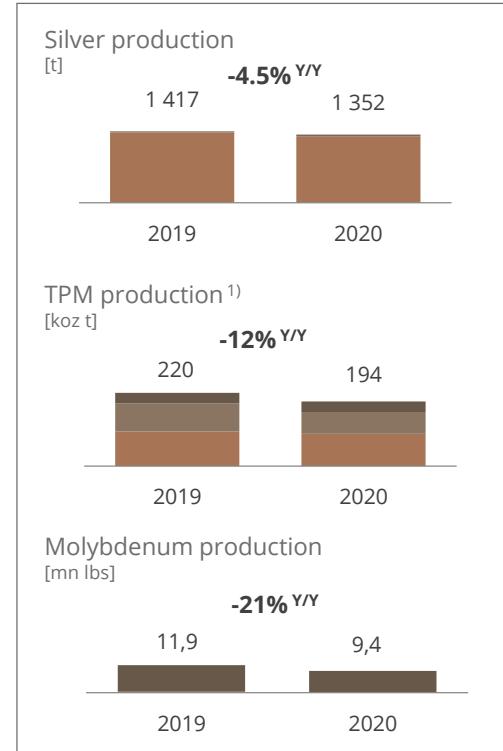
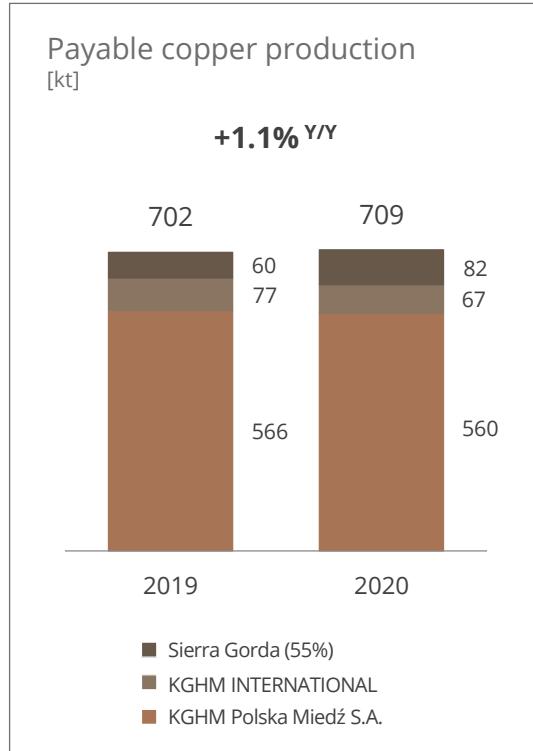
+27%

Increase in EBITDA²⁾ to
PLN 6 623 mn

Metals production

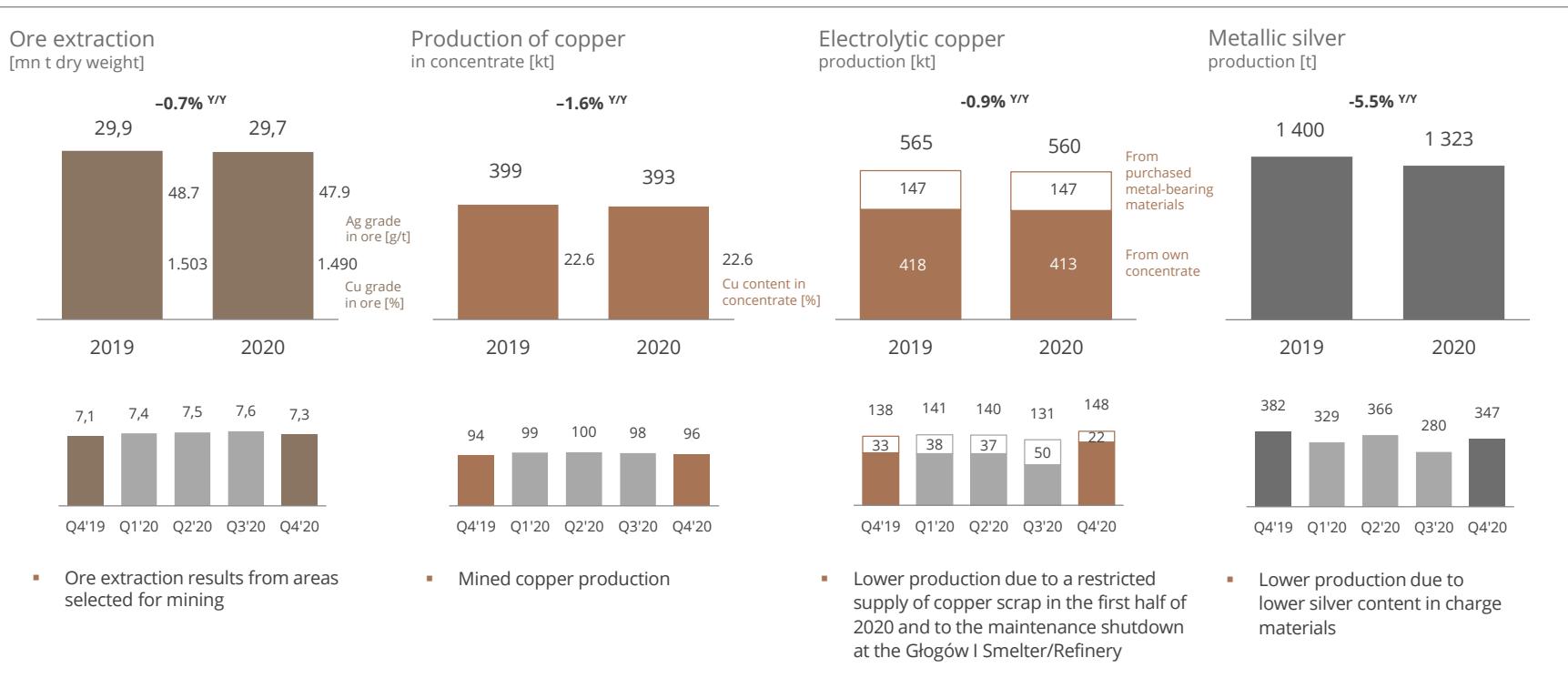
KGHM Group

- Slightly lower production vs 2019:
 - by KGHM Polska Miedź due to the lower grade and thickness of the mined deposit, as well as due to the restricted supply of copper scrap in the first half of 2020
 - by KGHM INTERNATIONAL due to lower production by the Franke mine (lower quality ore, lower recovery) and the Sudbury Basin (lower extraction from deposits rich in TPM); in Q1 2019 extraction from the Morrison mine was suspended
- Higher copper production by the Sierra Gorda mine due to a higher volume of ore processed, higher recovery and a higher copper grade in ore,
- Lower molybdenum production both by Sierra Gorda (extraction of ore with a lower Mo grade and lower recovery), and by Robinson (extraction of lower-quality ore)



Production results

KGHM Polska Miedź S.A.



Production initiatives implemented in KGHM Polska Miedź S.A.

Full integration of processes in management of the supply chain

Integrated planning of material needs

- Implementation of an integrated material planning system based on the structure of where costs arise
- Implementation of systemic tools to evaluate deviations from the execution of plans in real time
- Organisation and restriction of materials base indices utilised in planning and deliveries

Management of an integrated procurement and materials utilisation system

- Construction and integration of IT tools supporting the process of ordering materials from suppliers
- Monitoring of integrated materials utilisation processes
- Utilisation of advanced analytical models in the area of materials utilisation

Integrated management of inventories

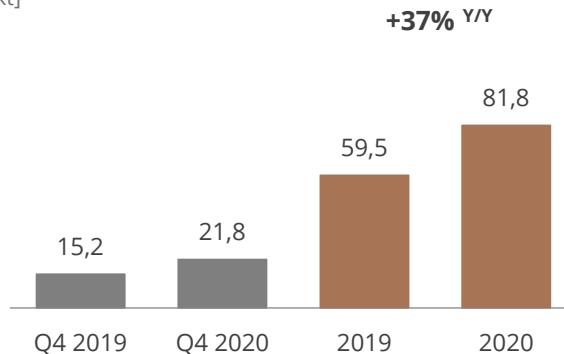
- Digitalisation and automatisation of the processes of distribution and replenishment of inventories using EDI (Electronic Data Interchange) and VMI (Vendor Managed Inventory)
- Systemic forecasting and modelling of inventories levels based on historic utilisation as well as actual and announced needs
- Transfer of RW documents to electronic form

Production results

Sierra Gorda¹⁾

Payable copper production

[kt]

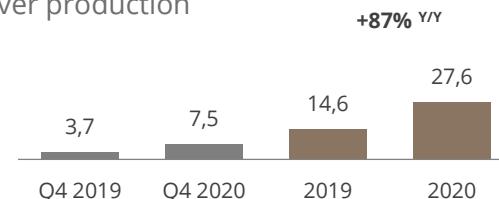


Higher than expected copper production in 2020

- Higher payable copper production in 2020 versus 2019 thanks to higher ore throughput, improved recoveries and higher metal content in mined ore

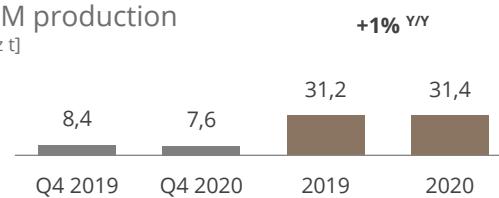
Silver production

[t]



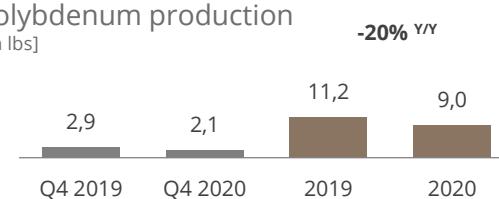
TPM production

[k oz t]



Molybdenum production

[mn lbs]



- Higher extraction by the Sierra Gorda mine led to higher production of copper, silver and gold in 2020 compared to 2019
- Lower molybdenum production due to extraction in areas with lower molybdenum content compared to ore extracted in prior periods; this factor was partially offset by higher ore throughput

Production results

KGHM INTERNATIONAL

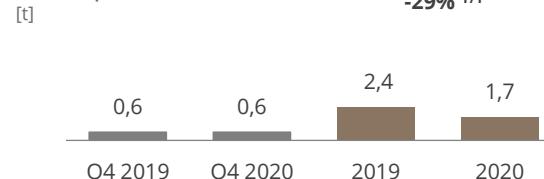
Payable copper production



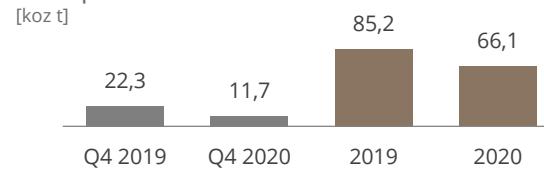
Copper production lower by 6.5% than targeted in the 2020 budget

- Lower production mainly by the Franke mine (lower-quality ore extracted – high carbonates content in the deposit), the Sudbury Basin (lower extraction and lower copper content in ore) and by the Robinson mine (extraction of lower copper-grade ore)

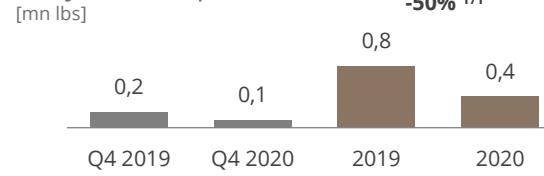
Silver production



TPM production



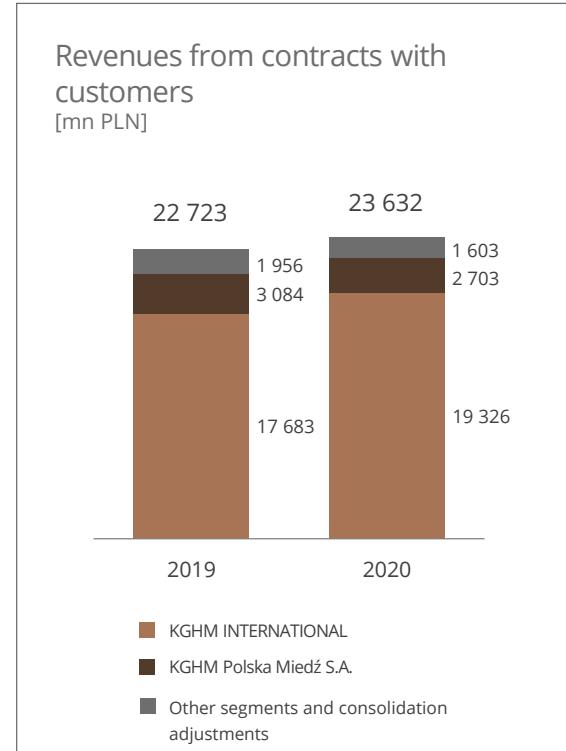
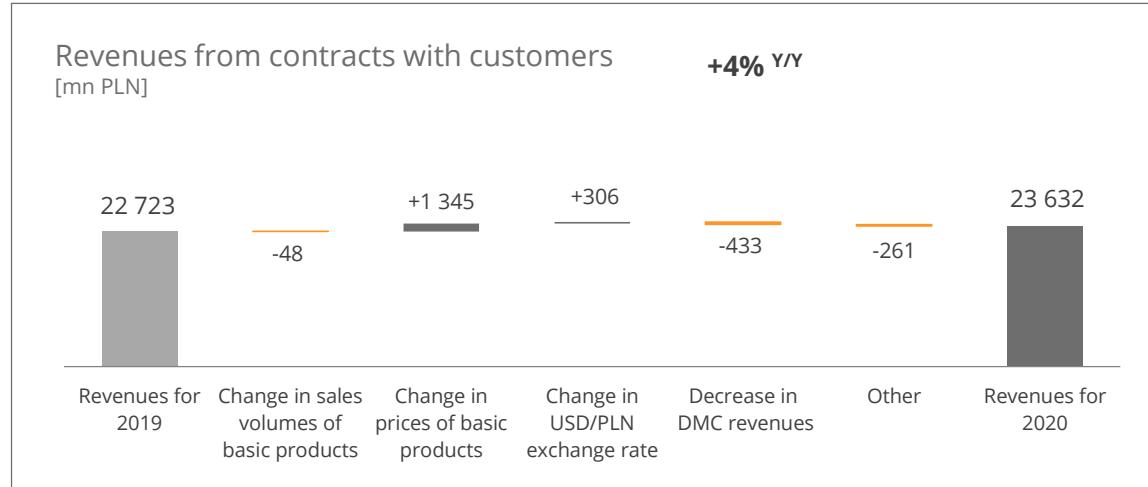
Molybdenum production



- Lower silver production in the Sudbury Basin due to lower extraction and lower silver content in ore
- Lower gold production by the Robinson mine (lower gold content in ore, lower recovery) and TPM in the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production by the Robinson mine due to mining lower-quality ore from a transitional zone, with lower recovery due to higher clay minerals content

Sales revenue

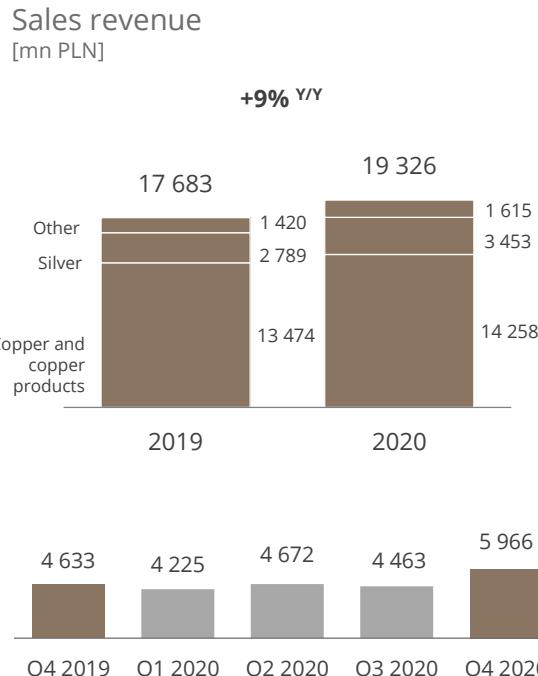
KGHM Group



- Higher revenues by PLN 909 million (+4%) versus 2019 due to higher prices for basic products and to a change in the USD/PLN exchange rate, partially offset by lower revenues from the sale of services by DMC due to the suspension of work on the Woodsmith (previously Sirius) project

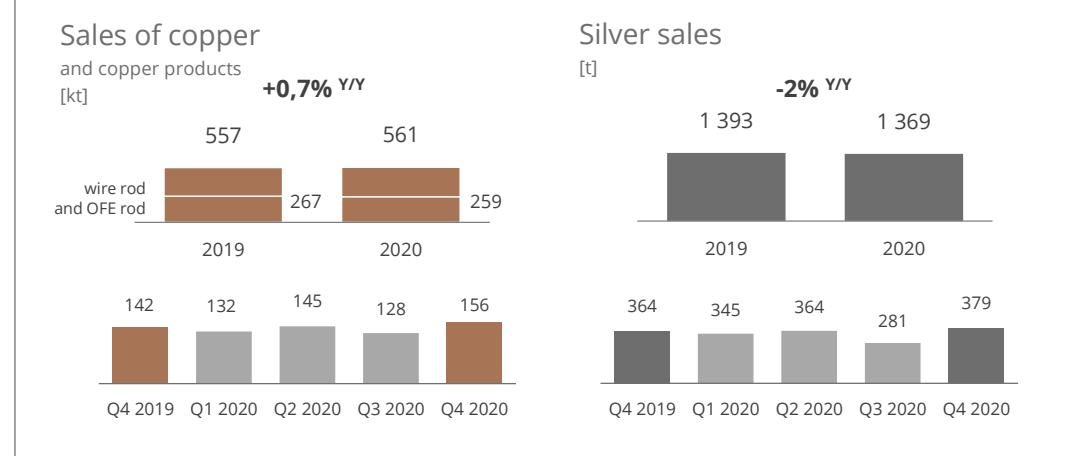
Sales revenue

KGHM Polska Miedź S.A.

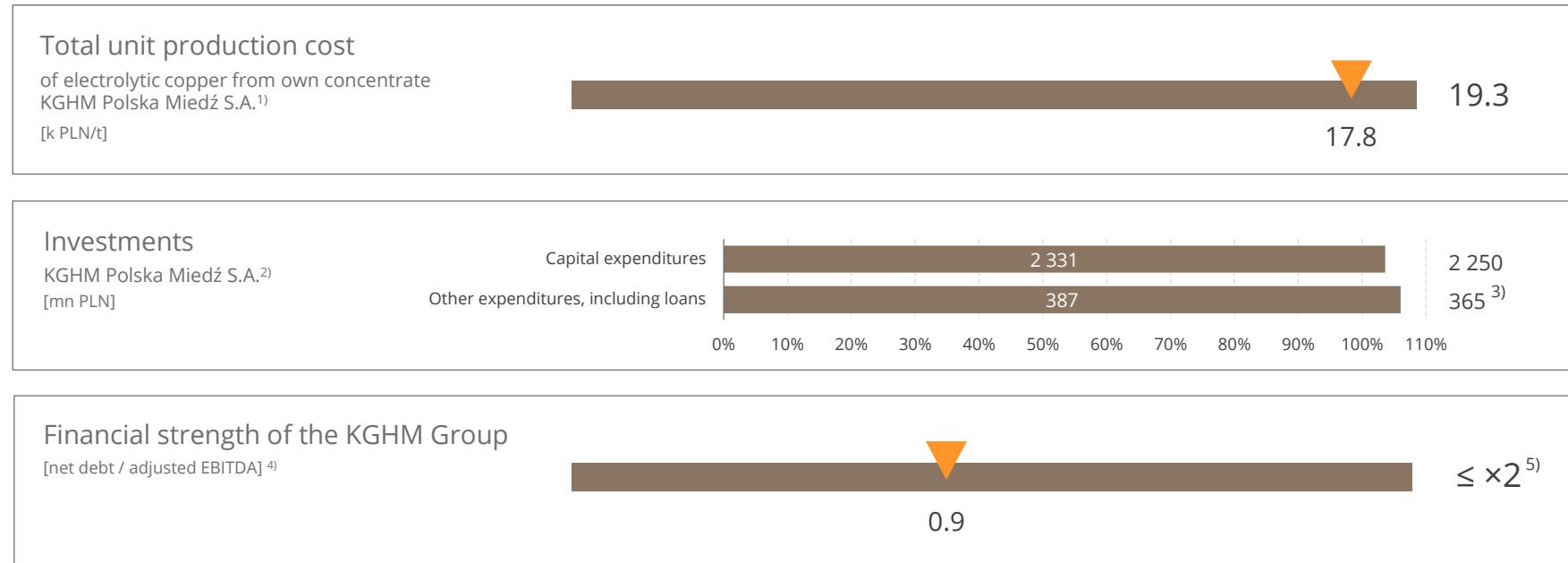


Higher revenues from sales by PLN 1 643 million (+9%) were achieved in 2020 compared to 2019 mainly due to:

- higher metals prices (copper +3%, silver +27%)
- a more favourable USD/PLN exchange rate (+2%)



The financial situation of the KGHM Group remains stable and safe



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

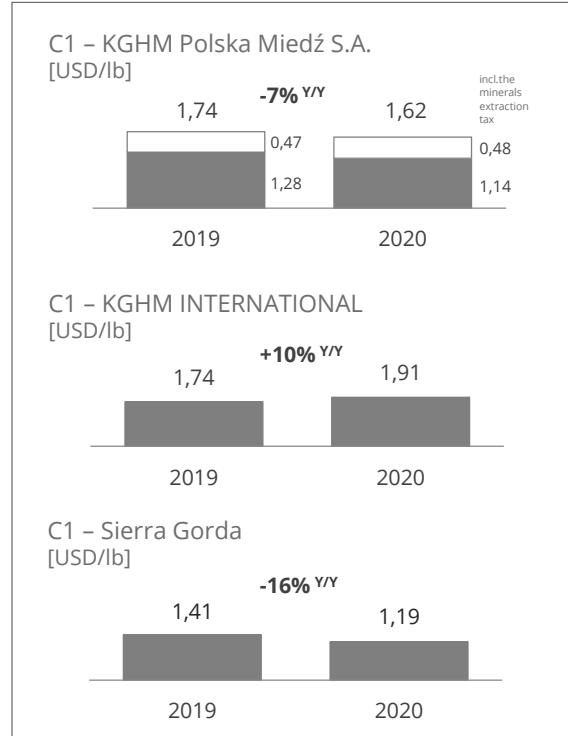
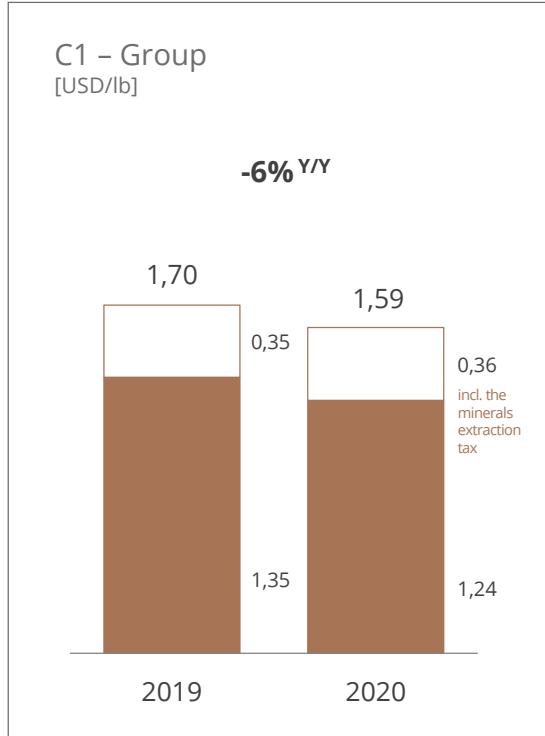
3) Reflects an adjustment of assumptions pursuant to regulatory filing 9/2020 dated 12 May 2020

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

5) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2020

C1 unit cost¹⁾

KGHM Group

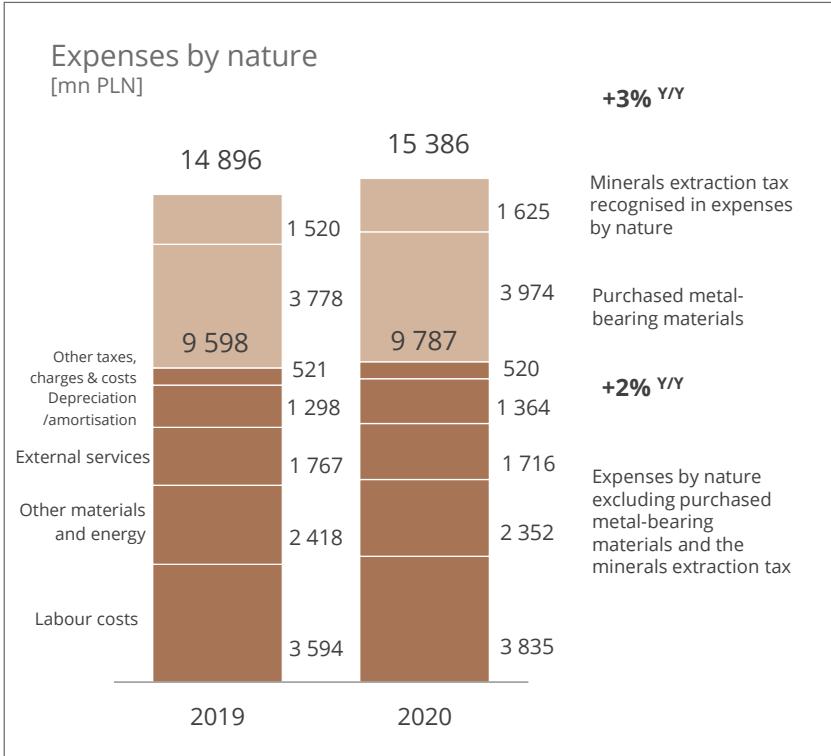


- The decrease in C1 cost in KGHM Polska Miedź versus 2019 was due to the weakening of the PLN vs the USD and to higher silver and gold prices, meaning a higher valuation of by-products
- The increase in C1 by 10% in KGHM INTERNATIONAL was due to lower copper sales volume which was partially offset by higher revenues from sales of associated metals (+5%)
- The decrease in C1 cost in Sierra Gorda by 16% was due to a higher copper sales volume, lower fuel prices, lower labour costs and lower costs of external services, materials and other costs categories

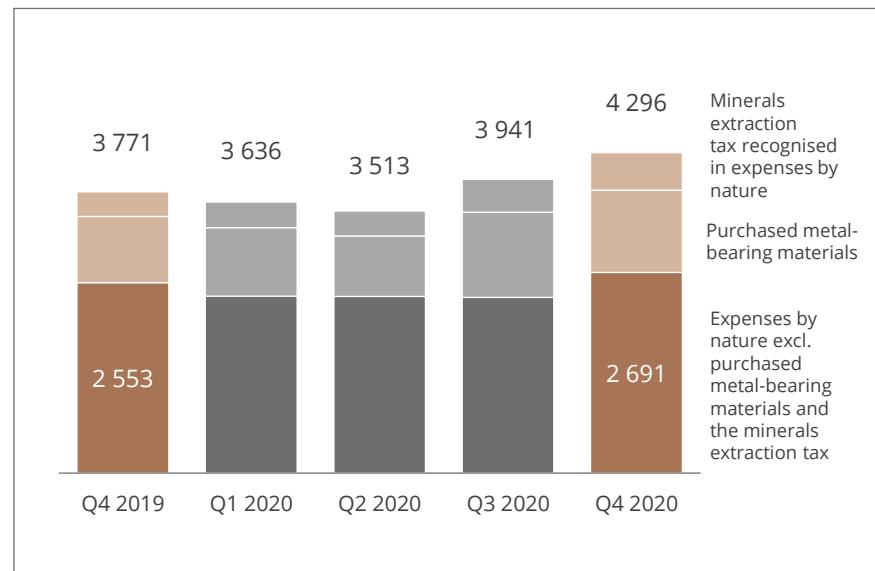
The decrease in C1 was achieved alongside a decrease in revenues from sales of associated metals

Expenses by nature

KGHM Polska Miedź S.A.

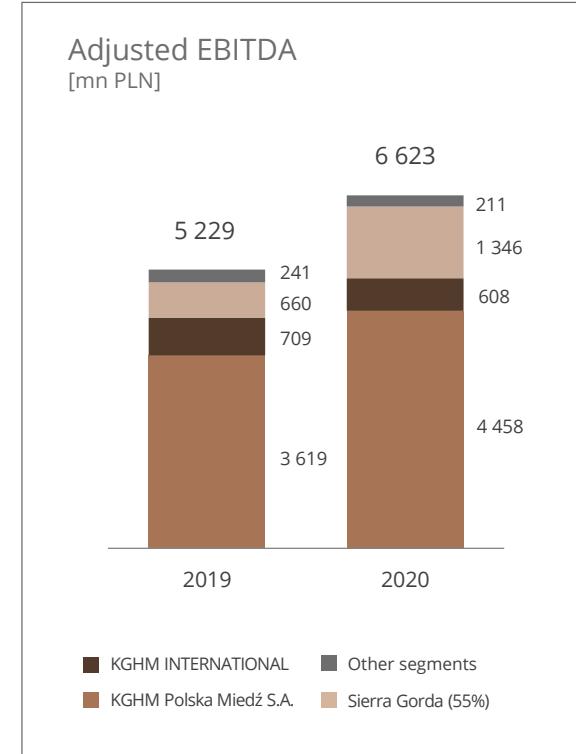
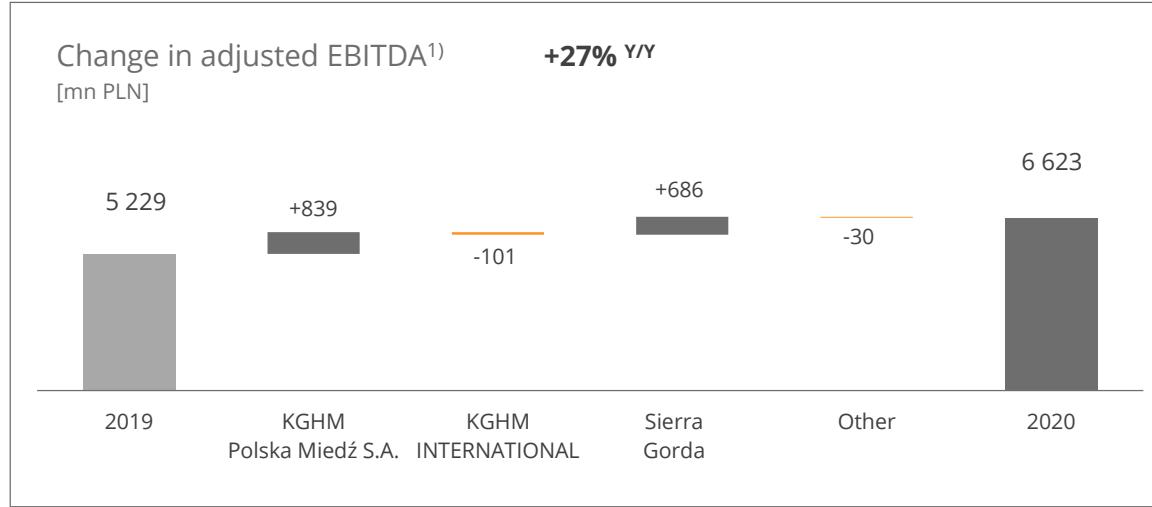


Expenses by nature higher by PLN 490 million yoy



Operating results

KGHM Group



Higher EBITDA for the year by PLN 1 394 million due to:

- higher total EBITDA by PLN 1 525 million for the segments KGHM Polska Miedź S.A. and Sierra Gorda, mainly due to higher copper sales and higher copper and silver prices
- lower total EBITDA by PLN 131 million for KGHM INTERNATIONAL (mainly due to a lower copper sales volume) and in the segment Other (lower EBITDA in domestic companies)

Financial results

KGHM Group

Profit for the period
[mn PLN]

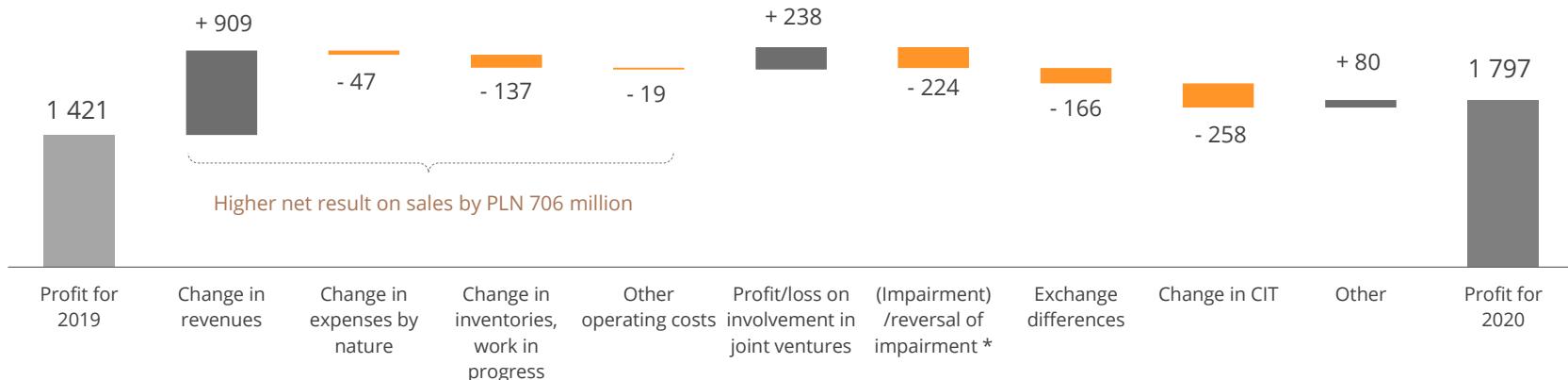
+26% YY

1 797
[million PLN]

consolidated net profit for 2020

Higher Group profit by PLN 376 million (+26%)
mainly due to:

- a higher net result on sales
- a higher result on involvement in joint ventures

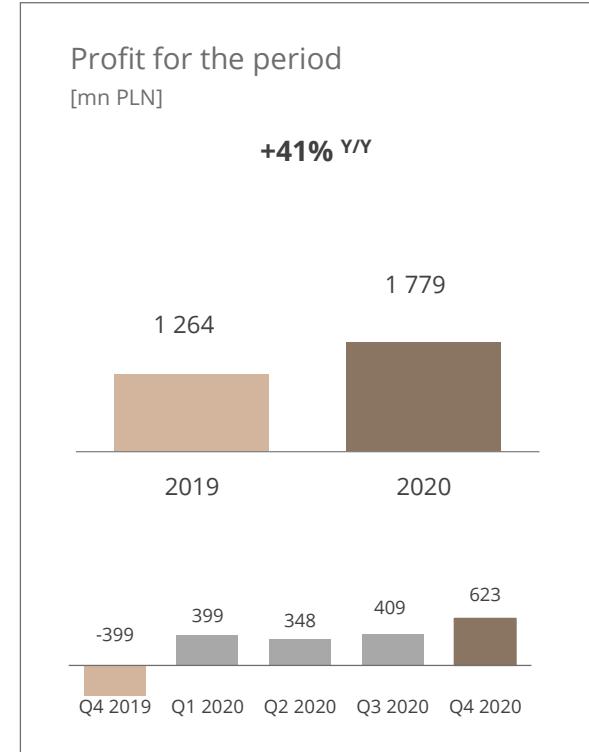
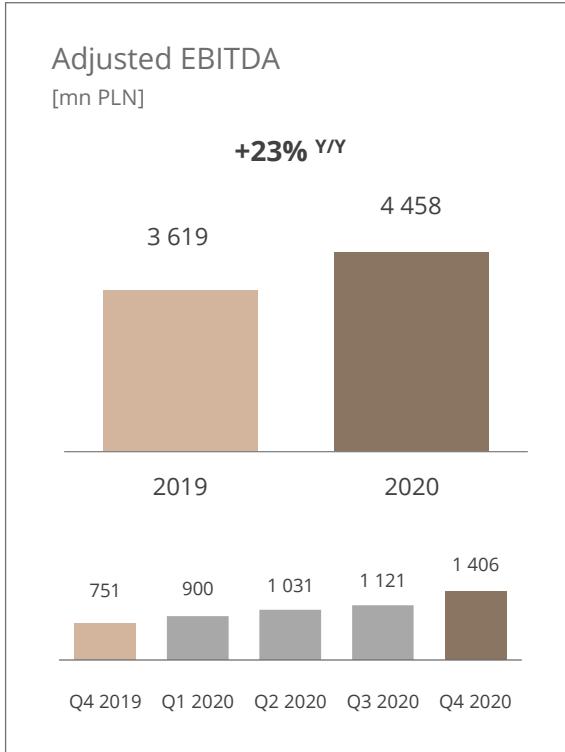


EBITDA and profit for the period

KGHM Polska Miedź S.A.

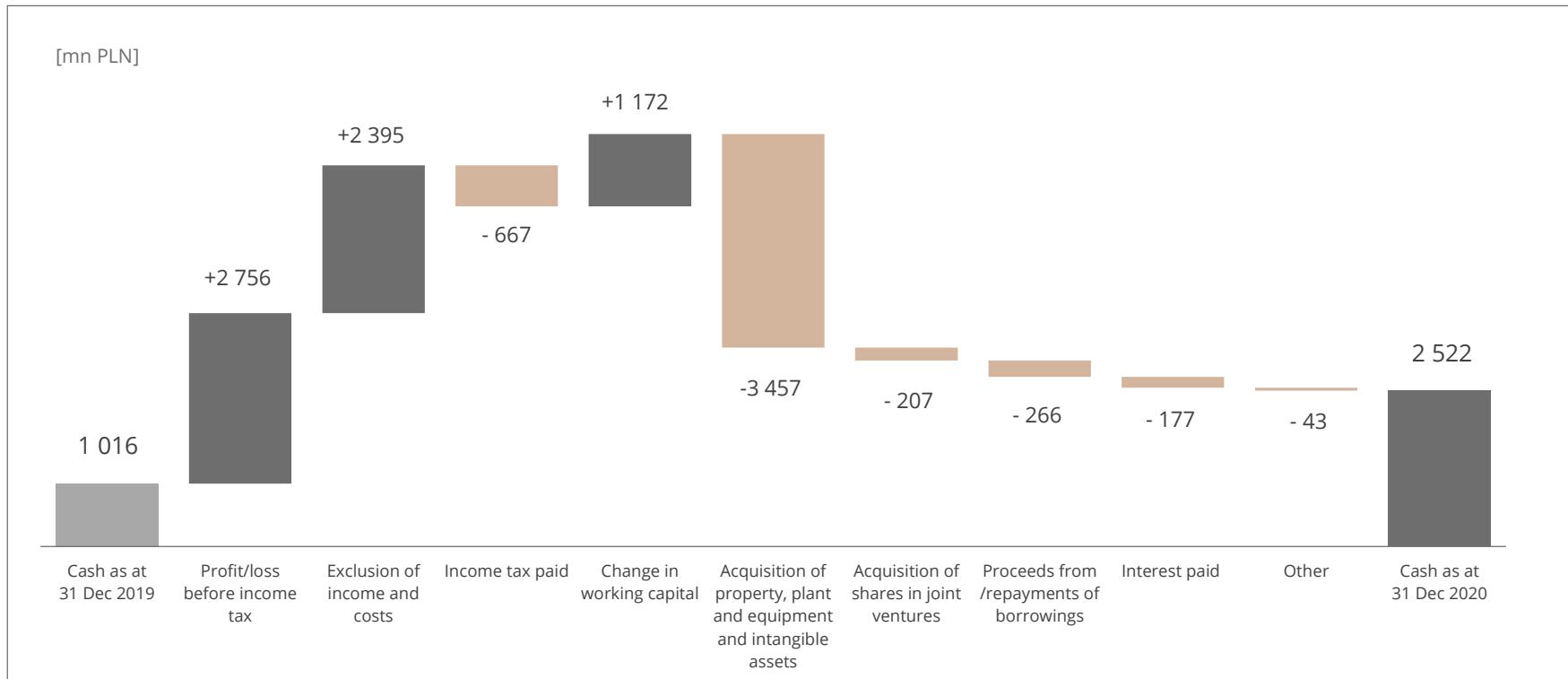
Higher EBITDA, higher net profit

- EBITDA higher by 23% vs the corresponding period of 2019
- Higher net profit by PLN 515 mn (+41%) than in 2019 mainly due to higher operating profit



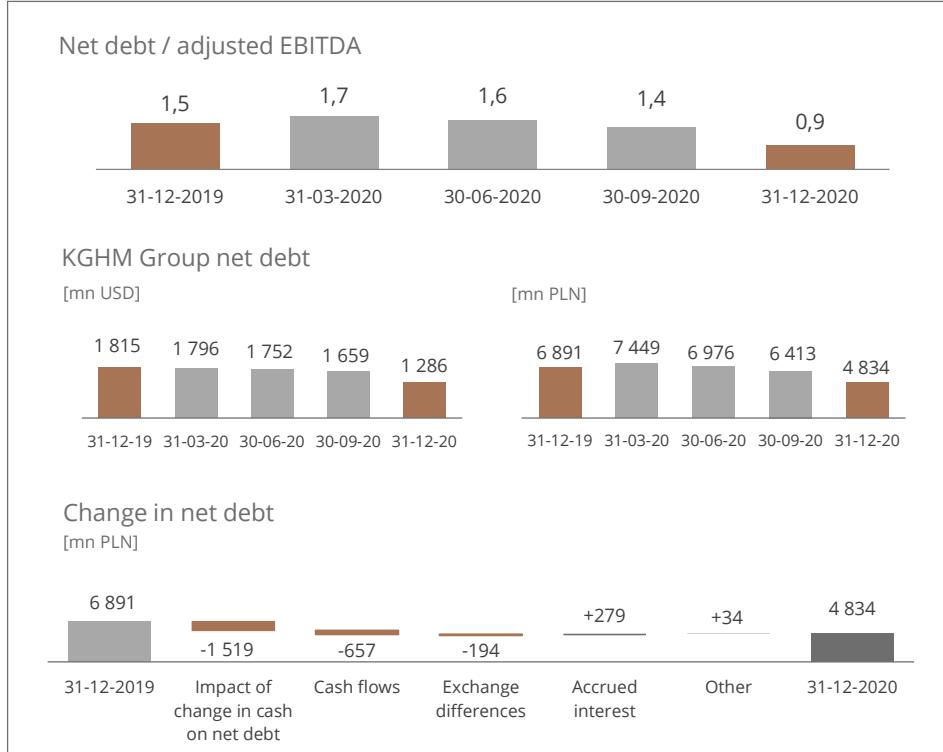
Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of 2020



Main factors affecting net debt in 2020

Increases in debt

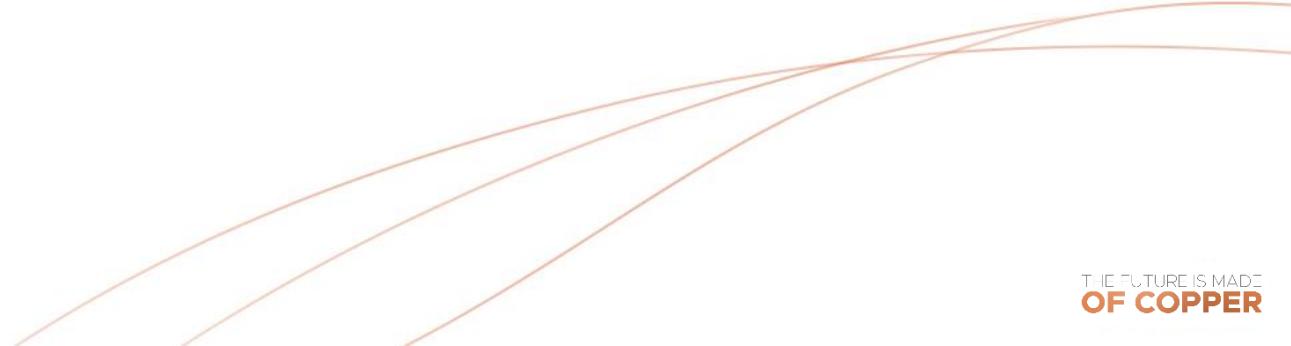
- Cash expenditures on property, plant and equipment (PLN 3 458 mn)
- The minerals extraction tax (PLN 1 625 mn)
- Equity increase in Sierra Gorda (PLN 216 mn)
- Borrowing costs recognised in cash flow (PLN 177 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 5 526 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 1 287 mn)
- Change in inventories (lower by PLN 295 mn)
- Positive exchange differences (a decrease in PLN-denominated debt by PLN 194 mn)
- Change in trade and other receivables (lower by PLN 173 mn)

Production and financial results of the KGHM Group

Part III: Q1 2021



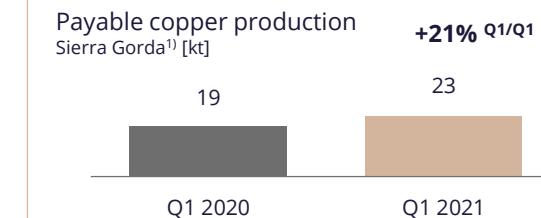
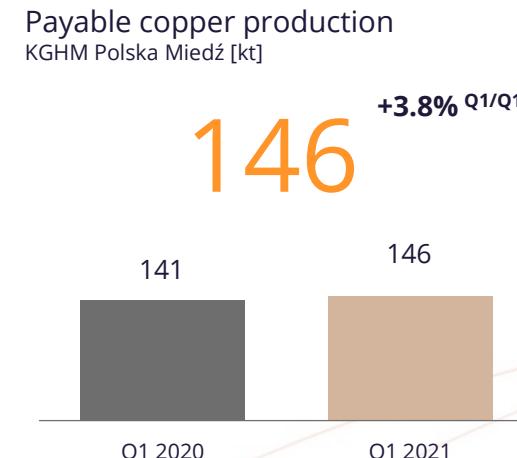
Key production indicators

Q1 2021

Payable copper production
by the KGHM Group
higher by 6.6% (q/q)

186
+6.6% Q1/Q1
[kt]

- KGHM Polska Miedź:
higher availability of feed material
and of production lines
- Sierra Gorda:
higher recovery and higher
copper content in ore
- KGHM INTERNATIONAL:
higher production by the
Robinson mine

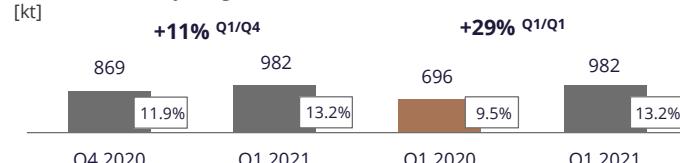


Role of Deep Głogów (GGP) in maintaining output in Poland

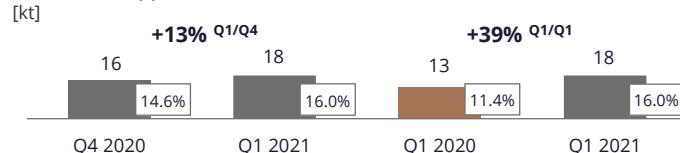
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

Ore extraction dry weight from GGP [kt]



Amount of copper in ore [kt]

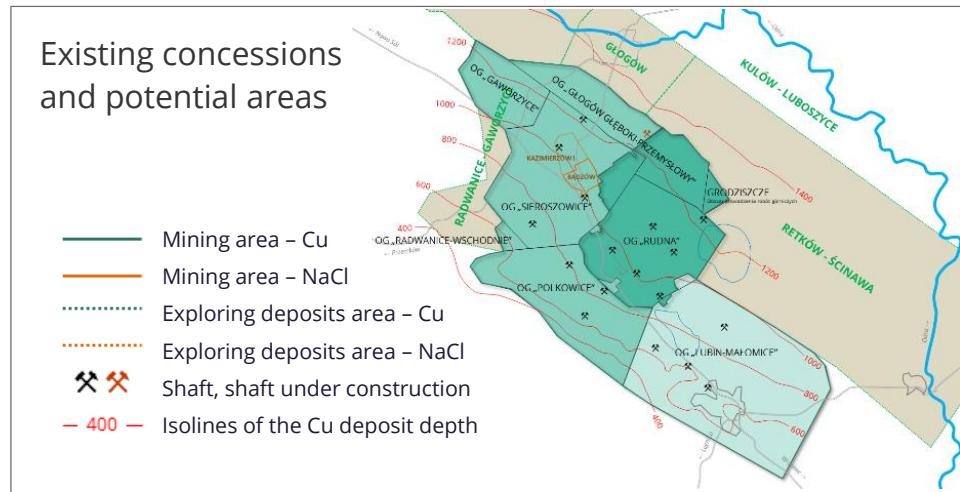


Amount of silver in ore [t]



Existing concessions and potential areas

- Mining area – Cu
- Mining area – NaCl
- Exploring deposits area – Cu
- Exploring deposits area – NaCl
- ⚒️ Shaft, shaft under construction
- 400 — Isolines of the Cu deposit depth



The increase in ore extraction (+11%), as well as copper content (+13%), quarter-to-quarter (Q1 2021/Q4 2020) in the GGP area was due to a higher amount of development work in Q1 2021 compared to Q4 2020, as well as to the substantially higher share of development work in the orebody than in barren rock

Key financial indicators

Q1 2021

Adjusted KGHM Group EBITDA more than double that recorded in Q1 2020

Higher EBITDA compared to Q1 2020 (+PLN 1 479 million; +131%) of which in the following segments:

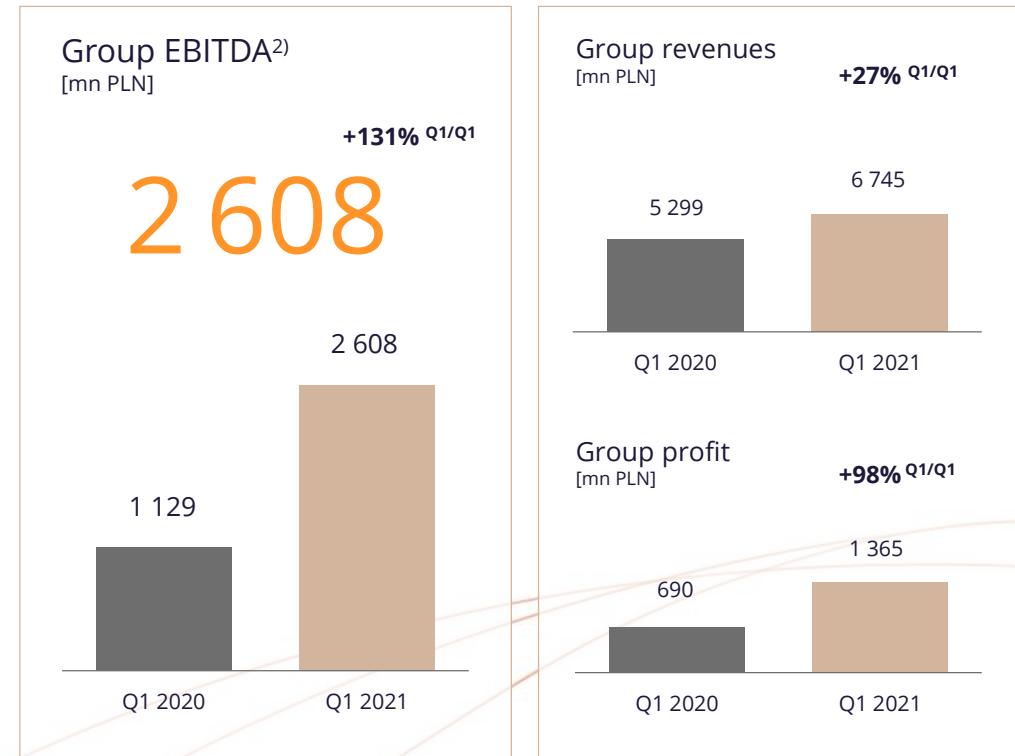
- KGHM Polska Miedź +PLN 775 mn (+86%) – higher copper prices
- Sierra Gorda¹⁾ +PLN 539 mn – a more than sixfold increase - mainly higher revenues from the sale of copper due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 186 mn – mainly higher copper prices and higher production

Higher Group revenues

- Impact of higher metals prices

Higher Group net profit

- Improved EBITDA supported achievement of profit higher by PLN 675 mn (+98%) than recorded for Q1 2020



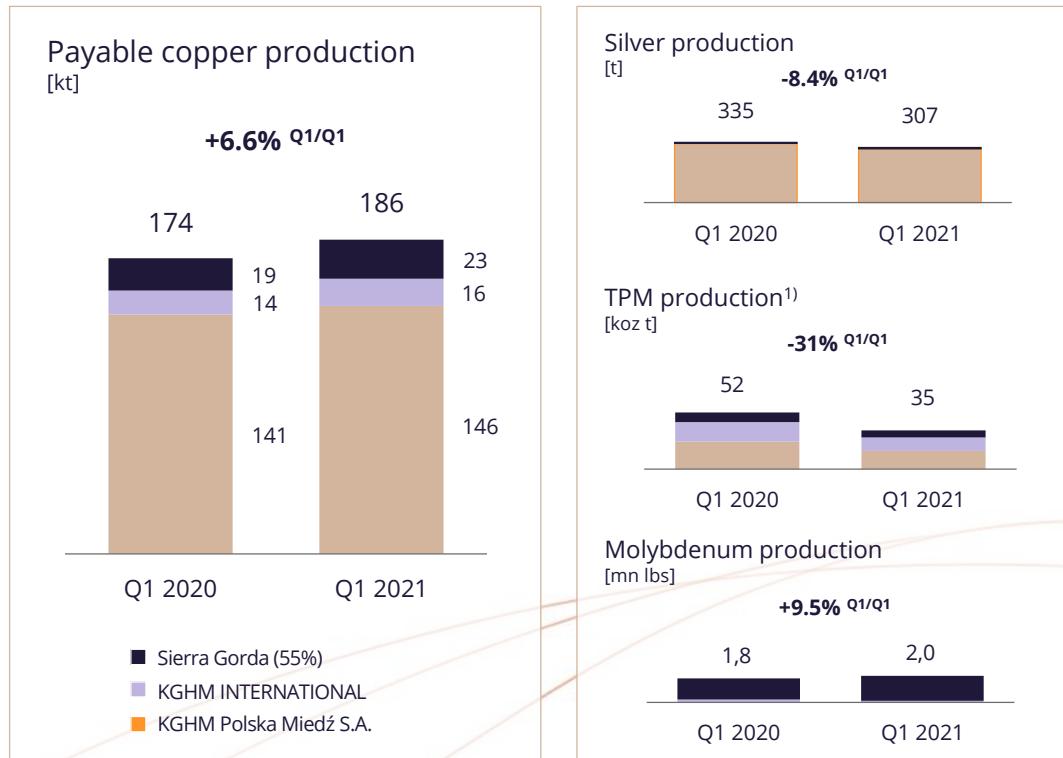
1) On a 55% basis

2) Sum of segments; adjusted EBITDA = EBITDA (profit/loss on sales + depreciation/amortisation) adjusted by impairment losses/reversals of impairment losses on non-current assets

Metals production

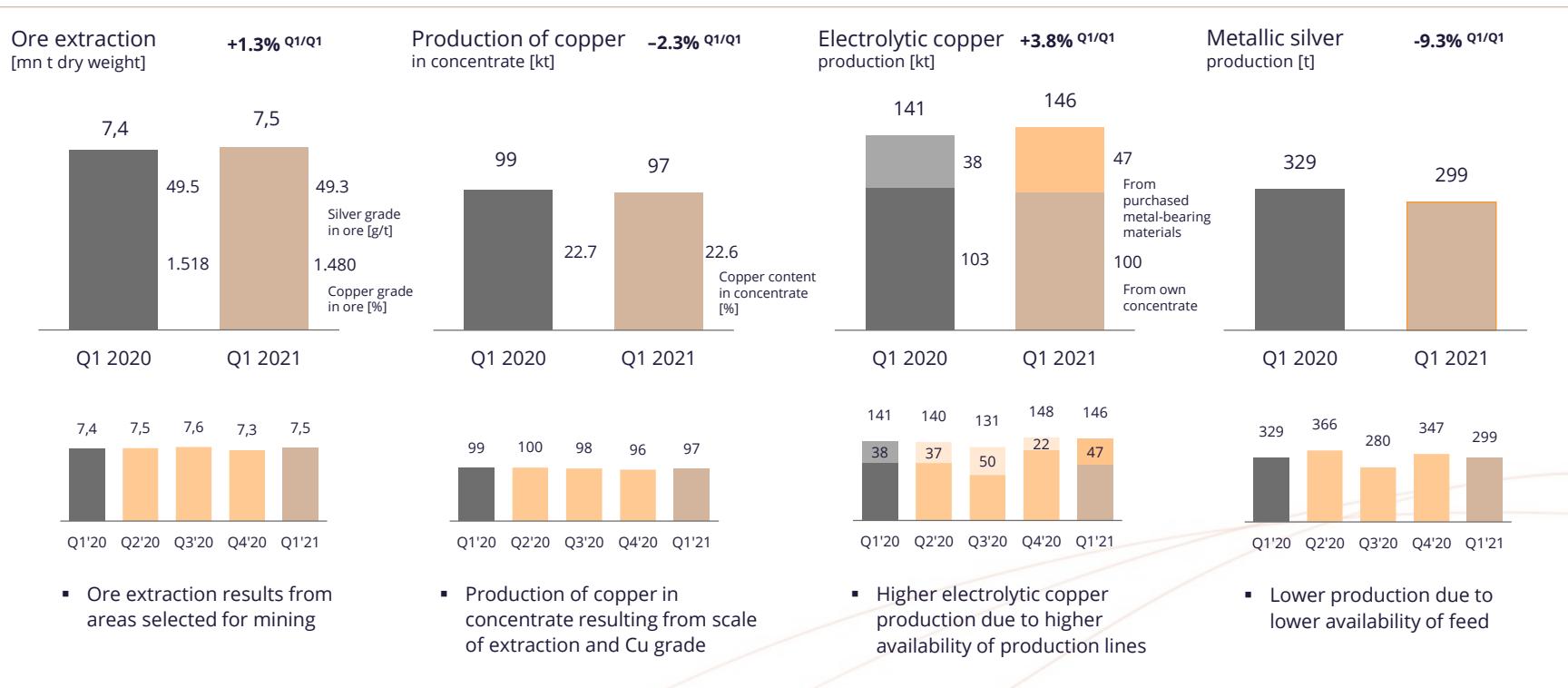
KGHM Group

- Higher production vs Q1 2019:
 - by KGHM Polska Miedź due to greater availability of feed and higher availability of production lines
 - by KGHM INTERNATIONAL mainly due to higher production by the Robinson mine
 - by the Sierra Gorda mine due to higher recovery and higher copper content in ore
- Lower silver production by KGHM Polska Miedź
- Lower TPM production by KGHM Polska Miedź, KGHM INTERNATIONAL and Sierra Gorda
- Higher molybdenum production by Sierra Gorda (extraction of ore with a higher molybdenum grade and higher recovery), offset by lower production by Robinson (extraction of ore with lower molybdenum content)



Production results

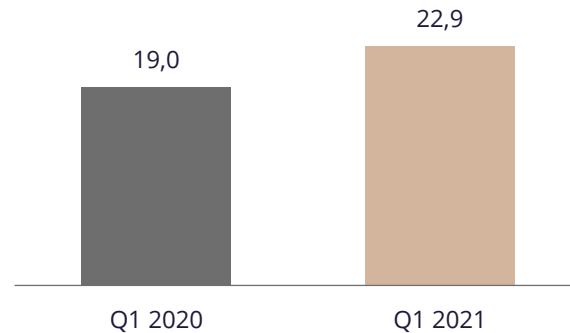
KGHM Polska Miedź S.A.



Production results

Sierra Gorda¹⁾

Payable copper production
[kt] +21% Q1/Q1



Higher than projected copper production in Q1 2021

- Higher payable copper production in Q1 2021 versus Q1 2020 thanks to higher metal content in mined ore and higher recovery, with a lower C1 cost thanks to stable ore processing

Silver production
[t] +37% Q1/Q1



TPM production
[koz t] -22% Q1/Q1



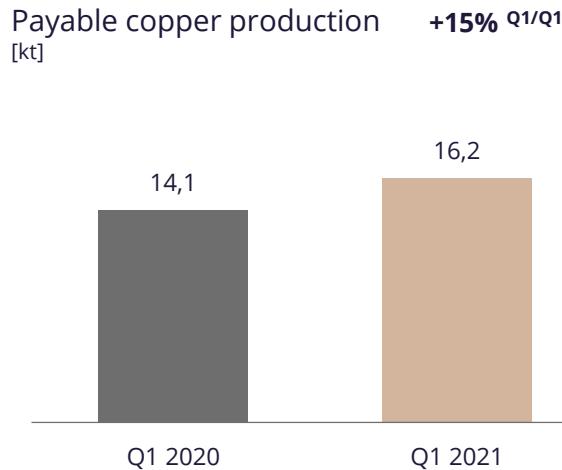
Molybdenum production
[mn lbs] +17% Q1/Q1



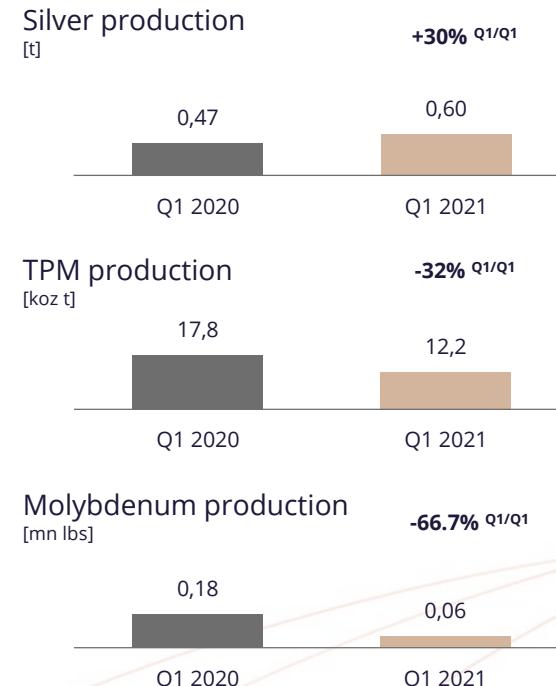
- Higher silver production in Q1 2021 vs Q1 2020 thanks to higher ore grade
- Lower TPM production in Q1 2021 vs Q1 2020 due to lower TPM grade
- Higher molybdenum production due to higher metal recovery vs corresponding prior-year period

Production results

KGHM INTERNATIONAL



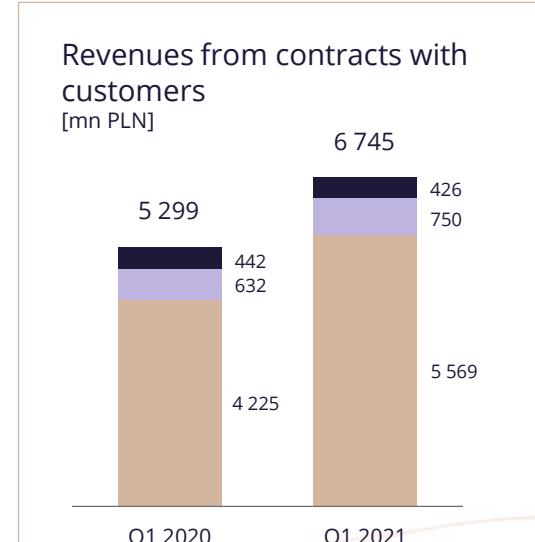
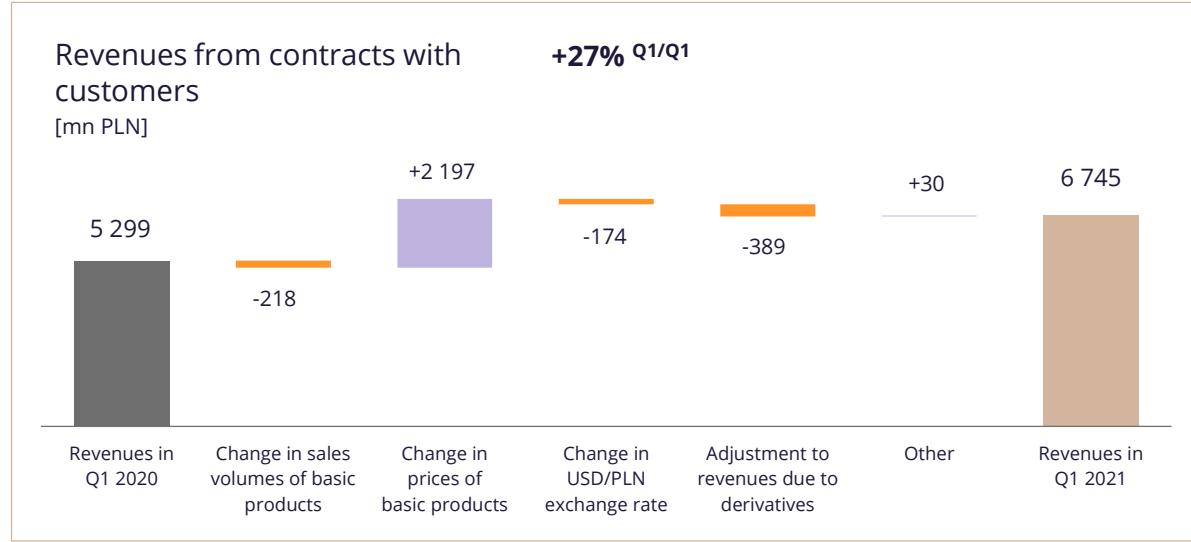
- Higher production mainly due to higher production by the Robinson mine (mining of higher copper-grade ore with higher recovery)



- Higher silver production by the Sudbury Basin due to higher silver content in ore
- Higher gold production by the Robinson mine (higher gold content in ore) did not offset the substantial drop in TPM production by the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production by the Robinson mine due to mining ore with lower molybdenum content, with lower recovery

Group sales revenue

Q1 2021

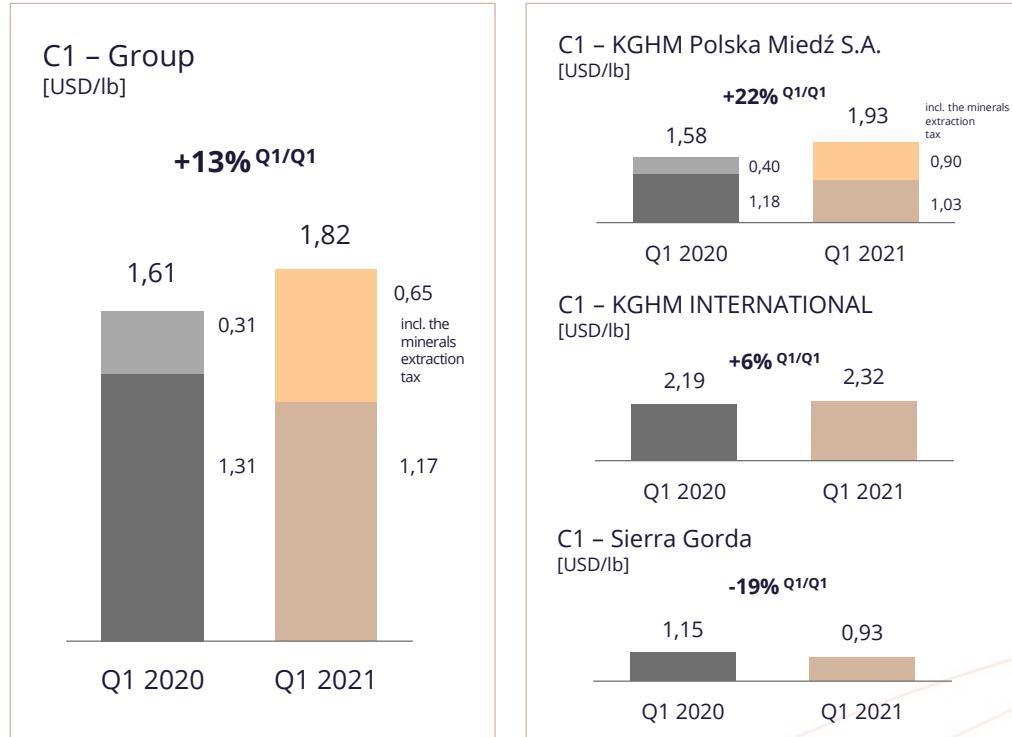


- Higher revenues by PLN 1 446 million (+27%) versus Q1 2020 due to higher prices for basic products, partially offset by an adjustment to revenues due to derivatives, lower sales volume and a less favourable USD/PLN exchange rate

- KGHM INTERNATIONAL
- KGHM Polska Miedź S.A.
- Other segments and consolidation adjustments

C1 unit cost¹⁾

KGHM Group



- The increase in C1 w KGHM Polska Miedź by 22% compared to Q1 2020 was mainly the result of a higher minerals extraction tax chargé (C1 excl. this tax was lower by 13% mainly due to the higher valuation of by-products, i.e. silver and gold)
- An increase in C1 by 6% in KGHM INTERNATIONAL versus Q1 2020 due to a lower copper sales volume and lower revenues from the sale of associated metals
- The decrease in C1 in Sierra Gorda by 19% versus the prior year was due to higher revenues from the sale of associated metals, as well as higher copper production and sales

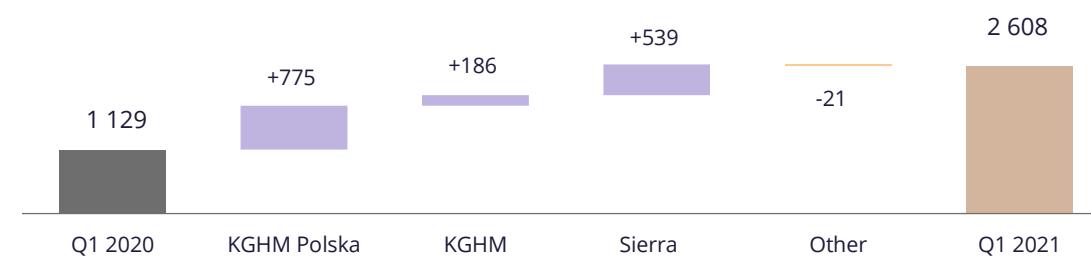
Operating results

KGHM Group

Change in adjusted EBITDA¹⁾

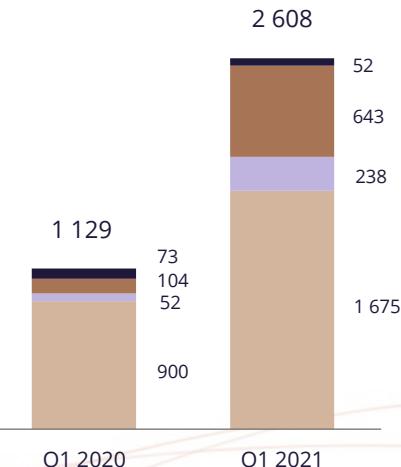
[mn PLN]

+131% Q1/Q1



Adjusted EBITDA

[mn PLN]



Higher adjusted EBITDA compared to Q1 2020 by PLN 1 479 million due to higher adjusted EBITDA in the following segments:

- KGHM Polska Miedź S.A. (+PLN 775 mn)
- Sierra Gorda (+PLN 539 mn)
- KGHM INTERNATIONAL (+PLN 186 mn)

Financial results

KGHM Group

Profit for the period

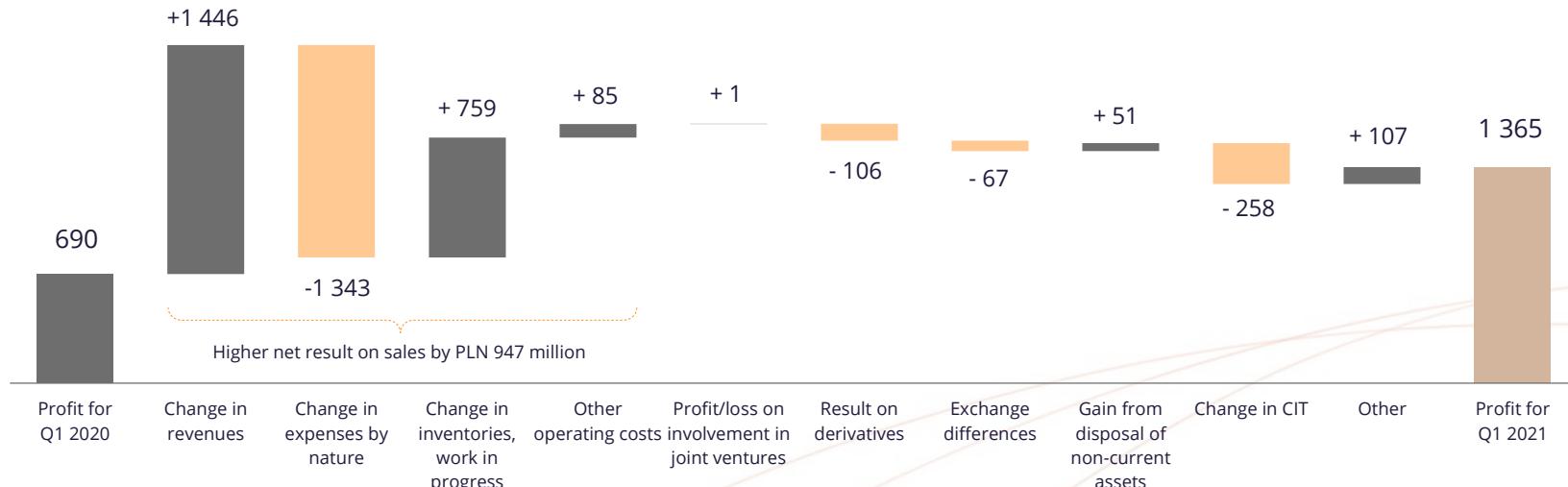
[mn PLN]

+98% Q1/Q1

1 365
[million PLN]

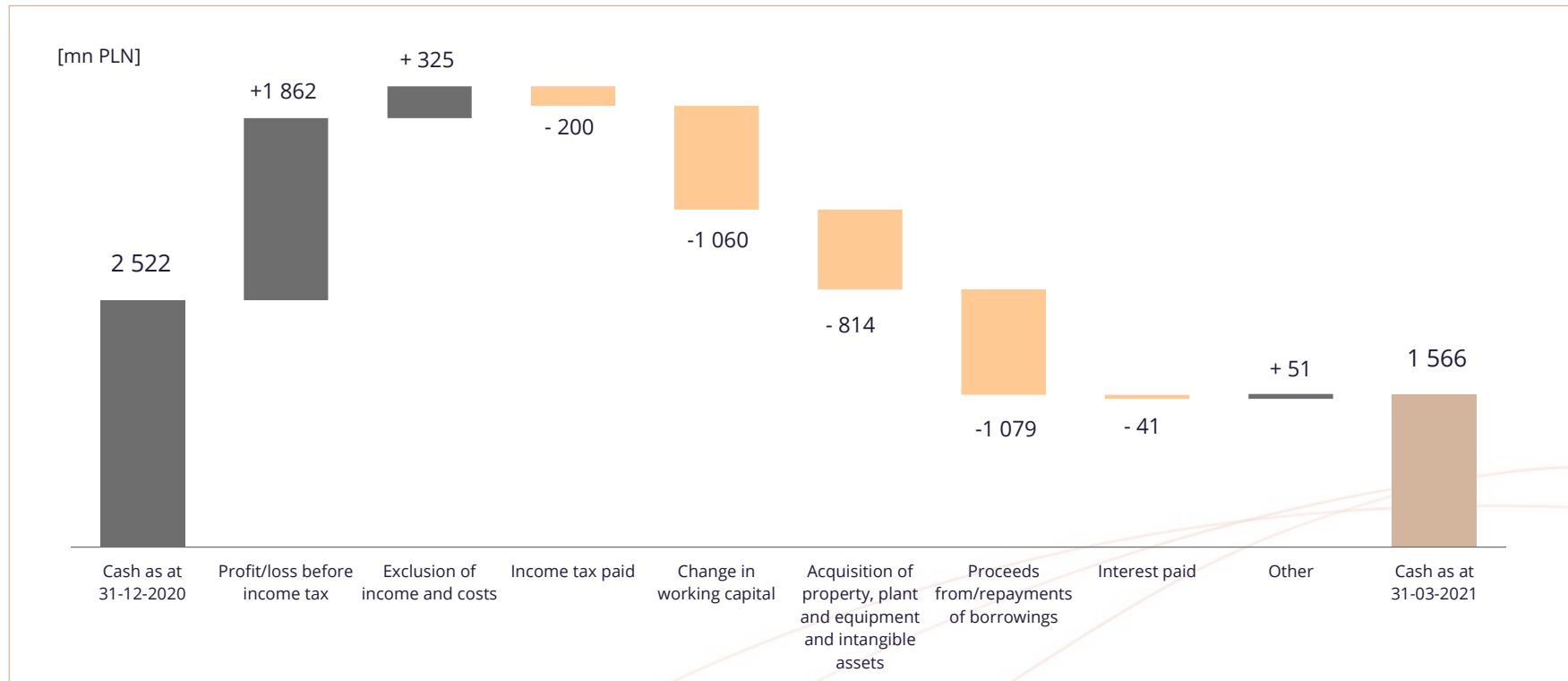
consolidated net profit for Q1 2021

Higher Group profit for the period by PLN 675 million (+98%) mainly due to a higher net result on sales with higher CIT



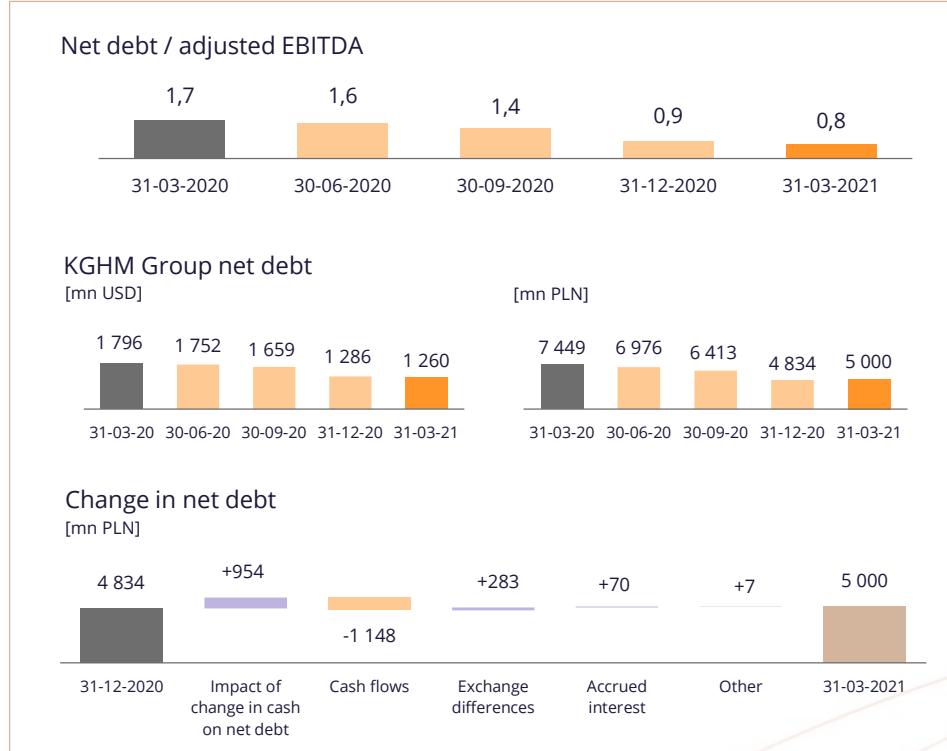
Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of Q1 2021



Main factors affecting net debt in Q1 2021

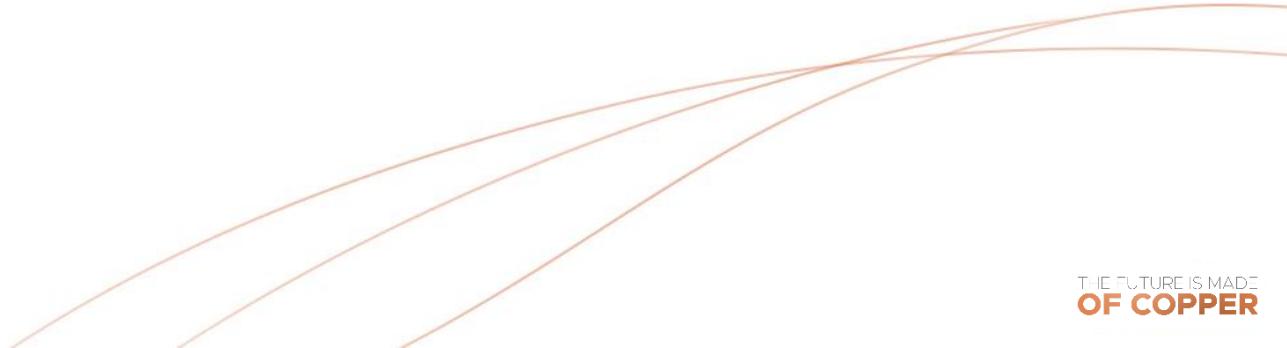
Increases in debt

- Change in inventories (higher by PLN 879 mn)
- Cash expenditures on property, plant and equipment (PLN 814 mn)
- The minerals extraction tax (PLN 718 mn)
- Change in trade and other receivables (higher by PLN 366 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 274 mn)
- Borrowing costs in cash flow (PLN 41 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 2 504 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 386 mn)
- Impact of disposal of shares in the Company PGE EJ1 (PLN 53 mn)

Advancement of the KGHM Group's strategy



4 strategic directions for KGHM's development

The review of the Strategy of KGHM Polska Miedź S.A. for 2019-2023

#4E



Strategic priorities

#1 Higher production

#2 Energy independence

#3 International assets 2.0

#4 Long-term financial strategy

#5 Ecosystem innovation for KGHM

#6 Technologies of the future

#7 New quality
Safety and development



Strategy in practice

Selected key operating initiatives (1)

AREA	MAIN TARGET	SELECTED EFFECTIVENESS MEASURES		
 PRODUCTION	Maintenance of cost-effective domestic and foreign production	 450 kt <p>Level of production in Poland of mined Cu in ore with an annual C1 cost not higher than 3,800 USD/t in the years 2019-2023</p>	 540 kt <p>Average yearly metallurgical production in the years 2019-2023</p>	 130 kt <p>Yearly average of daily ore processing in Sierra Gorda from 2020</p>
 DEVELOPMENT	Increased efficiency and flexibility of the KGHM Group in managing its Polish and international assets	 35% <p>Level of metallurgical production from purchased copper-bearing materials, including scrap, to 2030</p>	 10% <p>An increase in the share of highly processed copper products in the Group's total sales by the end of 2030</p>	 50% <p>Amount by which the needs of KGHM Polska Miedź for electricity from its own sources of energy generation and renewable energy sources will be satisfied by the end of 2030</p>

Strategy in practice

Selected key operating initiatives (2)

AREA	MAIN TARGET	SELECTED EFFECTIVENESS MEASURES		
 INNOVATION	<p>Increase the efficiency of the KGHM Group through innovation</p>	 <p>1%</p> <p>Increase expenditures on innovation and R&D work to the level of 1% of KGHM Polska Miedź S.A.'s revenues by 2023</p>	 <p>100%</p> <p>Ensure that all of the innovation projects are realised, pursuant to the rules of a coherent model of innovation management and research and development work (R&D) in the KGHM Group, in the years 2019-2023</p>	 <p>75%</p> <p>Level of funds for R&D and innovation in the years 2019-2023 to meet the challenges faced by KGHM Polska Miedź S.A. in the Core Business</p>
 FINANCIAL STABILITY	<p>Ensure long-term financial stability and the development of mechanisms supporting further development</p>	 <p>Basing of the Group's financing on long-term instruments</p>	 <p>Shorter cash conversion cycle</p>	 <p>Efficient management of market and credit risk by the KGHM Group</p>

Strategy in practice

Selected key operating initiatives (3)

AREA	MAIN TARGET	SELECTED EFFECTIVENESS MEASURES		
 EFFICIENT ORGANISATION	<p>Implementation of systemic solutions aimed at increasing the KGHM Group's value</p>	<p>from 2022</p> <p>Ensure financial stability of the Polish-based Group companies, on the basis of their own activities</p>	 <p>20%</p> <p>Increase in the efficiency of support functions as a result of centralisation and digitalisation of key back-office processes by 2023</p>	 <p>80%</p> <p>Minimum level of achievement of key strategic targets and of the yearly goals assigned to them, in each of the years the strategy is in force</p>
 PEOPLE AND THE ENVIRONMENT	<p>Growth based on the idea of sustainable development and safety as well as enhancing the Group's image of social responsibility</p>	 <p>20%</p> <p>Minimum level of annual improvement of LTIFR (Polish assets) and TRIIR (International assets)</p>	 <p>20%</p> <p>Maintain a participation budget at the level of 20% of the amount of deductions for donations from the minerals extraction tax by 2020</p>	 <p>70%</p> <p>Level of commitment and satisfaction of the KGHM Group's employees based on measures defined during implementation, by 2023</p>

Key elements of the Strategy advanced in 2020



Production

- High production from domestic assets (mined production 442 kt; metallurgical production 560 kt)
- Stable production from international assets (Sierra Gorda 81.8 kt; Robinson 47.4 kt; Carlota 5 kt; Franke 12.5 kt; Zagłębie Sudbury 2.1 kt)
- Continuation of projects aimed at automatisation



Efficient Organisation

- Enhanced Energy efficiency
- Continuation of digital transformation under the KGHM 4.0 Program
- Optimisation of the international assets portfolio
- Work on improving support processes efficiency



Development

- Continuation of the Deposit Access Program (GG-1 shaft reached a depth of 1231 m)
- Continuation of Development of the Żelazny Most Tailings Storage Facility
- Continuation of exploration projects in Poland
- 22.42% of the general energy consumption of KGHM was supplied by its own internal sources and by developing RES
- The capacity to base 35% of production on purchased metal-bearing materials was achieved



People and the Environment

- Actions to adapt to BAT Conclusions (incl. the BATAs Program dedicated to restricting emissions of arsenic)
- Continuation of the Occupational Health and Safety Program (LTIFR: 7.31, TRIR: 0.52)
- Implementation of the new BHP ISO 45001:2018 standard in the Company's Divisions
- Intensification of actions to fight COVID-19



Innovation

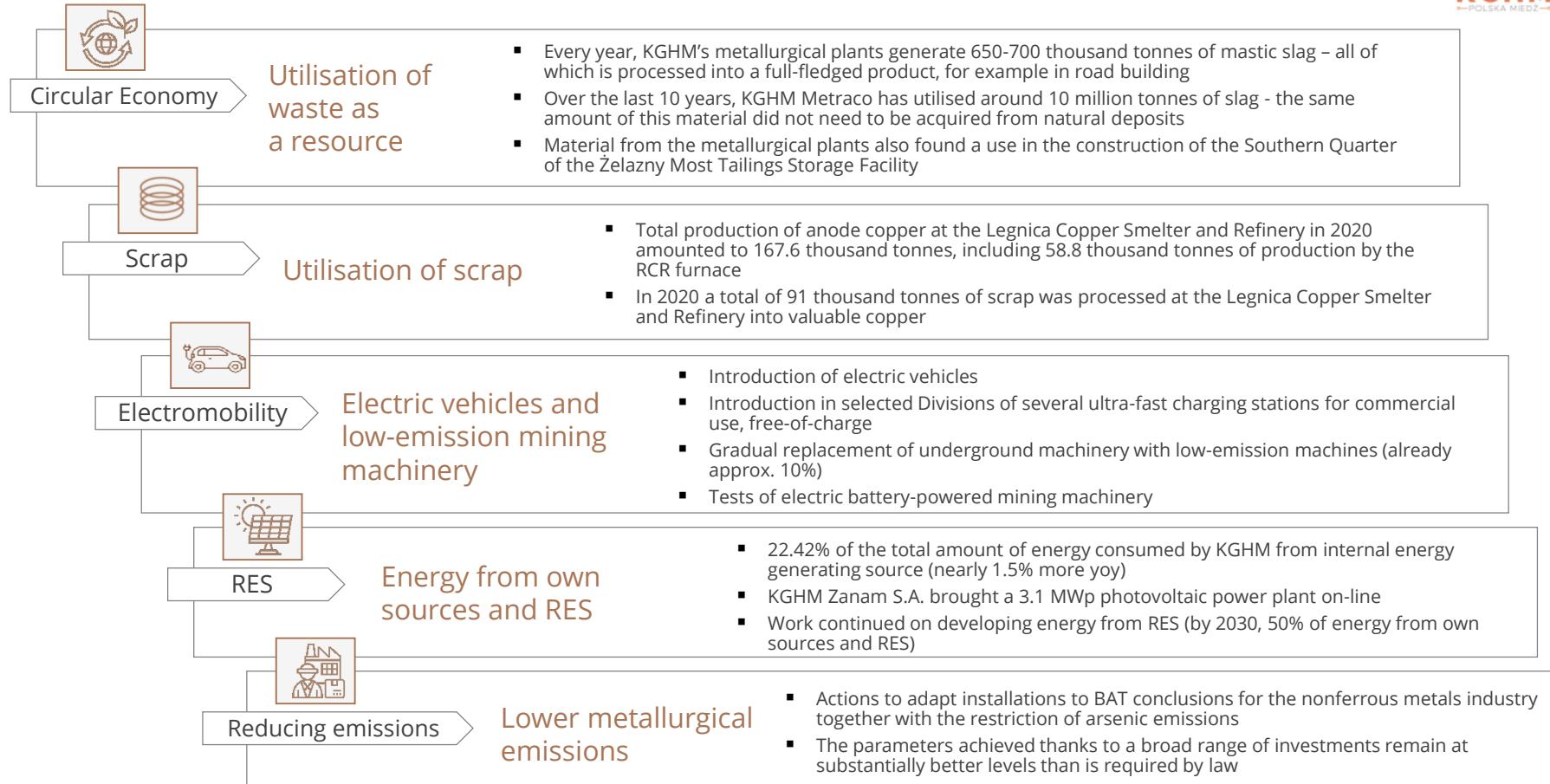
- Continuation of the CuBR venture
- Continuation of Implementation Doctorates Program
- Advancement of R&D work
- Start of initiatives related to testing EV mining machinery
- Continuation of projects financed under KIC Raw Materials and Horizon 2020



Financial Stability

- Greater use of factoring
- Optimisation of the financing structure
- Basing the Group's financing structure on long-term instruments
- Effective market and credit risk management in the KGHM Group

Strategy - actions to protect our climate



Strategy execution after 2 years - summary



Flexibility

We are adapting our activities to changes in our environment

- Consistent management of deposits and extraction
- Optimisation of metallurgical production – RCR furnace at Legnica, the concentrate roaster at Głogów
- New financing structure - from short-term to long-term
- Increased power generation from internal sources
- Actions were undertaken to eliminate generational gaps – HR programs
- Employee skills raised through adaptive and development projects
- Reviews of international assets



Efficiency

Our response to increase in competitiveness in the production and mining sector and Industry 4.0.

- Domestic mine production remains at the level of 450 kt of copper in ore; average annual metallurgical production at the level of 540 kt
- RCR furnace in Legnica – increased production capacity and the capability to process purchased materials
- Skills raised in energy development, including RES
- Development of the Żelazny Most Tailings Storage Facility by building the Southern Quarter
- External sources to finance R&D projects
- Financial efficiency increased - diversification of sources and adaptation of financing to the KGHM Group's needs



Ecology

We rely on electromobility, the development of pro-ecological regulations, the Circular Economy and environmentally-friendly production in accordance with the highest safety standards

- Improved safety statistics in Poland and abroad
- Intelligent solutions introduced to enhance employee safety
- Numerous actions taken under the „Copper Heart” employee volunteer program
- Corporate income taxes paid by the Group to National and local budgets - around PLN 400 million annually
- Minerals extraction tax paid to the State budget – around PLN 1.5 billion annually
- New installations, in accordance with BAT (Best Available Techniques) conclusions for the nonferrous metals industry
- Investments in renewable energy sources (RES), mainly in developing photovoltaics
- Electromobility – tests of electric personnel and terrain vehicles; a switch from diesel engines to low-emission vehicle engines in the machinery park



E-Industry

We are implementing the idea of Industry 4.0., striving towards automation and robotisation of production, carrying out the digital transformation of the KGHM Group and building a knowledge-based society

- Pilot version of a „System for locating persons and machines in the underground mines”
- Development of „Broad-band data transmission in the underground mines”
- Development of the „Centre of Advanced Data Analysis (CZAD)”
- Development of the „Robotisation of production and auxiliary processes” - construction commenced on a CuXRF robot for scanning for copper content at the working faces
- Development of information technology to collect and transfer knowledge within the KGHM Group
- A new company - KGHM Centrum Analityki in Zielona Góra – R&D in the area of BigData to analyses industrial processes
- Projects related with the National Cybersecurity System and strengthening IT security within the Group

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in 2020



CAPEX execution in 2020

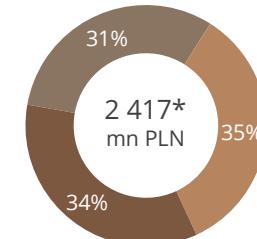
by area

- Mining (66%)
- Metallurgy (30%)
- Other activities (1%)
- Leasing IFRS 16 (3%)
- Development - uncompleted



by category

- Replacement (31%)
- Maintaining mine production (35%)
- Development (34%)



*excl. Leasing IFRS 16

CAPEX and budget execution in 2019



2 481 mn PLN
CAPEX execution in 2019

2 516 mn PLN
CAPEX budget target for 2019

A rationale and responsible investment program

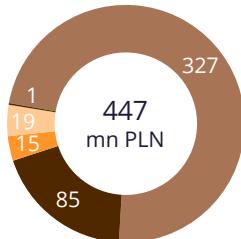
Capital expenditures by KGHM Polska Miedź S.A. in Q1 2021



CAPEX execution in Q1 2021

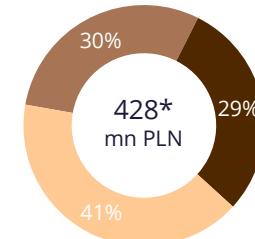
by area

- ▶ Mining
- Metallurgy
- Other activities
- Leasing MSSF 16
- Development - uncompleted



by category

- ▶ Replacement
- Maintaining mine production
- Development



*excl. Leasing IFRS 16

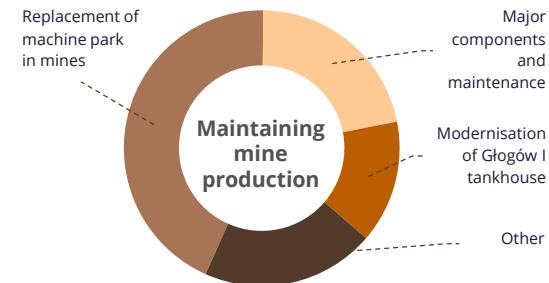
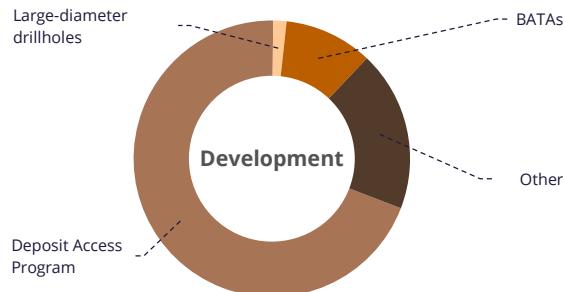
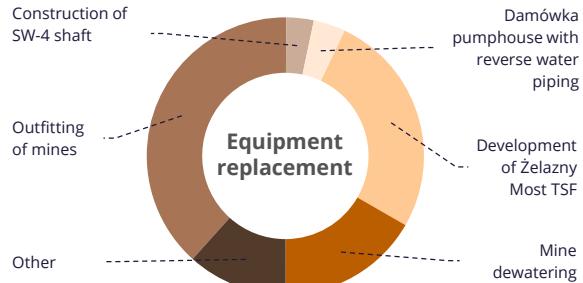
CAPEX and budget execution in Q1 2020



401 mn PLN
CAPEX execution in Q1 2020

2 250 mn PLN
CAPEX budget target for 2020

CAPEX execution in key projects



Development of Żelazny Most Tailings Storage Facility

- Completion of Stage 1 of construction of the Southern Quarter, operating permit obtained
- Work continues on building the Southern Quarter: 93% completed
- Continuation of work on the Tailings Segregation and Thickening Station - total completion for Stage 1: 90%, for Stage 2: 40%

Deposit Access Program

- GG-1 shaft - sunk to 1231.2 meters
- GG-2 „Odra” – land acquired
- 11 km of tunneling
- Central Air Cooling System – work on building the cooling building (99%), power building (99%), installation-assembly work (80%) and work on building the first part of surface piping

Program to adapt the technological installations to BAT Conclusions

- At the Głogów metallurgical plant, the installation for the transport of de-leaded slag was settled and brought on-line along with a warehouse and storage area for lead-bearing materials; in other projects intensive construction and assembly work is underway

Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage close to completion in 8 stages (over 97%), on a further 8 stages over 25% completed
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling) – over 25% completed on 15 of 20 stages
- Work remaining on entire facility: 60%

Selected development projects

CAPEX execution 2020

PLN 389 mn

Development of Żelazny Most TSF
Southern Quarter



88% of physical work completed

Tailings Segregation
and Thickening Station



78% of physical work completed



PLN 484 mn

Deposit Access Program

- 40.3 km of tunneling were excavated
- GG-1 shaft reached a depth of 1 231.2 m
- GG-2 „Odra” shaft – commercial terms set for the purchase of terrain to build the shaft
- Gaworzyce shaft – based on the spatial plan, the site for the shaft was confirmed



Surface-based Air Conditioning
System for the GG-1 shaft

PLN 161 mn

Program to adapt the technological installations
to BAT Conclusions



Construction and start-up of the following completed:

- **Głogów plant** – (1) an installation for the transport of de-leaded slag for processing in the flash furnace, (2) bypass gases pipelines from the flash furnaces to the sulphuric acid plant, (3) a warehouse and storage area for lead-bearing materials to eliminate fugitive dust emissions
- **Legnica plant** – an installation to eliminate arsenic-bearing dusts from concentrate drier gases and from above the anode casting machine

Głogów Smelter/Refinery



P-31 Site



Legnica Smelter/Refinery



Solinox



Gas pipeline



Carousel



Drier

Advancement of key investments



Mining machinery

- Purchase of 161 machines, incl. 26 – Lubin mine, 62 – Polkowice-Sieroszowice mine, 73-Rudna mine
- 2020/2019 > 161/220



Modernisation of WPA II deduster

- Main installations and equipment of the deduster process line built (exchangers, reactors, bag filters, chimneys, ventilators, separators)
- Final assembly of installations and equipment underway



Purchase/construction of press filters

- F-1 press filter renovated in Rudna Concentrator with operational testing commenced



Construction of Biechów III TSF

- In H1 2020 final handover completed and operation commenced by the facility for non-hazardous waste and neutral waste and with a separate area for hazardous waste (code 19 08 13*).



Damówka Pumphouse

- Construction/assembly underway (building roof and sides),
- Outfitting of the pumphouse underway,
- Reinforced concrete parts of the DW-04 water filtration unit completed
- Rainwater catches and effluents elements built



Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage, 11 of 16 steps
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling)

Pro-ecological investments

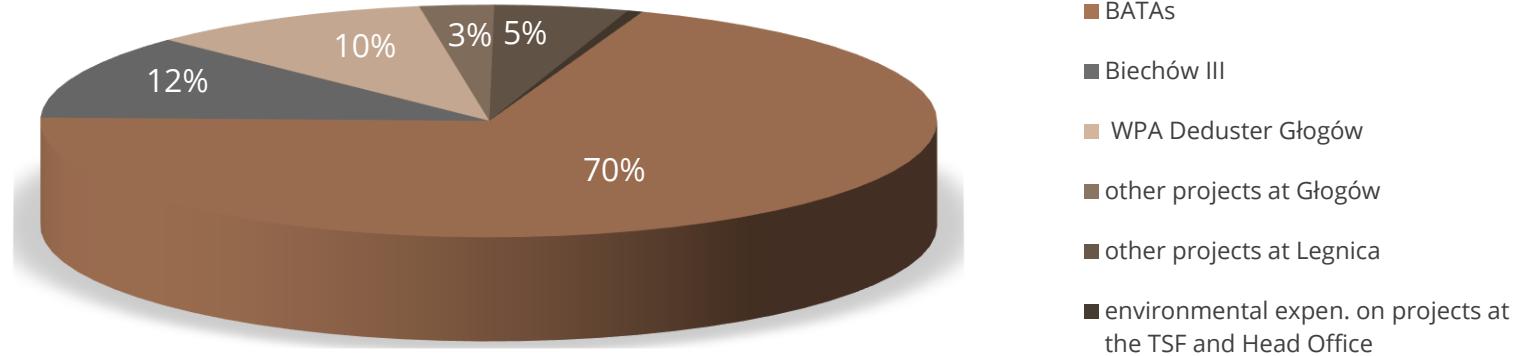
KGHM Group



Over
186
million PLN

spent in 2020 by KGHM
on pro-ecological
investments¹⁾

[including more than PLN 43 million on
construction of an installation to eliminate
arsenic and mercury from gases at the Solinox
installation in the Legnica Smelter/Refinery
under the BATAs Program]



Actions to reduce environmental impact

KGHM INTERNATIONAL

Actions taken by entities of the KGHM INTERNATIONAL LTD. Group in 2020 to protect the environment

PLN 6 mn +20% Y/Y

Carlota (USA)

- ↳ Actions related to monitoring the environment and preparing for the process of restoration of terrain

PLN 3 mn +200% Y/Y

Sudbury (Canada)

- ↳ In the Sudbury basin mines actions focused on environmental monitoring

PLN 18 mn -36% Y/Y

Robinson (USA)

[incl. nearly PLN 3 mn due to environmental permits held]

- ↳ Actions focused on monitoring air and water quality, waste management and the restoration of mining areas

PLN 5 mn -17% Y/Y

Franke (Chile)

- ↳ Actions focused on acquiring required permits and environmental monitoring

In 2020 the Robinson mine in the USA received the *Nevada Excellence in Mine Reclamation Award*. This distinction was granted in the category *Legacy Waste Rock Remediation* for restoration of the Lane City Waste Rock Facility.

[photos on the right]



Energy Development Program, including RES

Actions in 2020



Development of renewable Energy sources

- A contractor was selected for the project „Design for a PV power plant together with obtaining a construction permit” for the Obora Sandpit and HM Głogów I-III sites¹⁾
- The terrain use concept adopted foresees an increase in installed capacity to:
 - 8 MWp from 5 MWp for the Obora Sandpit
 - 6.5 MWp from 4 MWp for the HM Głogów I-III site
- Applications were submitted to alter the urban planning documentation to enable the siting of a PV installation with a capacity of over 100 kW on terrain belonging to KGHM in:
 - The Lubin municipality with a potential installed capacity of approx. 20 MWp
 - The Warta Bolesławiecka municipality for a site with a potential of over 50 MWp



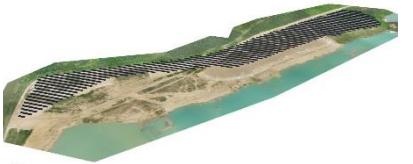
Optimisation and development of conventional sources

- The simultaneous pilot start-up of two gas-fired turbines at the gas-steam block in Głogów
- This increase in electricity production by approx. 16 GWh, resulted in:
 - A lower cost to obtain power by approx. PLN 1.8 mn
 - Avoiding of more than 4 kt of CO₂ emissions

The first photovoltaic power plants projects

PVPP Piaskownia Obora

Installed power	8 MW
Estimated production	8.5 GWh



Projected avoided emissions over 25 years:

- CO₂ more than 80 kt
- SOx more than 70 tonnes
- NOx more than 70 tonnes
- CO more than 30 tonnes
- PM more than 4 tonnes

PVPP HMG I-III complex

Installed power	6.5 MW
Estimated production	6.9 GWh



Projected avoided emissions over 25 years:

- CO₂ more than 70 kt
- SOx more than 60 tonnes
- NOx nearly 60 tonnes
- CO more than 25 tonnes
- PM more than 3 tonnes

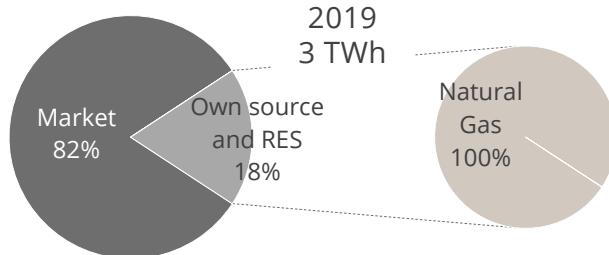


KGHM ZANAM has begun construction of the only solar power plant in Poland based on Industry 4.0 technology in Legnica

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.

2019:

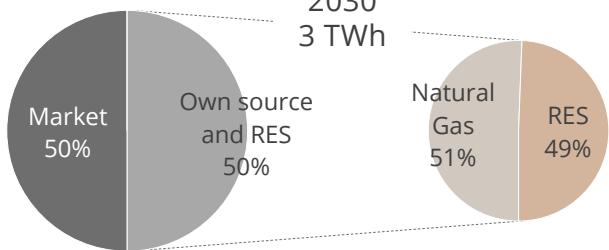
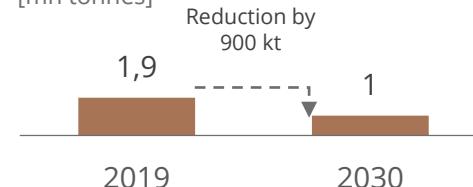


2020:

Own generation sources covered 22.42% of KGHM's total power needs in 2020
(almost 1.5% more than in 2019)



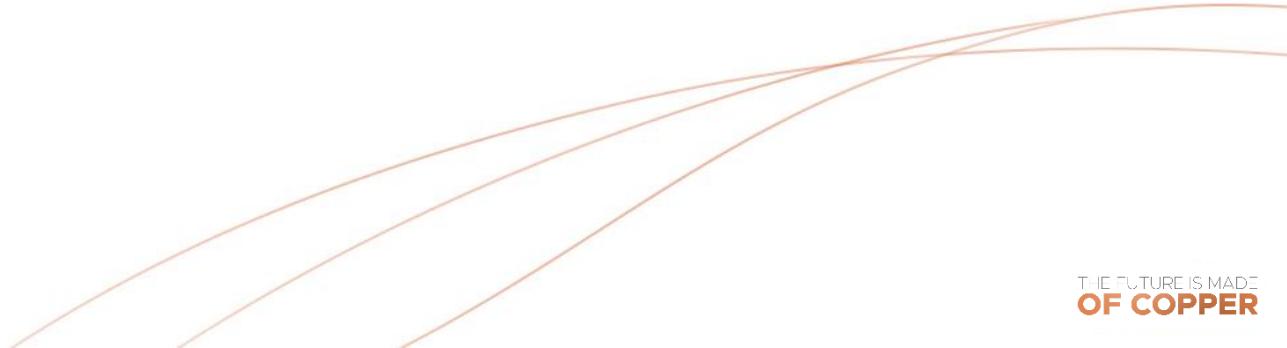
Estimated CO₂ emissions due to electricity consumption
[mn tonnes]



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

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

Supporting slides



Reasons to invest in KGHM

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

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

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

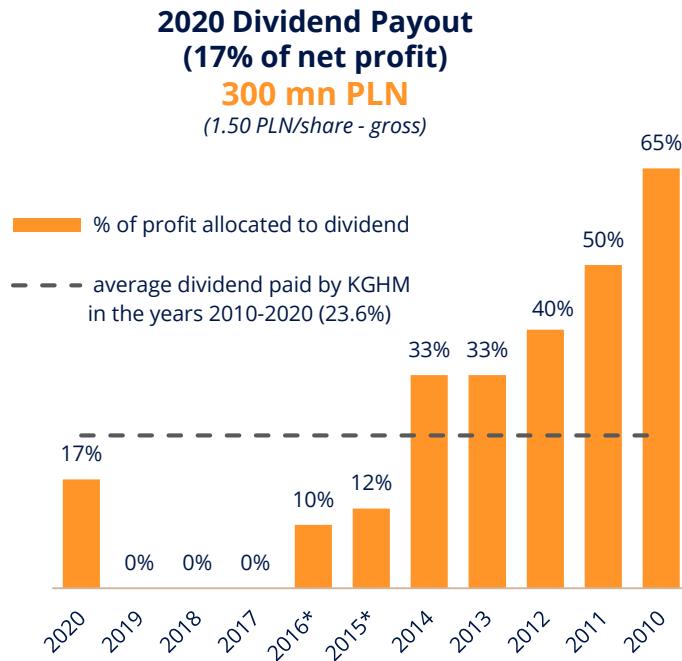
Experienced management with a proven track record of success

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

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

Capital allocation

Renewal of dividend payout



dividend date: 21 June 2021

dividend payment date: 29 June 2021

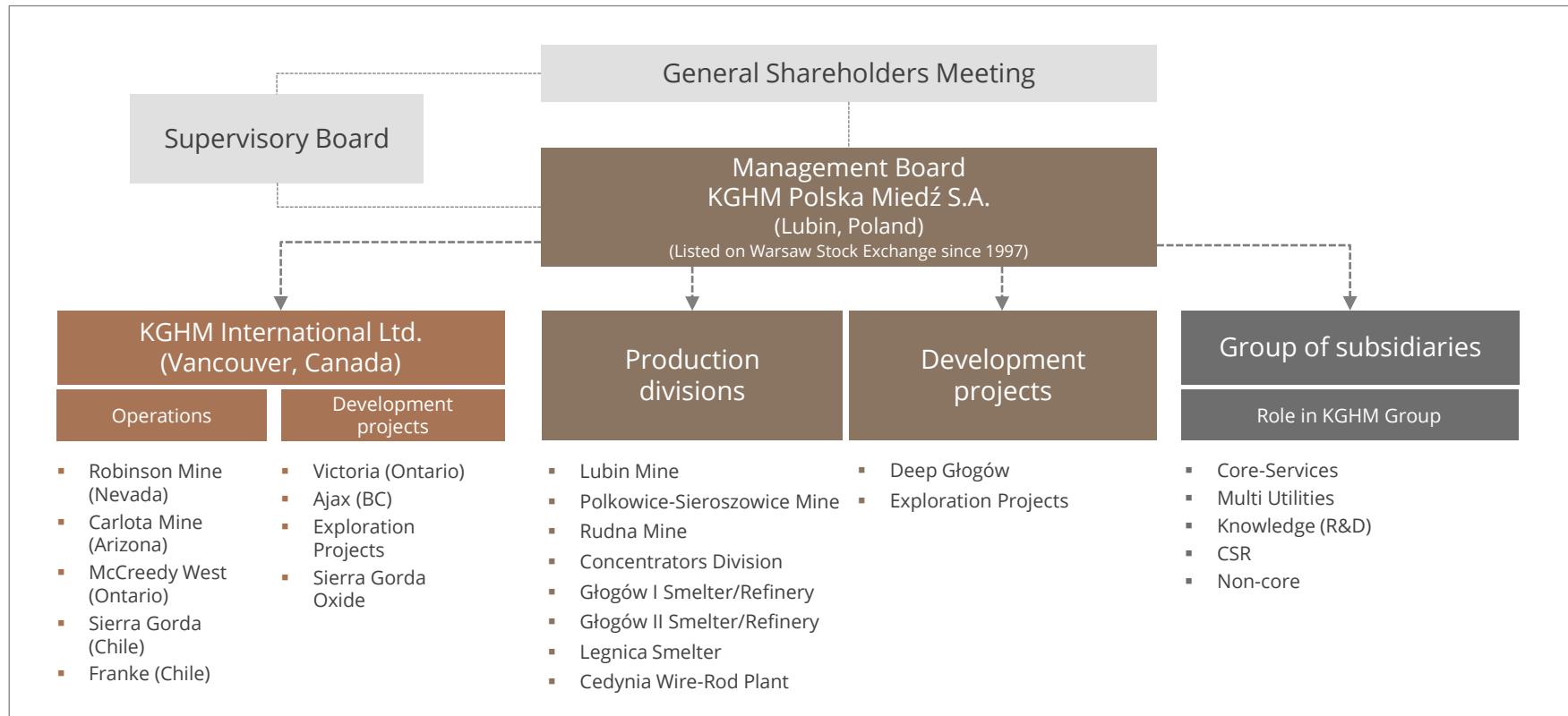
Dividend policy

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

The Dividend Policy of KGHM Polska Miedź S.A. assumes that the Management Board will recommend allocation of **up to one-third of the Company's standalone net profit** for the previous financial year as a dividend, while taking into account the current and anticipated financial situation of the Company and the Group. In particular, in making its recommendation the Management Board will take into account the Company's anticipated requirements for capital to complete the Company's development program as well as a safe debt level for the Group.

* In the years 2015-2016 the company reported a net loss, mainly due to the impairment of assets. The dividend payout ratio for this period was calculated on the basis of the company's net result, after eliminating the impact of the impairments.

Transparent Group structure



Committed to solid corporate governance

Independent directors on the board



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

KGHM's Corporate Governance is guided by international standards and follows best practices:

- All members of KGHM's Supervisory Board are appointed by the General Shareholders Meeting
- All of KGHM's shares have equal voting rights (no preferred stock)
- 5 independent members of the Supervisory Board ¹⁾
- Committees of the Supervisory Board:
 - Strategy Committee
 - Audit Committee
 - Remuneration Committee
- Internal audit structure implemented across the KGHM Group - consistent with the best international practices
- Code of Ethics – implemented in 2015

In 2018 KGHM joined the FTSE4Good index. Being a member of the FTSE4Good index series confirms KGHM's efforts in the field of environmental protection, social responsibility and corporate governance. KGHM perceives joining the FTSE4Good index as an award for its solid performance in complying with demanding ESG standards.

Shareholder structure of KGHM Polska Miedź S.A.

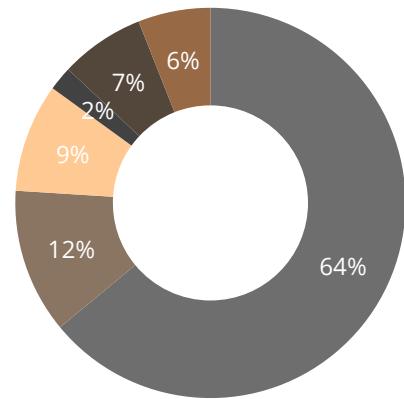
Ownership structure

Shareholder	No. of shares/ votes	Percentage of share capital	Share in total number of votes
Polish State Treasury	63,589,900	31.79%	31.79%
Nationale-Nederlanden OFE	10,104,354	5.05%	5.05%
Aviva OFE	10,039,684	5.02%	5.02%
Other shareholders	116,266,062	58.14%	58.14%
Total	200,000,000	100.00%	100.00%



Geographical ownership structure

[% of shares]



- Poland
- USA
- UK
- The Netherlands
- Unidentified
- Rest of the world

Share price performance

Basic quotes

WSE debut	10 th July 1997
GPW ticker	KGH
Bloomberg/Reuters ticker	KGH PW / KGH.WA
Share price [PLN]	210.30
Capitalization [bn PLN]	42.06
No. of shares	200 000 000
Share capital [PLN]	2 000 000 000
Max/min share price [PLN]	215.90/49.40
52 weeks ¹⁾ Spread min/max [PLN]	166.50
Avg. share price [PLN]	122.28
Avg. volume	730 764
Avg. turnover [mn PLN]	83.6

Data: KGHM Polska Miedź, infostrefa.com, as of 22nd February 2021

The Company's shares are a component of the indices: WIG, WIG20, WIG20TR, WIG30, WIG30TR, WIG-GÓRNICTWO, WIG-Poland, WIG.MS-BAS, WIG-ESG, CEEplus. What is more, in 2018 KGHM joined the prestigious FTSE4Good index.

Strong correlation with copper and silver

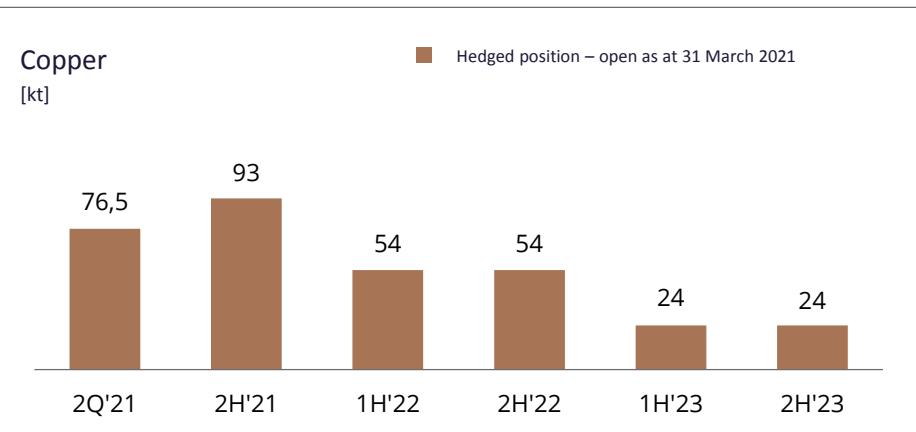


Superior performance vs WIG20 index



Market risk management

Hedged position on the copper market (as at 31 March 2021)



In Q1 2021 open derivatives on the copper market were restructured:

- Call options were bought for the period March to June 2021 for the total notional amount of 62 thousand tonnes (of which: 46.5 kt for Q2 2021), which at the same time opens participation in potential further rises in the copper price for the seagull and collar structures held, with maturities from March to June 2021

At the end of Q1 2021 KGHM Polska Miedź S.A. recorded a result* on derivatives and hedges in the amount of -PLN 437 million:

- -PLN 266 million adjusted revenues from contracts with customers
- PLN 170 million decreased the result on other operating activities
- PLN 1 million decreased the result on finance activities

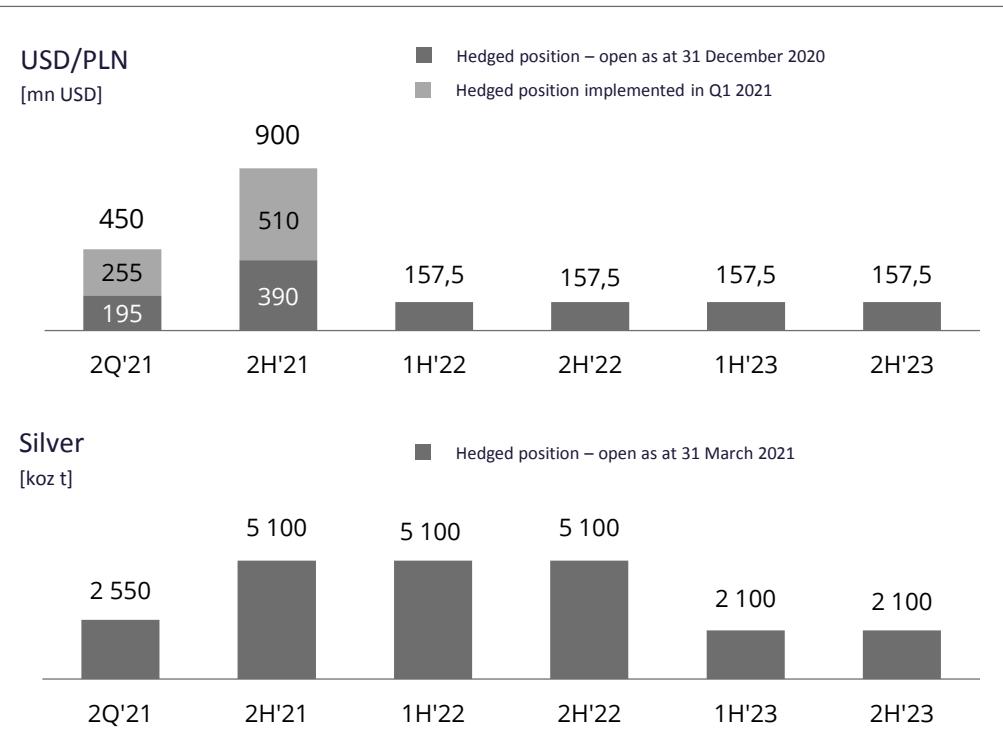
The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2021 amounted to -PLN 1 591 million*

The revaluation reserve on cash flow hedging instruments as at 31 March 2021 amounted to -PLN 2 177 million

* excludes embedded instruments

Market risk management

Hedged positions on the silver, currency and interest rate markets (as at 31 March 2021)



In Q1 2021 transactions were implemented on the forward currency market:

- Put options were bought with maturities from February to December 2021 for the total notional amount of USD 870 mn (of which: USD 765 mn for the period from April to December 2021). These transactions were not designated as hedging instruments.
- Previously sold put options were redeemed with a strike price of USD/PLN 3.20 having a notional amount of USD 495 mn for the period from February to December 2021 (of which: USD 405 mn for the period from April to December 2021)

In Q1 2021 no hedging was implemented on the silver and interest rate markets

As at 31 March 2021 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 bn

Events for investors

2021

Date	Upcoming events
17 Aug	Half-year report for the first half of 2021
18 Aug	MB's results conference
19 Aug	Investor chat with CFO
6 Sep	Pekao 18th Annual Emerging Europe Investment Conference
28 Sep	PKO BP Investor's Day: CEE Metals & Energy
4 Oct	Erste Bank Finest CEElection Investor conference 2021
8 Nov	Goldman Sachs 13th Annual CEEMEA One-on-One Conference
16 Nov	Report for the third quarter of 2021
17 Nov	MB's results conference
TBA	Investor chat with CFO
7-10 Dec	WOOD's Winter Wonderland EME Conference



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