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**PRESENTATION OF THE FINANCIAL PERFORMANCE RESULTS  
OF THE KGHM POLSKA MIEDŹ S.A. GROUP  
FOR H1 2023**

**18 AUGUST 2023**

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Ladies and Gentlemen, I would like to welcome you very warmly to this conference devoted to the performance of KGHM Polska Miedź S.A. in the first half of 2023. The results will be presented by the full Management Board of KGHM. The panel for today's conference is: Tomasz Zdzikot – President of the Management Board of KGHM Polska Miedź S.A., Mateusz Wodejko – Vice President of the Management Board (Finance), Marek Świder – Vice President of the Management Board (Production), Mirosław Kidoń – Vice President of the Management Board (International Assets) and acting Vice President of the Management Board (Development), and Marek Pietrzak – Vice President of the Management Board (Corporate Affairs). Traditionally, we also have with us today Janusz Krystosiak - Director of KGHM's Investor Relations Department, who will host the second part of the conference devoted to questions from journalists, from you, Ladies and Gentlemen, present here in the room, as well as questions that will be asked via e-mail and questions from analysts. Today's conference is also streamed online. Let me remind you that you can ask questions to the Management Board via email as well, sending them to the address: [ir@kg hm.com](mailto:ir@kg hm.com). Answers to all questions will be published on KGHM Polska Miedź S.A.'s website, under the Results Center tab in the Investor Kit. My name is Piotr Chęciński, I am Director of the Corporate Communications Department, and I have the pleasure of hosting this meeting for you today. I will now ask President Tomasz Zdzikot to take the floor. Mr. President, the floor is yours.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** Thank you very much. Ladies and gentlemen, welcome to another performance results conference, welcome to our Company's headquarters in Lubin. Today we are going to report to you on the results we achieved in the first six months of this year. By way of introduction, as you know very well, KGHM is one of the largest Polish Companies, but it is also one of the most globally operating Polish Enterprises, and therefore our results are influenced by a number of external factors, including

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macroeconomic factors; in other words, these are factors pertinent not only to Poland, but also bearing a global dimension. These factors comprise, on the one hand, the price of our basic raw material products; the cost pressures; and the economic situation in countries that create demand for copper. We are among the largest producers of copper in the world. A combination of these factors has had a major impact on the financial performance of the KGHM Group in the first half of the year, which my colleagues and I will present to you today. As a point of departure, Ladies and Gentlemen, as I mentioned before, in terms of the macroeconomic environment, what is noteworthy and what I would like in particular to draw your attention to is the price of copper. The price of copper, which has fallen significantly compared to the same period of last year. The average price stood at USD 8.7 thousand per tonne and was 11% lower than in the same period of the previous year. A similar trend can be observed as regards the price of copper when expressed in Polish zloty. It represents a significant drop in the prices of this raw material, obviously having a significant impact on our results. Prices of silver, on the other hand, remained at a level very similar as in the same period of 2022, as has the exchange rate of the US dollar against the Polish zloty. Molybdenum prices increased; however, given our molybdenum production volume these changes do not significantly impact the Group's results. Our results are certainly affected by the price of copper. These effects will be clearly seen in the next slide. First of all, expectations of a strong post-covid recovery in the Chinese economy has not materialized. China is one of the largest consumers of copper, one of the largest markets. As you can see, Ladies and Gentlemen, on the right hand side of this slide, the level of stocks on the Shanghai stock exchange, after an initial rise, consequently declined significantly. This is certainly also influenced by the yuan's exchange rate against the US dollar, with the former weakening. Hence the tendency in China is to use its own resources, those accumulated as inventories. Furthermore, the forecasts for the development of the Chinese economy, especially in the area of construction, have not materialized. This demand in China is at the moment generated primarily by energy projects, while we have not seen this strong post-covid recovery expected by the markets. And this is one of the factors impacting the price of copper globally. As you know, even today it is at levels significantly lower than last year. At the moment we are around the baseline of USD 8.2 thousand per tonne. The price of gold and silver expressed in Polish zloty is slightly higher. This, of course, also affects our results. The macroeconomic environment encompasses the economic situation in countries

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and zones that create demand for copper, i.e. generate demand for our main raw materials. As you can see, Ladies and Gentlemen, in Poland we can, of course, be satisfied with the fact that our economy is able to stand up to these pressures. Here you can see the International Monetary Fund' projections from July, comparable to the earlier forecasts presented by the Fund. On the other hand, as a general rule, the weakening economy in Chile, the not-so-optimistic data from other major economies, the development in the euro area standing below 1% - these are all factors that influence and shape the demand for our main raw material. As a result, the combination of these factors, as I mentioned earlier, leads to the price of copper being 11% lower in the first six months of this year than it was in the first six months of last year. Moving on to our performance results now. Ladies and Gentlemen, the copper prices I presented to you a moment ago: 11% lower. The US dollar exchange rate against the Polish zloty is comparable, plus 1% on average. We are, Ladies and Gentlemen, satisfied with the production results and in general with the results achieved by KGHM Polska Miedź, the Group's main company. Our production results at KGHM Polska Miedź allow us to mitigate the risks associated with cost pressures to a large extent. By those cost pressures I mean the ones that surface due to fluctuations in the energy market or the steel market. Also, the production results of KGHM Polska Miedź are very good. Very good historically and indeed one of the best in the Company's entire history. Here I wish to address huge thanks, words of appreciation to our team, all those managing the production area at KGHM Polska Miedź. It is one of the factors that have a positive impact on our results. We are also determined to consistently implement our investment program. We are satisfied that CAPEX execution is over 21% higher than in the same period last year. Revenue decline is tiny, only by 1%, slight, which is a comparable value. Operating in this difficult macroeconomic environment, we can be satisfied about maintaining a safe level of debt: the ratio of net debt to EBITDA is below 1. As you can see, Ladies and Gentlemen - in fact it is 0.9. Anyway, all this information will be further elaborated on by my colleagues. Moving on to the fundamental data for H1. The Group - almost PLN 17.8 billion in revenues, out of which PLN 15.5 billion earned by KGHM Polska Miedź; Group EBITDA - over PLN 3 billion, PLN 3,148 million to be exact. Ladies and Gentlemen, this is one of the highest EBITDA levels earned by the Group in the last six years. Out of this, PLN 2,225 million has been achieved by KGHM Polska Miedź. KGHM Polska Miedź's result of PLN 1,207 million, with PLN 401 million earned by the Group; indeed, over PLN 1,207 million generated by KGHM Polska

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Miedź is also one of the better results produced in the last six years. My colleagues will elaborate on it later. On the one hand, it is an effect of very good production results, and on the other hand - of containment, of slowdown in cost pressures. Here is a handful of more data illustrating what I have just presented. The Group's EBITDA - PLN 3,148 million. Looking from the perspective of the last few years, as from 2018, this is the third best result. The years of 2021 and 2022, the first six months of these last two years, are a period characterized by very high copper prices on the one hand and a strong US dollar on the other, which has had a very strong impact on the Group's results. Moreover, the result of PLN 3,148 million is significantly higher than in the previous years, those years that can be considered somewhat more typical in the Company's operations. The net result falls within the long-term trend of this multi-year perspective. Debt level, as I already said, is safe. Silver production, copper production in concentrate, in KGHM Polska Miedź, these are historical, very good levels. This is, as I said, one of the most important factors that allows us to mitigate the risks associated with the persisting cost pressures. I will only touch on development here, just by the way of introduction. President Kidoń will elaborate on this topic in a moment. As I mentioned earlier, this year we have planned historically the highest level of planned investment projects - PLN 3,250 million, these are our assumptions. Implementation of this plan in the first half of this year amounts to PLN 1,369 million. This is 21% more than in the previous year. Ladies and Gentlemen, as part of this investment plan, in H1 2023 we have already had the opportunity to show you the effects of several of these projects. For example, the GG-1 shaft, which was connected to the mine in mid-June. We were able to show it to you here, on site. Furthermore, the commissioning, among others, of the Solinox plant at the Legnica Copper Smelter and Refinery. We also met with you there during a press conference. There are a lot of investment projects that we have started, a lot of investments that we are preparing, such as the salt works plant, to which we devoted a separate meeting, or the GG-2 shaft, on which work is already underway; President Mirosław Kidoń will talk about this work in much more detail. Over to you, Mr. President.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Could I ask President Mirosław Kidoń to take the floor. The floor is yours, Sir.

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**MIROŚLAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** Thank you for such an impressive introduction. I will now have an opportunity to elaborate on this information a little bit. Yes, we have record CAPEX. Yes, these are record investments in 2023. But just as the slide headline says: it is a rational and responsible investment program. Why are we spending this money? Because we want to secure the future of KGHM Polska Miedź. KGHM Polska Miedź was built in the 1960s and 1970s. ZG Lubin - it's 1968, the latest mine was completed in 1972. Replacement - this is the essential element of any investment plan that we cannot afford to neglect. Therefore, as you, Ladies and Gentlemen, can see, in this distribution as much as 36% of the funds are earmarked to replacement and maintenance. We have to adapt to changing geological conditions, to the influx of water and other factors that confront us in mining, as well as in processing and metallurgy. We have to adapt to these processes, to the changing conditions, including environmental. We have to spend money, we have to develop in this area in order to maintain production. And finally - development. Research and Development. As has already been mentioned here, what we have in mind is the salt works, as well as the money earmarked to research and development: this is the money spent on analyses and feasibility studies of the salt works, but also an expression of our care for our region, for the environment, for clean rivers. Yes, we are a responsible Company. Despite meeting all the criteria required by our permits, we want to go the extra mile. We want to discharge clean water to the Odra River, and we also want to be a giant leader in selling the world's best food-grade salt, which will be launched into the market at some point. Moving on, of course our CAPEX, our investment plan is unthreatened, and is being implemented just as planned. As I mentioned earlier, it is at a record high, but configured very rationally and logically, to ensure our competitiveness in the future vis-a-vis the largest mining companies and to let us maintain these great positions that we are holding today, i.e. that of the second largest mine, the second largest silver producer in the world, the largest silver mine in the world, and the eighth place ranking in copper. Of course, we have ambitions to move up in this ranking. If you look at the details of our investments: yes, as we mentioned - GG-1 is a huge investment. The GG-1 shaft, is the deepest in Europe - going down 1,348 meters. We had the opportunity here to celebrate the first tunnel connection with the Rudna Mine. Of course, we are also planning the GG-2 shaft, the Gaworzyce shaft, in Retków. Why is this so important to us? Please note that the bulk of the money here is allocated, earmarked for the

program of making the deposit accessible, developing the mining areas, replacing the machinery park, and dewatering the mines. The costs are rising. Energy, the war with Ukraine and so on. We have to compete, and we have to win in this competition. In general, we need to be reducing C1 costs. Economies of scale, increasing production - these measures will allow us to lower these costs. In order to produce more, we need to secure access to new deposits, we need to grow, we need to move forward by expanding our mining areas. And that is what we are building the shafts for. The geology is rather against us. Temperature is rising. At the depth of 1,350 meters, the rock temperature is 55 degrees. These are very difficult conditions for our employees, and we are aware of that. It also generates huge costs of ventilation and air conditioning. On the topic of air conditioning... Air conditioning in the shafts alone is an investment cost of about PLN 550 million. 800 cubic meters of water per hour with a temperature of 1.5 degrees Celsius is pumped down, while the returning water is already 23 degrees Celsius. It is a huge project, nothing like the air conditioner in my apartment. On the other hand, these facilities are necessary so that people can work underground. If you, Ladies and Gentlemen, could have been down in the GG-1 shaft before the connection was there, and felt that temperature in which the miners worked, and then compared it to the temperature achievable after we connected and started pumping 10,000 cubic meters of air per minute through the GG-1 shaft, you would see how the environment changed completely. We will eventually reach 45 thousand cubic meters per minute. Our plan was only 30 thousand, but given the amount of almost PLN 2 billion investment, our people have worked very hard to increase this efficiency through the special shape of the mine cage, and by obtaining permits to increase the speed of air flow from 12 meters per second to 18. We will achieve this goal we have set ourselves - 45 thousand cubic meters per minute in 2029. This is why we are so interested in further development, the GG-2 shaft, the Gaworzyce shaft and the Retków shaft. We are also interested in other methods of improving ventilation. Ventilation is cheaper than air conditioning. We are interested in drilling an experimental borehole for the Lubin Mine. The borehole will be about 4 meters in diameter and 600 meters deep. Its aim will be to improve ventilation, improve working conditions underground and to reduce costs. It is the first time we have embarked on such a venture. It is a new technology that we want to use. But I will perhaps say more about this when I discuss the international assets, because in this project we also want to involve the know-how and experience that we have accumulated abroad. Going back to our

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investments, I would still like to tell you about the mine work we have performed. All proceeded according to plan, we are at almost 100% completion, about 20 km of mine workings. This expansion is meant to make the deposits accessible. A water pumping station has been launched timely and successfully. It is a very important investment. We started from 6 cubic meters per minute. Somewhat immodestly I will say now that it is already 12 cubic meters. Our target of 24 cubic meters will certainly be achieved as early as in 2024. It is worth noting that, as part of the program to adapt technological installations to the BAT Conclusions, we obtained the acceptance of the Solinox installation; we are removing arsenic and mercury. An equally important project will be an installation to reduce dust at the concentrate unloading plant, at the Głogów II Copper Smelter and Refinery. We will apply a state-of-the-art approach. The facility will be tightly encased and put under pressure below the atmospheric pressure, creating dust suction. It will be as airtight as the best bank in Poland. I'm joking, of course... the point is that we want to use the latest solutions that will be very beneficial for the environment, and at the same time will reduce our losses when it comes to dust and metal contained in it. The machinery replacement program is also very important. If you were to talk to our miners, who are so much in favor of efficient, modern and reliable machinery, then you would see confirmation that we are making the right decision regarding the replacement of the machinery park. It is an extremely important element in the lifetime of a mine, and neglecting to replace the machinery park, failing to adapt to the LOM stage, to the lifetime of the mine, unfortunately has very adverse future consequences in terms of a decrease in the availability and use of mining machinery, falling production output, and so on. As a Management Board that is aware of these aspects, and employing professional managers and specialists, we have such a plan in place and we are allocating adequate funds to avoid the decline in availability and utilization of mining machinery from the one hand, and at the same time strive to raise these parameters, in order to catch up with the global leaders. And among the world leaders is Sierra Gorda, which achieves 86% availability of machinery and equipment and is the absolute record holder in this regard in Chile. I would also like to mention the expansion of the Southern Quarter and the fact that KGHM will finally start using hydrocyclones and waste compaction. Dear Ladies and Gentlemen, the whole world applies this technology, and we still haven't adopted it yet. The goal we're aiming for at Sierra Gorda, for example, is waste thickened to the level of 62% solids content. Here we will not yet achieve such a goal. Nevertheless,



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those actions will reduce the cost of operating the tailings storage facility. Beach sweeping has a completely different angle. Waste accumulation is cheaper. The rate of embankment growth then is also lower, with lower costs. So much for this slide. Let me now move on to Deep Głogów. It is an important production area for KGHM, which is why we keep you informed about the progress related to mining in that area. It is steady, stable and growing. As you can see in the charts, Ladies and Gentlemen, the growth achieved from H1 2022 to H1 2023 is 38%. In metals, the increase is 32%, and in precious metals - 35%, respectively. As regards the concession, production and prospective areas - it's probably worth mentioning these upcoming areas here. The soonest forthcoming is, first of all, Radwanice. We want to apply for a mining license by 2026. We estimate the copper content there to be about 1 million tonnes of copper; we also target mining concessions for Retków-Grodziszczce. We would like to obtain this mining concession by 2025. The other concessions pertain to exploration. We are trying to comply with them, we are trying to win them over the competition, because indeed such competition has emerged. I hope that KGHM, when it comes to concessions, will be the Company that will meet all the requirements of our administrative authorities and will be seen as the most attractive concession contractor by the authorities.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. May I now ask Mateusz Wodejko, Vice President of the Management Board (Finance), to take the floor. The floor is yours, Sir.

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** Good afternoon Ladies and Gentlemen. Yes, my colleague said a lot about energy, he said a lot about the costs of energy, and about all the key issues that relate to mining and involve energy as its important aspect. I would add that metallurgy is also a significant energy consumer and needs cheap, competitive energy as well. Therefore, we are taking intensive measures related to energy sources development, including development of low-emission energy sources at KGHM. I would like to say that these activities show our progress. As you can see, Ladies and Gentlemen, when it comes to solar energy, the first projects, of not so big scale so far, such as Głogów 1-3, Tarnówka, Kalinówka, Polkowice, are on the straight path now to obtain building permits and to start the execution of



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these investment projects. And, importantly, we are preparing more and much larger projects. Here you can see the planned 50 megawatt Obora Sandpit farm. And here another project of the capacity of 88 megawatts, whereby at the end of June we submitted an application for connection conditions. It is very important, because, of course, this own development is the most profitable, the most efficient. In the context of this work, we have expanded our RES team, with the view to take measures and implement such large projects independently as well. As regards wind power, you will have noticed, Ladies and Gentlemen, that onshore we have reactivated the Radwanice-Żukowice project, a wind farm venture, which is also our own development. We are optimistic here and we believe that we can reactivate and develop this interesting project. As far as the acquisition of RES projects on the market is concerned, i.e. our M&A activities, we continue to be active in this area as well. Of course, as I have said at previous performance conferences, everything depends on the price. If the price is attractive for us in terms of our financial model, we will go ahead and acquire these projects. In the case of several ventures, we are at a very advanced stage, and I hope that we will be able to communicate something to the market, soon. Yet, as I said, everything depends on the price, everything depends on the transaction terms and the transaction documentation. In any case, we are pro-active. Moving on to nuclear power, which is another low-emission area we actively pursue, this project, of course, has a longer time horizon; but we are performing the subsequent steps gradually, step by step. The task that we have already accomplished is the acquisition of a principal decision for two potential sites. We received this principle decision in July. This is a positive development. We are glad as it confirms our reputation as an investor suitable for such nuclear power projects. We are also undertaking other activities related to nuclear power. We are actively building new collaboration relationships; here, as you can see, we are applying for funds from the FEnIKS program, so our actions are designed with an extensive scope. We also say “yes” to natural gas-related projects. Our gas-steam units - in the budget we assumed that they would work to a lesser extent this year, but thanks to falling natural gas prices, our gas-steam units are now working more intensely. It is also a positive development. We are proactively seeking benefits in the gas market. We are taking advantage of the falling gas prices, and for our core production business we are able to supply energy and heat from these very blocks.

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**MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION):** Ladies and Gentlemen, let us move on to production results. Metal production in the Group, i.e. in domestic assets and in the international assets. I will focus on the domestic assets and President Mirosław Kidoń will speak about the international assets. Here you can see, of course, production in a breakdown into payable copper production, silver production, TPM production, and molybdenum. As for extracted ore dry weight - 15.6 million tonnes with a content of 1.47, which gave us a result of plus 2% year-over-year. As regards the production of copper in concentrate - 202.3 thousand tonnes with a content of 22.6%, which gave us an increase of 1.7% year-on-year. As for the production of electrolytic copper - 296 thousand tonnes; very importantly, 195 thousand tonnes is production using own concentrate. It is 10% more year-on-year. Overall, this year-on-year result remains unchanged. In terms of silver production - 699 tonnes, which gave us an increase of 4.5% year-on-year. Thank you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Could I ask President Mirosław Kidoń to take the floor again.

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** Thank you. I have the pleasure to present the results of Sierra Gorda. We are extremely satisfied with the results and operations of the Sierra Gorda mine. It is truly one of the best mines in Chile. Almost year after year, it receives successive awards from the Chilean authorities. This year we will receive a prize for safety. In 2021, we reached 200,000 tonnes of copper production, we came second in the national ranking in terms of annual production growth, right behind the BHP Spence mine, however they achieved their better result by commissioning another sulphide plant. We, on the other hand, achieved this success by optimizing and successively increasing the production capacity of our mine. If you look at the production of payable copper, the results are an effect of the fluctuation of the block model, which is the copper content in our ore, as well as molybdenum. Now, if you look at molybdenum and precious metals, they are growing year-on-year. Molybdenum - 11%, gold - 6%, respectively. In contrast, payable copper decreased by 10%, despite the fact that the copper content in the ore has fallen more than 10%. However, Q2 2023 is slightly better in comparison to 2022. Nevertheless, this is not the most important factor. What is

more important is the operation and development of this mine. This year we overperformed our budget production plan, of course at below-budget costs. On the other hand, we are achieving throughputs above 130,000 tonnes this year. In August, at the moment we are averaging about 134 thousand tonnes of daily throughput. Sierra Gorda was designed for only 110 thousand tonnes of throughput. In other words, as the only mine in Chile, we have managed to reach the maximum throughput capacity and even exceed it. And we are not talking about some trivial one thousand or two thousand tonnes, but of more than 20 thousand tonnes of daily throughput. And likely this is not the end of Sierra Gorda's development. We have plans and are analyzing the possibilities of increasing the throughput. All the investments we make incorporate a correct measure of potential, which takes into account the possibility of increasing production at Sierra Gorda. This year we commissioned a third thickener, manufactured by Autotek, with a diameter of 80 meters. We already own two of these. This third thickener features a new, more modern feedwell. It is a specially designed transmitter box that distributes the waste in the compactor, and has a drive that is twice as big and powerful. We needed this drive to test the new thickener, and verify if Sierra Gorda can achieve the 62% solids content as declared in its environmental permits. Last month's results and measurements show that we were able to achieve up to 64%. This is very good news that gives us the green light for further analyses, further development, further growth of productivity and throughput at Sierra Gorda. The throughput and recovery at Sierra Gorda is constantly increasing thanks to optimization, introduction of new technologies, as well as thanks to the modernization of the existing technological process. This is achieved thanks to the really excellent staff that we have in Chile, both from Chile and Poland, as well as really many other South American countries. As far as I remember, it's probably 12 of them. We have excellent professionals and specialists and thanks to that we are developing this mine so successfully. We will try to transfer these good experiences not only from the Sierra Gorda asset, but also from others, in a cross-asset exchange of know-how, and we will also try to bring some of this knowledge to Poland. Let's now move on to KGHM INTERNATIONAL. KGHM INTERNATIONAL, as we can see here, showed a significant decline year-on-year. First of all, the reason for this is the transition zone. The transition zone, unfortunately, is a zone where we don't have pure copper ore that we can process. It is mixed with a lot of silt, sand and clay. This feature changes the kinematics of the flotation machines, and results in lower yields and smaller processing capacity. Moreover,

we had record snowfalls in Q1 and Q2, and then snowmelt. You may not remember anymore, but at that time there was a lot on the news about such weather anomalies that hit the United States, which unfortunately also affected our Robinson mine. A large amount of water, creeks, as well as poor road surface conditions also caused many failures of mining equipment. We have taken appropriate countermeasures. We have decided to purchase another 11 trucks with the loading capacity of 240 tonnes. The purchases will take place in 2023. The first truck should be delivered at the mine in just two months' time. Six trucks this year, five next year. Ten trucks were modified in previous years. We have plans for another 14. Out of a total fleet of 38, we will exchange trucks for 35 new ones in a fairly short period of time, which will allow us not only to regain the availability of our mining machines, but also to exceed and get the kind of performance that top mines like Sierra Gorda in Chile can produce. We have a plan to achieve this; but I would also like to remind you that our international assets represent not only our core business, it's not just mines. KGHM is an extremely flexible Company, a Corporation. Our portfolio includes copper producing plants, but we also go for vertical diversification, i.e. our own plants that provide technical support for the mining industry. In Poland, this means of course Zanam and PeBeKa; and abroad we have an important company - DMC. DMC is a modern service company, providing services of building mining plants or drilling shafts. But perhaps President Marek Pietrzak, responsible for Corporate Affairs, will add a few words about this Company.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Yes, please go ahead Mr. President: Marek Pietrzak - Vice President of the Management Board (Corporate Affairs).

**MAREK PIETRZAK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CORPORATE AFFAIRS):** Thank you. Ladies and Gentlemen, as the Vice President has already mentioned, the KGHM Group also comprises companies within the Group that provide important support for production processes. Of course, such companies include Zanam, a company that manufactures mining machinery; PeBeKa, which provides mining infrastructure construction services; or Mercus, which provides logistics services; and many others. I would like to emphasize that within the framework of corporate governance, we are constantly looking for optimization and synergies, to make the

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best use of our assets and manage them in the best possible way. So it is an ongoing process. As the President has already mentioned, we are indeed not only engaged in mining, but also in activities that function around the core business of the Company. One such company overseas that we can be proud of, which has an excellent track record, is DMC Mining Services, a company we acquired in 2012. It is a company with over 40 years of experience, an established market position and with a client portfolio of industry leaders, such as Glencore, Vale, and Codelco. Worth noting is that it has a global reach, with offices in Canada, in Chile, and in the United States. It has completed 32 projects to date, so there is a lot to be proud of, and indeed we operate not only in this core business, but also create successful companies around it. But perhaps President Kidoń can provide more technical details.

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** Thank you again. I will get right to why we are talking about the company DMC here, how it is related to our future plans. Yes, it is a company with a lot of know-how, it employs a lot of experts, the best professionals from Poland, Canada, the United States, or the United Kingdom. It is worth pointing out here that our other assets and our mines in Poland, of course, are extremely concerned about safety. The period 2021-2022, is a period in which no injuries or accidents occurred. DMC has an impressive flagship product. They command a lot of knowledge and ability to make shaft openings with the technology of using the SBR shaft shearer. It is a kind of a shaft harvester that was first designed and applied in the world just by DMC, together with Herrenknecht of Germany. It is this company, under the design guidance of DMC, that has designed the shearer. It is fully automated, working in three phase modes: extraction of the excavated material, as it is done by shearers, suction, and automatic haulage through two buckets to the top. This is followed, of course, by building the shaft casing. It has some limitations, because due to the fact that it's a shearer, it cannot be used for rocks with a hardness exceeding 120 MPa. Yet on potash deposits, salts, etc., it is an excellent technology. We are proud that DMC was the first company in the world to use it. Going back to our projects in Poland. I mentioned that we want to create a ventilation shaft with a diameter of 4 meters. Here we also intend to use the experience of our company DMC. We are contemplating the use of so-called blind boring technology: this is a device that can drill in an environment where there are water hazards, and it

can handle the task without freezing the ground. In the end, the water that lingers actually helps stabilize the casing and the shaft. Therefore, we are thinking very hard about using this very technology. It could reduce the time of such drillings up to four times compared to traditional methods. And, as I have mentioned, expansion and development of mining areas requires adequate ventilation. Hence we are involved in this search for new technologies for KGHM, to be able to accelerate and complete these processes faster. DMC is also important for us because of the other very important project we are executing in Canada: the Victoria Mine project. We are still prior to the decision about whether to build the mine or not. At present, we practically have the shaft built up, we are at a depth of 40 meters. As from September, we should start excavating the shaft to a depth of, Ladies and Gentlemen, 1,800 meters. And the second shaft will be 2 thousand meters deep. I know that our record of 1,350 meters on the GG-1 now looks somewhat less impressive, but please note that these are completely different conditions. These are conditions that are a bit more hospitable and gentler for our employees abroad, because the temperature at a depth of 1,800 meters is approximately 30-plus degrees. Therefore, given that the Victoria project is located in Canada, in the cars that carry the miners we do not install air conditioning, but rather heating! In other words, over here we have to deal with somewhat different problems. On the other hand, it is a very tempting project for us, because these are good deposits that can reach well over 0.5 million usable minerals. These are mainly copper and nickel deposits. But there is also silver and gold, palladium, platinum and cobalt. Moreover, following the path of energy transition, that awaits us not only in Poland and Europe, but also in the entire world in the future, these are extremely important minerals for this transition. I don't think I need to mention copper and silver as the minerals for use in photovoltaic panel technology. But nickel and cobalt are essential materials in lithium-ion batteries. Platinum, on the other hand, is crucial in fuel cell technology. Let me just mention that today Bosch is pulling back, trying to look for solutions in fuel cells, especially hydrogen fuel cells. Therefore, we will be prepared for any development direction in technology. I think that is all in terms of the international assets, thank you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. May I now ask President Mateusz Wodejko, to take the floor again.

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**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** Yes. Ladies and gentlemen, I now will try to elaborate on the financial results for this first half of the year, which President Zdzikot has already started to talk about. So, as President Zdzikot already observed, if we look at the EBITDA, the adjusted EBITDA of the Group, as well as the EBITDA of KGHM Polska Miedź S.A. for a longer period, over a certain cycle, to see a certain trend, you will see, Ladies and Gentlemen, that this first half of the year was not bad, as far as both the Group and KGHM Polska Miedź S.A. are concerned. It was one of the better half-years in this period. In this H1 report, we are only comparing ourselves to the first half of 2022, when copper prices were record high, and inflationary pressures caused by the war, Russia's aggression against Ukraine, especially in the area of raw material prices and subsequently affecting services, materials, were not yet so visible. Consequently, this first half of the year looks pretty good in terms of EBITDA. Ladies and gentlemen, as President Zdzikot said, copper prices were lower by 11%. As we look further down the road, in terms of sales revenues, we did everything to optimize those revenues. Hedging transactions helped, we posted more sales where they were possible, which helped too. On the other hand, due to lower copper prices, due to the comparable US dollar exchange rate, that is - in Polish zloty half-year on half-year - about PLN 4 thousand per tonne less, we were not able to compensate for this price pressure. In a situation where prices remained above 9 thousand, surely the possibilities to offset this price pressure on the revenue side would have been much greater and we could have shown even higher performance. On the other hand, the situation in global markets is such that, as a result of the global economic slowdown, prices of raw materials, such as copper and silver, are relatively low compared to expectations. Finally, price pressures are progressing globally. We are seeing inflation readings from various world economies. This inflationary pressure persists. In KGHM Polska Miedź, we both have taken and continue to take a number of actions, as well as are planning a number of measures to counter this price pressure. What I mean by this is reviewing contracts, issues related to planning for the coming year (even at this early stage), so as to contain this core inflation, to contain the growing prices, which are largely coming (I mean the factors resulting in price increases) to Poland from the world. It is not easy, but we are trying to do it. Now let us move to a broader presentation of results. If you also look at the results in this long-term perspective, both of the Group and of KGHM



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Polska Miedź, you will see that as far as KGHM Polska Miedź is concerned this result is quite good. PLN 1,207 million is one of the better results. Except, of course, for the Years 2021, 2022 or the individual half-yearly periods. Because H1 2021 and H1 2022 were good half-years. So in principle H1 2023 does not look bad against this entire cycle. On the other hand, of course, in terms of the Group's net result, H1 2023 is weaker, although there have also been many years of comparable periods, and comparable results in the periods. What was the reason for this? It is due to the fact that this net result of the KGHM Group is affected by the situation at KGHM INTERNATIONAL, described by President Kidoń. We are facing this temporary decline in production. Also, this temporary drop in production at KGHM INTERNATIONAL causes other consequences; for example the write-down on inventories, required under our accounting principles, pushes us into a transitional area, and as a result we also have lower capitalization of costs; in other words more expenditures are charged to costs rather than capitalized. Furthermore, this result of KGHM INTERNATIONAL is simply relatively weak, or is significantly negative. It is attributable to various factors. In addition, it is necessary to point out the basic issues, i.e. that the net result of the KGHM Group is significantly affected by negative exchange rate differences. Simply put, by the end of 2022 the exchange rate levels of the US dollar and the euro were much higher than they are now, so we are dealing with exchange rate differences. Let me show in a moment in detail what the effect of this is on specific figures. On the other hand, this is the basic element. Another element of the accounting character, I would say, is the lower level of reversal of impairment losses on loans to Sierra Gorda. This is due to the fact that certain write-downs at certain prices, under certain scenarios, certain write-downs were already done earlier, i.e. in 2022. In 2023, we continue the write-downs, but they are naturally lower. It is a difference of about PLN 300 million. It is another significant impact. It should also be pointed out that in 2022 the Company enjoyed a tax relief on the minerals extraction tax. This relief was about 30% of the tax amount, which of course translated into hundreds of millions of lower costs in 2022, which are not available now. Now turning on to the details. As I said, the Group EBITDA was PLN 3,148 million. The EBITDA was slightly lower than in the second half of 2022, however against the background of a multi-year cycle - quite good. Comparable revenues were achieved for both the Group and KGHM Polska Miedź S.A. And the net result that I just referred to, where, as I say, the international exchange differences, and the lower reversal of the impairment loss on loans, translated significantly into

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this result. Revenues. Why were our revenues slightly lower? First, as far as the Group is concerned, there is some increase in sales volume - PLN 277 million. This increase in sales volume is attributable primarily to KGHM Polska Miedź. KGHM Polska Miedź - PLN 576 million, and a decrease in KGHM INTERNATIONAL. Here we see PLN 1,279 million, reflecting those copper prices lower by 11%. On the other hand, we compensate for this to a small extent, this PLN 0.04 change in the US dollar exchange rate to the Polish zloty, translated into PLN 604 million, which is very positive. This is the positive impact of the adjustment of proceeds from derivative instruments relating to revenues. It is worth noting that this year this impact, this adjustment of revenues from settlement transactions, amounted to PLN 227 million on the plus side, while last year it was PLN 377 million, but on the minus side in the first half of last year, which results in this delta of PLN 604 million. Here, too, I am recalling just what I said with regard to the price of a tonne of copper expressed in Polish zloty. You see, Ladies and Gentlemen, H1 2022 - PLN 41,376, then a decrease in H2, and in H1 - this low level persists PLN 37,299, which is over 4 thousand less for the first half of 2023 when compared to the first half of 2022. I am glad that we managed to keep these revenues at a similar level in the first half of 2023. Yet, as I have pointed out, we did not have the opportunity to increase revenues so as to compensate for increases in operating expenses. And costs. Here I show the expenses by nature. Please note that these costs - if we look at purely generic costs - this increase is not as big as when we look at the total operating costs, where we also take into account the change in inventory, and the cost of manufacturing for own use. Here this year-on-year, half-year-on-half-year increase is about PLN 1 billion. If you look, Ladies and Gentlemen, at the individual quarters, you will see that if we exclude international inputs from the expenses by nature and minerals extraction tax, we obtain PLN 5,439 million, while in the Q1 2023 it was PLN 5,840 million, in Q4 2022 it was 5,737 million. So you can see that we are trying to fight this price pressure, this cost pressure. It's not an easy fight, however we do try to take measures to keep costs in check as much as possible. C1: when we compare, as I said, H1 2023 to H1 2022, when the global pressure, the inflationary pressure was not yet so noticeable, then of course there is a difference. On the other hand, it has to be said again that KGHM has revenues that depend largely on macroeconomic conditions. Also naturally, rising costs in the world should be reflected in rising revenues, so as to maintain a certain profitability. However, it is not easy in the situation of a global slowdown. Now let me illustrate quantitatively what I said earlier regarding the amount

of PLN 401 million in profit. You can see that there is a certain small change in revenue, 169. The cost of sales, selling costs and administrative expenses of PLN 1,967 million, that is, both expenses by nature and this change in inventory, change in production for own needs: in the first half of 2022, the Company built inventory to a greater extent than in the first half of 2023. The result of participation in the joint venture, as I also said, was PLN 328 million less, that is where it comes from. PLN 301 million - that's the effect of an accounting approach of lower reversal of loans; and considering slightly lower accrued interest on those loans to Sierra Gorda. Foreign exchange gains/losses, yes - PLN 1,566 million. Here you can see the huge impact of international exchange differences on the Company's result, yes. As I read the press reports, it is formulated like this: "The Company had PLN 4 billion, and now it has PLN 400 million." Why? Because these costs have grown. But please have a look at how international exchange losses have increased. Furthermore, when you add to this more than PLN 300 million I'm talking about the lower reversal of impairment losses on loans, then you can see, Ladies and Gentlemen, what the impact of a certain situation to a small degree, or independent of the Company's Management Board can be. You can see, Ladies and Gentlemen, that we simply are dealing with negative exchange rate differences, because the exchange rate has changed, and as the Company we naturally and simply are exposed to those changes; a stronger Polish zloty, for example, reduces the liabilities we have. But to a greater extent it works adversely on the assets we have, in this case, for example, the loans we extended to Sierra Gorda, because they are denominated in US dollars. And of course, as the Polish zloty gets stronger against the dollar, the value of these loans goes down. On the other hand, they naturally continue to be denominated in the US dollar, they continue to retain their original value. The only question is at what exchange rate we will convert this value to the Polish zloty. Other factors include certain one-time events in H1 2023, which comprise profit on disposal of tangible assets, i.e. a sale of an off-site project, and disposal of subsidiaries, that is, of the Franke Mine project, which translates into PLN 300 million; as well as certain events, one-time profits from one-time events that occurred in 2022, from the investment considered at the Group's level. As far as cash flow is concerned, it should be noted that the Company, striving to keep the debt ratio low, the net debt to EBITDA ratio, sought to maximize cash. This has been successful, and it is clearly a positive achievement which allows us to maintain a safe level of debt to EBITDA. So as you can see, Ladies and Gentlemen, this is a concurrence of certain factors. What is noteworthy is

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the growth in working capital. And what I mean is the KGHM Group's debt of 0.9, i.e. below one. Both the increase in cash and the reduction in debt level, resulting in a significant change in net debt from PLN 5,264 million to PLN 4,160 million. We have maintained, in these difficult times in the world, security, we have maintained financial security. We are thus convincing financial institutions that KGHM is a safe, responsible entity that has the potential to finance its investments. Now I took the liberty of showing on the slides how the situation looks in relation to the budget figures that we present. If you look, Ladies and Gentlemen, at these figures, they look pretty good. Total unit production cost lower than budget assumptions. Capital expenditures at a good level, as the previous speakers have already mentioned. PLN 1,369 million of CAPEX, a growth of 21% year-on-year, comparing the two half-years. Equity investments are also worth mentioning. PLN 589 million in this half-year. These are our equity investments in the form of loans granted, which largely finance, for example, the development of the Victoria project, which is being carried out and expanded by our DMC company. In other words, these funds remain in the Group, and are spent on the development of investments by our Group company. And solvency of 0.9. Zero point nine - which I will brag about, because I think it is an achievement and indeed one worth highlighting. Production and sales performance. When referred to the budget, you can see, Ladies and Gentlemen, what my colleagues have said about KGHM Polska Miedź, yes, about this evident success when it comes to mining production. Copper in concentrate, silver in concentrate at very high levels above the budget as far as the first half of the year is concerned; electrolytic copper at a similar level year-on-year, and here - let us say - also slightly departing from the budget, in pro rata terms. But I would also like to say that it is pleasing to see that in the first half of 2023 we produced electrolytic copper to an even greater extent and to an even greater degree than in the first half of 2022 from our own concentrate. That means that we are minimizing the share of international scrap inputs in production. In other words, we are increasing efficiency, yes. As a rule, our own mining production, from my perspective, is more desirable because there are no transportation costs as high as in the case of third-party inputs, and there are no supplier margins. I am glad to see that our mining production has increased. As for sales, it can be summarized that it is within KGHM INTERNATIONAL's budget, as President Kidoń said. Sierra Gorda was covered in President Kidoń's presentation. I will just add that in the case of Sierra Gorda, Q2 is even better than Q1, therefore here at Sierra Gorda, despite these temporary

geological problems, this yield, this production is progressing. However, in Q2 2023 you can see, Ladies and Gentlemen that we are facing some revenue problems. This, of course, is due to the fact that in Q1 2023, the average copper price was 39,167 in PLN. In Q2 2023, it was PLN 35,306. This refers back to what President Zdzikot said that the world in Q1 believed in a faster recovery in China, when the country was ending the anti-covid and lockdown policy. Given that this fact was not reflected in results recorded in China, no large stimulus package was created for the Chinese economy, therefore in Q2, the prices of copper and silver were lower. On the other hand, we are struggling with costs. As I showed earlier, we tried to keep these costs in check in Q2. We were helped by energy prices and gas prices. As a result, Q2 doesn't look so bad. Just for the sake of argument, going through the individual segments, for EBITDA you can see that there is a fall by PLN 1,214 for Polska Miedź. As we showed, it's still PLN 1,207 million. This large share of KGHM INTERNATIONAL - PLN 775 million, yes. This is what is largely determining EBITDA at the consolidated level. Now let me say a few more words about KGHM Polska Miedź. In KGHM Polska Miedź, in H1 revenues were even higher than in the first half of 2022, so this effort of ours to maintain sales levels was even more effective. As regards copper sales, you can see, Ladies and Gentlemen, the data, what it looked like in terms of volumes. Let me now turn to costs. Here we also show the expenses by nature. Expenses by nature, which similarly, one could say, reflect a situation analogous to the Group. There is also the issue of inventories, the fact that in H1 2022 we produced more inventory than in H1 2023; therefore at the level of expenses by nature, this negative impact is smaller than at the level of operating expenses. It can be seen, if only by the quarters, that we are trying to limit these costs, excluding third-party materials and the minerals extraction tax, as much as possible. EBITDA and the result were already mentioned earlier in the presentation. So here we show them just for the record. You can see, Ladies and Gentlemen, that it is also an achievement that in H1 2023, the adjusted EBITDA of KGHM Polska Miedź was higher than in the H2 2022, which means that at similar prices, copper prices were slightly lower in the second half of 2022. The exchange rate helped a bit then. We try to keep an eye on these costs so as a result the EBITDA was higher. Net financial result. Here there is no such difference as in the case of the Group. You can see, Ladies and Gentlemen, that the increase in sales revenue, 299, is mainly a result of a higher sales volume. There are higher costs on the operating side, as I mentioned a moment ago - PLN 1.6 billion, but not as much increase for expenses by nature.

Foreign exchange gains and losses - here one can see the impact of foreign exchange rates. Reduction in income tax, of course, on the plus side. Market risk management. Ladies and gentlemen, in the second half of 2023 we are still hedging for 94.5 thousand tonnes of copper and for 2.1 million ounces of silver. Please take note of the information on the slide, i.e. that at the end of the first half of the year, the Parent Entity recorded a growth in result on derivatives and hedging instruments of PLN 164 million. This is very important, and I mentioned it before. In other words, for the first half of the year, we recorded PLN 227 million of this positive impact on revenue from contracts with customers. A certain reduction on the basis of operating activities - PLN 109 million. But still PLN 46 million of growth in the result from financing activities. It follows that we achieved more than PLN 164 million of positive result on derivatives, which is noteworthy, because this was not always the case, and PLN 164 million of proceeds is always pleasing. As for the hedging of the foreign currency position, here one can see that for the second half of the year we have USD 487.5 million hedged, and for the first half of 2024 we have [USD] 330 million, with millions of dollars more for the next six months. And that, Ladies and Gentlemen, is all from me. That concludes our presentation, and - as I understand - we will now move on to questions.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. In this part, we still have a few words of a conclusion from President Tomasz Zdzikot; and next I will give the floor to Janusz Krystosiak and we will move on to questions from analysts and journalists. Mr. President, the floor is yours.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** Thank you very much. Ladies and gentlemen, just to summarize briefly. We are aware of the challenges we face both today and in the future. Challenges that are related to both our macroeconomic environment, and to what we discussed with you today, related to raw material prices, to prices in the energy market, in the steel market, and generally to cost pressures. And these are the challenges we are facing. President Wodejko spoke about this, that we control costs, that we take great care to guarantee a high level of production. President Świder spoke about this. Certainly, production by KGHM Polska Miedź is a great help for us in stabilizing the Company's situation and continuation of growth. To develop by looking for new opportunities to increase production, as President Kidoń said. We have

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a lot of development projects, ones that have been in the pipeline for very many years. Now we are simply implementing them. These projects will bring the Company stable production, and stable financial results in the long term. We will also cope with the challenges in the international assets that President Kidoń mentioned. We are satisfied with the progress of our Group companies, as mentioned by President Pietrzak. In our portfolio, there are both domestic and international companies that are doing very well in the market and are both an important part of our production line, as well as simply very good companies operating widely around the world. So, Ladies and Gentlemen, to summarize briefly: PLN 3,148 million EBITDA in the Group. PLN 2,225 million in Polska Miedź. Over PLN 1,200 million of net income at KGHM Polska Miedź; PLN 400 million for the Group. Given the macroeconomic environment and the trend we have shown you, ladies and gentlemen, against the background of the recent years since 2018, these results guarantee the stability of our Company, and this is a word that we repeat at all meetings, because KGHM Polska Miedź must operate stably both when the macroeconomic environment is unfavorable as it is now, and when there is a kind of economic prosperity, which in the case of KGHM we have experienced in the last two years. Thank you very much.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Now it is over to Director Janusz Krystosiak.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. The first question comes from BofA. Jason Fairclough asks - I'm translating: What is the plan for the operations, international assets? It looks like a loss of money at the EBITDA level. Is that permanent? Will you close the mine down? Maybe I will address this question to President Mirosław Kidoń.

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** Thank you for your question. Of course, as I mentioned, we are in a transition zone. As the name suggests, it is not for the lifetime of the mine. It is a transitional zone. Later this year we will get to the ore itself. We will start proper blending, blending our ore. This will improve both the throughput and the yields achieved at Robinson. So it is definitely a temporary situation. The plan



is to increase the availability of mining machinery. We are making the relevant CAPEX decisions in this regard to replace the machinery fleet. We also intend to support Robinson with our Polish know-how. We are preparing a group of engineers that will probably support our Robinson Mine. We also intend to introduce in the future a debottlenecking project along the lines of Sierra Gorda, which will improve efficiency and successively increase production capacity at Robinson. Also, we are conducting intensive exploration. At the moment, we are in the Ruth West 5 transition zone and the lifetime of the mine is projected to 2035. Already today we can say that we have strong reasons to believe that, based on the results of exploration, we will be able to extend the life of the mine to 2039, thanks to the Liberty and Veteran pits. And having said that, we have also started exploration for copper-bearing minerals in an adjacent area called Lane Valley. Therefore, as I mentioned, the lifetime of the mine is much longer. This transition zone will eventually pass. Of course, we have a plan, both financially and technically, to increase efficiency and increase production as well as, eventually, the profitability of the Robinson Mine in the future. Thank you.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. We have already talked a lot today about the Victoria project. We have described what is going on at the working asset Sierra Gorda, but maybe President Mirosław Kidoń would like to add a few words about these projects, answering a question from UBS. Can you indicate when KGHM may agree to develop or further develop the Victoria project? The question further similarly asks about the fourth line at Sierra Gorda and if we can indicate any anticipation of additional production at these projects? I, of course, in that last part, would say that that would already be a forecast. Probably this is not yet the stage to be talking about planned parameters, but could we say something more in the context of management decisions?

**MIROŚLAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** We have plans to make a decision when it comes to the fourth line by the end of the year. Of course, we need to take it together with our partners from South32. In this regard, we are still actively analyzing the NPV, regarding the increase in production, and development of C1 costs due to this investment. In this regard, we are giving ourselves time until the end of the year. The same is true of the Victoria project. However, we, as a responsible Management Board, have

analyzed this project thoroughly. We analyzed it coming to the conclusion that it has certain risks that we need to mitigate before making such a decision. This is what we are actively working on at the moment. Perhaps this decision will be ready by the end of the year, but this of course depends on current events and the results of our analysis. Thank you.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. Reviewing the other questions, I can see that they refer to the cost aspects of the Group's operations in the various segments. We have already talked a lot about this. Questions about our projections, about forecasts - here let me note that the Company does not publish forecasts. I am just making a summary. I don't really see any new questions. Answers to specific questions regarding particular cost lines, or questions about C1 costs, which will require some more recalculation - we will post these answers on our website. I would not like to take up any more of your time here, Ladies and Gentlemen, because the President, especially Mateusz Wodejko, talked a lot about costs; whereas as regards the details, calculations, parameters - as usual we will try to provide answers in as much detail as possible and as soon as possible by posting the Q&A on our website. That is all from me. Thank you very much.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Janusz. Thank you first of all to the Members of the Management Board of KGHM Polska Miedź S.A. This concludes the conference on the presentation of our results for the first half of 2023. If the journalists present would still like to record some individual statements of the Members of the Management Board, they are all at your disposal. Thank you very much and goodbye.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** Thank you very much.

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## List of questions asked at the results conference for H1 2023

- 1. What is the plan for operations, international assets? It looks like a loss of money at the EBITDA level. Is that permanent? Will you close the mine down?**

**Answer** Of course, as I mentioned, we are in a transition zone. As the name suggests, it is not for the lifetime of the mine. It is a transitional zone. Later this year we will get to the ore itself. We will start proper blending, blending our ore. This will improve both the throughput and the yields achieved at Robinson. So it is definitely a temporary situation. The plan is to increase the availability of mining machinery. We are making the relevant CAPEX decisions in this regard to replace the machinery fleet. We also intend to support Robinson with our Polish know-how. We are preparing a group of engineers that will probably support our Robinson Mine. We also intend to introduce in the future a debottlenecking project along the lines of Sierra Gorda, which will improve efficiency and successively increase production capacity at Robinson. Also, we are conducting intensive exploration. At the moment, we are in the Ruth West 5 transition zone and the lifetime of the mine is projected to 2035. Already today we can say that we have strong reasons to believe that, based on the results of exploration, we will be able to extend the life of the mine to 2039, thanks to the Liberty and Veteran pits. And having said that, we have also started exploration for copper-bearing minerals in an adjacent area called Lane Valley. Therefore, as I mentioned, the lifetime of the mine is much longer. This transition zone will eventually pass. Of course, we have a plan, both financially and technically, to increase efficiency and increase production as well as, eventually, the profitability of the Robinson Mine in the future.

- 2. Can you indicate when KGHM may agree to develop or further develop (1) the Victoria project (2) the fourth line of Sierra Gorda? How much additional copper production do you envisage in the fourth Sierra Gorda line?**

**Answer** We have plans to make a decision when it comes to the fourth line by the end of the year. Of course, we need to take it together with our partners from South32. In this regard, we are still actively analyzing the NPV, regarding the increase in production, and development of C1 costs due to this investment. In this regard, we are giving ourselves time until the end of the year. The same is true of the Victoria project. However, we, as a responsible Management Board, have analyzed this project thoroughly. We analyzed it coming to the conclusion that it has certain risks that we need to mitigate before making such a decision. This is what we are actively working on at the moment. Perhaps this decision will be ready by the end of the year, but this of course depends on current events and the results of our analysis.

- 3. A question about the level of metallurgical premiums in Europe. After the Boliden metallurgical facility accident, can you see an increase in the metallurgical premium in the market? Can you say anything about the scale of this increase.**

**Answer** We have been dealing with increases in the treatment and refining premium since the fourth quarter of 2022. The main reason is the influx of copper concentrates from new mining projects, for example Quebrada Blanca and Quellaveco, or the third phase of

Salobo. On the other hand the increase in smelting and refining capacity over the next several months is insignificant. This means that we will see a certain surplus in copper concentrates which will lead to higher TC/RCs. The benchmark for 2023 rose to 88/8.8 (88 USD/t of concentrate and 8.8 cents per pound of payable copper) from a level of 65/6.5 a year earlier (the higher the premium rises, the better for the smelters). At the same time the current situation in China (lower demand for copper) is also driving spot prices higher compared to the situation in prior years, with recent transactions at a level of approx. 90/9-100/10. The situation in Boliden will certainly not facilitate the return of TC/RC premiums to levels seen in recent years, though on the other hand it has been the refineries, and not the smelters, which have suffered the most. Boliden still intends to process concentrates and to sell copper anodes (instead of copper cathodes). Changes in TC/RC premiums levels over the next 2 years (i.e. to 2025), might be connected among others with the degree of advancement of new metallurgical projects such as Adani in India, the construction of smelting capacity in Indonesia, Kamoanga in Congo or new projects in China. Their completion should naturally increase concentrates supply and at the same time may lead to a drop in TC/RC premiums.

**4. What exactly is the reason for Sierra Gorda's EBITDA decline of as much as 29% q/q? Is this Sierra Gorda's new level of profitability for the next quarters?**

**Answer** The KGHM Group maintained safe production results. Looking in detail: at KGHM Polska Miedź S.A., we achieved a higher production level of copper in concentrate, a level of production of payable copper similar to that of last year, and higher production of silver and gold. As regards Sierra Gorda, we have been talking about the level of payable copper production at Sierra Gorda for a long time - the production level planned for 2023 has to do with the location in the deposit and the work schedule, which predicted that the copper content of the ore would be lower than the peak recorded several years ago. Such levels will still occur in the future. Much lower payable copper production at KGHM INTERNATIONAL LTD., on the other hand, is mainly due to the mining of a transition zone with lower copper content at the Robinson Mine. In the first half of the year, the Group recorded higher molybdenum production at Sierra Gorda and higher copper and silver production in the Sudbury Basin. One of the main challenges currently facing Sierra Gorda is the proper preparation and confirmation of assumptions in the fourth line project, which could aim to increase the plant's capacity to as much as 160,000 tonnes per day. Currently, the project is in the analysis phase, and further steps and decisions are, of course, and will be consulted with our Sierra Gorda Project Partner, i.e. South32.

**5. The increase in C1 cost from Poland's own deposits rose to more than PLN 35,000/t, or by 10% quarter-on-quarter in Q2 2023 - is such an increase to be expected in the successive quarters?**

**Answer** The increase in the cost of C1 at KGHM Polska Miedź S.A. relative to H1 2022 is mainly due to higher costs of materials, fuel and energy and labor costs. The US dollar exchange rate and the price of silver are also important factors. The recently observed decreases in the price of energy carriers may not necessarily translate into a decrease in the level of C1, as the above-mentioned positive effect may be limited by the strengthening

of the Polish zloty or a decrease in the price of silver.

**6. How much will KGHM spend on arms and ammunition production?**

**Answer** At the end of July this year, KGHM Group companies signed an agreement on strategic cooperation with PGZ Group companies. The signed agreement specifies possible areas of joint activities, including in the implementation of research and development, production and commercial projects. The ammunition and missile area has been identified as a priority. The declaration of cooperation between ourselves and PGZ is a response to the current geopolitical situation and the dynamics of orders in the armaments area, including the establishment of the government's National Ammunition Reserve program. The cooperation will be between subsidiaries that currently cooperate with the armaments sector or show potential for such cooperation.