

Summary of questions raised at the Results Conference for the 1st quarter 2022

- 1. You have mentioned the impact of sanctions on the company's performance. Could you please familiarise us with some forecasts how the sanctions might influence your business and performance for example in the coming quarters?**

Answer: There are no sanctions that could have an adverse effect on us. This is because we don't have any large-scale business partners there when it comes to sales of our products. This concerns also supplies, since we may not use supplies from the enterprises on which the sanctions have been imposed. But, firstly, the scale is not big, it is in fact a very small scale. And even if it were, we would be able to deal with it by simply replacing the suppliers with others, ones on which no sanctions have been imposed. So those were more like operational measures which had to be taken in order to adapt to the fact that the sanctions exist or that the war situation kind of exists rather than situations that impacted our financial or production performance or operational capacities.

- 2. I have one more question about KGHM's energy development programme. I certainly understand that you do it first of all to satisfy your own energy needs. But do your forecasts include some assumptions about the improvement of the energy situation, I don't know, in the region for instance?**

Answer: Well, as is generally known, in the context of the Polish power industry, if the trend related to CO2 emission certificates is a permanent trend, since a lot can be reevaluated as a result of the current situation, then let's say that the needs of the energy system are big. And not only ours, as an industrial enterprise, a large consumer, but also the whole market in general, yes. As part of our projects, the nuclear power programme alone ensures us a certain degree of energy independence. But if other RES-related projects we have planned are also successful or if the nuclear power project can be implemented on a greater scale, then we're obviously ready to sell the energy to the public distribution grid. Such that we are also responding to the needs of the industry and the individual customer when it comes to access to, simply, the cheapest available energy. What is particularly important in the case of nuclear energy is linearity of supplies. I mean, we are perfectly aware, and it must be always repeated, because this is not that simple, not that obvious, that if the consumption volume is high, green energy does not ensure stable supplies. We know that the sunny season in Poland is 30%, maybe 35%, of the time in a year, efficiently. The wind, even if it is blowing, it is not blowing all the time. And our power input is continuous and actually linear, yes. During day and night,

regardless of the season of the year. This is why we need nuclear power generation. And this is the direction. The situation is different in Chile, where the sun is shining in the Atacama desert virtually all the time, except the night of course. But it is shining, yes. And this is why it will be possible to get virtually 100% of supplies based on solar energy from there to meet the needs of Sierra Gorda in 2023.

- 3. It is May already. I'd like to know what dividend the company will pay this year and I still can't find any notice about that. Should it be assumed that, I don't know, since the profit of your parent company tripled last year, the dividend will also triple from PLN 1.50 to PLN 4.50, is this the right assumption? Let's begin with that, please.**

Answer: You can't find the notice, because there's been no notice yet, to put it briefly. This means that the Management Board hasn't made any decision and hasn't recommended any decision to the Supervisory Board and the General Meeting yet. We're actually on the eve of making this decision. We'll handle this soon. Looking at the premises for that, as you've noticed, the company's profit is much higher than that of 2021. The dividend policy has not changed. So, the dividend policy provides for dividend payment. And the third premise, there is always the element of, so to say, uncertainty, but also investment needs. And we're going to move within the framework of these three parameters when recommending the amount to our corporate bodies. But, generally, we're positive and optimistic about that. This is how I could sum up this topic.

- 4. Firstly, you have just sold the Franke mine. I understand that an adjustment of the annual budget will be released within days, won't it? I'm asking because I suppose that Franke was taken into account in the budget, in particular when it comes to KGHM INTERNATIONAL. So, the first question is: when will the budget for 2022 be adjusted for Franke? And, speaking of Franke, I would just like to make sure, because we've been informed by you about the C1 cost of KGHM INTERNATIONAL. Do I assume correctly that Franke's C1 was significantly higher? So much for Franke.**

Answer: We will not adjust the budget, because the production volume of the Franke mine was not included in this year's budget. We had assumed that the sale would take place. The sale had already been well advanced. We didn't budget the production. But your intuition is right. The copper production cost in the Franke mine did start to increase very fast some time ago. And this was one of the premises for our decision to sell the mine. It simply became unprofitable.

- 5. So, to continue the topic of budget and performance. You budgeted specific amounts, I'm talking about the parent company, while the performance is very good for most indicators. Sales are not significant. This is about the production. You're several per cent above the budget. And now, a simple question. Are you going to adjust the parent company's budget upward when it comes to volumes, or was Q1 simply exceptionally good in terms of performance and the successive**

quarters should be accordingly poorer to adapt to the annual budget?

Answer: This is similar, we don't intend to adjust the budget. The production growth, I'll address it specifically, the copper production growth is associated more with the processing of a greater volume of purchased materials. And as for the availability of purchased materials, in particular scrap, we can never be certain here. And so, we don't want to go beyond the budget volumes when it comes to the production plan. But the production level using our own concentrate is generally stable. As regards silver production, which we're really happy about and which is higher relative to Q1 last year, this is associated with, in colloquial terms, President Chludziński will certainly correct me here, as I'll probably use unprofessional terms, but we're digging through an area of a slightly higher grade, a slightly higher content of silver than anticipated in the budget for this year or than mined last year. For us, silver, I mean, we're not guided by silver content when choosing mining directions, it's an output product, so we're just glad when it's higher. But, and this needs to be taken into account, there can be periods with lower production. So, we're not engaged in geological exploration concerned with silver content.

- 6. Alright, speaking of silver, to be more specific, how long will it take to dig through? I'm aware that you can't give any guarantees about what will be there. But I understand that it's a specific deposit and, for example, you're at the end of digging through, right? I'd like to know if the higher contents of silver will last for the coming 12 months or perhaps only until tomorrow?**

Answer: As you've noticed, the silver content in the extracted ore for Q1 is 1.48. The plan was 1.47. As President Kensbok mentioned, silver is a derivative of copper content. And this where the greater production comes from. We benefit around 6% from that when it comes to silver production.

- 7. Let's talk about one more item you budgeted. The total costs. Except, as silly as this may sound, these were pre-war costs. We know where the inflation rate is, where the costs of energy materials are, and they affect you directly. I would really like to know how you see your cost budget - does it need to be adjusted, upwards obviously?**

Answer: I think it's too soon to make such an adjustment. We saw the moves on the natural gas price. The gas price quadrupled before the war. Paradoxically, it started to decrease during the war, so we'll see now what the situation with demand, supply and price on the Dutch stock exchange will look like. This is still highly uncertain. Also, when it comes to electricity prices, we are contracted, fixed at maybe 85% or now 90% this year. So, changing the budget would be as it were, going ahead of the facts. But, of course, we're monitoring and moderating price paths and we're considering their effect on the performance. Because the effect on costs is certain. But it's hard to say if the performance will be set off with other advantageous events, such as the PLN exchange rate or copper price. This is why we don't usually apply the method of changing a budget in accordance with changes in the market situation. Unless the change is really permanent. But then

we'll probably reflect it in the following year's budget.

- 8. Mr President, you're talking about costs being set off with revenues. I'm not asking about revenues or EBITDA, because I know I won't get an answer. I'm asking specifically about costs, and costs are not affected much by your volume or the exchange rate. The inflation rate is around a dozen or so per cent now. You're talking about hedging energy by 85%, or maybe 90%, which means that here and now you're paying PLN 1,000 for the remaining 10%. In my opinion, you have full justification to adjust the budget at the cost level you've shown to investors. Unless you claim that the budget you showed, I don't remember now, in January, around the turn of 2022, is still valid.**

Answer: This discussion seems to be sort of theoretical. What does it mean to change a budget? We're showing the impact of costs on performance. We can present our price analyses concerning electricity or energy material prices. But I don't know whether there is any, so to say, automatism associated with the necessity to change budgets in accordance with changes in production costs. This is, to my mind, more like an academic discussion. I'd certainly be willing to discuss it more comprehensively or with a group of analysts, I mean, what the premises for changing the budget are and what you understand by it, because for us the budget is first of all the performance. We don't plan sales separately and costs separately. Instead, we plan the performance. So, if we see two factors which cancel each other out, we say, until they're proportional to each other, we can still plan similar targets as far as the financial performance is concerned. But I'm willing to take up the discussion separately.

- 9. I understand. To end this discussion, please remember that what you are showing is costs. We, analysts, guess the revenues and EBITDA. And, let's not delude ourselves, copper, silver and PLN prices are external factors you have no control over. And, as for costs, you should be perfectly aware of how they behave. So, I'm only asking about the things you have officially communicated. If you provided us with the EBITDA forecast, we would be talking about EBITDA. You have provided us with the cost forecast. My question is: is it still valid after all these changes?**

Answer: We did forecast revenues and EBITDA, too. But, as for costs, it's not quite so. Because we have control over consumption. But we don't have control over prices. Maybe we'd want that, but we're not able to. Of course, where it's possible to have a replacement, a substitution, we use the possibility. But we can't influence prices of energy, prices of natural gas, coal, coke or steel. The case is different with consumption. And as I've said, we've established a range of teams, initiatives, which are associated with minimising the consumption of these cost or cost-driving factors. Also fuels, lubricants, and so on. There are many such programmes we've launched. And wherever we can control, we do control. But, I think I'll still sort of come back to the thought that it'll probably be easier for us to talk in a group of analysts on what you expect in the context of modelling costs, as we'll gladly share this. But, I think it's worth referring also to some market models, what the market says about costs of materials. We want to be sure that we, so to speak, are not at

the top of the scale, I mean, our costs don't increase faster than others', to put it straight. And we reflect this in our costs, the changes caused by the war situation in the first place, we reflect them to the minimum necessary extent.

10. I'd like to ask about the situation in China. How do supplies, demand look given China's continuing struggle with the pandemic? How does it translate into your business?

Answer: As regards supplies to the Chinese market, our trade is stable. Our trade is not significantly affected by the situation with Chinese lockdowns. Obviously, we're observing it, since we're waiting for the decision whether the lockdown policy will change, whether the Zero COVID rule will still apply. Because this perhaps isn't affecting us for the time being, as far as our trade is concerned. And even if it is somehow, we're able to position the products elsewhere. But this can have an impact on the issue of the global economy. This is why we're observing this factor closely. But also, not only on the global economy in terms of demand, but also in terms of the pace and stability of supply chains, which we observed and experienced during the COVID pandemic, and the times have actually passed here, in Europe, but not in China. So, this issue, from the perspective of our safety concerned with supplies, where we buy something, as regards semi-finished products, as regards machinery components, this is the factor of continuous risk monitoring in this area.

11. I'd like to ask you also about CAPEX. Because you planned expenditures of 2.8 billion for this year. Is the amount still valid or, given the problematic supply chains and increased costs related to rising prices of goods in the market, a departure from this amount is to be expected?

Answer: Your intuition is absolutely right here. There's a risk that a certain tangible scope of CAPEX will not be achieved. I mean here mainly supplies of some underground machines. But, probably, the CAPEX budget will be implemented as a result of the rise in prices. The prices of executing CAPEX projects or purchasing machines and equipment. But this, I would say, does not put our production at risk although we're not happy about that of course. But the really objective factors which have influenced the production capacities of our machine suppliers need to be taken into consideration. These expenditures, to return again to the ones we have more control over, that is for example construction of belt conveyors, have accelerated. And what is under our control, what is possible, what also influences mining capacities, we do it or plan to do it fully as far as the tangible scope is concerned.

As for the belt conveyors, 17 belt conveyors were constructed last year. We have planned 19 belt conveyors for this year. 20 for the next year. 23 for the following one. This will certainly help us maintain lower costs, since, obviously, the closer the belt conveyors are to the mining sections, the lower the costs are.

12. There's this recent information about the risk of nationalisation of Sierra Gorda. Has the risk disappeared, can it come back? And if it does come back, does KGHM

have a strategy in place for such an event?

Answer: It's true, after the authorities in Chile changed, such political postulates were voiced. Currently, so to speak, they haven't won the approval of the authorities competent for amending the constitution in Chile or amending the legislation. For the time being the situation can be dynamic of course, but the postulate can be said to be pushed to the background in the context of political postulates. And can something else still happen? As long as history lasts, anything can happen. Someone wrote once about the end of history, but I don't assume that, as the world is showing us. History hasn't ended. It rather goes on, so I can say that a return to this postulate is always possible. But looking at what is going on, the situation seems to be soothed and the radical part of the Chilean political class is, in my opinion, in the phase of verification of their assumptions in this regard.

13. What are your development plans in Chile? What are your acquisition plans? Are you interested in acquiring new mines in Poland or abroad?

Answer: What I can say is that we are constantly monitoring the market of possible, good projects. We're focusing more on, I suppose I can say that, areas that are logistically and territorially closer to us. Also on European areas. The priority is given to areas in Poland and the expansion of our resource base relying on what we have identified. Making new deposits in neighbouring areas, or being our concession property, available, but this does not exclude also having capacity in politically, logistically stable places in Europe, engaging in investment activities. This is also what a part of our team, in the sense of observing that, identifying that, is simply working on.

14. A question about copper mining in Sierra Gorda. The budget for 2022 assumed a temporary drop in production. And yet, the Q1 data still show an increase in extraction. In which part of this year might the production in Sierra Gorda decrease?

Answer: As regards the production in Sierra Gorda, this is obviously related to mining the deposit, to a lower content parameter, and this will be noticeable in Q2 this year.

15. This time about the minerals extraction tax in Poland. It is applicable until November 2022. Does the Management Board see a chance for the rate to be maintained at the lower level in 2023 as well and perhaps the following years?

Answer: This is a question to the government rather than the Management Board. Both involve governing, but the bodies are different. I think that the authority in this regard can be found only there. We naturally, as always, and I've already repeated it, present our arguments by showing both the situation and the investment needs in the company. But the decision, and the assessment of the probability of the decision, belongs to the government, the tax administration rather than us.

16. What is the planned date of the overhaul of the Legnica metallurgical facilities? Could you please remind me? We've already talked about this.

Answer: As for the Legnica metallurgical facilities, we don't expect any overhaul in shaft

furnaces this year. There are going to be overhauls in the RCR furnace, that is a scrap furnace. It's going to be in June and July.

17. What do the price issues concerned with steel prices look like currently? What were the maximum steel prices, what are they for you currently? We've already talked a bit about material costs, too. Mr President, would you like to add something?

Answer: Yes. I won't comment here on how much we pay for steel in contracts in individual cost estimates, because these are individual contracts and they are most probably a trade secret. We don't hide the fact that the steel price has risen. There are benchmarks in the market in the context of both the average price and individual types of steel. In this market, in the context of our purchases, this can be possibly benchmarked only by the volume, that we buy a little more and can sometimes pay a little less. But these are market data.

18. Can I ask you for some guidance about when you're intending or can intensify your expenditures for nuclear projects?

Answer: We can intensify them when the project is completed and the invoice is paid, to put it straight. That is within 9–10 years, maybe by 2029. But, as I understand, the essence of the question is rather whether higher, substantial expenditures can be expected before the completion, right? The investment process lasts 2–3 years. This is more or less what it is. More probably 3, that is until the moment of intensive construction, longer, I mean, in this project, this is work concerned with development, administration, permitting, environmental acceptance and so on. It naturally involves some expenditures, but not as significant ones as the expenditures concerned with the construction itself and payment simply for the construction of the infrastructure. So the major expenditures are more likely to come in the third part of the period, by 2029–2030.

19. Is there a chance for a higher production of molybdenum in Sierra Gorda next year? We've talked about copper production, can we say something about molybdenum?

Answer: I don't have such data at the moment.

20. Has KGHM noticed a decrease in demand for copper, metals at the end of April/start of May due to the lockdowns in China?

Answer: We are satisfied with the current levels of metals prices, though at the moment they are slightly lower than their historic highs this year. There are two opposing forces on the market – on the one hand a lack of supply, and on the other hand weak demand related to the situation in China. The US Fed's policy also played a part. Recent days on the commodities market were indeed not the easiest ones for market participants hoping for continuing price increases. Silver was not the only metal to experience a sell-off, a similar scale of negative sentiment affected gold and industrial metals. In the case of precious metals, gold plays the most important role, as in the face of the Fed's hawkish

policy and the marked strengthening of the dollar, it is less popular among investors. It is visible, among others, in the outflow of funds from ETFs on the precious metals market. However, since the March peaks, virtually all metals, mainly industrial ones, have been de-rating. The correction in this market is fuelled by the shutdown of the Chinese economy caused by the increase in the number of coronavirus cases and aggressive monetary tightening in the world, as well as the war in Ukraine and the economic sanctions imposed. These factors raise investors' concerns about the growth rate of the global economy in the coming quarters.

21. Victoria project – how long might it take to build the mine, when could nickel production commence at the earliest (what year)?

Answer: The timeline for the project's subsequent stages has not yet been decided. Preparations for developing subsequent elements of the infrastructure remain in progress. Work began on updating the production shaft project. The process of obtaining an operating permit for the mine will take several years, from the formal decision to advance to the operational stage.

22. What is the current status of talks with South32 on expanding production at SG? When can we expect an announcement in this regard?

Answer: At the moment we have no new information to communicate, actions continue aimed at preparing subsequent stages of development and reaching owner consensus on further development of the project.

23. When will there be an update to the strategy in terms of capex for the energy investments broken down by SMR, offshore/onshore, PV?

Answer: Comprehensive expenditures on actions to reduce carbon emissions will be announced as part of the Decarbonisation Program of the KGHM Group with expected publication this year.

24. Is the Company planning to seek an exploration concession for minerals apart from copper which are also critical for the energy transformation (for example energy storage facility elements), which are located in Poland?

Answer: We can remind you of what we said in March that, due to the global situation, i.e. problems with access to what are called rare earth minerals, the Company has plans involving work and research into exploring for and mining other types of minerals than those we are currently extracting.

25. Why did labour costs rise so little year to year (+3% and -PLN 100mn Q1/Q1) in KGHM Polska Miedź? What was the reason for the substantial rise in costs of other taxes and charges (other than for mining) – they rose to PLN 213mn compared to PLN 140mn in the prior year, what level should we expect in subsequent periods?

Answer: 1Q'22/1Q'21 – labour costs were higher by 3% due to an increase in wage rates – alongside a lower provision for the annual bonus. Additionally, labour costs in 1Q'22 were decreased by the provision for future employee benefits (-PLN 54 mn). In comparison to 4Q'21 labour costs were lower due to the provision for the annual bonus

(in 4Q the bonus was calculated to equal 24%). The increase in costs of other taxes and charges was due to the measurement of CO₂ emission rights. In April we settled freely-acquired rights and the difference was less.

26. Sierra Gorda: What's the net debt position in Sierra Gorda? Do you expect that Sierra Gorda will regularly pay cash to KGHM by paying down loans. Should we expect quarterly payments? Capex in Sierra Gorda amounted to ~USD150 mn on a 100% basis in 1Q22. What is the guidance for 2022? Dividends: Assuming that Sierra Gorda will continue to send cash back to KGHM and given KGHM's strong balance sheet, is it probable that the leadership of KGHM will aim to distribute this cash to shareholders in future, i.e. to utilise cashflow from Sierra Gorda to supplement the base dividend to the amount of 30% of Polish net profit?

Answer: The net debt of Sierra Gorda at the end of 2021 (31.12.2021) amounted to USD 127.6 mn. In terms of the repayment of owner loans by Sierra Gordz S.C.M., we can repeat that our goal remains the same, meaning to have the money invested in prior years returned as quickly as is sensible, and towards this end we are reviewing along with our partner South32 what the optimum repayment path would be.

27. KGHM built up substantial working capital over the last 6-12 months due to the commencement of a maintenance shutdown by a smelter in 2Q22. How much working capital do you plan to free up in the second half of 2022?

Answer: The maintenance shutdown at the Głogów II Copper Smelter and Refinery began at the end of April 2022. Following completion of the maintenance shutdown we plan to gradually reduce inventories – though not completely – as in 2023 we are planning for a maintenance shutdown at the Legnica Copper Smelter and Refinery and starting at year's end we will begin to re-build copper anode supplies. It should also be remembered that increases in manufacturing costs lead to a higher value of inventories of half-finished products, work in progress and finished goods, at similar volumes.

28. Will the Management Board recommend a dividend payout for 2021? If so – what is the amount and what will be the dividend date?

Answer: The Management Board of KGHM Polska Miedź S.A. announced that on 23 May 2022 it adopted a resolution in respect of which it will submit a proposal to the Ordinary General Meeting of KGHM Polska Miedź S.A. to adopt a resolution on the appropriation of profit for 2021, in the amount of PLN 5 169 153 267.61, by paying out a dividend in the amount of PLN 600 000 000.00 (PLN 3.00 per share) and transferring the amount of PLN 4 569 153 267.61 to the Company's reserve capital. At the same time the Management Board of KGHM Polska Miedź S.A. proposed that the Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date at 7 July 2022 and the dividend payment date at 14 July 2022. The recommendation of the Management Board of KGHM Polska Miedź S.A. results from an assessment of the current financial capacities of the Company, and takes into consideration the advancement of the program of investments as well as the current and anticipated conditions on the commodity market. It is compliant with the existing Dividend Policy of KGHM Polska Miedź S.A., which provides for a balance to be maintained between the level of dividends paid out and opportunities to effectively invest the

Company's funds given the current level of debt of the KGHM Polska Miedź S.A. Group. The above proposal of the Management Board was positively reviewed by the Supervisory Board of the Company. It should however be remembered that the final decision regarding the appropriation of KGHM Polska Miedź S.A.'s profit for 2021 will be made by the Ordinary General Meeting of KGHM Polska Miedź S.A.

29. Will you try to accelerate the nuclear project, considering the situation on the energy market?

Answer: We have to remember that this is a large, modern and very complicated project, which is still at the early stages of advancement. As much as we would like to accelerate it, given the fact that we also, above all, have to take safety factors into consideration, it is not realistically possible for the first reactor to be built sooner than the timeframe which we have frequently announced, i.e. before 2029.

30. What do you see as the Company's greatest opportunities and risks?

Answer: One risk would be a rise in the unit production cost. This means primarily an increase in the cost of energy (natural gas and fuels). Some costs seem to be keeping pace with inflation, while others are lower. The Company has numerous programs and projects aimed at reducing consumption, or minimising the consumption of energy carriers and materials, which also lead to controlling unit production cost. Also taken into account are the impact of factors such as the possibility of another wave of the Covid-19 pandemic and the ongoing war in Ukraine, though at the moment these factors do not appear to be material for our business. In terms of opportunities there are the forecasted rise in metals prices and the continuing high USD exchange rate. Another opportunity is the decrease until 30 November 2022 of the minerals extraction tax.