

Summary of questions raised at the Results Conference for the 4th quarter and 2022

1. What are the main assumptions of KGHM's 2023 Company Budget?

Answer: The Management Board of KGHM Polska Miedź S.A. announced that on 21 December 2022, the Supervisory Board of KGHM Polska Miedź S.A. approved the Budget of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group for 2023. The regulatory filing in which the main assumptions of the Company's Budget for 2023 were published is available on the corporate website: [Main assumptions of the Budget for 2023 | KGHM Corporate Website](#)

Below is an excerpt from the filing.

Main assumptions of the Budget for 2023

Production of KGHM Polska Miedź S.A.	
Copper in concentrate (kt)	390
Silver in concentrate (t)	1261
Electrolytic copper (kt)	582
-including from own concentrate	385
Metallic silver (t)	1301
Sales of KGHM Polska Miedź S.A.	
Payable copper (kt)	607
Payable silver (t)	1303
Production of KGHM International	
Payable copper (kt)	56
TPM (koz t)	59,2
Production of Sierra Gorda (on a 55% basis)	
Payable copper (kt)	80,3
Molybdenum (mn lbs)	5,7

The expected total unit cost of copper production from own concentrate⁽¹⁾ in KGHM Polska Miedź S.A. amounts to 36.3 thousand PLN/t.

KGHM Polska Miedź S.A.'s capital expenditures on property, plant and equipment planned for 2023 amount to PLN 3 250 million, while other capital expenditures⁽²⁾ amount to PLN 2 129 million.

⁽¹⁾ the sum of costs of mining, flotation, smelter processing per electrolytic copper, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less anode slimes and divided by the volume of electrolytic copper production from own concentrate

⁽²⁾ acquisition of shares and investment certificates as well as loans

2. Should the mining capital - given the high cost of energy investments, be used to finance such projects? It is about the construction of the nuclear power plant. In other words, which CAPEX is to be used to finance this type of project?

Answer: In this respect, I would start from saying that KGHM has a broad approach to this topic. We consider both renewable energy sources, as well as low-emission sources, such as gas or nuclear energy. On the other hand, the official criterion will be the price of one megawatt hour and the level of CAPEX. These are the two key drivers of our investment decisions. In the case of photovoltaics, we have reached the stage in which we can move on to taking investment decisions, present proposals to developers; on the other hand, in the case of - let's say - nuclear energy, the time of contracting the investment project or the energy from the plant that the investor will build next-door to KGHM, is still a matter of a more distant future. By engaging in the nuclear power sector, we want to buy the ticket and board this new trend. We are counting on the fact that energy from the Small Modular Reactors (SMR) will be priced competitively and the CAPEX will be positively built into the related megawatt hours price to make it attractive for us. This seems to be the key factor. However, it is not the right time yet to know if this approach will be profitable or not. I believe that nuclear energy is key for energy production in Poland. Thank you.

3. What does KGHM's energy contracts book look like today? Did you sign any contracts when the prices of electricity were high, or higher?

Answer: As far as electricity or gas contracting is concerned, we stick by a certain mix. We can do a mix because KGHM is both an energy generator as well as energy seller and distribution network generator. Therefore we have extensive possibilities as regards electricity. That's what has led us to function based on a certain mix. It is a mix of hedging contracts concluded in the electricity or gas markets, as well as spot purchasing and term contracts. The result is a mix which reflects the average energy prices in the market as best as possible. And of course, you can always debate if the bottom-line is in the black or in the red. However, from today's perspective, as at the end of March, I am not really able to forecast energy prices for the entire 2023 and therefore cannot say if our strategy is optimal or not. I believe it is justified. Thank you.

4. Good morning, my name is Jacek Saja of Radio Plus. Given the ambitious planned investments for 2023, does KGHM plan to distribute a share of its profits to shareholders? My question is not about the actual recommendation or precise amount, it would be pre-mature; it is rather about the planned dividend policy?

Answer: Let me first address the dividend recommendation. Indeed, as you said yourself, no recommendation has been made, yet. What I can say is that from the perspective of the Management Board, it is always going to be a result of a combination of factors. One such key factor is our multi-annual view of the Company - Polska Miedź, and of the Group; after all the planned investments have been scheduled over many years both in mining and metallurgical production. Of course we would like to earmark funds to these goals. Indeed, I already said that 2022 showed that we need to invest all the time to stabilize the Company long-term. Moreover, we consider our financial needs on the one hand, and investor and market expectations on the other. Therefore, what we are going to

recommend after in-depth analysis of this topic will be a result of a multitude of factors. Thank you.

5. **The second question as regards the international assets. Given the falling production of copper, silver, and the significant decrease of the production of molybdenum and increase of the C1 cost, is it just a temporary situation? In terms of production, is it just a matter of going through an ore seam of lesser thickness and will the situation change?**

Answer: As I already said, 2023 will be characterized by the lowest head grade, in other words: copper content in copper ore in the last decade. Nevertheless, we are prepared for this, both technically and technologically. It is a transitional period. Open-pit mines based on the block caving model are characterized by a much greater fluctuation of useful minerals in the ore than is the case here, in Poland. That's why the effect is predictable. We know what to expect. We conduct deep drillings. Our 5-year plans are updated and we prepare for such situations. But going back to your question. As regards this matter, the years to follow show a clear upward trend. For Sierra Gorda, we can expect better production as well as the resulting financial results. When combined with our optimization projects, within the next five years we expect good results ensuing from our block model, resource forecasting and production plans.

6. **One more question, if I may. On one of the slides discussing production issues, we saw a significant, over 100% plan of increasing copper production from scrap until 2030. My question is whether it will require extra investment or whether the existing capacity of the Revolving Casting-Refining furnace is sufficient to generate such high levels of production growth from scrap?**

Answer: In this area, we are still in the design stage of the reconstruction of the furnace in the Legnica Copper Smelter and Refinery. But as yet, we have to wait for any investment decisions.

7. **Good afternoon, Joanna Dziubek of portal Lubin.pl. I would like to refer to the SMR reactors. Given the course of the current process which you are implementing with NuScale, is there a chance you will announce the location already this year?**

Answer: Yes, it is an important question, thank you for asking. At present, the entity that is developing the report for us is at the stage of drawing up the localization report, which will give proposals of optimum locations. By this I mean theoretical locations which are optimal from the viewpoint of construction of the future SMR installation. This report will certainly be ready this year. However, it is hard to answer the question as to whether we will accept a location before the year's end, because it depends on many factors. One of these is the program of largescale nuclear power. The point is for our prospective locations not to be the same location as that for large nuclear power plants. So as soon as we know the final locations for these power plants, the more we can speed up our work in the context of the final locations for the SMRs. As regards prospective locations that would be attractive to us, then I can say that we are already aware of a few of those. The point now is to choose the most optimal one. It is therefore quite likely that this year

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we will accelerate our work on the locations, but I would not like to make any commitments in this respect today, just because - as I have just said - there are other factors that must be considered, too. We are acting here within a certain overall ecosystem of nuclear power future in Poland.

Yes. Of course, we are a joint stock company and every division of operations has a member of the Management Board responsible for it. But please allow me to add a few words, in response to both the production from scrap as well the nuclear power theme. Ladies and Gentlemen, we consider the project of scrap processing, especially of low-grade scrap, containing less copper, as very important and very promising. It is a project which engages both the potential of the Legnica Copper Smelter and Refinery, as well as of our Subsidiaries: the companies Metraco and - primarily - Centrozłom. It is a good and interesting market for us. It also offers possibilities of increasing production, in particular in our Legnica Copper Smelter and Refinery. It will call for capital expenditures of course, but it is a project promising many future benefits for both our Company as well as the entire Copper Basin. This project will be consistently implemented, we consider it important, as strategically important for the future of our whole Company. That is how I would summarize it. Indeed, very soon some actions on our part can be expected, such as announcements regarding the successive milestones of this project having been achieved. Of course, you are asking directly about capital expenditures. And the answer is: yes, it does require capital expenditures, and we are ready for them. With SMRs, Ladies and Gentlemen, the situation is exactly as President Wodejko described it. Very many nuclear power projects are being considered in our country as we speak, and it is very good, because it is about our strategic energy security. However, it is not a race. We are not in any race, because all of us engaged in nuclear power projects in Poland pursue one shared objective - to ensure the energy security of the country. Furthermore, the matter is of key importance for KGHM itself. But in this context, the energy security of KGHM is tantamount to the energy security of Poland. If we are the second largest consumer of energy in the country, then securing our needs equals securing significant needs of the national power system at large. Of course, we are talking about very large projects here. And you, Ladies and Gentlemen, are very well aware of what kind of projects such large projects are. Let's say there is the Korean project, and the US project. As of today, these projects have not yet named their locations, or perhaps the Korean project has. Whereas our work is at the stage of our own analyses. These projects are dependent on other large projects being developed right now, and there are also legal conditions that must be taken into account. There is a whole body of legal regulations specifying where a nuclear power block may be located, and where it cannot. There is a whole range of laws that restrict our choices in this respect. So this also is something that we must take into account. We have started the process, we also have a partner who is helping us in professional execution of such a location study. I believe that we will be ready to receive the results of these analyses this year.

8. What are KGHM's assumptions for annual average prices of copper, silver, US dollar in 2023?

Answer: Well, my answer is that we do not disclose this data. This year, in keeping with our disclosure policy and the tradition so far regarding budgetary assumptions published to the market, we show volumes in the individual segments, total unit cost for the production of electrolytic copper in Poland and we show the planned CAPEX. In other words, the assumptions in respect of the price trends or currencies are not presented.

9. If and when could you revise your budget plans as regards the volumes of KGHM INTERNATIONAL?

Answer: In the context of these volumes, the main project, the most important mining operation is the Robinson mine. I just returned last week, on Saturday, from Nevada. I visited the mine and had many working meetings to evaluate its operations. My visit was also related to the complex weather situation and geological conditions, as well as the block model. As I have already mentioned, the high contents of soluble copper and zinc have very negative impact on recoveries and reduces processing. As for the weather itself, this year has brought snow and rainfall which, according to the statistics, have been the highest in 130 years, and these conditions definitely have a huge impact on the efficiency and availability, productivity and use of mining machinery. As a result, we have developed and agreed a plan to prevent and mitigate the effects of these conditions. Measures have been taken. Now we are waiting for their effects. Today it is still premature to take any decisions to change our budget assumptions. Thank you.

10. What measures are you taking to optimize your assets portfolio?

Answer: Ladies and Gentlemen, optimization of the assets portfolio is a part of our everyday activity - in the work of the Corporate Governance Department, in meetings with persons responsible for individual companies, with the Management Boards, their Presidents, as well as in the course of the ongoing work of our Management Board. We do this to find solutions that will allow us to - exactly - optimize and use our assets as best as we can. The large projects we executed last year are definitely noteworthy. In Q1 2022, we sold a portion of our hotel assets to the Polish Hotel Holding for about PLN 200 million. This cash is now in our accounts, waiting to be profitably earmarked to investments in the other part of our operations, included in our strategy, a pillar of it actually, meaning health. We also reorganized our fund structure. It is also noteworthy. We moved assets from our health resorts to the operational company Cuprum Zdrowie. The assets were moved last year. As regards our actions in respect of the fund structure, in December last year we liquidated the FIZAN VII fund and deleted it from the registries. And working with an external advisor (which is also worth noting) we have been able to select an entity - on good terms and conditions and based on a transparent proposal - which acquired the Fund Management Company from us. In other words, every day we ask ourselves the question as to how to use our assets in the best possible way and optimize our processes. This is what we do every day. Thank you.

Let me add, from the energy and power aspect of things, that we also invest into our company Energetyka. As we announced just recently, the company's share capital was

increased with the view to replace the fuel source in the Legnica CCGT with a low-emission unit. It does show that we are also making our contribution to lower emissions through business decisions, guided by a sense of responsibility for lowering emissions, for this energy mix. Thank you.

11. Does KGHM wish to become a more diversified mining company, such as BHP or Rio Tinto, or does the Company look more in the direction of Freeport?" So it is a question somewhat inquiring about the business model at a strategic level.

Answer: We are currently very intensely involved in a strategy review. This work encompasses the entire structure of our Company. I know from my experience of developing strategies in various organizations - and I have gained this experience in very many institutions and companies - that a strategy should in principle be developed in a shared bottom-up effort, and not so much be an imposed model. Of course, the role of the Management Board is key. We will take the final decisions, especially those regarding the future directions of development. Yet at the present stage, the whole management team of our Company is engaged in this review. It should provide answers to us as regards the need for, requirement of, and grounds for possible modifications. This review is very important for us, and a strong focus of our current actions. At the same time - and I have said it many times already - we are a Company that wants to maintain a very strong focus on its core business, and I would like it to be this way. And our core business is not only mining, but metallurgy as well. Just a moment ago we were discussing low grade scrap and the project implemented in the Legnica Copper Smelter and Refinery. We are a production company. We are also pursuing objectives to develop our product line. There is a lot we can be proud of. Then there are actions in respect of the power sector. Almost everything in this respect has recently been linked with the energy sector, low-loss conduits - it may be a very interesting product in this market. So definitely: more focus on our core business. Obviously, KGHM is not and will never be an energy company. Indeed, we are asked many questions to this effect and frankly speaking I believe that we are asked too many questions in the context of energy projects. Yes, we do implement energy projects and will continue to do so in the future. We are not withdrawing from these projects, not a single one of them. These are important ventures because we are a very large consumer of energy. So the projects are a part of our work. However, our business ambitions lie in our core business, which is primarily mining and metallurgy. Thank you.

12. My name is Andrzej Jędrzejewski. I am a journalist from Polskie Radio Wrocław. In this very room, when we heard from the previous Management Board Members about the SMR projects, it was suggested that they could start generating electricity around 2027, 2028. It kept changing a little afterwards. How do you see it today? When will it happen? I know it is not a race, but on the other hand we are talking here about a very important sector of our economy.

Answer: That's right. It is not a race, because the point is about having facilities that are optimal both in terms of technology and prices. So that we do achieve real benefits. At the same time I would say that to some extent we are dependent on the technological progress across the Atlantic and in other western countries as well, where the work on

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SMRs is already underway. And here - as you rightly note - the dates seem to move slightly due to fact that the advancement of this work, its complexity, also linked to certification in the United States, Canada or the United Kingdom and France - seems to roll over as well. We see the same postponement of commissioning or construction of the first unit, indeed primarily in the United States and in Canada, where this work is most advanced. And in a way we are of course dependent on these processes, as it will have an impact on where the first SMR unit for KGHM in Poland will be built. At the same time, however, we hope that it will happen as soon as possible. We hope that the SMR technology will develop rapidly and offer important future opportunities for the energy market in Poland. If I may, Mr. President. I am sorry; but taking advantage of my role here, since I am also talking to you about our projects. I am not sure that from the start of the project we have declared the year 2027? If indeed we can talk of a delay here? It was a period of seven years and 2029. Perhaps if some positive scenarios were entertained, a sooner date was mentioned. However, I can say responsibly that the first current report on this project stated 2029, as the first date predictable under the model. Of course, it is not my intention here to change or elaborate too much on what the President has said. Thank you.