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**PRESENTATION OF THE FINANCIAL RESULTS  
OF THE KGHM POLSKA MIEDŹ S.A. GROUP  
FOR Q4 AND 2022**

**23 MARCH 2023**

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Ladies and Gentlemen, I am honored to welcome you to this conference dedicated to the financial performance of KGHM and the KGHM Group for the fourth quarter and the whole year 2022. Our performance will be commented on by KGHM's Management Board: Mr. Tomasz Zdzikot, the President of KGHM Polska Miedź S.A., Mr. Mateusz Wodejko, Vice-President of the Management Board (Finance), Mr. Marek Świder, Vice-President of the Management Board (Production), Mr. Mirosław Kidoń, the Vice-President of the Management Board (International Assets) and Mr. Marek Pietrzak – Vice President of the Management Board (Corporate Affairs). Together with the Management Board, we also have Janusz Krystosiak, Director of the Investor Relations Department. Ladies and Gentlemen, to start, I will give the floor to President Tomasz Zdzikot.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** Thank you very much. Ladies and gentlemen, first of all, welcome to Lubin. There is a reason why we are meeting here. As you well know, our company is a global operation. We do business globally. We are one of the world's leading producers of copper and silver. We are also impacted by global factors that affect our performance, which we will also be discussing today. However here in Poland, we are a very local company with strong ties to Lower Silesia, the Copper Basin. This is where KGHM's heart beats, so thank you very much for accepting the invitation to meet us at our head office in Lubin.

Ladies and gentlemen, the results we are presenting to you today, which we have published and which are available to the public, are good. We are happy with them. They are the result of the hard, difficult and responsible work of our employees, for which I would like to use these introductory words to express my sincere gratitude to our employees here in Poland, as well as to all those we employ in our international assets. For obvious reasons, it would be difficult to invite you to a results conference for example in Chile or Nevada, so this is why we are here in Lubin. Among other things, we are going to talk about the last year's production results of Polska Miedź, with which we are also very pleased. Ladies and gentlemen, the results we are going to talk about are the result of the work of our employees. They are also the result of the work of two

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Management Boards of our Company, in which continuity was guaranteed by President Marek Świder, who is responsible for production, and President Marek Pietrzak; they will also have the chance to talk to us about the achievements in the areas they oversee. As I said, our results are good. We are happy with them. Especially when we consider that they were achieved during a difficult period. A difficult period, which was due to the situation related to the global COVID-19 pandemic, which continued into 2022 and, in fact, is still ongoing. These are factors that affect global supply chains, economic demand, especially in markets as large as China. Then, of course, there was the war. The Russian attack on Ukraine, the war beyond our eastern border – these are events and circumstances that are not neutral for the economy, not neutral to large organisms operating globally, such as KGHM. That is why we are all the more pleased with these results. Now to get into details. In 2022, we earned revenue of nearly PLN 34 billion. This is an increase of almost 14% compared to 2021. The revenue growth is, of course, driven by issues related to the sale of our main products: copper, but also silver and gold. We will go on to talk about some of the other factors that have impacted our revenues. Certainly the news that we are up 14% and approaching PLN 34 billion is good news. We have also had the opportunity in previous meetings to talk about the fact that our Company is strongly focused on growth, we are focused on investments. We also want to use this objectively difficult period to create a stable basis and foundation for KGHM's future development. Therefore, we would like to emphasize that in 2022 we reached over PLN 4 billion in capital expenditures within the Group and this year, in 2023, we are planning very significant investments related primarily to our core business, the deposit access program, the GG1 shaft, the GG2 shaft. Capital expenditures are very important to us. We are very committed to them. I have already thanked the employees. As an employer, we make every effort to ensure safe working conditions for our employees, so let me start with that. This will certainly be addressed in greater detail by President Świder and by President Kidoń. That we achieved the best performance in history in terms of accident rates. The rate you can see on the board is the lowest in the history of our company. In 2022, we managed to reduce the number of accidents significantly. This is something we are very pleased with. The safety of our employees in such difficult, responsible and risky jobs is extremely important to us. Now, about the things that affected our results, you are certainly very well aware of them, but it is always worth repeating that our main products and their valuation on the world markets are subject to change. Of course,

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we believe that copper, our main product, which is critical to the energy transition process, is and will continue to be important. The outlook for copper is good. Without copper there will be no energy transition. We think this growth in copper is relatively safe. It cannot be linear, but we believe that the prospects for copper are good. That doesn't mean they will not be fluctuating – this is something you can see on this slide right here. Ladies and gentlemen, copper prices are volatile. You may recall that in 2020 copper prices fell sharply on the wave of uncertainty surrounding the outbreak of the COVID-19 pandemic. At that time, they were fluctuating even around USD 4,500 per tonne. In 2022, in the first quarter, they approached USD 11 thousand per tonne, only to drop later. The year ended 6% lower on average than in 2021. The average price of silver, our other very important product, also fell. However, the strengthening of the US dollar had a positive impact on KGHM's results. Our Company makes settlements mostly in that currency and it had a positive impact on our financial performance. Even though the operating result was slightly lower than in 2021, we consider it to be very good. EBITDA at nearly EUR 8.9 billion is a result that we are satisfied with. I have already spoken about it briefly and my colleagues will probably continue, President Wodejko will talk about that – about the factors that drive our results. Some of them I have already discussed. But there are many more. There is, of course, the question of energy prices, which skyrocketed in 2022 in the context of the Russian aggression against Ukraine. You can see a graph showing how the prices of our main product behaved, both in US dollars and in Polish zloty. And here we have this confluence of factors related to the pricing of copper and the US dollar exchange rate. These factors contributed to the result that we are pleased to communicate to you today. The result is good, and it is, I repeat, satisfactory to us.

Strategy. Ladies and gentlemen, in our previous meetings we discussed that we are currently conducting a process to review the KGHM strategy. We are doing this very actively. However we are still implementing the strategy that has been adopted, approved and communicated. On this slide you can see the key success factors within our strategy. Key achievements, so to speak, in 2022. Achievements on the way to its implementation, or until 2030. As you can see, we have very positive results in terms of domestic copper production, which we can say is significantly closer to the level estimated for 2030. We also have an increase in copper recycling. This is a trend that we believe is important. Copper recycling is the direction we want to go in. We are conducting investment activities, especially in the Legnica Copper Smelter and Refinery. We will continue

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them. This is the direction we want to go in. In 2022 we showed that this is our chosen direction, by successfully implementing these strategic intentions. The return on capital employed has increased. I have already mentioned the accident rate. The important factor here is what I mentioned when I introduced my colleagues from the Management Board, because we also have success with regard to the companies in our Group. As you can see, we have an increase in the number of external contracts outside our Group. We see this as very positive. We are pleased that our companies are active and able to attract customers and business partners other than the Parent Company. Production. I am sure President Świder will discuss this in great detail. But the production in Polska Miedź has increased. We are pleased that production at Polska Miedź is stable and follows an upward trend. The payable copper production of 733 thousand tonnes is a good figure. Production in international assets, as we have already communicated to you, at least in Sierra Gorda, depends on the deposit model, in which we are currently mining deposits with lower copper content. President Kidoń will probably want to say more about this. To close this introduction and overview – and I will give the floor to my colleagues in a moment – once again, the operating result is almost PLN 8.9 billion. Importantly, the net result is nearly PLN 4.8 billion. I read comments in the media this morning that it was close to 5 billion. This is true, of course: we are close to 5 billion. Given the macroeconomic situation, which, as I said, is related both to the ongoing pandemic, especially the COVID prevention policy in China, and to the war that has started beyond our eastern border, I think our results are optimistic. They provide a stable basis for the growth of our company and allow us to think optimistically about investing in the future and building the value of our company, both here in Poland and in our international assets. So that was my brief introduction, now on to you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much. I will now ask Marek Świder, Vice President of the Management Board (Production), to take the floor.

**MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION):** Good afternoon. As President Tomasz Zdzikot said, the safety of our employees is a priority in the KGHM Group's strategy. You can see the accident rates presented for our Polish assets. You can see a

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significant reduction, minus 10.3%, in LTIFR. As we have already mentioned, 2022 was the safest year in KGHM's history. Of course, we have the ISO 45001 certificate for the Occupational Health and Safety Management System and the Company was once again awarded the Golden Card of the Safe Work Leader. The Group's payable copper production of 733 thousand tonnes of payable copper, divided into two segments: Polish assets and international assets. I will focus on the domestic assets. KGHM Polska Miedź S.A.'s production performance: ore mining - 30.5 million tonnes with dry bulk content of 1.45%. This gave us a positive result of 1.7% year over year. Production of copper in concentrate: 392 thousand tonnes with a content of 22.4%. Again, the result improved by 0.3% year over year. Production of electrolytic copper in the Polish assets is 586 thousand tonnes. Production from own concentrates is 382 thousand tonnes, up 1.4% year over year. As for silver production - 1,298 tonnes of metallic silver. It went down 2.6% year over year. But here everyone can see the bar from the fourth quarter of 2022. In the Precious Metals Unit, we carried out an overhaul, so the outcome was down 34 tonnes year over year. All of these results that you see are well ahead of budget. Thank you very much.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you Mr. President. I will now give the floor to Mateusz Wodejko, Vice President of the Management Board (Finance).

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** Good afternoon. Before I start to discuss the Company's performance in more detail, I wanted to highlight what the CEO said, that our assessment of 2022 is good. Why is that? In fact, if you look at the 2022 budget assumptions as well as multiple years, the 2022 results were among the best. Of course, in the financial reports and in this presentation that we are currently showing to you, the reference year is 2021, which was an exceptional year, a very successful year for the Company. But if you look at the details, 2022 is also nice and it was also a very good year. Ladies and gentlemen, I want to start by talking about sales. If we look at the sales achieved by both KGHM Polska Miedź S.A. and the KGHM Group, they are only slightly lower than the 2021 result. If we look at the consolidated net result from sales, this result was PLN 4,344 million versus PLN 4,710 million in 2021. Declining by

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only PLN 300 million or so. Similarly, at the standalone level, the net profit on sales was PLN 3,966 million compared to PLN 4,104 million in 2021. So it was only PLN 100 something million lower. And we achieved this despite numerous unfavorable macroeconomic factors, which we will discuss further later. Moving on specifically to Group revenues. As we have said, Group revenue from contracts with customers increased by nearly 14%. The change in product sales volume was up PLN 51 million. This is driven mainly by KGHM Polska Miedź S.A., up PLN 427 million, while KGHM INTERNATIONAL is down PLN 376 million. There was a change in prices of primary products; this is also driven mainly by KGHM Polska Miedź S.A. A price change, which was up PLN 4,390 million. Another favorable element: an adjustment of income on account of derivatives. In 2021 it was at minus PLN 1,651 million, now minus PLN 182 million. That was recognized mainly in Q1 and Q2. The second half of the year was already much better. And in terms of other factors, it is mainly about Polska Miedź and the domestic companies. This includes higher revenues from sales of primary products, goods other than copper, silver, gold, and an increase in revenues of domestic companies. A bit more, perhaps, about the fourth quarter. Ladies and gentlemen, the fourth quarter of 2022, which we have not yet had the pleasure of presenting, was also quite good. You could say that it is positive compared to Q3 in terms of customer revenue. Accordingly: consolidated PLN 8,151 million, standalone PLN 6,646 million. Unit cost C1. Ladies and gentlemen, in terms of the Group, the increase was 12%, Polska Miedź was up 5%, KGHM INTERNATIONAL up 7%. These are not high levels of C1 growth in relation to the situation, to the macroeconomic factors that have put enormous cost pressure on mining and metallurgical production worldwide. This cost pressure resulted mainly from electricity prices, gas prices and derivatives in the form of materials, which – in these kinds of mining, metallurgical production operations – are driven predominantly by exactly these base values: by increases in electricity prices and gas prices. As far as Polska Miedź is concerned, we obviously felt a positive impact of the reduction of the minerals extraction tax, for which we are grateful to the government of the Republic of Poland that this relief was in effect in 2022. For KGHM INTERNATIONAL, it is mainly the decline in production volumes at the Robinson and Sierra Gorda mines. President Kidoń will talk about the geological and technological situation. Because these technological factors, to some extent, caused this increase in the C1 unit cost. Ladies and gentlemen, I wanted to show you a slide depicting energy prices. As you can see, the second half of 2020 in particular was a period of very high energy prices.

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For example, while the increase in the KGHM Group's cost of sales, selling costs and administrative expenses increased by 17.6% year over year, the cost of consumption of materials and energy rose by nearly 33%. If we consider that these costs include purchased copper-bearing materials, which increased by more than 24%, which is less than the 33% mentioned earlier, you can see that the main cost driver – material and energy prices – has already increased by more than 45%. That was the price environment, that was the cost environment that we faced in 2022. In particular in the second half of the year, which was much more difficult in terms of results. Operating results of the Group, plus our share in the Sierra Gorda joint venture. As you can see, for KGHM Polska Miedź S.A. the change in terms of adjusted EBITDA is small – from PLN 5,474 million to PLN 5.4 billion. There is a larger decrease in KGHM INTERNATIONAL and Sierra Gorda, which were equally, if not more, affected by these cost hikes, by energy and material prices, but also by the, let's say, declining copper yield from the ore. Financial results. When we look at the financial results, we can see quite an interesting pattern that I mentioned when I talked about the sales results. As you can see, the change in revenue from contracts with customers, and the change in the cost of sales, selling costs and administrative expenses are roughly quite similar. The one factor that contributed significantly to the decline in the net result is the difference at the level of the result from joint ventures. Here we had a different situation at the consolidated level of PLN 1,419 million, but also at the standalone level, because in 2021, among other things, there was a reversal of allowances on Future 1 shares by more than PLN 1 billion, and on the write-down of loans measured at amortized cost, by almost PLN 0.6 billion more than this year. So, we could be tempted to say that the year 2022 was similar to 2021 at the operational level, while the main impact on the net result, on this difference, was the write-downs, the reversals of write-downs, where the amounts were much higher in 2021. Cash flows. Here, the situation is also quite optimistic, because if we look at our operating activities, at our cash flow statement – the consolidated one, which is positive at PLN 2,464 million – and add to that the cost of the minerals extraction tax of more than PLN 3 billion and the change in working capital, you get a figure of almost PLN 8 billion. That shows you the potential that is there. However, when we take these changes into account, as I said, operating activities are positive at PLN 2,464 million, while investing activities are at minus PLN 4,118 million of expenditure on the acquisition of property, plant and equipment and intangible assets, which is clearly important because it shows that we are making

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more and more capital expenditures and thinking about the future. Repayment of loans. We received a repayment of loans to the joint venture in the amount of PLN 789 million, as well as proceeds from the sale of property, plant and equipment and intangible assets. This refers to the sale of the Oxide project from Sierra Gorda, and we also have a positive contribution from the sale of subsidiaries, mainly the Franke mine and Interferie. The dividend payment of minus PLN 600 and, on the other side, we are taking on a little more debt. As a result, at the consolidated level, cash fell from PLN 1,904 million to PLN 1,200 million. At the standalone level, from PLN 1,332 million to PLN 985 million. On the other hand, we must make a note of a significant increase of working capital, an increase in inventories, and growing capital expenditures. So we can say that this balance of cash is not worrying; we are investing, increasing our exposure, to working capital. Indebtedness of the KGHM Group. Here I would like to note the improving structure of our balance sheet, in particular in liabilities and equity. We can see that if total assets and liabilities increased by more than 11% to PLN 53,444 million, this increase occurred mainly in equity, where it was about 18.5%. At the same time, the sum of current and non-current liabilities increased by just 2%. This shows an improvement in let's say the structural safety of our Group. Obviously, when you look at the situation in Polish zloty, as well as in US dollars, the debt is increasing. However when compared to the good EBITDA of the year 2022, this increase in the net debt to EBITDA level was just between 0.6 and 0.8. We should also mention that our plans for the year 2023 involve a significant increase in investments. So this net debt to EBITDA ratio is likely to increase; but we still expect it to remain at a safe level. However these very large, even record-breaking investments that we are planning for 2023; let me remind you: CAPEX of PLN 3,250 million for property, plant and equipment and over PLN 2 billion for equity investments – that is our idea for development. Development investments will constitute a large part of this CAPEX. Looking from the perspective of 2022, which was a good year, but also a year when we had to face many risks and threats from macroeconomic factors, it seems that the right answer is a high level of investments, especially development investments. With that, I would like to move on to the share of renewable energy sources, to our emissions, because it is precisely in the context of the measures taken in 2022, the CAPEX plans that we have for 2023 and for the following years that we are planning investments in this area. We are pursuing both RES and low-carbon issues. Both we as Polska Miedź and our subsidiary Energetyka. We are also pursuing these topics in our international assets. Here we have

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the example of the Sierra Gorda mine, where 100% of the electricity is acquired from renewable sources. However, as I said, in terms of renewable energy sources, that involves photovoltaic farms that we are developing and that we want to pursue even more. We are looking at acquisitions in that area. We are also looking at offshore wind farms with our partner Total Energy. On the low-carbon side, we are thinking about SMRs, which I think has been widely communicated. And we are continuing to work on that. So far, we are still in a sort of research and development stage, before the investment process. But we are also thinking about the future, about various solutions. First of all, we have our off-take to offer, because we are one of the largest consumers of electricity in the country. More than 3 terawatt hours. So, because we have this potential, we expect to be an attractive partner for companies offering this type of technology. Thank you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you Mr. President. We still have a section of the performance presentation to go, the one about international assets. I will now give the floor to Mirosław Kidoń, Vice President of the Management Board (International Assets).

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** I have a dual role, so I will start with a presentation on development. I would like to emphasize that the year 2022 was an extremely good year. We did achieve and then exceeded the investment level. We achieved PLN 2,877 million against the plan of PLN 2,835 million. If we look at the structure, most of it is focused on mining and metallurgy, which is our core business. We are explicitly focusing on maintaining and increasing our production capacity, but also on improving safety, because all the modernization, optimization and investment funds spent in this connection are broadly discussed with the users, with our divisions, incorporating the corrections and comments that improve safety. And because we undertake these measures in various areas, we have such a good safety record. You have often asked about the impact of our deposit access activities. In this context, we would like to present a slide showing Deep Głogów. We can see an 8% increase in the extraction of dry weight ore. The amount of copper in the ore is also up by 7% year over year. And, of course, at the bottom, silver up by 6%. In terms of the structure of our capital expenditures, I would just like to emphasize that we are focusing on our core business. The

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deposit access program, the GG-1 shaft, the GG-2 shaft, the Retków shaft. We are very focused on making sure that there are no delays here, that we deliver our investments without interruption and on schedule. Worth noting is the replacement of the machine fleet, which we will continue this year. This will, of course, improve the availability of our machinery and equipment, increase efficiency and improve the safety and comfort of our employees. As far as the implementation of environmental investments is concerned, here is our structure. We are spending more than a quarter of a billion PLN on these investments. They are broken down into individual segments. Water management, protection and quality of air, and waste management. Now, I would like to move on to a presentation of production in our international assets. However, I wouldn't be myself if I did not return to the slide presented by my colleague Marek Świder, regarding safety. The whole Management Board has emphasized the importance of safety. As you may have noticed, the TRIR indicator for international projects was 0.35. I must say that this is a world-class result. Anything below 0.5 is absolutely acceptable to the authorities, to mining authorities. And that is usually the KPI target. But we are improving year on year. We are at a very good level. Let me point out that in 2022 this very indicator at Sierra Gorda was 0.17. And this year, after almost three months, we are approaching our zero harm target, which means that we would like to have absolutely no incidents, no accidents that result in lost work time. These are very good results. However, if you look at the average, you will see that the result in Sierra Gorda is obviously better than in North America. We are paying close attention to this and I think we will be transferring these good practices from the better performing assets to the next one and the next one. Now let me go back to our chart. Here we have two bars: 2021: 104.4 thousand tonnes of payable copper versus 2022: 90.8 thousand tonnes. So a few words on how we were able to achieve these results. Personally, along with the Management Board, I am very proud of them. 2021 was an absolute record year in terms of payable copper production at Sierra Gorda. In 2021 we had the highest head grade of copper in the last decade and we achieved an almost 30% increase in throughput and mineral delivery from our open pit mine. If I go back in history, 2014, 2015 to 2017, we had throughput in the range of 80 thousand to 100 thousand tonnes per day. The design assumptions of the Sierra Gorda mine offered a theoretical possibility of up to 110 thousand tonnes. However by 2021, we had achieved a throughput of 129 thousand tonnes. We are the only mine in Chile to have exceeded its design parameters. This is a significant achievement that has attracted the attention

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of our competitors and also the Chilean government, which is interested in developing low-copper grade deposits and attracting potential investors. We are an example of a company that knows how to exploit low grade deposits and make them profitable. This experience is very important for the future of KGHM, because higher grade copper deposits in the world are starting to run out; they are going to be very rare. As a result, most of the major mining companies and leaders will have to switch to different tracks, to a different strategy. And with this performance, we show that we are one step ahead of them. A few words on how we got to 130 thousand. We started from the mine, from increasing defragmentation. Explosives that fragment the material are the cheapest. Compared to mechanical processing, this is the best way to reduce costs and increase production levels. This, obviously, is not that simple. You need to find a balance between the stability and safety of the mine and the power of the blast and the timing between the blasts. But we were able to reduce the P80 from the mine to 7 inches. With the gyratory crusher, which is the first stage, we have really done something amazing here. We have increased its capacity from 110 thousand tonnes per day to 160. This is our own Sierra Gorda project, we are the owners of this project. Although the manufacturer of the crusher is FLSmidth. Moving on, we upgraded the cone crushers, the HPGRs, the very efficient hydraulic presses. We achieved a capacity of 3 thousand tonnes per hour and increased the pressures significantly to 150 bar. These are very important achievements. We upgraded everything in the process. Pumps, hydrocyclones, mills, and we reached 130 thousand. Now please imagine: without those optimization measures, the performance would be 30% lower. Would we have achieved what we set out to do in 2020, that is to reverse the flow of money, which is flowing from Sierra Gorda to KGHM today? I can assure you that we wouldn't have achieved that. When we consider the history and the results of 2015, 2016, 2017, and the copper content of 2022 or 2023, we would not be a profitable mine. And today we are. It is KGHM's success. KGHM knows how to mine low grade deposits. Let me give you a couple of such interesting examples. We have three Guinness World Records for daily production by excavator. We have an operator who has broken the world record three times with an excavator. The latest record is 240 thousand tonnes of excavated material per day. That is almost twice as much as KGHM extracts in a day with its shafts. And he did it with one excavator. I'm sorry I never told the world who he is, because I'm just protecting him so nobody can steal him from us. There is a lot of competition in Chile when it comes to the labor market, so this is very important. Of

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course, we have achieved all of this while maintaining and improving occupational safety, which is very important and is very much appreciated by the government. Last year we were able to obtain a permit to expand the TSF tailings pond. This information is very important for us. It is not easy to get such a permit today, but thanks to our model cooperation with the state administration, with local communities and the Chilean government, we have achieved this success. This will significantly reduce our CAPEX over the life of the mine. In connection with the above, I would like to say that even though 2023 will be the year with the lowest copper content in our ore in this decade – that is the phase that we are currently entering – we will still make money on our operations and we will remain a profitable mine. As far as KGHM INTERNATIONAL and our production performance are concerned, we have a 22% decline in copper output. This is mainly due to the missing production from the Franke mine, which has been sold, and lower production from the Robinson mine – a decline of almost 7 thousand tonnes due to lower feed volumes and 14% lower recovery. The Robinson mine is quite a complex mine but we can see its potential and the challenge. I believe that the same project that we had at Sierra Gorda, the *Debottlenecking* project, which allowed us to analyze and diagnose the bottlenecks and identify the potential trade-offs that would allow us to achieve higher throughputs, better recoveries and therefore ultimately higher production at low CAPEX, should also be launched at Robinson. I have already spoken to our Management Board. We will initiate such activities. Firstly, however, we want to stabilize the situation at the mine. The weather is not helping at Robinson today. You heard about the recent Oscars. It was raining. I can assure you that it looks much worse two thousand meters above sea level. The amount of water and snow there today is making our operations extremely difficult. And unfortunately we are entering a very, very complicated transition zone with a high zinc content, which affects the recovery and the quality of the concentrate, as well as a large amount of soluble copper, which reduces the efficiency of the kinetics of the flotation machines because it increases density and viscosity and does not allow these precious particles of ours along with the foam in the bubble to float beautifully to the surface. But of course we are going to create a team to work on this and we are going to set targets for ourselves later this year and a time schedule for achieving those targets. Let me go back to what I was talking about earlier. These 2022 cash flows that we can see on the screen now would not have been possible without the modernization, optimization and debottlenecking project that we conducted in the recent years. There were many

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people were working this, in Poland as well as in Chile. We have great people there, including Chileans. We have to recognise the good engineers from South America. We created the Development Department, the debottlenecking project, projects related to Kaizen, to various ideas, to workshops, to informing our people about current performance. The atmosphere at Sierra Gorda is excellent and people are highly engaged and motivated. I hope to be able to transfer all this to North America and improve the assets we have there. Although, if I said today that Sierra Gorda is excellent, I think my boss might say that I should be replaced because I'm not going to implement anything anymore. But I must assure you that we are not stopping in our efforts. Our goals for Sierra Gorda are even more ambitious than they were three years ago. Sierra Gorda is also a project with potential that needs to be exploited. And I am talking about further exploration, about taking advantage of the concessions that we have. I am also talking about further increasing throughput and working to optimize our mining facilities in Chile. Thank you very much.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Ladies and Gentlemen, at this results presentation conference today we have with us the Management Board in its full composition, including Mr. Marek Pietrzak, Vice President of the Management Board for Corporate Affairs. We have agreed with the President that he will be available in the second part of our conference, to answer your questions. And now I will ask President Tomasz Zdzikot for a summary of this presentation.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** Very briefly. Ladies and Gentlemen, we are working in very difficult times. We have presented our results, which are good despite the objectively difficult external circumstances. There are very many objective external factors that have an impact of KGHM's performance, and we have discussed them today. They include changing prices in the copper and silver markets. Then there are the cost pressures. President Wodejko elaborated on them discussing the energy aspect. It is all very important to us. We are Poland's second largest energy consumer. And it is absolutely evident that the cost pressures have an impact directly on KGHM, but also on our business partners, our business environment, and ultimately a very strong impact on our results. Our CFO very rightly mentioned

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the growing C1 cost, however let us not forget that this cost growth is still much below the inflation rate. Currently, inflation in the euro area reached 10%, and in some countries of Central Europe, for example in Hungary, it comes close to 25%. External circumstances have a very strong impact on our work and are of important relevance to our performance. In the context of our competitive market, to achieve such results calls for a huge commitment by our entire Company. That is why I shall stress again that we are very pleased with our performance. In anticipation I will say already now that very many questions are addressed to us as regards energy projects. Ladies and Gentlemen, of course energy projects are important to us. Indeed, it is quite evident. Given that we are a very large electricity consumer, and considering the volatile energy market, it seems only reasonable to aim for more energy to be generated from our own sources. Of course we cannot forget that, for example, the combined cycle units do not always achieve the same efficiency. It was very clear in 2022, due to gas prices - to name just one factor. Indeed, we are active in all energy-related areas, be it in photovoltaic projects, our own generating sources or potential acquisitions. Moreover, we still participate in on-going off-shore work. We have a nuclear power project. This one is the most controversial, it's quite understandable. And it is progressing as expected. Our US partner, the company NuScale, is obtaining - or rather overcoming - successive certification steps in the United States. We are partnering with this company. But also let us not forget that these are not projects that will see the kick-off of construction works for new nuclear reactors as early as next year. As President Wodejko said, these are more research and development projects in nature. And we move along this path consistently, because we are a large electricity consumer and would like to have as much energy as possible generated from our own secure sources, giving us a stable price level. Ladies and Gentlemen, the results that have just been presented to you are optimistic. They are sufficiently optimistic to allow us - to pre-empt possible questions in this respect - not to plan any redundancies. The employment level in KGHM is stable. As is our entire Company. It is a of huge value to us, that our employees, both here, in particular in the Copper Basin, but also across our Group, have an extremely strong bond with the Company. Frequently these are whole life stories, or histories of many generations. Our employees are KGHM's patriots. I have immense respect for this and appreciate that our performance is a result of the hard work of our employees. Whereas we, as the Management Board of the Company, are in charge of ensuring that KGHM operates in a stable manner. And this is what we do. We should

remember that in recent years we have already had copper prices oscillating around or below USD 5 thousand per tonne as well as above USD 10 thousand per tonne. Irrespective of energy prices, of the cost pressures, KGHM is stable. Today our Company can proudly announce its very good operating result. We achieved close to (that's how the press words it) almost PLN 5 billion of net profit. In these very hard times, we believe these are positive results. That is all from us. Thank you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Thank you to all the Members of the Management Board. Ladies and Gentlemen, we can now move on to the second part of today's meeting. It will be devoted to your questions, questions of the media representatives present in this room, as well as representatives of the financial market, banks and analysts. I would like to remind you that we continue to wait for your questions to be sent to our inbox at [ir@kgm.com](mailto:ir@kgm.com), and that our conference is broadcast live on the [kgm.com](http://kgm.com) webpage. We will try to stick to the 25 minute time limit planned for this part of the event. I would like to thank the media for your being with us today. There over 15 media organizations present in the room. Thank you all very much for coming in this high number. Even our Warsaw conferences at the Warsaw Stock Exchange do not enjoy such a positive and numerous presence. So thank you again to all of you. We really appreciate it. I will now hand over to Director Janusz Krystosiak, as we are starting from questions presented by analysts.

**JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. Just as the Director has mentioned, I first would like to take the questions sent to our inbox dedicated to Investor Relations. Two questions were sent. The first one relates to our energy investment and the energy mix. As the President has already noted when addressing the topic, there are indeed many questions in respect of energy investment projects. To provide a more precise answer, I would like to ask Vice President Mateusz Wodejko, our CFO. And the second part of the question that I would like to ask for the answer to be expanded somewhat, is: 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

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finance this type of project?

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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.

**JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. The second question to the President also concerns the power sector. The question was asked by Mr. Jason Fairclough, Bank of America: What does KGHM's energy contracts book look like today? Did you sign any contracts when the prices of electricity were high, or higher?

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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

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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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much. While we are waiting for other questions being sent to us electronically, I will now give the floor to media representatives. If I could ask you to introduce yourself first, so that we all know which medium and who is asking the question. The floor is open for your questions.

**JACEK SAJA, RADIO PLUS:** 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? My second question regards the Sierra Gorda Mine.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Mr. Saja, if you allow, we will answer the first question and the next immediately after that.

**JACEK SAJA, RADIO PLUS:** Alright.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much.

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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

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you.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. And we have the second question as regards the international assets?

**JACEK SAJA, RADIO PLUS:** Yes, the Sierra Gorda Mine. 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?

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much. Let's ask President Mirosław Kidoń to answer this question.

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** 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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. One more question?

**JACEK SAJA, RADIO PLUS:** 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?

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Very well, President Marek Świder.

**MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION):** 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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you. The floor is open for more questions from the media. Go ahead, Editor.

**JOANNA DZIUBEK, PORTAL LUBIN.PL:** 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?

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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 we will accelerate our work on the locations, but I would not like to make any commitments in this respect

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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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much. More from President Tomasz Zdzikot.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** 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

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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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. President. Ladies and Gentlemen, I am looking at the time, we still have time for two, perhaps three questions from the media. But I will now give the floor to Director Krystosiak, who will take us back to the questions being sent to the investor relations inbox.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. A question from Mr. Paweł Puchalski from Santander. I will take the liberty to answer one of them straight away: What are KGHM's assumptions for annual average prices of copper, silver, US dollar in 2023? 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. The second question from Paweł Puchalski is this: when will the Company downsize its budgetary assumptions for 2023 for the volumes of KGHM INTERNATIONAL? Mr. Puchalski also asks questions about the international segments that the President has already responded to. There was a question regarding the operations and performance of KGHM INTERNATIONAL and Sierra Gorda. I think it has already been answered as well. However, would President Mirosław Kidoń like to add something or comment on the following: if and when could we revise our budget plans as regards the volumes

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of KGHM INTERNATIONAL? Please, go ahead.

**MIROSŁAW KIDOŃ, VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):** 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.

**JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you. If I may, there is a question from our inbox. What measures are you taking to optimize your assets portfolio? As I understand, this is a question in the broader context of the Group's optimization, i.e. including the service companies. Could I ask Vice President Marek Pietrzak to comment.

**MAREK PIETRZAK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CORPORATE AFFAIRS):** 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.

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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.

**JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. I have been reviewing the questions being sent to our inbox and can see some recurring themes that we have already covered, such as budgetary goals for 2023, questions about pricing, our forecasts regarding prices of raw materials, currencies, etc. Here is a question about budget assumptions for 2023. I believe it would take too much time to list all the budget lines for 2023. I will of course get back to you with a report presenting the assumptions for our budget and will reiterate where you can find a detailed list of our budgetary assumptions - that is in response to the question posed by the investor AllianceBernstein. However, AllianceBernstein has another question. It concerns KGHM's strategic direction and business model: "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. Can we answer our investor here? Thank you.

**TOMASZ ZDZIKOT, PRESIDENT OF THE MANAGEMENT BOARD:** 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.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** Thank you very much. That is all from me as regards the questions from the capital market. I would like to remind you, just as I have promised, that the transcript, the list of questions and answers asked both during and after the conference, will include replies to the budgetary issues I referred to. It means that the answers will include a full text of the report presenting our budget assumptions for 2023, bearing in mind, of course, the disclosure principles. But to repeat, these materials will not include

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information about our assumed pricing trends. Thank you very much.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much, Mr. Director. Ladies and Gentlemen, our time is almost up, and given that our conference is broadcast, we have to abide by the originally-planned schedule. But I also know that there is one more question from the media, so it will be the last one asked here in public. As regards your other queries, we are of course at your continuous disposal. Immediately after the conference, the Members of the Management Board will remain available for individual conversations. Go ahead, the floor is yours, Editor.

**ANDRZEJ JĘDRZEJEWSKI, POLSKIE RADIO WROCŁAW:** My name is Andrzej Mierzejewski. 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.

**MATEUSZ WODEJKO, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):** 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 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.

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**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** 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?

**ANDRZEJ JĘDRZEJEWSKI, POLSKIE RADIO WROCŁAW:** We have this on tape.

**JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:** 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.

**PIOTR CHĘCIŃSKI, DIRECTOR OF THE CORPORATE COMMUNICATIONS DEPARTMENT:** Thank you very much. Ladies and Gentlemen, thank you very much. With this, we are closing the official part of our conference. Of course, the Management Board of KGHM Polska Miedź will now be available to you for individual interviews. Let me also thank all Members of the Management Board.

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

## 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<sup>(1)</sup> 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<sup>(2)</sup> amount to PLN 2 129 million.

<sup>(1)</sup> 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

<sup>(2)</sup> 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?**

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**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 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

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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 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.