
**PRESENTATION OF FINANCIAL RESULTS OF THE KGHM POLSKA MIEDŹ S.A. GROUP
FOR Q1 2022**

13 MAY 2022

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: Ladies and Gentlemen, let me welcome you very warmly at the conference devoted to the financial performance of KGHM and the KGHM Group for Q1 2022. Let me welcome everyone on the Warsaw Stock Exchange Trading Floor. Let me welcome also the audience of our online broadcast. Ladies and Gentlemen, the effects of KGHM's operations in the initial three months of this year will be discussed by the KGHM Management Board.

Mr Marcin Chludziński, President of the Management Board.

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: Good afternoon.

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: Mr Andrzej Kensbok, Vice President of the Management Board (Finance).

ANDRZEJ KENSBOK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): Good afternoon.

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: And Mr Marek Świder, Vice President of the Management Board (Production).

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

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: Let us begin as usual, from the Management Board's commentary to the events of the last quarter. Then we will move on to a Q&A session. You can find the questions and answers from the chat that we will not be able to fit in today's broadcast and those from today's meeting, together with answers, on our website, along with the transcript of today's session. Let me remind you that you can also send questions to the online broadcast by e-mail to: ir@kgm.com. Ladies and Gentlemen, let the

conference begin. President Marcin Chludziński has the floor.

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: Good afternoon. Almost all pieces of information we have for you today are positive. There is positive information about production results and financial performance. I think that the most important piece of information is that we achieved a historically best EBITDA result in the quarter in question. Historically, meaning the best one in the history of our company. This is the first piece of positive information. Here is a slide to sum up the events of Q1 2022. Of course, and there's no denying it, prices were to our advantage. Copper prices were 18% higher year over year. It is actually quarter over quarter, as we are speaking of average prices in a quarter. Silver was cheaper. And hence the financial performance in combination with production, which went up by 4%, that is EBITDA higher by 20% quarter over quarter. Revenue growth by 33%, also quarter over quarter. The price alone, as I've already mentioned, helped and supported us. But, at the same time, the issue of better production results, a better production scale, also in relation to the year before, when the situation was already fairly good, makes all that multiply, increases our leverage, our sales and our revenues. For that matter, this is evident against other mining companies. The next slide shows that. Here is KGHM, quarter over quarter, it's the first slide from the top, in the context of production results. And we are ranked second and third among the largest production companies that increase their production. Others, in fact two only, as the top is the results of the Group and the separate result, were on the rise. Other companies from the sector generated lower production. The second chart shows the last quarter of 2021 and the present Q1 2022. And this is where we are the leader. The growth in the entire KGHM Group was 7%, and in KGHM alone – 9%. Other companies' production declined. So, we can be said to have maintained a very high operational capacity, an increased operational capacity. We are continuously increasing it. This results in a higher production, but the effect is also very strong when it comes to revenues and sales, which influences EBITDA and net profit. Had it not been for that, prices alone would have certainly aided us. But this is not enough. We're working hard on operational capacities in all our assets. Not only in Poland, but also in the international assets. And so, this is very good news, both in terms of production and finance, which is noticeable in the quarterly performance reported to the market. We're very glad about that. Whatever it is we can affect, we try to affect it every time,

in every quarter such that it works to the benefit of our shareholders and to the benefit of our business development. So much by way of introduction. I'll come back later to the conclusion. Now I give the floor to President Marek Świder to summarise the production results.

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): Good afternoon again. As regards metal production in the Group, payable copper was 193 thousand tonnes, plus 4% quarter over quarter, divided into domestic and overseas assets. In terms of percentage, 78% of our production is in domestic assets, 22% – in the international assets. Silver production of 348 tonnes, this is plus 13% quarter over quarter. And here, our domestic production is 98%. TPM, that is precious metal, production – 43 thousand ounces. This is plus 23% quarter over quarter. Molybdenum production of 1.2 million pounds. This production is lower quarter over quarter, but let me say that it is consistent with our production plans and results from lower content in mined ore at the Sierra Gorda mine. KGHM Polska Miedź S.A.'s production results, we can see them in three areas of our core production business, that is mines, concentrators and metallurgical facilities. Ore extraction of 7.7 million tonnes of dry weight. This is 2.7% higher content than planned. Electrolytic copper production of 151 thousand tonnes. This is plus 3.4% quarter over quarter and silver production of 340 tonnes. This is plus 13.7% quarter over quarter. Production of copper in concentrate, that is our concentrators, is plus 3.1% quarter over quarter. The production results achieved by Sierra Gorda, one of our international assets, are 23.9 thousand tonnes. Plus 4% quarter over quarter. The increased production is an effect of higher processing and higher recovery. Silver production is lower quarter over quarter, but this is an effect of mining a deposit of a lower parameter. TPM, precious metal, production in Sierra Gorda with no change quarter over quarter. Molybdenum production of 1.2 million pounds. The production is lower, but higher than the plan for Q1 this year. When it comes to production in KGHM INTERNATIONAL, payable copper production of 18.2 thousand tonnes. Plus 12% quarter over quarter. What contributed to the higher production was the Robinson mine, which had higher content and higher recovery. Silver production was lower in KGHM INTERNATIONAL, but this resulted from the fact that we mined a deposit with lower content in the Sudbury mine. TPMs of 15.1 thousand ounces. Plus 24% quarter over quarter. And molybdenum production with no change quarter over quarter. Thank you.

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: I would like to ask President Andrzej Kensbok to comment on the financial performance and our investments.

ANDRZEJ KENSBOK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): Good afternoon. Ladies and Gentlemen, we present good financial performance indeed. Even very good, as President Chludziński said. But I would like to make a reference to what we were talking about when presenting the annual results and to our fundamental message in recent months. I mean, we are very concerned and care about being a stable, reliable producer both in the mining area and in the metallurgical area in these turbulent times. We don't remember it all that well now, but Q1 was still marked with the COVID situation, which we handled well. The period from the end of Q1 until now has been marked with the war in Ukraine, the difficult international situation, the issues related to the expanding sanctions, to the expanding, I'd say, change when it comes to the international trade in metals, energy materials and many other commodities. So, we also take these turbulences into account. We are preparing plans or have prepared plans, we are implementing plans to prevent the impact of these turbulences on our business activity. Certainly, Q1 does not fully reflect these turbulences, but I think that when we sum up H1, we will be talking more about the measures taken to counteract these turbulences. I will tell you a bit about that. Let's move on to the Group's revenues. A 33% increase year over year to the level of approx. PLN 9 billion for the Group. Of course, the revenues do not include the revenues from Sierra Gorda. We don't consolidate them. But we're glad that the revenues went up in all segments. The greatest increase is recorded in Polska Miedź's production. Here, the growth was PLN 586 million in Polska Miedź alone. There's a slight, expected, decrease in KGHM INTERNATIONAL. But, in total, the sales growth is PLN 425 million. There's a change in prices of the basic products, as mentioned before, Q1 this year was characterised by a copper price rise quarter over quarter. The PLN/USD exchange rate changed: in Q1 last year, it was PLN/USD 3.78. In Q1 this year, it was PLN 4.13. So, it really is a significant change and it has had its consequences in many areas, but the first one we are talking about, that is revenues, is 637 in the black. There's also the issue that was a frequent subject matter of our presentations, that is the effect of hedging transactions on performance. The effect is positive here, because – although the settlement of our hedging transactions was negative, it

was much less negative than in Q1 last year. That's why the effect is good. And this area, the remaining PLN 277 million, this is first of all the impact of the financial performance of our Polish subsidiaries. They performed well, and some of them even very well, so the total growth was also good. Let's move on to the unit cost. We have an increase here, there's no denying. Fortunately, the increase is proportional to the increase in our profit. And we closely monitor the impact of costs on our financial performance. We know that some costs increase faster than the inflation rate. These are mainly energy carriers, and here mainly gas and fuels. We managed to maintain some costs at a level corresponding to the inflation rate and some even below. There are also many programmes and projects concerned with reducing or minimising the consumption of energy carriers and materials under implementation and they also contribute to the fact that we are keeping a tight reign on the unit cost. However, we know it and this is consistent with what happens in other entities, other large entities to which we compare ourselves. The impact of energy carriers is strong indeed, it is noticeable. Moving on, when it comes to the operating result, that is EBITDA, the so-called adjusted EBITDA, the increase is 20% quarter over quarter. The final result of Q1 2022 amounts to PLN 3,133 million in the operating result, which is composed to a major extent of the performance of Polska Miedź, but also of substantial growth in all other sectors. For us, it is also an indicator that, so to say, all contribute equally to the good result. Obviously, the increases are chiefly due to rises in metals prices, also the influence of FX, that is the PLN/USD exchange rate and the sales volume, which also grew quarter over quarter. In the case of KGHM INTERNATIONAL, in turn, the main factor is the rise in metal prices, but also changes in inventories to an extent. We regulate, like we mentioned on numerous occasions before, our inventories depending on the production situation in the mines and metallurgical facilities. In this case, these are the so-called phase effects. These are not permanent effects. But in this case, this is also a positive effect in KGHM INTERNATIONAL. Moving on, our financial performance, the Group's financial performance, is nearly PLN 1,900 million in net profit. It is composed primarily of the higher sales result by PLN 359 million. When looking column after column, the change in revenues is composed mainly of the change in the revenues generated from copper – over PLN 1.5 billion, silver PLN 315 million and gold PLN 77 million. As for the change in expenses by nature, which I have already mentioned, PLN 1,100 million out of the PLN 1,486 million depends on the increase in energy and material costs and approx. PLN 500 million is the increase in the costs of

purchased materials. This is because the increase in production is not related to mining only. It is related also to the processing of scrap and purchased concentrates. And of course, their prices have risen following the increase in copper costs or the rise in copper price. And hence the rise in purchased material costs. There's also an increase in employee benefits by PLN 100 million. This is concerned with the Collective Labour Agreement and the signed arrangements regarding pay rise year over year. Other components, in turn, such as the change in product inventory, the change in work in progress, are, I would say, capitalisation of the costs of the released inventory. We processed a little more inventories in Q1 this year. This result of involvement in joint ventures, plus PLN 150 million, is partly a reversal of impairment losses and an increase in our share of the profits. We also recorded some benefits in this area. The profit from disposal of intangible assets is the sale of the so-called Oxide project, which was sold to the Sierra Gorda joint venture. The contract was concluded in December, but actually performed in January, and that's why it was included in the result of Q1 this year. As I've already mentioned, a smaller negative deviation related to the settlement of hedging transactions, and hence a positive impact of PLN 130 million. Exchange differences, in turn, are in the red in the net result, because here the effect of loan valuation is the opposite. It is negative. Yet, interest revenues had a positive impact and this loan valuation, set off with interest revenues, is minus PLN 120 million. But, I would say, this is a kind of foreseeable effect of changes in exchange differences. Let's move on to cash flows. And here quite a lot was going on in Q1 indeed. We received a repayment, which means that the Sierra Gorda joint venture repaid another loan tranche. It was USD 200 million, with the share of KGHM Polska Miedź S.A. being USD 110 million. So, it was around PLN 490 million. The sale of the Oxide project also generated a positive flow for KGHM Polska Miedź of PLN 135 million. We also finalised the sale of Interferie, and here we recorded a profit of PLN 38 million in relation to Interferie's valuation. So, those were the major events. One more thing, we also spoke about the sale of the Franke mine as a major event after the balance sheet date. It took place in April, but we're mentioning it, because it really was a major event. And it was a positive event. We recorded both accounting profit and the possibility of, I would say, optimising this production portfolio. We want to develop in Chile, but I will talk about that later, when we proceed to investments. There is a whole investment programme concerned with Sierra Gorda alone, but also with the launch of the Oxide project. So, here, in Chile, we are established and simply want to be more optimised. So, in

balance sheet terms, after those changes, after those moves, we have achieved the level of PLN 3,355 million. There's a small difference here in the balance sheet report, which you might have noticed. It's related to the assets intended for disposal worth PLN 18 million. As regards the KGHM Group's debt, its level is good. The nominal value of our debt did not change. We took no measures concerned with repaying debt or drawing debt. But, due to the improvement of our cash position, our net debt dropped from PLN 4 billion to PLN 2,627 million. As a result, our net debt to EBITDA ratio at the end of Q1 was 0.3, which is a very low, very safe ratio. Also, as we indicated in previous quarters, we use factoring very cautiously. The reason is not to incur the finance costs of factoring. However, we mainly use debt factoring to an extent. We also improved our structure of loan agreements, except the ones we had already concluded or the ones which were renewed last year. This year, we will also conclude two minor amendment agreements to improve, so to say, liquidity and to reduce the finance costs of managing our current accounts and the cash pool account with which we finance the Group. So, as regards loan, bank agreements, the situation is very good. Here, we can see a deep, to speak colloquially, capacity to increase the debt if needed. Let's move on to development initiatives. This year in Q1 we made equity investments worth PLN 486 million. That is 40 million more than in Q1 last year. This is, I would say, unfortunately slightly less than we budgeted in Q1. But indeed, in the first quarter, apart from the impact on prices, we also noticed an impact on supply chains when it comes to purchases of mainly steel, steel components. Some delays, some slowdowns, some disruptions of supply chains occurred here. This concerns primarily the supplies coming from the industrial areas of Ukraine. They're being replaced with other sources. We haven't experienced any shortage of steel supplies. However, there were some delays, including some associated with the management of international trade in Chinese ports. We realise that there's a lockdown there now, so not much is going on in the ports. Some of our investment goods were also delayed and hence small, but noticeable, delays in the implementation of the investment programme in Q1. Going deeper into details, there's the Deep Głogów area that is important for us. It is an area where a lot, if not the most, is going on when it comes to development. The production is consistent with the plan here. It's only slightly below the plan. But, I would say, we're glad about that, because this means that the work in Deep Głogów is oriented more towards excavating galleries, that is excavating, so to say, in barren rock. And that kind of work doesn't provide copper extraction. Yet, it brings us, which is a priority for us, closer

to new, future mining areas. And this is the investment we must make. We simply need to build the galleries, we need to excavate them. A more specific plan of our investments, I will mention only a few issues here. Very intensive work concerned with preparations for the construction of the GG-2 shaft, that is the so-called Odra shaft, are in progress. Here, we have completed work on drilling shaftsite preparatory holes. Successive stages of the surface air-conditioning station at the GG-1 shaft and connection of the air-conditioning systems of Polkowice-Sieroszowice and Rudna. So now all the areas we have prioritised are air-conditioned, are cooled. This also translates into the future mining potential. Nearly 10.5 km of mine workings and a range of energy-mechanical projects have been completed. And here, they are related in particular not only to reinforcement of new areas, but also to the construction of underground pipelines and pumping stations in connection with drainage of the mines and ensuring full capacity of the main pumping station. So these are the mining activities. In terms of the metallurgical facilities we are in the midst of maintenance downtime at the Głogów II Copper Smelter and Refinery. This is scheduled downtime, we talked about it before. It started on 25 April. It will last 78 days. It is proceeding according to plan, there are no negative surprises there. It is an equity-based project. In Legnica, in turn, the startup of the Solinox installation for dust removal and emissions neutralisation is coming to an end. Successive stages of this installation have been launched. There's also a mercury and mercurous chloride installation. So, these are difficult installations, they have already been launched. As we've mentioned, the Southern Quarter is already operating in Żelazny Most. The work associated with launching the tailings segregation and compacting station is coming to an end. 80% of the work has been completed there. Assembly and start-up work are in progress, which is also consistent with the plan. Two more words about our energy programme. As you know, we devote a lot of attention to this issue. It's our fifth strategic E and the costs and the situation concerned with supplies of energy carriers or electricity make it a programme that is particularly important for us at present. And here, we are advancing projects that were already underway, meaning the construction of our own photovoltaic power plant in the Obora Sandpit area. It is entering another phase of construction. We have prepared other construction projects in areas owned by the Głogów Copper Smelter and Refinery and the Cedynia Wire Rod Plant. And the important events that took place in Q1 include signing a so-called Early Works Agreement, i.e. an agreement on development work and a feasibility study concluded with NuScale, an owner of

small modular reactor technology, with a view to constructing a nuclear power plant by us, in cooperation or, so to say, based on NuScale's technology. The current activities include the exchange of documentation, translation of documentation, cooperation with the National Atomic Energy Agency, preliminary permitting, identifying factors which will be useful when preparing for the permitting procedure and site determination. We have also signed a Memorandum of Understanding with a French partner, TotalEnergies, in the context of joint construction of offshore wind farms in the Baltic sea. We have also jointly applied for several concessions. In the current concession procedure, which has actually been closed, we applied for concessions for the areas that, in our shared opinion, were the most attractive. Not for all of them, but we're not disclosing details yet. The procedure has just been closed, this week actually, and the concession procedure will be carried out. But, we are functioning in the mode of, I would say, cooperation with TotalEnergies, which is also highly interested in the development of renewable power generation and is interested in doing that with us. We, as KGHM, have also entered two sector agreements. One is a sector agreement for the development of hydrogen power in Poland and the other is an agreement for the development of offshore wind energy. We're taking active part in both. We're a member, we are engaged in the activities of both these companies. You can say that we have our finger on the pulse. We're interested in both the implementation of hydrogen projects and, of course, offshore energy projects. So, to sum up, we maintain our declarations on achieving the energy independence goals, the own generation target of 50% by 2030. Hopefully, the 2030 mix will be slightly different than we expected or said 2 or 3 years ago. There will be a greater share of wind power and nuclear power there. But we are also responding flexibly to the situation connected with both natural gas prices and natural gas availability. We have natural gas energy sources here, but their use depends on the difference price of electricity production from natural gas, coal or purchased in the market. So, here we operate essentially undogmatically. We have the assets and are using them for the timeframes and under such terms as are the most economical. This is all I wanted to say. Thank you very much. President Chludziński, the floor is yours.

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: Ladies and Gentlemen, in summary, we're trying to do what we say and to say what we do. Step by step, in the context of

energy, we are implementing the idea of energy independence based on nuclear power generation. This year, we intend to submit the first formal applications related to the preliminary certification of the technology with the National Atomic Energy Agency. Our technological partner is also tightening its cooperation with other cooperators, the Korean Doosan, Samsung, when it comes to commencement of the production. We're optimistic about the issues of energy independence based on nuclear energy. We're trying to use the opportunities created by the economy, since the period of economic upturn, as we know, always lasts only some time and is followed by periods of economic downturn. What we can do is to remember that the situation in which we have found ourselves is not steady or permanent. We are also doing our best and we have managed the difficult situations, low copper prices, the COVID-related situations, the current situations we have faced, meaning the disruption of supply chains. They have occurred, but we simply need to respond flexibly. And we are showing you what we are showing. We hope that the good times will continue for us. At the same time, we are observing this reality closely while analysing trends and being prepared for various developments. This is our role as the Management Board and this is how we approach it. Thank you very much.

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: President Chludziński, thank you for this commentary. Ladies and Gentlemen, having discussed the results, we are now moving on to a Q&A session. It will be hosted by Janusz Krystosiak, the head of investor relations. I have a request concerning the online broadcast to use a microphone if possible. And since we're preparing a transcript, please mention the name of the institution or medium you represent. Thank you.

ROBERT OLESIŃSKI, "PORTAL W GOSPODARCE": You have mentioned the impact of sanctions on the company's performance. Could you please familiarise us with some forecasts how the sanctions might influence your business and performance for example in the coming quarters?

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: There are no sanctions that could have an adverse effect on us. This is because we don't have any large-scale business partners there when it comes to sales of our products. This concerns also supplies, since we may not use

supplies from the enterprises on which the sanctions have been imposed. But, firstly, the scale is not big, it is in fact a very small scale. And even if it were, we would be able to deal with it by simply replacing the suppliers with others, ones on which no sanctions have been imposed. So those were more like operational measures which had to be taken in order to adapt to the fact that the sanctions exist or that the war situation kind of exists rather than situations that impacted our financial or production performance or operational capacities. So that's how it is.

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

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

virtually 100% of supplies based on solar energy from there to meet the needs of Sierra Gorda in 2023. So that's what it looks like in a nutshell.

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

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

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

ANDRZEJ KENSBOK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): We will not adjust the budget, because the production volume of the Franke mine was not included in this year's budget. We had assumed that the sale would take place. The sale had already been well advanced.

We didn't budget the production. But your intuition is right. The copper production cost in the Franke mine did start to increase very fast some time ago. And this was one of the premises for our decision to sell the mine. It simply became unprofitable.

PAWEŁ PUCHALSKI, SANTANDER: Alright. So, to continue the topic of budget and performance. You budgeted specific amounts, I'm talking about the parent company, while the performance is very good for most indicators. Sales are not significant. This is about the production. You're several per cent above the budget. And now, a simple question. Are you going to adjust the parent company's budget upward when it comes to volumes, or was Q1 simply exceptionally good in terms of performance and the successive quarters should be accordingly poorer to adapt to the annual budget?

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

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

until tomorrow.

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): As you've noticed, the silver content in the extracted ore for Q1 is 1.48. The plan was 1.47. As President Kensbok mentioned, silver is a derivative of copper content. And this where the greater production comes from. We benefit around 6% from that when it comes to silver production.

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

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

PAWEŁ PUCHALSKI, SANTANDER: President Kensbok, you're talking about costs being set off with revenues. I'm not asking about revenues or EBITDA, because I know I won't get an answer. I'm asking specifically about costs, and costs are not affected much by your volume or the exchange rate. The inflation rate is around a dozen or so per cent now. You're talking about hedging energy by 85%, or maybe 90%, which means that here and now you're paying PLN 1,000 for the remaining

10%. In my opinion, you have full justification to adjust the budget at the cost level you've shown to investors. Unless you claim that the budget you showed, I don't remember now, in January, around the turn of 2022, is still valid.

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

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

ANDRZEJ KENSBOK, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): We did forecast revenues and EBITDA, too. But, as for costs, it's not quite so. Because we have control over consumption. But we don't have control over prices. Maybe we'd want that, but we're not able to. Of course, where it's possible to have a replacement, a substitution, we use the possibility. But we can't influence prices of energy, prices of natural gas, coal, coke or steel. The case is different with consumption. And as I've said, we've established a range of teams, initiatives, which are associated

with minimising the consumption of these cost or cost-driving factors. Also fuels, lubricants, and so on. There are many such programmes we've launched. And wherever we can control, we do control. But, I think I'll still sort of come back to the thought that it'll probably be easier for us to talk in a group of analysts on what you expect in the context of modelling costs, as we'll gladly share this. But, I think it's worth referring also to some market models, what the market says about costs of materials. We want to be sure that we, so to speak, are not at the top of the scale, I mean, our costs don't increase faster than others', to put it straight. And we reflect this in our costs, the changes caused by the war situation in the first place, we reflect them to the minimum necessary extent.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. Another question, please.

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

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

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

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

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): As for the belt conveyors, 17 belt conveyors were constructed last year. We have planned 19 belt conveyors for this year. 20 for the next year. 23 for the following one. This will certainly help us maintain lower costs, since, obviously, the closer the belt conveyors are to the mining sections, the lower the costs are. Thank you.

JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. Are there any questions? Yes. The floor is yours.

DANIEL CZYŻEWSKI, ENERGETYKA24.COM: There's this recent information about the risk of nationalisation of Sierra Gorda. Has the risk disappeared, can it come back? And if it does come back, does KGHM have a strategy in place for such an event?

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: It's true, after the

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

JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you. Speaking of our operations in Chile, let me read a question and ask the Management Board to answer it. A question from Reuters. What are your development plans in Chile? What are your acquisition plans? Are you interested in acquiring new mines in Poland or abroad?

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

JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: A question about the operation in Chile, Sierra Gorda. The question is from Mr Jakub Szkopek. A question about copper mining in Sierra Gorda. The budget for 2022 assumed a temporary drop in production. And yet, the Q1 data still show an increase in extraction. In which part of this year might the production in Sierra Gorda decrease?

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): As regards the production in Sierra Gorda, this is obviously related to mining the deposit, to a lower content parameter, and this will be noticeable in Q2 this year.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. I have another question from Jakub. This time about the minerals extraction tax in Poland. It is applicable until November 2022. Does the Management Board see a chance for the rate to be maintained at the lower level in 2023 as well and perhaps the following years?

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

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. Lubin24. What is the planned date of the overhaul of the Legnica metallurgical facilities? Could you please remind me? We've already talked about this.

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): As for the Legnica metallurgical facilities, we don't expect any overhaul in shaft furnaces this year. There are going to be overhauls in the RCR furnace, that is a scrap furnace. It's going to be June and July. Thank you.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. I still cannot see any questions from the floor. A question from Mr Arnold Fiołek. What do the price issues concerned with steel prices look like currently? What were the maximum steel prices, what are they for you currently? We've already talked a bit about material costs, too. President Chludziński, would you like to add something?

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

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you. Now a question from UBS. Let me translate it quickly: Can I ask you for some guidance about when you're intending to start higher CAPEX for the nuclear projects?

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: I'm sorry. Could you repeat, please?

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Can I ask you for some guidance about when you're intending or can intensify your expenditures for nuclear projects?

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

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you very much. I have a question from Mr Łukasz Rudnik, Trigona. Is there a chance for a higher production of

molybdenum in Sierra Gorda next year? We've talked about copper production, can we say something about molybdenum?

MAREK ŚWIDER, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): I don't have such data at the moment.

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: Ladies and Gentlemen, do we have any more questions from the floor? Ladies and Gentlemen, the remaining questions we have, I can see they are actually similar to the ones already asked, but of course we're waiting for your questions after the conference, too. Let me remind you of the address: ir@kghm.com. All questions, including the ones asked today, including the questions and answers, can be found in the transcript. We're obviously also at your service after the conference. And we do encourage you to talk to us also between conferences, that is between today's conference and the one which will be devoted to the semi-annual results. Ladies and Gentlemen, thank you very much, Presidents, Director, thank you.

MARCIN CHLUDZIŃSKI, PRESIDENT OF THE MANAGEMENT BOARD: Thank you very much.

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

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

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

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

Answer: Well, as is generally known, in the context of the Polish power industry, if the trend related to CO2 emission certificates is a permanent trend, since a lot can be reevaluated as a result of the current situation, then let's say that the needs of the energy system are big. And not only ours, as an industrial enterprise, a large consumer, but also the whole market in general, yes. As part of our projects, the nuclear power programme alone ensures us a certain degree of energy independence. But if other RES-related projects we have planned are also successful or if the nuclear power project can be implemented on a greater scale, then we're obviously ready to sell the energy to the public distribution grid. Such that we are also responding to the needs of the industry and the individual customer when it comes to access to, simply, the cheapest available energy. What is particularly important in the case of nuclear energy is linearity of supplies. I mean, we are perfectly aware, and it must be always repeated, because this is not that simple, not that obvious, that if the consumption volume is high, green energy does not ensure stable supplies. We know that the sunny season in Poland is 30%, maybe 35%, of the time in a year, efficiently. The wind, even if it is blowing, it is not blowing all the time. And our power input is continuous and actually linear, yes. During day and night, regardless of the season of the year. This is why we need nuclear power generation. And this is the direction. The situation is different in Chile, where the sun is shining in the Atacama desert virtually all the time, except the night of course. But it is shining, yes. And this is why it will be possible to get virtually 100% of supplies based on solar energy from there to meet the needs of Sierra Gorda in 2023.

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

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

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

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

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

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

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

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

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

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

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

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

9. **I understand. To end this discussion, please remember that what you are showing is costs. We, analysts, guess the revenues and EBITDA. And, let's not delude ourselves, copper, silver and PLN prices are external factors you have no control over. And, as for costs, you should be perfectly aware of how they behave. So, I'm only asking**

about the things you have officially communicated. If you provided us with the EBITDA forecast, we would be talking about EBITDA. You have provided us with the cost forecast. My question is: is it still valid after all these changes?

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

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

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

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

Answer: Your intuition is absolutely right here. There's a risk that a certain tangible scope of CAPEX will not be achieved. I mean here mainly supplies of some underground machines. But, probably, the CAPEX budget will be implemented as a result of the rise in prices. The prices of executing CAPEX projects or purchasing machines and equipment. But this, I would say, does not put our production at risk although we're not happy about that of course. But the really objective factors which have influenced the production capacities of

our machine suppliers need to be taken into consideration. These expenditures, to return again to the ones we have more control over, that is for example construction of belt conveyors, have accelerated. And what is under our control, what is possible, what also influences mining capacities, we do it or plan to do it fully as far as the tangible scope is concerned.

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12. There's this recent information about the risk of nationalisation of Sierra Gorda. Has the risk disappeared, can it come back? And if it does come back, does KGHM have a strategy in place for such an event?

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

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

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

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

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

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

Answer: This is a question to the government rather than the Management Board. Both

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

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

Answer: As for the Legnica metallurgical facilities, we don't expect any overhaul in shaft furnaces this year. There are going to be overhauls in the RCR furnace, that is a scrap furnace. It's going to be in June and July.

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

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

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

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

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

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

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

Answer: We are satisfied with the current levels of metals prices, though at the moment they are slightly lower than their historic highs this year. There are two opposing forces on

the market – on the one hand a lack of supply, and on the other hand weak demand related to the situation in China. The US Fed's policy also played a part. Recent days on the commodities market were indeed not the easiest ones for market participants hoping for continuing price increases. Silver was not the only metal to experience a sell-off, a similar scale of negative sentiment affected gold and industrial metals. In the case of precious metals, gold plays the most important role, as in the face of the Fed's hawkish policy and the marked strengthening of the dollar, it is less popular among investors. It is visible, among others, in the outflow of funds from ETFs on the precious metals market. However, since the March peaks, virtually all metals, mainly industrial ones, have been de-rating. The correction in this market is fuelled by the shutdown of the Chinese economy caused by the increase in the number of coronavirus cases and aggressive monetary tightening in the world, as well as the war in Ukraine and the economic sanctions imposed. These factors raise investors' concerns about the growth rate of the global economy in the coming quarters.

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

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

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

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

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

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

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

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

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

140mn in the prior year, what level should we expect in subsequent periods?

Answer: 1Q'22/1Q'21 – labour costs were higher by 3% due to an increase in wage rates – alongside a lower provision for the annual bonus. Additionally, labour costs in 1Q'22 were decreased by the provision for future employee benefits (-PLN 54 mn). In comparison to 4Q'21 labour costs were lower due to the provision for the annual bonus (in 4Q the bonus was calculated to equal 24%). The increase in costs of other taxes and charges was due to the measurement of CO₂ emission rights. In April we settled freely-acquired rights and the difference was less.

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

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

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

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

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

Answer: The Management Board of KGHM Polska Miedź S.A. announced that on 23 May 2022 it adopted a resolution in respect of which it will submit a proposal to the Ordinary General Meeting of KGHM Polska Miedź S.A. to adopt a resolution on the appropriation of profit for 2021, in the amount of PLN 5 169 153 267.61, by paying out a dividend in the amount of PLN 600 000 000.00 (PLN 3.00 per share) and transferring the amount of PLN 4 569 153 267.61 to the Company's reserve capital. At the same time the Management Board of KGHM Polska Miedź S.A. proposed that the Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date at 7 July 2022 and the dividend payment date at 14 July 2022. The recommendation of the Management Board of KGHM Polska Miedź S.A. results from an assessment of the current financial capacities of the Company, and takes into

consideration the advancement of the program of investments as well as the current and anticipated conditions on the commodity market. It is compliant with the existing Dividend Policy of KGHM Polska Miedź S.A., which provides for a balance to be maintained between the level of dividends paid out and opportunities to effectively invest the Company's funds given the current level of debt of the KGHM Polska Miedź S.A. Group. The above proposal of the Management Board was positively reviewed by the Supervisory Board of the Company. It should however be remembered that the final decision regarding the appropriation of KGHM Polska Miedź S.A.'s profit for 2021 will be made by the Ordinary General Meeting of KGHM Polska Miedź S.A.

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

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

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

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