Q&A – Investor call
Piotr Krzyżewski, CFO of KGHM Polska Miedź S.A.
following the publication of the KGHM 2055+ Strategy

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Ioannis Masvoulas, Morgan Stanley: The CEO recently talked about adding 100ktpa of copper via M&A. Are you looking to acquire operating assets or buy into early stage opportunities with future growth optionality?

Ladies and gentlemen, we are currently involved in several ongoing M&A processes. However, at this stage, it is too early for us to discuss details. Nonetheless, we are participating in several projects, and each of them adds value in terms of output. Some of those projects are highly operational, while others are at earlier stages. Still, our ambition and objective are to complete at least one M&A deal in the coming quarters. And I'm of the opinion we are close to achieving it. Once again, we are looking for projects that align with our strategic goals. Also, to be clear, this isn't about building a big KGHM, but about building a KGHM that will create value with each subsequent deal. Accordingly, the overarching goal is to acquire assets that we will then develop so effectively as to make them capable of generating positive cash flows for the Group and, ultimately, for the Shareholders. If the deals we are currently negotiating satisfy these criteria, they will definitely translate into volume, but above all into cash flow. Some of them, as the CEO said today, are closer to the production phase, while others are at slightly earlier stages. Yet it must also be said that, within our Group, we have the know-how to effectively transform such projects – I mean those at slightly earlier stages of progress – into production projects, as the Group has at its disposal both the hardware and the expertise as well as the people capable of bringing those projects back to life and into production very quickly.

Paweł Puchalski, Erste: Why didn't the Company present its dividend policy?

The reason is, Paweł, that the Company has maintained its existing dividend policy, which is why there's been no need to revise it. We have maintained our existing dividend policy, which – just to remind you – stipulates that we allocate up to 33% of standalone net profit to dividends. We consider this to be an important factor, and I can reiterate what the CEO said today: both in our models and in our approach to the capital allocation process, we factor in dividend payments to Shareholders. For us, dividends also play a significant role in modeling and making decisions regarding liquidity management.

Jakub Szkopek, Erste: A 50% increase in installed capacity – what portion of this will be generated from renewable energy sources, what portion from other sources, and which ones specifically?

Ladies and gentlemen, what you saw in today's presentation – because we need to discuss two elements here – was installed capacity, specifically: peak installed capacity. We demonstrated that, at peak times, it may account for 50% of our demand. Nonetheless, when converted to volume, these percentages represent our current consumption. What you have seen in recent weeks is, first, funding from the National Recovery Facility (KPO) through Bank Gospodarstwa Krajowego (BGK), which provides us with over 100 MW of solar power, co-financed with EU funds. Now we are also going to present another deal with the National Fund for Environmental Protection and Water Management (NFOŚiGW), which will also make a positive contribution through grant components. As a consequence, the total capacity of our solar power installations, including those we currently own, will exceed 200 MW. Another key point is the power purchase agreements (PPAs). As you have seen, we signed three agreements last year for a total volume of 160,000 MWh. We are also currently negotiating the purchase, or rather an extension, of these PPAs. As a reminder – this is a wind power profile, meaning that it aligns well with our needs. From this vantage point, it represents a broader concept of managing our Company's power profile and energy consumption, along with the associated models. We have some major ambitions in this area. What we have also demonstrated is that we are capable of building an energy trading business from the ground up and manage such a model effectively – both from a cost perspective and from the producer's standpoint. This is also going to be a driver that we will continue to develop and optimize, because we are convinced there is still significant potential to generate further cost savings in this area.

Ioannis Masvoulas, Morgan Stanley: In that pursuit for growth, is there a maximum leverage threshold? And would you consider building a war chest ahead of an M&A cycle?

Ladies and gentlemen, once again – this is standard way of doing business in our whole sector – we operate on two fronts. On the one hand, we continue to optimize and develop the assets we own. I believe the best confirmation of this is our latest deal – the approval to increase output at Sierra Gorda by 20% by launching the project to build a fourth ore grinding line. This is our Strategy, which demonstrates that we are capable of bringing additional volume to the market and generating additional cash flow within a short timeframe. In parallel, we are looking globally at M&A projects. As regards our "sweet spot" – that is, what we would consider the ideal project – this would be a project with an annual output of approximately 50,000 tonnes of metal, with a minimum mining life of ten years, located in jurisdictions where we already operate or in neighboring countries where we feel comfortable. Managing geopolitical risks is also part of our strategy and objective. We're considering countries like Argentina – we're also in talks there. However, regions where we have already established a foothold, such as Chile, are more favorable jurisdictions for us, because we have been doing business there for a long time and we have already developed expertise to manage local risks and navigate that environment efficiently, while also having a dedicated team of people inside the country.

Ioannis Masvoulas, Morgan Stanley: We have two questions about polyhalite, about the new project for the exploration and construction of salt mine infrastructure: What are the reasons for investing in polyhalite and reducing the share of copper and silver in the Company's revenue mix? Is this due to the greater profitability of these projects or a strategic need to diversify operations, or are any other factors at play?

Thank you for this question. In response, let me emphasize once again that we are looking at this project from the standpoint of multi-commodity operations. We have not yet made a decision or obtained a mining concession, so we still have some time ahead of us, with certain risks remaining that need to be managed. Having said that, we perceive this project as a way to build an additional business pillar, which – as you correctly noted – will, on the one hand, enable us to diversify our business. On the other hand, I can say that we feel very comfortable with joint venture projects. So I imagine that an equity partner might be an industry player that carries out similar projects in similar sectors across the world. It is important for us to manage such risks properly right now. That is why we are looking at this project and we will continue to develop it in order to obtain mining concessions. In the meantime, we will manage the risk profiles and seek suitable partners to execute the project. As our analyses and the Sierra Gorda project demonstrate, carrying out a project as a joint venture may bring added value to us – and thus also to you as Shareholders. In this context, we view this project in a similar light.

Jason Fairclough, BofA: Polyhalite. Today's reports suggest that the project might be executed, yet it does not seem to be significant for the long-term Strategy?
Ladies and gentlemen, as we have shown in the Strategy, we have a multi-commodity component. However, this is just one example of the directions we may pursue. As a general rule, I will repeat once again that we haven't made a final decision on whether we want to proceed with this project or not. We need to see what the deposit looks like geologically, what the final mine layout will be and what the final capital expenditures are going to be. Only then will we be able to make a decision. In the meantime, as I mentioned, we are also going to be looking for an equity partner to support us in this project. The ideal partner, of course, would be an industry player with whom we would implement such a project. Moreover, we have a series of meetings scheduled in Brussels to address the approach to polyhalite and the market for this mineral in the context of its assessment by the European Commission. This will also be a major factor for us to take into account before making any major investments related to the final construction of the mine.

Jason Fairclough, BofA: Is KGHM 2.0 a way to offset the declining copper output or a source of growth?
Ladies and gentlemen, in the context of our resource base, we are consistently expanding it, for instance through access to new mining areas and the construction of new shafts, as I have also discussed with you. However, we also acknowledge mineralization on the other side of the Oder River. We've already completed our first drill holes there. However, it's too early to say what this mine would look like. We've named it KGHM 2.0, partly because it serves as a sort of testing ground for us. This mine will be highly advanced in terms of digitization and automation. As part of the project, we want to design solutions that we will later deploy at KGHM as well. For us, this represents a broader concept of approaching a new deposit in a completely different manner – largely autonomous, with a different approach to transportation as well. We're specifically thinking of water transport. From this standpoint, there are many issues we want to consider for this project. I'm absolutely convinced that we are later going to deploy many of these

solutions in our existing infrastructure as well. That's why this project is very interesting to us as a testing ground for the deployment of specific technological solutions.

Paweł Puchalski, Erste: What will the total CAPEX for the KGHM 2.0 project be?
Ladies and gentlemen, the initial CAPEX related to KGHM 2.0 will be tied to drilling, because we need to thoroughly explore and assess the whole deposit. What I can say is that these will be the first CAPEX initiatives we will pursue. In the remaining scope, we will utilize companies within our Group to prepare the layout and solutions that will, in fact, enable us to determine the exact value of expenses involved. Accordingly, it is still too early to discuss the total CAPEX. If we look at the whole cycle of construction and deposit exploration, we're talking about elements that will materialize in a dozen or so to twenty years. Now is the right time to begin drilling, prepare the layout, and only then discuss the details. We will certainly get back to you with a detailed description of the project, present the CAPEX, explain what it will look like, whether it is financially viable and on what terms it should be executed. This will be a key element for me. However, I'd like to emphasize once again that, in the shorter term, this project is much more important to me in terms of testing or designing certain technological solutions that I'd like to later deploy at our existing assets – and use it as the foundation for implementing certain solutions.

Jakub Szkopek, Erste: KGHM 2.0 – what is the depth at which the deposits are located?
For now, we only have the data for the original, historical drill holes, and there were relatively few of these. However, let's keep in mind that our deposits are constantly sloping downward at a certain angle, so we're already talking about depths of around 1,400 meters below the surface. We need to thoroughly evaluate the mineralization and the outline of the deposit there, and only then will we be able to discuss more specific details. This also answers the question of why we need to modify our technology. Given the conditions that will prevail on site, mining will have to be largely automated. In this context, things will be different than they are in the currently operating mines we have in our portfolio.

Paweł Puchalski, Erste: What CAPEX does the Company anticipate for the Victoria project starting in 2026?
I believe the question refers to total CAPEX, meaning it also includes the second production shaft. We estimate the total CAPEX required to produce the first tonne of ore from the Victoria project to be plus or minus approximately USD 1.5 billion. This is the total CAPEX for this project, although I believe it is still subject to many factors. Still, as of today, this is the CAPEX figure we are projecting. I would also like to add that we are currently at a very important stage in the Victoria project. We are already at a depth of approximately 1,300-1,400 meters, where we are drilling into the deposit. The initial outline drill holes indicate that the deposit is significantly larger than we had anticipated in our modelling. As for the metal content itself, we'd prefer to come back to you with this information later, because it is precisely what will largely define the entire project. The initial drilling results are more positive than our models predicted, but we still need to

wait to collect data from wells drilled at various levels. Only then will we be able to accurately ascertain the size of the deposit. For now, however, I can say that, from our standpoint, the deposit looks much more promising than we had previously anticipated.

Ioannis Masvoulas, Morgan Stanley: Are you looking to add copper concentrate supply that will be physically shipped to your Polish smelters or could you just sell the material to the market like you do with Sierra Gorda and Robinson?
Thank you very much. That's an interesting question. Of course, on a net basis – looking at all our production assets – we are a net exporter of concentrates, so with these TC/RC rates – and I'm sure some of you saw the latest deal on Fastmarkets – specifically regarding Sierra Gorda. There, we set another record – more than minus 200 on the TC/RC for next year's contracting for our domestic assets. I would say, however – and this was also evident in our Q1 performance – that we see significantly greater added value in producing cathodes, further processing them into wire rod and selling that product. Even from a general logistical standpoint, if we were to theoretically assume today that we're shutting down our metallurgical facilities and selling all the concentrate externally, given the scale of our current output, neither the rail nor port infrastructure would be prepared to handle such a volume. We also purchase concentrates from third parties, as well as scrap metal. What is changing significantly in our production modelling, however, is the fact that it is being increasingly optimized with financial considerations in mind. We carefully calculate the production mix to achieve – as we call it – the right "cookbook," that is, the optimal "perfect blend," not only from a technological standpoint but, above all, from the perspective of financial efficiency. We can infer from our recent performance that this approach is working very well. We would also like to dive deeper with the level of management detail. That is why we made a strategic decision today to migrate our ERP system from the current SAP ECC to SAP S/4HANA. We are already in discussions to begin deployment work as soon as possible, which will also cover our production assets. We want to measure the whole technological and technical workflow and integrate it into the new SAP solution.

Jason Fairclough, BofA: I have a question about changes to the Polish tax system. Another company in the industry (a mining company) in Poland suggests that mining taxes may be reduced further.
Jason, thank you for this question. I think that if we're talking about our neighbor here – that is, Lumina – then yes, we're in dialogue with them on various issues, including taxes. It's certainly good to have an additional partner at the Ministry of Finance capable of providing an overview of global taxation standards. I myself was also at the Ministry of Finance several weeks ago to continue discussions about changing this formula. However, we must objectively acknowledge that this isn't a situation unique to Poland. The financial situation and budget deficits in various countries are such that there isn't much room to discuss changing or lowering taxes. However, I do see a glimmer of hope. Two years ago, when we were discussing changing the tax formula with the Ministry of Finance, most people said we had no chance of succeeding. And yet we managed to convince them with our arguments that the formula was worth changing. We'd like to continue discussing the redefinition of the formula, aligning the tax with some

international standard, but also ensuring that the tax rate is commensurate with other tax jurisdictions.

Erste: Why hasn't the Company presented specific and measurable targets for reducing OPEX, either domestically or internationally? Does the Group have any plans regarding C1 (cash cost) for 2030?

Ladies and gentlemen, as part of our Strategy, we have already outlined specific actions at the operational level. However, this is a plan that integrates with our second initiative. Today we even discussed the Strategy and the cost optimization program. We will likely want to show you more details about it.

Still, we present our progress on a quarterly basis. We have internal KPIs that have been assigned to specific assets and to the directors in charge of each area. From this vantage point, as you can see, after Q1, expenses by nature increased by just under 2% year-over-year. We are working on establishing a normalized cost base, so this is an ongoing process. Of course, we can share some of this data to a certain extent, but these are our internal initiatives that we have identified and are working on day in and day out. They are being implemented, and you can see their outcomes reflected in our quarterly financial performance.

Ioannis Masvoulas, Morgan Stanley: Given that the Legnica Copper Smelter and Refinery is gradually transforming into a scrap processing center, what will be the demand for copper concentrate across your network of metallurgical facilities over the next decade?

Again, our goal – and what we are striving for – is to ensure that our infrastructure is fully utilized in a financially efficient manner. As for the scrap operations in the Legnica Copper Smelter and Refinery, this aspect is very important and will continue to develop. I think that by the end of the year we will also present a detailed plan for the Legnica Copper Smelter and Refinery regarding a slight shift in the profile of its operations as well as expansion. As was mentioned earlier today, we are able to recover additional metals or other materials as part of the process. Still, it must also be said that Głogów's production capacity is large enough that we see potential there to reduce unit costs by increasing operational leverage specifically in Głogów. As for the Legnica Copper Smelter and Refinery, we want to adjust it both in terms of personnel and capital expenditures so that it becomes an effective asset for processing primarily scrap, while also utilizing concentrates. Of course, we're also looking at external concentrates. As you can see, we currently purchase them mainly from certain suppliers, but we are also in talks with other concentrate producers whose products are suitable for our metallurgical facilities. This is also an aspect I mentioned earlier in the context of TC/RC. It is important to us that each supplier satisfies our requirements not only in terms of chemical parameters but also pricing conditions, particularly the TC/RC level.

A request for more details regarding the investment at the Cedynia Copper Wire Rod Plant, which CEO Remigiusz Paszkiewicz also mentioned today.

Ladies and gentlemen, we are already at a fairly advanced stage. Engineering work is underway, as are preparations to apply for a construction permit for the new facility. It will have a production capacity of over 100,000 tonnes of additional annual wire rod output, while simultaneously offering significantly higher efficiency in terms of resource consumption and requiring fewer staff. From this standpoint, this is one of the elements of our Strategy to move further and further toward products with higher added value, while producing them as efficiently as possible. This new investment aligns very well with the objectives of our Strategy. An interesting aspect we are currently considering is the repurposing of the old production line in parallel with the construction of the new plant. We will also discuss this with you. We are considering whether to relocate this line to another location in Europe or perhaps move it outside of Europe and begin wire rod production on another continent. In doing so, we are taking into account our resource base and the possibility of partnering with a local investor.

Jason Fairclough, BofA: Engineering company (DMC) – how does the Company approach the issue of managing it and ensuring appropriate accountability? Where might we see the results of the firm's operations in the context of the work it performs for third parties?

Ladies and gentlemen, of course, the EBITDA margin at the engineering company is not at the same level as at the mining company. Still, this is an area of expertise that is important to us. It's not even that DMC – as with the Victoria project – performs many tasks for us and serves as the main contractor. At this point, I can say that on the revenue side, 30% of our revenue comes from services we purchase from DMC, while the remaining 70% comes from services provided to third parties. This enables us to build expertise on other projects, but also – when it comes to the larger investments we're discussing, or even M&A deals – we come to the table not only with a price quote, like other contractors, but also with expertise and a complete team of people capable of building the whole infrastructure: above-ground, underground, including shafts, as well as metallurgical components and the smelting process. We are also able to bring this expertise to the table. From this standpoint, we value this company in a completely different manner. We also make no secret of the fact that we've had several approaches from external firms that wanted to buy DMC from us. At this point, however, it is not an asset held for sale. We see much greater added value in it than just the cash flows it generates. I can also say that DMC has been self-financing for some time now, so in this context, it does not require any capital investment on our part. This is also a factor that supports cash flows. It may not be a very large component, but what's more important is the knowledge and experience we're building by carrying out various projects on different continents. Currently, DMC employs over 2,500 people in the Americas, who provide services to more than a dozen of our major partners. This is a resource we're very pleased with and one that's growing rapidly.

Does the Company plan to generate significant cash flows from its international assets – primarily Sierra Gorda – to Poland to support domestic capital expenditures, or will the funds remain abroad, for example, for the construction of the Victoria mine?

On the one hand, the opening balance sheet shows that we still have over USD 2.5 billion in outstanding loans in Sierra Gorda. That is also a fairly significant amount. Nevertheless, the cash flows you observed after the first quarter will continue to materialize in subsequent quarters as well, so this debt is being serviced at a fairly rapid pace. As of today, these cash flows are being used specifically to service that debt. Capital allocation, however, is a broader concept and an element of our Strategy. As the CEO mentioned today – we do not make decisions based on whether we have the ability to finance an investment with our own funds or through external financing, but rather on whether a specific investment is effective. We assume – and have been operating this way for some time now – that there is healthy competition among projects for capital, which is a limited resource. We want to select the projects that will generate the highest rate of return. So, to answer directly: if the Victoria project is such a project, we will certainly support it. However, we are also already in discussions with global partners regarding the establishment of a layer of security for the target financing of the Victoria project. The Victoria project will certainly also have its own financing, which will be secured to complete the construction of the second shaft and the restoration of the whole mine. From this standpoint, this aspect will also materialize in the future.

How do we view the commodities market from a strategic medium- and long-term perspective? Could the geopolitical situation, macroeconomics, and market conditions impact or hinder the implementation of KGHM's new Strategy?

As I mentioned at the very beginning, the difficulty in developing a strategy today lies precisely in what was highlighted in this question – a strategy can become outdated after a week, two months or a quarter. That is why our whole concept is based on building resilience and adopting a multi-scenario approach to what the future might look like. What we're observing – and what's working for us – is diversification: from our target audiences, to our customers and continents, all the way to the geographic dispersion of our assets. The fact that we're able to take a product to the copper wire rod stage while simultaneously thinking about going a step further and offering products that are more processed than the copper wire rod enables us, on the one hand, to generate additional margins, and on the other, to effectively diversify our operations and manage risk. This is how we operate and this is our approach. In my opinion, the concept of global supply and demand for copper no longer exists today. We are beginning to focus on specific regions, and I believe this is not a process triggered by a short-term factor that might end with the next U.S. presidential election. It is a process that, in my view, we will have to live with throughout the whole next cycle. How long it will last remains to be seen, but in my estimation, we're talking about a period ranging from several to over a dozen years. Accordingly, we believe that diversification will yield tangible outcomes. From this viewpoint, we want to have a presence in North America, South America and Europe. That is also why we view Morocco so favorably. What I can say is that, in the context of concentrates, the copper concentrate from that region properly satisfies the needs of our metallurgical facilities. At the same time, given the geology and political stability, we feel comfortable there. The partners with whom we are conducting local discussions also reinforce our conviction that this might be a partnership capable of lasting many, many years. From this standpoint, it is a direction where we see the future and where we want to become more deeply involved. In the coming weeks, we intend to hold further negotiations regarding mining concessions in this area. We have already completed the first stage of due diligence, which included, among other aspects, an analysis of geological documentation. Which is why we also perceive this project favorably. In this region, too, we are focusing on diversification and building our Organization's resilience. It is something we will continue to develop within our Organization continuously, so that at the end of the day we can not only steer away from any emerging gaps and threats but also tap into them to generate better results than the competition and thus effectively position ourselves in the market. As the CEO has said, we may not be the largest company, but we would like to be as agile as possible and build competencies that are unique in the mining and metallurgical industries.

Jason Fairclough, BofA: When will production begin at the Victoria project?
We are currently targeting 2035. At the same time, we're in dialog with the Canadian government. Our project has been included in the list of strategic projects. A special fund is also being established, and we are going to apply for funding from it. This will be a kind of grant that should accelerate production and speed up the commitment at our end. I think it will enable us to measurably shorten the timeline. However, we still need a little more time for discussions in Canada. That 1.2-1.5 billion figure, Jason, is CAPEX that we have yet to incur. That's exactly what this project looks like. I also think that once we have completed the drilling – which will enable us to precisely define the deposit – we are going to hold a dedicated meeting or present information about the project. This will be a key step which – even before we begin the bank financing process – will enable us to present the project to the market and demonstrate the parameters we have at our disposal based on drilling data and deposit extrapolations from the Victoria project.

Does the Company intend to invest in AI? If so, to what extent would these investments impact your business model?
Ladies and gentlemen, I won't be discussing AI in the form of agents that we train, because I think that, to a certain extent, practically all of us are already doing that. Of course, this yields certain outcomes, but they're relatively small in scale. We are primarily looking at operational and production applications. We are currently holding discussions at our domestic Concentrators, primarily regarding the flotation process, but also at the Robinson mine, again in the context of flotation. We want to use AI-based solutions that have already been tested to determine how to grind the ore and which chemicals to select, depending on the mining sequence and the metal production plan. Both domestically and internationally, we are currently in the negotiation phase regarding the method of implementing this solution. I think that once we have reached an agreement with our implementation partner, we'll be able to provide more details about the project. From our standpoint, it offers tremendous potential. Given the scale of output we have in Poland as well as at Robinson, we expect that the implementation will yield measurable results. This is exactly the kind of application we're talking about. Of course, we also use modeling in the energy sector. For some time now, we have been using both weather models and forecasting models, enabling us not only to model prices, but also to share these forecasts with our Divisions. Based on these forecasts, some of our assets run their own businesses. So, one might say that this is a project that is already up and running and generating outcomes. However, we want to manage the data in a more structured

manner by creating a so-called "Ultimate Energy Room," which will manage all of our production assets from a single location. This is an initiative we are currently reviewing in terms of potential implementation, so that we can manage the whole energy infrastructure from a single point in a largely automated manner, bypassing the human component.

Dariusz Nawrot, Noble Securities: In your Strategy, you assume average copper prices through 2030 to be 15% lower than current levels, and silver prices to be approximately 5% lower than current levels. Aren't these projections too conservative?
Just to recap, as far as I can recall, copper is at 11,454, and silver at 58.18, I believe. This is likely based on the median as well. In real terms. As a rule, our forecasts are below market medians. That's also how we assess our backtesting results and evaluate our business model, and we prefer to approach it like this rather than assume prices that are too high. Having said that, we also have internal scenarios built around different prices, so we can see how the cash flows and the Company's potential standing look under completely different price scenarios – we have those elements as well. I think that as of today, it seems very likely that we'll be pleasantly surprised. However, as a rule, we take a fairly conservative approach in this area as well.