

## Summary of questions asked during the Q1 2025 earnings conference call

1. When discussing the performance, when we last met with you regarding the whole year, you paid a lot of attention to water, dewatering issues. Today President Bryja also mentioned high costs. How does this look when we talk about money? You always refer adequately to the previous year. How does this issue look? Is it high or at the stable level? Is it intensifying?

**Answer** Yes, it is, regarding dewatering, let's have in mind the preparation of Żelazny Most TSF for spring and summer season. Last year, this TSF was significantly filled; I used the keyword 'significantly filled,' but today I can provide the figures. There were nearly 16 million cubic metres of water accumulated both in the main facility and in the Southern Quarter in a ratio of 14 to 2. Today there are 4 million cubic metres of water in the main facility, there is no water at all in the Southern Quarter, so we are prepared with a reserve of 10 million cubic metres of water for the hydrogeological drought season. Additionally, at the Lubin mine, we have reserves of approximately 1 million cubic metres stored in an underground reservoir. Thanks to grouting measures, water inflows to the Polkowice-Sieroszowice mine decreased by approximately 15% year over year.

2. If I may ask a question, not so much related to this Q1, but President Szydło said that at KGHM the most important is money and spending it on investments. Is this some kind of justification for the Management Board's recommendation regarding the dividend?

**Answer** I'm thinking about how to answer this question briefly. Of course, money is the most important in every company, in every business. However, at KGHM, at the current stage of development of KGHM, the most important thing is to restore safe growth. Thus, the need for free funds to invest them in the future. That was as briefly as I could. And of course, it is related to the current overall policy of the Management Board or current decisions or dividend recommendations.

Maybe I'll add a couple of words to the dividend, and I think also to the overall look at our Company. You are surely familiar with this statistic. We have categories of recommendations: sell, hold, buy. A year ago, in January, February, as far as I remember, the group 'hold, buy' accounted for 38%. At the moment, it still hovers around 70. I am still trying to persuade 30% of those recommendations to come to this 70 side. But seriously, it also shows how investors view us, how analysts view us. We need to invest money very responsibly. At the end of the day we build value. It is also not like that we once said something and will not change the dividend policy. We would like to sit down with you, I am definitely addressing all individual, institutional investors, analysts, when we announce the Strategy, when we are ready, personally I think, and my Colleagues from the Management Board think it too, to sit down and talk about this

in a working manner, how we see flows in the coming years. We would like also to listen to you, because you are often here, visiting our infrastructure. We meet and talk and we are ready for such talks, to listen to each other. We will certainly make a reasonable decision here, so that on the one hand we can look from the perspective of dividends, and on the other hand so that you could see where value is being created, what investments are necessary and what return they will bring you. In fact, the aim of every investment which we make is to bring return, build growth and create value for the Company.

**3. Regarding capital expenditures, are they going to be mainly domestic or at KGHM INTERNATIONAL? More specifically, I would like to ask about the Victoria project.**

**Answer** Of course, the majority of the capital requirements are from KGHM Polska Miedź S.A. However, our international projects are on track. They also invest. There is a difference in approach, maybe not only approach, but also in the current situation in which we are, is that international projects need to be and are starting to be self-financing. As regards the Victoria project, we have recently made a directional decision, which I have already mentioned and will not repeat now, to end the Advanced Exploration phase. At present, we do not anticipate that this project will require any support from KGHM's flows. Ladies and gentlemen, previous years, as can be seen from the loan balance, show how investment projects outside Poland were implemented by our Company. We either took cash flow generated from operating activities or borrowed in the sector and provided financing to our international companies. However, at present we have revised, changed this strategy. This also results from the development stage of this Company, but I also personally think, and my Colleagues from the Company think the same, that these companies have strong balance sheets and strong production, enabling them to carry out investments. Second, I believe they need to build credit history, taking into account the willingness and validity of their investment development, they need to build this credit history. And I think that you will see that in the next one or two quarters. There, we are preparing, already finishing, financing at the level of KGHM INTERNATIONAL, this will be around 300-400 million dollars of financing which will be provided to KGHM INTERNATIONAL to execute investment CAPEX. On the one hand, the Company, our foreign assets will be secured in terms of financing, while we will also be able to avoid burdening our cash flow, quite the contrary. This also results from good cooperation with our equity partner in Sierra Gorda, we are repaying loans. Quarter after quarter, this is what we have agreed upon together with our partner, our cooperation system. You will also see this year that these repayments will continue quarter after quarter. This is a conscious action. On the other hand, we do not block the development of Sierra Gorda. The current financing, which is provided, is more than 500 million US dollars of financing with the possibility to extend it to one billion dollars. This is the financing we have built here, but it is built on the balance sheet of Sierra Gorda. Coming back to the Victoria project itself, after the Advanced Exploration phase, if we decide to proceed with the construction phase of the mine, I suspect that we will arrange project financing in order to separate it from the

balance sheet and build the financing. We have already held initial talks with the financial sector. We know how to do it, but we are waiting for this phase to end. However, again, due to risk allocation, we do not want to place this risk within our Group, so we will want to separate it on a project finance basis. So we have a strategy and an idea how to do it.

4. **Recently, we have again heard statements from politicians regarding the minerals extraction tax, saying that it is being restructured. There have been a lot of declarations from different politicians in recent years. I would like to say a few words here. I am checking whether, from your point of view, any work is actually being done in this direction and whether you are being consulted. If so, how much of the secret can you reveal?**

**Answer** I will answer this question. In line with the facts. We are in constant contact with the Ministry of Finance on behalf of the Company. I would venture to say that we have already provided all the necessary data to make this possible. Of course, KGHM is not a final decision-maker in this regard. However, it is genuinely committed to providing, first and foremost, very reliable information to assess how outdated this tax is. It is historical in nature. In the past, the rate of this tax was set at a certain level, and I won't venture to criticize that level in the context of those now historical years. However, many years have passed and this tax needs to be updated. At least updated. We are in a very advanced phase. I am not going to talk here about the percentage of advancement, because I don't know it, but I think there is a complete set of information enabling to make a decision.

5. **If you consider this question too intrusive or inappropriate, please do not answer. You can refer me to the Supervisory Board, but I think that maybe a bit on behalf of journalists. We are getting used to the Management Board and learning. If it is too intrusive or inappropriate, please do not answer. I understand that you made your offers on 8 May.**

**Answer** The Company is not commenting on this. The competition is the responsibility of the Supervisory Board.

6. **A question about the future Strategy. More or less, when can the shareholders expect it? What is the current status of the work on it?**

**Answer** I talked about the Strategy, but actually the answer to the question has been given when we talked about the minerals extraction tax. As regards the Strategy, you can never say that it is already completed, new. This is because a Strategy is a plan for the optimal direction of a Company's development, and even if an optimal Strategy is defined, it must not only be implemented, but also updated, refined and, perhaps, slightly modified from time to time, depending on the environment, especially the external environment. I previously stated, I think for "Parkiet" magazine, that we would not be entirely credible, maybe it is not the right word, we would not be entirely responsible, if we announced the Strategy when we are not 100% certain of the extent

to which it is secure in terms of funds for its implementation. This is one thing. And secondly, there is nothing wrong with the fact that it has not yet been finalized to the extent that it can be announced, because, as President Bryja also mentioned in his presentation, a lot of strategic elements or strategic projects are being implemented and there is no conflict in that. Actually, a lot of things, regarding investment projects can be done in advance, we had an example of raising the elevation on the Żelazny Most TSF to 205 metres. Of course, it would be best to handle all matters, along with the decision on financing possibilities or in case of the minerals extraction tax, independently of this tax, to take actions sooner rather than later, but I'll leave it at that.

**7. Why was the realized selling price of copper at KGHM INTERNATIONAL and Sierra Gorda so high, above LME prices in Q1?**

**Answer** Ladies and gentlemen, it is difficult to answer this question in view of trade secret, as these are our bilateral transactions between our customers. What I believe gives us our long-term advantage is that we are a very reliable Partner in terms of delivery and information security. However, we know how to navigate these times. What I have said, we were able to sell our concentrate at good prices. First, just a few words of introduction to explain how the whole system works here. We have strategies in place for every product, whether it be smaller ones such as rhenium, sulphuric acid, or copper and cathodes. These strategies are the document we keep. I think this is one of the most valuable documents. We keep it in the same safe where we keep our gold and silver. And this strategy, in broad terms, so that you know what it looks like, is divided into several dimensions. On the one hand, we have the geographical dimension, where we refer to certain geographical areas, how we want to manage a certain region, how we want to diversify our portfolio. This is also the Customer matrix, what maximum and minimum allocations we want per Customer. There are also allocations between long-term contracts and spot. And based on these three basic parameters, we can build a strategy, which is, of course, a living document that we adapt as necessary. However, our decisions made in Q4 while building this strategy, because we always build the strategy in Q4, were very good from the point of view of results. And what I have already said, you can already see it in Q1, but also what we are observing now looking at April and May, we are of course already contracting and selling for June. So we see this very positively, so to speak, and I think that, given the turbulence, we are able to manage these elements well and responsibly.

**8. The first question concerns the significant increase in electricity purchase costs in Q1 compared to Q4 of last year. Is this transfer of some costs between Q4 and Q1? Or maybe the security of energy prices between quarters has ended? What can we expect in the successive quarters?**

**Answer** To answer the first question regarding the increase in energy prices. In reality, there was no such increase. As you will see, in Q4 we received a subsidy, or aid for energy-intensive industry. As far as I remember, it was PLN 158 million. And this is the element that causes disruption between quarters. If we exclude this element, there is

no such increase here. Of course, as we are the largest energy-intensive industrial consumer in the country, what happens on the market also affects us to a large extent. Nevertheless, again, we have an entire dealing room that manages this exposure, so we have some positions hedged, and we are also able to open up and be big, as I told you, we participate in negative prices on the balancing market, we are able to adjust our infrastructure so that our receivers, mainly in the metallurgical part, we can upload the next day's prices and adjust the operation of our receivers to consumption. All this makes us increasingly more effective. Nevertheless, we have always been and will continue to be, I believe, a large entity that consumes enormous amounts of energy, including gas.

- 9. A second question. Did the prices of purchased materials in Poland in Q1 grow at a significantly higher rate than would be expected from the increase in raw material prices or the volume of scrap purchases? What could be a reason for that? Did the Company change the procurement policy of purchased materials or scrap in Q1?**

**Answer** No, it didn't. If you look at Q1, at costs breakdown by nature, after the purchased materials, they increased by PLN 110 million year over year. And from this point of view, it is an increase by 10-11%. That's how much copper has actually risen in price, we had to pay for it, so it kind of follows from that. However, again we sold many more concentrates and we benefited from it more than we bought for ourselves. As I mentioned earlier, we used fewer purchased concentrates in our sales mix and more of our own. This also contributed to the higher result. I only want to add that when Mr. Krzyżewski talked about the sale of concentrates, he meant of course concentrates from Robinson and Sierra Gorda. We do not sell concentrates of KGHM.

- 10. What upcoming additional expenses are we referring to when we say that the Company has suspended dividend payments?**

**Answer** In preparing this recommendation, the Management Board of the Company took into account primarily the assessment of financial needs of the KGHM Polska Miedź S.A. Group in the context of execution of short- and long-term investment plans. Of course, the final decision on distribution of profit for 2024 will be taken by the Ordinary General Meeting of KGHM Polska Miedź S.A.

- 11. Is Sierra Gorda going to sell copper in the successive quarters at prices from Comex, or will it get back to LME prices?**

**Answer** It is a difficult question, because we do not know how price relations will develop in the future, we also have bilateral agreements with our business partners, today, in the middle of the second quarter, this difference in quotations between these two markets has decreased from USD 1.4 thousand to USD 600.

**12. What is the status of the Sierra Gorda Oxide project?**

**Answer** The Sierra Gorda Oxide project involves the leaching of the copper oxide ore of Sierra Gorda on a permanent heap and the production of high-quality copper cathodes in a solvent extraction and electrowinning (SX-EW) installation with the annual production capacity of 30 thousand tonnes. Currently, most of the oxide ore resources planned for processing have been mined and deposited near the location of the future plant.

**13. How much did the Company spend (domestically and abroad) on exploration as a percentage of Capex?**

**Answer** The Company spent, strictly for expenses related to exploration of deposits in Poland in the first quarter of this year, the amount of PLN 20 million, from the total budget to the mining part in the amount of PLN 576 million, for the purpose of exploration and appraisal of economic copper mineralisation in the area of "Kulów-Luboszyce" and "Retków-Ścinawa" and exploration works in underground mines in the Rudna mine.

**14. Has the Company published a regulatory filing concerning the copper tax? Rationalization of this tax?**

**Answer** No, from a regulatory perspective, we are not required to publish a regulatory filing on this matter. We are awaiting further information from the Ministry of Finance or legislative bodies, at which point we will inform the market via a press release or statement, while maintaining dialogue with our Stakeholders.