

## Responses to questions raised during the Results Conference for the third quarter and the first 9 months of 2025

1. **Two years ago, when the Management Board started to serve in KGHM, it decided to write off assets based on the assumed copper prices. Currently, the copper prices are close to 11 thousand USD/tonne. There are clearly higher prices of silver and gold. In Poland the minerals extraction tax was decreased. When will the Management Board decide on retests and the reversal of earlier write-offs? Could I ask you, Mr. President?**

**Answer:** To answer, we need more details. On the one hand, yes, as far as I remember, when we made a write-off copper was 8 250. Now it is close to 11 thousand, you are right, but there is one more parameter that we need to add. The euro exchange rate, the USD to Polish zloty, was 4.10 at that time. Now it is 3.60. And this is another important element. Looking at this, this increase is really small in Polish zloty. However, this and other aspects, it is not only, as I understand it in this question, there was an issue of a change in taxation, but also many other factors. We will discuss this with the auditor on the balance sheet date. This is an aspect that we are analyzing. Will there be such grounds or not? It is too early to say. However, we need to look broader at this issue, not only taking into account the copper price.

2. **When can we expect an update of information on the expansion of Sierra Gorda? What are the focal areas of the feasibility studies?**

**Answer:** Ladies and Gentlemen, we take a very meticulous approach to analyzing all investment decisions for Sierra Gorda. At this stage, a feasibility study is being prepared, which is scheduled for completion at the end of this year or the beginning of next year. Only when we have a complete set of information on which to base our decisions will we be able to talk about possible further investment decisions. At the moment, we are at this stage of gathering information.

3. **What part of working capital may be reversed in Q4?**

**Answer:** As I have already mentioned, the key element here will be the building of an optimal semi-finished product inventory, mainly anodes, and as a rule, this will increase working capital. However, we are working on other elements to release this capital, and I think you are also observing this, so it is difficult for me to comment on the exact amounts at this point. However, perhaps returning to this, to supplement what Ms. President said. Our strategy from the very beginning is that each of our assets needs to be developed. However, we first focused on what you see, and we also agreed with our partner that the asset must be active, produce, so to speak, effectively, and deliver results. Only then can we talk about investments. We have largely achieved the first goal. It is, so to speak, a goal that must be pursued continuously. Now, however, we can talk about investments, and

this is also a very complex issue, because from your point of view, of course, you probably have the 4th grinding line in mind. However, this aspect is even more complex. We are also expanding the area around, our concession area. We also see that there is a mineralization in the area, so there is a question what the target layout of Sierra Gorda will be. We are talking about that now. However, as a rule, all assets that are developing operationally require investment from us, and we look at these investments from the perspective of financial efficiency.

From the very beginning, which is quite a long time ago now, we have been saying that, first of all, the international assets need to be put in order and optimized and it is happening. Secondly, only recently we have had a problem with the maturity date of loans and the so-called DES, and we managed to resolve this problem. Thirdly, this year, Ms. President talked about the repayment of loans and it is very good that it is happening. This will also mean that we will not be as vulnerable to exchange rate differences in the case of already reasonable repayment levels. And the last one but not least. These are potentially significant CAPEX when it comes to the fourth line, or the oxide project. In reality, when it comes to the Group's investments, we all know and have been signaling this as the Management Board for a long time, the biggest investment challenges are here in KGHM S.A. And, of course, such an attractive project which can be an increase in production capacities in Sierra Gorda in the form of a fourth line, on condition that it is very effective, does not need to collide with the investment goals and the demand for cash on the scale of KGHM. If we recognize that this is a very attractive project with a good and short rate of return, then why not. We need to remember that the fourth line affects LOM unfavorably. Of course, it's better when cash works for us and we turn it over very quickly. That's all I have to say about the international assets and finding the right balance and priority for investment projects. First, those that are most important and whose failure to implement may result in major problems in the long term for KGHM. Then, those that are most effective, which bring the highest rate of return the fastest.

First and foremost, we would like to focus on ensuring that production remains at a stable, predictable level, and our efforts this year will be concentrated on achieving this. If we are talking about the fourth grinding line, we are talking about CAPEX of USD 700 million. So, this is a significant expense and we should remember that. As was said earlier, the international assets contribute favorably to EBITDA. It is currently at the level of 46% of adjusted EBITDA. However, with such CAPEX, we want to be sure that the return rate is appropriate.

Please remember that investment decisions regarding Sierra Gorda are taken together with our partner. These are not independent decisions of KGHM. We have a 55% share, but this does not mean that we can make decisions independently. We need to agree on such decisions together. Together, we will also test each other, co-report, and look for solutions.

Ladies and Gentlemen, we have also communicated to you that we are making the international assets independent from the perspective of external bank financing. We support of course the transactions on Sierra Gorda of USD 500 million, as you have already seen. There is a much greater opportunity there to obtain more financing. KGHM INTERNATIONAL also obtains financing for its various assets with our substantive

support. I would like to emphasize that I do not define here the risk of cannibalization of domestic vs. international CAPEX. In my opinion, there is no such risk. However, from the point of view of debt suspension and changing this policy so as not to generate additional loans. Yes, this is something that has guided us from the very beginning as the Management Board, and we are implementing this strategy, so from a financial perspective, we will provide financing, but in a way that draws these commitments to individual assets.

4. **If I may, I have a question to President Krzyżewski. You said that we have produced less, but earned more. In KGHM, it has happened very often that the fourth quarter had the highest sales. Can we expect that when we meet, you will say that in the fourth quarter we produced more, sold more, and earned more?**

**Answer:** That's a very good question. However, I must say that this is our inside knowledge. I can only say to illustrate, this is publicly available information, what is going on in the European market. The benchmark that was set by Aurubis for cathodes in the next year is 40% higher than for this year. I will leave that without comment, but we will definitely be optimizing so that in the long term, the Company earns as much as possible on its products, while also ensuring access to goods, because let's say that we are aware of this, and it is becoming increasingly noticeable in today's geopolitical world. We account for 50% of this copper initially extracted in Europe, so without us this core production line in Europe is strongly dependent on us, so this is also a commitment to our clients and partners regarding the availability of the raw material and products.

5. **Can we briefly outline how the expenditure profile will look for the three new shafts over time? Will CAPEX be spread evenly, or are periods of greater intensity anticipated?**

**Answer:** When it comes to shaft construction, the most expensive period is the sinking phase and, finally, the equipping of the shaft. As for the intended functions of the shafts, we know that the GG-1 shaft and the Retków shaft should be an air input shaft, a personnel and material transport shaft, but the final decisions have not been made, and this determines the target equipment for the shaft. We must consider this equipment in the context of the amount of air pumped in, because it is well known that any additional device installed in the shaft reduces the amount of air supplied through the shaft. Regarding expenditures on the construction of the shaft, we have the first borehole drilled for Retków, we still have to drill two more holes, then build a freezing system, which means drilling 44 holes, installing all the equipment, and so on and so forth. The sinking of the shaft is planned to be started around 2028-2029. The shaft will be sunk and connected with the horizontal excavations according to our schedule around 2036. And this is the largest expenditure on the Retków shaft. All subsequent shafts will follow suit at intervals of two to three years. So, the main expenditure on sinking will be concentrated in the period from 2034 to 2040. That is how I would describe it. So, in the 2030s, the costs will add up in individual phases from three shafts. We are going to complete the first shaft, i.e. the Retków shaft, around 2040. Subsequent ones around 2042-2044. As you can see, if the main expenditure is sinking, because it concerns the work itself and the shaft

casing, which is also a very costly element, then it's the 2030s. This is how it can be summarized, but it is difficult to indicate a specific year, because we have not started to sink any of the shafts yet, and it may be postponed for one year, two years in this case.

**6. Why was CIT so high in Q3 of this year?**

**Answer:** Ladies and Gentlemen, last year we had refunds there, there was a refund at the CIT level from previous years, and this distorts the analysis somewhat. This level of CIT that we see now is a standard level, normal, so please consider that from the perspective of refunds that were made in previous periods.

**7. When can we expect an update on the strategy? What will be its main goal? Are you planning to update capital expenditures on the construction of three new shafts from USD 9 billion to account for inflation, taking into account that the construction will last 10 years? Are you planning to expand your international asset portfolio beyond your current assets? What is your official position on the fourth grinding line in Sierra Gorda?**

**Answer:** As we have mentioned many times in recent months, the changes in the Strategy, although completed, are largely dependent on the results of the debate on the minerals extraction tax. The debate is coming to an end (it is currently being deliberated by the Sejm). We expect a final decision within the next few weeks. The finalization of the minerals extraction tax formula will affect the final shape of the new KGHM Strategy and we expect to announce it soon afterwards.

**8. The statements of the Management Board suggest an increase in investment expenditure in Poland where the extraction of copper is the highest in the Group. Why doesn't the Management Board invest in more economically viable locations such as Sierra Gorda, where in Q3 2025 a record was set in terms of C1 (the lowest)?**

**Answer:** On the contrary, our international assets, including in particular Sierra Gorda, are being intensively analyzed, and we have already said multiple times that the plans for the development of this asset in Chile are at an advanced stage. Specifically, work is underway on preparing project documentation for the construction of the fourth grinding line. If the final decision is made, this investment should lead to an increase in the annual production by around 20%. Nevertheless, due to the scale of production, our Polish deposits remain a priority for the Management Board, especially in a situation where the minerals extraction tax will finally be reduced to a level that enables the development of these assets.