

Summary of questions raised at the Results Conference for the first half of 2021

- 1. Does the Company intend to change or correct its volume guidance in any of the projects or in any of the metals for the full year 2021?**

Answer As for the changes to our production plans, excluding unforeseen events related to nature and fate, we are not planning such changes at the moment as far as production plans are concerned.

- 2. You mentioned lower mineralization, in KGHM INTERNATIONAL I believe. I would like to know if and when a change in the mineralization can be expected, if I remember correctly that you were talking about KGHM INTERNATIONAL. Perhaps you were talking about other deposits. How's your asset sale progressing? Has anything moved forward?**

Answer The topic you raised concerns one of the assets that are currently being sold. It is inconvenient for us to talk about it at this point. This is due to this and no other geology. We are transparent in these matters to the participants of the sales process and this case is subject to the evaluation of our potential buyers for these assets.

- 3. Are we going to have these big one-offs next year, is the Company going to keep the dividend payout at the same level as this year, i.e. will the one-offs be included in next year's dividend or not?**

Answer As for our approach to the dividend next year, it doesn't change. The dividend policy is still valid. As you know, the Company has not paid dividends for several years. 2020 was the first year for which the dividend was paid in a long time. Maintaining the trend, keeping the results in the trend we have, allows us to be optimistic about it. Our dividend policy has not changed.

- 4. One more question, because here was shown a beautiful 3 MW photovoltaics project, but I have a general question, because a few years ago you showed the strategy and, to my understanding, very little has changed when it comes to renewable sources. I would also like to ask not for a plan for 2030, because it is easy to provide, but for a plan for the next 2-3 years: how many megawatts in onshore solar farms are you intending to develop?**

Answer When it comes to photovoltaic projects, and not only photovoltaics because here we are talking about broadly understood energy optimization, we did not get certain packages of ready-made projects, therefore, they need to be prepared essentially from scratch. You know what's involved in municipal planning, changes to spatial development plans, environmental impact assessments and so on. Unfortunately, I'm afraid that this

won't happen in a month, on the contrary, it takes several months or even years. Therefore, this process of launching an investment on our land is ongoing when it comes to formal issues. This year we will start several investments: one eight-megawatt, we will start the second six-megawatt and two smaller ones, so it will be the beginning of the investment process, after getting through the administration issues. This is one topic, because we also optimized our gas-steam blocks, from which we have a few percent additional energy. We optimize when it comes to consumption. Andrzej said that the production process is simply more intensive, and we are using less energy, so we are also doing a lot to save it. For the next ones, we will soon be entering the acquisition market, which means that we will not only set up projects at home, we want to buy projects that are either in the phase of investment and sale, or preparation for construction and sale. We are also looking for PPI (Private Participation in Infrastructure)-type acquisitions, so apart from our own investments, it is a matter of days and weeks rather than months for us to go out to the market for other projects. And these are also the strategic directions I was talking about, which we are working on at the moment, because if you calculate quickly, you know perfectly well that if we were to rely only on photovoltaics, we would have to cover an area of approx. three voivodeships with panels, so this is not the only source that we can use in the context of meeting our "greenness". When it comes to energy, this is how it looks. So the machine is accelerated to the point to which reality allows us to go.

- 5. I would like to ask the Management Board for a short but substantive discussion about this cost component, i.e. inventories. There were minus about 700 in Q1, a cost adjustment by inventories -700 million in Q1, -300 in Q2 and I would like to know how the Management Board perceives what these values may be in the third quarter or in the entire second half of the year?**

Answer As for inventories, their growth is primarily of a technical nature. We build up these stocks, knowing that we are continuing and next year we will for sure, and maybe even the next two years, continue the modernization and expansion cycle, especially at the Głogów Copper Smelter and Refinery. Also, I think that these inventories may not be in this form, maybe in a different structure, but they will be kept. And it also has to do with the fact that we are processing more and more purchased metal-bearing materials, and when processing purchased metal-bearing materials, we must accumulate these inventories so that they are ready for the smelters. It is also rather technical. From this point of view, it doesn't affect the result because it repeats itself. But on the other hand, there is also an element called sales logistics. And here it is rather temporary, i.e. it builds up, then reduces in the next quarter. Also here, I would not like to declare whether it will be larger or smaller, because it results rather from shipping cycles, whether concentrate,

silver or wire rod. Because also when it comes to wire rod, here we are also planning some modernizations at the Cedynia Wire Rod Plant. At the moment, we have a slightly larger supply of ready-made wire rod, preparing for a several weeks' stoppage of the plant.

- 6. As far as I can remember, you are far above the plan as far as molybdenum in Sierra Gorda is concerned, and you say you are not going to change your assumptions. Does this mean that I should assume a sharp drop in molybdenum extraction or are you just cautious and prefer to have a surplus? How should this be approached? Are these volumes for the whole year, do you expect them to be realized, or do you just prefer to stay safe?**

Answer The budget of Sierra Gorda is subject to slightly different rules than the budget of KGHM or KGHM INTERNATIONAL. This is the result of arrangements with our partners in a joint venture. At this point, there is no discussion, so to speak, about any corrections to Sierra Gorda's budget, including the production budget. And at the moment we are not going to formalize our views on future production in the second half of the year. Also, to keep things clear and unambiguous, it will certainly not be less than we plan. If nothing unforeseen happens, and we always try to be very careful, because you know that we work in such a business where not everything depends on us when it comes to threats related to reality, like nature, but we also try to exceed these plans wherever possible, and do much more, when there appear technological opportunities.

- 7. I would like to ask about the impact of energy prices in Poland on your result in the past period, as well as on the price of natural gas, because President Kensbok said that natural gas prices have a negative impact on the results, because natural gas is becoming more and more expensive. And in this context, are you looking at investments in natural gas blocks, as natural gas is becoming more and more problematical in the European Union? And it was in this context that I wanted to ask about the new strategy or information about these new deposits. Should we expect them in the conference season that awaits us?**

Answer When it comes to energy and natural gas price issues, in terms of their impact on us. Andrzej will address this in a moment, but in general it is necessary to realize that what you can talk about is the question of transformation and this is a complex answer. And I don't think there is a long-term solution at the moment apart from the one about the rising prices of certificates, which in fact shape the price of energy. And this thread is posed this way. We are trying to respond to it with some kind of change and transformation of the company, plus of course our lower consumption profile and using, where possible, technologies that will simply be less energy-consuming. In the first half

of the year, I am talking about KGHM Polska Miedź S.A., because I think this is the subject of the question, there was an increase in the cost of electricity by PLN 102 million due to the power fee, by PLN 77 million due to an increase in the price of CO₂ certificates and approx. PLN 90 million due to the increase in natural gas and diesel prices. This is how you can more or less distribute the impact of energy prices. As for the issue of subsequent natural gas blocks, the price dynamics are not encouraging at the moment to make such a decision, but we are looking at this, because of course the dynamics may also have some volatility. On the other hand, greater regulatory certainty in the context of the European Union would be very helpful here, when it comes to natural gas and investment decisions. Of course we expect that the power capacity fee will be reduced. We have the assumption that this increase in costs due to the power capacity fee is not permanent.

- 8. I have a question about your RES target in Sierra Gorda 2020 – 300%, if you could provide such information, how much is it now and how is it done? Is it like you are the owners of photovoltaic farms there? I do not know what the sources of renewable energy are and how will they be developed? Will the capex be covered by Sierra Gorda or by some external partners? And I also have a question about surpluses in Sierra Gorda that are showing now, whether you will continue to be interested in transferring these surpluses to Poland, or are you thinking about the next stages of development there, e.g. Sierra Gorda Phase 2, a past project, or Sierra Gorda Oxide that was also planned in the past.**

Answer Sierra Gorda already has some of its energy from RES, while this target value of 100% results from very favorable and future-oriented contracts that we have signed and they are simply waiting to be executed by the energy supplier. Therefore, it is somewhat secured and we are pleased with it, with this transformation towards RES in Sierra Gorda. As for cash flow, Sierra Gorda does not currently assume this second phase. There is no discussion on this and there is no such type of investment plan being considered. We are continuing the methodology of investing in Sierra Gorda, which we adopted at the very beginning of our presence here in the Management Board, i.e. simply achieving production optimization using the least possible means. And at this point, this method is continued, i.e. we have reserved capex expenses for individual improvements, it is not a program like doubling the value of capex for Sierra Gorda or doubling its potential, but we move forward in small steps. And despite the assumption of the expenses for these improvements, we are talking about significant financial flows back to Poland.

- 9. Recently, there has been a lot of talking about this trend in electromobility in deep mines. More and more equipment suppliers are boasting that more and more of these devices are being sold. Have you analyzed this direction? Could it potentially**

significantly reduce the costs of energy consumption in mines, simply by reducing the costs involved with temperature reduction ventilation? I know that one of your companies also has such a vehicle in its portfolio, so if I could have a word of comment here.

Answer Let me refer to it **before** I give the floor to Adam Bugajczuk, who is responsible for the development topic. Of course, there is such a trend. This trend probably still needs time to develop technology. And, of course, it is often the case that manufacturers and suppliers boast faster than they are able to prove the parameters. Please remember, to picture this, a loader lifts 12 tonnes, so in order to lift these 12 tonnes within an hour and place them somewhere, it needs a lot of battery power for example. And it would have to be recharged several times over a six-hour duty cycle to be able to do the job that a diesel engine can do at the moment. We are looking for what will really help us, i.e. what is functional, what is possible, what will not impede the production cycle or extend it. There are such solutions, we are analysing them, but not all machines can be replaced with electric machines at the moment. When it comes to transporting people, yes we are testing it. Drilling machines, it is probably possible, but loaders, cars that carry several tonnes, probably not yet. If battery technology develops substantially, then yes. We use electric machines in Sierra Gorda. These are large excavators that have around 150 tonnes in one bucket, so they will turn the bucket twice and load our car, which then has 250 tonnes, the charger works on a cable, to put it briefly. Of course, it is electric, but the power supply is through cable, there is no battery power. By the way, referring to the energy thread, to what you asked about energy in Sierra Gorda, it is very interesting, because it is much easier for Chileans, because as we talked about those areas that can be covered with photovoltaic panels, they have the entire Atacama Desert. As you know, the Atacama Desert is one of the sunniest places in the world, first of all. Second, it's empty. Mines such as ours are a rather small area of this desert, so it is simply easy to build up photovoltaic panels and obtain this energy in a short time. The availability of space is crucial. Their plans go further, because they want to produce hydrogen through electrolysis and be one of the largest producers in the world, and also transport hydrogen by ships. Of course, not in the hydrogen phase, but by converting to ammonia, because the transport of pure hydrogen is still something very risky, because there's a threat of loss of life in a quick explosion. But this is just a digression in the context of these Chilean energy threads. I give the floor to the issue of electric machines in Poland.

Yes, I confirm what President Marcin has said. In two cases, we checked and these companies were not able to provide us with machines that fit our profile. We also research and talk to all the largest producers in the world. It is better, but in fact there are no such solutions as they say, and when it comes to lowering the temperature, it is unfortunately only by one degree. So if we change diesel to electric, we will lower the

temperature at the bottom by one degree, which does not completely solve the problem of cooling the rock mass. Of course, we are thinking about it, this is the future and we are open to it as much as possible, but in addition to that, we have to further optimize and think about how to deal with these difficult conditions.

10. one of my colleagues asked about electricity and the President replied that you are probably expecting a reduction in the power capacity fee. And why do you expect a reduction in the power capacity fee? Does it result from any regulations?

Answer Yes, it results from the regulations, because in the regulatory policy of the European Commission we are on the list of those who may be exempt from the power capacity fee, as a metallurgical industry, along with many other industries, the copper smelting industry. So it is possible. There is a law underway which provides for such an exemption in relation to the production of copper and copper metallurgy.

11. And please remind me how much of the power capacity fee was there in the first half of 2021?

Answer About PLN 100 million.

12. And will it continue until the end of 2021?

Answer It depends on when the act mentioned by the President will be introduced.

13. What is the reason for such a significant increase in the cost of remuneration in KGHM Polska Miedź in Q2'21 vs Q1'21? Should the current level be treated as a starting point for subsequent quarters?

Answer The cost of wages is a derivative of the Collective Agreement concluded. The Collective Agreement quite precisely indicates the algorithm that determines the wages, and it derives from this. On the other hand, we also have a profit bonus inscribed in the Collective Agreement, and if all the factors we discussed today continue in this positive trend, we forecast a record high profit. We have also been obliged to create a reserve for the increased profit bonus for employees. This has its dimension, I would say financially that we pay out more, but on the other hand, we also have the feeling that this Collective Agreement and our actions allow us to simply share this favorable financial situation of the company in this way, also with a wide group of stakeholders, i.e. our employees.

14. Management mentioned PLN 500m flow of cash from Chile to Poland? Where does this show in the financial statements? Was this an actual payment of cash from Sierra Gorda to KGHM or non-cash change in intercompany loans?

Answer The amount of PLN 500 million was recognised on 17 August, i.e. on the date of publication of the periodic report, as the gross amount of cash flow to KGHM Polska Miedź S.A. from the international operating segments of the KGHM Group.

15. Employee benefits expenses increased by ~20% q/q. I understand this reflects provisions for profit related payments to employees, if the copper price remains at current levels would you expect Employee benefits expenses to remain at similar levels in the future?

Answer The answer to the first part of the question is "yes", the determinant of an almost 20% increase in employee benefits costs in KGHM Polska Miedź S.A. in the second quarter of 2021 in relation to the second quarter of the previous year, it was necessary to create a provision for an additional annual bonus, the amount of which is related to the forecasted net result of the Parent Company for the current year.

In the second part of the question, we have a thesis about the direct link between the amount of employee benefits and the price of the main raw material, i.e. copper, and the extrapolation of these benefits at a level close to the current level. Of course, this is too far-reaching a simplification, because first of all, attention should be paid to the one-off nature of the provision created in the second quarter of this year, related to the financially strong effect of making the loans real and therefore, apart from the obviously positive operating performance and favorable macro environment, the forecast of a high net result.

The Collective Agreement precisely indicates the algorithm that determines the dynamics of the increase in remuneration and the method of calculating the level of the bonus from the Company's profit for a given financial year.

16. Can you give any indication of potential capex on new energy sources, particularly small nuclear reactors to provide energy?

Answer Due to the fact that a review is currently underway and an update of certain elements of our Strategy is being prepared, it is too early to forecast the potential amounts for such projects.

17. A question about Sierra Gorda and molybdenum inventories. In Q2'21 production was higher than the sales, what is the molybdenum inventory now and can sales be expected to be higher than the production in Q3'21? And does Sierra Gorda sell molybdenum at spot prices or will it be sold in Q3'21 based e.g. on the average price in Q2'21? How do you explain the strong increase in molybdenum prices in the last 3 months?

Answer We currently do not sell on the spot market. Sales are most often based on average quotations from a given contractual month (M, M+1, M+2, M+3). The high prices of molybdenum in the last three months are due to the following factors:

- consumption in China - in the case of permanent demand from the Chinese market, we notice a tendency towards stabilisation of molybdenum prices on the market in Europe and Asia. Recently, consumption increased significantly (from 8-9 kt to 11-12 kt). This resulted in disturbances in the availability of the product on other markets;

- underevaluation of market demand – a large percentage of end users assumed there would be low demand for molybdenum in 2021. Molybdenum demand however turned out to be substantially greater. This fact, combined with interruptions to the transport chain and lower availability of product on the market led to higher prices.

18. How do you see C1 costs evolving at Polska Miedź in 2H21, especially labor costs/wage indexation and additional COVID-related costs?

Answer The greatest impact on C1 currently is from the minerals extraction tax and the USD exchange rate. If metals prices remain at high levels, then the resulting level of this tax in the second half of 2021 should not be lower. The dynamic of employee costs in the second half of this year, compared to the second half of 2021, will be free of this one-off impact from the provision for the annual bonus from the first quarter of 2021. Consequently this element of C1 will not impact the value of this parameter. When forecasting and comparing employee costs to appropriate periods of the corresponding prior year you should take into account this one-off as well as natural wage inflation and the impact of their adjustments resulting from the Collective Agreement. In terms of costs related to protecting employees and the organisation from the impact and effects of the pandemic, naturally we optimistically assume that there won't be a need to recognise additional provisions due to the effectiveness of the preventative and mitigating actions taken by us, though of course there remains uncertainty as to the further development of the pandemic.

19. What impact do you see from your current hedging programs on the earnings and do you plan to adjust/close existing hedges in 2022 given that global commodities markets remain very strong?

Answer The future impact of hedging is dependent on the final copper, silver and USD/PLN prices which are uncertain, subject to market forces and could change either in favour or against the Company. As of 30th Jun 2021 the mark-to-market of open positions was -1.5 bn PLN (total open derivatives, page 46 in our financial statement), whereas the revaluation reserve on cash flow hedging instruments amounted to -2.2 bn PLN. The current derivatives portfolio mix serves all Market Risk Policy goals, which includes, among others, financial stability of the Group regardless of high volatility of market risk factors in short and middle term.

For many years the Company's attitude towards hedging has been consistent and aimed at stabilization of the company revenues. Such approach doesn't exclude potential adjustment of existing portfolio if market volatile conditions enable to optimize it in a way to better reflect current macroeconomic situation and price regimes.

20. Can you tell me the adjusted net income number you will be using from 1H21 from the Polish parent company to form the basis of the dividend in 2022 (i.e. which one-offs are deducted from Poland net income)?

Answer Deductions from net profit are accounted for when calculating the annual employee bonus under the detailed algorithm provided for in the Collective Agreement. In terms of profit allocation, including potentially in the form of shareholder dividends, the base is always reported for the year in which the allocation of net profit of the Parent Entity, i.e., KGHM Polska Miedź S.A., is made, here there are no exclusions. Please remember however that the dividend policy of KGHM provides for a dividend of a maximum of 1/3 of standalone net profit for the financial year ended.

21. In the last production and sales report, you announced that in the first half of 2021, the production and sales of all major metals in the Group were above the level provided for in the budget for this period. How much has the budget been exceeded for copper, the production and sales of which increased y/y, and silver, the production and sales of which decreased? Thanks to what activities was it possible to achieve better results than assumed? Do you expect this trend to continue in the second half of 2021?

Answer In the first half of 2021 the KGHM Group recorded a substantial increase in key production parameters. In the first half of 2021 the production and sales of all of the Group's main metals were higher than targeted in the budget for this period. It is difficult to say by how much individual targets were exceeded as according to Company policy, we only disclose the annual targets for individual products. The same goes for forecasting their execution to the end of the year. Certainly, the continuation of the positive impact of improvements to the availability of production lines, higher production from purchased metal-bearing materials, improved ore quality and recovery parameters, allows us to think optimistically about achieving, or even exceeding the budgeted production volumes.

22. Which activities contributed to achieving a higher copper yield in the period January-June 2021 in Sierra Gorda? Will it be possible, in your opinion, to maintain the 30% increase in the production of the Chilean company?

Answer As a rule, yields are a function of metal content in the ore, but also of the simple optimization of the process itself and the parameterization of the process. I would like to remind you that in recent quarters we have also completed some investments, and thanks to the fact that they were small, low-cost, low-capital-intensive steps, we simply improved the parameters of this installation. A number of components can be replaced, for example hydrocyclones and other components. Therefore, all these activities translate, on the one hand, into an increase in the processing capacity, but also an increase in yields and an increase in recovery, which is what geology gives us. If we ask

about the second half of the year, as I said, we do not expect a significant collapse in production that could jeopardize these good results, but at this point we cannot provide clear guidance, a clear quantified plan for the second half of the year.

23. The company allocates its financial surpluses for loan repayments, e.g. the USD 350 million in BGK. Due to the unused PLN 8bn of credit and loan limits, positive cash flows generated from operating activities, current and flexible access to external financing sources, wouldn't it be better to invest in new deposits or buy back shares in Sierra Gorda?

Answer We have open lines of credit in the amount of approx. PLN 8 200 million, which are very flexible and agreed on very favorable terms. We can use them in case of current needs or financing further investments, so our financing structure is optimal at the moment. In the event of making specific investment decisions, we will inform you.

24. In the first half of the year, the costs of purchasing materials and energy amounted to PLN 5 832 million, which means that they increased by 57.7% y/y. What portion of this was the cost of purchasing energy?

Answer There was an increase in the cost of electricity by PLN 102 million due to the power capacity fee, by PLN 77 million due to an increase in the price of CO₂ certificates and approx. PLN 90 million due to the increase in natural gas and diesel prices.

25. Is the KGHM Group feeling the increase in energy prices? Are you planning to accelerate the construction of renewable energy sources or the purchase of such assets due to the constantly growing price of CO₂ emission allowances?

Answer It is worth noting that thanks to optimizations, we ourselves use less energy per production unit than a year ago. The increasingly cost of electricity in Poland and the ever higher fees for CO₂ certificates are to some extent a speculative game, but this trend cannot be reversed in the long term. Already in 2018, in the then-adopted Strategy, we declared that we would reach the level of 50% of consumed energy generated by our own resources, including renewable energy sources, within a decade. The transformation we are engaged in includes an element of energy transformation in it. We have already built some of the photovoltaic projects. More will follow soon. And photovoltaics are only part of the planned investments.

26. What contributed most to the improvement of the situation at the Sierra Gorda mine? What factors were key in this process?

Answer I tried to refer to it at the beginning of my speech and in the introduction, but I will refer to it in more detail. When we came to the Company, we had a full plate, just as in some threads these plates were not full, so in the context of Sierra Gorda we had full plates for the next big capex projects, which would make production increase by investing billions more. We made a decision, many said it was a risky one, to invest in the form of purchase price plus loans for development. Launching this project cost billions of PLN

and these were considerable amounts, so maybe it's time to simply use the usual industrial optimization, maintenance organization and operation with an industrial asset, just like working with an industrial asset in the commissioning phase, to squeeze as much as possible out of it. And if this gives as much as possible, then you can think about subsequent capex and the next investment phases, which will give an even better financial result. So in a nutshell, through a series of organizational initiatives, I have given you the example of cars. If we manage to load one more car within five minutes by organizing the excavator's work and the incentive system that allows this operator, motivates him to load more cars, and at the same time motivates the driver, we have several dozen more cars during the shift. This is already a high yield. If somewhere in the maintenance policy, the maintenance of a large production line, as it is a huge industrial processing installation, with mills, with a flotation process, we will be able to organize repairs and inspections in such a way that we will react in advance and at the same time remove all potential risks that may threaten us later, but if they occur at different times, they will do the 60% availability of the asset, not what is standard in the mining industry, 85 or 90, that's what we did. And a number of others, dozens of small initiatives that make it possible for us to produce more. But this is the work of our Management Board, Paweł here and the managers on site, the team in Poland. We are working on it all the time. People know that there is Polish money here, from a Polish company, that we have to fight to run this investment in such a way that it pays off and brings results. Results at the cost level and a number of initiatives. A lot of services and purchases you can do cheaper and we try to get things cheaper wherever we can, get energy cheaper, as in the case of the photovoltaic project, which in the long run will give us 100% of renewable energy to power the entire project. Or not shutting down and fighting for the company's work during the COVID period, or during riots that happened in Chile. That was not easy either. Chile is still a country with a high COVID risk. It is closed. It is impossible to enter and leave. There is a high rate of infections. We have frequent state inspections that give us permission to work and we pass them, which means that we protect our employees well. We are not paralyzed by that. Besides, relations with the trade unions are a difficult thing in Chile and we are able to communicate in such a way so as to ensure the continuity of the company's operations. I am not talking about riots anymore. There were moments when some mines stopped for 2, 3, 4 weeks, as you know, with a certain scale of production. It is easy to calculate how many millions of dollars that is. When we were able to ensure the transportation of employees and the safety of their transportation and business continuity. There is a number of different factors, but I would simply call it attention, relevance and good management. And that's it. Even without capex we have these results. And you can think about capex as this trend will be permanent, as we expect, you can think about the development of this project in the next capex outlays.

27. Can you please elaborate on the topic of interest in SMRs (small modular reactors) and hydrogen?

Answer These issues are being analyzed as one of the elements of a broader discussion, broader thinking, the results of which we will try to present to you when discussing changes in directions or updating certain elements of our strategy.

28. How much hedging was introduced in terms of sales and how much was in other operating activities for 2Q?

Answer The first half of this year was encumbered with the amounts of PLN 742 million due to hedging, i.e. revenue adjustment, PLN 173 million as a reduction in the result on other operating activities and over PLN 20 million reduced the result on finance activities. This is in the report, we have it in the presentation in the full version, but it is worth recalling because it makes modeling easier for us.