

JSW Group's operating activity in Q1 2023

In Q1 2023, total coal production in the JSW Group was 3.38 million tons and coke production was 0.77 million tons.

Its operating results are depicted in the table below:

Production ratios	Unit	Period		
		Q1 2022	Q4 2022	Q1 2023
Coal segment				
(a+b) Total coal production:	million tons	3.77	3.47	3.38
a) Coking coal production		2.86	2.76	2.66
b) Steam coal production		0.91	0.71	0.72
(a+b) Total coal sales:		4.06	3.29	3.53
a) Coking coal sales		2.92	2.51	2.80
<i>including internal sales</i>		1.24	0.91	1.04
b) Steam coal sales		1.14	0.78	0.73
Coke segment				
Total coke production	million tons	0.88	0.68	0.77
Coke sales		0.95	0.75	0.84

Coal and coke production in the JSW Group

The operating results of the coal segment in Q1 2023 were as follows:

- **total coal production** was 3.38 million tons, down by approx. 2.5% compared to Q4 2022 and approx. 10.2% compared to Q1 2022;
- **coking coal production** was approx. 2.66 million tons, down by approx. 3.8% compared to Q4 2022 and approx. 7.0% compared to Q1 2022;
- **steam coal production** was approx. 0.72 million tons, up by approx. 2.5% compared to Q4 2022 and down by approx. 20.3% compared to Q1 2022;
- **total coal sales** were approx. 3.53 million tons, up by approx. 7.3% compared to Q4 2022 and down by approx. 12.9% compared to Q1 2022;
- **coking coal sales** were approx. 2.80 million tons, up approx. 12.0% compared to Q4 2022 and down approx. 3.9% compared to Q1 2022;
of which: **internal sales** were approx. 1.04 million tons, up by approx. 13.8% compared to Q4 2022 and down by approx. 16.2% compared to Q1 2022;
- **steam coal sales** were approx. 0.73 million tons, down by approx. 7.6% compared to Q4 2022 and down by approx. 36.1% compared to Q1 2022;
- **coal sales to external customers** in Q1 2023 accounted for approx. 71% of the total volume.

The operating results of the coke segment in Q1 2023 were as follows:

- **total coke production** in Q1 2023 was 0.77 million tons, up by approx. 14.3% compared to Q4 2022 and down by approx. 11.7% compared to Q1 2022;
- **total coke sales** in Q1 2023 were 0.84 million tons, up approx. 11.5% compared to Q4 2022 and down approx. 11.2% compared to Q1 2022.

Market conditions in Q1 2023

- Coal segment¹
 - the average price of The Steel Index (TSI) in October 2022 – February 2023 affecting JSW's prices in Q1 2023 was USD 303 per ton. Compared to the average TSI price in July–November 2022 affecting the prices in Q4 2022, it grew 15%,
 - the estimated average PLN-per-ton price of coking coal sold by JSW to external offtakers in Q1 2023 increased by approx. 2% in relation to the previous quarter. Converted into USD at the National Bank of Poland's average exchange rate in a given quarter, the increase was approx. 7%.
 - the ratio of the average price of JSW's coking coal sold to external buyers to the average TSI price in October 2022 - February 2023 was 92%. Compared to the previous quarter, it fell by 6 percentage points,
 - the Polish Steam Coal Market Index (PSCMI1) in sales to the commercial and industrial energy sector stood at PLN 695.93 per ton in Q1 2023 (data for January and February 2023) rising by approx. 28% compared to the previous quarter,
 - the average price of steam coal sold by JSW in Q1 2023 in relation to the previous quarter increased by approx. 17%.
- Coke segment²
 - the prices of blast-furnace coke in the European market in Q4 2022 were USD 410 per ton, down by approx. 11% compared to Q3 2022,
 - the average PLN-per-ton total contract price of coke sold by the JSW Group in Q1 2023 decreased by approx. 7% compared to Q4 2022. After conversion into USD at the National Bank of Poland's average exchange rate from the respective quarter, the decline was approx. 1%.

Data source: Platts, Coke & Anthracite Market Report, polskirynekwegla.pl

¹ JSW sets prices with its customers on the basis of benchmark prices based on the daily prices of Australian premium hard coking coal grades, in most cases by calculating their mean values by using two methods:

- the Nippon Steel method – a quarterly benchmark price calculated as the average of the first two months of the current quarter and the last month of the previous quarter,
- the Q-1 method – quarterly benchmark prices calculated on the basis of the average prices in the previous quarter;

the above means that the average price of coking coal in a given quarter is influenced by prices over five months (from the previous quarter and the first two months of the current quarter).

² Coke prices are set at the turn of each quarter to reflect the market terms in negotiations. The optimal approach is to compare the prices obtained in a given quarter with the average price in the previous quarter.