

JSW Group's operating activity in Q2 2023

In Q2 2023, total coal production in the JSW Group was 3.32 million tons and coke production was 0.85 million tons.

Its operating results are depicted in the table below:

Production ratios	Unit	Period		
		Q2 2022	Q1 2023	Q2 2023
Coal segment				
(a+b) Total coal production:	million tons	3.40	3.38	3.32
a) Coking coal production		2.72	2.66	2.70
b) Steam coal production		0.68	0.72	0.62
(a+b) Total coal sales:		3.58	3.53	3.13
a) Coking coal sales		2.78	2.80	2.64
<i>including internal sales</i>		1.19	1.04	1.14
b) Steam coal sales		0.80	0.73	0.49
Coke segment				
Total coke production	million tons	0.89	0.77	0.85
Coke sales		0.83	0.84	0.88

Coal and coke production in the JSW Group

The operating results of the coal segment in Q2 2023 were as follows:

- **total coal production** was 3.32 million tons, down by approx. 1.9% compared to Q1 2023 and approx. 2.5% compared to Q2 2022;
- **coking coal production** was 2.70 million tons, up by approx. 1.4% compared to Q1 2023 and down by approx. 1.0% compared to Q2 2022;
- **steam coal production** was 0.62 million tons, down by approx. 14.1% compared to Q1 2023 and down by approx. 8.6% compared to Q2 2022;
- **total coal sales** was approx. 3.13 million tons, down by approx. 11.3% compared to Q1 2023 and down by approx. 12.5% compared to Q2 2022;
- **total coking coal sales** were approx. 2.64 million tons, down by approx. 5.8% compared to Q1 2023 and down by approx. 4.8% compared to Q2 2022;
of which: internal sales were approx. 1.14 million tons, up by approx. 10.0% compared to Q1 2023 and down by approx. 4.3% compared to Q2 2022;
- **steam coal sales** were approx. 0.49 million tons, down by approx. 32.6% compared to compared to Q1 2023 and down by approx. 39.1% compared to Q2 2022;
- **coal sales to external customers** in Q2 2023 accounted for approx. 64% of the total volume.

The operating results of the coke segment in Q2 2023 were as follows:

- **total coke production** in Q2 2023 was 0.85 million tons, up by approx. 10.5% compared to Q1 2023 and down by approx. 3.6% compared to Q2 2022;
- **total coke sales** in Q2 2023 stood at 0.88 million tons, up by approx. 5.3% compared to Q1 2023 and approx. 6.6% compared to Q2 2022.

Market conditions in Q2 2023

- Coal segment¹
 - the average price of The Steel Index (TSI) in January 2023 – May 2023 affecting JSW's prices in Q2 2023 was USD 306 per ton. Compared to the average TSI price in October 2022 – February 2023 affecting JSW's prices in Q1 2023, it grew approx. 1%,
 - the estimated average PLN-per-ton price of coking coal sold by JSW to external offtakers in Q2 2023 increased by approx. 1% 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. 6%,
 - the ratio of the average price of JSW's coking coal sold to external buyers to the average TSI price in January 2023 – May 2023 was 97%. Compared to the previous quarter, it increased by 5 percentage points,
 - the Polish Steam Coal Market Index (PSCMI1) in sales to the commercial and industrial energy sector stood at PLN 710.96 per ton in Q2 2023 (data for April and May 2023) rose by approx. 2% compared to the previous quarter,
 - the average price of steam coal sold by JSW in Q2 2023 in relation to the previous quarter decreased by approx. 3%.
- Coke segment²
 - the prices of blast-furnace coke in the European market in Q1 2023 were USD 443 per ton, up by approx. 8% compared to Q4 2022,
 - the average PLN/t total contract price of coke sold by the JSW Group in Q2 2023 increased by approx. 7% compared to Q1 2023. After conversion into USD at the National Bank of Poland's average exchange rate from the respective quarter, the growth was approx. 12%.

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

¹JSW 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)

²Coke 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.