

JSW Group's operating activity in Q1 2024

In Q1 2024, total coal production in the JSW Group was 3.13 million tons and coke production was 0.83 million tons.

Its operating results are depicted in the table below:

Production ratios	Unit	Period		
		Q1 2023	Q4 2023	Q1 2024
Coal segment				
(a+b) Total coal production:	million tons	3.38	3.39	3.13
a) Coking coal production		2.66	2.69	2.40
b) Steam coal production		0.72	0.70	0.73
(a+b) Total coal sales:		3.53	3.36	3.06
a) Coking coal sales		2.80	2.64	2.59
<i>including internal sales</i>		1.04	1.18	1.13
b) Steam coal sales		0.73	0.72	0.47
Coke segment				
Total coke production	million tons	0.77	0.87	0.83
Coke sales		0.84	0.79	0.99

Coal and coke production in the JSW Group

The operating results of the coal segment in Q1 2024 were as follows:

- **total coal production** was 3.13 million tons, down by approx. 7.5% compared to Q4 2023 and down by approx. 7.3% compared to Q1 2023; *the reduction in coal production in Q1 2024 is due to the occurrence of unpredictable mining and geological difficulties, related to the tectonics of the deposit at the Borynia-Zofiówka-Bzie mine, Borynia Section, and the methane hazard at the Pniówek mine;*
- **coking coal production** was approx. 2.40 million tons, down by approx. 10.6% compared to Q4 2023 and down by approx. 9.5% compared to Q1 2023;
- **steam coal production** was roughly 0.73 million tons, up by approx. 4.2% compared to Q4 2023 and up by approx. 0.7% compared to Q1 2023;
- **total coal sales** was approx. 3.06 million tons, down by approx. 9.0% compared to Q4 2023 and down by approx. 13.4% compared to Q1 2023;
- **total coking coal sales** were approx. 2.59 million tons, down by approx. 2.1% compared to Q4 2023 and down by approx. 7.9% compared to Q1 2023;
- **incl.: internal sales** were approx. 1.13 million tons, down approx. 4.1% compared to Q4 2023 and up approx. 9.5% compared to Q1 2023;
- **steam coal sales** were approx. 0.47 million tons, down by approx. 34.3% compared to Q4 2023 and down by approx. 34.7% compared to Q1 2023;
- **coal sales to external customers** in Q1 2024 accounted for approx. 63% of the total volume.

The operating results of the coke segment in Q1 2024 were as follows:

- **total coke production** in Q1 2024 was 0.83 million tons, down by approx. 5.1% compared to Q4 2023 and approx. 7.4% compared to Q1 2023;
- **total coke sales** in Q1 2024 stood at 0.99 million tons, up by approx. 25.0% compared to Q4 2023 and up by approx. 17.3% compared to Q1 2023.

Market conditions in Q1 2024

- Coal segment¹
 - the average price of The Steel Index (TSI) in October 2023 – February 2024 affecting JSW's prices in Q1 2024 was USD 330 per ton. Compared to the average TSI value in July 2023 - November 2023 affecting JSW's prices in Q4 2023, it increased by approx. 12%,
 - the estimated average PLN-per-ton price of coking coal sold by JSW to external offtakers in Q1 2024 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. 4%,
 - the ratio of the average price of JSW's coking coal sold to external buyers to the average TSI price in October 2023 - February 2024 was 80%. Compared to the previous quarter, it fell by 7 percentage points, *driven by, among other things, a change in the sales structure resulting from a change in the production structure.*
 - the Polish Steam Coal Market Index (PSCMI1) in sales to the commercial and industrial energy sector stood at PLN 495.71 per ton in Q1 2024 (data for January and February 2024) decreasing by approx. 25% compared to the previous quarter,
 - the average price of steam coal sold by JSW in Q1 2024 in relation to the previous quarter decreased by approx. 19%.
- Coke segment²
 - the prices of blast-furnace coke in the European market in Q4 2023 were USD 350 per ton, down by approx. 5% compared to Q3 2023,
 - the average PLN/t total contract price of coke sold by the JSW Group in Q1 2024 increased by approx. 3% compared to Q4 2023. After conversion into USD at the National Bank of Poland's average exchange rate from the respective quarter, the growth was approx. 6%.

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.