

Response to questions submitted by shareholders pursuant to Article 428 § 6 of the Commercial Company Code

Shareholders questions – original spelling

Shareholder 1 Question 1

1. Will JSW protest against the illegal tax under the so-called Solidarity Act?
JSW S.A. is a business entity, a commercial law company, which operates on the basis of generally applicable laws enacted by authorized bodies.
2. Did JSW take legal advice on the compatibility of the so-called Solidarity Act with the Polish Constitution? If so, what has been established?
JSW S.A. is a business entity, a commercial law company, which operates on the basis of generally applicable laws enacted by authorized bodies. The Management Board is not a body authorized to determine the compatibility of legal acts with the Constitution of the Republic of Poland.
3. Is the JSW Management Board aware that Council Regulation (EU) 2022/1854 of 6 October 2022 does not mention coking coal and coke.
The JSW S.A. Management Board uses legal assistance in matters requiring specialized legal knowledge or interpretation of generally applicable laws.
4. Does the Management Board know the principle that the law cannot work retroactively? If so, will it pay the illegally imposed tax?
The Management Board is not a body authorized to determine the compatibility of legal acts with the Constitution of the Republic of Poland or to determine the "legality" of generally applicable laws.
5. Many minority shareholders and some trade unions are working to have the solidarity tax canceled. I myself have written a letter to the President of the Republic of Poland, the President of the Supreme Audit Office and several politicians. What has the President and the Management Board of JSW done to make sure this tax is not introduced?
JSW S.A. is a business entity, a commercial law company, operating on the basis of generally applicable laws.
6. JSW reports that repayment of loans received from the PFR is made quarterly in accordance with the repayment schedule under the loan agreements. Early repayment of loans bearing interest at very low rates under current market conditions characterized by high interest rates is economically irrational." JSW has taken out several loans this year. Is the interest rate on JSW's loans lower or higher than the interest rate on the cash in JSW's accounts.
JSW did not take out any new loans in H1 2023, apart from refinancing part of the debt under the 2019 agreement. In addition, the preferential financial terms of the loans received under the Government Program entitled "The Polish Development Fund's Financial Shield for Large Companies" are more favorable than the interest rate on cash in JSW's accounts.
7. If the interest rate on the loans taken in 2023 is higher than the interest rate on the cash held in JSW's accounts then:
 - Is it economically rational to take such loans having such huge cash resources?
 - Doesn't this contradict what JSW says about why it is not repaying the loan to the PFR ahead of schedule?

JSW did not take out any new loans in H1 2023, apart from refinancing part of the debt under the 2019 agreement. In addition, in accordance with the company's and JSW Group's strategy, maintaining a secure financing structure for assets in the long term is one of the Company's priorities, because it allows it to maintain liquidity in the long term. And this goal is precisely being achieved by, among other things, financing non-current assets with long-term liabilities.

8. Is it economically rational not to repay the PFR loan despite President Cudny's announcement of early repayment, hiding behind the low interest rate on the PFR loan, and then taking new loans at a higher interest rate than the money in JSW's accounts is bearing?

In assessing the appropriateness of maintaining the funding from the PFR, the Management Board is guided by financial terms and the interests of the company. Repayment of loans received from the PFR is made quarterly in accordance with the repayment schedule under the loan agreements. Early repayment of loans bearing interest at very low rates under current market conditions characterized by high interest rates is economically irrational.

The signed financing agreement is part of the financial management of the Company and the JSW Group and is intended to provide funds for working capital and investment financing, including projects resulting from the environmental strategy; it is also aimed at ensuring the correct structure of asset financing and maintaining liquidity in the long-term horizon (which is very important in terms of the cyclical nature of operations).

9. Does the management board have a development strategy for JSW? If so, what is it?
JSW S.A.'s strategy including the JSW Group's Subsidiaries for 2022-2030 was presented in Q1 2022 and can be found at the website: <https://www.jsw.pl/relacje-inwestorskie/strategia>
10. Does JSW with such huge funds in its accounts (about 10 billion) plan to take over some other company?
The current Strategy calls for executing developmental processes chiefly based on the development of core business, without precluding development through acquisitions of attractive assets and entities, as elements of potential diversification and evaluation of the business model. In addition, an important element of the adopted Strategy is to replenish the JSW Stabilization Investment Fund during periods of favorable coal market conditions so as to provide for an appropriate level of financial liquidity during coal market downturns, which will make it possible to maintain financial liquidity until cost-side actions are put in place to adapt to the prevailing price conditions on the marketplace.
11. Is JSW's President and Management Board acting to the detriment of minority shareholders?
The JSW Management Board does not act to the detriment of minority shareholders.
12. Does the management board understand the rationale behind the functioning of a joint-stock company and the obligation to maximize shareholder benefits?
Members of the JSW S.A. Management Board are aware of their duties in connection with the positions they hold.
13. In 1995, the Constitutional Court ruled that unfavorable income tax changes for citizens should be enacted at least a month before the start of the tax year. The Constitutional Court, in a February 2005 judgment, stressed that the principle also applies to changes relating to other taxes, in which tax assessments are made on an annual basis. So does JSW intend to pay the illegally imposed tax despite the Constitutional Court ruling?

The Management Board is not a body authorized to determine the compatibility of legal acts with the Constitution of the Republic of Poland or to determine the "legality" of generally applicable laws.

14. Won't the payment of further bonuses to employees (15% on the amount of the so-called solidarity tax) be a violation of the salary agreement for 2023?

The trade union side, in accordance with the collective dispute resolution act, has the right to make demands and initiate collective disputes with the employer over labor issues. On 1 August, JSW S.A. received a letter from Representative Trade Union Organizations, in which the trade union side initiated a collective dispute on the basis of the collective dispute resolution act as of 1 August. Article 8 of the cited act requires the employer to enter into immediate negotiations to resolve the dispute by agreement. At no point in the referenced Agreement are there any provisions closing the way for negotiations and possible launch of additional benefits for employees.

15. What does the company want to do with the gigantic cash it has. It is economically irrational to keep it for a rainy day.

The cyclical nature of the operations of JSW and the entire JSW Group makes it necessary to ensure that liquidity is maintained and investments are made over the long term. Lack of funds accumulated in good times for a period where expenditures are not covered by receipts could cause a loss of or crunch of liquidity.

16. As the current situation shows, the profit for 2023 will also be gigantic. In 2024 will JSW repay the small amount of the PFR loan that remains or will it continue to act to the detriment of minority shareholders and, hiding behind the PFR loan, again cheat shareholders by not paying dividends?

In assessing the appropriateness of maintaining the funding from the PFR, the Management Board is guided by financial terms and the interests of the Company.

According to the Commercial Company Code, the decision to pay dividends is within the exclusive powers of the Shareholder Meeting.

17. Despite President Cudny's announcement that the company would repay the loan to the PFR early and then changing his mind, is the President aware that he has cheated many minority shareholders?

The question does not refer to the Company's activity.

18. As of now, how much has JSW spent in 2023 on sponsoring sports, religious groups, etc.?

Statement of expenses incurred in 2022 by Jastrzębska Spółka Węglowa S.A. and the companies comprising the JSW Group to support culture, sports, charitable institutions, the media, social welfare organizations, trade unions, etc. - in accordance with Rule 1.5 of the Code of Best Practice for WSE Listed Companies 2021 was presented on the company's website.

https://www.jsw.pl/fileadmin/user_files/ri/lad-korporacyjny/dobrepraktyki/raporty/pl/Tabela_zasada_1_5_2023.pdf

JSW S.A. is a business entity, a commercial law company, which operates on the basis of generally applicable laws enacted by authorized bodies.

19. Is president Cudny aware that he is also the president of minority shareholders? If so, what has he done for the benefit of minority shareholders?

JSW's Management Board conducts transparent, open and reliable communication with all capital market participants. Communication standards are based on respecting the principles of common and equal access to information while ensuring compliance with the law.

20. Does the JSW president and management board believe that the new tax imposed in 2023 for the year 2022, which has already been settled, is in compliance with the Polish law and the Polish Constitution?
The Management Board is not a body authorized to determine the compatibility of legal acts with the Constitution of the Republic of Poland.
21. Who is actually managing JSW? Is it the Minister of State Assets Mr. Jacek Sasin?
The Management Board manages the affairs of JSW and the Group, lays out the directions for the JSW Group's growth and identifies the strategic areas on which the JSW Group will focus to facilitate its long-term development and the creation of added value for stakeholders.

Shareholder 2 Question 1

22. The investment in Bzie, where mining is at a negligible level, cost more than 2 billion. It is likely that the investment will never pay off? The management board repeatedly stressed that it had received a dismal geological survey.
- Has the management board made an attempt to recover money from the companies preparing the expert reports for the Bzie mine?
At the moment, the Management Board is not considering such a solution.
 - Shouldn't the management board take the case to court for compensation for the company for the costs incurred?
At the moment, the Management Board is not considering such a solution.
 - Who specifically prepared these expert reports?
Exploration of the deposit for a mining area in which no previous mining operations have been carried out is based on core borehole surveys from the surface. Such exploration was carried out in accordance with generally accepted standards for deposit exploration by a company with the required qualifications. Currently, work is being carried out at the Bzie Section to open up the coal deposits. In the course of the work, an analysis of the deposit is being carried out on an ongoing basis, and the model for parceling the deposit and the new financial model are being updated.
 - What companies performed these expert reports and what fees did they receive for them?
The deposit was analyzed in terms of resources and the economic viability of mining in accordance with international standards.
 - How much money is currently being invested in the Bzie mine?
The Company is implementing the expenditures on the investment related to the Opening and development of resources within the Bzie-Dębina 2-Zachód and Bzie-Dębina 1-Zachód deposits in the Bzie Section, in accordance with the adopted strategy and investment plans.
 - What is the current output from the Bzie mine?
One longwall is currently in operation and the output of the Bzie Section is close to that assumed in the technical and economic plan. Another longwall is scheduled to be launched in early 2024.
 - What are the prospects of the Bzie mine?
The Bzie Section will prospectively conduct mining in the Bzie-Dębina 2-Zachód and Bzie-Dębina 1-Zachód deposits according to approved schedules allowing positive cash flows during the period of the adopted operating model.
23. On 16 March, JSW's extraordinary shareholder meeting agreed to establish collateral that may be needed in connection with the JSW Group's raising of PLN 1.65 billion in debt financing. The financing collateral agreed to by JSW's shareholders on 16 March includes mortgages on real estate and registered pledges on selected assets, assignment of rights from selected commercial contracts, and sureties provided by certain JSW subsidiaries.- The question should be asked whether, in view of the sharp depreciation of the company's shares, the reduction in the company's book value and the additional burden of a tax liability in the expected amount of 1.6 billion, the company is not threatened with termination of this loan?

The question is legitimate because the conditions under which this loan was granted have changed, and the banks should react, and thus the shareholders should learn about it. We expect a comprehensive explanation.

The Company did not violate the terms of the financing agreement. Financial institutions monitor loan repayment and fulfillment of contractual terms on an ongoing basis - as stipulated in the Financing Agreements.

24. What investments in the company does management board want to make with the cash it has in its accounts to grow the company and increase its value? The management board in its answers firmly writes that it is trying to secure the company, but keeping cash in the accounts is just a waste and asking the trade unions or the government to reach out for that money. The trade unions also argue that they don't want the tax because there will be no money for investments. Therefore, we ask what investments are planned?

In accordance with the Strategy including the JSW Group's Subsidiaries for 2022-2030 adopted by JSW S.A. Management Board, the JSW Group's Investment Program assumes the implementation of investment projects with a total value of approximately PLN 22.4 billion, including:

- *coal segment - approx. PLN 17.8 billion, which accounts for about 80% of total expenditures in the JSW Group,*
- *coke segment - approx. PLN 2.8 billion,
The following development investments are planned at JSW S.A. mines to secure the coking coal resource base by opening up new deposits and new mining levels:*
- *KWK Borynia-Zofiówka-Bzie, Borynia Section - Construction of level 1120,*
- *KWK Borynia-Zofiówka-Bzie, Zofiówka Section - Construction of level 1080,*
- *KWK Borynia-Zofiówka-Bzie, Bzie Section - Opening up and developing resources within the Bzie-Dębina 2-Zachód and Bzie-Dębina 1-Zachód deposits,*
- *KWK Budryk - Opening up of new resources in seam 405/1 and 405/2,*
- *KWK Knurów-Szczygłowice, Knurów Section - Construction of level 1050,*
- *KWK Knurów-Szczygłowice, Szczygłowice Section - Construction of level 1050,*
- *KWK Pniówek:
- Opening and utilization of resources in the "Pawłowice 1" deposit,
- Expansion of level 1000 and deepening of shaft IV and III,
- Construction of level 1140.*

In the coke segment, the planned development investments are as follows:

Przyjaźń Coking Plant:

- *Modernization of two coke oven batteries,*
- *Modernization of DCCI, with construction of the installations for battery No. 5.*

Jadwiga Coking Plant:

- *Coke oven battery overhaul without shutdown,*
- *Construction of a gas desulfurization plant - CDA and SRCM.*

Radlin Coking Plant:

- *Construction of a power unit,*
- *Flue gas desulfurization and denitrification plant,*
- *Battery 1-bis overhaul without shutdown.*

25. On 8 February 2023, a salary agreement was signed with the trade unions. <https://www.bankier.pl/wiadomosc/Fundusz-plac-JSW-od-1-stycznia-23-wzrosnie-o-15-4-proc-czyli-o-ok-580-mln-zl-8486341>. So if the miners were to again win some bonuses or rewards to be distributed, wouldn't there be a violation of this agreement? Because if the Management Board would 'exceed' the amounts specified in this agreement then we have an obvious action by the Management

Board to the detriment of the company. Please reply how the management board responds to the demands of the trade unions regarding the next bonus?

The trade union side, in accordance with the collective dispute resolution act, has the right to make demands and initiate collective disputes with the employer over labor issues. On 01 August of this year, JSW S.A. received a letter from Representative Trade Union Organizations, in which the trade union side initiated a collective dispute on the basis of the Collective Dispute Resolution Act as of 01 August of this year. Article 8 of the cited act requires the employer to enter into immediate negotiations to resolve the dispute by agreement. At no point in the referenced Agreement are there any provisions closing the way for negotiations and possible launch of additional benefits for employees.

26. Given the attractive figures the company reported in press release no. 18/2023: "The low market ratios (P/E, P/BV, EV/EBITDA, among others) are more indicative of investment attractiveness and should be more of an incentive for investors who, looking for relatively cheap multiples, are counting on an increase in their price in the future.

Isn't a share buyback a better way to use cash than holding it in the company's accounts?

The loan agreement with the PFR restricts the possibility of making distributions to shareholders, including in connection with the purchase of treasury shares.

2. Is the company experiencing problems with coking coal offtake?

The company sells coking coal based on multi-year contracts and to coking plants within the Group. The market changes we are currently observing in Europe, including restrictions on coke and steel production, are affecting coking coal offtakers, but demand for coking coal from JSW remains stable.

3. Is the company experiencing problems with coke offtake?

Rapid changes in the situation in the steel, coke and coal markets are affecting the stability of coke offtake by customers. The contracting of coke production is largely based on long-term contracts, and JSW's portfolio of offtakers, split between Europe and overseas markets, helps mitigate the risks arising from market volatility.

4. Is the company experiencing problems with steam coal offtake?

The company is feeling the effects of the situation in the domestic steam coal market due to oversupply and limited coal-fired generation.

5. Does the management board understand the rationale behind the functioning of a joint-stock company and the obligation to maximize shareholder benefits?

Members of the JSW S.A. Management Board are aware of their duties in connection with the positions they hold.

27. In its answers the management board hides behind statements that they have no impact on the capital market and that low P/E or Price/Book value ratios represent good fundamentals for investments. In view of the above: 1. Do they plan to buy back treasury shares? 2. Do they allow the possibility of paying (part of) the trade unions' claims in the form of shares? Transferring part of the shares to the trade unions and then paying the bonus in the form of dividends reconciles the interests of both employees and shareholders.

The loan agreement with the PFR restricts the possibility of making distributions to shareholders, including in connection with the purchase of treasury shares.

28. Why hasn't the management board taken any remedial measures to limit the amount of the windfall tax? It was enough in 2022 to repay the PFR loan, increase investment, and pay dividends to shareholders. This would save the company even more than PLN 1 billion. Or: what countermeasures has the management board taken to address the risk of introduction of the windfall tax?

The Company monitored legislative work on the Solidarity Contribution Act, while the Management Board voiced its stance on the potential burden to be imposed on the Company by such contribution.

In assessing the appropriateness of maintaining the funding from the PFR, the Management Board is guided by financial terms and the interests of the Company. It should be borne in mind that the basis for calculating the windfall tax is the tax result for 2022, and the activities indicated in the question do not directly affect its amount and, as a result, do not directly affect the amount of the windfall tax either. In addition, it should be taken into account that by the end of 2022 not even the draft of the national windfall tax legislation has been made public.

29. What investments does JSW plan to make regarding the use of hydrogen and with what entities, if any, does it plan to cooperate in this regard? - Has there been an offer from Mittal Steel or another foreign entity to acquire JSW shares? Or any other strategic form of capital involvement? - Does JSW plan to take over any business entities in Poland or abroad. Or will the accumulated huge financial reserves only be losing money on bank deposits due to negative real interest rates or will they be siphoned out by the main shareholder in a manner similar to this year?

The JSW Group is in the early stages of implementing a trial plant for industrial hydrogen production. The project in question is an R&D project - the first research phase is expected to produce about 0.5 kg of hydrogen per hour, followed by a pilot phase of about 7 kg of hydrogen per hour.

The current Strategy calls for executing developmental processes chiefly based on the development of core business, without precluding development through acquisitions of attractive assets and entities, as elements of potential diversification and evaluation of the business model. JSW is implementing a number of strategic projects, which, due to their nature, are characterized by a high degree of complexity and high capital intensity. It should be emphasized that many of these investments impinge on the Company's future.

In addition, an important element of the adopted Strategy is to replenish the JSW Stabilization Investment Fund during periods of favorable coal market conditions so as to provide for an appropriate level of financial liquidity during coal market downturns, which will make it possible to maintain financial liquidity until cost-side actions are put in place to adapt to the prevailing price conditions on the marketplace.