

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

Shareholder questions

**Shareholder 1 Question 1**

1. Why hasn't the management board and the supervisory board intervened so far on the proposed solidarity levy?

Why is the management board and the supervisory board waiting for the parliamentary vote?

Why doesn't the management board try to influence the politicians' decision?

Why doesn't the management board, following the example of other management boards like the management board of Orlen or Huta Częstochowa, speak out publicly about this levy and try to win the company's exemption from it?

*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. Currently, the Company is awaiting the completion of the legislative process. The JSW S.A. Management Board refrains from commenting on the behavior of third parties.*

2. Question for President Ostrowski:

We intend to respect the dividend policy. The fact that we, as the management board, did not recommend a motion for dividend payout for 2022 does not mean that the policy has lost its relevance.

- a) What does President Ostrowski intend in the future dividend policy? Can he explain his point of view?  
b) Does he intend to move for payout of future dividends for 2021, 2022 and 2023?

*The Management Board is fully aware of the intent of the dividend policy written in the Prospectus; however, one should also bear in mind the issues written in the policy that the Management Board is obliged to take into account, and in particular it should be noted that The dividend policy depends on current activity results, cash flows, financial standing and capital requirements, general economic conditions as well as legal, tax, regulatory and contractual restrictions pertaining to dividend payments and on other factors which the Management Board considers important, and will be subject to changes aimed at adapting it to the above factors. The Management Board's recommendation has taken and will continue to take into account the above issues.*

*According to the Commercial Company Code, the decision to pay dividends is within the exclusive powers of the Shareholder Meeting. The Shareholder Meeting has made decisions on how to distribute profits for 2021 and 2022. As for the issue of distributing a profit for 2023, if any, or covering a loss for 2023, if any (2023 is underway and the result, i.e. profit/loss for that year, is not known), the Shareholder Meeting will also decide within the timeframe prescribed by the CCC. If the company earns a profit, the Management Board's recommendation will take into account any issues identified above, but this will be decided after the end of the 2023 financial year, which is currently underway.*

- c) Can President Ostrowski provide the legal basis on which he blocked the money for the windfall profits tax? President Ostrowski was the only one of the state-owned companies to block money from last year for next year's tax. No other president of state-owned companies has done this.  
d) What guided President Ostrowski in this action?

*The company has not blocked funds for future tax. JSW, as a responsible enterprise, conducts financial planning activities taking into account various financial scenarios, especially if their occurrence is expected according to legislative work in progress.*

3. Questions for President Cudny.
  - a) Why did President Cudny change his mind about the financing policy, that the company would first pay off the creditors who helped it during the pandemic and only later rebuild the stabilization fund.
  - b) What caused him to mislead investors?
  - c) Why didn't he keep them updated on the change in his approach?
  - d) Why has President Cudny led to the harm of minority shareholders with his policy?
  - e) Why does President Cudny utter words that are not true and cause the stock price to fall in the future?

*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.*

4. Who from the management board decides about negotiations with the unions on the payment of 15% from the amount allocated for the windfall profits tax in violation of the provisions of the salary agreement from the beginning of 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 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. In connection with the above, the JSW S.A. Management Board invited the Representative Trade Union Organizations to a meeting on the dispute. No member of the Management Board is personally designated to handle the dispute.*

## **Shareholder 1 Question 2**

1. Is the management board going to comment on JSW's valuation on the Wig20 trading floor? Is the management board going to make an announcement about the decline of more than 45% in the share value in recent months? Is the management board doing everything to ensure that the price fairly reflects the company's fundamentals? Are the foundations and management by the current management board so weak that the company's stock price reflects problems within the company?

*Why doesn't the management board ever make announcements when the stock price is unduly low?*

*The Management Board manages the affairs of JSW and the Group, whose core business is the production and sale of coking coal and the production and sale of coke and hydrocarbons. The object of this activity is not the trading of shares on the WSE. The Management Board has no knowledge of any unwarranted undervaluation of JSW's stock price. The public administration body whose main task is to supervise the Polish financial market is the Polish Financial Supervision Authority.*

2. Recently, there have been statements by opposition politicians that after the elections, through mismanagement of state-owned companies, all presidents of the management boards will be held accountable for their actions. Does the JSW management board have nothing to blame itself for when making management decisions? Has it always taken care of the welfare of miners? Has it always taken care of minority shareholders? Have all the management board's decisions been independent? Have all the management board's decisions been free of political decisions and pressures? Has the management board never made decisions under pressure from the ministers of the Ministry of State Assets?

*In accordance with the provisions of the commercial law governing the operation of the Company's corporate bodies, the management board conducts the affairs of the Company and represents it. The Company's shareholders, both minority and majority ones, make decisions on matters concerning the Company, acting through the Shareholder Meeting. However, the Shareholder Meeting may not issue binding instructions to the Management Board regarding the conduct of the Company's affairs. The Management Board, in all matters pertaining to the operation of the Company, complies with the law and the provisions of the corporate documents.*

3. On 09 August 2023, the management board will meet with miners on the issue of a 15% bonus from the amount earmarked for windfall profits tax. Will the management board support the miners' protest? Does the management board intend to send its subordinates or does it personally intend to come to the protest in Warsaw? Is the management board going to comment on tomorrow's decision? Why doesn't the management board criticize the attempt to impose a tax only on JSW? Why hasn't the management board, as the only one of the coke groups, try to fight for the company's tax exemption?
- On 1 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, article 8 of the cited act, requires the employer to enter into immediate negotiations to resolve the dispute by agreement. In connection with the above, the JSW S.A. Management Board invited the Representative Trade Union Organizations to a meeting on the dispute.*

*The Management Board presented its position on the potential burden for the Company resulting from the solidarity contribution.*

### **Shareholder 1 Question 3**

1. Does the management board see grounds for such a deep correction of the valuation? Does the management board care for keeping the stock price high? Can the management board explain why the stock price is behaving like this since February 2023? Has anything changed since February? Have there been any new factors affecting the company's stock price?
- Is the management doing everything to ensure that the company is fairly valued?
- 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. The Company operates on a regulated market, and the valuation of its shares is driven by market mechanisms and depends on individual decisions made by other market participants, i.e. investors.*
2. Why doesn't the management board publish an official communiqué from this meeting?
- Why is the management board not releasing information about the proceedings of this meeting?
- Why is management withholding this information, thereby causing nervous movements in JSW's stock price on the Warsaw Stock Exchange?
- Doesn't the management board think that such communication with investors negatively affects the perception of the company?
- Does the management board intend to improve communication with investors?
- The JSW S.A. Management Board is not obliged to publish official communiqués on the course of negotiations conducted under the Collective Disputes Resolution Act, so in accordance with past practice, the Company informs capital market stakeholders of the final outcome, e.g. the conclusion of an agreement if it is deemed material.*

*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.*

*In addition, the Company periodically, on a quarterly basis, meets with capital market participants during, among other things, results publication presentations and investor chats, presenting the situation and answering questions, and participates in conferences dedicated to professional and individual investors.*

3. Can President Cudny explain why JSW did not pay off its creditors in the first place? Why did he give such information? What has changed in the company that President Cudny has not decided to implement his earlier words? President Cudny cares about the employees so what does he have to say to the

shareholders who bought the company's shares at PLN 136 on the IPO date? Does President Cudny care about minority shareholders? If so, how? Can he list what he has done during his term of office to improve the company's valuation?

*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.*

*The Management Board makes decisions in accordance with the provisions of the Articles of Association and generally applicable laws.*

*President Cudny's statement of September 2021 was published in an era of very low interest rates, so the interest rate on PFR loans did not differ from the financial terms of loans granted by commercial banks. Today, the market situation is quite different. The current level of interest rates in relation to the fixed, low interest rate on PFR loans makes it unprofitable for the Company to repay early a debt that carries a very low interest rate.*

4. Can President Ostrowski say why he did not inform shareholders about the progress of the talks for a period of one year?

Why did President Ostrowski only admit under pressure from investors that the talks had no effect?

Doesn't President Ostrowski believe that such action promotes manipulation of the company's stock price?

Can President Ostrowski explain what he means by his statement that the dividend policy is valid and the management board intends to respect it? For what years does the management board intend to respect the dividend?

*Some of the questions are imprecise. The company diligently communicates all important developments to 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. The JSW Management Board is not aware any manipulation of JSW's stock price. The public administration body whose main task is to supervise the Polish financial market is the Office of the Polish Financial Supervision Authority. The Management Board is fully aware of the intent of the dividend policy written in the Prospectus; however, one should also bear in mind the issues written in the policy that the Management Board is obliged to take into account, and in particular it should be noted that The dividend policy depends on current activity results, cash flows, financial standing and capital requirements, general economic conditions as well as legal, tax, regulatory and contractual restrictions pertaining to dividend payments and on other factors which the Management Board considers important, and will be subject to changes aimed at adapting it to the above factors. The Management Board's recommendation has taken and will continue to take into account the above issues.*

5. Can President Bartos explain why JSW is now making less profit on a quarterly basis? Is this due to poorer market understanding? Is it due to the worse performance of the management board? Can President Bartos admit that the main factor affecting the final bottom line is the price of coke on the Australian commodities market, over which management has absolutely no influence?

Can President Bartos explain why he always presents risks and uncertainty in the future for JSW at results publication conferences? What purpose is it supposed to serve? Doesn't President Bartos think this is perceived negatively by the market? Can President Bartos change his approach to a more optimistic one when reporting quarterly results? Can the entire management board report more positively on the financial results?

*JSW, as a participant in the global coking coal and coke market, is subject to all the determinants occurring in it. The prices of Australian coking coal are indeed beyond JSW's control, however the actions of JSW's management board are crucial to the establishment and consistent implementation of the sales policy. Without the multi-year coal and coke contracts we reported on in our current reports, signed with major European steel companies and containing favorable pricing mechanisms, JSW would not have been able to take full advantage of favorable market circumstances. This is particularly important in the case of coke*

*sales, where the market is much more difficult, demand and price fluctuations are much deeper, and sales stability is a priority for both the Group's coking plants and the mines supplying coal to them.*

*The market for coking coal and coke is subject to strong economic fluctuations, as we have experienced in the past. 2022, for a number of reasons previously impossible to predict, was a record year not only for JSW. Expecting similar results in the long term would have to be considered unprofessional; we bear in mind possible fluctuations and price declines, as we emphasize in public statements.*

*In presenting the JSW Group's results, the JSW Management Board relies solely on facts, and sales data is presented against the background of data published by recognized market agencies: among others the World Steel Association, Platts, Coke & Anthracite Market Report, the Industrial Development Agency. This gives each investor the opportunity to make his own assessment of JSW's performance against market benchmarks.*

*The JSW Management Board, as a rule, does not publish market or financial forecasts, but strives to provide full information affecting JSW's operations, including a general assessment of market prospects created on the basis of both numerous analyses by recognized market agencies, investment banks and JSW's own assessment of the market built on the basis of direct contacts with customers during business negotiations.*

*A responsible information policy also requires the presentation of risks, the concealment of which, especially in a period of dynamic changes in the European steel market, would be to the detriment of shareholders, while the assessment of their materiality is always up to the investor.*

#### **Shareholder 1 Question 4**

1. What does the management board intend to do to reverse this trend?  
*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.  
JSW's core business is not related to stock trading on the WSE. In addition, the company is not a party to individual decisions made by other market participants.*
2. Does the management board care about the stock exchange valuation?  
*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.*
3. Isn't the management board concerned that with the current very high Wig20, JSW looks very weak - the P/E is 0.59 - and with a possible JSW slump, with the very high coke prices, JSW will record the lowest ratios ever, which will result in an inability to raise outside capital? This will also result in foreign capital turning its back on the company and losing the interest in long-term investment.  
*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.*
4. What is the management board doing to improve the company's perception in the market?  
*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.*
5. Is the management board worried about the P/E ratio of 0.59?  
*The low P/E ratio is due to two things, i.e. the low market price of the stock (found in the numerator of the multiplier) and the company's high earnings per share for the last twelve months (found in the denominator of the multiplier). The market price is determined by the behavior and expectations of investors, while the profit generated by the company is a product of the actions and decisions taken by the company's*

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*Management Board. The company, taking advantage of market conditions in past periods, achieved a very good financial result.*

6. Does the management board know of a similar case of a multi-billion dollar cash on hand company with a P/E ratio of 0.59?

*The Management Board does not have the proper tools and databases to check this.*

7. Does the management board have an explanation for the fact that companies in a sector identical to JSW in global markets are trading at historic highs and JSW (PLN 136 at the IPO) is priced at less than 1/3 of its IPO value? Does the management board have an explanation for this situation? Can the management board give reasons for such a low stock market valuation of JSW? Does the management board intend to react to the underpricing of JSW? What is the management board doing to prevent the company from being a speculative company?

*The Company operates on a regulated market, and the valuation of its shares is driven by market mechanisms*

*and depends on individual decisions made by other market participants, i.e. investors.*

### **Shareholder 2 Question 1**

1. According to JSW's management board's response of 11 August 2023 (to shareholder 1, question 1, point 1) regarding the lack of early repayment of the PFR loan, despite President Cudny's official announcements about repaying it as soon as possible. Quote: "The current level of interest rates in relation to the fixed, low interest rate on PFR loans makes it unprofitable for the Company to repay early a debt that carries a very low interest rate." So does the management board confirm that the lack of early repayment in the face of high inflation is actually to the detriment of public finances? Is it ethical behavior for a State Treasury-owned Company to use a preferential loan from public funds provided to save the Company during the Covid pandemic, with the current excellent financial standing?

*Both JSW and PFR are commercial law companies and not public finance sector entities.*

2. In accordance with the JSW Management Board's response of 28 July 2023 (stock exchange announcement) and Current Report No. 3/2023; on 08 February 2023 the JSW Management Board signed an agreement with the Representative Trade Union Organizations which ended the collective dispute regarding the increase in salary rates in 2023. In view of the above, on what basis are the talks conducted between the JSW Management Board and Representative Trade Union Organizations on the unions' demand for a 15% bonus on the contemplated solidarity contribution? Why doesn't the management board resort to the above agreement thus closing the topic of raises for this year?

*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 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.*

*Article 8 of the cited act requires the employer to enter into immediate negotiations to resolve the dispute by agreement. In connection with the above, the JSW S.A. Management Board invited the Representative Trade Union Organizations to a meeting on the dispute.*

3. Does the JSW Management Board have knowledge of, or know of, instances where a bonus calculated on the basis of tax is paid to Employees? Is this not a scandalous and pathological situation? In whose interest is the management board acting on the issue of the 15% bonus calculated on the basis of tax?

*The JSW S.A. Management Board has not made any decision regarding the payment of any "bonus" related to the solidarity contribution.*

4. Is the management board aware that JSW is a listed company with thousands of Poles as shareholders?  
Isn't paying Employees a 15% bonus calculated on the basis of tax a caricature of the capital market?  
*The JSW S.A. Management Board has not made any decision regarding the payment of any "bonus" related to the solidarity contribution.*
  
5. Does the management board confirm that the sole purpose of paying the 15% bonus calculated on the basis of tax is political, i.e., no miners' strike before the elections due to the imposition of an illegal tax?  
*The JSW S.A. Management Board has not made any decision regarding the payment of any "bonus" related to the solidarity contribution.*