

***Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A.  
for the financial year 2023***

***Introduction***

The Supervisory Board acting pursuant to Article 382 § 1, § 3 sec. 3) and § 3<sup>1</sup> of the Commercial Company Code, § 20 Section 1 and Section 2 Item 10 of the Articles of Association of the Company as well as the provisions of the Code of Best Practice for WSE Listed Companies 2021 hereby submits to the JSW S.A. Ordinary Shareholder Meeting *the Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. for the financial year 2023.*

Implementing the provisions of the Commercial Company Code, the Company's Articles of Association and applying the rules of the Code of Best Practice for WSE Listed Companies 2021, this *Report* includes among others:

- ✓ results of the assessments referred to in Article 382 § 3 items 1 and 2 of the Commercial Company Code,
- ✓ an assessment of the Company's standing, taking into account the adequacy and effectiveness of the Company's systems of internal control, risk management, ensuring compliance of operations with standards or applicable practices, and internal audit,
- ✓ an assessment of the Management Board' execution of the duties referred to in Article 380<sup>1</sup> of the Commercial Company Code,
- ✓ an assessment of the manner in which the Management Board prepares or submits to the Supervisory Board information, documents, reports or explanations requested in accordance with the procedure set forth in Article 382 § 4 of the Commercial Company Code,
- ✓ information on the total compensation payable by the Company for all studies commissioned by the Supervisory Board during the financial year in accordance with Article 382<sup>1</sup> of the Commercial Company Code,
- ✓ information on the composition of the Supervisory Board and its Committees, indicating which Supervisory Board Members satisfy the requirements of independence specified in the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision, as well as which among them have no actual and significant affiliations with the shareholder holding at least 5% of the overall number of votes in the Company, as well as information on the composition of the Supervisory Board in the context of its diversity,
- ✓ a summary of the activities of the Supervisory Board and its Committees,
- ✓ an assessment of the Company's consolidated standing, including an assessment of the internal control system and the risk management system, compliance and the internal audit function with the information on the activities taken by the Supervisory Board to make this assessment,
- ✓ an assessment of application of the corporate governance rules and the manner of complying with the reporting duties in this regard, specified in the Bylaws of the Warsaw Stock Exchange and the provisions on current and periodic information provided by the securities issuers with information on the activities of the Supervisory Board taken to make this assessment,
- ✓ an assessment of the reasonableness of the expenses incurred by the Company and its Group to support culture, sports, charitable institutions, the media, social welfare organizations, trade unions, etc.,
- ✓ information regarding the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board.

***1. Information on the term of office of the Supervisory Board***

During the financial year 2023 the Supervisory Board of 11th term of office operated.

**2. Composition of the Supervisory Board, functions discharged in the Supervisory Board and changes in the composition of the Supervisory Board during the financial year and after 31 December 2023**

*Table 1: Composition of the Supervisory Board and functions discharged in the Supervisory Board in 2023*

First and last name	Position	Term in position
Halina Buk	Chairperson	01.01.2023 – 31.12.2023
Michał Rospędek	Deputy Chairman	01.01.2023 – 31.12.2023
Robert Kudelski	Secretary	01.01.2023 – 31.12.2023
Jolanta Górka	Member	01.01.2023 – 31.12.2023
Robert Łazarczyk	Member	01.01.2023 – 22.12.2023
Paweł Nieradzik	Member	01.01.2023 – 31.12.2023
Alojzy Nowak	Member	01.01.2023 – 31.12.2023
Stanisław Prusek	Member	01.01.2023 – 31.12.2023
Arkadiusz Wypych	Member	01.01.2023 – 31.12.2023

*Table 2: Changes in the composition of the Supervisory Board in 2023 and after 31 December 2023*

Date	Description of the change
22.12.2023	Robert Łazarczyk tendered his resignation from the Supervisory Board as of 22 December 2023.
12.02.2024	The Minister of State Assets, acting within the powers set forth in § 15 sec. 13 of the Articles of Association of JSW S.A., by way of statements submitted to the Company on 12 February 2024, dismissed from the Supervisory Board: Halina Buk, Jolanta Górka, Alojzy Nowak and Stanisław Prusek.
13.02.2024	The Minister of State Assets, acting within the powers set forth in § 15 sec. 13 of the Articles of Association of JSW S.A., by way of statements submitted to the Company on 12 February 2024, appointed, as of 13 February 2024, the following persons to the Supervisory Board: Katarzyna Bilińska, Artur Kisielewski, Arkadiusz Mężyk, Paweł Rostkowski, Krzysztof Szlag and Krzysztof Wrona.
23.02.2024	The Supervisory Board elected Katarzyna Bilińska as Supervisory Board Chairperson.
23.02.2024	The Supervisory Board adopted a resolution to second Supervisory Board Member Paweł Rostkowski to act temporarily in the capacity of President of the Management Board, simultaneously entrusting him with performing the duties of the Vice-President for Development in the period from 23 February 2024 to 22 May 2024 inclusively, though no longer than until the date of appointing the President of the Management Board, subject to Article 383 § 1 of the Commercial Company Code.
04.04.2024	The Extraordinary Shareholder Meeting appointed an Employee-elected member of the Supervisory Board, i.e. Paweł Bieszczad.

Under principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021 each Supervisory Board Member made a statement to the Company that they satisfy the requirements of independence specified in this principle (an independent Supervisory Board Member is deemed to be a Member satisfying the requirements set out in *the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision*, as well as having no actual and significant affiliations with the shareholder holding at least 5% of the overall number of votes in the company).

In 2023, six members of the Supervisory Board satisfied the requirements of independence set out in principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021, i.e. Halina Buk, Jolanta Górska, Robert Łazarczyk (resignation as of 22 December 2023), Paweł Nieradzik, Alojzy Nowak and Arkadiusz Wypych, and three of the Supervisory Board Members did not satisfy these requirements, i.e. Michał Rospędek, Robert Kudelski and Stanisław Prusek.

As at the date of the Report eight Supervisory Board Members satisfy the requirements of independence set out in principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021, i.e.: Katarzyna Bilińska, Artur Kisielewski, Arkadiusz Mężyk, Paweł Nieradzik, Paweł Rostkowski, Krzysztofa Szlaga, Krzysztof Wrona and Arkadiusz Wypych, and three Supervisory Board Members do not meet the criteria, i.e.: Paweł Bieszczad, Robert Kudelski and Michał Rospędek.

The composition of the Supervisory Board and its Committees reflects a cross-section of competencies necessary for the exercise of the relevant functions by Supervisory Board members. Supervisory Board Members act in the interest of the Company and are guided in their conduct by the independence of their own opinions and judgments. They clearly raise their objections in cases where the decision is considered to be against the interest of the Company. They act with ethics and integrity. They do not conduct professional or nonprofessional activities that could lead to conflicts of interest. They do not engage in activities that contradict their duties or that might give rise to a suspicion of bias or self-interest.

In performing their duties and exercising their functions, Supervisory Board Members act with due diligence resulting from the professional nature of their activities, and in performing their supervisory activities they comply with the applicable laws. They understand the Company's operations, including its business model and the strategy it pursues, including the activities of the entities in its Group that have a significant impact on its operations. Supervisory Board Members are in constant contact with Management Board Members, providing consultation and constant supervision of the Company's activities, as well as reviewing issues and motions submitted by the Management Board for Supervisory Board meetings. In performing its duties, the Supervisory Board relies on its own determinations and on information provided by the Company's employees responsible for the execution of individual tasks.

### **3. Information on the composition of the Supervisory Board in the context of its diversity**

The Company does not publish information on the composition of the Supervisory Board in the context of its diversity due to the fact that the diversity policy regarding the JSW's corporate bodies has not been adopted. Supervisory Board Members are appointed according to the rules defined in the Company's Articles of Association. The corporate bodies and persons entitled to appoint the Management Board and Supervisory Board have the opportunity to ensure diversity while selecting the composition of the bodies and candidates are not discriminated against by the criteria included in the advertisements on contests / elections. The selection process for the Members of the JSW corporate bodies does not in any way disqualify candidates on account of any of the diversity policy elements.

From 1 January 2023 to 22 December 2023, the Supervisory Board was composed of 7 men and 2 women. The proportion of women on the Supervisory Board was 22.2%.

From 22 December 2023 to 31 December 2023, the Supervisory Board was composed of 6 men and 2 women. The proportion of women on the Supervisory Board was 25%.

In 2023, Supervisory Board members were between the ages of 39 and 76.

### **4. Information on the number of Supervisory Board meetings held and the number of resolutions adopted**

The Supervisory Board held 9 meetings and adopted 161 resolutions (including 15 resolutions via means of direct remote communication).

Supervisory Board Members devote the necessary amount of time to performing their duties. The organization of the work of the Supervisory Board is correct. The number of meetings of the Supervisory Board is the result of the Supervisory Board's own assessment, and is also dictated by the demands made by the Management Board, Supervisory Board Members and the current market situation.

#### **5. Information on the presence of Supervisory Board Members at the meetings and on adopted resolutions on excused or unexcused absence**

If unable to attend a Supervisory Board meeting, Supervisory Board Members excused their absence and the Supervisory Board passed resolutions to excuse Members unable to attend. The Supervisory Board passed no resolution regarding unexcused absences.

*Table 3: Information on the absence of Supervisory Board Members at the meetings and on adopted resolutions on their excused absence*

<b>Meeting date</b>	<b>Names of absent Supervisory Board Members</b>	<b>Number of resolution on excused absence</b>
27.04.2023	Robert Kudelski	134/XI/23
30.06.2023	Robert Kudelski Stanisław Prusek	159/XI/23
28.09.2023	Robert Łazarczyk	191/XI/23
29.11.2023	Alojzy Nowak	216/XI/23

The remaining meetings were attended by all the Supervisory Board Members.

#### **6. Information on significant issues dealt with by the Supervisory Board and checks and explanatory proceedings conducted**

The Supervisory Board conducted constant oversight over the Company's activities in all areas of its activity. The Supervisory Board demonstrated efficiency, reliability, competence and expertise.

The Supervisory Board conducted activities related to setting the compensation of Management Board Members in accordance with the Act of 09.06.2016 *on the Rules for Shaping the Compensation of Persons Managing Certain Companies* and the Resolution of the Ordinary Shareholder Meeting of 03.07.2019 on the rules for defining the compensation of Management Board Members; in particular it:

- a) adopted decisions as regards changes to the Fixed Compensation of Management Board Members,
- b) it made decisions on the achievement of the Management Objectives and the Variable (supplementary) Compensation for the Management Board Members for 2021 and 2022,
- c) established the rules for the Variable (Supplementary) Compensation of Management Board Members for 2023,
- d) set the Management Objectives for 2023 with the weights for these Objectives where the final amount of the Variable (supplementary) Compensation for Management Board Members depends on the level of achievement of these Objectives; it also determined the rules for the achievement and accounting for these Objectives.

When determining the detailed Management Objectives for the respective financial year, the Supervisory Board, taking into consideration the Company's line of business, and to the greatest possible extent took into account the public interest, the Company's

contribution to environmental protection and the taking of actions aimed at preventing and counteracting the adverse social effects of the Company's business.

Supervisory Board Members, in their functions and duties in the Supervisory Board, were guided in their conduct, including decision-making, by the independence of their opinions and judgments, acting in the interests of the Company. The Supervisory Board worked in a culture of debate, analyzing the situation of the Company against the industry and the market on the basis of materials provided to it by the Company's Management Board and the Company's internal systems and functions, as well as those obtained from outside the Company, using the results of the work of its Committees. In particular, the Supervisory Board verified the work of the Management Board with regard to the achievement of set strategic objectives as well as monitored results achieved by the Company.

On 10 February 2023 the Supervisory Board selected the audit firm to audit the financial statements for 2023-2024, in accordance with the adopted selection procedure specified in the *Policy and procedure for selection of the audit firm and policy governing the provision of permitted non-audit services by the audit firm, by its related parties and by a member of the audit firm's chain*.

The Supervisory Board cooperated with the statutory auditor on an ongoing basis and monitored the audit process through the Audit Committee.

In fulfillment of its reporting obligations, on 20 March 2023, the Supervisory Board evaluated the financial statements of the Company, the consolidated financial statements of the Group, the Management Board report on the Company's and the Group's activity, and the consolidated report on payments to the public administration for 2022, in terms of their compliance with the ledgers, documents and the factual status, and on 27 April 2023 assessed the motion on profit distribution and accounting for Other comprehensive income, and submitted to the Shareholder Meeting written reports on the outcome of the above evaluations. Furthermore, the Supervisory Board submitted to the Ministry of State Assets quarterly information on its activity with *Quarterly information about the Company* on an on-going basis as well as, in accordance with the recommendations of the Ministry, periodic information on the meetings held and resolutions adopted by the Supervisory Board.

On 20 March 2023 the Supervisory Board issued a positive opinion on the document entitled "*Technical and Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023*" and acknowledged the document entitled "*Technical and Economic Plan of the JSW Group for 2023*". Then, on 28 September 2023, the Supervisory Board issued a positive opinion on the document entitled "*Update of the Technical and Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023*" and acknowledged the document entitled *Update of the Technical and Economic Plan of the JSW Group for 2023*. The main events determining the need to update JSW's and JSW Group's Technical and Economic Plan for 2023, were:

- a) the inclusion of the windfall tax,
- b) the occurrence of a fire occurred in longwall 34, seam 405/1, at KWK Knurów-Szczygłowice, Knurów Section on 7 March 2023.
- c) inclusion of the agreement concluded on 11 July 2023 between the JSW Management Board and Representative Trade Union Organizations on the payment of the incentive one-time award.

On 27 April 2023, the Supervisory Board, pursuant to Article 90g of *the Act of 29 July 2005 on Public Offerings and the Conditions for Floating Financial Instruments in an Organized Trading System and on Public Companies* adopted the *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022* and submitted it to the Ordinary Shareholder Meeting. On 16 June 2023 the Ordinary Shareholder Meeting of JSW S.A. adopted a Resolution by which it gave its endorsement to this *Report*.

Within its powers, fulfilling its basic duties, on 03 January 2024, the Supervisory Board ordered the supplementary election of a Member of the Supervisory Board of JSW S.A. of the 11th term of office elected by the Company's employees and employees of all its subsidiaries (in connection with the resignation of Robert Łazarczyk from the position of Supervisory Board Member, submitted on 22 December 2023).

The Supervisory Board continuously tracked the Company's activities and monitored and controlled the decisions and actions of the Management Board relevant to the Company and the JSW Group, as well as assessed the economic and financial situation of the Company and the results of the Management Board's work. The Company's activity and results were evaluated on the basis of periodical reports submitted to the Supervisory Board by the Management Board on the operating, investment, production, economic and financial, HR and social situation of the Company, including, among others, information on the degree of achievement of the economic parameters presented by the Company in the Technical and Economic Plan, target economic and financial results, financial indicators and the liquidity situation of the Company.

In accordance with the Work Plan adopted by the Supervisory Board, it monitored, on the basis of information regularly provided by the Management Board, the Company's activity in all the important areas of its operation, including: the inventories and sales of coal, execution of investments, preparatory works, costs of consulting and legal services, occupational health and safety conditions in the mines, audits conducted at the Company, relations with investors and stock exchange quotations, performance of tasks resulting from the risk management policy of the Company and the JSW Group, progress in the achievement of the development directions set for the Company and the operation of the subsidiaries within the JSW Group, with an assessment of reasonability of capital exposure in the companies, including assessment of key investments.

The Supervisory Board considered the Management Board's motions requiring the approval of the Supervisory Board and gave opinions on the Management Board's motions to be decided by the Shareholder Meeting.

The Supervisory Board took note of other current issues presented by the Management Board, as well as of the correspondence sent to the Supervisory Board and as required, ordered to conduct audit or investigative activities in the relevant issues covered by the correspondence.

*Table 4: Description of the most important activities and issues with which the Supervisory Board dealt throughout 2023*

Date	Description of activity
20.01.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW IT Systems Sp. z o.o. on granting consent to incur a contingent liability consisting in submitting a blank promissory note bearing the clause "not order" and a promissory note declaration, constituting collateral for the Project Subsidy Agreement under the Operational Program Smart Development with the National Center for Research and Development, for the implementation of the project <i>Center for monitoring industrial installations in underground mines and detecting cyber threats</i>.</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Granting consent to conclude an agreement on artistic setting and technical services for JSW S.A.'s jubilee gala at the National Polish Radio Symphony Orchestra</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. as regards the appointment of a Supervisory Board Member of the above-mentioned company</li> </ul>

Date	Description of activity
10.02.2023	<ul style="list-style-type: none"> <li>✓ Acceptance of the Supervisory Board Master Work Plan for 2023</li> <li>✓ Selection of an audit firm to audit the financial statements of JSW S.A. and the consolidated financial statements of the JSW Group, as well as to audit the standalone financial statements of key JSW Group companies for 2023-2024</li> <li>✓ Approval of the minutes of the Supervisory Board on the completed procedure to select the audit firm to audit the financial statements</li> <li>✓ Issuing a positive opinion on the Management Board motion to the JSW Shareholder Meeting on the establishment of collateral for the planned financing</li> <li>✓ Granting consent to conclude an annex to the agreement for the provision of financial advisory services in raising debt financing with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k.</li> </ul>
10.02.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of Jastrzębska Spółka Kolejowa Sp. z o.o. (JSK) as regards increasing the JSK share capital by cash contribution and amending the Deed of Formation of JSK</li> <li>✓ Granting consent for appointment of the Supervisory Board Member of JSW IT Systems Sp. z o.o.</li> <li>✓ Granting consent to acquire real estate developed with an office building and accompanying infrastructure, located in Katowice at ul. Paderewskiego 41</li> <li>✓ Approval of the <i>Report on the performance of the Audit Plan, assessment of internal control system, risk management system, compliance and internal audit function at Jastrzębska Spółka Węglowa S.A. for 2022</i></li> <li>✓ Approval of the updated <i>Regulations of the internal controls system in Jastrzębska Spółka Węglowa S.A.</i></li> <li>✓ Granting consent to sign annexes to funds donation agreements</li> </ul>
21.02.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW Nowe Projekty S.A. on granting consent to conclude with JSW S.A. KWK Budryk agreements to lease a Bolter Miner 12CM30 shearer together with coalface equipment and other equipment, and measuring devices</li> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW Nowe Projekty S.A. on granting consent to conclude an agreement with JSW S.A. on the sale of real property developed with an office building with accompanying infrastructure, located in Katowice at ul. Paderewskiego 41</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Performance of reporting activities which are special obligations of the Supervisory Board under Commercial Company Code, including the assessment of the JSW financial statements, Management Board Report on the Activity of JSW and JSW Group, consolidated report on payments to the public administration of the JSW Group, as well as the assessment of the consolidated financial statements of the JSW Group</li> <li>✓ Acceptance of statements and assessment in connection with the published (standalone and consolidated) annual report for 2022</li> <li>✓ Issuing a positive opinion on the document entitled <i>“Technical and</i></li> </ul>

Date	Description of activity
20.03.2023	<p><i>Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023</i></p> <ul style="list-style-type: none"> <li>✓ Acknowledgement of the document entitled <i>"Technical and Economic Plan of the JSW Group for 2023"</i></li> <li>✓ Approving the updated document entitled <i>"Compensation policy for the management of JSW S.A."</i></li> <li>✓ Granting consent to conclude an annex to the agreement for the provision of financial advisory services in raising debt financing with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k.</li> <li>✓ Granting consent for incurring contingent liabilities arising out of the master agreement with PKO BP for providing bank guarantees and opening documentary letters of credit</li> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of Przedsiębiorstwo Budowy Szybów S.A. on granting consent to conclude with Pekao Leasing Sp. z o.o. a framework agreement on granting a limit for operating lease transactions secured by three blank promissory notes together with a promissory note declaration</li> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of Przedsiębiorstwo Budowy Szybów S.A. on granting consent to the conclusion of an annex to the Multi-purpose Overdraft Agreement with PKO BP bank and establishing collateral for it</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. as regards granting consent for increasing the amount for the acquisition of non-current assets in connection with the execution of Investment Project entitled <i>Modernization of Coke Oven Battery no. 4 at the Przyjaźń Coking Plant in Dąbrowa Górnicza</i></li> </ul>
20.03.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. in the matter of granting consent to the acquisition of non-current assets in connection with the purchase of the required amount of greenhouse gas emission allowances (EUA type) for 2023</li> <li>✓ Granting consent for JSW to bear the costs of JSW Management Board's participation in the workshop entitled <i>Scope of liability and risk management in Groups of Companies</i>.</li> <li>✓ Granting consent for JSW to cover the costs of English one-to-one classes for Vice-Presidents of the Management Board for Sales</li> <li>✓ Giving consent to enter into an agreement on donation of funds with the JSW Foundation</li> <li>✓ Amendment of management contracts with Management Board Members</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Estimating the amount of the Variable Compensation for the Management Board Members for 2022</li> <li>✓ Determination of the supplementary compensation and Management Objectives of the Management Board Members for 2023</li> <li>✓ Amendment to the Supervisory Board Resolution no. 643/X/22 of 31 May 2022 on setting the compensation of Management Board Members</li> <li>✓ Amendment of management contracts with Management Board Members</li> <li>✓ Granting consent for JSW to cover the costs of English one-to-one classes for Vice-President of the Management Board for Development</li> </ul>
29.03.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for (1) conclusion of financing documents, in</li> </ul>

Date	Description of activity
	<p>particular the Consortium financing agreement, and (2) the manner of exercising voting rights at the Shareholder Meeting of JSW KOKS S.A. and the Shareholder Meeting of Jastrzębskie Zakłady Remontowe Sp. z o.o.</p> <ul style="list-style-type: none"> <li>✓ Granting consent for acquisition of a fixed assets with the value exceeding PLN 20 million as part of the execution of investment of drilling Crosscut Va at the level of 650m in KWK Knurów-Szczygłowice, Szczygłowice Section</li> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the implementation of the investment project concerning the excavation of the Eastern Diversion on level 1110 at KWK Borynia-Zofiówka-Bzie, Bzie Section</li> </ul>
15.04.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the implementation of the investment project concerning the tunneling of the western belt directional cross-cut on the 1000 level at KWK Pniówek.</li> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the implementation of an investment project concerning the purchase of a new complete PSJZR-850 armored face conveyor for KWK Budryk</li> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the implementation of the investment project concerning the tunneling of the exit cross-cut from shaft III on the 1000 level at KWK Pniówek.</li> </ul>
27.04.2023	<ul style="list-style-type: none"> <li>✓ Positive evaluation of the motion submitted by the Management Board to the JSW Shareholder Meeting regarding the distribution of JSW's net profit for the financial year ended 31 December 2022</li> <li>✓ Positive evaluation of the motion submitted by the Management Board to the JSW Shareholder Meeting to account for Other comprehensive income of JSW for the financial year ended 31 December 2022</li> <li>✓ Adopting the <i>"Report on entertainment expenditures, expenditures for legal services, marketing services, public relations and social communication services and management consulting services of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2022"</i></li> <li>✓ Adoption and submission of the <i>Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022</i> to the JSW Ordinary Shareholder Meeting.</li> <li>✓ Adopting the statement for PricewaterhouseCoopers Polska Sp. z ograniczoną odpowiedzialnością Audyt Sp. k. – the auditor auditing the <i>"Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022"</i></li> <li>✓ Approval of Activity Reports of the Supervisory Board Committees for the financial year 2022</li> <li>✓ Adoption and submission to the JSW Ordinary Shareholder Meeting of the <i>Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. as the Company's corporate body for the financial year ended 31 December 2022</i>, containing, among other things, the assessments and information set forth in Article 382 § 3<sup>1</sup> of the Commercial Company Code, the Company's Articles of Association and the Code of Best Practice for WSE Listed Companies 2021,</li> <li>✓ Motion to the Ordinary Shareholder Meeting of JSW to discharge the</li> </ul>

Date	Description of activity
	<p>Company's Management Board Members (Tomasz Cudny, Sebastian Bartos, Wojciech Kałuża, Robert Ostrowski, Edward Paździorka, Artur Wojtków) on the performance of their duties performed in the financial year 2022</p> <ul style="list-style-type: none"> <li>✓ Granting consent to conclude an agreement with the Historic Ignacy Mine for the donation of decommissioned tangible components constituting scrap metal, which are in the property records of KWK Borynia-Zofiówka-Bzie</li> <li>✓ Granting consent to conclude an agreement with the Institute for Heritage and Dialogue - Moszczenica Shower Room for the donation of decommissioned tangible components constituting scrap metal and fixed assets, which are in the property records of KWK Borynia-Zofiówka-Bzie</li> <li>✓ Granting consent for signing funds donation agreements with medical institutions</li> <li>✓ Granting consent for entering into an agreement with Dart - Pol Sp. z o.o. for the organization of a fete on the occasion of the 120th anniversary of the Knurów Mine</li> </ul>
27.04.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for acquisition of a fixed asset with the value exceeding PLN 20 million as part of the execution of an investment related to the tunneling of ramp IV in seam 403/3 at KWK Knurów-Szczygłowice, Knurów Section</li> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the implementation of an investment project concerning the construction of a social building for KWK Borynia-Zofiówka-Bzie, Bzie Section</li> <li>✓ Granting consent for JSW to enter into an agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k. to provide financial/transaction advisory services to support JSW in carrying out the acquisition of potential RES projects</li> </ul>
22.05.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the acquisition of fixed assets with the value exceeding PLN 20 million (each), i.e.: the main building of the air conditioning station and the boiler room with an underground oil tank for KWK Knurów-Szczygłowice, Knurów Section</li> </ul>
30.05.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for releasing Centrum Usług Górniczych Sp. z o.o. from the debt of more than PLN 50,000</li> </ul>
30.06.2023	<ul style="list-style-type: none"> <li>✓ Amendment of management contracts with Management Board Members</li> <li>✓ Adoption of amendments to the <i>Bylaws of the Supervisory Board's Audit Committee of Jastrzębska Spółka Węglowa S.A.</i></li> <li>✓ Approval of the <i>Report on oversight of the execution of JSW's investment projects in 2022</i></li> <li>✓ Granting consent for acquisition of a fixed assets with the value exceeding PLN 20 million as part of the execution of an investment project related to the tunneling of the D belt crosscut to level 1080 m at KWK Borynia-Zofiówka-Bzie, Zofiówka Section</li> <li>✓ Granting consent for acquisition of a fixed asset with the value exceeding PLN 20 million as part of the execution of an investment project related to the tunneling of the Shaft 1 Bzie Shaft Bottom on N level 1110 at KWK Borynia-Zofiówka-Bzie, Bzie Section</li> <li>✓ Granting consent for acquisition of a fixed asset with the value exceeding PLN 20 million as part of the execution of an investment related to the tunneling of ramp III in seam 403/3 at KWK Knurów-Szczygłowice, Knurów Section</li> </ul>

Date	Description of activity
30.06.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW IT Systems Sp. z o.o. on granting consent to the acquisition of non-current assets classified as intangible assets, in connection with the conclusion of an agreement for the supply of Microsoft software licenses under the Microsoft Enterprise Agreement (EA) and Microsoft Products and Services Agreement (MPSA), together with services for the implementation and maintenance of Microsoft software, as well as the provision of additional services</li> <li>✓ Granting consent for appointment of the Supervisory Board Member of JSW Nowe Projekty S.A.</li> <li>✓ Granting consent for concluding an annex to the agreement with the National Polish Radio Symphony Orchestra dated 16 May 2022 for the promotion of the JSW brand as the Main Partner of the subscription concerts in the 2023/2024 season</li> <li>✓ Giving consent to enter into an agreement on donation of funds with the Third Dimension Foundation</li> <li>✓ Giving consent to enter into an agreement on donation of funds with the Royal Castle - Museum, Residence of the Kings and the Republic</li> </ul>
25.07.2023	<ul style="list-style-type: none"> <li>✓ Making a decision on the achievement of the Management Objectives and the Variable Compensation for the Management Board Members for 2022</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Shareholder Meeting of JSW KOKS S.A. as regards granting consent for increasing the amount for the acquisition of non-current assets in connection with the execution of Investment Project entitled <i>Modernization of Coke Oven Battery no. 4 at the Przyjaźń Coking Plant in Dąbrowa Górnicza</i></li> <li>✓ Granting consent for the manner of exercise of voting rights at the Shareholder Meeting of JSW KOKS S.A. as regards the appointment of a Supervisory Board Member of the above-mentioned company</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Shareholder Meeting of JSW KOKS S.A. as regards the consenting to taking a loan from the National Fund for Environmental Protection and Water Management for the execution of the investment project entitled <i>Improvement of Energy Efficiency at JSW KOKS S.A. – Construction of a power unit fired with coke oven gas at the JSW KOKS S.A. Radlin Coking Plant</i> along with the establishment of related collateral</li> <li>✓ Granting consent for extending a bill of exchange surety with a bill of exchange declaration by JSW for liabilities of JSW KOKS S.A. towards the National Fund for Environmental Protection and Water Management as collateral for the loan granted to finance the investment project entitled <i>Improvement of energy efficiency at JSW KOKS S.A.</i></li> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million as part of the investment project concerning the purchase of a new PSJZR-850 armored face conveyor for KWK Pniówek</li> <li>✓ Granting consent for the acquisition of three fixed assets with the value of more than PLN 20 million each, for KWK Pniówek, i.e.: 1 PPT-1400 belt conveyor with a length of 1000 m and 2 PPT-1400 belt conveyors with a length of 500 m</li> <li>✓ Granting consent for JSW to conclude a promotion agreement with KRYNICA FORUM Sp. z o.o., the organizer of the Korean-Polish</li> </ul>

Date	Description of activity
	forum in Krynica-Zdrój, with the value exceeding PLN 500 thousand net per year
28.07.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for concluding a promotion agreement with FEN MMA Federation spółka z o.o., the organizer of the 48th Fight Exclusive Night Gala, with the value exceeding PLN 500 thousand net per year</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW Nowe Projekty S.A. as regards granting consent to conclude a sublease agreement for the VARMO Composite Solid Fuels Production Plant</li> </ul>
28.09.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW Nowe Projekty S.A. on granting consent to conclude Annex 1 to agreement no. 082300200 of 01 March 2023 on the lease of the Bolter Miner 12CM30 shearer together with coalface equipment and other equipment, and measuring devices concluded between JSW Nowe Projekty S.A. and KWK Budryk</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. as regards granting consent for increasing the amount for the acquisition of non-current assets in connection with the execution of Investment Project entitled <i>Modernization of Coke Oven Battery no. 4</i> at the Przyjaźń Coking Plant in Dąbrowa Górnicza</li> <li>✓ Granting consent for acquisition of a non-current asset with the value exceeding PLN 20 million as part of the execution of an investment project related to drilling a coal haulage drift to seam 405/2 at KWK Budryk</li> <li>✓ Granting consent for establishment of securities to the agreement for co-funding in the form of a loan with the National Fund for Environmental Protection and Water Management</li> </ul>
28.09.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for signing the lease agreement of the Różany Gaj Hotel in Gdynia between JSW S.A. as Lessor and Dobry Hotel Sp. z o.o., Sp. k. as Lessee</li> <li>✓ Issuing a positive opinion on the <i>Update of the Plan and Rules Governing Sponsorship Activities of Jastrzębska Spółka Węglowa S.A. for 2023</i> together with the Objectives Card, and granting consent to conclude annexes to sponsorship agreements and to conclude a sponsorship agreement</li> <li>✓ Granting consent for JSW to incur the costs of participation of Management Board Members in a training course on project management for the JSW Group Top Management</li> <li>✓ Granting consent for signing Annex 1 to the donation agreement with the Voivodeship Specialist Hospital no. 2 in Jastrzębie-Zdrój</li> <li>✓ Issuing a positive opinion on the document entitled <i>Updated of the Technical and Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023</i></li> <li>✓ Acknowledgement of the document entitled <i>Update of the Technical and Economic Plan of the JSW Group for 2023</i></li> <li>✓ Amendment of Supervisory Board Resolution No. 119/XI/23 dated 29 March 2023 on determination of supplementary compensation and Management Objectives of Management Board Members for 2023</li> </ul> <hr/> <ul style="list-style-type: none"> <li>✓ Amendment of management contracts with Management Board Members</li> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of Przedsiębiorstwo Gospodarki</li> </ul>

Date	Description of activity
26.10.2023	<p>Wodnej i Rekultywacji S.A. on increasing the share capital in exchange for an in-kind contribution and amending the Company's Articles of Association</p> <ul style="list-style-type: none"> <li>✓ Granting consent to the disposal of non-current assets in order to lease to JSW Logistics Sp. z o.o. the premises in the building at ul. Paderewskiego 41 in Katowice</li> <li>✓ Granting consent to conclude an agreement with KPMG Advisory Sp. z o.o. Sp. k. for management consulting services, i.e. support in preparing JSW and JSW Group for non-financial reporting, as part of the 2023 Management Report, according to the new European reporting standard, sustainability issues (the so-called ESRS), in accordance with the CSRD</li> <li>✓ Granting consent for acquisition of a non-current asset with the value exceeding PLN 20 million as part of the investment project related to the tunneling of N guiding gallery on level 1080 m at KWK Borynia-Zofiówka-Bzie, Zofiówka Section</li> </ul>
26.10.2023	<ul style="list-style-type: none"> <li>✓ Granting consent to conclude an agreement with KPMG Advisory Sp. z o.o. Sp. k. for management consulting services, i.e. implementation of regulations under the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment ("Taxonomy") - support in the process of fulfilling reporting obligations for 2023</li> </ul>
06.11.2023	<ul style="list-style-type: none"> <li>✓ Giving consent to enter into an agreement on donation of funds with the Silesian Center for Rehabilitation and Prevention in Ustroń</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Making a decision on the achievement of the Management Objectives and the Variable Compensation for the Management Board Members for 2021</li> <li>✓ Approving the <i>Audit Plan of Jastrzębska Spółka Węglowa S.A. for 2024</i></li> <li>✓ Granting consent for the manner of exercising voting rights at the Extraordinary Shareholder Meeting of Jastrzębskie Zakłady Remontowe Sp. z o.o. on granting consent to increase the value of the Investment Project (budget) carried out by Jastrzębskie Zakłady Remontowe Sp. z o.o. under the Support Agreement concluded with the State Treasury on 30 September 2016 and to change the completion date of the Investment Project</li> </ul>
29.11.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. as regards granting consent for increasing the amount for the acquisition of non-current assets in connection with the execution of Investment Project entitled <i>Modernization of Coke Oven Battery no. 4 at the JSW KOKS S.A. Przyjaźń Coking Plant in Dąbrowa Górnicza</i></li> <li>✓ Granting consent for the manner of exercising voting rights at the Shareholder Meetings of the companies: JSW KOKS S.A., JSW Nowe Projekty S.A., Przedsiębiorstwo Budowy Szybów S.A. and the Shareholder Meeting of Jastrzębskie Zakłady Remontowe Sp. z o.o. on amendments to the Articles of Association of the above companies</li> <li>✓ Granting consent for appointment and dismissal of Supervisory Board Members of Jastrzębskie Zakłady Remontowe Sp. z o.o.</li> </ul>
11.12.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for the acquisition of a fixed asset with a value exceeding PLN 20 million, as part of an investment project relating to the excavation of a transport incline gallery to the 1120 m level, at KWK Borynia-Zofiówka-Bzie, Borynia Section</li> </ul>

Date	Description of activity
19.12.2023	<ul style="list-style-type: none"> <li>✓ Granting consent for the manner of exercise of voting rights at the Extraordinary Shareholder Meeting of JSW KOKS S.A. as regards granting consent for increasing the amount for the acquisition of non-current assets in connection with the execution of Investment Project entitled <i>Modernization of Coke Oven Battery no. 4 at the JSW KOKS S.A. Przyjaźń Coking Plant in Dąbrowa Górnicza</i></li> </ul>

**7. Information on the implementation of resolutions of the Shareholder Meeting related to Supervisory Board activities and on the execution of instructions and tasks entrusted to the Supervisory Board by the Ministry of State Assets as well as fulfillment of reporting duties**

- ✓ The Supervisory Board implemented on an on-going basis the provisions of the Shareholder Meeting relating to the Supervisory Board's activities.
- ✓ The Supervisory Board executed any instructions and tasks entrusted to it by the Ministry of State Assets, as well as provided explanations (by correspondence or in person) in response to any inquiries from the Ministry.
- ✓ Executing the instructions of Secretary of State at the Ministry of Energy (letter of 9 September 2016), the Supervisory Board provided to the Ministry monthly information on the meetings held and resolutions adopted by the Supervisory Board.
- ✓ The Supervisory Board also performed its reporting duties, including in respect of the filing of quarterly information about the Company.

**8. Information on the suspension of Management Board Members in the performance of their duties and delegation of Supervisory Board members to act as Management Board members**

In 2023, the Supervisory Board did not suspend any Management Board Members from their positions or delegate Supervisory Board Members to serve as Management Board Members.

**9. Assessment of the Company's standing, including the adequacy and effectiveness of the Company's systems for internal control, risk management, ensuring compliance of operations with standards or applicable practices, and internal audit, covering all significant control mechanisms, in particular relating to reporting and operations with the information on the activities taken by the Supervisory Board to make this assessment**

**Assessment of the economic situation of the JSW Group and Jastrzębska Spółka Węglowa S.A. for 2023**

The JSW Group is the largest producer of high quality hard coking coal and a significant producer of coke in the European Union, which an indispensable component in the steel production process. Given the importance of steel in climate transition processes, coking coal has been placed on the EU's list of critical raw materials. Steel is crucial to the development and transformation of the economy. Steel is used in the manufacture of various key products, including wind turbines, machinery, vehicles (including electric ones) and building structures. The Group's operations are crucial to the transformation and development of a climate-neutral economy.

The Group operates in two sectors: coal and coke. The JSW Group is an active participant of the coking coal – coke – steel supply chain. It focuses on extraction and processing of coal as well as sale of the JSW Group's products, such as coking coal, coke, and hydrocarbons, including coke oven gas, tar, BTX, ammonium sulfate and liquid sulfur.

Over 40% of the coking coal produced by the Group was processed by the Group's coke plants into coke which, next to iron ore, is a key ingredient in the charge used in steel production in steel mills. Furthermore, coke is used in foundries, in the non-ferrous metal industry, in the chemical industry and in the production of insulation materials.

Steam coal is mainly used for generation of power and heat. It is sold to power companies, industrial and retail customers, however over 95% is sold to power plants and cogeneration plants.

Being the owner of its coking plants, the Group can tap the synergy effects, by delivering coking coal and coke. The Group's strong position ensues from the resources it holds and its advantageous location in the vicinity of key European steel manufacturers, which are the main offtakers of the Group's products. After the scaling back of production in Czech mines, JSW became the strategic supplier of coal to the Central European market, and the efforts taken focus on continuing to strengthen the Group's position as a key stable supplier regardless of market conditions.

In 2023, the armed conflict in Ukraine and the sanctions imposed on Russia continued to affect the macroeconomic situation in Europe and the world. The war in Ukraine and sanctions imposed on Russia have caused a reorganization of the global coking coal market. Before the war in Ukraine, Russia's share of coking coal imports to the EU was: approx. 10% for coking coal and approx. 30% for PCI coal. After the introduction of the sanctions, Russian coal was diverted to the Asian market, mainly to India and China. The missing volumes in the European market were supplemented by supplies from Australia and the US. The sanctions imposed on Russia have not significantly reduced the supply of coking coal on global markets, but they have changed the direction of trade. At present, the share of imports of coking coal from Russia in the total Chinese imports increased from approx. 7% in 2016-2020 to approx. 28% in 2023. China lost the status of clearing market in maritime trade of coking coal in favor of India.

On 7 March 2023, a fire occurred in longwall 34, seam 405/1, at KWK Knurów-Szczygłowice, Knurów Section. The area of the longwall where the incident occurred has been sealed off. On 17 March 2023, in connection with these events, the JSW Management Board adopted a resolution on the occurrence of force majeure in JSW. As a result of the analyses conducted, the impact of the event in 2023 has been estimated at approx. 250 thousand tons of reduction in the level of production at KWK Knurów-Szczygłowice. On 3 August 2023, the operation of the longwall resumed. In 2023, as a result of the incident at the Knurów Section, the Group incurred costs in the total amount of PLN 17.2 million.

On 6 December 2023, a fire broke out at KWK Pniówek in the area of longwall N-10 404/4+405/1. On 19 December 2023, the JSW Management Board adopted a resolution on the occurrence of force majeure in JSW. As a result of the analyses conducted, the impact of the event in 2024 has been estimated at 350 thousand tons of reduction in the level of production at KWK Pniówek. The firefighting operation was terminated on 20 December 2023. In 2023, in connection with the conducted firefighting operation, the Company incurred costs of PLN 14.1 million.

In addition, in 2023, JSW continued to feel the effects of the events that took place in JSW's mines in 2022, i.e.:

- KWK Pniówek on 20 April 2022: on 4-5 February 2023, rescue operations resumed to reach the 7 missing miners. On 9-14 September and 20-21 October 2023, the next stages of the rescue operation were carried out, as a result of which all the missing miners were found and transported to the surface. In 2023, the Group incurred costs related to the ongoing rescue operation and removal of the consequences of the incident at the Pniówek Mine in the total amount of PLN 22.2 million.

- KWK Borynia-Zofiówka-Bzie, Zofiówka Section on 23 April 2022: in January 2023, development works for the D-4 longwall, seams 412 łg+łd and 412 łg resumed, but due to the restrictions, their completion and subsequent commissioning of the longwall is planned for 2025.

The Consolidated Financial Statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023 showed an operating profit of PLN 2,826.7 million and a net profit of PLN 997.1 million.

In the period under analysis, certain one-off events occurred whose nature and scope had a significant impact on its financial results, including in particular:

- award and additional one-time bonus at JSW: PLN 616.5 million,
- one-time award in Group companies: PLN 66.7 million,
- recognition of impairment loss allowance for non-financial non-current assets: PLN 236.6 million,
- reversal of impairment losses for non-current assets of JSW KOKS (referring to the event in the Przyjaźń Coking Plant): PLN (13.6) million,
- costs of incidents in JSW's mines: PLN 53.5 million,
- costs related to the incident at the Przyjaźń Coking Plant in the amount of PLN 12.3 million,
- support from the government's energy-intensive sectors aid program: PLN (18.6) million.
- unexploited capitalized costs of the longwall areas in JSW Units: PLN 8.1 million.

#### **In 2023, the JSW Group recorded:**

##### **Sales revenues**

In 2023, sales revenues were PLN 15,338.5 million and were lower by PLN 4,860.0 million, or 24.1% compared to 2022. The decline was affected by:

- sales revenues on coal lower by PLN 2,530.9 million, i.e. 22.2% (without taking into account the adjustment of sales revenues on account of executing hedging transactions), mainly as a result of a lower sales volume of coal produced in the Group to external buyers by 1.2 million tons, i.e. 12.0%, as well as lower average sales price of coal produced in the Group in total by 127.61 PLN per ton, or 11.3%,
- coke sales revenues lower by PLN 2,050.8 million, i.e. 29.1% (without taking into account sales revenues adjustment on account of execution of hedging transactions), which resulted from achieving the average coke sales price lower by PLN 678.18 per ton, i.e. 31.1%,
- revenues from sales of hydrocarbons lower by PLN 262.9 million, i.e. by 28.9% (including revenues from sales of coke oven gas lower by PLN 161.3 million, revenues from sales of tar lower by PLN 73.9 million and revenues from sales of BTX lower by PLN 25.3 million),
- revenues from other activities lower by PLN 91.2 million, or 10.3% (including mostly revenues on sales of electricity by JSW KOKS decreasing by PLN 78.5 million because of the average price lower by PLN 281.18 per MWh).

##### **Cost of products, materials and goods sold**

In 2023, cost of products, materials and goods sold rose by PLN 2,008.1 million, or by 21.2%, against 2022. Costs by nature increased by PLN 3,418.4 million, or 27.3%, mainly an increase in employee benefits by PLN 1,693.9, the cost of consumption of materials and energy by PLN 883.7 million, and external services by PLN 557.8 million).

##### **Selling and distribution expenses**

Selling and distribution expenses that consist mostly of the costs of shipping of the Group's main products in 2023 totaled PLN 449.3 million (up by PLN 92.1 million, or 25.8%, primarily due to an increase in the price of shipping and port handling services, and changes in the structure of shipments in terms of the direction of delivery to customers).

##### **Administrative expenses**

Administrative expenses for 2023 were PLN 1,060.2 million compared to PLN 826.6 million in the previous year (an increase by PLN 233.6 million, or 28.3%, resulting mainly from an increase in administrative expenses in the Parent Company by PLN 207.2 million, including mostly the expenses for employee benefits by PLN 117.4 million and external services by PLN 64.4 million).

#### **Other revenues**

Other revenues in 2023 amounted to PLN 187.3 million, compared to PLN 246.5 million in the previous year (a decrease of PLN 59.2 million, or 24.0%). The higher level of other revenues in 2022 was driven by the recognition of revenues related to the free-of-charge transfer of a designated part of a mine in the Jastrzębie III mining area to SRK in the amount of PLN 65.8 million and compensations in connection with the fires that occurred in 2020 in the Zofiówka Section in the amount of PLN 61.7 million and KWK Budryk in the amount of PLN 4.4 million. In 2023, in turn, other revenues include financial aid received by the Parent Company in the total amount of PLN 18.6 million under the government program: *Aid to Energy-Intensive Sectors Associated with Sudden Increases in Natural Gas and Electricity Prices in 2022 and in H1 2023*, as well as revenue from granted energy efficiency certificates (white certificates) in the amount of PLN 10.6 million. In addition, other revenues in 2023 included interest income that was higher by PLN 18.5 million.

#### **Other costs**

Other costs in 2023 amounted to PLN 380.7 million compared to PLN 485.5 million in 2022 (a decrease of PLN 104.8 million, or 21.6%). The lower level other costs results the recognition in 2023 of impairment loss on non-financial non-current assets in the total amount of PLN 241.9 million against PLN 364.8 million of impairment loss recognized in 2022.

#### **Other net profits**

Other net gains in 2023 amounted to PLN 681.8 million, compared to PLN 113.2 million in 2022 (an increase of PLN 568.6 million). The change primarily resulted from a PLN 486.5 million higher gain on the fair value measurement of the FIZ asset portfolio. In addition, in 2023, there was a gain on account of financial derivatives in the amount of PLN 73.7 million compared to a loss of PLN 114.8 million in 2022, which followed from both a change in transaction volumes and the difference between price/forward exchange rate and price/reference rate. Simultaneously, in 2023, a loss of PLN 53.2 million was posted for FX differences on operating activities, compared to a gain of PLN 51.9 million in 2022.

#### **Financial income and costs**

Financial income in 2023 amounted to PLN 274.1 million. The increase by PLN 79.8 million is due to PLN 87.9 million higher interest income on cash and cash equivalents. Financial costs for 2023 amounted to PLN 226.2 million and were higher by PLN 84.8 million, i.e. 60.0%, which results from interest associated with settlement of the discount on account of long-term provisions higher by PLN 81.4 million and the foreign exchange differences on FX Forward and commodity swap transactions higher by PLN 12.5 million.

#### **Income tax**

Income tax for 2023 amounted to PLN 1,877.6 million (an increase of PLN 68.7 million compared to 2022) and includes the windfall tax recognized by the Parent Company in the amount of PLN 1,609.6 million following from the Act of 16 August 2023 *on Amendments to the Act on Special Solutions for the Protection of Electricity Consumers in 2023 in Connection with the Situation on the Electricity Market and Amendments to Certain Other Acts*, which came into force on 19 September 2023. The basis for calculating the windfall tax was the taxable income earned in 2022, from income sources other than capital gains within the meaning of Article 7(1)-(3) of the *Corporate Income Tax Act* of 15 February 1992. Considering the above, and given that the windfall tax liability arises as at the effective date of the Amending Act, the windfall tax encumbers the Group's results recognized in 2023.

#### **Net profit**

The Group's net profit for 2023 was PLN 997.1 million and was lower by PLN 6,653.3 million than the net profit generated in 2022. Basic and diluted earnings per share for shareholders of the Parent Company were PLN 8.46 (2022: earnings per share were PLN 64.88).

### **JSW Group's statement of financial position**

As at 31 December 2023 the balance sheet value of the JSW Group was PLN 27,793.8 million and was higher by 2.7% as compared to 31 December 2022.

The biggest assets line item as at 31 December 2023 were non-current assets (79.5%). Their value in 2023 increased by PLN 2,877.4 million, i.e. by 15.0%, mainly due to the following factors:

- property, plant and equipment - an increase of PLN 2,515.7 million - in 2023, the Group incurred expenditures for property, plant and equipment of PLN 4,199.0 million, with depreciation and amortization of PLN 1,520.5 million (in 2022, expenditures for property, plant and equipment amounted to PLN 2,785.9 million, with depreciation and amortization of PLN 1,330.1 million); in 2023, the Group recognized in non-current assets an impairment loss on the non-financial non-current assets in the total amount of PLN 241.9 million, of which PLN 223.7 million relates to property, plant and equipment; activated borrowing costs recognized in 2023 were PLN 33.0 million,
- investments in the FIZ asset portfolio - an increase of PLN 344.8 million - the 4.8% increase is due to an increase in the value of the Fund's financial assets (mainly debt securities and covered bonds) due to the favorable situation in the debt securities market; as at 31 December 2023, the net value of the Fund's assets amounted to PLN 5,566.0 million, which means an increase by PLN 672.4 million as compared to 31 December 2022,
- intangible assets - an increase of PLN 82.7 million - the 71.3% increase is mainly due to CO<sub>2</sub> emission allowances purchased by JSW KOKS worth PLN 75.6 million,
- deferred income tax assets - decrease by PLN 144.1 million - the decrease of 30.6%, including a decline by PLN 280.6 million in JSW (including: a decrease in assets on account of tax loss by PLN 182.9 million, an increase in a deferred tax liabilities from the measurement of investments in the FIZ asset portfolio by PLN 126.8 million), with a simultaneous increase in deferred tax assets in JSW KOKS in connection with the recognition of an asset on account of tax loss of PLN 134.2 million and an asset on account of estimated costs of CO<sub>2</sub> emission allowances to be redeemed in the amount of PLN 14.9 million.

Current assets decreased by PLN 2,154.4 million, or by 27.4%, which was driven by:

- cash and cash equivalents - a decrease of 2,147.1 million - a decrease by 44.4%, caused mainly by the windfall tax paid by JSW in the amount of PLN 1,609.6 million,
- trade and other receivables - decrease by PLN 149.1 million - a decrease of 7.7%, resulting from a lower level of trade receivables by PLN 315.0 million, or 18.4%, while tax and social security receivables went up by PLN 102.5 million, or 62.3% (mainly for VAT),
- inventories - an increase of PLN 181.8 million - the 18.4% increase is mainly due to a PLN 232.3 million, or 40.4%, higher level of finished products inventory (inventory of coal produced in the Group higher by 146.8 thousand tons compared to 31 December 2022), with a simultaneous fall in the level of inventory of materials by PLN 53.5 million, i.e. 13.5%.

The increase in equity by 5.8% as at 31 December 2023 has its roots in an increase in retained earnings by PLN 915.4 million, or 6.8%, as compared to 31 December 2022, resulting from the generated net profit attributable to the shareholders of the Parent Company in the amount of PLN 993.9 million.

As at 31 December 2023, total liabilities decreased by PLN 203.5 million, or 1.8%, as compared to 31 December 2022. The change is mainly due to the following reasons:

- in terms of non-current liabilities - an increase of PLN 519.4 million - the increase follows from the balance of provisions higher by PLN 202.5 million, i.e. 15.8%, as a result of a higher level of provisions at the Parent Company for the costs of mine closures (up by PLN 158.2 million) and mining damage (up by PLN 34.5 million); in addition, employee benefit liabilities rose by PLN 189.1 million, or 24.5% (including in JSW by PLN 140.4 million as a result of recognition of actuarial valuation made as at 31 December 2023) as well as deferred tax liabilities by PLN 39.3 million, i.e. 247.2%, including in JSW by PLN 42.7 million.
- in terms of current liabilities - a decrease of PLN 722.9 million - the decrease is associated with a lower balance of current income tax liabilities by PLN 1,300.1 million (including at the Parent Company by PLN 1,333.5 million in connection with the payment of the tax for 2022), a lower balance of FIZ liabilities by PLN 327.6 million, i.e. 14.6% (including mainly liabilities from transactions with the Fund's buy-back commitment (Sell Buy Back transactions) – a decrease of PLN 282.0 million, the Fund's liabilities on account of purchased assets – a decrease by PLN 78.7 million).

At the same time, there was an increase in trade and other liabilities by PLN 648.2 million, or 22.2% (including investment liabilities by PLN 196.0 million, social security and other tax liabilities by PLN 139.3 million, trade liabilities by PLN 110.1 million, payroll liabilities by PLN 96.0 million and accruals and deferred income by PLN 76.3 million) as well as an increase in liabilities on account of loans and borrowings by PLN 97.0 million, or 18.0% (primarily as a result of reclassification of borrowings from long-term to short-term part in the amount of PLN 408.3 million, received (in the short-term part) under the Consortium Financing Agreement of 2023 in the amount of PLN 31.6 million, received borrowings from the National Fund for Environmental Protection and Water Management (NFOŚiGW) in the amount of PLN 135.4 million, in spite of repayment of loans and borrowings (in the short-term part) in the total amount of PLN 475.1 million). Furthermore, an increase in employee benefit liabilities was recorded by PLN 72.3 million, i.e. 32.8% (including at the Parent Company by PLN 59.3 million, i.e. by 33.2%, as a result of an update based on actuarial valuation) as well of an increase in the balance of provisions by PLN 65.4 million, i.e. by 28.8% (primarily: other provisions by PLN 22.8 million, the mining damage provision by 19.0 million, the environmental protection provision by PLN 15.3 million and the mine closures provision by PLN 8.3 million).

### **Structure of assets and liabilities in the context of liquidity**

The main factors affecting the Group's financial standing are supply and demand and the average price of the main products, that is coal and coke, which has a direct effect on revenues and cash flows.

#### **Cash flow on operating activity**

In 2023, positive net cash flows from operating activities generated in the amount of PLN 1,747.4 million were recorded thanks to positive cash inflows from operating activities in the amount of PLN 4,706.4 million (profit before tax was PLN 2,874.7 million) despite the income tax paid in the amount of PLN 2,957.2 million (including the windfall tax paid: PLN 1,609.6 million).

#### **Cash flow on investing activity**

Cash used in investing activities in 2023 was PLN 3,715.1 million and was PLN 2,973.1 million lower compared to 2022 in connection with the payment for the acquisition of FIZ assets in the amount of PLN 4,200.00 million in 2022. The main capital expenditures item is the purchase of property, plant and equipment in the amount of PLN 3,913.9 million (up PLN 1,291.1 million compared to 2022).

#### **Cash flow on financing activity**

In 2023, net cash flows from financing activities amounted to PLN (177.9) million compared to PLN (818.7) million in 2022. Their level in 2023 includes, among other things, repayment of loans and borrowings of PLN 669.6 million (chiefly repayment by JSW of the loans obtained from the PFR in the amount of PLN 354.0 million, as well as loans and borrowings received under the 2019 Consortium Financing Agreement in the amount of PLN 273.1 million), lease payments of PLN 219.9 million and interest and

commissions paid in financing activity in the amount of PLN 85.8 million. At the same time, the Group recorded proceeds from received loans and borrowings in the amount of PLN 796.1 million (including loans and borrowings under the 2023 Consortium Financing Agreement in the total amount of PLN 395.2 million, a loan from the NFOŚiGW (National Fund for Environmental Protection and Water Management) for JSW in the amount of PLN 85.0 million and loans from NFOŚiGW for JSW KOKS in the total amount of PLN 313.6 million).

The balance of cash and cash equivalents in the statement of cash flows for 2023 was PLN 2,690.8 million.

## **An assessment of the economic situation in Jastrzębska Spółka Węglowa S.A. in 2023**

### **In 2023, Jastrzębska Spółka Węglowa S.A. achieved:**

#### **Sales revenues**

In 2023, sales revenues were PLN 19,757.7 million and were lower by 23.3% compared to 2022, which follows from:

- sales revenues on coal produced by JSW lower by PLN 3,846.2 million, i.e. 21.8% (without taking into account the adjustment of sales revenues on account of executing hedging transactions), mainly as a result of average sales price of coal obtained by JSW in total lower by 185.10 PLN/t (decrease by 15.2%) as well as coal sales volume lower by 1,135.7 thousand tons, i.e. 7.9%,
- sales revenues on coke lower by PLN 2,048.8 million, i.e. 29.1% (without taking into account the adjustment of sales revenues on account of executing hedging transactions), mainly due to the average sales price of coke commanded by JSW being lower by PLN 678.30 per ton, or 31.1%,
- sales revenues on hydrocarbons lower by PLN 101.5 million, i.e. 16.9%.

#### **Cost of products, materials and goods sold**

In 2023, cost of products, materials and goods sold decreased by PLN 252.7 million, or 1.6% versus 2022. This was driven by PLN 2,031.4 million lower costs of coke sold, PLN 105.4 million lower costs of other products, materials and goods sold and PLN 99.9 million lower cost of hydrocarbons sold, with PLN 1,984.0 million higher other costs of coal sold by JSW.

#### **Selling and distribution expenses**

Selling and distribution expenses amounted to PLN 558.7 million in 2023 (growth by PLN 139.3 million), which results from an increase in costs of transport services and port operators.

#### **Administrative expenses**

Administrative expenses for 2023 were PLN 867.6 million compared to PLN 660.4 million in the previous year (an increase by PLN 207.2 million, or 31.4%, resulting mainly from an increase in the costs of employee benefits by PLN 117.4 million and external services by PLN 64.4 million).

#### **Other revenues**

In 2023, other revenues amounted to PLN 157.7 million, compared to PLN 231.7 million last year (a decline of PLN 74.0 million, or 31.9%). The higher level of other revenues in 2022 was driven by the recognition of revenues related to the free-of-charge transfer of a designated part of a mine in the Jastrzębie III mining area to SRK in the amount of PLN 65.8 million and compensations in connection with the fires that occurred in 2020 in the Zofiówka Section in the amount of PLN 61.7 million and KWK Budryk in the amount of PLN 4.4 million. In 2023, other revenues include financial aid received in the amount of PLN 18.6 million under the government program: *Aid to Energy-Intensive Sectors Associated with Sudden Increases in Natural Gas and Electricity Prices in 2022 and in H1 2023*, as well as revenue from granted energy efficiency certificates (white

certificates) in the amount of PLN 10.6 million. In addition, other revenues in 2023 included interest income that was higher by PLN 18.6 million compared to 2022.

#### **Other costs**

Other costs in 2023 amounted to PLN 310.9 million, compared to PLN 398.2 million in 2022 (a decline of PLN 87.3 million). The difference refers primarily to the recognition in 2023 of impairment loss on non-financial non-current assets in the total amount of PLN 212.4 million against PLN 267.9 million of impairment loss recognized in 2022. Furthermore, in 2022, the impairment loss was recognized on the value of PBSz shares in the amount of PLN 27.7 million.

#### **Other net gains**

Other net gains in 2023 amounted to PLN 679.4 million, compared to PLN 112.3 million in 2022 (an increase of PLN 567.1 million). The change results first of all from a gain on the valuation of investment certificates higher by PLN 486.5 million, relative to 2022. In addition, in 2023, there was a gain on account of financial derivatives in the amount of PLN 73.8 million compared to a loss of PLN 114.8 million in 2022, which followed from both a change in transaction volumes and the difference between price/forward exchange rate and price/reference rate. Simultaneously, in 2023, a loss of PLN 52.7 million was posted for FX differences on operating activities, compared to a gain of PLN 51.9 million in 2022.

#### **Financial income and costs**

Financial income for 2023 totaled PLN 218.2 million and was higher by PLN 77.8 million than financial income achieved in 2022, which results primarily from interest income on cash and cash equivalents higher by PLN 86.0 million.

Financial costs for 2023 were PLN 242.5 million. The increase by PLN 92.2 million, or 61.3%, results from interest expenses associated with settlement of the discount on account of long-term provisions higher by PLN 77.8 million, the foreign exchange differences on Fx Forward and commodity swap transactions higher by PLN 12.5 million, costs of sureties received higher by PLN 8.1 million and interest on account of PCP higher by 7.2, with a simultaneous decrease of PLN 15.1 million in costs of interest and commissions on loans and borrowings as compared to 2022.

#### **Income tax**

Income tax for 2023 amounted to PLN 1,949.2 million (an increase of PLN 244.2 million compared to 2022) and includes the windfall tax recognized by JSW in the amount of PLN 1,609.6 million following from the Act of 16 August 2023 *on Amendments to the Act on Special Solutions for the Protection of Electricity Consumers in 2023 in Connection with the Situation on the Electricity Market and Amendments to Certain Other Acts*, which came into force on 19 September 2023. The basis for calculating the windfall tax was the taxable income earned in the 2022 tax year, from income sources other than capital gains within the meaning of Article 7(1)-(3) of the *Corporate Income Tax Act* of 15 February 1992. Considering the above, and given that the windfall tax liability arises as at the effective date of the Amending Act, the windfall tax encumbers the Group's results recognized in 2023.

#### **Net profit**

The Company's net profit for 2023 was PLN 1,387.2 million and was lower by PLN 5,785.2 million than the net profit generated in 2022. Basic and diluted earnings per share was PLN 11.81 (PLN 61.09 PLN in 2022).

#### **JSW S.A.'s statement of financial position**

As at 31 December 2023 the balance sheet value of Jastrzębska Spółka Węglowa S.A. was PLN 23,783.0 million and was higher by 5.0% as compared to 31 December 2022.

The biggest assets line item as at 31 December 2023 were non-current assets (79.1%). Their value in 2023 increased by PLN 2,605.0 million, i.e. by 16.1%, mainly due to the following factors:

- property, plant and equipment - an increase of PLN 2,164.7 million - in 2023, JSW incurred expenditures for property, plant and equipment of PLN 3,550.7 million, with

depreciation and amortization of PLN 1,329.8 million (in 2022, expenditures for property, plant and equipment amounted to PLN 2,198.8 million, with depreciation and amortization of PLN 1,141.0 million); in 2023, the Company recognized in non-current assets an impairment loss on property, plant and equipment in the amount of PLN 200.0 million (in 2022: PLN 244.6 million); activated borrowing costs recognized in 2023 were PLN 24.2 million,

- other non-current financial assets - an increase of PLN 693.5 million - an increase of 13.0%, mainly due to an increase in the valuation of investment certificates; as of 31 December 2023, the value of investment certificates amounted to PLN 5,566.0 million, an increase of PLN 672.4 million compared to 31 December 2022; an increase of PLN 23.6 million, or 5.8%, in the value of cash accumulated within the Mine Closure Fund compared to 31 December 2022,
- deferred income tax assets - decrease by PLN 280.6 million - the decrease in the assets results mostly from a decline in the tax loss assets by PLN 182.9 million and a PLN 126.8 million rise in the deferred tax liabilities from the valuation of investment certificates.

Current assets decreased by PLN 1,466.3 million, or by 22.7%, which was driven by:

- cash and cash equivalents - a decrease of 1,604.6 million - a decrease by 43.0% follows mainly from the windfall tax paid in the amount of PLN 1,609.6 million; the amount of cash includes the amount of PLN 492.8 million JSW received for cash transferred by Group companies within the PCP service implemented in the Group,
- inventories - an increase of PLN 117.0 million - the 24.6% increase is mainly due to a PLN 143.7 million, or 66.3%, higher level of finished products inventory (the coal inventory volume produced by own plants higher by 197.2 thousand tons compared to 31 December 2022), despite the inventory of materials being lower by PLN 29.6 million, i.e. 16.8%, including the inventory of third party coal down by PLN 98.4 million, and the inventory of coke up by PLN 68.8 million compared to 31 December 2022,
- trade and other receivables - increase by PLN 32.5 million - the 1.5% increase was caused predominantly by an increase in tax receivable by PLN 100.7 million, i.e. 123.4% (mainly on account of VAT), an increase in prepaid expenses and accrued income by PLN 12.3 million, or 60.0%, in spite of the fall in trade receivables by PLN 86.0 million, or 4.2%.

The increase in equity as at 31 December 2023, by PLN 1,333.6 million (9.6%), is attributable to an increase in retained earnings by PLN 1,323.8 million, as compared to 31 December 2022, resulting from the generated net profit in the amount of PLN 1,387.2 million.

As at 31 December 2023, total liabilities decreased by PLN 194.9 million, or 2.2%, as compared to 31 December 2022. The change is mainly due to the following reasons:

- as regards non-current liabilities - an increase of PLN 336.0 million - the increase is due to higher provisions by PLN 195.6 million, i.e. 15.5%, including provisions for mine closures by PLN 158.2 million and provisions for mining damage repair by PLN 34.5 million; in addition, employee benefit liabilities increased by PLN 140.4 million, i.e. 23.8%, as a result of the revaluation of employee benefit liabilities based on an actuarial valuation as of 31 December 2023; the lower balance of loans and borrowings by PLN 57.5 million, i.e. 11.6%, is mainly due to the reclassification of loans and borrowings from long-term to short-term in the total amount of PLN 299.7 million in accordance with the repayment schedule, repayment of loans and borrowings received under the 2019 Consortium Financing Agreement in the amount of PLN 194.5 million, despite the financing received under the 2023 Financing Agreement with the Consortium (in the long-term portion) in the amount of PLN 363.6 million and loans received from the National Fund for Environmental Protection and Water Management (in the long-term portion) by PLN 72.3 million.
- in terms of current liabilities - a decrease of PLN 530.9 million - the decrease connected with a lower balance of current tax liabilities by PLN 1,333.5 million, as a

result of tax payment for 2022, a lower balance of loans and borrowings by PLN 129.7 million, or 24.3%, due primarily to the repayment of loans and borrowings (in the short-term portion) in the total amount of PLN 468.9 million (including: the loans from the PFR in the amount of PLN 354.0 million, the loans and borrowings received under the 2019 Consortium Financing Agreement in the amount of PLN 78.6 million), despite the reclassification of a part of long-term loans and borrowings in the amount of PLN 299.7 million and funding received under the 2023 Consortium Financing Agreement (in the short-term portion) in the amount of PLN 31.6 million and loans from the National Fund for Environmental Protection and Water Management (in the short-term portion) in the amount of PLN 15.0 million. At the same time, there was an increase in trade and other liabilities by PLN 804.7 million, or 22.8% (including an increase in investment liabilities on account of cash received from PCP settlements by PLN 366.9 million, investment liabilities by PLN 234.7 million, security and other tax liabilities by PLN 104.8 million, payroll liabilities by PLN 78.9 million and trade liabilities by PLN 76.7 million), an increase in employee benefit liabilities by PLN 59.3 million, i.e. 33.2% (as a result of reclassification of employee benefit liabilities based on actuarial valuation as at 31 December 2023) as well as an increase in the balance of provisions by PLN 48.2 million, or 28.9%, including provisions for mining damage by PLN 19.0 million, provisions for environmental protection by PLN 11.2 million, provisions for mine closures by PLN 8.3 million and other provisions by PLN 9.7 million.

***Assessment of the Company's systems of internal control, risk management, ensuring compliance of operations with standards or applicable practices, and internal audit***

The Supervisory Board oversees the Company's internal control system, whose purpose is to ensure that the Company's operations are efficient and effective, that financial reporting is accurate and that the Company complies with laws and internal regulations in all aspects of its operations.

Under the internal control system, the Company has established control mechanisms, organization and hierarchical structures, operating procedures and internal instructions and such a division of responsibility and manner of work to facilitate the achievement of JSW S.A.'s objectives. In order to systematize the above area, appropriate Bylaws have been implemented as referred to in § 31 sec. 3 of the JSW S.A. Articles of Association, which defines the principles and scope of the internal control system at JSW S.A., namely: *Internal Control System Operation Bylaws of Jastrzębska Spółka Węglowa S.A.* The principles included in the Internal Control System Bylaws at JSW S.A. were defined based on the assumptions of the internal control model found in the report *Internal Control - Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission - COSO, defining principles and factors necessary for effective risk management through the implementation of an internal control system, including the components of this system, i.e.:

1. internal control environment - integrity and ethical values, competence of employees, supervisory activities exercised by the Supervisory Board, philosophy and operational style of management, organizational structure, method of delegation of authority and responsibility, human resources policies and practices,
2. risk assessment (risk management and risk response) - established and clearly communicated objectives and mechanisms to support the identification, analysis and management of the risk of events that may either positively or negatively affect the Company's operations; including the process carried out to consciously manage threats and opportunities, enabling the protection of earned value and enhancing the Company's ability to build value, as well as management's response to identified risks - avoiding, accepting, mitigating or sharing risks and, consequently, developing a set of actions to link individual risks to an acceptable level,

3. control activities - all activities to ensure compliance with the law and the guidelines of the Company's Management Board, allowing to take the actions necessary to minimize risks at all organizational levels of the Company and in all its units,
4. information and communication - the process of exchanging information to perform, manage and control the Company's activities,
5. monitoring - activities involving continuous assessment of the quality and effectiveness of the internal control system, identification of critical points of key importance for assessing the effectiveness of the Company's internal control and, further, for implementing mechanisms to supervise the implementation of individual elements and activities of internal control.

The internal control system model implemented and used in JSW S.A. includes a three-level system of defense against materialization of the risk identified in the Company. The COSO model assumes that in order to effectively implement the system, the responsibilities imposed on the various participants in the system must be defined so that everyone understands their role in addressing risk and control, the issues for which they are responsible, and the principles and means of cooperation within the adopted organizational structure. The COSO model using the so-called three lines of defense allows for better risk management and internal control by clearly defining the roles and responsibilities.

The internal control system in operation in JSW S.A. covers all the Company's operations contemplated in the Articles of Association and all the levels of organizational structure, and thereby all the processes in JSW S.A., including the areas of internal control, compliance, internal audit and risk management, also those having a direct or indirect impact on the correctness of preparing the financial statements. Within this system, the Company has a number of implemented control mechanisms and internal regulations which relate to the functioning of the areas of internal control, compliance, internal audit and risk management. The internal control system comprises all the regulations, procedures and organizational structures which aim to ensure:

- compliance with strategy,
- efficiency and effectiveness of procedures,
- protection of assets,
- compliance of transactions and activities with the mandatory provisions of law, supervisory regulations and internal policies, plans, provisions and procedures,
- support for the decision-making process.

One of the components of the evaluation of the internal control system is the audit and inspection activities performed by the Audit and Control Department. The Audit and Control Department conducts scheduled internal inspections and audits, as well as ad hoc internal inspections and audits. As a result of audit and inspection tasks, several post-audit recommendations and instructions were issued to streamline the control mechanisms and mitigate the risks. The Audit and Control Department conducts monitoring of the implementation of the recommendations and instructions. In addition, monitoring of the internal control system is achieved through operational activities arising from normal management and supervision activities.

The system in operation in the Company include numerous implemented control mechanisms and internal regulations, including, among others, in the area of:

1. **internal control system** - the Internal Control System Operation Bylaws is a set of regulations and principles underlying the construction, operation and usage of the internal control system at JSW S.A. The Bylaws set forth the detailed principles and scope of the internal control system. The Bylaws establish appropriate control mechanisms, organizational and hierarchical structures, operating procedures and internal instructions, as well as division of responsibilities and working methods. All of these elements have been defined in such a way as to facilitate the achievement of the Company's goals and minimize the possibility, circumstances and conditions for generation of losses. The activities of the Internal Control System serve the purpose of ensuring the organization's effective and efficient operations, credibility and reliability of

financial reporting and compliance of the Company's processes with laws and internal regulations. The Audit and Control Department, in the areas of its audit and control tasks, evaluates the functioning of the internal control system at JSW S.A. If irregularities are found, post-audit recommendations and orders are issued.

2. **risk management** - the Corporate Risk Management Policy and the Corporate Risk Management Procedure at the JSW Group, comprehensively regulate the functioning of the Corporate Risk Management System. Both documents define the assumptions and principles of the corporate risk management process in the JSW Group, identify the participants in the system and assign tasks and roles for them, the proper implementation of which ensures the functioning of the risk management system. They ensure comprehensive identification of risks and controls and their evaluation both at the level of individual processes and the entire organization. This JSW S.A. function includes, therefore, the process of making decisions and carrying out tasks that lead to the Company achieving an acceptable level of risk. The risk management system includes risk identification, risk assessment, risk estimation, risk control, and monitoring and reporting. The Audit and Control Department, in the areas of its audit tasks, evaluates the corporate risk management at JSW S.A. If irregularities are found, recommendations are issued.

3. **compliance** - is a set of measures aimed at ensuring that the actions taken by the organization comply with the norms of law, internal regulations and accepted standards of conduct. The activities of the compliance system include preventive measures and management of irregularities that occur. The actions taken by the JSW Group in its compliance function serve to reduce the possibility of financial and reputational losses and refer to the best practices in this area.

The following regulations are in place as part of compliance:

- JSW Group's Code of Ethics,
- JSW Group's Compliance Policy,
- JSW Group's Anti-Corruption Policy,
- JSW Group's Conflict of Interest Management Policy,
- JSW Group's Employment of Family and Acquaintances Policy,
- JSW Group's Business Partner Verification Policy,
- JSW Group's Gift Policy,
- JSW Group's Whistleblowing Policy.

The Audit and Control Department, in the areas of its audit tasks, evaluates the compliance of its activities with external and internal regulations, including corporate governance. If irregularities are found, recommendations are issued.

4. **internal audit** - the JSW S.A. Internal Audit Bylaws define the objectives, powers, responsibilities and location of the internal audit unit in the Company's structure. The bylaws also define precisely its key tasks, how they are accomplished, and the reporting rules. An integral part of the bylaws is the Code of Ethics, which auditors are guided by when performing their tasks. Internal audit functions, which are objective and independent in nature, aim to add value to the Company and improve the operating activities of the entire enterprise. These functions, which consist of a systematic and structured evaluation of processes, help to achieve objectives by providing assurances that the processes are working properly. As a result of annual audit tasks, recommendations are issued, indicating the directions for improving the efficiency of processes, improving control mechanisms and minimizing risks.

The above indicates that the Company separates within its structure units responsible for the execution of tasks in individual systems or functions. There is a clear division of roles, duties, and responsibilities among participants of individual systems or functions.

The Supervisory Board, noting the potential for further development, positively evaluates the compliance, risk management and internal audit functions implemented within the Company, as well as the internal control system in operation in JSW. The Supervisory Board assesses these systems collectively as adequate and effective, taking into account the Company's organizational structure, the number of employees and capitalization. During the financial year, the Supervisory Board took steps to make this

evaluation. Inter alia:

- ✓ the Supervisory Board cooperated with the statutory auditor on an ongoing basis and through the Audit Committee, monitored the process of auditing the financial statements, the effectiveness of the internal control, internal audit and risk management systems,
- ✓ in accordance with the Work Plan adopted by the Supervisory Board, on the basis of periodic information submitted by the Management Board, the Supervisory Board monitored the Company's situation in all material areas of its operation, including, among others: implementation of the Audit Plan, assessment of the internal control system, risks associated with the conducted operations and ways to manage those risks, compliance and internal audit function at JSW,
- ✓ the Supervisory Board evaluated the Company's activity and results on the basis of periodical reports submitted by the Management Board on the production, economic and financial and social situation of the Company, including, among others, information on the degree of achievement of the economic parameters presented by the Company in the Technical and Economic Plan, target economic and financial results, financial indicators and the liquidity situation of the Company.

## **10. Summary of the activity of Supervisory Board Committees**

In 2023, the following Committees operated within the Supervisory Board:

- ✓ Audit Committee
- ✓ Nomination and Compensation Committee
- ✓ Strategy and Development Committee

The committees are advisory and opinion-making bodies supporting the Supervisory Board.

### **Audit Committee**

It is appointed to support the Supervisory Board in exercising financial oversight and to provide the Board with reliable information and opinions that allow it to efficiently make correct decisions in the area of financial reporting, internal control and risk management. It plays a special role among the Committees because of its nature and tasks.

The Audit Committee's basic tasks include in particular the following:

- ✓ monitoring of the:
  - financial reporting process,
  - effectiveness of internal control systems, risk management systems and internal audit, including in the area of financial reporting,
  - performance of financial audit activities, in particular audits conducted by the audit firm, taking into account all conclusions and findings of the Polish Agency for Audit Oversight resulting from inspections performed in the audit firm,
- ✓ inspection and monitoring of the independence of the statutory auditor and the audit firm, in particular in cases where the audit firm renders other services in favor of the Company than the audit services,
- ✓ provision of information to the Company's Supervisory Board or supervisory or control body about the outcome of the audit and explanation of how the audit contributed to the integrity of financial reporting in the Company and what the role of the Audit Committee was in that process,
- ✓ assessment of the independence of the statutory auditor and expressing consent to the auditor's provision of permitted non-audit services (at the Company's justified request),
- ✓ preparing a policy governing the selection of an audit firm to perform the audit,
- ✓ preparation of a policy governing the provision of permitted non-audit services by the audit firm performing the audit, by its related parties and by a member of the audit firm's chain,
- ✓ development of the procedure for selecting an audit firm by the Company,

- ✓ presentation to the Supervisory Board or another supervisory or control body or the body referred to in Article 66 Section 4 of the Accounting Act of 29 September 1994 of recommendations on the appointment of statutory auditors or audit firms, in accordance with the said policies,
- ✓ submission of recommendations intended to ensure the reliability of the financial reporting process in the Company.

During the financial year, the Audit Committee monitored the reliability of reporting information and the effectiveness of the internal control, internal audit, and risk management systems. It also oversaw activities related to the auditing process and auditor independence.

The Audit Committee submitted to the Supervisory Board the results of the activities carried out as part of the procedure for selecting an audit firm to audit and review the standalone financial statements of Jastrzębska Spółka Węglowa S.A. and consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group, as well as to audit the standalone financial statements of key companies of the JSW S.A. Group. - for a period of 2 years, i.e. for the years 2023-2024, together with the final report and recommendations as to the selection of the audit firm.

In addition, the Audit Committee, in order to, among other things, implement the issues arising from the letter from the Office of the Polish Financial Supervision Authority dated 21 September 2022, by Resolution No. 22/XI/2023 dated 26 June 2023, amended and adopted the consolidated text of the document entitled *Policy and procedure for selection of the audit firm and policy governing the provision of permitted non-audit services by the audit firm, by its related parties and by a member of the audit firm's chain.*

The Audit Committee provided information to the other members of the Supervisory Board on an ongoing basis on issues relating to the Committee's areas of activity.

The members of the Audit Committee, in performing the tasks entrusted to them, acted in the interest of the Company, maintained independence of action and judgment. They demonstrated efficiency, reliability and competence. The members of the Audit Committee understand the Company's operations, including its business model and the strategy it pursues, including the activities of the entities in its group that have a significant impact on its operations. In carrying out its tasks, the Audit Committee relied on its own findings and those made by the Company's employees responsible for carrying out its tasks, particularly in the financial and reporting areas and the various internal functions and systems.

*Table 5: Composition of the Audit Committee and functions discharged in 2023*

<b>First and last name</b>	<b>Position</b>	<b>Term in position</b>
Jolanta Górska	Chairperson	01.01.2023 – 31.12.2023
Halina Buk	Member	01.01.2023 – 31.12.2023
Robert Kudelski	Member	01.01.2023 – 31.12.2023
Paweł Nieradzik	Member	01.01.2023 – 31.12.2023
Stanisław Prusek	Member	01.01.2023 – 31.12.2023

In 2023 the composition of the Audit Committee satisfied the requirements set forth in Article 129 of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision. Most Audit Committee members, including the Chairperson, were independent of JSW within the meaning of the aforementioned act. One Audit Committee Member held expertise and skills in accounting or audit of financial statements. Most Audit Committee members had expertise and skills in the industry in which JSW operates.

The members of the Audit Committee made declarations regarding meeting the statutory independence criteria, as well as declarations regarding having/not having knowledge

and skills in accounting or audit of financial statements and in the industry in which the issuer operates. The competencies and experience of the Audit Committee Members, as well as how they acquired their knowledge and skills in financial reporting and the industry, are set forth in the biographical notes of individual Committee Members.

The statutory independence criteria were satisfied by the following Audit Committee Members: Jolanta Górska, Halina Buk and Paweł Nieradzik.

The Audit Committee Member who holds expertise and skills in accounting or audit of financial statements was Halina Buk.

The Audit Committee Members who had expertise and skills in the industry in which the issuer operates were: Robert Kudelski, Paweł Nieradzik and Stanisław Prusek.

*Table 6: Changes in the composition of the Audit Committee after 31 December 2023*

Date	Description of the change
12.02.2024	Jolanta Górska, Halina Buk and Stanisław Prusek were dismissed from the Supervisory Board by the Minister of State Assets, pursuant to § 15 sec. 13 of JSW S.A.'s Articles of Association.
23.02.2024	The Supervisory Board elected Artur Kisielewski as Chairman of the Audit Committee and appointed the following persons to the Audit Committee: Krzysztof Szlag and Krzysztof Wrona.
22.04.2024	Paweł Nieradzik tendered his resignation from the function of Audit Committee member. The Supervisory Board appointed Paweł Bieszczad to the Audit Committee.

As of the date of the report, the statutory criteria for independence are met by the following members of the Audit Committee: Artur Kisielewski, Krzysztof Szlaga and Krzysztof Wrona. The Audit Committee Members who hold expertise and skills in accounting or audit of financial statements are Artur Kisielewski and Krzysztof Szlaga. The Audit Committee Members who had expertise and skills in the industry in which the issuer operates are: Artur Kisielewski, Paweł Bieszczad, Robert Kudelski and Krzysztof Szlaga.

The Committee held 8 meetings throughout financial year 2023. All members of the Audit Committee attended the 4 meetings, while Stanisław Prusek did not attend the meetings held on 06 February, 26 June and 28 September 2023, and Robert Kudelski and Paweł Nieradzik did not attend the meeting held on 11 August 2023. The Committee did not pass any resolution regarding unexcused absences. Regardless of where and how the meetings were held, the Committee had free access to the Company's personnel and documents. It had its own calendar of meetings, which means that it did not meet only on the occasion of Supervisory Board meetings. The following persons participated in the meetings as required: other Members of the Supervisory Board who are not Members of the Committee, Members of the Management Board, the statutory auditor auditing the Company's financial statements, the Company's Chief Accountant, the Director of the Audit and Control Department, the Management Board Representative for the Integrated Management System and Risk Management, and other employees of the Company.

In total, in 2023 the Committee adopted 24 resolutions (including 1 resolution through the use of means of direct remote communication).

Description of the most important activities and issues with which the Committee dealt in 2023

- ✓ reviewing the results of JSW and the JSW Group for 2022,
- ✓ meeting with the statutory auditor to discuss the results and key findings of the audit of the financial statements of JSW and the JSW Group for 2022,
- ✓ reviewing the results of JSW and the JSW Group for H1 2023,
- ✓ meeting with the statutory auditor to discuss the results of the review of the financial statements of JSW and the JSW Group for H1 2023,

- ✓ acceptance of the statutory auditor's declaration of independence with respect to JSW,
- ✓ giving positive opinion on the *Regulations of the internal controls system in Jastrzębska Spółka Węglowa S.A.* and recommending that the Supervisory Board approve the said plan,
- ✓ giving positive opinion on the amendments to the Regulations of the Audit Committee of the JSW S.A. Supervisory Board and recommending that the Supervisory Board adopt the amendments to the said Regulations,
- ✓ introducing amendments and adopting a consolidated version of the document entitled *Policy and procedure for selection of the audit firm and policy governing the provision of permitted non-audit services by the audit firm, by its related parties and by a member of the audit firm's chain*,
- ✓ carrying out activities in the proceedings for selecting an audit firm to audit the financial statements for 2023-2024, including submission of a final report and recommendation to the Supervisory Board on the selection of an audit firm,
- ✓ giving consent to commission PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp. k. to provide the service involving the conduct of agreed procedures to verify that the Financial Ratios defined in the documentation of the Financing Agreement dated 9 April 2019 were calculated correctly as at 31 December 2022,
- ✓ giving consent to contract PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp. k. to provide assurance services consisting in the assessment of the annual report on compensations of the JSW Management Board and Supervisory Board prepared as at 31 December 2022 as regards the inclusion therein of the information required under Article 90g of the Act of 29 July 2005 *on Public Offerings and the Conditions for Floating Financial Instruments in an Organized Trading System and on Public Companies*,
- ✓ discussing and recommending to the Supervisory Board a positive assessment of the financial statements, the Management Board's report on the Company's and the JSW Group's activity and the Management Board's motions on distribution of net profit and accounting for Other comprehensive income, and a positive assessment of the consolidated financial statements of the JSW Group, JSW Group's consolidated report on payments to the public administration and adoption of reports on the results of the conducted assessment,
- ✓ discussing and recommending that the Supervisory Board adopt and submit to the JSW Ordinary Shareholder Meeting the *Report on the activity of the Jastrzębska Spółka Węglowa S.A. Supervisory Board as the Company's corporate body for the financial year ended 31 December 2022*,
- ✓ discussing and recommending that the *Supervisory Board approve the Report on entertainment expenses, expenditures on legal, marketing, public relations and social media communication services as well as management consulting services of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2022*,
- ✓ giving positive opinion on the *Report on the implementation of audit tasks in H1 2023*,
- ✓ giving a positive opinion on the *Report on the performance of the Audit Plan, assessment of internal control system, risk management system, compliance and internal audit function at Jastrzębska Spółka Węglowa S.A. for 2022* and recommending that the Supervisory Board approve the said report,
- ✓ giving positive opinion on the *Audit Plan of Jastrzębska Spółka Węglowa S.A. for 2024* and recommending that the Supervisory Board approve the said plan,
- ✓ giving opinion on the final reports on the completed audit tasks,
- ✓ reviewing information on results of conducted audit tasks,
- ✓ discussing the enterprise risk management system at JSW,
- ✓ adopting and presenting to the Supervisory Board for approval of the *Report of the JSW S.A. Supervisory Board Audit Committee for the financial year 2022*.

In accordance with the provisions of Article 390<sup>1</sup> § 4 of the Commercial Company Code, at least once in each quarter of 2023, the Chairperson of each Committee presented information to the Supervisory Board on the supervisory activities undertaken by the

Committee and their results. All materials from the work of the Committees were made available to the Supervisory Board on an ongoing, immediate basis, and the Board had the opportunity to review them, on an ongoing basis.

### ***Nomination and Compensation Committee***

It has been formed for the purpose of presenting opinions and proposals to the Supervisory Board on how to shape the governance structure of the Company, including issues related to organizational solutions, compensation system and the selection of managers with the qualifications needed to build the success of the Group.

The organizational framework and the scope of the Committee's work are governed by the *Bylaws of the Supervisory Board's Nomination and Compensation Committee of Jastrzębska Spółka Węglowa S.A.* adopted by the Supervisory Board on 1 December 2021.

The Committee's basic powers and obligations include the following in particular:

- ✓ handling matters connected with the appointment procedure for the positions of JSW S.A. Management Board members, including the performance of tasks following from the Regulations for conducting the appointment procedure for the positions of Management Board Members; preparing and presenting to the Supervisory Board draft versions of advertisements in the appointment procedure and questions/problems for candidates during interviews,
- ✓ handling matters related to the election and dismissal of JSW S.A. Management Board members by employees,
- ✓ issuing opinions on the Bylaws for election and dismissal of JSW S.A. Management Board members by employees and submitting recommendations to the Supervisory Board in this respect,
- ✓ handling matters connected with the appointment and dismissal of JSW S.A. Supervisory Board members by the employees, including issuing an opinion on the Regulations and presenting the Supervisory Board with relevant recommendations,
- ✓ preparing draft versions of contracts and other model documents in connection with appointments of JSW S.A. Management Board members for discharging their functions and overseeing the performance of the contractual obligations taken by the parties,
- ✓ monitoring and performing periodical analyses of the compensation system, providing an opinion on the compensation policy for JSW S.A. and the Management Boards and Supervisory Boards of other companies of the Group and presenting recommendations for the Supervisory Board,
- ✓ overseeing the implementation of the Management Board's compensation system, recommending a list of Management Objectives for the Management Board members (KPI), analyzing the Management Board Report on the performance of Management Objectives and presenting the Supervisory Board with relevant recommendations,
- ✓ overseeing the proper implementation of additional benefits for the Management Board stemming from their management contracts.

*Table 7: Composition of the Nomination and Compensation Committee and functions discharged in 2023*

<b>First and last name</b>	<b>Position</b>	<b>Term in position</b>
Alojzy Nowak	Chairperson	01.01.2023 – 31.12.2023
Jolanta Górska	Member	01.01.2023 – 31.12.2023
Robert Kudelski	Member	01.01.2023 – 31.12.2023
Michał Rospędek	Member	01.01.2023 – 31.12.2023
Arkadiusz Wypych	Member	01.01.2023 – 31.12.2023

Under principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021 each Committee Member made a statement to the Company that they satisfy the requirements of independence specified in this principle (an independent Supervisory Board Member is deemed to be a Member satisfying the requirements set out in *the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Supervision*, as well as having no actual and significant affiliations with the shareholder holding at least 5% of the overall number of votes in the company).

The independence criteria set forth in Principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021 were satisfied by the following Committee Members: Alojzy Nowak, Jolanta Górską and Arkadiusz Wypych.

*Table 8: Changes in the composition of the Nomination and Compensation Committee after 31 December 2023*

Date	Description of the change
12.02.2024	Alojzy Nowak and Jolanta Górską were dismissed from the Supervisory Board by the Minister of State Assets, pursuant to § 15 sec. 13 of JSW S.A.'s Articles of Association.
23.02.2024	The Supervisory Board elected Michał Rospędek as Chairman of the Nomination and Compensation Committee and appointed the following persons to the Committee: Katarzyna Bilińska, Artur Kisielewski and Krzysztof Wrona.

As of the date of the report, the independence criteria set forth in Principle 2.3. of the Code of Best Practice for WSE Listed Companies 2021 are met by the following Committee Members: Katarzyna Bilińska, Artur Kisielewski, Krzysztof Wrona and Arkadiusz Wypych.

The Committee performed the tasks assigned to it on an ongoing basis and took actions to support the Supervisory Board in the performance of its statutory duties. The current tasks included, among others, systematic exchange of opinions, views and information between Committee Members and Supervisory Board Members both during and outside Supervisory Board meetings.

The Committee held 8 meetings throughout financial year 2023. Six meetings were attended by all Members of the Nomination and Compensation Committee, while the meeting held on 30 June 2023 was not attended by Robert Kudelski, and the meeting held on 29 November 2023 was not attended by Alojzy Nowak and Jolanta Górską. The Committee did not pass any resolution regarding unexcused absences.

The Committee, during its meetings, among other things:

- ✓ discussed matters related to contracts with Management Board Members, including issues related to changes in compensation and changes in the amount associated with the use of a residential unit, and made recommendations to the Supervisory Board on these matters,
- ✓ analyzed issues regarding supplemental (variable) compensation for Management Board Members, held discussions regarding the catalog of management objectives and the criteria for their implementation and accountability and made recommendations to the Supervisory Board in the area in question,
- ✓ reviewed and gave a positive opinion to the updated document entitled *Compensation policy for the management of JSW S.A.* and recommended that the Supervisory Board approve the said Policy,
- ✓ reviewed the results and key conclusions of the statutory auditor's assurance work on the evaluation of the *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022* as regards inclusion of the information required pursuant to Article 90g sec. 1-5 and 8 of the *Act of 29 July 2005 on Public Offerings and the Conditions for Floating Financial Instruments in an Organized Trading System and on Public Companies*,

- ✓ reviewed the written *"Report of the independent statutory auditor on the assurance service pertaining to evaluation of the compensation report"*,
- ✓ recommended that the Supervisory Board approve the *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022* and submit it to the JSW S.A. Ordinary Shareholder Meeting,
- ✓ recommended that the Supervisory Board adopt the statement for PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp. k. – the auditor auditing the *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022*,
- ✓ adopted and presented to the Supervisory Board for approval of the *Report of the JSW S.A. Supervisory Board Nomination and Compensation Committee for the financial year 2022*.

In accordance with the provisions of Article 390<sup>1</sup> § 4 of the Commercial Company Code, at least once in each quarter of 2023, the Chairperson of each Committee presented information to the Supervisory Board on the supervisory activities undertaken by the Committee and their results. All materials from the work of the Committees were made available to the Supervisory Board on an ongoing, immediate basis, and the Board had the opportunity to review them, on an ongoing basis.

Regardless of where and how the meetings were held, the Committee had free access to the Company's personnel and documents. It had its own calendar of meetings, which means that it did not meet only on the occasion of Supervisory Board meetings. The following persons participated in the meetings as required: other Supervisory Board Members who are not Committee Members, Management Board Members, the statutory auditor auditing the report on compensations of JSW Management and Supervisory Board Members, as well as the Company's employees. The members of the Nomination and Compensation Committee, in performing the tasks entrusted to them, acted in the interest of the Company, maintained independence of action and judgment, and demonstrated efficiency, reliability and competence. In performing its tasks, the Committee relied on its own determinations and those made by the Company's employees responsible for the execution of individual tasks. In total, in 2023 the Committee adopted 10 resolutions.

### **Strategy and Development Committee**

The Committee is an advisory and opinion-making body for the Supervisory Board and is formed with the purpose of presenting the Supervisory Board with motions, recommendations, opinions and reports on the tasks in the scope of the Committee's duties.

The Audit Committee's basic tasks include the following:

- ✓ evaluation of the Company's business strategy and presentation of the evaluation results to the Supervisory Board,
- ✓ recommendation of the scope and dates for the Company's Management Board to submit technical and economic annual and long-term strategic plans to the Supervisory Board,
- ✓ evaluation of the impact of strategic investments, planned and undertaken, on the Company's assets,
- ✓ monitoring of the fulfillment of strategic investment tasks,
- ✓ evaluation of actions related to the management of the Company's material assets,
- ✓ issuing opinions on strategic documents submitted to the Supervisory Board by the Company's Management Board.

*Table 9: Composition of the Strategy and Development Committee and functions discharged in 2023*

<b>First and last name</b>	<b>Position</b>	<b>Term in position</b>
Stanisław Prusek	Chairperson	01.01.2023 – 31.12.2023
Robert Łazarczyk	Member	01.01.2023 – 22.12.2023

Alojzy Nowak	Member	01.01.2023 – 31.12.2023
Michał Rospędek	Member	01.01.2023 – 31.12.2023
Arkadiusz Wypych	Member	01.01.2023 – 31.12.2023

*Table 10: Changes in the composition of the Strategy and Development Committee in 2023 and after 31 December 2023*

Date	Description of the change
22.12.2023	Robert Łazarczyk tendered his resignation from the Supervisory Board
12.02.2024	Stanisław Prusek and Alojzy Nowak were dismissed from the Supervisory Board by the Minister of State Assets, pursuant to § 15 sec. 13 of JSW S.A.'s Articles of Association.
23.02.2024	The Supervisory Board elected Arkadiusz Mężyk as Chairman of the Strategy and Development Committee and appointed the following persons to the Committee: Paweł Nieradzik and Krzysztof Szlag

The main task of the Committee is to analyze and verify the Company's strategic documents prepared by the Management Board, as well as to monitor and give opinions on the implementation by the Management Board of the tasks arising from these documents and to provide the Supervisory Board with full and reliable information in this respect.

The Committee's current tasks included, among others, systematic exchange of opinions, views and information between Committee Members and Supervisory Board Members both during and outside Supervisory Board meetings. Supervisory Board members were kept informed of the Committee's activities on an ongoing basis.

The members of the Committee, in performing the tasks entrusted to them, acted in the interest of the Company, maintained independence of action and judgment. They demonstrated efficiency, reliability and competence. They understand the Company's operations, including its business model and the strategy it pursues, including the activities of the entities in its group that have a significant impact on its operations. In performing its tasks, the Committee relied on its own determinations and on information provided by the Company's employees responsible for the execution of individual tasks, in particular in the area of the Company's strategy and development. Regardless of where the meetings were held, the Committee had free access to the Company's personnel and documents. It had its own calendar of meetings, which means that it did not meet only on the occasion of Supervisory Board meetings. The following persons participated in the Committee meetings as required: other Supervisory Board Members who are not Committee Members, Management Board Members, as well as the Company's employees.

In total, in 2023 the Committee adopted 5 resolutions.

The Committee, in carrying out the tasks assigned to it, held 3 meetings. Two meetings were attended by all members of the Strategy and Development Committee, while one meeting held on 27 September 2023 was not attended by Robert Łazarczyk. The Committee passed no resolution regarding unexcused absences.

The Committee, during its meetings, among other things:

- ✓ analyzed and evaluated the following documents:
  - *Technical and Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023,*
  - *Technical and Economic Plan of the JSW Group for 2023,*
  - *Updated of the Technical and Economic Plan of Jastrzębska Spółka Węglowa S.A. for 2023,*
  - *Update of the Technical and Economic Plan of the JSW Group for 2023,*
- ✓ made recommendations to the Supervisory Board regarding the aforementioned documents,
- ✓ monitored the implementation of JSW's and JSW Group's strategic investment tasks,
- ✓ monitored the implementation of the Technical and Economic Plans of JSW and the JSW Group in 2023,

- ✓ demanded from the Company's Management Board and employees any and all information and explanations required to perform its duties,
- ✓ reviewed the information provided by the Management Board on the most important business directions and assumptions of the individual areas of JSW and the JSW Group,
- ✓ adopted and presented to the Supervisory Board for approval of the *Report of the JSW S.A. Supervisory Board Strategy and Development Committee for the financial year 2022.*

In accordance with the provisions of Article 390<sup>1</sup> § 4 of the Commercial Company Code, at least once in each quarter of 2023, the Chairperson of each Committee presented information to the Supervisory Board on the supervisory activities undertaken by the Committee and their results. All materials from the work of the Committees were made available to the Supervisory Board on an ongoing, immediate basis, and the Board had the opportunity to review them, on an ongoing basis.

In between meetings, Members of the Strategy and Development Committee held regular away meetings as part of the Committee's work, i.e. on 22 August 2023, a visit was made to JSW KOKS S.A. (Radlin Coking Plant).

1. The main topic of the meeting was to learn about investment project of the construction of the power unit. The meeting was held according to the following agenda:

- ✓ arrival of participants - conference room of the Radlin Coking Plant,
- ✓ business presentation of JSW KOKS S.A.,
- ✓ presentation of the Radlin Coking Plant,
- ✓ presentation of the investment activities of JSW KOKS S.A.,
- ✓ presentation of the investment project entitled *Improvement of Energy Efficiency at JSW KOKS S.A. – Construction of a power unit fired with coke oven gas at the JSW KOKS S.A. Radlin Coking Plant,*
- ✓ discussion,
- ✓ a tour of the Radlin Coking Plant - presentation of the coke oven battery and the CDA and SRCM plant,
- ✓ a tour of the Radlin CHP Plant,
- ✓ wrap-up.

2. On 16 October 2023, a visit to KWK Budryk was held, according to the following agenda:

- ✓ arrival at KWK Budryk, presentation of the course of the visit concerning the Bolter-Miner shearer,
- ✓ OHS training (Rescue Station),
- ✓ underground visit,
- ✓ return to the surface,
- ✓ wrap-up of the visit.

In addition, in between the meetings, Members of the Strategy and Development Committee reviewed, on a semi-annual basis, written Management Board reports on the status of the implementation of the JSW S.A. Strategy for 2022-2030, taking into consideration the JSW Group's Subsidiaries.

**11. An assessment of application of the corporate governance rules by the Company and the manner of complying with the reporting duties in this regard, specified in the Bylaws of the Warsaw Stock Exchange and the provisions on current and periodic information provided by the securities issuers with information on the activities of the Supervisory Board taken to make this assessment**

In accordance with Rule 1.1. of the Code of Best Practice for WSE Listed Companies 2021, the Company maintains a website on which it posts all documents and information

prescribed by law and good practices. In the opinion of the Supervisory Board, the information disclosed by the Company is consistent with the requirements and the facts and presents fairly the state of application of the corporate governance principles, and the Company properly meets the reporting duties regarding the application of the corporate governance principles set forth in the Bylaws of the Warsaw Stock Exchange and the regulations on current and periodic information.

On 23 April 2024, the Company published its standalone and consolidated annual report for the financial year ended 31 December 2023, including the *Management Board report on the activities of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023*. This document contains a separate part, which is the Declaration on the application of corporate governance principles containing all information required by law, including information on the Company's application of the principles in the document *Code of Best Practice for WSE Listed Companies 2021*. These documents are also available on the Company's corporate website: [www.jsw.pl](http://www.jsw.pl).

JSW S.A. aims to apply the principles contained in the Code of Best Practice for WSE Listed Companies 2021 as widely as possible. The Company verifies on an ongoing basis the manner and extent of compliance with the principles set forth in the aforementioned code.

In June 2023, in accordance with § 29 section 3 of the Stock Exchange Regulations, JSW S.A. provided to the public one current report including information on an incidental breach of the Code of Best Practice for WSE Listed Companies 2021. The incidental violation of the Code of Best Practice for WSE Listed Companies 2021 consisted of a failure to meet the deadline set forth in Principle 4.8, i.e. Draft resolutions of the shareholder meeting for matters introduced to the agenda of the shareholder meeting should be submitted by shareholders no later than 3 days before the shareholder meeting. JSW S.A., in the notice convening the Ordinary Shareholder Meeting for 16 June 2023, recommended that shareholders submit draft resolutions no later than 3 days prior to the holding of the Shareholder Meeting, however, during the Ordinary Shareholder Meeting on 16 June 2023, two shareholders, exercising their right under Article 401 § 5 of the Commercial Company Code, submitted draft resolutions concerning a matter on the agenda of the Shareholder Meeting.

In addition, in 2023 the Company did not make any changes to the application of the Code of Best Practice for WSE Listed Companies 2021.

The Company's current overall COMPLY DPSN 2021 ratio is 92%. The Issuer applies 58 rules defined in the Code of Best Practice for WSE Listed Companies 2021 while 5 rules are not applied.

The Company's COMPLY ratio relating to the rules contained in individual chapters is as follows:

1. Disclosure Policy and Communications – 90%
2. Management Board and Supervisory Board – 81%
3. Internal Systems and Functions – 100%
4. Shareholder Meeting and Investor Relations – 93%
5. Conflict of Interest and Transactions with Related Parties – 100%
6. Payroll – 100%

According to the content of the most recent current report published via the Electronic Information Database dated 22 July 2022, JSW has not applied the following Principles of the Code of Best Practice for WSE Listed Companies 2021: 1.4.2, 2.1., 2.2., 2.11.6 and 4.1. The information on the status of application of the rules in the Code of Best Practice for WSE Listed Companies 2021 is available at <https://www.jsw.pl/relacje-inwestorskie/lad-korporacyjny/dobre-praktyki>.

In the opinion of the Supervisory Board, the Company fulfilled its reporting duties regarding the application of corporate governance principles, and the explanations

regarding the scope of their application by the Company were presented in a transparent and exhaustive manner.

## **12. Assessment of the reasonableness of expenditures incurred by JSW and JSW Group**

In accordance with Rule 1.5. of the Code of Best Practice for WSE Listed Companies 2021, the Company discloses, at least annually, the expenses incurred by it and its Group to support culture, sports, charitable institutions, the media, social welfare organizations, trade unions, etc.

Information regarding the expenses incurred by the Company and its Group in 2023 for the aforementioned purposes was published on the Company's corporate website on 27 February 2023 and is available at: <https://www.jsw.pl/relacje-inwestorskie/lad-korporacyjny/dobre-praktyki>.

*Table 11: Statement of expenses incurred in 2023 by JSW 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*

<b>No.</b>	<b>Support area</b>	<b>Support amount (thousand PLN)</b>
1	Culture	1,126.00
2	Sports	39,694.70
3	Charitable institutions	98.09
4	Media	0.00
5	Social welfare organizations	884.73
6	Trade unions	163.75
7	Other:	
	Health	1,679.11
	JSW Foundation	8,000.00
	Science	43.38
<b>TOTAL</b>		<b>51,689.76</b>

In the opinion of the Supervisory Board, spending on the aforementioned activities focused on supporting specific, selected areas.

## **13. Information regarding the degree of implementation of the Diversity Policy applicable to the Management Board and the Supervisory Board**

Jastrzębska Spółka Węglowa S.A. applies good practices to promote diversity among employees. To this effect, among other things, the following have been implemented:

- *Jastrzębska Spółka Węglowa S.A. diversity management policy* according to which the Parent Company applies in its activities clear employment rules and strives to ensure diversity of genders, educational backgrounds, age and professional experience for all its employees, except for Management Board and Supervisory Board Members,
- *Jastrzębska Spółka Węglowa S.A. anti-mobbing policy*, which ensures the support of activities conducive to building positive relations between employees and their protection against the occurrence of mobbing in the workplace, as well as building a sense of responsibility for correct communication and good cooperation, and establishes the principles for handling reports and conducting internal investigations,
- *Policy on the hiring of persons closely associated and relatives in the JSW Group*, which is part of the JSW Group's compliance system aimed at preventing irregularities, including, in particular, irregularities of a criminal and corrupt nature,

- *JSW Group Code of Ethics*, which reflects the ethical values that the JSW Group follows and complies with, and sets the standards of conduct in the JSW Group with regard to employees, collaborators, managers as well as customers, partners and local communities, both in business and business-related relations. It also lays down the most important principles and standards of behavior acceptable and approved by the JSW Group, and provides information on how to behave in circumstances where a particular decision or situation may raise ethical dilemmas.
- *JSW Group's Human Rights Policy*, which is based on key values aimed at respecting human rights and preventing the JSW Group's actions from directly or indirectly violating human rights. The JSW Group declares that it respects human rights and has systematized principles to ensure respect for human rights, in particular, respect for the dignity of every employee, regardless of any differences that exist between people.

Jastrzębska Spółka Węglowa S.A. also applies the principles of diversity management and equal treatment to Management Board and Supervisory Board Members. The aforementioned bodies are composed of people of different gender, age and experience. Management Board Members are appointed after the qualification / election procedure which is open to candidates satisfying the criteria defined by the Supervisory Board and following, among others, from the Articles of Association and the Act on the Rules for Managing State Property of 16 December 2016. The criteria allow the Supervisory Board to assess the candidate impartially and in no way do they disqualify any of them with respect to diversity policy elements such as: gender, educational background, expertise, age and professional experience. The notices of the appointment / election procedure is published in accordance with the applicable rules.

Supervisory Board Members are appointed according to the rules set forth in the Company's Articles of Association, and the bodies and persons authorized to appoint the Management Board and Supervisory Board have the opportunity to ensure diversity in the selection of the composition of these bodies. Candidates are not discriminated against by the criteria in the competition / election notices.

The selection process for members of the JSW corporate bodies does not in any way disqualify candidates on account of any of the diversity policy elements specified in this principle.

*Table 12: Diversity structure of the Management Board and Supervisory Board in 2023*

Corporate body / age	as at 01.01.2023			as at 31.12.2023		
	Women	Men	Total	Women	Men	Total
<b>Management Board</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>6</b>
<i>age under 30</i>	-	-	-	-	-	-
<i>age 30-50</i>	-	2	2	-	2	2
<i>age over 50</i>	-	4	4	-	4	4
<i>of which foreigners</i>	-	-	-	-	-	-
<b>Supervisory Board</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>2</b>	<b>6</b>	<b>8</b>
<i>age under 30</i>	-	-	-	-	-	-
<i>age 30-50</i>	-	4	4	-	4	4
<i>age over 50</i>	2	3	5	2	2	4
<i>of which foreigners</i>	-	-	-	-	-	-

Diversity of areas overseen by individual Management Board Members as at 31 December 2023:

- The President of the Management Board oversees in particular the following areas: organization and management, legal (including Compliance), security, media relations, audit and control, corporate governance and personal data protection,
- Vice-President of the Management Board for Sales oversees in particular the following areas: coal trading, coke and hydrocarbons trading, sales projection and analyses, and forwarding,
- Vice-President of the Management Board for Development oversees in particular the following areas: development, innovation and computerization, strategy, energy management and external funds,
- Vice-President of the Management Board for Financial Matters oversees in particular the following areas: finance, accounting, stock exchange relations and controlling,
- Vice-President of the Management Board for Technical and Operational Matters oversees in particular the following areas: production (including OHS), production security, coal preparation, investments, methane drainage, methane management, process optimization and quality,
- Vice-President of the Management Board for Employment and Social Policy oversees in particular the following areas: labor, payroll, property management, HR management, integrated management and risk management system, and corporate social responsibility and promotion.

#### **14. Supervisory Board's cooperation with the Company's Management Board**

In order to enable the Supervisory Board to carry out its tasks, the Company's Management Board has provided the Supervisory Board with access to information on matters relating to the Company, including among others:

- ✓ provided the Supervisory Board with monthly information on the current production, economic, financial and social situation of the Company, including reports on the actual levels of key financial ratios and the Company's liquidity situation,
- ✓ provided answers and explanations to questions posed by Supervisory Board Members.

In addition, the Management Board implemented the recommendations of the Supervisory Board and its Committees on an ongoing basis.

In addition, the Management Board provided the Supervisory Board with the necessary technical and organizational resources to enable the Supervisory Board to properly perform its duties.

In addition, the Company provides the Supervisory Board with the possibility of using professional, independent advisory services that the Supervisory Board believes are necessary for it to exercise effective oversight of the Company. Throughout the financial year, the Supervisory Board utilized legal assistance services provided under a concluded agreement.

#### **15. Results of the assessments referred to in Article 382 § 3 items 1 and 2 of the Commercial Company Code**

The results of the assessment of the Management Board report on Company activities and the financial statements for the previous financial year for their compliance with books, documents and actual circumstances, as well as assessment of the Management Board motions concerning profit distribution are attached as Attachments 1 and 2 to this Report.

#### **16. Assessment of the Management Board' execution of the duties referred to in Article 380<sup>1</sup> of the Commercial Company Code**

The Supervisory Board, in accordance with the Work Plan adopted by the Supervisory Board, received regular information submitted by the Management Board on all relevant areas of operation, including but not limited to:

- Resolutions adopted by the Management Board and their subject matter (the list of Management Board Resolutions made available to the Supervisory Board was updated on an ongoing basis),
- the Company's standing, including its assets, as well as important circumstances in the conduct of the Company's affairs, in particular in the operational, investment and HR areas (written information on the subject matter was submitted by the Management Board on a monthly basis, the agenda of each Supervisory Board meeting included items entitled "Discussion of Matters Arising from the Supervisory Board Work Plan" and "Management Board Information on Current Company Matters", at each Supervisory Board meeting, the Management Board reported on the financial, economic, commercial and production situation of JSW and the JSW Group, as well as any significant circumstances in the conduct of the Company's affairs, and presented information on the subsidiaries and affiliated companies),
- progress in the implementation of the Company's designated business development directions (written information on the matter in question was submitted by the Management Board on a monthly basis; at each Supervisory Board meeting, the Management Board provided information on the progress in the implementation of the designated business development directions of JSW and the JSW Group, in particular those indicated in the *Technical and Economic Plans of JSW and the JSW Group* and *JSW S.A. Strategy including the JSW Group's subsidiaries for 2022-2030*),
- transactions and other events or circumstances that materially affect or may affect the Company's economic position, including its profitability or liquidity (the Management Board provided the Supervisory Board with information on an ongoing basis on transactions and other events or circumstances that materially affect or may affect the economic position of JSW and the JSW Group),
- changes to information previously provided to the Supervisory Board, if such changes materially affect or may affect the Company's standing (the Management Board provided information to the Supervisory Board on an ongoing basis on changes, updating information previously provided).

The Supervisory Board positively evaluates the Management Board's performance of all disclosure obligations set forth in Article 380<sup>1</sup> of the Commercial Company Code. The information submitted was complete and fairly presented the actual picture of JSW and the JSW Group.

**17. Assessment of the manner in which the Management Board prepares or submits to the Supervisory Board information, documents, reports or explanations requested in accordance with the procedure set forth in Article 382 § 4 of the Commercial Company Code**

The Management Board, on an ongoing basis, implemented the recommendations of the Supervisory Board and its Committees, provided all explanations and submitted information, documents and reports requested by the Supervisory Board and the Committees. The Supervisory Board and the Committees did not have any comments or objections to the information presented. In the opinion of the Supervisory Board, all information and explanations of the Management Board were presented in a transparent, reliable and comprehensive manner, so the Supervisory Board positively evaluates the manner in which the Management Board prepared and submitted to the Supervisory Board information, documents, reports and explanations requested by the Supervisory Board, in accordance with Article 382 § 4 of the Commercial Company Code.

**18. Information on the total compensation payable by the Company for all studies commissioned by the Supervisory Board during the financial year 2023 in accordance with Article 382<sup>1</sup> of the Commercial Company Code**

In Article 382<sup>1</sup> of the Commercial Company Code, the legislator granted the Supervisory Board the authority to adopt a resolution to have certain matters relating to the Company's operations or assets examined by a selected advisor (Supervisory Board

Advisor) at the Company's expense. A Supervisory Board Advisor may also be selected to prepare specific analyses and opinions.  
In 2023, the Supervisory Board did not take advantage of the option of appointing a Supervisory Board Advisor, so no costs were generated in this regard.

***The Supervisory Board hereby moves to the Shareholder Meeting to approve this Report and discharge the Supervisory Board Members on the performance of their duties in 2023.***

Attachments:

1. Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. on the results of its evaluation of the Standalone Financial Statements of Jastrzębska Spółka Węglowa S.A., the Management Board's Report on the Activity of Jastrzębska Spółka Węglowa S.A. and Jastrzębska Spółka Węglowa S.A. Group, as well as the Management Board's motion to the Shareholder Meeting regarding the distribution of net profit of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023, and the Management Board's motion to the Shareholder Meeting regarding accounting for the profit brought forward of Jastrzębska Spółka Węglowa S.A.
2. Report of the Jastrzębska Spółka Węglowa S.A. Supervisory Board on the outcome of assessing the Consolidated Financial Statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023.

**Report of the Jastrzębska Spółka Węglowa S.A. Supervisory Board on the outcome of assessing  
the Standalone Financial Statements of the Jastrzębska Spółka Węglowa S.A.,  
Management Board Report on the Activity of Jastrzębska Spółka Węglowa S.A.  
and the Jastrzębska Spółka Węglowa S.A. Group,  
and the Management Board's motion to the Shareholder Meeting on distributing the net profit of  
Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023  
and Management Board's motion to the Shareholder Meeting on accounting for profit brought  
forward of Jastrzębska Spółka Węglowa S.A.**

## **BACKGROUND**

Pursuant to Article 382 § 3 and Article 382 § 3<sup>1</sup> of the Commercial Company Code and § 20 sec. 2 items 7, 8 and 9 of the Company's Articles of Association, the Supervisory Board of Jastrzębska Spółka Węglowa S.A. ("JSW", "Company") hereby submits to the Shareholder Meeting the *Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. on the results of evaluating the standalone financial statements of Jastrzębska Spółka Węglowa S.A., the Management Board report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group, and the Management Board's motion to the Shareholder Meeting on distributing net profit of Jastrzębska Spółka Węglowa S.A. in the financial year ended 31 December 2023 and the Management Board's motion to the Shareholder Meeting on accounting for the net profit of Jastrzębska Spółka Węglowa S.A. for previous years*, including evaluations of the following documents:

1. The standalone financial statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023,
2. The Management Board Report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023,
3. Management Board's motion to the Shareholder Meeting of Jastrzębska Spółka Węglowa S.A. on distributing the net profit of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023,
4. Management Board's motion to the Shareholder Meeting of Jastrzębska Spółka Węglowa S.A. on accounting for profit brought forward of Jastrzębska Spółka Węglowa S.A.

The audit was conducted by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw and whose selection was made by the Supervisory Board. The statutory auditor was responsible for presenting an opinion on whether the Company's financial statements:

- give a true and fair view of the standalone economic and financial position of Jastrzębska Spółka Węglowa S.A. as at 31 December 2023 and of its standalone financial result and its standalone cash flows for the financial year then ended in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting policy,
- are consistent with regard to form and content with the provisions of law binding the Company and its articles of association,
- have been prepared on the basis of accounting ledgers duly kept in compliance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("Accounting Act").

The audit of the financial statements was conducted in accordance with the National Standards on Auditing adopted by a resolution of the National Council of Statutory Auditors and a resolution of the Council of the Polish Agency for Audit Oversight ("NSA") and in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors") and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation").

During the audit the key statutory auditor and the audit firm remained independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted by a resolution of the National Council of Statutory Auditors and other ethical requirements that are applicable to the auditing of standalone financial statements in Poland. During the audit, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

The scope of the audit was influenced by the assumed materiality level. Our audit was designed to obtain reasonable assurance that the standalone financial statements as a whole are free from material misstatement due to fraud or error.

As part of an audit in accordance with the NSAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit, and:

- identifies and assesses the risks of material misstatement of the standalone financial statements, whether due to fraud or error, designs and performs audit procedures corresponding to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control,
- evaluates the appropriateness of accounting standards (policies) used and the reasonableness of accounting estimates and related disclosures made by the Company’s Management Board,
- draws a conclusion on the appropriateness of the Company’s Management Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If the statutory auditor arrives at the conclusion that material uncertainty exists, it is required to draw attention to the related disclosures in the standalone financial statements in the statutory auditor’s report or, if such disclosures are inadequate, modify its opinion. The conclusions are based on the audit evidence obtained up to the date of the statutory auditor’s report; however, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluates the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

On the basis of the audit, the statutory auditor issued the opinion set forth in the *Independent Statutory Auditor’s Audit Report*.

The Supervisory Board presents the results of the evaluation in this report.

### **EVALUATION OF THE STANDALONE FINANCIAL STATEMENTS OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

The Supervisory Board has reviewed, analyzed and evaluated the *standalone financial statements of Jastrzębska Spółka Węglowa S.A. in the financial year ended 31 December 2023* in respect to its consistency with the ledgers and documents and the facts.

This Report covers:

1. Standalone statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023 showing net profit of PLN 1,387.2 million and total comprehensive income of PLN 1,333.6 million;
2. Standalone statement of financial position as at 31 December 2023 showing total assets and liabilities and equity of PLN 23,783.0 million;
3. Standalone statement of changes in equity for the financial year ended 31 December 2023 showing an increase of equity of PLN 1,333.6 million;
4. Standalone statement of cash flows for the financial year ended 31 December 2023 showing a decrease of cash and cash equivalents by PLN 1,971.5 million;

5. Notes comprising information about the adopted accounting standards (policy) and other explanatory information.

### **Standalone statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023**

The table below presents line the Company's standalone statement of profit or loss and other comprehensive income (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Sales revenues	19,757.7	25,770.9
Gross profit on sales	4,260.8	10,021.3
Operating profit	3,360.7	8,887.3
Profit before tax	3,336.4	8,877.4
<b>Net profit</b>	<b>1,387.2</b>	<b>7,172.4</b>
Total other comprehensive income	(53.6)	22.7
<b>Total comprehensive income</b>	<b>1,333.6</b>	<b>7,195.1</b>

\* Data restated in connection with the applied change of the accounting policy.

The burdens on the financial result have been determined correctly. The Supervisory Board does not have any remarks or reservations in respect of the presented statements.

### **Standalone statement of financial position as at 31 December 2023**

The table below presents the Company's standalone statement of financial position (data in PLN million)

	31.12.2023	31.12.2022 <i>(restated data)*</i>
<b>Assets</b>		
Non-current assets	18,803.2	16,198.2
Current assets	4,979.8	6,446.1
<b>Total assets</b>	<b>23,783.0</b>	<b>22,644.3</b>
<b>Equity and liabilities</b>		
Equity	15,272.3	13,938.7
Liabilities	8,510.7	8,705.6
<b>Total equity and liabilities</b>	<b>23,783.0</b>	<b>22,644.3</b>

\* Data restated in connection with the applied change of the accounting policy.

The financial position has been presented correctly. The Supervisory Board does not have any remarks or reservations in respect of the presented statement.

### **Standalone statement of changes in equity for the financial year ended 31 December 2023**

The table below presents the Company's standalone statement of changes in equity (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Equity at the beginning of the period( <i>approved data</i> )	13,831.0	6,692.5
Adjustment for changes in accounting policy	107.7	51.1
Equity at the beginning of the period( <i>restated data</i> )*	13,938.7	6,743.6
<b>Equity at the end of the period</b>	<b>15,272.3</b>	<b>13,938.7</b>

\* Data restated in connection with the applied change of the accounting policy.

The data set forth in the standalone statement of changes in equity for the financial year ended 31 December 2023 are complete and consistent with the facts. The Supervisory Board does not have any remarks or reservations in respect of the presented statements.

### **Standalone statement of cash flows for the financial year ended 31 December 2023**

The table below presents the Company's standalone statement of cash flows (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Net cash flows from operating activities	1,628.5	11,219.0
Net cash flows from investing activities	(3,103.2)	(5,984.4)
Net cash flows from financing activities	(495.5)	(991.0)
<b>Net change in cash and cash equivalents</b>	<b>(1,970.2)</b>	<b>4,243.6</b>
Cash and cash equivalents at the beginning of the period	3,608.4	(635.3)
Exchange differences on translation of cash and cash equivalents	(1.3)	0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>1,636.9</b>	<b>3,608.4</b>

\* Data restated in connection with the applied change of the accounting policy.

The Supervisory Board does not have any remarks or reservations in respect of the presented statements.

After examination of the Standalone *Financial Statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023*, and also after familiarizing itself with the *Independent Statutory Auditor's Audit Report*, the Supervisory Board hereby endorses the financial statements with respect to their consistence with the accounting ledgers, documents and the facts.

*The standalone financial statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023 according to the opinion expressed in the Independent Statutory Auditor's Audit Report:*

- give a true and fair view of the standalone economic and financial position of Jastrzębska Spółka Węglowa S.A. as at 31 December 2023 and of its standalone financial result and its standalone cash flows for the financial year then ended in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting policy,
- are consistent with regard to form and content with the provisions of law binding the Company and its articles of association,
- have been prepared on the basis of duly kept accounting ledgers in compliance with the provisions of Chapter 2 of the Accounting Act.

The financial statements have been prepared based on the assumption that the Company would continue as a going concern in an unchanged form and scope for at least 12 months after the final date of the reporting period.

*Guided by the results of the conducted evaluation and considering the Independent Statutory Auditor's Audit Report, the Supervisory Board hereby endorses and recommends that the Shareholder Meeting approve the standalone financial statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023.*

### **EVALUATION OF THE MANAGEMENT BOARD REPORT ON THE ACTIVITY OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. AND THE JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

After examination of the *Management Board's Report on the Activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa Group for the financial year ended 31 December 2023*, having in mind the *Independent Statutory Auditor's Audit Report*, the Supervisory Board hereby endorses the activity report in question with respect to its consistence with the accounting ledgers, documents and the facts.

The Activity Report comprises all of the most important issues pertaining to the functioning of the Company and the Group. This report contains the *Report on the activity of the JSW Management Board as a Company's corporate body for the financial year ended 31 December 2023*.

According to the *Independent Statutory Auditor's Audit Report*, the activity report has been prepared in accordance with the requirements of Article 49 of the Accounting Act and paragraphs 70 and 71 of the Finance Minister's Regulation of 29 March 2018 *on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent* ("Current Information Regulation") and is consistent with the information set forth in the standalone financial statements of the Company and the consolidated financial statements of the Group. Furthermore, in light of our knowledge of the Company and Group and their environment gained during the audit, the statutory auditor has found no material misstatements in the activity report.

In connection with the conducted audit, the statutory auditor also reviewed the corporate governance statement constituting a separate portion of the activity report. According to the *Independent Statutory Auditor's Audit Report*, this statement contains the information specified in par. 70 sec. 6 item 5 of the Current Information Regulation. Moreover, in the statutory auditor's opinion, the information specified in paragraph 70 section 6 items 5 (c)-(f), (h) and (i) of the Regulation contained in the corporate governance statement comply with the applicable provisions of law and the information disclosed in the standalone financial statements of the Company and the consolidated financial statements of the Group.

Moreover, in connection with the conducted audit, the statutory auditor also reviewed the Non-Financial Statement. In accordance with the *Independent Statutory Auditor's Audit Report*, the Company and the Group prepared the Non-Financial Statement referred to in Article 49b sec. 1 and Article 55 sec. 2b of the Accounting Act as a separate section of the Activity Report. At the same time, the statutory auditor confirmed that it had not performed any assurance work pertaining to the non-financial statement and did not give any assurance in respect thereof.

*Guided by the results of the conducted evaluation and considering the Independent Statutory Auditor's Audit Report, the Supervisory Board hereby endorses and recommends that the Shareholder Meeting approve the Management Board Report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023.*

#### **EVALUATION OF THE MANAGEMENT BOARD'S MOTION TO THE SHAREHOLDER MEETING OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. ON DISTRIBUTING THE NET PROFIT OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

The Supervisory Board has reviewed, analyzed and evaluated the Management Board's motion to the Shareholder Meeting as expressed in Management Board Resolution No. 290/XI/2024 of 14 May 2024 on distributing the net profit of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023 totaling **PLN 1,387,200,450.44** (say: one billion three hundred eighty-seven million two hundred thousand four hundred fifty Polish zloty and 44/100) to:

- cover the net loss arisen in "Other comprehensive income" in the amount of PLN 63,406,411.00,
- be contributed to the supplementary capital of Jastrzębska Spółka Węglowa S.A., in the amount of PLN 1,323,794,039.44.

*Having analyzed the Management Board's motion to the Shareholder Meeting incorporating the justification given by the Company's Management Board, the Supervisory Board hereby endorses the proposed manner of distributing the net profit of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023.*

#### **EVALUATION OF THE MANAGEMENT BOARD'S MOTION TO THE SHAREHOLDER MEETING OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. ON ACCOUNTING FOR PROFIT BROUGHT FORWARD OF JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A.**

The Supervisory Board has reviewed, analyzed and evaluated the Management Board's motion to the Shareholder Meeting as expressed in Management Board Resolution No. 291/XI/2024 of 14 May 2024 on accounting for profit brought forward of Jastrzębska Spółka Węglowa S.A. by allocating the profit brought forward of Jastrzębska Spółka Węglowa S.A. resulting from the change in Accounting Policy in

the amount of **PLN 107,670,103.58** (one hundred and seven million six hundred and seventy thousand one hundred and three and 58/100 Polish zloty) to the Company's supplementary capital.

*Having analyzed the Management Board's motion to the Shareholder Meeting incorporating the justification given by the Company's Management Board, the Supervisory Board hereby endorses the proposed manner of accounting for profit brought forward of Jastrzębska Spółka Węglowa.*

## **SUMMARY**

**As a result of this evaluation, the Supervisory Board states that the *Standalone Financial Statements of Jastrzębska Spółka Węglowa S.A for the financial year ended 31 December 2023*, in all material aspects:**

- **comply with the ledgers, documents and the facts,**
- **give a true and fair view of the standalone economic and financial position of the company as at 31 December 2023 and of its standalone financial result and its standalone cash flows for the financial year then ended in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting policy,**
- **are consistent with regard to form and content with the provisions of law binding the Company and its articles of association,**
- **have been prepared on the basis of duly kept accounting ledgers in compliance with the provisions of Chapter 2 of the Accounting Act.**

***Guided by the results of the evaluation set forth in this report and the Independent Statutory Auditor's Audit Report, the Supervisory Board hereby recommends that the Shareholder Meeting approve the Standalone Financial Statements of Jastrzębska Spółka Węglowa S.A. for the financial year ended 31 December 2023, the Management Board Report on the activity of Jastrzębska Spółka Węglowa S.A. and the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023.***

***Concurrently, in connection with its endorsement the Supervisory Board hereby recommends to the Shareholder Meeting that it distribute the net profit of Jastrzębska Spółka Węglowa S.A. in the financial year ended 31 December 2023 and account for profit brought forward of Jastrzębska Spółka Węglowa S.A. in the manner specified in the Company's Management Board's motions.***

*Jastrzębie-Zdrój, 21.05.2024*

**Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A.  
on the results of evaluating the Consolidated Financial Statements  
of the Jastrzębska Spółka Węglowa S.A. Group  
for the financial year ended 31 December 2023**

**BACKGROUND**

Pursuant to Article 382 § 3 and Article 382 § 3<sup>1</sup> of the Commercial Company Code and § 20 sec. 2 items 7 and 9 of JSW's Articles of Association, the Supervisory Board of Jastrzębska Spółka Węglowa S.A. ("JSW", "Parent Company") hereby submits to the Shareholder Meeting the *Report of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. on the results of evaluating the Consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023*.

The audit was conducted by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw and whose selection was made by the Supervisory Board. The statutory auditor was responsible for presenting an opinion on whether the consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group:

- give a true and fair view of the consolidated economic and financial position of Jastrzębska Spółka Węglowa S.A and its subsidiaries (jointly, the "Group") as at 31 December 2023 and of the Group's consolidated financial result and its consolidated cash flows for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting policy;
- are consistent as to the form and content with the legal regulations applicable to the Group and the provisions of the Parent Company's articles of association.

The audit of the financial statements was conducted in accordance with the National Standards on Auditing adopted by a resolution of the National Council of Statutory Auditors and a resolution of the Council of the Polish Agency for Audit Oversight ("NSA") and in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors") and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation").

During the audit the key statutory auditor and the audit firm remained independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted by a resolution of the National Council of Statutory Auditors and other ethical requirements that are applicable to the auditing of consolidated financial statements in Poland. During the audit, the key statutory auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

The scope of the audit was influenced by the assumed materiality level. The audit was designed to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement due to fraud or error.

As part of an audit in accordance with the NSAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit, and:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures corresponding to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's Management Board;

- concludes on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the statutory auditor arrives at the conclusion that material uncertainty exists, it is required to draw attention to the related disclosures in the consolidated financial statements in the statutory auditor's report or, if such disclosures are inadequate, modify its opinion. The conclusions are based on the audit evidence obtained up to the date of the statutory auditor's report; however, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluates the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains sufficient and appropriate evidence for auditing financial information of business units or operations within the Group in order to give an opinion on the consolidated financial statements. The statutory auditor and the audit firm are responsible for managing, overseeing and conducting the Group's audit and they are solely responsible for the opinion on the audit.

On the basis of the audit, the statutory auditor issued the opinion set forth in the *Independent Statutory Auditor's Audit Report*.

The Supervisory Board presents the results of the evaluation in this report.

## EVALUATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE JASTRZĘBSKA SPÓŁKA WĘGLOWA S.A. GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Supervisory Board has reviewed, analyzed and evaluated the *Consolidated Financial statements of the Jastrzębska Spółka Węglowa S.A. Group in the financial year ended 31 December 2023* in respect to their consistency with the ledgers, documents and the facts.

This Report covers:

6. The Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023 showing net profit of PLN 997.1 million and total comprehensive income of PLN 927.4 million;
7. Consolidated statement of financial position as at 31 December 2023 showing total assets and liabilities and equity of PLN 27,793.8 million;
8. Consolidated statement of changes in equity for the financial year ended 31 December 2023 showing an increase of equity of PLN 926.5 million;
9. Consolidated statement of cash flows for the financial year ended 31 December 2023 showing a decrease of cash and cash equivalents by PLN 2,147.1 million;
10. Notes comprising information about the adopted accounting standards (policy) and other explanatory information.

### **Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023**

The table below presents the Group's consolidated statement of profit or loss and other comprehensive income (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 (restated data)*
Sales revenues	15,338.5	20,198.5
Gross profit on sales	3,847.8	10,715.9
Operating profit	2,826.7	9,406.3
Profit before tax	2,874.7	9,459.3
<b>Net profit</b>	<b>997.1</b>	<b>7,650.4</b>
Total other comprehensive income	(69.7)	26.1
<b>Total comprehensive income</b>	<b>927.4</b>	<b>7,676.5</b>

\* Data restated in connection with the applied change of the accounting policy.

The burdens on the financial result have been determined correctly. The Supervisory Board does not have any remarks or reservations in respect of the presented statements.

### **Consolidated statement of financial position as at 31 December 2023**

The table below presents the Group's consolidated statement of financial position (data in PLN million)

	31.12.2023	31.12.2022 <i>(restated data)*</i>
<b>Assets</b>		
Non-current assets	22,095.9	19,218.5
Current assets	5,697.9	7,852.3
<b>Total assets</b>	<b>27,793.8</b>	<b>27,070.8</b>
<b>Equity and liabilities</b>		
Equity	16,971.7	16,045.2
Liabilities	10,822.1	11,025.6
<b>Total equity and liabilities</b>	<b>27,793.8</b>	<b>27,070.8</b>

\* Data restated in connection with the applied change of the accounting policy.

The financial position has been presented correctly. The Supervisory Board does not have any remarks or reservations in respect of the presented statement.

### **Consolidated statement of changes in equity for the financial year ended 31 December 2023**

The table below presents the Group's consolidated statement of changes in equity (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Equity at the beginning of the period <i>(approved data)</i>	15,937.5	8,297.8
Adjustment for changes in accounting policy	107.7	51.1
Equity at the beginning of the period <i>(restated data)*</i>	16,045.2	8,348.9
<b>Equity at the end of the period</b>	<b>16,971.7</b>	<b>16,045.2</b>

\* Data restated in connection with the applied change of the accounting policy.

The data set forth in the consolidated statement of changes in equity for the financial year ended 31 December 2023 are complete and consistent with the facts. The Supervisory Board does not have any remarks or reservations in respect of the presented statement.

### **Consolidated statement of cash flows for the financial year ended 31 December 2023**

The table below presents the Group's consolidated statement of cash flows (data in PLN million)

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Net cash flows from operating activities	1,747.4	11,044.9
Net cash flows from investing activities	(3,715.1)	(6,688.2)
Net cash flows from financing activities	(177.9)	(818.7)
<b>Net change in cash and cash equivalents</b>	<b>(2,145.6)</b>	<b>3,538.0</b>
Cash and cash equivalents at the beginning of the period	4,837.9	1,299.8

	For the financial year ended 31 December 2023	For the financial year ended 31 December 2022 <i>(restated data)*</i>
Exchange differences on translation of cash and cash equivalents	(1.5)	0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>2,690.8</b>	<b>4,837.9</b>

The Supervisory Board does not have any remarks or reservations in respect of the presented statement.

After examination of the *Consolidated Financial Statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023*, and also after familiarizing itself with the *Independent Statutory Auditor's Audit Report*, the Supervisory Board hereby endorses the consolidated financial statements in question with respect to their consistence with the accounting ledgers, documents and the facts.

*The consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023 according to the opinion expressed in the Independent Statutory Auditor's Audit Report:*

- give a true and fair view of the consolidated economic and financial position of the Group as at 31 December 2023 and of its consolidated financial result and its consolidated cash flows for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting standards (policy),
- are consistent as to the form and content with the legal regulations applicable to the Group and the provisions of the Parent Company's articles of association.

The financial statements have been prepared based on the assumption that the Group would continue as a going concern in an unchanged form and scope for at least 12 months of the final date of the reporting period.

The Group's consolidated financial statements as of and for the year ended 31 December 2023 was prepared in a single electronic reporting format ("consolidated financial statements in ESEF format") has been labeled in accordance with the requirements set forth in Article 4 of Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation").

In connection with the audit of the consolidated financial statements, the auditor performed an assurance service on the compliance of the consolidated financial statements in ESEF format with the requirements of the ESEF Regulation.

In accordance with the opinion expressed in the *Independent Statutory Auditor's Audit Report*, the consolidated financial statements in ESEF format have been labeled, in all material respects, in accordance with the requirements of the ESEF Regulation.

*Guided by the results of the conducted evaluation and considering the Independent Statutory Auditor's Audit Report, the Supervisory Board hereby endorses and recommends that the Shareholder Meeting approve the consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023.*

## SUMMARY

**As a result of this evaluation, the Supervisory Board states that the *Consolidated Financial Statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023*, in all material aspects:**

- comply with the ledgers, documents and the facts,
- give a true and fair view of the consolidated economic and financial position of the Group as at 31 December 2023 and of its consolidated financial result and its consolidated cash flows for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the adopted accounting standards (policy),

- are consistent as to the form and content with the legal regulations applicable to the Group and the provisions of the Parent Company's articles of association.

***Guided by the results of the conducted evaluation set forth in this report and the Independent Statutory Auditor's Audit Report, the Supervisory Board hereby recommends that the Shareholder Meeting approve the consolidated financial statements of the Jastrzębska Spółka Węglowa S.A. Group for the financial year ended 31 December 2023.***

*Jastrzębie-Zdrój, 21.05.2024*