



**SPRAWOZDANIE O WYNAGRODZENIACH
CZŁONKÓW ZARZĄDU I RADY NADZORCZEJ
JASTRZĘBSKIEJ SPÓŁKI WĘGLOWEJ S.A.**

za rok obrotowy zakończony
31 grudnia 2023 roku

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1. INTRODUCTION

1.1. GENERAL INFORMATION

To fulfill the obligation set forth in 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 (Journal of Laws of 2022, item 2554, as amended, hereinafter referred to as the "Act on Public Offerings"), the Supervisory Board of Jastrzębska Spółka Węglowa S.A. ("JSW", "Company") prepares an annual compensation report presenting a comprehensive review of compensations, including all benefits, irrespective of their form, received by or payable (due and payable) to individual Management Board Members and Supervisory Board Members for the financial year ended 31 December 2023.

All compensation amounts in this report are stated in PLN, on a gross basis.

The *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2023* (the "Report on Compensations") has been assessed by a statutory auditor in terms of whether the information required under Article 90g sections 1–5 and 8 of the Act on Public Offerings has been included in it. The entity authorized to assess the Report on Compensations is PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

1.2. COMPENSATION REPORT FOR PREVIOUS YEARS

The Ordinary Shareholder Meeting of Jastrzębska Spółka Węglowa S.A., by Resolution No. 9 of 16 June 2023, issued a positive opinion on the *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2022* submitted by the Supervisory Board. The said report has been reviewed by a statutory auditor to examine whether it contains the information required under Article 90g(1)–(5) and (8) of the Act on Public Offerings. The entity authorized to review the Report was PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

The Company publishes compensation reports for previous years on its website and makes them available free of charge for at least 10 years from the end of the Shareholder Meeting which adopted the resolution expressing an opinion on the respective compensation report.

1.3. KEY DEVELOPMENTS IN JSW'S BUSINESS ENVIRONMENT IN 2023

MARKET SITUATION

Jastrzębska Spółka Węglowa S.A. as an active participant in the coking coal – coke – steel supply chain operates in a volatile market environment determined by the situation in the steel market and strong competition in the coking coal and coke supplier markets. Both the coking coal market and the coke market are global markets, and the Company is affected by both local and global factors.

The global macroeconomic environment is currently highly uncertain which results from: higher inflation, rising costs of conducting business activity, the war in Ukraine, the effects of restrictions on Russia, the danger of an energy crisis in Europe, and the threat of a slowdown in global economic growth, or recession.

In 2023, the armed conflict in Ukraine and the sanctions imposed on Russia continued to affect the macroeconomic situation in Europe and the world and caused a reorganization of the global coking coal market. Before the war in Ukraine, Russia's share of coking coal imports to the European Union ("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 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. In 2023, the armed conflict in Ukraine and sanctions imposed on Russia had a limited impact on coking coal prices and what had a greater impact on the price increase was disturbances in supply Australian and American mines, caused, among others, by weather conditions, geological conditions, accidents, logistical difficulties, strikes and the internal situation in China and the growing demand from India.

High inflation and interest rate hikes have had a particularly strong impact on the construction industry, negatively affecting long steel production and prices. The average price of reinforcement bars in the European market for 2023 was 638.32 EUR/ton ExW, down 35.2% compared to the 2022 average (985.72 EUR/ton ExW). In the individual quarters of 2023, the average price of reinforcement bars on the European market was: 722.46 EUR/ton ExW in Q1 2023, 651.69 EUR/ton ExW in Q2 2023, 576.38 EUR/ton ExW in Q3 2023 and 605.15 EUR/ton ExW in Q4 2023. The average price of reinforcement bars in the European market for Q4 2023 was 5.2% higher compared to Q3 2023 and 26.2% lower compared to Q4 2022 (821.29 EUR/t ExW).

Faced with the threat of an energy crisis, rising costs, and *uncertainty in demand for steel products*, by the end of 2022 many steel companies have introduced production restrictions and temporary shutdowns of blast furnaces. Most of the shutdown blast furnaces returned to operation in H1 2023, with the exception of those scheduled for planned overhauls and maintenance. Since Q3 2023, the weakening steel market in Europe was the reason for shutting down blast furnaces again, in addition to previously scheduled repairs and maintenance typical of the summer season.

The current economic development policy of the EU places particularly strong emphasis on *climate issues*, specified in the European Green Deal, Fit for 55 Package and ancillary documents, which in effect signifies the requirement to transition the industry towards a low-emission economy. The EU's restrictive climate policy aims to reduce greenhouse gas emissions, increase energy production from renewable sources and improve energy efficiency. Ongoing climate change and the resulting changes in the business environment have impacted JSW's operations. In particular, climate change causes changes in the legal environment, changes in European and Polish law that increase the requirements for environmental protection. Responding to the new challenges posed by ongoing regulatory changes and in order to clarify the Company's role in the environmental, energy and climate transition of Poland and the European Union, in 2023 the Company continued to implement *The JSW Group Environmental Strategy until 2030 with an Outlook to 2050* adopted in 2022.

INCIDENTS IN JSW MINES

- 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.
- 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 450 thousand tons of reduction in the level of production at KWK Pniówek. The firefighting operation was terminated on 20 December 2023.
- In addition, in 2023, JSW continued to feel the effects of the events that took place in JSW's mines in 2022, i.e. on 20 April 2022 at *KWK Pniówek* and on 23 April 2022 at *KWK Borynia-Zofiówka Zofiówka Section*.

COAL PRODUCTION

In 2023, Jastrzębska Spółka Węglowa's mines produced 13,507.0 thousand tons of coal net. Coking coal, with its production reaching 10,875.4 thousand tons, accounted for 80.5% of the net coal output, whereas steam coal production reached 2,631.6 thousand tons. Compared to 2022, the overall coal production decreased by 565.0 thousand tons (-4.0%), of which the production of coking coal decreased by 110.2 thousand tons (-1.0%), and of steam coal by 454.8 thousand tons (-14.7%).

INVESTING ACTIVITIES

In 2023, the Company incurred expenditures of PLN 3,807.8 million for investments in property, plant and equipment, including PLN 1,936.0 million for capital construction and purchases of finished capital assets, together with capitalized borrowing costs, PLN 1,028.8 million for expensable mining pits, PLN 587.3 million for longwall outfitting, and PLN 255.7 million relates to right-of-use assets.

FINANCIAL RESULTS

Total sales revenues were PLN 19,757.7 million in 2023 and were PLN 6,013.2 million lower (-23.3%) than the revenues earned in 2022. In the respective segments, the situation was as follows:

Coal segment¹

The average quotation of The Steel Index ("TSI") in July-November 2023, affecting the JSW's prices in Q4 2023, was 294 USD/t. Compared to the average TSI value in April 2023 - August 2023 affecting JSW's prices in Q3 2023, it increased by approx. 21%.

¹JSW sets prices with its customers on the basis of benchmark prices based on the daily prices of Australian premium hard coking coal grades, in most cases by calculating their mean values by using two methods:

- the Nippon Steel method – a quarterly benchmark price calculated as the average of the first two months of the current quarter and the last month of the previous quarter,
- the Q-1 method – quarterly benchmark prices calculated on the basis of the average prices in the previous quarter;

the above means that the average price of coking coal in a given quarter is influenced by prices over five months (from the previous quarter and the first two months of the current quarter).

The estimated average PLN-per-ton price of coking coal sold by JSW to external offtakers in Q4 2023 increased by approx. 7% in relation to the previous quarter. Converted into USD at the National Bank of Poland's average exchange rate in a given quarter, the increase was approx. 7%.

The ratio of the average price of JSW's coking coal sold to external buyers to the average TSI price in July 2023 - November 2023 was 87%. Compared to the previous quarter, it fell by 10 percentage points,

The Polish Steam Coal Market Index (PSCMI1) in sales to the commercial and industrial energy sector stood at PLN 678.56 per ton in Q4 2023 (data for October and November 2023) decreased by approx. 7% compared to the previous quarter.

The average price of steam coal sold by JSW in Q4 2023 in relation to the previous quarter decreased by approx. 20%.

Sales revenues on the coal produced by JSW, which accounted for 69.6% of total revenues, stood at PLN 13,760.8 million (net of adjustment of sales revenue due to execution of hedging transactions), i.e. were PLN 3,846.2 million (-21.8%) lower than in 2022. The sales revenues on the coal were affected by the lower coal sales volume by 1,135.7 thousand tons (-7.9%) and the average coal sales price which was 185.10 PLN/t lower (-15.2%). In 2023, 13,291.9 thousand tons of coal were sold, and the average selling price of coal was 1,035.27 PLN/t.

Coke segment²

The prices of blast-furnace coke in the European market in Q3 2023 was 370 USD/t, down by approx. 14% compared to Q2 2023.

The average total PLN/t contract price for coke sold by JSW in Q4 2023 in relation to Q3 2023 decreased by approx. 2%. Converted into USD at the National Bank of Poland's average exchange rate in a given quarter, the decrease was approx. 1%.

In 2023, the Company also sold coke and hydrocarbons, from which it earned revenues of PLN 5,484.0 million. Compared to 2022, they increased by PLN 2,150.3 million (-28.2%).

Revenues from coke sales in 2023 amounted to PLN 4,983.9 million (excluding adjustments to sales revenues from the execution of hedging transactions), and were PLN 2,048.8 million lower than in 2022, mainly due to a decrease in the average selling price of FCA-based coke by 699.90 PLN/t (-32.8%), with a 92.9 thousand tons (+2.9%) higher sales volume.

Sales revenues of hydrocarbons in 2023 totaled PLN 500.1 million and were PLN 101.5 million (-16.9%) lower than in 2022, mainly due to the decrease in the prices of BTX (-20.5%) and of coke-oven tar (-19.7%).

Summary of the Company's financial results

Total costs by nature (without considering the cost of materials and goods sold) in 2023 amounted to PLN 13,571.4 million and were PLN 3,095.1 million higher compared to 2022 (PLN 10,476.3 million), with variations reaching the following values in particular items:

- depreciation and amortization - up by PLN 218.6 million (+16.4%),
- consumption of materials and energy - up by PLN 755.2 million (+35.7%), of which:
 - consumption of materials - up by PLN 591.7 million (+44.3%),
 - consumption of energy - up by PLN 163.5 million (+21.0%),
- external services - up by PLN 749.3 million (+34.2%),
- employee benefits - up by PLN 1,369.2 million (+29.5%),
- taxes and charges - up by PLN 18.1 million (+11.7%),
- other costs by nature - down by PLN 15.3 million (-29.6%).

The increase in *depreciation and amortization expenses* was mainly due to a higher ratio of the average unit cost of settling longwall outfitting, a higher average unit cost of longwall areas and an increase in the balance sheet depreciation of the right-of-use asset.

The increase in *cost of material consumption* was associated mainly with a surplus of the prices of materials used (in relation to 2022 prices) used mainly in the process of: longwall outfitting and decommissioning, equipping, maintenance and liquidation of opening and preparatory headings, roadway excavation, transportation of materials, equipment and people by suspended cable cars or floor railways, operation, maintenance, assembly and dismantling of coal haulage outside the coal-face, fighting natural hazards as well as mining longwalls with powered supports.

The increase in the *cost of energy consumption*, in turn, was driven by an increase in the unit price of electricity and an increase in energy distribution costs, as well as an increase in rates in the tariffs of heating and cooling and compressed air suppliers.

² Coke prices are set at the turn of each quarter to reflect the market terms in negotiations. The optimal approach is to compare the prices obtained in a given quarter with the average price in the previous quarter.

The increase in the *cost of employee benefits* was mainly due to the Agreement of the JSW Management Board with the Representative Trade Union Organizations operating in the Company, concluded on 8 February 2023, under which an increase in base pay rates was introduced. In addition, the sale price of 1 ton of hard coal in the Nut coal range, used to calculate the free coal allowance employees are entitled to, increased from 837.14 PLN/t effective in 2022 to 2,059.22 PLN/t in 2023. Under the Agreement dated 21 December 2022, the amount of the preventive meal increased from PLN 30.00 in 2022 to PLN 52.35 (from January to June 2023) and from July 2023 to PLN 54.00. In addition, the costs of employee benefits were increased by an incentive one-time award for employees and an additional one-time bonus in the total amount of PLN 616.5 million. In 2022, an amount of PLN 472.2 million was recognized on this account.

In the *cost of external services*, the increase occurred in the drilling and mining services cost item, which was mainly due to an increase in expenditures incurred on tasks related to, among other things, roadway excavation and the operation of the main haulage, as well as in other services related to coal production and in transportation and overhaul services.

EBIT in 2023 includes a gain on valuation of investment certificates in the amount of PLN 672.4 million, a recognized impairment loss on non-financial non-current assets in the amount of PLN (212.4) million, and financial support received from the government's energy-intensive sectors assistance program in the amount of PLN 18.6 million.

The Company closed 2023 with a **net profit** of PLN 1,387.2 million, with **EBITDA** at PLN 4,910.0 million. The **EBITDA margin** stood at 24.9% in 2023, with the **net sales profitability ratio** reaching 7.0% and the **current liquidity ratio** reaching 0.95.

The Company's **cash flows** and the level of generated cash, taking into account the level of investment expenditures, depend to a large extent on the selling prices of coal and coke. The market conditions in 2023 have allowed the Company to generate positive cash flows from operating activities in the amount of PLN 1,628.5 million, despite the payment of the CIT liability for 2022 and the windfall tax. In turn, from investing and financing activities, the Company recorded negative cash flows of PLN 3,103.2 million and PLN 495.5 million, respectively.

JSW's balance of cash and cash equivalents as at the end of December 2023, without considering the cash of the subsidiaries, was PLN 1,636.9 million, while the net change of cash and cash equivalents in 2023 was PLN (-)1,970.2 million. The balance sheet amount of cash was PLN 2,129.7 million and included PLN 492.8 million of cash provided by the Group companies as part of the Physical Cash Pooling service, which is also an intragroup financing mechanism.

The balance of cash does not include the assets of the stabilization fund (FIZ) in the amount of PLN 5,566.0 million providing a safety cushion in times of economic downturn when it is necessary to incur expenditures not fully covered by cash inflows. It is also assumed that cash from the stabilization fund will be used to finance, among others, investment projects as well as innovative development projects.

The Company's activity is highly sensitive to business conditions, capital intensive and has a long investment payback period. A major challenge for JSW is the ability to obtain financing in the market environment which is highly cyclical. This is due to the fact that financial institutions perceive the mining industry as a higher-risk area, which translates into more difficult access to stable short- and long-term debt financing, making it difficult to manage liquidity during downturns. In addition, in accordance with the ESG policies implemented, financial institutions make financing contingent on a positive ESG rating, which, given the industry in which JSW operates, is an additional challenge.

The most important finance contracts include the Finance Contract signed on 12 April 2023 with financial institutions for a total amount of PLN 1,650.0 million. This is a Sustainability Linked Loan format financing, where a portion of the loans and borrowings will be earmarked for environmental investment financing.

As at the end of December 2023, JSW's debt totaled PLN 1,391.3 million, of which PLN 843.7 million was debt arising from loans and borrowings and PLN 547.6 million was debt arising from lease liabilities.

1.4. KEY DEVELOPMENTS IN THE GROUP'S BUSINESS ENVIRONMENT IN 2023

COKE PRODUCTION

In 2023, the JSW Group's coke production amounted to 3,353.4 thousand tons, 136.9 thousand tons, or 4.3% more than in 2022. In the coke production structure, the largest share, more than 73.0%, is blast-furnace coke (it is mainly used for the production of iron pig iron in the blast-furnace process), the other minor grades being metallurgical coke, foundry coke and industrial coke, used, among other things, in the process of sintering iron ore and for the production of ferro-alloys.

INVESTING ACTIVITIES

In 2023, the Group was implementing the planned investment activities. Of total capital expenditures of PLN 4,628.5 in 2023, PLN 4,199.0 million was spent on property, plant and equipment, PLN 323.8 million on right-of-use assets and PLN 105.7 million on intangible assets.

FINANCIAL RESULTS

In 2023, the Group's **sales revenues** were PLN 15,338.5 million and were PLN 4,860.0 million, or 24.1% lower than in 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).

Total costs by nature (without considering the cost of materials and goods sold) in 2023 amounted to PLN 15,845.3 million and were PLN 3,461.1 million higher compared to 2022 (PLN 12,384.2 million), with variations reaching the following values in particular items:

- depreciation and amortization - up by PLN 216.3 million (+14.3%),
- consumption of materials and energy - up by PLN 883.7 million (+29.6%), of which:
 - consumption of materials - up by PLN 683.4 million (+32.9%),
 - consumption of energy - up by PLN 200.3 million (+21.9%),
- external services - up by PLN 557.8 million (+29.8%),
- employee benefits - up by PLN 1,693.9 million (+29.6%),
- taxes and charges - up by PLN 118.2 million (+51.1%),
- other costs by nature - down by PLN 8.8 million (-13.4%).

An increase of 14.3% in *depreciation and amortization costs* mainly caused by a rise in depreciation and amortization in the Parent Company by PLN 218.6 million, including as a result of depreciation of capitalized longwall outfitting expenditures by PLN 108.8 million (an increase in the ratio of the average unit cost of settlement of longwall outfitting by PLN 9.78 per ton) and an increase in the depreciation of capitalized costs of longwall areas by PLN 40.6 million (an increase in the average unit cost of longwall areas by PLN 4.93 per ton).

The *cost of material consumption* was associated mainly with an increase in the prices of materials used for, among other things, longwall outfitting, materials used for equipping, maintenance and liquidation of opening and preparatory headings, roadway excavation, transportation of materials, equipment and people by suspended cable cars or floor railways, operation, maintenance, assembly and dismantling of coal haulage outside the coal-face, materials used for fighting natural threats as well as mining longwalls with powered supports.

The increase in the *costs of energy consumption* resulted mainly from a higher unit price of electricity purchased by the Parent Company outside the Group, as well as higher costs of electricity distribution. There was also an increase in the costs of heating, resulting from raising rates in suppliers' tariffs.

The increase in the *costs of employee benefits* is mainly due to a higher level of these costs in the Parent Company by PLN 1,369.2 million, i.e. by 29.6%, resulting mainly from an increase in the base salary rates as of 1 January 2023, and an increase in the amount of a support meal rate from PLN 30.00 to PLN 52.35 per day, and to PLN 54.00 per day as of 1 July 2023, in accordance with the Memorandum of Agreement entered into between the JSW Management Board and Representative Trade Union Organizations. The cost of the free coal allowance has also increased (increase in the price of 1 ton of hard coal used to calculate the equivalent in 2023: 2,059.22 PLN/t, in 2022: 837.14 PLN/t). The increase in costs was affected by 20,586 more Saturday-Sunday days worked. In addition, the cost of employee benefits includes a one-time award paid in July and August 2023 for employees in accordance with the Memorandum of Agreement between the JSW Management Board and Representative Trade Union Organizations signed on 11 July 2023 in the amount of PLN 262.2 million, as well as an additional one-time bonus paid in October 2023 for employees in accordance with the Memorandum of Agreement between the JSW Management Board and Representative Trade Union Organizations signed on 13 October 2023 in the amount of PLN 354.3 million.

The increase in the *costs of external services* was caused mainly by a higher level of these costs, primarily for drilling and mining services, transportation, repair and other services related to coal production.

An increase in the *costs of taxes and charges* was mainly due to a higher level of these costs at JSW KOKS due to the recognition of the estimated cost of CO₂ emission allowances to be redeemed in the amount of PLN 78.5 million as well as the recognition of a write-down to the Energy Price Difference Payment Fund in the amount of PLN 12.4 million.

EBIT in 2023 includes a gain on fair value measurement of the FIZ asset portfolio in the amount of PLN 672.4 million, a recognized impairment loss on non-financial non-current assets in the amount of PLN (241.9) million, and financial support received from the government's energy-intensive sectors assistance program in the amount of PLN 18.6 million.

The Group closed 2023 with a net profit of PLN 997.1 million, with **EBITDA** at PLN 4,555.9 million. The **EBITDA margin** stood at 29.7% in 2023, with the **net sales profitability ratio** reaching 6.5% and the **current liquidity ratio** reaching 0.85.

The **Group's cash flows** and the level of generated cash, taking into account the level of investment expenditures, depend to a large extent on the selling prices of coal and coke. The market conditions in 2023 have allowed the Company to generate positive cash flows from operating activities in the amount of PLN 1,747.4 million, despite the payment of the CIT liability for 2022 and the windfall tax. In turn, the Group incurred negative cash flows from investing and financing activities in the amount of PLN 3,715.1 million and PLN 177.9 million, respectively.

Cash and cash equivalents at the end of December 2023 amounted to PLN 2,690.8 million, while the **net change in cash and cash equivalents** in 2023 amounted to PLN (-)2,145.6 million.

1.5. INFORMATION ABOUT THE IMPLEMENTED COMPENSATION POLICY

On 31 July 2020, the JSW Supervisory Board, acting pursuant to § 20 section 2 item 11) of the Company's Articles of Association, in conjunction with Article 90d of the Act on Public Offerings, having become acquainted with Resolution no. 441/X/2020 of the JSW Management Board of 23 July 2020 and the recommendation of the Nomination and Compensation Committee given in Resolution no. 6/X/20 of 28 July 2020, adopted Resolution no. 313/X/20, by which:

- it gave a positive opinion on the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* (the "Policy") in the wording attached to Resolution no. 441/X/2020 of the Management Board of 23 July 2020,
- submitted the Policy to the Shareholder Meeting of the Company.

On 31 August 2020, the JSW Extraordinary Shareholder Meeting, acting pursuant to Article 90d section 1 of the Act on Public Offerings, adopted Resolution no. 4, by which the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* was adopted. Since that date, the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.* has been in place at JSW.

In 2023, no amendments were made to the Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.

DEROGATIONS FROM THE COMPENSATION POLICY IMPLEMENTATION PROCEDURE

There were no derogations from the procedure for implementing the *Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.*

SUMMARY CONCERNING THE IMPLEMENTATION OF THE COMPENSATION POLICY

The fixed and variable compensation components, as well as other cash and non-cash benefits that may be granted to Management Board Members, and compensation and other benefits that may be granted to Supervisory Board Members, as envisaged in the Policy, are granted in accordance with its provisions.

DEROGATIONS FROM THE APPLICATION OF THE COMPENSATION POLICY

The Policy in force provides for the following conditional exemption from its application:

- The Supervisory Board is entitled to temporarily suspend the application of the provisions of the Policy, except for any provisions arising from the Act on Public Offerings.
- The Supervisory Board may affect the suspension referred to in the preceding section only if it is necessary to pursue the Company's long-term interests or ensure the stability of the Company's operations or guarantee the Company's profitability, while being guided by the principles of commensurability and purposefulness.
- If the Supervisory Board decides that the reasons for suspending the application of the Policy have lost their temporary character and constitute a permanent obstacle to its application, it should strive to update the Policy.

The Supervisory Board has taken no decision to temporarily derogate from applying the Policy since it took effect. Equally, no compensation has been granted in such extraordinary circumstances since the Policy took effect.

In 2023, there were no derogations from the application of the Compensation Policy for the Management Board and Supervisory Board of Jastrzębska Spółka Węglowa S.A.

1.6. INFORMATION ON THE COMPOSITION OF AND CHANGES TO THE JSW MANAGEMENT BOARD IN 2023

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

TABLE 1: Composition of the JSW Management Board in 2023

FIRST AND LAST NAME	POSITION	TERM IN POSITION
11TH TERM OF OFFICE		
Tomasz Cudny	President of the Management Board	01.01.2023 – 31.12.2023
Sebastian Bartos	Vice-President of the Management Board for Sales	01.01.2023 – 31.12.2023
Wojciech Kaluża	Vice-President of the Management Board for Development	01.01.2023 – 31.12.2023
Robert Ostrowski	Vice-President of the Management Board for Financial Matters	01.01.2023 – 31.12.2023
Edward Paździorko	Vice-President of the Management Board for Technical and Operational Matters	01.01.2023 – 31.12.2023
Artur Wojtków (elected by employees)	Vice-President of the Management Board for Employment and Social Policy	01.01.2023 – 31.12.2023

TABLE 2: Changes to the JSW Management Board of the 11th term of office after the end of the reporting period

DATE	CHANGE
03.01.2024	Wojciech Kaluża dismissed by Resolution No. 234/XI/24 of the JSW Supervisory Board on 3 January 2024 from the position of Vice-President of the JSW Management Board for Development.
23.02.2024	Tomasz Cudny dismissed by Resolution No. 251/XI/24 of the JSW Supervisory Board on 23 February 2024 from the position of President of the JSW Management Board.
23.02.2024	Sebastian Bartos dismissed by Resolution No. 252/XI/24 of the JSW Supervisory Board on 23 February 2024 from the position of Vice-Presidents of the JSW Management Board for Sales.
23.02.2024	Paweł Rostkowski seconded by Resolution No. 253/XI/24 of the JSW Supervisory Board of 23 February 2024 to temporarily perform the duties of the President of the JSW Management Board, who was entrusted with the duties of the Vice-President of the JSW Management Board for Development. The period of secondment was set from 23 February 2024 to 22 May 2024 inclusively, though for no longer than until the date when the President of the JSW Management Board is appointed.
23.02.2024	Robert Ostrowski Vice-President of the JSW Management Board for Financial Matters, who was entrusted with the duties of Vice-President of the JSW Management Board for Sales by Resolution No. 254/XI/24 of the JSW Supervisory Board on 23 February 2024. The period of secondment was set from 23 February 2024 until the date when the Vice-President of the JSW Management Board for Sales is appointed.
14.03.2024	Edward Paździorko dismissed by Resolution No. 273/XI/24 of the JSW Supervisory Board on 14 March 2024 from the position of Vice-President of the JSW Management Board for Technical and Operational Matters.
15.03.2024	Jolanta Gruszka appointed as of 15 March 2024 by Resolution No. 271/XI/24 of the JSW Supervisory Board of 14 March 2024 to the position of Vice-Presidents of the JSW Management Board for Sales.
15.03.2024	Adam Rozmus appointed as of 15 March 2024 by Resolution No. 274/XI/24 of the JSW Supervisory Board of 14 March 2024 to the position of Vice-President of the JSW Management Board for Technical and Operational Matters.
17.04.2024	Ryszard Janta appointed as of 30 April 2024 by Resolution No. 287/XI/24 of the JSW Supervisory Board of 17 April 2024 to the position of President of the JSW Management Board, to whom the JSW Supervisory Board, by Resolution No. 293/XI/24 of 17 April 2024, assigned the duties of Vice-President of the JSW Management Board for Development as of 30 April 2024 to 6 May 2024.

DATE	CHANGE
17.04.2024	Robert Ostrowski dismissed as of 6 May 2024 by Resolution No. 289/XI/24 of the JSW Supervisory Board of 17 April 2024 from the position of Vice-President of the JSW Management Board for Financial Matters.
17.04.2024	Remigiusz Krzyżanowski appointed as of 6 May 2024 by Resolution No. 290/XI/24 of the JSW Supervisory Board of 17 April 2024 to the position of Vice-President of the JSW Management Board for Financial Matters.
17.04.2024	Jarosław Klucznik appointed as of 6 May 2024 by Resolution No. 292/XI/24 of the JSW Supervisory Board of 17 April 2024 to the position of Vice-President of the JSW Management Board for Development.

The Supervisory Board of JSW, acting pursuant to §11 Sections 11-17 of the Company's Articles of Association, after the end of the reporting period, i.e. 28 February 2024, published notices of initiation of appointment procedures for the following positions of Management Board Members:

- President of the JSW Management Board of the 11th term of office,
- Vice-President of the JSW Management Board for Technical and Operational Matters of the 11th term of office,
- Vice-President of the JSW Management Board for Sales of the 11th term of office,
- Vice-President of the JSW Management Board for Financial Matters of the 11th term of office,
- Vice-President of the JSW Management Board for Development of the 11th term of office.

On 21 March 2024, the Supervisory Board adopted Resolutions by which it completed the appointment procedures without selecting a candidate for the positions of: President of the Management Board, Vice-President of the Management Board for Financial Matters and Vice-President of the Management Board for Development of Jastrzębska Spółka Węglowa S.A. of the 11th term of office. On 22 March 2024, the Supervisory Board reopened the appointment procedures for the aforementioned positions. On 17 April 2024, the Supervisory Board, as a result of the appointment procedures, appointed:

- Mr. Ryszard Janta to the position of the President of the JSW Management Board, effective as of 30 April 2024,
- Mr. Remigiusz Krzyżanowski to the position of Vice-President of the JSW Management Board for Financial Matters, effective as of 6 May 2024,
- Mr. Jarosław Klucznik to the position of Vice-President of the JSW Management Board for Development, effective as of 6 May 2024.

1.7. INFORMATION ON THE COMPOSITION OF AND CHANGES TO THE JSW SUPERVISORY BOARD IN 2023

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

TABLE 3: Composition of the JSW Supervisory Board in 2023

FIRST AND LAST NAME	POSITION	TERM IN POSITION
11TH TERM OF OFFICE		
Halina Buk	Chairperson	01.01.2023 – 31.12.2023
Michał Rospędek	Deputy Chairperson	01.01.2023 – 31.12.2023
Robert Kudelski	Secretary	01.01.2023 – 31.12.2023
Jolanta Górską	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

* On 22 December 2023, Mr. Robert Łazarczyk tendered his resignation from the function of Member of the JSW Supervisory Board of the 11th term of office.

TABLE 4: Changes to the JSW Supervisory Board of the 11th term of office after the end of the reporting period

DATE	CHANGE
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DATE	CHANGE
12.02.2024	Halina Buk dismissed from the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
12.02.2024	Jolanta Górka dismissed from the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
12.02.2024	Alojzy Nowak dismissed from the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
12.02.2024	Stanisław Prusek dismissed from the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Katarzyna Bilińska appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Artur Kisielewski appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Arkadiusz Mężyk appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Paweł Rostkowski appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Krzysztof Szłaga appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
13.02.2024	Krzysztof Wrona appointed to the JSW Supervisory Board by a statement from the Minister of State Assets on 12 February 2024.
04.04.2024	Paweł Bieszczad appointed to the JSW Supervisory Board by Resolution No. 4 of the JSW Extraordinary Shareholder Meeting of 4 April 2024 (elected by employees).

The JSW Supervisory Board, in connection with Mr. Robert Łazarczyk's resignation from the Company's Supervisory Board as of 22 December 2023, acting pursuant to § 15 section 7 of the Company's Articles of Association, by Resolution No. 233/XI/24 of 3 January 2024, ordered supplementary election of the Supervisory Board Member in the 11th term of office elected by the Company's employees and employees of all its subsidiaries.

As a result of the by-election held on 1 February 2024, the highest number of votes was obtained by Mr. Paweł Bieszczad, who, effective 4 April 2024, was appointed to the Supervisory Board by Resolution No. 4 of the Extraordinary Shareholder Meeting of 4 April 2024. In accordance with Article 14 Section 2 of the Act of 30 August 1996 on *Commercialization and Certain Employee Rights*, the result of the election is binding on the Shareholder Meeting.

1.8. COMPOSITION OF SUPERVISORY BOARD COMMITTEES AND FUNCTIONS DISCHARGED IN THE COMMITTEES BY THEIR MEMBERS

In 2023, the following Committees operated within the JSW Supervisory Board (of the 11th term of office):

- **AUDIT COMMITTEE**
- **NOMINATION AND COMPENSATION COMMITTEE**
- **COMMITTEE FOR STRATEGY AND DEVELOPMENT**

TABLE 5a: Composition of the Audit Committee and functions discharged in 2023

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Jolanta Górka	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

TABLE 5b: Composition of the Audit Committee and functions discharged after the end of the reporting period

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Artur Kisielewski	Chairperson	23.02.2024 - continued

Robert Kudelski	Member	01.01.2024 - continued
Paweł Nieradzik	Member	01.01.2024 - continued
Krzysztof Szlaga	Member	23.02.2024 - continued
Krzysztof Wrona	Member	23.02.2024 - continued
Jolanta Górską	Chairperson	01.01.2024 – 12.02.2024
Halina Buk	Member	01.01.2024 – 12.02.2024
Stanisław Prusek	Member	01.01.2024 – 12.02.2024

TABLE 6a: Composition of the Nomination and Compensation Committee and functions discharged in 2023

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Alojzy Nowak	Chairperson	01.01.2023 – 31.12.2023
Jolanta Górską	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

TABLE 6b: Composition of the Nomination and Compensation Committee and functions discharged after the end of the reporting period

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Michał Rospędek	Chairperson Member	23.02.2024 - continued 01.01.2024 – 23.02.2024
Katarzyna Bilińska	Member	23.02.2024 - continued
Artur Kisielewski	Member	23.02.2024 - continued
Robert Kudelski	Member	01.01.2024 - continued
Krzysztof Wrona	Member	23.02.2024 - continued
Arkadiusz Wypych	Member	01.01.2024 - continued
Alojzy Nowak	Chairperson	01.01.2024 – 12.02.2024
Jolanta Górską	Member	01.01.2024 – 12.02.2024

TABLE 7a: Composition of the Strategy and Development Committee and functions discharged in 2023

FIRST AND LAST NAME	POSITION	TERM IN POSITION
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 7b: Composition of the Strategy and Development Committee and functions discharged after the end of the reporting period

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Arkadiusz Mężyk	Chairperson	23.02.2024 - continued
Paweł Nieradzik	Member	23.02.2024 - continued
Michał Rospędek	Member	01.01.2024 - continued
Krzysztof Szlaga	Member	23.02.2024 - continued
Arkadiusz Wypych	Member	01.01.2024 - continued
Stanisław Prusek	Chairperson	01.01.2024 – 12.02.2024

FIRST AND LAST NAME	POSITION	TERM IN POSITION
Alojzy Nowak	Member	01.01.2024 – 12.02.2024

1.9. KEY CHANGES IN THE COMPENSATION OF THE JSW MANAGEMENT BOARD AND SUPERVISORY BOARD IN 2023

CHANGES IN THE RULES OF COMPENSATION OF MANAGEMENT BOARD MEMBERS

On 29 March 2023, the Supervisory Board adopted Resolution No. 120/XI/23, which amended Supervisory Board Resolution No. 643/X/22, dated 31 May 2022, on defining the compensation of Management Board Members, and set the monthly base salary (Fixed Compensation) for the calendar month:

- for the President of the Management Board in the amount of PLN 66,000.00 (in accordance with Supervisory Board Resolution No. 643/X/22 it was PLN 60,000.00),
- for any other Management Board Member in the amount of PLN 52,800.00 (in accordance with Supervisory Board Resolution No. 643/X/22 it was PLN 50,000.00).

The change took place as of the date of the Resolution, i.e. 29 March 2023. The change made does not violate the provisions set forth in the Compensation Policy for the Management Board and Supervisory Board of JSW and the provisions of the Resolution of the JSW Shareholder Meeting on the rules for defining the compensation of Management Board Members.

CHANGES IN THE RULES OF COMPENSATION OF SUPERVISORY BOARD MEMBERS

In 2023, no changes were made to the rules of compensation of Supervisory Board Members.

Pursuant to the Act of 16 January 2024 on *Special Solutions for the Implementation of the Budget Act for 2024* (promulgation date 1 February 2024), which entered into force on the first day of the month following the month of promulgation, i.e., on 1 March 2024, Article 1 of the aforementioned act in the following wording did not apply from January to February 2024:

In the period from the date of entry into force of this provision until 31 December 2024, the basis of assessment referred to in Article 1, section 3, item 11 of the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies (Journal of Laws of 2020, item 1907) shall be the average monthly remuneration in the enterprise sector without payments of bonuses from profit in the fourth quarter of 2016.

Accordingly, in the months of January and February 2024, Supervisory Board Members received higher salaries, in which the average monthly salary in the enterprise sector without profit sharing in Q4 2023 was used as the basis for calculation.

2. TOTAL COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

2.1. TOTAL COMPENSATION AMOUNT BROKEN DOWN INTO COMPONENTS

MANAGEMENT BOARD

In 2023, the management contracts with the Management Board Members were in effect, based on Supervisory Board Resolution No. 643/X/22 dated 31 May 2022, taking into account the changes introduced by the Supervisory Board Resolutions which relate to: increasing the costs covered by the Company related to the use of a residential unit from PLN 2,500.00 net/calendar month to PLN 3,000.00 net/calendar month, and changing the amount of the base salary (Fixed Compensation).

The amount of the monthly fixed compensation of Management Board Members has been set by the Supervisory Board, subject to the following provisions adopted by the Shareholder Meeting:

- **Fixed Compensation of the President of the Management Board** is set within the range from 7 to 15 times the base amount referred to in Article 1 Section 3 Item 11 of the Act on the Rules for Shaping the Compensation of Persons Managing Certain Companies of 9 June 2016.
- **Fixed Compensation of the remaining Management Board Members** is set within the range from 7 to 12 times the base amount referred to in Article 1 Section 3 Item 11 of the said Act.

For rendering management services and discharging other obligations ensuing from the contract, the Manager is entitled to the total compensation consisting of the following:

- **Fixed compensation**—monthly base compensation per calendar month:
 - for the President of the Management Board - in the amount of PLN 60,000.00 (from 1 January 2023 to 28 March 2023), in the amount of PLN 66,000.00 (from 29 March 2023 to 31 December 2023),
 - for any other Management Board Member - in the amount of PLN 50,000.00 (from 1 January 2023 to 28 March 2023), in the amount of PLN 52,800.00 (from 29 March 2023 to 31 December 2023).

The Fixed Compensation includes also compensation for the transfer of property rights to the copy or medium of the work and economic copyright to the work in the fields of use specified in the contract, granting all permits and authorizations to the extent stipulated in the contract and use by the Company of an invention, utility model or industrial design created by the Manager.

- **Variable compensation**— supplementary compensation for the relevant financial year contingent on the degree of achievement of the **Management Objectives**, which must not exceed 100% of the annual fixed compensation of the Manager in the previous financial year for which the variable compensation is calculated.

The Fixed Compensation or Variable Compensation will be paid by the Company after deduction of the Manager's public dues payable by the Company from the amount of the Fixed or Variable Compensation.

If the applicable provisions of law require that, despite the fact that the Manager does not run his/her own business activity, the Fixed Compensation, the Variable Compensation or benefits payable by virtue of severance pay or non-competition clauses are subject to VAT at the applicable rate, such VAT will be added to the amount in question. The above will be also applicable with regard to other benefits payable by the Company to the Manager pursuant to the contract. If it becomes mandatory for the Manager to pay VAT for any past periods (in connection with the cash benefits referred to in this Section), the Company undertakes to pay to the Manager the amount equivalent to such tax arrears with interest as well as other payments due to the relevant bodies in connection with such arrears.

The fixed compensation for a given month is paid within 7 days from the date of delivery to the Company of a correctly issued bill to be delivered to the Company by the Manager within 7 days upon end of the calendar month of performance of services, by transfer to a bank account indicated by the Manager.

In accordance with the Supervisory Board Resolution the variable compensation depends on the level of achievement of the Management Objectives and must not exceed PLN 480,000.00 per financial year, i.e. no more than PLN 40,000.00 in each month of the financial year. If the Manager performs the Contract for a period of less than one full financial year, but at least for 3 months in the financial year then the variable compensation is calculated on a pro rata basis. The pro rata calculation will depend on the number of days of the Manager's provision of the services in the relevant financial year.

The total annual Total Compensation of the Manager (i.e. the sum of the annual Fixed Compensation and the Variable Compensation for the given financial year) must not exceed the product of the amount of PLN 100,000 for the President of the Management Board and PLN 90,000.00 for each Vice-President of the Management Board and the number of calendar months for which the Manager performed his/her duties. In case of calendar months in which the Manager did not perform his/her duties during a full calendar month, the aforementioned amount is adjusted on a pro rata basis to the number of days of performance of duties in the relevant month.

The determination of the maximum variable compensation for a given financial year, the Management Objectives for a given financial year and the method of evaluation of their achievement will be defined (to the extent consistent with the compensation-related Resolution of the Shareholder Meeting) by the Supervisory Board. The general set of the Management Objectives has been outlined by a Resolution adopted by the Shareholder Meeting, and the Supervisory Board has been authorized by the Shareholder Meeting to define them precisely, assign weights to such objectives and to define objective and measurable criteria of their achievement and settlement.

Variable compensation will be paid out provided that the Manager fulfills his/her Management Objectives in accordance with the resolution of the Supervisory Board, after the Company's Management Board Activity Report and the Company's financial statements for the preceding financial year have been approved and the Manager has been granted a discharge on the performance of his/her duties as a Management Board Member by the Shareholder Meeting in accordance with the provisions of the contract.

Variable Compensation, if due, will be paid out within 7 days from the date of delivery to the Company of a correctly issued bill by transfer to a bank account indicated by the Manager.

In the case when the Resolution of the Supervisory Board that defines the Management Objectives for the given year is not passed, the Management Objectives for such year are not set, and the Manager is not entitled to any variable compensation.

Furthermore, in the cases laid down in the contract the Company may impose a contractual penalty on the Manager.

Non-compete clause

The non-compete clause during the contract term has been defined in the management contract and the Manager is not entitled to any additional compensation for refraining from competitive activity during the contract term.

The management contracts signed with the Management Board Members also include provisions prohibiting competition after the contract termination.

The Manager additionally undertakes, after the contract is terminated, if he has discharged the function for a period of at least 6 consecutive months from the date of the Manager's appointment to the Company's Management Board, not to conduct any competitive activity as defined in the contract over the period of 6 months from the date he/she ceases to perform his/her function.

The Manager is entitled to compensation for complying with the non-compete ban after the function ends, in the total amount equal to 6 times 50% of the monthly fixed compensation. The compensation will be payable in 6 equal monthly installments, by the 10th day of the following month. The compensation payment is conditional upon a written representation of the Manager confirming compliance with the non-compete clause after the function ended, delivered to the Company in writing by the 5th day of the month following the month for which the compensation is due.

A management contract may be terminated, after the function ends, in the part concerning the non-compete clause at any time by virtue of an agreement of the Parties. The agreement must be executed in writing, otherwise being null and void, and must define the notice period which may not be longer than 3 months or be later than the end of the non-compete obligation after the function ends. In such a case, the entitlement to compensation expires on the day the contract is terminated in the relevant scope.

The contract may be also terminated in the part concerning the non-compete clause with immediate effect at any time upon the Company's notice in the event of a documented violation of the non-compete clause by the Manager after his/her function ends. The contract termination notice must be in writing, otherwise being null and void, and the right to receive compensation expires on the date the notice of termination of the non-compete clause after the function ends is delivered to the Manager, with immediate effect.

In the event of expiry of the non-compete clause after expiry of the function and in the event of termination of the contract, on the terms laid down in the contract, the monthly installment of the compensation for such month will be decreased to the amount following from division of the monthly installment amount by 30 days and multiplying it by the number of days on which the non-compete clause applied after expiry of the function in such month.

The non-competition obligation after the function ends does not apply if, before the end of the term of the non-compete ban, the Manager undertakes to perform a function in a company mentioned in Article 1 Section 3 Item 7 of the Act of 9 June 2016 *on the Rules for Shaping the Compensation of Persons Managing Certain Companies*, or in the Company's subsidiary in the Group within the meaning of Article 4 Item 14 of the Act of 16 February 2007 *on Competition and Consumer Protection*, or undertakes to work or provide services to such company pursuant to an employment contract, mandate contract, work product contract or otherwise. In such a case, the entitlement to compensation expires on the day the Manager takes up the function, undertakes to work or provide services for the benefit of such company.

If the non-compete clause is breached after expiry of the function during its term (subject to a reservation that the taking up of a function as referred to above is not considered a breach of the non-compete clause, provided that the Company is informed thereof in advance), the ban ceases to apply and the Company may demand the Manager to pay a contractual penalty in the amount of 100% of the total amount of compensation within 14 days of receipt of the Company's demand to the bank account specified by the Company. The payment of contractual penalty shall not preclude the Company's right to pursue damages in excess of the contractual penalty on general terms.

Termination / Severance Pay

Each of the Parties has the right to terminate the contract with immediate effect in the event of material breach of the provisions of the contract by the other Party, in particular when:

- The Manager committed a crime, as stated in a legally valid and final court decision, preventing him/her from complying with the duties following from the contract,
- By a documented deliberate action or omission or negligence of his duties, the Manager exposes the Company to losses.
- The Manager has breached the obligations provided for in the contract,
- The Company, without a justified reason, is overdue with the payment of compensation due for a period longer than 2 months.

Each of the Parties has the right to terminate the contract for other reasons than the ones specified above with a 3-month notice period, subject to the provisions of the contract. The Parties' declarations of will regarding termination of the contract will be null and void unless submitted in writing.

In the event of termination of the contract, the Manager is required to transfer his or her duties to an authorized person or persons, including by appearing in person at the Company's request, providing the requested explanations, providing reliable information, documents and items related to the performance of the contract, in accordance with the manner and procedures adopted by the Company.

If the function discharged by the Manager in the Management Board changes during the term of office or organizational changes resulting in a change in the compensation set for the Manager, the Parties undertake to sign an annex to adjust the content of the contract to the Manager's new function unless they agree otherwise.

Termination of the contract does not result in invalidity of the provisions governing the mutual rights and obligations of the Parties also such termination.

If the contract is dissolved or terminated by the Company for reasons other than a breach of the fundamental contractual obligations by the Manager, the Manager is eligible to a severance pay in the amount of 3 times the Fixed Compensation, provided that the Manager has discharged the function for at least 12 months before the contract is terminated.

The severance pay mentioned above will not vest in the following circumstances:

- Contract termination, dissolution or amendment as a result of change of the function discharged by the Manager in the Management Board,
- Contract termination, dissolution or amendment as a result of appointing the Manager for another term of office of the Management Board,
- Assumption of the function of a Management Board Member in a member of the Group within the meaning of Article 4(14) of the Act of 16 February 2007 on Competition and Consumer Protection or commencement of work or provision of services to such a company under an employment contract, mandate contract, work product contract or otherwise.
- Resignation of the Manager from his/her function.

If the Manager, within one year of expiration of his or her mandate, gets involved in any gainful activities within the framework of any legal relationship in the Company or any other member of the Group, then he or she will be required to return the obtained severance pay within 7 days from the date of undertaking the gainful activities.

Duties of the Company

- Providing the Manager, at the Company's expense, with technical equipment and resources such as:
 - office space with equipment,
 - mobile personal computer with wireless Internet access and other necessary equipment,
 - means of communication, including mobile phones,
 - car to be used by the Manager for private purposes on the rules set separately by the Supervisory Board, however if the Manager uses a dwelling on the rules following from the contract, then if, on the days when services are performed in the Company's seat, the Manager drives to the place of residence and back in a vehicle provided by the Company, then the Manager will be charged a fee of PLN 400.00 per ride (to the place of residence or back),
- A dwelling, provided that the Manager has a place of residence that is more than 100 km away from the Company (in such case the Company will cover the costs associated with the use of the dwelling up to PLN 2,500.00 per calendar month net,
 - PLN 3,000.00 per calendar month net (based on resolutions of the Supervisory Board of 20 March 2023).
- Covering costs connected with the provision of the Services outside the Company's head office necessary to perform the Agreement properly, in particular such as travel and accommodation costs at a standard appropriate for the performed Function.
- Reimbursing expenses incurred by the Manager and necessary for the proper provision of the Services at a standard appropriate for the performed Function, after the expenses are supplied with proper evidence, justification for incurring them and showing that they were connected with and necessary for the proper performance of the Services.
- To incur, with consent from the Company's Supervisory Board, costs other than those related to the Manager's provision of the services with the scope set forth in the contract.
- Covering or reimbursing costs of the Manager' individual training associated with the subject matter of the contract and the Manager's contractual obligations up to PLN 20,000.00 per calendar year of the term of the contract, provided that an amount not used in a calendar year may be used in any subsequent year(s) (in addition to the limit available under this paragraph for such year(s)) during the term of the contract if the Supervisory Board agrees to cover or reimburse for the cost of such training.

During the term of the contract, the Manager may use other benefits, in particular those provided by the Company for the Company's management staff in the Company's pertinent internal regulations or resolutions of the Company's corporate bodies, provided that the Supervisory Board, by way of a resolution, establishes the rules for granting or using such benefits by the Manager.

By Resolution No. 160/X/19 of 12 August 2019 the Supervisory Board granted each Management Board Member the right to be insured against liability for the function discharged in the same way as the Company provides insurance to the management staff for discharging management functions in the Company. In 2023 Management Board Members were covered by D&O insurance.

In 2023, the Supervisory Board adopted Resolutions by which it:

- granted consent for JSW to bear the costs of JSW Management Board Members' participation in the workshop entitled *Liability and Risk Management in Groups of Companies*,
- granted consent for JSW to cover the costs of one-to-one English classes for Vice-President of the Management Board for Sales,
- granted consent for JSW to cover the costs of one-to-one English classes for Vice-President of the Management Board for Development,
- granted consent for JSW to incur the costs of participation of JSW Management Board Members in a training course on project management for the Group Top Management.

Management Objectives for 2023

By resolution No. 30 of 3 July 2019 in the matter of the rules for setting compensation of Management Board Members, the Shareholder Meeting set the Management Objectives, which forms the basis for calculating Variable Compensation of JSW Management Board Members. They included in particular:

- Achievement of the Group's EBITDA as set out in the Technical and Economic Plan for the financial year.
- Execution of the investment projects arising from the Group's Strategy.
- Achievement of the level of coking coal production and completion of corridor works in accordance with the Technical and Economic Plan adopted for the financial year.
- Increase in productivity per underground worker in the Company vs. the level set in the Technical and Economic Plan adopted for the financial year.
- Achievement of the Mining Cash Cost level that is lower than the one specified in the Technical and Economic Plan for the financial year.

The objectives for 2023 were approved as specified in the list above and an additional objective was added that evaluated cooperation between the JSW Management Board and the JSW Supervisory Board, including presentation of the Group's and JSW's Technical and Economic Plans by the specified dates.

Pursuant to Resolution No. 119/XI/23 of the JSW Supervisory Board of 29 March 2023 on determining the supplementary compensation and Management Objectives for Management Board Members for 2023, the JSW Supervisory Board resolved, referring to Article 4(7) of the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies in performance of the provisions contained in Resolution No. 30 of the JSW Ordinary Shareholder Meeting of 3 July 2019 on the rules for setting the compensation of Management Board members and §1(5) of Resolution No. 643/X/22 of the Supervisory Board of 31 May 2022 on the compensation of Management Board Members, following a review of the opinion of the Nomination and Compensation Committee of the JSW Supervisory Board, that the variable compensation of the Manager as referred to in §3(1) of Resolution No. 30 adopted by the JSW Ordinary Shareholder Meeting of 3 July 2019 on the rules for setting the compensation of Management Board Members, is set for 2023, for each Manager, in an amount not greater than PLN 480,000.00 per financial year (i.e. no more than PLN 40,000.00 per month of the respective financial year).

In § 2 of Resolution No. 119/XI/23 of 29 March 2023, a list of Management Objectives for 2023 was also defined, determining the conditions for receiving Variable Compensation for 2023 by the Manager. In turn, in § 3 of the Resolution, detailed Management Objectives for 2023 were set, along with their weightings and the criteria for their achievement and settlement, in which the values were updated by Resolution 202/XI/23 of the JSW Supervisory Board of 28 September 2023.

Pursuant to Resolution No. 202/XI/23 of the JSW Supervisory Board of 28 September 2023 on determining the supplementary remuneration and Management Objectives of Management Board Members for 2023, the JSW Supervisory Board, acting pursuant to § 20 Section 1 of the Articles of Association of Jastrzębska Spółka Węglowa S.A, having reviewed the JSW Management Board's motion and the Nominating Committee's opinion expressed in Resolution No. 11/XI/23 of 27 September 2023, amended the existing wording of Appendix 1 to Supervisory Board Resolution No. 119/XI/23 of 29 March 2023 on determining the supplementary remuneration and Management Objectives of Management Board Members for 2023, with respect to the definitions and values of the metrics, which are presented in the table below.

TABLE 8: Detailed Management Objectives for 2023

MANAGEMENT OBJECTIVES ON THE BASIS OF WHICH VARIABLE COMPENSATION IS CALCULATED	UNIT	WEIGHT OF THE MEASURE (%)	SCOPE OF CALCULATION OF VARIABLE COMPENSATION *	OBJECTIVE	FULFILLMENT
GROUP EBITDA**					
<i>EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS</i>	PLN 000s	30%	95% - 102%	2,092,457	4,555,941
COAL PRODUCTION LEVEL					
<i>Coking coal production</i>	tons	15%	95% - 102%	11,344,605	10,875,394
COAL PRODUCTION LEVEL					
<i>Total coal production</i>	tons	5%	95% - 102%	13,775,603	13,507,022
CORRIDOR WORKS					
<i>Length of newly excavated mine headings</i>	meters	15%	95% - 102%	76,245	75,135
JSW'S MINING CASH COST (UNIT)**					
<i>The Unit mining cash cost calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and outfitting of longwalls, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction</i>	PLN/t	10%	98% – no more than 100%	808.37	700.91
UNDERGROUND PRODUCTIVITY					
<i>productivity per 1 underground worker calculated as the ratio of net coal extraction to average employment of underground workers of: KWK, JSW SIG and third party companies</i>	tons/ person	10%	100% - 102%	625.8	615.4
CAPITAL EXPENDITURES					
<i>KWK Budryk "Expansion of infrastructure on the surface of shaft VI" with a cost estimate value of PLN 22,829.7 thousand.</i>	-	2.5%	0 / 1	Completion of investment tasks confirmed by a final acceptance report signed by the Head of Mine Operations	YES
<i>Implementation of the investment project by the end of August 2023: Commissioning of the employee shower room at shaft VI with the necessary infrastructure (stage I and stage II).</i>					
CAPITAL EXPENDITURES					
<i>KWK Pniówek "Extension of the mining shaft hoistway of the shaft II eastern compartment to level 1000" with a total value of PLN 25,191.2 thousand, including the financial scope for 2023 amounting to PLN 15,212.3 thousand.</i>	-	2.5%	0 / 1	Completion of investment tasks confirmed by an acceptance report signed by the parties to the agreement	YES
<i>Realization of the material schedule milestone: "Installation of a flexible tail rope reversing station".</i>					
CAPITAL EXPENDITURES					
<i>KWK Borynia-Zofiówka-Bzie Zofiówka Section "Modernization of the 6kV R-9z switching station at shaft IVz for the purpose of supplying the methane drainage station" with a cost estimate value of PLN 10,880 thousand.</i>	-	2.5%	0 / 1	Completion of investment tasks confirmed by a final acceptance report signed by the Head of Mine Operations	YES
<i>Implementation of the investment by the end of October 2023: "Modernization of the 6kV R-9z switchgear at shaft IVz".</i>					
CAPITAL EXPENDITURES					
<i>KWK Knurów-Szczygłowice, Knurów Section "Commissioning of the facility for granulation of fine coal fractions at the Coal Preparation Plant" at a cost estimate value of PLN 16,202 thousand.</i>	-	2.5%	0 / 1	Completion of investment tasks confirmed by a final acceptance report signed by the Head of Mine Operations	YES
<i>Implementation of the investment by the end of October 2023: "Commissioning of the facility for granulation of fine coal fractions".</i>					
CAPITAL EXPENDITURES					
<i>KWK Budryk "Expansion of infrastructure on the surface of shaft VI" with a cost estimate value of PLN 22,829.7 thousand.</i>	-	2.5%	0 / 1	Completion of investment tasks confirmed by a final	YES

MANAGEMENT OBJECTIVES ON THE BASIS OF WHICH VARIABLE COMPENSATION IS CALCULATED	UNIT	WEIGHT OF THE MEASURE (%)	SCOPE OF CALCULATION OF VARIABLE COMPENSATION *	OBJECTIVE	FULFILLMENT
Implementation of the investment project by the end of August 2023: Commissioning of the employee shower room at shaft VI with the necessary infrastructure (stage I and stage II).				acceptance report signed by the Head of Mine Operations	
COOPERATION OF THE JSW MANAGEMENT BOARD WITH THE SUPERVISORY BOARD					
Performance of the JSW Management Board's information duties to the JSW Supervisory Board and implementation of its recommendations in the period covered by Management Objectives, including presentation to the JSW Supervisory Board, by 31 December 2023, the Technical and Economic Plan adopted by the JSW Management Board for 2024 and the Technical and Economic Plan of the JSW Group for 2024	-	5%	0 / 1	-	YES

* If the performance is greater than the maximum % specified in the column, the bonus will not be increased any more. It may be paid out up to the amount of the bonus budget.

In the case of Management Objectives:

- **Underground productivity**
- **Mining Cash Cost (unit)**

these measures have not been fulfilled to the extent that was required for Management Board Members to receive variable compensation, namely:

According to the Plan for 2023 **underground productivity** was to be 625.8 tons/person. The fulfillment was 615.4 tons/person. The plan was fulfilled in 98.34% and consequently a bonus on this account cannot be considered. According to the curve adopted for this objective, a bonus can be awarded if the measure was fulfilled in at least 100%.

According to the Plan **(unit) Mining Cash Cost**** was to be 808.37 PLN/ton in 2023. The actual figure was 700.91 PLN/ton. However, given the different treatment of the solidarity contribution (the so-called windfall tax) in the Technical and Economic Plan (included in costs by nature under taxes and charges, compared to JSW's statement of profit or loss and other comprehensive income for 2023 (included in income tax), in order to bring it to comparability, the realized MCC was increased by the amount of the windfall tax (PLN 1,609,622 thousand). After this adjustment, the unit MCC value is PLN 820.08/ton. In this view, the plan was fulfilled in 101.45%, as a result of which the bonus on this account cannot be considered. According to the curve adopted for this objective, a bonus can be awarded if the measure was below the Plan or at 100% of the Plan at most.

With respect to other Management Objectives:

- According to the Plan, the **Group's EBITDA**** in 2023 was expected to reach PLN 2,092,457 thousand. The actual figure was PLN 4,555,941 thousand. However, given the different treatment of the solidarity contribution (the so-called windfall tax) in the Technical and Economic Plan (included in costs by nature under taxes and charges), compared to JSW's statement of profit or loss and other comprehensive income for 2023 (included in income tax), in order to bring it to comparability, the EBITDA was increased by the amount of the windfall tax (PLN 1,609,622 thousand). After this adjustment, the EBITDA value is PLN 2,946,319 thousand. In this view, the plan was fulfilled in 140.81%, as a result of which the bonus on this account can be considered, despite the adjustment made. According to the curve adopted for this objective, a bonus could be awarded if the measure was fulfilled in at least 95%.
- According to the Plan, **coking coal production** was to reach 11,344,605 tons in 2023. The actual production was 10,875,394 tons. The plan was fulfilled in 95.86% and consequently a bonus on this account was subject to consideration. According to the curve adopted for this Objective, a bonus may be awarded if the plan is fulfilled in 95% at the least.
- According to the Plan, **total coal production** was to reach 13,775,603 tons in 2023. The actual production was 13,507,022 tons. The plan was fulfilled in 98.05% and consequently a bonus on this account was subject to consideration. According to the curve adopted for this Objective, a bonus may be awarded if the plan is fulfilled in 95% at the least.
- According to the Plan, **corridor works** were set at 76,245 running meters in 2023. The actual figure was 75,135 m. The Plan was fulfilled in 98.54% and consequently a bonus on this account was subject to consideration. According to the curve adopted for this objective, a bonus could be awarded if the Plan was fulfilled in at least 95%.
- **Capital expenditures:** one of the management objectives called for the implementation of the investment tasks in JSW Mines; these objectives were attained, which meant that the bonus on this account was subject to consideration. According to the curve adopted for this objective, a bonus can be awarded if the measure was fulfilled in 100%.

- Regarding the evaluation of the measure of **cooperation of the JSW Management Board with the Supervisory Board in 2023**, the JSW Supervisory Board will make a decision in this matter within the usual time limit.

In § 2 of Resolution No. 119/XI/23 of 29 March 2023, a list of Management Objectives for 2023 was also defined, determining the conditions for receiving Variable Compensation for 2023 by the Manager, i.e.:

TABLE 9: Management Objectives on which variable compensation for 2023 was contingent

Item	MANAGEMENT OBJECTIVE	MANAGEMENT BOARD MEMBER OBLIGATED TO FULFILL THE MANAGEMENT OBJECTIVE	DEADLINE FOR FULFILLING THE MANAGEMENT OBJECTIVE	FULFILLMENT CRITERION FOR THE MANAGEMENT OBJECTIVE
1	Development and application of the rules for compensating members of management and supervisory bodies in subsidiaries, in compliance with the rules set forth in the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies in the case of companies, for which the obligation to implement these compensation rules will arise in 2023	Management Board – each Management Board Member	31 December 2023	Adoption by the authorized bodies of a JSW subsidiary in the Group, within the meaning of the Competition and Consumer Protection Act of 16 February 2007, of the relevant resolutions required by the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Certain Companies, documented by the Management Board report with attached copies of the resolutions mentioned above, along with the representation of the JSW Management Board on the continuous application of the implemented rules of compensation in the subsidiary
2	Fulfillment of the obligations referred to in Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Rules for Managing State Property	Management Board – each Management Board Member	31 December 2023	Adoption by the Shareholder Meeting of each company, for which JSW is the parent undertaking within the meaning of Article 4 sec. 3 of the Competition and Consumer Protection Act of 16 February 2007, of the relevant resolutions required by Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Rules for Managing State Property, documented by the Management Board report with attached copies of the resolutions mentioned above, and in the case of resolutions pertaining to an amendment to the company's articles of association – additionally a decision of the relevant court of registration or information from the National Court Register as at 31 December 2022 demonstrating the fact of registering the amendments to the articles of association of the subsidiary in the National Court Register and the JSW Management Board's representation on the continuous application of the above obligations in the subsidiary after they were implemented.

These objectives have been fulfilled.

TABLE 10: Compensation of JSW Management Board Members [data in PLN]

Item	Period in office in 2023	Fixed Compensation	Variable Compensation annual estimated (not paid) *	Other items **	Total compensation (1+2+3)	Ratio: Fixed Compensation /Variable Compensation /Other items
	0	1	2	3	4	5
Tomasz Cudny President of the Management Board	01.01.2023 -31.12.2023	774,580.65	425,419.35	-	1,200,000.00	65%/35%/0%
Sebastian Bartos Vice-President for Sales	01.01.2023 -31.12.2023	625,470.97	385,555.33	-	1,011,026.30	62%/38%/0%
Robert Ostrowski Vice-President for Financial Matters	01.01.2023 -31.12.2023	625,470.97	385,555.33	32,216.06	1,043,242.36	60%/37%/3%
Edward Paździorko Vice-President for Technical and Operational Matters	01.01.2023 -31.12.2023	625,470.97	385,555.33	-	1,011,026.30	62%/38%/0%

Item	Period in office in 2023	Fixed Compensation	Variable Compensation annual estimated (not paid) *	Other items **	Total compensation (1+2+3)	Ratio: Fixed Compensation /Variable Compensation /Other items
	0	1	2	3	4	5
Artur Wojtków Vice-President for Employment and Social Policy	01.01.2023 -31.12.2023	625,470.97	385,555.33	-	1,011,026.30	62%/38%/0%
Wojciech Kałuża Vice-President for Development	01.01.2023 -31.12.2023	625,470.97	385,555.33	-	1,011,026.30	62%/38%/0%
TOTAL		3,901,935.50	2,353,196.00	32,216.06	6,287,347.56	

* Variable compensation for 2023 includes the estimated values adopted by the JSW Supervisory Board on 12 April 2024 with Resolution No. 285/XI/24.

** This item includes: coverage (reimbursement) of costs incurred in connection with the use of the residential apartment (§ 4 sec. 1 item 5 of the management contract).

The *variable compensation for 2021* (included in the costs of 2021) estimated in the total amount of PLN 1,111,100.00 (Supervisory Board Resolution No. 596/XI/22 of 14 April 2022) was granted in the total amount of PLN 1,005,108.53 and paid, respectively:

- for Mr. Tomasz Cudny, in accordance with Supervisory Board Resolution 218/XI/23 of 29 November 2023, in the amount of PLN 117,523.30, paid on 3 January 2024,
- for Mr. Sebastian Bartos, in accordance with Supervisory Board Resolution 220/XI/23 of 29 November 2023, in the amount of PLN 120,050.68, paid (in parts) on 7 December 2023 and 3 January 2024,
- for Mr. Tomasz Duda, in accordance with Supervisory Board Resolution 224/XI/23 of 29 November 2023, in the amount of PLN 149,273.55, paid on 12 January 2024,
- for Mr. Robert Ostrowski, in accordance with Supervisory Board Resolution 219/XI/23 of 29 November 2023, in the amount of PLN 116,891.45, paid on 3 January 2024,
- for Mr. Edward Paździorko, in accordance with Supervisory Board Resolution 221/XI/23 of 29 November 2023, in the amount of PLN 94,776.85, paid on 3 January 2024,
- for Mr. Artur Wojtków, in accordance with Supervisory Board Resolution 222/XI/23 of 29 November 2023, in the amount of PLN 284,330.56, paid on 3 January 2024,
- for Ms. Barbara Piontek, in accordance with Supervisory Board Resolution 223/XI/23 of 29 November 2023, in the amount of PLN 122,262.14, paid on 25 March 2024.

The *variable compensation for 2022* (included in the costs of 2022) estimated in the total amount of PLN 1,656,222.98 (Supervisory Board Resolution No. 118/XI/23 of 29 March 2023) was granted in the same total amount, paid, respectively:

- for Mr. Tomasz Cudny, in accordance with Supervisory Board Resolution 177/XI/23 of 25 July 2023, in the amount of PLN 382,205.30, paid on 1 August 2023,
- for Mr. Sebastian Bartos, in accordance with Supervisory Board Resolution 179/XI/23 of 25 July 2023, in the amount of PLN 318,504.42, paid on 1 August 2023,
- for Mr. Robert Ostrowski, in accordance with Supervisory Board Resolution 178/XI/23 of 25 July 2023, in the amount of PLN 318,504.42, paid on 1 August 2023,
- for Mr. Edward Paździorko, in accordance with Supervisory Board Resolution 180/XI/23 of 25 July 2023, in the amount of PLN 318,504.42, paid on 7 August 2023,
- for Mr. Artur Wojtków, in accordance with Supervisory Board Resolution 181/XI/23 of 25 July 2023, in the amount of PLN 318,504.42, paid on 1 August 2023.

SUPERVISORY BOARD

The rules governing the determination of compensation of the Supervisory Board Members have been adopted by way of a resolution of the JSW Shareholder Meeting, in compliance with the regulations laid down in the Act of 9 June 2016 *on the Rules for Shaping the Compensation of Persons Managing Certain Companies*

The monthly compensation of Supervisory Board Members is set as the product of the base amount referred to in Article 1 Section 3 Item 11 of the Act on the Rules for Shaping the Compensation of Persons Managing Certain Companies of 9 June 2016 and the following multiplier:

- for the Supervisory Board Chairperson – 1.7;
- for other Supervisory Board Members – 1.5.

In 2023, Supervisory Board Members were entitled to receive compensation regardless of the number of meetings convened. Supervisory Board Members were not entitled to any compensation for the month in which they did not attend any of the correctly convened meetings and their absence was not excused. The Supervisory Board decided by way of a resolution whether the absence of a Supervisory Board Member at a meeting was justified or not.

Supervisory Board Members were entitled to reimbursement of expenses incurred in connection with the participation in the works of the Supervisory Board. In 2023 Supervisory Board Members were covered by D&O insurance.

TABLE 11: Compensation of JSW Supervisory Board Members [data in PLN]

Item	Period in office in 2023	Fixed Compensation	Retirement and disability plans*	Total compensation (1+2)	Ratio:
					Fixed Compensation / Retirement and disability plans
0		1	2	3	4
Halina Buk Supervisory Board Chairwoman	01.01.2023 -31.12.2023	89,837.16	-	89,837.16	100%/0%
Robert Kudelski Supervisory Board Secretary	01.01.2023 -31.12.2023	79,268.04	2,774.40	82,042.44	97%/3%
Alojzy Nowak Supervisory Board Member	01.01.2023 -31.12.2023	79,268.04	-	79,268.04	100%/0%
Stanisław Prusek Supervisory Board Member	01.01.2023 -31.12.2023	79,268.04	-	79,268.04	100%/0%
Jolanta Górka Supervisory Board Member	01.01.2023 -31.12.2023	79,268.04	-	79,268.04	100%/0%
Arkadiusz Wypych Supervisory Board Member	01.01.2023 -31.12.2023	79,268.04	2,774.40	82,042.44	97%/3%
Michał Rospędek Vice-Chairman	01.01.2023 -31.12.2023	79,268.04	-	79,268.04	100%/0%
Paweł Nieradzik Supervisory Board Member	01.01.2023 -31.12.2023	79,268.04	2,774.40	82,042.44	97%/3%
Robert Łazarczyk Supervisory Board Member	01.01.2023 -22.12.2023	77,350.26	2,707.28	80,057.54	97%/3%
TOTAL		722,063.70	11,030.48	733,094.18	

* Retirement and disability plans

By virtue of the discharge of the functions entrusted to them, Management Board Members and Supervisory Board Members are not entitled to participate in any retirement and disability or early retirement plans, except for Supervisory Board Members appointed by employees who are entitled having their contribution resulting from the employment relationship with the Company transferred to the Employee Pension Plan.

2.2. PRESENTATION OF PROPORTIONS BETWEEN COMPENSATION COMPONENTS (FIXED AND VARIABLE)

The proportions between Fixed and Variable Compensation of Management Board Members depend on the fixed compensation amount and the maximum variable compensation amount set by the Supervisory Board, taking into account the limitations arising from the wording of the Policy.

2.3. EXPLANATION OF THE RELATIONSHIP BETWEEN COMPENSATION AWARDED OR DUE AND PERFORMANCE

Total compensation is consistent with the accepted Policy and serves the purpose of achieving the Company's assumed business results. The established KPI-based Management Objectives (including statutory ones) and the tasks assigned to Management Board Members serve the purpose of *achieving the Company's business strategy and its long-term interests (including the execution of long-term investment project) and ensure stability of the Company*. The established objective and measurable criteria for the accomplishment and settlement of the Management Objectives provide Management Board Members with incentives to accomplish them.

Details are presented in Section 2.1. and Section 5.2. of this Report.

2.4. COMPENSATION AMOUNTS FROM GROUP COMPANIES

A Management Board Member may not receive any compensation for serving as a member of any corporate body of the Company's subsidiary within the Group within the meaning of Article 4(14) of the *Competition and Consumer Protection Act* of 16 February 2007.

In 2023, the employee-elected members of the Supervisory Board of the 11th term of office, i.e.: Robert Kudelski, Paweł Nieradzik, Arkadiusz Wypych and Robert Łazarczyk (on 22 December 2023, he resigned from his position as a JSW Supervisory Board Member) also received remuneration under his employment contract with JSW. Moreover, in 2023, Mr. Paweł Nieradzik, Supervisory Board Member of the 11th term of office elected by employees, also received compensation under a mandate contract entered into with one of the Group companies, namely Jastrzębskie Zakłady Remontowe Sp. z o.o.

2.5. MONETARY OR NON-MONETARY PERFORMANCES AWARDED TO CLOSEST RELATIVES OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

In the period covered by this report, no monetary or non-monetary benefits related to the function/position held in JSW's governing bodies were granted to the close relatives of the any JSW Management Board Members or JSW Supervisory Board Members.

3. SHARE-BASED PAYMENTS

The management contracts in effect in 2023 executed with Members of the Management Board of the 10th and 11th terms of office or the Articles of Association contained no provisions regarding the possibility of awarding financial instruments, including shares, to Management Board Members or Supervisory Board Members.

4. EXERCISE OF THE RIGHT TO FILE A COMPLAINT

The management contracts signed with the Management Board Members that were in effect in 2023 contained the following regulations concerning refunds of variable compensation components:

- The Company is entitled to put forward a claim for a refund of the Variable Compensation paid if, after payment of such compensation it becomes apparent that the Variable Compensation was granted to the Manager on the basis of data that subsequently turned out to be untrue.

In 2023, there were no circumstances giving rise to the need to use the option of requesting a refund reimbursement of variable compensation components.

5. INFORMATION ON CONSISTENCY OF COMPENSATION WITH THE COMPENSATION POLICY AND APPLICATION OF PERFORMANCE CRITERIA

5.1. EXPLANATION HOW TOTAL COMPENSATION IS COMPLIANT WITH THE COMPENSATION POLICY AND HOW IT CONTRIBUTES TO THE ACHIEVEMENT OF THE COMPANY'S LONG-TERM PERFORMANCE

Total compensation is consistent with the accepted Policy and serves the purpose of achieving the Company's assumed business results. The established KPI-based Management Objectives (including statutory ones) and the tasks assigned to Management Board Members serve the purpose of achieving the Company's business strategy and its long-term interests (including the execution of long-term investment project) and ensure stability of the Company. The established objective and measurable criteria for the accomplishment and settlement of the Management Objectives provide Management Board Members with incentives to accomplish them.

By setting specific Management Objectives, the Supervisory Board each time adopts clear, comprehensive and diversified criteria for the adoption of weights for each of the Management Objectives in the variable compensation as well as objective and measurable criteria for their accomplishment and settlement, both in relation of the Company's financial and non-financial performance.

The applied performance criteria, i.e.:

- EBITDA of the JSW Group,
- coking coal production volume,
- total coal production volume,
- length of newly excavated mine headings,
- underground productivity,
- unit mining cash cost,
- strategic investment projects (capital expenditures),

are the key measures which, if performed at the assumed level, support the development of the Company in the medium term and contribute to the execution of projects optimizing JSW's and the Group's operating areas and build financial stability of the entire JSW Group.

5.2. INFORMATION ON HOW THE PERFORMANCE CRITERIA HAVE BEEN APPLIED

On 29 March 2023, the Supervisory Board adopted Resolution No. 119/XI/23, which established the supplementary remuneration and Management Objectives of the Management Board Members for 2023, and on 28 September 2023, the Supervisory Board adopted Resolution No. 202/XI/23 on an amendment to Resolution 119/XI/23.

Details of the arrangements regarding supplementary compensation (variable compensation) and the Management Objectives are presented in Section 2.1, followed by their actual performance on the next page.

TABLE 12: Evaluation criteria – 2023

Criteria	Weight of the criterion	Evaluation of satisfaction of the criteria					
		Tomasz Cudny	Robert Ostrowski	Sebastian Bartos	Edward Paździorko	Wojciech Kałuża	Artur Wojtków
Development and application of the rules for compensating members of management and supervisory bodies in subsidiaries, in compliance with the rules set forth in the Act of 9 June 2016 <i>on the Rules for Shaping the Compensation of Persons Managing Certain Companies</i> in the case of companies, for which the obligation to implement these compensation rules will arise in 2023	Objective, which must be met to receive variable compensation	Done	Done	Done	Done	Done	Done
Fulfillment of the obligations referred to in Articles 17-20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the <i>Act of 16 December 2016 on the Rules for Managing State Property</i>	Objective, which must be met to receive variable compensation	Done	Done	Done	Done	Done	Done
CRITERION 1*							
<i>EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS</i>	30%	a) 140.81% b) PLN 232,374.20	a) 140.81% b) PLN 187,641.29				
CRITERION 2							
Coal production level – production of coking coal	15%	a) 95.86% b) PLN 31,482.32	a) 95.86% b) PLN 25,421.86				
CRITERION 3							
Coal production level – total coal production	5%	a) 98.05% b) PLN 22,348.35	a) 98.05% b) PLN 18,046.21				
CRITERION 4							
Corridor works - length of newly excavated mine headings	15%	a) 98.54% b) PLN 75,078.17	a) 98.54% b) PLN 60,625.34				
CRITERION 5*							
JSW's Mining Cash Cost (unit) – unit cash cost of coal mining calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and outfitting of longwalls, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction	10%	a) 101.45% b) PLN 0.00	a) 101.45% b) PLN 0.00	a) 101.45% b) PLN 0.00	a) 101.45% b) PLN 0.00	a) 101.45% b) PLN 0.00	a) 101.45% b) PLN 0.00
CRITERION 6							
Underground productivity – productivity per 1 underground worker calculated as the ratio of net coal extraction to average employment of underground workers of: KWK, JSW SIG and third party companies	10%	a) 98.34% b) PLN 0.00	a) 98.34% b) PLN 0.00	a) 98.34% b) PLN 0.00	a) 98.34% b) PLN 0.00	a) 98.34% b) PLN 0.00	a) 98.34% b) PLN 0.00

Criteria	Weight of the criterion	Evaluation of satisfaction of the criteria					
		Tomasz Cudny	Robert Ostrowski	Sebastian Bartos	Edward Paździorko	Wojciech Kałuża	Artur Wojtków
CRITERION 7							
Capital expenditures - KWK Budryk "Expansion of infrastructure on the surface of shaft VI" with a cost estimate value of PLN 22,829.7 thousand.	2.5%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.0%	a) 100.00%
Implementation of the investment project by the end of August 2023: Commissioning of the employee shower room at shaft VI with the necessary infrastructure (stage I and stage II).		b) PLN 19,364.52	b) PLN 15,636.77				
CRITERION 8							
Capital expenditures - KWK Pniówek "Extension of the mining shaft hoistway of the shaft II eastern compartment to level 1000" with a total value of PLN 25,191.2 thousand, including the financial scope for 2023 amounting to PLN 15,212.3 thousand.	2.5%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.0%	a) 100.00%
Realization of the material schedule milestone: "Installation of a flexible tail rope reversing station".		b) PLN 19,364.52	b) PLN 15,636.77				
CRITERION 9							
Capital expenditures - KWK Borynia-Zofiówka-Bzie Zofiówka Section "Modernization of the 6kV R-9z switching station at shaft IVz for the purpose of supplying the methane drainage station" with a cost estimate value of PLN 10,880 thousand.	2.5%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.0%	a) 100.00%
Implementation of the investment by the end of October 2023: "Modernization of the 6kV R-9z switchgear at shaft IVz".		b) PLN 19,364.52	b) PLN 15,636.77				
CRITERION 10							
Capital expenditures - KWK Knurów-Szczygłowice, Knurów Section "Commissioning of the facility for granulation of fine coal fractions at the Coal Preparation Plant" at a cost estimate value of PLN 16,202 thousand.	2.5%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.0%	a) 100.00%
Implementation of the investment by the end of October 2023: "Commissioning of the facility for granulation of fine coal fractions".		b) PLN 19,364.52	b) PLN 15,636.77				
CRITERION 11							
Cooperation of the JSW Management Board with the JSW Supervisory Board – performance of the JSW Management Board's information duties to the JSW Supervisory Board and implementation of its recommendations in the period covered by Management Objectives, including presentation to the JSW Supervisory Board, by 31 December 2023, the Technical and Economic Plan adopted by the JSW Management Board for 2024 and the Technical and Economic Plan of the JSW Group for 2024	5%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.00%	a) 100.0%	a) 100.00%
		b) PLN 38,729.03	b) PLN 31,273.55				
TOTAL ESTIMATED VARIABLE COMPENSATION		PLN 425,419.35 **	PLN 385,555.33				

- a) performance measured for the year compared to the evaluation criterion,
b) estimated amount of variable compensation of JSW Management Board Members for 2023 stated on the basis of the materials, which formed the basis for the JSW Supervisory Board Resolution No. 285/XI/24 of 12 April 2024. Variable compensation will be due upon satisfaction of the prerequisites specified in the management contracts concluded by the above Management Board Members, including in particular upon adoption of a resolution by the Supervisory Board on the performance of Management Objectives and determination of the variable compensation amount.

* According to the information presented in Item 2 of this report.

*** The total annual total compensation of the Manager (i.e. the sum of the annual Fixed Compensation and the Variable Compensation for the given financial year) must not exceed the product of the amount of PLN 100,000.00 (for the President of the Management Board) and the number of calendar months for which the Manager performed his/her duties. The value of fixed compensation for the President of the Management Board in 2023 amounted to PLN 774,580.65, which, with a limit of PLN 1,200,000, if the targets are met, allows for a maximum variable compensation of PLN 425,419.35.*

6. COMPARATIVE INFORMATION ON CHANGES IN COMPENSATION AND IN THE COMPANY'S PERFORMANCE

TABLE 13: Annual change in compensation and performance [data in PLN]

(% change calculated only if employed for the entire year in both years being compared)

Annual change:	2018	2019 /2018 %	2019	2020 /2019%	2020	2021 /2020 %	2021 ⁽²⁾	2022 /2021 %	2022 ⁽³⁾	2023 /2022 %	2023 ⁽⁴⁾
Compensation of JSW Management Board Members ⁽¹⁾											
Włodzimierz Hereźniak President of the Management Board 01.08.2019-18.01.2021	-	-	445,584.00	-	756,000.00	-	270,000.00	-	-	-	-
Vice-President of the Management Board for Sales 05.05.2021-09.07.2021											
Artur Dyczko Vice-President of the Management Board for Strategy and Development 09.08.2017-10.01.2019 04.07.2019-20.01.2020	902,372.71	-	615,387.75	-	653,494.08	-	456,010.13	-	-	-	-
Vice-President of the Management Board for Technical and Operational Matters 20.01.2020- 29.03.2021											
Radosław Załozniński Vice-President of the Management Board for Financial Matters 04.07.2019-29.03.2021	-	-	440,633.06	-	630,000.00	-	448,333.33	-	-	-	-
Artur Wojtków Vice-President of the Management Board for Employment and Social Policy 01.01.2018-31.12.2023	902,372.71	99.0%	893,643.46	70.5%	630,000.00	145.1%	884,330.56	103.9%	918,504.42	110.1%	1,011,026.30
Tomasz Duda Vice-President of the Management Board for Development 13.02.2020-09.07.2021	-	-	-	-	554,750.00	-	764,273.55	-	-	-	-
Barbara Piontek President of the Management Board 01.03.2021-09.07.2021	-	-	-	-	-	-	380,262.14	-	-	-	-
Tomasz Cudny President of the Management Board 28.08.2021-31.12.2023	-	-	-	-	-	-	365,523.30	-	1,102,205.30	108.9%	1,200,000.00

Annual change:	2018	2019 /2018 %	2019	2020 /2019%	2020	2021 /2020 %	2021 ⁽²⁾	2022 /2021 %	2022 ⁽³⁾	2023 /2022 %	2023 ⁽⁴⁾
Sebastian Bartos Vice-President of the Management Board for Sales 30.07.2021-31.12.2023	-	-	-	-	-	-	373,384.02	-	918,504.42	110.1%	1,011,026.30
Robert Ostrowski Vice-President of the Management Board for Financial Matters 01.01.2018-28.02.2019 03.08.2021-31.12.2023	902,372.71	-	100,000.00	-	-	-	372,031.41	-	946,268.34	110.2%	1,043,242.36
Edward Paździoro Vice-President of the Management Board for Technical and Operational Matters 01.09.2021-31.12.2023	-	-	-	-	-	-	295,621.85	-	918,504.42	110.1%	1,011,026.30
Wojciech Kaluża Vice-President of the Management Board for Development 15.12.2022-31.12.2023	-	-	-	-	-	-	-	-	28,333.33	-	-1,011,026.30
Jarosław Jędrysek Vice-President of the Management Board for Financial Matters 10.05.2021-09.07.2021	-	-	-	-	-	-	101,666.67	-	-	-	-
Rafał Pasieka Vice-President of the Management Board for Sales 04.07.2019-12.02.2020	-	-	445,341.06	-	220,000.00	-	-	-	-	-	-
Tomasz Śledź Vice-President for Technical Matters 01.01.2018-18.12.2019	902,372.71	115.1%	1,038,937.86	-	125,000.00	-	-	-	-	-	-
Daniel Ozon President of the Management Board 01.01.2018-11.06.2019	720,000.00	-	682,000.00	-	-	-	-	-	-	-	-
Jolanta Gruszka Vice-President of the Management Board for Sales 01.01.2018-10.01.2019	902,372.71	-	316,666.67	-	-	-	-	-	-	-	-
Compensation of JSW Supervisory Board Members											
Halina Buk SB Chairwoman 01.01.2018-01.07.2022 20.07.2022-31.12.2023 Supervisory Board Member	57,391.22	133.3%	76,483.76	121.7%	93,114.52	96.5%	89,837.16	99.4%	89,325.85	100.6%	89,837.16

Annual change:	2018	2019 /2018 %	2019	2020 /2019%	2020	2021 /2020 %	2021 ⁽²⁾	2022 /2021 %	2022 ⁽³⁾	2023 /2022 %	2023 ⁽⁴⁾
01.07.2022-20.07.2022											
Robert Kudelski SB Secretary 01.01.2018-01.07.2022 20.07.2022-31.12.2023	52,845.36	127.9%	67,605.13	125.8%	85,035.45	96.5%	82,042.44	100.0%	82,042.44	100.0%	82,042.44
Supervisory Board Member 01.07.2022-20.07.2022											
Alojzy Nowak SB Member 01.01.2018-31.12.2023	52,845.36	124.7%	65,914.64	124.6%	82,159.84	96.5%	79,268.04	100.0%	79,268.04	100.0%	79,268.04
Stanisław Prusek SB Member 04.07.2019-31.12.2023	-	-	38,994.76	-	82,159.84	-	68,613.78	-	79,268.04	100.0%	79,268.04
Izabela Jonek Kowalska SB Member 10.09.2019-01.07.2022	-	-	24,440.98	-	82,159.84	96.5%	79,268.04	-	39,847.11	-	-
Konrad Balcerski SB Member 22.10.2018-29.10.2020	10,228.13	-	65,914.64	-	68,522.33	-	-	-	-	-	-
Jolanta Górską SB Member 20.03.2019-31.12.2023	-	-	54,407.99	-	82,159.84	96.5%	79,268.04	100.0%	79,268.04	100.0%	79,268.04
Arkadiusz Wypych SB Member 18.01.2018-31.12.2023	50,430.38	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	100.0%	82,042.44	100.0%	82,042.44
Paweł Bieszczad SB Member 28.06.2018-01.07.2022	26,863.06	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	-	41,241.77	-	-
Tadeusz Kubiczek SB Member 28.06.2018-01.07.2022	26,863.06	-	67,605.13	125.8%	85,035.45	96.5%	82,042.44	-	41,241.77	-	-
Robert Tomanek SB Member 04.07.2019-21.01.2020	-	-	38,994.76	-	5,454.29	-	-	-	-	-	-
Michał Rospędek Vice-Chairman 20.07.2022-31.12.2023 Supervisory Board Member 29.10.2020-20.07.2022	-	-	-	-	13,850.60	-	74,580.18	-	79,268.04	100.0%	79,268.04
Paweł Nieradzik Supervisory Board Member 01.07.2022-31.12.2023	-	-	-	-	-	-	-	-	41,021.22	-	82,042.44
Robert Łazarczyk Supervisory Board Member	-	-	-	-	-	-	-	-	41,021.22	-	80,057.54

Annual change:	2018	2019 /2018 %	2019	2020 /2019%	2020	2021 /2020 %	2021 ⁽²⁾	2022 /2021 %	2022 ⁽³⁾	2023 /2022 %	2023 ⁽⁴⁾
01.07.2022-31.12.2023											
Adam Pawlicki SB Member 01.01.2018-04.07.2019	52,845.36	-	27,132.97	-	-	-	-	-	-	-	-
Antoni Malinowski SB Member 01.01.2018-04.07.2019	52,845.36	-	27,132.97	-	-	-	-	-	-	-	-
Tomasz Lis SB Member 01.01.2018-20.03.2019	52,845.36	-	11,506.65	-	-	-	-	-	-	-	-
Robert Małek SB Member 17.01.2019-26.02.2019 27.05.2019 04.07.2019-09.08.2019	-	-	14,246.33	-	-	-	-	-	-	-	-
Eugeniusz Baron SB Secretary 01.01.2018-28.06.2018	26,129.09	-	-	-	-	-	-	-	-	-	-
Krzysztof Kwaśniewski SB Deputy Chairman 01.01.2018-22.10.2018	42,617.23	-	-	-	-	-	-	-	-	-	-
Andrzej Palarczyk SB Member 01.01.2018-28.06.2018	26,129.09	-	-	-	-	-	-	-	-	-	-
Compensation of the JSW Supervisory Board Members delegated to perform temporarily the duties of the President and Vice-President of the JSW Management Board											
Stanisław Prusek 09.07.2021-27.08.2021	-	-	-	-	-	-	96,774.19	-	-	-	-
Michał Rospędek 09.07.2021-30.07.2021	-	-	-	-	-	-	35,483.87	-	-	-	-
Robert Małek 27.02.2019-26.05.2019 28.05.2019-03.07.2019	-	-	206,797.23	-	-	-	-	-	-	-	-
Financial and operating performance											
Net profit/(loss) of JSW^{(5), (6)} (PLN 000s)	1,418,630	23.3%	330,406	-	(1,541,051)	-	329,843	2,174.5%	7,172,415	19.3%	1,387,200
Net profit/(loss) of the Group^{(5), (6)} (PLN 000s)	1,760,839	36.9%	649,571	-	(1,537,397)	-	952,610	803.1%	7,650,404	13.0%	997,074
EBITDA OF THE JSW GROUP^{(5), (6), (7)} (PLN 000s)	3,020,115	64.2%	1,939,564	-	(675,659)	-	2,482,483	439.9%	10,919,209	41.7%	4,555,941
Coking coal production volume	10,351,019	98.6%	10,208,419	108.4%	11,061,749	99.5%	11,005,768	99.8%	10,985,547	99.0%	10,875,394

Annual change:	2018	2019 /2018 %	2019	2020 /2019%	2020	2021 /2020 %	2021 ⁽²⁾	2022 /2021 %	2022 ⁽³⁾	2023 /2022 %	2023 ⁽⁴⁾
(tons)											
Total coal production volume (tons)	15,019,026	98.3%	14,761,980	97.4%	14,384,964	95.6%	13,754,300	102.0%	14,071,967	96.0%	13,507,022
Corridor works⁽⁶⁾ (m)	65,160	115.1%	75,019	96.2%	72,154	107.4%	77,487	96.2%	74,520	100.8%	75,135
Mining Cash Cost⁽⁹⁾ (PLN/t)	396.46	107.5%	426.00	95.6%	407.37	109.8%	447.12	121.6%	518.90	135.1%	700.91
Underground productivity ⁽¹⁰⁾ (tons/person)	690.5	94.2%	650.6	97.9%	636.9	97.3%	619.5	107.3	664.7	92.6%	615.4
Average salary of Company employees who are not Members of the Management Board or Supervisory Board											
Average monthly salary ⁽¹¹⁾ (PLN)	10,614.72	101.6%	10,788.40	94.8%	10,232.68	108.1%	11,056.62	125.3%	13,856,85 ⁽¹²⁾	126.4%	17,516,55 ⁽¹³⁾

⁽¹⁾ The periods of holding the function of Management Board Members include periods of secondment of a Supervisory Board Member to the Management Board in connection with the vacancy in the respective position, if any.

⁽²⁾ The compensation for 2021 includes variable compensation for JSW Management Board Members for 2021 awarded on the basis of JSW Supervisory Board Resolutions of 29 November 2023 in the total amount lower by PLN 105,991.47 than estimated on the basis of JSW Supervisory Board Resolution No. 596/X/22 of 14 April 2022, paid in 2023 and 2024.

⁽³⁾ The compensation for 2022 includes the awarded variable compensation for JSW Management Board Members for 2022 based on Supervisory Board Resolutions of 25 July 2023 in the total amount in accordance with the estimated JSW Supervisory Board Resolution No. 118/XI/23 of 29 March 2023 and paid in 2023.

⁽⁴⁾ The compensation for 2023 includes the estimated amount of variable compensation for JSW Management Board Members for 2023 on the basis of the JSW Supervisory Board Resolution No. 285/XI/24 of 12 April 2024. Variable compensation will be due upon satisfaction of the prerequisites specified in the management contracts concluded by the above Management Board Members, including in particular upon adoption of a resolution by the Supervisory Board on the performance of Management Objectives and determination of the variable compensation amount.

⁽⁵⁾ The 2020 data were restated in connection with the change in the rules of presentation as of 1 January 2021; this concerns reclassification of the effective result after a hedged item has been realized, from other comprehensive income to profit or loss.

⁽⁶⁾ The figures for 2022 have been restated due to the application of a change in accounting policy (principles) effective 1 January 2023, and relate to the recognition and measurement, as well as the recording and presentation of longwall outfitting expenditures.

⁽⁷⁾ EBITDA of the JSW Group, calculated as the sum of operating profit and depreciation and amortization calculated in accordance with the manner of presentation in the Group's financial statements prepared in accordance with IFRS/IAS.

According to the Guidelines of the European Securities and Markets Authority („ESMA”) on Alternative Performance Measures, EBITDA is an Alternative Performance Measure. EBITDA is a performance measure not defined by International Financial Reporting Standards (“IFRS”) and therefore should not be considered an alternative to IFRS measures. In addition, EBITDA does not have a single and final definition. The methods of calculating this ratio in other companies may be significantly different from the methods used by the Company. Therefore, EBITDA of JSW and EBITDA of the JSW Group may not be comparable to similar ratios presented by other companies. These ratios should be treated as supplementary information extending the presentation of the results and other data of JSW and the Group.

⁽⁸⁾ Corridor works understood as length of newly excavated mine headings.

⁽⁹⁾ (Unit) Mining Cash Cost calculated as the ratio of JSW's operating costs less amortization and depreciation and costs unrelated to coal production (selling and distribution expenses, costs of capitalizing mine workings and longwall outfitting, cost of goods and materials sold, other costs of the period not related to coal production), to net coal extraction.

⁽¹⁰⁾ Underground productivity defined as productivity per 1 underground worker calculated as the ratio of net extraction to average employment of underground workers of: KWK, JSW SIG and third party companies.

⁽¹¹⁾ Calculated according to the methodology of Statistics Poland.

⁽¹²⁾ According to the Agreement signed on 5 July 2022 by and between the JSW Management Board and the Representative Trade Union Organizations operating in JSW, a cash bonus was paid to JSW employees in 2022. The average monthly salary in 2022 was PLN 12,357.45, without giving consideration in the salary fund to the above cash award (annual change: 111.8%).

⁽¹³⁾ Pursuant to the Agreement entered into on 8 February 2023 between the JSW Management Board and Representative Trade Union Organizations operating at JSW in 2023, an incentive one-time cash bonus was paid to JSW employees, and pursuant to the Agreement entered into on 13 October 2023 between the JSW Management Board and Representative Trade Union Organizations operating at JSW in 2023, an additional one-time bonus was paid. The average monthly salary in 2023 was PLN 15,575.34, without giving consideration in the salary fund to the above cash award benefits.

7. APPROVAL OF THE COMPENSATION REPORT

This *Report on compensations of Jastrzębska Spółka Węglowa S.A. Management Board and Supervisory Board Members for the financial year ended 31 December 2023* has been approved by Resolution No.300/XI/24 of the JSW Supervisory Board of 22 April 2024.

Jastrzębie-Zdrój, 22 April 2024