

MOBRUK

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GOSPODARKA ODPADAMI

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Mo-BRUK S.A.

SEPARATE FINANCIAL STATEMENTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

FOR THE PERIOD 01.01.2020 - 31.12.2020

ISO 9001 · 14001 · 17025

Spółka publiczna notowana na Gieldzie
Papierów Wartościowych w Warszawie

Mo-BRUK Spółka Akcyjna, zarejestrowana
w Sądzie Rejonowym dla Krakowa Śródmieścia
w Krakowie, XII Wydział Gospodarczy Krajowego
Rejestru Sądowego, pod nr KRS 0000357598.

NIP 734-329-42-52
REGON 120652729

Kapitał zakładowy w wysokości
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I. SELECTED FINANCIAL DATA

ITEM	PLN		EUR	
	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019
I. Net revenue from sale of products, goods and materials	156 424 763	117 684 523	34 961 830	27 357 307
II. Operating profit (loss)	85 088 157	47 867 337	19 017 690	11 127 389
III. Gross profit (loss)	86 859 307	48 452 822	19 413 552	11 263 492
IV. Net profit (loss)	70 795 680	39 404 360	15 823 240	9 160 059
V. Net cash flows from operating activities	65 544 856	38 877 331	14 649 650	9 037 544
VI. Net cash flows from investing activities	7 518 392	-158 016	1 680 404	-36 733
VII. Net cash flows from financial activities	-57 430 015	-26 664 592	-12 835 937	-6 198 533
VIII. Total net cash flows	15 633 233	12 054 722	3 494 117	2 802 278
IX. Weighted average number of shares	3 559 770	3 595 141	3 559 770	3 595 141
X. Profit (loss) per ordinary share (in PLN/EUR)	19.89	10.96	4.45	2.55
ITEM	PLN		EUR	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
XI. Total assets	193 562 407	182 599 495	41 943 835	42 878 829
XII. Liabilities and provisions for liabilities	44 756 223	56 247 693	9 698 410	13 208 335
XIII. Non-current liabilities	26 632 996	34 274 719	5 771 213	8 048 543
<i>including deferred income - grant</i>	19 189 922	22 470 258	4 158 343	5 276 566
XIV. Current liabilities	18 123 227	21 972 974	3 927 197	5 159 792
<i>including deferred income - grant</i>	2 202 906	2 430 001	477 357	570 624
XV. Equity	148 806 184	126 351 802	32 245 424	29 670 495
XVI. Share capital	35 128 850	35 728 850	7 612 215	8 390 008
XVII. Number of shares	3 512 885	3 572 885	3 512 885	3 572 885
XVIII. Book value per share (in PLN/EUR)	42.36	35.36	9.18	8.30

The above financial data for 2020 and 2019 were translated into EUR in accordance with the following rules:

- asset and equity and liability items for:

2020 - using the average exchange rate published on 31 December 2020 - EURPLN 4.6148,

2019 - using the average exchange rate published on 31 December 2019 - EURPLN 4.2585.

- data on comprehensive income and data from the statement of cash flows - according to an exchange rate being the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each month in the financial year (from 1 January 2020 to 31 December 2020) - EURPLN 4.4742, and for 2019 (from 1 January 2019 to 31 December 2019) - EURPLN 4.3018.

II. INTRODUCTION TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

1.1. Name and registered office of entity preparing the separate financial statements:

Mo-BRUK Spółka Akcyjna
short name: Mo-BRUK S.A.
based in Niecew 68
33-322 Korzenna

hereinafter the Company.

1.2. Register Court, register no.:

In the period from 1 January 2010 to 31 May 2010, the Company operated as Spółka Komandytowa "Mo-BRUK" J. Mokrzycki, based in Korzenna, 33-322 Korzenna.

On 30 April 2010, the partners in this limited partnership adopted a resolution to change the company's legal form to a joint stock company. The change of legal form was registered on 1 June 2010 by the District Court for Kraków-Śródmieście in Kraków, 12th Commercial Division of the National Court Register, under KRS number 0000357598. The Company holds statistical number REGON 120652729 and tax identification number NIP 7343294252.

1.3. Duration of the Company:

The Company's duration is indefinite.

1.4. Place of business:

The Company operates in Poland, both in its registered office and at the following branches:

- 33-322 Korzenna, Niecew 68,
- 58-303 Wałbrzych, ul. Górnicza 1,
- 58-303 Wałbrzych, ul. Górnicza 4,
- 27-530 Ożarów, Karsy 78,
- 33-322 Korzenna, Łęka 115,
- 58-300 Wałbrzych, ul. Moniuszki 99,
- 41-808 Zabrze, ul. Szybowa 7D – operated until 30 September 2020,
- 48-318 Skarbimierz – Osiedle, ul. Smaków 21.

1.5. According to the founding agreement, the Company's economic activities include:

- Management of waste
- Construction of roads,
- Production of alternative fuels,
- Rental activities,
- Retail sale of fuel,
- Other sales.

1.6. Presented reporting periods:

These separate financial statements have been prepared for the period from 1 January 2020 to 31 December 2020 and contain comparative financial data for the period from 1 January 2019 to 31 December 2019.

1.7. Rounding in the separate financial statements

The Company rounds the figures in its separate financial statements to full Polish zlotys (PLN).

2. Composition of Company's management board, supervisory board and audit committee

Composition of the Management Board at the date on which these separate financial statements were prepared:

- Józef Mokrzycki – President of the Management Board
- Elżbieta Mokrzycka – Vice-President of the Management Board
- Anna Mokrzycka-Nowak – Vice-President of the Management Board
- Wiktor Mokrzycki – Vice-President of the Management Board
- Tobiasz Mokrzycki – Vice-President of the Management Board

The composition of the Company's Management Board did not change during the financial year covered by the separate financial statements and until the date on which the separate financial statements were prepared.

On 25 February 2020, the Supervisory Board adopted a resolution to re-appoint the President and Vice-Presidents of the Company's Management Board for a new term, which began on 1 May 2020 and will last five years.

Until 2 March 2020, the Issuer's Supervisory Board was composed as follows:

- Kazimierz Janik – Chairperson of the Supervisory Board
- Jan Basta – Member of the Supervisory Board
- Norbert Nowak – Member of the Supervisory Board
- Piotr Pietrzak – Member of the Supervisory Board

- Konrad Turzański – Member of the Supervisory Board

An Extraordinary General Meeting of Mo-BUK S.A. was held on 3 March 2020. Pursuant to §19 of the Company's Articles of Association, resolution no. 4/2020 was adopted, appointing Mr. Piotr Skrzyński as Member of the Parent's Supervisory Board.

When Mr. Piotr Skrzyński was appointed to the Supervisory Board, Mr. Norbert Nowak ceased acting as Supervisory Board Member.

At the date on which these separate financial statements were prepared, the Supervisory Board was composed as follows:

- Kazimierz Janik Chairperson of the Supervisory Board,
- Jan Basta Member of the Supervisory Board,
- Piotr Pietrzak Member of the Supervisory Board,
- Piotr Skrzyński Member of the Supervisory Board,
- Konrad Turzański Member of the Supervisory Board.

At the date on which the separate financial statements were prepared, the Audit Committee was composed as follows:

- Piotr Pietrzak Chairperson of the Audit Committee
- Jan Basta Member of the Audit Committee
- Kazimierz Janik Member of the Audit Committee

The composition of the Audit Committee did not change during the financial year covered by the financial statements and until the date on which the separate financial statements were prepared.

3. Related parties

The Company is the parent company for Mo-BRUK Group (highest-level entity).

The duration of the Parent and consolidated Group companies is indefinite.

The following table contains a detailed list of related parties.

LIST OF ENTITIES IN WHICH THE COMPANY HOLDS AT LEAST 20%				
OF SHARES OR VOTES AT THE GENERAL MEETING AT THE BALANCE SHEET DATE				
Item	Entity name and registered office	% stake in capital	% of voting rights at general meeting	Type of link and method of consolidation
1.	"RAF-EKOLOGIA" Spółka z o.o. 38-460 Jedlicze ul. Trzecieckiego 14	100	100	Fully consolidated

4. Legal basis for preparing the separate financial statements

On 26 October 2011, in connection with the intention to admit the Company's shares to trade on the Warsaw Stock Exchange, the Ordinary General Meeting of Mo-BRUK S.A. adopted a resolution to begin drafting the Parent's financial statements in accordance with IAS as statutory financial statements for the Parent starting from 2011.

Mo-BRUK S.A. transitioned to IAS on 1 January 2009. The Company reconciled the applicable accounting rules as at that date and the previously applicable rules.

The separate financial statements for the period from 1 January 2020 to 31 December 2020 were prepared in accordance with International Accounting Standards and International Financial Reporting Standards, as approved by the European Union (IFRS EU).

Pursuant to art. 2 sec. 3 of the Accounting Act, the term IFRS is understood as standards and interpretations adopted by the International Accounting Standard Board (IASB), consisting of:

- International Financial Reporting Standards (IFRS),
- International Accounting Standards (IAS) and
- Interpretations issued by the IFRIC Interpretation Committee or the former Standard Interpretations Committee (SIC)

International Accounting Standards and International Financial Reporting Standards and related interpretations approved for use in the EEA, which were published in the form of EC Regulations, are applicable for use in preparing the consolidated financial statements of companies whose shares are listed on a regulated market in the European Union (in accordance with Fourth Council Directive 78/660/EEC and Seventh Council Directive 83/349/EEC, as amended).

Pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (Official EU Journal of 2002, no. 243, item 1, as amended), for every financial year beginning on or after 1 January 2005 the consolidated financial statements of publicly-listed companies should be compliant with International Accounting Standards / International Financial Reporting Standards (hereinafter IFRS).

The Accounting Act approved the provisions of Regulation 1606/2002 in art. 55 sec. 5 as regards the obligation for publicly-listed companies to prepare consolidated financial statements in accordance with IFRS and in art. 45 sec. 1a-1b as regards the optional application of IFRS by other companies.

The financial statements were prepared on an accrual basis.

5. Date on which the separate financial statements were approved for publication

These financial statements were approved on the date on which the separate financial statements were signed by the Management Board of Mo-BRUK S.A.

6. Functional currency and reporting currency

The data presented in the separate financial statements is presented in Polish zloty (PLN). The Polish zloty is the Company's functional currency and reporting currency.

7. Material events in the reporting period

Risk associated with COVID-19

Initial reports about the coronavirus emerged from China at the end of 2019. The virus spread around the world in the first months of 2020, and its negative impact escalated.

The Management Board is continuously working on safeguards against COVID-19. Educational activities are carried out among the employees, customers and suppliers to reduce the risk of spreading the virus.

The Management Board sees potential risk in the introduction of a quarantine at the Company's facilities or at key suppliers. A quarantine could disrupt waste deliveries to our branches and ultimately have a negative impact on our financial results.

The Management Board is continuously monitoring the situation and its impact on the economy. It is constantly ready to act to alleviate any negative effects for the Company. The Issuer considers risk related to the impact of COVID-19 on its business as low. Although when these annual separate financial statements were published, the situation was still evolving, the Management Board has so far not seen any negative impact on planned sales or the waste supply chain.

The effects of the COVID-19 pandemic announced by the World Health Organization (WHO) and the associated activities undertaken since March 2020 by the governments of Poland and other European Union countries with which the Company has economic links, resulting in the limitation of certain companies' activities, have had no material impact on the consolidated financial statements. However, it may not be ruled out that the lingering epidemic will have an impact on the Company's future financial results and liquidity over the coming reporting periods.

Dividend payment for 2019 from related party Raf Ekologia Sp. z o.o.

On 31 March 2020, the Ordinary General Meeting of subsidiary Raf-Ekologia Sp. z o.o. adopted a resolution to allocate the entire profit for the financial year from 1 January 2019 to 31 December 2019, amounting to PLN 1 837 554.56, to its sole shareholder and parent company Mo-BRUK S.A.

The dividend payment was made on 16 April 2020.

The dividend payment has an impact on the Issuer's separate result but has no impact on consolidated results.

Dividend payment from supplementary capital

On 3 March 2020, an Extraordinary General Meeting of Mo-BRUK S.A. adopted resolution no. 6/2020 on the use of PLN 12 330 226.35 from supplementary capital as a dividend payment to shareholders.

The Extraordinary General Meeting of Mo-BRUK S.A. set the record date as 12 March 2020 and the payment date as 19 March 2020.

The dividend payment did not apply to own shares purchased by the Company for cancellation (60 000 shares).

The dividend per share amounted to PLN 3.51.

The dividend payment was made on 19 March 2020.

Material agreement with Miejski Zakład Gospodarki Odpadami Komunalnymi Sp. z o.o., based in Konin

On 2 January 2020, the Issuer signed an agreement with Miejski Zakład Gospodarki Odpadami Komunalnymi Sp. z o.o., based in Konin, for the provision of a service consisting of the collection, transport and final management of post-process waste from a Municipal Waste Thermal Treatment Plant.

The Issuer's maximum remuneration for the performance of the agreement may amount to PLN 10.178 million net. The Issuer's actual remuneration for the performance of the agreement will be determined as the product of the unit price and the actual weight of waste collected. The estimated quantity of waste to be collected during the agreement term is 14 000 tonnes.

The agreement was executed following a tender conducted pursuant to the Act of 29 January 2004 - the Public Procurement Law, and was signed for the period from 2 January 2020 to 31 December 2021.

Material agreement with Krakowski Holding Komunalny S.A.

On 14 April 2020, the Issuer signed an agreement with Krakowski Holding Komunalny S.A. for the performance of a service consisting of successive collection (transport and management) of waste generated in the process of thermal treatment of municipal waste at the Municipal Waste Thermal Treatment Plant in Kraków.

The Issuer's maximum remuneration for the performance of the agreement may reach PLN 7.014 million net. The Issuer's actual remuneration for the performance of the agreement will be determined as the product of the unit price and the actual weight of waste collected.

The agreement was executed following a tender conducted pursuant to the Act of 29 January 2004 - the Public Procurement Law, and was signed for the period until 31 December 2020.

Material agreement signed with Synthos Dwory Sp. z o.o. Sp. j

On 10 June 2020, the Issuer signed an agreement with Synthos Dwory 7 sp. z o.o. sp. j., based in Oświęcim, for the performance of a service consisting of the collection, transport and management of waste in the form of an estimated 11 000 tonnes of soil containing mercury, code 170503*. The estimated total value of the agreement is PLN 5.962 million net. Under the agreement, the Issuer is required to manage 100% of the waste being the subject of the agreement in waste recovery process R5 at the Waste Recovery

Plant in Niecew or at the Inorganic Waste Recovery Plant in Skarbimierz. For the performance of the agreement, Synthos will pay the Issuer an amount constituting the product of the unit price specified in the agreement, i.e. PLN 542 net, and the actual quantity of waste collected. The works are expected to begin in September 2020. The agreement is expected to be performed in four months.

Allocation of Mo-BRUK S.A.'s profit for 2019

On 15 June 2020, the Ordinary General Meeting of subsidiary Mo-BRUK S.A. adopted resolution no. 7/2020 on the allocation of Mo-BRUK S.A.'s profit for the period from 1 January 2019 to 31 December 2019, amounting to PLN 39 404 359.65. The profit was allocated as follows:

- PLN 3 397 288.40 was allocated to increase the Company's supplementary capital,
- PLN 36 007 071.25 was allocated to a dividend for the Company's shareholders.

Mo-BRUK S.A.'s Ordinary General Meeting set the record date on 22 June 2020 and the payment date on 29 June 2020.

The dividend payment did not apply to own shares purchased by the Company for cancellation (60 000 shares).

The dividend per share amounted to PLN 10.25.

The dividend payment was made on 29 June 2020.

Material agreement with PKP Polskie Linie Kolejowe S.A.

On 16 July 2020, the Issuer signed a framework agreement with PKP Polskie Linie Kolejowe S.A., based in Warsaw, for the provision of services consisting of the management of hazardous wooden waste (train track underlay), with an estimated weight of 16 476 tonnes.

The total remuneration (maximum amount) under this framework agreement may not exceed PLN 18.123 million net.

The framework agreement is in effect until 21 December 2022 or until the above amount is used up.

Material agreement with Powiat of Zgierz

On 2 October 2020, the Issuer signed an agreement with the board of Zgierz Powiat, based in Zgierz, for the provision of a service consisting of comprehensive handling, i.e. loading (packing), transport and processing, of waste located in Brużyczka Mała, with an estimated quantity of 2013 Mg.

The total remuneration (maximum amount) under this agreement may not exceed PLN 15.701 million net.

The final remuneration will constitute the product of the unit price for the removal of 1 Mg of waste and the actual scope of work completed by the Contractor.

Share capital decrease

On 13 October 2020, a change in the amount of Mo-BRUK S.A.'s share capital was registered at the National Court Register by the District Court for Kraków - Śródmieście, 12th Commercial Division in Kraków. The change followed the buy-back of 60 000 shares, with a nominal value of PLN 10 each, on 19 September 2019 and resolution no. 3/2020 adopted by the Ordinary General Meeting on 4 September 2020 regarding cancellation of the Company's own shares and resolution no. 4/2020 to decrease the Company's share capital.

The Issuer's share capital was reduced from PLN 35 728 850 to PLN 35 128 850, i.e. by PLN 600 000, through the cancellation of 60 000 of the Company's own shares with a nominal value of PLN 10 each.

Material agreement with the City of Gorlice

On 27 October 2020, the Issuer signed an agreement with the City of Gorlice for the performance of a service consisting of the removal of all hazardous waste illegally stored in 2016-2017 on a property at ul. Wyszynskiego 2 in Gorlice, in various types of containers as well as in bulk and in large stationary containers, and subjecting this waste to final recovery processes appropriate to the properties of the waste or final disposal processes as part of a task entitled "Elimination of risk to human health and life and environment caused by waste stored in a place not intended for this purpose, i.e. on the premises of the former Rafineria Nafty "Glimar" in Gorlice, ul. Kard. St. Wyszynskiego 2."

In accordance with the proposal submitted by the contractor, the maximum remuneration is PLN 48.870 million gross.

In performing this agreement, Mo-BRUK is required to remove all waste, the estimated quantity of which is approx. 5000 Mg, and their final management by 30 July 2022.

This agreement is co-funded with a grant and a loan from the National Fund for Environmental Protection and Water Management (NFOŚiGW).

Company's prospectus approved by Polish Financial Supervision Authority

On 17 November 2020, the Polish Financial Supervision Authority issued a decision approving the Company's prospectus in connection with: public sale of up to 702 577 ordinary bearer shares series B, with a nominal value of PLN 10.00 each, offered by Ginger Capital Sp. z o.o., based in Korzenna, and up to 1 053 866 ordinary bearer shares series C, with a nominal value of PLN 10.00 each, offered by Value Fundusz Inwestycyjny Zamknięty z wydzielonym Subfunduszem 1, based in Warsaw, ("Offered Shares"), with the overall number of the Offered Shares not to exceed 1 405 154; and application by the Issuer for the admission and introduction to trade on the regulated market (parallel market) operated by the Warsaw Stock Exchange) of 1 227 936 ordinary bearer shares series B, with a nominal value of PLN 10.00 each ("Prospectus").

An electronic version of the Prospectus was published on 18 November 2020 on the Issuer's website (www.mobruk.pl) and, solely for information purposes, on the websites of the following investment firms - mBank S.A. (www.mdm.pl) and IPOPEMA Securities S.A. (www.ipopemasecurities.pl).

Admission and introduction of series B shares to trade on parallel market

On 19 November 2020, the Issuer received notice that the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. ("WSE") adopted resolution no. 896/2020 regarding the admission and introduction to stock-market trade on the WSE's main market of the Parent's ordinary bearer shares series B.

Pursuant to the above resolution:

1 227 936 ordinary bearer shares series B, with a nominal value of PLN 10.00 each and total nominal value of PLN 12 279 360.00, ("Series B Shares") were admitted to trade on the WSE's parallel market;

The Series B Shares, marked with ISIN code PLMOBRK00013, were introduced to trade on the WSE's parallel market on 23 November 2020.

8. Going concern

The Company's separate financial statements for 2020 have been prepared on the assumption that the Company would continue as a going concern in the foreseeable future.

The economic situation caused by Covid-19 has not had a negative impact on the Company's activities thus far, which according to the Issuer does not raise doubt as to the Company's ability to continue as a going concern.

According to information available on the date of this report, there existed certain grounds for applying the going concern rule in the foreseeable future in preparing these annual separate financial statements.

9. Events after the reporting period

In accordance with IAS 10, events after the reporting period include all events occurring between the end of the reporting period and the date that the separate financial statements are authorised for issue, the main objective of which is to maximise long-term value.

Early complete repayment of investment loan at Bank Ochrony Środowiska S.A.

On 29 January 2021, the Issuer made an early, complete repayment of an investment loan from Bank Ochrony Środowiska S.A. The total amount repaid ahead of schedule was PLN 4 275 334.00.

The planned repayment date was 31 December 2021.

Dividend payment from subsidiary

On 1 April 2021, the Ordinary General Meeting of subsidiary Raf-Ekologia Sp. z o.o. adopted a resolution to allocate the entire profit for the financial year from 1 January 2020 to 31 December 2020, amounting to PLN 9 767 132.09, to a dividend for the sole shareholder, Mo-BRUK S.A.

The dividend payment was made on 16 April 2021.

10. Rules for measurement of assets and equity and liabilities and measurement of financial results applied in preparing the separate financial statements

These separate financial statements were prepared on a historic cost basis.

In preparing these separate financial statements, the Company applied a materiality threshold of 1% of the balance sheet total.

10.1 Intangible assets

Intangible assets include trademarks, patents and licenses, computer software, the cost of development works and other intangible assets that meet the recognition criteria listed in IAS 38. This item also includes intangible assets that have not yet been put into service (intangible assets in progress).

At the balance sheet date, intangible assets are recognised at the acquisition price or manufacture cost, less amortisation and impairment. Intangible assets with a definite useful life are amortised on a straight line basis throughout their economic life. The useful life of intangible assets is annually verified and, if needed, adjusted from the moment the estimate changes.

The expected useful life for various intangible asset groups is as follows:

- patents and licenses - to 25 years
- computer licenses and software - to 10 years
- other intangible assets - to 10 years

Intangible assets with an indefinite useful life are not amortised but instead are annually tested for impairment. At the date of these financial statements, the Company did not have intangible assets with an indefinite useful life.

Costs related to the maintenance of software, incurred in later periods, are recognised as cost in the period when they are incurred.

The costs of research work are recognised when they are incurred.

Gains or losses on the sale of intangible assets are calculated as the difference between the net proceeds from the sale and the carrying amount of the intangible asset sold. These gains and losses are recognised in other comprehensive income or in operating costs in the statement of profit and loss when the buyer obtains control over the intangible asset being sold in accordance with IFRS 15 (see sub-point "Revenue" in this section of additional information to the separate financial statements). The amount of consideration in a transaction to sell an intangible asset is determined in accordance with IFRS 15 requirements for determining the transaction price.

10.2 Property, plant and equipment

Rules for the measurement of property, plant and equipment are mainly specified in IAS 16 Property, Plant and Equipment.

Items of property, plant and equipment are initially recognised at the acquisition price or cost to manufacture, except for assets acquired as a result of a business combination or received as an in-kind contribution, which are measured at fair value.

The purchase price or cost to manufacture is increased by the estimated cost of dismantling and removing the asset and restoring the site, if the Company is required to do this.

The purchase price or cost to manufacture is not subject to adjustment for exchange differences concerning liabilities that finance the acquisition of the asset, calculated from the date on which the asset is put into use, unless they concern an adjustment of interest or result from the existing hedge accounting policy.

The purchase price or cost to manufacture is increased by the cost of interest on liabilities that finance the acquisition of the asset, calculated from the date on which the asset is put into use (using an effective interest rate).

Subsequent to initial recognition, property, plant and equipment, except for land, is measured at the purchase price or cost to manufacture, less depreciation and impairment. Property, plant and equipment in progress is not depreciated until construction and assembly are completed and the tangible asset is put into use.

Tangible assets are divided into components being items of significant value, for which a separate useful life can be assigned. The costs of general inspections as well as significant spare parts and equipment are also a component, provided that they will be used for a period exceeding one year. On-going maintenance costs incurred from the moment the tangible asset is put into use, such as maintenance and repair costs, are recognised when they are incurred.

A separate class of property, plant and equipment - "Machines and equipment for technological processes in R&D" – items that similar in type and application, constitutes a separate group subject to revaluation. This group is related to research and development activity, and the property, plant and equipment in this group features different parameters, while their functionality and intended use are strictly related to a separate new activity. The market value of this separate group of property, plant and equipment has been estimated.

The Company determines the period of economic life for each item of property, plant and equipment. If justified, different periods of economic life and depreciation rates/methods may be applied to significant components of a tangible asset. The Company applies different depreciation rates/methods for each significant component.

Property, plant and equipment is subject to systematic depreciation throughout the economic life from the date on which the item is ready for use to the date on which it is derecognised or classified as held for sale. Own land is not subject to depreciation due to its indefinite useful life.

The entity applies straight line depreciation for property, plant and equipment, unless other methods (degressive, based on production units) better reflect the consumption of economic benefits resulting from the item.

The Company applies the following depreciation periods:

- buildings and structures - up to 40 years
- technical equipment and machinery - up to 25 years
- means of transport - up to 20 years
- other tangible assets - up to 20 years

Depreciation period, depreciation method and residual value (if available) are subject to periodic verification, at least at the end of each financial year. If a significant change is identified in comparison with previous estimates, the entity changes the depreciation rates and/or methods, starting from the first day of the reporting period.

Tangible assets with an initial value of up to PLN 3 500.00 are recognised as costs in the month they are put into use.

The costs of on-going repairs and inspections of property, plant and equipment are recognised as a cost in the period in which they are incurred, unless they lead to an extension of the economic life.

10.3 Leases

Company as lessee

For each contract, the Company decides whether it is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Three key aspects are analysed for this purpose:

- whether the contract concerns an identified asset that is either explicitly identified in the contract or is implicitly specified by being identified at the time that the asset is made available for use by the Company,
- whether the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, as specified in the contract,
- whether the Company has the right to direct the use of the identified asset throughout the period of use.

At inception, the Company recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the purchase price, consisting of the initial value of the lease liability, initial direct costs, an estimate of the expected costs of disassembly of the underlying asset and lease fees paid on or before the inception date, less lease incentives.

The Company amortises the right-of-use asset on a straight line basis from the inception date to the end of the useful life of the right-of-use asset or to the end of the lease term, depending on which of these dates is earlier. If indications are identified, the right-of-use asset is tested for impairment in accordance with IAS 36.

At the inception, the Company measures the lease liability at the present value of outstanding lease payments, using the lease's interest rate, if it can be determined. Otherwise, the lessee's residual interest rate is applied.

Lease fees that are taken into account in the lease liability consist of fixed lease fees, variable lease fees that depend on an index or rate, amounts expected to be paid as guaranteed residual value and payments under buy options, if their exercise is rationally certain.

In subsequent periods, the lease liability is decreased by the payments made and increased by interest accrued. Measurement of the lease liability is updated in order to reflect contractual changes or the remeasurement of the lease term, exercise of purchase options, guaranteed residual value or lease payments that depend on an index or rate. As a rule, the update of the liability is recognised as adjustment of the right-of-use-asset.

The Company applies the practical expedients specified in the standard and concerning current leases and leases where the underlying asset is of a low value. In reference to such contracts, instead of recognising a right-of-use asset and a lease liability, lease payments are recognised on a straight line basis throughout the lease term.

The Company presents the right-of-use in the same items of the statement of financial position as the underlying assets, hence in property, plant and equipment.

The right to perpetual usufruct of land is considered and treated by the Company as a lease in accordance with IFRS 16. The lease term for such rights is assessed in accordance with general rules, while a potential plan to sell a perpetual usufruct right is not treated as the end of a lease.

Company as lessor

As lessor, the Company classifies leases as either operating leases or financial leases. A lease is recognised as a financial lease if essentially all of the risk and benefits from owning the underlying asset are transferred. Otherwise, the lease is treated as an operating lease.

For a sub-lease, assessment is performed in the context of the right-of-use asset rather than the underlying asset.

10.4 Impairment of non-financial non-current assets

The following assets are subject to annual impairment tests:

- goodwill, with the first impairment test being performed at the end of the reporting period in which the business combination takes place,
- intangible assets with an indefinite useful life, and
- intangible assets that are not yet in use.

As regards other intangible assets and property, plant and equipment, interests in related parties and right-of-use assets, an assessment is made of whether there are any indications of impairment. If events or circumstances are identified that can indicate difficulty in recovering the carrying amount of an asset, an impairment test is performed.

For impairment test purposes, assets are grouped at the lowest level at which they generate cash flows independently of other assets or asset groups (cash generating units). Assets that independently generate cash flows are tested individually.

Goodwill is allocated to those cash generating units that are expected to yield synergy benefits resulting from a business combination, with these cash generating units being at least operating segments.

If the carrying amount exceeds the estimated recoverable amount of assets or the cash generating units where these assets belong, then the carrying amount is reduced to the recoverable value. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In determining value in use, estimated future cash flows are discounted to present value using a discount rate that reflects the current market assessments of the time value of money and risk associated with the asset.

The impairment of a cash generating unit is assigned to its goodwill. The remaining amount of impairment proportionally reduces the carrying amount of the assets being part of the cash generating unit.

Impairment losses are recognised as other operating costs in the statement of profit and loss.

Impairment of goodwill is irreversible in subsequent periods. For other assets, premises for the reversal of an impairment loss are evaluated at each subsequent balance sheet date. The reversal of impairment is recognised as other operating revenue in the statement of profit or loss.

10.5 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial asset or financial liability is recognised in the statement of financial position when the Company becomes a contractual party for the instrument. Standardised transactions to buy and sell financial assets and liabilities are recognised on the transaction date.

A financial asset is removed from the statement of financial position when the contractual rights to cash flows from that asset expire or when the financial asset and substantially all risk and reward from that asset are transferred to another entity.

The Company excludes a financial liability from the statement of financial position when the liability ceases to exist, meaning that the contractual obligation has been fulfilled, cancelled or expired.

Financial assets and liabilities are measured in accordance with the following rules:

Financial assets at amortised cost

Financial assets measured at amortised cost include trade receivables (receivables concerning supplies and services), loans granted, other receivables and cash and equivalents. These items are measured on the balance sheet date at amortised cost using an effective interest rate. Financial assets at amortised cost are measured taking into account expected credit losses.

Financial assets at fair value through profit or loss

This group includes financial assets held for trading, investments in equity instruments quoted on an active market and financial assets that were not classified as financial assets at amortised cost or at fair value through other comprehensive income. Changes in the fair value of financial assets (which are classified in this category) are recognised in profit or loss in the period in which they arise. Interest income and dividend income from equity instruments quoted on an active market are also recognised in profit or loss.

Financial assets at fair value through other comprehensive income

This group includes investments in equity instruments that are measured at fair value (other than investments in subsidiaries and associates) that were not designated as held for trading on an active market and debt financial assets that meet the criteria for a basic loan contract received in accordance with the business model for realising cash flows or sale. Gains on the measurement of investments in equity instruments or debt instruments classified in this category are recognised in other comprehensive income. Interest income from investments in debt instruments is recognised in profit or loss. Dividends from equity instruments measured at fair value through comprehensive income are recognised in profit or loss as revenue. When an equity instrument measured at fair value through other comprehensive income is sold, the revaluation recognised in equity is settled within equity (do not affect the period's financial result). When a debt financial asset measured at fair value through other comprehensive income is sold, the gains or losses accumulated in equity are recognised (reclassified into) profit or loss.

Financial liabilities at amortised cost

The Company classifies loans received, credit facilities received, debt liabilities, trade and other liabilities subject to IFRS 9 as measured at amortised cost. Interest cost is recognised by the Company in profit or loss, except for situations where this cost qualifies for recognition in the initial value of assets.

An effective interest rate is used in measuring financial liabilities.

Impairment of financial assets

The entity determines impairment losses in accordance with the expected credit loss model for items that are subject to IFRS 9 as regards impairment.

The expected loss model applies to financial assets at amortised cost and debt financial assets at fair value through other comprehensive income as well as to financial guarantees and commitments to issue loans (except for those measured at fair value).

For trade receivables (receivables concerning supplies and services), the Company applies a simplified approach to determine a loss allowance for expected credit losses - specifying this in an amount equal to lifetime expected credit losses in accordance with the solutions presented in point 10.5.

In the case of other financial assets, the Company measures a loss allowance for expected credit losses in an amount equal to the 12-month expected credit losses, unless credit risk deteriorated significantly or a liability was not performed. If credit risk associated with a financial instrument increased substantially since initial recognition, the Company measures a loss allowance for expected credit losses in an amount equal to lifetime expected credit losses. At each reporting date, the Company analyses whether there are indications of a substantial increase in credit risk with regard to its financial assets.

10.6 Receivables

Trade receivables (receivables concerning goods and services) are initially recognised at the transaction price specified in the contract and are subsequently measured at amortised cost using the effective interest rate approach, less loss allowances for expected credit losses (including impairment). Impairment losses on trade receivables are determined on the basis of expected loss calculations.

The Company calculates expected credit losses for trade receivables on the basis of historic data concerning the repayment of receivables by counterparties, adjusted in appropriate cases by information about the future and macroeconomic expectations. For trade receivables, the Company applies the simplified model, allowing it to calculate a loss allowance for lifetime expected credit losses. Estimates of these losses are prepared collectively, and receivables are grouped by period of delinquency. These estimates are primarily based on past payment delays and the link between delays and actual repayment rates from the past three years, taking account of the available information about the future.

Serious financial problems of the debtor, the probability that the debtor will declare bankruptcy or file for composition proceedings along with significant delays in repayment are indications that a trade receivable is impaired. The amount of impairment is recognised as other operating cost in the statement of profit or loss for the current period. If a trade receivable is irrecoverable, an impairment loss is recognised under other operating costs in the statement of profit and loss.

10.7 Inventory

Rules for the recognition and measurement of inventory are specified in IAS 2 Inventory. At initial recognition, inventories are recognised at the purchase price or cost to manufacture.

At the balance sheet date, inventories are measured at the purchase price or cost to manufacture, however not higher than the net realisable value:

- materials - at the purchase price, not higher than the net realisable value.
- finished products - at the cost of direct materials and labour or at the accounting cost, not higher than their sales price at the balance sheet date.

Outgoing inventories are measured using the weighted average approach.

The Company's principal economic activity is waste management. The inventory of waste is measured at zero. In connection with this, these inventories are not subject to impairment. Furthermore, according to the Company's Management Board, the cost of a potential provision for processing/disposal is negligible due to the quantity of waste collected.

10.8 Cash and statement of cash flows

The Company classifies the following as cash and equivalents: cash on hand and deposits payable on demand, with an initial maturity of up to three months.

Deposits where payment depends on compliance with specific criteria are recognised as restricted cash. The Company classifies bank deposits, treasury bills and commercial bills with high credit quality, the maturity of which does not exceed three months from recognition of the financial instrument (also applies to bank deposits) as cash equivalents.

Cash and equivalents are recognised in the statement of financial position at amortised cost, which does not differ from their fair value.

Overdraft facilities are presented in the statement of financial position as items of current credit, loans and debt securities under current liabilities.

The Company prepares the statement of cash flows using the indirect method. The following types of cash flows are reported:

- from operating activities;
- from investing activities;
- from financing activities.

Cash flows from income tax are disclosed separately and are classified as cash flows from operating activities.

10.9 Other assets

The Company settles over time costs incurred that concern future reporting periods. In particular, the following items that meet the definition of assets are settled proportionally over time:

- cost of insurance policies;
- cost of subscriptions;
- cost of utilities and other services paid up-front,

The cost of securing an investment loan adjusts the value of the loan and is subject to gradual settlement into finance costs in connection with the measurement of liabilities at amortised cost.

The cost of securing a loan prior to its origination is recognised as an asset and adjusts the value of the loan when it is originated.

10.10 Equity

The Company classifies the following as equity:

- the equivalent of issued equity instruments (shares),
- share premium,
- retained earnings - depending on the shareholders' decision, they are presented as supplementary capital or reserve capital.
- reserve capitals formed in connection with the recognition of other comprehensive income,
- unallocated result from prior years.

The capitals are measured at nominal value.

10.11 Provisions for liabilities

The Company recognises provisions for liabilities in accordance with IAS 19 Employee Benefits as regards provisions for employee benefits and IAS 37 Provisions, Contingent Liabilities and Contingent Assets as regards other provisions.

Employee benefits

The employee benefit liabilities and provisions recognised in the statement of financial position include the following titles:

- current employee benefits - remuneration (together with bonuses) and social insurance contributions,
- provision for unused leaves, and
- other non-current employee benefits, in which the Company includes retirement allowances.

Current employee benefits

The value of liabilities concerning current employee benefits is determined without discount and recognised in the statement of financial position in the amount payable.

Provision for unused leaves

The Company creates a provision for the cost of accumulated paid absences, which it will have to incur as a result of unused leaves that have accrued as at the balance sheet date. The provision for unused holidays constitutes a current provision and is not discounted.

Retirement allowances

In accordance with the Company's remuneration systems, employees are entitled to retirement allowances. A retirement allowance is a one-off payment upon retirement. The amount of a retirement allowance depends on the employee's seniority and average remuneration. These allowances constitute other non-current employee benefits.

The Company creates a provision for future liabilities related to retirement allowances in order to assign costs to the employees' rights' vesting periods.

The present value of provisions is estimated using actuarial methods at each balance sheet date. The provisions are equal to the discounted payments that will have to be made in the future and concern the period until the balance sheet date. Demographic information and information on employee turnover are based on historic data.

Results of the measurement of the provision for liabilities related to retirement allowances are recognised in profit or loss.

Other provisions, contingent liabilities and assets

Provisions are created when there is a present contractual, legal or constructive obligation arising as a result of a past event, when payment is probable and the amount can be estimated reliably, although the amount or maturity of this liability are not certain.

Provisions are recognised at the value of estimated outflows needed to perform the present obligation based on the most credible evidence available at the date of the financial statements, including evidence pertaining to risk and the degree of uncertainty. If the impact of the time value of money is material, the amount of the provision is determined by discounting forecast future cash flows to present value, using a discount rate that reflects the current market assessments of the time value of money and any risk associated with the liability. If the discounting method is applied, an increase in the provision over time is recognised as a finance cost.

If the Company expects to recover the costs covered by a provision, for example via an insurance policy, then this recovery is recognised as a separate asset but only when there is sufficient certainty that the recovery will actually take place. However, the value of this asset may not exceed the amount of the provision.

When it is unlikely that funds will be spent to meet a present obligation, the amounts of a contingent liability are not recognised in the statement of financial position, except for contingent liabilities identified in a business combination in accordance with IFRS 3.

Information on contingent liabilities is disclosed in note 32.

10.12 Liabilities

The Company measures financial liabilities using the rules specified in IFRS 9 Financial Instruments. The Company measures financial liabilities using the amortised cost method:

- liabilities related to credit facilities, bonds, loans and financial leases are measured at amortised cost.
- liabilities related to goods and services are measured at amortised cost, but discounting does not apply to liabilities that are less than 180 days overdue.

10.13 Grants and government assistance

The Group receives grants for the purpose of creating or acquiring specific tangible assets (grants for assets), which are recognised in the statement of financial position in the item 'deferred income' and are systematically recognised in profit and loss throughout the economic life of these assets. The item 'accrued expenses' in equity and liabilities includes deferred income, including cash received to finance tangible assets that are settled in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Accrued expenses are recognised under Trade and other liabilities.

Grants are recognised only when there is sufficient certainty that the Company will meet the conditions related to the grant and that the grant will actually be received.

A grant concerning one cost item is recognised as revenue commensurately to the costs that the grant is intended to offset.

A grant financing an asset is gradually recognised in profit or loss as income throughout the periods, proportionately to the amortisation charges on this asset. For the purpose of presentation in the consolidated statement of financial position, the Company does not subtract grants from the carrying amount of assets, rather recognises grants as deferred income in the item 'Accrued expenses.'

10.14 Revenue

Recognition of revenue by the Company follows the transfer of goods or services to a counterparty in an amount that reflects the consideration that the entity expects to receive in exchange for the goods or services. To apply the key principle for revenue recognition arising from IFRS 15, the Company recognises revenue in a five-step model:

1) Identify the contract(s) with a customer

A contract with a customer meets its definition when all of the following criteria are met:

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- b) the Company can identify each party's rights regarding the goods or services to be transferred;
- c) the Company can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2) Identify the performance obligations in the contract

At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either: a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. If these goods or services are separate, they constitute separate performance obligations and are accounted for separately.

3) Determining the transaction price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price may be a fixed amount but may include variable amounts, or payment other than cash. If the consideration is variable, the Company estimates the amount of the consideration that it expects to receive in exchange for the promised goods or services. An estimated amount of variable consideration is recognised in the transaction price

only up to an amount where it is highly likely probable that a significant adjustment of revenue will not occur once uncertainty ends.

4) Allocating the transaction price to performance obligations

The Company allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

5) Recognition of revenue when performance obligation is satisfied

The Company recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue from contracts with customers is analysed based on categories corresponding to the reporting segments, i.e. waste management, construction services, refuelling stations, secondary products and other, and geographic areas where the Company's products are sold. Information on reporting segments that the management use in making operational decisions is reported at the level of Mo-BRUK S.A. in the separate financial statements. Detailed information on the Company's revenue is presented in notes 23.1, 23.3, 23.4.

Revenue from waste management services

The main source of the Company's revenue is revenue from collecting waste for processing and disposal. The Company has the technology, permits and experience to dispose of nearly all types of waste defined in the waste catalogue (Regulation of the Minister of the Environment of 9 December 2014 regarding waste catalogues, Polish Journal of Laws of 2014, item 1923). In connection with this, the Issuer's customers are companies that have waste, including manufacturing companies that generate industrial waste in the course of their operations, local government units required to clean up waste within their land, municipal waste sorting facilities, companies collecting small quantities of waste, intermediaries in waste trade.

The Company transfers control over its services when it accepts waste, fulfilling its performance obligation. The Company is entitled to consideration from the customer in an amount that directly corresponds to the amounts specified in the contract or order from the customer. Material contracts for waste processing are typically preceded by a tender procedure. The Company recognises revenue in an amount that it has the right to invoice for.

Revenue from retail sale of liquid fuels and LPG

The Company owns two refuelling stations where it sells fuels and liquefied petroleum gas (LPG).

The Company recognises revenue when goods are transferred to the customer and the transaction is recorded.

Revenue from construction services

Construction services do not account for a material share of the Company's total revenue.

In most cases, the Company recognises revenue when service is performed and confirmed by a signed work handover protocol. If there are outstanding contracts for construction services, the Company measures these as at the balance sheet date as consideration over time.

Other revenue, including rentals, equipment, marketing and diagnostics services

The Company transfers control over these services at a point in time as service is provided, thus performing the obligation. Revenue is recognised in the month in which the service is performed.

In all cases, the amount of consideration is typically reflected by the amount received or due to be received, less expected discounts, customer returns and similar deductions, including tax on goods and services and other taxes related to sales, except for excise duty.

Revenue from the sale of goods and products in the above categories is recognised when the customer takes control over the asset being delivered. The Company does not provide services the revenue from which would be recognised over time.

All contracts have fixed prices. Revenue from sale is recognised based on a transaction price that takes into account bonuses that are due (or expected). The Company does not have contracts settled based on time spent and expenses.

Payment deadlines applied by the Company reflect the standard payment deadlines in the industry and do not exceed 120 days. In connection with this, the Company does not recognise the effect of time value of money (discount) in the measurement of the consideration.

Other revenue

Other revenue includes: compensation and donations, gain on sale of property, plant and equipment, reversal of impairment losses on receivables or investments, services invoiced to employees.

Finance income

Finance income includes interest on cash invested by the Company, dividends, gains on sale of financial instruments held for trading, gains on changes in fair value of financial instruments through profit or loss, gains on exchange differences and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss on an accrual basis, using the effective interest rate method. Dividend income is recognised in profit or loss when the Company obtains the right to receive the dividend.

10.15 Costs

Costs are recognised in profit or loss on the date they are incurred, i.e. on the date the corresponding assets are excluded or liabilities are recognised.

Employee benefit costs are recognised in the period in which the employees provided work that the benefits concern.

Borrowing costs are recognised as costs in the period in which they are incurred, except for costs that can be directly attributed to the acquisition, construction or manufacture of an asset that is being adapted. Then, borrowing costs are capitalised as part of the acquisition price or cost to manufacture this asset in accordance with IAS 23 Borrowing Costs.

10.16 Income tax

The Company's taxable income (tax loss) constitutes income (loss) for the period, calculated in accordance with rules set by Polish tax authorities, which are the basis for the payment (refund) of income tax.

Liabilities and receivables concerning current income tax for the current period and previous periods are measured at the amounts of expected payment to tax authorities (subject to refund from tax authorities), with the application of tax rates and tax laws that were legally or factually in force on the balance sheet date.

Deferred income tax assets constitute amounts that are expected to be deducted from income tax in future periods due to:

- negative temporary differences,
- transfer of unsettled tax losses to the next period, and
- transfer of unsettled tax losses to the next period, and

Tax burden (tax income) consists of current tax burden (current tax income) and deferred tax burden (deferred tax income).

The Company creates a provision for deferred income tax (recognises a deferred income tax asset) in all cases where the performance or settlement of the carrying amount of the asset or liability causes an increase (decrease) in the amount of future tax payments in comparison to an amount that would be correct if this performance or settlement would not give rise to tax effects.

The present measurement of tax receivables and liabilities takes account of payable amounts using rates that are legally or factually in force on the balance sheet date.

Based on financial results forecasts, in subsequent years the entity assesses whether there are premises (planned taxable income) to recognise a deferred income tax asset or adjust its value.

The Company does not discount deferred tax assets and provisions.

Assets and provisions for temporary differences the effects of which were recognised directly in equity are recognised directly in equity. In accordance with IAS 12, the Company offsets current income tax liabilities and receivables and deferred income tax provisions and assets.

This offset is permitted only when the Company:

- has an enforceable legal title to offset the recognised amounts,
- intends to pay tax in the net amount or at the same time perform the receivable and settle the liability.
- the assets and provisions concern income tax imposed on a single taxpayer or many taxpayers under different terms.

Current income tax receivables and liabilities are disclosed separately in the financial statements.

10.17 Management of financial risk

The following types of risk are material to Mo-BRUK S.A.'s activities:

- interest rate risk

The Company's exposure to changes in interest rates mainly concerns cash and equivalents as well as bank loans and credit facilities and other liabilities that are based on a variable interest rate on the basis of WIBOR + margin. The Company does not hedge against interest rate risk.

At 31 December 2020, the Company had a PLN 4 275 334.00 liability related to a floating-rate investment loan. There is a risk of an unfavourable change in interest rates in the Polish economy, which could raise the cost of loan servicing and therefore reduce the financial result.

In order to minimise interest rate risk, an additional IRS contract is applied to a long-term investment credit facility granted by Bank Ochrony Środowiska S.A. as a hedge. The IRS contract was strictly linked to the credit agreement with BOŚ and provided for the exchange of streams of interest calculated on the basis of WIBOR for a fixed rate of interest. Due to the fact that this contract was executed for a definite period of time, it expired on 12 August 2019.

At the date on which these financial statements were prepared, the Issuer did not have bank credit debt because on 29 January 2021 it repaid fully and early an investment credit facility from Bank Ochrony Środowiska S.A., which was supposed to have been repaid by 31 December 2021. The total amount repaid ahead of schedule was PLN 4 275 334.00.

The Company does not rule out obtaining further bank credit facilities in the future.

Quantitative data on risk exposure is available in note 29.

- currency risk

According to the Management Board, the Company's core business generates negligible currency risk. Trade with foreign counterparties accounts for a marginal portion of the Company's revenue, therefore even a major weakening of currency will not have an impact on the Company's results. Currency risk may increase in future periods due to on-going talks with foreign counterparties. In the years ended 31 December 2020 and 31 December 2019, the Company did not hedge against currency risk.

- credit risk

Credit risk is understood as the risk of suffering losses as a result of a counterparty failing to satisfy its liabilities toward the Company or the risk of decline in the economic value of debt as a result of a deterioration in a counterparty's ability to satisfy its liabilities.

With on-going monitoring of receivables, the Company's exposure to the risk of bad debts is negligible. As regards waste management, the risk of bad debts is minimal because the occurrence of any overdue payments causes the lack of receipt confirmation for waste deliveries and thus suspension of the collection of waste from the customer. Waste collection is resumed when overdue receivables are settled. The Company's Management Board further minimises credit risk related to receivables concerning services by assessing the present credibility of counterparties. According to the Management Board, the Company does not have a significant concentration of credit risk related to receivables concerning services. The Company offers deferred payment deadlines that depend on the nature of contracts signed with customers. Payment deadlines for services performed on the basis of a contract are 30 days for most customers, while for services performed on the basis of an order they are most often 14 days. 21-day payment deadlines are the least frequent. If a counterparty experiences problems with liquidity, is it possible to breach the contractual deadline, which gives rise to overdue receivables that are subject to impairment in accordance with the accounting policy. The Company assumes that the non-performance of a liability takes place when a receivable is overdue for 180 days or there are other indications, such as the debtor's bankruptcy or the initiation of liquidation proceedings. Items for which non-performance by the debtor is identified, understood as above, are treated by the Company as financial assets impaired due to credit risk.

Counterparty credibility is verified in accordance with the rules in place at the Company. Because the Company's core business focuses on the waste management market, counterparties are verified in the Product, Packaging and Waste Management Database. As part of this verification, the Company also uses paid economic information databases and publicly accessible registers of economic activities such as the list of entities registered as VAT payers, Central Register and Information on Economic Activity (CEIDG). Application documents, including financial statements and excerpts from the National Court Register, are also analysed.

In the case of banks and financial institutions (in particular concerning deposits and accounts), only entities with a high rating and a stable market situation are accepted. The Company manages credit risk related to cash by diversifying the banks where it allocates its cash surpluses.

The carrying amount of bank deposits and the value of the portfolio of purchased debt securities represents the maximum credit risk for the Company.

Quantitative data on risk exposure is available in note 29.

- liquidity risk

The Company's Management Board notes that liquidity risk could materialise if the Company's sales efforts would not achieve the expected results. In the negative scenario referred to in the preceding sentence, there is the possibility that the Group would temporarily or altogether cease to repay its liabilities. Macroeconomic, social and legal factors seen in the country in recent years and forecast for the coming years are contributing to an increase in expenditures in the waste processing industry, i.e. where the

Company operates, which according to the Management Board will make it possible to eliminate liquidity risk.

At the balance sheet date, the Company's financial liabilities were in the following maturity ranges:

At 31.12.2020	Current			Non-current	Total flows before discounting
	up to 1 month	1-3 months	3 months - 1 year	over 1 year	
Investment loans	373 857	1 121 571	2 826 192	61 714	4 383 334
Lease liabilities	14 957	81 443	137 856	3 729 395	3 963 652
Trade and other liabilities	5 640 953	-	-	-	5 640 953
Total exposure to liquidity risk	6 029 767	1 203 014	2 964 048	3 791 109	13 987 939

At 31.12.2019	Current			Non-current	Total flows before discounting
	up to 1 month	1-3 months	3 months - 1 year	over 1 year	
Investment loans	718 421	2 155 262	5 747 366	4 275 334	12 896 383
Lease liabilities	-	64 912	-	4 478 944	4 543 856
Trade and other liabilities	5 697 256	-	-	-	5 697 256
Total exposure to liquidity risk	6 415 677	2 220 174	5 747 366	8 754 278	23 137 495

The Company strives to minimise the impact of these risks by applying its internal risk management policy. This entails the monitoring of potential threats and developing remedial plans.

The Management Board verifies compliance with exposure rules and limits on an on-going basis.

The level of the Company's exposure to the various risks is presented in the following explanatory notes: 29.2, 29.3

10.18 Capital management

Capital management is aimed at maintaining the ability to continue as a going concern.

taking into account planned investments and a return on invested capital for shareholders.

The Company monitors its equity using the following ratios:

- capital structure,
- capital gearing,
- equity to assets ratio.

Capital management ratios	2020	2019
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Capital structure ratio	5.0%	9,3%
Capital gearing ratio	15.7%	24.8%
Equity to assets ratio	76.9%	69.2%

Algorithm for calculating the ratios:

- *capital structure ratio - long-term debt (non-current liabilities less deferred income to equity,*
- *capital gearing ratio - total debt less deferred income to equity,*
- *equity to assets ratio - equity to assets/equity and liabilities.*

10.19 Important estimates and judgements

Estimates made by Mo-BRUK S.A.'s Management Board that have an impact on the values presented in the separate financial statements concern the following:

- expected economic life of tangible and intangible assets,
- residual value of tangible and intangible assets,
- assumptions made in estimating impairment losses on assets,
- discount, expected wage growth and actuarial assumptions used in calculating provisions for retirement allowances,
- future tax results, taken into account in determining deferred income tax assets,
- expected tax rates.

The methodology applied to determine estimated values is based on the Management Board's best knowledge and is compliant with IAS requirements.

The methodology for determining estimated values is applied continuously from the previous reporting period and did not change in the reporting period.

The following estimated values remained unchanged from the previous period:

- future tax results, taken into account in determining deferred income tax assets,
- impairment losses on assets,

The useful life of all tangible assets was reviewed by the Company in December 2020.

As a result of the review, the economic life of certain tangible assets was adjusted. According to the Management Board, this verification was reliable and correct.

11. Changes in accounting policy and identified errors concerning prior years and their impact on financial results and equity

In the period covered by the separate financial statements, the Company did not change its accounting policy in a way that would have a material impact on its financial results and equity. No errors were identified that would need to be corrected.

To enhance the transparency of the consolidated financial statements and make it easier for readers to analyse them, the Company decided to change the structure of the statement of cash flows.

In these separate financial statements, the Company made a presentation change to data in notes 1.1, 1.2 and 10.4 in the previous reporting year.

Adjustments in the statement of cash flows (indirect method)

Item	For the period: 01.01.2019- 31.12.2019 before change	Presentation change	Item	For the period: 01.01.2019- 31.12.2019 after change
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM OPERATING ACTIVITIES	
Profit (loss) before tax	48 452 822	-	Profit (loss) before tax	48 452 822
Total adjustments	-10 161 984	8 280 439	Total adjustments	-1 881 545
Depreciation / amortisation	5 725 776	-	Depreciation / amortisation	5 725 776
Depreciation / amortisation - grant	2 432 475	-2 432 475	-	-
Interest and shares of profit (dividends)	726 102	-	Interest	726 102
-	-	-1 153 665	Share of profit (dividends)	-1 153 665
Gain (loss) on investing activities	60 321	-	Gain (loss) on sale of non-current assets	60 321
-	-	586 493	Discontinued investments	586 493
Changes in working capital	-10 259 048	-	Changes in working capital	-10 259 047
Changes in provisions	16 300	-	Changes in provisions	16 300
Changes in inventories	-37 982	-	Changes in inventories	-37 982
Changes in receivables	-11 989 423	-	Changes in receivables	-11 989 423
Changes in current liabilities, except for financial liabilities	4 201 757	-	Changes in current liabilities, except for financial liabilities	4 201 757
Changes in prepayments and accruals	-2 449 699	-	Changes in prepayments and accrued expenses	-2 449 699
Dividend received	-1 153 665	1 153 665	-	-
-	-	2 432 475	Other adjustments	2 432 475
-		46 571 277	Cash generated from operating activities	46 571 277
Income tax on profit before tax	-7 693 945	-	Income tax on profit before tax	-7 693 945
Net cash flows from operating activities	38 290 837	586 493	Net cash flows from operating activities	38 877 332
CASH FLOWS FROM INVESTING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES	
-	-	1 153 665	Financial inflows - dividend	1 153 665

Expenses on the acquisition of property, plant and equipment	-1 478 506	-	Expenses on the acquisition of property, plant and equipment	-1 478 506
Proceeds from sale of property, plant and equipment	166 825	-	Proceeds from sale of property, plant and equipment	166 825
Other adjustments	586 493	-586 493	Other adjustments	-
Net cash flows from investing activities	-725 188	567 172	Net cash flows from investing activities	-158 016
CASH FLOWS FROM FINANCING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES	
Other financial inflows - dividend	1 153 665	-1 553 665	Other financial inflows - dividend	-
Purchase of own shares	-7 538 700	-	Purchase of own shares	-7 538 700
Repayment of credit and loans	-8 606 740	-	Repayment of credit and loans	-8 606 740
Repayment of finance lease liabilities	-110 533	-	Repayment of finance lease liabilities	-110 533
Dividends paid out	-9 682 518	-	Dividends paid out	-9 682 518
Interest paid	-726 101	-	Interest paid	-726 101
Net cash flows from financing activities	-25 510 928	-1 553 665	Net cash flows from financing activities	-26 664 592
TOTAL NET CASH FLOWS	12 054 722	-	INCREASE / DECREASE IN CASH AND EQUIVALENTS BEFORE EFFECTS OF CHANGES IN EXCHANGE RATES	12 054 724
-	-	-	- change in cash due to exchange differences	-
BALANCE SHEET CHANGE IN CASH, INCLUDING	12 054 722	-	BALANCE SHEET CHANGE IN CASH AND EQUIVALENTS	12 054 724
- change in cash due to exchange differences	-	-	-	-
CASH AT THE BEGINNING OF PERIOD	12 627 574	-	CASH AND EQUIVALENTS AT THE BEGINNING OF PERIOD	12 627 574
CASH AT THE END OF PERIOD	24 682 296	-	CASH AND EQUIVALENTS AT THE END OF PERIOD	24 682 298

Adjustments in note 1.1 - Property, plant and equipment

1.1 - Property, plant and equipment	At 31.12.2019	Presentation change	1.1 - Property, plant and equipment	At 31.12.2019
Land and perpetual usufruct of land	7 546 783	1 285 669	Land and perpetual usufruct of land	8 832 452
-	-	1 285 669	<i>including: right-of-use assets</i>	1 285 669
Buildings and structures	41 617 013	-	Buildings and structures	41 617 013
Technical equipment and machinery	74 461 841	-	Technical equipment and machinery	74 461 841
-	-	-	<i>including: right-of-use assets</i>	-
Machinery and equipment for technological processes intended for R&D	1 799 635	-	Machinery and equipment for technological processes intended for R&D	1 799 635
Means of transport	1 430 308	-	Means of transport	1 430 308
-	-	-	<i>including: right-of-use assets</i>	-
Other tangible assets	1 355 239	-	Other tangible assets	1 355 239
Right-of-use assets	1 285 669	-1 285 669	-	-
Tangible assets under construction	126 159	-	Tangible assets under construction	126 159
Advances for tangible assets	70 019	-	Advances for tangible assets	70 019
Total:	129 692 666	-	Total:	129 692 666

Adjustments in note 1.2 - Property, plant and equipment

1.2 Property, plant and equipment in the previous reporting period	Land and perpetual usufruct of land	Buildings and structures	Technical equipment and machinery	Machinery and equipment for technological processes intended for R&D	Means of transport	Other tangible assets	Right-of-use assets	Tangible assets under construction, advances
Gross carrying amount at the beginning of period	7 535 442	73 420 896	118 504 683	2 399 907	4 817 088	3 233 193	1 304 036	677 349
Presentation change	1 304 036	-	-	-	-	-	-1 304 036	-
Gross carrying amount at the beginning of period (after presentation change)	8 839 478	73 420 896	118 504 683	2 399 907	4 817 088	3 233 193	-	677 349
Transfer from tangible assets under construction	11 341	-	1 144 655	-	165 853	186 943	-	-1 508 792
Direct acquisition	-	-	-	-	-	-	-	1 614 114
Reclassifications	-	-	-	-	-	-	-	-586 493
Decreases due to sale	-	-	-248 717	-	-198 486	-	-	-

Decreases due to liquidation	-	-41 960	-738 305	-	-	-	-	-
Gross carrying amount at the end of period	7 546 783	73 378 936	118 662 316	2 399 907	4 784 455	3 420 136	1 304 036	196 178
Presentation change	1 304 036	-	-	-	-	-	-1 304 036	-
Gross carrying amount at the end of period (after presentation change)	8 850 819	73 378 936	118 662 316	2 399 907	4 784 455	3 420 136	-	196 178
Depreciation at the beginning of period	-	29 599 041	39 457 859	501 345	3 352 846	1 942 804	-	-
Increase in depreciation for the period	-	2 202 542	5 520 895	98 927	145 740	122 093	18 367	-
Presentation change	18 367	-	-	-	-	-	-18 367	-
Increase in depreciation for the period (after presentation change)	18 367	2 202 542	5 520 895	98 927	145 740	122 093	-	-
Decreases due to sale	-	-	-97 642	-	-144 439	-	-	-
Decreases due to liquidation	-	-39 660	-680 637	-	-	-	-	-
Depreciation at the end of period	-	31 761 923	44 200 475	600 272	3 354 147	2 064 897	18 367	-
Presentation change	18 367	-	-	-	-	-	-18 367	-
Depreciation charge at the end of period (after presentation change)	18 367	31 761 923	44 200 475	600 272	3 354 147	2 064 897	-	-
Net value at the end of period	7 546 783	41 617 013	74 461 841	1 799 635	1 430 308	1 355 239	1 285 669	196 178
Presentation change	1 285 669	-	-	-	-	-	-1 285 669	-
Net value at the end of period (after presentation change)	8 832 452	41 617 013	74 461 841	1 799 635	1 430 308	1 355 239	-	196 178

Adjustments in note 10.4 - Receivables - overdue structure

10.4 - Receivables at 31.12.2019 (gross) - overdue structure	Not overdue	Up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	Over 1 year	Total
Trade receivables	17 767 695	4 581 849	170 545	-	-	-	22 520 089
Presentation change	-	-	-	4 787	23 883	985 358	1 014 028
Trade receivables after presentation change	17 767 695	4 581 849	170 545	4 787	23 883	985 358	23 534 117
Receivables concerning other taxes, customs duties and social insurance	508 532	-	-	-	-	-	508 532
Other receivables	634 307	-	-	-	-	-	634 307
Presentation change	-	-	-	-	-	174 297	174 297
Other receivables after presentation change	634 307	-	-	-	-	174 297	808 604

Total	18 910 534	4 581 849	170 545	-	-	-	23 662 928
presentation change	-	-	-	4 787	23 883	1 159 655	1 188 325
Total after presentation change	18 910 534	4 581 849	170 545	4 787	23 883	1 159 655	24 851 254

11.1 Earlier application of IAS standards and interpretations

The Company decided not to apply early any other standard, interpretation or amendment that were published but not yet entered into force.

11.2 New standards and interpretations

New or amended standards and interpretations issued by the IASB or IFRIC are in effective from 1 January 2020.

Amendments to standards or interpretations in force and applied by the Company from 2020

Amendment to IFRS 3 Business Combinations

The amendment concerns the definition of a business and mainly includes the following matters:

- clarifies that to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output,
- narrows the definition of an output, and thus also a business, to focus on goods or services provided to customers, removing from the definition a reference to an input in the form of lowering costs,
- adds guidelines and illustrative examples in order to facilitate assessing whether a substantive process was acquired in a business combination,
- removed the assessment whether it is possible to replace missing input or process and continue operating the business in order to create output, and
- introduces an optional simplified assessment to rule out that the acquired set of activities and assets is a business.

The amendment is applicable to business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that took place in this reporting period or later. In connection with this, the amendment did not have an impact on the data presented in the Company's financial statements.

Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendment introduces a new definition of "material" (in reference to an omission or misstatement in financial statements). The previous definition contained in IAS 1 and IAS 8 differed from the definition in

the Conceptual Framework for Financial Reporting, which could cause difficulties in making judgements by preparers of financial statements. The amendment clarifies the definition in all current IASs and IFRSs.

The amendment did not have an impact on the Company's financial statements because the judgements made in terms of materiality were consistent with those that would have been made using the new definition.

The amendment is applicable to annual periods beginning on or after 1 January 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB prepared a new version of the conceptual assumptions for financial reporting. References to conceptual assumptions in different standards were adjusted for consistency.

The amendments are applicable to annual periods beginning on or after 1 January 2020 and they did not have an impact on the Company's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7

The IASB introduced amendments to hedge accounting rules in connection with the planned interest rate benchmark reform (WIBOR, LIBOR, etc.). These rates are often a hedging item, for example in the case of hedging with the use of IRS. The planned replacement of the existing rates with new benchmark rates gave rise to doubts over whether the planned transaction is still highly probable, whether future hedged flows are still expected or whether there is an economic link between the hedged item and hedging item. The amendment clarified that for estimates it should be assumed that the change in benchmark rates would not take place and therefore it will not have an impact on compliance with hedge accounting requirements. The amendments are applicable to annual periods beginning on or after 1 January 2020. Due to the fact that the Company does not apply derivatives based on interest rates, the amendment had no impact on its financial statements.

11.3 Standards and interpretations that are not yet in force and were not applied early by the Company

In these financial statements, the Company decided not to apply early the following published standards, interpretations or corrections to existing standards before their date of entry into force:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts was published by the IASB on 18 May 2017, and amendments to IFRS 17 were published on 25 June 2020. The amended standard is effective for annual periods beginning on or after 1 January 2023. IFRS 17 Insurance Contracts will replace the existing IFRS 4, which permits different practices in accounting for insurance contracts. IFRS 17 will generally change the accounting of all entities that deal with insurance contracts and investment contracts. At the date on which these financial statements were approved for publication, the new standard was not yet endorsed by the European Union.

Amendments to IAS 1 Presentation of Financial Statements

The IASB published amendments to IAS 1, which clarify the presentation of liabilities as non-current and current. The published amendments are effective for annual periods beginning on or after 1 January 2022. At the date on which these financial statements were approved, the amendment was not yet endorsed by the European Union.

Amendments to IFRS 3 Business Combinations

The amendments are intended to update the relevant references to the Conceptual Framework in IFRS Standards, without introducing substantive changes to accounting for business combinations. At the date on which these financial statements were approved, the amendment was not yet endorsed by the European Union.

Amendments to IAS 16 Property, Plant and Equipment

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2022. At the date on which these financial statements were approved, the amendment was not yet endorsed by the European Union.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 clarify the costs that the entity takes into account in analysing whether a contract is an onerous contract. The amendment is effective for annual periods beginning on or after 1 January 2022. At the date on which these financial statements were approved, the amendments were not yet endorsed by the European Union.

Annual Improvements to IFRSs 2018-2020 Cycle

Annual Improvements to IFRSs 2018-2020 Cycle introduce changes to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to illustrative examples in IFRS 16 Leases. The improvements contain explanations and clarify guidelines for standards as regards recognition and measurement. At the date on which these financial statements were approved for publication, the improvements were not yet endorsed by the European Union.

Amendments to IFRS 16 Leases

On 28 May 2020, the IASB published an amendment to IFRS 16, which is a response to changes in leases related to the COVID-19 pandemic. Lessees have the right to use concessions or exemptions from lease payments. Due to the above, the IASB introduced an expedient for assessing whether these changes constitute a lease modification. Lessees can use the expedient where they do not apply IFRS 16 guidelines concerning lease modifications. In effect, this will cause lease concessions and exemptions to be

recognised as variable lease payments in the period in which the event or condition that causes the reduction in payment occurs. The amendment is effective from 1 June 2020, with early application permitted.

Amendment to IFRS 4: Application of IFRS 9 Financial Instruments

The amendment to IFRS 4 Insurance Contracts defers the application of IFRS 9 Financial Instruments to 2021. At the date on which these financial statements were approved for publication, this amendment was not yet endorsed by the European Union.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to IBOR reform

In response to the expected Interest Rate Benchmark Reform (IBOR reform), the IASB published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. At the date on which these financial statements were approved, the amendments were not yet endorsed by the European Union.

IFRS 14 Regulatory Deferral Accounts

This standard permits first-time preparers of financial statements in accordance with IFRS (on or after 1 January 2016) to recognise amounts resulting from activity with regulated prices in line with the existing accounting policies. To improve comparability with entities that already apply IFRS and do not recognise such amounts, in accordance with IFRS 14 amounts resulting from activity with regulated prices should be presented in a separate item both in the statement of financial position and the statement of profit and loss and the statement of other comprehensive income. The European Union decided that IFRS 14 will not be approved.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments resolve the issue of an actual inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business. If the non-monetary assets constitute a business, the investor recognises the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognises a gain or loss only to the extent of unrelated investors' interests in the associate or joint venture. The amendments were published on 11 September 2014. At the date on which these financial statements were approved for publication, the endorsement of this amendment was deferred by the European Union.

Amendments to the above standards should not have an impact on the Company's financial situation or results.

Statement on compliance

These separate financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and associated interpretations, as published in the form of EC Regulations.

III. SEPARATE STATEMENT OF FINANCIAL POSITION

<i>Statement of financial position</i>			
Item	Note	As at 31.12.2020	As at 31.12.2019
NON-CURRENT ASSETS		117 715 189	132 160 182
Property, plant and equipment	<u>1.</u>	113 080 120	129 692 666
Other intangible assets	<u>3.</u>	637 656	571 786
Shares	<u>4.</u>	1 628 599	1 628 599
Non-current receivables	<u>5.</u>	2 368 815	267 131
CURRENT ASSETS		75 847 218	50 439 313
Inventory	<u>9.</u>	719 797	974 700
Trade receivables	<u>10.</u>	16 672 070	22 520 089
Other receivables	<u>10.</u>	12 046 317	1 142 839
Other financial assets	<u>11.</u>	4 995 200	-
Cash and equivalents	<u>12.</u>	40 315 528	24 682 296
Prepayments	<u>13.</u>	174 227	195 309
Non-current held for sale	<u>21.</u>	924 080	924 080
Total assets:		193 562 407	182 599 495

Statement of financial position			
Item	Note	Balance as at 31.12.2020	Balance as at 31.12.2019
EQUITY		148 806 184	126 351 802
Share capital	<u>14.</u>	35 128 850	35 728 850
Share premium	<u>14.</u>	25 573 479	25 573 479
Retained earnings	<u>14.</u>	3 407 079	12 344 017
Share redemption	<u>14.</u>	985 000	385 000
Reserve capital - restatement of assets	<u>14.</u>	12 916 096	12 916 096
Retained earnings		70 795 680	39 404 360
Equity attributable to shareholders of the parent		148 806 184	126 351 802
Equity attributable to non-controlling interests		-	-
NON-CURRENT LIABILITIES		26 632 996	34 274 719
Deferred income tax provision	<u>7.</u>	6 143 218	6 185 264
Provision for pension benefits and similar	<u>15.</u>	69 712	107 064
Credit and loans	<u>16.</u>	61 714	4 275 334
Other financial liabilities	<u>17.</u>	1 168 430	1 236 799
Deferred income - grant	<u>20</u>	19 189 922	22 470 258
CURRENT LIABILITIES		18 123 227	21 972 974
Credit and loans	<u>16.</u>	4 321 620	8 621 049
Other financial liabilities	<u>17.</u>	141 858	64 912
Trade liabilities	<u>19.</u>	5 518 424	5 402 898
Current income tax liabilities	<u>19.</u>	2 628 546	1 847 622
Provision for pension benefits and similar	<u>15.</u>	462 329	428 931
Other current provisions	<u>15.</u>	51 000	32 000
Other liabilities	<u>19.</u>	2 796 546	3 145 561
Deferred income - grants	<u>20.</u>	2 202 906	2 430 001
Total equity and liabilities:		193 562 407	182 599 495

IV. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Statement of profit and loss			
Item	Note	For the period: 01.01.2020- 31.12.2020	For the period: 01.01.2019- 31.12.2019
Continuing operations			
Revenue from sales	<u>22.</u>	156 424 763	117 684 523
Cost of sales	<u>24.</u>	66 590 056	61 306 659
GROSS PROFIT (LOSS) ON SALES		89 834 707	56 377 864
Selling costs	<u>24.</u>	1 837 371	1 959 788
General administrative expenses	<u>24.</u>	5 828 067	5 427 799
Other operating revenue	<u>25.</u>	3 326 119	330 755
Other operating costs	<u>26.</u>	407 230	1 453 695
OPERATING PROFIT (LOSS)		85 088 157	47 867 337
Finance income	<u>27.</u>	2 198 057	1 448 892
Finance costs	<u>28.</u>	426 907	863 407
PROFIT (LOSS) BEFORE TAX		86 859 307	48 452 822
Income tax	<u>7.</u>	16 063 627	9 048 462
NET PROFIT (LOSS) ON CONTINUING OPERATIONS		70 795 680	39 404 360
Net profit (loss) on discontinued operations	<u>21.</u>	-	-
NET PROFIT (LOSS)		70 795 680	39 404 360
Net profit attributable to:			
Shareholders of the parent		70 795 680	39 404 360
Non-controlling interests		-	-

Statement of profit and loss and other comprehensive income			
Item		For the period: 01.01.2020- 31.12.2020	For the period: 01.01.2019- 31.12.2019
NET PROFIT (LOSS)		70 795 680	39 404 360
Other comprehensive income		-	-
Total comprehensive income		70 795 680	39 404 360
Total comprehensive income attributable to:			
Shareholders of the parent		70 795 680	39 404 360
Non-controlling interests		-	-

Profit per share (in PLN per share)			
From continuing and discontinued operations			
Basic		19,89	10,96
Diluted		19,89	10,96
From continuing operations			
Basic		19,89	10,96
Diluted		19,89	10,96

V. SEPARATE STATEMENT OF CASH FLOWS

Statement of cash flows (indirect method)			
Item	Note	For the period: 01.01.2020- 31.12.2020	For the period: 01.01.2019- 31.12.2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		86 859 307	48 452 822
Total adjustments		-21 314 451	-9 575 491
Depreciation / amortisation		5 559 569	5 725 776
Interest		259 394	726 102
Share of profit - dividend received		-1 837 555	-1 153 665
Gain (loss) on sale of non-current assets		-1 993 785	60 321
Discontinued investments		-	586 493
Changes in working capital		-9 610 802	-10 259 048
Changes in provisions		15 046	16 300
Changes in inventories		254 904	-37 982
Changes in receivables		-7 157 142	-11 989 423
Changes in current liabilities, except for financial liabilities		762 741	4 201 757
Changes in deferred income - grant		-3 486 351	-2 449 699
Other adjustments		2 414 401	2 432 475
Cash generated from operating activities		81 650 529	46 571 276
Income tax on profit before tax		-16 105 673	-7 693 945
Net cash flows from operating activities		65 544 856	38 877 331
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial inflows - dividend		1 837 555	1 153 665
Purchase of bonds		-4 995 200	-
Expenses on acquisition of property, plant and equipment		-1 478 297	-1 478 506
Proceeds from sale of property, plant and equipment		12 154 334	166 825
Net cash flows from investing activities		7 518 392	-158 016

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit and loans received		176 400	-
Purchase and cancellation of own shares		-4 000	-7 538 700
Repayment of credit and loans		-8 689 448	-8 606 740
Repayment of lease liabilities		-316 275	-110 533
Dividends paid out		-48 337 298	-9 682 518
Interest paid		-259 394	-726 101
Net cash flows from financing activities		-57 430 015	-26 664 592
INCREASE / DECREASE IN CASH AND EQUIVALENTS BEFORE EFFECTS OF CHANGES IN EXCHANGE RATES		15 633 233	12 054 722
Change in cash due to exchange differences		-	-
BALANCE SHEET CHANGE IN CASH AND EQUIVALENTS		15 633 233	12 054 722
CASH AND EQUIVALENTS AT THE BEGINNING OF PERIOD		24 682 296	12 627 574
CASH AND EQUIVALENTS AT THE END OF PERIOD		40 315 529	24 682 296
- including restricted cash		320 931	157 639

VI. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period: 01.01.2020-31.12.2020 Note 14.	Share capital	Supplementary capital - share premium	Retained earnings	Share redemption	Reserve capital - restatement of assets	Retained earnings	Total equity attributable to shareholders of the parent	Equity attributable to non-controlling interests	Total equity
Balance as at 01.01.2020	35 728 850	25 573 479	12 344 017	385 000	12 916 096	39 404 360	126 351 802	-	126 351 802
Share cancellation	-600 000	-	-	600 000	-	-	-	-	-
Transfer of financial result to capital	-	-	3 397 288	-	-	-3 397 288	-	-	-
Dividends paid out	-	-	-12 330 226	-	-	-36 007 071	-48 337 298	-	-48 337 298
Purchase of own shares	-	-	-4 000	-	-	-	-4 000	-	-4 000
Total transactions with the owners	-600 000	-	-8 936 938	600 000	-	-39 404 360	-48 341 298	-	-48 341 298
Net profit (loss) in the period:	-	-	-	-	-	70 795 680	70 795 680	-	70 795 680
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	70 795 680	70 795 680	-	70 795 680
Increase (decrease) in equity	-600 000	-	-8 936 938	600 000	-	31 391 320	22 454 382	-	22 454 382
Balance as at 31.12.2020	35 128 850	25 573 479	3 407 079	985 000	12 916 096	70 795 680	148 806 185	-	148 806 185

for the period: 01.01.2019- 31.12.2019 Note 14.	Share capital	Share premium	Retained earnings	Share redemption	Reserve capital - restatement of assets	Retained earnings	Total equity attributable to shareholders of the parent	Equity attributable to non- controlling interests	Total equity
Balance as at 01.01.2019	36 113 850	25 573 479	10 199 303		12 916 096	19 365 932	104 168 660	-	104 168 660
Share cancellation	-385 000	-	-	385 000	-	-	-	-	-
Transfer of financial result to capital	-	-	9 683 414	-	-	-9 683 414	-	-	-
Dividends paid out	-	-	-	-	-	-9 682 518	-9 682 518	-	-9 682 518
Purchase of own shares	-	-	-7 538 700	-	-	-	-7 538 700	-	-7 538 700
Total transactions with the owners	-385 000	-	2 144 714	385 000	-	-19 365 932	-17 221 218	-	-17 221 218
Net profit (loss) in the period:	-	-	-	-	-	39 404 360	39 404 360	-	39 404 360
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	39 404 360	39 404 360	-	39 404 360
Increase (decrease) in equity	-385 000	-	2 144 714	385 000	-	20 038 428	22 183 142	-	22 183 142
Balance as at 31.12.2019	35 728 850	25 573 479	12 344 017	385 000	12 916 096	39 404 360	126 351 802	-	126 351 802

VII. ADDITIONAL EXPLANATORY NOTES

1. Property, plant and equipment

At the end of the reporting period, property, plant and equipment with net value of PLN 18 336 thousand (2019: PLN 19 193 thousand) constituted collateral for a credit facility.

The existence and amounts of restrictions on the legal title and information on the pledge of property, plant and equipment as collateral for liabilities are presented in note 36.3.

The carrying amounts of leased cars and devices constituting collateral for leases as at 31 December 2020 PLN 309 thousand.

As at both 31 December 2020 and 31 December 2019, no indications of impairment of property, plant and equipment were identified.

In December 2020, the Company reviewed the economic life of tangible assets based on a special analysis by a committee appointed for this purpose. The economic life of certain tangible assets was changed as a result of this review.

1.1 - Property, plant and equipment	Balance as at 31.12.2020	Balance as at 31.12.2019
Land and perpetual usufruct of land	8 097 772	8 832 452
<i>including: right-of-use assets (leases)</i>	<i>1 001 089</i>	<i>1 285 669</i>
Buildings and structures	34 049 559	41 617 013
Technical equipment and machinery	65 610 437	74 461 841
<i>including: right-of-use assets (leases)</i>	<i>161 930</i>	-
Machinery and equipment for technological processes intended for R&D	1 701 686	1 799 635
Means of transport	1 852 073	1 430 308
<i>including: right-of-use assets (leases)</i>	<i>146 587</i>	-
Other tangible assets	1 406 601	1 355 239
Tangible assets under construction	361 992	126 159
Advances for tangible assets	-	70 019
Total:	113 080 120	129 692 666

1.2 - Property, plant and equipment in the reporting period	Land and perpetual usufruct of land	Buildings and structures	Technical equipment and machinery	Machinery and equipment for technological processes intended for R&D	Means of transport	Other tangible assets	Tangible assets under construction, advances
Gross carrying amount at the beginning of period	8 850 819	73 378 936	118 662 316	2 399 907	4 784 455	3 420 136	196 178
Transfer from tangible assets under construction	-	6 500	378 109	-	582 309	190 417	-1 157 335
Direct acquisition	-	-	172 068	-	152 783	-	1 440 899
Reclassifications	-	-	-	-	-	-	-117 750
Decreases due to sale	-450 100	-6 338 093	-5 835 818	-	-596 602	-49 700	-
Decreases due to liquidation	-273 930	-32 271	-6 811	-	-	-10 500	-
Gross carrying amount at the end of period	8 126 789	67 015 072	113 369 864	2 399 907	4 922 945	3 550 353	361 992
Depreciation at the beginning of period	18 367	31 761 923	44 200 475	600 272	3 354 147	2 064 897	-
Increase in depreciation for the period	17 402	2 089 101	5 433 597	97 949	157 526	126 514	-
Decreases due to sale	-	-862 939	-1 869 209	-	-440 801	-39 613	-
Decreases due to liquidation	-6 752	-22 572	-5 436	-	-	-8 046	-
Depreciation at the end of period	29 017	32 965 513	47 759 427	698 221	3 070 872	2 143 752	-
Net value at the end of period	8 097 772	34 049 559	65 610 437	1 701 686	1 852 073	1 406 601	361 992

1.3 Property, plant and equipment in the previous reporting period	Land and perpetual usufruct of land	Buildings and structures	Technical equipment and machinery	Machinery and equipment for technological processes intended for R&D	Means of transport	Other tangible assets	Tangible assets under construction, advances
Gross carrying amount at the beginning of period	8 839 478	73 420 896	118 504 683	2 399 907	4 817 088	3 233 193	677 349
Transfer from tangible assets under construction	11 341	-	1 144 655	-	165 853	186 943	-1 508 792
Direct acquisition	-	-	-	-	-	-	1 614 114
Reclassifications	-	-	-	-	-	-	-586 493
Decreases due to sale	-	-	-248 717	-	-198 486	-	-
Decreases due to liquidation	-	-41 960	-738 305	-	-	-	-
Gross carrying amount at the end of period	8 850 819	73 378 936	118 662 316	2 399 907	4 784 455	3 420 136	196 178
Depreciation at the beginning of period	-	29 599 041	39 457 859	501 345	3 352 846	1 942 804	-
Increase in depreciation for the period	18 367	2 202 542	5 520 894	98 927	145 740	122 093	-
Decreases due to sale	-	-	-97 642	-	-144 439	-	-
Decreases due to liquidation	-	-39 660	-680 636	-	-	-	-
Depreciation at the end of period	18 367	31 761 923	44 200 475	600 272	3 354 147	2 064 897	-
Net value at the end of period	8 832 452	41 617 013	74 461 841	1 799 635	1 430 308	1 355 239	196 178

The presentation of right-of-use assets was changed in comparison with the most recently published financial statements. The value of items resulting from the right-of-use asset was assigned to relevant groups of tangible assets. These values are presented in note 1.1.

2. Investment properties

Mo-BRUK S.A. does not own investment properties.

3. Goodwill and other intangible assets

3.1 - Intangible assets	Balance as at 31.12.2020	Balance as at 31.12.2019
patents and licenses- to 25 years	169 964	180 304
Other intangible assets, including intangible assets in progress	467 691	391 482
Total:	637 656	571 786

3.2 - Intangible assets in the reporting period	patents and licenses- to 25 years	Other intangible assets, including intangible assets in progress
Gross carrying amount at the beginning of period	214 459	1 082 871
Purchase	-	117 750
Gross carrying amount at the end of period	214 459	1 200 621
Amortisation at the beginning of period	34 155	691 389
Increase in amortisation for the period	10 340	41 541
Gross carrying amount at the end of period	44 495	732 930
Net value at the end of period	169 964	467 691

3.3 - Intangible assets in the previous reporting period	patents and licenses- to 25 years	Other intangible assets, including intangible assets in progress
Gross carrying amount at the beginning of period	202 912	1 059 998
Purchase	11 547	22 873
Gross carrying amount at the end of period	214 459	1 082 871
Amortisation at the beginning of period	24 059	651 797
Increase in amortisation for the period	10 096	39 592
Gross carrying amount at the end of period	34 155	691 389
Net value at the end of period	180 304	391 482

4. Shares

4.1 - Shares	Registered office:	Value without impairment		% of shares / % of votes	
Name of entity		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Raf-Ekologia Sp. z o.o.	Jedlicze	1 628 599	1 628 599	100%	100%
Total gross value	-	1 628 599	1 628 599	-	-

Shares in the subsidiary are accounted for using the acquisition approach. Following analysis, the Management Board of Mo-BRUK S.A. found no grounds for recognising impairment on its stake in Raf-Ekologia Sp. z o.o.

5. Non-current receivables

5.1 - Non-current receivables	31.12.2020			31.12.2019		
Specification	Value	Impairment	Carrying amount	Value	Impairment	Carrying amount
Receivables due within 2 years from balance sheet date	2 175 131	-	2 175 131	135 772	-	135 772
Receivables due within 2 - 5 years from balance sheet date	187 802	-	187 802	84 278	-	84 278
Receivables due within more than 5 years from balance sheet date	5 882	-	5 882	47 081	-	47 081
Total:			2 368 815			267 131

The table contains data on receivables concerning paid guarantees of proper performance of contracts or paid deposits required when concluding certain contracts, in particular in the area of waste management services.

6. Other non-current financial assets

The Company does not have other non-current financial assets.

7. Deferred and current income tax

7.1 - Income tax	For the period ended 31.12.2020	For the period ended 31.12.2019
Current income tax	16 105 673	7 693 945
Deferred income tax	-42 046	1 354 517
TOTAL INCOME TAX	16 063 627	9 048 462

Poland's laws on corporate income tax, personal income tax, tax on goods and services and social insurance contributions are subject to frequent changes that result in the lack of sound practices as well as in unclear and inconsistent regulations. This situation may give rise to differences in interpretations of tax regulations by state authorities and taxpayers. Tax and other settlements (e.g. customs) may be the subject of an audit for a period of six years. Relevant audit authorities are authorised to impose significant penalties together with interest. There is a risk that these audit authorities will have a stance that differs from the Company's stance with regard to legal interpretations, which could have a material impact on the amount of public-law liabilities disclosed in the financial statements.

7.2. - Income tax - explanation of differences between tax calculated using current rate and tax reported	For the period ended 31.12.2020	For the period ended 31.12.2019
PROFIT BEFORE TAX	86 859 307	48 452 822
Income tax at current rate (19%)	16 503 268	9 206 036
Income tax concerning prior years disclosed in current reporting period	-4 446	-
Tax on permanent differences between balance sheet profit and tax base (specification)	-427 513	-143 679
Concerning revenue (-)		
released provisions	-2 689	-2 284
grant	-92 631	-
dividend	-349 135	-219 196
other	-	-14 463
positive exchange differences	-20 386	447
Concerning costs (+)		
impairment of receivables	13 311	57 927
donations	18 246	5 627
negative exchange differences	-9 110	9 712
tax interest	16	44
other costs	14 865	18 509
Tax on temporary differences not accounted for in calculating deferred income tax	-7 682	-13 895
Deferred income tax assets not recognised	-	-1 562
Provisions not recognised	-7 682	-12 333
Income tax recognised in the financial statements	16 063 627	9 048 462
Effective tax rate	0.18	0.19

7.3 - Deferred income tax - reporting period	Balance as at 31.12.2019	Recognised in result 01.01.2020- 31.12.2020	Balance as at 31.12.2020
Deferred income tax assets			
Social security contributions 2019	61 613	-61 613	-
Social security contributions 2020		66 536	66 536
Employee benefits	140 644	-39 539	101 106
Employee benefits 2020	-	40 336	40 336
Provision for receivables	5 142	-	5 142
Leases	247 325	1 629	248 954
Grant	1 374 617	141 502	1 516 119
Balance sheet audit	13 629	3 610	17 239
TOTAL DEFERRED INCOME TAX ASSETS:	1 842 970	152 461	1 995 432
Deferred income tax provision			
Interest	8 009	-8 009	-
Interest on bonds	-	2 016	2 016
Measurement of tangible assets	8 020 225	116 410	8 136 635
TOTAL DEFERRED INCOME TAX PROVISION:	8 028 234	110 417	8 138 651

7.4 - Deferred income tax - previous reporting period	Balance as at 31.12.2018	Recognised in result 01.01.2019- 31.12.2019	Balance as at 31.12.2019
Deferred income tax assets			
Social security contributions	59 118	2 495	61 613
Employee benefits	126 946	13 698	140 644
Provision for receivables	96 074	-90 932	5 142
Leases	20 560	226 765	247 325
Grant	1 193 278	181 339	1 374 617
Tax loss	818 460	-818 460	-
Balance sheet audit		13 629	13 629
TOTAL DEFERRED INCOME TAX ASSETS:	2 314 436	-471 466	1 842 970
Deferred income tax provision			
Interest	-	8 009	8 009
Measurement of tangible assets*	7 145 183	875 042	8 020 225
TOTAL DEFERRED INCOME TAX PROVISION:	7 145 183	883 051	8 028 234

* The increase in deferred income tax provision mainly stems from the difference between the carrying amount and tax amount of tangible assets in connection with the application of different rates for tax and balance sheet depreciation.

8. Other non-current assets

Mo-BRUK S.A. does not own any other non-current assets.

9. Inventory

The entity's main economic activity is waste management. The waste inventories are measured at zero, however according to the Company's Management Board the cost of a potential provision for processing / disposal is negligible due to the quantity of waste collected. A major part of these inventories is therefore not subject to the traditional indications of impairment, such as period of arrears or value below realisable selling price.

In the presented period, there was no need to revalue inventories that had been recognised as costs.

In the period's costs, inventories are recognised as an element of the cost of goods and services sold.

9.1 - Inventories	31.12.2020			31.12.2019		
	Value	Impairment	Carrying amount	Value	Impairment	Carrying amount
Materials	305 513	-	305 513	564 806	-	564 806
Intermediates and production in progress	-	-	-	583	-	583
Finished products	76 914	-	76 914	105 436	-	105 436
Goods	337 370	-	337 370	303 875	-	303 875
Total:	719 797	-	719 797	974 700	-	974 700

In the reporting period ended 31 December 2020, inventories worth PLN 15 197 112 were recognised as costs, while in the comparative period the value of these inventories was PLN 16 242 150.

10. Trade and other receivables

10.1 - Receivables	31.12.2020			31.12.2019		
	Value	Impairment	Carrying amount	Value	Impairment	Carrying amount
Trade receivables	17 671 947	999 877	16 672 070	23 534 117	1 014 029	22 520 089
Receivables concerning other taxes, customs duties and social insurance	561 451	-	561 451	508 532	-	508 532
Other receivables, including:	11 729 218	244 353	11 484 866	808 604	174 297	634 307
<i>Receivables from sale of tangible assets</i>	<i>10 000 000</i>	<i>-</i>	<i>10 000 000</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total:	29 962 616	1 244 229	28 718 387	24 851 254	1 188 326	23 662 928

On 30 September 2020, Mo-BRUK S.A. signed an agreement to sell an organised part of enterprise - the Ferrous and Non-ferrous Metals Recycling Facility in Zabrze. The value of the agreement was PLN 12 000 000 net. At 31 December 2020, the Company held PLN 10 million in receivables due to this transaction.

Credit risk is described in point 10.16 of these financial statements.

10.2 - Impairment of receivables	Balance as at 31.12.2020	Balance as at 31.12.2019
Impairment at the beginning of period	1 188 326	895 469
Recognition	70 056	297 503
Release due to payment	14 152	4 646
Total:	1 244 230	1 188 326

10.3 - Receivables at 31.12.2020 (gross) - overdue structure	Not overdue	Up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	Over 1 year	Total
Trade receivables	16 431 557	240 513	-	-	-	999 877	17 671 947
Receivables concerning other taxes, customs duties and social insurance	561 451	-	-	-	-	-	561 451
Other receivables	11 554 921	-	-	-	-	174 297	11 729 218
Total:	28 547 929	240 513	-	-	-	1 174 174	29 962 616

10.4 - Receivables at 31.12.2019 (gross) - overdue structure	Not overdue	Up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	Over 1 year	Total
Trade receivables	17 767 695	4 581 849	170 545	4 787	23 883	985 358	23 534 117
Receivables concerning other taxes, customs duties and social insurance	508 532	-	-	-	-	-	508 532
Other receivables	634 307	-	-	-	-	174 297	808 604
Total:	18 910 534	4 581 849	170 545	4 787	23 883	1 159 655	24 851 254

Because receivables are presented in gross terms, the values in the previous reporting periods were changed.

10.5 - Receivables (net) by payment deadline	31.12.2020		31.12.2019	
	up to 12 months from balance sheet date	over 12 months from balance sheet date	up to 12 months from balance sheet date	over 12 months from balance sheet date
Trade receivables	16 672 070	-	22 520 089	-
Receivables concerning other taxes, customs duties and social insurance	561 451	-	508 532	-
Other receivables	11 484 866	-	634 307	-
Total:	28 718 387	-	23 662 928	-

10.6 - Trade and other receivables - currency structure (foreign currency)	31.12.2020		31.12.2019	
	in currency	in PLN after translation	in currency	in PLN after translation
Foreign counterparties (EUR)	37 977	175 258	119 997	511 008
Total:	37 977	175 258	119 997	511 008

11. Other current financial assets

In August 2020, the Company acquired from PKO LEASING S.A. 10 interest-free bank bonds issued at a discount, with a par value of PLN 500 000.00 each and issue price of PLN 498 459.01 each. The bond redemption date was 26 February 2021. In allocating its cash surplus, the Company selected a bond issuer with a high rating and a stable market position. The bond issuer redeemed all of the bonds on time in accordance with the issue terms. Due to the above, at the publication of these financial statements, the Company did not have financial assets in the form of bonds.

11.1 Other current financial assets	31.12.2020			31.12.2019		
	Value	Impairment	Carrying amount	Value	Impairment	Carrying amount
Bank bonds	4 995 200	-	4 995 200	-	-	-
Total other current financial assets:	4 995 200	-	4 995 200	-	-	-

12. Cash

12.1 Cash	Balance as at	Balance as at
	31.12.2020	31.12.2019
Cash on hand	51 997	45 922
Cash in bank accounts	2 449 393	3 626 092
Cash VAT	320 931	157 639
Short-term deposits	37 493 207	20 852 643
TOTAL CASH:	40 315 528	24 682 296
- including restricted cash	320 931	157 639

13. Other assets

13.1 - Prepayments	Balance as at 31.12.2020	Balance as at 31.12.2019
Insurance policies and guarantees	138 039	121 042
Cost of energy	-	2 153
Telecommunication services	-	5 448
Cost of credit facility at BOŚ	15 323	30 645
Other	20 866	36 020
Total:	174 227	195 309

14. Equity

14.1 - Equity	Number of issued shares as at 31.12.2020	Number of issued shares as at 31.12.2019
series A registered preference shares	702 642	714 732
series B bearer shares	1 227 936	1 249 092
series C bearer shares	1 582 307	1 609 061
Total:	3 512 885	3 572 885

Acting pursuant to §8 sec. 1 of the Company's Articles of Association in connection with art. 334 § 2 of the Polish Commercial Companies Code, on 6 October 2020 the Management Board Mo-BRUK S.A. adopted a resolution to exchange 1 227 936 ordinary registered shares series B, with a nominal value of PLN 10.00 each, for 1 227 936 ordinary bearer shares series B, with a nominal value of PLN 10.00 each.

14.2 - Largest shareholders as at 31.12.2020	Number of shares	Number of votes	Nominal value of shares	Stake in share capital
Ginger Capital sp. z o.o.	1 229 838*	1 932 480	12 298 380	35.01%
VALUE FIZ	836 206**	836 206	8 362 060	23.80%
Nationale Nederlanden PTE	222 109	222 109	2 221 090	6.32%
Other investors	1 224 732	1 224 732	12 247 320	34.87%
Total:	3 512 885	4 215 527	35 128 850	100%

* including 702 642 series A shares, with a preference in voting rights, with two votes attached to each share.

** own calculations, based on information known to the Issuer.

14.3 - Share capital	Balance as at 31.12.2020	Balance as at 31.12.2019
Share capital	35 128 850	35 728 850
Share premium	25 573 479	25 573 479
Total:	60 702 329	61 302 329

14.4 Share capital (structure) at 31.12.2020				
Item	in PLN			
Series / issue	A	B	C	Total
Type of share	registered preference	bearer	bearer	-
Type of preference	two votes per share	-	-	-
Type of restriction of right to shares	-	-	-	-
Number of shares	702 642	1 227 936	1 582 307	3 512 885
Value of series / issue at nominal amount	7 026 420	12 279 360	15 823 070	35 128 850
Capital contribution method	in-kind contribution (contribution of enterprise - limited partnership)	in-kind contribution (contribution of enterprise - limited partnership)	cash payment	-
Registration of amendments to articles of association	13.10.2020	13.10.2020	13.10.2020	-

14.5 Supplementary capital - retained earnings	Balance as at 31.12.2020	Balance as at 31.12.2019
At the beginning of financial year	12 344 017	10 199 303
Decreases - buy-back / cancellation of own shares	-4 000	-7 538 700
Decreases - dividend payment from supplementary capital	-12 330 226	-
Allocation of profit for 2019	3 397 288	-
Allocation of profit for 2018	-	9 683 414
At the end of financial year	3 407 079	12 344 017

On 13 October 2020, a change in the amount of Mo-BRUK S.A.'s share capital was registered at the National Court Register by the District Court for Kraków - Śródmieście, 12th Commercial Division in Kraków. The change followed the buy-back of 60 000 shares, with a nominal value of PLN 10 each, on 19 September 2019 and resolution no. 3/2020 adopted by the Ordinary General Meeting on 4 September 2020 regarding cancellation of the Company's own shares and resolution no. 4/2020 to decrease the Parent's share capital. At the date of these financial statements, Mo-BRUK S.A.'s registered share capital amounted to PLN 35 128 850.00 (in words: thirty-five million one hundred twenty-eight thousand eight hundred fifty zlotys 00/110) and was divided into 3 512 885 (in words: three million five hundred twelve thousand eight hundred eighty-five) shares with a nominal value of PLN 10.00 (in words: ten zlotys 00/100) each.

14.6 - Reserve capital - restatement of assets	Balance as at 31.12.2020	Balance as at 31.12.2019
At the beginning of financial year	12 916 096	12 916 096
At the end of financial year	12 916 096	12 916 096

14.7 - Proposed allocation of financial result	Value
Net profit at the end of financial year	70 795 680
The Company is contemplating a dividend payment of between 50% and 100% of profit.	
Unallocated financial results from prior years at the end of financial year	12 916 096

15. Provisions

15.1 - Provisions	Balance as at 31.12.2020	Balance as at 31.12.2019
Non-current		
Provisions for retirement allowances and other employee benefits	69 712	107 064
TOTAL NON-CURRENT PROVISIONS:	69 712	107 064
Current		
Provisions for retirement allowances and other employee benefits	462 329	428 931
Other provisions	51 000	32 000
Total:	513 329	460 931

15.2 - Non-current provisions - changes	Employee benefits	Other
Amount of provision at the beginning of reporting period	107 064	-
Recognition	711	-
Use	-	-
Release	-38 062	-
Amount of provision at the end of reporting period	69 712	-
Amount of provision at the beginning of previous reporting period	65 585	-
Recognition	42 284	-
Use	-	-
Release	-805	-
Amount of provision at the end of previous reporting period	107 064	-

15.3 Current provisions - changes	Employee benefits	Other
Amount of provision at the beginning of reporting period	428 931	32 000
Recognition	92 287	51 000
Use	-	-
Release	-58 890	-32 000
Amount of provision at the end of reporting period	462 329	51 000
Amount of provision at the beginning of previous reporting period	486 111	-
Recognition	27 589	32 000

Use	-	-
Release	-84 768	-
Amount of provision at the end of previous reporting period	428 931	32 000

16. Credit and loans received

16.1 - Credit and loans at the end of reporting period 31.12.2020	Value of credit facilities	Balance	Currency	Interest rate	Repayment date
Non-current					
BNP Paribas - loan agreement	88 200	30 857	PLN	-	13.03.2023
BNP Paribas - loan agreement	88 200	30 857	PLN	-	13.03.2023
Total non-current credit and loans		61 714	-	-	-
Current					
BOŚ S.A. - investment loan - bonds	30 000 000	4 275 334	PLN	WIBOR 3M + margin	31.12.2021
BNP Paribas - loan agreement	88 200	23 143	PLN	-	13.03.2023
BNP Paribas - loan agreement	88 200	23 143	PLN	-	13.03.2023
Total current credit and loans		4 321 620	-	-	-

Liabilities related to credit agreements are being repaid in a timely manner.

The current list of collateral for the Company's credit agreements is presented in note 36.3.

16.2. Credit facilities and loans at the end of the previous reporting period (31 December 2019)	Value of credit facilities	Balance	Currency	Interest rate	Repayment date
Non-current					
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Karsy	11 508 000	-	PLN	WIBOR 3M + margin	31.12.2020
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Skarbimierz	6 200 000	-	PLN	WIBOR 3M + margin	31.12.2020
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Zabrze	5 200 000	-	PLN	WIBOR 3M + margin	31.12.2020
BOŚ S.A. - investment loan - bonds	30 000 000	4 275 334	PLN	WIBOR 3M + margin	31.12.2021
Total non-current credit and loans		4 275 334			
Current					
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Karsy	11 508 000	2 045 793	PLN	WIBOR 3M + margin	31.12.2020
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Skarbimierz	6 200 000	1 161 516	PLN	WIBOR 3M + margin	31.12.2020
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Zabrze	5 200 000	973 740	PLN	WIBOR 3M + margin	31.12.2020

BOŚ S.A. - investment loan - bonds	30 000 000	4 440 000	PLN	WIBOR 3M + margin	31.12.2021
Total current credit and loans		8 621 049	-	-	-

16.3 - Contractual maturities for credit facilities and loans at 31.12.2020	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Total
BOŚ S.A. - investment loan*	370 000	1 110 000	2 795 334	-	4 275 334
BNP Paribas - loan agreement	1 929	5 786	15 429	30 857	54 000
BNP Paribas - loan agreement	1 929	5 786	15 429	30 857	54 000
Total	373 857	1 121 571	2 826 191	61 714	4 383 334

This note presents the maturity of principal, without interest due to variable interest rate

**On 1 February 2021, Mo-BRUK S.A. made an early, complete repayment of a credit agreement with Bank Ochrony Środowiska S.A. The total amount repaid ahead of schedule was PLN 4 275 334.00. The payment was made on 29 January 2021.*

16.4 - Contractual maturities for credit facilities and loans at 31.12.2019	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Total
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Karsy	170 483	511 448	1 363 862	-	2 045 793
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Skarbimierz	96 793	290 379	774 344	-	1 161 516
Krakowski Bank Spółdzielczy w Krakowie - investment loan - project Zabrze	81 145	243 435	649 160	-	973 740
BOŚ S.A. - investment loan	370 000	1 110 000	2 960 000	4 275 334	8 715 334
Total:	718 421	2 155 262	5 747 366	4 275 334	12 896 383

**This note presents the maturity of principal, without interest due to variable interest rate*

17. Other financial liabilities

17.1 Other financial liabilities	Balance as at 31.12.2020	Balance as at 31.12.2019
Non-current	1 168 430	1 236 799
Liabilities related to right-of-use assets	1 168 430	1 236 799
Current	141 858	64 912
Liabilities related to right-of-use assets	141 858	64 912
Total	1 310 287	1 301 712

17.2 Contractual maturities for financial liabilities at 31.12.2020	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Liabilities related to right-of-use assets	-	51 277	-	205 106	770 248	1 026 631
Lease liabilities	6 146	19 805	64 630	193 075	-	283 656
Total	6 146	71 081	64 630	398 181	770 248	1 310 287

17.3 Contractual maturities for financial liabilities at 31.12.2019	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Finance lease liabilities	-	64 912	-	259 649	977 151	1 301 712
Total:	-	64 912	-	259 649	977 151	1 301 712

17.4 Specification of leases at 31.12.2020	Financing party	Beginning amount	Currency	Contract end date	Amount of liability at balance sheet date
Perpetual usufruct of land	Starostwo Krapkowice	245 665	PLN	05.12.2089	244 837
Perpetual usufruct of land	Starostwo Opatów	36 414	PLN	05.12.2089	36 291
Perpetual usufruct of land	Starostwo Zabrze	273 930	PLN	05.12.2089	-
Perpetual usufruct of land	Starostwo Wałbrzych	696 679	PLN	05.12.2089	694 329
Perpetual usufruct of land	Starostwo Krosno	51 348	PLN	05.12.2089	51 175
Lease contract 20/014212	PKO Leasing S.A.	152 783	PLN	01.03.2023	128 607
Lease contract 27552/Lu/20	EFL S.A.	172 068	PLN	03.03.2023	155 049
Total:		1 628 886			1 310 287

18. Other non-current liabilities

At the balance sheet date, the Company did not have any other non-current liabilities.

19. Current trade and other liabilities

19.1 Current trade and other liabilities	Balance as at 31.12.2020	Balance as at 31.12.2019
Trade liabilities	5 518 424	5 402 898
Current income tax liabilities	2 628 546	1 847 622
Liabilities concerning wages	802 792	831 905
Liabilities concerning other taxes, customs duties and social insurance	1 871 224	2 019 298
Investment liabilities	-	215 306
Other liabilities	122 529	79 052
Total:	10 943 515	10 396 080

19.2 Liabilities at 31.12.2020 - age structure	Not overdue	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Total
Trade liabilities	5 399 588	69 964	-	-	48 872	5 518 424
Current income tax liabilities	2 628 546	-	-	-	-	2 628 546
Liabilities concerning wages	802 792	-	-	-	-	802 792
Liabilities concerning other taxes, customs duties and social insurance	1 871 224	-	-	-	-	1 871 224
Investment liabilities	-	-	-	-	-	-
Other liabilities	122 529	-	-	-	-	122 529
Total:	10 824 680	69 964	-	-	48 872	10 943 515

19.3 - Liabilities at 31.12.2020 - age structure	Not overdue	Up to 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	Total
Trade liabilities	5 302 084	51 942	-	48 872	-	5 402 898
Current income tax liabilities	1 847 622	-	-	-	-	1 847 622
Liabilities concerning wages	831 905	-	-	-	-	831 905
Liabilities concerning other taxes, customs duties and social insurance	2 019 298	-	-	-	-	2 019 298
Investment liabilities	215 306	-	-	-	-	215 306
Accrued expenses and other liabilities	79 052	-	-	-	-	79 052
Total:	10 295 266	51 942	-	48 872	-	10 396 081

19.4 Liabilities by payment deadline	31.12.2020		31.12.2019	
	up to 12 months from balance sheet date	over 12 months from balance sheet date	up to 12 months from balance sheet date	over 12 months from balance sheet date
Trade liabilities	5 518 424	-	5 402 898	-
Current income tax liabilities	2 628 546	-	1 847 622	-
Liabilities concerning wages	802 792	-	831 905	-
Liabilities concerning other taxes, customs duties and social insurance	1 871 224	-	2 019 298	-
Investment liabilities	-	-	215 306	-
Accrued expenses and other liabilities	122 529	-	79 052	-
Total:	10 943 515	-	10 396 081	-

19.5 Liabilities - currency structure	31.12.2020		31.12.2019	
	in currency	in PLN after translation	in currency	in PLN after translation
EUR	19 289	89 016	10 084	47 202
Total:	-	89 016	-	47 202

20. Deferred revenue

20.1 - Deferred income	Balance as at 31.12.2020	Balance as at 31.12.2019
Grants - non-current part	19 189 922	22 470 258
Grants - current part	2 202 906	2 430 001
Total:	21 392 827	24 900 260

The following table presents additional information regarding grant contracts.

No.	Project title	Location	Contract no.	Grant settlement deadline*
1	Formation of R&D centre for eco-friendly waste processing technologies	Niecew	POIG.04.05.02-00-006/10	January 2046
2	Implementation of innovative technology for producing high-calorie fuel mixture	Karsy	POIG.04.04.00-26-003/09	December 2030
3	Innovative method for producing hydraulic proppant	Zabrze, Skarbimierz	POIG.04.04.00-24-008/08	January 2039
4	Purchase of innovative advisory services by Mo-BRUK	Niecew	POIG.03.03.02-00-074/09	December 2028
5	Innovative and safe ecological methods for disposal of dusts, slags and ashes from municipal waste incineration plant and other thermal processes	Niecew	GEKON1/05/213240/35/2015	March 2037
6	Increase in company's competitiveness through investments in new technologies for concrete production	Niecew		November 2032

* The deadline for settling the grant may change if the economic life of the tangible assets partly financed with the grant changes.

21. Non-current assets held for sale and discontinued operations

21.1 - Non-current held for sale	31.12.2020			31.12.2019		
	Value	Impairment	Carrying amount	Value	Impairment	Carrying amount
Land parcels	924 080	-	924 080	924 080	-	924 080
Assets classified as held for sale	924 080	-	924 080	924 080	-	924 080

Mo-BRUK S.A. has classified a land parcel in the town of Górazdze as an asset held for sale. Non-current assets held for sale are presented in note 23 in the segment "Waste management."

22. Revenue from sales

22.1 - Revenue from sales (continuing operations)	For the period ended 31.12.2020	For the period ended 31.12.2019
Revenue from sale of products	1 476 240	2 075 054
Revenue from sale of services	143 028 443	101 956 539
Revenue from sale of materials	4 920	-
Revenue from sale of goods	11 915 161	13 652 929
Total:	156 424 763	117 684 523

In 2020, the Company recorded a PLN 38.7 million increase in revenue versus the comparative period. The improvement in the Issuer's revenue was driven by the acquisition of new customers on the waste management market, which provided new streams of waste for installations at the Issuer's facilities, along with an increase in pricing and fees for waste processing, resulting from a change in regulations concerning waste management, which reduced the shadow economy.

23. Operating segments

For management purposes, the Company reports operating segments in accordance with IAS 8 based on the criterion of distinct products and services from which the economic segment generates revenue. The reporting segments are: waste management (collection and processing and disposal of organic and inorganic waste); construction services (construction of roads and concrete sites); refuelling stations (including car diagnostics services); and the secondary products segment.

23.1 Operating segments					Other	Total
	Waste management	Construction services	Refuelling stations	Secondary products		
Financial results by operating segment 01.01.2020-31.12.2020						
Total revenue	140 725 208	3 584 039	12 270 192	1 015	5 368 484	161 948 938
External sales	137 069 220	3 577 913	12 259 465	-	3 518 165	156 424 763
Segment costs (-)	52 714 157	3 233 153	11 302 215	1 483 470	6 356 637	75 089 631
Interest income	169 193	-	-	-	-	169 193
Interest cost (-)	278 138	-	-	82 914	49 797	410 849
Other revenue	3 486 795	6 126	10 728	1 015	1 850 319	5 354 982
Other costs (-)	148 995	75 938	32 065	6 074	160 216	423 288
Income tax	16 063 627	-	-	-	-	16 063 627
Net result by reporting segment - from continuing and discontinued operations	71 947 424	350 886	967 977	(1 482 455)	(988 153)	70 795 680

Depreciation of property, plant and equipment	4 143 259	25 088	80 530	915 182	353 382	5 517 440
Amortisation of intangible assets	23 550	-	130	-	18 448	42 128
Other information on operating segments 01.01.2020-31.12.2020						
Assets by reporting segment	153 970 285	1 311 889	3 023 605	22 076 532	13 180 097	193 562 407
Investment expenditures	353 783	-	8 209	-	-	361 992
- property, plant and equipment	349 233	-	8 209	-	-	357 442
- intangible assets	4 550	-	-	-	-	4 550
Liabilities by reporting segment	40 763 742	218 696	475 202	1 770 260	1 528 324	44 756 223

During the reporting period, the Company did not recognise impairment losses in the statement of profit and loss and did not reverse impairment losses.

23.2 Operating segments					Other	Total
	Waste management	Construction services	Refuelling stations	Secondary products		
Financial results by operating segment 01.01.2019-31.12.2019						
Total revenue	99 018 960	1 729 099	14 019 043	2 472	4 694 595	119 464 170
External sales	98 412 384	1 724 740	14 011 645	1 600	3 534 154	117 684 523
Segment costs (-)	48 437 471	1 734 172	13 279 448	1 604 716	5 955 540	71 011 348
Interest income	295 227	-	-	-	-	295 227
Interest cost (-)	584 216	-	-	183 291	21 781	789 287
Other revenue	311 349	4 360	7 398	872	1 160 441	1 484 420
Other costs (-)	1 079 985	276 802	46 727	5 820	118 481	1 527 815
Income tax	9 048 462	-	-	-	-	9 048 462
Net result by reporting segment - from continuing and discontinued operations	41 533 027	-5 073	739 595	-1 602 244	-1 260 945	39 404 360
Depreciation of property, plant and equipment	4 187 962	27 246	94 620	915 182	460 831	5 685 841
Amortisation of intangible assets	21 209	-	-	-	18 726	39 935
Other information on operating segments 01.01.2019-31.12.2019						
Assets by reporting segment	146 966 332	1 107 289	3 127 972	22 995 216	8 402 686	182 599 495
Investment expenditures	98 449	-	21 850	-	75 879	196 178
- property, plant and equipment	93 899	-	13 030	-	9 589	116 518
- intangible assets	4 550	-	8 820	-	66 290	79 660
Liabilities by reporting segment	50 806 116	142 832	454 575	3 324 995	1 519 175	56 247 693

23.3 Net revenue from sale of products and services	For the period ended 31.12.2020	For the period ended 31.12.2019
Waste management	136 804 205	98 137 554
Construction services	3 534 233	1 691 545
Diagnostic services	344 304	358 716
Retail sale of fuel and other goods	11 915 161	13 652 929
Other	3 826 860	3 843 779
Total:	156 424 763	117 684 523

Information on revenue by geographic area in the period 01.01.2020-31.12.2020		
23.4 Item	Revenue	Non-current assets
POLAND	154 552 849	117 715 189
GERMANY	170 628	-
ITALY	259 860	-
LITHUANIA	983 166	-
SLOVENIA	458 260	-
Total	156 424 763	117 715 189

Information on revenue by geographic area in the period 01.01.2019-31.12.2019		
23.5 Item	Revenue	Non-current assets
POLAND	108 222 494	132 160 182
GERMANY	2 077 915	-
ITALY	4 145 605	-
DENMARK	1 603 641	-
LITHUANIA	1 634 869	-
Total	117 684 523	132 160 182

Information on key customers in the period 01.01.2020-31.12.2020			
23.6 Item	Operating segment	Revenue	% of total revenue
Mo-BRUK S.A.'s customer no. 1	Waste management	15 462 825	10%
Mo-BRUK S.A.'s customer no. 2	Waste management	9 236 535	6%
Mo-BRUK S.A.'s customer no. 3	Waste management	7 077 716	5%
Mo-BRUK S.A.'s customer no. 4	Waste management	6 706 216	4%
Mo-BRUK S.A.'s customer no. 5	Waste management	6 015 848	4%
Mo-BRUK S.A.'s customer no. 6	Waste management	5 694 000	4%
Mo-BRUK S.A.'s customer no. 7	Other	4 903 241	3%
Mo-BRUK S.A.'s customer no. 8	Waste management	4 728 134	3%

Mo-BRUK S.A.'s customer no. 9	Waste management	4 230 772	3%
Total:		64 055 286	

Information on key customers in the period 01.01.2020-31.12.2020			
23.7 Item	Operating segment	Revenue	% of total revenue
Mo-BRUK S.A.'s customer no. 1	Waste management	12 622 126	11%
Mo-BRUK S.A.'s customer no. 2	Waste management	7 560 374	6%
Mo-BRUK S.A.'s customer no. 3	Waste management	4 749 638	4%
Mo-BRUK S.A.'s customer no. 4	Waste management	4 611 142	4%
Mo-BRUK S.A.'s customer no. 5	Other	4 319 327	4%
Mo-BRUK S.A.'s customer no. 6	Waste management	4 145 605	4%
Mo-BRUK S.A.'s customer no. 7	Waste management	3 846 478	3%
Mo-BRUK S.A.'s customer no. 8	Waste management	3 389 565	3%
Mo-BRUK S.A.'s customer no. 9	Waste management	3 171 068	3%
Total:		48 415 323	

The Company is successively growing its revenue from the sale of product and services, with the largest impact coming from the most dynamically developing segment, i.e. waste management, which accounts for more than 88% of the Issuer's revenue.

24. Operating costs

24.1 - Costs by nature	For the period ended 31.12.2020	For the period ended 31.12.2019
Depreciation / amortisation	5 559 569	5 725 776
Use of materials and energy	10 538 254	10 466 071
Third-party services	29 883 132	22 987 530
Taxes and fees	1 335 127	1 268 109
Remuneration	13 474 957	12 890 947
Employee benefits	2 739 939	2 531 357
Other costs by nature	599 266	648 032
Value of goods and materials sold	10 126 595	12 171 554
TOTAL COSTS BY NATURE	74 256 838	68 689 374
Adjustments:		
Changes in products	-1 344	4 871
Cost of production for own purposes	0	0
Selling costs	-1 837 371	-1 959 788
General administrative expenses	-5 828 067	-5 427 799
TOTAL OPERATING COSTS	66 590 056	61 306 659

24.2 - Cost of sales	For the period ended 31.12.2020	For the period ended 31.12.2019
Cost to produce products and services sold	56 463 461	49 135 105
Value of goods sold	10 121 675	12 171 554
Value of materials sold	4 920	-
TOTAL OPERATING COSTS	66 590 056	61 306 659

25. Other operating revenue

25.1 - Other operating revenue	For the period ended 31.12.2020	For the period ended 31.12.2019
Gain on sale of non-financial non-current assets	1 993 785	-
Proceeds from liquidation of tangible and intangible assets	-	8 340
Grant settlement	1 094 432	-
Release of provisions	111 103	97 595
Penalties and compensation received	87 427	50 986
Refund of court, enforcement and other fees	8 805	76 390
Other	30 566	83 034
Inventory surpluses	-	14 410
Total:	3 326 119	330 755

26. Other operating costs

26.1 - Other operating costs	For the period ended 31.12.2020	For the period ended 31.12.2019
Loss on sale of non-financial non-current assets	-	60 321
Recognition of provisions	144 091	141 606
Recognition of impairment, including:	70 056	304 879
- trade receivables	70 056	304 879
Liquidation and scrapping costs	11 074	60 007
Inventory shortages	23 754	40 940
Donations made	96 034	29 615
Cost of discontinued investments	-	586 493
Cost of fire incident	40 023	27 166
Court and enforcement fees	8 685	135 109
Other	13 512	67 558
Total:	407 230	1 453 695

27. Finance income

27.1 - Finance income	For the period ended 31.12.2020	For the period ended 31.12.2019
Bank interest	165 183	276 681
Interest from counterparties	4 010	18 545
Excess of positive exchange differences over negative exchange differences	180 697	-
Other	10 613	-
Dividend received	1 837 555	1 153 665
Total:	2 198 057	1 448 892

28. Finance costs

28.1 - Finance costs	For the period ended 31.12.2020	For the period ended 31.12.2019
Interest on credit facilities	259 394	725 214
Excess of negative exchange differences over positive exchange differences	-	58 798
Other	16 058	15 323
Lease interest, concerning right-of-use assets	151 455	64 073
Total:	426 907	863 407

29. Financial instruments

The value of financial assets and financial liabilities presented in the statement of financial position refers to the following categories of financial instruments in IFRS 9:

- financial assets at amortised cost,
- financial assets at fair value through profit or loss - designated as such at initial recognition or subsequently,
- financial liabilities at amortised cost,

29.1 - Financial instruments by category	Category in accordance with IFRS 9	At 31.12.2020		At 31.12.2019	
		Book value	Fair value	Book value	Fair value
Financial assets		75 836 478	75 836 478	48 103 822	48 103 822
Trade and other receivables (except for public-legal receivables)	Assets at amortised cost	30 525 750	30 525 750	23 421 527	23 421 527
Other financial assets - bonds	Assets at amortised cost	4 995 200	4 995 200	-	-
Cash	Assets at amortised cost	40 315 528	40 315 528	24 682 296	24 682 296
Financial liabilities		10 024 287	10 024 287	18 593 638	18 593 638
Credit and loan liabilities (except for lease liabilities)	Liabilities at	4 383 334	4 383 334	12 896 383	12 896 383

	amortised cost				
Trade and other liabilities (except for public-law liabilities)	Liabilities at amortised cost	5 640 953	5 640 953	5 697 256	5 697 256

According to an assessment by the Company, the fair value of cash, short-term deposits, trade receivables, other financial assets, trade liabilities and other liabilities does not diverge from their carrying amounts, mainly due to their short maturities.

29.2 - Financial instruments - interest rate risk	31.12.2020		31.12.2019		
	Specification	Maturing in under 1 year	Maturing in 1 year - 5 years	Maturing in under 1 year	Maturing in 1 year - 5 years
Fixed interest (weighted average)		1.94%	0.00%	3.46%	3.46%
Credit and loans taken out		4 321 620	61 714	8 621 049	4 275 334

29.3 - Financial instruments - credit risk	31.12.2020		31.12.2019			
	Credit risk exposures per one counterparty that constitute more than:	exposures <3% of balance	3%< exposures <20% of balance	exposures <3% of balance	3%< exposures <20% of balance	exposures >20% of balance
Own receivables		6 979 826	9 692 243	7 655 756	5 167 703	9 696 630

The Company does not have a significant concentration of credit risk related to receivables concerning services, as confirmed by an analysis of receivables balances in terms of their share in the total value of trade receivables. The largest item of receivables from customers in 2020 constitutes a receivable from a customer whose share in total receivables from customers is 11.62%. This receivable results from the performance of a contract with a budgetary authority

29.4 - Profit and revenue concerning financial instruments	For the period ended 31.12.2020	For the period ended 31.12.2019
Total interest income	169 193	295 227

29.5 - Losses and costs concerning financial instruments	For the period ended 31.12.2020	For the period ended 31.12.2019
Total interest cost	410 849	789 287

30. Explanation of inconsistencies between balance sheet changes and values presented in the statement of cash flows

30.1 - Explanation of inconsistencies between balance sheet changes and values presented in the statement of cash flows	For the period ended 31.12.2020	For the period ended 31.12.2019
Balance sheet change in provisions	-27 000	16 300

Changes in provisions in statement of cash flows	15 046	16 300
balance sheet change in inventories	254 904	-37 982
Change in inventories in statement of cash flows	254 904	-37 982
Balance sheet change in receivables	-7 157 142	-11 989 423
Change in receivables in statement of cash flows	-7 157 142	-11 989 423
Balance sheet change in current liabilities, except for financial liabilities	547 435	4 318 078
Change in investment liabilities	-215 306	116 321
Balance sheet change in current liabilities, except for financial liabilities, in statement of cash flows	762 741	4 201 757
Balance sheet change in prepayments and accrued expenses	-3 486 351	-2 449 699
Change in prepayments and accrued expenses in statement of cash flows	-3 486 351	-2 449 699

31. Related-party transactions and remuneration for Company key personnel

31.1 - Related-party transactions and balances for the financial year	Consolidated		Unconsolidated	
	Parent - Mo-BRUK S.A.	Subsidiaries - Raf-Ekologia Sp. z o.o.	Parent	Subsidiaries
Net sales (without tax on goods and services)	4 894 150	105 362	-	-
Net purchases (without tax on goods and services)	105 362	4 894 150	-	-
Current receivables	395 509	-	-	-
Current liabilities	-	395 509	-	-
Dividend received	1 837 555	-	-	-
Dividends paid	-	1 837 555	-	-

Related-party transactions took place on terms equivalent to those that apply to transactions concluded on an arm's length basis.

31.2 - Remuneration of Company key personnel, without Supervisory Board, received at the Company	31.12.2020			31.12.2019		
	Base salary	Bonuses	Other	Base salary	Bonuses	Other
Management Board members (last names)						
Mokrzycki Józef	662 400	-	42 108	440 200	328 625	5 220
Mokrzycka Elżbieta	420 000	-	5 220	233 000	219 083	5 220
Mokrzycka-Nowak Anna	420 000	-	12 540	233 000	219 083	12 540
Mokrzycki Wiktor	420 000	-	14 049	233 000	219 083	14 049
Mokrzycki Tobiasz	420 000	-	12 693	233 000	219 083	12 693

31.3 - Remuneration of Supervisory Board members received at the Company	For the year ended 31.12.2020	For the year ended 31.12.2019
Supervisory Board members (last names)	-	-
Janik Kazimierz	19 200	16 800
Basta Jan	17 000	14 000
Boroń Łukasz	-	3 500
Buchajski Adam	-	3 500
Nowak Norbert	3 500	3 500
Pietrzak Piotr	18 500	16 100
Turzański Konrad	15 500	14 000
Skrzyński Piotr	12 000	-

In the period covered by audited historic financial information, in 2020 the Issuer was a party to the following related-party transactions:

- On 1 July 2020, the Issuer executed an employment contract for an indefinite period with Mrs. Magdalena Mokrzycka.
Remuneration under this contract in 2020 was PLN 56 548.89,
- On 2 May 2012, an employment contract for an indefinite period was executed with Mr. Norbert Nowak. The contract was terminated on 31 August 2019 by agreement of the parties. On 16 December 2019, an employment contract was executed with Mr. Norbert Nowak for the period until 30 June 2020.
Remuneration under this contract in 2020 was PLN 33 029.74.

On 20 December 2019, the Supervisory Board resolved to add Mr. Robert Nowak to the Supervisory Board. With the appointment of Mr. Piotr Skrzyński to the Supervisory Board on 3 March 2020, Mr. Norbert Nowak ceased acting as Supervisory Board Member.

Remuneration under this contract in 2020 was PLN 3 500.00.

32. Contingent liabilities and assets

32.1 - Guarantees and sureties received	As at 31.12.2020	As at 31.12.2019
From related parties	-	-
From other entities	4 551 969	1 680 732
Collateral for proper performance of contracts	4 551 969	1 680 732
Total:	4 551 969	1 680 732

32.2 Contingent liabilities concerning guarantees - detailed specification	Guarantee / surety from	Title	Currency	As at 31.12.2020
bank guarantee issued by PKO BP S.A.	16.01.2019	guarantee of proper contract performance for Beneficiary	PLN	166 860
bank guarantee issued by PKO BP S.A.	01.07.2019	guarantee of proper contract performance for Beneficiary	PLN	413 208
bank guarantee issued by PKO BP S.A.	20.01.2020	guarantee of proper contract performance for Beneficiary	PLN	41 299
bank guarantee issued by PKO BP S.A.	11.03.2020	guarantee of proper contract performance for Beneficiary	PLN	20 885
bank guarantee issued by PKO BP S.A.	11.03.2020	guarantee of proper contract performance for Beneficiary	PLN	44 442
bank guarantee issued by PZU S.A.	30.01.2020	guarantee of proper contract performance for Beneficiary	PLN	70 859
bank guarantee issued by PZU S.A.	30.01.2020	guarantee of proper contract performance for Beneficiary	PLN	60 745
bank guarantee issued by PZU S.A.	14.04.2020	guarantee of proper contract performance for Beneficiary	PLN	227 254
bank guarantee issued by PZU S.A.	01.06.2020	guarantee of proper contract performance for Beneficiary	PLN	158 760
bank guarantee issued by PZU S.A.	08.06.2020	guarantee of proper contract performance for Beneficiary	PLN	239 760
bank guarantee issued by PZU S.A.	31.12.2020	guarantee of proper contract performance for Beneficiary	PLN	45 848
bank guarantee issued by Bank Millennium S.A.	01.12.2020	guarantee of proper contract performance for Beneficiary	PLN	3 062 050
Total:	-	-	-	4 551 969

32.3 Contingent liabilities concerning guarantees issued - detailed specification	Guarantee / surety from	Title	Currency	As at 31.12.2019
bank guarantee issued by PKO BP S.A.	03.12.2018	guarantee of proper contract performance for Beneficiary	PLN	85 968
bank guarantee issued by PKO BP S.A.	31.12.2018	guarantee of proper contract performance for Beneficiary	PLN	183 222
bank guarantee issued by PKO BP S.A.	16.01.2019	guarantee of proper contract performance for Beneficiary	PLN	166 860
bank guarantee issued by PKO BP S.A.	08.04.2019	guarantee of proper contract performance for Beneficiary	PLN	138 334
bank guarantee issued by PKO BP S.A.	17.04.2019	guarantee of proper contract performance for Beneficiary	PLN	156 600
bank guarantee issued by PKO BP S.A.	01.07.2019	guarantee of proper contract performance for Beneficiary	PLN	413 208
bank guarantee issued by PKO BP S.A.	30.07.2019	guarantee of proper contract performance for Beneficiary	PLN	149 040
bank guarantee issued by PKO BP S.A.	04.10.2019	guarantee of proper contract performance for Beneficiary	PLN	88 965
bank guarantee issued by PKO BP S.A.	19.12.2019	tender fee guarantee issued for Beneficiary	PLN	70 000
bank guarantee issued by PZU S.A.	25.11.2019	tender fee guarantee issued for Beneficiary	PLN	51 535
bank guarantee issued by PZU S.A.	25.11.2019	tender fee guarantee issued for Beneficiary	PLN	84 000
bank guarantee issued by PZU S.A.	16.12.2019	tender fee guarantee issued for Beneficiary	PLN	93 000
Total:	-	-	-	1 680 732

33. Profit per share

33. 1 Basic profit per share	For the period ended 31.12.2020	For the period ended 31.12.2019
Profit for the financial year attributable to shareholders of the parent	70 795 680	39 404 360
Profit per share (in PLN per share)	19.89	10.96
Profit used to calculate basic profit per share, total	70 795 680	39 404 360
Profit used to calculate basic profit per share from continuing operations	70 795 680	39 404 360

33. 2 Diluted profit per share	For the period ended 31.12.2020	For the period ended 31.12.2019
Profit for the financial year attributable to shareholders of the parent	70 795 680	39 404 360
Profit per share (in PLN per share)	19.89	10.96
Profit recognised for the purpose of calculating diluted profit per share	70 795 680	39 404 360

The weighted average number of shares used to calculate diluted profit per share is reconciled to the average used to calculate the normal ratio as follows:

Weighted average number of ordinary shares used to calculate basic profit per share	3 559 770	3 595 141
Weighted average number of ordinary shares (for the purpose of calculating diluted profit per share)	3 559 770	3 595 141

34. Business combinations

The Company did not record business combinations in the period covered by the financial statements.

35. Book value of net assets sold

On 30 September 2020, the Management Board of Mo-BRUK S.A. signed an agreement to sell an organised part of enterprise - the Ferrous and Non-ferrous Metals Recycling Facility in Zabrze, which constituted an organisationally and functionally distinct entity, being an organised part of enterprise, capable of conducting economic activity independently.

The selling price for the organised part of enterprise was PLN 12 000 000 net.

The sale of the facility in Zabrze will not have a material impact on the Issuer's revenue and financial results in the future. In the first three quarters of 2020, the Ferrous and Non-ferrous Metals Recycling Facility in Zabrze generated PLN 0.9 million in revenue from the sale of goods and services, with EBITDA of PLN - 0.3 million. Payment for the transaction will be made in instalments by 31 December 2021 and will be secured with a mortgage on a property, transfer of assets and a surety.

The transaction to sell the Ferrous and Non-ferrous Metals Recycling Facility in Zabrze is intended to streamline Mo-BRUK Group's business lines. Taking into account the fact that metals recycling is not a key element of the Issuer's business, the Management Board decided to sell the facility.

35.1 Book value of net assets sold	For the period ended 31.12.2020	For the period ended 31.12.2019
Non-current assets	10 057 752	205 122
Property, plant and equipment	10 057 752	205 122
Current assets	34 546	-
Inventory	34 546	-
Liabilities	1 093 032	-
Deferred income - grant	1 093 032	-
Net assets sold	8 999 266	205 122

35.2 Payment	For the period ended 31.12.2020	For the period ended 31.12.2019
Paid in the form of cash and equivalents	2 151 214	166 825
Deferred proceeds from sale	10 000 000	-
Total	12 151 214	166 825

35.3 Gain on sale	For the period ended 31.12.2020	For the period ended 31.12.2019
Payment	12 151 214	166 825
Net assets sold	-8 999 266	-205 122
Other selling costs	-65 797	-
Total	3 086 151	-38 297

36. Other information

36.1 - Fees to entities authorised to audit financial statements	For the year ended 31.12.2020	For the year ended 31.12.2019
For review and audit of separate financial statements	58 000	30 000
For other services	67 850	-
Total remuneration	125 850	30 000

36.2 - Average headcount in full-time positions	For the year ended	For the year ended
	31.12.2020	31.12.2019
Blue-collar workers	141	139
White-collar workers	51	51
Total average headcount	192	190

36.3 - List of collateral for credit agreements				
Basis	Collateral	Amount of collateral	Land and mortgage register no.	Comments
Credit agreement with BOŚ S.A. - S/86/03/2014/1203/K/INW/EKO of 16 July 2014, as amended, appropriately to a statement on loan origination by BOŚ S.A. dated 1 October 2014	1. Joint mortgage on industrial properties covering the coal sludge recovery plant in Wałbrzych, ul. Moniuszki	45 000 000.00	SW1W/00028332/7, SW1W/00028333/4	In connection with an early, complete repayment of the credit facility on 29 January 2021, the Company has requested to have the collateral released
	2. Registered pledge on organised part of enterprise covering the coal sludge recovery plant in Wałbrzych	39 855 978.00		
	3. Registered pledge on movables - tangible assets (machines and equipment) located at the coal sludge recovery plant in Wałbrzych	48 655 902.00		
	4. Assignment of receivables under rental contract for non-current assets executed with Raf-Ekologia Sp. z o.o.			
Investment credit agreement no. 036/14/3 KBS, as amended - financing of investment expenditures at Zabrze branch	Joint contractual mortgage pursuant to framework agreement on mortgage as collateral for repayment of four credit exposures, on the following properties in Niecew:	23 040 000.00	NS1S/00057490/8; NS1S/00057516/7; NS1S/00101298/6; NS1S/00077465/0; NS1S/00087838/9; NS1S/00087839/6; NS1S/00087840/6; NS1S/00087841/3; NS1S/00087842/0; NS1S/00127801/4.	In connection with an early, complete repayment of the credit facility on 31 December 2020, the Company has requested to have the collateral released

Investment credit agreement no. 036/12/2 KBS, as amended - financing an investment consisting of warm air production installation at Karsy branch	1. Joint contractual mortgage pursuant to framework agreement on mortgage as collateral for repayment of four credit exposures, on the following properties in Niecew:	23 040 000.00	NS1S/00057490/8; NS1S/00057516/7; NS1S/00101298/6; NS1S/00077465/0; NS1S/00087838/9; NS1S/00087839/6; NS1S/00087840/6; NS1S/00087841/3; NS1S/00087842/0; NS1S/00127801/4.	In connection with an early, complete repayment of the credit facility on 31 December 2020, the Company has requested to have the collateral released
Investment credit agreement no. 036/14/4 KBS, as amended - refinancing of investment expenditures Skarbimierz branch	1. Joint contractual mortgage pursuant to framework agreement on mortgage as collateral for repayment of four credit exposures, on the following properties in Niecew:	23 040 000.00	NS1S/00057490/8; NS1S/00057516/7; NS1S/00101298/6; NS1S/00077465/0; NS1S/00087838/9; NS1S/00087839/6; NS1S/00087840/6; NS1S/00087841/3; NS1S/00087842/0; NS1S/00127801/4.	In connection with an early, complete repayment of the credit facility on 31 December 2020, the Company has requested to have the collateral released
Framework agreement with PKO BP S.A. on bank guarantees of 16 October 2017, as amended,	Registered pledge on a prototype of technological line for waste processing located in Niecew	1 500 000.00		

* Credit agreements executed by Mo-BRUK S.A. are further secured with:

- assignment of rights to insurance policies,
- statement on submission for enforcement,
- power of attorney to existing and future inflows to bank account,
- promissory note with declaration.

The net value of property, plant and equipment at 31 December 2020 to which the Company has a limited ownership title due to a registered pledge was PLN 18 336 thousand.

These financial statements were approved for publication by the Management Board of Mo-BRUK S.A.

Signatures of Management Board Members

<u>28 April 2021</u> <i>Date</i>	<u>Józef Mokrzycki</u> <i>President of the Management Board</i>	
<u>28 April 2021</u> <i>Date</i>	<u>Elżbieta Mokrzycka</u> <i>Vice-President of the Management Board</i>	
<u>28 April 2021</u> <i>Date</i>	<u>Anna Mokrzycka – Nowak</u> <i>Vice-President of the Management Board</i>	
<u>28 April 2021</u> <i>Date</i>	<u>Wiktor Mokrzycki</u> <i>Vice-President of the Management Board</i>	
<u>28 April 2021</u> <i>Date</i>	<u>Tobiasz Mokrzycki</u> <i>Vice-President of the Management Board</i>	

Signature of person in charge of book-keeping

<u>28 April 2021</u> <i>Date</i>	<u>Jarosław Martiszek</u> <i>Chief Accountant</i>	
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