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GOSPODARKA ODPADAMI

zestawianie
spalanie
paliwa alternatywne
badania laboratoryjne

Mo-BRUK Group

CONSOLIDATED 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 Giełdzie
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.

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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 | 178 456 448 | 130 566 823 | 39 886 038 | 30 351 966 |
| II. Operating profit (loss) | 97 182 149 | 50 192 112 | 21 720 767 | 11 667 813 |
| III. Gross profit (loss) | 97 116 136 | 49 626 222 | 21 706 012 | 11 536 264 |
| IV. Net profit (loss) | 78 725 258 | 40 088 249 | 17 595 546 | 9 319 038 |
| V. Net cash flows from operating activities | 74 164 986 | 40 923 148 | 16 576 299 | 9 513 121 |
| VI. Net cash flows from investing activities | 5 241 781 | -1 566 799 | 1 171 568 | -364 223 |
| VII. Net cash flows from financing activities | -57 482 341 | -26 742 289 | -12 847 632 | -6 216 595 |
| VIII. Total net cash flows | 21 924 426 | 12 614 060 | 4 900 235 | 2 932 303 |
| 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) | 22.12 | 11.15 | 4.94 | 2.59 |

| ITEM | PLN | | EUR | |
|---|-------------|-------------|------------|------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| XI. Total assets | 209 068 433 | 189 791 289 | 45 303 899 | 44 567 639 |
| XII. Liabilities and provisions for liabilities | 46 499 909 | 57 606 725 | 10 076 257 | 13 527 468 |
| XIII. Non-current liabilities | 26 791 403 | 34 584 421 | 5 805 539 | 8 121 268 |
| <i>including deferred income - grant</i> | 19 189 922 | 22 470 259 | 4 158 343 | 5 276 566 |
| XIV. Current liabilities | 19 708 506 | 23 022 304 | 4 270 717 | 5 406 200 |
| <i>including deferred income - grant</i> | 2 202 906 | 2 430 002 | 477 357 | 570 624 |
| XV. Equity | 162 568 524 | 132 184 564 | 35 227 642 | 31 040 170 |
| 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) | 46.28 | 37.00 | 10.03 | 8.69 |

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 CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The entity preparing these consolidated financial statements is Mo-BRUK S.A. - hereinafter the Parent.

The Parent's registered office is at: 33-322 Korzenna Niecew 68, country: Poland.

The reporting entity's name or any other identification data did not change from the end of the previous reporting period.

In the period from 1 January 2010 to 31 May 2010, the Parent 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. Mo-BRUK Spółka Akcyjna holds statistical number REGON 120652729 and tax identification number NIP 7343294252.

1.2. Duration of the Group:

The Group's duration is indefinite.

1.3. Place of business:

The Group conducts economic activities throughout Poland, in the following towns: Niecew, Wałbrzych, Karsy, Łęka, Zabrze, Skarbimierz, Jedlicze.

The Parent 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.

Subsidiary Raf-Ekologia Sp. z o.o. operates at the following address:

38-460 Jedlicze, ul. Trzecieckiego 14.

1.4. Mo-BRUK Group's main economic activity:

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

1.5. Presented reporting periods:

These consolidated 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.

1.6. Rounding in the consolidated financial statements

The Group rounds the figures in the consolidated financial statements to full Polish zlotys (PLN).

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

Composition of the Management Board at the date on which these consolidated 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 Parent's Management Board did not change during the financial year covered by the consolidated financial statements and until the date on which the consolidated financial statements were prepared.

On 25 February 2020, the Supervisory Board adopted a resolution to re-appoint the President and Vice-Presidents of the Parent 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 the consolidated 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 consolidated 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 consolidated financial statements were prepared.

3. Related parties

Mo-BRUK Spółka Akcyjna 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 companies in which at least 20% of share capital or general meeting votes is held by the Company as at the balance sheet date

| Item | Company name and registered office | % stake in capital | % of general meeting votes | Type of link and method of consolidation |
|-------------|--|---------------------------|-----------------------------------|---|
| 1. | "RAF-EKOLOGIA" Spółka z o.o. 38-460 Jedlicze ul. Trzeciejskiego 14 | 100 | 100 | Fully consolidated |

4. Legal basis for preparing the consolidated financial statements

On 26 October 2011, in connection with the intention to admit the Parent'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 Group transitioned to IAS on 1 January 2009. The Issuer reconciled the applicable accounting rules as at that date and the previously applicable rules.

The consolidated 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 consolidated financial statements were approved for publication

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

6. Functional currency and reporting currency

The data presented in the consolidated financial statements is presented in Polish zloty (PLN). The Polish zloty is the Group'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 COVID-19.

The Management Board sees potential risk in the introduction of a quarantine at the Group's facilities or at key suppliers. The introduction of 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 Group.

The Issuer considers risk related to the impact of COVID-19 on its business as low. Although when these annual consolidated 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 Group has economic links, resulting in the limitation of certain companies' activities, have had no material impact on the consolidated financial statements. It cannot be ruled out that the lingering epidemic will have an impact on the Group's future results and liquidity in 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 Parent 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 reach 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 the 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 the 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 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. Work began in September 2020.

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 Parent's supplementary capital,
- PLN 36 007 071.25 was allocated to a dividend for the Parent'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 Bruźyczka 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 on 19 September 2019, with a nominal value of PLN 10 each, and resolution no. 3/2020 adopted by the Ordinary General Meeting on 4 September 2020

regarding the cancellation of the Company's own shares and resolution no. 4/2020 to decrease the Parent'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 treasury 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. Wyszyńskiego 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. Wyszyńskiego 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).

Issuer's prospectus approved by Polish Financial Supervision Authority

On 17 November 2020, the Polish Financial Supervision Authority issued a decision approving the Issuer'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 consolidated 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 Group's activities thus far, which according to the Issuer does not raise doubt as to the Group'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 consolidated 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 consolidated 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 paid 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 consolidated financial statements

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

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

10.1. Consolidation

The consolidated financial statements include the Parent's financial statements and the financial statements of companies controlled by the Group, i.e. subsidiaries, prepared as at 31 December 2020. The Group determines whether it has control in accordance with the definition in IFRS 10. In accordance with the definition, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the Parent and subsidiaries covered by the consolidated financial statements are prepared as at the same balance sheet date, i.e. as at 31 December. Where necessary, adjustments are made to the financial statements of subsidiaries in order to harmonise the accounting principles applied by them with the principles applied by the Group.

Companies whose financial statements are negligible from the viewpoint of the Group's consolidated financial statements can be excluded from consolidation. Investments in subsidiaries classified as held for sale are recognised in accordance with IFRS 5.

Subsidiaries are fully consolidated. Full consolidation consists of combining the financial statements of the Parent and subsidiaries by adding up, in full value, the amounts of specific items of assets, liabilities, equity, revenue and costs. The following exclusions are made in order to present the Group as if it were a single economic entity:

- goodwill or gain is recognised in accordance with IFRS 3 on the acquisition date,
- non-controlling interests are determined and presented separately,
- settlements between Group companies and transactions (revenue, costs, dividends) are excluded entirely,
- subject to exclusion also are gains and losses on intra-Group transactions that are recognised in the carrying amount of assets such as inventory and tangible assets. Losses on intra-Group transactions are analysed in terms of impairment from the Group's viewpoint,
- deferred tax on temporary differences resulting from the exclusion of gains and losses on intra-Group transactions is recognised (in accordance with IAS 12).

Non-controlling interests are recognised in a separate line of equity and represent that part of the comprehensive income and net assets of subsidiaries that is attributable to entities other than Group companies. The Group allocates the comprehensive income of subsidiaries to the Parent's shareholders and non-controlling interests based on their ownership stakes.

Transactions with non-controlling entities that do not result in the loss of control by the Parent are treated by the Group as equity transactions:

- partial sale of shares to non-controlling entities - the difference between the sale price and the carrying amount of the subsidiary's net assets attributable to the shares sold to non-controlling entities is recognised directly in equity as retained earnings.
- acquisition of shares from non-controlling entities - the difference between the acquisition price and the carrying amount of net assets acquired from non-controlling entities is recognised directly in equity as retained earnings.

10.2. Goodwill

Goodwill is initially recognised in accordance with IFRS 3 and is not subject to amortisation. Instead, it is tested annually for impairment in accordance with IAS 36 (see sub-point concerning the impairment of non-financial non-current assets).

10.3. 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 Group 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 consolidated 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.

10.4. 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 are 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 available for sale.

Own land is not subject to depreciation due to its indefinite useful life.

The Group 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 Group 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.

10.5. Leases

Group as lessee

For each contract, the Group 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 Group,
- whether the Group 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 Group has the right to direct the use of the identified asset throughout the period of use.

At inception, the Group 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 payments made on or before the inception date, less lease incentives.

The Group 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 inception, the Group 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 payments that are taken into account in the lease liability comprise fixed lease payments, variable lease payments that depend on an index or rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option that the lessee is reasonably certain to exercise.

In subsequent periods, the lease liability is decreased by 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 Group 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 Group 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 Group 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.

Group as lessor

As lessor, the Group 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.

10.6. 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 amount. 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 first 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 and loss.

10.7. 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 Group 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 Group 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 Group 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 at amortised cost.

Impairment of financial assets

The Group 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 Group 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 10.8.

In the case of other financial assets, the Group 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 Group measures a loss allowance for expected credit losses in an amount equal to lifetime expected credit losses. At each reporting date, the Group analyses whether there are indications of a substantial increase in credit risk with regard to its financial assets.

10.8. 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 Group 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 Group 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 and 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.

10.9. Inventories

Rules for the recognition and measurement of inventories are specified in IAS 2 Inventories. 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 net realisable value:

- materials - at the purchase price, not higher than 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 method.

The Group'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 Issuer, the cost of a potential provision for processing/disposal is negligible due to the quantity of waste collected.

10.10. Cash and statement of cash flows

The Group 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 Group 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 Group 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.

10.11. Other assets

The Group 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.

10.12. Equity

The Group 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.

10.13. Provisions for liabilities

The Group 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 Group 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 leave

The Group 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 leave constitutes a current provision and is not discounted.

Retirement allowances

In accordance with the Group's remuneration systems, the employees of Group companies 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 Group 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 consolidated 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 Group 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.

10.14. Liabilities

The Group measures financial liabilities using the rules specified in IFRS 9 Financial Instruments. The Group 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.

10.15. 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 Group 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 compensate.

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 Group does not subtract grants from the carrying amount of assets, rather recognises grants as deferred income in the item 'Accrued expenses.'

10.16. Revenue

Recognition of revenue by the Group 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 Group 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 Group can identify each party's rights regarding the goods or services to be transferred;
- c) the Group 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 entity 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 Group 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 an entity 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 Group 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 to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when uncertainty is subsequently resolved.

4) Allocating the transaction price to performance obligations

The Group 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 Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) 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 Group's products are sold. Information on reporting segments that the management use in making operational decisions is reported at the level of Mo-BRUK Group in the consolidated 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 Group's revenue is revenue from collecting waste for processing and disposal. The Group 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 Group'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 Group transfers control over its services when it accepts waste, fulfilling its performance obligation.

The Group 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 Group recognises revenue in an amount that it has the right to invoice for.

Revenue from retail sale of liquid fuels and LPG

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

The Group 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 Group's total revenue.

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

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

The Group 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 Group 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 Group does not have contracts settled based on time spent and expenses.

Payment deadlines applied by the Group reflect the standard payment deadlines in the industry and do not exceed 120 days. In connection with this, the Group 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 re invoiced to employees.

Finance income

Finance income includes interest on cash invested by the Group, dividends, gains on sale of financial instruments, 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 Group obtains the right to receive the dividend.

10.17. 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 the relevant work.

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.

10.18. Income tax

The Group'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 unused tax credit to the next period.

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

The Group 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 Group assesses whether there are premises (planned taxable income) to recognise a deferred income tax asset or adjust its value.

The Group 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 Group offsets current income tax liabilities and receivables and deferred income tax provisions and assets.

This offset is permitted only when the Group:

- 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.

10.19. Management of financial risk

The following types of risk are material to Mo-BRUK Group's activities:

- **interest rate risk**

The Group'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 Group does not hedge against interest rate risk.

At 31 December 2020, the Parent 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 was executed for 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 Group 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 Group's core business generates negligible currency risk. Trade with foreign counterparties accounts for a marginal portion of the Group's revenue, therefore even a major weakening of currency will not have an impact on the Group'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 Group 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 Group or the risk of decline in the economic value of debt as a result of deterioration in a counterparty's ability to satisfy its liabilities.

With on-going monitoring of receivables, the Group'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 Group further minimises credit risk related to receivables concerning services by assessing the present credibility of counterparties. According to the Management Board, the Group does not have a significant concentration of credit risk related to receivables concerning services. The Group 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 Group 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 Group as financial assets impaired due to credit risk.

Counterparty credibility is verified in accordance with the rules in place at the Group. Because the Group'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 Group 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 Group 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 Group.

Quantitative data on risk exposure is available in note 29.

- **liquidity risk**

The Parent's Management Board notes that the Group would face liquidity risk if its commercial activities would not achieve the expected outcomes. 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 Group operates, which according to the Issuer will make it possible to eliminate liquidity risk.

At the balance sheet date, the Group'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 | 378 857 | 1 121 571 | 2 826 192 | 61 714 | 4 383 334 |
| Lease liabilities | 19 056 | 93 878 | 167 363 | 3 770 628 | 4 050 925 |
| Trade and other liabilities | 6 080 136 | - | - | 28 509 | 6 108 646 |
| Total exposure to liquidity risk | 6 473 050 | 1 215 449 | 2 993 555 | 3 860 851 | 14 542 905 |

| 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 | 3 898 | 76 730 | 28 261 | 4 570 301 | 4 679 190 |
| Trade and other liabilities | 6 006 315 | - | - | 23 509 | 6 029 824 |
| Total exposure to liquidity risk | 6 728 634 | 2 231 992 | 5 775 627 | 8 869 144 | 23 605 397 |

The Group 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 Issuer verifies compliance with exposure rules and limits on an on-going basis.

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

10.20. 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 Group monitors its equity using the following ratios:

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

| Capital management ratios | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| Capital structure ratio | 4.7% | 9.2% |
| Capital gearing ratio | 15.4% | 24.7% |
| Equity to assets ratio | 77.8% | 69.6% |

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.*

10.21. Important estimates and judgements

Estimates made by Mo-BRUK S.A.'s Management Board that have an impact on the values presented in the consolidated 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 in December 2020.

As a result of the review, the economic life of certain tangible assets was adjusted. According to the Issuer, 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 consolidated financial statements, the Issuer 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. The same rules were applied to the current and comparative period.

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

In these consolidated financial statements, the Issuer 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 | 49 626 222 | - | Profit (loss) before tax | 49 626 222 |
| Total adjustments | -9 289 568 | 8 769 950 | Total adjustments | -519 618 |
| Depreciation / amortisation | 6 062 566 | - | Depreciation / amortisation | 6 062 566 |
| Depreciation / amortisation - grant | 2 432 475 | -2 432 475 | - | - |
| Interest and shares of profit (dividends) | 729 132 | - | Interest | 729 132 |
| Gain (loss) on investing activities | 55 321 | - | Gain (loss) on sale of non-current assets | 55 321 |
| - | - | 586 493 | Discontinued investments | 586 493 |
| Changes in working capital | -10 385 606 | - | Changes in working capital | -10 385 605 |
| Changes in provisions | 99 712 | - | Changes in provisions | 99 712 |
| Changes in inventories | -39 206 | - | Changes in inventories | -39 206 |
| Changes in receivables | -12 054 987 | - | Changes in receivables | -12 054 987 |
| Changes in current liabilities, except for financial liabilities | 4 064 700 | - | Changes in current liabilities, except for financial liabilities | 4 064 700 |
| Changes in prepayments and accruals | -2 455 824 | - | Changes in deferred income - grant | -2 455 824 |
| - | - | 2 432 475 | Other adjustments | 2 432 475 |
| - | - | 49 106 604 | Cash generated from operating activities | 49 106 604 |
| Income tax on profit before tax | -8 183 456 | - | Income tax on profit before tax | -8 183 456 |
| Net cash flows from operating activities | 40 336 654 | 586 493 | Net cash flows from operating activities | 40 923 148 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | CASH FLOWS FROM INVESTING ACTIVITIES | |
| Expenditures on acquisition of property, plant and equipment | -1 738 624 | - | Expenditures on acquisition of property, plant and equipment | -1 738 624 |
| Proceeds from sale of property, plant and equipment | 171 825 | - | Proceeds from sale of property, plant and equipment | 171 825 |
| Other adjustments | 586 493 | -586 493 | - | - |
| Net cash flows from investing activities | -980 306 | -586 493 | Net cash flows from investing activities | -1 566 799 |

| CASH FLOWS FROM FINANCING ACTIVITIES | | | CASH FLOWS FROM FINANCING ACTIVITIES | | |
|---|--------------------|----------|---|--------------------|--|
| 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 | -185 199 | - | Repayment of finance lease liabilities | -185 199 | |
| Dividends paid out | -9 682 518 | - | Dividends paid out | -9 682 518 | |
| Interest paid | -729 132 | - | Interest paid | -729 132 | |
| Net cash flows from financing activities | -26 742 289 | - | Net cash flows from financing activities | -26 742 289 | |
| Total net cash flows | 12 614 060 | - | Total net cash flows | 12 614 060 | |
| Balance sheet change in cash, including | 12 614 060 | - | Balance sheet change in cash, including | 12 614 060 | |
| - change in cash due to exchange differences | - | - | - change in cash due to exchange differences | - | |
| Cash at the beginning of period | 14 804 296 | - | Cash at the beginning of period | 14 804 296 | |
| Cash at the end of period | 27 418 356 | - | Cash at the end of period | 27 418 356 | |

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 | 43 402 632 | - | Buildings and structures | 43 402 632 |
| Technical equipment and machinery | 74 790 465 | - | Technical equipment and machinery | 74 790 465 |
| - | - | - | <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 | 1 883 727 | 206 500 | Means of transport | 2 090 227 |
| - | - | 206 500 | <i>including: right-of-use assets</i> | 206 500 |
| Other tangible assets | 1 435 430 | - | Other tangible assets | 1 435 430 |
| Right-of-use assets | 1 492 169 | -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: | 132 547 019 | - | Total: | 132 547 019 |

Adjustments in note 1.2 - Property, plant and equipment

| 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 | Right-of-use assets | Tangible assets under construction, advances |
|--|-------------------------------------|--------------------------|-----------------------------------|--|--------------------|-----------------------|---------------------|--|
| Gross carrying amount at the beginning of period | 7 535 442 | 76 240 486 | 119 946 518 | 2 399 907 | 6 274 251 | 3 254 662 | 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 | 76 240 486 | 119 946 518 | 2 399 907 | 6 274 251 | 3 254 662 | - | 677 349 |
| Transfer from tangible assets under construction | 11 341 | - | 1 144 655 | - | 165 853 | 186 943 | - | -1 427 484 |
| Direct acquisition | - | - | 178 018 | - | - | 82 100 | 210 000 | 1 532 806 |
| Presentation change | - | - | - | - | 210 000 | - | -210 000 | - |
| Direct acquisition (after presentation change) | - | - | 178 018 | - | 210 000 | 82 100 | - | 1 532 806 |
| Reclassifications | - | - | - | - | - | - | - | -586 493 |
| Decreases due to sale | - | - | -248 717 | - | -263 786 | - | - | - |
| Decreases due to liquidation | - | -41 960 | -738 305 | - | - | - | - | - |
| Gross carrying amount at the end of period | 7 546 783 | 76 198 526 | 120 282 169 | 2 399 907 | 6 176 319 | 3 523 705 | 1 514 036 | 196 178 |
| Presentation change | 1 304 036 | - | - | - | 210 000 | - | -1 514 036 | - |
| Gross carrying amount at the end of period (after presentation change) | 8 850 819 | 76 198 526 | 120 282 169 | 2 399 907 | 6 386 319 | 3 523 705 | - | 196 178 |
| Depreciation charge at the beginning of period | - | 30 517 008 | 40 694 847 | 501 345 | 4 206 848 | 1 964 274 | - | - |
| Increase in depreciation for the period | - | 2 318 546 | 5 575 136 | 98 927 | 295 482 | 124 002 | 21 867 | - |
| Presentation change | 18 367 | - | - | - | 3 500 | - | -21 867 | - |
| Increase in depreciation for the period (after presentation change) | 18 367 | 2 318 546 | 5 575 136 | 98 927 | 298 982 | 124 002 | - | - |
| Decreases due to sale | - | - | -97 642 | - | -209 739 | - | - | - |
| Decreases due to liquidation | - | -39 660 | -680 637 | - | - | - | - | - |
| Depreciation charge at the end of period | - | 32 795 894 | 45 491 705 | 600 272 | 4 292 591 | 2 088 275 | 21 867 | - |
| Presentation change | 18 367 | - | - | - | 3 500 | - | -21 867 | - |
| Depreciation charge at the end of period (after presentation change) | 18 367 | 32 795 894 | 45 491 705 | 600 272 | 4 296 091 | 2 088 275 | - | - |
| Net value at the end of period | 7 546 783 | 43 402 633 | 74 790 465 | 1 799 635 | 1 883 727 | 1 435 430 | 1 492 169 | 196 178 |
| Presentation change | 1 285 669 | - | - | - | 206 500 | - | -1 492 169 | - |
| Net value at the end of period (after presentation change) | 8 832 452 | 43 402 633 | 74 790 465 | 1 799 635 | 2 090 227 | 1 435 430 | - | 196 178 |

| | | | | | | | | |
|----------------------|--|--|--|--|--|--|--|--|
| presentation change) | | | | | | | | |
|----------------------|--|--|--|--|--|--|--|--|

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 | 19 523 978 | 4 892 822 | 322 153 | - | - | - | 24 738 953 |
| Presentation change | - | - | - | 4 787 | 35 849 | 1 092 800 | 1 133 436 |
| Trade receivables after presentation change | 19 523 978 | 4 892 822 | 322 153 | 4 787 | 35 849 | 1 092 800 | 25 872 391 |
| Current income tax receivables | - | - | - | - | - | - | - |
| Receivables concerning other taxes, customs duties and social insurance | 626 063 | - | - | - | - | - | 626 063 |
| Other receivables | 638 158 | - | - | - | - | - | 638 158 |
| Presentation change | - | - | - | - | - | 174 297 | 174 297 |
| Other receivables after presentation change | 638 158 | - | - | - | - | 174 297 | 812 455 |
| Total | 20 788 199 | 4 892 822 | 322 153 | - | - | - | 26 003 174 |
| Presentation change | - | - | - | 4 787 | 35 849 | 1 267 097 | 1 307 733 |
| Total (after presentation change) | 20 788 199 | 4 892 822 | 322 153 | 4 787 | 35 849 | 1 267 097 | 27 310 908 |

11.1. Earlier application of IAS standards and interpretations

The Issuer 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

Amendments to standards or interpretations in force and applied by the Group 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 or after this reporting period. In connection with this, the amendment did not have an impact on the data presented in the Group's consolidated 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 Group's consolidated 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 Group's consolidated 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 Group does not apply derivatives based on interest rates, the amendment had no impact on its consolidated financial statements.

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

In these consolidated financial statements, the Issuer 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 consolidated 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 consolidated financial statements were approved for publication, 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 consolidated financial statements were approved for publication, 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 consolidated 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 Issuer takes into account in analysing whether a contract is an onerous contract. The amendments are effective for annual periods beginning on or after 1 January 2022. At the date on which these consolidated 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 consolidated 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 consolidated financial statements were approved for publication, this amendment was not yet approved 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 consolidated 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 recognised 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 consolidated 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 Group's financial situation or results.

Statement on compliance

These consolidated 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. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position

| Item | Note | At 31.12.2020 | At 31.12.2019 |
|-------------------------------|------------|--------------------|--------------------|
| NON-CURRENT ASSETS | | 119 822 907 | 134 229 678 |
| Property, plant and equipment | <u>1.</u> | 115 984 088 | 132 547 019 |
| Goodwill | <u>3.</u> | 832 348 | 832 348 |
| Other intangible assets | <u>4.</u> | 637 656 | 583 180 |
| Non-current receivables | <u>5.</u> | 2 368 815 | 267 131 |
| CURRENT ASSETS | | 89 245 526 | 55 561 611 |
| Inventories | <u>9.</u> | 724 964 | 984 625 |
| Trade receivables | <u>10.</u> | 20 836 084 | 24 738 953 |
| Other receivables | <u>10.</u> | 12 210 050 | 1 264 220 |
| Other financial assets | <u>11.</u> | 4 995 200 | 0 |
| Cash and equivalents | <u>12.</u> | 49 342 782 | 27 418 356 |
| Prepayments | <u>13.</u> | 212 366 | 231 377 |
| Non-current held for sale | <u>21.</u> | 924 080 | 924 080 |
| Total assets: | | 209 068 433 | 189 791 289 |

Consolidated statement of financial position

| Item | Note | At 31.12.2020 | At 31.12.2019 |
|---|------------|--------------------|--------------------|
| EQUITY | | 162 568 524 | 132 184 564 |
| Share capital | <u>14.</u> | 35 128 850 | 35 728 850 |
| Supplementary capital - share premium | <u>14.</u> | 25 573 479 | 25 573 479 |
| Supplementary capital - retained earnings | <u>14.</u> | 9 239 841 | 17 492 890 |
| Reserve capital - 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 | | 78 725 258 | 40 088 249 |
| Equity attributable to shareholders of the parent | | 162 568 524 | 132 184 564 |
| Equity attributable to non-controlling interests | | 0 | 0 |
| NON-CURRENT LIABILITIES | | 26 791 403 | 34 584 421 |
| Deferred income tax provision | <u>7.</u> | 6 182 976 | 6 266 048 |
| Provision for pension benefits and similar | <u>15.</u> | 118 620 | 221 114 |
| Credit and loans | <u>16.</u> | 61 714 | 4 275 334 |
| Other financial liabilities | <u>17.</u> | 1 209 662 | 1 328 157 |
| Other non-current liabilities | <u>18.</u> | 28 509 | 23 509 |
| Deferred income - grant | 20 | 19 189 922 | 22 470 259 |
| CURRENT LIABILITIES | | 19 708 506 | 23 022 304 |
| Credit and loans | <u>16.</u> | 4 321 620 | 8 621 049 |
| Other financial liabilities | <u>17.</u> | 187 899 | 108 889 |
| Trade liabilities | <u>19.</u> | 5 947 918 | 5 707 738 |
| Current income tax liabilities | <u>19.</u> | 2 992 919 | 1 926 059 |
| Provisions for pension benefits and similar | <u>15.</u> | 710 043 | 629 302 |
| Other current provisions | <u>15.</u> | 69 000 | 39 000 |
| Other liabilities | <u>19.</u> | 3 276 201 | 3 560 265 |
| Deferred income - grant | <u>20.</u> | 2 202 906 | 2 430 002 |
| Total equity and liabilities: | | 209 068 433 | 189 791 289 |

IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income

| 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> | 178 456 448 | 130 566 823 |
| Cost of sales | <u>24.</u> | 75 142 982 | 70 823 160 |
| GROSS PROFIT (LOSS) ON SALES | | 103 313 466 | 59 743 663 |
| Selling costs | <u>24.</u> | 1 820 929 | 1 959 788 |
| General administrative expenses | <u>24.</u> | 6 978 420 | 6 378 455 |
| Other operating revenue | <u>25.</u> | 3 444 894 | 364 105 |
| Other operating costs | <u>26.</u> | 776 862 | 1 577 413 |
| OPERATING PROFIT (LOSS) | | 97 182 149 | 50 192 112 |
| Finance income | <u>27.</u> | 365 160 | 300 548 |
| Finance costs | <u>28.</u> | 431 173 | 866 438 |
| PROFIT (LOSS) BEFORE TAX | | 97 116 136 | 49 626 222 |
| Income tax | <u>7.</u> | 18 390 878 | 9 537 973 |
| NET PROFIT (LOSS) ON CONTINUING OPERATIONS | | 78 725 258 | 40 088 249 |
| Net profit (loss) on discontinued operations | <u>21.</u> | 0 | 0 |
| NET PROFIT (LOSS) | | 78 725 258 | 40 088 249 |
| Net profit attributable to: | | | |
| Shareholders of the parent | | 78 725 258 | 40 088 249 |
| Non-controlling interests | | 0 | 0 |

Consolidated 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) | | 78 725 258 | 40 088 249 |
| Other comprehensive income | | 0 | 0 |
| Total comprehensive income | | 78 725 258 | 40 088 249 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the parent | | 78 725 258 | 40 088 249 |
| Non-controlling interests | | 0 | 0 |

| | | | |
|--|--|-------|-------|
| Profit per share (in PLN per share) | | | |
| From continuing and discontinued operations | | | |
| Basic | | 22.12 | 11.15 |

| | | | |
|-----------------------------------|--|-------|-------|
| Diluted | | 22.12 | 11.15 |
| From continuing operations | | | |
| Basic | | 22.12 | 11.15 |
| Diluted | | 22.12 | 11.15 |

V. CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (indirect method)

| Item | Note 30. | 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 | | 97 116 136 | 49 626 222 |
| Total adjustments | | -4 518 226 | -519 618 |
| Depreciation / amortisation | | 5 924 645 | 6 062 566 |
| Interest | | 263 660 | 729 132 |
| Gain (loss) on sale of non-current assets | | -1 958 028 | 55 321 |
| Discontinued investments | | 0 | 586 493 |
| Changes in working capital | | -11 162 903 | -10 385 605 |
| Changes in provisions | | -32 780 | 99 712 |
| Changes in inventories | | 259 661 | -39 206 |
| Changes in receivables | | -9 144 644 | -12 054 987 |
| Changes in current liabilities, except for financial liabilities | | 1 243 282 | 4 064 700 |
| Changes in deferred income - grant | | -3 488 422 | -2 455 824 |
| Other adjustments | | 2 414 400 | 2 432 475 |
| Cash generated from operating activities | | 92 597 910 | 49 106 604 |
| Income tax on profit before tax | | -18 432 924 | -8 183 456 |
| Net cash flows from operating activities | | 74 164 986 | 40 923 148 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of bonds | | -4 995 200 | 0 |
| Expenses on acquisition of property, plant and equipment | | -1 917 353 | -1 738 624 |
| Proceeds from sale of property, plant and equipment | | 12 154 334 | 171 825 |

| | | | |
|--|--|-------------------|-------------------|
| Net cash flows from investing activities | | 5 241 781 | -1 566 799 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from credit and loans received | | 176 400 | 0 |
| 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 | | -364 335 | -185 199 |
| Dividends paid out | | -48 337 298 | -9 682 518 |
| Interest paid | | -263 660 | -729 132 |
| Net cash flows from financing activities | | -57 482 341 | -26 742 289 |
| INCREASE / DECREASE IN CASH AND EQUIVALENTS BEFORE EFFECTS OF CHANGES IN EXCHANGE RATES | | 21 924 426 | 12 614 060 |
| Change in cash due to exchange differences | | 0 | 0 |
| BALANCE SHEET CHANGE IN CASH AND EQUIVALENTS | | 21 924 426 | 12 614 060 |
| CASH AND EQUIVALENTS AT THE BEGINNING OF PERIOD | | 27 418 356 | 14 804 296 |
| CASH AND EQUIVALENTS AT THE END OF PERIOD | | 49 342 782 | 27 418 356 |
| - including restricted cash | | 388 851 | 168 394 |

VI. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity

| for the period: 01.01.2020- 31.12.2020 Note 14. | Share capital | Supplementar y capital - share premium | Supplementar y capital - retained earnings | Share redemptio n | 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 | 17 492 890 | 385 000 | 12 916 096 | 40 088 249 | 132 184 564 | | 132 184 564 |
| Share cancellation | -600 000 | | | 600 000 | | | | | |
| Transfer of financial result to capital | | | 4 081 177 | | | -4 081 177 | | | |
| Dividends paid out | | | -12 330 226 | | | -36 007 072 | -48 337 298 | | -48 337 298 |
| Purchase of own shares | | | -4 000 | | | | -4 000 | | -4 000 |
| Total transactions with the owners | -600 000 | | -8 253 049 | 600 000 | | -40 088 249 | -48 341 298 | | -48 341 298 |
| Net profit (loss) in the period: | | | | | | 78 725 258 | 78 725 258 | | 78 725 258 |
| Other comprehensive income | | | | | | | | | |

| | | | | | | | | | |
|-------------------------------|------------|------------|------------|---------|------------|------------|-------------|--|-------------|
| Total comprehensive income | | | | | | 78 725 258 | 78 725 258 | | 78 725 258 |
| Increase (decrease) in equity | -600 000 | | -8 253 049 | 600 000 | | 38 637 009 | 30 383 960 | | 30 383 960 |
| Balance as at 31.12.2020 | 35 128 850 | 25 573 479 | 9 239 841 | 985 000 | 12 916 096 | 78 725 258 | 162 568 524 | | 162 568 524 |

Consolidated statement of changes in equity

| for the period: 01.01.2019- 31.12.2019 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 01.01.2019 | 36 113 850 | 25 573 479 | 14 194 511 | | 12 916 096 | 20 519 597 | 109 317 533 | | 109 317 533 |
| Share cancellation | -385 000 | | | 385 000 | | | | | |
| Transfer of financial result to capital | | | 10 837 079 | | | -10 837 079 | | | |
| 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 | | 3 298 379 | 385 000 | | -20 519 597 | -17 221 218 | | -17 221 218 |
| Net profit (loss) in the period: | | | | | | 40 088 249 | 40 088 249 | | 40 088 249 |
| Other comprehensive income | | | | | | | | | |
| Total comprehensive income | | | | | | 40 088 249 | 40 088 249 | | 40 088 249 |
| Increase (decrease) in equity | -385 000 | | 3 298 379 | 385 000 | | 19 568 652 | 22 867 031 | | 22 867 031 |
| Balance as at 31.12.2019 | 35 728 850 | 25 573 479 | 17 492 890 | 385 000 | 12 916 096 | 40 088 249 | 132 184 564 | | 132 184 564 |

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 amounted to PLN 494 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 Group 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 | At 31.12.2020 | At 31.12.2019 |
|--|--------------------|--------------------|
| Land and perpetual usufruct of land | 8 097 772 | 8 832 452 |
| <i>including: right-of-use assets (leases)</i> | 1 001 089 | 1 285 669 |
| Buildings and structures | 35 691 961 | 43 402 632 |
| Technical equipment and machinery | 65 925 609 | 74 790 465 |
| <i>including: right-of-use assets (leases)</i> | 161 930 | - |
| Machinery and equipment for technological processes intended for R&D | 1 701 686 | 1 799 635 |
| Means of transport | 2 707 176 | 2 090 227 |
| <i>including: right-of-use assets (leases)</i> | 332 087 | 206 500 |
| Other tangible assets | 1 492 893 | 1 435 430 |
| Tangible assets under construction | 366 992 | 126 159 |
| Advances for tangible assets | - | 70 019 |
| Total | 115 984 088 | 132 547 019 |

| 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 | 76 198 527 | 120 282 170 | 2 399 907 | 6 386 318 | 3 523 705 | 196 178 |
| Transfer from tangible assets under construction | - | 6 500 | 378 109 | - | 582 309 | 190 417 | -1 157 335 |
| Direct acquisition | - | - | 219 725 | - | 521 783 | 14 553 | 1 445 899 |
| 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 | -67 100 | -41 062 | - | - | -10 500 | - |
| Gross carrying amount at the end of period | 8 126 789 | 69 799 834 | 115 003 125 | 2 399 907 | 6 893 808 | 3 668 475 | 366 992 |
| Depreciation at the beginning of period | 18 367 | 32 795 894 | 45 491 705 | 600 272 | 4 296 091 | 2 088 275 | - |
| Increase in depreciation for the period | 17 402 | 2 200 465 | 5 490 802 | 97 949 | 331 342 | 134 966 | - |
| Decreases due to sale | - | -862 939 | -1 869 209 | - | -440 801 | -39 613 | - |
| Decreases due to liquidation | -6 752 | -25 547 | -35 783 | - | - | -8 046 | - |
| Depreciation at the end of period | 29 017 | 34 107 873 | 49 077 515 | 698 221 | 4 186 632 | 2 175 582 | - |
| Net value at the end of period | 8 097 772 | 35 691 962 | 65 925 609 | 1 701 686 | 2 707 176 | 1 492 892 | 366 992 |

| 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 | 76 240 486 | 119 946 518 | 2 399 907 | 6 274 251 | 3 254 662 | 677 349 |
| Transfer from tangible assets under construction | 11 341 | - | 1 144 655 | - | 165 853 | 186 943 | -1 427 484 |
| Direct acquisition | - | - | 178 018 | - | 210 000 | 82 100 | 1 532 806 |
| Reclassifications | - | - | - | - | - | - | -586 493 |
| Decreases due to sale | - | - | -248 717 | - | -263 786 | - | - |
| Decreases due to liquidation | - | -41 960 | -738 305 | - | - | - | - |
| Gross carrying amount at the end of period | 8 850 819 | 76 198 526 | 120 282 169 | 2 399 907 | 6 386 319 | 3 523 705 | 196 178 |
| Depreciation at the beginning of period | - | 30 517 008 | 40 694 847 | 501 345 | 4 206 848 | 1 964 274 | - |
| Increase in depreciation for the period | 18 367 | 2 318 546 | 5 575 136 | 98 927 | 298 982 | 124 002 | - |
| Decreases due to sale | - | - | -97 642 | - | -209 739 | - | - |
| Decreases due to liquidation | - | -39 660 | -680 637 | - | - | - | - |
| Depreciation at the end of period | 18 367 | 32 795 894 | 45 491 705 | 600 272 | 4 296 091 | 2 088 275 | - |
| Net value at the end of period | 8 832 452 | 43 402 632 | 74 790 464 | 1 799 635 | 2 090 227 | 1 435 429 | 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 Group does not own investment properties.

3. Goodwill and other intangible assets

| 3.1 - Intangible assets | At 31.12.2020 | At 31.12.2019 |
|--|------------------|------------------|
| Goodwill | 832 348 | 832 348 |
| Patents and licenses | 169 964 | 180 304 |
| Other intangible assets, including intangible assets in progress | 467 691 | 402 876 |
| Total | 1 470 004 | 1 415 528 |

| 3.2 - Intangible assets in the reporting period | Goodwill | Patents and licenses | Other intangible assets, including intangible assets in progress |
|---|----------------|----------------------|--|
| Gross carrying amount at the beginning of period | 832 348 | 214 459 | 1 182 019 |
| Purchase | - | - | 120 596 |
| Gross carrying amount at the end of period | 832 348 | 214 459 | 1 302 615 |
| Amortisation at the beginning of period | | 34 155 | 779 144 |
| Increase in amortisation for the period | - | 10 340 | 55 780 |
| Gross carrying amount at the end of period | - | 44 495 | 834 924 |
| Net value at the end of period | 832 348 | 169 964 | 467 692 |

| 3.3 - Intangible assets in the previous reporting period | Goodwill | Patents and licenses | Other intangible assets, including intangible assets in progress |
|--|----------------|----------------------|--|
| Gross carrying amount at the beginning of period | 832 348 | 202 912 | 1 159 145 |
| Purchase | - | 11 547 | 22 873 |
| Gross carrying amount at the end of period | 832 348 | 214 459 | 1 182 019 |
| Amortisation at the beginning of period | | 24 059 | 728 158 |
| Increase in amortisation for the period | - | 10 096 | 50 986 |
| Gross carrying amount at the end of period | - | 34 155 | 779 144 |
| Net value at the end of period | 832 348 | 180 304 | 402 876 |

4. Shares

Mo-BRUK Group does not own any shares.

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 | - | 2 368 815 | 267 131 | - | 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

Mo-BRUK Group 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 | 18 473 951 | 8 168 330 |
| Deferred income tax | - 83 073 | 1 369 642 |
| TOTAL INCOME TAX | 18 390 878 | 9 537 972 |

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 Group'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 | 97 116 136 | 49 626 222 |
| Income tax at current rate (19%) | 18 452 066 | 9 428 982 |
| Income tax concerning prior years disclosed in current reporting period | -4 446 | - |
| Tax on permanent differences between balance sheet profit and tax base (specification) | -49 059 | 122 886 |
| Concerning revenue (-) | | |
| released impairment losses | - | -40 |
| released provisions | -6 072 | -2 284 |
| grant | -92 631 | - |
| other | -13 707 | -19 200 |
| positive exchange differences | -20 386 | -3 837 |
| Concerning costs (+) | | |
| State Fund for Rehabilitation of Disabled People (PFRON) | 10 752 | 9 865 |
| impairment of receivables | 13 311 | 57 927 |
| donations | 19 231 | 6 730 |
| Supervisory Board, representation costs | 2 164 | 4 092 |
| depreciation / amortisation | 9 118 | 6 920 |
| provisions | 19 333 | -11 475 |
| leases | -9 131 | 10 385 |
| negative exchange differences VAT | -9 110 | 22 159 |
| tax interest | 16 | 44 |
| social security | 13 186 | 8 315 |
| other costs | 14 867 | 33 286 |
| 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 | 18 390 878 | 9 537 973 |
| Effective tax rate | 0.19 | 0.19 |

| 7.3 - Deferred income tax - reporting period | At 31.12.2019 | Recognised in result 01.01.2020-31.12.2020 | At 31.12.2020 |
|--|------------------|--|------------------|
| Deferred income tax assets | | | |
| Social security contributions | 80 506 | 8 424 | 88 930 |
| Employee benefits | 200 385 | -2 585 | 197 800 |
| Provision for receivables | 25 720 | 42 883 | 68 603 |
| Leases | 247 325 | 1 629 | 248 954 |
| Grant | 1 374 617 | 141 502 | 1 516 119 |
| Balance sheet audit | 14 959 | 190 | 15 149 |
| TOTAL DEFERRED INCOME TAX ASSETS: | 1 943 512 | 192 045 | 2 135 557 |
| Deferred income tax provision | | | |
| Interest | 8 009 | -8 009 | - |
| Leased tangible assets | 98 002 | -10 395 | 87 607 |
| Interest on bonds | | 2 016 | 2 016 |
| Measurement of tangible assets | 8 103 549 | 125 361 | 8 228 910 |
| TOTAL DEFERRED INCOME TAX PROVISION: | 8 209 560 | 108 973 | 8 318 533 |

| 7.4 - Deferred income tax - previous reporting period | At 31.12.2018 | Recognised in result 01.01.2019-31.12.2019 | At 31.12.2019 |
|---|------------------|--|------------------|
| Deferred income tax assets | | | |
| Social security contributions | 74 710 | 5 796 | 80 506 |
| Employee benefits | 173 713 | 26 672 | 200 385 |
| Provision for receivables | 115 049 | -89 329 | 25 720 |
| 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 | 1 330 | 13 629 | 14 959 |
| TOTAL DEFERRED INCOME TAX ASSETS: | 2 397 100 | -453 588 | 1 943 512 |
| Deferred income tax provision | | | |
| Interest | - | 8 009 | 8 009 |
| Leased tangible assets | 73 431 | 24 571 | 98 002 |
| Measurement of tangible assets | 7 220 075 | 883 474 | 8 103 549 |
| TOTAL DEFERRED INCOME TAX PROVISION: | 7 293 506 | 916 054 | 8 209 560 |

* 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 Group does not own any other non-current assets.

9. Inventories

The Group's principal 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 | 310 680 | - | 310 680 | 574 730 | - | 574 730 |
| 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: | 724 964 | - | 724 964 | 984 625 | - | 984 625 |

In the reporting period ended 31 December 2020, inventories worth PLN 15 401 043.38 were recognised as costs, while in the comparative period the value of these inventories was PLN 16 549 070.

10. Trade and other receivables

| 10.1 - Receivables | 31.12.2020 | | | 31.12.2019 | | |
|---|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Value | Impairment | Carrying amount | Value | Impairment | Carrying amount |
| Trade receivables | 22 147 962 | 1 311 878 | 20 836 084 | 25 872 391 | 1 133 437 | 24 738 953 |
| Receivables concerning other taxes, customs duties and social insurance | 606 308 | - | 606 308 | 626 063 | - | 626 063 |
| Other receivables including: | 11 848 095 | 244 353 | 11 603 742 | 812 455 | 174 297 | 638 158 |
| Receivables from sale of tangible assets | 10 000 000 | - | 10 000 000 | - | - | - |
| Total | 34 602 365 | 1 556 231 | 33 046 135 | 27 310 908 | 1 307 734 | 26 003 174 |

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 Group 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 | At 31.12.2020 | At 31.12.2019 |
|---|----------------------|----------------------|
| Impairment at the beginning of period | 1 307 734 | 1 005 758 |
| Recognition | 299 602 | 309 469 |
| Release due to payment | 32 493 | 5 646 |
| Release due to payment | 18 613 | 1 847 |
| Total | 1 556 230 | 1 307 734 |

| 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 | 19 476 978 | 324 332 | 164 052 | 687 447 | 412 821 | - | 22 147 962 |
| Receivables concerning other taxes, customs duties and social insurance | 606 308 | - | - | - | - | - | 606 308 |
| Other receivables | 11 603 742 | - | - | - | - | - | 11 848 095 |
| Total | 31 687 029 | 324 332 | 164 052 | 687 447 | 412 821 | - | 34 602 365 |

| 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 | 19 523 978 | 4 892 822 | 322 153 | 4 787 | 35 849 | 1 092 800 | 25 872 391 |
| Receivables concerning other taxes, customs duties and social insurance | 626 063 | - | - | - | - | - | 626 063 |
| Other receivables | 638 158 | - | - | - | - | 174 297 | 812 455 |
| Total | 20 788 199 | 4 892 822 | 322 153 | 4 787 | 35 849 | 1 267 097 | 27 310 908 |

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 | 20 836 084 | - | 24 738 953 | - |
| Receivables concerning other taxes, customs duties and social insurance | 606 308 | - | 626 063 | - |
| Other receivables | 11 603 742 | - | 638 158 | - |
| Total | 33 046 134 | - | 26 003 174 | - |

| 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, Mo-BRUK 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, Mo-BRUK selected an 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 Group 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 | 4 995 200 | - | 4 995 200 | - | - | - |

12. Cash

| 12.1 Cash | At 31.12.2020 | At 31.12.2019 |
|-----------------------------|-------------------|-------------------|
| Cash on hand | 60 558 | 53 764 |
| Cash in bank accounts | 11 400 166 | 6 354 310 |
| Cash VAT | 388 851 | 157 639 |
| Short-term deposits | 37 493 207 | 20 852 643 |
| Total cash: | 49 342 782 | 27 418 356 |
| - including restricted cash | 388 851 | 168 394 |

13. Other assets

| 13.1 Prepayments | At 31.12.2020 | At 31.12.2019 |
|-----------------------------------|----------------|----------------|
| Insurance policies and guarantees | 157 891 | 136 470 |
| Cost of energy | - | 2 153 |
| Telecommunication services | - | 5 448 |
| Cost of credit facility at BOS | 15 323 | 30 645 |
| Other | 23 537 | 53 718 |
| Press subscriptions, Inforlex | 15 615 | 2 943 |
| Total | 212 366 | 231 377 |

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 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 | At 31.12.2020 | 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 | in PLN | | | |
|---|---|---|--------------|------------|
| | 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 | At 31.12.2020 | At 31.12.2019 |
|---|------------------|-------------------|
| At the beginning of financial year | 17 492 890 | 14 194 511 |
| Decreases - buy-back / cancellation of own shares | -4 000 | -7 538 700 |
| Increases - payment of dividend | -12 330 226 | - |
| Allocation of profit for 2019 | 4 081 177 | - |
| Allocation of profit for 2018 | - | 10 837 079 |
| At the end of financial year | 9 239 841 | 17 492 890 |

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 Unallocated result from prior years | At 31.12.2020 | 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 | 78 725 258 |
| 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 | At 31.12.2020 | At 31.12.2019 |
|--|----------------------|----------------------|
| Non-current | | |
| Provisions for retirement allowances and other employee benefits | 118 620 | 221 114 |
| TOTAL NON-CURRENT PROVISIONS: | 118 620 | 221 114 |
| Current | | |
| Provisions for retirement allowances and other employee benefits | 710 043 | 629 302 |
| Other provisions | 69 000 | 39 000 |
| Total | 779 043 | 668 302 |

| 15.2 Non-current provisions - changes | Employee benefits | Other |
|--|-------------------|-------|
| Amount of provision at the beginning of reporting period | 221 114 | - |
| Recognition | 711 | - |
| Use | - | - |
| Release | -103 205 | - |
| Amount of provision at the end of reporting period | 118 620 | - |
| Amount of provision at the beginning of previous reporting period | 119 847 | - |
| Recognition | 102 072 | - |
| Use | - | - |
| Release | -805 | - |
| Amount of provision at the end of previous reporting period | 221 114 | - |

| 15.3 Current provisions - changes | Employee benefits | Other |
|--|-------------------|---------------|
| Amount of provision at the beginning of reporting period | 629 302 | 32 000 |
| Recognition | 139 630 | 69 000 |
| Use | - | - |
| Release | -58 890 | -32 000 |
| Amount of provision at the end of reporting period | 710 043 | 69 000 |
| Amount of provision at the beginning of previous reporting period | 677 984 | 7 000 |
| Recognition | 36 087 | 32 000 |
| Use | - | - |
| Release | -84 768 | - |
| Amount of provision at the end of previous reporting period | 629 302 | 39 000 |

16. Credit and loans received

| 16.1 Credit and loans at the end of reporting period 31.12.2020 | Value of credit facility | 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 and loan 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 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 | At 31.12.2020 | At 31.12.2019 |
|--|------------------|------------------|
| Non-current | 1 209 662 | 1 328 157 |
| Liabilities related to right-of-use assets | 1 209 662 | 1 328 157 |
| Current | 187 899 | 108 889 |
| Liabilities related to right-of-use assets | 187 899 | 108 889 |
| Total | 1 397 561 | 1 437 045 |

| 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 | 10 245 | 32 239 | 94 138 | 234 307 | - | 370 930 |
| Total | 10 245 | 83 516 | 94 138 | 439 414 | 770 248 | 1 397 561 |

| 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 |
|---|---------------|---------------|-------------------|------------------|----------------|------------------|
| Liabilities related to right-of-use assets | - | 64 912 | - | 259 649 | 977 151 | 1 301 712 |
| Lease liabilities | 3 898 | 11 817 | 28 261 | 91 357 | - | 135 334 |
| Total | 3 898 | 76 730 | 28 261 | 351 006 | 977 151 | 1 437 045 |

| 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 |
| Lease contract 43236/RZ | EFL Grupa Credit Agricole | 210 000 | PLN | 01.10.2022 | 87 274 |
| Total: | | 1 838 886 | | | 1 397 561 |

18. Other non-current liabilities

| 18.1 Other non-current liabilities | At 31.12.2020 | At 31.12.2019 |
|---|---------------|---------------|
| Liabilities concerning proper performance of construction service | 28 509 | 23 509 |
| Total | 28 509 | 23 509 |

19. Current trade and other liabilities

| 19.1 Current trade and other liabilities | At 31.12.2020 | At 31.12.2019 |
|---|-------------------|-------------------|
| Trade liabilities | 5 947 918 | 5 707 738 |
| Current income tax liabilities | 2 992 919 | 1 926 059 |
| Liabilities concerning wages | 992 254 | 997 230 |
| Liabilities concerning other taxes, customs duties and social insurance | 2 151 728 | 2 264 458 |
| Investment liabilities | - | 215 306 |
| Other liabilities | 132 219 | 83 271 |
| Total | 12 217 038 | 11 194 062 |

| 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 | 5 829 082 | 69 964 | - | - | 48 872 | 5 947 918 |
| Current income tax liabilities | 2 992 919 | - | - | - | - | 2 992 919 |
| Liabilities concerning wages | 992 254 | - | - | - | - | 992 254 |
| Liabilities concerning other taxes, customs duties and social insurance | 2 151 728 | - | - | - | - | 2 151 728 |
| Investment liabilities | - | - | - | - | - | - |
| Other liabilities | 132 219 | - | - | - | - | 132 219 |
| Total | 12 098 202 | 69 964 | - | - | 48 872 | 12 217 038 |

| 19.3 Liabilities at 31.12.2019 - age structure | Not overdue | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Total |
|---|-------------------|---------------|--------------|-------------------|------------------|-------------------|
| Trade liabilities | 5 606 924 | 51 942 | - | 48 872 | - | 5 707 738 |
| Current income tax liabilities | 1 926 059 | - | - | - | - | 1 926 059 |
| Liabilities concerning wages | 997 230 | - | - | - | - | 997 230 |
| Liabilities concerning other taxes, customs duties and social insurance | 2 264 458 | - | - | - | - | 2 264 458 |
| Investment liabilities | 215 306 | - | - | - | - | 215 306 |
| Accrued expenses and other liabilities | 83 271 | - | - | - | - | 83 271 |
| Total | 11 093 248 | 51 942 | - | 48 872 | - | 11 194 062 |

| 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 | 5 947 918 | - | 5 707 738 | - |
| Current income tax liabilities | 2 992 919 | - | 1 926 059 | - |
| Liabilities concerning wages | 992 254 | - | 997 230 | - |
| Liabilities concerning other taxes, customs duties and social insurance | 2 151 728 | - | 2 264 458 | - |
| Investment liabilities | - | - | 215 306 | - |
| Accrued expenses and other liabilities | 132 219 | - | 83 271 | - |
| Total | 12 217 038 | - | 11 194 062 | - |

| 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 revenue | At 31.12.2020 | At 31.12.2019 |
|------------------------------|-------------------|-------------------|
| Subsidies - non-current part | 19 189 922 | 22 470 258 |
| Subsidies - 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 Górażdże 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 | 165 060 127 | 114 838 839 |
| Revenue from sale of materials | 4 920 | - |
| Revenue from sale of goods | 11 915 161 | 13 652 929 |
| Total | 178 456 448 | 130 566 823 |

In 2020, the Group recorded a PLN 47.9 million increase in revenue versus the comparative period. The significantly higher revenue results from the performance of contracts for the liquidation of the so-called ecological bombs. Another factor of revenue growth was an increase in the prices and fees for waste processing, resulting from changes in regulations pertaining to waste management that reduced the shadow economy.

23. Operating segments

For management purposes, the Group 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 01.01.2020 – 31.12.2020 | Segments | | | | | |
|--|--------------------|-----------------------|---------------------|--------------------|--------------------|--------------------|
| | Waste management | Construction services | Refuelling stations | Secondary products | Other | Total |
| Financial results by operating segment 01.01.2020-31.12.2020 | | | | | | |
| Total revenue | 166 300 326 | 3 584 039 | 12 270 192 | 1 015 | 110 929 | 182 266 502 |
| External sales | 162 520 904 | 3 577 913 | 12 259 465 | | 98 165 | 178 456 448 |
| Segment costs (-) | 62 774 891 | 3 233 153 | 11 302 215 | 1 483 470 | 6 356 637 | 85 150 366 |
| Interest income | 173 851 | - | - | - | - | 173 851 |
| Interest cost (-) | 282 404 | - | - | 82 914 | 49 797 | 415 115 |
| Other revenue | 3 605 571 | 6 126 | 10 728 | 1 015 | 12 764 | 3 636 203 |
| Other costs (-) | 518 628 | 75 938 | 32 065 | 6 074 | 160 216 | 792 920 |
| Income tax | 18 390 878 | - | - | - | - | 18 390 878 |
| Net result by reporting segment - from continuing and discontinued operations | 85 134 556 | 350 886 | 967 977 | - 1 482 455 | - 6 245 707 | 78 725 258 |
| Depreciation of property, plant and equipment | 4 494 096 | 25 088 | 80 530 | 915 182 | 353 382 | 5 868 278 |

| | | | | | | |
|--|--------------------|------------------|------------------|-------------------|-------------------|--------------------|
| Amortisation of intangible assets | 37 789 | - | 130 | - | 18 448 | 56 367 |
| Other information on operating segments 01.01.2020-31.12.2020 | | | | | | |
| Assets by reporting segment | 170 272 562 | 1 311 889 | 3 023 605 | 22 076 532 | 12 383 846 | 209 068 433 |
| Investment expenditures | 358 783 | - | 8 209 | - | - | 366 992 |
| - property, plant and equipment | 354 233 | - | 8 209 | - | - | 362 442 |
| - intangible assets | 4 550 | - | - | - | - | 4 550 |
| Liabilities by reporting segment | 42 507 427 | 218 696 | 475 202 | 1 770 260 | 1 528 324 | 46 499 909 |

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 01.01.2019 – 31.12.2019 | Segments | | | | | |
|--|--------------------|-----------------------|---------------------|--------------------|-------------------|--------------------|
| | Waste management | Construction services | Refuelling stations | Secondary products | Other | Total |
| Financial results by operating segment 01.01.2019-31.12.2019 | | | | | | |
| Total revenue | 115 376 373 | 1 729 099 | 14 019 043 | 2 472 | 104 488 | 131 231 475 |
| External sales | 114 731 126 | 1 724 740 | 14 011 645 | 1 600 | 97 712 | 130 566 823 |
| Segment costs (-) | 59 031 376 | 1 734 172 | 13 279 448 | 1 604 716 | 5 955 540 | 81 605 254 |
| Interest income | 296 547 | - | - | - | - | 296 547 |
| Interest cost (-) | 587 246 | - | - | 183 291 | 21 781 | 792 317 |
| Other revenue | 348 699 | 4 360 | 7 398 | 872 | 6 776 | 368 105 |
| Other costs (-) | 1 203 703 | 276 802 | 46 727 | 5 820 | 118 481 | 1 651 534 |
| Income tax* | 9 537 972 | - | - | - | - | 9 537 972 |
| Net result by reporting segment - from continuing and discontinued operations | 46 807 024 | -5 073 | 739 595 | -1 602 244 | -5 851 053 | 40 088 249 |
| Depreciation of property, plant and equipment | 4 513 358 | 27 246 | 94 620 | 915 182 | 460 831 | 6 011 237 |
| Amortisation of intangible assets | 32 603 | - | - | - | 18 726 | 51 329 |
| Other information on operating segments 01.01.2019-31.12.2019 | | | | | | |
| Assets by reporting segment | 154 158 125 | 1 107 289 | 3 127 972 | 22 995 216 | 8 402 686 | 189 791 289 |
| 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 | 52 165 147 | 142 832 | 454 575 | 3 324 995 | 1 519 175 | 57 606 725 |

| 23.3 Net revenue from sale of products and materials | For the period ended 31.12.2020 | For the period ended 31.12.2019 |
|--|---------------------------------|---------------------------------|
| Waste management | 161 062 937 | 112 965 004 |
| Sale of steam generated in the process of waste disposal at high temperature | 707 904 | 1 129 854 |

| | | |
|-------------------------------------|--------------------|--------------------|
| 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 | 891 909 | 768 774 |
| Total | 178 456 448 | 130 566 823 |

| 23.4 Information on revenue by geographic area in the period 01.01.2020-31.12.2020 | Revenue | Non-current assets |
|---|--------------------|--------------------|
| POLAND | 176 584 534 | 119 822 907 |
| GERMANY | 170 628 | - |
| ITALY | 259 860 | - |
| LITHUANIA | 983 166 | - |
| SLOVENIA | 458 260 | - |
| Total | 178 456 448 | 119 822 907 |

| 23.5 Information on revenue by geographic area in the period 01.01.2019-31.12.2019 | Revenue | Non-current assets |
|---|--------------------|--------------------|
| POLAND | 120 731 799 | 134 229 678 |
| GERMANY | 2 077 915 | - |
| ITALY | 4 518 599 | - |
| DENMARK | 1 603 641 | - |
| LITHUANIA | 1 634 869 | - |
| Total | 130 566 823 | 134 229 678 |

| 23.6 Information on key customers in the period 01.01.2020-31.12.2020 | Operating segment | Revenue | % of total revenue |
|--|-------------------|------------|--------------------|
| Customer no. 1 | Waste management | 15 502 213 | 9% |
| Customer no. 2 | Waste management | 9 236 535 | 5% |
| Customer no. 3 | Waste management | 7 077 716 | 4% |
| Customer no. 4 | Waste management | 6 706 216 | 4% |
| Customer no. 5 | Waste management | 6 015 848 | 3% |
| Customer no. 6 | Waste management | 5 694 000 | 3% |

| | | | |
|----------------|------------------|-------------------|----|
| Customer no. 7 | Waste management | 5 230 767 | 3% |
| Customer no. 8 | Waste management | 4 728 134 | 3% |
| Customer no. 9 | Waste management | 4 230 772 | 2% |
| Total | | 64 422 200 | |

| 23.7 Information on key customers in the period 01.01.2019-31.12.2019 | Operating segment | Revenue | % of total revenue |
|---|-------------------|-------------------|--------------------|
| Customer no. 1 | Waste management | 12 622 126 | 10% |
| Customer no. 2 | Waste management | 7 560 374 | 6% |
| Customer no. 3 | Waste management | 4 749 638 | 4% |
| Customer no. 4 | Waste management | 4 611 142 | 4% |
| Customer no. 5 | Waste management | 4 145 605 | 3% |
| Customer no. 6 | Waste management | 3 846 478 | 3% |
| Customer no. 7 | Waste management | 3 389 565 | 3% |
| Customer no. 8 | Waste management | 3 171 068 | 2% |
| Total | | 44 095 996 | |

The Group 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 90% of the Group'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 | 5 924 645 | 6 062 566 |
| Use of materials and energy | 11 963 761 | 11 541 524 |
| Third-party services | 33 579 656 | 28 535 454 |
| Taxes and fees | 1 408 742 | 1 349 363 |
| Remuneration | 16 628 964 | 15 477 614 |
| Employee benefits | 3 551 285 | 3 165 942 |
| Other costs by nature | 760 026 | 852 516 |
| Value of goods and materials sold | 10 126 595 | 12 171 554 |
| TOTAL COSTS BY NATURE | 83 943 674 | 79 156 532 |
| Adjustments: | | |
| Changes in products | - 1 344 | 4 871 |
| Cost of production for own purposes | - | - |
| Selling costs | -1 820 929 | -1 959 788 |
| General administrative expenses | -6 978 419 | -6 378 455 |
| TOTAL OPERATING COSTS | 75 142 982 | 70 823 160 |

| 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 | 65 016 387 | 58 651 605 |
| Value of goods sold | 10 121 675 | 12 171 554 |
| Value of materials sold | 4 920 | - |
| TOTAL OPERATING COSTS | 75 142 982 | 70 823 160 |

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 | 5 000 |
| Proceeds from liquidation of tangible and intangible assets | - | 8 340 |
| Grant settlement | 1 094 432 | - |
| Release of provisions | 183 246 | 122 523 |
| Reversal of impairment, including: | 36 955 | 2 847 |
| - trade receivables | 36 954 | 2 847 |
| Penalties and compensation received | 87 427 | 50 986 |
| Refund of court, enforcement and other fees | 8 805 | 76 390 |
| Other | 40 246 | 83 608 |
| Inventory surpluses | - | 14 410 |
| Total | 3 444 894 | 364 105 |

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 | 209 121 | 227 820 |
| Recognition of impairment, including: | 299 927 | 323 846 |
| - trade receivables | 299 927 | 323 846 |
| Liquidation and scrapping costs | 46 831 | 60 007 |
| Inventory shortages | 23 754 | 40 940 |
| Donations made | 117 007 | 47 539 |
| Cost of discontinued investments | - | 586 493 |
| Cost of fire incident | 40 023 | 27 166 |
| Court and enforcement fees | 8 685 | 135 109 |
| Other | 31 512 | 68 171 |
| Total | 776 862 | 1 577 413 |

27. Finance income

| 27.1 Finance income | For the period ended 31.12.2020 | For the period ended 31.12.2019 |
|--|------------------------------------|------------------------------------|
| Bank interest | 169 841 | 276 681 |
| Interest from counterparties | 4 010 | 18 545 |
| Excess of positive exchange differences over negative exchange differences | 180 697 | 4 001 |
| Other | 10 613 | 1 321 |
| Total | 365 160 | 300 548 |

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 | 263 660 | 728 245 |
| 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: | 431 173 | 866 438 |

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 | | 89 146 623 | 89 146 623 | 53 062 598 | 53 062 598 |
| Trade and other receivables (except for public-law receivables) | Assets at amortised cost | 34 808 640 | 34 808 640 | 25 644 242 | 25 644 242 |
| Other financial assets - bonds | Assets at amortised cost | 4 995 200 | 4 995 200 | - | - |

| | | | | | |
|---|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash | Assets at amortised cost | 49 342 782 | 49 342 782 | 27 418 356 | 27 418 356 |
| Financial liabilities | | 10 491 979 | 10 491 979 | 18 926 207 | 18 926 207 |
| Credit and loan liabilities (except for lease liabilities) | Liabilities at amortised cost | 4 383 334 | 4 383 334 | 12 896 383 | 12 896 383 |
| Trade and other liabilities (except for public-law liabilities) | Liabilities at amortised cost | 6 108 646 | 6 108 646 | 6 029 824 | 6 029 824 |

According to an assessment by the Group, 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 | 11 187 084 | 9 649 000 | 10 608 632 | 9 000 712 | 5 129 609 |

The Group 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 | 173 851 | 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 | 415 115 | 792 317 |

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 | -74 826 | 99 712 |
| Change in provisions in statement of cash flows | -32 780 | 99 712 |
| Balance sheet change in inventories | 259 661 | -39 206 |

| | | |
|---|------------|-------------|
| Change in inventories in statement of cash flows | 259 661 | -39 206 |
| Balance sheet change in receivables | -9 144 644 | -12 054 987 |
| Change in receivables in statement of cash flows | -9 144 644 | -12 054 987 |
| Balance sheet change in current liabilities, except for financial liabilities | 1 027 976 | 4 181 021 |
| Change in investment liabilities | -215 306 | 116 321 |
| Balance sheet change in current liabilities, except for financial liabilities, in statement of cash flows | 1 243 282 | 4 064 700 |
| Balance sheet change in prepayments and accrued expenses | -3 488 422 | -2 455 824 |
| Change in prepayments and accrued expenses in statement of cash flows | -3 488 422 | -2 455 824 |

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

| 31.1 Related-party transactions and balances for the financial year | Consolidated | | Unconsolidated | |
|---|--------------|--------------|----------------|--------------|
| | Parent | Subsidiaries | 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 31.12.2019 | 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:

1. 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,
2. 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 | At 31.12.2020 | 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 | 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 and sureties issued - detailed specification | Guarantee / surety from | Title | Currency | 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 | 78 725 258 | 40 088 249 |
| Profit per share (in PLN per share) | 22.12 | 11.15 |
| Profit used to calculate basic profit per share, total | 78 725 258 | 40 088 249 |
| Profit used to calculate basic profit per share from continuing operations | 78 725 258 | 40 088 249 |

| 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 | 78 725 258 | 40 088 249 |
| Profit per share (in PLN per share) | 22.12 | 11.15 |
| Profit recognised for the purpose of calculating diluted profit per share | 78 725 258 | 40 088 249 |
| 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 Group 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 Issuer 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 Group'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 Group'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 | 8 999 265 | 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 | 171 825 |
| Deferred proceeds from sale | 10 000 000 | - |
| Total | 12 151 214 | 171 825 |

| 35.3 Gain on sale | For the period ended 31.12.2020 | For the period ended 31.12.2019 |
|--------------------------|--|--|
| Payment | 12 151 214 | 176 825 |
| Net assets sold | -8 999 266 | -205 122 |
| Other selling costs | -65 797 | - |
| Total | 3 086 151 | -28 297 |

36. Other information

| 36.1 Fees to entities authorised to audit financial statements | For the year ended 31.12.2019 | For the year ended 31.12.2019 |
|---|--|--|
| For review and audit of separate financial statements | 120 000 | 58 000 |
| For other services | 67 850 | - |
| Total | 187 850 | 58 000 |

| 36.1 Average headcount in full-time positions | For the year ended 31.12.2020 | For the year ended 31.12.2019 |
|--|--|--|
| Blue-collar workers | 169 | 169 |
| White-collar workers | 59 | 61 |
| Total average headcount | 228 | 230 |

36.3. List of collateral for the Parent's 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 Parent 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

28 April 2021
Date

Józef Mokrzycki
President of the Management Board

28 April 2021
Date

Elżbieta Mokrzycka
Vice-President of the Management Board

28 April 2021
Date

Anna Mokrzycka – Nowak
Vice-President of the Management Board

28 April 2021
Date

Wiktor Mokrzycki
Vice-President of the Management Board

28 April 2021
Date

Tobiasz Mokrzycki
Vice-President of the Management Board

Signature of person in charge of book-keeping

28 April 2021
Date

Jarosław Martiszek
Chief Accountant