

Independent statutory auditor's report on audit of annual financial statements

For the Shareholders of Mo-Bruk S.A.

Report on audit of annual financial statements

Opinion

We have audited the annual financial statements of Mo-BRUK S.A. (Company), based in Niecew 68, comprising the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the financial year ended on that date, additional information on the adopted accounting principles and other explanatory information.

In our opinion, the enclosed annual financial statements:

- provide a reliable and clear view of the Company's asset and financial situation as at 31 December 2020 and its financial result and cash flows for the financial year ended on that date in accordance with International Accounting Standards, International Financial Reporting Standards and the associated interpretations, published in the form of European Commission regulations, and the adopted accounting principles (policy),
- are prepared on the basis of correctly maintained accounting books,
- are in compliance, as to form and content, with regulations applicable to the Company and provisions of the Company's articles of association.

Our opinion is consistent with the additional report to the Audit Committee, issued on the date of this audit report.

Basis of the opinion

We performed our audit in accordance with:

- Act of 11 May 2017 on statutory auditors, audit firms and public oversight (consolidated text: Polish Journal of Laws of 2020, item 1415) (Act on statutory auditors), International Standards on Auditing, version adopted as National Standards on Auditing by the National Chamber of Statutory Auditors through resolution no. 3430/52a/2019 of 21 March 2019, as amended, and
- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Official EU Journal L 158 of 27.05.2014, page 77, and Official EU Journal L 170 of 11.06.2014, page 66) (Regulation 537/2014).

In accordance with these standards, our responsibility is further described in this report in the section Statutory auditor's responsibility for auditing the annual financial statements.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Chamber

of Statutory Auditors through resolution no. 3431/52a/2019 of 25 March 2019 as professional ethics rules for statutory auditors, and with other ethics requirements applicable to audits of financial statements in Poland. In the course of the audit, the lead statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements specified in the Act on statutory auditors and Regulation 537/2014. Further, we complied with our other ethical obligations in accordance with these requirements and the IESBA Code.

We consider that the audit evidence we obtained is sufficient and appropriate to serve as the basis for our opinion.

Key audit matters

Key audit matters are matters that, in our professional judgement, were of the most significance in auditing the financial statements of the current reporting period. They include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the annual financial statements as a whole and we took them into account in formulating our opinion on these financial statements. Below, we summarise our response to these risks and, where we considered it as necessary, we present the most important comments about these risks. We are not expressing a separate opinion on these matters.

Risk of incorrect measurement of property, plant and equipment

The carrying amount of the Company's property, plant and equipment as at 31 December 2020 was PLN 113 million, which constituted 58% of the total asset value in the financial statements.

The Company's Management Board is required to assess whether there are indications of impairment of property, plant and equipment. This process is an accounting estimate and we considered it as a key audit matter due to the significant level of judgement by the Management Board.

Disclosures concerning this matter are presented in note no. 1 to the financial statements.

Statutory auditor's response

Audit procedures performed in this area included:

- review of accounting policy in the part concerning recognition of property, plant and equipment and the associated significant judgements and estimates,
- verification of the assessment of impairment indicators performed by the Company's Management Board,
- verification of the applied economic life of property, plant and equipment,
- verification of the purchases and sales of non-current assets in the audited period,
- verification of the calculation of non-current asset depreciation in the audited period,
- assessment of the correctness and completeness of disclosures in this area.

Risk of incorrect recognition of revenue

Net revenue from sales, as recognised in the separate statement of comprehensive income, amounted to PLN 156 million.

The Company's main stream of revenue is waste management, which amounted to PLN 137 million in 2020.

Revenue gives rise to the risk of recognising revenue in the wrong period and at an incorrect amount, including the risk of fraud. This is why we considered this matter as a key audit matter.

Disclosures concerning this matter are presented in notes no. 22 and 23 to the financial statements.

Statutory auditor's response

Audit procedures performed in this area included:

- understanding the revenue recognition process,
- review of accounting policy in the part concerning the recognition of revenue and the associated estimates,
- identification of the key sales processes, including assessment of the design and deployment of control processes,
- detailed audit of credibility, encompassing:
 - audit of transactions at the turn of reporting periods,
 - analysis of material contractual terms and their recognition in the accounting system,

- independent confirmation of balances on a randomly selected sample of counterparties,
- analytical procedures, particularly analysis of monthly data and trends by source of revenue.

Responsibility of the Company's Management Board and Supervisory Board for the annual financial statements

The Company's Management Board is responsible for preparing the annual financial statements, on the basis of correctly maintained accounting books, that provide a reliable and clear view of the Company's asset and financial situation, financial result and cash flows in accordance with International Accounting Standards, International Financial Reporting Standards and associated interpretations, published in the form of European Commission regulations, adopted accounting principles (policy), applicable laws and the Company's articles of association. The Company's Management Board is also responsible for internal control such as it deems necessary in order to prepare annual financial statements that are free of material misstatement caused by fraud or error.

In preparing the annual financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern, if applicable, and for the going concern assumption, except when the Management Board either intends to liquidate the Company or discontinue its operations or has no real alternative to liquidation or discontinuation.

Pursuant to the Accounting Act of 29 September 1994 (consolidated text: Polish Journal of Laws of 2021, item 217, as amended) (Accounting Act), the Management Board and Members of the Supervisory Board of the Company are required to ensure that the annual financial statements meet the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for supervising the Company's financial reporting process.

Statutory auditor's responsibility for audit of annual financial statements

Our objective is to obtain the rational certainty that the annual financial statements as a whole are free of material misstatement caused by fraud or error and to issue an audit report containing our opinion. Rational certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the National Standards on Auditing will always detect the existing material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

The scope of the audit does not extend to assurances as to the Company's future profitability or the efficiency or effectiveness of the conduct of its affairs by the Company's Management Board currently or in the future.

During an audit compliant with the National Standards on Auditing, we apply professional judgement and we maintain professional scepticism as well as:

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the statutory auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and we communicate with the Supervisory Board all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Supervisory Board, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the management report

The other information comprises the management report on the Company's activities for the financial year 2020 that ended on 31 December 2020, along with a statement on corporate governance, which is a separate part of this management report, and the annual report for the financial year ending on 31 December 2020 (excluding the annual financial statements and our statutory auditor's report).

Management Board and Supervisory Board responsibility

The Company's Management Board is responsible for preparing the other information in accordance with the Accounting Act and other applicable laws. Further, the Management Board and Members of the Supervisory Board of the Company are required to ensure that the management report meets the requirements specified in the Accounting Act.

Statutory auditor's responsibility

Our opinion on the annual financial statements does not cover the other information and we do not make any form of assurance resulting from the National Standards on Auditing. In connection with the audit of the annual financial statements, our responsibility is to read the other information and in the course of this identify whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we identify material misstatements in the other information, we are obligated to note this in our audit report. In accordance with the Act on statutory auditors, it is also our duty to issue an opinion on whether the management report has been prepared in accordance with the law and whether it is consistent with the information contained in the annual financial statements. Moreover, we are required to issue an opinion on whether the Company has included all of the requisite information in its statement on corporate governance.

Opinion on the management report

In our opinion, the management report has been prepared in accordance with the applicable laws, i.e. the provisions of art. 49 of the Accounting Act and § 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information disclosed by issuers of securities and the terms for recognising as

equivalent information required by the laws of a non-member state (Polish Journal of Laws of 2018, item 757) (Regulation on current and periodic information), and is consistent with the information contained in the enclosed annual financial statements. Further, we declare that in the light of knowledge about the Company and its surroundings obtained in the course of auditing the annual financial statements, we did not identify material misstatements in the management report.

Opinion on the statement on corporate governance

In our opinion, the Company has included the information referred to in § 70 sec. 6 point 5 of the Regulation on current and periodic information in its statement on corporate governance. The information indicated in § 70 sec. 6 point 5 letters c-f, h and i of the Regulation on current and periodic information, as presented in the statement on corporate governance, is compliant with the applicable laws and the information contained in the annual financial statements.

Report on other legal requirements and regulations

Statement on non-audit services

To the best of our knowledge and conviction, we declare that we have not provided any of the non-audit services that are prohibited under art. 136 of the Act on statutory auditors and art. 5 sec. 1 of Regulation 537/2014.

Selection of audit firm

We were selected to audit the Company's annual financial statements for 2020 and 2021 through a resolution adopted by the Company's Supervisory Board on 2 June 2020. The financial statements for 2020 are the Company's first annual financial statements that we are auditing.

Elżbieta Grześkowiak

Statutory auditor no. 5014 Lead statutory auditor performing the audit on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k., Poznań, ul. Abpa Antoniego Baraniaka 88
E, audit firm no. 4055

Poznań, 28 April 2021.