

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

For the Shareholders of Mo-BRUK S.A.

Report on audit of annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the Group (Group) the parent company of which is Mo-BRUK S.A. (Parent), based in Niecew 68, comprising the consolidated statement of financial position as at 31 December 2020, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity, consolidated 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 consolidated financial statements:

- provide a reliable and clear view of the Group'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 in compliance, as to form and content, with regulations applicable to the Group and provisions of the Parent'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 consolidated financial statements. We are independent of the Group's companies 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 Group's companies 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 most significance in auditing the annual consolidated 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 consolidated 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 related to 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 Group's property, plant and equipment as at 31 December 2020 was PLN 116 million, which constituted 55% of the total asset value in the financial statements.

The Parent'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 consolidated 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 Parent's Management Board,
- verification of the applied useful 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 consolidated statement of comprehensive income, amounted to PLN 178 million.

The Group's main stream of revenue is waste management, which amounted to PLN 162 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.

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 survey of credibility, covering:
 - audit of transactions at the turn of reporting periods,
 - analysis of material contractual terms and their recognition in the accounting system,

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

- 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 Parent's Management Board and Supervisory Board for the annual consolidated financial statements

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

In preparing the annual consolidated financial statements, the Parent's Management Board is responsible for assessing the Group'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 Parent's Management Board either intends to liquidate the Group 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 Parent are required to ensure that the annual consolidated financial statements meet the requirements specified in the Accounting Act. Members of the Parent's Supervisory Board are responsible for supervising the Group's financial reporting process.

Statutory auditor's responsibility for audit of annual consolidated financial statements

Our objective is to obtain the rational certainty that the annual consolidated 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 consolidated financial statements.

The scope of the audit does not extend to assurances as to the Group's future profitability or the efficiency or effectiveness of the conduct of its affairs by the Parent'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 consolidated 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Management Board;
- conclude on the appropriateness of the Parent's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If 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 consolidated 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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and we remain solely responsible for the audit opinion.

We communicate with the Parent's 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 Parent's 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 consolidated 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 Group'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 consolidated annual report for the financial year ending on 31 December 2020 (excluding the annual consolidated financial statements and our statutory auditor's report).

Responsibility of the Parent's Management Board and Supervisory Board

The Parent'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 Parent are required to ensure that the management report on the Group's activities meets the requirements specified in the Accounting Act.

Statutory auditor's responsibility

Our opinion on the annual consolidated 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 consolidated 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 on the Group's activities has been prepared in accordance with the law and whether it is consistent with the information contained in the annual consolidated financial statements. Moreover, we are required to issue an opinion on whether the Parent has included all of the requisite information in its statement on corporate governance.

Opinion on the management report

In our opinion, the management report on the Group's activities has been prepared in accordance with the applicable laws, i.e. the provisions of art. 55 sec. 2a of the Accounting Act and § 71 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 consolidated financial statements. Further, we declare that in the light of knowledge about the Group and its surroundings obtained in the course of auditing the annual consolidated financial statements, we did not identify material misstatements in the management report.

Opinion on the statement on corporate governance

In our opinion, the Parent 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 information contained in the annual consolidated financial statements.

Report on other legal requirements and regulations

Opinion on the compliance of the consolidated financial statements prepared in single electronic reporting format with the requirements of Regulation on regulatory technical standards on the specification of a single electronic reporting format

In connection with the audit of the annual consolidated financial statements, we were engaged to provide an assurance service that would give rational certainty in order to express an opinion on whether the Group's annual consolidated financial statements as at and for the year ended 31 December 2020 prepared in single electronic reporting format, contained in the file mobruk-2020-12-31.zip (consolidated financial statements in ESEF format) were marked up in accordance with the requirements specified in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF Regulation) and meet the technical requirements concerning the specification of a single electronic reporting format, as set out in the ESEF Regulation.

Identification of criteria and description of service

The ESEF-compliant consolidated financial statements have been prepared by the Parent's Management Board in order to meet the mark-up and technical requirements concerning the specification of a single electronic reporting format, as specified in the ESEF Regulation. The subject of our assurance service is the compliance of the ESEF-format consolidated financial statements with the ESEF Regulation requirements, and the requirements specified in these regulations constitute, in our opinion, appropriate criteria for us to formulate our opinion.

Responsibility of the Parent's Management Board and Supervisory Board

The Parent's Management Board is responsible for preparing the ESEF-compliant consolidated financial statements in accordance with the mark-up and technical requirements concerning the specification of a single electronic reporting format, as specified in the ESEF Regulation. This responsibility encompasses the selection and application of appropriate XBRL markups, using the taxonomy specified in the ESEF Regulation.

The responsibility of the Parent's Management Board also extends to the design, implementation and maintenance of an internal control system that ensures that the ESEF-compliant consolidated financial

statements are free of material inconsistencies with the ESEF Regulation requirements. Members of the Parent's Supervisory Board are responsible for supervising the Group's financial reporting process, which also includes the preparation of financial statements in accordance with the format resulting from applicable laws.

Statutory auditor's responsibility

Our objective was to issue an opinion, based on an assurance service providing rational certainty, whether the ESEF-compliant consolidated financial statements were marked-up in accordance with the ESEF Regulation requirements and whether they are in accordance with the technical standards concerning the specification of a single electronic reporting format, as specified in the ESEF Regulation.

We performed the service in accordance with National Standard on Assurance Engagements 3000 (Revised) in the meaning of ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, which was adopted by the National Chamber of Statutory Auditors via resolution no. 3436/52e/2019 of 8 April 2019, as amended (NSAE 3000 (Revised)).

This standard requires the statutory auditor to plan and perform procedures so as to obtain rational certainty that the ESEF-compliant consolidated financial statements have been prepared in accordance with the specified criteria. Rational certainty is a high level of certainty but it does not guarantee that a service performed in accordance with NSAE 3000 (Revised) will always detect the existing material misstatements.

The selection of procedures is up to the statutory auditor's judgement, including an estimate of the risk of material misstatements caused by fraud or error. In estimating this risk, the statutory auditor takes into account the internal control related to the preparation of ESEF-compliant consolidated financial statements in order to plan appropriate procedures that will provide the statutory auditor with sufficient appropriate evidence. An assessment of the functioning of the internal control system was not performed in order to issue an opinion on its effectiveness.

Summary of our work

The procedures planned and performed by us included:

- obtaining an understanding of the process of preparing consolidated financial statements in ESEF format, covering the process of selecting and applying XBRL markups by the Parent's Management Board, and ensuring compliance with the ESEF Regulation, including an understanding of mechanisms in the internal control system that are related to this process,
- reconciling the marked-up information contained in the ESEF-compliant consolidated financial statements with the audited annual consolidated financial statements,
- assessing compliance with technical standards on the specification of a single electronic reporting format, including application of the XHTML format, using specialist IT tools,
- assessing the completeness of information markups in the ESEF-compliant consolidated financial statements using XBRL markups,
- assessing whether the XBRL markups from the taxonomy specified in the ESEF Regulation that were applied were appropriate and whether taxonomy extensions were used where the basic taxonomy in the ESEF Regulation did not contain the relevant elements,
- assessing the correctness of anchoring of the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

We believe that the evidence obtained by us constitutes a sufficient and appropriate basis for us to express an opinion on the assurance service.

Ethics requirements, including independence

In performing the service, the statutory auditor and audit firm observed the independence requirements and other ethics requirements specified in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. We also observed other independence and ethics requirements that are applicable to this assurance service in Poland.

Quality control requirements

The audit firm applies national quality control standards in the meaning of International Standard on Quality Control 1 Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements, adopted by the National Chamber of Statutory Auditors via resolution no. 2040/37a/2018 of 3 March 2018, as amended. In accordance with the national quality control standards, the audit firm maintains a comprehensive quality control system that covers documented policies and procedures related to compliance with ethics requirements, professional standards and applicable legal and regulatory requirements.

Opinion

The matters described above constitute the basis for the statutory auditor's opinion, which is why the opinion should be read in conjunction with these matters. In our opinion, the ESEF-format consolidated financial statements have been prepared, in all significant respects, in compliance with the ESEF Regulation requirements.

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 Group's annual consolidated financial statements for 2020 and 2021 through a resolution adopted by the Parent's Supervisory Board on 2 June 2020. The consolidated financial statements for 2020 are the Group's first annual consolidated 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