

MOBRUK

**MANAGEMENT REPORT
ON MO-BRUK GROUP'S ACTIVITIES
in the period from 1 January 2022 to 30 June 2022**

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Błąd! Nie można odnaleźć źródła odwołania.. Błąd! Nie można odnaleźć źródła odwołania. Błąd! Nie zdefiniowano zakładki.	
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1. Mo-BRUK Group activities in the period from 1 January 2022 to 30 June 2022

The Issuer forms a Group that comprises the Issuer and subsidiary Raf-Ekologia Sp. z o.o., based in Jedlicze. The Issuer is the parent company for this subsidiary. The Issuer holds a 100% stake in the subsidiary. The stake gives the Issuer 100% of votes at its general meeting.

The Issuer's parent company is Ginger Capital sp. z o.o., based in Korzenna, which at the date of this report held 1 229 838 shares with a nominal value of PLN 10.00 each and total nominal value of PLN 12 298 380.00, which constituted 35.01% of share capital and entitled to 1 932 480 votes at the general meeting, or 45.84% of total votes at the general meeting.

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

The Group's structure did not change in the period from 1 January 2022 to 30 June 2022.

Key data on the Parent

Name:	Mo-BRUK Spółka Akcyjna
Issuer's registered office:	Niecew
Issuer's legal form:	joint stock company
Legislation:	Polish and EU
Country of Issuer's registered office:	Poland
Issuer's address:	Niecew 68, 33-322 Korzenna
Telephone number:	+48 (18) 441 70 48
Fax number:	+48 (18) 441 70 99
Email:	mobruk@mobruk.pl
Website:	www.mobruk.pl
KRS number:	0000357598
NIP number:	734-32-94-252
REGON number:	120652729

Key data on the subsidiary

Name:	Raf-Ekologia Spółka z ograniczoną odpowiedzialnością
Registered office:	Jedlicze
Legal form:	limited liability company
Legislation:	Polish and EU
Country of incorporation:	Poland
Address:	ul. Trzecieckiego 14, 38-460 Jedlicze
Telephone number:	+48 13 30 61 404, 13 30 61 405
Fax number:	+48 13 30 61 406
Email:	rafekologia@rafekologia.pl
Website:	www.rafekologia.pl
KRS number:	0000069313
NIP number:	6842198750
REGON number:	370484149

Issuer's Management Board

Composition of the Parent's Management Board at the date on which the condensed consolidated interim financial statements were prepared:

- Henryk Siodmok President of the Management Board
- Elżbieta Mokrzycka Vice-President of the Management Board
- Wiktor Mokrzycki Vice-President of the Management Board
- Tobiasz Mokrzycki Vice-President of the Management Board

The following changes in the composition of the Issuer's Management Board took place in the reporting period:

- On 2 June 2022, Mr. Józef Mokrzycki resigned from the position of President of the Management Board of Mo-BRUK S.A. with effect from 9 July 2022. In a letter submitted to the Chairperson of the Supervisory Board, Mr. Józef Mokrzycki stated that after 37 years of managing the company, he considers it to be fully prepared to function as an entity managed by professional managers. The resignation was justified by further professional plans involving other projects. Mr. Józef Mokrzycki stated that he will not seek a Supervisory Board

membership. He underlined that he is ready to support the Management Board of Mo-BRUK S.A. in further strategic and operational activities.

- At a meeting on 9 June 2022, the Company's Supervisory Board appointed Dr. Henryk Siodmok as President of the Management Board of Mo-BRUK S.A., effective from 10 July 2022. The Management Board's joint term ends on 30 April 2025. Dr. Henryk Siodmok previously served as Advisor and Managing Director at the Company. He has extensive managerial experience and the right credentials to lead the Company with ambitions to continue organic growth, planning M&A transactions and operating in the growing industrial waste management market.

Issuer's Supervisory Board

At the date on which the condensed consolidated interim financial statements were prepared, the Supervisory Board was composed as follows:

- Kazimierz Janik Chairperson of the Supervisory Board
- Arkadiusz Semczak 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

The following changes in the composition of the Issuer's Supervisory Board took place in the reporting period:

- On 5 January 2022, Mr. Jan Basta tendered his resignation as member of the Supervisory Board of Mo-BRUK S.A. effective from 5 January 2022, citing serious personal considerations.
- Mr. Arkadiusz Semczak was added to the Supervisory Board, replacing Mr. Jan Basta, who resigned.

Audit Committee

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

- Piotr Skrzyński Chairperson of the Audit Committee
- Piotr Pietrzak Member of the Audit Committee
- Kazimierz Janik Member of the Audit Committee

The following changes in the composition of the Issuer's Audit Committee took place in the reporting period:

- On 1 June 2022, the Issuer's Supervisory Board adopted a resolution to appoint Mr. Piotr Skrzyński as Chairperson of the Audit Committee. Mr. Piotr Skrzyński fulfils the condition of independence required to act as Chairperson of the Audit Committee.
- On 31 May 2022, the Company received a statement from Mr. Piotr Pietrzak resigning as Chairperson of the Audit Committee. The reason given for the resignation is that as of 1 June 2022 Mr. Piotr Pietrzak has been a member of the Issuer's Supervisory Board for more than 12 years and therefore will not meet the independence condition required to hold the position of Chairperson of the Audit Committee pursuant to art. 129 sec. 3 point 9 of the act of 11 May 2017 on statutory auditors, audit firms and public oversight. Mr. Piotr Pietrzak remains a member of the Audit Committee,
- Due to the resignation from the Supervisory Board submitted on 5 January 2022 by Supervisory Board Member Mr. Jan Basta and the consequent termination of his mandate in the Audit Committee, the Supervisory Board, acting on the basis of an authorisation resulting from the Company's Articles of Association, appointed Mr. Piotr Skrzyński to the Audit Committee.

Mo-BRUK Spółka Akcyjna, based in Niecew (Niecew 68, 33-322 Korzenna), is a capital company with legal personality registered at the District Court in Kraków, 12th Commercial Division, entered in the National Court Register under KRS number 0000357598.

The Company has been established for an indefinite period and operates pursuant to the provisions of Polish law.

The firm had been operating since 1985 as a sole proprietorship under the name "Mo-BRUK" Józef Mokrzycki. Until 1996, it manufactured products from terrazzo (tiles, window sills, stairs) and catered predominately to retail customers. From 1996, the firm has been in the widely-defined

waste management business, encompassing: storage, disposal and recycling. As the firm developed, on 1 April 2008 its legal form was changed from a sole proprietorship (Mo-BRUK Józef Mokrzycki) to a limited partnership. On 1 June 2010, the Company's legal form was changed to a joint stock company.

Mo-BRUK S.A. has seven branches and one subsidiary. A waste recovery facility and a concrete surface construction facility are located next to the Company's registered office in Niecew. Three of the Company's branches are located in Wałbrzych: waste recycling facility, where alternative fuels are produced, industrial waste landfill (waste is no longer being landfilled here since 20 March 2020) and coal slug recovery facility.

An alternative fuels production facility has been operating in Karsy (municipality of Ożarów) since 2008, with an industrial waste incineration unit launched in 2014.

An inorganic waste recovery facility was launched in Skarbimierz in 2014.

Mo-BRUK S.A. also has a branch in Łęka (fuelling station and diagnostics station).

Mo-BRUK holds a 100% stake in Raf-Ekologia Sp. z o.o.

The subsidiary's principal business is the thermal treatment of industrial and medical waste.

Raf-Ekologia Sp. z o.o. was founded on 1 December 1999 in Krosno (notary's deed of 1 December 1999, notary's register A no. 9397/99). Its share capital amounts to PLN 686 000.00 (six hundred eighty six thousand zlotys) and is divided into 6860 shares with a nominal value of PLN 100.00 each. The Company is engaged in the thermal treatment of hazardous and non-hazardous waste, including medical and veterinary, of a wide variety, pursuant to integrated permit no. ŚR.IV-6618-23/1/06 issued by the Podkarpacie Voivode, amended through integrated permit OS-I.7222.9.10.2019.RD of 7 February 2020 issued by Podkarpacie Voivodeship Marshal, as amended.

Mo-BRUK S.A.'s share capital

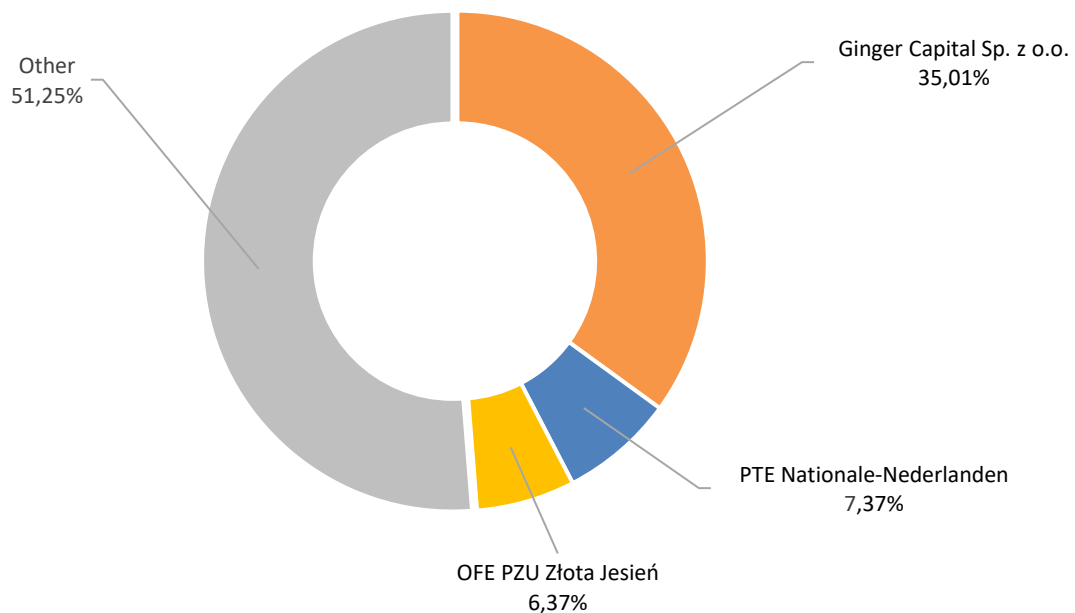
At the date of this report, Mo-BRUK S.A.'s registered share capital amounted to PLN 35 128 850.00 (in words: thirty five million one hundred twenty eight thousand eight hundred fifty zlotys 00/110) and was divided into 3 512 885 (in words: three million five hundred twelve thousand eight hundred eighty five) shares with a nominal value of PLN 10.00 (in words: ten zlotys 00/100) each. The Company's shares are as follows:

- 702 642 registered shares series A (1 405 284 votes) - series A shares are preference shares in terms of votes - one series A share entitles to two votes,

- 1 227 936 bearer shares series B (1 227 936 votes) - series B shares are not preference shares,
- 1 582 307 bearer shares series C (1 582 307 votes) - series C shares are not preference shares.

All of the shares have been fully paid up. Since 2010, the Company's shares have been listed in the alternative trading system NewConnect, and from 25 April 2012 the Issuer's series C ordinary bearer shares were introduced to a parallel market operated by the Warsaw Stock Exchange based on decisions no. 369/2012, 370/2012, 371/2012 of the Board of the Warsaw Stock Exchange. On 30 March 2017, shares from a further issue were introduced to trade on the parallel market pursuant to resolution no. 301/2017 of the Board of the Warsaw Stock Exchange dated 27 March 2017. On 23 November 2020, series B shares were introduced to trading on the WSE's parallel market pursuant to resolution no. 896/2020 of the Board of the Warsaw Stock Exchange.

The shareholding structure at the date on which this report was published was as follows:



Shareholder	Number of shares	Share of capital	Number of general meeting votes	Share of general meeting votes	Share in total number of votes
Ginger Capital Sp. z o.o.	1 229 838	35.01%	1 932 480	45.84%	45.84%
PTE Nationale-Nederlanden	258 938	7.37%	258 938	6.14%	6.14%
OFE PZU „Złota Jesień“	223 680	6.37%	223 680	5.31%	5.31%
Other	1 800 429	51.25%	1 800 429	42.71%	42.71%
TOTAL:	3 512 885	100.00%	4 215 527	100.00%	100.00%

Source: Issuer (own calculations, based on information known to the Issuer).

2. Explanations regarding seasonality or cyclicity of the Issuer's business in the reporting period

The Group's business is not characterised by significant seasonality or cyclicity that could materially impact the periodic results of the Issuer or its subsidiary.

3. Discussion of key economic and financial figures disclosed in the condensed consolidated interim financial statements, including in particular description of factors and events, including atypical in nature, having material impact on the Issuer's business and profit or losses in the first half of the year, along with discussion of development perspectives for the Issuer's business at least in the next financial year

In describing its financial and operational situation in this section, the Issuer applied alternative performance measures that deliver useful information on the financial situation, cash flows, financial effectiveness and profitability, along with relevant clarifications, so that investors can understand their usefulness and credibility (ESMA Guidelines on Alternative Performance Measures 05/10/2015 ESMA/2015/1415pl). These include:

1. EBITDA - earnings before interest, tax and amortisation / depreciation (akin to cash from operating activities). EBITDA is calculated as operating profit (EBIT) plus non-monetary costs (amortisation / depreciation). In general, EBITDA specifies the cash generating ability of a firm's assets. The higher the EBITDA, the higher the cash generating ability,
2. Margin on sales - gross profit on sales to net revenue from sales.
3. EBITDA margin - operating profit plus amortisation / depreciation to net revenue from sale.
4. EBIT margin - operating profit to net revenue from sale,

5. Net margin - net profit to net revenue from sale,
6. Net financial debt to EBITDA - financial debt less cash to operating profit plus amortisation / depreciation.

The Issuer notes that the alternative performance measures should not be afforded greater significance, impact or force than measurements (data) resulting directly from the financial statements. The Issuer recommends looking mainly into measurements (data) resulting directly from the financial statements when analysing this section.

Mo-BRUK GROUP SELECTED FINANCIAL DATA (CONSOLIDATED)

ITEM	PLN		EUR	
	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
I. Net revenue from sale of products, goods and materials	111 612 403	131 512 600	24 040 581	28 921 878
II. Operating profit (loss)	55 996 418	71 404 385	12 061 262	15 703 050
III. Gross profit (loss)	56 369 804	69 313 062	12 141 687	15 243 132
IV. Net profit (loss)	45 601 395	55 763 555	9 822 242	12 263 363
V. Net cash flows from operating activities	40 858 972	57 653 780	8 800 755	12 679 056
VI. Net cash flows from investing activities	-2 377 436	4 688 771	-512 084	1 031 141
VII. Net cash flows from financial activities	-110 874 951	-75 381 218	-23 881 738	-16 577 624
VIII. Total net cash flows	-72 393 414	-13 038 667	-15 593 067	-2 867 427
IX. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
X. Profit (loss) per ordinary share (in PLN/EUR)	12.98	15.87	2.80	3.49
ITEM	PLN		EUR	
	At 30.06.2022	At 31.12.2021	At 30.06.2022	At 31.12.2021
XI. Total assets	189 713 536	259 564 076	40 531 884	56 434 334
XII. Liabilities and provisions for liabilities	47 997 244	52 793 302	10 254 507	11 478 302
XIII. Non-current liabilities	28 235 132	28 876 640	6 032 374	6 278 349
<i>including deferred income - grant</i>	15 853 435	16 928 770	3 387 052	3 680 647
XIV. Current liabilities	19 762 112	23 916 662	4 222 132	5 199 953
<i>including deferred income - grant</i>	2 141 578	2 143 851	457 544	466 115
XV. Equity	141 716 292	206 770 774	30 277 377	44 956 032

XVI. Share capital	35 128 850	35 128 850	7 505 202	7 637 703
XVII. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
XVIII. Book value per share (in PLN/EUR)	40.34	58.86	8.62	12.80

The above data for the first half of 2022 and for 2021 was converted into EUR in accordance with the following rules:

- asset and equity and liability items for:

H1 2022 - using the average exchange rate published on 30 June 2021 - EURPLN 4.6806,

2021 - using the average exchange rate published on 31 December 2021 - EURPLN 4.5994,

- 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 2022 to 30 June 2022) - EURPLN 4.6427, and for 2021 (from 1 January 2021 to 31 December 2021) - EURPLN 4.5472.

Mo-BRUK S.A. SELECTED FINANCIAL DATA (SEPARATE)

ITEM	PLN		EUR	
	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
I. Net revenue from sale of products, goods and materials	95 899 209	118 849 614	20 656 062	26 137 070
II. Operating profit (loss)	46 727 824	64 865 679	10 064 867	14 265 076
III. Gross profit (loss)	61 139 526	72 511 849	13 169 054	15 946 600
IV. Net profit (loss)	52 157 629	60 230 786	11 234 412	13 245 784
V. Net cash flows from operating activities	33 464 104	52 159 479	7 207 949	11 470 765
VI. Net cash flows from investing activities	12 955 340	14 606 090	2 790 495	3 212 130
VII. Net cash flows from financial activities	-110 775 621	-75 162 125	-23 860 343	-16 529 441
VIII. Total net cash flows	-64 356 176	-8 396 556	-13 861 899	-1 846 547
IX. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
X. Profit (loss) per ordinary share (in PLN/EUR)	14,85	17,15	3,20	3,77
ITEM	PLN		EUR	
	At 30.06.2022	At 31.12.2021	At 30.06.2022	At 31.12.2021
XI. Total assets	175 980 966	238 926 496	37 597 950	51 947 318
XII. Liabilities and provisions for liabilities	45 731 109	50 178 390	9 770 352	10 909 769
XIII. Non-current liabilities	27 593 007	28 172 467	5 895 186	6 125 248
<i>including deferred income - grant</i>	15 853 435	16 928 770	3 387 052	3 680 647

XIV. Current liabilities	18 138 102	22 005 923	3 875 166	4 784 520
<i>including deferred income - grant</i>	2 141 578	2 143 851	457 544	466 115
XV. Equity	130 249 857	188 748 106	27 827 598	41 037 550
XVI. Share capital	35 128 850	35 128 850	7 505 202	7 637 703
XVII. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
XVIII. Book value per share (in PLN/EUR)	37.08	53.73	7.92	11.68

The above data for the first half of 2022 and for 2021 was converted into EUR in accordance with the following rules:

- asset and equity and liability items for:

H1 2022 - using the average exchange rate published on 30 June 2021 - EURPLN 4.6806,

2021 - using the average exchange rate published on 31 December 2021 - EURPLN 4.5994,

- 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 2022 to 30 June 2022) - EURPLN 4.6427, and for 2021 (from 1 January 2021 to 31 December 2021) - EURPLN 4.5472.

Mo-BRUK Group generated nearly PLN 112 million in consolidated revenue from sales in the first half of 2022. The revenue figure is satisfactory despite the 15% decline in comparison to the same period of 2021. The decline in revenue mainly results from lower sales in the hazardous and medical waste incineration segment. In the comparative period, the Group generated PLN 25 million more in revenue, largely due to a project to liquidate "ecological bombs" in the Zgierz Poviats and the City of Gorlice. The Group recorded nearly PLN 6 million in revenue from the removal of these ecological bombs in the second quarter of 2022. The lack of revenue from removal of these "ecological bombs" in the first quarter of 2022 is due to a waste management project in Gorlice being suspended due to the scheduling of the National Fund for Environmental Protection and Water Management (NFOŚiGW). The Group is currently implementing two "ecological bomb" projects and further tenders are being prepared, which should be reflected in revenue in the coming periods. In other segments within waste management, there was an increase in sales of 9.8% in the segment for solidification and stabilisation of inorganic waste and a decrease in sales of 4.9% in the segment for production of alternative fuels, from the comparative period (table on page 21). In the petrol station segment, the Group recorded a 53.9% increase in sales versus the comparative period. It should be noted that the Group's revenue from sales and results in the previous financial year were at record highs. The current situation in the world and in the country that has caused a very strong increase in inflation had an insignificant impact on growth in the Group's operating costs, which was 6.7% vs. the comparative period. The increase in operating costs mainly resulted from higher costs to purchase products for petrol

stations, which were PLN 3.5 million, or 63%, higher than in H1 2021. Despite the prevalent inflation, other cost items remained at previous year's levels. The decline in revenue from sales and moderate rise in operating costs translated into a 29.4% decline in profit on sales vs. the result posted in the same period of 2021.

Item	For the period: 01.01.2022-30.06.2022	For the period: 01.01.2021-30.06.2021	Change
Revenue from sales	111 612 403	131 512 600	-15.1%
Operating costs:	55 352 603	51 872 552	6.7%
Changes in products	6 207	-24 962	124.9%
Depreciation / amortisation	2 655 873	2 656 460	0.0%
Use of raw materials and materials	8 007 448	6 983 093	14.7%
Third-party services	23 859 108	25 512 184	-6.5%
Cost of employee benefits	10 497 575	10 125 782	3.7%
Taxes and fees	679 719	686 636	-1.0%
Other costs	604 389	396 325	52.5%
Value of goods and materials sold	9 042 284	5 537 033	63.3%
PROFIT (LOSS) ON SALES	56 259 800	79 640 048	-29.4%
Other operating revenue	1 977 198	434 514	355.0%
Other operating costs	2 240 580	8 670 176	-74.2%
EBITDA (operating profit + depreciation / amortisation)*	58 652 291	74 060 846	-20.8%
EBIT (operating profit)**	55 996 418	71 404 385	-21.6%
Finance income	749 715	40 188	1765.5%
Finance costs	376 330	2 131 511	-82.3%
PROFIT (LOSS) BEFORE TAX	56 369 804	69 313 062	-18.7%
Income tax	10 768 409	13 549 507	-20.5%
NET PROFIT (LOSS)	45 601 395	55 763 555	-18.2%

*/ EBITDA is an economic value that is not reflected in the existing IASs/IFRSs and does not apply to financial reporting. In connection with this, according to the Issuer it constitutes an alternative performance measure (APM). The presented and calculated EBITDA constitutes the sum of operating result (profit / loss) and amortisation / depreciation. APM applies to the reporting periods indicated in the table header.

**/ EBIT is an economic value that is not reflected in the existing IASs/IFRSs and does not apply to financial reporting. In connection with this, according to the Issuer it constitutes an alternative performance measure (APM). The presented and calculated EBIT is

identical to operating profit. APM applies to the reporting periods indicated in the table header.

In the first half of 2022, Mo-BRUK Group posted satisfactory financial results that confirm the Group's solid standing. Due to the historically high levels that the Group had recorded in the previous financial year and the above-described factors in the first half of 2022, compared to the corresponding period of 2021, the Group recorded decreases in financial results compared to the corresponding period of 2021: operating profit, EBITDA, profit before tax and net profit of PLN 45.6 million, which is 18.2% lower than the result that the Group generated in the first half of 2021.

Mo-BRUK Group's profit

Item, data in PLN	H1 2022	H1 2021	Change
Profit (loss) on sales	56 259 800	79 640 048	-29.4%
EBITDA (operating profit + depreciation / amortisation)	58 652 291	74 060 846	-20.8%
EBIT (operating profit)	55 996 418	71 404 385	-21.6%
Gross profit (loss)	56 369 804	69 313 062	-18.7%
Net profit (loss)	45 601 395	55 763 555	-18.2%

The lower revenues is due to the postponement of the "ecological bomb" decommissioning projects being reflected in the EBITDA generated for the first six months of 2022. The Group's EBITDA in H1 2022 reached PLN 58.7 million, down 20.8% from H1 2021.

Mo-BRUK Group profitability analysis

Item	H1 2022	H1 2021
Sales margin	50.4%	60.6%
EBITDA margin	52.5%	56.3%
EBIT margin	50.2%	54.3%
Net margin	40.9%	42.4%
Return on assets*	55.3%	51.5%
Return on equity*	74.0%	73.2%

Algorithms for calculating the ratios:

Margin on sales = result on sales / net revenue from sales

EBITDA margin = (operating result + amortisation/depreciation) / revenue from sales

Operating margin = operating result / net revenue from sales

Net margin = net financial result / net revenue from sales

Return on assets = net results for past 12 months / total assets

Return on equity = net result for past 12 months / equity

*for the ratio as of 30.06.2022 net results for past 12 months covers the period from 01.07.2021 to 30.06.2022.

for the ratio as of 30.06.2021 net results for past 12 months covers the period from 01.07.2020 to 30.06.2021.

In the first half of 2022, the Issuer's Group achieved high profitability ratios of over 50% for profit on sales, EBITDA profitability and operating profitability, which mainly represent the efficiency of the core business without the effect of extraordinary events, e.g. the decommissioning of ecological bombs, the share of which in the Group's total revenue in H1 2022 was just over 5%.

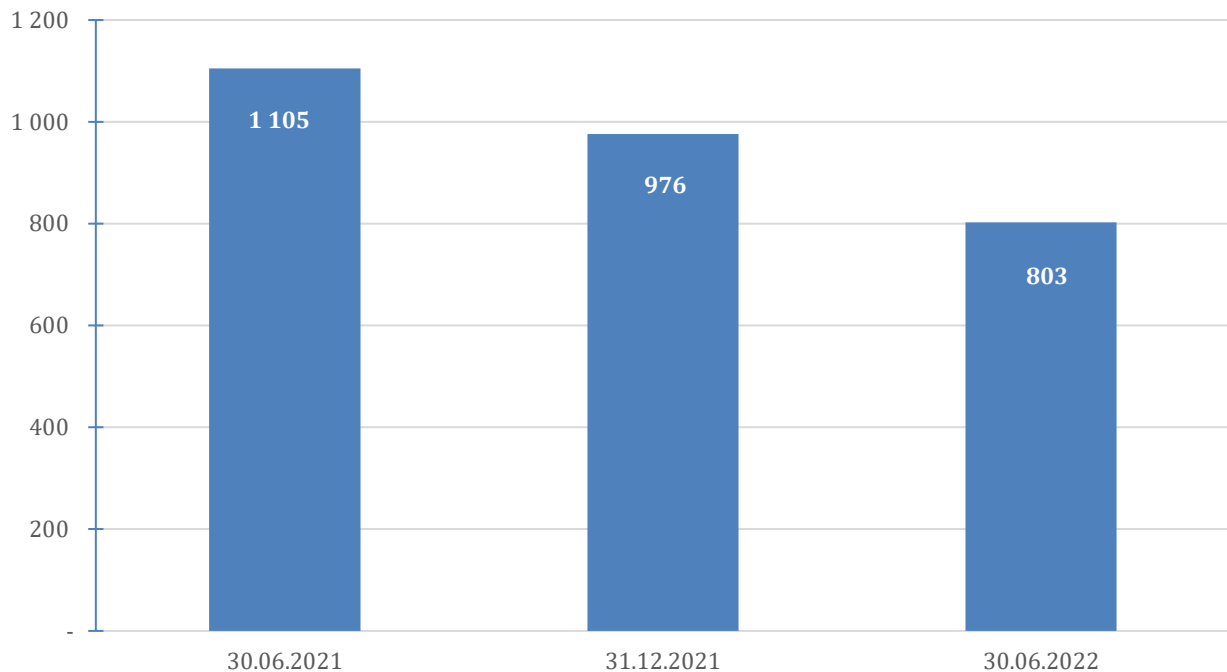
Mo-BRUK Group has very low financial debt, which at the end of H1 2022 amounted to just PLN 0.8 million. The Group currently has no liabilities related to bank credit; financial liabilities primarily concern leases. The Group maintains a high level of cash, which amounted to nearly PLN 42 million at the end of the current reporting period. Given future development plans and a favourable interest rate environment, financial surpluses are allocated to short-term bank deposits. Due to the approx. PLN 80 million in planned capital expenditures to the end of 2023 and the Group's planned growth through potential acquisitions and organic growth, in the future the Group plans to take out new bank credit facilities to finance these investments. The Issuer plans to expand its production capacities - in the industrial waste incineration segment by 8 000 tonnes and in the solidification and stabilisation segment by 140 000 tonnes.

Mo-BRUK Group's financial debt [PLNk]			
	30.06.2022	31.12.2021	30.06.2021
Financial debt¹⁾	803	976	1 105
<i>including:</i>			
<i>loans</i>	39	62	85
<i>leases</i>	764	915	1 020
Net financial debt¹⁾	-40 931	-113 151	-35 199
Cash and equivalents	41 734	114 127	36 304

¹⁾ the financial debt in this table does not include a liability related to the perpetual usufruct of land

net financial debt = financial debt - cash and equivalents

Mo-BRUK Group's financial debt [PLNk]



Thanks to the systematic repayment of financial liabilities, the Group is enjoying very good debt ratios, with a very strong level of net financial debt to EBITDA.

In the presented periods, the Group had higher cash than financial debt, which is why the following ratios are with a negative sign.

Mo-BRUK Group's net financial debt to EBITDA ratio		
30.06.2022 ^{1) 3)}	31.12.2021 ³⁾	30.06.2021 ^{2) 3)}
-0.30	-0.75	-0.25

Algorithms for calculating the ratio:

(financial debt³⁾ - cash and other financial assets) / (12-month operating profit + 12-month depreciation/amortisation)

¹⁾for the ratio at 30.06.2021 EBITDA is calculated for the period from 01.07.2020 to 30.06.2021

²⁾for the ratio at 30.06.2022 EBITDA is calculated for the period from 01.07.2021 to 30.06.2022

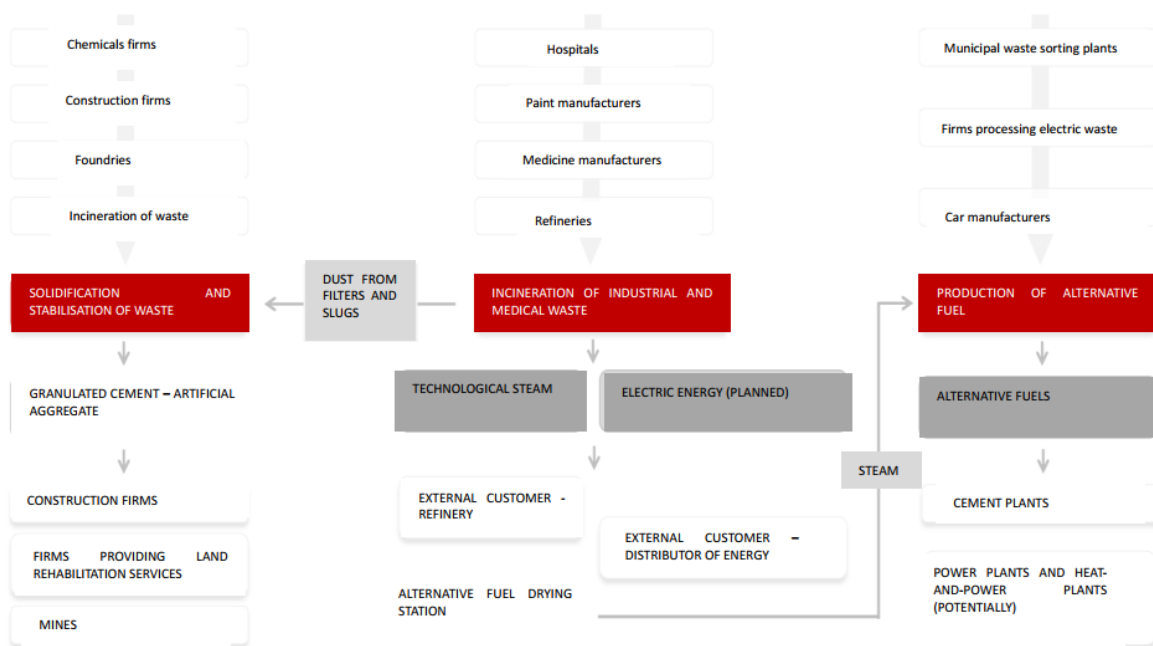
³⁾ the financial debt taken into account in calculating this ratio does not include a liability related to the perpetual usufruct of land

In H1 2022, Mo-BRUK Group continued its efforts to secure an appropriate volume of waste supply to the installations located in the Group's facilities. In that period, Mo-BRUK Group's facilities retained good sales results in comparison to the preceding periods, except for the industrial waste incinerator facility in Karsy due to the postponement of the "ecological bomb"

disposal project to further periods. A higher exposure to the inorganic waste management sector is helping to maintain the Group's high profitability. Given the fact that the waste management market in Poland is at a stage of intensive growth and is very promising, the Management Board of Mo-BRUK S.A. is expecting further growth in revenue in the coming periods. The Management Board makes every effort to secure an appropriate stream of waste for processing at Mo-BRUK Group's installations. Commercial activities are also being undertaken on an on-going basis, with the aim of acquiring new customers, which should translate into better financial results for the Issuer's Group.

4. Information on key products and services

In its flagship segment, which is waste management, Mo-BRUK Group reports three business lines related to the processing and treatment of waste:



Solidification and stabilisation of inorganic waste

The Issuer possesses competences and experience in the treatment of inorganic waste and producing granulated cement from this waste. Mo-BRUK S.A. has been processing a variety of waste since 1996, using its own unique technology. The hazardous waste that the Issuer receives are subject to cementation at a further treatment stage. The issuer collects a fee for waste received for cementation from entities providing waste for disposal. As a result of reactions taking place during this process, the hazardous substances contained in this waste are neutralised. The end result of the process is granulated cement, which is a substitute for aggregate and is sold to end customers. The following types of hazardous and non-hazardous inorganic wastes are accepted for the solidification and stabilisation process: slags and ashes from waste incineration plants, sludges from chemical wastewater treatment plants, post-galvanic waste, other waste containing heavy metals.

Based on proprietary waste cementation technology, the Issuer operates two sites: waste processing facility in Niecew and inorganic waste recovery facility in Skarbimierz.

Production of alternative fuels

Mo-BRUK S.A. was one of the first companies in the country to gain competence in the manufacture of alternative fuels. In 2004, the Issuer launched its first alternative fuel production facility in Wałbrzych. In 2008, the Issuer launched a second site in Karsy near Ożarów (next to the Ożarów cement plant). As a result of further investments with the use of EU funding, a second production line was built at the alternative fuels production facility in Karsy.

The alternative fuel produced at Mo-BRUK S.A.'s sites is made of combustible municipal waste provided by waste collection companies. Combustible industrial waste supplied directly by industrial plants and waste collection companies is also used in the manufacture of alternative fuels. Waste received is then subjected to mechanical processing, as a result of which alternative fuel is created.

Incineration of hazardous and medical waste

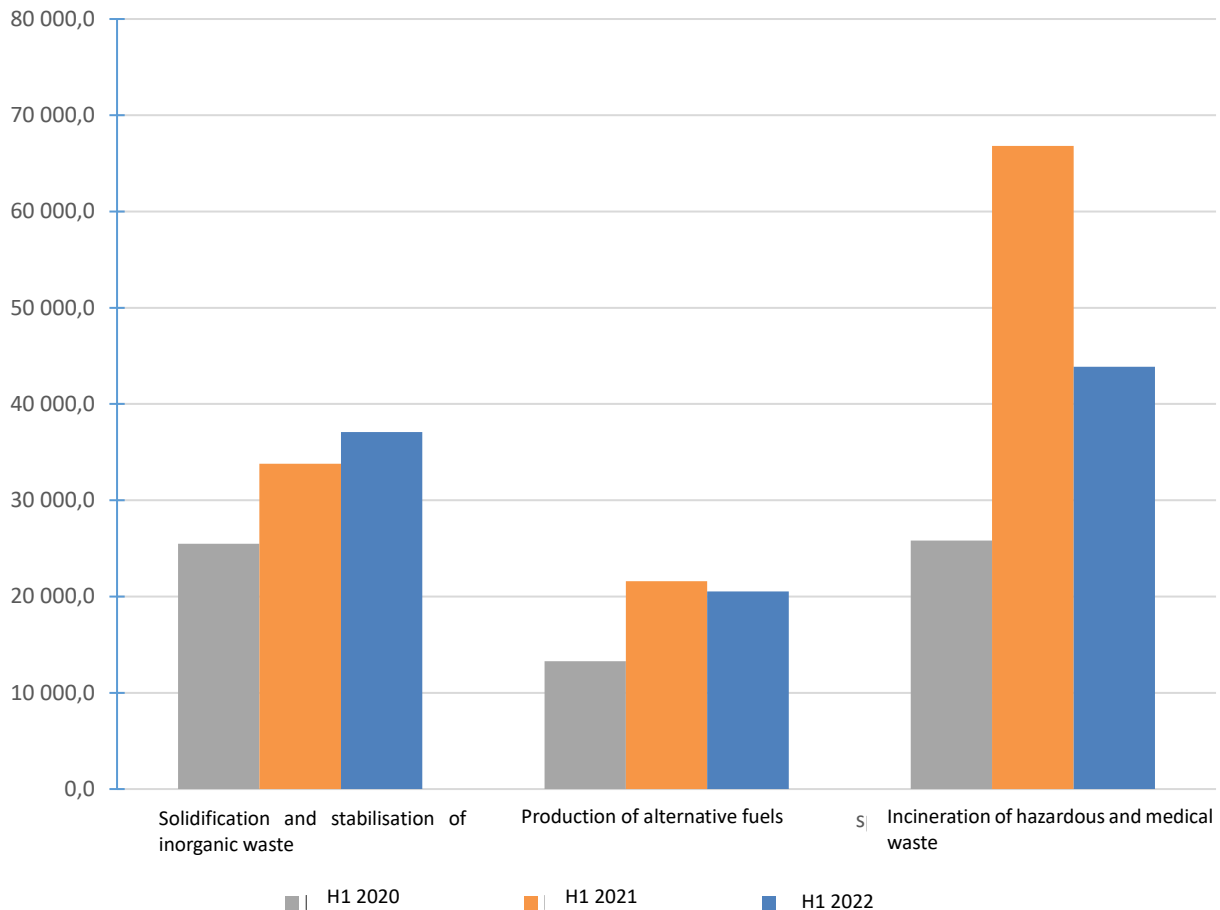
In 2008, Mo-BRUK J. Mokrzycki spółka komandytowa (the Issuer's legal predecessor) purchased the industrial and medical waste incineration plant Raf-Ekologia Sp. z o.o. Raf-Ekologia Sp. z o.o.'s waste incineration plant conducts thermal treatment of industrial and medical / veterinary waste in an environmentally safe manner. Through the incineration of certain groups of waste, Raf-Ekologia Sp. z o.o. produces energy in the form of technological steam, which it sells to Rafineria Jedlicze. In 2014, the Issuer launched an industrial waste incineration plant at the alternative fuel production facility in Karsy. The investment was delivered as part of the project

"Implementation of innovative technology for production of high-calorie fuel mixture" for which the Issuer secured EU funding. The incineration plant is a source of warm air used to dry alternative fuel. The following types of waste are treated or recovered at the incineration plants: paints, adhesives, solvents, refinery waste, waste from oil and gas exploration, medical and veterinary waste, out-of-date agrochemicals, laboratory and analytical reagents.

Mo-BRUK Group's waste management-segment revenue

Consolidated revenue [PLNk]	H1 2022	H1 2021	H1 2020
solidification and stabilisation of inorganic waste	37 096.8	33 795.1	25 487.6
production of alternative fuels	20 539.5	21 600.6	13 283.4
incineration of hazardous and medical waste	43 858.4	66 822.3	25 809.1
Total:	101 494.6	122 218.0	64 580.1

Consolidated revenue from waste management [PLNk]



Waste management is Mo-BRUK Group's most dynamically developing segment, accounting for more than 90% of the Issuer's consolidated revenue. In this segment over the last decade the Issuer completed several investment projects co-funded by the EU.

The principal source of the Group's revenue are fees for the receipt of waste for management, mainly at the Group's installations. Mo-BRUK Group serves as an important link in the waste management chain in Poland as it is an alternative to landfills. Companies collecting municipal waste or holders of waste are interested in working with Mo-BRUK Group because they can reduce waste storage at landfills. On the other hand, the Issuer's Group is interested in receiving waste for further management because it possesses the relevant technology and experience in waste processing to produce: alternative fuels, granulated cement and energy.

The Issuer's Group is competent and authorised for the disposal of nearly all types of waste listed in the Regulation of the Minister of the Environment dated 9 December 2014 on the waste catalogue (Polish Journal of Laws of 2014, item 1923). According to Polish law, waste disposal is paid for by the entity generating the waste rather than a "cleaning firm" or "disposal firm" such as the Issuer. This is why Mo-BRUK Group is able to collect fees for accepting waste at a level similar to or higher than the fees collected by landfill sites. The amount of fees collected by the Issuer's Group depends on the waste category, physical and chemical category, location and, lastly, the negotiated terms.

5. Information on non-financial indicators related to the Group's business and information on employee and natural environment matters

EMPLOYEE MATTERS

Mo-BRUK Group is successful because of its employees and their collaboration across all levels of the entire organisation. The Group especially cares about relations with employees and treats activities intended to develop jobs with priority. All employees have equal opportunities and development possibilities. Decisions regarding hiring or internal promotion depend solely on the candidate's qualifications and accomplishments. Mo-BRUK Group stands against all discrimination in employment, especially due to gender, age, disability, race, religion or nationality. The Group practices equal remuneration of men and women for similar work. Mo-BRUK Group is mainly counting on qualified personnel on every level, which is why it offers employees development opportunities, including mandatory training and the option to request individual training.

Revenue from sales per 1 employee

Item	H1 2022	H1 2021
Mo-BRUK Group		
revenue from sales [PLNk]	111 612	131 513
average annual headcount [persons]	218	221
revenue from sales per 1 employee [PLNk]	512	595

Employment by education

Item	Primary	Vocational	Secondary	Higher
Mo-BRUK Group				
30.06.2022	20	71	73	54
30.06.2021	22	71	75	52

Employment by age

Item	20-30	31-40	41-50	51-60	61-70
Mo-BRUK Group					
30.06.2022	29	54	69	50	16
30.06.2021	33	63	56	52	16

ENVIRONMENT

Given its business profile, Mo-BRUK Group was required to obtain permits for activities that have a direct impact on the natural environment and on the use of property, plant and equipment. Conducting operations at each site strictly depends on having the relevant permits, which specify in detail matters and requirements related to environmental protection. A lack of waste management permits would make it impossible to continue operating and therefore using the property, plant and equipment of a facility for the purpose of conducting operations within the current scope.

The Group is subject to a variety of laws and regulations pertaining to the use of land and environmental protection, which are important to the use of property, plant and equipment. The most important laws and regulations include:

- Act of 27 April 2001 - Environmental protection law (Polish Journal of Laws of 2001 no. 62, item 627, as amended),

The Act sets out rules for environmental protection and terms for using environmental resources, taking into account the requirements of sustainable development, in particular:

- 1) rules for determining: a) conditions for protecting environmental resources, b) conditions for introducing substances or energy to the environment, c) costs of using the environment,
- 2) disclosure of information on the environment and its protection,
- 3) the society's participation in an environmental protection proceeding,

- 4) duties of administrative bodies,
- 5) responsibility and sanctions.

- Act of 16 April 2004 on the protection of nature (Polish Journal of Laws of 2004 no. 92, item 880, as amended),

The Act sets out objectives, rules and forms of protection for animate and inanimate nature and landscape.

- Act of 14 December 2012 on waste (Polish Journal of Laws of 2013, item 21, as amended),

The Act introduces regulations that require entities to modify technological processes related to waste management and amends formal and legal requirements pertaining to this matter and reporting. The Act lays out general requirements concerning waste management in the section entitled waste management rules, i.e. rules related to the generation of waste and rules related to the management of waste - transport, collection, processing. Aside from safeguards for human life and health and for the environment, the Act introduces the second most important general rule of waste management - the waste treatment hierarchy, the practical application of which is the priority objective of the Act. The Act sets out two types of authorisations required for waste management: permit for collecting waste and permit for processing waste. The Act introduces indications and rules for imposing administrative monetary penalties separately from the Environmental protection law.

- Act of 11 May 2001 on the responsibilities of businesses in management of certain wastes and on the product and deposit fee (Polish Journal of Laws of 2001, no. 63, item 639, as amended),

The objective of this Act is first to prevent the generation of waste as well as reducing its quantity and harmfulness, and if this is not possible, then the fostering of appropriate conditions for the recovery and recycling of packaging and post-consumer waste. The enterprise is required to ensure the recovery, and in particular the recycling of packaging and post-consumer waste.

- Act of 18 July 2001 - Water Law (Polish Journal of Laws of 2001, no. 115, item 1229, as amended),

The Act addresses the management of water in accordance with sustainability rules and in particular the shaping and protecting of water resources, use of water and management of water resources.

In its operations, Mo-BRUK Group makes every effort to act in compliance with the laws and regulated pertaining to the use of land and protection of the natural environment.

6. Other material events at the Group in the reporting period

Mo-BRUK S.A.'s entry into Warsaw Stock Exchange's mWIG40 index

Mo-BRUK entered the mWIG40 index as a result of an annual review of index portfolios after the trading session on 18 March 2022. This means that Mo-BRUK is part of the elite group of the 60 largest companies listed on the Warsaw Stock Exchange. This is the result of considerable growth in the Company's operational scale in recent years, manifested in a major increase in revenue and profitability, which have strengthened our position on the capital market.

Selection of statutory auditor to audit financial statements for 2022-2024

On 22 April 2022, the Issuer's Supervisory Board adopted a resolution on the appointment of an auditor to audit the Company's separate financial statements for the financial years 2022-2024 and to audit the consolidated financial statements of the Issuer's Group for 2022-2024, as well as to review the semi-annual financial statements for 2022-2024 of the Company and the subsidiary Raf-Ekologia Sp. z o.o. for the corresponding periods.

Pursuant to the adopted resolution, the Company's Supervisory Board decided to appoint Mazars Audyt Sp. z o.o., having its registered office in Warsaw, to audit the separate and consolidated financial statements of the Issuer and its subsidiary to the extent described above.

Mazars Audyt Sp. z o.o. is entered onto the list of entities authorised to audit financial statements maintained by the Polish Chamber of Statutory Auditors under no. 186.

The statutory auditor was selected by the Company's Supervisory Board in accordance with the applicable laws and professional standards based on par. 23 sec. 2 point i) of the Company's Articles of Association.

Annex to material agreement with the City of Gorlice

On 3 June 2022, Mo-BRUK S.A. signed an annex to 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, as communicated by the Issuer in current report 41/2020 of 27 October 2020. Pursuant to the annex, the contractor's total remuneration was increased to PLN 75 183 700.00 gross and the deadline for waste removal was extended to 15 November 2022 and the deadline for waste treatment to 30 June 2023.

Based on this annex, the Company will remove and treat approx. 2700 tonnes of waste located at the former Glimar refinery in Gorlice. The estimated revenue from this will amount to PLN 24 million net.

Other material events at the Group in the reporting period.

Other material events taking place at the Group in the course of the reporting period are described in the following items of this report:

- Impact of war in Ukraine and Covid-19 on Mo-BRUK Group's business - description in point 17 *"Significant events having material impact on Mo-BRUK Group's activities and financial results in the financial year or potentially having impact in subsequent years."*
- Dividend payment and profit allocation 2020 - description in point 14 *"Information on paid or declared dividend."*

7. Events after the reporting period

In the period after the balance sheet date, the Group did not record any events that could materially affect Mo-BRUK Group's financial results in the future.

8. Management Board position on probability of achieving previously published forecasts for the year in light of results presented in half-yearly report vs. forecast results

Mo-BRUK Group did not publish forecasts for the first half of 2022.

9. Shareholders holding at least 5% of votes at the Issuer's general meeting, either directly or indirectly through subsidiaries, at the half-yearly report publication date

The following table presents Mo-BRUK S.A.'s shareholding structure as per the Issuer's knowledge, as of the publication date for the half-yearly report for the six-month period ended 30 June 2022.

Shareholder	Number of shares	Share of capital	Number of general meeting votes	Share of general meeting votes	Share in total number of votes
Ginger Capital Sp. z o.o.	1 229 838	35.01%	1 932 480	45.84%	45.84%
PTE Nationale-Nederlanden	258 938	7.37%	258 938	6.14%	6.14%
OFE PZU „Złota Jesień“	223 680	6.37%	223 680	5.31%	5.31%
Other	1 800 429	51.25%	1 800 429	42.71%	42.71%

TOTAL:	3 512 885	100.00%	4 215 527	100.00%	100.00%
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Source: Issuer (own calculations, based on information known to the Issuer).

10. Ownership of the Issuer's shares or rights to shares by members of the Issuer's management board and supervisory board at the date of submitting the report, along with indication of changes in ownership status, in the period from the submission of the previous report, separately for each person.

At the date on which this report was published, members of the Issuer's management board and supervisory board held no shares of the Issuers, and the shareholdings of obligated persons did not change in the period since the publication of the previous periodic report.

President of the Management Board Józef Mokrzycki does not directly hold any shares of the Issuer but at the publication date of this report he indirectly held, through Ginger Capital 1 229 838 shares, constituting 35.01% of share capital and representing 1 932 480 votes at the Company's General Meeting, which constituted 45.84% of total votes.

Vice-President of the Management Board Elżbieta Mokrzycka does not directly hold any shares of the Issuer but at the publication date of this report he indirectly held, through Ginger Capital 1 229 838 shares, constituting 35.01% of share capital and representing 1 932 480 votes at the Company's General Meeting, which constituted 45.84% of total votes.

Vice-President of the Management Board Wiktor Mokrzycki does not directly hold any shares of the Issuer but at the publication date of this report he indirectly held, through Ginger Capital 1 229 838 shares, constituting 35.01% of share capital and representing 1 932 480 votes at the Company's General Meeting, which constituted 45.84% of total votes.

Vice-President of the Management Board Tobiasz Mokrzycki does not directly hold any shares of the Issuer but at the publication date of this report he indirectly held, through Ginger Capital 1 229 838 shares, constituting 35.01% of share capital and representing 1 932 480 votes at the Company's General Meeting, which constituted 45.84% of total votes.

11. Material proceedings before a court, arbitration authority or public administration authority, concerning the liabilities or debts of the Issuer or its subsidiary

I.

In a notice dated 2 December 2019, the Marshal of the Dolnośląskie Voivodeship informed the Issuer about the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2015 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.105.2019.AH). In this case, the law firm representing the Issuer drafted a response, which was then filed by the Company, in response to which the Marshal of the Dolnośląskie Voivodeship sent a letter dated 31 December 2019 and indicated new deadlines for the provision by the Company of the documents referred to in the aforementioned notice. In a letter dated 26 June 2020, the law firm asked the Marshal to push back the deadline for a response to 10 July 2020. On 29 June 2020, the Marshal of the Dolnośląskie Voivodeship issued a decision (file no. DOW-S-I.7253.105.2019.AH) on an increased fee, amounting to PLN 17 642 176.00. An appeal was lodged against this decision on 16 July 2020. The Local Appeals Board in Wrocław, through a decision of 13 October 2020 (file no. SKO-4133/27/20) repealed that decision and referred the case for re-examination by the first-instance organ. Through a decision of 15 January 2021 (ref. DOW-S-I.7253.105.2019.AH) the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 18 969 576.00 on the Company. Following an appeal of this decision by the Company, the Local Appeals Board in Wrocław, through a decision of 26 May 2021 (ref. SKO 4133/12/21), revoked a part of the contested decision and ruled as to the merits of the case, re-wording the revoked part of the decision as follows: "in the amount of PLN 5 821 806.00." This means that the Local Appeals Board in Wrocław reduced the amount of the increased fee imposed on the Company. On 22 July 2021, a complaint was lodged against the decision made by the Local Appeals Board, containing a range of arguments as to a lack of grounds for imposing an increased fee and procedural errors - which also may lead to the Board's decision being revoked and the decision by the Marshal of the Dolnośląskie Voivodeship being revoked. In particular, it should be pointed out the flaws in the conduct of the proceedings, consisting of selective conduct of evidentiary proceedings (including omitting the Company's position), which led to the incorrect imposition of the increased fee. The Voivodeship Administrative Court in Wrocław (ref. II SA/Wr 390/21) dismissed the Company's complaint in a judgement of 26 April 2022. A cassation appeal was filed on 5 July 2022. The case is pending before the Supreme Administrative Court in Warsaw.

On 4 August 2021 the Local Appeals Board in Wrocław issued a ruling (ref. SKO 4133/26/11) suspending the performance of the aforementioned decision by the Local Appeals Board in Wrocław of 26 May 2021. This means that the obligation to pay the aforementioned higher fee is

suspended for the duration of the court and administrative proceedings, at least until the case is examined by the Voivodship Administrative Court in Wrocław. It should also be noted that a similar case already took place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated a number of violations of the law, the Local Appeals Court in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct.

II.

On 8 February 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 3 February 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2016 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.67.2020.AH). Through a decision of 18 May 2021, (ref.: DOW-S-I.7253.67.2020.AH) the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2016 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 61 230 674.00. The law firm representing the Issuer appealed this decision on 1 June 2021. The appeal not only included substantive arguments (i.e. concerning the lack of justification for the higher fee) but also pointed out procedural errors - which also can lead to the decision by the Marshal of the Dolnośląskie Voivodeship being repealed. In particular, flaws in the conduct of the proceedings, consisting of selective conduct of evidentiary proceedings (including omitting the Company's position), which led to the incorrect imposition of the increased fee, should be pointed out. On 13 August 2021 the Company's attorney received a decision from the Local Appeals Board in Wrocław dated 6 July 2021 (ref.: SKO 4135/1/21) revoking the

contested decision and referring the case for re-examination by the first-instance organ. Through a decision of 2 November 2021 (ref. DOW-S-I.7253.67.2020.AH), the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 17 484 597.00 on the Company. Due to the Marshal's breach of the provisions of procedure and substantive law, the Company filed an appeal against the aforementioned decision. This case is pending before the Local Appeals Court in Wrocław.

It should be recalled that a similar case has already taken place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw).

III.

On 23 June 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 17 June 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2017 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.50.2021.AH). Through letters of 24 June 2021 and 7 July 2021, in exercising the summons, the Company provided a register of waste documents for 2017 to the Marshal of the Dolnośląskie Voivodeship. In a decision of 2 November 2021, the Marshal of the Dolnośląskie

Voivodeship ruled to impose an increased fee of PLN 19 044 933.00 on the Company. Due to the Marshal's breach of the provisions of procedure and substantive law, the Company filed an appeal against the aforementioned decision. This case is pending before the Local Appeals Court in Wrocław. It should also be noted that a similar case already took place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw).

IV.

On 20 August 2021 the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 16 August 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2018 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.68.2021.AH). Through a letter of 15 September 2021, in exercising the summons, the Issuer provided a register of waste documents for 2018 to the Marshal of the Dolnośląskie Voivodeship. In a decision of 2 November 2021, the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 39 716 198.00 on the Company. Due to the Marshal's breach of the provisions of procedure and substantive law, the Company filed an appeal against the aforementioned decision. This case is pending before the Local Appeals Court in Wrocław. It

should also be noted that a similar case already took place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw).

V.

On 20 December 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 13 December 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2019 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.69.2021.AH). Through letters of 31 December 2021 and 26 January 2022, the Company indicated a lack of grounds for imposing the higher fee on the Company. Through a decision of 16 March 2022 (ref.: DOW-S-I.7253.69.2021.AH) the Marshal of the Dolnośląskie Voivodeship imposed on the Company a higher fee for storing waste in 2019 without a decision approving the landfill manual for waste other than hazardous waste and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 69 377 154.00. The decision was appealed on 6 April 2022. This case is pending before the Local Appeals Court in Wrocław. It should also be noted that a similar case already took place. Through a decision of 15 July 2016 (ref. DOW-S-

I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw).

VI.

On 20 December 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 13 December 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2020 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.95.2021.AH). Through letters of 31 December 2021 and 26 January 2022, the Company indicated a lack of grounds for imposing the higher fee on the Company. Through a decision of 16 March 2022 (ref.: DOW-S-I.7253.95.2021.AH) the Marshal of the Dolnośląskie Voivodeship imposed on the Company a higher fee for storing waste in 2020 without a decision approving the landfill manual for waste other than hazardous waste and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 104 699 553.00. The decision was appealed on 6 April 2022. This case is pending before the Local Appeals Court in Wrocław. It should also be noted that a similar case already took place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company

a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision). In effect - at the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw).

It should be noted that the cases described in points I - VI are precedent-setting, particularly in light of the fact that it was the many years of passivity on the part of the Marshal of the Dolnośląskie Voivodeship and his acceptance of the operation of the Waste Landfill in question in Wałbrzych that led to a situation in which the above-mentioned sanctions were imposed on the Company almost simultaneously. The above circumstance therefore means that these cases must also be viewed through the prism of abuse of administrative authority. Irregularities in the functioning of administrative bodies (abuse of the law) have been repeatedly considered by the Supreme Administrative Court in Warsaw, among which one can point to the Resolution no. 7 of the Judges of the Supreme Administrative Court of 24 May 2021 (ref. I FPS 1/21), in which it was stated that "Assuming in such exemplarily described factual situations that by the mere issuance of a decision to initiate proceedings for a fiscal offence or fiscal misdemeanour (in the presence of the other prerequisites listed above) the effect provided for in art. 70 § 6 point 1 in connection with art. 70c of the Tax Ordinance took place, would constitute an abuse of this institution, which would be detrimental to the principle of trust in state authorities, as well as the principle of the rule of law, resulting from art. 2 and art. 7 of the 7 of the Constitution (cf. B. Brzeziński, "On the phenomenon of abuse of tax law by the tax administration," Tax Law Quarterly 2014. No. 1 pages 9-16). (...) If, in the jurisprudential practice of the tax authorities, there is a disturbing tendency to

instrumentally apply regulations, contrary to the purpose for which they were introduced by the legislator, nullifying at the same time their essence, anchored in the principles of law stemming from the Constitution, then it is necessary to correct the hitherto view of the manner of controlling this phenomenon and to opt for that line of jurisprudence in which constitutional values are implemented to a greater extent." Therefore, it is not possible to determine unequivocally whether the aforementioned decisions sanctioning the Company with an increased fee will remain in force.

With regard to the proceedings described in point I, the Issuer recognised in the books in 2021 the effects of the decision issued by the Local Appeals Board in Wrocław on 26 May 2021 imposing on the Company an increased fee in the amount of PLN 5.82 million plus interest in the amount of PLN 1.95 million - a total of PLN 7.77 million. With regard to the amount of PLN 4.27 million, which was subject to an enforcement order in 2021 and is shown under Other receivables, a full impairment loss was created. With regard to the remaining value of the increased fee of PLN 3.57 million, a provision (Other current provisions) was made in 2021.

For all pending proceedings, i.e. those described in items I to VI, in the opinion of the Management Board, there is a risk of negative outcome of these proceedings, however, for the proceedings described in items II to VI (2016-2020), the Issuer is unable to reliably estimate the financial impact of a possible negative outcome due to the early stage of these proceedings. As at the date of these interim financial statements, the Company's appeals are pending before the Local Appeals Board in Wrocław, which has not addressed the amounts of the increased fees charged by the Marshal of the Dolnośląskie Voivodeship. Moreover, in the opinion of the Issuer's Management Board, the fees charged by the Marshal of the Dolnośląskie Voivodeship were calculated at abnormally high amounts and are disputed by the Issuer.

VII.

Administrative proceedings regarding alleged violations in waste management against the Issuer are also under-way in a second-instance court. The penalties for these violations, if they become final, could give rise to negative effects for the Issuer that are provided for in other provisions of the law. According to the Management Board, the aforementioned fees were imposed unjustifiably, and for this reason appeal proceedings are under-way.

12. Effects of changes in the economic entity's structure, including as a result of business combinations, acquisition or disposal of Group entities, long-term investments,

division, restructuring and discontinued operations

No changes in the economic entity's structure took place in the first half of 2022.

13. Information on one or more transactions executed by the issuer or its subsidiary with related parties, if individually or in the aggregate they are material and were executed on terms other than market terms

Neither the Issuer nor its subsidiary executed transactions on terms other than market terms.

14. Information on paid or declared dividend

Dividend policy

On 22 September 2020, pursuant to §37 point d of the Company's Articles of Association, the Management Board of Mo-BRUK S.A. adopted resolution 79/2020 regarding amendment of the dividend policy introduced through Management Board resolution no. 67/2019 of 15 April 2019.

In line with the dividend policy, the Management Board is expected to recommend to the General Meeting that between 50% and 100% of Mo-BRUK S.A.'s net profit be allocated to a dividend on the condition that the net debt to EBITDA ratio is maintained at an expected level at the end of the financial year that the profit allocation concerns.

In its recommendation on the allocation of Mo-BRUK S.A.'s profit, the Company's Management Board will take into account investment plans, including acquisitions, the Company's financial and liquidity situation, existing and future liabilities (including potential restrictions related to credit agreements and the issue of debt instruments) and assessment of Mo-BRUK S.A.'s perspective under specific market and macroeconomic conditions.

The net debt to EBITDA ratio at the end of the financial year that the profit allocation concerns may not exceed 2.5.

The dividend policy is set for an indefinite time and will be subject to periodic reviews.

The dividend policy entered into force on the date it was adopted and is effective starting with the Company's net profit for the financial year ended 31 December 2020.

Dividend payment for 2021 from related party Raf Ekologia Sp. z o.o.

On 11 April 2022, 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 2021 to 31 December 2021, amounting to PLN 14 027 460.42, as a dividend to its sole shareholder and parent company Mo-BRUK S.A.

The dividend payment was made on 19 April 2022.

Allocation of Mo-BRUK S.A.'s profit for 2021 and dividend payment

On 25 April 2021, the Ordinary General Meeting of Mo-BRUK S.A. adopted resolution no. 6/2022 on the allocation of Mo-BRUK S.A.'s profit for the period from 1 January 2021 to 31 December 2021, amounting to PLN 110 726 554.01. The profit was allocated as follows:

1. PLN 70 676.51 was allocated to increase the Company's supplementary capital,
2. PLN 110 655 877.50 was allocated to a dividend for the Company's shareholders.

Mo-BRUK S.A.'s Ordinary General Meeting set the record date as 4 May 2022 and the payment date on 6 May 2022.

The dividend per share amounted to PLN 31.50.

The dividend payment was made on 5 May 2022.

15. Information on credit or loan sureties or guarantees issued by the Issuer or its subsidiary - in aggregate to one entity or a subsidiary of that entity, if the total value of the existing sureties or guarantees is material

During the first half of 2022, Mo-BRUK S.A. or subsidiaries did not issue credit or loan sureties or guarantees the aggregate value of which would be material.

16. Description of materials risk factors and threats along with level of Issuer's exposure

The following list of risk factors is not exhaustive and should not be viewed as such. These are the most important aspects of risk from the Group's viewpoint. It should be noted that because of the complexity and volatility of the conditions of economic activity, other factors that are not mentioned in this report may have an impact on the Group's business. The order in which the risk factors are described below is not related to an assessment of the probability that negative events

for the Group will materialise or an assessment of their materiality.

- **Risk associated with the armed conflict in Ukraine**

A large-scale conflict between Ukraine and Russia began in Ukraine on 24 February 2022, which could have a negative impact on the Polish economic system and companies operating on the Polish market, including the following factors:

- weakening of PLN (similar to other currencies in the region), which could translate into a rise in the cost of imported products and materials,
- an increase in the cost of fuel, natural gas and electricity,
- an increase in financial risk for countries in the conflict region, which could translate into tighter access to financing and higher costs,
- possible problems with the permeability of communication routes due to the inclusion of sections for military and humanitarian transports.

- **Risk associated with COVID-19**

Mo-BRUK Group is continuously working on safeguards against COVID-19. We are carrying out educational activities for employees, customers and suppliers to reduce the risk of spreading COVID-19.

Until this date, no negative impact of Covid-19 on our business has been observed. The Management Board is continuously monitoring the situation with our customers and is ready to respond to any potential threats on an on-going basis.

The Management Board recognises the potential risk associated with the possible spread of the virus among employees at individual Group sites or major suppliers. The development of the pandemic may have a negative impact on our financial results.

Risk related to the impact of Covid-19 on going concern is minimal, according to the Management Board.

- **Risk associated with the macroeconomic environment**

The Group generates revenue mostly on the domestic market and for this reason revenue is indirectly dependent on factors that are related to the overall macroeconomic situation in Poland. These factors include: unemployment rate, economic growth rate, inflation, budget deficit. Turmoil in international financial markets could affect the economic situation in Poland. This could lead to: a decline in economic growth, higher unemployment rate and the weakening of PLN vs. foreign currencies. The macroeconomic tendencies described above may have an impact on the Group's financial situation. Any future adverse changes in one or more of the factors above, in particular

a slowdown of the Polish economy, potential currency crisis, public finance crisis or political instability, could have a negative impact on the Group's financial results and standing.

- **Risk associated with changes in legal regulations concerning environmental protection**

Legal regulations in Poland are subject to constant changes, also in the sector in which the Issuer's Group operates, i.e. in the environmental protection area. In effect, it is necessary to incur the cost of monitoring legislative changes and the cost to adapt to the changing regulations. Furthermore, in the event of unclear wording in the regulations or inconsistency between the provisions of national and EU laws, there is a risk of discrepancy in their interpretation between the Issuer and other entities, such as contractors or administrative bodies. Risk related to regulations is especially important for the Issuer's Group because it is subject to the relevant waste management regulations (Act on Waste, EU Waste Framework Directive, Environmental Protection Law, etc.) not just on a national level but also on the EU level. If the Issuer's Group fails to adapt to the updated laws, there is a risk of penalties that can be imposed by state administration bodies or limited activity in certain areas or the complete discontinuation of operations.

If this risk were to materialise, other operating costs in the Group's financial statements would be affected in the case of penalties, and in the event that operations would be discontinued, all positions in the Group's financial statements would be affected as a result of discontinued operations.

According to the Issuer, the materiality of the above factors is medium because if they materialise the scale of adverse impact on the Group's financial and operational situation would be limited. The Issuer assesses the probability of this risk materialising as medium.

- **Risk associated with illegal practices and condition of the industry in which the Issuer's Group operates**

The key industries in which the Issuer's Group operates, i.e. waste management industry and alternative fuels industry, feature strong growth dynamics and major opportunities for expanding the activities of the entities present there. However, factors such as macroeconomic factors, legal regulations and social awareness (including at the level of economic entities) related to environmental protection have a material impact on the conditions of these industries. Therefore, a general economic deterioration in the country, reduction in public spending on environmental protection, changes in laws that would reduce the necessary spending on these objectives by the non-public sector or other significant changes in legislation on environmental protection can have

a material adverse impact on the activities of entities operating in these industries, including the Issuer's Group. Moreover, the waste management industry is susceptible to fraud and illegal practices such as unlawful depositing of waste, incinerating landfilled waste, conducting land rehabilitation with the use of hazardous substances (burying waste). Such activities constitute unfair competition and may reduce the Group's ability to develop, thus having a negative impact on its financial results, especially as a result of lower revenue.

According to the Issuer, the materiality of the above factors is medium because if they materialise the scale of adverse impact on the Group's financial and operational situation would be limited. The materialisation of this risk may reduce the Group's profitability. The Issuer assesses the probability of this risk materialising as medium.

- **Risk associated with limited access to insurance policies for entities in the industry in which the Issuer's Group operates**

Activities carried out by the Issuer's Group involve the storage and processing of combustible materials. The Issuer's facilities producing refuse-derived fuel (RDF) are especially exposed to the risk of fire. Uninsured damages or damages in excess of insurance cannot be ruled out. Other damages caused by random events also cannot be ruled out. Based on experience from recent years, the Issuer notes that insurance firms are reluctant to insure entities in the industry in which the Issuer's Group operates, which raises insurance premiums or limits the insurance scope.

According to the Issuer, the materiality of the above factors is medium because if they materialise the scale of adverse impact on the Group's financial and operational situation would be limited. The materialisation of this risk may result in the Group's temporary inability to generate revenue and an increase in costs. The Issuer assesses the probability of this risk materialising as low.

- **Risk associated with potential changes in laws and ambiguous interpretations**

Relatively frequent changes in laws, especially concerning tax obligations, and their ambiguous interpretations significantly hinder the planning of investment projects by the Issuer's Group in the long-term, which in consequence may have a negative impact on the Group's financial and operational results. Frequent changes in tax regulations and the threat of steep penalties and sanctions imposed by tax authorities may have a negative impact on the Group's business. The use of tax law interpretations made by higher-instance authorities or courts by tax authorities poses a further threat. These interpretations are often contradictory and are subject to frequent changes, which gives rise to the risk of unpredictability as to the conduct of tax authorities and the instability of tax legislation in Poland.

- **Risk associated with competitors**

The second in which the Issuer's Group operates features exceptionally dynamic growth. This mainly results from changes in legal regulations pertaining to environmental protection and laws concerning waste (both Polish and EU legislation), which force the disposal of harmful waste, materials and substances in a specific manner. A further growth aspect is the growing ecological awareness of the society, which results in higher demand for waste disposal services. The dynamic development of the market in which the Issuer's Group operates is directly raising its appeal, attracting new entities, both domestic and foreign.

The stronger competition may in the future force the need to develop new solutions for waste disposal and to take necessary steps to generate sales at an appropriate level, e.g. by lower the prices of solutions and services or running additional marketing campaigns. These activities may have an adverse impact on the Group's growth dynamic and further development perspectives. According to the Issuer, competition on the waste disposal market is currently considerable, which is why it cannot be ruled out that the Group's competitors in the future will introduce similar or better or cheaper solutions for waste disposal. These actions may erode the Group's margins, which would have a direct impact on the Group's financial results.

According to the Issuer, the materiality of the above factors is low because if they materialise the scale of adverse impact on the Group's financial and operational situation would be very limited. The materialisation of this risk may reduce the Group's revenue and profitability. The Issuer assesses the probability of this risk materialising as medium.

- **Currency risk**

The core business of the Issuer's Group does not give rise to currency risk. The Issuer's Group has little debt, all of which is in PLN. The Issuer has signed cooperation agreements with foreign entities concerning waste management, with remuneration expressed in EUR. Taking into account the considerable diversification of waste suppliers, the Issuer's Management Board assesses that currency risk is insignificant.

- **Risk associated with the requirement to hold valid permits**

The Group's business is highly regulated by relevant provisions of law and requires the appropriate permits. The functioning of the various waste recovery facilities and alternative fuels production plants requires permits from the marshal of each voivodship and the leaders of each poviát where the Group's facilities are located. At the date of this report, the Group holds all of the key essential permits for its on-going operations. The lack of relevant and valid permits would be equivalent to the necessity to cease operations and the risk of administrative penalties being

imposed on the Issuer. The Issuer sees this risk as very significant. The rescission of any significant permit would threaten the core business of the Issuer's Group and therefore could result in a loss of revenue from this source.

- **Risk associated with social discontent with the Issuer's business**

The Group's waste management business is difficult for local communities and ecological organisations to accept and causes social displeasure among people living within a short distance from the Group's facilities. Complaints from residents are related to noise, heavy truck traffic and concerns about ecological threats, air, land and groundwater pollution. Despite holding permits, approvals, patents and certificates related to its business and in spite of efforts to ensure that its facilities' operations are not burdensome for nearby residents, the Issuer may not rule out negative impact from these complaints on the Group's image. Mo-BRUK Group takes local community objections seriously and strives to have a clear policy of informing the society about the consequences of its business. Nonetheless, social reactions are fuelled typically every four years, during elections.

- **Risk of environmental damages**

Operations related to waste processing give rise to the risk of environmental damages. Such damage may occur due to an unintentional human error or intentional act of sabotage. The materialisation of this risk may result in the Group having to incur additional substantial costs, such as costs related to repairing the damages, interruptions in the Group's operations and potential administrative penalties.

According to the Issuer, the materiality of the above factors is low because if they materialise the scale of adverse impact on the Group's financial and operational situation would be limited. The Issuer assesses the probability of this risk materialising as low.

- **Risk associated with transactions within the Issuer's Group**

Tax laws require the Issuer (Mo-BRUK S.A.) and its subsidiary (Raf-Ekologia Sp. z o.o.) to apply market-level transaction prices in intra-group transactions. The prices applied in intra-group transactions may be questioned by tax authorities if they differ from market prices. In order to reduce this risk, the Issuer and its subsidiary pay particular attention to ensuring that the prices in their contractual relations are the same as market prices.

- **Risk of losing key suppliers**

Ensuring the continuity of waste supply for disposal and further for the production of alternative fuel is a very important element of the Group's business. Any contract terminations by entities supplying waste (most often municipal waste disposal companies) would be a highly unfavourable event that could cause difficulties in the proper functioning of the Issuer's Group and lead to a significant deterioration of its financial results. Given the fact that there is a large number of such entities on the market, the Issuer's Group is able to acquire new customers in a short to medium time-frame.

- **Risk associated with the loss of alternative fuel customers and pressure on margins in this segment**

The Issuer's alternative fuel is sold to cement plants. Problems with timely deliveries or product quality may be cause for terminating a contract by a group of customers or for a reduction in volumes purchased. This would mean that the Issuer would be forced to reduce the production of alternative fuels and thus reduce the quantity of accepted waste, which would directly decrease the Group's revenue and results. Moreover, from 2019 alternative fuel buyers in Poland expect to be paid for fuel delivered by producers. Prior to that, it was the cement plants that paid for the fuel. Despite these market changes, the Issuer is generated satisfactory margins in this segment, however further pressure on the part of alternative fuel buyers (cement plants) to increase fees for fuel may have an adverse impact on this segment's margins.

In the past, there were singular cases where alternative fuel buyers questioned the quality of the fuel, although this has never ended in the loss of a customer.

According to the Issuer, the materiality of the above factors is high because if they materialise the scale of adverse impact on the Group's financial and operational situation would be significant. The materialisation of this risk may reduce the Group's revenue and profitability. The Issuer assesses the probability of this risk materialising as medium.

- **Risk associated with failure to comply with listed-company information obligations**

Companies listed on the WSE's regulated market are obligated to comply with information obligations, including the disclosure of current and periodic information to the Polish Financial Supervision Authority and the entity operating the market, in accordance with the relevant provisions of the Act on Public Offerings and the secondary regulations issued on this basis. Failure to comply with these obligations or improper compliance with these obligations by a listed company could result in the Polish Financial Supervision Authority issuing a decision to remove securities from regulated-market trading either temporarily or permanently or impose a monetary

penalty - taking into account the financial situation of the entity being penalised - of up to PLN 1 000 000.00, or apply both of these sanctions together (art. 96 sec. 1 point 1 of the Act on Public Offerings). Moreover, in accordance with art. 98 sec. 7 of the Act on Public Offerings, the Issuer and the entity that participated in preparing the information referred to in art. 56 sec. 1 of the Act on Public Offerings, are required to redress the damage caused by disclosure of untrue information to the public or concealment of information, unless they or the persons for whom they are responsible are not at fault. Due to the fact that since 2010 the Issuer was a company whose shares were listed in the alternative trading system NewConnect and from 2012 on the WSE's regulated market, where it implements regular information policy including both periodic and current events having an impact on its business, the Issuer is exposed to a lesser degree to the risk of failing to comply with listed-company obligations.

The Issuer will make every effort to comply with its information obligations. However, it cannot be ruled out that as a result of an unfavourable turn of events the information obligations might be performed incorrectly, which would in turn expose the Issuer to the sanctions specified in the Act on Public Offerings, which could impact the Issuer's financial results or cause a disruption in the trade of its shares.

The Issuer notes that in performing its information obligations in the past the Company did not face any sanctions related to the incorrect performance of information obligations.

17. Significant events having material impact on Mo-BRUK Group's activities and financial results in the financial year or potentially having impact in subsequent years

War in Ukraine

Russia's invasion of Ukraine on 24 February 2022 is the most important factor that shapes and will shape the economic situation in the country and globally. It is currently not possible to estimate the impact of the war in Ukraine on prices and economic growth and the behaviour of domestic and foreign financial markets in the long term. This impact will depend on how long the war lasts, what the political solution to the conflict will be, what additional sanctions will be imposed on Russia and what Russia's response to them will be. The war in Ukraine can nevertheless be expected to lower the pace of economic growth and increase inflation relative to scenarios assumed before the outbreak of the war. It should also be assumed that state expenditure on defence and humanitarian aid to refugees from Ukraine will increase, and consequently so will the deficit of the public finance sector. The central bank's response and monetary policy this year and next year remain an unknown and will depend on the combination of economic growth,

inflation and the PLN exchange rate.

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 recognises the potential risk associated with the possible spread of the virus among employees at individual Group sites or major suppliers. The development of the covid epidemic could disrupt the delivery of waste to our branches and ultimately have an adverse impact on our financial results.

Although when this report was published, the situation was still changing, the Management Board has so far not seen any negative impact on sales or supply chain, but it is unable to predict future impact.

The Management Board is continuously monitoring the situation and its impact on the economy. It is constantly read to take action intended to alleviate any negative effects for the Group.

Legal changes in waste management permits

The Group's business is highly regulated by relevant provisions of law and requires the appropriate permits. The functioning of the various waste recovery facilities and alternative fuels production plants requires permits from the marshal of each voivodship and the leaders of each powiat where the Group's facilities are located.

The Issuer confirms that all of the Group's facilities meet the requirements arising from the Act of 29 July 2018 on amendment of the act on waste and certain other acts (Polish Journal of Laws of 2018, item 1592) and in connection with this the Issuer submitted on time - by 5 March 2020 - applications to the relevant authorities for changes in the waste management permits, compliant with the requirements of the aforementioned act, and that none of the proceedings concerning these applications to change waste management permits ended with refusal by the entity conducting the proceeding or was left unexamined.

18. Factors that, according to the Issuer, will have an impact on its results over at least the next quarter

Factors that, according to the Issuer, will have an impact on its results over at least the next quarter are listed in point 3 of this report.

19. Other information that are material, according to the Issuer, for assessing its personnel, asset and financial situation, financial results and changes thereto, along with information that are material to assessing the Issuer's capacity to fulfil liabilities

No information other than the above is known the disclosure of which could materially impact Mo-BRUK Group's personnel, asset and financial situation.

20. Statement by the Management Board of Mo-BRUK S.A.

In accordance with 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, the Management Board of Mo-BRUK S.A. declares as follows:

- to the best of its knowledge, the half-yearly condensed consolidated financial statements and comparative data have been prepared in accordance with the applicable accounting principles and that they accurately, reliably and fairly reflect Mo-BRUK Group's asset and financial situation and its financial results,
- to the best of its knowledge, the half-yearly condensed separate financial statements and comparative data have been prepared in accordance with the applicable accounting principles and that they accurately, reliably and fairly reflect Mo-BRUK S.A.'s asset and financial situation and its financial results,
- the half-yearly consolidated Management Board report contains a true depiction of Mo-BRUK Group's development, achievements and situation, including a description of the key threats and risks,





21. Statement by the Management Board regarding statutory auditor selection.

The Management Board of Mo-BRUK S.A. declares that **Mazars Audyt Spółka z ograniczoną odpowiedzialnością**, based in Warsaw (postal code 00-549), ul. Piękna 18, entered under KRS

no. 0000086577 in the Register of Companies maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register; entered into the list of the National Chamber of Statutory Auditors under number 186 (selected to audit the annual financial statements of all Group companies for 2022 and the consolidated financial statements for 2022) - the entity authorised to audit financial statements auditing the annual consolidated financial statements and annual separate financial statements of the parent was selected in accordance with the applicable laws and that the entity and the statutory auditors performing this review meet the conditions to issue an impartial and independent report on audit of the annual consolidated and separate financial statements in accordance with the applicable regulations and professional standards.

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

Signatures of Management Board Members

<u>17 August 2022</u> <i>Date</i>	<u>Henryk Siodmok</u> <i>President of the Management Board</i>	
<u>17 August 2022</u> <i>Date</i>	<u>Elżbieta Mokrzycka</u> <i>Vice-President of the Management Board</i>	
<u>17 August 2022</u> <i>Date</i>	<u>Wiktor Mokrzycki</u> <i>Vice-President of the Management Board</i>	
<u>17 August 2022</u> <i>Date</i>	<u>Tobiasz Mokrzycki</u> <i>Vice-President of the Management Board</i>	

Mo-BRUK S.A.

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The Company is registered by the District Court for Kraków Śródmieście,
12th Commercial Division of the National Court Register, under KRS number: 0000357598.

The Company's share capital amounts to PLN 35 128 850.00 and is fully paid-up.