Mo-BRUK S.A.
Niecew 68 · 33-322 Korzenna telefon
18 441 70 48 · faks 18 441 70 99
mobruk@mobruk.pl
www.mobruk.pl

WASTE MANAGEMENT
Solidification
Incineration
Alternative fuels
Laboratory services

ISO 9001 – 14001 – 17025
Company listed on the Warsaw Stock Exchange

Mo-BRUK Spółka Akcyjna, registered in the District Court for Kraków Śródmieście in Kraków, 12th Commercial Division of the National Court Register, under KRS no. 0000357598.

NIP 734-329-42-52
REGON 120652729

Share capital of PLN 35 128 850, fully paid-up

# Mo-BRUK S.A.

# CONSOLIDATED FINANCIAL STATEMENTS

# PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

FOR THE PERIOD 01.01.2022 – 31.12.2022

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## I. SELECTED FINANCIAL DATA

| ITEM | PLN | | EUR | |
|---|---|---|---|---|
| | 01.01.2022-31.12.2022 | 01.01.2021-31.12.2021 | 01.01.2022-31.12.2022 | 01.01.2021-31.12.2021 |
| I. Net revenue from sale of products, goods and materials | 243 387 907 | 267 214 397 | 51 913 893 | 58 375 619 |
| II. Operating profit (loss) | 111 946 601 | 145 947 536 | 23 877 866 | 31 883 678 |
| III. Gross profit (loss) | 113 818 399 | 143 799 909 | 24 277 115 | 31 414 508 |
| IV. Net profit (loss) | 92 154 473 | 114 986 882 | 19 656 266 | 25 120 018 |
| V. Net cash flows from operating activities | 91 908 392 | 136 666 094 | 19 603 778 | 29 856 056 |
| VI. Net cash flows from investing activities | -8 050 626 | 3 641 039 | -1 717 174 | 795 421 |
| VII. Net cash flows from financial activities | -111 197 844 | -75 522 753 | -23 718 159 | -16 498 690 |
| VIII. Total net cash flows | -27 340 079 | 64 784 380 | -5 831 555 | 14 152 787 |
| IX. Weighted average number of shares | 3 512 885 | 3 512 885 | 3 512 885 | 3 512 885 |
| X. Profit (loss) per ordinary share (in PLN/EUR) | 26.23 | 32.73 | 5.60 | 7.15 |

| ITEM | PLN | | EUR | |
|---|---|---|---|---|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| XI. Total assets | 271 394 503 | 259 564 076 | 57 867 866 | 56 434 334 |
| XII. Liabilities and provisions for liabilities | 83 125 133 | 52 793 302 | 17 724 287 | 11 478 302 |
| XIII. Non-current liabilities | 22 892 779 | 28 876 640 | 4 881 294 | 6 278 349 |
| *including deferred income - grant* | 14 687 864 | 16 928 770 | 3 131 807 | 3 680 647 |
| XIV. Current liabilities | 60 232 355 | 23 916 662 | 12 842 993 | 5 199 953 |
| *including deferred income - grant* | 2 128 199 | 2 143 851 | 453 784 | 466 115 |
| XV. Equity | 188 269 369 | 206 770 774 | 40 143 579 | 44 956 032 |
| XVI. Share capital | 35 128 850 | 35 128 850 | 7 490 320 | 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) | 53.59 | 58.86 | 11.43 | 12.80 |

The above financial data for 2022 and 2021 were translated into EUR in accordance with the following rules:

- asset and equity and liability items for:

2022 - using the average exchange rate published on 31 December 2022 - EURPLN 4.6899,

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 an 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 31 December 2022) - EURPLN 4.6883, and for 2021 (from 1 January 2021 to 31 December 2021) - EURPLN 4.5775.

# II. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

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

The entity preparing these consolidated financial statements is Mo-BRUK S.A. - hereinafter the Parent. The Parent's registered office is at: 33-322 Korzenna Niecew 68, country: Poland.

In the period from 1 January 2010 to 31 May 2010, the Parent operated as Spółka Komandytowa "Mo-BRUK" J. Mokrzycki, based in Korzenna, 33-322 Korzenna.
On 30 April 2010, the partners in this limited partnership adopted a resolution to change the company's legal form to a joint stock company. The change of legal form was registered by on 1 June 2010 by the District Court for Kraków-Śródmieście in Kraków, 12th Commercial Division of the National Court Register, under KRS number 0000357598. Mo-BRUK Spółka Akcyjna holds statistical number REGON 120652729 and tax identification number NIP 7343294252.

### 1.2. Duration of the Group:

The Group's duration is indefinite.

### 1.3. Place of business:

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

The Parent operates in Poland, both in its registered office and in branches:

- 33-322 Korzenna Niecew 68,
- 58-303 Wałbrzych, ul. Górnicza 1,
- 58-303 Wałbrzych, ul. Górnicza 4,
- 27-530 Ożarów, Karsy 78,
- 33-322 Korzenna, Łęka 115,
- 58-300 Wałbrzych, ul. Moniuszki 99,
- 48-318 Skarbimierz – Osiedle, ul. Smaków 21.

Subsidiary Raf-Ekologia Sp. z o.o. operates at the following address: 38-460 Jedlicze, ul. Trzecieskiego 14.

### 1.4. The Group's main economic activity:

The Group's business currently focuses on the following areas:

- management of waste, where the Group conducts the following activities:
  - production of alternative fuels;
  - incineration of industrial and medical waste;
  - disposal of waste;
  - stabilisation and solidification (cementation) of inorganic waste and production of cement granulate;
- retail sale of liquid fuels at its own filling stations;
- other activity, where the Group conducts the following activities:
  - rental activities;
  - car wash services;
  - car diagnostics services at its own vehicle inspection station;
  - laboratory services.

The Group's business encompasses the processing of industrial waste, hazardous waste and certain fractions of municipal waste. The Group uses waste to produce alternative fuels, which are a valuable raw material for energy, and manufactures - using its own patented technology - artificial aggregate, which is used in road-building and as material for land rehabilitation. The Group also has two incineration plants where medical and industrial waste is thermally treated.

### 1.5. Presented reporting periods

These consolidated financial statements have been prepared for the period from 1 January 2022 to 31 December 2022 and contain comparative financial data for the period from 1 January 2021 to 31 December 2021.

### 1.6. Rounding in the consolidated financial statements

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

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

***Management Board***

Composition of the Management Board at the date on which these consolidated 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. 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. 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.
- On 8 March 2023, **Elżbieta Mokrzycka** resigned **as Vice-President of the Management Board of Mo-BRUK S.A.** with effect from 31 March 2023. In a letter sent to the Chairperson of the Supervisory Board, Elżbieta Mokrzycka said that after years of working for the Company and having reached retirement age a few years ago, she wanted to devote herself to pursuing private goals. At the same time, Elżbieta Mokrzycka declared her readiness to help and support the Company's Management Board and its employees.
- The Supervisory Board of the Company at its meeting on 23 March 2023 **appointed Rafał Michalczuk as Vice-President of the Management Board of Mo-BRUK S.A. as of 1 April 2023** The joint term of office of the Management Board ends on 30 April 2025. Rafał Michalczuk serves as the Company's CFO. He has been professionally involved with Mo-BRUK S.A. since November 2022. Rafał Michalczuk graduated from the Poznań University of Economics with a master's degree

in International Economic and Political Relations, specialising in international trade. He has held membership status in ACCA since 2002. He has over 15 years of professional experience in the following areas: audit of IFRS financial statements of both companies and groups, day-to-day management of the financial area of companies and groups, implementation of budgeting, reporting and controlling systems, implementation of profitability improvement programs for products/business segments, participation in numerous successful M&As.

- The Supervisory Board of the Company at its meeting on 23 March 2023 **appointed Andrzej Rytka as Vice-President of the Management Board of Mo-BRUK S.A.** The joint term of office of the Management Board ends on 30 April 2025. Andrzej Rytka has been professionally involved with Mo-BRUK S.A. since 2014 as Director of the Alternative Fuels Production Facility in Karsy, and has held the position of Director of Operations since November 2022. Andrzej Rytka graduated from the Faculty of Electrical Engineering at the Warsaw University of Technology with a degree in Industrial Energy Engineering. He also completed an Executive MBA at the Leon Koźmiński School of Management and Administration. Andrzej Rytka has held senior managerial positions in international waste companies, where he was responsible for performance, planning and budgeting, personnel management and maintaining business relationships with partners.

***Supervisory Board***

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

- Kazimierz Janik Chairperson of the Supervisory Board,
- 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 important personal considerations.
- Mr. Arkadiusz Semczak was added to the Supervisory Board, replacing Mr. Jan Basta, who had resigned. On 5 December 2022, Arkadiusz Semczak was elected to the Company's Supervisory Board by Resolution No. 5/2022 of the Extraordinary General Meeting.

***Audit Committee***

At the date on which the 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.

## 3. Related parties

Mo-BRUK Spółka Akcyjna is the parent company for Mo-BRUK Group (highest-level entity).
The duration of the Parent and consolidated Group companies is indefinite.

The following table contains a detailed list of related parties.

***List of companies in which the Company holds at least 20% of shares in capital or total number of general meeting votes as 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. Trzecieskiego 14 | 100 | 100 | Fully consolidated |

## 4. Legal basis for preparing these consolidated financial statements - Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related interpretations adopted by the European Union, as published and in force as at 31 December 2022, and 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 conditions for information to be considered equivalent to information required by the laws of a non-member state (Polish Journal of Laws 2018, item 757). IFRS comprises standards and interpretations endorsed by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC)**.**

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

These consolidated financial statements were approved for publication by the Management Board of Mo-BRUK S.A. on 29 March 2023.

## 6. Functional currency and reporting currency

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

## 7. Going concern

The Group's consolidated financial statements for 2022 have been prepared on the assumption that the Group would continue as a going concern in the foreseeable future.
The Management Board of Mo-BRUK S.A. does not as at the date of signing the financial statements identify any circumstances indicating a threat to the Group's going concern.

## 8. Material events in the reporting period

***War in Ukraine***

A war on Ukrainian territory triggered by Russian aggression began on 24 February 2022. This has led to chaos in global markets. This situation has had and continues to have an impact on the national and global economy. It is currently difficult to estimate what impact the war in Ukraine will have on prices and economic growth and the behaviour of domestic and foreign financial markets in the longer 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.

In connection with the political and economic situation in Ukraine, the Management Board of Mo-BRUK S.A. is monitoring the impact of this conflict on the Company's business and its financial results on an on-going basis. As the Company does not operate in Russia or Ukraine, this event did not have a material impact on Mo-BRUK S.A.'s 2022 financial statements. The risk of the conflict escalating further and the potential introduction of more economic sanctions is being analysed. At the date on which these financial statements were published, the scale of the impact of the events in Ukraine on the global and Polish economies is difficult to predict and the potential impact on the Company's operations and results in future periods cannot therefore be assessed.

***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 an elite group of index constituents listed on the Warsaw Stock Exchange. This is the result of a 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.

***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.

***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.

***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 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.

***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.
The subject of the annex is the removal and processing of approx. 2700 tonnes of waste located at the former Glimar refinery in Gorlice.

***Material agreement with Wodociągi Miasta Krakowa S.A.***

On 30 August 2022, the Issuer signed, on behalf of a consortium: Mo-BRUK S.A. and Usługi Transportowe "REGAL" Alicja Reguła, an agreement with Wodociągi Miasta Krakowa S.A., based in Kraków, the subject of which is the successive collection (take away and management) of waste left over after the thermal disposal of wastewater sludge from the Thermal Waste Disposal Station operated by Wodociągi Miasta Krakowa S.A. for a total amount of PLN 20 384 400.00 net.
The amount of remuneration due to the Issuer may change in the event of a change in the prices of materials or costs affecting the performance of the Agreement, based on the average annual consumer price increase index announced by the President of the Central Statistical Office.
The Agreement was executed following a tender conducted pursuant to the Act of 11 September 2019 - the Public Procurement Law, and was signed for the period from 11 September 2022 to 10 September 2025.

***Environmental decision secured for expansion of facility in the city of Niecew***

On 20 October 2022, the Mayor of the Municipality of Korzenna confirmed the validity of the decision of 20

September 2022 issued by the authority to Mo-BRUK granting it an environmental permit for the expansion of its facility in the City of Niecew.

The planned project will consist of the expansion and redevelopment of hazardous and non-hazardous waste treatment and storage areas at the existing facility at the Niecew Waste Recovery Facility. The installation is used to produce synthetic aggregate - a construction product. The expansion and redevelopment include the construction of new facilities and essential infrastructure, adaptation and modernisation of existing facilities or equipment. The plant's processing capacity will also change, from 100 000 tonnes to 140 000 tonnes per year.

According to the Management Board, the decision obtained is important for the implementation of tasks resulting from the Company's long-term development strategy and its aim of strengthening its market position.

***Material agreement with AB Industry S.A.***

On 20 December 2022, following a procedure for a request for quotation made public on the Issuer's website, Mo-BRUK S.A. signed a material agreement with a company operating under the name of AB Industry Spółka Akcyjna with its registered office in Macierzysz, pursuant to which Mo-BRUK S.A. commissioned AB Industry S.A. to design and execute, in the system of general contracting, a project consisting in the adaptation of an installation to the conditions allowing for the fulfilment of the best available techniques (BAT) with the full use of the limit for thermal processing of waste in its integrated permit, i.e. 25 000 Mg/year. Thus far, the installation was capable to safely process approx. 15 000 Mg/year.

Under this agreement, AB Industry S.A., in the formula design and build as a general contractor, will implement an investment consisting in the modernisation of the thermal waste conversion installation at Mo-BRUK S.A.'s facility in Karsy. The modernisation will also include the creation of an energy production module (ORC with a minimum output of 1 200 kW). The term of the agreement was set at 31 July 2024.

The agreement is considered material by the Management Board of Mo-BRUK S.A. due to its value amounting to PLN 134 million net.

The terms of the agreement, in the Issuer's opinion, do not differ from those commonly used for this type of agreement.

The conclusion of the agreement is a step in the implementation of an investment program that aims to increase the Group's current production capacity by 70% over the next 24 months.

Mo-BRUK S.A. has applied for support for this investment from the National Fund for Environmental Protection and Water Management with a grant of PLN 30.2 million and a preferential loan of PLN 32.7 million.

## 9. Events after the reporting period

***Changes in the composition of the Issuer's Management Board***

Events took place after the balance sheet date that will result in changes to the composition of the Issuer's Management Board as of 1 April 2023. A detailed description is available in point 2 of these financial statements, i.e.: *"Composition of Parent's management board, supervisory board and audit committee."*

***Receipt of the decision of the Local Board of Appeals***

- On 16 January 2023, the Issuer received a decision of the Local Board of Appeals in Wrocław dated 22 December 2022 on revoking the appealed decision of the Marshal of the Lower Silesian Voivodship of 2 November 2021 in its entirety and referring the case for reconsideration to the body of first instance. In the repealed decision of the Marshal of the Lower Silesian Voivodship, an increased fee was imposed on the Issuer's Company for the storage of waste in 2016 at a landfill site for waste other than hazardous and inert waste, with a separate section for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych,
- On 21 February 2023, the Issuer received a decision from the Marshal of the Lower Silesian Voivodship in Wrocław dated 03 February 2023 on imposing an increased fee on the Issuer's Company for the storage of waste in 2016 at the landfill site for waste other than hazardous and inert waste, with a separate section for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych.

A detailed description of the above-mentioned administrative matters can be found in the Management report on Mo-BRUK Group's activities in 2022, in point 12 "*Material proceedings before a court, arbitration authority or public administration authority, concerning liabilities or debts of the issuer or its subsidiary*"

Aside from the above, in the period after the balance sheet date, there were no events that could materially affect Mo-BRUK Group's financial results in the future.

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

These consolidated financial statements were prepared on a historic cost basis and on an accrual basis. In preparing these consolidated financial statements, the Group applied a materiality threshold of 1% of the balance sheet total.

### 10.1. Consolidation

The consolidated financial statements include the Parent's financial statements and the financial statements of companies controlled by the Group, i.e. subsidiaries, prepared as at 31 December 2022. The Group determines whether it has control in accordance with the definition in IFRS 10. In accordance with

the definition, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

- a partial sale of shares to non-controlling entities - the difference between the sale price and the balance sheet value of net assets of the subsidiary, attributable to the shares sold to non-controlling entities is recognised directly in equity as retained earnings.

- an acquisition of shares from non-controlling entities - the difference between the acquisition price and the balance sheet value of the net assets acquired from non-controlling entities is recognised directly in equity as retained earnings.

### 10.2. Goodwill

Goodwill is recognised at cost, being the excess of the costs incurred in the business combination over the purchaser's share of the fair value of the identifiable net assets. Goodwill has an indefinite useful life; subsequent to initial recognition, goodwill is carried at cost less accumulated impairment losses. Goodwill is reviewed for potential impairment annually at the end of each reporting year.

### 10.3. Intangible assets

Intangible assets include trademarks, patents and licenses, computer software, the cost of development works and other intangible assets that meet the recognition criteria listed in IAS 38. This item also includes intangible assets that have not yet been put into services (intangible assets in progress).
At the balance sheet date, intangible assets are recognised at the acquisition price or manufacture cost, less amortisation and impairment. Intangible assets with a definite useful life are amortised on a straight line basis throughout their economic life. The useful life of intangible assets is annually verified and, if needed, adjusted from the moment the estimate changes.
The expected useful life for various intangible asset groups is as follows:

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

Intangible assets with an indefinite useful life are not amortised but instead are annually tested for impairment. At the date of these financial statements, the Group did not have intangible assets with an indefinite useful life.
Costs related to the maintenance of software, incurred in subsequent periods, are recognised as cost in the period when they are incurred.
The costs of research work are recognised when they are incurred.
Gains or losses on the sale of intangible assets are calculated as the difference between net proceeds from the sale and the balance sheet value of the intangible asset sold. These gains and losses are recognised in profit or loss in other comprehensive income or in operating costs when the buyer obtains control over the intangible asset being sold in accordance with IFRS 15 (see sub-point "Revenue" in this section of of additional information to the consolidated financial statements). The amount of consideration in a transaction to sell an intangible asset is determined in accordance with IFRS 15 requirements concerning determination of the transaction price.

### 10.4. Property, plant and equipment

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

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

The cost of a tangible asset or tangible asset under construction comprises the total costs incurred by the entity during the period of construction, assembly, adaptation and modernisation up to the date such asset is taken into use (or up to the reporting date if the asset has not yet been taken into use), including non-deductible VAT and excise duty. The cost of construction also includes, where required, the costs of dismantling and removing the item of property, plant and equipment and restoring the site on which the item is located to its original condition.

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

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

Subsequent to initial recognition, property, plant and equipment, with the exception of land and the separate group of property, plant and equipment "Research and development process equipment," are carried at cost less accumulated depreciation and impairment losses. Property, plant and equipment in progress is not depreciated until construction and assembly are completed and the tangible asset is put into use.

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

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

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

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

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

The Group applies the following periods for depreciation purposes:

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

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

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

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

### 10.5. Leases

***Group as lessee***

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

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

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

The Group amortises the right-of-use asset on a straight line basis from the inception date to the end of the useful life of the right-of-use asset or to the end of the lease term, depending on which of these dates is earlier.

If indications are identified, the right-of-use asset is tested for impairment in accordance with IAS 36.

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

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

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

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

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

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

***Group as lessor***

As lessor, the Group classifies leases as either operating leases or financial leases. A lease is recognised as a financial lease if essentially all of the risk and benefits from owning the underlying asset are transferred. Otherwise, the lease is treated as an operating lease.
For a sub-lease, assessment is performed in the context of the right-of-use asset rather than the underlying asset.

### 10.6. Impairment of non-financial non-current assets

The following assets are subject to annual impairment tests:

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

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

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

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

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

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

Impairment losses are recognised in profit or loss in the item 'other operating costs.'

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

### 10.7. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
The financial asset or financial liability is recognised in the statement of financial position when the Group becomes a contractual party for the instrument. Standardised transactions to buy and sell financial assets and liabilities are recognised on the transaction date.

A financial asset is removed from the statement of financial position when the contractual rights to cash flows from that asset expire or when the financial asset and substantially all risk and reward from that asset are transferred to another entity.
The Group excludes a financial liability from the statement of financial position when the liability ceases to exist, meaning that the contractual obligation has been fulfilled, cancelled or expired.

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

***Financial assets at amortised cost***

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

***Financial assets at fair value through profit or loss***

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

***Financial assets at fair value through other comprehensive income***

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

***Financial liabilities at amortised cost***

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

***Impairment of financial assets***

The Group determines impairment losses in accordance with the expected credit losses model for its subject to IFRS 9.
The expected losses model applies to financial assets at amortised cost and debt financial assets at fair value through other comprehensive income as well as to financial guarantees and commitments to issue loans (except for those measured at fair value).

For trade receivables (receivables concerning supplies and services), the Group applies a simplified approach to determine a loss allowance for expected credit losses - specifying this in an amount equal to lifetime expected credit losses in accordance with the solutions presented in point 10.8.
In the case of other financial assets, the Group measures a loss allowance for expected credit losses in an amount equal to the 12-month expected credit losses, unless credit risk deteriorated significantly or a liability was not performed. If credit risk associated with a financial instrument increased substantially from initial recognition, the Group measures a loss allowance for expected credit losses in an amount equal to lifetime expected credit losses. At each reporting date, the Group analyses whether there are indications of a substantial increase in credit risk with regard to its financial assets.

### 10.8. Receivables

Trade receivables (receivables concerning goods and services) are initially recognised at the transaction price specified in the contract and subsequently are measured at amortised cost using the effective interest rate approach, less loss allowances for expected credit losses (including impairment). Impairment losses on trade receivables are determined on the basis of expected loss calculations.
The Group calculates expected credit losses for trade receivables on the basis of historic data concerning the repayment of receivables by counterparties, adjusted in appropriate cases by information about the future and macroeconomic expectations.
For trade receivables, the Group applies the simplified model, allowing it to calculate a loss allowance for lifetime expected credit losses. Estimates of these losses are prepared collectively, and receivables are grouped by period of delinquency. These estimates are primarily based on past payment delays and the link between delays and actual repayment rates from the past three years, taking account of the available information about the future.
Serious financial problems of the debtor, the probability that the debtor will declare bankruptcy or file for composition proceedings along with significant delays in repayment are indications that the trade receivables are impaired. The amount of impairment is recognised in profit or loss for the current period, in other operating costs. If a trade receivable is irrecoverable, an impairment loss is recognised in other operating costs in the statement of profit and loss.

### 10.9. Inventory

Rules for the recognition and measurement of inventory are specified in IAS 2 Inventory. At initial recognition, inventories are recognised at the purchase price or cost to manufacture.
At the balance sheet date, inventories are measured at the purchase price or cost to manufacture, however not higher than the net realisable value:

- materials - at the purchase price, not higher than the net realisable value,
- commercial goods - at the purchase price, not higher than the net realisable value,
- finished goods - at the direct cost of materials and labour and the mark-up of indirect costs, or at record prices not higher than their selling prices at the balance sheet date.

Outgoing inventories are measured using the weighted average approach.

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

### 10.10. Cash and statement of cash flows

The Group classifies the following as cash and equivalents: cash on hand and deposits payable on demand, with an initial maturity of up to three months.
In the case of deposits where payment depends on compliance with specific criteria they are recognised as restricted cash.
The Group classifies bank deposits, treasury bills and commercial bills with high credit quality, the maturity of which does not exceed three months from recognition of the financial instrument (also applies to bank deposits) as cash equivalents.
Cash and equivalents are recognised in the statement of financial position at amortised cost, which does not differ from their fair value.
Overdraft facilities are presented in the statement of financial position as items of current credit, loans and debt securities under current liabilities.
The Group prepares the statement of cash flows using the indirect approach. The following types of cash flows are reported:

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

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

### 10.11. Other assets

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

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

The cost of securing an investment loan adjust the value of the loan and is subject to gradual settlement into finance costs in connection with the measurement of liabilities at amortised cost.
The cost of securing a loan prior to its origination is recognised as asset and adjusts the value of the loan when it is originated.

### 10.12. Equity

The Group classifies the following as equity:

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

The capitals are measured at nominal value.

### 10.13. Provisions for liabilities

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

**Employee benefits**

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

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

***Current employee benefits***

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

***Provision for unused holidays***

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

***Retirement allowances***

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

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

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

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

***Other provisions, contingent liabilities and assets***

Provisions are created when there is a present contractual, legal or constructive obligation arising as a result of a past event, when payment is probable and the amount can be estimated reliably, although the amount or maturity of this liability are not certain.
Provisions are recognised at the value of estimated outflows need to perform the present obligation based on the most credible evidence available at the date of the consolidated financial statements, including evidence pertaining to risk and the degree of uncertainty. If the impact of the time value of money is material, the amount of the provision is determined by discounting forecast future cash flows to present value, using a discount rate that reflects the current market assessments of the time value of money and any risk associated with the liability. If the discounting method is applied, an increase in the provision over time is recognised as a finance cost.

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

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

Information on contingent liabilities is disclosed in note 26.

### 10.14. Liabilities

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

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

### 10.15. Grants and state aid

The Group receives grants for the purpose of creating or acquiring specific tangible assets (grants for assets), which are recognised in the statement of financial position in the item deferred income and are

systematically recognised in profit and loss throughout the economic life of these assets. The item 'accrued expenses' in equity and liabilities includes deferred revenue, including cash received to finance tangible assets that are settled in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Accrued expenses are recognised under Trade and other liabilities.
Grants are recognised only when there is sufficient certainty that the Group will meet the conditions related to the grant and that the grant will actually be received.
A grant concerning a cost item is recognised as a reduction in costs commensurate with the costs that the grant is intended to offset.
A grant that finances an asset is progressively recognised in the result as an offset to costs over the periods in proportion to the depreciation charge made on the asset. For the purposes of presentation in the statement of financial position, the Group does not deduct the grants from the carrying amount of the assets, but recognises the grants as deferred income under "Accrued expenses."

### 10.16. Revenue

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

***1) Identify the contract(s) with a customer***

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

a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

b) the Group can identify each party's rights regarding the goods or services to be transferred;

c) the Group identify the payment terms for the goods or services to be transferred;

d) the contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

***2) Identify the performance obligations in the contract***

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

***3) Determining the transaction price***

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price may be a fixed amount but include variable amounts, or payment other than cash. If the consideration is variable, the Group estimates the amount of the consideration that it expects to receive in exchange for the promised goods or services. An estimated amount of variable consideration is recognised in the transaction price only up to an amount where it is highly likely probable that a significant adjustment of revenue will not occur once uncertainty ends.

***4) Allocating the transaction price to performance obligations***

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

***5) Recognition of revenue when performance obligation is satisfied***

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

Revenue from contracts with customers is analysed on the basis of the categories corresponding to the separate reporting segments, i.e. waste management, petrol stations, other, and the geographical areas from which the waste streams treated at the Group's facilities originate. Information on reporting segments that the management use in making operational decisions are recognised at the level of Mo-BRUK Group in the consolidated financial statements. Detailed information on the Group's revenue is presented in notes 17.1 to 17.7.

**Revenue from waste management services**

The main source of the Group's revenue is revenue from collecting waste for processing and disposal. The Group has the technology, permits and experience to dispose of nearly all types of waste defined in the waste catalogue (Regulation of the Minister of the Environment of 20 January 2020 regarding waste catalogues). In connection with this, the Group's customers are companies that have waste, including manufacturing companies that generate industrial waste in the course of their operations, local government units required to clean up waste within their land, municipal waste sorting facilities, companies collecting small quantities of waste, intermediaries in waste trade.
The Group transfers control over its services when it accepts waste, fulfilling its performance obligation.
The Group has the right to a consideration from the customer in an amount that directly corresponds to the amounts specified in the contract or order from the customer. Material contracts for waste processing are typically preceded by a tender procedure. The Group recognises revenue in an amount that it has the right to invoice for.

**Revenue from retail sale of liquid fuels and LPG**

The Group owns two filling stations where it sells fuels and liquefied petroleum gas (LPG).
The Group recognises revenue when the goods are transferred to the customer and the transaction is recorded.

**Revenue from construction services**

There was no revenue from construction services in the current reporting period. Construction services did not account for a material share of the Group's total revenue in the comparative period.
In most cases, the Group recognises revenue when the service is performed and confirmed by a signed work handover protocol. If there are outstanding contracts for construction services, the Group measures these as at the balance sheet date as consideration at a point in time.

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

The Group transfers control over these services at a point in time when the service is provided, thus performing the obligation, and recognises revenue in the month in which service is rendered.
In all cases, the amount of consideration is typically reflected with an amount received or due to be received, less expected discounts, customer returns and similar deductions, including tax on goods and services and other taxes related to sales, except for excise duty.
Revenue from the sale of goods and products in the above categories are recognised when the customer takes control over the asset being delivered. The Group does not provide services the revenue from which would be recognised over time.

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

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

**Other revenue**

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

**Finance income**

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

### 10.17. Costs

Costs are recognised in profit or loss on the date they are incurred, i.e. on the date the corresponding assets are excluded or liabilities are recognised.
Employee benefit costs are recognised in the period in which the employees provided work that the benefits concern.
Borrowing costs are recognised as costs in the period in which they are incurred, except for costs that can be directly attributed to the acquisition, construction or manufacture of an asset that is being adapted. Then, borrowing costs are capitalised as part of the acquisition price or cost to manufacture this asset in accordance with IAS 23 Borrowing Costs.

### 10.18. Income tax

The Group's taxable income (tax loss) constitutes income (loss) for the period, calculated in accordance with rules set by Polish tax authorities, which are the basis for the payment (refund) of income tax.
Liabilities and receivables concerning current income tax for the current period and previous periods are measured at the amounts of expected payment to tax authorities (subject to refund from tax authorities), with the application of tax rates and tax laws that were legally or factually in force on the balance sheet date.

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

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

Tax burden (tax income) consists of current tax burden (current tax income) and deferred tax burden (deferred tax income).
The Group creates a provision for deferred income tax (recognised a deferred income tax asset) in all cases where the performance or settlement of the carrying amount of the asset or equity and liability causes an increase (decrease) in the amount of future tax payments in comparison to an amount that would be correct if this performance or settlement would not give rise to tax effects.
The present measurement of tax receivables and liabilities takes account of payable amounts using rates that are legally or factually in force on the balance sheet date.
Based on financial results forecasts, in subsequent years the Group assesses whether there are premises (planned taxable income) to recognise a deferred income tax asset or adjust its value.
The Group does not discount deferred tax assets and provisions.
Income tax concerning items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity rather than in the statement of profit and loss. In accordance with IAS 12, the Group offsets current income tax liabilities and receivables and deferred income tax provisions and assets.

This offset is permitted only when the Group:

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

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

### 10.19. Management of financial risk

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

- **interest rate risk**

The Group understands interest rate risk to mean the probability that a change in interest rates will have an adverse effect on earnings. The Group's exposure to interest rate changes mainly relates to cash and cash equivalents (risk of lower interest income), as well as bank loans and borrowings and other liabilities based on variable interest rates (risk of increased debt service costs).
As at the date of preparation of the financial statements, the Group had no liabilities for bank credit, while other financial liabilities, excluding liabilities for the right to perpetual usufruct of land, based on a variable interest rate result mainly from leases, valued at PLN 933.1 thousand, and loans, valued at PLN 15.7 thousand. According to the Management Board, the low value of financial liabilities based on variable interest rates, as well as their nature, have the effect of significantly reducing interest rate risk.
In the years ended 31 December 2022 and 31 December 2021, the Group did not hedge against interest rate risk.
Due to the planned capital expenditure and the Group's planned growth through potential acquisitions and organic growth, the Group plans to take out new bank loans in the future to finance the mentioned investments.
Quantitative data on risk exposure is available in note 23.

- **currency risk**

According to the Management Board, the Group's core business generates negligible currency risk. Trade with foreign counterparties constitutes a marginal portion of the Group's revenue, therefore even a major weakening of currency will not have an impact on the Group's results. Currency risk may increase in future periods due to on-going talks with foreign counterparties. In the years ended 31 December 2022 and 31 December 2021, the Group did not hedge against currency risk.

- **credit risk**

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

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

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

The Group's balance sheet shows other current receivables of PLN 4 903.1 thousand and other non-current receivables of PLN 1 191.4 thousand. Their balance consists primarily of receivables from tender guarantees and contract security for waste management contracts.

Values and deadlines for the return of deposits and guarantees owed to the Group are set out in the contracts concluded prior to the tenders issued by the public entities. Accordingly, the Group does not recognise credit risk

In the case of banks and financial institutions (in particular deposits and accounts), only entities with a high rating and a stable market situation are accepted. The Group manages credit risk related to cash by diversifying the banks where it allocates its cash surpluses.
The Group's maximum credit risk exposure is reflected in the carrying amount of trade and other receivables and cash and cash equivalents (including bank deposits held).
Quantitative data on risk exposure is available in note 23.

- **liquidity risk**

The Parent's Management Board notes that the Group would face liquidity risk if its commercial activities would not achieve the expected outcomes. In the event of a negative scenario of the events referred to in the preceding sentence, it is possible that the payment of the Group's obligations may be withheld from time to time. In the Management Board's opinion, the concluded contracts with customers that will be executed in the coming years, the favourable profitability ratios, as well as the level of cash and cash equivalents held (the most liquid financial assets) have the effect of significantly reducing the liquidity risk. In addition, the macroeconomic, social and legal factors in the country observed in recent years and projected for the years to come are influencing an increase in expenditure in the waste treatment industry in which the Group operates, which, in the Management Board's opinion, will have a positive impact on reducing liquidity risk in the years to come.

As at the balance sheet date, the Group's financial liabilities fell within the following maturity ranges:

| At 31.12.2022 | Current | | | Non-current | Total flows before discounting |
|---|---|---|---|---|---|
| | up to 1 month | 1-3 months | 3 months - 1 year | over 1 year | |
| Credit and loans | 3 857 | 11 571 | - | - | 15 429 |
| Lease liabilities | 27 954 | 133 039 | 210 314 | 4 143 531 | 4 514 838 |
| Trade and other liabilities | 46 921 103 | - | - | - | 46 921 103 |
| **Total exposure to liquidity risk** | **46 952 914** | **144 610** | **210 314** | **4 143 531** | **51 451 370** |

| At 31.12.2021 | Current | | | Non-current | Total flows before discounting |
|---|---|---|---|---|---|
| | up to 1 month | 1-3 months | 3 months - 1 year | over 1 year | |
| Credit and loans | 3 857 | 11 571 | 30 857 | 15 429 | 61 714 |
| Lease liabilities | 34 274 | 134 233 | 284 775 | 4 109 788 | 4 563 070 |
| Trade and other liabilities | 11 273 534 | - | - | 32 730 | 11 306 264 |
| **Total exposure to liquidity risk** | **11 311 665** | **145 804** | **315 633** | **4 157 946** | **15 931 048** |

The Group strives to minimise the impact of these risks by applying its internal risk management policy. This entails the monitoring of potential threats and developing remedial plans.
The Issuer verifies compliance with exposure rules and limits on an on-going basis.

The level of the Group's exposure to the various types of risk is presented in the following explanatory notes: 23.2, 23.3.

### 10.20. Capital management

The Group's main capital management policy is to maintain a strong capital base that will underpin confidence from investors, lenders and the market and that will ensure the future growth of the business. Capital management aims to maintain the ability to continue as a going concern, taking into account planned investments, and to provide shareholders with a return on their invested capital.
The Group has no external capital requirements. Nevertheless, the Dividend Policy adopted by the Issuer's Management Board conditions the distribution of profit taking into account the investment plans, financial situation, liquidity of the Group, existing and future liabilities and determines the ratio of the Company's net debt to EBITDA at the end of the financial year to which the distribution will apply. This ratio may not exceed 2.5.
There were no changes to the Group's capital management policy during the financial year.

The components of managed capital at 31 December 2022 compared to the previous period are as follows:

| Elements of capital | 2022 | 2021 |
|---|---|---|
| Total liabilities | 83 125 133 | 52 793 302 |
| Total liabilities less deferred income - grant | 66 309 070 | 33 720 681 |
| Equity | 188 269 369 | 206 770 774 |

The Group monitors its equity using the following ratios:

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

| Capital management ratios | 2022 | 2021 |
|---|---|---|
| Capital structure ratio | 4.4% | 5.8% |
| Debt ratio | 30.6% | 20.3% |
| Capital gearing ratio | 35.2% | 16.3% |
| Equity to assets ratio | 69.4% | 79.7% |

*Algorithm for calculating the ratios:*

- *capital structure ratio - long-term debt (non-current liabilities less deferred income to equity,*

- *debt ratio - the ratio of total debt (liabilities and provisions for liabilities including accruals) to total equity and liabilities/assets.*
- *capital gearing ratio - total debt less deferred income to equity,*
- *equity to assets ratio - equity to assets/equity and liabilities.*

### 10.21. Important estimates and judgements

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions by the Management Board that affect the policies adopted and the values of assets, liabilities, income and expenses presented. The estimates and related assumptions are based on historical experience and other factors that are considered reasonable in the circumstances, and the results provide a basis for judgements as to the book value of assets and liabilities that are not directly derived from other sources. The actual value may differ from the estimated value.
Estimates and associated assumptions are subject to on-going review. A change in accounting estimate is recognised in the period in which the estimate is changed, or in the current and future periods if the change in estimate affects both the current and future periods.
Estimates made by Mo-BRUK S.A.'s Management Board that have an impact on the values presented in the separate financial statements concern the following:

**Employee benefits**

Provisions for employee benefits were determined using actuarial methods. Changes in assumptions in the next financial year will affect the amount of provisions made - presentation in note 10.1.

**Useful life of property, plant and equipment**

Depreciation rates may change if the expected useful life changes,
and therefore the net book value of property, plant and equipment may also change. The Company reviews the expected economic useful lives of the components of its property, plant and equipment items at the end of each annual reporting period. Details of the economic useful lives are included in point 10.4 and details of intangible assets are included in point 10.3.
In December 2022, the Company reviewed the economic life of tangible assets based on a special analysis by a committee appointed for this purpose. Based on a review of the useful lives of tangible assets, the Company revised the useful lives of selected property, plant and equipment.

**Impairment of receivables**

Changed conditions regarding the possibility of repayment of overdue receivables, as well as the settlement of court cases and new bankruptcy proceedings, necessitate a change in the value of impairment losses recognised on receivables. Details of impairment losses on receivables can be found in note 6.2.

**Deferred income tax**

The recognised income tax assets and provisions may change, e.g. due to a change in the tax rate. The Company recognises deferred tax assets on the assumption that there will be a future taxable profit to utilise them. Details of deferred taxes are presented in notes 4.1, 4.2, 4.3.

**Other provisions**

The Company recognises other provisions based on an estimate that corresponds to the likely expenditure the Company will incur to settle a future liability. Details of other provisions are presented in note 10.1.

The methodology for determining estimated values is applied consistently to the last reporting period and has not been changed in the current reporting period.

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

The Issuer did not change its accounting policy during the period covered by the consolidated financial statements. No errors were identified that would require to be corrected. The same rules were applied to the current and comparative period.

### 11.1. Earlier application of IAS standards and interpretations

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

### 11.2. New standards, interpretations and amendments to published standards that were endorsed and published by the European Union and went into effect on or after 1 January 2022

New or amended standards and interpretations issued by the IASB or IFRIC are in effect from 1 January 2022:

***Amendments to IFRS 3 Business Combinations***

Amendments to the Reference to the Conceptual Framework, as amended, to IFRS 3, endorsed by the EU on 28 June 2021 - applicable to annual periods beginning on or after 1 January 2022,

***Amendments to IFRS 16: Property, plant and equipment***

Proceeds before Intended Use, approved by the EU on 2 July 2021 - applicable to annual periods beginning on or after 1 January 2022,

***Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets***

Onerous Contracts - Cost of Fulfilling a Contract, approved by the EU on 2 July 2021 - applicable to annual periods beginning on or after 1 January 2022,

***Annual Improvements to IFRSs 2018-2020 Cycle***

Annual Improvements to IFRSs, including IFRS 1, IFRS 9, IFRS 16 and IAS 41, mainly focusing on resolving inconsistencies and clarifying wording - approved by the EU on 2 July 2021. Amendments to IFRS 1, IFRS 9 and IAS 41 are applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 concern an illustrative example only therefore no effective date was given.

**The amendments to the above standards did not have a material impact on the Group's financial position or results of operations in the period of their initial application.**

### 11.3. Standards, interpretations and amendments to published standards that have been issued by the International Accounting Standards Board (IASB) and have been endorsed by the European Union but are not yet effective.

The following standards and interpretations were issued by the IASB or IFRIC but are not yet in effect:

***Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The standard was published on 7 May 2021 and approved by the EU on 12 August 2022 - it is applicable to annual periods beginning on or after 1 January 2023.
The amendments aim to clarify how companies should account for deferred tax on leases and extinguished liabilities.

***Amendments to IAS 8: Definition of Accounting Estimates***

The standard was published on 12 February 2021 and approved by the EU on 2 March 2022 - it is applicable to annual periods beginning on or after 1 January 2023.
In the amendment to IAS 8 Definition of Accounting Estimates, the definition of change in accounting estimates was replaced by the definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The IASB also clarified the new definition through additional guidance and examples of how accounting policies and accounting estimates are related and how a change in measurement technique constitutes a change in accounting estimates. The introduction of the definition of accounting estimates and other amendments to IAS 8 was intended to help entities distinguish between changes in accounting policies and changes in accounting estimates.

***Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies***

The standard was published on 12 February 2021 and approved by the EU on 2 March 2022 - it is applicable to annual periods beginning on or after 1 January 2023.

The amendments to IAS 1 and IFRS 2 Practice Guidance are intended to help preparers decide which accounting policies to disclose in their financial statements. The amendments require disclosure of material information on the accounting policy instead of significant accounting principles. Explanations and examples have been added on how an entity can identify relevant information on accounting policies. The amendments clarify that accounting policy information may be material by its nature, even if the amounts are immaterial and if users of the financial statements would need it to understand other relevant information in the financial statements.

***IFRS 17 Insurance Contracts - first-time adoption of IFRS 17 and IFRS 9 - comparative information***

The standard was published on 9 December 2021 and endorsed by the EU on 9 September 2022 - effective for annual periods beginning on or after 1 January 2023.

***IFRS 17 Insurance Contracts - amendments to IFRS 17***

The standard was issued on 18 May 2017, amended on 25 June 2020, published on 23 November 2021 and endorsed by the EU on 19 November 2021 - effective for annual periods beginning on or after 1 January 2023.

**The amendments to the above standards should not have a material impact on the Group's financial position or results of operations.**

### 11.4. New standards, interpretations and amendments to published standards that have been published by the International Accounting Standards Board (IASB) and are pending endorsement by the European Union

The following standards and interpretations were issued by the IASB or IFRIC but are pending endorsement by the EU.

***Amendment to IAS 1: Presentation of Financial Statements***

The standard was issued on 23 January 2020 and published on 15 July 2020 - applicable for annual periods beginning on or after 1 January 2023.
The changes relate to the presentation of liabilities in the statement of financial position. Especially, they clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period. A prospective approach will apply until these changes.

***Amendment to IAS 1: Presentation of Financial Statements - non-current liabilities with covenants***

The standard was published on 31 October 2022 - applicable for annual periods beginning on or after 1 January 2024.
The changes aim to improve the information provided by companies on long-term debt with covenants.

***Amendments to IFRS 16: Leases - Lease Liability in a Sale and Leaseback***

The standard was published on 22 September 2022 - applicable for annual periods beginning on or after 1 January 2024.
The changes aim to improve the information provided by companies on long-term debt with covenants.

The amendments clarify how a seller-lessee measures sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as sales.

**The above standards and amendments to applicable standards should not have a material impact on the Group's financial position or results of operations.**

## III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

***Consolidated statement of financial position***

| Item | Note | At 31.12.2022 | At 31.12.2021 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **145 979 590** | **116 466 829** |
| Property, plant and equipment | 1. | 143 348 619 | 112 078 114 |
| Goodwill | 2. | 832 348 | 832 348 |
| Other intangible assets | 2. | 607 253 | 613 190 |
| Non-current receivables | 3. | 1 191 370 | 2 943 177 |
| **CURRENT ASSETS** | | **125 414 913** | **143 097 247** |
| Inventory | 5. | 1 091 853 | 816 424 |
| Trade receivables | 6. | 23 404 759 | 23 886 875 |
| Other current receivables | 6. | 13 210 164 | 4 071 024 |
| Cash and equivalents | 7. | 86 787 084 | 114 127 162 |
| Prepayments | 8. | 921 053 | 195 762 |
| **Total assets:** | | **271 394 503** | **259 564 076** |

### *Consolidated statement of financial position*

| Item | Note | At 31.12.2022 | At 31.12.2021 |
|---|---|---|---|
| **EQUITY** | | **188 269 369** | **206 770 774** |
| Share capital | 9. | 35 128 850 | 35 128 850 |
| Share premium | 9. | 25 573 479 | 25 573 479 |
| Retained earnings | 9. | 21 511 471 | 17 180 467 |
| Share redemption | 9. | 985 000 | 985 000 |
| Reserve capital - restatement of assets | 9. | 12 916 096 | 12 916 096 |
| Retained earnings | | 92 154 473 | 114 986 882 |
| **Equity attributable to shareholders of the parent** | | **188 269 369** | **206 770 774** |
| **Equity attributable to non-controlling interests** | | | |
| **NON-CURRENT LIABILITIES** | | **22 892 779** | **28 876 640** |
| Deferred income tax provision | 4. | 6 396 652 | 5 513 323 |
| Provision for pension benefits and similar | 10. | 171 604 | 117 525 |
| Other provisions | 10. | | 4 684 000 |
| Credit and loans | 11. | | 15 429 |
| Other financial liabilities | 12. | 1 636 659 | 1 584 863 |
| Other non-current liabilities | 13. | | 32 730 |
| Deferred income - grant | 15. | 14 687 864 | 16 928 770 |
| **CURRENT LIABILITIES** | | **60 232 355** | **23 916 662** |
| Credit and loans | 11. | 15 730 | 46 286 |
| Other financial liabilities | 12. | 319 258 | 354 530 |
| Trade liabilities | 14. | 12 686 847 | 10 831 099 |
| Current income tax liabilities | 14. | 1 264 965 | 1 615 139 |
| Provision for pension benefits and similar | 10. | 771 224 | 737 754 |
| Other current provisions | 10. | 6 160 401 | 4 823 927 |
| Other current liabilities | 14. | 36 885 731 | 3 364 076 |
| Deferred income - grant | 15. | 2 128 199 | 2 143 851 |
| **Total equity and liabilities:** | | **271 394 503** | **259 564 076** |

## IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

### *Consolidated statement of comprehensive income*

| Item | Note | For the period: 01.01.2022-31.12.2022 | For the period: 01.01.2021-31.12.2021 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from sales | 16. | 243 387 907 | 267 214 397 |
| Cost of sales | 18. | 119 599 227 | 102 017 473 |
| **GROSS PROFIT (LOSS) ON SALES** | | **123 788 680** | **165 196 924** |
| Selling costs | 18. | 2 460 857 | 2 131 982 |
| General administrative expenses | 18. | 7 663 410 | 6 710 158 |
| Other operating revenue | 19. | 4 581 194 | 861 482 |
| Other operating costs | 20. | 6 299 006 | 11 268 730 |
| **OPERATING PROFIT (LOSS)** | | **111 946 601** | **145 947 536** |
| Finance income | 21. | 2 355 033 | 86 013 |
| Finance costs | 22. | 483 235 | 2 233 640 |
| **PROFIT (LOSS) BEFORE TAX** | | **113 818 399** | **143 799 909** |
| Income tax | 4. | 21 663 926 | 28 813 027 |
| **NET PROFIT (LOSS) ON CONTINUING OPERATIONS** | | **92 154 473** | **114 986 882** |
| Net profit (loss) on discontinued operations | | | |
| **NET PROFIT (LOSS)** | | **92 154 473** | **114 986 882** |
| **Net profit attributable to:** | | | |
| Shareholders of the parent | | 92 154 473 | 114 986 882 |
| Non-controlling interests | | | |

| | | | |
|---|---|---|---|
| **Profit per share (in PLN per share)** | | | |
| **From continuing and discontinued operations** | | | |
| Basic | | 26.23 | 32.73 |
| Diluted | | 26.23 | 32.73 |
| **From continuing operations** | | | |
| Basic | | 26.23 | 32.73 |
| Diluted | | 26.23 | 32.73 |

### *Consolidated statement of profit and loss and other comprehensive income*

| Item | | For the period: 01.01.2022-31.12.2022 | For the period: 01.01.2021-31.12.2021 |
|---|---|---|---|
| NET PROFIT (LOSS) | | 92 154 473 | 114 986 882 |
| Other comprehensive income | | | |
| **Total comprehensive income** | | **92 154 473** | **114 986 882** |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the parent | | 92 154 473 | 114 986 882 |
| Non-controlling interests | | | |

## V. CONSOLIDATED STATEMENT OF CASH FLOWS

### *Consolidated statement of cash flows (indirect approach)*

| Item | Note 24. | For the period: 01.01.2022-31.12.2022 | For the period: 01.01.2021-31.12.2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit (loss) before tax** | | **113 818 399** | **143 799 909** |
| **Total adjustments** | | **-779 236** | **22 348 864** |
| Depreciation / amortisation | | 5 370 117 | 5 353 263 |
| Interest cost | | 43 094 | 20 292 |
| Interest income | | -2 287 819 | |
| Gain (loss) on sale of non-current assets | | -526 094 | -92 080 |
| **Changes in working capital** | | **-5 514 370** | **14 867 733** |
| Changes in provisions | | -3 259 977 | 9 465 542 |
| Changes in inventories | | -275 428 | -91 461 |
| Changes in receivables | | -6 905 218 | 4 360 986 |
| Changes in current liabilities, except for financial liabilities | | 7 908 103 | 3 436 268 |
| Changes in prepayments | | -725 292 | 16 604 |
| Changes in deferred revenue - subsidy | | -2 256 558 | -2 320 206 |
| Other adjustments | | 2 135 836 | 2 199 656 |
| **Cash generated from operating activities** | | **113 039 163** | **166 148 773** |

| | | | |
|---|---|---|---|
| Income tax on profit before tax | | -21 130 771 | -29 482 679 |
| **Net cash flows from operating activities** | | **91 908 392** | **136 666 094** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Expenses on the acquisition of property, plant and equipment | | -11 201 473 | -1 768 140 |
| Proceeds from sale of property, plant and equipment | | 863 028 | 409 179 |
| Proceeds from bond buy-back | | | 5 000 000 |
| Interest received | | 2 287 819 | |
| **Net cash flows from investing activities** | | **-8 050 626** | **3 641 039** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of credit and loans | | -45 983 | -4 321 620 |
| Repayment of lease liabilities | | -452 889 | -391 409 |
| Dividends paid out | | -110 655 878 | -70 784 633 |
| Interest paid | | -43 094 | -25 091 |
| **Net cash flows from financing activities** | | **-111 197 844** | **-75 522 753** |
| **INCREASE / DECREASE IN CASH AND EQUIVALENTS BEFORE EFFECTS OF CHANGES IN EXCHANGE RATES** | | **-27 340 078** | **64 784 380** |
| Change in cash due to exchange differences | | | |
| **BALANCE SHEET CHANGE IN CASH AND EQUIVALENTS** | | **-27 340 078** | **64 784 380** |
| **CASH AND EQUIVALENTS AT THE BEGINNING OF PERIOD** | | 114 127 162 | 49 342 782 |
| **CASH AND EQUIVALENTS AT THE END OF PERIOD** | | **86 787 084** | **114 127 162** |
| - including restricted cash | | *4 150 426* | *5 500 614* |

## VI. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### *Consolidated statement of changes in equity*

| for the period: 01.01.2022-31.12.2022<br><br>Note 9. | Share capital | Supplementary capital - share premium | Retained earnings | Share redemption | Reserve capital - restatement of assets | Retained earnings | Total equity attributable to shareholders of the parent | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 01.01.2022** | **35 128 850** | **25 573 479** | **17 180 467** | **985 000** | **12 916 096** | **114 986 882** | **206 770 774** | | **206 770 774** |
| Transfer of financial result to capital | | | 4 331 004 | | | -4 331 004 | | | |
| Dividends paid out | | | | | | -110 655 878 | -110 655 878 | | -110 655 878 |
| **Total transactions with the owners** | | | **4 331 004** | | | **-114 986 882** | **-110 655 878** | | **-110 655 878** |
| Net profit (loss) in the period: | | | | | | 92 154 473 | 92 154 473 | | 92 154 473 |
| Other comprehensive income | | | | | | | | | |
| **Total comprehensive income** | | | | | | **92 154 473** | **92 154 473** | | **92 154 473** |
| **Increase (decrease) in equity** | | | **4 331 004** | | | **-22 832 409** | **-18 501 405** | | **-18 501 405** |
| **Balance as at 31.12.2022** | **35 128 850** | **25 573 479** | **21 511 471** | **985 000** | **12 916 096** | **92 154 473** | **188 269 369** | | **188 269 369** |

### *Consolidated statement of changes in equity*

| for the period: 01.01.2021-31.12.2021<br><br>Note 9. | Share capital | Share premium | Retained earnings | Share redemption | Reserve capital - restatement of assets | Retained earnings | Total equity attributable to shareholders of the parent | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 01.01.2021** | **35 128 850** | **25 573 479** | **9 239 841** | **985 000** | **12 916 096** | **78 725 258** | **162 568 524** | | **162 568 524** |
| Transfer of financial result to capital | | | 7 940 626 | | | -7 940 626 | | | |
| Dividends paid out | | | | | | -70 784 632 | -70 784 632 | | -70 784 632 |
| **Total transactions with the owners** | | | **7 940 626** | | | **-78 725 258** | **-70 784 632** | | **-70 784 632** |
| Net profit (loss) in the period: | | | | | | 114 986 882 | 114 986 882 | | 114 986 882 |
| Other comprehensive income | | | | | | | | | |
| **Total comprehensive income** | | | | | | **114 986 882** | **114 986 882** | | **114 986 882** |
| **Increase (decrease) in equity** | | | **7 940 626** | | | **36 261 624** | **44 202 250** | | **44 202 250** |
| **Balance as at 31.12.2021** | **35 128 850** | **25 573 479** | **17 180 467** | **985 000** | **12 916 096** | **114 986 882** | **206 770 774** | | **206 770 774** |

## VII. ADDITIONAL EXPLANATORY NOTES

### 1. Property, plant and equipment

At the end of the reporting period and the comparative period, the Group had assets free of mortgage collateral and registered pledges.

The net book value of leased cars and devices constituting collateral for lease-related liabilities at the end of the reporting period amounted to PLN 1 563 thousand, and PLN 1 377 thousand at 31 December 2021.

As at both 31 December 2022 and 31 December 2021, no indications of impairment of property, plant and equipment were identified.

In December 2022, the Group reviewed the economic life of tangible assets based on a special analysis by a committee appointed for this purpose. Based on a review of the useful lives of tangible assets, the Group revised the useful lives of selected property, plant and equipment. In the comparative period, the review left all economic useful lives of fixed assets unchanged.

Depreciation costs in 2022 amounted to PLN 5 370 thousand, of which PLN 192 thousand related to rights to use assets.

As at both 31 December 2022 and 31 December 2021, there were no short-term leases or contracts in which the underlying asset was of low value (for which lease payments were recognised in profit or loss on a straight-line basis).

| 1.1. Property, plant and equipment | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Land and perpetual usufruct of land | 9 439 245 | 9 007 343 |
| *including: right-of-use assets (leases)* | 972 072 | 986 580 |
| Buildings and structures | 32 446 866 | 34 229 741 |
| Technical equipment and machinery | 64 969 341 | 62 484 667 |
| *including: right-of-use assets (leases)* | 923 029 | 977 455 |
| Machinery and equipment for technological processes intended for R&D | 1 506 617 | 1 603 827 |
| Means of transport | 3 655 601 | 2 642 180 |
| *including: right-of-use assets (leases)* | 639 915 | 368 227 |
| Other tangible assets | 1 723 588 | 1 649 392 |
| Tangible assets under construction | 2 015 118 | 431 696 |
| Advances for tangible assets | 27 592 243 | 29 268 |
| **Total** | **143 348 618** | **112 078 114** |

There was a significant increase in advances for tangible assets in the current period. Mo-BRUK has entered into a PLN 134 million net general contract with AB Industry for an investment to modernise the

thermal waste conversion installation at the Karsy plant. As at 31 December 2022, the value of advances paid amounted to PLN 27.6 million.

| 1.2 Property, plant and equipment in the reporting period | Land and perpetual usufruct of land | Buildings and structures | Technical equipment and machinery | Machinery and equipment for technological processes intended for R&D | Means of transport | Other tangible assets | Tangible assets under construction, advances |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount at the beginning of period** | **9 050 869** | **55 768 192** | **114 471 134** | **2 397 607** | **6 554 852** | **3 943 423** | **460 964** |
| Transfer from tangible assets under construction | 446 411 | - | 7 783 058 | - | 988 804 | 239 730 | -4 180 740 |
| Direct acquisition | - | - | 88 327 | - | - | - | 33 369 553 |
| Reclassifications | - | - | - | - | - | - | -42 416 |
| Increases due to leases | - | - | - | - | 469 412 | - | - |
| Decreases due to sale | - | - | -1 689 732 | - | -722 354 | -29 096 | - |
| Decreases due to liquidation | - | - | -386 345 | - | -4 500 | -12 990 | - |
| **Gross carrying amount at the end of period** | **9 497 280** | **55 768 192** | **120 266 442** | **2 397 607** | **7 286 214** | **4 141 067** | **29 607 360** |
| **Value of redemption at the beginning of period** | **43 526** | **21 538 450** | **51 986 466** | **793 780** | **3 912 673** | **2 294 030** | **-** |
| Increase in amortisation/depreciation for the period | 14 509 | 1 782 876 | 5 091 737 | 97 210 | 323 054 | 148 214 | - |
| Decreases due to sale | - | - | -1 513 431 | - | -602 639 | -13 044 | - |
| Decreases due to liquidation | - | - | -267 672 | - | -2 475 | -11 722 | - |
| **Value of redemption at the end of period** | **58 035** | **23 321 326** | **55 297 101** | **890 990** | **3 630 613** | **2 417 479** | **-** |
| **Net value at the end of period** | **9 439 245** | **32 446 866** | **64 969 341** | **1 506 617** | **3 655 601** | **1 723 588** | **29 607 360** |

| 1.3 Property, plant and equipment in the previous reporting period | Land and perpetual usufruct of land | Buildings and structures | Technical equipment and machinery | Machinery and equipment for technological processes intended for R&D | Means of transport | Other tangible assets | Tangible assets under construction, advances |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount at the beginning of period** | **8 126 789** | **69 799 834** | **115 003 125** | **2 399 907** | **6 893 808** | **3 668 475** | **366 992** |
| Transfer from tangible assets under construction | - | 367 655 | 948 347 | - | 345 838 | 264 297 | -1 878 024 |
| Direct acquisition | - | - | 113 367 | - | - | 19 290 | 1 971 996 |
| Reclassifications | 924 080 | - | - | - | - | - | - |
| Increases due to leases | - | - | 855 690 | - | 77 551 | - | - |
| Decreases due to sale | - | - | -1 135 205 | - | -762 344 | - | - |
| Decreases due to liquidation | - | -14 399 297 | -1 314 191 | -2 300 | - | -8 639 | - |
| **Gross carrying amount at the end of period** | **9 050 869** | **55 768 192** | **114 471 133** | **2 397 607** | **6 554 852** | **3 943 423** | **460 964** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Value of redemption at the beginning of period** | **29 017** | **34 107 873** | **49 077 515** | **698 221** | **4 186 632** | **2 175 582** | **-** |
| Increase in amortisation/depreciation for the period | 14 509 | 1 817 442 | 5 107 789 | 97 259 | 343 669 | 126 287 | - |
| Decreases due to sale | - | - | -969 219 | - | -617 628 | - | - |
| Decreases due to liquidation | - | -14 386 864 | -1 229 619 | -1 700 | - | -7 839 | - |
| **Value of redemption at the end of period** | **43 526** | **21 538 450** | **51 986 466** | **793 780** | **3 912 673** | **2 294 030** | **-** |
| **Net value at the end of period** | **9 007 343** | **34 229 742** | **62 484 667** | **1 603 827** | **2 642 179** | **1 649 392** | **460 964** |

## 2. Goodwill and other intangible assets

| 2.1 - Intangible assets | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Goodwill | 832 348 | 832 348 |
| patents and licenses - to 25 years | 149 284 | 159 624 |
| Other intangible assets, including intangible assets in progress | 457 969 | 453 566 |
| **Total** | **1 439 601** | **1 445 538** |

| 2.2 - Intangible assets in the reporting period | Goodwill | patents and licenses- to 25 years | Other intangible assets, including intangible assets in progress |
|---|---|---|---|
| **Gross carrying amount at the beginning of period** | **832 348** | **214 459** | **1 222 121** |
| Purchase | - | - | 42 416 |
| **Gross carrying amount at the end of period** | **832 348** | **214 459** | **1 264 537** |
| **Value of redemption at the beginning of period** | - | 54 835 | 768 555 |
| Increase in amortisation/depreciation for the period | - | 10 340 | 38 013 |
| **Gross carrying amount at the end of period** | **-** | **65 175** | **806 568** |
| **Net value at the end of period** | **832 348** | **149 284** | **457 969** |

| 2.3 - Intangible assets in the previous reporting period | Goodwill | patents and licenses - to 25 years | Other intangible assets, including intangible assets in progress |
|---|---|---|---|
| **Gross carrying amount at the beginning of period** | 832 348 | **214 459** | **1 302 615** |
| Purchase | - | - | 21 500 |
| **Gross carrying amount at the end of period** | **832 348** | **214 459** | **1 324 115** |
| **Value of redemption at the beginning of period** | - | 44 495 | 834 924 |
| Increase in amortisation/depreciation for the period | - | 10 340 | 35 625 |
| **Gross carrying amount at the end of period** | **-** | **54 835** | **870 549** |
| **Net value at the end of period** | **832 348** | **159 624** | **453 566** |

## 3. Non-current receivables

| 3.1 - Non-current receivables | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| **Specification** | **Value** | **Impairment** | **Carrying amount** | **Value** | **Impairment** | **Carrying amount** |
| Receivables due within 2 years from balance sheet date | 339 201 | - | 339 201 | 2 364 411 | - | 2 364 411 |
| Receivables due within 2 - 5 years from balance sheet date | 299 519 | - | 299 519 | 102 766 | - | 102 766 |
| Receivables due within more than 5 years from balance sheet date | 552 650 | - | 552 650 | 476 000 | - | 476 000 |
| **Total** | **1 191 370** | **-** | **1 191 370** | **2 943 177** | **-** | **2 943 177** |

The table contains data on receivables concerning paid guarantees of proper performance of contracts or paid deposits required when concluding certain contracts, in particular in the area of waste management services. With regard to this category of receivables, the Group's analysis did not reveal any significant risk of credit losses.

## 4. Deferred and current income tax

| 4.1 - Income tax recognised in the statement of profit and loss | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Current income tax | 20 780 597 | 29 482 679 |
| Deferred income tax | 883 329 | -669 652 |
| **TOTAL INCOME TAX** | **21 663 926** | **28 813 027** |

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

| 4.2 - Income tax - explanation of differences between tax calculated using current rate and tax reported | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| **PROFIT BEFORE TAX** | **113 818 399** | **143 799 909** |
| Income tax at current rate (19%) | 21 625 494 | 27 321 983 |
| Decrease of income tax - tax deduction | -4 950 | -3 116 |
| Income tax concerning prior years disclosed in current reporting period | - | -30 489 |

| | | |
|---|---|---|
| **Tax on permanent differences between balance sheet profit and tax base (specification)** | **109 773** | **1 534 432** |
| **Concerning revenue (-)** | **-67 018** | **-71 850** |
| released provisions | -4 137 | -63 839 |
| grant | -15 677 | -22 904 |
| penalties and compensation | -1 558 | - |
| revenue covered by bad debt relief | -38 790 | - |
| positive exchange differences | -2 293 | 18 575 |
| interest | -3 458 | -125 |
| other | -1 106 | -3 557 |
| **Concerning costs (+)** | **176 791** | **1 606 282** |
| State Fund for Rehabilitation of Disabled People (PFRON) | 11 713 | 11 049 |
| impairment of receivables | 53 986 | 829 087 |
| donations | 23 195 | 7 372 |
| Supervisory Board, representation costs | 2 924 | 2 942 |
| depreciation / amortisation | 7 688 | 39 232 |
| provisions | 3 457 | 6 978 |
| leases | -7 643 | -39 230 |
| negative exchange differences | 285 | -368 |
| tax interest | 457 | 371 399 |
| social security | 13 337 | 11 081 |
| court and enforcement fees | 18 060 | - |
| other costs | 49 331 | 63 533 |
| provision for waste storage fee for 2015 | - | 303 207 |
| **Tax on temporary differences not accounted for in calculating deferred income tax** | **-66 392** | **-9 782** |
| Deferred income tax assets not recognised | -66 392 | - |
| Provisions not recognised | - | -9 782 |
| **Income tax recognised in the financial statements** | **21 663 926** | **28 813 028** |
| Effective tax rate | 0,19 | 0,20 |

| 4.3 - Deferred income tax - reporting period | At 31.12.2021 | Recognised in result 01.01.2022-31.12.2022 | At 31.12.2022 |
|---|---|---|---|
| **Deferred income tax assets** | | | |
| Social security contributions | 97 279 | 10 931 | 108 210 |
| Employee benefits | 1 082 826 | -386 995 | 695 831 |
| Provision for receivables | 24 542 | 210 162 | 234 704 |
| Contribution to Company Social Benefits Fund not yet made | 146 | -146 | - |
| Leases | 245 927 | 31 106 | 277 033 |
| Grant | 1 654 668 | 88 005 | 1 742 673 |

| | | | |
|---|---|---|---|
| Provision for future transport and other costs | 228 480 | -228 480 | - |
| Balance sheet audit | 8 170 | 7 030 | 15 200 |
| Penalties and compensation | - | 1 596 | 1 596 |
| **TOTAL DEFERRED INCOME TAX ASSETS:** | **3 342 039** | **-266 791** | **3 075 248** |
| **Deferred income tax provision** | | | |
| Interest | 7 690 | -44 648 | 52 338 |
| Leased tangible assets | 104 983 | -116 131 | 221 114 |
| Difference between carrying among and tax value of property, plant and equipment and intangible assets | 8 742 689 | -455 759 | 9 198 448 |
| **TOTAL DEFERRED INCOME TAX PROVISION:** | **8 855 362** | **-616 538** | **9 471 900** |

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

| **4.4 - Deferred income tax - previous reporting period** | **At 31.12.2020** | **Recognised in result 01.01.2021-31.12.2021** | **At 31.12.2021** |
|---|---|---|---|
| **Deferred income tax assets** | | | |
| Social security contributions | 88 930 | 8 349 | 97 279 |
| Employee benefits | 197 800 | 885 026 | 1 082 826 |
| Provision for receivables | 68 603 | -44 061 | 24 542 |
| Contribution to Company Social Benefits Fund not yet made | - | 146 | 146 |
| Leases | 248 954 | -3 028 | 245 927 |
| Grant | 1 516 119 | 138 548 | 1 654 668 |
| Provision for future transport and other costs | - | 228 480 | 228 480 |
| Balance sheet audit | 15 149 | -6 979 | 8 170 |
| **TOTAL DEFERRED INCOME TAX ASSETS:** | **2 135 557** | **1 206 481** | **3 342 039** |
| **Deferred income tax provision** | | | |
| Interest | - | -7 690 | 7 690 |
| Leased tangible assets | 87 607 | -17 376 | 104 983 |
| Interest on bonds | 2 016 | 2 016 | - |
| Difference between carrying among and tax value of property, plant and equipment and intangible assets | 8 228 910 | -513 779 | 8 742 689 |
| **TOTAL DEFERRED INCOME TAX PROVISION:** | **8 318 533** | **-536 829** | **8 855 362** |

## 5. Inventory

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

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

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

| 5.1 - Inventories | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Value | Impairment | Carrying amount | Value | Impairment | Carrying amount |
| Materials | 576 249 | - | 576 249 | 382 975 | - | 382 975 |
| Completed products | 80 256 | - | 80 256 | 72 885 | - | 72 885 |
| Goods | 435 348 | - | 435 348 | 360 565 | - | 360 565 |
| **Total:** | **1 091 853** | **-** | **1 091 853** | **816 425** | **-** | **816 425** |

In the reporting period ended 31 December 2022, inventories worth PLN 29 344 thousand were recognised as costs, while in the comparative period the value of these inventories was PLN 17 209 thousand. The increase in the value of inventories included in costs compared to the comparative period is mainly due to the increase in wholesale prices of fuel sold at the Issuer's service stations.

## 6. Trade and other receivables

Credit risk is described in point 10.19 of these financial statements.

| 6.1 - Receivables | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Value | Impairment | Carrying amount | Value | Impairment | Carrying amount |
| Trade receivables | 24 669 767 | 1 265 007 | 23 404 759 | 24 950 321 | 1 063 446 | 23 886 875 |
| Receivables concerning other taxes, customs duties and social insurance | 8 307 045 | - | 8 307 045 | 828 616 | - | 828 616 |
| Other receivables | 9 419 416 | 4 516 296 | 4 903 119 | 7 775 789 | 4 533 381 | 3 242 408 |
| **Total** | **42 396 227** | **5 781 304** | **36 614 924** | **33 554 726** | **5 596 827** | **27 957 899** |

| 6.2. - Impairment of receivables | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Impairment at the beginning of period | 5 596 828 | 1 556 230 |
| Recognition | 1 079 544 | 4 366 576 |
| Release due to payment | 3 332 | 325 980 |
| Release | 891 736 | - |
| **Total** | **5 781 304** | **5 596 827** |

| 6.3 - Receivables at 31.12.2022 (gross) - overdue structure | Not overdue | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months - 1 year | Over 1 year | Total |
|---|---|---|---|---|---|---|---|
| Trade receivables | 19 667 662 | 3 477 070 | 160 858 | 99 169 | 1 079 544 | 185 463 | 24 669 767 |
| Receivables concerning other taxes, customs duties and social insurance | 8 307 045 | - | - | - | - | - | 8 307 045 |
| Other receivables | 4 903 120 | - | - | - | - | 4 516 296 | 9 419 416 |
| **Total** | **32 877 827** | **3 477 070** | **160 858** | **99 169** | **1 079 544** | **4 701 760** | **42 396 227** |

| 6.4 - Receivables at 31.12.2021 (gross) - overdue structure | Not overdue | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months - 1 year | Over 1 year | Total |
|---|---|---|---|---|---|---|---|
| Trade receivables | 21 267 082 | 2 563 953 | 55 839 | - | - | 1 063 446 | 24 950 321 |
| Receivables concerning other taxes, customs duties and social insurance | 828 616 | - | - | - | - | - | 828 616 |
| Other receivables | 3 242 408 | - | - | 4 266 097 | - | 267 285 | 7 775 789 |
| **Total** | **25 338 106** | **2 563 953** | **55 839** | **4 266 097** | **-** | **1 330 731** | **33 554 726** |

| 6.5 - Receivables (net) by payment deadline | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| | up to 12 months from balance sheet date | over 12 months from balance sheet date | up to 12 months from balance sheet date | over 12 months from balance sheet date |
| Trade receivables | 23 404 759 | - | 23 886 875 | - |
| Receivables concerning other taxes, customs duties and social insurance | 8 307 045 | - | 828 616 | - |
| Other receivables | 4 903 119 | - | 3 242 408 | - |
| **Total** | **36 614 924** | **-** | **27 957 899** | **-** |

| 6.6 - Trade and other receivables - currency structure (foreign currency) | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| | in currency | in PLN after translation | in currency | in PLN after translation |
| Foreign counterparties (EUR) | 69 577 | 326 311 | 23 876 | 109 815 |

| | | | | |
|---|---|---|---|---|
| **Total** | **69 577** | **326 311** | **23 876** | **109 815** |

## 7. Cash

| 7.1 Cash | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Cash on hand | 164 402 | 133 177 |
| Cash in bank accounts | 8 741 488 | 22 945 891 |
| Cash in VAT accounts | 478 715 | 687 392 |
| Short-term deposits | 77 402 479 | 90 360 703 |
| **Total cash:** | **86 787 084** | **114 127 162** |
| - including restricted cash | *4 150 426* | *5 500 614* |

The restricted cash shown in the note relates to funds held in VAT accounts and funds subject to administrative enforcement. Following the suspension of enforcement proceedings relating to the increased landfill fee for 2015, cash in the amount of PLN 3.5 million was deposited in a technical bank account

## 8. Prepayments

| 8.1 Prepayments | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Insurance policies and guarantees | 371 517 | 151 039 |
| Commenced development works | 471 007 | - |
| Press subscriptions | 4 825 | 3 514 |
| Other | 73 705 | 41 209 |
| **Total** | **921 053** | **195 762** |

The Issuer is particularly committed to technological development and increasing its production capacity in the area of solidification and stabilisation, which is why it is carrying out development work on new products, i.e. aggregates and synthetic binders. Progress in this work is evident in the increase in accruals in the current period.

## 9. Equity

| 9.1 Equity | Number of issued shares as at 31.12.2022 | Number of issued shares as at 31.12.2021 |
|---|---|---|
| series A registered preference shares | 702 642 | 702 642 |
| series B bearer shares | 1 227 936 | 1 227 936 |
| series C bearer shares | 1 582 307 | 1 582 307 |
| **Total** | **3 512 885** | **3 512 885** |

| 9.2 Largest shareholders at 31.12.2022 | Number of shares | Number of votes | Nominal value of shares | Stake in share capital |
|---|---|---|---|---|
| Ginger Capital sp. z o.o. | 1 229 838* | 1 932 480 | 12 298 380 | 35.01% |
| PTE Nationale-Nederlanden | 258 938** | 258 938 | 2 589 380 | 7.37% |
| OFE PZU „Złota Jesień“ | 223 680** | 223 680 | 2 236 800 | 6.37% |
| Other investors | 1 800 429 | 1 800 429 | 18 004 290 | 51.25% |
| **Total** | **3 512 885** | **4 215 527** | **35 128 850** | **100%** |

* including 702 642 series A shares, with a preference in voting rights, with two votes attached to each share.
** own calculations, based on information known to the Issuer.

| 9.3 Share capital | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Share capital | 35 128 850 | 35 128 850 |
| Share premium | 25 573 479 | 25 573 479 |
| **Total** | **60 702 329** | **60 702 329** |

| 9.4 Share capital (structure) at 31.12.2022 | in PLN | | | |
|---|---|---|---|---|
| **Series / issue** | **A** | **B** | **C** | **Total** |
| Type of share | registered preference | bearer | bearer | - |
| Type of preference | double the number of votes | - | - | - |
| Type of restriction of right to shares | - | - | - | - |
| Number of shares | 702 642 | 1 227 936 | 1 582 307 | 3 512 885 |
| Value of series / issue at nominal amount | 7 026 420 | 12 279 360 | 15 823 070 | 35 128 850 |
| Capital contribution method | in-kind contribution (contribution of enterprise - limited partnership) | in-kind contribution (contribution of enterprise - limited partnership) | cash payment | - |
| Registration of amendments to articles of association | 13.10.2020 | 13.10.2020 | 13.10.2020 | - |

| 9.5 Supplementary capital - retained earnings | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| **At the beginning of financial year** | 17 180 466 | 9 239 841 |
| Allocation of profit for 2020 | - | 7 940 625 |
| Allocation of profit for 2021 | 4 331 005 | - |
| **At the end of financial year** | **21 511 471** | **17 180 466** |

| 9.6 Unallocated result from prior years | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| At the beginning of financial year | 12 916 096 | 12 916 096 |
| **At the end of financial year** | **12 916 096** | **12 916 096** |

| 9.7 Proposed allocation of financial result | Value |
|---|---|
| **Net profit at the end of financial year** | **92 154 473** |
| The Company is contemplating a dividend payment of between 50% and 100% of profit. | |
| **Unallocated financial results from prior years at the end of financial year** | **12 916 096** |

## 10. Provisions

| 10.1 - Provisions | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| **Non-current** | | |
| Provisions for retirement payments and other employee benefits | 171 604 | 117 525 |
| Other provisions | - | 4 684 000 |
| **TOTAL NON-CURRENT PROVISIONS:** | **171 604** | **4 801 525** |
| **Current** | | |
| Provisions for retirement payments and other employee benefits | 771 224 | 737 754 |
| Other provisions | 6 160 401 | 4 823 927 |
| **Total** | **6 931 625** | **5 561 681** |

| 10.2 Non-current provisions - changes | Employee benefits | Other |
|---|---|---|
| **Amount of provision at the beginning of reporting period** | **117 524** | **4 684 000** |
| Recognition | 48 741 | - |
| Use | - | - |

| | | |
|---|---|---|
| Release | 5 339 | -4 684 000 |
| **Amount of provision at the end of reporting period** | **171 604** | **-** |
| **Amount of provision at the beginning of previous reporting period** | **118 620** | **-** |
| Recognition | 14 532 | 4 684 000 |
| Use | -15 627 | - |
| Release | - | - |
| **Amount of provision at the end of previous reporting period** | **117 524** | **4 684 000** |

| 10.3 Current provisions - changes | Employee benefits | Court cases | Other |
|---|---|---|---|
| **Amount of provision at the beginning of reporting period** | **737 754** | **-** | **4 823 927** |
| Recognition | 31 439 | 931 593 | 2 611 000 |
| Use | - | -931 593 | - |
| Release | 2 031 | - | -1 274 526 |
| **Amount of provision at the end of reporting period** | **771 224** | **-** | **6 160 401** |
| **Amount of provision at the beginning of previous reporting period** | **710 043** | **-** | **69 000** |
| Recognition | 149 752 | - | 4 805 927 |
| Use | -122 041 | - | -51 000 |
| Release | - | - | - |
| **Amount of provision at the end of previous reporting period** | **737 754** | **-** | **4 823 927** |

In the first half of 2022, the Company recognised a provision of PLN 0.93 million for warranty claims in relation to the pending litigation, the provision was utilised in H2 2022 once the payment to the suing party was realised.

The balance of other provisions at 31 December 2022 includes:

- provision for a higher fee for use of environment, together with interest, amounting to PLN 3.55 million and created in 2021. Detailed information on the on-going proceeding is presented in point 12 of the Management Board Report on Mo-BRUK Group's Operations,
- provision for bonuses for the Management Board in the amount of PLN 2.5 million, which as at 31 December 2022 was fully classified as current (release of non-current provisions of PLN 4.7 million) and its value was updated on the basis of the Group's financial results for 2022 (creation of a provision of PLN 2.5 million). The bonus is expected to be paid in 2023,
- other provisions amounting to PLN 0.1 million.

In this period, PLN 1.2 million in other provisions were released, relating to the performance of a material agreement for waste management.

## 11. Credit and loans received

| 11.1 - Credit and loans at the end of reporting period 31.12.2022 | Value of credit facilities | Balance | Currency | Interest rate | Repayment date |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| BNP Paribas - loan agreement | - | - | - | - | - |
| BNP Paribas - loan agreement | - | - | - | - | - |
| **Total non-current credit and loans** | **-** | **-** | **-** | **-** | **-** |
| **Current** | | | | | |
| BNP Paribas - loan agreement | 88 200 | 7 865 | PLN | WIBOR 3M | 13.03.2023 |
| BNP Paribas - loan agreement | 88 200 | 7 865 | PLN | WIBOR 3M | 13.03.2023 |
| **Total current credit and loans** | **-** | **15 730** | **-** | **-** | **-** |

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

| 11.2 - Credit and loans at the end of reporting period 31.12.2021 | Value of credit facilities | Balance | Currency | Interest rate | Repayment date |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| BNP Paribas - loan agreement | 88 200 | 7 714 | PLN | WIBOR 3M | 13.03.2023 |
| BNP Paribas - loan agreement | 88 200 | 7 714 | PLN | WIBOR 3M | 13.03.2023 |
| **Total non-current credit and loans** | **-** | **15 429** | **-** | **-** | **-** |
| **Current** | | | | | |
| BNP Paribas - loan agreement | 88 200 | 23 143 | PLN | WIBOR 3M | 13.03.2023 |
| BNP Paribas - loan agreement | 88 200 | 23 143 | PLN | WIBOR 3M | 13.03.2023 |
| **Total current credit and loans** | **-** | **46 286** | **-** | **-** | **-** |

| 11.3 - Contractual maturities for credit facilities and loans at 31.12.2022 | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Total |
|---|---|---|---|---|---|
| BNP Paribas - loan agreement | 1 929 | 5 786 | - | - | 7 714 |
| BNP Paribas - loan agreement | 1 929 | 5 786 | - | - | 7 714 |
| **Total** | **3 857** | **11 571** | **-** | **-** | **15 429** |

| 11.4 - Contractual maturities for credit facilities and loans at 31.12.2021 | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Total |
|---|---|---|---|---|---|
| BNP Paribas - loan agreement | 1 929 | 5 786 | 15 429 | 7 714 | 30 857 |
| BNP Paribas - loan agreement | 1 929 | 5 786 | 15 429 | 7 714 | 30 857 |
| **Total** | **3 857** | **11 571** | **30 857** | **15 429** | **61 714** |

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

## 12. Other financial liabilities

| 12.1 Other financial liabilities | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| **Non-current** | **1 636 658** | **1 584 863** |
| Liabilities related to right-of-use assets | 1 636 658 | 1 584 863 |
| **Current** | **319 258** | **354 530** |
| Liabilities related to right-of-use assets | 319 258 | 354 530 |
| **Total** | **1 955 916** | **1 939 393** |

| 12.2 Contractual maturities for financial liabilities at 31.12.2022 | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Liabilities related to right-of-use assets | 32 537 | 121 497 | 161 359 | 874 098 | 766 425 | 1 955 916 |
| **Total** | **32 537** | **121 497** | **161 359** | **874 098** | **766 425** | **1 955 916** |

| 12.3 Contractual maturities for financial liabilities at 31.12.2021 | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Liabilities related to right-of-use assets | 23 950 | 114 555 | 216 667 | 815 838 | 768 383 | 1 939 393 |
| **Total** | **23 950** | **114 555** | **216 667** | **815 838** | **768 383** | **1 939 393** |

| 12.4 List of leases at 31.12.2022 | Financing party | Beginning value | Currency | Contract end date | Amount of liability at balance sheet date |
|---|---|---|---|---|---|
| Perpetual usufruct of land | Starostwo Krapkowice | 245 665 | PLN | 05.12.2089 | 243 925 |
| Perpetual usufruct of land | Starostwo Opatów | 36 414 | PLN | 05.12.2089 | 36 156 |
| Perpetual usufruct of land | Starostwo Wałbrzych | 696 679 | PLN | 05.12.2089 | 691 743 |
| Perpetual usufruct of land | Starostawo Krosno | 51 348 | PLN | 05.12.2089 | 50 984 |
| Lease contract 20/014212 | PKO Leasing S.A. | 152 783 | PLN | 31.03.2023 | 18 109 |

| | | | | | |
|---|---|---|---|---|---|
| Lease contract 27552/Lu/20 | EFL S.A. | 172 068 | PLN | 24.04.2023 | 34 730 |
| Lease contract 1/02/DŚ/2021 | LEMARPOL Sp. z o.o. | 48 600 | PLN | 01.04.2025 | 41 755 |
| Lease RU/61435/24032021 | ARVAL SERVICE LEASE POLSKA Sp | 28 950 | PLN | 01.06.2025 | 24 836 |
| Lease 2/10/DŚ/2016 | LEMARPOL Sp. z o.o. | 136 241 | PLN | 31.10.2027 | 132 589 |
| Lease 6207352022/KR/618482 | mLeasing Sp. z o.o. | 166 585 | PLN | 16.12.2025 | 91 622 |
| Lease 6207352022/KR/618483 | mLeasing Sp. z o.o. | 166 585 | PLN | 16.12.2025 | 91 622 |
| Lease contract 21/020179 | PKO Leasing S.A. | 855 690 | PLN | 01.04.2025 | 497 845 |
| **Total** | | **2 757 609** | | | **1 955 916** |

## 13. Other non-current liabilities

| 13.1 Other non-current liabilities | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Liabilities relating to contract performance | - | 32 730 |
| **Total** | **-** | **32 730** |

## 14. Current trade and other liabilities

| 14.1 Current trade and other liabilities | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Trade liabilities | 12 686 847 | 10 831 099 |
| Current income tax liabilities | 1 264 965 | 1 615 139 |
| Liabilities concerning wages | 1 152 837 | 1 045 306 |
| Liabilities concerning other taxes, customs duties and social insurance | 1 498 638 | 1 876 336 |
| Investment liabilities | 34 133 344 | 314 117 |
| Other liabilities | 100 912 | 128 317 |
| **Total** | **50 837 543** | **15 810 315** |

| 14.2 Liabilities at 31.12.2022 - age structure | Not overdue | Up to 1 month | 1 - 3 months | 3 months - 1 year | 1 year - 5 years | Total |
|---|---|---|---|---|---|---|
| Trade liabilities | 11 971 513 | 714 284 | 80 | 970 | - | 12 686 847 |
| Current income tax liabilities | 1 264 965 | - | - | - | - | 1 264 965 |
| Liabilities concerning wages | 1 152 837 | - | - | - | - | 1 152 837 |
| Liabilities concerning other taxes, customs duties and social insurance | 1 498 638 | - | - | - | - | 1 498 638 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Investment liabilities | 34 133 344 | - | - | - | - | 34 133 344 |
| Other liabilities | 100 912 | - | - | - | - | 100 912 |
| **Total** | **50 122 208** | **714 284** | **80** | **970** | **-** | **50 837 543** |

There was a significant increase in investment liabilities in the current reporting period. Mo-BRUK entered into a PLN 134 million net general contract with AB Industry for an investment to modernise the thermal waste conversion installation at the Karsy plant. This liability amounts to PLN 33.9 million as of 31 December 2022.

| **14.3 Liabilities at 31.12.2021 - age structure** | **Not overdue** | **Up to 1 month** | **1 - 3 months** | **3 months - 1 year** | **1 year - 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Trade liabilities | 10 661 726 | 143 340 | 5 172 | 20 862 | - | 10 831 099 |
| Current income tax liabilities | 1 615 139 | - | - | - | - | 1 615 139 |
| Liabilities concerning wages | 1 045 306 | - | - | - | - | 1 045 306 |
| Liabilities concerning other taxes, customs duties and social insurance | 1 876 336 | - | - | - | - | 1 876 336 |
| Investment liabilities | - | 314 117 | - | - | - | 314 117 |
| Other liabilities | 128 317 | - | - | - | - | 128 317 |
| **Total** | **15 326 824** | **457 457** | **5 172** | **20 862** | **-** | **15 810 315** |

| **14.4 Liabilities by payment deadline** | **31.12.2022** | | **31.12.2021** | |
|---|---|---|---|---|
| | **up to 12 months from balance sheet date** | **over 12 months from balance sheet date** | **up to 12 months from balance sheet date** | **over 12 months from balance sheet date** |
| Trade liabilities | 12 686 847 | - | 10 831 099 | - |
| Current income tax liabilities | 1 264 965 | - | 1 615 139 | - |
| Liabilities concerning wages | 1 152 837 | - | 1 045 306 | - |
| Liabilities concerning other taxes, customs duties and social insurance | 1 498 638 | - | 1 876 336 | - |
| Investment liabilities | 34 133 344 | - | 314 117 | - |
| Other liabilities | 100 912 | - | 128 317 | - |
| **Total** | **50 837 543** | **-** | **15 810 315** | **-** |

| **14.5 Liabilities - currency structure** | **31.12.2022** | | **31.12.2021** | |
|---|---|---|---|---|
| | **in currency** | **in PLN after translation** | **in currency** | **in PLN after translation** |
| EUR | 121 965 | 572 002 | 10 192 | 46 878 |
| **Total** | | **572 002** | | **46 878** |

## 15. Deferred revenue

| 15.1 Deferred revenue | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| Grants - non-current part | 14 687 864 | 16 928 770 |
| Grants - current part | 2 128 199 | 2 143 851 |
| **Total:** | **16 816 063** | **19 072 621** |

The following table presents additional information regarding grant contracts.

| Item | Project title | Location | Contract no. | Grant settlement deadline |
|---|---|---|---|---|
| 1 | Formation of R&D centre for eco-friendly waste processing technologies | Niecew | POIG.04.05.02-00-006/10 | January 2046 |
| 2 | Implementation of innovative technology for producing high-calorie fuel mixture | Karsy | POIG.04.04.00-26-003/09 | December 2030 |
| 3 | Innovative method for producing hydraulic proppant | Skarbimierz | POIG.04.04.00-24-008/08 | January 2039 |
| 4 | Purchase of innovative advisory services by Mo-BRUK | Niecew | POIG.03.03.02-00-074/09 | December 2024 |
| 5 | Innovative and safe ecological methods for disposal of dusts, slags and ashes from municipal waste incineration plant and other thermal processes | Niecew | GEKON1/05/213240/35/2015 | March 2037 |

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

## 16. Revenue from sales

| 16.1 Revenue from sales (continuing operations) | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Revenue from sale of products | 1 528 130 | 1 095 308 |
| Revenue from sale of services | 220 004 134 | 251 517 314 |
| Revenue from sale of materials | 9 071 | 68 |
| Revenue from sale of goods | 21 846 572 | 14 601 707 |
| **Total** | **243 387 907** | **267 214 397** |

The Group generated PLN 243 million in revenue in 2022. The level of revenue achieved is satisfactory despite a 9% decrease compared to the sales revenue achieved in the comparative period, i.e. for 2021. The decrease in revenue is mainly related to the decline in the implementation of ecological bomb disposal projects. In the comparative period, the Company generated revenues of PLN 29 million higher on this account, mainly due to the implementation of projects to eliminate "ecological bombs" in the Zgierz District and the City of Gorlice.

The Group's operations did not exhibit seasonality in the presented period.

## 17. Operating segments

For management purposes, the Group reports operating segments in accordance with IAS 8 Operating Segments, based on the criterion of distinct products and services from which the economic segment generates revenue. The identified segments are as follows: waste management segment (recovery, treatment and disposal of hazardous and non-hazardous waste) and petrol station segment (including diagnostic services). The financial performance of operating segments is assessed and resource allocation decisions are mainly made on the basis of EBITDA. EBITDA is one measure of business performance that is not defined in IFRS. Mo-BRUK Group defines EBITDA as net profit/(loss) for the reporting period before the impact of income tax, financing activities and depreciation/amortisation costs.

The "Other" category mainly comprises the Company's coal silt mining activities and revenue from laboratory services.
To reflect the operating segments identified based on internal reports on those elements of the Group's business that are reviewed by those who manage and evaluate its financial performance, the note presenting operating segment data (compared to the 2021 financial statements) has been rearranged. The construction services segment has been moved to the "Other" category due to the absence of this type of revenue in 2022 (comparative figures have been restated accordingly).

The Group does not present total assets and liabilities for the operating segments, as these values are not regularly presented to the chief operating decision-maker.

For the years ending 31 December 2022 and 31 December 2021, the changes in the impairment of trade receivables presented in note 6.2 relate to the Waste Management segment.

| **17.1. Operating segments - 01.01.2022-31.12.2022** | **Segments** | | | **Total** |
|---|---|---|---|---|
| | **Waste management** | **Petrol stations** | **Other** | |
| | | | | |
| Revenue from sales | 221 120 909 | 22 243 768 | 23 230 | 243 387 907 |
| Operating costs | 106 033 166 | 21 329 608 | 2 360 721 | 129 723 494 |
| **Gross result on sales** | **115 087 744** | **914 160** | **-2 337 491** | **113 664 412** |
| Other operating revenue | 3 892 102 | 10 428 | 678 664 | 4 581 194 |
| Other operating costs | 5 321 184 | 63 120 | 914 702 | 6 299 006 |
| **Operating profit/loss** | **113 658 662** | **861 467** | **-2 573 528** | **111 946 601** |
| Finance income | | | | 2 355 033 |
| Finance costs | | | | 483 235 |
| **Profit before tax** | | | | **113 818 399** |
| Income tax | | | | 21 663 926 |
| **Net profit** | | | | **92 154 473** |

| | | | | |
|---|---|---|---|---|
| **Depreciation / amortisation** | 4 412 051 | 82 024 | 876 042 | 5 370 117 |
| **EBITDA** | **118 070 713** | **943 491** | **-1 697 487** | **117 316 718** |

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

| **17.2. Operating segments - 01.01.2021-31.12.2021** | **Segments** | | | **Total** |
|---|---|---|---|---|
| | **Waste management** | **Petrol stations** | **Other** | |
| | | | | |
| Revenue from sales | 248 165 150 | 14 950 290 | 4 098 956 | 267 214 397 |
| Operating costs | 92 106 347 | 14 166 032 | 4 587 233 | 110 859 613 |
| **Gross result on sales** | **156 058 803** | **784 258** | **-488 277** | 156 354 784 |
| Other operating revenue | 747 560 | 4 179 | 109 743 | 861 482 |
| Other operating costs | 10 861 842 | 31 401 | 375 487 | 11 268 730 |
| **Operating profit/loss** | **145 944 521** | **757 035** | **-754 021** | 145 947 536 |
| Finance income | | | | 86 013 |
| Finance costs | | | | 2 233 640 |
| **Profit before tax** | | | | 143 799 909 |
| Income tax | | | | 28 813 027 |
| **Net profit** | | | | 114 986 882 |
| **Depreciation / amortisation** | 4 374 889 | 83 969 | 894 405 | 5 353 263 |
| **EBITDA** | **150 319 411** | **841 004** | **140 385** | **151 300 799** |

| **17.3 Net revenue from sale of products and materials** | **For the period ended 31.12.2022** | **For the period ended 31.12.2021** |
|---|---|---|
| Solidification and stabilisation of waste | 78 579 072 | 72 370 599 |
| Production of alternative fuels | 46 525 280 | 52 778 188 |
| Incineration of waste | 96 016 557 | 123 016 363 |
| Retail sale of fuel and other goods | 22 243 768 | 14 950 290 |
| Construction services | - | 4 039 443 |
| Other | 23 230 | 59 513 |
| **Total** | **243 387 907** | **267 214 397** |

| 17.4 Information on revenue by geographic area in the period 01.01.2022-31.12.2022 | Revenue | Non-current assets |
|---|---|---|
| POLAND | 241 745 217 | 145 979 589 |
| DENMARK | 623 387 | - |
| ITALY | 617 224 | - |
| LITHUANIA | 235 823 | - |
| GERMANY | 166 256 | - |
| **Total** | **243 387 907** | **145 979 589** |

| 17.5 Information on revenue by geographic area in the period 01.01.2021-31.12.2021 | Revenue | Non-current assets |
|---|---|---|
| POLAND | 265 706 900 | 116 466 829 |
| DENMARK | 265 874 | - |
| ITALY | 687 707 | - |
| LITHUANIA | 161 110 | - |
| SLOVENIA | 373 331 | - |
| GERMANY | 18 514 | - |
| ROMANIA | 960 | - |
| **Total** | **267 214 397** | **116 466 829** |

| 17.6 Information on key customers in the period 01.01.2022-31.12.2022 | Operating segment | Revenue | % of total revenue |
|---|---|---|---|
| Customer no. 1 | Waste management | 21 499 361 | 8% |
| Customer no. 2 | Waste management | 15 308 884 | 6% |
| Customer no. 3 | Waste management | 10 287 818 | 4% |
| Customer no. 4 | Waste management | 9 457 433 | 4% |
| Customer no. 5 | Waste management | 9 775 230 | 4% |
| **Total** | | **66 328 725** | |

| 17.7 Information on key customers in the period 01.01.2021-31.12.2021 | Operating segment | Revenue | % of total revenue |
|---|---|---|---|
| Customer no. 1 | Waste management | 42 833 288 | 16% |
| Customer no. 2 | Waste management | 16 583 217 | 6% |
| Customer no. 3 | Waste management | 16 271 132 | 6% |
| Customer no. 4 | Waste management | 10 727 509 | 4% |
| Customer no. 5 | Waste management | 9 815 929 | 4% |
| **Total** | | **96 231 076** | |

The Group is successively growing its revenue from the sale of product and services, with the largest impact coming from the most dynamically developing segment, i.e. waste management, which accounts for more than 90% of the Group's revenue.

## 18. Operating costs

| 18.1 Costs by nature | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Depreciation / amortisation | 5 370 117 | 5 353 263 |
| Use of materials and energy | 17 522 753 | 15 251 672 |
| Third-party services | 62 322 679 | 54 203 057 |
| Taxes and fees | 1 375 465 | 1 366 295 |
| Remuneration | 17 820 349 | 17 049 894 |
| Employee benefits | 3 989 640 | 3 834 322 |
| Other costs by nature | 1 386 457 | 878 330 |
| Value of goods and materials sold | 19 925 405 | 12 918 750 |
| **TOTAL COSTS BY NATURE** | **129 712 865** | **110 855 584** |
| **Adjustments:** | | |
| Changes in products | 10 630 | 4 029 |
| Selling costs | -2 460 858 | -2 131 982 |
| General administrative expenses | -7 663 410 | -6 710 158 |
| **TOTAL OPERATING COSTS** | **119 599 227** | **102 017 473** |

| 18.2 Cost of sales | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Cost to produce products and services sold | 99 673 822 | 89 098 723 |
| Value of goods sold | 19 925 405 | 12 918 750 |
| **TOTAL OPERATING COSTS** | **119 599 227** | **102 017 473** |

## 19. Other operating revenue

| 19.1 Other operating revenue | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Gain on sale of non-financial non-current assets | 526 094 | 94 428 |
| Proceeds from liquidation of tangible and intangible assets | 40 536 | - |
| Subsidy settlement | 120 722 | 120 549 |
| Release of provisions | 3 756 229 | 316 328 |
| Reversal of impairment, including: | 438 | 227 054 |
| - trade receivables | 438 | 227 054 |
| Penalties and compensation received | 12 199 | 31 892 |
| Refund of court, enforcement and other fees | 2 071 | 15 942 |
| Inventory surpluses | 2 110 | - |
| Other | 120 794 | 55 288 |
| **Total** | **4 581 194** | **861 482** |

The considerable increase in other operating income in 2022 was due to the updating of a provision for bonuses for members of the Management Board and the release of a provision for the costs of the waste management contract

## 20. Other operating costs

| 20.1 Other operating costs | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Recognition of provisions | 1 695 447 | 6 477 096 |
| Recognition of impairment, including: | 1 063 211 | 4 363 614 |
| - trade receivables | 1 063 211 | 4 363 614 |
| Liquidation and scrapping costs | 123 977 | 98 405 |
| Inventory shortages | 47 378 | 30 961 |
| Donations made | 232 472 | 58 100 |

| | | |
|---|---|---|
| Cost of random events | 1 348 339 | - |
| Court and enforcement fees | 225 708 | 166 845 |
| Cost of reclamation | 956 872 | - |
| Penalties and compensation | 588 582 | - |
| Other | 17 018 | 73 709 |
| **Total** | **6 299 006** | **11 268 730** |

## 21. Finance income

| 21.1 Finance income | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Bank interest | 2 333 009 | 76 613 |
| Interest from counterparties | 4 210 | 3 427 |
| Excess of positive exchange differences over negative exchange differences | 17 815 | - |
| Other | - | 5 973 |
| **Total** | **2 355 033** | **86 013** |

The significant increase in finance income was mainly driven by bank interest on invested surpluses, which were made with banks on significantly more favourable terms compared to 2021. The increase in interest rates offered by banks was forced by macroeconomic factors.

## 22. Finance costs

| 22.1 Finance costs | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Interest on credit facilities | 43 094 | 20 291 |
| Excess of negative exchange differences over positive exchange differences | - | 29 880 |
| Lease interest, concerning right-of-use assets | 171 954 | 200 691 |
| Tax interest | 2 407 | 1 954 414 |
| Interest on other liabilities | 265 781 | - |
| Bank commission | - | 12 589 |
| Other | - | 15 773 |
| **Total:** | **483 235** | **2 233 639** |

## 23. Financial instruments

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

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

| 23.1. Financial instruments by category | Category in accordance with IFRS 9 | At 31.12.2022 | | At 31.12.2021 | |
|---|---|---|---|---|---|
| | | Book value | Fair value | Book value | Fair value |
| **Financial assets** | | **116 286 332** | **116 286 332** | **144 199 622** | **144 199 622** |
| Trade and other receivables (except for public-legal receivables) | Assets at amortised cost | 29 499 249 | 29 499 249 | 30 072 460 | 30 072 460 |
| Cash | Assets at amortised cost | 86 787 084 | 86 787 084 | 114 127 162 | 114 127 162 |
| **Financial liabilities** | | **46 936 833** | **46 936 833** | **11 367 978** | **11 367 978** |
| Credit and loan liabilities (except for lease liabilities) | Liabilities at amortised cost | 15 730 | 15 730 | 61 714 | 61 714 |
| Trade and other liabilities (except for public-law liabilities) | Liabilities at amortised cost | 46 921 103 | 46 921 103 | 11 306 264 | 11 306 264 |

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

| 23.2. Financial instruments - interest rate risk | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| Specification | Maturing in under 1 year | Maturing in 1 year - 5 years | Maturing in under 1 year | Maturing in 1 year - 5 years |
| **Fixed interest (weighted average)** | 7.02% | 0.00% | 0.00% | 0.00% |
| Credit and loans taken out | 15 730 | - | 46 286 | 15 429 |

| 23.3. Financial instruments - credit risk | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| Credit risk exposures per one counterparty that constitute more than: | exposures <3% of balance | 3%< exposures <20% of balance | 3%< exposures <20% of balance | exposures <3% of balance | 3%< exposures <20% of balance | exposures >20% of balance |
| Own receivables | 15 521 354 | 7 883 405 | - | 11 789 831 | 12 097 043 | - |

The Group does not feature a significant concentration of credit risk related to receivables concerning services, as confirmed by an analysis of receivables balances in terms of their share in the total value of

trade receivables. The largest item of receivables from customers in 2022 constitutes a receivable from a customer whose share in total receivables from customers is 8.3%. This receivable results from an agreement with a counterparty with which the Issuer has been working with for years.

| 23.4. Profit and revenue concerning financial instruments | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Total interest income | 2 337 218 | 80 040 |

| 23.5 Losses and costs concerning financial instruments | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Total interest cost | 215 048 | 220 983 |

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

| 24.1. Explanation of inconsistencies between balance sheet changes and values presented in the statement of cash flows | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Balance sheet change in provisions | -2 376 648 | 8 795 890 |
| *Changes in deferred income tax provisions* | *883 329* | *-669 652* |
| Changes in provisions in statement of cash flows | -3 259 977 | 9 465 542 |
| Balance sheet change in inventories | -275 428 | -91 461 |
| Change in inventories in statement of cash flows | -275 428 | -91 461 |
| Balance sheet change in receivables | -6 905 218 | 4 360 986 |
| Change in receivables in statement of cash flows | -6 905 218 | 4 360 986 |
| Balance sheet change in current liabilities, except for financial liabilities | 34 994 498 | 3 750 385 |
| *Change in investment liabilities* | *27 436 569* | *314 117* |
| *Changes in CIT liabilities* | *-350 174* | - |
| Balance sheet change in current liabilities, except for financial liabilities, in statement of cash flows | 7 908 103 | 3 436 268 |
| Balance sheet change in prepayments and accrued expenses | -725 292 | 16 604 |
| Change in prepayments and accruals in statement of cash flows | -725 292 | 16 604 |
| Balance sheet change in deferred revenue | -2 256 558 | -2 303 602 |
| Changes in deferred revenue in statement of cash flows | -2 256 558 | -2 303 602 |

## 25. Related-party transactions and remuneration for Company key personnel

The following notes contain total amounts for transactions executed with related parties other than subsidiaries in 2022 and 2021. Transactions with the consolidated subsidiary are excluded from the consolidated financial statements.

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

| 25.1 Remuneration of Parent's and subsidiary's key personnel, without Supervisory Board | 31.12.2022 | | | 31.12.2021 | | |
|---|---|---|---|---|---|---|
| | Base salary | Bonuses | Other | Base salary | Bonuses | Other |
| **Management Board Members Parent** | | | | | | |
| Siodmok Henryk | 387 116 | - | 2 484 | - | - | - |
| Mokrzycki Józef | 347 226 | - | 20 437 | 662 400 | - | 42 108 |
| Mokrzycka Elżbieta | 420 000 | - | 2 420 | 420 000 | - | 5 220 |
| Mokrzycka-Nowak Anna | - | - | - | 192 500 | - | 6 053 |
| Mokrzycki Wiktor | 420 000 | - | 15 262 | 420 000 | - | 14 871 |
| Mokrzycki Tobiasz | 420 000 | - | 12 218 | 420 000 | - | 12 693 |
| **Management Board Members subsidiary** | | | | | | |
| Nagnajewicz Janusz | 78 000 | 290 000 | - | 78 000 | 216 700 | - |

| 25.2 Remuneration of Supervisory Board members received at the Company | For the year ended 31.12.2022 | For the year ended 31.12.2021 |
|---|---|---|
| **Supervisory Board members (last names)** | | |
| Janik Kazimierz | 18 000 | 18 000 |
| Basta Jan | 225 | 16 200 |
| Pietrzak Piotr | 16 950 | 18 000 |
| Turzański Konrad | 14 400 | 14 400 |
| Skrzyński Piotr | 16 695 | 14 400 |
| Semczak Arkadiusz | 9 960 | - |

## 26. Contingent liabilities and assets

| 26.1. Guarantees and sureties | At 31.12.2022 | At 31.12.2021 |
|---|---|---|
| **From related parties** | **-** | **-** |
| **From other entities** | **22 512 117** | **13 125 471** |
| Collateral for proper performance of contracts | 10 536 562 | 9 329 866 |
| Security guarantees for claims in connection with waste treatment and collection activities | 11 975 555 | 3 795 605 |
| **Total** | **22 512 117** | **13 125 471** |

| 26.2 Contingent liabilities concerning guarantees - detailed specification | Guarantee / surety from | Title | Currency | At 31.12.2022 |
|---|---|---|---|---|
| PZU S.A. | 31.12.2020 | guarantee of proper contract performance for Beneficiary | PLN | 45 848 |
| PKO BP S.A. | 27.01.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 476 000 |
| Bank Millennium S.A. | 27.01.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 836 664 |
| Bank Millennium S.A. | 05.11.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 4 379 180 |
| BNP Paribas S.A. | 16.03.2022 | security guarantee for claims in connection with waste treatment and collection activities | PLN | 4 966 500 |
| BNP Paribas S.A. | 21.04.2022 | payment guarantee for notification for transboundary movements of wastes | PLN | 1 067 790 |
| BNP Paribas S.A. | 16.05.2022 | payment guarantee for notification for transboundary movements of wastes | PLN | 386 500 |
| KUKE | 13.10.2022 | security guarantee for claims in connection with waste treatment and collection activities | PLN | 4 350 000 |
| KUKE | 14.11.2022 | payment guarantee for notification for transboundary movements of wastes | PLN | 3 344 580 |
| Bank Millennium S.A. | 01.08.2022 | security guarantee for claims in connection with waste treatment and collection activities | PLN | 2 548 805 |
| Bank Millennium S.A. | 01.09.2022 | security guarantee for claims in connection with waste treatment and collection activities | PLN | 110 250 |
| **Total** | **-** | **-** | **-** | **22 512 117** |

| 26.3 Contingent liabilities concerning guarantees - detailed specification | Guarantee / surety from | Title | Currency | At 31.12.2021 |
|---|---|---|---|---|
| PKO BP S.A. | 27.01.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 476 000 |
| PZU S.A. | 30.01.2020 | guarantee of proper contract performance for Beneficiary | PLN | 70 859 |
| PZU S.A. | 30.01.2020 | guarantee of proper contract performance for Beneficiary | PLN | 60 745 |
| PZU S.A. | 01.06.2020 | guarantee of proper contract performance for Beneficiary | PLN | 158 760 |
| PZU S.A. | 08.06.2020 | guarantee of proper contract performance for Beneficiary | PLN | 239 760 |
| PZU S.A. | 31.12.2020 | guarantee of proper contract performance for Beneficiary | PLN | 45 848 |
| Bank Millennium S.A. | 01.12.2020 | payment guarantee for notification for transboundary movements of wastes | PLN | 3 062 050 |
| Bank Millennium S.A. | 27.01.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 836 664 |
| Bank Millennium S.A. | 05.11.2021 | payment guarantee for notification for transboundary movements of wastes | PLN | 4 379 180 |
| Bank Millennium S.A. | 22.07.2021 | security for claims under art. 48a of the act on waste of 14.12.2012 | PLN | 3 795 605 |
| **Total** | **-** | **-** | **-** | **13 125 471** |

## 27. Profit per share

| 27.1. Basic profit per share | For the period ended 31.12.2022 | For the period ended 31.12.2021 |
|---|---|---|
| Profit for the financial year attributable to shareholders of the parent | 92 154 473 | 114 986 882 |
| Profit per share (in PLN per share) | 26.23 | 32.73 |
| **Profit used to calculate basic profit per share, total** | **92 154 473** | **114 986 882** |
| **Profit used to calculate basic profit per share from continuing operations** | **92 154 473** | **114 986 882** |

| 27.2. Diluted profit per share | For the period ended 31.12.2022 | For the period ended 31.12.2022 |
|---|---|---|
| Profit for the financial year attributable to shareholders of the parent | 92 154 473 | 114 986 882 |
| Profit per share (in PLN per share) | 26.23 | 32.73 |
| **Profit recognised for the purpose of calculating diluted profit per share** | **92 154 473** | **114 986 882** |
| **The weighted average number of shares used to calculate diluted profit per share is reconciled to the average used to calculate the normal ratio as follows:** | | |
| Weighted average number of ordinary shares used to calculate basic profit per share | 3 512 885 | 3 512 885 |
| **Weighted average number of ordinary shares (for the purpose of calculating diluted profit per share)** | **3 512 885** | **3 512 885** |

Basic profit per share is calculated using a formula where net profit attributable to the parent's shareholders is divided by the weighted average number of shares in the given period.

No diluting factors were recorded in the reporting period and comparative period, as a result of which basic profit per share and diluted profit per share are the same. Presented below is data regarding profit and the number of shares used to calculate profit per share.

## 28. Dividends paid

| 28.1. Dividends paid | 2022 | 2021 |
|---|---|---|
| Dividends paid in PLN/share | 31.50 | 20.15 |

## 29. Data on the Group's employment

| 29.1 Average headcount in full-time positions | For the year ended 31.12.2022 | For the year ended 31.12.2021 |
|---|---|---|
| Blue-collar workers | 157 | 158 |
| White-collar workers | 58 | 61 |
| **Total average headcount** | **215** | **219** |

## 30. Fees to entity authorised to audit financial statements

| 30.1 Fees to entities authorised to audit financial statements | For the year ended 31.12.2022 | For the year ended 31.12.2021 |
|---|---|---|
| For review and audit of the Parent's separate and consolidated financial statements | 92 000 | 91 000 |
| For audit of subsidiary's separate financial statements | 26 000 | 24 000 |
| For other services | 5 000 | - |
| **Total** | **123 000** | **115 000** |

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

**Signatures of Management Board Members**

| | | |
|---|---|---|
| 29 March 2023<br>*Date* | **Henryk Siodmok**<br>*President of the Management Board* | |
| 29 March 2023<br>*Date* | **Elżbieta Mokrzycka**<br>*Vice-President of the Management Board* | |
| 29 March 2023<br>*Date* | **Wiktor Mokrzycki**<br>*Vice-President of the Management Board* | |
| 29 March 2023<br>*Date* | **Tobiasz Mokrzycki**<br>*Vice-President of the Management Board* | |

**Signature of person in charge of book-keeping**

| | | |
|---|---|---|
| 29 March 2023<br>*Date* | **Jarosław Martiszek**<br>*Chief Accountant* | |