MOBRUK

MANAGEMENT REPORT
ON Mo-BRUK S.A.'S ACTIVITIES IN 2022

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Statement on the application of corporate governance rules at Mo-BRUK S.A. in 2022, constituting an appendix to the Management Board report on Mo-BRUK S.A.'s activities in 2022 75

Letter from the President of the Management Board of Mo-BRUK S.A. to the Shareholders

Dear Shareholders,

Dear Investors,

2022 was a landmark year for the group in many respects. We launched an investment program worth approx. PLN 210 million, which will be completed in 2024. It will result in a 78% increase in production capacity in the incineration segment and a 65% increase in the waste solidification and stabilisation segment. In addition, we have joined the mWIG40 stock exchange index, which means that we are in the elite group of the 60 largest companies listed on the Warsaw Stock Exchange. Changes in Mo-BRUK's management structure should also be mentioned. The company's founder, Józef Mokrzycki, who had led the company for several decades, resigned from the position of president of the management board, recommending me as his successor, which met with the approval of the company's supervisory board.

In 2022, we generated PLN 243 million in revenue, with EBITDA reaching PLN 117 million and accounting for 48% of revenue. Excluding the retail fuel business, EBITDA on the core business was 53%. A PLN 29 million year-on-year decline in revenue from the management of so-called "ecological bombs" determined the level of sales and EBITDA compared with the previous year. The above change was due to a decline in the disposal of ecological bombs by local authorities. In 2023, the National Fund for Environmental Protection and Water Management allocated approx. PLN 670 million for this purpose, which should result in the resumption of these projects. As the industry leader, we should benefit from these measures.

In 2022, we managed nearly 245 000 tonnes of waste, making a fundamental contribution to improving the state of the country's environment. In this context, we must note the ESG aspects, which are fundamental for us due to the profile of the company's activity - Mo-BRUK transforms waste into useful products in a waste-free manner. This applies, among others, to hazardous waste generated from thermal processing from all incineration plants in Poland. Last year, we did a solid job of ESG reporting, which led to the publication of our first ever report for 2021, prepared in accordance with the guidelines contained in the GRI (Global Reporting Initiative) Standard and the "Guidelines for ESG Reporting" of the Warsaw Stock Exchange. We reported on indicators covering thematic areas such as environment and climate, ethics, employees,

social environment and economic issues. In 2023, our ESG activities will be further intensified. In addition to the publication of the 2022 report, we also intend to make public our ESG strategy and present a carbon footprint calculation for Scope 1 and Scope 2, which will further emphasise Mo BRUK's role in advancing sustainability and the circular economy.

Despite the challenging external environment, i.e. the on-going war in Ukraine and the economic unrest in its aftermath, we believe in the success of our plans and objectives. We intend to continue organic growth, as mentioned above, which will allow us to maintain above-average business profitability. At the same time, we are developing and will solidify acquisition intentions, which is the strategic objective of Mo-BRUK Group. Despite the ambitious investment plans, the company will pay a dividend for 2022.

We are pleased to present to you our report for 2022.

Sincerely,

Henryk Siodmok

President of the Management Board

1. Mo-BRUK S.A.'s activities in 2022

Key data on the Company

Name:	Mo-BRUK Spółka Akcyjna
Issuer's registered office:	Niecew
Issuer's legal form:	joint stock company
Legislation:	Polish and EU
Country of Issuer's registered office:	Poland
Issuer's address:	Niecew 68, 33-322 Korzenna
Telephone number:	+48 (18) 441 70 48
Fax number:	+48 (18) 441 70 99
Email:	mobruk@mobruk.pl
Website:	www.mobruk.pl
KRS number:	0000357598
NIP number:	734-32-94-252
REGON number:	120652729
PKD of key activity	38.22.Z treatment and disposal of hazardous waste

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

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

The firm had been operating since 1985 as a sole proprietorship under the name "Mo-BRUK" Józef Mokrzycki. Until 1996, it manufactured products from terrazzo (tiles, window sills, stairs) and catered predominately to retail customers. From 1996, the firm has been in the widely-defined waste management business, encompassing: disposal and recycling. As the firm developed, on 1 April 2008 its legal form was changed from a sole proprietorship (Mo-BRUK Józef Mokrzycki) to a limited partnership. On 1 June 2010, the Company's legal form was changed to a joint stock company.

Mo-BRUK S.A. has facilities in Niecew, Karsy, Skarbimierz and Wałbrzych and a subsidiary in Jedlicze. A Waste Recovery Facility is located at the Company's headquarters in Niecew in the Małopolskie Voivodeship, where inorganic waste is solidified and stabilised, along with a filling

station. In Wałbrzych, there is a Waste Recycling Facility where alternative fuels are produced, a Coal Sludge Recovery Facility and an Industrial Waste Landfill which is currently in the reclamation phase (as of 20 March 2019, landfilling has been completed).

An alternative fuels production facility has been operating in Karsy (municipality of Ożarów, Świętokrzyskie Voivodeship) since 2008, with an industrial waste incineration unit launched in 2014. In the town of Skarbimierz in the Opolskie Voivodeship, an Inorganic Waste Recovery Facility has been in operation since 2014, using waste solidification and stabilisation technology for waste processing, similar to the facility located in Niecew. Mo-BRUK S.A. also has a filling station and a diagnostic station in Łęka in the Małopolskie Voivodeship.

Mo-BRUK also owns a 100% stake in subsidiary Raf-Ekologia Sp. z o.o., based in Jedlicze in the Podkarpackie Voivodeship. The subsidiary's principal business is the thermal treatment of industrial and medical waste.

Mo-BRUK S.A.'s share capital

At the date of this report, Mo-BRUK S.A.'s registered share capital amounted to PLN 35 128 850.00 (in words: thirty five million one hundred twenty eight thousand eight hundred fifty zlotys 00/110) and was divided into 3 512 885 (in words: three million five hundred twelve thousand

eight hundred eighty five) shares with a nominal value of PLN 10.00 (in words: ten zlotys 00/100) each. The Company's shares are as follows:

- 702 642 registered shares series A (1 405 284 votes) - series A shares are preference shares in terms of votes - one series A share entitles to two votes,
- 1 227 936 bearer shares series B (1 227 936 votes) - series B shares are not preference shares,
- 1 582 307 bearer shares series B (1 582 307 votes) - series C shares are not preference shares.

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

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

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

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

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

In describing its situation financial and operational situation in this section, the Issuer applied alternative performance measures that deliver useful information on the financial situation, cash flows, financial effectiveness and profitability, along with relevant clarifications, so that investors can understand their usefulness and credibility (ESMA Guidelines on Alternative Performance

Measures 05/10/2015 ESMA/2015/1415pl). These include:

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

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

Mo-BRUK S.A. 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	213 019 187	236 659 013	45 436 339	51 700 494
II. Operating profit (loss)	94 988 331	128 599 763	20 260 720	28 093 886
III. Gross profit (loss)	110 884 168	136 210 477	23 651 253	29 756 521
IV. Net profit (loss)	92 486 760	110 726 554	19 727 142	24 189 307
V. Net cash flows from operating activities	77 764 776	122 377 018	16 586 988	26 734 466
VI. Net cash flows from investing activities	11 385 211	13 699 515	2 428 431	2 992 794
VII. Net cash flows from financial activities	-111 008 882	-75 211 909	-23 677 854	-16 430 783
VIII. Total net cash flows	-21 858 895	60 864 623	-4 662 435	13 296 477
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)	26.33	31.52	5.62	6.89
ITEM	PLN		EUR	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021

XI. Total assets	250 753 610	238 926 496	53 466 729	51 947 318
XII. Liabilities and provisions for liabilities	80 174 622	50 178 390	17 095 167	10 909 769
XIII. Non-current liabilities	22 308 205	28 172 467	4 756 648	6 125 248
including deferred income - grant	14 687 864	16 928 770	3 131 807	3 680 647
XIV. Current liabilities	57 866 417	22 005 923	12 338 518	4 784 520
including deferred income - grant	2 128 199	2 143 851	453 784	466 115
XV. Equity	170 578 988	188 748 106	36 371 562	41 037 550
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)	48.56	53.73	10.35	11.68

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 the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each month in the financial year (from 1 January 2022 to 31 December 2022) - EURPLN 4.6883, and for 2021 (from 1 January 2021 to 31 December 2021) - EURPLN 4.5775.

Mo-BRUK generated PLN 213 million in revenue in 2022. The revenue figure is satisfactory despite a 10% decline in comparison to 2021. It should be noted that the Company's revenue from sales and results in the previous financial year were at record highs. The decline in revenue mainly results from lower sales in the hazardous waste incineration segment. In the comparative period, the Company generated nearly PLN 25 million more in revenue in this segment, largely due to a project to liquidate "ecological bombs" in the Zgierz Poviat and the City of Gorlice. The Company's revenue from the removal of "ecological bombs" reached PLN 24.0 million in 2022 and was PLN 29.4 million lower than in the preceding year. In other segments within waste management, there was an increase in sales of 8.3% in the segment for solidification and stabilisation of inorganic waste and a decrease in sales of 11.8% in the segment for production of alternative fuels, from the comparative period (table on page 20). In the filling station segment, the Group recorded a nearly 50% increase in sales versus the comparative period. The current situation in the world and in the country that caused a very strong rise in inflation had an indirect impact on growth in the Company's operating costs, which was 19.4% vs. the comparative period. The increase in operating costs mainly resulted from higher costs to purchase products for filling stations, which were PLN 7.0 million, or 54%, higher than in 2021. In addition,

compared to the previous period, there was a major increase in the costs of transport services by 36% (by PLN 5.2 million), raw material costs by 74% (by PLN 1.9 million), repair costs by 25% (by PLN 1.3 million), fuel consumption costs by 48% (by PLN 0.9 million) and waste treatment services costs by 25% (by PLN 4.8 million) to which the Company primarily includes the costs of transferring alternative fuel to the cement plant. Despite the prevalent inflation, other cost items remained at previous year's levels. The decline in revenue from sales and moderate rise in operating costs translated into a 31% decline in profit on sales vs. the result posted in 2021.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (COMPARATIVE APPROACH)

Item	Statement of profit and loss for the period: 01.01.2022-31.12.2022	Statement of profit and loss for the period: 01.01.2021-31.12.2021	Change
Revenue from sales	**213 019 187**	**236 659 013**	**-10.0%**
Total costs:	**116 440 511**	**97 487 698**	**19.4%**
Changes in products	10 630	4 029	163.8%
Depreciation / amortisation	5 051 596	4 971 645	1.6%
Use of raw materials and materials	15 294 167	13 293 025	15.1%
Third-party services	56 722 956	48 179 151	17.7%
Cost of employee benefits	17 029 391	16 260 817	4.7%
Taxes and fees	1 288 317	1 281 229	0.6%
Other costs	1 118 050	579 052	93.1%
Value of goods and materials sold	19 925 405	12 918 750	54.2%
PROFIT (LOSS) ON SALES	**96 578 676**	**139 171 315**	**-30.6%**
Other operating revenue	4 544 552	592 577	666.9%
Other operating costs	6 134 897	11 164 129	-45.0%
EBITDA (operating profit + depreciation / amortisation) *	**100 039 928**	**133 571 407**	**-25.1%**
EBIT (operating profit) **	**94 988 331**	**128 599 763**	**-26.1%**
Finance income	16 337 304	9 818 845	66.4%
Finance costs	441 467	2 208 130	-80.0%
PROFIT (LOSS) BEFORE TAX	**110 884 168**	**136 210 477**	**-18.6%**
Income tax	18 397 408	25 483 923	-27.8%
NET PROFIT (LOSS)	**92 486 760**	**110 726 554**	**-16.5%**

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

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

In 2022, Mo-BRUK S.A. posted satisfactory financial results that confirm the Company's solid standing. Due to the historically high results that the Company had recorded in the previous financial year and the above-described factors in 2022 the Company recorded declines in financial results compared to 2021.

Mo-BRUK S.A.'s profit

Item, data in PLN	2022	2021	Change
Profit (loss) on sales	**96 578 676**	**139 171 315**	-30.6%
EBITDA (operating profit + depreciation / amortisation)	100 039 928	133 571 407	-25.1%
EBIT (operating profit)	94 988 331	128 599 763	-26.1%
Gross profit (loss)	110 884 168	136 210 477	-18.6%
Net profit (loss)	**92 486 760**	**110 726 554**	-16.5%

The lower revenue is mainly due to a decline in the "ecological bomb" decommissioning projects, being reflected in the EBITDA generated for 2022, which amounted to PLN 100.0 million and was 25.1% lower than in 2021.

Analysis of Mo-BRUK S.A.'s profitability

Item	2022	2021
Sales margin	45.3%	58.8%
EBITDA margin	47.0%	56.4%
EBIT margin	44.6%	54.3%
Net margin	43.4%	46.8%
Return on assets	36.9%	46.3%
Return on equity	54.2%	58.7%

Algorithms for calculating the ratios:

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

EBITDA margin = (operating result + amortisation/depreciation) / revenue from sales
Operating margin = operating result / net revenue from sales
Net margin = net financial result / net revenue from sales
Return on assets = net financial result / total assets
Return on equity = net financial result / equity

In 2022, the Company recorded strong profitability ratios: 45.3% profit on sales, 44.6% operating profit, 43.4% net profit and 47% EBITDA, which after adjusting for the revenue and costs of the filling station segment are as follows: 50.1% profit on sales, 49.3% operating profit, 48.0% net profit and 51.9% EBITDA. The above profitability ratios represent mainly the efficiency of the Company's core business of waste management with a minor effect of extraordinary items, i.e. the disposal of ecological bombs, which accounted for 11% of the Company's total sales revenue for 2022.
Also noteworthy are the high return on assets (ROA) of 36.9% and return on equity (ROE) of 54.2% achieved in 2022, which is evidence of the Company's good financial health.

Management of financial resources

Mo-BRUK S.A. has very low financial debt, which at the end of 2022 amounted to under PLN 0.5 million. The Company currently has no liabilities related to bank credit; financial liabilities primarily concern leases. With more than PLN 200 million in planned capital expenditures to the end of 2024 and the Company's planned growth through potential acquisitions and organic growth, in the future the Company plans to take out new bank credit facilities, grants and own funds to finance these investments. Mo-BRUK S.A. plans to expand its production capacities - in the industrial waste incineration segment from 15 thousand tonnes to approx. 25 thousand tonnes per year, and in the solidification and stabilisation segment from 170 thousand tonnes to 280 thousand tonnes per year.

Mo-BRUK S.A.'s financial debt [PLN]			
	31.12.2022	**31.12.2021**	**31.12.2020**
Financial debt[1)]	**450 993**	**331 300**	**4 666 990**
including:			
loans	*15 730*	*61 714*	*4 383 334*
leases	*435 263*	*269 586*	*283 656*
Net financial debt	**-78 870 263**	**-100 848 851**	**-35 648 538**
Cash and equivalents	**79 321 256**	**101 180 151**	**40 315 528**

[1)] the financial debt in this table does not include a liability related to the perpetual usufruct of land
net financial debt = financial debt - cash and equivalents

Thanks to the systematic repayment of financial liabilities, the Company is enjoying very good debt ratios, with a very strong level of net financial debt to EBITDA.
In the presented periods, the Company had higher cash than financial debt, which is why the following ratios are with a negative sign.

Mo-BRUK S.A.'s net financial debt to EBITDA ratio		
31.12.2022	**31.12.2021**	**31.12.2020**
-0.8	**-0.8**	**-0.4**

Algorithms for calculating the ratio:
financial debt[1)] = cash / (operating profit + amortisation / depreciation)
the financial debt taken into account in calculating this ratio does not include a liability related to the perpetual usufruct of land

In 2022, Mo-BRUK demonstrated full capacity to meet its obligations. The Company's cash holdings and the external financing it has obtained ensure that liquidity is maintained and that

investment intentions can be implemented.
As at 31 December 2022, the Company had PLN 79.3 million in cash (including PLN 4.0 million in restricted cash).
With regard to the launch of the project entitled "Modernisation and expansion of the thermal waste conversion line in Karsy" and "Modernisation and expansion of the waste recovery facility in Niecew", the Company has applied to the National Fund for Environmental Protection and Water Management for: a grant of PLN 30 million, a loan on preferential terms of PLN 48 million and a loan on market terms of PLN 26 million.
In 2022, the Company continued its efforts to maintain long-term financial stability and optimise short-term funding sources.

Company's growth strategy

In defining the Company's development strategy, the Management Board is guided by the mission and vision of Mo-BRUK, as well as the main objectives set by the shareholders. The company's mission is to provide all interested customers with a waste disposal service of any type with a guarantee of further processing in accordance with environmental requirements. An important part of the Company's mission is to conduct its operations with respect for the environment and to support the development of circular economy. Conducting business in a sustainable manner is a key element for the development of both the Company and the entire economy. For this reason, the Company aims to increase capacity, implement state-of-the-art global and in-house waste treatment technologies and promote broadly environmentally friendly waste management. The Company's Management Board aims to realise Mo-BRUK's vision of being seen as a leader in the treatment of industrial waste on a European scale.
The most important objective of Mo-BRUK's Management Board is to maximise the long-term shareholder value of the Company.

In 2022, the Company continued its efforts to secure an appropriate volume of waste supply to the installations located in the Company's facilities. During this period, the Company's various facilities maintained good sales performance and high profitability. Increased involvement in the non-organic waste management sector contributes to maintaining the high profitability of Mo-BRUK S.A.'s operations. Given the fact that the waste management market in Poland is in the phase of intensive development and is very prospective, the Management Board of Mo-BRUK S.A. assumes that revenues will be maintained at high levels in subsequent periods. The Management Board is making every effort to secure an appropriate stream of waste for processing at Mo-BRUK S.A.'s installations. Commercial activities are being undertaken on an on-going basis with the aim of acquiring new customers, which should translate into better

financial results for the Issuer.

Thanks to its efficient business model, Mo-BRUK S.A. remains the industry leader in the processing of industrial waste in Poland. With its investments in waste disposal lines, the Company is able to dispose of the vast majority of the types of waste generated in Poland.
The industry in which the Issuer operates features exceptionally dynamic growth. This mainly results from changes in environmental legislation and waste regulations (both in Polish and European legislation), which enforce the disposal of harmful waste, materials and substances in a certain way. A further growth aspect is the growing ecological awareness of the society, which results in higher demand for waste disposal services. This creates an opportunity for businesses such as Mo-BRUK for dynamic growth.

The Company's asset investments are geared towards growth, taking into account environmental measures and the modernisation and replacement of fixed assets. The Company's development plans include an increase in capacity through organic growth and acquisitions. The Company launched the following investment projects:

- **Modernisation and expansion of the waste recovery facility at Niecew** - increasing waste treatment capacity from the current 100 000 Mg/year to 140 000 Mg/year through the construction of a waste processing.
- **Modernisation and expansion of the thermal waste conversion line in Karsy** - As a result of the investment, the plant in Karsy will be able to process approx. 10 000 tonnes of waste more than the current volume of waste, reaching 25 000 Mg/year. The capacity planned to be achieved is in accordance with the provisions of the integrated permit held.
- **Modernisation and expansion of the waste recovery facility at Skarbimierz** - increasing waste treatment capacity from the current 70 000 Mg/year to 140 000 Mg/year by modernising the existing production lines for waste processing to increase the warehouse space (if needed).

The Company also plans to install approx. 200 kW of photovoltaic power, and by mid-2024 the capacity of the power generation facilities, will increase to over 2.5 MW, most of which will be generated in ORC units that will convert waste heat from the incineration plant into electricity, in this way the Company plans to finally realise a circular economy cycle.

3. Information on key products and services

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

Solidification and stabilisation of inorganic waste

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

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

Production of alternative fuels

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

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

Incineration of hazardous waste

In 2014, the Company launched an industrial waste incineration plan at the alternative fuel production facility in Karsy. The investment was delivered as part of the project "Implementation of innovative technology for production of high-calorie fuel mixture" for which the Issuer secured EU funding. The incineration plant is a source of warm air used to dry alternative fuel. The following types of waste are treated or recovered at the incineration plants: paints, adhesives, solvents, refinery waste, waste from oil and gas exploration, medical and veterinary waste, out-of-date agrochemicals, laboratory and analytical reagents.

Mo-BRUK S.A.'s revenue from waste management activities

Revenue from sales [PLNk]	2022	2021	2020
solidification and stabilisation of inorganic waste	79 475.0	73 360.1	61 285.6
production of alternative fuels	46 529.8	52 778.9	34 284.6
incineration of hazardous waste	61 063.5	88 050.7	41 499.0
Total:	**187 068.2**	**214 189.8**	**137 069.2**

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

The receipt of waste for further disposal or other management constitutes the key source of the Issuer's revenue. Mo-BRUK S.A. serves as an important link in the waste management chain in Poland as it is an alternative to landfills. Companies collecting municipal waste or holders of waste are interested in working with Mo-BRUK S.A. because they can reduce waste storage at landfills. On the other hand, the Issuer is interested in receiving waste for further management because it possesses the relevant technology and experience in waste processing to produce: alternative fuels, granulated cement and energy. The Company is competent and authorised for the disposal of nearly all of the types of waste listed in the Regulation of the Minister of the Environment dated 2 January 2020) on the waste catalogue (Polish Journal of Laws of 2020 item 10). According to Polish law, waste disposal is paid for by the entity generating the waste rather than a "cleaning firm" or "disposal firm" such as the Issuer. This is why Mo-BRUK S.A. is able to collect fees for accepting waste at a level similar to or higher than the fees collected by

landfill sites. The amount of fees collected by the Issuer depends on the waste category, physical and chemical category, location and, lastly, the negotiated terms.

4. Information on sales markets

Mo-BRUK S.A. predominately operates on the waste management market. The Issuer is also involved in the trade of fuels.

The main customers for waste-management products and services are domestic, however in searching for new markets the Company is also working with foreign counterparties. Nonetheless, the Company's efforts are directed at growing its domestic market share.

Mo-BRUK's revenue from foreign counterparties [PLNk]

Year	Value	% share in revenue from sales
2022	1 642.8	0,8%
2021	1 507.5	0.6%

Growth prospects in markets where the Company operates

Mo-BRUK S.A.'s activities focus on the waste management market, i.e. collecting waste for disposal or further management. The Issuer sees this market as promising. This assessment is backed by the following facts:

- The waste management policy in Poland seeks to encourage eco-friendly attitudes among the producers of waste (businesses and individuals). Waste producers are increasingly being forced to pay steep fees for the waste they generate. The aim of this policy is to systematically reduce the volume of waste generated in Poland and to crate appropriate conditions for their economic management (recycling). As a result, Poland, like "western" countries, is beginning to promote waste recycling and recovery rather than storage. This creates an opportunity for firms such as Mo-BRUK S.A. for dynamic growth.
- New technological solutions offer ecological applications for a growing group of waste. In addition, more and more companies are recently turning to alternative fuels produced from waste as their main heating fuel. Cost is the main reason for using waste instead of traditional fuels such as coal or biomass.

- Economic growth in Poland is influencing the mindset of residents as regards environmental protection. In effect, a growing number of people sort waste, which is growing the significance of the recycling industry and the social perception of recycling businesses.

The Environmental Protection Law and the corresponding regulations and announcements, including the Notice of the Minister of the Environment on the level of environmental fees in 2023, are of significance for the municipal waste market - imposing the so-called the marshal's fee that landfills are required to pay for each tonne of waste received at the landfill. It should be noted that the drafts of further regulations being currently drawn up provide for the systematic increase of this fee in the coming years, which in consequence can substantially contribute to a reduction in landfills and an increase in the significance of waste management activities, conducted by companies such as Mo-BRUK S.A.

Increase in the marshal's fee

Source: Climate Minister's Notice of 9 September 2020 (item 961), Climate Minister's Notice of 11 October 2021 (item 960), Climate Minister's Notice of 7 October 2022 (item 1009).

According to the Issuer, the existing and planned legal regulations in Poland place an obligation on local governments to reduce municipal waste landfills, meaning that in the coming years demand for waste management services should grow considerably. The Issuer positively assesses the changes taking place on the municipal waste market and sees a market opportunity in these changes to strengthen its competitive position.

5. Material agreements to the Issuer's business signed in 2022

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.

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.

Annex to material agreement with the City of Gorlice

On 3 June 2022, Mo-BRUK S.A. signed an annex to an agreement with the City of Gorlice for the performance of a service consisting of the removal of all hazardous waste illegally stored in 2016-2017 on a property at ul. Wyszyńskiego 2 in Gorlice, as communicated by the Issuer in current report 41/2020 of 27 October 2020. Pursuant to the annex, the contractor's total remuneration was increased to PLN 75 183 700.00 gross and the deadline for waste removal was extended to 15 November 2022 and the deadline for waste treatment to 30 June 2023.

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

6. Material events in the reporting period

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

Mo-BRUK entered the mWIG40 index as a result of an annual review of index portfolios after the trading session on 18 March 2022. This means that Mo-BRUK is part of 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.

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.

Other material events in the reporting period

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

- Environmental decision secured for expansion of facility in the city of Niecew - description in point 25. *"Significant events having material impact on Mo-BRUK S.A.'s activities and financial results in the financial year or potentially having impact in subsequent years."*
- Dividend payment and profit allocation 2021 - description in point 18 *"Information on paid or declared dividend."*

7. Information on material transactions to purchase and sell property, plant and equipment

The Company did not record any transactions to purchase or sell property, plant and equipment in the reporting period.

8. Material events after the reporting period

Changes in Management Board composition

Events took place after the balance sheet date that will result in changes to the composition of the Management Board as of 1 April 2023. A detailed description is available in point 26.10. of these financial statements, i.e.: *Description of the company's management, supervisory and administrative bodies and their committees, indication of composition and changes during the most recent financial year.*

Receipt of the decision of the Local Board of Appeals

- On 16 January 2023, the Issuer received a decision of the Local Board of Appeal 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.

For a detailed description of the above-mentioned administrative matters, please refer to section 12 in this Report. "*Material proceedings before a court, arbitration authority or public administration authority, concerning liabilities or debts of the issuer*"

Aside from the above, in the period after the balance sheet date, the Company did not record any events that could materially affect Mo-BRUK S.A.'s financial results in the future.

9. Information on the Issuer's organisational or capital relationships with other entities; indication of the Issuer's key investments and description of their financing

Mo-BRUK S.A. executed in the past and intends to execute in the future transactions with related

parties in the meaning of IAS 24 Related Party Disclosures - appendix to Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1, as amended).

Related parties with which Mo-BRUK executed transactions in 2022

Item	Name of related party	Type of link
1.	Ginger Capital Sp. z o.o. [1)]	Issuer's parent company (since June 2020)
2.	Raf-Ekologia Sp. z o.o.	Issuer's subsidiary (since December 2008)
3.	Józef Mokrzycki	President of the Management Board (until 9 July 2022)
4.	Henryk Siodmok	President of the Management Board (from 10 July 2022)
5.	Elżbieta Mokrzycka	Vice-President of the Management Board
6.	Wiktor Mokrzycki	Vice-President of the Management Board
7.	Tobiasz Mokrzycki	Vice-President of the Management Board
8.	Kazimierz Janik	Chairperson of the Supervisory Board
9.	Piotr Pietrzak	Member of the Supervisory Board
11.	Jan Basta	Member of the Supervisory Board (until 5 January 2022)
12.	Konrad Turzański	Member of the Supervisory Board
13.	Arkadiusz Semczak	Member of the Supervisory Board
14.	Piotr Skrzyński	Member of the Supervisory Board

[1)]The Issuer's parent company is Ginger Capital sp. z o.o., based in Korzenna, which at the date of the financial statements held 1 229 838 shares, which constituted 35.01% of share capital and entitled to 1 932 480 votes at the general meeting, or 45.84% of total votes at the general meeting.

10. Description of related-party transactions

Aside from the transactions listed below, no other transactions between the Company and its related parties in the meaning of IAS 24 took place in 2022. According to the Company's Management Board, all transactions with related parties were executed on an arm's length basis and at prices not different from the prices used in transactions between unrelated entities. The following lists do not include retail transactions at filling stations as well as waste management services of a negligible value.

In 2022 the Issuer was a party to the following related-party transactions:

Transactions with entities linked by capital in 2022

Raf-Ekologia Sp. z o.o. **[PLN]**	
Net sales (without tax on goods and services)	4 991 495
Net purchases (without tax on goods and services)	16 493
Current receivables*	550 431
Dividend received	14 027 460

**The table above presents current receivables as at 31 December 2022.*

The Company executed the following transactions with Raf-Ekologia, an equity-linked entity:

- lease of property pursuant to lease agreement no. 44/Rek/2004 of 31 May 2004; pursuant to annex no. 25 of 28 December 2015,
- waste management services pursuant to an agreement executed on 25 May 2019 and amended through annex no. 1 of 10 July 2020,
- marketing services pursuant to an agreement on commercial and marketing services of 2 January 2014; in accordance with annex no. 4 of 29 March 2016,
- sub-lease and use of infrastructure pursuant to an agreement of 2 January 2014;
- dividend payment by subsidiary 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, for the sole shareholder - the payment was made on 19 April 2022.

Personally related entities

Transactions with members of the Company's Management Board in 2022

Management Board Member /transactions/	Value [PLN]
Henryk Siodmok	
remuneration	387 116
other	2 484
Józef Mokrzycki	
remuneration	347 226
other	20 437
Elżbieta Mokrzycka	
remuneration	420 000
other	2 420
Wiktor Mokrzycki	
remuneration	420 000
other	15 262
Tobiasz Mokrzycki	
remuneration	420 000
other	12 218

In 2022, Mr. Henryk Siodmok received remuneration on the basis of appointment as Member of the Management Board.

In 2022, Mr. Józef Mokrzycki received remuneration on the basis of appointment as Member of the Management Board.

In 2022, Mrs. Elżbieta Mokrzycka received remuneration on the basis of appointment as Member of the Management Board.

In 2022, Mr. Wiktor Mokrzycki received remuneration on the basis of appointment as Member of the Management Board.

In 2022, Mr. Tobiasz Mokrzycki received remuneration on the basis of appointment as Member of the Management Board.

Transactions with Members of the Company's Supervisory Board in 2022

Supervisory Board Members received remuneration on the basis of an appointment by the General Meeting as Supervisory Board Members.

Member of the Supervisory Board	Value [PLN]
Kazimierz Janik	
- remuneration	18 000
Piotr Pietrzak	
- remuneration	16 950
Jan Basta	
- remuneration	225
Konrad Turzański	
- remuneration	14 400
Piotr Skrzyński	
- remuneration	16 695
Arkadiusz Semczak	
- remuneration	9 960

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

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

Vice-President of the Management Board Elżbieta Mokrzycka, Vice-President of the Management Board Wiktor Mokrzycki and Vice-President of the Management Board Tobiasz

Mokrzycki hold indirectly, through Ginger Capital, 1 229 838 shares, constituting 35.01% of share capital and representing 1 932 480 votes at the Company's General Meeting, which constituted 45.84% of total votes.

12. Material proceedings before a court, arbitration authority or public administration authority, concerning liabilities or debts of the issuer

I.

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

position), which led to the incorrect imposition of the increased fee. The Voivodship Administrative Court in Wrocław (ref. II SA/Wr 390/21) dismissed the Company's complaint in a judgement of 26 April 2022. A cassation appeal was filed on 5 July 2022. On 29 September 2022, the Company presented its position on the complaint attaching legal opinions by, among others, professor Marek Górski, indicating that it is not possible to impose sanctions on the Company in a situation where decisions authorising the closure of individual quarters have been issued.

In a letter dated 24 November 2022, the Company submitted an order of the Lower Silesian Marshal to suspend the proceedings on the deferral of increased fees for 2015-2020.

The case is pending before the Supreme Administrative Court in Warsaw, case file III OSK 2216/22.

On 4 August 2021 the Local Appeals Board in Wrocław issued a ruling (ref. SKO 4133/26/11) suspending the performance of the aforementioned decision by the Local Appeals Board in Wrocław of 26 May 2021. This means that the obligation to pay the aforementioned higher fee is suspended for the duration of the court and administrative proceedings, at least until the case is examined by the Voivodship Administrative Court in Wrocław. At the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct.

II.

On 8 February 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 3 February 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2016 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.67.2020.AH). Through a decision of 18 May 2021, (ref.: DOW-S-I.7253.67.2020.AH) the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2016 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 61 230 674.00. The law firm representing the Issuer appealed this decision on 1 June 2021. The appeal not only included substantive arguments (i.e. concerning the lack of justification for the higher fee) but also pointed out procedural errors - which also can lead to

the decision by the Marshal of the Dolnośląskie Voivodeship being repealed. In particular, flaws in the conduct of the proceedings, consisting of selective conduct of evidentiary proceedings (including omitting the Company's position), which led to the incorrect imposition of the increased fee, should be pointed out. On 13 August 2021 the Company's attorney received a decision from the Local Appeals Board in Wrocław dated 6 July 2021 (ref.: SKO 4135/1/21) revoking the contested decision and referring the case for re-examination by the first-instance organ. Through a decision of 2 November 2021 (ref. DOW-S-I.7253.67.2020.AH), the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 17 484 597.00 on the Company. Due to the Marshal's infringement of procedural regulations and substantive law, the Company filed an appeal against the aforementioned decision. The Local Court of Appeals in Wrocław, having considered the case, issued a decision of 22 December 2022, in which it revoked the appealed decision in its entirety and referred the case for reconsideration to the authority, providing guidelines to be followed by the authority of first instance in issuing a new decision:

1. Waste from a fire should therefore be classified as waste under code 16 81 02 (Wastes arising from accidents and incidents, wastes other than those mentioned in 16 81 01 - In this respect, the Court agrees with the pleas of the appeal

2. Identification of formal or technical deficiencies in the operation of a landfill site should result in ex officio action by the voivodeship marshal to draw up an expert opinion on the closure of the landfill site and then issue a decision to close the site and a decision approving a new instruction to operate the landfill site.

3. Despite the knowledge of irregularities concerning the operation of the landfill (based on an inspection on 25 August 2015 - 22 September 2015 finding numerous deficiencies in the operation of the landfill) by decision of 6 November 2015 no. I 141/2015 (ref.: DOW-S-V.7241.11.2015.MC.AP) refused to approve the Company's waste management instructions on the grounds of adverse environmental effects and damage indicating numerous technical deficiencies, both the results of the inspection and the records of the decision indicate the fulfilment of the second of the indications in art. 148 sec. 1 point 1 of the Act on Waste, for the Marshal to take ex officio actions intending to close the landfill - he did not take any actions to which he was obligated by the norms contained in art. 148 of the Act on Waste, which would make it possible to eliminate the state of non-compliance with the law as regards the operation of the waste disposal site by the Company without the required consent.

4. Since it has been established that an increased charge may be levied until the closure of a landfill site or individual plots on which waste is stored, it is necessary to establish clearly, firstly,

when the individual plots were closed and, secondly, where (on which plots) the waste accepted was stored in each year. This data is not apparent from the individual waste transfer sheets on file. It is also possible that the Company could have stored the waste accepted on sections not intended for this purpose (for which it obtained a permission to close them), which could cause a change in the legal basis for calculating the fee, or used some waste in the process of rehabilitation of the closed sections - in this case, it would require an examination of the provisions of the decisions on giving consent to close individual sections, since, in the absence of a decision by the marshal to approve a new instruction to operate the landfill site in the event of successive collection of waste, it is in these decisions that the source of the Company's obligations concerning the handling of the waste accepted should be seen. The use of waste (e.g. to make a reclamation cover) could no longer be the basis for an increased charge, since the storage of waste for this purpose took place after a decision was taken to close down a specific part of the landfill.

On 3 February 2023, the Marshal of the Lower Silesian Voivodship in Wrocław issued a decision imposing an increased fee on the 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, in the amount of PLN 17 484 597. Given this decision, the statute of limitations for the 2016 increased landfill fee expired on 22 February 2023.
The Company's Management Board disagreed with the position of the Marshal of the Lower Silesian Voivodship and decided to lodge an appeal with the Local Court of Appeals in Wrocław, despite the fact that the liability in question was time-barred on 22 February 2023.

III.

On 23 June 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 17 June 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2017 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.50.2021.AH). Through letters of 24 June 2021 and 7 July 2021, in exercising the summons, the Company provided a register of waste documents for 2017 to the Marshal of the Dolnośląskie Voivodeship. In a decision of 2 November 2021, the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 19 044 933.00 on the Company. Due to the Marshal's breach of the provisions of procedure and substantive law, the Company filed an appeal against the aforementioned decision. This case is pending before the Local Appeals

Court in Wrocław. At the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw). However, given the decision of the Local Appeals Board in Wrocław regarding 2016 and the guidelines contained therein, it is highly likely that they will be accepted in this proceeding.

IV.

On 20 August 2021 the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 16 August 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2018 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.68.2021.AH). Through a letter of 15 September 2021, in exercising the summons, the Issuer provided a register of waste documents for 2018 to the Marshal of the Dolnośląskie Voivodeship. In a decision of 2 November 2021, the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 39 716 198.00 on the Company. Due to the Marshal's breach of the provisions of procedure and substantive law, the Company filed an appeal against the aforementioned decision. This case is pending before the Local Appeals Court in Wrocław. At the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw). However, given the decision of the Local Appeals Board in Wrocław regarding 2016 and the guidelines contained therein, it is highly likely that they will be accepted in this proceeding.

V.

On 20 December 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 13 December 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2019 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.69.2021.AH). Through letters of 31 December 2021 and 26 January 2022, the Company indicated a lack of grounds for imposing the higher fee on the Company. Through a decision of 16 March 2022 (ref.: DOW-S-I.7253.69.2021.AH) the Marshal of the Dolnośląskie Voivodeship imposed on the Company a higher fee for storing waste in 2019 without a decision approving the landfill manual for waste other than hazardous waste and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 69 377 154.00. The decision was appealed on 6 April 2022. This case is pending before the Local Appeals Board in Wrocław. At the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw). However, given the decision of the Local Appeals Board in Wrocław regarding 2016 and the guidelines contained therein, it is highly likely that they will be accepted in this proceeding.

VI.

On 20 December 2021, the Company received from the Marshal of the Dolnośląskie Voivodeship notification dated 13 December 2021 on the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2020 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.95.2021.AH). Through letters of 31 December 2021 and 26 January 2022, the Company indicated a lack of grounds for imposing the higher fee on the Company. Through a decision of 16 March 2022 (ref.: DOW-S-I.7253.95.2021.AH) the Marshal

of the Dolnośląskie Voivodeship imposed on the Company a higher fee for storing waste in 2020 without a decision approving the landfill manual for waste other than hazardous waste and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych, in the amount of PLN 104 699 553.00. The decision was appealed on 6 April 2022. This case is pending before the Local Appeals Board in Wrocław. At the date of this report and due to the improper handling of the proceeding by the Marshal of the Dolnośląskie Voivodeship and the Local Appeals Board in Wrocław - it is not possible to acknowledge with complete certainty that the decision to impose a higher fee on the Company is correct (i.e. the Local Appeals Board in Wrocław may agree that this decision is incorrect). Depending on the ruling that will be issued by the Local Appeals Board in Wrocław, the ruling may be appealed in a court and administrative procedure (i.e. it will be possible to lodge an appeal with the Voivodship Administrative Court in Wrocław, and if this court rules unfavourable, then the Company will be allowed to lodge a cassation appeal with the Supreme Administrative Court in Warsaw). However, given the decision of the Local Appeals Board in Wrocław regarding 2016 and the guidelines contained therein, it is highly likely that they will be accepted in this proceeding.

It should also be noted that a case similar to the above (in points I to VI) already took place. Through a decision of 15 July 2016 (ref. DOW-S-I.7253.11.2015.PŁ.NK), the Marshal of the Dolnośląskie Voivodeship imposed on the Company a fee of PLN 6 084 016.00 for 2013. After the Company lodged an appeal, which indicated (as will be the case in the current matter) a number of violations of the law, the Local Appeals Board in Wrocław, in its decision dated 8 September 2016, repealed the appealed decision in its entirety and referred the case for re-examination by the Marshal of the Dolnośląskie Voivodeship. Through a decision of 30 November 2016 (ref. DOW-S-I.7253.11.2015.NK), the Marshal of the Dolnośląskie Voivodeship once again imposed on the Company a higher fee, however as a result of another appeal (i.e. against a decision dated 30 November 2016), the Local Appeals Court in Wrocław, through a decision of 28 March 2017, repealed the above decision issued by the Marshal of the Dolnośląskie Voivodeship and changed the fee to PLN 807.00 (final and binding decision).

It should be noted that the cases described in points I - VI are precedent-setting, particularly in light of the fact that it was the many years of passivity on the part of the Marshal of the Dolnośląskie Voivodeship and his acceptance of the operation of the Waste Landfill in question in Wałbrzych that led to a situation in which the above-mentioned sanctions were imposed on the Company almost simultaneously. The above circumstance therefore means that these cases must also be viewed through the prism of abuse of administrative authority. Irregularities in the functioning of administrative bodies (abuse of the law) have been repeatedly considered by the

Supreme Administrative Court in Warsaw, among which one can point to the Resolution no. 7 of the Judges of the Supreme Administrative Court of 24 May 2021 (ref. I FPS 1/21), in which it was stated that "Assuming in such exemplarily described factual situations that by the mere issuance of a decision to initiate proceedings for a fiscal offence or fiscal misdemeanour (in the presence of the other prerequisites listed above) the effect provided for in art. 70 § 6 point 1 in connection with art. 70c of the Tax Ordinance took place, would constitute an abuse of this institution, which would be detrimental to the principle of trust in state authorities, as well as the principle of the rule of law, resulting from art. 2 and art. 7 of the 7 of the Constitution (cf. B. Brzeziński, "On the phenomenon of abuse of tax law by the tax administration," Tax Law Quarterly 2014. No. 1 pages 9-16). (...) If, in the jurisprudential practice of the tax authorities, there is a disturbing tendency to instrumentally apply regulations, contrary to the purpose for which they were introduced by the legislator, nullifying at the same time their essence, anchored in the principles of law stemming from the Constitution, then it is necessary to correct the hitherto view of the manner of controlling this phenomenon and to opt for that line of jurisprudence in which constitutional values are implemented to a greater extent."

Decision issued by the Local Board of Appeals in Wrocław regarding the increased fee for 2016 - is also relevant for the increased fee proceedings for 2017 - 2020. Firstly, the appeals authority confirmed that the decisions to close the quarters confirm the fact that the landfill has ended and therefore that no further charges can be levied. In the cases in question, opinions were obtained from authorities in the field of environmental protection, confirming the correctness of the assumptions of the Local Board of Appeals in Wrocław as to the final moment of calculating the fees. The company has closure decisions where the final date for waste disposal has been set at 19 March 2019. In addition, the decisions issued cure the irregularity of the Company's failure to have a landfill operation manual. Further, the Local Board of Appeals in Wrocław pointed to still other circumstances to be established:

1. how the landfilled waste was managed, because if it was used for reclamation of the landfill site within the framework of the decisions on the closure of the plots, the prerequisite for charging an increased fee has not been met,
2. explanation of the inaction of the Marshal of the Lower Silesian Voivodship who, having knowledge of the operation of the landfill site without instructions, did not act ex officio to close the site and therefore did not exercise his statutory prerogatives,
3. verification of the link how the inaction of the Marshal of the Lower Silesian Voivodship in accepting the operation of the landfill site without instructions and then issuing a decision to close individual sections, despite the lack of instructions - translates into proceedings on increased fees (i.e. clarification of the issue of the Marshal's liability). Two more circumstances are of no small importance in the cases: the statute of limitations and the remedial action taken

by the Company in the form of a project application submitted by the Company to level the reason for the levy - i.e. the final closure of the landfill in accordance with the Marshal's decisions from 2012 to 2019. (as for section I - Marshal's decision No. 3/2012 dated 16 March 2012 as amended, giving consent to close section I, the completion date was set as 30 June 2023; as for section II - Marshal's decision No. 102 dated 15 May 2017 as amended, giving consent to close section II, the completion date for reclamation was set as 31 December 2023; as for section III - Marshal's decision No. 125/2019 dated 23 July 2019 (as amended, consenting to the closure of section III, the deadline for the completion of reclamation was set at 31 December 2022; as for section IV, Marshal's Decision No. 96 of 20 January 2017 consenting to the closure of section IV, the deadline for the completion of reclamation was set at 31 December 2022).

With regard to the proceedings described in point I, the Issuer recognised in the books in 2021 the effects of the decision issued by the Local Appeals Board in Wrocław on 26 May 2021 imposing on the Company an increased fee in the amount of PLN 5.82 million plus interest in the amount of PLN 1.95 million - a total of PLN 7.77 million. With regard to the amount of PLN 4.27 million, which was subject to an enforcement order in 2021 and is shown under Other receivables, a full impairment loss was created. With regard to the remaining value of the increased fee of PLN 3.57 million, a provision (Other current provisions) was made in 2021.
According to the Company's Management Board, the decision of the Local Board of Appeals in Wrocław of 22 December 2022 concerning the increased fee for 2016 will in all probability affect the content of subsequent decisions concerning increased fees for 2017 - 2020. The Local Board of Appeals broadly agreed with the Company's arguments, which promises a positive final outcome for the Company in this case. With regard to the pending proceedings, i.e. those described in points II to VI, in the Management Board's opinion there is a greater likelihood of a positive outcome than a negative one.

13. Information on credit and loan agreements signed and terminated in the financial year

In 2022 and until the date on which this report was prepared, Mo-BRUK did not have any unpaid credit facilities and loans or breaches of material provisions of credit or loan agreements.

In 2022 and until the date on which this report was prepared, Mo-BRUK signed the following material financial contracts, agreements and annexes:

Multi-purpose credit line agreement between Mo-BRUK S.A. and BNP Paribas Bank Polska S.A., based in Warsaw

On 9 March 2022, the Issuer signed Agreement No. WAR/8812/22/81/CB with BNP Paribas Bank Polska S.A., based in Warsaw, a premium multi-purpose credit line with a limit of PLN 10 000 000.

As part of the agreement, the Issuer obtained a bank guarantee of PLN 4 966 500 to secure claims in connection with its waste processing and collection activities under the Waste Act. The beneficiary of this guarantee is the Marshal of the Opolskie Voivodeship. The guarantee is valid in the period 16 March 2022 – 15 March 2023.

Under the premium multi-purpose credit line, the Issuer also obtained two payment guarantees for transboundary waste shipment notification. In both cases, the Chief Inspector for Environmental Protection is the beneficiary. The first guarantee is for PLN 1 067 790 and is valid in the period 21 April 2022 – 1 June 2026, while the second one is for PLN 386 500 and is valid in the period 16 May 2022 – 30 April 2024.

General agreement for the provision of environmental protection insurance guarantees between Mo-BRUK S.A. and Korporacja Ubezpieczeń Kredytów Eksportowych S.A. with its registered office in Warsaw

On 29 September 2022, the Issuer signed an environmental protection insurance guarantee agreement No. RW/GS/1368/2022 with KUKE S.A. of Warsaw. The agreement was concluded for an indefinite period. Under this Agreement, the revolving limit is set at PLN 10 000 000 and the maximum guarantee amount of a single guarantee may not exceed PLN 5 000 000.

As part of the signed agreement, the Issuer obtained a guarantee as security required by the Waste Act, where the beneficiary is the Marshal of the Małopolska Voivodship, the value of the granted guarantee is PLN 4 350 000 and is valid for the period 13 October 2022 – 12 October 2023.

The second guarantee obtained under the sub-contract with KUKE S.A. is signed in favour of Chief Inspector for Environmental Protection and secures claims for the transboundary shipment of notified waste. The guarantee is for PLN 3 344 580 and is valid in the period from 14 November 2022 to 30 November 2024.

14. Changes in key rules for the management of the issuer and its group

No changes in key rules for the management of the Issuer and its Group took place in 2022.

15. List of effects of changes in the structure of the economic entity, including as a result of business combinations, long-term investments, divisions, restructuring and discontinued operations

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

16. Clarification of differences between financial results presented in the annual report and previously published results forecasts for the year

Mo-BRUK S.A. did not publish results forecasts for 2022.

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

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

18. Information on paid or declared dividend

Dividend policy

On 22 September 2020, pursuant to §37 point d of the Company's Articles of Association, the Management Board of Mo-BRUK S.A. adopted resolution 79/2020 regarding amendment of the dividend policy introduced through Management Board resolution no. 67/2019 of 15 April 2019. In line with the dividend policy, the Management Board is expected to recommend to the General Meeting that between 50% and 100% of Mo-BRUK S.A.'s net profit be allocated to a dividend on the condition that the net debt to EBITDA ratio is maintained at an expected level at the end of the financial year that the profit allocation concerns.

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

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

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

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

On 11 April 2022, the Ordinary General Meeting of subsidiary Raf-Ekologia Sp. z o.o. adopted a resolution to allocate the entire profit for the financial year from 1 January 2021 to 31 December 2021, amounting to PLN 14 027 460.42, as a dividend to its sole shareholder and parent company Mo-BRUK S.A.
The dividend payment was made on 19 April 2022.

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

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

19. Agreements between the Issuer and management personnel providing for compensation in the event of resignation or dismissal without valid cause or if the dismissal or termination takes place due to the issuer's merger through acquisition

On 20 December 2019, the Supervisory Board, acting pursuant to the authorisations specified in §23 sec. 2 letter g of the Company's Articles of Association, adopted resolutions 160/2019, 161/2019, 162/2019, 163/2019, 164/2019, introducing, aside from fixed salaries, severance payments:

- when a management board member is dismissed or his/her mandate expires at the end of term, he/she is entitled to remuneration for the full month in which he/she was dismissed or his/her mandate expired.
- a management board member is entitled to a severance payment amounting to 12 times the

last monthly gross salary, payable within 30 days from the date of dismissal or the lack of reappointment to the Management Board for another term or resignation due to commitments toward shareholders other than founding shareholders.

Aside from the above, the Issuer did not execute any agreements providing for compensation for the Issuer's management and supervisory persons and upper-level managers in the event of resignation or dismissal without valid cause or if the dismissal or termination takes place due to the issuer's merger through acquisition.

20. Information on sureties and guarantees issued and received in the financial year, with emphasis on sureties and guarantees issued to the Issuer's related parties

In 2022, the Issuer did not issue sureties or guarantees to related parties.

Information on guarantees received in 2022 is presented in note 26.2 "*Contingent liabilities related to guarantees and sureties received - detailed specification"* in Mo-BRUK S.A.'s financial statements for 2022. - note 26.2.

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

During the reporting period ended 31 December 2022, Mo-BRUK S.A. or subsidiaries did not issue credit or loan sureties or guarantees the aggregate value of which would be material.

22. Remuneration, awards or benefits, including those resulting from incentive or bonus programs based on the issuer's equity, including programs based on bonds with pre-emption rights, convertible bonds, subscription warrants, paid, due or potentially due, separately for each of the management and supervisory persons in the issuer's enterprise

In 2022, the Issuer did not pay out awards or benefits resulting from incentive or bonus programs based on the Issuer's equity, including programs based on bonds with pre-emption rights, convertible bonds, subscription warrants (in cash, in kind or in any other form), paid, due or potentially due, separately for each of the management and supervisory persons in the Issuer's

enterprise, regardless of whether they were classified as costs or resulted from profit allocation.

On 3 March 2020, Mo-BRUK S.A.'s Extraordinary General Meeting, acting pursuant to art. 90 d of the Act of 29 July 2005 on public offering and the terms for introducing financial instruments to an organised trading system and on public companies, adopted resolution no. 5/2020 regarding the adoption of a remuneration policy for members of Mo-BRUK S.A.'s Management Board and Supervisory Board.

The principal objective of the remuneration policy is to contribute toward implementing the Company's business strategy, long-term interests and stability. It includes the following elements:

1. Growth in the Company's value through the development of top management,
2. Delivery of a consistent and incentivising remuneration system for Management Board Members,
3. Linking the amount of remuneration for Management Board Members with progress in achieving management objectives.

The policy applies to the following persons:

a. Management Board Members,
b. Supervisory Board Members

General assumptions about remuneration

1. The Company distinguishes between fixed base remuneration, covering payments and benefits that are available to people covered by the remuneration policy for their function, responsibility and work, which is not tied to criteria related to results or an assessment of the work results of a person, and variable remuneration, which is tied to the results of work. Variable remuneration in the meaning of the Policy does not include exceptional awards or benefits where their basis is neither the assessment of work of a given Employee nor the Company's financial results.
2. If remuneration is split into fixed and variable components, the fixed components should constitute a sufficiently large portion of total remuneration so as to allow the Company to implement a flexible policy with regard to the variable components of remuneration, which are tied to performance.
3. The amount of fixed remuneration for persons covered by the Policy is determined on a case-by-case basis in the legal basis for employment.
4. The Supervisory Board sets the amount of remuneration for Management Board Members,

taking account of the Policy's content, market conditions, substantive usefulness and the scope of responsibility of the person.

5. Members of the Company's Management Board do not receive remuneration or awards for the performance of functions on the corporate bodies of Mo-BRUK Group companies.

6. Fixed components may include:

a. Fixed monthly salary

b. Additional benefits

c. Severance pay and compensation

7. Non-financial components of remuneration for Management Board Members may include:

a. medical packages financed by the Company;

b. company car made available exclusively and for private purposes;

c. company apartment if the employee's availability is essential due to the nature of work and scope of responsibilities;

d. insurance policies.

On 18 August 2020, the Issuer adopted an incentive program that is contingent on exceeding a certain threshold in average annual EBITDA growth per share (adjusted for one-off events in excess of PLN 0.5 million), with debt below 2.5x EBITDA for the years 2020/2019, 2021/2020, 2022/2021. In accordance with the incentive program:

- if the average EBITDA growth per share reaches 25-35% and accumulated EBITDA for the past three years reaches at least PLN 250 million, the Management Board will receive a bonus of double the amount of annual gross remuneration;
- if the average EBITDA growth per share reaches 35-45% and accumulated EBITDA for the past three years reaches at least PLN 300 million, the Management Board will receive a bonus of triple the amount of annual gross remuneration;
- if the average EBITDA growth per share exceeds 45% and accumulated EBITDA for the past three years reaches at least PLN 350 million, the Management Board will receive a bonus of quadruple the amount of annual gross remuneration;

Bonuses can be awarded to Management Board Members who performed their function throughout the entire analysed period. Bonuses will be payable after the audit of the financial statements for 2022.

The amounts of remuneration for the management and supervisory personnel of the parent company, Mo-BRUK S.A., are presented in point 10 of this report: "*Description of*

related-party transactions."

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

EMPLOYEES

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

Revenue from sales per 1 employee

Item	2022	2021
Mo-BRUK		
revenue from sales [PLNk]	213 019	236 659
average annual headcount [persons]	178	183
revenue from sales per 1 employee [PLNk]	**1 197**	**1 293**

Employment by education

Item	Primary	Vocational	Secondary	Higher
Mo-BRUK				
31.12.2022	16	58	57	44
31.12.2021	17	60	58	48

Employment by age

Item	20-30	31-40	41-50	51-60	61-70
Mo-BRUK					
31.12.2022	19	46	60	37	13
31.12.2021	26	52	58	37	10

ENVIRONMENT

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

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

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

The Act sets out rules for environmental protection and terms for using environmental resources, taking into account the requirements of sustainable development, in particular:
1) rules for determining: a) conditions for protecting environmental resources, b) conditions for introducing substances or energy to the environment, c) costs of using the environment,
2) disclosure of information on the environment and its protection,
3) the society's participation in an environmental protection proceeding,
4) duties of administrative bodies,
5) responsibility and sanctions.

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

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

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

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

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

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

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

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

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

24. Description of materials risk factors and threats along with level of issuer's exposure

The following list of risk factors is not exhaustive and should not be viewed as such. These are the most important aspects of risk from the Issuer's viewpoint. It should be noted that because of the complexity and volatility of the conditions of economic activity, other factors that are not mentioned in this report may have an impact on the Company's business. Risks associated with financial instruments, i.e.: interest rate risk, currency risk, credit risk and liquidity risk, are

described in the Financial Statements in point 10.18.

The order in which the risk factors are described below is not related to an assessment of the probability that negative events for the Issuer will materialise or an assessment of their materiality.

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

A war on Ukrainian territory triggered by Russian aggression began in 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. Mo-BRUK does not operate in Russia or Ukraine so the events did not have a material impact on the current financial statements. It can be assumed that the changes in the economic situation brought about by the on-going war in Ukraine will have an indirect impact on the Company's operations in the future due to global changes in the economic situation, which will translate into the costs of the services performed. The armed conflict has resulted in a gradual slowdown of the economy, both domestically and internationally.

The following should especially be identified as risks affecting the Company's ongoing operations related to the armed conflict in Ukraine:

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

- **Risk associated with the macroeconomic environment**

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

and standing.

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

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

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

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

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

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

land rehabilitation with the use of hazardous substances (burying waste). Such activities constitute unfair competition and may reduce the Company's ability to develop, thus having a negative impact on its financial results, especially as a result of lower revenue.

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

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

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

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

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

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

- **Risk associated with competitors**

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

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

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

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

The Issuer's business is highly regulated by relevant provisions of law and requires the appropriate permits. The functioning of the various waste recovery facilities and alternative fuels production plants requires permits from the marshal of each voivodship and the starosta of each poviat where the Issuer's facilities are located. At the date of this report, the Company holds all of the key essential permits for its on-going operations. The lack of relevant and valid permits would be equivalent to the necessity to cease operations and the risk of administrative penalties being imposed on the Issuer. The Issuer sees this risk as very significant. The rescission of any significant permit would threaten the core business of the Issuer and therefore could result in a loss of revenue from this source.

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

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

- **Risk of environmental damages**

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

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

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

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

- **Risk of losing key suppliers**

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

such entities on the market, the Issuer is able to acquire new customers in a short to medium time-frame.

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

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

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

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

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

Companies listed on the WSE's regulated market are obligated to comply with information obligations, including the disclosure of current and periodic information to the Polish Financial Supervision Authority and the entity operating the market, in accordance with the relevant provisions of the Act on Public Offerings and the secondary regulations issued on this basis. Failure to comply with these obligations or improper compliance with these obligations by a listed company could result in the Polish Financial Supervision Authority issuing a decision to remove securities from regulated-market trading either temporarily or permanently or impose a monetary penalty - taking into account the financial situation of the entity being penalised - or apply both of these sanctions together (art. 96 sec. 1 point 1 of the Act on Public Offerings). Moreover, in accordance with art. 98 sec. 7 of the Act on Public Offerings, the Issuer and the entity that participated in preparing the information referred to in art. 56 sec. 1 of the Act on Public Offerings, are required to redress the damage caused by disclosure of untrue information

to the public or concealment of information, unless they or the persons for whom they are responsible are not at fault. Due to the fact that since 2010 the Issuer was a company whose shares were listed in the alternative trading system NewConnect and from 2012 on the WSE's regulated market, where it implements regular information policy including both periodic and current events having an impact on its business, the Issuer is exposed to a lesser degree to the risk of failing to comply with listed-company obligations.

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

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

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

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 installation's processing capacity will also change -

from 100 thousand tonnes to 140 thousand 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.

26. Management Board statement on application by the company of corporate governance rules

26.1. Set of corporate governance rules applicable to the company and place where these rules are publicly available.

Mo-BRUK S.A.'s Management Board strives to apply corporate governance rules in order to ensure the optimal communication with investors.

New corporate governance rules "Good Practices for WSE-Listed Companies 2021," adopted by the WSE Council by Resolution No. 13/1834/2021 of 29 March 2021, are in place since 1 July 2021 (changes introduced pursuant to this resolution entered into force on 1 July 2021). They replaced the previous set of rules entitled "Good Practices for WSE-Listed Companies 2016."

The content of "Good Practices for WSE-Listed Companies 2021" is available at https://www.gpw.pl/dobre-praktyki.

Mo-BRUK observed most of the corporate governance rules listed in "Good Practices for WSE-Listed Companies 2021." The extent to which the Company departed from the provisions of Good Practices for WSE-Listed Companies, along with indication of these provisions and reasons for the departure constitute a separate statement (appendix no. 1), which constitutes an integral part of this report.

26.2. Description of key features of the company's internal control and risk management systems in reference to the preparation of separate and consolidated financial statements

The Issuer's Management Board is responsible for the internal control system and its effectiveness. The internal control and risk management system in reference to the preparation of financial statements is based on Mo-BRUK S.A.'s procedures for drawing up and approving financial statements. The system makes it possible to monitor liabilities as well as control costs and results on an on-going basis. The financial data constituting the basis for financial statements and periodic reports are derived from SAP Business One, where documents are recorded in accordance with the Company's IAS-compliant accounting policy.

Financial statements are prepared by financial and accounting personnel at the direction of the

Issuer's Chief Accountant and are subsequently verified by the Finance Director and finally approved by the Management Board.

Financial statements approved by the Management Board are then audited by a statutory auditor selected by the Company's Supervisory Board. Next, in accordance with § 23 sec. 2 letter a) of the Company's Articles of Association, the Supervisory Board - at the recommendation of the Audit Committee - each year evaluates the audited financial statements of the Company and the Group as to their consistency with accounting books, documents and the facts, and provides the results of this assessment to shareholders in its annual report.

The Issuer monitors on an on-going basis changes resulting from external laws and regulations pertaining to stock-market reporting requirements and prepares for their introduction sufficiently in advance.

26.3. List of shareholders directly or indirectly holding significant stakes, along with the number of shares held by these entities, their percentage share in capital, number of votes and their percentage share in total votes at the company's general meeting

The following table presents Mo-BRUK S.A.'s shareholding structure as per the Issuer's knowledge, as at the date on which the 2022 annual report was published.

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

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

* including 702 642 series A shares, with a preference in voting rights, with two votes attached to each share.

26.4. List of holders of any securities with special control rights, including a description of these rights

Ginger Capital Sp. z o.o. holds 702 642 series A shares; these are preference shares as to votes,

with each share carrying two votes at the Company's General Meeting pursuant to § 7 sec. 2 of the Company's Articles of Association.

26.5. Indication of any restrictions in exercising voting rights, such as restrictions in exercising voting rights by holders of a certain proportion or number of votes, time restrictions in exercising voting rights or provisions according to which, with the company's cooperation, equity rights related to securities are separated from the ownership of securities

The Issuer's Articles of Association do not include restrictions in exercising voting rights or provisions according to which, with the Company's cooperation, equity rights related to securities are separated from the ownership of securities. In the Issuer's case, restrictions on the exercise of votes may result solely from the applicable laws.

26.6. Restrictions in transferring ownership of the issuer's securities

The transfer of ownership of securities issued by the Company is not subject to any restrictions.

26.7. Description of rules for appointing and dismissing management persons, and their authorisations, especially the right to decide on share issues and redemptions

Pursuant to § 12 of the Articles of Association, the Company's Management Board consists of between one and five members, appointed and dismissed by the Supervisory Board. The term of the Management Board members is set by the Supervisory Board and it cannot exceed five years. Moreover, the Supervisory Board sets the number of Management Board members and selects the President and Vice-Presidents from among them. The mandates of Management Board members expire on the date of the General Meeting that approves financial statements for the last full financial year of performing the function of a member of the Management Board. Management Board Members may be appointed for further terms.

In accordance with § 13 of the Company's Articles of Association and § 6 of the Management Board Regulations, the Management Board, headed by the President, manages the Company and represents it externally. The Management Board President directs the work of the

Management Board, is responsible for properly organising the work of the Management Board and implements resolutions passed by the Management Board and other corporate bodies of the Company. The Management Board President performs the function of a workplace director. In the absence of the Management Board President, his/her function is performed by a Vice-President of the Management Board or a person duly authorised by the Management Board President, and in the event of the death of the Management Board President, his/her duties are performed by the oldest Vice-President of the Management Board until the Supervisory Board appoints a new person for that position.
Pursuant to § 16 of the Company's Articles of Association, if the Management Board consists of multiple persons, the President of the Management Board is authorised to make declarations of will and sign on behalf of the Company independently, while Management Board members performing other functions on the Company's Management Board then the Management Board President can do so by acting jointly (two people).

26.8. Description of rules for amending the Issuer's articles of association or founding agreement

Mo-BRUK S.A.'s Articles of Association in the current wording do not include provisions on changes to the Articles of Association other than those resulting from the Polish Commercial Companies Code.

In accordance with art. 430 of the Polish Commercial Companies Code, a change of the Articles of Association requires a General Meeting resolution and a register entry. A General Meeting resolution on the change of the Articles of Association requires a ¾ majority of votes cast – art. 415 of the Polish Commercial Companies Code.

26.9. Modus operating of the general meeting and its main authorisations, description of shareholder rights and ways of exercising these, in particular rules resulting from the general meeting regulations, if these regulations are in place, unless information on this result directly from legal regulations

Mo-BRUK S.A.'s general meetings are held in accordance with rules specified in the Polish Commercial Companies Code, Articles of Association and General Meeting Regulations and do not differ from the rules applied by other WSE-listed companies. In particular, aside from

shareholders, the General Meeting may be attended by members of the Issuer's Management Board and Supervisory Board. At the invitation of the corporate body convening the General Meeting, other persons, especially statutory auditors and experts, may participate in the General Meeting or a part of it, provided that their attendance is intended to present their opinions on the matters being examined to the General Meeting participants. Such persons may also be invited on an ad hoc basis by the Management Board and the Chairperson and may participate only in a part of the General Meeting.

The General Meeting is convened in accordance with the procedures and rules arising from applicable laws. This means that a General Meeting notice is published on Mo-BRUK S.A.'s website (www.mobruk.pl) not later than 26 days before the General Meeting date. Moreover, pursuant to § 19 of the Regulation on current and periodic information, the Company discloses in a current report all information related to the General Meeting such as are required under the Regulation.

Shareholders holding Mo-BRUK S.A.'s shares on the 16th day prior to the General Meeting date, i.e. record date, are authorised to participate in the General Meeting. The basis for authorising a shareholder to participate in the General Meeting constitutes that shareholder's entry in a register provided to the Issuer by Krajowy Depozyt Papierów Wartościowych S.A. not later than one week before the General Meeting date.

General Meetings are held at the Issuer's registered office or at another location in Poland. The organisation and conduct of Ordinary and Extraordinary General Meetings are governed by the Issuer's General Meeting Regulations.

Pursuant to § 33 of the Issuer's Articles of Association, the Ordinary General Meeting agenda includes:

a) examining and approving the Management Board report on the Company's activities and financial statements for the previous financial year,
b) adopting a resolution on the allocation of profit or coverage of loss,
c) granting a vote of approval to members of the Company's governing bodies,

Furthermore, the following matters require a General Meeting resolution:

a) amendment of the Company's Articles of Association,
b) merger with another company and transformation of the Company,
c) dissolution and liquidation of the Company,
d) issue of convertible bonds and bonds with pre-emptive rights,

e) sale and lease of the Company's enterprise or an organised part thereof, establishment of a limited property right thereon,
f) decisions concerning claims for compensation for damage caused in the formation of the Company or in the exercise of management or supervision,
g) appointment and dismissal of Supervisory Board members; a Supervisory Board member may be dismissed at any time,
h) execution by the Company of a credit, loan, surety or similar agreement with a member of the Management Board, Supervisory Board, proxy, liquidator or for any of these persons.

If the General Meeting adopts a resolution to allocate a part or all of the profit to a payment to shareholders, this resolution states the date on which the list of shareholders entitled to a dividend for the financial year is drawn up (record date) and the dividend payment date, which should be set so that the time between them is not longer than 15 business days, unless the General Meeting resolution states otherwise. Setting a longer period between these dates must be justified.

Furthermore, the General Meeting adopts resolutions to increase or decrease share capital, including:

a) share capital increase out of the Company's funds,
b) authorisation for the Company's Management Board to execute one or more share capital increases on the terms specified in General Meeting resolutions (target capital),
c) conditional share capital increase in order to award rights to take up share by the holders of convertible bonds or bonds with pre-emptive rights or to award rights to shares to employees, members of the Management Board and Supervisory Board in exchange for in-kind contributions in the form of debt that they are entitled to due to vested rights to a share of profit of the Company or subsidiary.

In accordance with Mo-BRUK S.A.'s General Meeting Regulations, shareholders have the following rights in particular:

a) Right to participate in the General Meeting
b) Right to vote at the General Meeting, either in person or through attorneys (other representatives).
c) Right to stand for the Chairperson of the General Meeting.
d) Every shareholder has the right to submit proposed changes and supplements to draft resolutions included in the General Meeting agenda - until discussion on the agenda item concerning the draft resolution in the proposal ends.

26.10. Description of the company's management, supervisory and administrative bodies and their committees, indication of composition and changes during the most recent financial year

Management Board

Pursuant to § 12 of the Company's Articles of Association, the Management Board consists of between one and five members, appointed and dismissed by the Supervisory Board. The term of the Management Board members is set by the Supervisory Board and it cannot exceed five years. Moreover, the Supervisory Board sets the number of Management Board members and selects the President and Vice-Presidents from among them. The mandates of Management Board members expire on the date of the General Meeting that approves financial statements for the last full financial year of performing the function of a member of the Management Board.

In accordance with § 13 of the Company's Articles of Association and § 6 of the Management Board Regulations, the Management Board, headed by the President, manages the Company and represents it externally. The Management Board President directs the work of the Management Board, is responsible for properly organising the work of the Management Board and implements resolutions passed by the Management Board and other corporate bodies of the Company. The Management Board President performs the function of a workplace director. The scope of activities of the Management Board includes all matters pertaining to the running of the Company not reserved for the General Meeting or the Supervisory Board.

Pursuant to § 16 of the Company's Articles of Association, if the Management Board consists of multiple persons, the President of the Management Board is authorised to make declarations of will and sign on behalf of the Company independently, while Management Board members performing other functions on the Company's Management Board then the Management Board President can do so by acting jointly (two people).
Moreover, in accordance with the provisions of the Management Board Regulations, the Management Board adopts resolutions on matters provided for by law and the Articles of Association, with the stipulation that resolutions whose adoption requires consent from the Company's General Meeting Supervisory Board may be adopted after obtaining such consent.
Management Board members oversee and are responsible for the work of the Company's divisions and organisational units subordinate to them in accordance with the adopted division of work, and also coordinate the work of these units with the entire work of the Company.

Composition of the Management Board at the date on which the 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

In accordance with § 19 of the Company's Articles of Association and § 2 of the Supervisory Board Regulations, the Supervisory Board consists of 5-7 members, including the Supervisory Board Chairperson, appointed by the General Meeting for a two-year term. The mandates of Supervisory Board members expire on the date of the General Meeting that approves financial statements for the last full financial year of the Supervisory Board term.

The work of the Supervisory Board is directed by the Chairperson or, in the absence of the Chairperson, the oldest Supervisory Board member. Supervisory Board members select from among themselves the Chairperson at the first meeting of the new term.
Supervisory Board meetings are held as necessary but at least three times per financial year.
In 2022, the Supervisory Board held meetings on the following dates: 22 April 2022, 9 June 2022 and 24 November 2022.
Supervisory Board meetings may be convened by the Chairperson at his/her initiative, at the

request of the Management Board or at the request of any Supervisory Board members, in which case the meeting should be held within two weeks from the receipt of such a request.

The Supervisory Board may adopt resolutions in writing or by means of direct remote communication. For Supervisory Board resolutions to be valid, all Supervisory Board members must have been invited and at least half of the Supervisory Board members must attend the meeting. Supervisory Board resolutions are adopted by a simple majority of votes cast. If a vote is inconclusive, the Chairperson has the deciding vote and, in the absence of the Chairperson, the oldest Supervisory Board member.
In accordance with § 23 of the Company's Articles of Association, the Supervisory Board carries out continuous oversight of the Company's activities in all of its business areas.
Within its competences, the Supervisory Board is required to consult the Audit Committee on all matters relating to the Company's finances, internal control and risk management; moreover, the Audit Committee recommends to the Supervisory Board an entity authorised to audit financial statements to conduct financial review activities for the entity.

Supervisory Board members perform their functions against payment or free of charge on the terms set out in a General Meeting resolution.

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 Skrzyński — Member of the Supervisory Board
- Piotr Pietrzak — 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

The Issuer's Audit Committee operates on the basis of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Polish Journal of Laws of 2017, item 1089).
The Audit Committee consists of 3 (three) Members appointed by the Supervisory Board from among its Members. At least one Audit Committee Member possesses knowledge and skills in accounting or audits of financial statements.
The Audit Committee term is joint for its Members and is the same as the Supervisory Board term.
The aim of the Audit Committee is to advise the Supervisory Board on matters pertaining to separate and consolidated financial reporting, internal control and risk management, and to work with statutory auditors.

The Audit Committee's tasks include:

1. Monitoring the financial reporting process,
2. Monitoring the performance of internal control, risk management and internal audit systems as regards financial reporting,
3. Monitoring the performance of financial review activities (in particular audits by the audit firm, taking into account all conclusions and findings of the Audit Supervision Commission resulting from inspections carried out at the audit firm),
4. Inspecting and monitoring the independence of the statutory auditor and audit firm, especially when non-audit services are provided to the Company,
5. Informing the Supervisory Board about audit results and explaining how the audit contributed to the reliability of financial reporting,
6. Evaluating the independence of the statutory auditor and allowing the statutory auditor to provide non-audit services,
7. Formulating the policy for selecting an audit firm to audit financial statements,
8. Formulating the policy for the provision of non-audit services by the audit firm performing the audit, by entities related to the audit firm and by members of the audit firm's network,
9. Defining the procedure for selecting the Company's audit firm,
10. Presenting to the Supervisory Board recommendations pertaining to the selection of audit firm authorised to audit the financial statements of Mo-BRUK S.A. and Mo-BRUK Group in accordance with the policies mentioned in points 7 and 8,
11. Obtaining from the audit firm the additional report referred to in art. 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific

requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,

12. Providing recommendations intended to ensure the reliability of the Company's financial reporting process,

The Audit Committee held two meetings in 2022: 22 April 2022 and 24 November 2022.

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.

26.11. Detailed information on Audit Committee and audit firm selection and work

Persons fulfilling statutory independence criteria

All members of the Audit Committee, i.e. Piotr Skrzyński, Piotr Pietrzak and Kazimierz Janik, meet the independence criteria for an independent member of the Audit Committee specified in the Act on statutory auditors, audit firms and publish oversight of 11 May 2017 (Polish Journal of Laws of 2017, item 1089) and in § 2 sec. 5 of the Audit Committee Regulations of Mo-BRUK S.A.

Persons possessing knowledge and skills in accounting or audits of financial statements, including information on how these were acquired

Piotr Skrzyński has knowledge and skills in accounting or the auditing of financial statements due to his education, experience and many years of professional practice.
Piotr Skrzyński has a university degree. In 1992, he graduated from the Faculty of Electrical Engineering at the AGH University of Science and Technology in Kraków, specialising in automation. Piotr Skrzyński also completed an MBA in Economics at Ecole Nationale Superieure des Telecommunications de Bretagne in Brest (France) in 1993 and an MBA in Executive in Finance organised by Ernst & Young and the Warsaw School of Economics in 2007.

Piotr Pietrzak has knowledge and skills in accounting or the auditing of financial statements due to his education, experience and many years of professional practice.
Mr. Piotr Pietrzak is managing partner at venture capital firm Star Finder, the main investment focus of which is engineering technologies, natural sciences and IT technologies. He has years of experience in venture capital investments, corporate finance advisory, mergers and acquisitions in particular. He has worked with Polish and international investors. Mr. Piotr Pietrzak graduated from the Warsaw School of Economics in 2004 with a master's degree in Management and in Finance and Banking. He was on a scholarship at Universiteit van Tilburg in the Netherlands, studying international finance.

Persons possessing knowledge and skills in the industry in which the Issuer operates, including information on how these were acquired

Mr. Piotr Skrzyński, Mr. Piotr Pietrzak and Mr. Kazimierz Janik possess knowledge and skills in the industry in which the Issuer operates that they acquired in their professional careers and while serving as members of the Supervisory Board. Detailed information on the qualifications and experience of Audit Committee members is available on the Issuer's website (www.mobruk.pl).

Information on whether the audit firm auditing the Issuer's financial statements provided permitted non-audit services to the Issuer and whether an independence assessment was

performed on this audit firm and consent was given for these services

Permitted non-audit services were provided to the Issuer by the audit firm auditing Mo-BRUK S.A.'s financial statements, i.e. Mazars Audyt Sp. z o.o. In connection with this, the Audit Committee performed an audit firm independence assessment and gave consent for the provision of the following permitted non-audit services:

- review of interim separate financial statements for the period from 1 January 2022 to 30 June 2022, draft of review report,
- review of interim consolidated financial statements for the period from 1 January 2022 to 30 June 2022, draft of review report,

Main objectives of the policy for selecting an audit firm for audit of financial statements and the policy for the provision of non-audit services by the audit firm performing the audit, by entities related to the audit firm and the audit firm's network members

The Issuer selects the audit firm to audit its financial statements on the basis of a resolution of the Audit Committee entitled "Policy and Procedure for selecting an audit firm to audit the financial statements of Mo-BRUK S.A. and Mo-BRUK Group."

Rules that the Issuer observes in selecting the statutory auditor / audit firm are as follows:

1. The Issuer sends out invitations to submit proposals for statutory audit services to any authorised firms, on the condition that:
   - it does not breach the provisions of art. 17 sec. 3 of Regulation 537/2014;
   - the tender procedure does not exclude from participation in the selection procedure firms that generated less than 15% of their entire fees from auditing public-interest entities in a given EU member state in the preceding calendar year, listed on the audit firm list referred to in art. 91 of the Act.
2. In the course of the selection procedure, the Issuer may hold direct negotiations with interested bidders.
3. The Issuer evaluates the proposals submitted by authorised entities in accordance with the selection criteria specified in tender documentation and prepares a report containing conclusions from the selection procedure and submits this report to the Audit Committee for approval.
4. The Audit Committee presents a recommendation to the Supervisory Board regarding the appointment of an authorised entity.

The recommendation should include:

- indication of the entity or entities recommended for the statutory audit;
- justification for the selecting the recommended entity;
- justification for the recommendation;
- statement that the declaration if free of third-party influence;
- statement that the Issuer has not concluded any agreements containing the clauses referred to in art. 66 sec. 5a of the Accounting Act of 29 September 1994;
- if the selection concerns an extension of an agreement on audit of financial statements, it should contain at least two choices

5. Based on the Audit Committee's recommendation, the Supervisory Board selected the entity authorised to review and audit the separate and consolidated financial statements.
6. In making its selection, the Supervisory Board pays attention to the audit team's experience in auditing the financial statements of companies, including companies listed on the Warsaw Stock Exchange, as well as competences and financial criteria.
7. The selection decision is made taking account of the audit firm's impartiality and independence as well as an analysis of the work of that firm for the Company extending beyond the scope of audit of financial statements in order to avoid a conflict of interests.

Information on whether the audit firm selection recommendation meets the applicable conditions and if the selection did not concern extension of an agreement on audit of financial statements - whether the recommendation was prepared following a selection procedure organised by the Issuer that meets the applicable criteria.

The Audit Committee's audit firm selection recommendation met the applicable conditions and was prepared following a selection procedure organised by the Issuer that met the applicable criteria.

27. Information on the date and term of agreement between issuer and entity authorised to audit financial statements

On 20 July 2022, the Issuer entered into an agreement with Mazars Audyt Spółka z ograniczoną odpowiedzialnością, based in Warsaw, for:

- review of the interim separate and consolidated financial statements prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, published in the form of European Commission regulations, for the following periods:

- from 1 January 2022 to 30 June 2022,
- from 1 January 2023 to 30 June 2023,
- from 1 January 2024 to 30 June 2024.

- statutory audit of the annual separate and consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union and in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for specifications for a uniform electronic reporting format for the financial year:
  - from 1 January 2022 to 31 December 2022,
  - from 1 January 2023 to 31 December 2023,
  - from 1 January 2024 to 31 December 2024.
- an assurance service providing reasonable assurance consisting of an auditor's assessment of the Supervisory Board's remuneration report prepared for 2022, 2023 and 2024, respectively, with regard to the inclusion of the information required by art. 90g sec. 1-5 and sec. 8 of the Act of 29 July 2005 on public offering and the terms for introducing financial instruments to an organised trading system and on public companies (consolidated text: Polish Journal of Laws of 2021, item 1983, as amended):

The amount of remuneration for the entity authorised to audit financial statements is presented in note 29.1. "*Remuneration of entities authorised to audit financial statements"* in Mo-BRUK S.A.'s financial statements for 2022.

28. Statement by the management board or management persons noting that the entity authorised to audit financial statements performing a review or audit of annual financial statements was selected in accordance with applicable regulations and professional standards

The Management Board of Mo-BRUK S.A. declares that **Mazars Audyt Spółka z ograniczoną odpowiedzialnością,** based in Warsaw (postal code 00-549), ul. Piękna 18, entered under KRS no. 0000086577 in the Register of Companies maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register; entered on the list of the Polish Council of Statutory Auditors under registration number 186, (selected to audit the annual financial statements for all Group companies for 2022 and the consolidated financial

statements for 2022) - an entity authorised to audit financial statements, performing the audit of the annual consolidated financial statements and the audit of the annual financial statements of the parent company, was selected in accordance with the provisions of the law, and that this entity and the statutory auditors performing this review met the conditions for issuing an impartial and independent report on the audit of the annual consolidated financial statements and the annual financial statements, in accordance with the applicable regulations and professional standards.

29. Management Board information, prepared on the basis of a Supervisory Board statement on selection of audit firm to audit the annual financial statements in accordance with regulations, including those related to audit firm selection and selection procedure

Acting pursuant to §70 sec. 1 point 7) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information disclosed by issuers of securities and the terms for recognising as equivalent information required by the laws of a non-member state and a statement by the Supervisory Board of Mo-BRUK S.A. on the selection of an audit firm to audit the annual financial statements in accordance with the laws, including those pertaining to audit firm selection and selection procedure, the Management Board of Mo-BRUK S.A. notes that:

a) the audit firm and members of the team performing the audit met the conditions to prepare an impartial and independent report on the audit of the annual financial statements in accordance with the applicable laws, professional standards and professional ethics rules,

b) applicable regulations concerning audit firm and lead statutory auditor rotation and mandatory cooling-off periods are being observed,

c) Mo-BRUK S.A. has a policy for selecting audit firms and policy for the provision of non-audit services by audit firms for Mo-BRUK S.A., including services conditionally exempted from the prohibition of provision by the audit firm.

30. Management Board statement that, to the best of its knowledge, the annual financial statements and comparative data have been prepared in accordance with applicable accounting principles and that they accurately, reliably and fairly reflect the company's asset and financial situation and its financial results and that the management report contains a true depiction of the company's development,

achievements and situation, including description of key threats and risks

The Management Board of Mo-BRUK S.A. declares that, to the best of its knowledge, the annual financial statements for 2022 and comparative data have been prepared in accordance with the applicable accounting principles and that they accurately, reliably and fairly reflect Mo-BRUK S.A.'s asset and financial situation and its financial results.

At the same time, the Management Board declares that the Management Board report contains a true depiction of Mo-BRUK S.A.'s development, achievements and situation, including a description of the key threats and risks.

Appendix no. 1

Statement on the application of corporate governance rules at Mo-BRUK S.A. in 2022, constituting an appendix to the Management Board report on Mo-BRUK S.A.'s activities in 2022

Information on the Company's application of recommendations and rules contained in the set "Good Practice for WSE-Listed Companies 2021" and the relevant statement by the Management Board of Mo-BRUK S.A. are available on Mo-BRUK S.A.'s website www.mobruk.pl in the tab: Stock market - Documents and corporate governance.

Since 1 July 2021, Mo-BRUK S.A. has been subject to corporate governance rules set in "Good Practices for WSE-Listed Companies 2021," constituting an appendix to WSE Council's resolution no. 13/1834/2021 of 29 March 2021 (the changes introduced in this resolution went into force on 1 July 2021).

The Management Board of Mo-BRUK S.A. announces that in financial year 2022 the Company observed most of the corporate governance rules specified in Good Practices for WSE-Listed Companies 2021, as specified in an appendix to Resolution no. 13/1834/2021 of 29 March 2021, with the following exceptions:

The Company currently does not apply 18 rules from the Good Practices for WSE-Listed Companies 2021: 1.3.1, 1.3.2, 1.4, 1.4.1, 1.4.2, 1.5, 2.1, 2.2, 2.7, 2.11.6, 3.2, 3.3, 3.4, 3.6, 4.1, 4.3, 4.6, 6.3.

1. INFORMATION POLICY AND COMMUNICATION WITH INVESTORS

1.1. The company conducts effective communication with capital market participants, reliably informing them of matters concerning the company. To this end, the company uses a variety of tools and forms of communication, including in particular a corporate website where it posts all information relevant to investors.

The rule is applied.

1.2. The Company makes the financial results included in periodic reports available for inspection as soon as possible after the end of the reporting period or, where that is not possible for justified reasons, publishes at least preliminary estimated financial results as soon as possible.

The rule is applied.

1.3. The company also incorporates ESG topics in its business strategy, in particular covering:

1.3.1. environmental considerations, including indicators and risks associates with climate changes and sustainability topics;

The Company does not apply this rule.

Due to the nature and scale of the company's core business (waste treatment), the potential impact of the company's activities on environmental issues, including climate change, is undoubtedly positive. From an environmental/operational standpoint, the activity can be characterised as a typical activity aligned with the concept of circular economy. In its operations, the company emphasises optimising the resources used (electricity, material consumption), but indicators and risks are not yet used when taking these issues into account.

1.3.2. social and labour matters, concerning, among other things, actions taken and planned to ensure gender equality, proper working conditions, respect for employee rights, dialogue with local communities, customer relations.

The Company does not apply this rule.

The Company complies with all laws governing employer-employee relations, in particular the Labour Code, and legislation prohibiting any discrimination for any reason. In its activities, the company takes into account the need to build good relations with customers and local

communities. The Company is considering including the above aspects in a formalised document.

1.4. In order to ensure proper communication with stakeholders regarding the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by means of financial and non-financial indicators. Information on strategy in the ESG area should:

The Company does not apply this rule.

In order to ensure proper communication with its stakeholders, the Company considers posting on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by means of financial and non-financial indicators.

1.4.1. explain how climate change considerations are taken account of in the decision-making processes of the company and its group entities, indicating the resulting risks;

The Company does not apply this rule.

The Company is considering incorporating the above aspects into its decision-making processes.

1.4.2. provide the value of the pay equity ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate possible inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is expected to be achieved.

The Company does not apply this rule.

The Company does not keep such statistics. In terms of pay equality, the Company applies the

principles of non-discrimination in remuneration and the performance of employees is assessed solely on the basis of their substantive contribution to the development of the Company's business.

1.5. At least once a year, the company discloses the expenditure incurred by it and its group in supporting culture, sport, charitable institutions, the media, social organisations, trade unions, etc. Where the company or its group has incurred expenditure for such purposes in the year covered by the report, the information includes a statement of that expenditure.

The Company does not apply this rule.

The Company is considering disclosing these expenditures in a formalised manner.

1.6. For a company included in the WIG20, mWIG40 or sWIG80 index, the company holds an investor meeting once a quarter and in the case of other companies at least once a year, inviting in particular shareholders, analysts, industry experts and media representatives. During this meeting, the company's management board present and comment on the adopted strategy and its implementation, the financial results of the company and its group, as well as the most important events affecting the company's and its group's operations, achieved results and future prospects. During the meetings organised, the company's management board publicly provides answers and explanations to the questions asked.

The rule is applied.

1.7. Where an investor requests information about the company, the company responds promptly, but not later than within 14 days.

The rule is applied.

2. MANAGEMENT BOARD AND SUPERVISORY BOARD

2.1. The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.

The Company does not apply this rule.

The Company has not developed a formal document on the diversity policy with regard to the company's authorities and its key managers, and the company's General Meeting has not adopted such regulations as part of the adopted Remuneration Policy for the Management Board and Supervisory Board. In its staffing decisions, the company is guided by the current needs of the business, which are expressed by taking into account the candidates' professional experience, competences and education. Factors such as the age and sex of the candidate or membership of any majority or minority do not constitute a determinant in this respect. Employees working for the Company are evaluated only through the criterion of their substantive contribution to the Company's development.

2.2. The persons deciding on the election of the members of the company's management board or supervisory board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, inter alia, to achieve the target ratio of a minimum minority shareholding set at no less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The Company does not apply this rule.

The rule is not applied to the extent of the conduct indicated top-down in the Best Practices of WSE-Listed Companies 2021 (30% ratio). The composition of the company's Supervisory Board

is the result of decisions taken by the General Meeting of Shareholders, while the determination of the composition of the company's Management Board is the responsibility of the company's Supervisory Board. These bodies are guided by the current needs of the company, which are expressed by taking account of candidates' relevant work experience, competencies and educational background. Factors such as the age and sex of the candidate or membership of any majority or minority do not constitute a determinant in this respect. Candidates for company bodies are assessed by the criterion of their substantive contribution to the development of the company.

2.3. At least two members of the supervisory board meet the independence criteria listed in the Act of 11 May 2017 on auditors, audit firms and public oversight, and have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company.

The rule is applied.

2.4. Voting by the supervisory board and the management board are public, unless otherwise provided by law.

The rule is applied.

2.5. Supervisory board and management board members voting against a resolution may enter a dissenting opinion in the minutes.

The rule is applied.

2.6. Serving on the company's management board is the management board member's main area of professional activity. A management board member should not undertake additional professional activity if the time devoted to such activity prevents him from diligently performing his duties at the company.

The rule is applied.

2.7. The exercise of functions by members of the company's management board in the bodies

of entities outside the company's group requires the consent of the supervisory board.

The Company does not apply this rule.

The Company is considering addressing this issue in a formalised manner.

2.8. Supervisory board members should be able to devote the necessary time to perform their duties.

The rule is applied.

2.9. The chairperson of the supervisory board should not combine his function with the chairmanship of the audit committee within the board.

The rule is applied.

2.10. Adequately to its size and financial situation, the Company delegates the administrative and financial resources necessary for the efficient functioning of the supervisory board.

The rule is applied.

2.11. Aside from activities resulting from legal provisions, once a year the supervisory board prepares an annual report and presents it to the ordinary general meeting for approval. The report referred to in the preceding sentence contains at least the following:

2.11.1. information on the composition of the supervisory board and its committees, with an indication of which members of the supervisory board meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public oversight, and which of them do not have real and significant links with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the supervisory board in the context of its diversity;

The rule is applied.

2.11.2. summary of the activities of the supervisory board and its committees;

The rule is applied.

2.11.3. an assessment of the company's situation on a consolidated basis, including an assessment of the internal control, risk management and compliance systems and the internal audit function, together with information on the steps that the supervisory board has taken to perform this assessment; this assessment includes all significant control mechanisms, including in particular those relating to reporting and operations;

The rule is applied.

2.11.4. an assessment of the company's application of the principles of corporate governance and the manner of fulfilling the information obligations concerning their application laid down in the WSE Regulations and in the regulations concerning current and periodic information provided by issuers of securities, together with information on the actions which the supervisory board took in order to perform this assessment;

The rule is applied.

2.11.5. an assessment of the validity of the expenditures referred to in rule 1.5;

The rule is applied.

2.11.6. information on the extent to which the diversity policy in respect of the management board and the supervisory board has been implemented, including the achievement of the objectives referred to in rule 2.1.

The Company does not apply this rule.

The rule is not applied because the company does not apply rule 2.1. A detailed commentary on this is provided in rule 2.1.

3. INTERNAL SYSTEMS AND FUNCTIONS

3.1. A listed company maintains effective internal control, risk management and compliance systems and an effective internal audit function appropriate to the size of the company and the nature and scale of its business, which is the responsibility of the management board.

The rule is applied.

3.2. The company identifies within its structure the units responsible for the tasks of particular systems or functions, unless this is not justified by the size of the company or the nature of its activities.

The Company does not apply this rule.

Due to the size of the company and the nature of its activities, there are no dedicated units within the company structure responsible for internal audit, risk management and compliance.

3.3. A company that is included in the WIG20, mWIG40 or sWIG80 index appoints an internal auditor heading the internal audit function, who acts in accordance with internationally recognised standards of professional practice for internal auditing. In other companies where no internal auditor meeting the aforementioned requirements has been appointed, the audit committee (or the supervisory board if it performs the functions of an audit committee) annually assesses whether there is a need to appoint such a person.

The Company does not apply this rule.

The Company is contemplating appointing an internal auditor.

3.4. Remuneration of risk managers, compliance officers and the head of internal audit should be based on the fulfilment of assigned tasks and not on short-term company performance.

The Company does not apply this rule.

A position responsible for risk management, internal audit and compliance has not been created within the Company's structure.

3.5. Persons responsible for risk management and compliance report directly to the president or another member of the management board

The rule is applied.

3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chairperson of the audit committee or to the chairperson of the supervisory board if the supervisory board acts as the audit committee.

The Company does not apply this rule.

A position responsible for internal audit has not been created within the Company's structure.

3.7. Rules 3.4 - 3.6 also apply to entities within the company's group that are material to the company's business, if they have designated persons to perform these tasks.

Not applicable.

Due to comments to points 3.4-3.6j.

3.8. At least once a year, the person responsible for internal audit, or, if no such function has been assigned at the company, the company's management board, presents to the supervisory board an assessment of the effectiveness of the systems and functions referred to in rule 3.1, together with an appropriate report.

The rule is applied.

3.9. The supervisory board monitors the effectiveness of the systems and functions referred to in rule 3.1 based, inter alia, on reports periodically provided to it directly by the persons

responsible for those functions and the company's management board, and makes an annual assessment of the effectiveness of those systems and functions in accordance with rule 2.11.3. If the company has an audit committee, it monitors the effectiveness of the systems and functions referred to in rule 3.1, but this does not exempt the management board from making an annual assessment of the effectiveness of those systems and functions.

The rule is applied.

3.10. At least every five years, a company included in the WIG20, mWIG40 or sWIG80 index has its internal audit function reviewed by an independent auditor selected with the participation of the audit committee.

The rule is applied.

4. GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS

4.1. The company should enable shareholders to participate in a general meeting using electronic means of communication (e-GM) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.

The Company does not apply this rule.

The Company is preparing to use electronic means of communication to conduct general meetings.

4.2. The company sets the place and date as well as the form of the general meeting in such a way as to enable the largest possible number of shareholders to attend. To this end, the company also undertakes to ensure that the cancellation of the general meeting, the rescheduling or the adjournment of the general meeting only takes place in justified cases and that it does not prevent or restrict shareholders from exercising their right to participate in the

general meeting.

The rule is applied.

4.3. The company provides a publicly available real-time broadcast of the general meeting.

The Company does not apply this rule.

The Company is preparing to use electronic means of communication to broadcast general meetings in real time.

4.4. Media representatives are allowed to be present at general meetings.

The rule is applied.

4.5. In the event that the Management Board is informed that a General Meeting has been convened pursuant to art. 399 § 2 - 4 of the Polish Commercial Companies Code, the Management Board immediately performs the actions it is required to perform in connection with the organisation and conduct of the general meeting. This rule also applies where a general meeting is convened on the basis of an authorisation issued by the registration court pursuant to art. 400 § 3 of the Polish Commercial Companies Code.

The rule is applied.

4.6. In order to make it easier for shareholders participating in the general meeting to vote on resolutions with due knowledge, draft resolutions of the general meeting concerning issues and resolutions other than those of a procedural nature should contain a justification, unless this can be deduced from the documentation presented to the general meeting. Where an item is put on the agenda of a general meeting at the request of a shareholder or shareholders, the management board requests a justification for the proposed resolution, if not already provided by the shareholder or shareholders.

The Company does not apply this rule.

The Company considers including an explanatory memorandum with the resolutions that are the subject of the general meeting.

4.7. The supervisory board provides its opinion on draft resolutions submitted by the management board to the agenda of the general meeting.

The rule is applied.

4.8. Draft resolutions of the general meeting for items on the general meeting agenda should be tabled by shareholders at least 3 days before the general meeting.

The rule is applied.

4.9. Where the subject of the general meeting is to be an appointment to the supervisory board or the appointment of a new supervisory board:

4.9.1. nominations for board members should be made in time to allow the shareholders present at the general meeting to take a decision with due discernment, but no later than 3 days before the general meeting; the nominations, together with a set of materials concerning them, should be published immediately on the company's website;

The rule is applied.

Company commentary on how the above rule is applied.
This rule is applied on the condition that candidates for members of the supervisory board are known in advance, so that they can be published on the company's website within the aforementioned period.

4.9.2. a candidate for a member of the supervisory board submits declarations with regard to meeting the requirements for members of the audit committee set out in the Act of 11 May 2017

on auditors, audit firms and public oversight, as well as with regard to the existence of the candidate's real and significant links with a shareholder holding at least 5% of the total number of votes in the company.

The rule is applied.

4.10. The exercise of shareholders' rights and the manner in which they exercise those rights may not lead to obstruction of the correct operation of the company's bodies.

The rule is applied.

4.11. Management board and supervisory board members attend the general meeting, either at the meeting place or by means of real-time two-way electronic communication, and are be able to express themselves on the items on the agenda of the general meeting and to respond substantively to the questions put to the general meeting. The management board presents to the participants of the ordinary general meeting the company's financial results and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board discusses significant events relating to the past financial year, compares the data presented with previous years and indicates the extent to which the plans of the past year have been implemented.

The rule is applied.

Company commentary on how the above rule is applied.

Principle is applied to a limited extent. Financial results and other relevant information is made available to shareholders before the general meeting in the manner prescribed by law. The management board does not personally present financial results at the general meeting that have been previously made public, but discusses significant events of the past financial year and provides substantive answers to questions asked at the general meeting.

4.12. A general meeting resolution on an issue of shares with pre-emptive rights should specify

the issue price or the mechanism for determining it, or require the competent body to determine it before the date of pre-emptive rights, in time for an investment decision.

The rule is applied.

4.13. A resolution on a new issue of shares with exclusion of pre-emptive rights, which at the same time grants the pre-emptive right to subscribe for the new issue shares to selected shareholders or other entities, may be adopted if at least the following conditions are met:

a) the company has a reasonable, economically justifiable need to raise capital urgently, or the share issue is connected with reasonable, economically justifiable transactions, such as, among others, a merger or acquisition of another company, or the shares are to be subscribed under an incentive scheme adopted by the company;
b) the persons to whom the pre-emptive right will be given will be identified according to objective general criteria;
c) the share subscription price is reasonably related to the company's current share price or is determined as a result of a book-building process.

The rule is applied.

4.14. The company should aim to distribute earnings by paying dividends. Leaving all earnings at the company is possible if any of the following reasons apply:

a) the amount of profit is minimal and consequently the dividend would be insignificant in relation to the value of the shares;
b) the company reports uncovered losses from previous years and the profit is allocated to reducing them;
c) the company justifies that the use of the profit for investments will bring tangible benefits to the shareholders;
d) the company has not generated sufficient cash to pay dividends;
e) the payment of dividends would significantly increase the risk of breaching covenants

arising from loan agreements or bond issue conditions binding the company;

f) leaving the profit at the company is in line with the recommendation of the company's regulator due to the specific nature of its business.

The rule is applied.

5. CONFLICTS OF INTEREST AND RELATED-PARTY TRANSACTIONS

5.1. A member of the management board or supervisory board informs the management board or the supervisory board respectively of any conflict of interest which arises or may arise, and does not take part in the consideration of any matter in respect of which he may have a conflict of interest.

The rule is applied.

5.2. Where a member of the management board or supervisory board considers that a decision of the management board or supervisory board, respectively, is contrary to the interests of the company, he requests that his dissenting opinion thereon be entered in the minutes of the meeting of the management board or supervisory board.

The rule is applied.

5.3. No shareholder should be privileged over other shareholders with regard to related-party transactions. This also applies to transactions of the company's shareholders with entities belonging to its group.

The rule is applied.

5.4. The company may only purchase its own shares (buy-back) in a manner that respects the rights of all shareholders.

The rule is applied.

5.5. If a company's transaction with a related party requires the supervisory board's approval, the supervisory board assesses, before adopting a resolution on approval, whether it is necessary to first consult an external entity that will carry out a valuation of the transaction and an analysis of its economic effects.

The rule is applied.

5.6. If the execution of a related party transaction requires the approval of the general meeting, the supervisory board draws up an opinion on the advisability of executing such a transaction. In such a case, the supervisory board assesses the need for prior consultation with an external body as referred to in rule 5.5.

The rule is applied.

5.7. Where a decision on the conclusion by the company of a significant transaction with a related party is taken by the general meeting, the company, before taking such a decision, ensures that all shareholders have access to the information necessary to assess the impact of the transaction on the company's interest, including the opinion of the supervisory board referred to in rule 5.6.

The rule is applied.

6. REMUNERATION

6.1. The remuneration of management board and supervisory board members and key managers should be sufficient to attract, retain and motivate individuals with the necessary competences to properly manage and supervise the company. Remuneration should be commensurate with the tasks and duties performed by the individual and the associated responsibilities.

The rule is applied.

6.2. Incentive schemes should be designed in a way that makes the level of remuneration of members of the company's management board and key managers conditional on an actual long-term situation of the company in terms of financial and non-financial performance and long-term growth of shareholder value and sustainability, as well as the stability of the company's operations.

The rule is applied.

Company commentary on how the above rule is applied.

The Company's incentive program is based on long-term financial performance, which translates into growth in shareholder value. The incentive program does not cover non-financial performance.

6.3. If one of the company's incentive programs is a managerial options program, then the implementation of the options program should be conditional on the fulfilment by the entitled persons, within a period of at least three years, of pre-determined, realistic and appropriate financial and non-financial and sustainability objectives for the company, and the established price for the acquisition of shares by the entitled persons or settlement of the options may not deviate from the value of the shares from the period when the program was adopted.

The Company does not apply this rule.

The company does not currently have an incentive program based on options or other share-based instruments.

6.4. The supervisory board carries out its tasks on a continuous basis, and therefore the remuneration of supervisory board members cannot depend on the number of meetings held. Remuneration of members of committees, in particular the audit committee, should take into account the additional workload involved.

The rule is applied.

6.5. Supervisory board members should not be remunerated on the basis of the company's short-term performance.

The rule is applied.

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

Signatures of Management Board Members

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

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

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