

mWIG40



MOBRUK

Results presentation

Annual results 2022



EBITDA in 2022



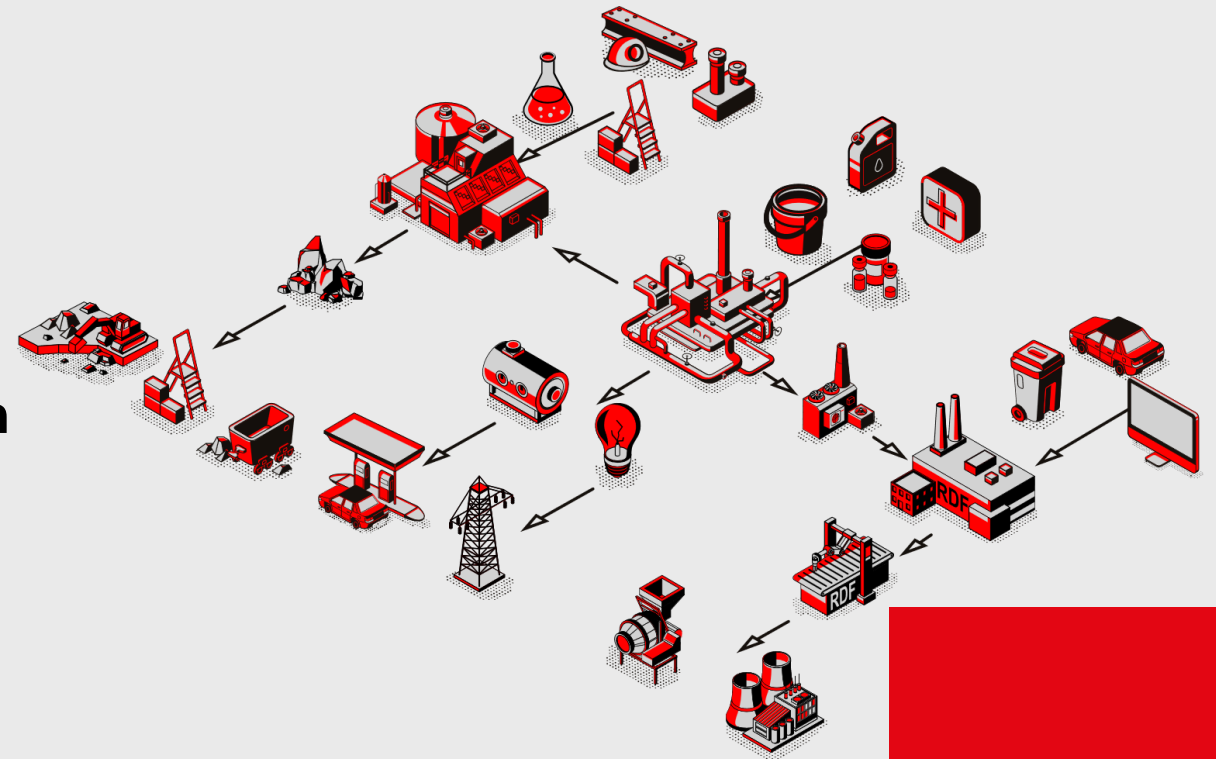
Core business
EBITDA margin
in 2022



Earmarked
for investment
in the coming years



Distributions to shareholders in history

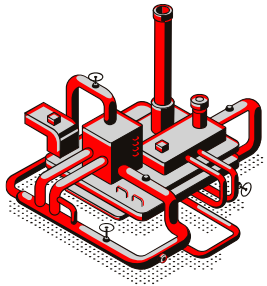


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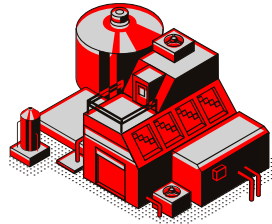
Three diversified business segments

Mo-BRUK operates in three complementary areas of waste management, with particular specialization in waste recovery.



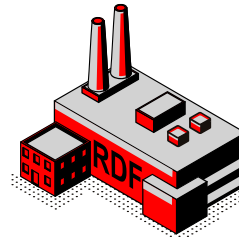
Incineration of industrial and medical waste

- We produce energy in the form of steam, which we sell or use to dry RDF.
- Electricity production



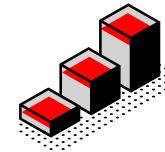
Solidification and stabilisation of waste

We produce artificial aggregate that saves natural resources



Production of RDF

We produce a substitute for coal and other fossil fuels for industry



Other activities

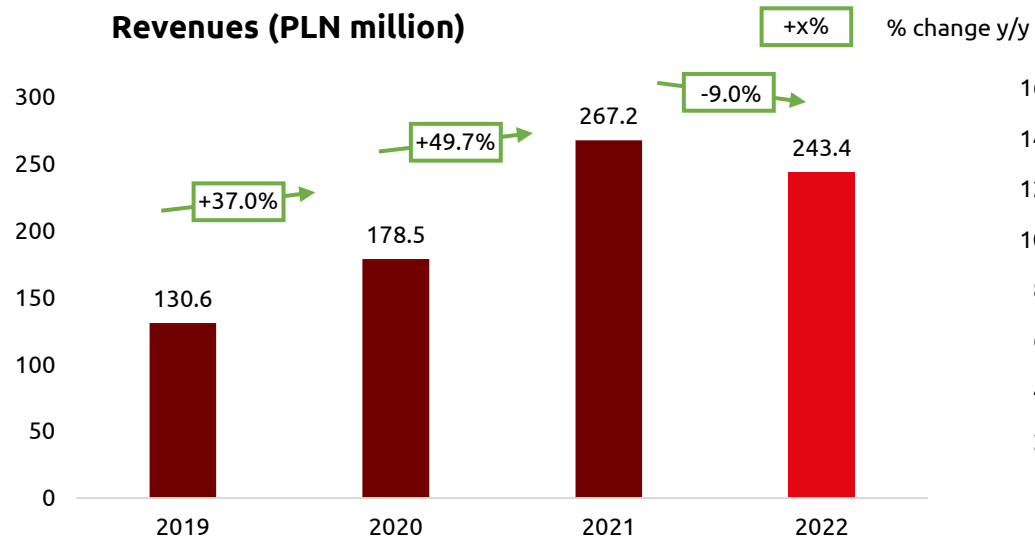
- Recovery of coal sludge
- Sales of liquid fuels at own petrol stations



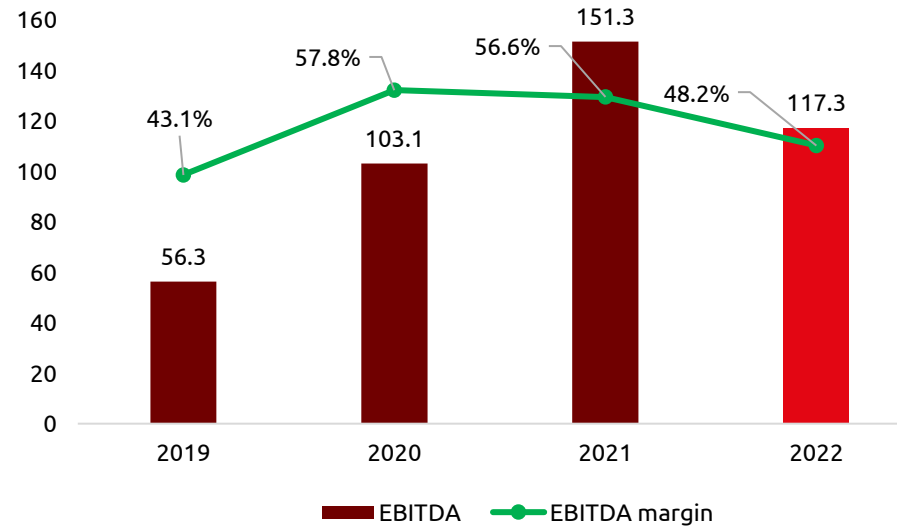
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Scale of operations – consolidated data

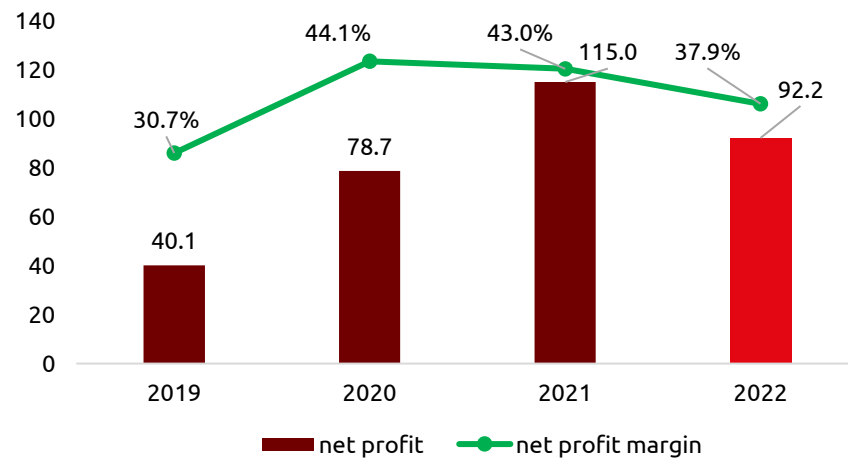
Revenues (PLN million)



EBITDA (PLN million) and EBITDA margin (%)



Net profit (PLN million) and net profit margin (%)

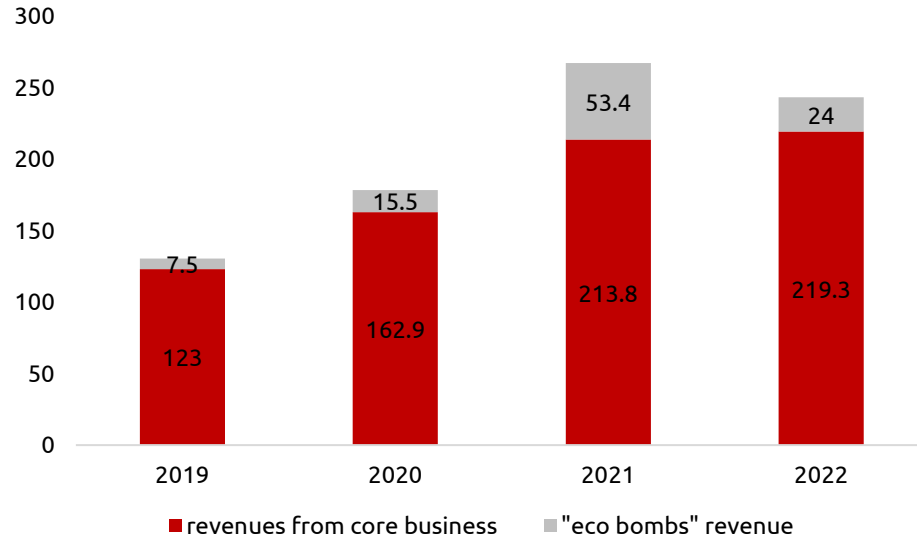


The results were influenced by:

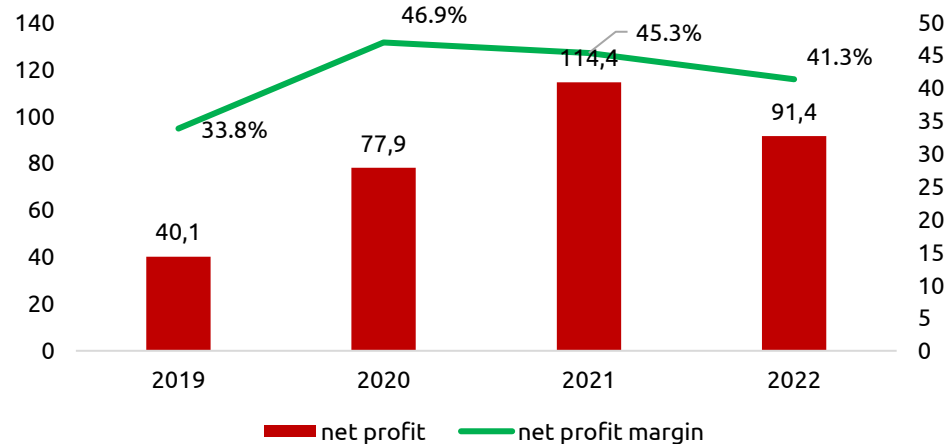
- Favourable situation in the 'core' market - stable volume of waste to be treated and growing treatment rates,
- Lower revenue from the processing of 'eco bombs'.

Above-average results on the core business

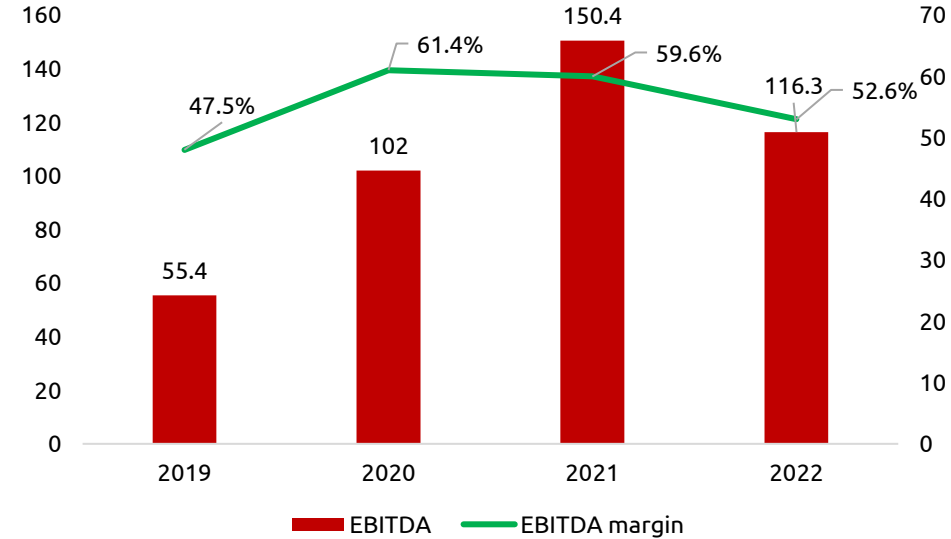
Revenues (PLN million)



Net profit (PLN million) and net profit margin (%) excluding other activities



EBITDA (PLN million) and EBITDA margin (%) excluding other activities

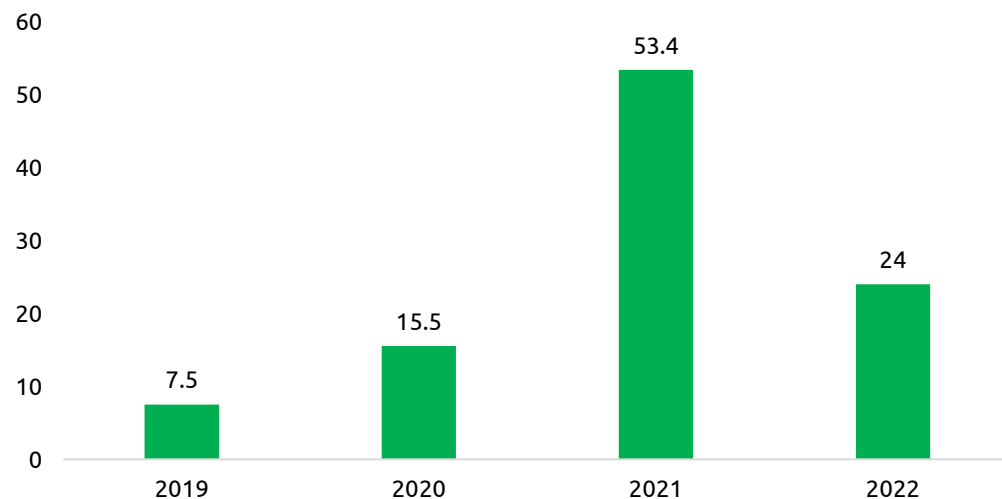


After excluding petrol stations:

- The 2022 EBITDA margin was 53%.
- The 2022 net profit margin was 41.3%

Revenues from „ecological bombs”

Revenues from the management of „ecological bombs” (PLN million)



PLN 670 million

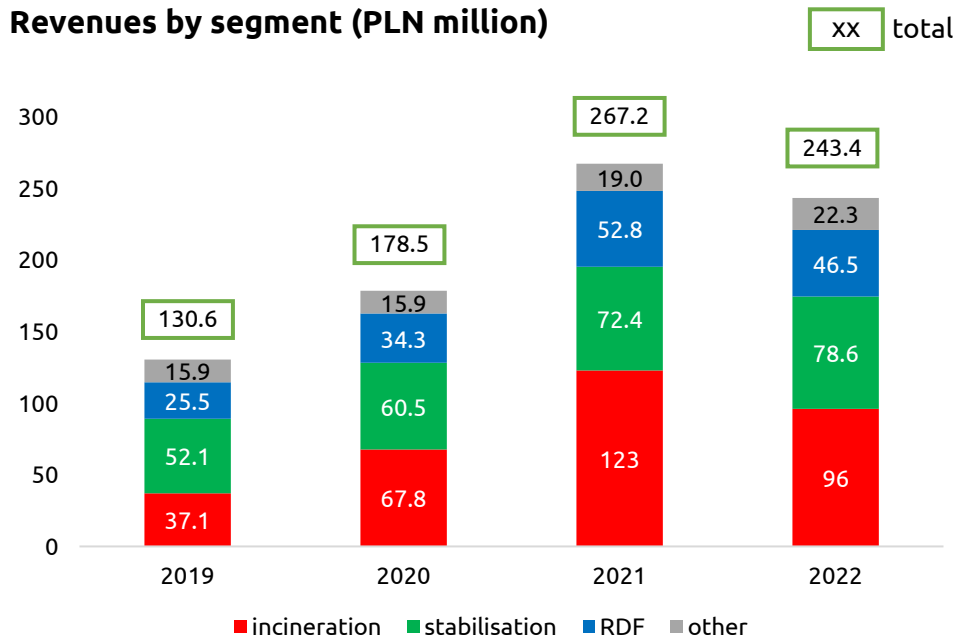
In 2023, NFOŚiGW intends to spend on the liquidation of “ecological bombs”



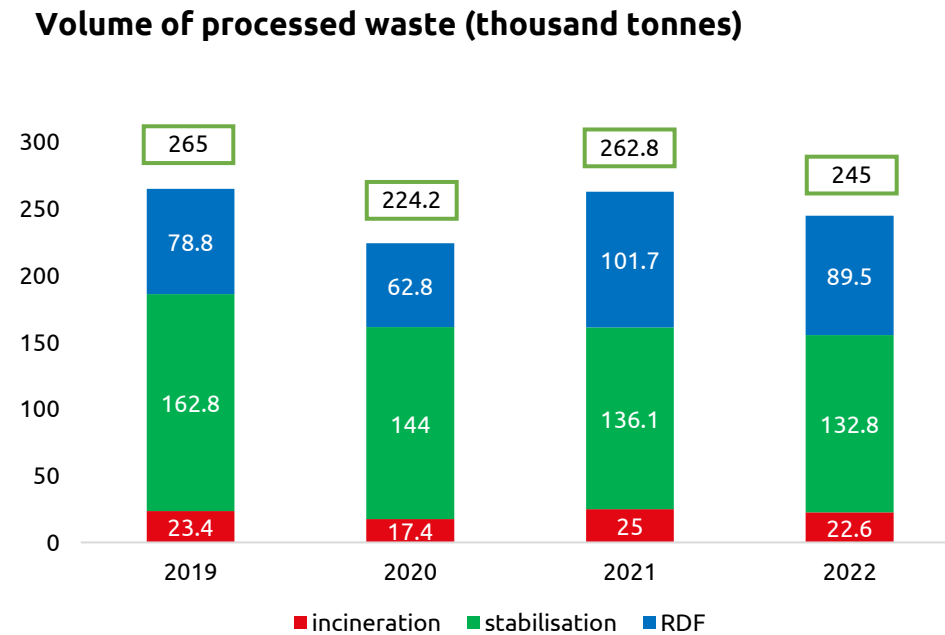
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Business structure

Revenues by segment (PLN million)



Volume of processed waste (thousand tonnes)

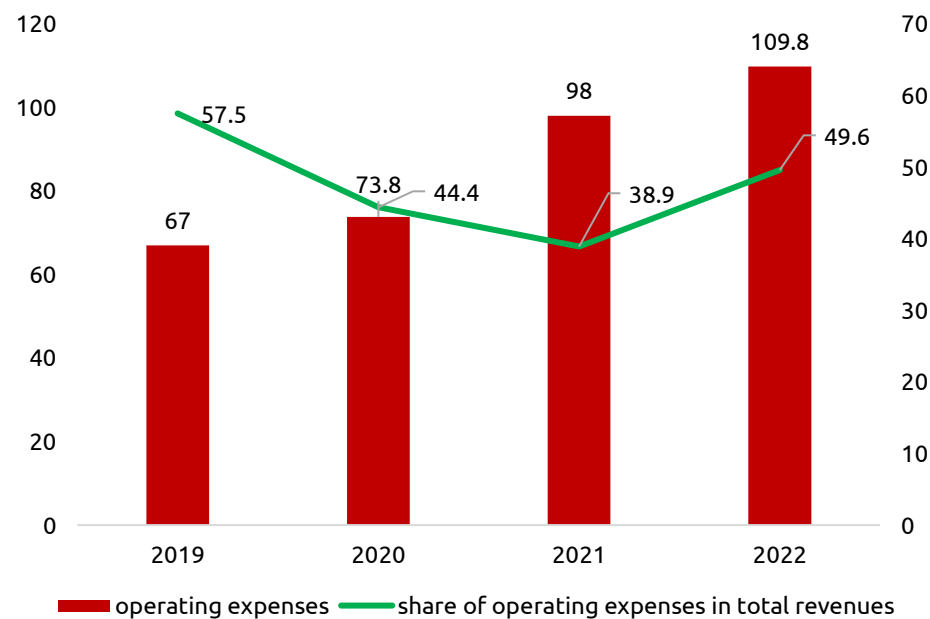


Cost structure (excluding other activities)

| Specification in PLN million | 2019 | 2020 | 2021 | 2022 |
|--|-------------|-------------|-------------|--------------|
| Operating expenses | 67.0 | 73.8 | 98.0 | 109.8 |
| Change in products | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation | 6.1 | 5.9 | 5.4 | 5.4 |
| Consumption of raw materials and consumables | 11.5 | 12.0 | 15.3 | 17.5 |
| External services | 28.6 | 33.5 | 54.1 | 62.3 |
| Cost of employee benefits | 18.6 | 20.2 | 20.9 | 21.8 |
| Taxes and charges | 1.3 | 1.4 | 1.4 | 1.4 |
| Other expenses | 0.9 | 0.8 | 0.9 | 1.4 |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Cost of goods and materials sold | 12.2 | 10.1 | 12.9 | 19.9 |
|---|-------------|-------------|-------------|-------------|

Share of operating expenses in sales, excluding other activities (%)



operating expenses

share of operating expenses in revenues

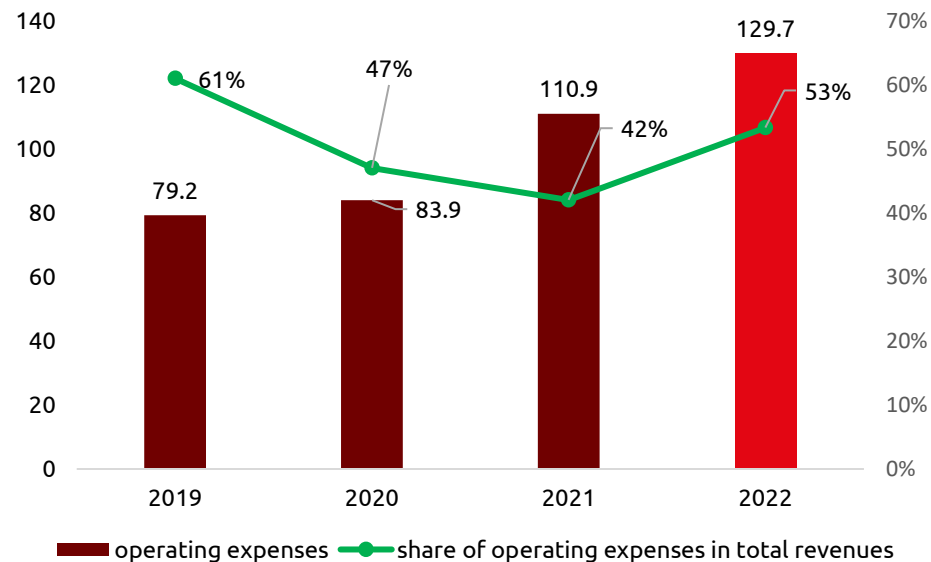
Cost increase by 12%

Associated with an increase in transport costs, a non-recurring expense of PLN 4 million related to the transfer of waste and an increase in the unit price of cement for the production of synthetic aggregates and fuel



Cost structure

Share of operating expenses in revenues (%)



Cost increase by 17%



Associated with an increase in the cost of goods purchases for two petrol stations, an increase in transport costs, a non-recurring expense of PLN 4 million related to the transfer of waste and an increase in the unit price of cement for the production of synthetic aggregates and fuel



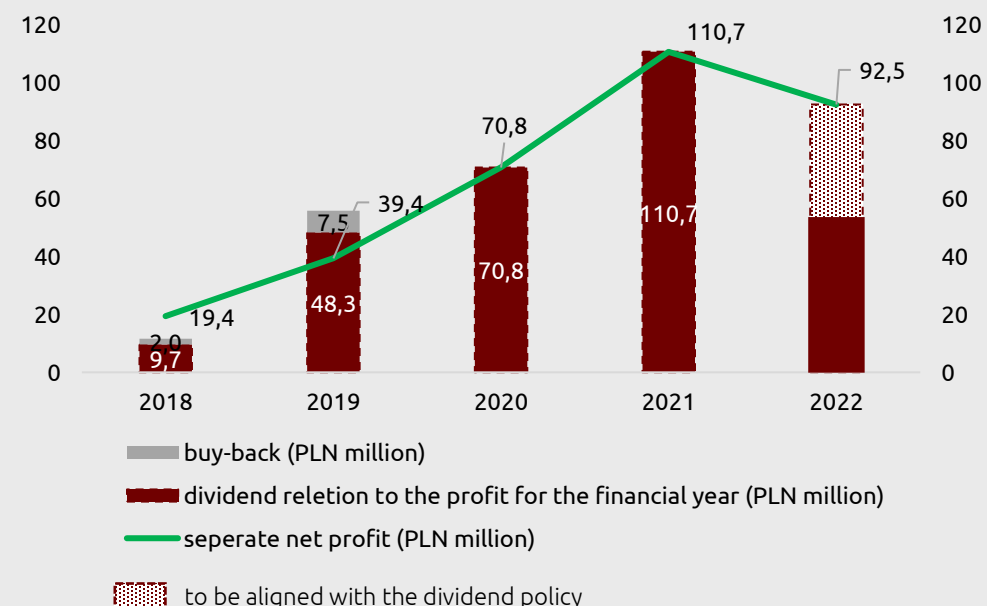
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Dividend – shareholders as beneficiaries of growth

Dividend policy

- Payment of 50% up to 100% of net profit, provided that the ratio of net debt to EBITDA does not exceed 2.5x.
- When recommending the distribution of profit generated by Mo-BRUK, the management board of the company will consider the investment plans, which include acquisitions, financial standing and liquidity position of the group, existing and future liabilities (including the potential restrictions related to loan agreements and the issue of debt instruments) and evaluation of the Group's outlook in specific market and macroeconomic conditions.
- The distribution and amount of the dividend from the 2022 profit will depend on the recommendation of the management board and the final decision of the shareholders during the shareholder meeting.

Dividend payments and share buy-backs from 2018 (PLN million)



Strengthening of Management Board's powers

- In June 2022, Henryk Siodmok became the company's new president.
- In March 2023, the supervisory board of Mo-BRUK appointed new members of the company's management board: Rafał Michalczuk, previously working as the financial director, to the position of the Chief Financial Officer (CFO) and Andrzej Rytka, who was the operating director, to the position of the Chief Operating Officer (COO).
- The appointment of the new management board members continues the organizational changes that began last year, when Józef Mokrzycki, the company's founder, stepped down after several decades years of leading the company.
- The process is aimed at strengthening the powers of the management board.
- Additionally, Elżbieta Mokrzycka stepped down as the Vice-President for Administrative and Financial Matters.



Incentive program for the Management Board*

- The bonus is up to 50% of the basic salary, including:
 - 40% of bonus for bonus tasks
 - 60% of bonus financial performance i.e.:
 - 3/4 of the performance bonus depends on the increase in EBITDA per share adjusted for net cash balance
 - 1/4 of the performance bonus depends on revenue growth
- The bonus is paid out 13 months after the end of the year, in the final value adjusted for the change of the stock price until December of the year (which means that the bonus for 2022 is paid out in January 2024).

*the program has been adopted for the Management Board President; the incentive program for the Vice-Presidents is under development



Development and use of production capacity in the existing plants in 2023-2024

| | | Additional capacity per year (t) | Additional capacity per year (%) | Planned launch date | Additional estimated annual revenues (PLN million)* | Planned CAPEX (PLN million) |
|--|--|--|--|---------------------------------|--|--------------------------------------|
| Incineration | Karsy | 10 thous. | | H2 2024 | 42.5 | 135 |
| | Jedlicze (Raf-Ekologia) STAGE I | 1 thous. | 78% | 2023 | 4.2 | completed |
| | Jedlicze (Raf-Ekologia) STAGE II | 7 thous. | | 2024 | 28 | 30 |
| Solidification and stabilisation | Niecow | 40 thous. | 65% | 2024 | 23.6 | 20 |
| | Skarbimierz | 70 thous. | | 2024 | 41.4 | 10 |
| Energy production | Karsy, Jedlicze, Niecow, Skarbimierz, Łęka | NA | NA | 1st part 2023, 2nd part 2024 | NA | 15 |

*Assuming current average prices and full capacity utilization

Coal sludge - positive environmental impact (1/2)

- Revitalization of land
- Utilization of materials that have already been extracted
- Reclamation of 35 ha of land in the center of Wałbrzych for reuse
- The chemical composition of the sludge after enrichment makes it possible to reduce emissions of sulphur oxides, carbon monoxide and nitrogen compounds; our resources also have a very low chlorine content.
- The operation of the company's sedimentation reservoirs does not contribute to methane emissions, as is the case with traditional coal mining



Coal sludge – sales of raw material subcontracted to an external company (2/2)

- The process of commissioning the operation of sedimentation reservoirs outsourced to an external company
- The work on the sedimentation reservoir began in November 2022 and the plant is currently being prepared for operation and subsequent sale of the raw material (so far, 20,000 tons of sludge have been accumulated in the sedimentation fields for drying)
- The market situation has changed – we are currently observing stabilisation of prices
- Our estimate for raw material sales in 2023 is 50-100 thousand tons



Increase in fees

- Given the position taken by the SKO, the problem of charging increased fees formally closes in mid-2019.
- In the opinion of the company and considering the interpretation expressed by the SKO, there is no legal basis for charging fees for subsequent years
- Due to the drawn-out proceedings concerning the fee increased for 2016, the amount to be paid has now become time barred
- The potential maximum amount to be paid, namely PLN 256 million, has been reduced by 2/3 as a result of the SKO's decision; the company will strive to obtain remission of the remaining part
- At the end of March 2023, the reclamation of the landfill site in Walbrzych was completed in line with the decisions made by the Marshal of the Lower Silesian Voivodship
- The decisions made so far support the position adopted by the management board



Priorities of the M&A Strategy

Mo-BRUK focuses on entities that treat hazardous waste, have high-margin potential and offer synergy with the current business.

Each of the companies analysed satisfied at least two of these conditions.

After analysing the market in Poland, we have defined three key segments of our M&A strategy, in which we conduct ongoing investment talks:



SYNERGY WITH CURRENT ACTIVITIES

- Acquisitions consolidating the hazardous waste incineration market
- Investment in complementary technologies
- Upstream integration in hazardous and industrial waste



MARINE/LIQUID WASTE

- Expansion of the value chain by adding a new, growing category of hazardous waste including liquid waste
- Servicing of key ports in Poland, cleaning of the seabed and treatment of waste from ships in the roadstead
- Unique/innovative technologies



COLLECTION AND PROCESSING OF WASTE FROM THE AUTOMOTIVE MARKET

- Collection of hazardous waste from car workshops (including oils, tyres, batteries and others)
- Investment in waste treatment and recycling technologies

Statistics of M&A activities



>129 entities classified as potentially interesting in the screening of M&A targets (geographical concentration - Poland)



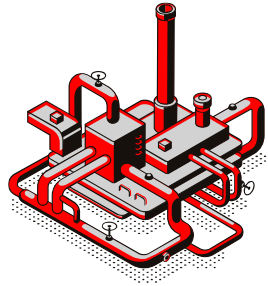
15 entities classified as first priority in the acquisition target shortlist



10 active M&A processes (at various stages of progress)

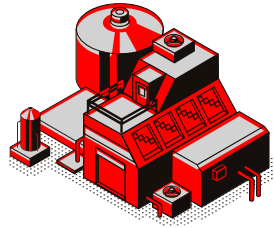


Growth prospects for 2023 - 2024



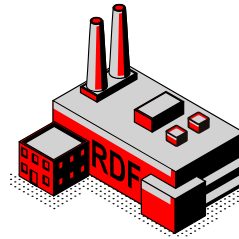
Incineration of industrial and medical waste

- High barriers of entry for the competition in the hazardous waste segment
- Growing environmental awareness in the society



Solidification and stabilisation of waste

- Growing prices and volumes
- Investments in municipal incineration plants – increased supply of hazardous waste (from the current approx. 120 thous. tons to about 250 thous. tons per year)

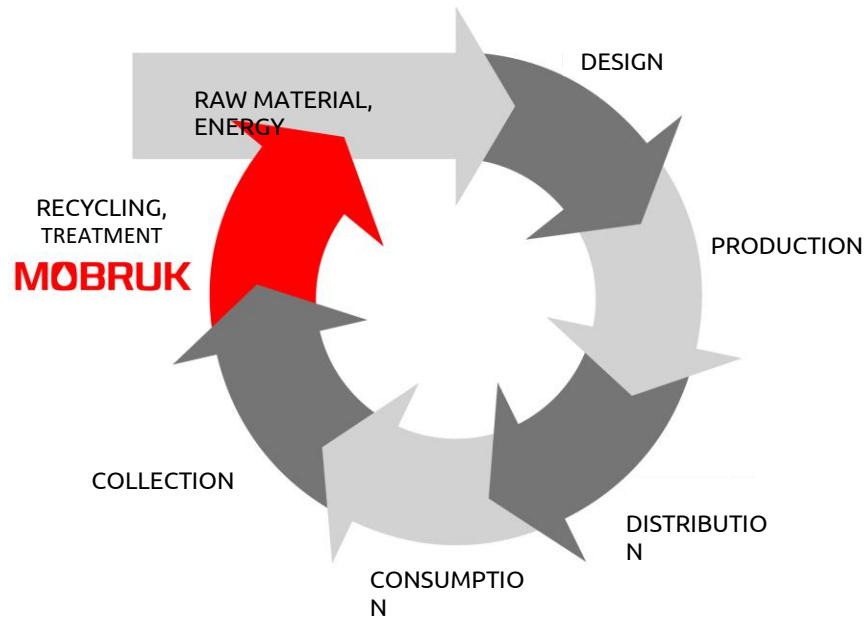


Production of RDF

- RDF export potential to the Czech Republic, Germany
- The increasing demand for RDF from municipal incineration plants, commercial energy sector and cement plants
- Development of the technology to process RDF into gas and oil



Business development with ESG aspects



ENVIRONMENT (E)



The mission of Mo-BRUK is to provide all interested customers with waste disposal services of any type, with a guarantee of their further processing in accordance with environmental requirements.

SOCIETY (S)



Mo-BRUK is in constant dialogue with customers, local residents and municipalities, listening to their voices and suggestions.

GOVERNANCE (G)



The Company applies the principles of corporate governance contained in the set of "Good Practices of Companies Listed on the WSE 2021".

ESG - GRI indicators

GRI 302-1

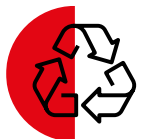
Total consumption of non-renewable energy in the organization

| | 2021 - GJ | 2022 - GJ | Change |
|-------------|-----------|-----------|---------|
| Gasoline | 13,257 | 9122 | -31.19% |
| Diesel oil | 420,663 | 420,835 | +0.04% |
| Heating oil | 31,780 | 18,084 | -43.10% |
| Electricity | 22,400 | 21,424 | -4.36% |
| Total | 488,100 | 469,465 | -3.82% |

GRI 303-3

Water withdrawal by source

| | 2021 – m3 | 2022 – m3 | Change |
|--------------------------------------|-----------|-----------|---------|
| Surface water | 292 | 456 | +56.16% |
| Groundwater | 32,293 | 30,175 | -6.56% |
| Water from third parties (tap water) | 1234.5 | 2162 | +75.13% |
| Total | 33820 | 32793 | -3.04% |



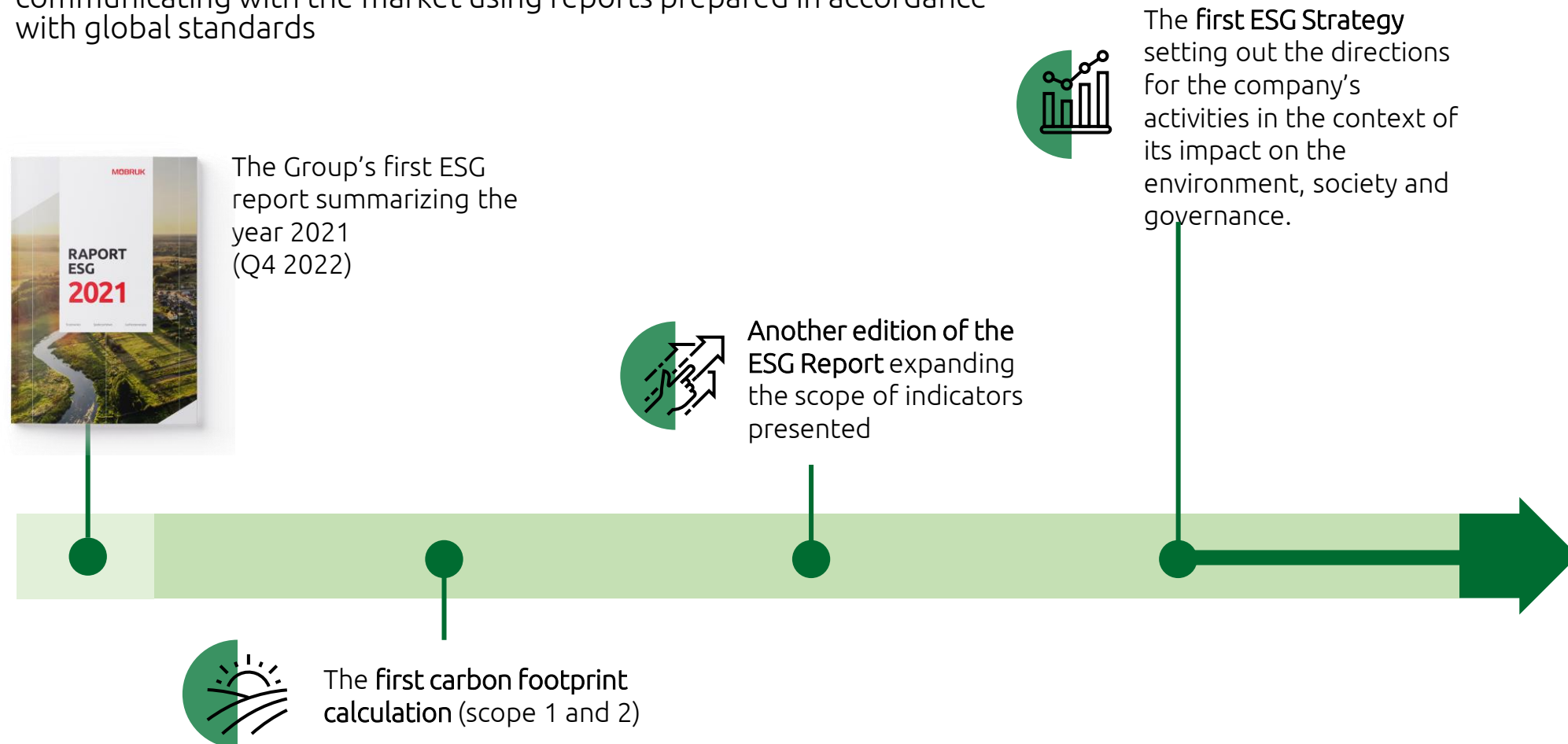
Net energy producer from H2 2024



After the modernization of the Karsy and Niecew plants is completed, consumption of water from third parties will decrease

ESG Roadmap for 2023

In 2023, Mo-BRUK will become one of the companies managing ESG issues **at the strategic level**, examining their climate impact and communicating with the market using reports prepared in accordance with global standards



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