

MOBRUK

**MANAGEMENT REPORT
ON MO-BRUK GROUP'S ACTIVITIES IN
for the period from 1 January 2023 to 30 June 2023**

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Błąd! Nie można odnaleźć źródła odwołania.. Błąd! Nie można odnaleźć źródła odwołania. Błąd! Nie zdefiniowano zakładki.	
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1. Mo-BRUK Group activities in the period from 1 January 2023 to 30 June 2023

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

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

The Group's structure did not change in the period from 1 January 2023 to 30 June 2023.

Key data on the Parent

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

Key data on the subsidiary

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

Issuer's Management Board

Composition of the Parent's Management Board at the date on which this report was prepared:

- Henryk Siodmok President of the Management Board
- Wiktor Mokrzycki Vice-President of the Management Board
- Tobiasz Mokrzycki Vice-President of the Management Board
- Rafał Michalczuk Vice-President of the Management Board
- Andrzej Rytka 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 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.

Issuer's Supervisory Board

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

- Kazimierz Janik Chairperson of the Supervisory Board
- Arkadiusz Semczak Member of the Supervisory Board
- Piotr Pietrzak Member of the Supervisory Board
- Piotr Skrzyński Member of the Supervisory Board
- Konrad Turzański Member of the Supervisory Board
- Marcin Szymański Member of the Supervisory Board

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

- On 26 June 2023, Mo-BRUK S.A.'s Ordinary General Meeting, acting pursuant to art. 385 §

1 of the Polish Commercial Companies Code and § 19 of the Company's Articles of Association, adopted resolution no. 19/2023 regarding changes to the composition of the Supervisory Board, appointing Mr. Marcin Szymański to the Company's Supervisory Board.

Audit Committee

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

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

The composition of the Issuer's Audit Committee did not change in the reporting period.

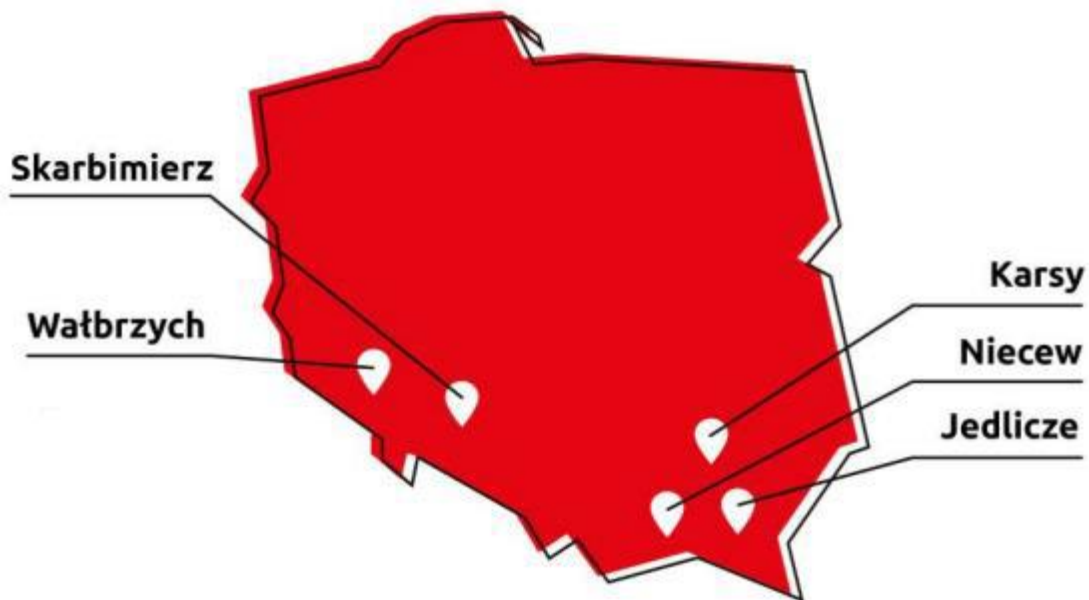
Mo-BRUK Spółka Akcyjna, based in Niecew (Niecew 68, 33-322 Korzenna), is a capital company with legal personality registered at the District Court in Kraków, 12th Commercial Division, entered in the National Court Register under KRS number 0000357598.

The 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. Due to the progressive development of the company, on 1 April 2008 the legal form of the company was transformed from Mo-BRUK Józef Mokrzycki, a sole proprietorship, into a limited partnership on 1 June 2010. 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.

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



Mo-BRUK S.A.'s share capital

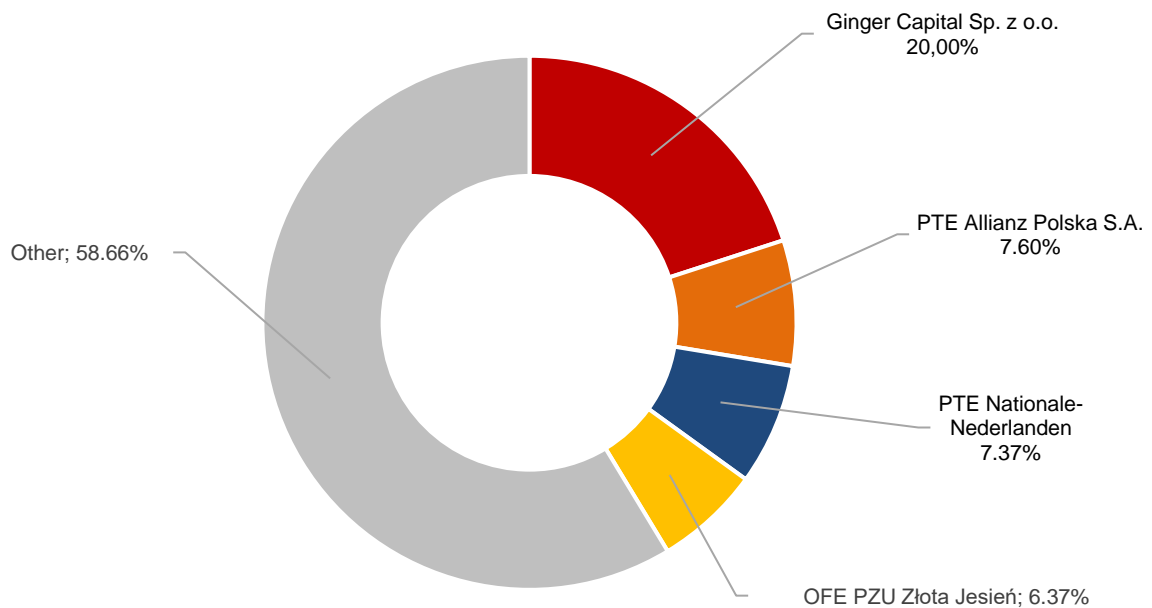
At the date of this report, Mo-BRUK S.A.'s registered share capital amounted to PLN 35 128 850.00 and was divided into 3 512 885 shares with a nominal value of PLN 10.00 each. The Company's shares are as follows:

- 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.	702 642	20.00%	1 405 284	33.34%	33.34%

PTE Allianz Polska S.A.	266 905	7.60%	266 905	6.33%	6.33%
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	2 060 720	58.66%	2 060 720	48.88%	48.88%
TOTAL:	3 512 885	100%	4 215 527	100%	100%

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

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

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

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

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

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

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

MO-BRUK GROUP SELECTED FINANCIAL DATA (CONSOLIDATED)

ITEM	PLN		EUR	
	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022
I. Net revenue from sale of products, goods and materials	112 110 307	111 612 403	24 303 123	24 040 408
II. Operating profit (loss)	48 756 909	55 996 419	10 569 458	12 061 175
III. Gross profit (loss)	50 432 089	56 369 804	10 932 601	12 141 599
IV. Net profit (loss)	40 649 663	45 601 395	8 811 980	9 822 171
V. Net cash flows from operating activities	41 990 564	40 858 973	9 102 659	8 800 692
VI. Net cash flows from investing activities	-28 214 985	-2 377 436	-6 116 407	-512 080
VII. Net cash flows from financial activities	-1 198 882	-110 874 950	-259 892	-23 881 567
VIII. Total net cash flows	12 576 698	-72 393 414	2 726 360	-15 592 955
IX. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
X. Profit (loss) per ordinary share (in PLN/EUR)	11.57	12.98	2.51	2.80
ITEM	PLN		EUR	
	At 30.06.2023	At 31.12.2022	At 30.06.2023	At 31.12.2022
XI. Total assets	287 028 573	271 394 503	64 496 455	57 867 866
XII. Liabilities and provisions for liabilities	104 374 236	83 125 133	23 453 303	17 724 287
XIII. Non-current liabilities	21 890 349	22 892 779	4 918 848	4 881 294
<i>including deferred income - grant</i>	10 395 377	14 687 864	2 335 882	3 131 807
XIV. Current liabilities	82 483 887	60 232 355	18 534 455	12 842 993
<i>including deferred income - grant</i>	3 998 758	2 128 199	898 537	453 784
XV. Equity	182 654 337	188 269 369	41 043 151	40 143 579
XVI. Share capital	35 128 850	35 128 850	7 893 591	7 490 320
XVII. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
XVIII. Book value per share (in PLN/EUR)	52,00	53,59	11,68	11,43

The above data for the first half of 2023 and 2022 was converted into EUR in accordance with the following rules:

- asset and equity and liability items for:

H1 2023 - using the average exchange rate published on 30 June 2023 - EURPLN 4.4503,

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

- 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 2023 to 30 June 2023) - EURPLN 4.6130, and for 2022 (from 1 January 2022 to 31 December 2022) - EURPLN 4.6427.

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

ITEM	PLN		EUR	
	01.01.2023-30.06.2023	01.01.2022-30.06.2022	01.01.2023-30.06.2023	01.01.2022-30.06.2022
I. Net revenue from sale of products, goods and materials	95 269 649	95 899 209	20 652 428	20 655 913
II. Operating profit (loss)	38 037 313	46 727 824	8 245 678	10 064 795
III. Gross profit (loss)	53 256 876	61 139 526	11 544 955	13 168 959
IV. Net profit (loss)	45 569 983	52 157 629	9 878 600	11 234 331
V. Net cash flows from operating activities	33 572 979	33 464 104	7 277 906	7 207 897
VI. Net cash flows from investing activities	-22 258 681	12 955 340	-4 825 207	2 790 475
VII. Net cash flows from financial activities	-1 120 376	-110 775 620	-242 874	-23 860 172
VIII. Total net cash flows	10 193 922	-64 356 176	2 209 825	-13 861 799
IX. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
X. Profit (loss) per ordinary share (in PLN/EUR)	12,97	14,85	2,81	3,20
ITEM	PLN		EUR	
	At 30.06.2023	At 31.12.2022	At 30.06.2023	At 31.12.2022
XI. Total assets	271 466 009	250 753 610	60 999 485	53 466 729
XII. Liabilities and provisions for liabilities	101 581 734	80 174 622	22 825 817	17 095 167
XIII. Non-current liabilities	21 334 685	22 308 205	4 793 988	4 756 648
<i>including deferred income - grant</i>	10 395 377	14 687 864	2 335 882	3 131 807
XIV. Current liabilities	80 247 049	57 866 417	18 031 829	12 338 518
<i>including deferred income - grant</i>	3 998 758	2 128 199	898 537	453 784
XV. Equity	169 884 275	170 578 988	38 173 668	36 371 562
XVI. Share capital	35 128 850	35 128 850	7 893 591	7 490 320
XVII. Number of shares	3 512 885	3 512 885	3 512 885	3 512 885
XVIII. Book value per share (in PLN/EUR)	48,36	48,56	10,87	10,35

The above data for the first half of 2023 and 2022 was converted into EUR in accordance with the following rules:

- asset and equity and liability items for:

H1 2023 - using the average exchange rate published on 30 June 2023 - EURPLN 4.4503,

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

- 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 2023 to 30 June 2023) - EURPLN 4.6130, and for 2022 (from 1 January

2022 to 31 December 2022) - EURPLN 4.6427.

Mo-BRUK Group generated over PLN 112 million in consolidated revenue from sales in the first half of 2023. The revenue figure is satisfactory and implies maintenance of the level of sales revenue generated in the corresponding period of 2022. The good sales result was mainly driven by an increase in sales in the solidification and stabilisation of inorganic waste segment, which amounted to almost 25%. The other segments included in waste management saw declines in revenue, i.e. the alternative fuel production segment down 15% and the hazardous and medical waste incineration segment down 12%, compared to the revenue generated in the first half of 2022. In the filling station segment, the Group recorded a 7% decline in sales versus the comparative period.

The current global and domestic situation, which has resulted in a very strong increase in inflation, has also indirectly increased the Group's operating costs, which, after adjusting payroll costs for bonuses paid to the Management Board, amounted to more than 13% relative to the comparative period. The increase in operating costs was mainly due to a 44% (PLN 3.5 million) rise in the cost of materials and energy consumption, which was mainly influenced by an 87% (PLN 1.6 million) increase in the cost of electricity and an 87% (PLN 1.8 million) increase in the cost of raw material used in the production of synthetic aggregate. The total electricity costs incurred by the Group in the first half of 2023 amounted to PLN 3.5 million, nearly double the amount for the same period in 2022. To reduce the high cost of electricity, phase I of the 250 kW photovoltaic plant was completed in the second quarter of 2023, with a Group-wide target capacity of 0.8 MW. The photovoltaic investment is scheduled for completion in the first half of 2024. Furthermore, two units for the production of electricity from thermal energy derived from waste incineration (ORC turbine) with a total capacity of 2.5 MW are planned at the thermal waste disposal facilities located in Karsy and at Raf-Ekologia. As a result of its own energy generation, the Group should reduce its electricity costs to nearly zero in the second half of 2024.

A significant increase was also recorded on depreciation costs 85% (PLN 2.2 million). This change was due to the updating of depreciation rates made during the review of rates and the economic useful lives of tangible assets. The Issuer has revised the economic useful lives of the tangible assets involved in its on-going project entitled "Modernisation and expansion of the thermal waste conversion line in Karsy." The increase in the cost of employee benefits after adjusting the bonus for the Management Board of 2.5 million, which was paid for 2020-2022, was 13.8% (PLN 1.4 million). Other cost items, despite widespread inflation, did not change significantly compared to last year's period.

Maintaining sales revenue at a similar level to the comparative period and a moderate increase in operating costs adjusted for the cost of other activities translated into a 10.9% lower profit on sales compared to the profit on sales in the corresponding period of 2022.

Mo-BRUK Group's consolidated financial statements

Item	For the period:		Change
	01.01.2023-30.06.2023	01.01.2022-30.06.2022	
Revenue from sales	112 110 307	111 612 403	0.4%
Operating costs:	65 147 943	55 352 603	17.7%
Changes in products	24 748	6 207	298.7%
Depreciation / amortisation	4 902 547	2 655 873	84.6%
Use of raw materials and materials	11 545 040	8 007 448	44.2%
Third-party services	24 247 087	23 859 108	1.6%
Cost of employee benefits	14 461 359	10 497 575	37.8%
Taxes and fees	687 588	679 719	1.2%
Other costs	891 937	604 389	47.6%
Value of goods and materials sold	8 387 635	9 042 284	-7.2%
PROFIT (LOSS) ON SALES	46 962 364	56 259 800	-16.5%
Other operating revenue	2 900 144	1 977 198	46.7%
Other operating costs	1 105 599	2 240 580	-50.7%
EBITDA (operating profit + depreciation / amortisation)*	53 659 456	58 652 291	-8.5%
EBIT (operating profit)**	48 756 909	55 996 418	-12.9%
Finance income	1 856 435	749 715	147.6%
Finance costs	181 254	376 330	-51.8%
PROFIT (LOSS) BEFORE TAX	50 432 089	56 369 804	-10.5%
Income tax	9 782 426	10 768 409	-9.2%
NET PROFIT (LOSS)	40 649 663	45 601 395	-10.9%

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

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

In the first half of 2023, Mo-BRUK Group posted satisfactory financial results that confirm the Group's solid standing. As a result of maintaining sales with increased operating costs, the Group recorded declines in its financial results relative to the same period in 2022: profit on sales, operating profit, EBITDA, profit before tax and net profit.

Mo-BRUK Group's profit

Item, data in PLN	H1 2023	H1 2022	Change
Profit (loss) on sales	46 962 364	56 259 800	-16.5%
EBITDA (operating profit + depreciation / amortisation)	53 659 456	58 652 291	-8.5%
EBIT (operating profit)	48 756 909	55 996 418	-12.9%
Gross profit (loss)	50 432 089	56 369 804	-10.5%
Net profit (loss)	40 649 663	45 601 395	-10.9%

Despite recording the aforementioned declines, the profitability ratios achieved by the Issuer's Group in the first half of 2023 are at very high levels: profit on sales 42%, operating profit 44%, net profitability 36% and EBITDA profitability 48%.

Mo-BRUK Group profitability analysis

Item	H1 2023	H1 2022
Sales margin	41.9%	50.4%
EBITDA margin	47.9%	52.5%
EBIT margin	43.5%	50.2%
Net margin	36.3%	40.9%
Return on assets*	30.4%	55.3%
Return on equity*	47.7%	74.0%

Algorithms for calculating the ratios:

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

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

Operating margin = operating result / net revenue from sales

Net margin = net financial result / net revenue from sales

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

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

*for the ratio as of 30.06.2023 net results for past 12 months covers the period from 01.07.2022 to 30.06.2023.

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

After excluding revenue and costs of other activities, the profitability ratios are as follows: return on sales profit 49%, return on operating profit 49% and return on EBITDA 54%. The above profitability ratios represent mainly the efficiency of the Group's core business of waste management with a minor effect of extraordinary items, i.e. the disposal of environmental bombs.

Mo-BRUK Group's profit adjusted for revenue and costs of other activity

Item, data in PLN	H1 2023	H1 2022	Change
Profit (loss) on sales	50 466 994	56 627 962	-10.9%
EBITDA (operating profit + depreciation / amortisation)	54 846 118	58 549 646	-6.3%
EBIT (operating profit)	50 429 801	56 364 580	-10.5%

Analysis of Mo-BRUK Group's profitability adjusted for other activity

Item	H1 2023	H1 2022
Sales margin	49.2%	55.8%
EBITDA margin	53.5%	57.7%
EBIT margin	49.2%	55.5%

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

Mo-BRUK Group has low financial debt, which, after excluding the liability for the right of perpetual usufruct of land, amounted to PLN 4.4 million at the end of H1 2023. The Group currently has no liabilities related to bank credit; financial liabilities primarily concern leases. Given future development plans and a favourable interest rate environment, financial surpluses are allocated to short-term bank deposits. With more than PLN 200 million in planned capital expenditures to the end of 2024 and the Group's planned growth through potential acquisitions and organic growth, in the future the Group plans to take out new bank credit facilities, grants and own funds to finance these investments. Mo-BRUK Group plans to expand its production capacities - in the industrial waste incineration segment from 23 thousand tonnes to approx. 40 thousand tonnes per year, and in the solidification and stabilisation segment from 170 thousand tonnes to 280 thousand tonnes per year.

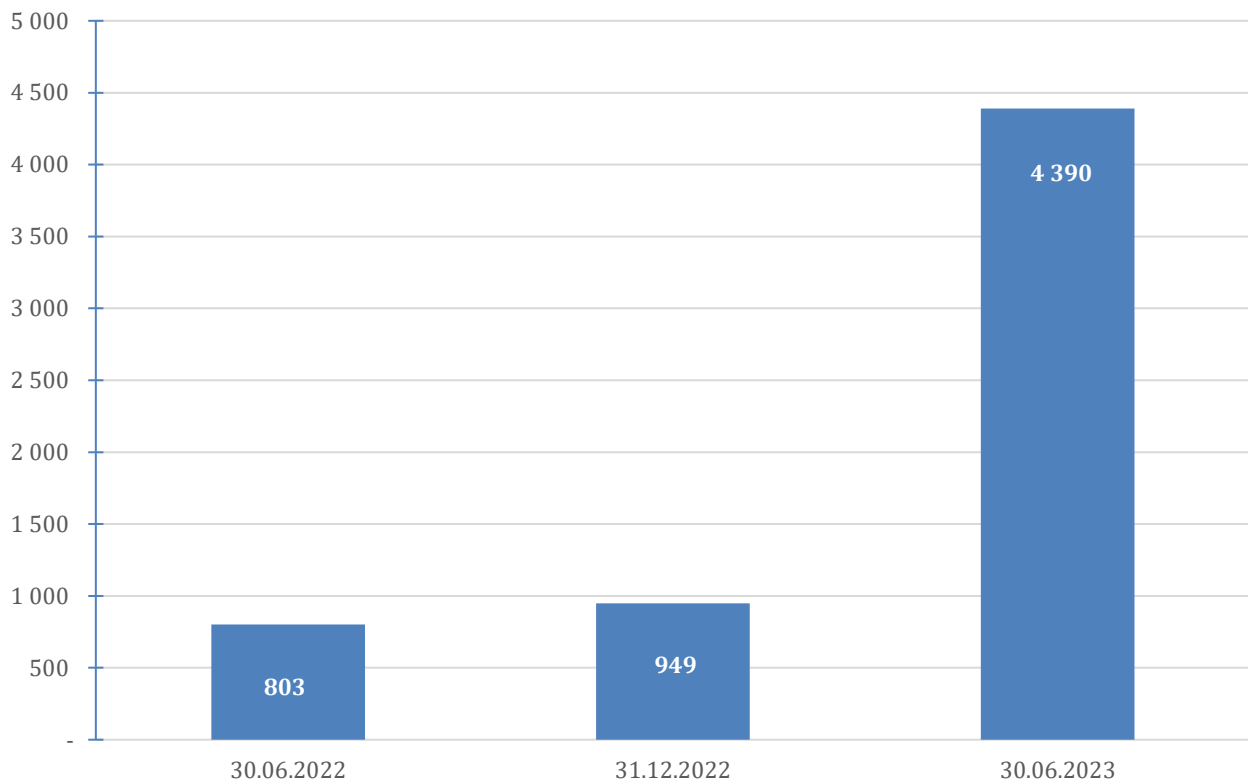
Mo-BRUK Group's financial debt [PLNk]			
	30.06.2023	31.12.2022	30.06.2022
Financial debt¹⁾	4 390	949	803
<i>including:</i>			
<i>loans</i>	-	16	39
<i>leases</i>	4 390	933	764

Net financial debt¹⁾	-94 974	-85 838	-40 931
Cash and equivalents	99 364	86 787	41 734

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

net financial debt = financial debt - cash and equivalents

Mo-BRUK financial debt [PLNk]



In the first half of 2023, Mo-BRUK Group demonstrated full capacity to meet its obligations. The Group's cash holdings and the external financing it has obtained ensure that liquidity is maintained and that investment intentions can be implemented.

As at 30 June 2023, the Group had PLN 99.4 million in cash (including PLN 3.9 million in restricted cash).

In connection with 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 38 million, a loan on preferential terms of PLN 40 million and a loan on market terms of PLN 26 million.

In 2023, the Group continues its efforts to maintain long-term financial stability and optimise short-term funding sources.

The Group is maintaining very good debt ratios, including a very strong level of net financial debt to EBITDA.

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

Mo-BRUK Group's net financial debt to EBITDA ratio		
30.06.2023^{2) 3)}	31.12.2022³⁾	30.06.2022¹⁾³⁾
-0.85	-0.73	-0.30

Algorithms for calculating the ratio:

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

¹⁾for the ratio at 30.06.2022 EBITDA is calculated for the period from 01.07.2021 to 30.06.2022

²⁾for the ratio at 30.06.2023 EBITDA is calculated for the period from 01.07.2022 to 30.06.2023

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

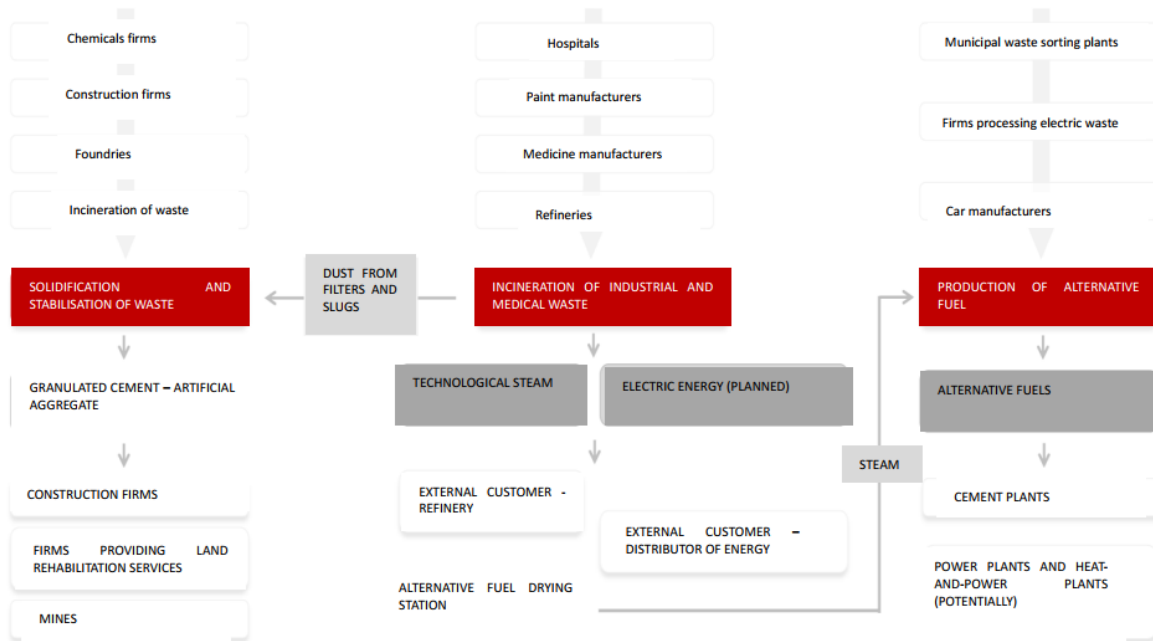
In H1 2023, Mo-BRUK Group continued its efforts to secure an appropriate volume of waste supply to the installations located in the Group's facilities. In the reporting period, Mo-BRUK Group's facilities recorded good sales performance. A higher exposure to the inorganic waste management sector is helping to maintain the Group's high profitability. Given the fact that the waste management market in Poland is at a stage of intensive growth and is very promising, the Management Board of Mo-BRUK S.A. is expecting further growth in revenue in the coming periods. The Management Board makes every effort to secure an appropriate stream of waste for processing at Mo-BRUK Group's installations. Commercial activities are also being undertaken on an on-going basis, with the aim of acquiring new customers, which should translate into better financial results for the Issuer's Group.

Thanks to its efficient business model, Mo-BRUK Group remains the industry leader in the processing of industrial waste in Poland. With investments in waste disposal lines, the Group 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.

4. Information on key products and services

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



Solidification and stabilisation of inorganic waste

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

Based on proprietary waste cementation technology, the Issuer operates two sites: waste

processing facility in Niecew and inorganic waste recovery facility in Skarbimierz.

Production of alternative fuels

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

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

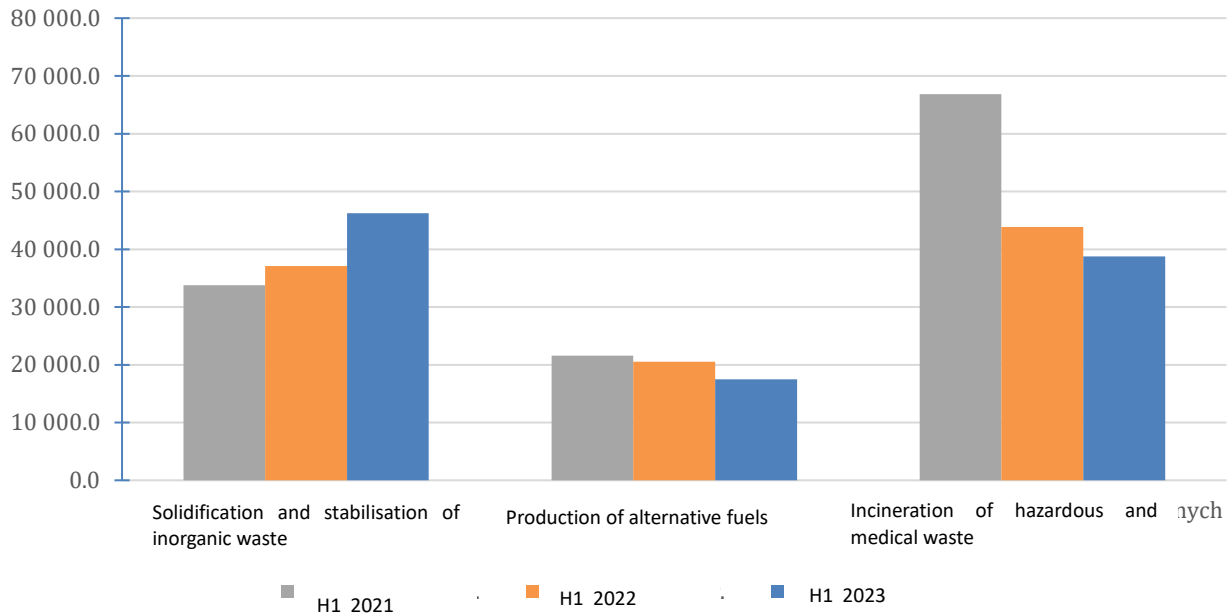
Incineration of hazardous and medical waste

In 2008, Mo-BRUK J. Mokrzycki spółka komandytowa (the Issuer's legal predecessor) purchased the industrial and medical waste incineration plant Raf-Ekologia Sp. z o.o. Raf-Ekologia Sp. z o.o.'s waste incineration plant conducts thermal treatment of industrial and medical / veterinary waste in an environmentally safe manner. Through the incineration of certain groups of waste, Raf-Ekologia Sp. z o.o. produces energy in the form of technological steam, which it sells to Rafineria Jedlicze. In 2014, the Issuer launched an industrial waste incineration 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 Group's waste management-segment revenue

Consolidated revenue [PLNk]	H1 2023	H1 2022	H1 2021
solidification and stabilisation of inorganic waste	46 246.5	37 096.8	33 795.1
production of alternative fuels	17 469.5	20 539.5	21 600.6
incineration of hazardous and medical waste	38 778.4	43 858.4	66 822.3
Total:	102 494.5	101 494.6	122 218.0

Consolidated revenue from waste management [PLNk]



Waste management is Mo-BRUK Group's most dynamically developing segment, accounting for more than 91% of the Issuer's consolidated revenue. In this segment over the last decade the Issuer completed several investment projects co-funded by the EU.

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

The Issuer's Group is competent and authorised for the disposal of nearly all 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 Group is able to collect fees for accepting waste at a level similar to or higher than the fees collected by landfill sites. The amount of fees collected by the Issuer's Group depends on the waste category, physical and chemical category, location and, lastly, the negotiated terms.

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

EMPLOYEE MATTERS

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

Revenue from sales per 1 employee

Item	H1 2023	H1 2022
Mo-BRUK Group		
revenue from sales [PLNk]	112 110	111 612
average annual headcount [persons]	219	218
revenue from sales per 1 employee [PLNk]	512	512

Employment by education

Item	Primary	Vocational	Secondary	Higher
Mo-BRUK Group				
30.06.2023	21	70	74	55
30.06.2022	20	71	73	54

Employment by age

Item	20-30	31-40	41-50	51-60	61-70
Mo-BRUK Group					
30.06.2023	23	52	77	47	21
30.06.2022	29	54	69	50	16

ENVIRONMENT

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

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

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

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

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

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

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

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

The Act introduces regulations that require entities to modify technological processes related to

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

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

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

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

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

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

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

Changes in Management Board composition

Events took place during the reporting period that resulted in changes to the composition of the Issuer's Management Board as of 1 April 2023. A detailed description is available in point 1. of these financial statements, i.e.: *Mo-BRUK Group activities in the period from 1 January 2023 to 30 June 2023*.

Receipt of decision of the Local Board of Appeals

- On 16 January 2023, the Issuer received a decision of the Local Board of Appeals in

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

- On 21 February 2023, the Issuer received a decision from the Marshal of the Lower Silesian Voivodship in Wrocław dated 03 February 2023 on imposing an increased fee on the Issuer's Company for the storage of waste in 2016 at the landfill site for waste other than hazardous and inert waste, with a separate section for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych.

For a detailed description of the above-mentioned administrative matters, please refer to section 11 in this Report. *"Material proceedings before a court, arbitration authority or public administration authority, concerning the liabilities or debts of the Issuer or its subsidiary"*

Dividend payment for 2022 from related party Raf Ekologia Sp. z o.o.

A detailed description is presented in point 14 of this report: *"Information on paid or declared dividend"*.

Material agreement signed with ORLEN Eko Sp. z o.o.

On 25 May 2023, the Issuer, acting as part of a consortium with "KLIMAPOL" Sp. z o.o. with its registered office in the town of Dąbrowica, signed an agreement with ORLEN Eko Spółka z o.o. with its registered office at ul. Chemików 7 in Płock, the subject of which is the performance of a service consisting in the excavation, dewatering, collection, transport from the landfill and management of waste code 19 01 06* - sludges and other hydrated waste from the treatment of waste gases, from ORLEN Eko Sp. z o.o.'s hazardous waste landfill in an estimated quantity of approx. 2 600 Mg/year in the periods October-December 2023 and October-December 2024.

The wastes constituting the subject of the agreement will be managed at the Issuer's Inorganic Waste Recovery Facility in Skarbimierz.

The agreement is for a fixed period of time, valid from the date of its conclusion until 31 December 2024, with the service of excavation, dewatering and transport of waste to be performed in the months of October, November and December each year. The total value of the agreements is estimated at PLN 13.83 million net.

2022 dividend payment to Mo-BRUK S.A. shareholders

A detailed description is presented in point 14 of this report: "Information on paid or declared dividend".

7. Events after the reporting period

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

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

Mo-BRUK Group did not publish forecasts for the first half of 2023.

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

The following table presents the Group's shareholding structure as per the Issuer's knowledge, as of the publication date for the half-yearly report for the six-month period ended 30 June 2023.

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.	702 642	20.00%	1 405 284	33.34%	33.34%
PTE Allianz Polska S.A.	266 905	7.60%	266 905	6.33%	6.33%
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	2 060 720	58.66%	2 060 720	48.88%	48.88%
TOTAL:	3 512 885	100.00%	4 215 527	100.00%	100.00%

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

- On 16 May 2023, the Issuer received from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A., which manages: Allianz Polska Otwarty Fundusz Emerytalny, information that

on 12 May 2023, as a result of liquidation of Drugi Allianz Polska Otwarty Fundusz Emerytalny by transferring its assets to Allianz OFE, the share in the total number of votes of Mo-BRUK S.A. on the accounts of Allianz OFE was above 5% of the Company's shares. It follows from the content of the notification that prior to the Liquidation, the total number of shares in the accounts of Allianz OFE and Drugi Allianz OFE amounted to 266905 shares in the Company, which constituted a total of 7.60% of the Company's share capital and gave the right to exercise 266905 votes constituting 6.33% of the total number of votes at the Company's General Meeting. After the Liquidation of Drugi Allianz OFE, the account of Allianz OFE held 266 905 shares, representing 7.60% of the Company's share capital, which gives the right to exercise 266 905 votes from shares representing 6.33% of the total number of votes at the Company's General Meeting.

- On 12 April 2023, the Issuer received from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A., which manages: Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny and Drugi Allianz Polska Otwarty Fundusz Emerytalny (hereinafter: Drugi Allianz OFE), information stating that as a result of the purchase on 5 April 2023 of the Company's shares, the share in the capital and the total number of votes of Mo-BRUK S.A. on the accounts of Allianz OFE, Allianz DFE and Drugi Allianz OFE is above 5%. It follows from the content of the notice that, prior to the Transaction, the total balance in the accounts of Allianz OFE and Allianz DFE amounted to 175 500 shares of the Company, which represented a total of 4.99% of the Company's share capital and gave the right to exercise 175 500 votes representing 4.16% of the total number of votes at the Company's General Meeting. Following the Transaction, the total balance in the accounts of Allianz OFE, Allianz DFE and Drugi Allianz OFE amounts to 268 400 shares, representing 7.64% of the Company's share capital, which gives the right to exercise 268 400 votes representing 6.37% of the total number of votes at the Company's General Meeting.
- On 6 April 2023, the Issuer received a notification from Ginger Capital sp. z o.o., based in Korzenna, pursuant to art. 69 sec. 2 point 2 of the Act on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (i.e. Polish Journal of Laws of 2021, item 1983) ("Act on Offerings") on a change in the Shareholder's previously held share in the total number of votes in the Company in relation to the status indicated in the last notification submitted by the Shareholder pursuant to the Act on Offerings, i.e. in the notification of 4 December 2020. The reduction in the Shareholder's shareholding in the total number of votes of the Company occurred as a result of the sale of 527 196 shares of the Company entered into on 5 April 2023 as part of an accelerated bookbuilding process ("Transaction"). Prior to the Transaction,

the Shareholder had held a total of 1 229 838 shares of the Company, representing in total approx. 35% of the Company's share capital and entitling to 1 932 480 votes at the Company's general meeting, which represented approx. 45.8% of the total number of votes at the Company's General Meeting. Directly after the Transaction, the Shareholder holds a total of 702 642 shares in the Company not admitted to trading on the regulated market (main market) operated by the Warsaw Stock Exchange, representing a total of approx. 20% of the Company's share capital and entitling to 1 405 284 votes at the Company's general meeting, which represented approx. 33.3% of the total votes at the Company's general meeting.

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

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

Vice-President of the Management Board Wiktor Mokrzycki and Vice-President of the Management Board Tobiasz Mokrzycki hold indirectly, through Ginger Capital, 702 642 shares, constituting 20.00% of share capital and representing 1 405 284 votes at the Company's General Meeting, which constituted 33.34% of total votes.

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

I.

In a notice dated 2 December 2019, the Marshal of the Dolnośląskie Voivodeship informed the Issuer about the initiation of a procedure on the assessment of a fee in an amount constituting the difference between the fee due and the fee resulting from the list for waste storage in 2015 at a landfill for non-hazardous and inert waste with a separate facility for the storage of hazardous waste containing asbestos at ul. Górnicza 1 in Wałbrzych (file no.: DOW-S-I.7253.105.2019.AH). In this case, the law firm representing the Issuer drafted a response, which was then filed by the Company, in response to which the Marshal of the Dolnośląskie Voivodeship sent a letter dated 31 December 2019 and indicated new deadlines for the provision by the Company of the documents

referred to in the aforementioned notice. In a letter dated 26 June 2020, the law firm asked the Marshal to push back the deadline for a response to 10 July 2020. On 29 June 2020, the Marshal of the Dolnośląskie Voivodeship issued a decision (file no. DOW-S-I.7253.105.2019.AH) on an increased fee, amounting to PLN 17 642 176.00. An appeal was lodged against this decision on 16 July 2020. The Local Appeals Board in Wrocław, through a decision of 13 October 2020 (file no. SKO-4133/27/20) repealed that decision and referred the case for re-examination by the first-instance organ. Through a decision of 15 January 2021 (ref. DOW-S-I.7253.105.2019.AH) the Marshal of the Dolnośląskie Voivodeship ruled to impose an increased fee of PLN 18 969 576.00 on the Company. Following an appeal of this decision by the Company, the Local Appeals Board in Wrocław, through a decision of 26 May 2021 (ref. SKO 4133/12/21), revoked a part of the contested decision and ruled as to the merits of the case, re-wording the revoked part of the decision as follows: "in the amount of PLN 5 821 806.00." This means that the Local Appeals Board in Wrocław reduced the amount of the increased fee imposed on the Company. On 22 July 2021, a complaint was lodged against the decision made by the Local Appeals Board, containing a range of arguments as to a lack of grounds for imposing an increased fee and procedural errors - which also may lead to the Board's decision being revoked and the decision by the Marshal of the Dolnośląskie Voivodeship being revoked. In particular, it should be pointed out the flaws in the conduct of the proceedings, consisting of selective conduct of evidentiary proceedings (including omitting the Company's position), which led to the incorrect imposition of the increased fee. The Voivodeship Administrative Court in Wrocław (ref. II SA/Wr 390/21) dismissed the Company's complaint in a judgement of 26 April 2022. A cassation appeal was filed on 5 July 2022. 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. Through a letter of 20 January 2023 Ombudsman for Small and Medium Enterprises gave notice of his intervention at the same time as submitting his position in the case, requesting that the contested decision be set aside and that the case be referred back to him.

In a letter of 25 July 2023, the Company presented its position in the present case, enclosing with the letter the decision of the Local Appeals Board in Wrocław of 22 December 2022, mark SKO 4135/6/22, which confirms the Company's argumentation presented in the cassation appeal.

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 Board 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 Board 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.

On 4 March 2023, the Company filed an appeal against the above decision requesting that it be discontinued on the grounds that the claim was time-barred. The Company is currently awaiting a decision from the Local Appeals Board in Wrocław, where the appeal authority is highly likely to accept the Company's arguments and discontinue the proceedings.

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 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.

VI.

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

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

No changes in the economic entity's structure took place in the first half of 2023.

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

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

14. Information on paid or declared dividend

Dividend policy

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

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

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

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

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

Dividend for 2022 from related party Raf Ekologia Sp. z o.o.

On 26 April 2023, 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 2022 to 31 December 2022, amounting to PLN 13 695 173.58, as a dividend to its sole shareholder and parent company Mo-BRUK S.A.

The dividend payment was split in two parts:

- PLN 6 000 000.00, the dividend payment was made on 27 June 2023,
- PLN 7 695 173.58 will be paid out by the end of 2023.

Allocation of Mo-BRUK S.A.'s profit for 2022 and dividend payment

On 26 June 2023, the Ordinary General Meeting of Mo-BRUK S.A. adopted resolution no. 6/2023 on the allocation of Mo-BRUK S.A.'s profit for the period from 1 January 2022 to 31 December 2022, amounting to PLN 92 486 759.61. The profit was allocated as follows:

1. PLN 46 222 064.16 was allocated to increase the Company's supplementary capital,
2. PLN 46 264 695.45 was allocated to a dividend for the Company's shareholders.

Mo-BRUK S.A.'s Ordinary General Meeting set the record date as 3 July 2023 and the payment date of 10 July 2023.

The dividend per share amounts to PLN 13.17.

The dividend payment was made on 10 July 2023.

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

During the first half of 2023, Mo-BRUK S.A. or subsidiaries did not issue credit or loan sureties or guarantees the aggregate value of which would be material.

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

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

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

A 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 Group 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 Group'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.

- **Risk associated with the macroeconomic environment**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Risk associated with competitors**

The second in which the Issuer's Group operates features exceptionally dynamic growth. This mainly results from changes in legal regulations pertaining to environmental protection and laws

concerning waste (both Polish and EU legislation), which force the disposal of harmful waste, materials and substances in a specific manner. A further growth aspect is the growing ecological awareness of the society, which results in higher demand for waste disposal services. The dynamic development of the market in which the Issuer's Group operates is directly raising its appeal, attracting new entities, both domestic and foreign. The stronger competition may in the future force the need to develop new solutions for waste disposal and to take necessary steps to generate sales at an appropriate level, e.g. by lower the prices of solutions and services or running additional marketing campaigns. These activities may have an adverse impact on the Group's growth dynamic and further development perspectives. According to the Issuer, competition on the waste disposal market is currently considerable, which is why it cannot be ruled out that the Group's competitors in the future will introduce similar or better or cheaper solutions for waste disposal. These actions may erode the Group's margins, which would have a direct impact on the Group's financial results.

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

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

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

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

The Group's waste management business is difficult for local communities and ecological organisations to accept and causes social displeasure among people living within a short distance

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

- **Risk of environmental damages**

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

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

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

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

- **Risk of losing key suppliers**

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

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

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

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

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

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

Companies listed on the WSE's regulated market are obligated to comply with information obligations, including the disclosure of current and periodic information to the Polish Financial Supervision Authority and the entity operating the market, in accordance with the relevant provisions of the Act on Public Offerings and the secondary regulations issued on this basis. Failure to comply with these obligations or improper compliance with these obligations by a listed company could result in the Polish Financial Supervision Authority issuing a decision to remove securities from regulated-market trading either temporarily or permanently or impose a monetary penalty - taking into account the financial situation of the entity being penalised - or apply both of these sanctions together (art. 96 sec. 1 point 1 of the Act on Public Offerings). Moreover, in accordance with art. 98 sec. 7 of the Act on Public Offerings, the Issuer and the entity that participated in preparing the information referred to in art. 56 sec. 1 of the Act on Public Offerings, are required to redress the damage caused by disclosure of untrue information to the public or concealment of information, unless they or the persons for whom they are responsible are not at fault. Due to the fact that since 2010 the Issuer was a company whose shares were listed in the

alternative trading system NewConnect and from 2012 on the WSE's regulated market, where it implements regular information policy including both periodic and current events having an impact on its business, the Issuer is exposed to a lesser degree to the risk of failing to comply with listed-company obligations.

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

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

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

In the Issuer's opinion, there were no significant events during the period covered by this Report that have a significant impact on the Group's operations that are likely to have an impact in future years.

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

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

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

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

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

In accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and

periodic information disclosed by issuers of securities and the terms for recognising as equivalent information required by the laws of a non-member state, the Management Board of Mo-BRUK S.A. declares as follows:

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

21. Statement by the Management Board regarding statutory auditor selection

The Management Board of Mo-BRUK S.A. declares that **Mazars Audyt Spółka z ograniczoną odpowiedzialnością**, based in Warsaw (postal code 00-549), ul. Piękna 18, entered under KRS no. 0000086577 in the Register of Companies maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register; entered into the list of the National Chamber of Statutory Auditors under number 186 (selected to audit the annual financial statements of all Group companies for 2023 and the consolidated financial statements for 2023) - the entity authorised to audit financial statements auditing the annual consolidated financial statements and annual separate financial statements of the parent was selected in accordance with the applicable laws and that the entity and the statutory auditors performing this review meet the conditions to issue an impartial and independent report on audit of the annual consolidated and separate financial statements in accordance with the applicable regulations and professional standards.

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

Signatures of Management Board Members

<u>16 August 2023</u> <i>Date</i>	<u>Henryk Siodmok</u> <i>President of the Management Board</i>	
<u>16 August 2023</u> <i>Date</i>	<u>Wiktor Mokrzycki</u> <i>Vice-President of the Management Board</i>	
<u>16 August 2023</u> <i>Date</i>	<u>Tobiasz Mokrzycki</u> <i>Vice-President of the Management Board</i>	
<u>16 August 2023</u> <i>Date</i>	<u>Rafał Michalczuk</u> <i>Vice-President of the Management Board</i>	
<u>16 August 2023</u> <i>Date</i>	<u>Andrzej Rytka</u> <i>Vice-President of the Management Board</i>	

Mo-BRUK S.A.

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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.