



***HALF-YEARLY REPORT***

***OF RESBUD SE***

*based in Tallinn*

**2020 Year**

Beginning of the reporting period: 01 January 2020

End of the reporting period: 30 June 2020

Identification data of the entity:

**RESBUD SE**

with the registered seat in Tallinn, Estonia

registered in the Registration Department  
of the Tartu County Court, Estonia,  
under the registry code 14617750

LEI: 259400V9BOVAIHNBLX98

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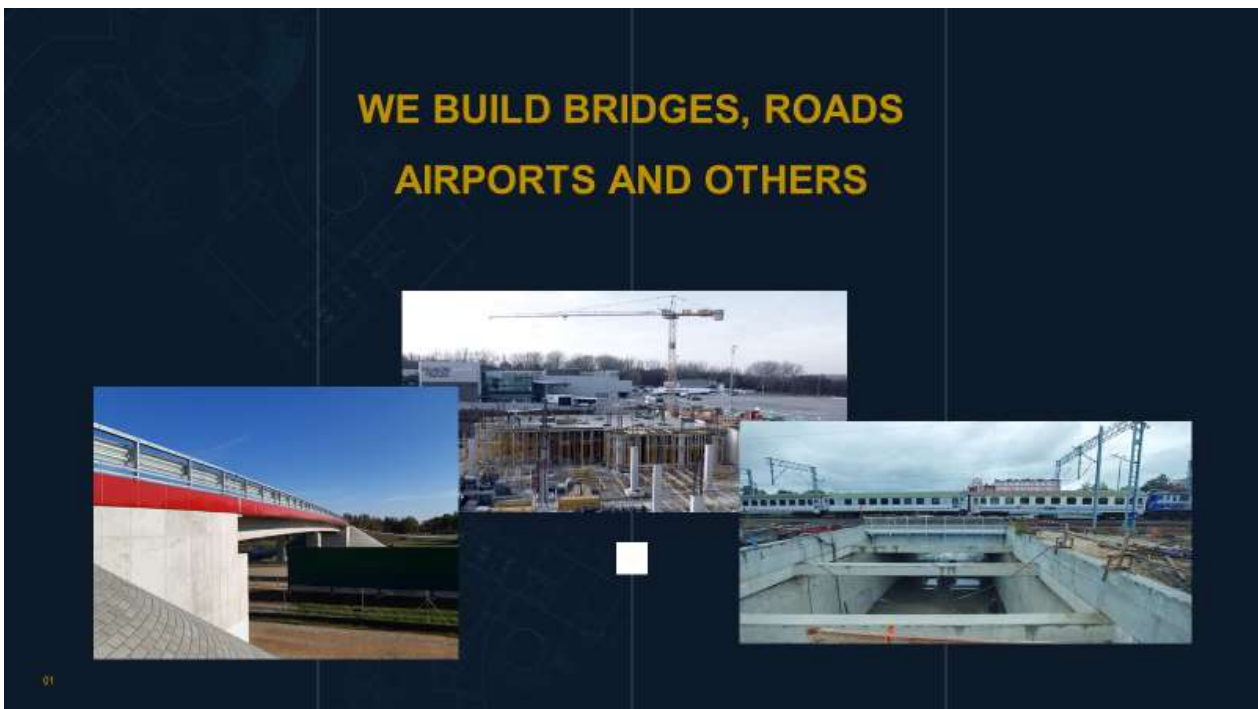
## I. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	In thousands euro	
	For the period from 2019-01-01 to 2019-06-30	For the period from 2020-01-01 to 2020-06-30
Revenue from contracts with customers	0	0
Profit (loss) on operating activities	-22	-90
Gross profit (loss)	0	0
Net profit (loss)	54	-96
Net cash flow from operating activities	-80	-115
Net cash flow from investment activities	0	22
Net cash flow from financial activities	46	67
Net cash flow, total	-34	-26
Total assets	1988	2748
Liabilities and provisions for liabilities	96	142
Non-current liabilities	0	368
Current liabilities	96	76
Equity	1892	2304
Share capital	1430	1991
Number of shares (units)	13 000 000	18 100 000
Net profit (loss) per ordinary share (in EUR)	0.00	-0.01
Net diluted profit (loss) per ordinary share (in EUR)	0.00	-0.01
Book value per one share (in EUR)	0.15	0.13
Diluted book value per one share (in EUR)	0.15	0.13
Dividend per share decelerated or paid	0	0

## II. CORPORATE PROFILE

RESBUD SE started new strategy, that assuming creation of a holding company, which will hold shares in operating entities in the field of construction services, producing selected construction products and trade in construction products.

The target holding structure for the current year should be as follows:



**WE PRODUCE INDUSTRIAL  
CONCRETE AND BITUMEN**



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**WE BUILD RAILROAD INFRASTRUCTURE**



**DELIVERY OF BUILDING ELEMENTS  
FOR ENERGY CONSTRUCTION SITES.**



## Listed on Warsaw Stock Exchange since 2007



70th Anniversary

## 70-th Anniversary

Resbud has been founded in 1950 as a state-owned construction company in Poland and then privatized in 1994

The enterprise has build with success many objects in Poland, Germany, Czechia, Slovakia, Hungary, Belgium and North Africa



### III. MANAGEMENT BOARD DECLARATION TO THE FINANCIAL STATEMENTS AND AUTHORISATION FOR ISSUE

The Management Board acknowledges its responsibility and confirms, to the best of its knowledge, that the accounting policies used in preparing the financial statements are in compliance with International Financial Reporting Standard as adopted in European Union, the financial statements are true and fair view of the financial position, the results of the operations and the cash flows and are going concern. The half – yearly report presents a correct and fair view of the assets, liabilities, financial situation and loss or profit of the issuer, and the management report gives a correct and fair view of the development and results of the business activities and financial status of the issuer and contains a description of the main risks and doubts.

The financial statement was authorized for issue by the Management Board on **30 September 2020**. The Management Board has the power to amend and reissue the financial statements.

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Jarosław Gerard Podolski – Member of the Management Board RESBUD SE



## **IV. INTERIM MANAGEMENT REPORT**

### **1. THE MAIN AREAS OF ACTIVITY, PRODUCT AND SERVICE GROUPS. INFORMATION CONCERNING THE EXISTENCE OF BRANCHES OF THE ACCOUNTING ENTITY REGISTERED IN A FOREIGN STATE.**

The main area of activity is construction activities, carried out indirectly through holdings in other companies (holding activities).

In 2019, there was a gradual change in the profile of financial activities to holding activities in the field of construction. The basic statistical classification of the company's construction activities are: construction of residential and non-residential buildings - EMTAK: 41201 / EMTAK 2008, NACE: 41.20, PKD: 41.20.Z

The Company as a minority shareholder holds as at 30.06.2020 only the following shares:

- 3091 shares in the share capital of CONPOL Sp. z o. o. with registered office in Modlniczka, Poland that constitutes 38.64% of shares in the share and entitle to 38.64% voting rights at the shareholder's meeting;
- shares of the company Energokomplekt OOO with registered office in Yekaterinburg, Russia, that constitutes 4.1% of shares in the share capital and entitle to 4.1% voting rights at the shareholder's meeting.

RESBUD SE has one foreign branch registered in Poland. The full name of the branch is: RESBUD SE (European company) branch in Poland. The branch was registered by the District Court for Krakow - Downtown in Krakow XII Commercial Division of the National Court Register in the register of entrepreneurs, under the number KRS 0000813367. Branch address: Zielna 20, 32 – 085 Modlniczka. REGON: 384865290. In first six month of 2020, the branch in Poland did not conduct any activity and had no revenues.

The Company does not have any other branches, except for the branch indicated above.

### **2. SIGNIFICANT EVENTS WHICH TOOK PLACE DURING THE FIRST SIX MONTHS OF 2020.**

An important event that occurred after the end of the financial year 2019 was the conclusion of a debt compensation agreement. On 14 January 2020, after the closure of the financial year 2019, between the issuer and AP ENERGOBAU OÜ with its registered office in Tallinn, a compensatory agreement was concluded.

RESBUD SE was a creditor of AP ENERGOBAU OÜ for a total amount of **1,975,969.32** EURO resulting from the debt merging agreement concluded on 25 February 2019, of which the APE became a party (debtor) under an investment agreement of 27 March 2019.

AP ENERGOBAU OÜ was a RESBUD SE creditor for a total amount of EUR 2,077,703.00 resulting from the agreement for the acquisition of shares of the Russian law company ENERGOKOMPLIEKT OOO of 4 October 2019 with effective registration date 11 October 2019.



As a result of the debt compensation agreement, RESBUD SE shall pay to the AP ENERGOBAU OÜ remaining amount of 101,733.68 € (one hundred and one thousand seven hundred and thirty-three 68/100 EURO). The remaining amount to be paid in accordance with the annex to the debt compensation agreement will be paid by RESBUD SE by 31 December 2021. The parties fixed contractual interest of 4 % per year.

Information on this subject was provided by the issuer in current reports 5/2019, 7/2019, 26/2019, 31/2019, 41/2019, 3/2020, 6/2020, 12/2020 and 21/2020.

A result of the spread of coronavirus in the territory of Estonia, Poland and Russia, the activities carried out by the company have not been significantly reduced. Due to the change in the company's strategy, the company does not carry out operational activities related to construction, therefore the outbreak does not have a significant direct impact on the company's current activities. All activities carried out by an company related to the administration are performed on an ongoing basis. Some of the tasks are performed by co-workers on a home office basis, while contacts between them and business partners are performed through means of distance communication.

According to the information provided by Conpol Sp. z o. o., the company is operating in its regular basis on Poland territory. Construction work related to current investments is carried out without any disruption. The company also announced, that all planned construction work for this year will be started in accordance with the concluded agreements. In its operational activities Conpol Sp. z o. o. encountered only two problems related to the current epidemic. The first was the outflow of foreign workers (mainly from Ukraine), while the second was a slight postponements of construction completion deadlines. The obstacles referred to above did not significantly affect the company's activities. After the first wave of returns to their home countries, foreign workers return to work in Poland. Given that the return coincided with the completion of the investments carried out, this factor did not significantly affect the company's activities. However, slight delays in the construction works carried out were taken into account by investors and, due to the prevailing epidemic situation, this did not affect the monetary settlement.

Energokomplekt OOO mainly carries out commercial activities as an intermediary of specialized construction products for energy in the territory of the Russian Federation. The industry in which the company operates is professional activities (B2B) and highly specialized. At the moment, it is apparent from the information provided by the company, that its activities have not been adversely affected by the current epidemic in any way.

### **3. KEY RISK ACTIVITY TYPES AND UNCERTAINTIES.**

The EGM of the Company convened on January 7, 2020 has adopted new resolutions relating to the amendments of Articles of Association of the Company and issuance of the new shares. This new shares were offered to the shareholders of the companies: Energokomplekt OOO, Conpol sp. z o. o. and Uniwersim sp. z o. o., as a continuation of process related to acquiring shares of that companies. On 6 July 2020 the period of subscription of new shares has ended. At the end of the subscription period, no one has subscribed for the company's shares. From the information

provided by investors, it appears that they are interested in acquiring shares in the quantities indicated in the resolution of 7 January 2020. The reason for not subscribing by 6 July 2020 is lack on completion of work on admission to trading of new shares and indirectly the work related to the approval of the universal registration document. Given the restrictions on international travel caused by COVID19, it was not possible to complete the work on the universal registration document. Work on this document is almost complete. In order to complete the issue process, RESBUD SE placed on the agenda of the Annual General Meeting draft resolutions, the same as the resolutions adopted on 7 January 2020. The Annual General Meeting took place on 7 September 2020. During that meeting all resolution relating to the amendments of Articles of Association of the Company and issuance of the new shares were adopted.

Process of issuing new shares is in progress, RESBUD SE prepares to take on in – kind contributions in form of shares of the following companies: Energokomplekt OOO, Conpol sp. z o. o. and Uniwersim sp. z o. o. Completing that process is main activity of the issuer. As this process is complicated and involves entities based in different countries, there is a risk that it will not be completed this year. Moreover, some elements of this process are independent of the company (such as the acquisition of shares by the future shareholders), so that their outcome does not only depend on the actions of the issuer.

#### **4. TRANSACTIONS WITH THE RELATED PARTIES.**

Transactions with related parties are provided in note 15 and 19.

## V. FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

ASSETS	Note	<i>in thousands euro</i>		
		Balance as at 2020.06.30 unaudited	Balance as at 2019.12.31 audited	Balance as at 2019.06.30 unaudited
<b>NON-CURRENT ASSETS</b>		<b>2 570</b>	<b>2 637</b>	<b>0</b>
Non - current investments	1	2 570	2 637	0
Deferred income tax asset	3	0	0	0
<b>CURRENT ASSETS</b>		<b>178</b>	<b>187</b>	<b>1 988</b>
Prepaid charges	4	79	54	0
Trade and other receivables	5, 2	43	19	1 957
Current investments	6, 2	51	81	0
Cash and cash equivalents	7, 2	5	33	31
<b>TOTAL ASSETS</b>		<b>2 748</b>	<b>2 824</b>	<b>1 988</b>

EQUITY AND LIABILITIES	Note	<i>in thousands euro</i>		
		Balance as at 2020.06.30 unaudited	Balance as at 2019.12.31 audited	Balance as at 2019.06.30 unaudited
<b>TOTAL EQUITY</b>		<b>2 304</b>	<b>2 467</b>	<b>1 892</b>
Share capital	8	1 991	1 991	1 430
Supplementary capital	9	2 106	2 106	1 940
Reserve capital	10	69	69	70
Revaluation reserve	11	279	279	427
Differences from Euro conversion		-131	-64	-58
Capital from mergers		-4	-4	-4
Retained earnings, including:		-2 006	-1 910	-1 913
- previous year's loss	12	-1 910	-1 945	-1 967
- current year net profit		-96	35	54
<b>NON-CURRENT LIABILITIES</b>		<b>368</b>	<b>302</b>	<b>0</b>
Deferred tax liability	14	0	0	0
Borrowings	2, 15	266	200	0
Other non-current liabilities	2, 16	102	102	0
<b>CURRENT LIABILITIES</b>		<b>76</b>	<b>55</b>	<b>96</b>
Provisions	17	25	27	27
Trade payables	2, 18	31	3	48
Employee benefit obligations	2, 18	0	3	3
Other current liabilities	2, 18	20	22	18
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 748</b>	<b>2 824</b>	<b>1 988</b>

Book value		2 304	2 467	1 892
Number of shares		18 100 000	18 100 000	13 000 000
Book value per one share (IN EUR)	13	0.13	0.14	0.15
Diluted number of shares		18 100 000	18 100 000	13 000 000
Diluted book value per one share		0.13	0.14	0.15

OFF-BALANCE SHEET ITEMS	Note	<i>in thousands euro</i>		
		2020.06.30 unaudited	2020.12.31 audited	2019.06.30 unaudited
Contingent receivables		0	0	0
Contingent liabilities		0	0	0
<b>Off-balance sheet items, total</b>		<b>0</b>	<b>0</b>	<b>0</b>

## STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Note	<i>in thousands euro</i>		
		2020.06.30 unaudited	2020.12.31 audited	2019.06.30 unaudited
Continuing operations				
<b>Revenue from contracts with customers</b>		0	0	0
<b>Cost of sales</b>		0	0	0
<b>Gross profit</b>		0	0	0
<b>Administrative expenses</b>		-89	-92	-16
Other operating income		0	36	19
Other operating expense		- 1	-37	- 25
Operating profit / (loss)		<b>- 90</b>	<b>-93</b>	<b>- 22</b>
Finance income		3	206	76
Finance costs		- 9	-78	- 1
Profit before income tax		<b>-96</b>	<b>35</b>	<b>54</b>
Income tax expense		0	0	0
Profit from continuing operations		<b>-96</b>	<b>35</b>	<b>54</b>
Profit/ (loss) from discontinued operation		0	0	0
<b>Profit for the period</b>		<b>-96</b>	<b>35</b>	<b>54</b>
Weighted average number of ordinary shares		18 100 000	18 100 000	13 000 000
Profit (loss) per one ordinary share (in EUR)		-0.01	0.00	0.00
Weighted average diluted number of ordinary shares		18 100 000	18 100 000	13 000 000
Diluted profit (loss) per one ordinary share (in EUR)		-0.01	0.00	0.00

## STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME	<i>in thousands euro</i>		
	2020.06.30 unaudited	2019.12.31 audited	2019.06.30 unaudited
<b>Net profit for the period</b>	<b>-96</b>	<b>35</b>	<b>54</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss, including:</b>	<b>-67</b>	<b>-164</b>	<b>0</b>
Equity investments at FVOCI – net change in fair value	0	0	0
Equity-accounted investees – share of OCI	0	-143	0
Change in differences from Euro conversion	- 67	-21	0
<b>Items that shall not be carried forward to the profit or loss statement at later periods:</b>	<b>0</b>	<b>0</b>	<b>0</b>
Settlement of mergers	0	0	0
<b>Total comprehensive income for the period</b>	<b>- 163</b>	<b>-129</b>	<b>54</b>

## STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY								
<i>in thousands euro</i>								
	Share capital	Reserve Capital	Supplementary capital	Revaluation Reserve	Conversion differences	Capital from merger	Retained earnings	Total Equity
<b>Balance as at 1.01.2020</b>	1 991	69	2 106	279	-64	-4	-1 910	2 467
-Correction of basic errors (net of tax)	0	0	0	0	0	0	0	0
<b>Restated balance as at 01.01.2020</b>	1 991	69	2 106	279	-64	-4	-1 910	2 467
- Change in accounting policy	0	0	0	0	0	0	0	0
<b>Restated total equity as at 01.01.2020</b>	1 991	69	2 106	279	-64	-4	-1 910	2 467
Net profit (loss) for the period	0	0	0	0	0	0	-96	-96
Other comprehensive income	0	0	0	0	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-96</b>	<b>-96</b>
<b>Differences from Euro conversion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-67</b>
<b>Transaction with owners in their capacity as owners</b>								
-Capital increase (share issue)	0	0	0	0	0	0	0	0
-Dividends paid	0	0	0	0	0	0	0	0
<b>Transaction with owners in their capacity as owners in total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 30.06.2020</b>	1 991	69	2 106	279	-64	-4	-2 006	2 304



## STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW (Indirect method)	<i>In thousands euro</i>	
	2020.01.01- 2020.06.30	2019.01.01- 2019.06.30
	<b>Cash flows from operating activities</b>	
<b>Net income</b>	<b>-96</b>	<b>54</b>
Dividend income and interest classified as investing cash flows	4	0
Change in trade and other receivables	-25	-1 016
Change in the current liabilities, excluding borrowings	28	-111
Change in prepaid charges and accruals	-26	3
Other adjustments	0	990
<b>Net cash from operating activities</b>	<b>-115</b>	<b>-80</b>
<b>Cash flow from investing activities</b>		
Repayments from granted loans	32	0
Loans granted	- 10	0
<b>Net cash from investment activities</b>	<b>22</b>	<b>0</b>
<b>Cash flows from financing activities</b>		
Loans received	67	46
<b>Net cash from financing activities</b>	<b>67</b>	<b>46</b>
Net increase (decrease) in cash and cash equivalents	<b>-26</b>	<b>-34</b>
Cash and cash equivalents at the beginning of the year	<b>31</b>	<b>65</b>
Cash and cash equivalents at the end of the year	<b>5</b>	<b>31</b>

## NOTES TO THE FINANCIAL STATEMENTS

### General information

The legal name of the Issuer is RESBUD SE and its legal form is European Company, in Latin: Societas Europaea. RESBUD SE (hereinafter – “the Company”) has been registered in the Estonian Commercial Register by the registration department of the Tartu County Court, Estonia, under the registry code 14617750, LEI 259400V9BOVAIHNBLX98.

The head office of the Company is in Tallinn, Estonia.

The Company's address:

Harju maakond, Tallinn, Kesklinna linnaosa, Järvevana tee 9-40, 11314.

Telephone number: +372 602 77 80.

website: <http://www.resbud.pl>

additional website: <http://www.resbud.se>

The information on the Company's website does not form part of this document unless that information is incorporated by reference into this document.

The Company operates in the legal status of a Euroopa Äriühing (in English European company, in Latin: Societas Europaea, in Polish: Spółka Europejska). The Company operates on the basis of COUNCIL REGULATION (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) and Estonian law, in particular on the basis of the Commercial Code (Äriseadustik). RESBUD SE has been incorporated for indefinite duration.

RESBUD SE has been established as a result of merger by acquisition based on article 2 paragraph 1 in connection with article 17 paragraph 2 letter a) and 18 COUNCIL REGULATION (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) by the acquisition of the acquired company - RESBUD1 POLSKA AKCIOVA SPOLEČNOST with headquarters in Ostrava, Czech Republic by the acquiring company - RESBUD SPÓŁKA AKCYJNA with headquarters in Płock, Poland (which was established in May 26, 1994 as a result of transformation of a state-owned enterprise operating under the name: Rzeszowskie Przedsiębiorstwo Budownictwa Przemysłowego "RESBUD" with headquarter in Rzeszów founded in 1950 year).

The Company was registered in the National Court Register of Entrepreneurs kept by the District Court for the capital city of Warsaw in Warsaw, XIV Economic Department of the National Court Register (Sąd Rejonowy dla m. st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego) on the February 2, 2018, under the number: 0000719570.

Then, the Ordinary General Meeting of the Company of May 30, 2018 adopted Resolution No. 18 on the transfer of the Company's registered office to Estonia and amendment of the Company's Articles of Associations - moving the

Company's registered office to Tallinn, Estonia. The Company has been registered in the Estonian Commercial Register by the registration department of the Tartu County Court on the November 30, 2018.

Enterprise History Table:

<b>Date:</b>	<b>Company Name:</b>	<b>Headquarters:</b>	<b>Legal form:</b>
1950	Rzeszów Przedsiębiorstwo Budownictwa Przemysłowego "RESBUD"	Rzeszów, Poland	A state enterprise
1994	ENTERPRISE OF INDUSTRIAL AND GENERAL CONSTRUCTION "RESBUD" SPÓŁKA AKCYJNA	Rzeszów, Poland	Joint-stock company
2005	"RESBUD" SPÓŁKA AKCYJNA	Rzeszów, Poland	Joint-stock company
2005	RESBUD SPÓŁKA AKCYJNA	Rzeszów, Poland	Joint-stock company
2014	RESBUD SPÓŁKA AKCYJNA	Płock, Poland	Joint-stock company
2018	RESBUD SE	Płock, Poland	European company
2018	RESBUD SE	Tallinn, Estonia	European company

The Company's main scope of activity includes construction of residential and non-residential buildings – EMTAK: 41201 / EMTAK 2008, NACE: 41.20, PKD: 41.20.Z

RESBUD SE does not provide construction services directly, but as a holding company, through the companies in which it holds shares.

As at the date of approval of the statement, the composition of the management board is as follows:

- Jarosław Gerard PODOLSKI - Member of the Board

The composition of the supervisory board as of 30.06.2020 is as follows:

- Alexey Petrov - chairman of the supervisory board
- Anna Jöemets - member of the supervisory board
- Andrei Prakopchik - member of the supervisory board

#### **Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

## **General information**

The presented financial statements contain aggregate data, which include branch in Poland. RESBUD SE does not have controlled subsidiaries and does not draw up a consolidated financial statement.

The financial statements, including comparative data, were not subject to transformation.

The Company prepares its profit and loss account by function and chose the indirect method of preparing a cash flow statement. The Entity's financial result for a given financial period includes all revenues achieved and accruing to it and related costs in accordance with the principles of accruals, matching of revenues and costs and prudent valuation.

The financial statements have been drawn up on the assumption of continuing economic activity for at least 12 consecutive months from the balance sheet date (going concern). There are no circumstances indicating threats to continuing operations.

## **Basis of preparation**

### (i) Compliance with IFRS

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by the European Union. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note "Critical accounting estimates, judgments and uncertainties"

### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities – measured at fair value
- defined benefit pension plans – plan assets measured at fair value.

### (iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their reporting period commencing 2020:

- changes to "IFRS 9 Financial Instruments", IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - reform of the reference interest rate

- Changes to IAS 1 „Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” –definition of materiality
- Amendments to references to IFRS Conceptual Assumptions

The above changes to the standards did not have a material impact on the Company's current accounting policy.

Standards and changes to standards adopted by the IFRS Foundation but not yet approved by the EU

As of the date of the report, company did not adopted for use:

- IFRS 14 “Regulatory Deferral Accounts” Whereas, as decided by the European Commission, the pre-approval process for the Standard will not be initiated before or after the final release of the Standard (in force for annual periods beginning on or after 1 January 2016),

- IFRS 17 „Insurance Contracts” (applicable to annual periods beginning on or after 1 January 2021),

- Changes to IFRS 3 Business Combinations (applicable to annual periods beginning on or after 1 January 2020.),

- Changes to IFRS 10 Consolidated Financial Statements and IAS 28 „Investments in Associates and Joint Ventures” - Transactions in the sale or transfer of assets between an investor and its associate or joint venture – the work leading to the approval of these changes has been postponed indefinitely by the EU – the effective date has been postponed for an indefinite period,

- Changes to IAS 1 „Presentation of Financial Statements” – Classification of liabilities as short-term or long-term (valid for annual periods beginning on or after 1 January 2022). The aforementioned standards and changes to the standards would not have a material impact on the financial statements if they were applied by the Company at the balance sheet date.

All aforementioned standards and changes to the standards would not have a material impact on the financial statements if they were applied by the Company at the balance sheet date

### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management board of Resbud SE assesses the financial performance and position of the company, and makes strategic decisions. The board has been identified as being the chief operating decision maker.

### **Foreign currency translation**

#### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The functional currency of the financial statements is the Polish zloty (PLN). The financial statements are presented in Euro (EUR), which is the Company's presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

The company has decided to use conversion exchange rates for all conversion to PLN from National Bank of Poland (<http://www.nbp.pl>), because Poland is a central point in foreign exchange on the PLN currency and especially on currency pair EUR/PLN, what gives best accuracy for the exchange rates and, consequently, the best financial statements accuracy. For the purpose of preparing the financial statements, all items in the functional currency PLN (or whose original currency is a currency other than EUR) are converted to the currency of the presentation EUR. Economic events whose original currency was EUR are presented in the financial statements in that currency without conversion from the functional currency as they are in EUR already.

Financial data presented in the financial statements is converted into EUR currency as follows:

Balance sheet items are translated according to the average exchange rate announced by the National Bank of Poland as at the balance sheet date:

- On 30 June 2020, EUR 1 = 4.4660
- On 28 June 2019, EUR 1=4.2520
- On 31 December 2019, EUR 1 = 4.2585

The items in the profit or loss statement and the cash flow statement are converted according to the rate of arithmetic mean of the average of the average exchange rates announced by the National Bank of Poland as at the last day of each month during the reporting period:

- Between 1 January 2020 to 30 June 2020, EUR 1 = 4.4413
- Between 1 January 2019 to 31 December 2019, EUR 1 = 4.3018
- Between 1 January 2019 to 28 June 2019, EUR 1 = 4.2954

Exchange rate differences from translation from functional currency into presentation currency are recognized in equity. During the period covered by the financial statements and during the comparative period, the quotation of the average exchange rate of the zloty towards the EURO, set by the National Bank of Poland, were as follows:

<i>average rates in the reporting period</i>	<i>Reporting period</i>		<i>Reporting period</i>	
	<i>from 2019.01.01 to 2019.12.31</i>		<i>from 2020.01.01 to 2020.06.30</i>	
	<i>Exchange rate</i>	<i>date</i>	<i>Exchange rate</i>	<i>date</i>
exchange rate as at the last day of the period	4.2585	31-12-2019	4.4660	30-06-2020
average arithmetic exchange rate in the period*	4.3018	01-01-2019 to 31-12-2019	4,4413	01-01-2020 to 30-06-2020
the lowest exchange rate	4.2406	01-07-2019	4.2279	15-01-202
the highest exchange rate	4.3891	23-09-2019	4.6044	24-03-2020

\* exchange rate being the arithmetic average of average exchange rates announced by the National Bank of Poland effective on the last day of each month in the reporting period

### **Revenue recognition**

The accounting policies for the revenue from contracts with customers are under IFRS 15 adopted as of 01.01.2018 using five step model.

### **Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.



In accordance with effective legislation, in Estonia corporate income tax is shifted from the moment of earning the profits to the moment of their distribution to shareholders (dividends). Therefore, deferred tax assets and liabilities do not arise. The income tax payable by the distribution on profits is recognized in the income statement of the period in which the dividends are paid. The regular CIT tax rate on distributed profits is 20% and no withholding tax is paid. From 2019, lower income tax rate of 14% may be applied if dividends are paid regularly, but in that case 7% withholding tax is applicable if dividend paid to natural person.

### **Leases**

The company has no lease contracts to be recognized under IFRS 16.

### **Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered the impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance.

### **Prepaid charges**

Prepaid charges are reconciled in proportion to the passage of time. Prepaid charges are made when expenses or use of assets relate to periods following the year in which they are incurred.

## **Investments and other financial assets**

### *(i) Classification*

In accordance with IFRS 9 The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The company reclassifies debt investments when and only when its business model for managing those assets changes.

### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

### *(iii) Measurement: General information*

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### *Measurement: Debt instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Measurement: Equity instruments*

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*(iv) Impairment of investments and other financial assets*

The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The company measures loss allowances as follows:

- for trade receivables at an amount equal to lifetime ECLs;
- for cash and cash equivalents that are determined to have low credit risk at the reporting date (the management considers 'low credit risk' to be an investment grade credit rating with at least one major rating agency) at an amount equal to 12-month ECLs

- for all other financial assets at an amount of 12-month ECLs, if the credit risk (i.e. the risk of default occurring over the expected life of the financial asset) has not increased significantly since initial recognition; if the risk has increased significantly, the loss allowance is measured at an amount equal to lifetime ECLs

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

### **Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale.

### **Provisions**

Provisions for legal claims, and make good obligations are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions created are charged to other operating costs, while release of provisions increases other operating income

### **Employee benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### *(ii) Other long-term employee benefit obligations*

Company has no liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

### **Equity**

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The equity is equivalent to net assets, i.e. assets less liabilities. They are recognized in the accounting books at their nominal value according to their types and principles specified in the provisions of law and the Company's Articles of Association: The share capital shall be shown in the amount specified in the company Articles of Association and entered in the court register. Supplementary capital is created from the profit distribution. Revaluation capital is created from asset value revaluation. Exchange differences with the conversion of units with different functional currency.

### **Earnings per share**

#### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing: the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**Critical accounting estimates, judgments and uncertainties**

The preparation of financial statements in accordance with IFRS as adopted in the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Deferred tax assets**

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available in the period when deductible temporary differences realize against which those differences can be utilized.

**Uncertainties in operating environment**

The financial results of the company have been impacted by both the changes in the currency exchange rates and the overall changes in the economy.

**Global covid-19 pandemic**

A result of the spread of coronavirus in the territory of Estonia, Poland and Russia, the activities carried out by the company have not been significantly reduced. Due to the change in the company's strategy, the company does not carry out operational activities related to construction, therefore the outbreak does not have a significant direct impact on the company's current activities. All activities carried out by an company related to the administration are performed on an ongoing basis. Some of the tasks are performed by co-workers on a home office basis, while contacts

between them and business partners are performed through means of distance communication. For additional information please see note: "important events after balance sheet date".

#### **Fair value estimation**

Management estimates that the carrying amount of the company's financial assets and liabilities does not significantly differ from their fair value. Trade receivables and payables are short-term and therefore the management estimates that their carrying amount is close to their fair value. The fair values of trade receivables and payables are determined at third level.

#### **Capital management**

The main objective of issuer when managing the capital is protection of company ability to run its operative activities. The issuer complies with regulations regarding share capital included in Estonia Commercial Code, especially with regulations concerning decreasing of assets. RESBUD SE is monitoring share capital levels as a part of capital management in reporting period. All requirements of Estonian law regarding company's capital are met.

To maintain or adjust the capital structure, RESBUD SE may issue new shares, decide to transfer the profit to appropriate reserve (legal or prescribed by the articles of association), use debt financing or sell assets for debt reduction. The company seeks to maintain strong capital base and build value of shares for long-term shareholders. To fulfill that goal, RESBUD SE is using debt instruments only to cover its general management expenses. Acquisitions of assets is mainly carried out by issuing new shares, which does not significantly increase company's debt.

Companies, where RESBUD SE has shares, located in Russia and Poland are also obliged to upkeep their net assets at not less than the minimum amount of share capital, as imposed by the local law systems. As of 31 December 2019 all companies where issuer had shares met these requirements.

The company monitors capital using share of equity in financing assets ratio. There is no target share of equity in financing assets ratio set out by the issuers, however the company is using that ratio as performance indicator. Besides ratio mentioned above, RESBUD SE is using general debt ratio and other debt ratios to evaluate its capital condition.



## EXPLANATORY NOTES

### Note 1 Non-current investments

Change in the status of non-current financial assets (by types)

<b>CHANGE IN THE POSITION OF NON-CURRENT FINANCIAL ASSETS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>	<b>30-06-2019</b>
Balance at the beginning of the period	2 637	0	0
Increases due to acquisition	0	2 780	0
Decreases	0	0	0
Revaluation – equity method	0	-143	0
Balance at the end of period	2 637	2 637	0

<b>NON-CURRENT FINANCIAL ASSETS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>30-06-2020</b>	<b>30-06-2019</b>
Investments accounted for using the equity method	559	559	0
Financial assets at fair value through other comprehensive	2 078	2 078	0
Financial asset at fair value through profit or loss	0	0	0
Total	2 637	2 637	0

<b>DIVISION INTO ASSOCIATED AND NON ASSOCIATED SHARES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>	<b>30-06-2019</b>
Associated entities	559	559	0
Non-Associated entities	2 078	2 078	0
Total	2 637	2 637	0

### Note 2 Financial assets and financial liabilities, financial risk management

The company holds the following financial instruments:

<b>FINANCIAL ASSETS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>1. Financial assets at amortized cost, including:</b>	<b>99</b>	<b>133</b>
Trade receivables	43	19
Cash and cash equivalents	5	33
Current investments	51	81
<b>2. Financial assets at fair value through other comprehensive income (FVOCI), including:</b>	<b>2 078</b>	<b>2 078</b>
- Non-current investment in shares	2 078	2 078
<b>3. Financial assets at fair value through profit or loss (FVPL)</b>	<b>0</b>	<b>0</b>
<b>4. Investments accounted for using the equity method</b>	<b>559</b>	<b>559</b>

<b>FINANCIAL LIABILITIES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>1. Liabilities at amortized cost</b>	<b>399</b>	<b>327</b>
Trade and other payables	31	25
Borrowings	266	200
Other non-current liabilities	102	102
<b>2. Financial liabilities at fair value through profit or loss (FVPL)</b>	<b>0</b>	<b>0</b>

The company has no contractual obligations to purchase assets, nor any contingent liabilities that are not reflected in the financial statements.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. The company uses the following hierarchy for the purpose of disclosing information about financial instruments measured at fair value—broken down by valuation method:

Level 1: Quoted prices in an active market (uncorrected) for identical assets or liabilities.

Level 2: Valuation methods in which any data having a material impact on the estimated fair value is observable, directly or indirectly, market data.

Level 3: Valuation methods where inputs having a significant impact on the estimated fair value is not based on observable market data.

The following table shows the financial instruments measured at fair value at the balance sheet date:

<i>(in thousands euro)</i>	<b>30-06-2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Shares - not listed	0	-	-	0
Shares in companies	2 078	-	-	2 078
<b>Total financial assets at fair value</b>	<b>2 078</b>	-	-	<b>2 078</b>
Financial liabilities at fair value	-	-	-	-

<i>(in thousands euro)</i>	<b>31-12-2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Shares - not listed	0	-	-	0
Shares in companies	2 078	-	-	2 078
<b>Total financial assets at fair value</b>	<b>2 078</b>	-	-	<b>2 078</b>
Financial liabilities at fair value	-	-	-	-

<i>(in thousands euro)</i>	<b>30-06-2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Shares - not listed</b>	<b>0</b>	-	-	<b>0</b>
<b>Shares in companies</b>	<b>0</b>	-	-	<b>0</b>
<b>Total financial assets at fair value</b>	<b>0</b>	-	-	<b>0</b>
<b>Financial liabilities at fair value</b>	-	-	-	-

During the reporting period there was no revaluation of instruments between the levels of the fair value hierarchy.

#### **Reconciliation of Level 3 fair value with the valuation of financial assets**

**As at 30-06-2020**

<i>(in thousands euro)</i>	<b>UNLISTED SHARES/STOCKS</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Balance at the beginning of the period 01.01.2020</b>	<b>2 078</b>	<b>0</b>	<b>2 078</b>
Purchases/acquiring of shares	0	0	0
Disposal/settlement/loans	0	0	0
<b>Balance at the end of period 30.06.2020</b>	<b>2 078</b>	<b>0</b>	<b>2 078</b>

At the end of 30-06-2020, the Company had instruments classified at level 3 of the fair value hierarchy, including and Energokomplekt OOO - 4.1% share.

The shares in Conpol Sp. o. o. - 3019 shares (38.64%) are valued using equity method thus not included in above table.

During 1H 2020 there were no changes in the hierarchy of values.

#### **Objectives and principles of financial risk management**

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk). The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Management Board has an overall responsibility for establishment and oversight of the company's risk management framework. The achievement of risk management goals in the company is organized in such a way that

risk management is part of normal business operations and management. Risk management is a process of identifying, assessing and managing business risks that can prevent or jeopardize the achievement of business goals. The main purpose of the financial instruments used by the Company is to raise funds for its activities and to finance the companies in holding.

The main financial instruments used by the Company are loans. The company spends free financial resources on granting cash loans.

The company does not enter into transactions involving derivatives.

The main types of risk arising from the Company's financial instruments include:

- interest rate risk;
- liquidity risk;
- credit risk and
- currency risk.

#### ***Interest rate risk***

Exposure to the risk of changes in market interest rates relates primarily to long-term financial liabilities, mainly loans and borrowings, bearing interest at variable interest rates.

The company raises funds to finance operations mainly in the form of loans with a fixed interest rate.

The company also invests its free cash into short-term fixed-rate deposits. All such investments have a maturity of up to one year.

The company did not use interest rate hedges, considering that the interest rate risk is not significant.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity risk management process consists in monitoring projected cash flows, and then adjusting the maturity of assets and liabilities, working capital analysis and maintaining access to various sources of financing.

The Company's goal is to maintain a balance between continuity and flexibility of financing by using financing sources such as loans, overdraft facilities, and financial lease agreements.

#### ***Credit risk***

Credit risk is the risk of incurring a financial loss by the Company when the customer or the other party to the contract for a financial instrument fails to comply with the obligations arising from the contract. Credit risk is mainly associated with receivables. The Company's exposure to credit risk is mainly due to the individual characteristics of each client. The company monitors its receivables on an ongoing basis. Due to the reduction in construction and assembly operations, the level of credit risk has fallen significantly in recent months.

The Company creates impairment losses that correspond to the estimated value of losses incurred on trade and other receivables and on investments. The purpose of the Company's credit policy is to maintain financial liquidity ratios at a safe high level, timely payment of liabilities to suppliers and minimization of costs related to servicing bank liabilities. The policy of managing liabilities and receivables from suppliers and customers is also used to minimize the use of bank loans and related financial costs. Its purpose is to agree the terms of mutual payments in such a way that, while complying with the principle of timely fulfillment of own obligations, also use a trade credit.

### **Currency risk**

The Company is exposed to currency risk on purchases and cash that are denominated in a currency other than respective functional currency. Purchase prices are fixed in the following currencies: EUR (Euro), PLN (Polish Zloty). Additional information regarding functional and presentation currency please see "Summary of significant accounting policies". Currency risk may also influence valuation of fair value of issuer main assets located outside euro zone like in Poland or Russia. Resbud SE acquired shares in Conpol sp. z o. o. and Energokomplekt OOO, as a part of new company strategy. Both companies are foreign companies, first located in Poland second in Russia. Evaluation of those companies is based on local currency: Polish złoty (PLN) and Russian ruble (RUB). In case of fluctuation in exchange rate of PLN and RUB against EURO, Management Board of Resbud SE may perform stress test of that assets. In Management Board opinion, stress test should be performed if fluctuation of exchange rates will cause the difference in value over 20% of the initial value.

### **Note 3 Deferred tax assets**

<b>ASSETS DUE TO DEFERRED INCOME TAX</b> <i>in thousands euro</i>	<b>30-06-2019</b>	<b>31-12-2019</b>
<b>Balance of deferred income tax assets at the beginning of the period, recognized in profit or loss, including:</b>	<b>0</b>	<b>4</b>
Cost provisions	0	4
Decrease to the amount of provisions	0	0
<b>Increases charged to profit or loss of the period in relation to negative temporary differences, including:</b>	<b>0</b>	<b>0</b>
Cost provisions	0	0
Accrued interest	0	0
<b>Decreases charged to profit or loss of the period in relation to negative temporary differences, including:</b>	<b>0</b>	<b>4</b>
Cost provisions	0	4
<b>Balance of deferred income tax assets at the end of the period, recognized in profit or loss, including:</b>	<b>0</b>	<b>0</b>
Cost provisions	0	0

#### Note 4 Prepaid charges

<b>PREPAID CHARGES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Costs of future issue of shares (deferred expenses)	79	54
<b>Total prepaid charges</b>	<b>79</b>	<b>54</b>

#### Note 5 Trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

<b>TRADE AND OTHER RECEIVABLES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<i>a) from affiliates</i>	0	0
<i>b) from the third parties</i>	0	7
- for supplies and services, with maturity up to 12 months	0	4
-other	0	3
<i>c) advances for supplies and services</i>	43	12
<b>Total net Trade and other receivables</b>	<b>43</b>	<b>19</b>
<i>e) Loss allowance</i>	0	0
<b>Total gross trade and other receivables</b>	<b>43</b>	<b>19</b>

Both trade receivables and other receivables are generally non-interest bearing and are usually collectible on 7 days terms.

<b>CHANGE IN IMPAIRMENT LOSSES OF TRADE AND OTHER RECEIVABLES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>Balance at the beginning of the period</b>	<b>0</b>	<b>931</b>
Reversed during the year	0	376
Written off during the year	0	555
Exchange differences	<b>0</b>	<b>0</b>
<b>Balance at the end of the period</b>	<b>0</b>	<b>0</b>

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

**Note 6 Current investments**

<b>CURRENT INVESTMENTS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Shares or stocks in affiliates	0	0
Short-term loans given to affiliates	51	81
<b>Total current investments</b>	<b>51</b>	<b>81</b>

Presented final balance is the balance of loans given to the associated company Conpol sp. z o. o.

**Note 7 Cash and Cash equivalents**

<b>CASH AND CASH EQUIVALENTS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Cash on current bank accounts	5	33
Short-term deposits in all currencies	0	0
<b>Total Cash and Cash equivalents</b>	<b>5</b>	<b>33</b>

**Note 8 Share capital****The current table of the company's share capital formation**

Series/ issue	Type of share	Share privilege type	Type of limitation of rights to shares	Number of shares	Value of series/issue by nominal value (thousand EUR)	Capital coverage method	Right to dividend
							(from date)
Shares from conversion - without series designation	Ordinary, registered	none	-	13 000 000	1 430	Conversion from previous series of shares	2018-01-01
Shares from issue 2019-05-30 - without series designation	Ordinary, registered	none	-	5 100 000	561	Cash and a non-monetary	2019-01-01
Total number of shares				<b>18 100 000</b>			
Total share capital as at 30-06-2020 (thousand EUR)					<b>1 991</b>		
The value of one no-par value share in share capital (equivalent of nominal value) = 0.11 EUR							

The company's share capital as of 30-06-2020 amounts to EUR 1,991,000 and is divided into 18,100,000 ordinary, registered and no-par value shares.



From all RESBUD SE shares, only 8 710 000 shares are listed on Warsaw Stock Exchange S.A. in Warsaw on regulated market, segment "parallel market". Those shares were issued with the as earlier A-series shares. The rest of the shares is not listed.

Number of shares is equal to votes amount. One share allows to cast one vote.

**SHARE CAPITAL (ownership structure over 5% in votes)**

**Direct possession as at 30.06.2020**

<i>No.</i>	<i>First name and last name/company name</i>	<i>Number of shares</i>	<i>Number of votes</i>	<i>% share of votes in the total number of votes</i>
1.	AP Energobau OÜ	4 290 000	4 290 000	23.70%
2.	Alexey Petrov	2 788 000	2 788 000	15.40 %
3.	DKW Polska OÜ	2 312 000	2 312 000	12.77 %

**Indirect possession as at 30.06.2020**

<i>No.</i>	<i>First name and last name/company name</i>	<i>Number of shares</i>	<i>Number of votes</i>	<i>% share of votes in the total number of votes</i>
1.	Alexey Petrov, directly and indirectly over AP Energobau OÜ	7 078 000	7 078 000	39.10%
2.	Iwona Długosz indirectly over DKW Polska OÜ	2 312 000	2 312 000	12.77 %

**Direct possession as at 31.12.2019**

<i>No.</i>	<i>First name and last name/company name</i>	<i>Number of shares</i>	<i>Number of votes</i>	<i>% share of votes in the total number of votes</i>
1.	AP Energobau OÜ	4 290 000	4 290 000	23.70%
2.	Alexey Petrov	2 788 000	2 788 000	15.40 %
3.	DKW Polska OÜ	2 312 000	2 312 000	12.77 %

**Indirect possession as at 31.12.2019**

<i>No.</i>	<i>First name and last name/company name</i>	<i>Number of shares</i>	<i>Number of votes</i>	<i>% share of votes in the total number of votes</i>
1.	Alexey Petrov, directly and indirectly over AP Energobau OÜ	7 078 000	7 078 000	39.10%
2.	Iwona Długosz indirectly over DKW Polska OÜ	2 312 000	2 312 000	12.77 %

**Note 9 Supplementary capital**

<i>SUPPLEMENTARY CAPITAL</i> <i>in thousands euro</i>	<i>30-06-2020</i>	<i>31-12-2019</i>
From the sale of shares above nominal value	1 967	1 967
Evaluation of fixed assets	14	14
Reduction of the share capital	125	125
<b>Total Supplementary Capital</b>	<b>2 106</b>	<b>2 106</b>

**Note 10 Reserve capital**

<i>RESERVE CAPITAL</i> <i>in thousands euro</i>	<i>30-06-2020</i>	<i>31-12-2019</i>
Created for the purpose of operations on shares in 2016	69	69
<b>Total Reserve Capital</b>	<b>69</b>	<b>69</b>

**Note 11 Revaluation Capital**

<i>REVALUATION CAPITAL</i> <i>in thousands euro</i>	<i>30-06-2020</i>	<i>31-12-2019</i>
Deferred tax on revaluation of fixed assets	27	27
The effects of revaluation of fixed assets	252	252
<b>Total Revaluation Capital</b>	<b>279</b>	<b>279</b>

**Note 12 Retained earnings**

<i>RETAINED EARNINGS</i> <i>in thousands euro</i>	<i>30-06-2020</i>	<i>31-12-2019</i>
Profit (loss) from previous years	-1 910	-1 945
Net profit (loss) for the current year	-96	35
<b>Total retained earnings</b>	<b>-2 006</b>	<b>-1 910</b>

### Note 13 Book value per share

The book value per one share is the quotient of the equity value as at the balance sheet date by the number of shares as at the balance sheet date.

<b>BOOK VALUE PER ONE SHARE</b>	<b>30-06-2020</b>	<b>31-12-2019</b>
Number of shares at the balance sheet date	18 100 000	18 100 000
Equity value (thousand euros)	2 304	2 467
<b>Book value per share in EURO</b>	<b>0.13</b>	<b>0.14</b>

### Note 14 Deferred tax liability

<b>CHANGE IN THE DEFERRED TAX LIABILITY</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Balance of deferred tax liability at the beginning of the period, recognized in profit or loss, valuation of loans	0	4
Increases referred to the financial result for the period due to positive temporary differences, valuation of loans	0	0
Decreases against profit or loss of the period in relation to positive temporary differences, valuation of loans	0	4
<b>Balance of deferred tax liability at the end of the period, recognized in profit or loss, valuation of loans</b>	<b>0</b>	<b>0</b>

### Note 15 Borrowings

<b>NON-CURRENT BORROWINGS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Bank loans	0	0
Other non-current borrowings	368	302
<b>Total</b>	<b>368</b>	<b>302</b>

<b>CURRENT BORROWINGS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Bank loans	0	0
Other current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>Name of entity</b>	<b>Type of liability (loan/credit )</b>	<b>Amount of credit/loan by agreement (thousands)</b>		<b>Amount of credit/loan to be repaid</b>	<b>Interest terms and conditions</b>	<b>Repayment deadline</b>	<b>Pledge</b>
Energokomplekt OOO	LOAN	100	EUR	100	6% per year	31-12-2021	none
Energokomplekt OOO	LOAN	100	EUR	100	6% per year	31-12-2021	none
EU LEX MANAGMENT OÜ	LOAN	66	EUR	66	5.5% per year	31-12-2021	none

Interest is payable quarterly, up to the 15th day after the end of the quarter.

<b>TERMS OF REPAYMENT OF NON-CURRENT DEBT</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>Within one year</b>	<b>0</b>	<b>0</b>
<b>From one to five years</b>	<b>368</b>	<b>200</b>
<b>Total</b>	<b>368</b>	<b>200</b>

#### **Note 16 Other non-current liabilities**

The other non-current liabilities is only one liability for the amount of 102 thousand EUR to linked company AP Energobau OÜ arised from the purchase of shares in Energokomplekt OOO. It is only the rest of the payment and the due date has been set to 31/12/2021. The interest 4% yearly are applicable and paid with principal amount.

#### **Note 17 Provisions**

<b>CHANGE IN PROVISIONS</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>Balance at the beginning of the period</b>	<b>27</b>	<b>27</b>
Conversion differences	-2	0
Unused amounts reversed during the period	0	0
<b>Balance at the end of the period</b>	<b>25</b>	<b>27</b>

At the 30-06-2020 only two very old construction contracts were considered for this provision for the warranty: one with Politechnika Rzeszowska from 11/8/2000 and second with TBS Rzeszów from 05/11/2002. As for the moment of the approval of this financial statement there were no significant claims regarding above contracts. The company has a written opinion regarding complex information about legal and actual situation from its legal counsel, that

liability which could arise for both contracts just expired at 15 march 2020. It means the company release those specific provisions, but with the effect first on first half 2020, not in 2019. As at 30/06/2020 the position of the company is that provision is still valid.

**Note 18 Trade payables and other current liabilities**

<b>TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b> <i>in thousands euro</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Trade payables	31	0
Current liabilities from loans	1	3
Liabilities for employee benefits including:	0	3
- Salaries and social security	0	3
Other current liabilities	20	22
<b>Total trade payables and other current liabilities</b>	<b>52</b>	<b>28</b>

Trade payables are not interest bearing and usually are paid within 14 to 30 days.

Other current liabilities are non-interest bearing and have an average term of one month. There are few items of such liabilities which are mainly invoices or credit notes.

## Note 19 Transaction with related parties

The following parties are considered to be related:

- Shareholders owning, directly or indirectly, a voting power in the company that gives them significant influence over the company;
- Associates - enterprises in which company have significant influence;
- Members of the Management Board and Supervisory Board of the company and their immediate family members and companies under their control or significant influence.

<b>TRANSACTIONS WITH RELATED PARTIES FOR THE PERIOD 30.01.2020 TO 30.06.2020</b>									
<i>All numbers in thousands euro</i>									
<i>Name of related party</i>	<i>Sale of products, goods, materials and other to affiliates</i>	<i>Interest revenue from affiliates</i>	<i>Purchases From affiliates</i>	<i>Interest expenses for affiliates</i>	<i>Trade receivables from affiliates at the end of the period</i>	<i>Other receivables at the end of the period from related parties</i>	<i>Receivables from loans and interest from affiliates</i>	<i>Trade and other payables at the end of the period to affiliates</i>	<i>Liabilities for loans and interest to affiliates</i>
AP Energobau OÜ	0	0	0	2	0	0	0	104	0
EU LEX MANAGEMENT OÜ	0	0	0	1	0	0	0	0	67
Energokomplekt OOO (Russia)	0	0	0	6	0	0	0	0	209
Conpol sp. z o.o. (Poland)	0	3	0	0	0	0	51	0	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>104</b>	<b>276</b>

## Note 20 Important events after the balance sheet date

No important events has occurred.

## Note 21 Going concern and description of uncertainties if any

There are no uncertainties regarding going concern of the company.

**Note 22 The legal basis for not preparing the consolidated financial statement**

As at 30-06-2020, the Company holds shares in two entities, Conpol sp. z .o. o. and Energokomplekt OOO. The shares in the capital of Conpol sp. z o. o. are 38.63 % and in Energokomplekt OOO 4.1 %. Due to the non-controlling share held, the issuer is not obliged to prepare consolidated statements in accordance with § 27 of the Estonian Accounting Act.

**Financial statements signatures:**

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**Jolanta Gałuszka**

Chief Accountant

GALEX Kancelaria Biegłego Rewidenta

.....

**Jarosław Gerard Podolski**

Member of the Management Board

RESBUD SE

