



ANNUAL REPORT
RESBUD SE

Year 2020

English language version

Beginning of the reporting period: 01 January 2020
End of the reporting period: 31 December 2020

Authorization date: 23 August 2021

Identification data of the entity:

BUSINESS NAME: **RESBUD SE**
REGISTERED SEAT: Tallinn, Estonia
REGISTRAR: Registration Department of the Tartu County Court, Estonia
REGISTRY CODE: 14617750
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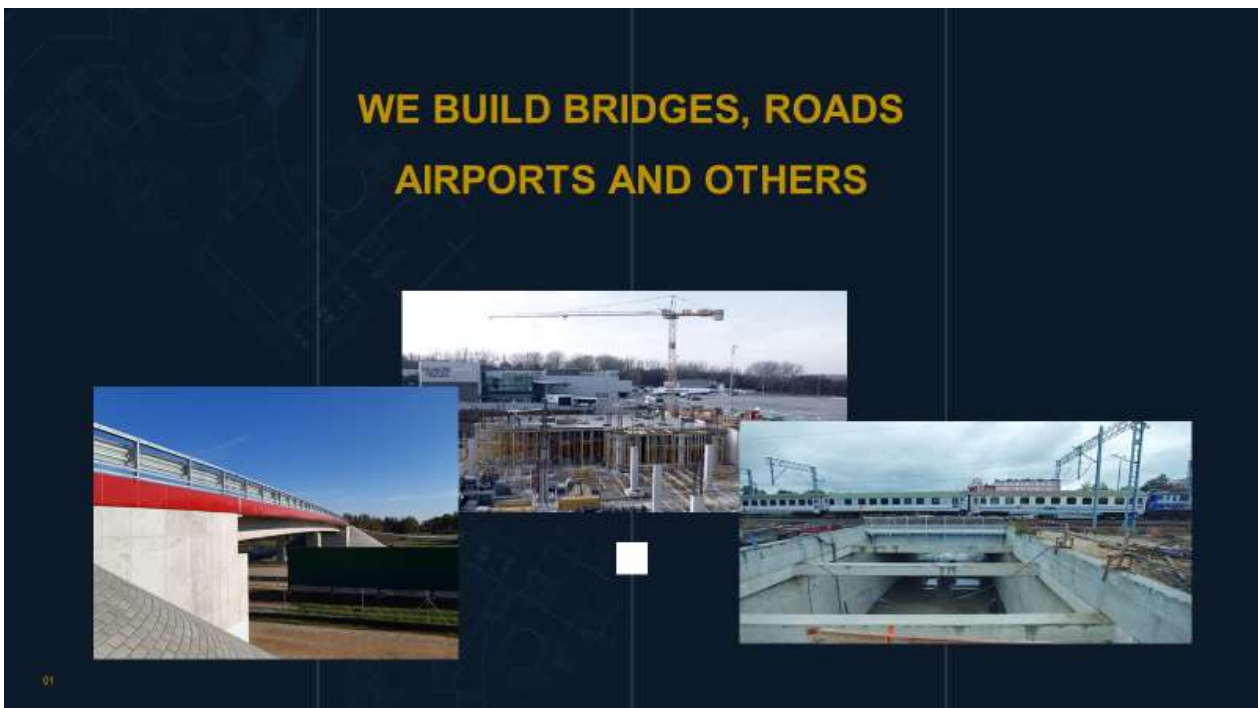
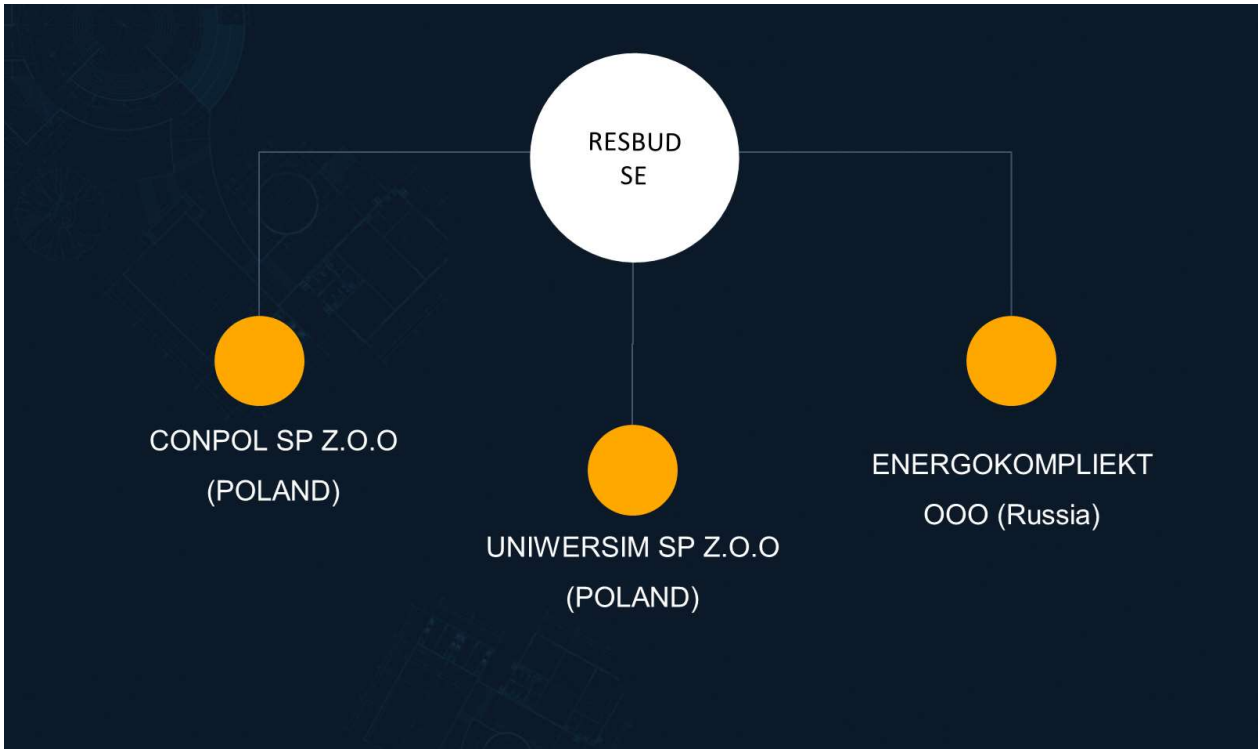
I. SELECTED FINANCIAL DATA

<i>SELECTED FINANCIAL DATA</i>	<i>In thousands of EUR</i>	
	<i>For the period from 2020-01-01 to 2020-12-31</i>	<i>For the period from 2019-01-01 to 2019-12-31</i>
Profit (loss) on operating activities	-324	-93
Gross profit (loss)	-347	35
Net profit (loss)	-347	35
Net cash flow from operating activities	-221	-70
Net cash flow from investment activities	45	-208
Net cash flow from financial activities	147	246
Net cash flow, total	-29	-32
Total assets	1 954	2 824
Liabilities and provisions for liabilities	614	357
Non-current liabilities	0	302
Current liabilities	614	55
Equity	1 340	2 467
Share capital	1 991	1 991
Number of shares (units)	18 100 000	18 100 000
Net profit (loss) per ordinary share (in EUR)	-0.02	0.00
Net diluted profit (loss) per ordinary share (in EUR)	-0.02	0.00
Book value per one share (in EUR)	0.07	0.14
Diluted book value per one share (in EUR)	0.07	0.14

II. CORPORATE PROFILE

Resbud SE started new strategy since 2019, 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 (achieved first on 2021-02-04) is as follows:



WE PRODUCE INDUSTRIAL CONCRETE AND BITUMEN



10

WE BUILD RAILROAD INFRASTRUCTURE



DELIVERY OF BUILDING ELEMENTS FOR ENERGY CONSTRUCTION SITES.



Listed on Warsaw Stock Exchange since 2007



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



The structure of holding indicated on first picture was established first in February 2021, however the procedure started in 2020. RESBUD SE doesn't consolidate financial statements of subsidiaries in 2020 annual report – see note 7 of the explanatory notes in section “Financial statements” below. More information regarding holding can also be found further on in this report.

III. MANAGEMENT BOARD'S LETTER

Dear Ladies and Gentlemen! Dear Shareholders, Clients and Business Partners!

On behalf of the RESBUD SE, acting as the Management Board, we are passing you the Annual Report 2020 of the RESBUD SE, covering the period from 2020-01-01 to 2020-12-31, which is a summary of all significant economic events that took place in the Company's operations in the year 2020, as well as events significant for the Company at the end of the financial year, and events - which in the opinion of the RESBUD SE Management Board – may have an impact on the full and objective assessment of the activities conducted by the Company.

The Management Board of the Company was obliged to develop a new strategy of the Company in 2019 year. The main reason for that was changing of the major (leading) shareholder. Starting April 2019 Company intended to operate mainly as a holding company of companies in branches: highway constructions, construction works, civil engineering, production of concrete and delivery of component to the power construction industry. To implement the abovementioned strategic plan, the Company began process of transformation to holding company. This process has ended on 4th February 2021, few months before publishing this report. As a result RESBUD SE acquired shares in following companies: Energokomplyekt OOO (Russia), Uniwersim Sp z o. o. (Poland) and Conpol Sp. z o. o. (Poland).

To acquire first part of share in Energokomplyekt OOO the issuer has concluded on October 4th, 2019 an agreement with AP ENERGOBAU OÜ, seated in Tallinn. As a result of that agreement Resbud SE acquired 4.1% of the shares in the company ENERGOKOMPLYEKT OOO (incorporated under the Russian law, with registration number 1136670023071) for the price of 2,077 thousand EUR, which was paid as set-off of the mutual receivables. The transaction price was determined on the basis of the valuation of the shares drawn up by an independent expert. The set-off agreement was concluded on 14 January 2020, however remission of counterclaims was deemed concluded on 11 October 2019.

On September 7th, 2020 the Annual General Meeting of the Company has adopted a resolution regarding increase in the share capital of the Company and amendments of the Articles of the Association. The intention of this resolution was to contribute by new investors all their shares of Energokomplyekt OOO (Russia), Uniwersim Sp z o. o. (Poland) and Conpol Sp. z o. o. (Poland) at one time. Due to the extension of the work related to the registration increase of share capital and final evaluation of contributed shares, Management Board decided to extend the subscription period to 31 December 2020. At the same time, Management Board limited amount of issued shares to 218,520,263. On 31 December 2020, all new issued shares were allotted to investors. New issued shares were granted to shareholders of Energokomplyekt OOO, Conpol sp. z o. o. and Uniwersim Sp. z o. o. in exchange for shares in those companies. Increase of share capital and amendments of Articles of Associations was registered by the court on 9 March 2021. From that day, the process of building holding company has been completed - Resbud SE is controlling abovementioned companies.

The assets level and market capitalization of the company's shares jumped like about 13 times higher, what is very good prospect for the company and their shareholders. Having 100% controlled companies instead of minority shares will ensure better management control of whole holding.

In the year 2021, Management Board of the company will focus on organization of holding and preparing consolidated reports. Half-yearly report for 2021 will be first consolidated report prepared by the issuer. Parallely, the Management Board is working on new strategy for the group concerning business activities carried out by subsidiaries on fields of: highway constructions, construction works, civil engineering, production of concrete and delivery of component to the power construction industry. Strategy prepared by Management Board in cooperation with managers of subsidiary companies, will be released later this year.

Krzysztof Długosz – Member of the Management Board RESBUD SE

Joanna Dyja - Member of the Management Board RESBUD SE

IV. MANAGEMENT BOARD'S REPORT

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 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.

Brief history of the company:

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 European type company created from the merge 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 2nd, 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's- History Table:

Date:	Company Name:	Headquarters:	Legal form:
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.

The composition of the Management Board as of 2020-12-31 was as follows:

- Jarosław Gerard PODOLSKI - Member of the Board

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

- Krzysztof Długosz - Member of the Board
- Joanna Dyja – Member of the Board

The composition of the supervisory board as of 2020-12-31 is as follows:

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

The composition of the supervisory board at the date of approval of the statement is as follows:

- Alexey Petrov - chairman of the supervisory board
- Anna Jõemets - member of the supervisory board
- Adam Zaremba – member of the supervisory board

1. THE MAIN AREAS OF ACTIVITY, PRODUCT AND SERVICE GROUPS.

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

The basic statistical classification of the company's construction activities are: construction of residential and non-residential buildings.

The Company as a minority shareholder holds as at 2020-12-31 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 Energokomplyekt 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.

Since 4th February 2021 the Company holds the following shares:

- 8000 shares in the share capital of CONPOL Sp. z o. o. with registered office in Modlniczka, Poland, that constitutes 100 % of shares in the share capital and entitle to 100 % voting rights at the shareholder's meeting;
- direct share in the share capital of the company Energokomplyekt OOO with registered office in Yekaterinburg, Russia, that constitutes 87.80 % of shares in the share capital and entitle to 87.80% voting rights at the shareholder's meeting, when company also holds indirectly over Conpol sp. z o.o. 12.2% of share capital of Energokomplyekt OOO, which gives 100% control directly and indirectly
- 100 shares in the share capital of UNIWERSIM Sp. z o. o. with registered office in Modlniczka, Poland, that constitutes 100 % of shares in the share and entitles to 100 % voting rights at the shareholder's meeting.
- indirectly over Conpol sp. z o.o. 100% share in company Delcraft Ehitus OÜ, with its registered seat in Tallinn, Estonia, entitle to 100 % 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 2020, the branch in Poland did not conduct any sale, which may occur in following years.

2. THE MOST SIGNIFICANT INVESTMENTS MADE DURING THE FINANCIAL YEAR AND PLANNED IN THE IMMEDIATE FUTURE.

In the financial year 2020, the Company didn't conclude any transaction classified as significant investment. The Company has concluded significant investment in February 2021 by acquisition of shares contributed as in-kind contribution in exchange for new shares issue, more described in point 4 below. There are no significant investments planned in the immediate future.

3. SIGNIFICANT PROJECTS IN THE FIELD OF RESEARCH AND DEVELOPMENT AND THE RELATED EXPENDITURE.

The Company did not conduct any research and development projects in the accounting year and the following years. For this reason, no expenditure has been incurred in this area of activity.

4. SIGNIFICANT EVENTS AFTER REPORTING DATE.

Here are listed significant events which have occurred during the period of preparation of the annual accounts and which are not presented in the annual accounts but which have or may have a material effect on economic performance for the following financial years:

a. Increase of share capital of Resbud SE, amendments of Articles of Association and acquiring shares in Energokomplekt OOO, Conpol sp. z o. o. and Uniwersim Sp. z o. o.

On 9 March 2021 RESBUD SE received information from the Estonian commercial register, concerning the registration of amendments to the Articles of Association and increase of share capital.

This amendment was related to the increase of share capital adopted on 7th September 2020 by the General Meeting. The point 2.1 and 2.4 of the Articles of Association of RESBUD SE have changed. The actual wording of the mentioned points is as follows: "2.1 The minimum amount of share capital of the Company is 7 975 th EUR, and the maximum amount of share capital is 31 900 th EUR. 2.4. The minimum number of the shares of the Company without nominal value is 72 500 000 shares and the maximum number of the shares of the Company without nominal value is 290 000 000 shares.". The share capital of RESBUD SE was increased and since 9 March 2021 it is 26 0278 229 (twenty-six million twenty-eight thousand two hundred and twenty-nine) EUR. The total number of votes equal to number of non-par value shares since March 9th, 2021 is 236 620 263.

Registration of the amendments was the last step of the procedure of issuing new shares of RESBUD SE. The issuer recalls, that in return it acquired shares of Uniwersim Sp. z o. o., Conpol Sp. z o. o. and Energokomplekt OOO as a result of shares issuance. The acquisition of shares in those companies was a part of the process, which started in 2020. Acquiring shares in subsidiaries didn't have any direct impact on 2020 financial statements. However acquiring shares in those companies was planned from 2019 and the work on ending that process went throughout 2020.

Detailed information on the increase of share capital was provided in current reports no. 29/2020, 31/2020, 32/2020, 3/2021 and 4/2021. All mentioned current reports are available inter alia on RESBUD SE website.

The acquired assets are valued at around 32 million EUR, what in comparison with 2.5 million assets value at 31/12/2020 is about 13 times more, and is significant change in the structure of the balance sheet and in prospects for the company.

New issued shares place the company in significantly better position on the stock market, especially when it comes to market capitalization, which is also around 13 times higher.

There is also significant change in control of the holding, where all linked companies are no more minority stocks but 100% controlled subsidiaries.

b. Changes in the Management Board.

On 22 April 2021 a member of the Management Board, Mr Jarosław Gerard Podolski, resigned from his position. The resignation is effective as of 25 April 2021.

Supervisory Board on 24 April 2021 elected Mr Krzysztof Długosz and Mrs Joanna Dyja to the Management Board.

c. Changes in the Supervisory Board.

Extraordinary General Meeting on 23 April 2021 removed Andrei Prakopchyk from the Supervisory Board. On the same day, Mr Adam Zaremba was elected to the Supervisory Board.

5. GENERAL (MACROECONOMIC) DEVELOPMENT.

In 2020, the company's macroeconomic environment was stable. Due to the change in the company's strategy of being converted into a holding company, this environment did not affect the company's performance.

The macroeconomic environment of the companies whose shares were acquired by the issuer was stable. Given that, the issuer acquired controlling stakes in 2021 in few companies – as described in point 4 above, the performance of these companies did not affect the issuer's financial results in 2020.

6. SEASONAL BASIS.

The issuer's activities are non-seasonal basis as a non-consolidated holding company. The activities of construction companies where issuer hold shares take place on a seasonal basis with winter slowdown. Given that in 2020 RESBUD SE didn't have major shareholding in subsidiaries, type of their activity didn't have any impact on the issuer.

7. SIGNIFICANT ENVIRONMENTAL AND SOCIAL IMPACTS.

The issuer, after a change in the strategy made in 2019, conducts business as a holding company. The main activity of the company is the exercise of rights from its shares and participation in the management of other undertakings. The issuer's other activities shall be limited to management and administrative activities carried out for their own needs. The issuer's activities are of an office nature, which means that it does not produce significant environmental or social effects.

This may change in current year, after preparing new functioning strategy of RESBUD SE holding.

8. FINANCIAL INSTRUMENTS FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND RISKS RELATED TO CHANGES IN FOREIGN EXCHANGE RATES, INTEREST RATES AND STOCK EXCHANGE RATES.

Information regarding this subject is provided in the section "Financial statements", subsection "explanatory notes", position "Note 4 Financial assets and financial liabilities, 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.

9. THE MAIN FINANCIAL RATIOS.

PROFITABILITY RATIOS:	2017	2018	2019	2020
Net profitability	-53.92 %	70.36 %	n/a	n/a
Return on equity ROE	-1.91 %	4.83 %	1.62 %	-18.23%
Return on assets ROA	-1.68 %	4.58 %	1.45 %	-14.52%

LIQUIDITY RATIOS:	2017	2018	2019	2020
Cash ratio (I)	5.5867	0.4055	0.60	0.0065
Quick ratio (II)	22.2362	12.5494	3.40	0,1531
Current ratio (III)	22.2362	12.5494	3.40	0.1531
Debt Coverage Ratio	4.8571	-0.3106	-0.20	-0.3599

DEBT RATIOS:	2017	2018	2019	2020
Share of equity in financing assets %	96.45 %	91.85 %	87.36 %	68.58%
Share of long-term liabilities in liabilities %	0.10 %	0.20 %	84.50 %	0.00%
Debt ratio	0.0355	0.0815	0.1264	0.3142

Methods for calculating the ratios:

Net profitability: (Net income / Revenue) * 100%.

Return on equity - ROE: net profit after tax / arithmetic average of equity at the beginning and end of the year.

Return on assets - ROA: net profit after tax / arithmetic average of assets at the beginning and end of the given year.

Cash ratio (I) - cash ratio: cash and cash equivalents / current liabilities.

Quick ratio (II) - quick ratio: (current assets - inventories) / short-term liabilities.

Current ratio (III) - current ratio: current assets / short-term liabilities.

Debt Coverage Ratio: Cash flow from operating activities (CFO) / Total liabilities.

Share of equity in financing assets: total equity / total assets * 100%

Share of long-term liabilities in liabilities: long-term liabilities / total liabilities *100%

Debt ratio: (long-term liabilities + short-term liabilities) / total assets.

10. COMPLIANCE WITH THE COMMERCIAL CODE.

At the balance sheet date, the entity's equity balance complies with the requirements set out in the Estonian Commercial Code.

11. OWN SHARES OPERATIONS.

In 2020 and in the period up to the date of submission of the financial statements for 2020, the issuer did not hold own shares.

12. THE STRUCTURE OF THE SHARE CAPITAL.

<i>SHARE CAPITAL</i>	<i>2020-12-31</i>
The value of one share in share capital (equivalent of the nominal value)	0.07
Total number of shares	18 100 000
Total share capital (in thousands of EUR)	1 340

<i>SHARE CAPITAL</i>	<i>On authorization day</i>
The value of one share in share capital (equivalent of the nominal value)	0.11 €
Total number of shares	236 620 263
Total share capital (in thousands of EUR)	26 028

13. RESTRICTIONS ON THE TRANSFER OF SECURITIES.

The articles of association do not provide for any restrictions on the transfer of shares of the issuer. In addition, the articles of association do not require the consent of the company's authority or a third party to make a transaction regarding shares.

14. RESTRICTIONS ON TRANSFER OF SECURITIES KNOWN TO THE COMPANY AS PROVIDED BY CONTRACTS BETWEEN THE COMPANY AND ITS SHAREHOLDERS, OR CONTRACTS BETWEEN THE SHAREHOLDERS.

The issuer doesn't know any contractual restrictions on transferring of shares.

15. QUALIFYING HOLDING PURSUANT TO THE PROVISIONS OF § 9 OF THE SECURITIES MARKET ACT.

Direct possession as at 2020-12-31:

<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 2020-12-31:

<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 %

16. OWNERS OF SHARES GRANTING SPECIFIC POWERS OF AUDIT, AND A DESCRIPTION OF THEIR POWERS.

No owner of the issuer's shares has specific powers.

17. RESTRICTIONS AND AGREEMENTS RELATING TO VOTING RIGHTS,

The knowledge held by the issuer implicates, that there are no agreements on the exercise of voting rights. There are no preferred shares in the company. The exercise of voting rights during the general meeting takes place on the model principles provided for in the Estonian Commercial Code. The company also did not conclude any agreements with shareholders.

18. PROVISIONS AND RULES FOR THE ELECTION, APPOINTMENT, RESIGNATION AND REMOVAL OF THE MEMBERS OF THE MANAGEMENT BOARD.

There are general rules for the election, appointment, resignation and removal of the members of the management board of the company established by Estonian Commercial Code, especially § 308, § 309 and others.

Company's Articles of Association section V contains rules similar to general rules as in Commercial Code.

This information regarding description of the management and supervisory bodies, composition of their committees and the organization of their work are included in the corporate governance report in section VII (included in this annual report).

19. PROVISIONS AND RULES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY ESTABLISHED BY LEGISLATION.

This information is included in the section corporate governance report, located in subsection XI (included in this annual report).

20. AUTHORIZATION OF THE MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY, INCLUDING THE AUTHORIZATION TO ISSUE AND REPURCHASE SHARES.

In 2020, the Company's Management Board was not authorized to issue and repurchase shares. In 2020, the company issued new shares, but the issue was made on the basis of the decision of the General Meeting of 7 September 2020. Details of the issue of shares were provided by the company in current reports number 29/2020, 31/2020, 32/2020, 3/2021 and 4/2021. The issuance process ended on 9th March 2021.

21. AGREEMENTS BETWEEN THE COMPANY AND ITS MANAGEMENT BOARD OR EMPLOYEES WHICH PROVIDE COMPENSATIONS ON THE CASE OF A TAKEOVER PROVIDED IN CHAPTER 19 OF THE SECURITIES MARKET ACT.

The issuer didn't conclude such agreements.

22. AGREEMENTS RELATED TO TAKEOVER BID.

The issuer didn't conclude such agreements.

23. GOING CONCERN.

The Company's current assets are 94 thousand EUR and current liabilities are 614 thousand EUR, this indicates uncertainty about going concern.

The company's management plans:

- 1) Liabilities will be paid for with new, currently negotiated contracts, loans from shareholders and affiliated entities, additionally there exist possibility to sell number of stocks listed on the stock exchange;
- 2) Shareholders will put all effort needed to maintain continued operation of company.
- 3) Additionally associated companies will start to cover part of holding maintenance costs that were until now paid only by Resbud SE but concerning all members of the group.
- 4) Loans given to Conpol and Elitex were paid back by them.
- 5) Loan agreements had their due date prolonged.

V. REPORT ON THE APPLICATION OF CORPORATE GOVERNANCE RULES

1. An indication of the corporate policy set, which is subject to Resbud SE and the place where the text of the policy collection is publicly available.

As of 2016-01-01, the company is subject to the recommendations and principles set out in the good practice of the company listed on the WSE 2016, which was adopted by the resolution No 26/1413/2015 of the Supervisory Board of WSE dated 13 October 2015, and was publicly available on the WSE website at https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf. The issuer does not apply other than the following principles of good corporate governance practices, including the above-mentioned, in addition to the requirements laid down by Estonian law.

2. Indication of how RESBUD SE has implemented and applies corporate governance rules.

RESBUD SE applies corporate governance principles contained in the good practice of the company listed on the Warsaw Stock Exchange 2016 from the date of entry into force of these regulations. On 2 January 2016, the EBI report number 1/2016 provided information on the non-application of the specific rules indicated in the corporate governance rule set mentioned in the previous sentence.

3. An indication of the extent to which the issuer has disappplied the application of the corporate rules together with an indication of these principles and an explanation of the reasons for the withdrawal.

Information on the state of use by the Company of recommendations and principles contained in good practice of the company listed in Warsaw Stock Exchange 2016.

According to the current state of use of good practices, the company does not apply 3 recommendations: III. R. 1., IV. R. 2., VI. R. 1.

According to the current state of use of the good practices, the company does not apply the 20 rules: I.Z.1.6., I.Z.1.7., I.Z.1.8., I.Z.1.9., I.Z.1.15., I.Z.1.16., I.Z.1.17., I.Z.1.18., I.Z.1.20., I.Z.1.21, II.Z.3., II.Z.4., II.Z.8., II.Z.10.3., II.Z.10.4. III.Z.3., III.Z.4., IV.Z.2., IV.Z.3., VI.Z.4,

I. Information policy and communication with investors.

The company is committed to communicating with investors and analysts, with a clear and effective and efficient use of it. To this end, it provides an easy and non-discriminatory way for anyone to access the information disclosed, use a variety of communication.

Recommendations:

I.R. 1. Where the company is aware of the dissemination in the media of false information which materially affect its assessment, it shall immediately post such knowledge on its website a communication containing the position

with regard to that information, unless, in the opinion of the company, the nature of the information and the circumstances of its publication give grounds for adopting another solution to be more appropriate.

The recommendation is applied.

Comments of the Company: the recommendation is applied in full.

I.R. 2. Where a company carries out sponsorship, charity or other activities of a similar nature, it shall include in its annual activity report information on its policy in this field.

The recommendation does not apply to the company.

Comment of the company: The company on the date of entry into force of the good practices of the companies listed on the WSE 2016 does not carry out its activities.

I.R. 3. The company should allow investors and analysts to ask questions and obtain, including any prohibition under the applicable legal provisions of the law, explanations of subjects of interest. The implementation of this recommendation can take place in the formula of open meetings with investors and analysts or in any other form provided by the company.

The recommendation is applied.

Comment of the Company: In this regard, the legal advice is given to the extent permitted by law for any inquiries from shareholders and investors. The company carries out electronic communications with investors. There are no open meetings with investors and analysts because of this, there is no interest in the form of acquiring information by the investor.

I.R. 4. The company should endeavor, including in good time, to take all necessary steps to prepare a periodic report to enable investors to familiarize themselves with the financial results it has achieved in the shortest possible Time after the reporting period has ended.

The rule is applied.

Comment of the Company: the company shall endeavor to ensure that periodic reports are made possible at the most time after the end of the reporting period.

Detailed rules:

The company carries out the corporate website and provides it, in a legible form and in a readable form, in addition to the information required by law:

I. Z. 1.1. Basic corporate documents, in particular the statutes of the company.

The rule is applied.

I. Z. 1.2. The composition of the management board and the supervisory Board of the company and the professional resumes of the members of these bodies together with information on the fulfilment by the members of the Supervisory Board of independence criteria.

The rule is applied.

I. Z. 1.3. The scheme of the tasks and the responsibilities between the member of the management Board, which is in accordance with rule II. Z. 1.

The principle is applied, with the provision that the management board of the company is a single member.

Comment of the Company: The Management Board is single and is responsible for any sphere of activity of the Company. In the case where Management Board is constituted by more than one person, all members of the Management Board perform their task and responsibilities jointly.

I. Z. 1.4. The current shareholding structure, indicating shareholders with at least 5% of the total number of votes in the company, on the basis of the information provided to the company by the shareholders in accordance with the applicable legislation.

The rule is applied.

I. Z. 1.5. Current and periodic reports and prospect and information memoranda, including annexes, published by the company for at least the last 5 years.

The rule is applied.

I. Z. 1.6. Calendar of corporate events resulting in the acquisition or restriction of rights on the shareholder side, the publication calendar of financial reports and other events of significant from the investor's point of view, the investment decisions will be taken by the investor in due time.

The rule is not applied.

The company shall make public in the form of current reports, which are also available on the company's website, information about any corporate events in good time. Information in the form of a calendar in the company's assessment is redundant.

I. Z. 1.7. Information material published by the company on the company's strategy and its financial performance.

The rule is not applied.

Comment of the Company: The company shall make public in the form of current reports, which are also available on the company's website, information about any corporate events in good time. Information in the form of a calendar in the company's assessment is redundant.

I. Z. 1.8. A statement of the selected financial data of the company for the last 5 years of operation, in a format enabling the data to be processed by their recipients.

The rule is not applied.

Comments of the company: the Company shall make available to the public in the form of periodic reports information about the company's financial results and selected financial data. This information is also available on the company's website. Because of the identity of this information, the company does not publish them separately.

I. Z. 1.9. Information on the dividend planned and the dividend paid by the company during the last 5 financial years, containing data on the dividend day, the timing of the disbursements and the amount of dividends, together and per share.

The rule is not applied.

Comment of the company: the Company shall make public in the form of current reports, information about the resolutions undertaken by the general meetings. These reports are also available on the issuer's website. The decision to pay dividends belongs to the general meeting.

I. Z. 1.10. Financial forecasts – if the company has decided to publish them, published for a period of at least 5 years, together with information on the extent of their implementation.

The rule does not apply to the company.

Comment of the Company: The company has so far not drawn up financial forecasts and does not plan to draw up the forecasts in the near future.

I. Z. 1.11. Information about the content of the company's rules on the change of the entity authorized to audit the financial statements or the absence of such a rule.

The rule is applied.

Comment of the Company: the Company complies with the rules of amendment of the entity empowered to audit financial statements resulting from generally applicable laws.

I. Z. 1.12. Published in the last annual report of the company's corporate governance statement.

The rule is applied.

Comment of the Company: a separate report on the application of corporate governance rules is a distinct annex to the company's annual report. These documents are available on the issuer's website.

I. Z. 1.13. Information on the state of application by the company of the recommendations and principles contained herein, consistent with the information which, in this respect, the company should provide on the basis of the relevant provisions.

The rule is applied.

Comment of the Company: the Company publishes on the current information on the application of the principles and recommendations contained in good practices of the WSE listed companies through the EBI system.

I. Z. 1.14. Materials communicated to the general meeting, including the assessments, reports and positions indicated in principle II. Z. 10, submitted to the general meeting by the Supervisory Board.

The rule is applied.

I. Z. 1.15. Information describing the company's diversity policy in relation to the company's authorities and its key managers; The description should take into account the elements of diversity policy, such as gender, educational direction, age, professional experience, and the objectives of the diversity policy applied and the way it is implemented during the reporting period; If the company has not developed and does not implement the diversity policy, it shall include on its website an explanation of the decision.

The rule is not applied.

Comment of the Company: Key personnel decisions in relation to the company's authorities and its key managers are taken by the general meeting and the supervisory board. The company as a criterion for the selection of members of individual bodies is governed by the qualification of the candidate for certain functions. Information on the data of persons seated in the company's organs is published in the relevant current reports informing about the choice of authorities and on the company's website.

I. Z. 1.16. Information on the planned transmission of the meetings of the general meeting, no later than 7 days before the date of the General Meeting.

The rule is not applied.

Comment of the Company: The company recognizes that the costs of transmitting the meetings of the general meeting are too high. At the same time, the Management Board, indicates that the company's shareholding structure is not interested in the general meeting's deliberations.

I. Z. 1.17. Justifying the draft resolutions of the General Meeting on matters and decisions which are relevant or likely to arise in the interest of shareholders, within a period enabling the participants of the general meeting to become acquainted with them and to take an adequate resolution.

The rule is not applied.

Comment of the Company: The company publishes draft resolutions of general meetings in accordance with applicable laws. In cases where the justification of the project content or resolution is required, it shall be communicated together with the draft resolutions presented to the general meeting.

I. Z. 1.18. Information on the reasons for the cancellation of the general meeting, the amendment of the deadline or the agenda, as well as information on the interruption of the general meeting and the grounds for the interruption.

The rule is not applied.

Comment of the Company: The decision on the cancellation of general meetings shall in principle be taken by the shareholders, where this is the case, the Company shall publish an appropriate current report with the relevant resolution.

I. Z. 1.19. Shareholders questions addressed to the management Board in art. 428 § 1 or § 6 of the Polish commercial companies code, together with the replies of the Management Board to the questions referred, or a detailed indication of the reasons for failure to respond, in accordance with rule IV. Z. 13.

The rule is applied. The rule was in force until 30 November 2018, i.e. until the date of transfer of the registered office to Estonia. Since then, the Issuer has not applied the Polish Commercial Companies Code. In the Estonian Commercial Code there are provisions corresponding to the Polish regulations that the issuer applies.

I. Z. 1.20. Record of meetings of the general meeting, in the form of audio or video.

The rule is not applied.

Comment of The Company: In the company's assessment, the costs of such a solution are too high. The company does not have the necessary technical infrastructure and there is no interest in recording the proceedings of the general meetings due to the company's shareholding structure.

I. Z. 1.21. Contact information to persons responsible for communication with investors, indicating their name and e-mail address or telephone number.

The rule is not applied.

Comment of the Company: The company on its website provides the contact details that all interested parties may use. In the company's assessment, it is not appropriate to extract contact information for the purpose of communicating with investors.

I.Z. 2. A company whose shares qualify for WIG20 or mWIG40 indices shall ensure the availability of its website also in English, at least to the extent indicated in principle I.Z. 1. This principle should also apply to companies outside the above indices if the structure of their shareholding or the nature and scope of their business is concerned.

The rule does not apply to the company.

Comment of the Company: the Company does not participate in the indices WIG20 mWIG40,

II. Management board and the supervisory board.

The listed company is governed by the Management Board, its members act in the interests of the company and are responsible for its activities. The management board should in particular be the company's leadership, commitment to strategic objectives and implementation, and providing the company with efficiency and security.

The company is supervised by an effective and competent supervisory board. Members of the Supervisory Board Act in the interests of the company and are guided by independent opinions and judgements in their proceedings. The supervisory board shall in particular evaluate the company's strategy and verify the work of the Management Board in achieving the strategic objectives set and monitor the results achieved by the company.

Recommendations:

II. R. 1. In order to achieve the highest standards for the management and supervisory board of companies of their responsibilities and their fulfilment in an efficient manner, the management board and the supervisory board shall be appointed persons representing high qualifications and Experience.

The recommendation is applied.

Comment of the Company: the main criterion for the election of the members is their qualification and experience.

II. R. 2. Decision-makers on the choice of members of the Management Board or supervisory Board of a company should endeavor to ensure the versatility and diversity of these authorities, inter alia in terms of gender, education, age and professional experience.

The recommendation is applied.

Comment of the Company: the Company as a criterion for the election of members of the Board and members of the supervisory board shall be governed by the qualification of the person appointed to function. Information on the data of persons seated in the company's organs is published on the issuer's website.

II. R. 3. Acting in the management board of the company is the main area of professional activity of the board member. The additional professional activity of the Board member shall not lead to such time and effort involvement in order to adversely affect the proper performance of the function in the company. In particular, the board member should not be a member of the bodies of other entities if the time devoted to the performance of the functions of other persons prevents him from reliably performing his duties in the company.

The recommendation is applied.

II. R. 4. The members of the supervisory board should be able to devote the necessary time to perform their duties.

The recommendation is applied.

II. R. 5. In the event of resignation or inability to act by a member of the supervisory board, the Company shall immediately take appropriate action to supplement or amend the supervisory board's composition.

The recommendation is applied.

II. R. 6. The supervisory board, having regard to the expiry of the mandate of the members of the management board and their plans for the continuation of functions on the Board, shall take steps in advance to ensure the effective functioning of the management board of the company.

The recommendation is applied.

II. R. 7. The company shall provide the supervisory board with the possibility of using professional independent advisory services which, in the assessment of the Board, are necessary for its effective supervision in the company. When selecting an advisory service provider, the supervisory board shall take into account the financial situation of the company.

The recommendation is applied.

Detailed rules:

II. Z. 1. The internal division of responsibility for the various areas of the company's activities between the members of the Management Board should be formulated in an unequivocally transparent manner and the distribution scheme available on the company's website.

The rule is applied.

Comment of the Company: the Company is a single management board responsible for all areas of the company activity. If Management Board consist of more than one person, all his members are obligated to jointly manage Company's matters. The Company doesn't divide responsibilities internally, due to the size of RESBUD SE.

II. Z. 2. The members of the Management Board of the company in the boards of directors or supervisors of companies outside the company's capital group require the approval of the supervisory board.

The rule is applied.

II. Z. 3. At least two members of the supervisory board shall fulfil the criteria of independence referred to in principle II. Z. 4.

The rule is not applied.

Comment of the Company: The decision to choose members of the supervisory board is the responsibility of the general meeting of shareholders. Shareholders who are guided by competence and trust in individual nominations shall appoint the composition of the supervisory board. The company may, depending on the decision of the general meeting, periodically meet or not this criterion depending on the council composition chosen. Currently (i.e. in 2019) the supervisory board does not fulfil the criteria of independence, since only one of the members of the supervisory board is independent and the assessment of the ensuing risks lies within the remit of the GM.

II.Z. 4. As regards the criteria for the independence of the members of the supervisory board, annex II to the European Commission recommendation 2005/162/EC of 15 February 2005 concerning the role of non-executive directors or members of the supervisory board of listed companies and Board (Supervisory) committee. Notwithstanding the provisions of point 1 (a). b) the document referred to in the preceding sentence, the person who is an employee of a company, subsidiary or associate, as well as a person associated with such entities a contract of a similar nature, cannot be considered to meet the criteria Independence. A relationship with a shareholder excluding the independence of a member of the supervisory board within the meaning of this rule shall also be understood as actual and relevant links with a shareholder holding at least 5% of the total number of votes in the company.

The rule is not applied.

Comment of the Company: The decision to choose the members of the supervisory board is the responsibility of the general meeting of shareholders. Shareholders who are guided by competence and trust in individual nominations shall appoint the composition of the supervisory board. The company may, depending on the decision of the general meeting, periodically meet or fail to fulfil this criterion depending on the composition of the Council and the assessment of the resulting risks lies within the remit of the General Meeting.

II. Z. 5. A member of the supervisory board shall provide the other members of the Board and the Management Board with a statement of its fulfilment of the independence criteria laid down in principle II. Z. 4.

The rule is applied.

II. Z. 6. The supervisory board shall assess whether there are any links or circumstances which may affect the fulfilment by a member of the supervisory board of the criteria of independence. The assessment of the fulfilment of the independence criteria by the members of the supervisory board shall be presented by the board in accordance with rule II. Z. 10.2.

The rule is applied.

II. Z. 7. The provisions of annex I to the recommendation of the European Commission referred to in principle II shall apply to the tasks and functions of committees operating in the supervisory board. Z. 4 where the audit committee functions as a supervisory board, the above rules shall apply mutatis mutandis.

The rule is applied.

Comment of the Company: The Audit committee is operational by the supervisory Board.

II. Z. 8. The Chairman of the Audit Committee shall fulfil the criteria of independence indicated in principle II. Z. 4.

The rule is not applied.

Comment of the Company: The company operates an audit committee operated by the supervisory board. The decision to choose members of the supervisory board is the responsibility of the general meeting of shareholders. Shareholders who are guided by competence and trust in individual nominations shall appoint the composition of the supervisory

board. The company may, depending on the decision of the general meeting, periodically meet or not this criterion depending on the composition of the Council, and the assessment of the resulting risks lies within the competence of the GM.

II. Z. 9. In order to enable the Supervisory Board to fulfil its tasks, the Management Board shall provide the Council with access to information on matters relating to the company.

The rule is applied.

II. Z. 10. In addition to the activities resulting from the provision of the law, the Supervisory Board shall, once a year, submit to the ordinary general meeting:

II. Z. 10.1. Assessment of the company's situation, including assessment of internal control systems, risk management, compliance and internal audit functions; This assessment shall cover all relevant control mechanisms, including in particular reporting on Financial and operational activities.

The rule is applied.

II. Z. 10.2. Report on the activities of the supervisory board, including at least information on:

- The composition of the Board and its committees,
- The fulfilment by the members of the Board of independence criteria,
- The number of meetings of the Board and its committees in the reporting period,
- Self-assessment of the supervisory board's work;

The rule is applied.

II. Z. 10.3. An assessment of how the company is fulfilling its information obligations regarding the application of corporate governance principles set out in the exchange regulations and the provisions on current and periodic information transmitted by issuers of securities.

The rule is not applied.

Comment of the Company: The supervisory board shall supervise the company's activities in all its spheres, including the company's compliance with its information obligations. However, given that current information including confidential information must be reported promptly, the supervisory board is not able to continuously monitor this aspect of the company's activities. For this reason, the supervisory board recommended that those responsible for reporting should have the appropriate competences and experience.

II. Z. 10.4. Assessment of the rationality of the company's policy referred to in recommendation I.R. 2 or the absence of such a policy.

The rule is not applied.

Comment of the Company: The company on the date of entry into force of the good practices of the companies listed on the WSE 2016 does not carry out that kind of activities.

II. Z. 11. The supervisory board shall consider and opinion the matters to be the subject of resolutions of the General Meeting.

The rule is applied.

Comment of the Company: The company's supervisory board expresses its own-initiative opinion, at the request of shareholders or the management board of the company, on important matters to be discussed or in matters provided for in the statutes of the company. The company does not have an absolute principle of examining and reviewing all matters intended to be the subject of the resolutions of the general meeting.

VI.III. Internal systems and Functions.

The listed company maintains effective systems: internal control, risk management and compliance supervision, as well as an effective internal audit function, appropriate to the size of the company and the type and scale of Business.

Recommendations:

III. R. 1. The company shall extract in its structure the entities responsible for carrying out the tasks in each system or function, unless the separation of the organizational units is not justified by the size or type of activity carried out by the Company.

Recommendation is not applied.

Comment of the Company: The separation of organizational units is not justified due to the size and type of business carried out by the company. The company implemented internal systems appropriate to the size of the company and the type and scale of the business.

Detailed rules:

III. Z. 1. For the implementation and maintenance of effective internal control systems, risk management, compliance and internal audit functions, the company's management board is held responsible.

The rule is applied.

Comment of the Company: The company implemented internal systems appropriate to the size of the company and the type and scale of the business.

III. Z. 2. Subject to rule III. Z. 3, the persons responsible for risk management, internal audit and compliance shall be directly subject to the president or another board member, and shall be provided with the possibility of reporting directly to the Supervisory board or audit committee.

The rule is applied.

Comment of the Company: Due to the size of the company, the accepted business model and organizational structure of the company, in the company is established single management board subject to direct control of the supervisory board and the distinguished Audit Committee.

III. Z. 3. For the person who directs the internal audit function and other persons responsible for carrying out its tasks, the principles of independence set out in the universally recognized international standards of professional practice for internal auditing shall apply.

The rule is not applied.

Comment of the Company: The company operates an audit committee operated by the supervisory board. The decision to choose the members of the supervisory board and thus the Chairman of the Audit Committee is the responsibility of the general meeting of shareholders. Shareholders who are guided by competence and trust in individual nominations shall appoint the composition of the supervisory board. The company may, depending on the decision of the general meeting, periodically meet or fail to fulfil this criterion depending on the composition of the supervisory board and the assessment of the resulting risks lies within the remit of the GM.

III. Z. 4. At least once a year, the person responsible for internal audit (in case of separation of such function in the company) and the Management Board shall submit to the supervisory board their own assessment of the effectiveness of the systems and functions referred to in principle III. Z. 1, together with the relevant report.

The rule is not applied.

Comment of the Company: In the company the function of the Audit committee is fully the supervisory board, its members are elected by the general meeting.

III. Z. 5. The supervisory board shall monitor the effectiveness of the systems and functions referred to in principle III. Z. 1, based, inter alia, on reports periodically delivered to it directly by the persons responsible for those functions and the management Board of the company, and shall undertake an annual assessment of the effectiveness of these systems and functions, in accordance with principle II. Z. 10.1. Where the company operates an audit committee, it shall monitor the effectiveness of the systems and functions referred to in principle III. Z. 1, however, does not relieve the supervisory board of the annual assessment of the effectiveness of these systems and functions.

The rule is applied.

Comment of the Company: The supervisory board shall have full control over all areas of the company's activities.

III. Z. 6. Where there is no organizational separation of the internal audit function in the company, the Audit Committee (or the supervisory board, if it is the Audit Committee) shall annually assess whether there is a need for such separation.

The rule is applied.

Comment of the Company: The supervisory board shall have full control over all areas of the company's activities.

IV. General Meeting and shareholders relations.

The management board of a listed company and its supervisory board should encourage shareholders to engage in the company's affairs, which is primarily an active participation in the general meeting. The general meeting should respect the rights of shareholders and endeavor to ensure that the resolutions taken do not infringe the legitimate interests of the different shareholder groups. Shareholders taking part in the general meeting shall exercise their powers in a manner which is not of good morality.

Recommendations:

IV. R. 1. The company should endeavor to complete the ordinary general meeting as soon as possible after the publication of the annual report, setting this deadline, taking into account relevant legal provisions.

The recommendation is applied.

IV. R. 2. If this is justified on account of the shareholding structure or the expectations of the shareholders, the company is able to provide the technical infrastructure necessary for the efficient implementation of the general meeting by using means of electronic communication, should enable shareholders to participate in the general meeting by using such means, in particular by:

- 1) The transmission of meetings of the general meeting in real time,**
- 2) Bilateral real-time communication whereby shareholders may speak during the deliberations of the general meeting in a place other than that of the general Meeting,**
- 3) exercise, in person or by proxy, voting rights in the course of the general meeting.**

Recommendation is not applied.

Comment of the Company: The company recognizes that the costs of infrastructure and the transmission of the General Meeting's deliberations are too high. At the same time, the Management Board indicates that the company's shareholding structure is not interested in the general meeting's deliberations.

IV. R. 3. The company seeks to ensure that when securities issued by a company are traded in different countries (or in different markets) and under different legal systems, the implementation of corporate events related to the acquisition of rights on the same dates in all the countries in which they are listed.

The rule does not apply to the company.

Comment of the Company: Securities issued by the company – in part where they are admitted to trading - are listed exclusively on the regulated market of WSE in Warsaw.

Detailed rules:

IV. Z. 1. The company shall determine the place and the date of the general meeting in such a way as to enable the widest number of shareholders to attend.

The rule is applied.

IV. Z. 2. If this is justified due to the company's shareholding structure, the company provides a publicly available broadcast of the general meeting in real time.

The rule is not applied.

Comment of the Company: The company recognizes that the costs of transmitting the meetings of the general meeting are too high. At the same time, the management board indicates that the company's shareholding structure is not interested in the general meeting's deliberations.

IV. Z. 3. Media representatives are able to be present at general meetings.

The rule is not applied.

Comment of the Company: The company indicates that there is no interest in media participation in the company's general meetings. In addition, the company's assessment of the participation of non-eligible persons may interfere with the general meeting.

IV. Z. 4. Where the management receives information on the convening of a general meeting on the basis of art. 399 § 2 – 4 of the commercial Companies Code, the management board shall immediately carry out the activities to which it is obliged in connection with the organization and conduct of the general meeting. The principle also applies when convening a general meeting on the basis of an authorization issued by the Registry Court in accordance with art. 400 § 3 of the commercial Companies code.

The rule is applied.

Comment of the Company: The rule was in force until 30 November 2018, i.e. The date of transfer of the registered office to Estonia. Since then, the issuer has not applied the Polish commercial code.

IV. Z. 5. The rules of the general meeting, as well as the manner of deliberations and resolutions, shall not impede the participation of shareholders in the general meeting and the exercise of their rights. Amendments to the rules of general meeting should be effective at the earliest of the next general meeting.

The rule is applied.

IV. Z. 6. The Company shall endeavor to make the cancellation of the general meeting, the amendment of the deadline or the management of the interruption in deliberations not prevent or restrict the shareholders exercising the right to attend the general meeting.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the announcement of a break in the deliberations of the general meeting shall be undertaken only by shareholders and the Chairman of the general meeting

IV. Z. 7. A break in the deliberations of the general meeting may take place only in specific situations, each time indicated in the explanatory memorandum to the resolution on the interruption order, based on the reasons provided by the shareholder requesting the break order.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the announcement of a break in the deliberations of the general meeting shall be undertaken only by the shareholders and the Chairman of the general meeting, who decide to indicate in the resolution of the justification for the management of the interruption in deliberations.

IV. Z. 8. The resolution of the general meeting on the interruption order clearly indicates the timing of the resuming of deliberations, which cannot constitute a barrier to participation in the resumed deliberations by a majority of shareholders, including shareholders minority.

The rule is applied.

Comment of the Company: The company points out, that decisions on the announcement of a break in the deliberations of the general meeting shall be undertaken only by the shareholders and the Chairman of the general meeting, who decide on the date of resuming the proceedings.

IV. Z. 9. The Company shall endeavor to ensure that the draft resolutions of the general meeting contain a justification if it makes it easier for shareholders to take a resolution with due discernments. Where the placement of a case on the agenda of a general meeting is made at the request of a shareholder or shareholder, the board or Chairman of the general meeting shall ask for the justification of the proposed resolution. In material cases or in the case of doubts of shareholders, the company will provide a justification unless it otherwise provides to the shareholders the information which will ensure that the resolution is made with due discernment.

The rule is applied.

Comment of the Company: The management board will seek to publish the justifications of the key to the company's activities in the draft resolutions of the general meetings.

IV. Z. 10. The exercise of shareholder powers and the manner in which they are exercising their powers must not lead to obstructing the proper functioning of the company's organs.

The rule is applied.

IV. Z.11. The members of the management board and the supervisory board shall participate in the meeting of the general meeting in a composition enabling the substantive answers to the questions asked during the general meeting.

The rule is applied.

Comment of the Company: Members of the Company's organs shall endeavor to participate in the deliberations of the general meeting, but due to the fact that many times the general meetings of the company are held on request or within the deadlines set by the shareholders, The participation of the members of the bodies in the deliberations of the general meeting is hampered.

IV. Z. 12. The management board should present to the participants of the ordinary general meeting the financial results of the company and other relevant information contained in the financial statements subject to approval by the general meeting.

The rule is applied.

IV. Z. 13. If the shareholder requests information about the company, no later than 30 days, the management board of the company is obliged to reply to the shareholder's request or inform him of the refusal to provide such information, If the management board has decided on the basis of art. 428 § 2 or § 3 of the commercial Companies code.

The rule is applied. Since then, the Issuer has not applied the Polish Commercial Companies Code. In the Estonian Commercial Code there are provisions corresponding to the Polish regulations that the issuer applies.

IV. Z. 14. The resolution of the general meeting should ensure that the necessary time interval is maintained between the decisions giving rise to certain corporate events and the dates on which shareholders rights arising from these corporate events are determined.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the content of the general meeting shall be taken by shareholders only.

IV. Z. 15. The resolution of the general meeting on the issue of shares with a right of collection should specify the issue price or the mechanism for its determination, or oblige the authority empowered to determine it before the date of the right of collection, within a time limit for deciding investment.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the content of the general meeting shall be taken by shareholders only.

IV. A. 16. The dividend day and the timing of the dividend payment should be so established that the period between them is no longer than 15 working days. The establishment of a longer period between these deadlines requires justification.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the content of the general meeting shall be taken by shareholders only.

IV. Z. 17. The resolution of the general meeting on the payment of a contingent dividend may contain only those conditions, the possible materialization of which will be before the dividend date.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the content of the general meeting shall be taken by shareholders only.

IV. Z. 18. The resolution of the general meeting on the Division of the nominal value of shares should not establish a new nominal value of shares at a level lower than 0.50, which could result in a very low unit market value of those shares, which could, as a consequence, be The correctness and reliability of the valuation of the listed company.

The rule is applied.

Comment of the Company: However, the company points out that decisions on the content of the general meeting shall be taken by shareholders only.

V. Conflicts of interest and transactions with related entities.

For the purposes of this chapter, the definition of related entity as defined in the International Accounting standards adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on Application of international accounting standards. The company should have transparent procedures for the prevention of conflicts of interest and the conclusion of transactions with related parties under the conditions of possible conflict of interest. Procedures should provide for ways to identify, disclose and manage such situations.

Recommendations:

V.R. 1. A member of the management board or of the supervisory board should avoid professional or non-occupational activity which could lead to a conflict of interest or adversely affect its reputation as a member of the company's body and, if conflict of interest should disclose it immediately.

The recommendation is applied.

Detailed rules:

V.Z. 1. No shareholder shall be privileged to other shareholders in respect of transactions concluded by a company with shareholders or entities associated with them.

The rule is applied.

Comment of the Company: The management board states that due to the shareholding structure and the company's activity profile, transactions with the company's leading shareholder are present and may be concluded, which does not mean that its position in this regard is privileged.

V.Z. 2. A member of the management board or of the supervisory board shall inform the management or supervisory board accordingly of the conflict of interest or the possibility of its creation and shall not take part in the vote on the resolution in respect of which the person may experience conflicts of interest.

The rule is applied.

V.Z. 3. A member of the management board or of the supervisory board may not accept any advantage which could affect impartiality and objectivity in its decision-making or negatively impact the assessment of the independence of its opinions and courts.

The rule is applied.

V.Z. 4. Where a member of the management board or the supervisory board considers that the decision, respectively, of the management board or the supervisory board, is contrary to the interests of the company, he may require the meeting of the management board or the supervisory Board of its position in the minutes of the subject.

The rule is applied.

V.Z. 5. Before the company concludes a substantial contract with a shareholder holding at least 5% of the total number of votes in a company or a related party, the Management Board shall request the supervisory board to agree to such a transaction. The supervisory board shall assess the impact of such a transaction on the interests of the company before agreeing. The above obligation is not subject to typical and market-based transactions in the course of operating activities of the company with entities within the company's group of companies. Where a decision on the conclusion by a company of a substantial contract with a related party is taken by a general meeting, the company shall, before taking such a decision, ensure that all shareholders have access to the information necessary to assess the impact this transaction to the company's interest.

The rule is applied.

V.Z. 6. The company determines in its internal regulations the criteria and circumstances in which a company may be confronted with a conflict of interest, as well as rules for dealing with conflicts of interest or the possibility of its occurrence. The company's internal regulations include, inter alia, ways of preventing, identifying and resolving conflicts of interest, as well as the exclusion of a member of the management board or of the supervisory board from participating in the handling of a case covered conflicts of interest.

The rule is applied.

VI. Salaries

The company has a remuneration policy at least for members of the company's organs and key managers. The remuneration policy shall specify in particular the form, structure and method of remuneration of the members of the company's organs and its key managers.

Recommendations:

VI. R. 1. Remuneration of members of company bodies and key managers should be derived from the adopted remuneration policy.

Recommendation is not applied.

Comment of the Company: Due to the size of the company, the organizational structure and the scope of activity in the company was not developed the document "remuneration policy", remuneration for individual members of the company's organs, taking into account the assigned tasks and the assessment, the supervisory board, and for the members of the supervisory board, the general meeting of shareholders of the company, respectively.

VI. R. 2. Remuneration policies should be closely linked to the company's strategy, its short-and long-term objectives, long-term interests and results, and should take into account solutions to avoid discrimination for any reason.

The recommendation is applied.

Comment of the Company: Due to the size of the company, the organizational structure and the scope of activity in the company was not developed the document "remuneration policy", remuneration for individual members of the company's organs, taking into account the assigned tasks and the assessment, the supervisory board, and for the members of the supervisory board, the general meeting of shareholders of the company, respectively.

VI. R. 3. If the remuneration committee functions in the Supervisory board, the principle II shall apply in respect of its functioning. Z. 7.

The recommendation is applied.

Comment of the Company: The role of the remuneration committee in the company is fulfilled by the supervisory board.

VI. R. 4. The level of remuneration of the members of the management board and of the supervisory board and of the key managers should be sufficient to acquire, maintain and motivating persons with the necessary competences to manage and supervise the company properly. Remuneration should be adequate for the tasks entrusted to individual persons and take into account additional functions such as work in the committees of the supervisory board.

The recommendation is applied.

Detailed rules:

VI. Z. 1. Incentive schemes should be designed to, inter alia, make the remuneration of directors of the company and its key managers dependent on the real, long-term financial situation of the company and the long-term increase in value for shareholders and the stability of the company.

The rule does not apply to the company.

Comment of the Company: The company has not adopted incentive schemes.

VI. Z. 2. To associate the remuneration of board members and key managers with long-term business and financial goals of the company, the period between the award of an option incentive scheme or other instruments related to the shares of the company, and the possibility of their implementation should be at least 2 years.

The rule does not apply to the company.

Comment of the Company: The company has not adopted incentive schemes.

VI. Z. 3. Remuneration of members of the supervisory board should not be conditional on options and other derivatives, or any other variable component, and should not depend on the performance of the company.

The rule is applied.

VI. Z. 4. The company in the management report shall submit a report on the remuneration policy containing at least:

- 1) General information on the remuneration system adopted in the company,**
- 2) information on the conditions and remuneration of each of the members of the management board, broken down by fixed and variable components of remuneration, indicating the key parameters for determining the variable remuneration components and the rules for the payment of checks and other payments for termination of an employment relationship, an order or other legal relationship of a similar nature – separately for the company and each entity within the group,**
- 3) Information on the individual members of the board and key managers of non-financial components of remuneration,**
- 4) An indication of the significant changes that occurred during the last financial year in the remuneration policy, or information on their absence,**
- 5) An assessment of the functioning of the remuneration policy in terms of achieving its objectives, in particular the long-term shareholder value and stability of the company.**

The rule is not applied.

Comment of the Company: The company publishes information on the remuneration of members of the company's organs in accordance with the International Accounting Standards Company.

VII. Description of the management and supervisory bodies, composition of their committees and the organization of their work.

The Executive Body of the company is the Management Board. The management board of the company in accordance with the articles of association may consist of 1 to 4 members.

In 2020 Management Board was consisting: 1 person from 1 January 2020 to 14 February 2020 - Mr Bartosz Stradomski; 2 persons from 14 February 2020 to 14 April 2020 - Mr Jarosław Gerard Podolski and Mr Bartosz Stradomski and 1 person only from 14 April 2020 to the end of year 2020 – Mr Jarosław Gerard Podolski. At the day of submitting this report Management Board consists of two persons – Mr Krzysztof Długosz and Ms Joanna Dyja.

This body directs the company's activities, it represents company outside. The management board members are elected by supervisory board, which shall also decide on the remuneration of the management board members. The management board did not have any committees or responsibilities between members, given company size. Any member of the management board of a company may represent the company independently in all legal acts, if the resolution of the supervisory board is not specified otherwise. If the management board of a company consists of more than two (2) members, the Management Board shall appoint the Chairman of the management board. Meetings of the management board shall have a quorum if it involves more than half of the board members. The decisions of the Management Board shall be adopted by simple majority. Each board member has one vote. The vote of the Chairman of the management board shall be decisive in the event of equal votes distribution. A member of the board may resign at any time. Resignation is submitted to the supervisory board.

The detailed rules governing the functioning of the management board are governed by generally applicable Estonian law and the company's articles of association. The last document is available on the website of the issuer: www.resbud.pl.

The supervisory board is the supervisory authority of the company. The scope of its responsibilities is the planning of the company's activities, assistance in organizing the company's management and oversight of management activities. From the date of transfer of the company to Estonia, the supervisory board may consist of 3 to 7 members. This authority shall be appointed by the general meeting of the company. The term of the supervisory board is 5 years.

Meetings of the supervisory board shall take place where appropriate, but not less than one time in three months. Notice of convening of a meeting of the supervisory board shall be sent at least seven days before the date of the planned meeting and shall contain the agenda proposed by the Chairman of the supervisory board. A meeting of the supervisory board has a quorum if it involves more than half of the members of the supervisory board. The resolutions of the supervisory board shall be adopted by simple majority. The vote of the Chairman of the supervisory board shall be decisive in the event of equal distribution. The supervisory board shall have the right to adopt resolutions without convening a meeting if all members of the supervisory board agree. The procedure for adopting resolutions is as follows: the Chairman of the supervisory board sends a draft resolution to all members of the supervisory board, setting

a deadline within which a member of the supervisory board must submit a written position. If a member of the supervisory board does not submit in respect of the resolution of his or her vote in favor or against within the prescribed period, he shall be deemed to have voted against the resolution. The resolution is accepted if more than half of the members of the supervisory board voted in favor of the resolution. The approval of the supervisory board is required for the company's management to approve the company's budget and risk management principles; The acquisition or disposal by a company of any asset the value of which exceeds 100 th EUR in one or more related transactions; consent to the terms of operations with the members of the Management Board and deciding to enter into a legal dispute with a member of the Management Board and the designation of the person entitled to represent the company in such a dispute giving consent to each type of a transaction the value of which exceeds 100 th EUR in one or more related transactions; giving consent to the borrowing or lending or other debt obligations of a company or the acquisition by a company of liabilities, the value of which exceeds 100 th EUR in one or more related transactions; establishment and closure of foreign subsidiaries, representations or other entities of the company; acquisition or divestiture of any type of undertaking or termination of business or the conclusion of such transactions, which may result in future acquisitions or disposals of undertakings or the termination of business enterprise the creation or acquisition or merger with other undertakings or the disposal of subsidiaries or the transfer, sale or imposition in any other way of parts and associations of subsidiaries or termination of the activities of subsidiaries.

Detailed rules for the functioning of the supervisory board are defined by the Estonian commercial code and company articles of associations, last document is available on the issuer website www.resbud.pl.

VIII. Description of the main features of internal audit and risk management systems in connection with the process of preparing annual accounts.

The management Board of the issuer due to the simplified structure and the relatively limited number of financial risks has not developed and did not introduce a written procedure for the internal control system and risk management for the preparation of financial statements, however, the issuer with utmost diligence approaches the issue of financial reporting.

The management board of the company is responsible for the internal control system of the company and its effectiveness in the correctness of the preparation of financial statements and periodic reports. Financial statements and periodic reports shall be drawn up on the basis of the financial data from the finance and accounting system, where they are recorded in accordance with the principles of the accounting policy adopted in accordance with the Accounting Act.

The verification of the correctness of the periodic financial statements shall be carried out by independent auditors for the annual financial audits and for each half-yearly review of the reports.

The management board also based on the opinion of the supervisory board and the Audit Committee, to the extent indicated in paragraph 4.2 of this report.

The financial statements are prepared by professional operators, in 2020 the issuer used the services of the accounting services "Galex", run by statutory auditor Jolanta Gałuszka, providing accounting services on an outsourcing contract to the issuer. Using the services of a specialized office, the management board shall be provided with ongoing external advice to consult any problems related to the regularity of the preparation of compulsory financial statements, including quarterly, semi-annual and annual accounts and tax issues.

IX. Indication of the owners of the shares which grant specific audit powers and a description of those entitlements.

All shares of the company are ordinary shares. No series of shares shall grant any special powers for shareholders, to perform audit. The articles of association of the company also do not grant any powers on the shareholders, and in particular the powers concerning the audit of the company.

X. Any restrictions on the transferring of the issuer's shares and the exercise of voting rights.

According to the best knowledge of the board of RESBUD SE in 2020, there were no restrictions on the transferring of shares or in the exercise of voting rights from the shares of the issuer. The information held by the management board shows that all shareholders holding shares had the right to vote at the general meeting of the company.

XI. Regulations concerning the amendment of the company articles of association.

According to the Estonian commercial code, a resolution of the general meeting is required by a majority of 2/3 votes to amend the articles of association. The articles of association of the company do not provide for further requirements to take such a resolution. Also in accordance with the current regulation included in § 300 (2) of the Estonian Commercial Code, to amend the articles of association it is required to make an entry in the Estonian commercial register.

The current copy of the articles of association can be found on the company's website www.resbud.pl. A copy of the articles of the association can also be obtained from the Estonian Commercial Register at <https://ariregister.rik.ee/>.

XII. Authority of board members including authorization to increase capital and issue shares.

The management board did not have any specific powers in 2020 including entitlement to capital increase and issuance of shares.

XIII. Diversity policy.

The company did not introduce diversity policy. The reason for this is the minimum number of employees employed. In the company organ, diversity issues are explained in section 3 of the description of principle II. R. 2.

XIV. Information about the holding structure.

At 31.12.2020 Resbud SE held shares in the following companies:

1. Conpol Sp. o. o. (polish registry code 0000398864), total number of shares – 3019, percentage in share capital 38.63%
2. Energokomplyekt OOO (Russian registry code 1136670023071), percentage in share capital 4.1%.

Since 4th February 2021 the Company holds the following shares:

- 8000 shares in the share capital of CONPOL Sp. z o. o. with registered office in Modlniczka, Poland, that constitutes 100 % of shares in the share capital and entitle to 100 % voting rights at the shareholder's meeting;
- direct share in the share capital of the company Energokomplyekt OOO with registered office in Yekaterinburg, Russia, that constitutes 87.80 % of shares in the share capital and entitle to 87.80% voting rights at the shareholder's meeting, when company also holds indirectly over Conpol sp. z o.o. 12.2% of share capital of Energokomplyekt OOO, which gives 100% control directly and indirectly
- 100 shares in the share capital of UNIWERSIM Sp. z o. o. with registered office in Modlniczka, Poland, that constitutes 100 % of shares in the share and entitles to 100 % voting rights at the shareholder's meeting.
- indirectly over Conpol sp. z o.o. 100% share in company Delcraft Ehitus OÜ, with its registered seat in Tallinn, Estonia, entitle to 100 % voting rights at the shareholder's meeting;

VI. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	<i>in thousands of EUR</i>	
		2020-12-31	2019-12-31
NON-CURRENT ASSETS		1 860	2637
Non - current investments	3	1 860	2637
- in associated entities valued at equity method		262	559
- valued at fair value through other comprehensive income		1 598	2 078
CURRENT ASSETS		94	187
Prepaid charges		36	54
Trade and other receivables	5	26	19
Loan receivables	6	28	81
Cash and cash equivalents		4	33
TOTAL ASSETS		1954	2824

EQUITY AND LIABILITIES	Note	<i>in thousands of EUR</i>	
		2020-12-31	2019-12-31
TOTAL EQUITY		1 340	2467
Share capital	7	1 991	1 991
Supplementary capital		2 092	2 106
Reserve capital		69	69
Revaluation reserve		-498	279
Differences from currency conversion		-67	-64
Capital from mergers		-4	-4
Retained earnings, including:		-2 243	-1 910
- previous year's profit/loss		-1 896	-1 945
- current year net profit/loss		-347	35
TOTAL LIABILITIES		614	357
NON-CURRENT LIABILITIES		0	302
Borrowings	9	0	200
Other non-current liabilities	10	0	102
CURRENT LIABILITIES		614	55
Borrowings	9	365	0
Provisions and other current liabilities	11	0	27
Trade payables		93	0
Employee benefit obligations		24	3
Other current liabilities	10	132	25
TOTAL EQUITY AND LIABILITIES		1 954	2 824

Book value of equity		1 340	2 467
Number of shares		18 100 000	18 100 000
Book value per one share (IN EUR)	8	0.07	0.14
Diluted number of shares		18 100 000	18 100 000
Diluted book value per one share (IN EUR)		0.07	0.14

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Note	<i>in thousands of EUR</i>	
		2020-01-01- 2020-12-31	2019-01-01- 2019-12-31
Continuing operations:			
Administrative expenses	12	-316	-92
Other operating income	13	0	36
Other operating expense		-8	-37
Operating profit (loss)		-324	-93
Finance income	14	5	206
Finance costs	14	-28	-78
Profit (loss) before income tax		-347	35
Profit (loss) from continuing operations		-347	35
Profit (loss) for the period		-347	35
Weighted average number of ordinary shares		18 100 000	18 100 000
Profit (loss) per one ordinary share (in EUR)	15	-0.02	0.00
Weighted average diluted number of ordinary shares		18 100 000	18 100 000
Diluted profit (loss) per one ordinary share (in EUR)		-0.02	0.00

The above statement of profit or loss should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME (OCI)

STATEMENT OF COMPREHENSIVE INCOME		<i>in thousands of EUR</i>		
		Note	2020-01-01- 2020-12-31	2019-01-01- 2019-12-31
Net profit/loss for the period			-347	35
Other comprehensive income:				
Items that will not be reclassified to profit or loss, including:			-780	-164
Revaluations, including			-777	-143
-	Equity investments at FVOCI – net change in fair value	3	-480	0
-	Equity method accounted investees – share of OCI	3	-297	-143
Change in differences from EUR conversion			-3	-21
Total comprehensive income for the period			-1127	-129

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY 2020 from 2020-01-01 to 2020-12-31								
<i>in thousands of EUR</i>								
	Share capital	Reserve Capital	Supplementary capital	Revaluation Reserve	Conversion differences	Capital from a merger	Retained earnings	Total Equity
Balance as at 31.12.2019	1 991	69	2 106	279	-64	-4	-1 910	2 467
Net profit (loss) for the period	0	0	0	0	0	0	-347	-347
Other comprehensive income	0	0	0	-777	-3	0	0	-780
Reclassification	0	0	-14	0	0	0	14	0
Balance as at 31.12.2020	1 991	69	2 092	-498	-67	-4	-2 243	1 340

STATEMENT OF CHANGES IN EQUITY 2019 from 2019-01-01 to 2019-12-31								
<i>in thousands of EUR</i>								
	Share capital	Reserve Capital	Supplementary capital	Revaluation Reserve	Conversion differences	Capital from a merger	Retained earnings	Total Equity
Balance as at 31.12.2018	1 430	69	1 919	422	-43	-4	-1 945	1 848
Net profit (loss) for the period	0	0	0	0	0	0	35	35
Other comprehensive income	0	0	0	-143	-21	0	0	-164
Total comprehensive income for the period	0	0	0	-143	-64	0	35	-129
Transaction with owners in their capacity as owners								
-Capital increase (share issue)	561	0	187	0	0	0	0	748
Transaction with owners in their capacity as owners in total:	561	0	187	0	0	0	0	748
Balance as at 31.12.2019	1 991	69	2 106	279	-64	-4	-1 910	2 467

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW (Indirect method)	Note	<i>In thousands of EUR</i>	
		2020-01-01- 2020-12-31	2019-01-01- 2019-12-31
		Cash flows from operating activities	
Profit (loss) for the period		-347	35
Interest received		5	0
Interest paid		-28	0
Profit (loss) from the sale of non-current assets		0	143
Change in trade and other receivables		39	1089
Change in the current liabilities, excluding borrowings		110	-70
Other adjustments		0	-1 124
Net cash from operating activities		-221	-70
Cash flow from investing activities			
Loans repaid	16	55	0
Loans granted	16	-10	-208
Net cash from investment activities		45	-208
Cash flows from financing activities			
Net receipts from the issuance of shares and other equity instruments and capital injections		0	46
Loans received	16	147	200
Net cash from financing activities		147	246
Total cash flows (operating+investing+financing):		-29	-32
Net increase (decrease) in cash and cash equivalents		-29	-32
Cash and cash equivalents at the beginning of the financial year		33	65
Cash and cash equivalents at the end of the year		4	33

The above statement of cash flow should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 General information

Reporting entity

The presented financial statements contain aggregate data of RESBUD SE, domiciled and registered in Estonia, which include branch in Poland. RESBUD SE did not have controlled subsidiaries during 2020 and does not draw up a consolidated financial statement. The more detailed description of the entity is presented in the management board report above.

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 different unit of measures.

Basis of accounting

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).

Functional and presentation currency

The functional currency of the financial statements is the Polish Zloty (PLN) as the currency of the primary economic environment in which the entity and its associates mainly operate. The financial statements are presented in thousands of euros (EUR), which is the Company's presentation currency.

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 31 December 2019, EUR 1 = 4.2585
- On 31 December 2020, EUR 1 = 4.6148

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 2019 to 31 December 2019, EUR 1 = 4.3018
- Between 1 January 2020 to 31 December 2020, EUR 1 = 4.4742

Exchange rate differences from translation from functional currency into presentation currency are recognized in equity.

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.

New standards, amendments and interpretations effective for the reporting period

The following standards, amendments and interpretations became effective for the company from January 1, 2020:

1. Standard: IAS 1 "Presentation of financial statements" and IAS 8 "Accounting principles (policy), changes in accounting estimates and error correction" Amendments: Application of the concept of materiality in the process of preparing financial statements. Effective Date: January 1, 2020
2. Standard: Conceptual Assumptions - changes. Description: unifying the Conceptual Framework. Effective Date: January 1, 2020
3. Standard: IFRS 9 "Financial Instruments", IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial Instruments" Amendments: introduction of temporary exemptions from the application of specific hedge accounting requirements, the requirement to disclose additional information about hedging relationships. Effective Date: January 1, 2020

4. Standard IFRS 16 regards Leasing and had no use in the Company

Note 2 Significant accounting policies

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.

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

- certain financial assets and liabilities – measured at fair value

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.

Revenue recognition

The accounting policies for the revenue from contracts with customers are under IFRS 15 adopted as of 2018-01-01 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.

Income tax in Estonia

Legal persons income tax rate is 20%. System of corporate earnings taxation currently in force in Estonia is a system which shifts the moment of corporate taxation from the moment of earning the profits to the moment of their distribution. It means earning profits in itself does not bring income tax liability which arises only when earned profit is distributed to shareholders. In case profit distributed to shareholders originates from dividends received from a subsidiary company or from a permanent establishment the corporation has in another country then profit distribution is tax exempt. Distributed profits mean gifts, donations, representation expenses and any payments and expenses not connected to the business. Estonia does not have withholding tax on dividends paid. Distributed profits are taxed at a rate of 20%

A resident company, except for a public limited fund, shall pay income tax on such portion of payments made from the equity upon reduction of the share capital or contributions, upon redemption or return of shares or contributions

(hereinafter holding) or in other cases, which exceeds the monetary and non-monetary contributions made to the equity of the company.

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. The Company is subject to the Estonian tax system since 2018-11-30.

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.

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.

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 (Other Comprehensive Income) or through profit or loss), and those to be measured at amortized cost.

In accordance with IAS28 p. 10 shares in associated companies are measured using equity method through OCI. 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.

Associates are entities in which the investor has significant influence, but not control of the financial and operating policies. Significant influence is presumed to exist when the group holds, directly or indirectly, through subsidiaries, 20% to 50% of the voting power of the investee.

Investments in associates are accounted for using the equity method. The investment is initially recognised at cost, which includes the transaction charges. The carrying amount of an investment includes any goodwill identified on acquisition less any subsequently recognised impairment losses.

(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 (Expected Credit Loss);
- 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

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

Shares capital from ordinary shares is classified as equity. Mandatorily redeemable preference shares are classified as liabilities (not present). 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. The assets and liabilities 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 or agio. Reserve capital has been created by the historical decrease in share capital. Revaluation capital is created from asset value revaluation. Exchange differences come from the conversion of units different to functional currency. Capital from mergers has been created by the historical merge. Retained earnings consists of previous and present year profit or losses, if they are not already distributed.

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.

Uncertainty of estimates

When applying the accounting principles in force in the Company, the Management Board is obliged to make estimates, judgments and assumptions regarding the amounts of valuation of individual assets and liabilities. The estimates and related assumptions are based on historical experience and other factors considered relevant. The actual results may differ from the adopted estimated values. The preparation of the financial statements requires the Management Board of the Company to make estimates, as much of the information contained in the financial statements cannot be measured precisely. The Management Board verifies the adopted estimates based on changes in the factors taken into account when making them, new information or past experiences. Therefore, the estimates made as at December 31, 2020 may be changed in the future. The main estimates are described in the following notes on the fair value of financial instruments, which materially affects the company's financial statements. In the report for 2020, the Management Board assesses that there are no other significant areas with regard to which there is a risk related to uncertainty of estimates.

Related entities:

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 Boards of the company and their immediate family members and companies under their control or significant influence

Note 3 Non-current investments

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

<i>FINANCIAL ASSETS</i> <i>in thousands of EUR</i>	<i>2020-12-31</i>	<i>2019-12-31</i>
• Financial assets at fair value through other comprehensive income	1 598	2 078
• Associated entities using the equity method	262	559
Total	1860	2637

<i>Movements from 01 January to 31 December</i> <i>in thousands of EUR</i>	<i>2020</i>	<i>2019</i>
• Financial assets at fair value through other comprehensive income		
Carrying amount at the beginning of the period	2078	0
Acquisitions	0	2078
Change in fair value through other comprehensive income	-480	0
Carrying amount at the end of the period	1598	2078
• Associated entities using the equity method		
Carrying amount at the beginning of the period	559	0
Acquisitions	0	702
Profit/loss from equity method through other comprehensive income	-297	-143
Carrying amount at the end of the period	262	559
Total carrying amount at the end of the period	1860	2637

The following entities have been included in the financial statements using the fair value method:

<i>NAME</i>	<i>COUNTRY</i> <i>INCORPORATION</i>	<i>OF</i> <i>Interest held</i> <i>2020-12-31</i>	<i>Interes held</i> <i>2019-12-31</i>
ENERGOKOMPLYEKT OOO	Russia	4,1%	4,1%

Brief history of the acquisitions of the non-current investments:

On 4 October 2019 the issuer acquired shares in ENERGOKOMPLYEKT OOO from AP ENERGOBAU OÜ. The Issuer purchased in total 4,1% share of ENERGOKOMPYLEKT OOO for the price of 2 078 th EUR, which constitutes

4.1 % of share in the share capital and is liable to exercise the same number of votes. The shares were acquired from affiliated company.

Methods of valuation:

a. Energokomlyekt OOO share

Valuation of the Energokomlyekt share is at its fair value at initial recognition, according to IFRS13 p. 57-60 with further impairments. The asset has been irrevocably classified from the beginning as FVOCI (Financial assets at fair value through other comprehensive income). There were test performed for potential reclassification of the asset and the result of the tests is that the asset is classified as FVOCI. Subsequent measurement test of financial assets has been made for impairments, according to IFRS 9 division 5.2 and point 5.2.2. The fair value has been especially measured by the company by comparing it with the external evaluation report of fair value prepared using DCF (Discounted Cash Flow) method made by the expert on local market - company Ural Ocenka OOO, Yekaterinburg, Russia. The expert hired by expert company have enough experience, having at least 5 years of professional experience and at least 15 professional evaluation reports made for private and public customers. According to article 91 IFRS 13, we hereby disclose, that input data provided by Energokomlyekt OOO covered free net cash flows forecast from 2020 to 2022 in total amount of 9 835 th EUR and the forecast of free net cash flow for 2020 in amount of 559 th EUR by expected long term growth rate 6.79% (2019: 11,81%) for the next years. The expert has applied discount rate 18.57% (2019: 21,14%) and capitalization rate 11.78% (2019: 9,33%) and reversion coefficient rate 0.6816 (2019: 0.6191) what gave after calculation whole valuation of 100% share in amount of EUR 38 943 thous (2019: EUR 50 146 thous). The impairment has been applied in the value of 480 th EUR (2019: 0).

In 2020 dicount rate was 18,57% (2019: 21,14%) and capitalization rate was 11,78% (2019: 9,33%) which could be considered as a conservative yield expectation.

The following entities have been included in the financial statements using the equity method:

<i>NAME</i>	<i>COUNTRY OF INCORPORATION</i>	<i>Interest held 2020-12-31</i>	<i>Interest held 2019-12-31</i>
Conpol sp. z o.o.	Poland	38.63%	38.63%

Brief history of the acquisitions of the non-current investments:

On 11 October 2019, the company acquired shares in Conpol Sp. z o. o. Shares were purchased as a contribution in kind within the framework of the issue of shares adopted on 31 May 2019, about which the issuer informed in the current report number 25/2019. As a contribution in kind, the issuer purchased from: (a) DKW Polska OÜ 1,291 shares and (b) Alexey Petrov 1,800 shares in Conpol Sp. z o. o. RESBUD SE holds a total of 3,091 shares in this company, which constitutes 38.63% of the share capital and is entitled to exercise the same number of votes at the General Meeting. Conpol is an associated company as Resbud has more than 20% share in it. Valuation of those shares is using equity method according to IAS28 p. 10. The asset has been irrevocably classified from the beginning as valued by equity method over OCI (Other comprehensive income). As Conpol z o.o. is associated company

The asset has been corrected in 2020 with the impairment 297 th EUR (2019: 143 th EUR). Conpol sp. z o.o. has 12.2% (2019: 12,2%) of Energokomlyekt OOO shares.

Note 4 Financial assets and financial liabilities, financial risk management

The company holds the following financial instruments:

<i>FINANCIAL ASSETS</i> <i>in thousands of EUR</i>	<i>2020-12-31</i>	<i>2019-12-31</i>
1. Financial assets at amortized cost, including:	94	187
Trade and other receivables	26	19
Cash and cash equivalents	4	33
Loan receivables	28	81
Short-term accruals	36	54
2. Financial assets at fair value through other comprehensive income (FVOCI), including:	1 598	2 078
- Non-current investment in shares	1 598	2 078
3. Investments accounted for using the equity method	262	559

<i>FINANCIAL LIABILITIES</i> <i>in thousands of EUR</i>	<i>2020-12-31</i>	<i>2019-12-31</i>
1. Liabilities at amortized cost	614	357
- Trade payables	93	0
- Borrowings	365	200
- Other financial liabilities	0	102
- Other liabilities	156	55

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 of EUR)</i>	2020-12-31	Level 1	Level 2	Level 3	2019-12-31	Level 1	Level 2	Level 3
Shares in companies not listed	1598	-	-	1598	2 078	-	-	2 078
Total financial assets at fair value	1598	-	-	1598	2 078	-	-	2 078

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

<i>(in thousands of EUR)</i>	UNLISTED SHARES/STOCKS	TOTAL
Balance at the beginning of the period 2020-01-01	2 078	2 078
Changes in the value	-480	-317
Balance at the end of period 2020-12-31	1 598	1 761
Balance at the beginning of the period 2019-01-01	1	1
Purchases/acquiring of shares	2 078	2 078
Disposal/settlement/loans	1	1
Balance at the end of period 2019-12-31	2 078	2 078

At the end of December 31, 2020, the Company had instruments classified at level 3 of the fair value hierarchy, including and Energokomplyekt OOO with 4.1% share.

At the end of December 31, 2019, the Company had instruments classified at level 3 of the fair value hierarchy, including and Energokomplyekt OOO with 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 – as at 2020-12-31 and also 2019-12-31.

During 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

The maturity dates of the liabilities as at 2020-12-31

In thousands of EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Trade payables	93	93	0	0	0
Borrowings	365	365	0	0	0
Other liabilities	156	156	0	0	0
Provisions	0	0	0	0	0
Total	614	614	0	0	0

As at 2019-12-31:

In thousands of EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Trade payables	0	0	0	0	0
Borrowings	200	0	200	0	0
Other liabilities	130	28	102	0	0
Provisions	27	27	0	0	0
Total	357	55	302	0	0

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.

The maturity dates of the assets as at 2020-12-31

In thousands of EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalent	4	4	0	0	0
Loan receivables	28	28	0	0	0
Other receivables	62	62	0	0	0
Total	94	94	0	0	0

As at 2019-12-31:

In thousands of EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalent	33	33	0	0	0
Loan receivables	81	81	0	0	0
Other receivables	73	73	0	0	0
Total	187	187	0	0	0

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 EUR 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 zloty (PLN) and Russian ruble (RUB). In case of fluctuation in exchange rate of PLN and RUB against EUR, 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 10% of the initial value.

Note 5 Trade and other receivables

TRADE AND OTHER RECEIVABLES	2020-12-31	2019-12-31
<i>in thousands of EUR</i>		
<i>a) from related parties (Note 16)</i>	6	0
-other	6	0
<i>b) form the third parties</i>	15	7
- for supplies and services, with maturity up to 12 months	15	4
-other	0	3
<i>c) advances for supplies and services</i>	5	12
Total trade and other receivables	26	19

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

CHANGE IN IMPAIRMENT LOSSES OF TRADE AND OTHER RECEIVABLES	2020-12-31	2019-12-31
<i>in thousands of EUR</i>		
Reversed during the year	0	376
Written off during the year	14	555
Total	14	931

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

Note 6 Loan receivables

LOAN RECEIVABLES <i>in thousands of EUR</i>	2020-12-31	2019-12-31
Short-term loans given to affiliates (Note 16)	28	81
Total loan receivables	28	81

Loans receivables details 2020-12-31

<i>Name of entity</i>	<i>Principal amount of loan receivables by agreement (thousands)</i>		<i>Principal amount of loan receivables</i>	<i>Interest terms and conditions</i>	<i>Repayment deadline</i>	<i>Pledge</i>
Conpol sp. z o. o	81	EUR	28	8% per year	2020-12-31	none

Loans receivables details 2019-12-31

<i>Name of entity</i>	<i>Principal amount of loan receivables by agreement (thousands)</i>		<i>Principal amount of loan receivables</i>	<i>Interest terms and conditions</i>	<i>Repayment deadline</i>	<i>Pledge</i>
Conpol sp. z o. o	81	EUR	81	8% per year	2020-07-31	none

Presented final balance of the loans is the balance of the loans given to the associated company Conpol sp. z o. o., the loan is already fully paid back on 2021-01-18.

Note 7 Share capital

The current table of the company's capital formation (2021-03-09 and after):

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 (thousands of 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 -	Ordinary, registered	none	-	5 100 000	561	Cash and a non-monetary	2019-01-01

without series designation							
Shares from issue 2020-09-07 - without series designation	Ordinary, registered	none	-	218 520 263	24 037	Non-monetary	2021-01-01
Total number of shares				236 620 263			
Total share capital as at 09-03-2021 (thousand EUR)					26 028		
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 9th March 2021 and after amounted to 26 028 th EUR and was divided into 236 620 263 ordinary, registered and no-par value shares.

As at day of authorization of the report and also at 2020-12-31 tear, only 8 710 000 shares out of all Resbud SE shares are listed on Warsaw Stock Exchange S.A. in Warsaw on regulated market, segment "parallel market". Those shares were issued with the first part of the shares indicated above as shares from conversion, converter from earlier A-series shares. They are listed since 2007 year. The other 227 910 263 shares are not admitted to trading on any market.

Number of shares is equal to votes' amount. One share allows to cast one vote. All shares issued by the company have the same status, all are no-par value and the shares are not in any way privileged nor have any additional rights for the shareholders (i.e. all shareholders have the same rights arising from one share).

The table of the company's capital formation at 2020-12-31:

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	1430	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				18 100 000			
Total share capital as at 2020-12-31 (thousand EUR)					1 991		
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 31st December 2020 amounted to 1,991 th EUR and was divided into 18,100,000 ordinary, registered and no-par value shares.

SHARE CAPITAL (ownership structure over 5% in votes)

Direct possession as at 2021-06-30

<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	102 660 820	102 660 820	43.39 %
2.	DKW Polska OÜ	43 831 548	43 831 548	18.52 %
3.	Olga Petrova	43 268 036	43 268 036	18.29 %

Indirect possession as at 2021-06-30

<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	106 950 820	106 950 820	45.20 %
2.	Olga Petrova i Siergiej Pietrow, directly and indirectly over EU LEX MANAGEMENT OÜ	46 852 32	46 852 32	19.80 %
3.	Iwona Długosz, indirectly over DKW Polska OÜ	43 831 548	43 831 548	18.52 %

Direct possession as at 2020-12-31:

<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 2020-12-31:

<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 2019-12-31:

<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 2019-12-31:

<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 8 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.

BOOK VALUE PER ONE SHARE	2020-12-31	2019-12-31
Number of shares at the balance sheet date	18 100 000	18 100 000
Equity value (thousand EUR)	1 340	2 467
Book value per share (EUR)	0.07	0.14

Note 9 Borrowings

In thousands of EUR

	2020-12-31			2019-12-31		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings to the affiliated entities (Note 16)	365	0	365	0	200	200

Loans and borrowings details 2020-12-31:

<i>Name of entity</i>	<i>Total amount of credit/loan</i>	<i>Currency</i>	<i>Principal amount of credit/loan</i>	<i>Interest liabilities</i>	<i>Interest terms and conditions</i>	<i>Repayment deadline</i>	<i>Pledge</i>
Energokomplekt OOO	112	EUR	100	12	6% per year	2021-12-31	none
Energokomplekt OOO	103	EUR	100	3	6% per year	2021-12-31	none
EU LEX MANAGEMENT OÜ	150	EUR	146	4	5,5% per year	2021-12-31	none
Total	365		346	19			

Annexes to the above listed loans has been signed after the balance day and the due date has been changed to 2022-12-31. According to IAS 1.72 all the loans are presented as current with the repayment day as for the balance day.

Loans and borrowings details 2019-12-31:

<i>Name of entity</i>	<i>Total amount of credit/loan</i>	<i>Currency</i>	<i>Principal amount of credit/loan</i>	<i>Interest liabilities</i>	<i>Interest terms and conditions</i>	<i>Repayment deadline</i>	<i>Pledge</i>
Energokomplekt OOO	100	EUR	100	0	6% per year	2021-12-31	none
Energokomplekt OOO	100	EUR	100	0	6% per year	2021-12-31	none
Total	200		200	0			

Note 10 Other liabilities

<i>OTHER LIABILITIES</i> <i>in thousands of EUR</i>	<i>2020-12-31</i>	<i>2019-12-31</i>
Other non-current liabilities to affiliated entities (Note 16)	0	102
Total other non-current liabilities	0	102
Other current liabilities to affiliated entities (Note 16)	106	0
Other liabilities	26	25
Total other current liabilities	132	25

The other non-current liabilities as at 2019-12-31 is only one liability for the amount of 102 thousand EUR to linked company AP Energobau OÜ arisen from the purchase of shares in Energokomplyekt OOO. It is only the rest of the payment and the due date has been set to 2020-12-31. The interest 4% yearly are applicable and will be paid with principal amount. At 2020-12-31 this liability was reclassified as other current liabilities, the due date has been set to 2021-12-31.

Note 11 Provisions

CHANGE IN PROVISIONS <i>in thousands EUR</i>	2020-12-31	2019-12-31
Balance at the beginning of the period	27	27
Unused amounts reversed during the period	-27	0
Balance at the end of the period	0	27

At the end of 2019 only two very old construction contracts were considered for this provision for the warranty: one with Politechnika Rzeszowska from 2000-08-11 and second with TBS Rzeszów from 2002-11-05. 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. The company released those specific provisions, but with the effect first on end of 2020.

Note 12 Administrative expenses

ADMINISTRATIVE EXPENSES <i>in thousands EUR</i>	2020-01-01- 2020-12-31	2019-01-01- 2019-12-31
External services	234	43
Taxes and charges	1	0
Wages, salaries and social security including	81	45
member of management or control body of legal person	81	45
Other costs	0	4
Total administrative expenses	316	92

Note 13 Other operating income

OTHER OPERATING INCOME <i>in thousands EUR</i>	2020-12-01- 2020-12-31	2019-01-01- 2019-12-31
Net gain on disposal of property, plant and equipment	0	19
Other, including:	0	17
- release of reserves for employees fund	0	17
Total other operating income	0	36

Note 14 Finance income and costs

FINANCE INCOME <i>in thousands EUR</i>	2020-01-01 - 2020-12-31	2019-01-01 - 2019-12-31
Interest from loans granted, calculated using the effective interest rate method, including:	5	118
- from affiliates	5	56
Revenues from assignment of receivables	0	77
Exchange differences	0	11
Total finance income	5	206

FINANCE COSTS <i>in thousands EUR</i>	2020-01-01 - 2020-12-31	2019-01-01 - 2019-12-31
Interest from loans granted, calculated using the effective interest rate method, including:	28	0
- for affiliates	21	0
Loss on disposal of receivables	0	3
Other	7	0
Costs of assignment of receivables	0	75
Total finance costs	28	78

Note 15 Earnings per share

EARNINGS PER SHARE	2020-01-01- 2020-12-31	2019-01-01- 2019-12-31
Weighted average number of shares in a year	18 100 000	18 100 000
Net profit/Loss for the year (th EUR)	-347	35
Basic profit per share (in EURO)	-0.02	0.00
Diluted earnings per share (in EURO)	-0.02	0.00

Note 16 Transaction and balances 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 Boards of the company and their immediate family members and companies under their control or significant influence.

Transactions and balances details 2020-12-31:

<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>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	4	0	0	106
EU LEX MANAGMENT OÜ	0		0	4	0	0	150
Energokomplyekt OOO (Russia)	0	0	0	12	0	0	216
Conpol sp. z o.o. (Poland) transactions with RESBUD SE headquarter Estonia	0	4	0	0	28	0	0
Conpol sp. z o.o. (Poland) transactions with RESBUD SE branch Poland	0	0	7	0	0	6	0
Total	0	4	7	20	28	6	472

Transactions and balances details 2019-12-31:

<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>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	56	2 078	0	0	102	0
Patro Invest OÜ	0	6	0	0	0	0	0
Patro Inwestycje sp. z o.o. (Poland)	97	0	0	0	0	0	0
Energokomplyekt OOO (Russia)	0	0	0	3	0	0	203
Conpol sp. z o.o. (Poland)	0	1	0	0	81	0	0
Total	97	63	2 078	3	81	102	203

Movement of loans granted and received:

2020	Loans granted	Loans repaid	Borrowings received	Borrowings repaid
Conpol sp. z o.o. (Poland)	10	55	0	0
EU LEX MANAGMENT OÜ	0	0	147	0

2019	Loans granted	Loans repaid	Borrowings received	Borrowings repaid
Conpol sp. z o.o. (Poland)	218	0	0	0
Energokomplekt OOO (Russia)	0	0	200	0

Remuneration and other benefits of the Management Board and Supervisory board

<i>BENEFITS TO KEY MANAGEMENT</i>	<i>in thousands EUR</i>	2020	2019
Remunerations and benefits		48	32
Total		48	32

There is no severance compensation for the Management Board members in case of termination or ending of the Board member contract.

<i>BENEFITS TO SUPERVISORY BOARD</i>	<i>in thousands EUR</i>	2020	2019
Remunerations and benefits		15	8
Total		15	8

<i>REMUNERATION AND OTHER BENEFITS OF MANAGING AND SUPERVISING PERSONS</i>	<i>in thousands EUR</i>	2020-01-01 - 2020-12-31
Management Board		48
- Bartosz Stradomski		15
- Jaroslaw Podolski		33
Supervisory Board		15
- Anna Jõemets		5
- Andrei Prakopchyk		5
- Alexey Petrov		5

<i>REMUNERATION AND OTHER BENEFITS OF MANAGING AND SUPERVISING PERSONS</i>	<i>in thousands EUR</i>	2019-01-01 - 2019-12-31
Management Board		32
- Bartosz Stradomski		32
Supervisory Board		8

- Anna Jõemets	3
- Andrei Prakopchyk	3
- Alexey Petrov	3

Shares owned by supervisory board

Name	2020-12-31	2019-12-31
Alexey Petrov	2 788 000	2 788 000
Total	2 788 000	2 788 000

Personal relations of Management Board members: do not exist.

Personal relations of Supervisory Board members:

1. Anna Jõemets is a member of the management board and minor shareholder of AP Energobau OÜ.
2. Alexey Petrov is a major shareholder in AP Energobau OÜ and also significant shareholder in Resbud SE.

Note17 Remuneration of the statutory auditor

Remuneration of the statutory auditor or company authorized to audit financial statements, paid or due for the examined period.

<i>SPECIFICATION</i>	2020 in thousand EUR
Audit of the financial statements for the period from 2020-01-01 to 2020-12-31	4

<i>SPECIFICATION</i>	2019 in thousand EUR
Audit of the financial statements for the period from 2019-01-01 to 2019-12-31	3
Fees for related services	1

Note 18 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 share capital or equity. 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 other if 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 mainly only to cover its general management expenses. Acquisitions of assets is mainly carried out by issuing new shares, which does not 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 2020 all those companies where issuer had shares met these requirements.

The company monitors capital using share of company's equity in total assets ratio. There is no target ratio set out by the company, 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. The company presented debt ratios on point 8 of section "V. MANAGEMENT BOARD REPORT" above.

DEBT RATIOS:	2017	2018	2019	2020
Share of equity in financing assets %	96.45 %	91.85 %	87.36 %	68.58%
Share of long-term liabilities in liabilities %	0.10 %	0.20 %	84.50 %	0.00%
Debt ratio	0.0355	0.0815	0.1264	0.3142

Note 19 Risk related to the impact of the SARS-CoV-2 coronavirus epidemic on the Company's operations

The Management Board of RESBUD SE seated in Tallinn informs, that as a result of the spread of coronavirus in the territory of Estonia, Poland and Russia, the activities carried out by the issuer have not been significantly reduced. Due to the change in the company's strategy, the issuer 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 Komisja Nadzoru Finansowego 1 RESBUD SE RB 16 2020 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. At the moment, the company only anticipates the obstacles related to auditing of company annual report by the auditor. These difficulties may consist in the need to provide original documents or to need a direct meeting with the auditor. The epidemiological threat associated with COVID19 may affect companies associated with the issuer whose have been brought as an contribution in-kind as part of the share issue process ended on 19 December 2019 (information included in current report 49/2019). In view of the above, the Management Board of Resbud SE asked Conpol Sp. z o. o. and Energokomplekt OOO in order to obtain information on the impact of the COVID19 virus epidemic on the operational activities of these companies. 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. In the event of changes to the information mentioned above, the issuer shall provide update in the form of a current report.

Note 20 Going concern

The Company's current assets are 94 thousand EUR and current liabilities are 614 thousand EUR, this indicates uncertainty about going concern.

The company's management plans:

- 1) Liabilities will be paid for with new, currently negotiated contracts, loans from shareholders and affiliated entities, additionally there exist possibility to sell number of stocks listed on the stock exchange;
- 2) Shareholders will put all effort needed to maintain continued operation of company.
- 3) Additionally associated companies will start to cover part of holding maintenance costs that were until now paid only by Resbud SE but concerning all members of capital group.
- 4) Loans given to Conpol and Elitex were paid back by them.
- 5) Loan agreements had their due date prolonged.

Note 21 Important events after the balance sheet date

Here are listed significant events which have occurred during the period of preparation of the annual accounts and which are not presented in the annual accounts but which have or may have a material effect on economic performance for the following financial years:

a. Increase of share capital of Resbud SE, amendments of Articles of Association and acquiring shares in Energokomplyekt OOO, Conpol sp. z o. o. and Uniwersim Sp. z o. o.

The share capital of RESBUD SE was increased and since 9 March 2021 it is 26 0278 229 (twenty-six million twenty-eight thousand two hundred and twenty-nine) EUR. The total number of votes equal to number of non-par value shares since March 9th, 2021 is 236 620 263.

Registration of the amendments was the last step of the procedure of issuing new shares of RESBUD SE. The issuer recalls, that in return it acquired shares of Uniwersim Sp. z o. o., Conpol Sp. z o. o. and Energokomplyekt OOO as a result of shares issuance. The acquisition of shares in those companies was a part of the process, which started in 2020. Acquiring shares in subsidiaries didn't have any direct impact on 2020 financial statements. However acquiring shares in those companies was planned from 2019 and the work on ending that process went throughout 2020.

Financial statements signatures:

.....
Jolanta Galuszka

Chief Accountant

GALEX Kancelaria Biegłego Rewidenta RESBUD SE

.....
Krzysztof Długosz

President of the Management Board

.....
Joanna Dyja

Member of the Management Board

RESBUD SE

VII. PROFIT ALLOCATION PROPOSAL

The Management Board makes the following proposal to the Annual General Meeting (*in thousands EUR*):

Payment of dividends to shareholders:	0
Transfer of loss to retained earnings:	-347
Retained earnings after allocation:	-2 243

The loss is covered by the profit of future periods.

Krzysztof Długosz – President of the Management Board RESBUD SE

Joanna Dyja - Member of the Management Board RESBUD SE

VIII. DECLARATION OF THE MANAGEMENT BOARD

The Management Board has prepared the Financial Statements and the Profit Allocation Proposal for the year ended on 31 December 2020 in accordance with the accounting standards and the financial statements present a true and fair view of the company's assets, liabilities, financial position and profit.

Krzysztof Długosz – President of the Management Board RESBUD SE

Joanna Dyja - Member of the Management Board RESBUD SE

VIII. MANAGEMENT BOARD CONFIRMATION TO THE ANNUAL REPORT AND AUTHORISATION FOR ISSUE

The Management Board confirms that the management board report set out above gives a true and fair view of the key events that occurred during the reporting period and their impact on the financial statements contains a description of the key risks and uncertainties and reflects material transactions with related parties.

The Management Board confirms the correctness and completeness of financial statements for the year 2020 as set out above and that:

- the accounting policies used in preparing the financial statements are in compliance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements give a true and fair view of the financial position, financial performance and cash flows of the company
- it is prepared as going concern

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 financial statement was authorized for issue by the Management Board on **13 August 2021**. The Management Board has the power to amend and reissue the financial statements.

The financial statements are part of the annual report that has to be approved by the shareholders and they serve as a basis for adopting a resolution for distributing the profit. Shareholders may decide not to approve the annual report, which has been prepared by the management board and may demand that a new annual report be prepared.

Krzysztof Długosz – President of the Management Board RESBUD SE

Joanna Dyja - Member of the Management Board RESBUD SE