



Independent auditors' report

To the Shareholders of RESBUD SE

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of RESBUD SE and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The Group's management has not maintained an adequate system of internal controls over financial reporting and such internal controls over financial reporting were not operating effectively. We have identified multiple indications that the accompanying consolidated financial statements do not comply with International Financial Reporting Standards as adopted in the European Union.

These indications include, but are not limited to, the following:

- a. Monitoring, controlling, reconciling and eliminating intra-group transactions and intra-group account balances at group level has not been appropriately documented.
- b. Invalid or inappropriate disclosures are made in the consolidated financial statements and mandatory disclosure information is omitted from the consolidated financial statements.
- c. Related party transactions are not monitored and evaluated for appropriate recording and presentation.
- d. Subsequent events are not monitored and evaluated for appropriate recording and presentation, and the notes describing subsequent events and their impact (including the impact of the 2022 Russian invasion of Ukraine) are omitted.
- e. Risks with more than remote likelihood of occurrence giving substantial doubt to the ability to continue as a going concern are not evaluated by management.

Having regard to the number, size, and gravity of the deficiencies in the financial reporting process, potential adjustments cannot be confined to a defined financial statement caption or specific disclosure. Accordingly, the possible effects on the consolidated financial statements could be both material and pervasive.

Due to these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the financial position of the Group as at 31 December 2021, or its financial performance and its cash flows for the year then ended.

The consolidated statement of financial position includes items of goodwill in the amount of EUR 31,279 thousand. We were unable to obtain sufficient appropriate audit evidence to assess the accuracy of measurement and the validity of presentation of goodwill in the consolidated statement of financial position as at 31 December 2021. Management conducted the impairment test as described in Note 16 to the consolidated financial statements.

As a result of the test management did not identify any impairment. The result of the impairment test is dependent on several significant management assumptions and estimations. The estimates used by management in the cash flow projections for upcoming years are not supported by current sales volumes nor any other information we have obtained during the audit. Therefore, we were unable to obtain sufficient appropriate audit evidence regarding the key assumptions applied. Consequently, we were unable to determine whether any adjustments were necessary in respect of the accompanying consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of changes in equity.

The consolidated statement of financial position as at 31 December 2021 includes short-term financial assets with a carrying amount of EUR 3,983 thousand which includes debt instruments from the Swiss company Vasilina SEK AG in the amount of EUR 461 thousand. Due to the fact that we were unable to obtain sufficient reliable audit evidence to support management's assumptions used in the estimation of future cash flows from the investment, we are unable to express our opinion on the recoverability of the investment in the consolidated statement of financial position, and related adjustments in the consolidated statement of profit or loss and other comprehensive income. We were also not able to satisfy ourselves as to the amount by which the recoverable amount of the investment is lower than its carrying amount and the amount in which an impairment loss should have been recognised by alternative means. Accordingly, we are unable to conclude whether and to what extent the Group's consolidated comprehensive income for the reporting period may be overstated and the Group's consolidated assets and equity as at 31 December 2021 may be overstated for the above reason.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not report on key audit matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants

(Estonia) (including Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by those charged with governance on 12 October 2021 to audit the consolidated financial statements of RESBUD SE for the year ended 31 December 2021. Our total uninterrupted period of engagement is one year, covering the period ended 31 December 2021.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Group.
- We have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 6 October 2022

/digitally signed/

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