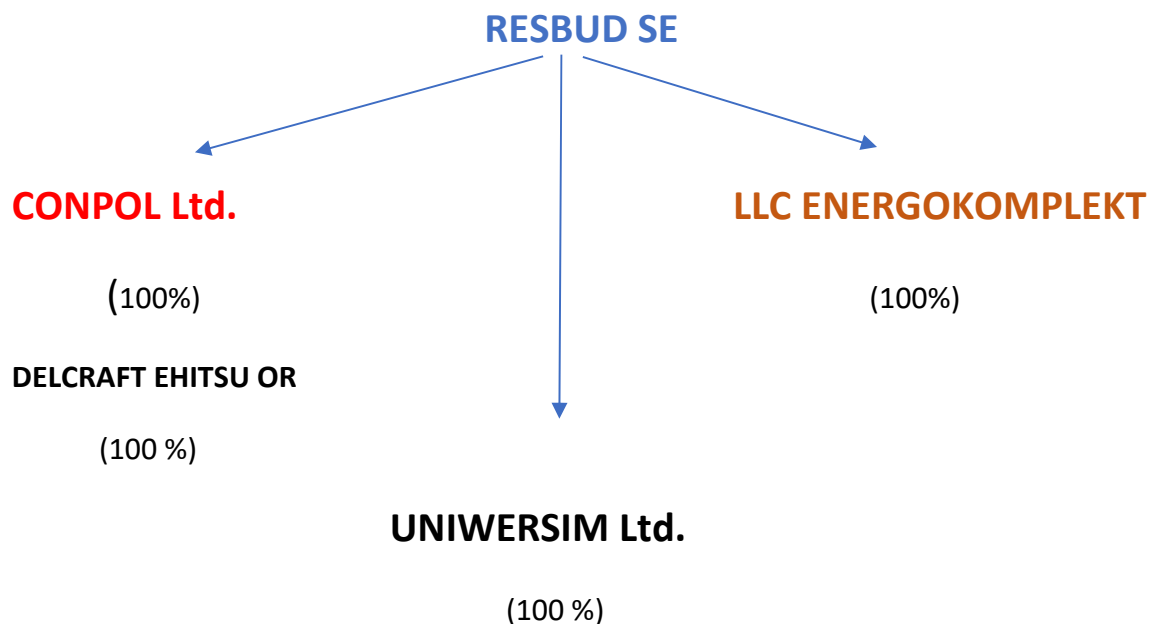


# RESBUD SE MANAGEMENT REPORT

for the year 2021



## 1. STRUCTURE OF THE RESBUD SE GROUP

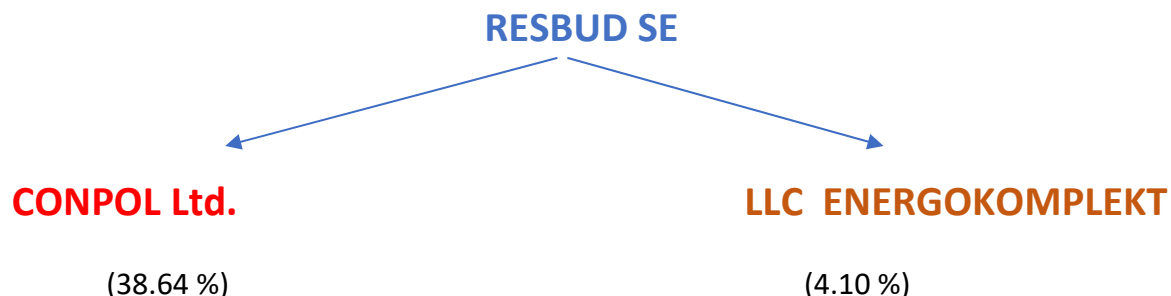


As at 31 December 2021, the Company, as the majority shareholder, holds the following shares:

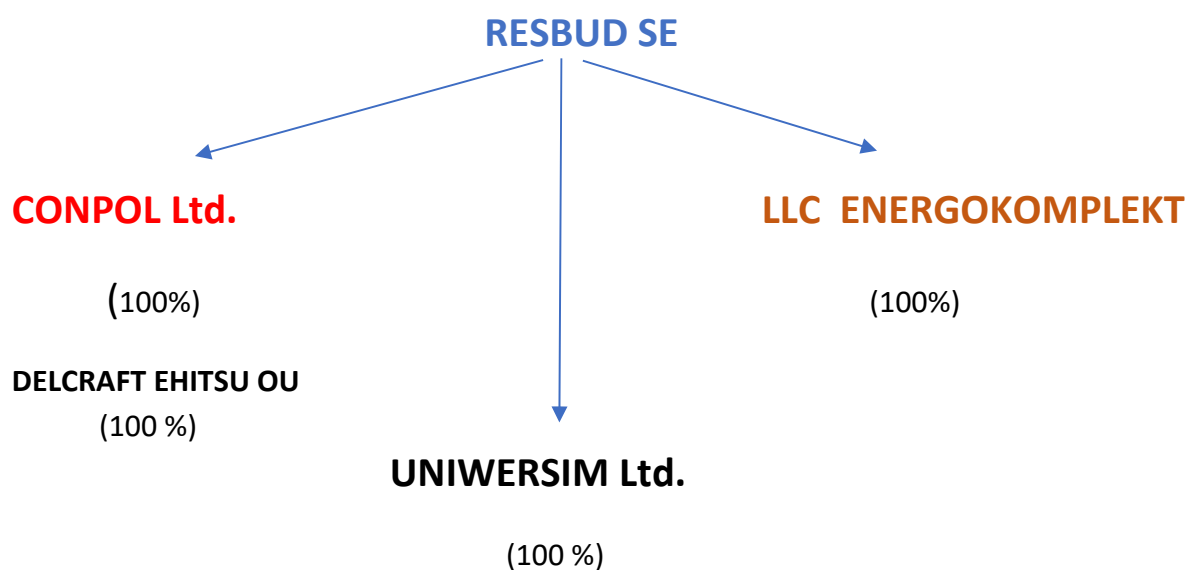
- 8000 shares in the share capital of CONPOL Ltd. with its registered office in Modniczka, which constitute 100% of shares in the share capital and entitle to 100% of votes at the general meeting;
- direct participation in the share capital of LLC Energokomplekt with its registered office in Yekaterinburg, Russia, constituting 87.80% of shares in the share capital and entitling to 87.80% of votes in the shareholders' meeting, if the company also holds indirectly over Conpol Ltd. 12.2% of the company's Energokomplekt Company, which gives 100% of control directly and indirectly;
- 100 shares in the share capital of UNIWERSIM Ltd. with its registered office in Modniczka, which constitutes 100 % of shares in the share capital and entitles to 100 % of votes at the general meeting;
- indirectly over Conpol Ltd. 100% of shares in Delcraft Ehitus OÜ with its registered office in Tallinn, Estonia entitles to 100% of votes at the shareholders' meeting.

## 2. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR

As at 31.12.2020:



As at 31.12.2021:



As at the reporting date, the Group consisted of 5 Companies. All subsidiaries are wholly owned RESBUD SE. Diagram shows the structure of the Group as at the reporting date.

### Changes in the Group's structure

In 2021 RESBUD SE

He obtained shares:

- ✓ 100% share in Universim Ltd. (Poland),

Increased shares:

- ✓ by 61,36 % of the share in Conpol Ltd. (Poland)
- ✓ by 95,9 % of that share in LLC Energokomplekt (Russia)



## Main Shareholders of Resbud SE

Direct possession as of 31 December 2020:

<i>Lp.</i>	<i>Name and surname / company name</i>	<i>Number Action</i>	<i>Number Votes</i>	<i>% share of votes in the total number of votes</i>
1.	Alexey Petrov	102 660 820	102 660 820	<b>43.39%</b>
2.	DKW Poland OÜ	43 831 548	43 831 548	<b>18,52%</b>
3.	Olga Petrova	28 782 674	28 782 674	<b>12,16%</b>

Indirect possession on December 31, 2021:

<i>Lp.</i>	<i>Name and surname/ company name and name of the direct holder</i>	<i>Number Action</i>	<i>Number Votes</i>	<i>% share of votes in the total number of votes</i>
1.	Alexey Petrov , directly and indirectly over AP Energobau Ltd and over EU LEX Management OÜ	107 793 239	107,793,239	<b>45.55%</b>
2.	Iwona Długosz indirectly over DKW Polska OÜ	43 831 548	43 831 548	<b>18,52%</b>
3.	Olga Petrova , directly and indirectly over EU LEX Management OÜ	3,0,596,324	30 596 324	<b>12.93%</b>

### 3. MATERIAL EVENTS AND CIRCUMSTANCES THAT HAVE OR MAY AFFECT THE FINANCIAL POSITION OR FINANCIAL RESULTS OF THE GROUP FOR THE FINANCIAL PERIOD OR SUBSEQUENT PERIODS.

The Company made a significant investment in February 2021 through the acquisition of shares contributed as a non-cash contribution in exchange for a new share issue. Detailed information is contained in points 1 and 2 above.

Another significant event is the sanctions imposed in March 2022 on the Russian Federation, where Energokomplekt is based. Energokomplekt as an entity is not subject to sanctionand. The flow of cash between companies is hindered due to the sanctions introduced. According to its statement, Energokomplekt conducts undisturbed economic activity.

#### **4. WHETHER THE OPERATING ACTIVITIES OF THE ACCOUNTING UNIT ARE SEASONAL OR WHETHER ITS BUSINESS ACTIVITIES ARE CYCLICAL.**

The issuer's activities are non-cyclical as an unconsolidated holding company. The activity of companies in which the issuer holds shares takes place seasonally with a winter slowdown. Uniwersim Ltd. produces mineral-asphalt mixtures, designed to make all structural layers of pavement, for roads of traffic categories from KR1 to KR7. Conpol Ltd. operates on the Polish market, participating as a contractor in investments in the field of cubature, engineering and road construction.

The physicality of LLC Energokomplekt is not subject to seasonal fluctuations. Both commercial and service activities are carried out invariably throughout all months of the year. The company offers:

- comprehensive supply of equipment and materials for the needs of contractors of all kinds of infrastructure facilities;
- logistics services related to the delivery of materials to any place in the world, customs clearance or storage of products, as well as the acquisition of suppliers tailored to the requirements and needs of the customer;
- design and consulting services, including certification of new materials and equipment, coordination of alternative technologies, amendments to design specifications and cost estimates, obtaining positive conclusions necessary to start construction work.

#### **5. MAIN AREAS OF ACTIVITY, PRODUCT AND SERVICE GROUPS. INFORMATION ON THE EXISTENCE OF BRANCHES OF AN ACCOUNTING UNIT REGISTERED IN A FOREIGN STATE.**

The activities are:

- construction activities,
- activity in the energy and construction industry

The above-mentioned activity is carried out indirectly through shares in other companies (holding activities).

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 - Śródmieście in Krakow XII Commercial Division of the National Court Register in the register of entrepreneurs, under the KRS number 0000813367. Branch address: Zielna 20, 32 – 085 Modniczka. Identification number: 384865290. In 2021 year, the branch in Poland did not conduct any sales that

may occur in the following years.

The Company has no other branches, except for the branch indicated above.

## **6. GENERAL (MACROECONOMIC) DEVELOPMENT OF FINANCIAL RESULTS.**

In 2021, the company's macroeconomic environment was stable. Due to the change in the strategy of transforming the company into a holding company, this environment did not affect the company's results. The macroeconomic environment of the companies whose shares were acquired by the issuer was also stable. The situation changed after February 24, 2022, i.e. the start of hostilities by Russia in Ukraine. As a consequence, the countries of the European Union and not only began to introduce sanctions against the Russian Federation, which disrupted the functioning of many world economies, including Poland, Estonia and Russia.

## **7. DIVIDEND POLICY OF THE CAPITAL GROUP.**

In 2021, a dividend of 29,898,750 rubles was paid by LLC Energokomplekt. Of the above amount, Conpol Ltd. received: 8.5%, Resbud SE: 87.8%, Delkraft OU: 3.7%. The other companies in the group did not pay dividends.

After the end of the financial year 2021, the Management Board of Resbud SE intends to introduce a dividend policy for RESBUD SE. In the opinion of the Management Board, if the group achieves results ensuring that investment needs are met, part of the profit generated by the company should be paid to the shareholders of RESBUD SE.

## **8. SIGNIFICANT ENVIRONMENTAL AND SOCIAL IMPACTS RESULTING FROM THE GROUP'S ACTIVITIES .**

The Issuer, after the change of strategy made in 2019, operates 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 enterprises. The issuer's other activities shall be limited to management and administrative activities carried out for its own needs. The issuer's activity is office in nature, which means that it does not have significant environmental or social effects.



**9. FINANCIAL INSTRUMENTS FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND RISKS RELATED TO CHANGES IN EXCHANGE RATES, INTEREST RATES AND EXCHANGE RATES THAT OCCURRED DURING THE FINANCIAL YEAR OR DURING THE REPORTING PERIOD.**

Information on this subject is included in Note No. 30 to the Consolidated Financial Statements for 2021: "Fair values and risk management".

**10.THE MAIN FINANCIAL INDICATORS FOR THE FINANCIAL YEAR AND THE PREVIOUS FINANCIAL YEAR AND THE METHODS FOR CALCULATING THE INDICATORS.**

<b>PROFITABILITY RATIOS:</b>	<b>2021</b>	<b>2020</b>
<b>Net profitability</b>	-0,76 %	N/a
<b>Return on capital ROE</b>	-2.67 %	-18.23%
<b>Return on ROA assets</b>	-1.17 %	-14.52%

<b>LIQUIDITY RATIOS:</b>	<b>2021</b>	<b>2020</b>
<b>Cash ratio (I)</b>	0.08 m	0.006
<b>Fast ratio (II)</b>	0,89	0.15 m
<b>Current Ratio (III)</b>	0,95	0.15 m
<b>Debt coverage ratio</b>	0,11	-0.3 6

<b>DEBT RATIOS:</b>	<b>2021</b>	<b>2020</b>
<b>Share of equity in financial assets %</b>	43,46 %	68,58 %
<b>Share of long-term liabilities in liabilities %</b>	2,26 %	0,0 %
<b>Debt ratio</b>	0,56 %	31,42 %

**Methods for calculating the coefficients:**

**Net profitability:** (Net profit/loss / Revenue) \* 100%.

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

**Return on assets - ROA:** net profit or loss / arithmetic mean of assets at the beginning and end of a given year.

**Cash Ratio (I) - Cash Ratio:** Cash and Cash Equivalents/ Current Liabilities.

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

**Current indicator (III) - current ratio :** current assets / current liabilities.

**Debt coverage ratio:** Cash flow from operating activities (CFO) / Total liabilities.

**Share of equity in financial assets:** total equity / total assets \* 100%

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

**Debt ratio:** (long-term liabilities + current liabilities0) / total assets.

**11. IF AN ACCOUNTING ENTITY HAS ACQUIRED OR ACCEPTED AS COLLATERAL ITS OWN SHARES DURING THE FINANCIAL YEAR, THE FOLLOWING ITEMS WHICH HAVE BEEN ACQUIRED OR ACCEPTED AS COLLATERAL SHALL BE PRESENTED IN THE MANAGEMENT REPORT AS TRANSFERRED RATHER THAN TRANSFERRED.**

In 2021 and in the period until the date of submission of the financial statements for 2021, the issuer did not hold its own shares.

**12. THE STRUCTURE OF THE SHARE CAPITAL, INCLUDING SECURITIES, IN WHICH TRADING IN REGULATED SECURITIES OF THE CONTRACTING STATES IS NOT PERMITTED, AS WELL AS, AS FAR AS POSSIBLE, DATA ON THE DIFFERENT CLASSES OF SHARES, RIGHTS AND OBLIGATIONS ATTACHING TO EACH CLASS OF SECURITIES AND THEIR PERCENTAGE OF THE COMPANY'S SHARE CAPITAL.**

This information is presented in Notach to the Consolidated Financial Statements for 2021, i.e. Note No. 10 "Earnings per share", Note No. 24 "Capital and reserves" and Note No. 25 "Capital management".

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

In 2021, the Management Board of the Company was not entitled to issue and repurchase shares. In 2021, the company issued new shares, but the issue was made on the basis of the decision of the General Meeting of September 7, 2020. Details of the share issue were provided by the company in current reports No. 29/2020, 31/2020, 32/2020, 3/2021 and 4/2021. The issuance process ended on March 9, 2021.



## CORPORATE GOVERNANCE

### **I. Indication of the corporate policy set that RESBUD SE is subject to and the place where the text of the policy collection is publicly available.**

The Issuer, as a Company listed on the Warsaw Stock Exchange, on August 9, 2021 published a report on the state of application of the Good Practices 2021. The RESBUD SE report on the state of application of the Good Practices 2021 can be found on the corporate <https://www.resbud.ee/lad> website.

The new collection was developed by the Warsaw Stock Exchange II and adopted on 1 July 2021 by Resolution No. 13/1834/2021 of the WSE Supervisory Board of 29 March 2021. The set of corporate governance principles and related rules of conduct have a significant impact on shaping the relations of listed companies with their market environment. The collection is available for public inspection on the WSE website at <https://www.gpw.pl/dobre-praktyki2021>.

The Issuer does not apply other than the following principles of good corporate governance practices, including those mentioned above, in addition to the requirements set out in Estonian law.

### **II. Indication of how RESBUD SE has implemented and applies corporate governance principles.**

RESBUD SE applies the principles of corporate governance contained in the best practices of a company listed on the Warsaw Stock Exchange S.A. 2021 from the date of entry into force of these regulations. On August 8, 2021, the EIB report No. 1/2021 contained information on the non-application of detailed rules indicated in the set of corporate governance principles referred to in the previous sentence.

### **III. An indication of the extent to which the issuer has not applied the corporate rules, together with an indication of those rules and an explanation of the reasons for the withdrawal.**

Information on the state of application by the Company of the recommendations and principles contained in the good practices of a company listed on the Warsaw Stock Exchange 2021.

In accordance with the current state of compliance with the Good Practices, the Company does not apply 18 detailed rules: 1.3.1., 1.4., 1.4.1., 1.4.2., 1.5., 1.6., 2.1., 2.2., 2.3., 2.11.1., 2.11.2., 2.11.3., 2.11.4., 2.11.5., 2.11.6., 3.9., 4.3., 4.11.

## 1. DISCLOSURE POLICY, INVESTOR COMMUNICATION

In the interest of all market participants and their own interests, listed companies shall ensure high-quality communication with investors and shall have a transparent and fair disclosure policy.

**1.1.** Companies maintain efficient communication with capital market participants and reliably inform about matters that concern them. For this purpose, companies use a variety of communication tools and forms, including in particular a corporate website where they publish all information relevant to investors.

*This principle is applied.*

**1.2.** Companies shall make available their financial results as summarised in periodic reports as soon as possible after the end of each reporting period; where this is not feasible for compelling reasons, undertakings shall publish at least preliminary financial estimates as soon as possible.

*This principle is applied.*

**1.3.** Companies incorporate ESG factors into their business strategy, including in particular:

**1.3.1.** environmental factors, including measures and risks related to climate change and sustainable development;

*This rule is not applied.*

**Comments of the Company:** *The company's activities do not generate a high burden on the environment, as the company is a holding company. The main activity of the company is of an office nature.*

**1.3.2.** social and occupational factors, including m.in. actions taken and planned to ensure equal treatment of men and women, decent working conditions, respect for workers' rights, dialogue with local communities, customer relations.

*This principle is applied.*

**1.4.** To ensure the quality of communication with stakeholders, as part of the business strategy, companies publish on their website information regarding the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, determined by means, both financial and non-financial. ESG information on the strategy should m.in:

*This rule is not applied.*

**Company Comments:** *The Company publishes the information required by law on its website. Information about the company's strategy and goals is provided mainly in periodic reports. The Company does not publish financial or non-financial funds.*

**1.4.1.** explain how the decision-making processes of the company and its group members take into account climate change, including the resulting risks;

*This rule is not applied.*

**Company Comments:** *Due to the company's marginal impact on climate change , the company does not address these issues in its decision-making processes.*

**1.4.2.** provide an equal pay index for employees, defined as the percentage difference between the average monthly salary (including bonuses, awards and other benefits) of women and men in the last year, and provide information on the actions taken to close any pay gap, including a presentation of the associated risks and the time horizon of the equality objective.

*This rule is not applied.*

**Comments of the Company:** *Due to the fact that as at the date of submitting this statement there was no application of the principles of respect for social and employee issues formalized, the Company does not publish additional information in the scope covered by this point.*

**1.5.** Companies disclose at least once a year the amounts spent by the company and its group to support culture, sport, charities, media, social organizations, trade unions, etc. If the company or its group covers such expenses in the reporting year, the disclosure provides a list of such expenses.

*This rule is not applied.*

**Comments of the Company:** *The Company does not incur such expenses.*

**1.6.** Companies participating in the WIG20, mWIG40 or sWIG80 index take place quarterly, and other companies hold meetings with investors at least once a year, to which shareholders, analysts, industry experts and the media are invited in particular. At such meetings, the company's management board presents and comments on the strategy and its implementation, the financial results of the company and its group and key events. influencing the activities of the company and its group, their results and prospects. At such meetings, the company's management publicly provides answers and explanations to the questions asked.

*This rule is not applied.*

**Notes of the Company:** *The Company does not belong to any of the indicated indices. In addition, there are no meetings for investors, analysts and shareholders. All information is provided by the company via electronic communication.*

**1.7.** If the investor requests any information about the company, the company will respond immediately, and in any case no later than within 14 days.

*This principle is applied.*

## 2. MANAGEMENT BOARD, SUPERVISORY BOARD

In order to ensure the highest standards of responsibility and effective performance of the Management Board and the Supervisory Board of the company, only persons with appropriate competences, skills and experience are appointed to the management staff. management board and supervisory board. Members of the Management Board act in the interest of the company and are responsible for its activities. The Management Board is m.in responsible for the company's leadership, commitment to setting and implementing its strategic goals, and ensuring the efficiency and safety of the company. Members of the Supervisory Board performing their function and within the scope of their duties in the Supervisory Board are guided by an independent opinion and judgment, including when making decisions and acting in the interest of the company.

The Supervisory Board operates in the spirit of debate and analyzes the position of the company in the context of the sector and the market on the basis of information provided by the Company's Management Board and through the company's internal systems and functions and obtained from external sources, using the results of its committees. In particular, the Supervisory Board gives opinions on the company's strategy, verifies the work of the Management Board in pursuit of specific strategic goals and monitors the company's results.

**2.1.** Companies should have a diversity policy applicable to the management and supervisory boards, approved by the supervisory board and the general meeting respectively. The diversity policy shall set out the objectives and criteria of diversity, including gender, education, expertise, age, professional experience, and shall set target dates and monitoring systems for such purposes. With regard to the gender diversity of corporate bodies, the share of the minority group in each body should be at least 30%.

*This rule is not applied.*

**Notes of the Company:** Key personnel decisions in relation to the Management Board of the Company and its key managers are made by the General Meeting and the Supervisory Board. The Company uses the competence key in the selection of members of the bodies.

**2.2.** Decisions on the selection of members of the management or supervisory board of companies should ensure that the composition of those bodies is differentiated by appointing persons who ensure diversity, m.in in order to achieve the target minimum share of a minority group of at least 30% in accordance with the objectives of the established diversity policy referred to in Principle 2.1.

*This rule is not applied.*

**Company's comments:** The Company uses a competence key when selecting the composition of organs. The current composition of the company's bodies meets the indicator expressed in this principle.

**2.3.** At least two members of the supervisory board meet the independence criteria referred to in the Act of 11 May 2017. about statutory auditors, audit firms and public supervision, and does not have factual and material information relations with each shareholder who holds at least 5% of the total number of votes in the company.

*This rule is not applied.*

**Company's comments:** *The decision to elect members of the Supervisory Board is the responsibility of the General Meeting of Shareholders. Shareholders, guided by competence and trust in individual candidates, decide on the composition of the Supervisory Board. The Company may, depending on the decision of the General Meeting, periodically meet or not meet this criterion depending on the selected composition of the Management Board. Currently, the Supervisory Board does not meet the criteria of independence, because only one member of the Supervisory Board is independent, and the assessment of the resulting risks falls within the competence of the General Meeting.*

**2.4.** The Supervisory Board and the Management Board shall vote in an open vote, unless otherwise provided for by law.

*This principle is applied.*

**2.5.** Members of the supervisory board and members of the management board who vote against the resolution may be recorded in the minutes.

*This principle is applied.*

**2.6.** Functions in the company's management board are the main area of professional activity of management board members. Members of the management board should not engage in additional professional activities if the time spent on such activities prevents them from functioning properly in the company.

*This principle is applied.*

**2.7.** Members of the company's board of directors may sit on the corporate bodies of companies other than members of its capital group subject to approval by the supervisory board.

*This principle is applied.*

**2.8.** Members of supervisory boards should be able to devote the time necessary to the performance of their duties.

*This principle is applied.*

**2.9.** The Chairman of the Supervisory Board should not combine this function with the function of the Chairman of the Audit Committee of the Supervisory Board.

*This principle is applied.*

**2.10.** Companies allocate the administrative and financial resources necessary to ensure the smooth functioning of the supervisory board in a manner adequate to their size and financial situation.

*This principle is applied.*

**2.11.** In addition to the obligations laid down in the regulations, the supervisory board shall draw up and submit an annual report to the annual general meeting once a year. That report shall contain at least the following elements:

**2.11.1.** information on members of the supervisory board and its committees, including the identification of those members of the supervisory board who meet the independence criteria referred

to in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision and on these supervisory boards members who do not have a factual and material relationship with any shareholder who holds at least 5% of the total number of votes in the company, and information about the members of the supervisory board in the context of diversity;

*This rule is not applied.*

**Comments of the Company:** *The Company does not publish and does not submit to the General Meeting a report on the activities of the Supervisory Board in accordance with the applicable Estonian law.*

**2.11.2.** a summary of the activities of the supervisory board and its committees;

*This rule is not applied.*

**Company Comments:** *The explanations in this matter are the same as those given in 2.11.1.*

**2.11.3.** an assessment of the company's situation on a consolidated basis, including an assessment of the internal control, risk management and compliance systems and the internal audit function, as well as information on the measures taken by the supervisory board to carry out such an assessment; whereas such evaluation should cover all relevant controls, in particular reporting and operational controls;

*This rule is not applied.*

**Company Comments:** *The explanations in this matter are the same as those given in 2.11.1*

**2.11.4.** an assessment of the company's compliance with the principles of corporate governance and the manner of fulfilling information obligations regarding compliance with the principles of corporate governance set out in the Exchange Regulations and regulations regarding current and periodic reports published by issuers of securities and information on actions taken by the supervisory board to make such an assessment;

*This rule is not applied.*

**Company Comments:** *The explanations in this matter are the same as those given in 2.11.1*

**2.11.5.** an assessment of the reasonableness of the expenditure referred to in Rule 1.5;

*This rule is not applied.*

**Company Comments:** *The explanations in this matter are the same as those given in 2.11.1*

**2.11.6.** information on the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of the objectives referred to in Principle 2.1.

*This rule is not applied.*

**Company Comments:** *The explanations in this matter are the same as those given in 2.11.1*

### 3. INTERNAL SYSTEMS AND FUNCTIONS

Legal systems and internal functions are an indispensable tool for supervising a company. The systems cover the company and all areas of its group's activity that have a significant impact on the company's position.

**3.1.** Listed companies maintain effective internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

*This principle is applied.*

**3.2.** The organisation of companies shall comprise the units responsible for the tasks of particular systems and functions, unless this is not justified by the size of the undertaking or the nature of its activities. .

*This principle is applied.*

**Notes of the Company:** Due to the size and activity of the Company, as at the date of submission, no units responsible for the tasks of individual systems or functions have been separated.

**3.3.** Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor as the head of the internal audit function in accordance with generally accepted international standards of professional practice internal audit. In other companies that do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board, if it performs the functions of an audit committee) assesses annually whether such a person should be appointed.

*This principle is applied.*

**Company's comments:** In the company, the Supervisory Board acts as an audit committee.

**3.4.** The remuneration of those responsible for risk and compliance management and the head of internal audit should depend on the performance of the delegated tasks, and not on the short-term performance of the company.

*This principle is applied.*

**3.5.** The persons responsible for risk and compliance management report directly to the President or another member of the Board of Directors.

*This principle is applied.*

**3.6.** The head of internal audit is subject organizationally to the President of the Management Board and functionally to the Chairman of the Audit Committee or the Chairman of the Supervisory Board if the supervisory board performs the functions of the audit committee.

*This principle is applied.*

**3.7.** Rules 3.4-3.6 also apply to members of the company's capital group who are relevant to its group.

*This principle is applied.*

**3.8.** The person responsible for internal audit or the board of directors, if such function is not performed separately in the company, shall at least once a year submit to the supervisory board their assessment of the effectiveness of the systems and functions referred to in Rule 3.1 and shall draw up a report accordingly.

*This principle is applied.*

**3.9.** The Supervisory Board monitors the effectiveness of the systems and functions referred to in principle 3.1 m.in on the basis of reports provided periodically by the persons responsible for the functions and management of the company, and annually assess the effectiveness of such systems and operate in accordance with Principle 2.11.3. Where a company has an audit committee, the audit committee shall monitor the performance of the systems and functions referred to in Rule 3.1, which shall not, however, exempt the supervisory board from annually assessing the effectiveness of such systems and functions.

*This rule is not applied.*

**Comments of the Company:** *The Company does not publish and does not submit to the General Meeting a report on the activities of the Supervisory Board in accordance with the applicable Estonian law.*

**3.10.** Companies included in the WIG20, mWIG40 or sWIG80 index have an internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of an audit committee.

*The rule does not apply.*

**Company Notes:** *The Company does not belong to any of these indices.*

#### **4. GENERAL MEETING, RELATIONS WITH SHAREHOLDERS**

The Management Board and the Supervisory Board of listed companies should encourage shareholders to engage in the affairs of the company, in particular through active participation in the general meeting, in person or through a proxy server. The general meeting should respect the rights of all shareholders and ensure that the resolutions adopted do not prejudice the legitimate interests of the various groups of shareholders. Shareholders attending the general meeting shall exercise their rights in accordance with the principle of good conduct. Participants in the general meeting should come prepared for the general meeting.

**4.1.** Companies should allow their shareholders to participate in the general meeting by means of electronic communication (e-meeting) if this is justified by the expectations of the shareholders as



communicated the company, provided that the company is able to provide the technical infrastructure necessary to hold such a general meeting.

*This principle is applied.*

**4.2.** Companies shall determine the place, date and form of the general meeting so as to allow as many shareholders as possible to participate. To this end, companies shall endeavour to ensure that the cancellation of the general meeting, the rescheduling of the general meeting or the interruption of the meeting take place only when justified. and shall not prevent or restrict the exercise by shareholders of their rights to participate in the general meeting.

*This principle is applied.*

**4.3.** Companies provide public broadcast of the general meeting in real life.

*This rule is not applied.*

**Notes of the Company:** *According to the Company, the transmission costs of the General Meeting are too high and none of the shareholders expressed interest in this type of message.*

**4.4.** The presence of media representatives is allowed at general meetings.

*This principle is applied.*

**4.5.** If the Management Board becomes aware of the convening of a general meeting pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the Management Board immediately takes the actions it is obliged to take in order to organize and conduct the General Meeting. The above also applies in the case of convening a general meeting under the authority of the registry court in accordance with Article 400 § 3 of the Commercial Companies Code.

*This principle is applied.*

**4.6.** Assistance to shareholders participating in the general meeting to vote on resolutions with appropriate understanding, draft resolutions of the general meeting on matters and decisions other than requests for procurement should include a justification, unless it results from the documentation submitted to the general meeting. If the matter is placed on the agenda of the general meeting at the request of a shareholder or shareholders, the board of directors shall request the justification for the proposed resolution, unless it has previously been presented by such shareholder or shareholders.

*This principle is applied.*

**4.7.** The Supervisory Board gives its opinion on draft resolutions introduced by the Management Board to the agenda of the General Meeting.

*This principle is applied.*

**4.8.** Draft resolutions of the general meeting on matters included in the agenda of the general meeting should be submitted by shareholders no later than three days before the general meeting.

*This principle is applied.*

**4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

**4.9.1.** candidates for the position of members of the supervisory board should be notified with the necessary notice to the shareholders present at the general meeting to take an informed decision, and in any case no later than three days before the general meeting; the names of the candidates and all related documents should be published immediately on the company's website;

*This principle is applied.*

**4.9.2.** candidates for members of the supervisory board submit a statement on meeting the requirements for members of the audit committee, referred to in the Act of 11 May 2017 on statutory auditors, audit firms and on society Supervision and maintenance of real and significant relations with each shareholder who holds at least 5% of the total number of votes in the company.

*This principle is applied.*

**4.10.** The exercise of shareholders' rights or the way in which they exercise their rights must not impede the proper functioning of the company's management bodies.

*This principle is applied.*

**4.11.** Members of the management board and members of the supervisory board participate in the general meeting at the place of the meeting or via two-way electronic communication in real time, as necessary to comment on matters discussed by the general meeting and to answer questions asked at the general meeting. The Management Board shall present to the participants of the annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements for approval by the general meeting. The Management Board presents the key events of the last financial year, compares the presented data with previous years and presents the degree of implementation of plans for the previous year.

*This rule is not applied.*

**Company Comments:** *The Company will provide all documents related to the financial statements in a timely manner. The Board of Directors participates in the general meeting, but does not present the results and other data that were presented in the documents. In the event of questions from shareholders of the Management Board, it shall provide appropriate explanations.*

**4.12.** Resolutions of the general meeting concerning the issue of shares with pre-emptive rights should specify the issue price or price-setting mechanism or empower the competent body setting the price before the date of registration of the subscription right within the timeframe necessary for investors to take decisions.

*This principle is applied.*

**4.13.** Resolutions on a new issue of shares, excluding pre-emptive rights, may be adopted which grant pre-emptive rights to new issue shares to selected shareholders or other entities subject to at least the following three criteria:

**a)** the company has a rational, economically justifiable need to raise capital urgently or the issue of shares involves rational, economically justifiable transactions, m.in such as a merger with or acquisition of another company or the acquisition of shares under an incentive scheme established by the

company;

- b)** Whereas persons to whom a pre-emptive right has been granted are to be selected in accordance with objective general criteria;
- c)** the purchase price of the shares remains in a reasonable relation to the current share price of the company or is to be determined as part of the book-building of demand on the market.

*This principle is applied.*

**Notes of the Company:** *The Company indicates that the final decision in this respect is made by the General Meeting.*

**4.14.** Companies should seek to distribute their profits through the payment of dividends. Companies may retain all of their profits subject to one of the following criteria:

- a)** the profits are minimal and therefore the dividend would be immaterial in relation to the value of the shares;
- b)** the company reports uncovered losses from previous years and profits are used to reduce such losses;
- c)** the company can demonstrate that the investment of profits will bring measurable benefits to shareholders;
- d)** the company generates insufficient cash flow to pay dividends;
- e)** the payment of dividends would significantly increase the risk associated with covenants arising from the company's binding obligations, credit instruments or the terms of the bond issue;
- f)** retention of the company's profits in accordance with the recommendations of the supervisory authority the company due to its business activity.

*This principle is applied.*

## **5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS**

For the purposes of this Section, 'related party' is defined within the meaning of international accounting standards as approved by Regulation (EU) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. Companies and their groups should have transparent procedures in place to manage conflicts of interest and related party transactions where a conflict of interest may arise. The procedures should provide for ways of identifying, disclosing such cases and how to deal with them.

Members of the Management Board and the Supervisory Board should refrain from professional or other activities that could give rise to a conflict of interest or adversely affect their reputation as a member of the legal body, and in the event of a conflict of interest, they should disclose it immediately.

**5.1.** The members of the administrative board and the members of the supervisory board shall notify the management or supervisory board accordingly of any conflict of interest that has arisen or may arise and refrain from discussing it that may lead to such a conflict of interest in their case.

*This principle is applied.*

**5.2.** If a member of the management board or a member of the supervisory board finds that the decision of the management board or the supervisory board, respectively, is contrary to the interest of the company, he should request that the minutes of the management board or meeting of the supervisory board show his dissenting opinion.

*This principle is applied.*

**5.3.** No shareholder should have priority over other shareholders in related party transactions. The above also applies to transactions concluded by the company's shareholders with members of the company's capital group.

*This principle is applied.*

**5.4.** Companies may repurchase their own shares only in a procedure that respects the rights of all shareholders.

*This principle is applied.*

**5.5.** If a transaction concluded by a company with a related party requires the consent of the supervisory board, before giving its consent, the supervisory board assesses whether to seek the prior opinion of a third party to the supervisory board, which may provide a valuation of the transaction and review its economic effects.

*This principle is applied.*

**5.6.** If a transaction with a related party requires the approval of the general meeting, the supervisory board shall issue an opinion on the legitimacy of such a transaction. In such a case, the supervisory board shall assess whether to seek a prior opinion from a third party referred to in Rule 5.5.

*This principle is applied.*

**5.7.** Where a decision on a material transaction of a company with a related party is taken by the general meeting, the company should make available to all shareholders the information necessary to assess the impact of the transaction on the company's interest before taking a decision, including the opinion of the supervisory board referred to in Rule 5.6.

*This principle is applied.*

## **6. REMUNERATION**

The Companies and the Group protect the stability of their management teams mainly through transparent, fair, consistent and non-discriminatory remuneration conditions, including equal pay for women and men. The remuneration policies of companies for members of corporate bodies and key managers should in particular specify the form, structure and manner in which remuneration is determined and paid.

**6.1.** The remuneration of board members and of supervisory board members and key managers should be sufficient to attract, retain and motivate those with the skills necessary to:

proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to natural persons and the resulting accountability.

*This principle is applied.*

**6.2.** Incentive systems should be constructed in the manner necessary in to link the level of remuneration of members of the company's management board and key managers with the actual long-term situation. a company measured by financial and non-financial performance and long-term shareholder value creation, sustainability and stability of the company.

*This principle is applied.*

**6.3.** Where company incentive schemes include a share option scheme for managers, the implementation of the share option scheme should depend on the performance of the beneficiaries over a period of at least three years, predetermined, realistic financial and non-financial objectives and sustainability objectives adequate to the company, as well as the share price or exercise of the option, the price to the beneficiaries shall not differ from the value of the shares at the time of approval of such a scheme.

*This principle is applied.*

**6.4.** Since the supervisory board performs its duties on a continuous basis, the remuneration of the members of the supervisory board cannot depend on the number of meetings held. The remuneration of the members of the committees, in particular the audit committee, should take into account the additional workload of the committee.

*This principle is applied.*

**6.5.** The level of remuneration of supervisory board members should not depend on the remuneration of the company short-term results.

*This principle is applied.*

## **7. A DESCRIPTION OF THE MANAGEMENT AND SUPERVISORY BODIES, THE COMPOSITION OF THEIR COMMITTEES AND THE ORGANISATION OF THEIR WORK.**

**7.1.** The Executive Body of the company is the Management Board. According to the articles of association, the company's management board may consist of 1 to 4 members. In 2021, the Management Board consisted of: 1 person from January 1, 2021 to April 25, 2021 – Mr. Jarosław Gerard Podolski and 2 people from April 24, 2021 – Mr. Krzysztof Długosz and Ms. Joanna Dyja.

This body directs the activities of the company, represents the company externally. Members of the Management Board are elected by the Supervisory Board, which also decides on the remuneration of Management Board members. The board did not have any committees or responsibilities between the members, given the size of the company. Each member of the Management Board of the company

may represent the company independently in all legal transactions, unless the resolution of the Supervisory Board is specified otherwise. If the Management Board of a company consists of more than two (2) members, the Management Board shall appoint the President of the Management Board. Meetings of the Management Board shall have a quorum if it covers more than half of the members of the Management Board. Decisions of the Management Board shall be adopted by a simple majority of votes. Each member of the Management Board shall have one vote. The vote of the President of the Management Board is decisive in the event of an equal distribution of votes. A member of the Management Board may resign at any time. The resignation shall be submitted to the Supervisory Board.

Detailed rules of functioning of the Management Board are regulated by generally applicable Estonian law and the Company's Articles of Association.

**7.2.** The Supervisory Board is the supervisory body of the company. The scope of her duties includes planning the company's activities, assistance in organizing the company's management and supervision over management activities. From the date of transfer of the company to Estonia, the Supervisory Board may consist of 3 to 7 members. This body is appointed by the general meeting of the company. The term of office of the members of the supervisory board is 5 years.

Meetings of the Supervisory Board shall be held where appropriate, but not less than once in a period of three months. The notice of convening a meeting of the Supervisory Board is sent at least seven days before the date of the planned meeting and contains the agenda proposed by the Chairman of the Supervisory Board. A meeting of the Supervisory Board has a quorum if it covers more than half of the members of the Supervisory Board. Resolutions of the Supervisory Board are adopted by a simple majority of votes. The vote of the Chairman of the Supervisory Board is decisive in the case of equal distribution. The Supervisory Board has the right to adopt resolutions without convening a meeting, if all members of the Supervisory Board agree to it.

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 present a written position. If a member of the Supervisory Board does not submit a resolution of his vote for or against within the prescribed period, he shall be deemed to have voted against the resolution. A resolution is adopted if more than half of the members of the Supervisory Board voted for the resolution. Approval by the company's management board of the company's budget and risk management principles is required for approval by the Supervisory Board. As in the case of: the acquisition or disposal by a company of any asset the value of which exceeds EUR 100 000 in one or more related transactions; agreeing to the terms of operations with members of the Management Board and deciding to conclude a legal dispute with a member of the Management Board and appointing a person authorized to represent the company in such a dispute, consent to any type of transaction the value of which exceeds EUR 100 000 in one or more related transactions; consent to borrowing or granting or other debt obligations of the company or the acquisition by the company

of liabilities the value of which exceeds EUR 100 000 in one or more related transactions; establishment and closure of foreign subsidiaries, representative offices or other entities of the company; the acquisition or disposal of any type of business or the termination of activities or the conclusion of such transactions, which may result in future acquisitions or disposals of business or business activities, the creation, 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 the termination of the activities of subsidiaries.

Detailed rules for the functioning of the Supervisory Board are set out in the Estonian Commercial Code and the Company's Articles of Association .

## **8. A DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF PREPARING THE ANNUAL ACCONUTS.**

Due to the simplified structure and relatively limited number of financial risks, the issuer's management board has not developed and introduced a written procedure for internal control and risk management in the preparation of financial statements, but the issuer approaches the issue of financial reporting with the utmost care.

The Management Board of the company is responsible for the company's internal control system and its effectiveness in the correctness of preparing financial statements and periodic reports. Financial and periodic statements are prepared on the basis of financial data from the financial and accounting system , if they are recorded in accordance with the regulations, with the principles of accounting policy adopted in accordance with the Accounting Act.

Verification of the correctness of the periodic accounts shall be carried out by independent auditors for the purposes of the annual financial audits and each half-yearly review of the accounts.

Financial statements are prepared by professional entities. In 2021, the issuer used the accounting services of the accounting office "BLOK" Anna Karendal, which provided accounting services on the basis of an outsourcing agreement to the issuer. Using the services of a specialized office, the management board receives ongoing external advice on consulting any problems related to the correct preparation of mandatory financial statements, including quarterly, half-yearly and annual reports and tax issues.

## **9. AN INDICATION OF THE OWNERS OF THE SHARES WHO GRANT CERTAIN AUDIT POWERS AND A DESCRIPTION OF THOSE POWERS.**

All shares of the company are ordinary shares. No series of shares confers on shareholders special powers to conduct an audit. The articles of association also do not confer on the shareholders any powers, in particular powers to audit the company.

## **10. ANY RESTRICTIONS ON THE TRANSFER OF THE ISSUER'S SHARES AND THE EXERCISE OF VOTING RIGHTS.**

According to the best knowledge of the management board of RESBUD SE, in 2021 there were no restrictions on the transfer of shares or the exercise of voting rights from the issuer's shares. 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.

## **11. PROVISIONS REGARDING THE AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION.**

According to the Estonian Commercial Code, a resolution of the general meeting is required by a majority of 2/3 of votes to amend the articles of association. The company's articles of association do not provide for further requirements for the adoption of such a resolution. Also in accordance with the applicable provisions of § 300<sup>2</sup> of the Estonian Commercial Code, an entry in the Estonian Commercial Register is required to change the company's speech.

The current Articles of Association can be found on the company's website [www.resbud.ee](http://www.resbud.ee)

A copy of the association's Statutu can also be obtained from the Estonian Commercial Register at <https://ariregister.rik.ee>.

## **12. AUTHORIZATION OF MANAGEMENT BOARD MEMBERS, INCLUDING AUTHORIZATION, TO INCREASE CAPITAL AND ISSUE SHARES.**

The Management Board did not have any special rights in 2021, including the right to increase the capital and issue shares.

## **13. DIVERSITY POLICY.**

The company has not introduced a diversity policy. The reason for this is the minimum number of employees employed. In the company's body, diversity issues are clarified in the corporate governance report.



#### 14. EVENTS AFTER THE BALANCE SHEET DATE.

On May 23, 2022, the Extraordinary General Meeting of Shareholders of RESBUD SE was held, at which resolutions were adopted on the amendment of the Company's Articles of Association and the issue of bonus shares.

Resolution No. 1 gave a new wording to points 2.1 and 2.4 of the Company's Articles of Association, therefore the minimum amount of the Company's share capital is currently EUR 7,975,000, and the maximum amount of share capital is EUR 35 000 000. In addition, the minimum number of shares of the Company without par value was set at 72 500 000 shares, and the maximum number of shares of the Company without par value was set at 320 000 000 shares.

In addition, by resolution No. 3 of the Extraordinary General Meeting, by way of a bonus issue, the Company's share capital was increased by issuing 78 873 421 new shares to the Company's shareholders. As a result, the number of the Company's shares increased from 236 620 263 to 315 493 684. The Company's share capital has been increased from EUR 26 028 229 to EUR 34 704 306.

Details of the changes indicated above have been published by the Company in current reports no. 3/2022, 5/2022, 6/2022, 7/2022 and 8/2022.

Tallinn, September 15, 2022



**Krzysztof Długosz**  
President of the Management Board



**Joanna Dyja**  
Member of the Management Board