

RESBUD SE MANAGEMENT REPORT December 31, 2021

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

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

The basic statistical classification of the company's construction activities are: construction of residential and non-residential buildings - EMTAK: 41201 / EMTAK 2008, NACE: 41.20, PKD: 41.20.Z

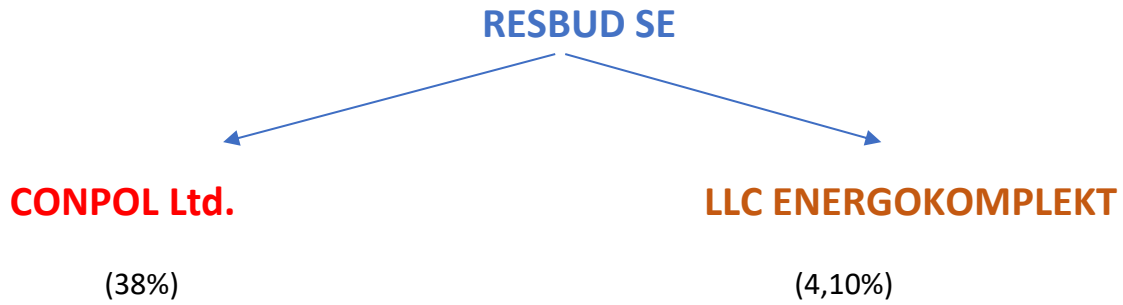
The Company as a majority shareholder holds as at December 31, 2021 the following shares:

- 8000 shares in the share capital of CONPOL Ltd. 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 LLC Energokomplekt 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 Ltd. 12.2% of share capital of LLC Energokomplekt, which gives 100% control directly and indirectly;
- 100 shares in the share capital of UNIWERSIM Ltd. 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 Ltd. 100% share in company Delcraft Ehitus OÜ, with its registered seat in Tallinn, Estonia, entitle to 100 % voting rights at the shareholder's meeting.

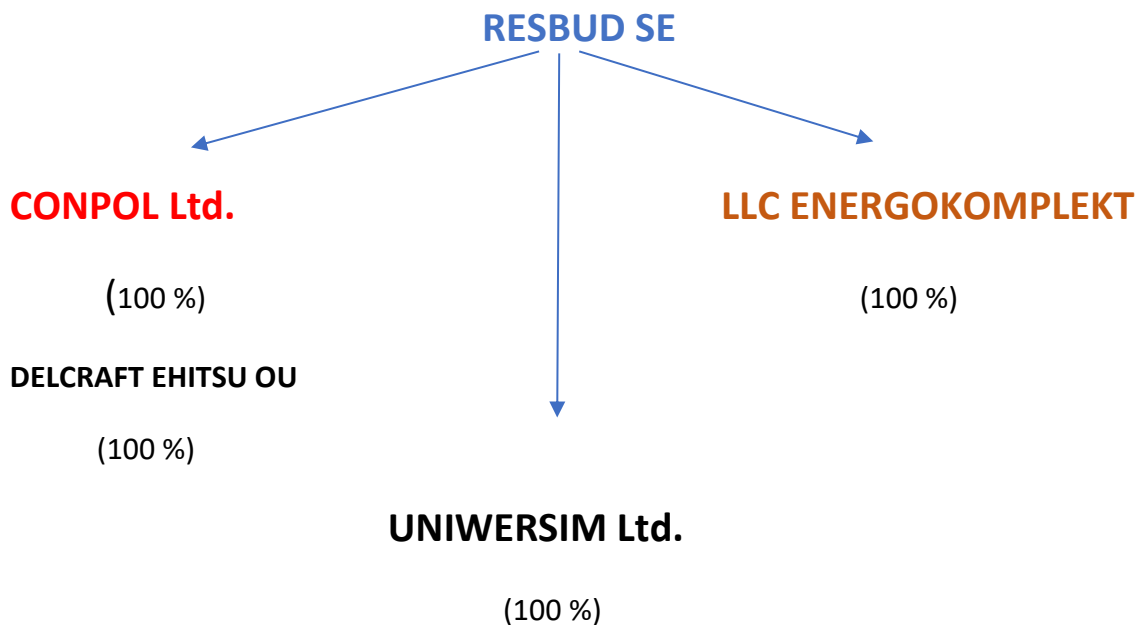
Resbud SE has one foreign branch registered in Poland. The full name of the branch is: Resbud SE (European company) Branch In Poland. The branch was registered by the District Court for Krakow - Downtown in Krakow XII Commercial Division of the National Court Register in the register of entrepreneurs, 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.

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

STRUCTURE OF THE RESBUD SE GROUP



/February 4, 2021/



/December 31, 2021/

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

The Company has concluded significant investment in February 2021 by acquisition of shares contributed as in-kind contribution in exchange for new shares issue, detailed information is included in point 1 above.

3. GENERAL (MACROECONOMIC) DEVELOPMENT ON ITS FINANCIAL PERFORMANCE.

In 2021, 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 as well.

4. WHETHER THE OPERATING ACTIVITIES OF THE ACCOUNTING ENTITY TAKE PLACE ON A SEASONAL BASIS, OR WHETHER THEIR BUSINESS ACTIVITIES ARE CYCLICAL.

The issuer's activities are non-cyclical as a non-consolidated holding company. The activities of construction companies where issuer hold shares take place on a seasonal basis with winter slowdown.

5. DIVIDEND POLICY OF THE CAPITAL GROUP.

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

6. SIGNIFICANT ENVIRONMENTAL AND SOCIAL IMPACTS RESULTING FROM THE ACTIVITIES OF THE ACCOUNTING ENTITY.

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.

7. FINANCIAL INSTRUMENTS FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND RISKS RELATED TO CHANGES IN FOREIGN EXCHANGE RATES, INTEREST RATES AND STOCK EXCHANGE RATES WHICH HAVE OCCURRED DURING THE FINANCIAL YEAR OR DURING THE PERIOD OF PREPARATION OF THE REPORT.

Information on this subject is included in the chapter V: "Notes to the consolidated financial statements", position Note No. 30 "Fair values and risk management".

8. THE MAIN FINANCIAL RATIOS CONCERNING THE FINANCIAL YEAR AND THE PRECEDING FINANCIAL YEAR, AND THE METHODS FOR CALCULATING THE RATIOS.

PROFITABILITY RATIOS:	2020	2021
Net profitability	n/a	-1.35
Return on equity ROE	-18.23%	-2.5%
Return on assets ROA	-14.52%	-3.76%

LIQUIDITY RATIOS:	2020	2021
Cash ratio (I)	0.0065	0.08
Quick ratio (II)	0.1531	0.93
Current ratio (III)	0.1531	0.98
Debt Coverage Ratio	-0.3599	0.21

DEBT RATIOS:	2020	2021
Share of equity in financing assets %	68.58%	43.66%
Share of long-term liabilities in liabilities %	0.00%	2.33%
Debt ratio	0.3142	56.33

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.

9. IF AN ACCOUNTING ENTITY HAS ACQUIRED OR TAKEN AS SECURITY ITS OWN SHARES DURING THE FINANCIAL YEAR, THE FOLLOWING ITEMS THAT HAVE BEEN ACQUIRED OR TAKEN AS SECURITY SHALL BE PROVIDED IN THE MANAGEMENT REPORT AS TRANSFERRED AND NOT TRANSFERRED.

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

10. THE STRUCTURE OF THE SHARE CAPITAL, INCLUDING THE SECURITIES, TRADING IN WHICH ON THE REGULATED SECURITIES MARKET OF CONTRACTING STATES IS NOT PERMITTED AND, WHERE POSSIBLE, ALSO DATA ON THE DIFFERENT CLASSES OF SHARES, THE RIGHTS AND OBLIGATIONS RELATED TO EACH CLASS OF SECURITY AND THEIR PERCENTAGE IN THE SHARE CAPITAL OF THE COMPANY.

This information is provided in the chapter II: "Consolidated statement of financial position".

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

Direct possession as at December 31, 2021:

No.	First name and last name/ company name	Number of shares	Number of votes	% share of votes in the total number of votes
1.	Alexey Petrov	102 660 820	102 660 820	43,38%
2.	DKW Polska OÜ	43 831 548	43 831 548	18,52%
3.	Olga Petrova	28 782 674	28 782 674	12,16%

Indirect possession as at December 31, 2021:

No.	First name and last name/ company name	Number of shares	Number of votes	% share of votes in the total number of votes
1.	Alexey Petrov, directly and indirectly over AP Energobau OÜ	106 950 820	106 950 820	45,19%
2.	Iwona Długosz indirectly over DKW Polska OÜ	43 831 548	43 831 548	18,52%
3.	Olga Petrova, directly and indirectly over EU LEX Management OÜ	32 366 962	32 366 962	13,67%

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

In 2021, the Company's Management Board was not authorized 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 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 March 9, 2021.

CORPORATE GOVERNANCE

I. 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.

The issuer, as a Company listed on the Warsaw Stock Exchange (WSE), on August 9, 2021. published a report on the state of application of Best Practice 2021. The RESBUD SE report on the state of application of the Best Practices 2021 can be found on the website <https://www.resbud.ee/lad-korporacyjny>.

The new collection was developed by the Warsaw Stock Exchange and adopted on July 1, 2021 by Resolution No. 13/1834/2021 of the WSE Supervisory Board of March 29, 2021. The set of corporate governance rules and the related rules of conduct have a significant impact on the shaping of the relationship listed companies with their market environment. The collection is available to the public 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 the above-mentioned, in addition to the requirements laid down by Estonian law.

II. 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 2021 from the date of entry into force of these regulations. On August 8, 2021, the EBI report no. 1/2021 provided information on the non-application of the specific rules indicated in the corporate governance rule set mentioned in the previous sentence.

III. An indication of the extent to which the issuer has disapplied 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 2021.

According to the current status of compliance with the Best Practice, the Company does not apply 18 detailed principles: 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 COMMUNICATIONS

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

The principle is applied.

1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

The principle is applied.

1.3. Companies integrate ESG factors in their business strategy, including in particular:

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

The principle is not applied.

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

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The principle is applied.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

The principle is not applied.

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

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

The principle is not applied.

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

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The principle is not applied.

Comments of the Company: *Due to the fact, that as at the date of submitting this statement, application of the principles of respecting for social and employee issues has not been formalized, the Company does not publish additional information in the scope covered by this point.*

1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

The principle 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 hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is not applied.

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

1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

The principle is applied.

2. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure top standards of the responsibilities and effective performance of the Management Board and the Supervisory Board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board. Management Board members act in the interest of the company and are responsible for its activity. The Management Board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety. Supervisory Board members acting in their function and to the extent of their responsibilities on the Supervisory Board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The Supervisory Board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the Management Board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The Supervisory Board in particular issues opinions on the company's strategy, verifies the work of the Management Board in pursuit of defined strategic objectives, and monitors the company's performance.

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The principle is not applied.

Comments of the Company: *Key personnel decisions with respect to the Management Board of the Company and its key managers are taken by the General Meeting and the Supervisory Board. The Company uses a competence key when selecting members of the bodies.*

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The principle is not applied.

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

2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is not applied.

Comments of the Company: *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, determine 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 composition of the Board chosen. At present, the Supervisory Board does not meet the criteria of independence, as only one member of the Board is independent, and the assessment of the resulting risks is within the competence of the General Meeting.*

2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

The principle is applied.

2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

The principle is applied.

2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

The principle is applied.

2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

The principle is applied.

2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

The principle is applied.

2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

The principle is applied.

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

The principle is applied.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of May 11, 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board

members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

The principle is not applied.

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

2.11.2. summary of the activity of the supervisory board and its committees; *The principle is not applied.*

Comments of the Company: *Explanations on this matter are the same as those given in 2.11.1.*

2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

The principle is not applied.

Comments of the Company: *Explanations on this matter are the same as those given in 2.11.1*

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

The principle is not applied.

Comments of the Company: *Explanations on this matter are the same as those given in 2.11.1*

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

The principle is not applied.

Comments of the Company: *Explanations on this matter are the same as those given in 2.11.1*

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

The principle is not applied.

Comments of the Company: *Explanations on this matter are the same as those given in 2.11.1*

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

3.1. Listed companies maintain efficient 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.

The principle is applied.

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

The principle is applied.

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

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

The principle is applied.

Comments of the Company: *In the company the Supervisory Board performs function of audit committee.*

3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

The principle is applied.

3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

The principle is applied.

3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

The principle is applied.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

The principle is applied.

3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

The principle is applied.

3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

The principle is not applied.

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

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

The principle not applicable.

Comments of the Company: *The company does not belong to any of these indexes.*

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The Management Board and the Supervisory Board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy. The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders. Shareholders who participate in a general meeting exercise their rights in accordance with the rule of good conduct. Participants of a general meeting should come prepared to the general meeting.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the

company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The principle is applied.

4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

The principle is applied.

4.3. Companies provide a public real-life broadcast of the general meeting.

The principle is not applied.

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

4.4. Presence of representatives of the media is allowed at general meetings.

The principle is applied.

4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

The principle is applied.

4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

The principle is applied.

4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

The principle is applied.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

The 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 members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

The principle is applied.

4.9.2. candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is applied.

4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

The principle is applied.

4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

The principle is not applied.

Comments of the Company: *The Company shall provide all documents relating to the financial statements in good time. The Management Board participates in the general meeting, but does not present the results and other data that were presented in the documents. In case of questions from shareholders of the Management Board, it shall provide appropriate explanations.*

4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

The principle is applied.

4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the

take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;

b) the persons granted the pre-emptive right are to be selected according to objective general criteria;

c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

The principle is applied.

Comments of the Company: *The Company indicates that the final decision in this regard is taken by the General Meeting.*

4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;

b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;

c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;

d) the company generates insufficient cash flows to pay out dividends;

e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;

f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

The principle is applied.

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the Management Board and members of the Supervisory Board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

The principle is applied.

5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.

The principle is applied.

5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

The principle is applied.

5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

The principle is applied.

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

The principle is applied.

5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

The principle is applied.

5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

The principle is applied.

6. REMUNERATION

Companies and the Group protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men. Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for

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

The principle is applied.

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

The principle is applied.

6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of predefined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The principle is applied.

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

The principle is applied.

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

The principle is applied.

7. DESCRIPTION OF THE MANAGEMENT AND SUPERVISORY BODIES, COMPOSITION OF THEIR COMMITTEES AND THE ORGANIZATION OF THEIR WORK.

7.1. 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 2021 Management Board was consisting: 1 person from January 1, 2021 to the April 25, 2021 – Mr. Jarosław Gerard Podolski and 2 persons from April 24, 2021 – 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.ee

7.2. 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' members 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. Similarly as for: the acquisition or disposal by a company of any asset the value of which exceeds 100 000 euros 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 100 000 euro 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 100 000 euro 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.ee

8. DESCRIPTION OF THE MAIN FEATURES OF INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF PREPARING ANNUAL ACCONUTS.

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.

Financial statements are prepared by professional entities. In 2021, the issuer used the accounting services of the "BLOK" Anna Karendaf accounting office, which provided accounting services under an outsourcing agreement to the issuer. By using the services of a specialized office, the management



board receives ongoing external advice on consulting all problems related to the correct preparation of mandatory financial statements, including quarterly, semi-annual and annual reports, and tax issues.

9. 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.

10. 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 2021, 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.

11. 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 § 300² 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.ee

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

12. AUTHORITY OF BOARD MEMBERS INCLUDING AUTHORIZATION TO INCREASE CAPITAL AND ISSUE SHARES.

The Management Board did not have any specific powers in 2021 including entitlement to capital increase and issuance of shares.

13. 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 corporate governance report.

14. EVENTS AFTER THE BALANCE SHEET DATE.

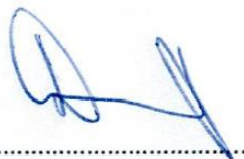
On May 23, 2022, the Extraordinary General Meeting of RESBUD SE Shareholders was held, at which resolutions were adopted on amending the Company's Articles of Association and the issue of bonus shares.

Resolution no. 1 gave a new wording to items 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 the share capital is EUR 35 000 000. Moreover, the minimum number of the Company's shares without par value was set at 72 500 000 shares, and the maximum number of the Company's shares without par value was set at 320 000 000 shares.

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

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

Tallinn, June 15, 2022

A blue ink signature of Krzysztof Długosz, consisting of a large, stylized 'K' and 'D'.

Krzysztof Długosz
President of the Management Board

A blue ink signature of Joanna Dyja, written in a cursive style.

Joanna Dyja
Member of the Management Board