Condensed Consolidated Interim Financial Statements for the nine months ended 30 September 2021

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 10 to 35.

Condensed Consolidated Interim Financial statement for nine month ended 30 September 2021

Company name: Resbud SE

Registry number: 14617750

Address: Tallinn, Kesklinna linnaosa, Järvevana tee 9, 11314

Telephone: +372 5332 3661

E-mail: resbud@resbud.ee

Corporate website: www.resbud.ee

Financial year: 1 January 2021 – 31 December 2021

Reporting period: 1 January 2021 – 30 September 2021

Supervisory board: Anna Jõemets, Alexey Petrov, Adam Zaremba

Chief executive: Krzysztof Włodzimierz Długosz, Joanna Maria Dyja

Auditor: KPMG Baltics OÜ

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Condensed Consolidated Statement of Financial Position

’000 EUR	Note	30 September 2021	31 December 2020
Assets			
Property, plant and equipment	17	4,170	-
Right-of-use assets		8	-
Equity-accounted investees		-	1,860
Goodwill	18, 24	31,279	-
Long-term loans		310	-
Long-term receivables		69	-
Deferred tax assets		84	-
Non-current assets		**35,920**	**1,860**
Inventories	14	3,813	-
Current tax assets		127	-
Trade and other receivables	15	30,411	26
Prepayments		-	36
Short-term loans		145	-
Short-term financial assets	24	2,617	28
Short-term accruals		18	-
Cash and cash equivalents	16	4,908	4
Current assets		**42,039**	**94**
Total assets		**77,959**	**1,954**
Equity			
Share capital	19	26,028	1,991
Additional paid-in capital	19	10,112	2,092
Reserve capital		69	69
Revaluation reserve		(498)	(498)
Translation reserve	19	584	(67)
Capital from business combinations	19	(4)	(4)
Retained earnings		(2,972)	(2,243)
Total equity		**33,319**	**1,340**
Liabilities			
Loans and borrowings	20	3,663	-
Long-term financial liabilities		42	-
Deferred tax liabilities	24	1,142	-
Non-current liabilities		**4,847**	**-**

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 10 to 35.

’000 EUR	Note	30 September 2021	31 December 2020
Liabilities			
Loans and borrowings	20	4,743	365
Trade and other payables	21	33,578	93
Employee benefits		88	24
Tax liabilities		53	-
Other current liabilities	24	1,331	132
Current liabilities		**39,793**	**614**
Total liabilities		**44,640**	**614**
Total equity and liabilities		**77,959**	**1,954**

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the nine months ended 30 September	
’000 EUR	**Note**	**2021**	**2020**
Revenue	7	34,675	-
Cost of sales	8	(34,054)	(237)
Gross profit		**621**	**(237)**
Other income	10	165	
Other expenses	10	(362)	(6)
Results from operating activities		**424**	**(243)**
Finance income	11	84	4
Finance costs	11	(960)	(21)
Profit/(loss) before income tax		**(452)**	**(260)**
Income tax expense	12	(223)	-
Profit/(loss) for the period		**(675)**	**(260)**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		-	(360)

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Equity method accounted investees – share of OCI		-	(223)
Total		-	(583)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		-	(2)
Income tax on items that are or may be reclassified subsequently to profit or loss		-	(2)
Other comprehensive income for the period, net of income tax		-	(585)
Total comprehensive income for the period		(675)	(845)
		For the nine months ended 30 September	
’000 EUR	**Note**	**2021**	**2020**
Loss attributable to:			
Owners of the Company		(675)	(260)
Non-controlling interests		-	-
		(675)	(260)
Total comprehensive income attributable to:			
Owners of the Company		(675)	(845)
Non-controlling interests		-	-
		(675)	(845)
Earnings per share			
Basic earnings per share (EUR)	11	0,004	0,015
Diluted earnings per share (EUR)		0,004	0,015
Adjusted earnings before interest tax, depreciation and amortisation (adjusted EBITDA)	13	804	(243)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 10 to 35.

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Condensed Consolidated Statement of Changes in Equity

	Share capital	Reserve capital	Additional paid-in capital	Revaluation reserve	Translation reserve	Capital from business combinations	Retained earnings	Total equity
Balance at 31 December 2019	**1,991**	**69**	**2,106**	**279**	**(64)**	**(4)**	**(1,910)**	**2,467**
Increase of capital (issuance of shares)								
Net profit (loss) for period	-	-		-	-	-	(347)	**(347)**
Other comprehensive income	-	-	0	(777)	(3)			(780)
Reclassification	-	-	(14)		-	-	(14)	0
Differences from recalculation	-	-		-				
Balance at 31 December 2020	**1,991**	**69**	**2,092**	**(498)**	**(67)**	**(4)**	**(2,243)**	**1,340**

	Share capital	Reserve capital	Additional paid-in capital	Revaluation reserve	Translation reserve	Capital from business combinations	Retained earnings	Total equity attributable to owners of the parent
Balance at 31 December 2020	**1,991**	**69**	**2,092**	**(498)**	**(67)**	**(4)**	**(2,243)**	**1,340**
correction of fundamental errors	-	-	-	-	-	-	(19)	**(19)**
Balance on 01-01-2021 after changes	*1,991*	*69*	*2,092*	*(498)*	*(67)*	*(4)*	*(2,262)*	***1,321***
Increase of capital (issuance of shares)	24,037	-	8,020	-	-	-	-	**32,057**
Net profit (loss) for period	-	-		-	-	-	(675)	**(675)**
Consolidation						-	(35)	**(35)**
Total income for period	24,037	-	8,020	-		-	(710)	**31,347**
Decrease-revaluation of financial assets	-	-	-		-	-	-	**-**
Differences from recalculation	-	-		-	651	-		**651**
Balance at 30 September 2021	**26,028**	**69**	**10,112**	**(498)**	**584**	**(4)**	**(2,972)**	**33,319**

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 10 to 35.

Condensed Consolidated Statement of Cash Flows (indirect method)

		for the nine months ended	
’000 EUR		**30 September 2021**	**30 September 2020**
Cash flows from operating activities			
Profit/(loss) for the period		(675)	(347)
Adjustments for:			
Depreciation and amortisation	17	380	-
Net finance costs	11	876	(23)
Foreing currency unrealised differences		659	
Income tax expense		223	-
		1,463	(370)
Changes in:			
Inventories		(1,411)	-
Trade and other receivables		(1,878)	39
Trade and other payables		10,090	110
Cash flows from/(used in) operations before income taxes and interest paid		8,264	(221)
Income tax paid		(185)	28
Interest paid		(105)	-
Net cash from/(used in) operating activities		7,974	(221)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		13	-

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		for the nine months ended	
’000 EUR		**30 September 2021**	**30 September 2020**
Acquisition of property, plant and equipment		(953)	-
Loans repaid			55
Loans granted		(23)	(10)
Acquisition of subsidiaries, net of cash acquired	24	333	-
Net cash from/(used in) investing activities		(630)	45
Cash flows from financing activities			
Loans received		1,401	147
Repayment of borrowings		(3,834)	-
Payment of lease liabilities		(7)	-
Dividends paid			
Net cash from/(used in) financing activities		(2,440)	147
Net increase/(decrease) in cash and cash equivalents		4,904	(29)
Cash and cash equivalents at 1 January 2021		4	33
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
Cash and cash equivalents at 30 September		4,908	4

DLUGOSZ,KRZYSZTOF WLODZIMIERZ,36207270138 Elektronicznie podpisany przez DLUGOSZ,KRZYSZTOF WLODZIMIERZ,36207270138 Data: 2022.04.28 03:03:35 +02'00'

President of the Management Board

Krzysztof Długosz

DYJA,JOANNA MARIA,46308250085 Elektronicznie podpisany przez DYJA,JOANNA MARIA,46308250085 Data: 2022.04.28 03:01:12 +02'00'

Member of the Management Board

Joanna Dyja

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1. Reporting entity

(a) Business environment

The Group's operations are primarily located in Estonia, Poland and Russia Federation. These condensated interim financial statement ('interin financial statement') as at and from the nine months ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as 'Group'). The group is primary involved in:

In Estiona, the management and administrative activities of the parent company (Resbud SE) related to the management of subsidiaries.

In Poland, in the construction industry related to road building (Conpol company), production activities related to the bitumen-concrete mixtures manufacture (Uniwersim company).

In the Russian Federation, it is involved in purchase and sale activity of materials and equipment for the supply maintenance of large construction companies and holdings (Energokomplekt company).

Polish business environment

In Poland, the activity is carried out in the construction industry related to road construction (Conpol Ltd.) and as a production activity related to the production of bitumen-concrete mixtures (Uniwersim Ltd).

The decisions made by the Group to continue construction works, with the simultaneous application of pandemic restrictions related to the COVID-19 pandemic, made the construction industry, and in particular the engineering construction sector, an area of relative economic stabilization.

The biggest challenge for the construction sector in 2021 was the unprecedented increase in material prices, temporary shortages of some products and materials at suppliers, and the periodic outflow of labor.

Russian business environment

In the Russian Federation, it is involved in purchase and sale activity of materials and equipment for the supply maintenance of large construction companies and holdings (LLC Energokomplekt).

Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

The United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The condensed consolidated interim financial statements for the first nine months of 2021 reflect the management's assessment of the impact of Estonian, Polish and Russian business environment on the Group's operations and financial position. The future business environment may differ from management's assessment.

(b) Organisation and operations

RESBUD SE ("Company") and its subsidiaries ("Group") include companies located in Central and Eastern Europe [**LLC Energokomplekt, Conpol Ltd. and Uniwersim Ltd.]**

RESBUD SE was established as a result of numerous transformations of a Polish state-owned enterprise established in 1950, and it was registered as a European-type company in February 2018. The Company's shares have been listed on the Warsaw Stock Exchange since September 2007.

The registered office of the Company is Järvevana tee 9-40, 11314, Tallinn, Estonia. The Group's core business is civil engineering, construction works, erection of concrete structures, construction of road and rail engineering facilities, production of mineral-asphalt mixtures and concrete, as well as the supply of materials and equipment for large infrastructure projects, including equipment for the construction and modernization of energy in plants located in Poland, Estonia and Central and Eastern Europe.The Company has one foreign branch registered in Poland.

2. Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

These condensed consolidated interim financial statements have been prepared for the first time since group formation.

(b) Going concern

Management has a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Russia and Poland to mitigate its spread have impacted the Group companies. This has negatively impacted the Group’s financial performance during the reporting period and also its liquidity position. For the for the nine months ended 30 September 2021, the Group recognised a net loss of EUR 675 thousand. However, a decrease in the negative impact of the COVID-19 pandemic is observed everywhere, some of the restrictive measures are being lifted, and the Polish government is adopting long-term plans for the development of the industry, which will have a positive impact on the group's activities in Poland.

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Conflict in Ukraine, sanctions imposed against a number of Russian companies, industries, goods and individuals did not affect the activities of the Russian segment of the Group. The group's company does not depend on changes in interest rates, as it does not have bank loans and does not experience the need for foreign currency.

Accordingly, management has concluded that there is no significant uncertainty regarding Group's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

3. Functional and presentation currency

These consolidated financial statements are presented in euro ("EUR"); however the functional currency for Russian Federation is rubles ("RUB"), for Poland is zloty ("PLN"), and for Estonia is euro ("EUR". All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The results and financial position of subsidiaries whose functional currency is different from the presentation currency are translated into presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in other comprehensive income.

Exchange rates of national currencies to the euro, used in the preparation of the interim condensed consolidated financial statements, are as follows:

Currency	Exchange rate 30 September 2021	Average weighted exchange rate for the 9 months 2021	Exchange rate 31 December 2020
PLN	4,6329	4,5491	4,6148
RUB	84,3391	88,2967	90,6192

The exchange rate of the ruble against the euro was taken according to the data of the European Central Bank for the corresponding dates. The exchange rate of the PLN to the EUR is taken according to the data of the National Bank of Poland.

4. Use of estimates and judgments

The preparation of the condensed interim financial statements requires Management to make judgements, estimates assumptions that affect the application of accounted policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except critical judgements explained below.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements is included in the following notes:

Note 18 Goodwill impairment test: key assumptions underlying recoverable amounts, including the recoverability of goodwill;

Note 24 Acquisitions of subsidiary: identification of acquirer, fair value of the consideration transferred and fair value of assets acquired and liabilities assumed.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Significant accounting policies

Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements (the policy for recognizing and measuring income taxes in the Interim period is described in Note 12).

New accounting policies

New accounting policies are also expected to be reflected in the Group's condensed interim consolidated financial statements for nine month ended 30 September 2021.

(a) Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Any adjustments to the purchase price allocation are made within the one-year measurement period in accordance with IFRS 3. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired are recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Income Statement.

Acquisition-related expenses are taken into the Income Statement at the moment they are incurred.

(b) Goodwill

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and an annual impairment test is made or when there is an indication of impairment. Impairment losses on goodwill are not reversed.

Any negative goodwill resulting from acquisitions is recognized directly in the Income Statement.

(c) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment losses. Land is stated at fair value less accumulated impairment.

Depreciation is based on cost less estimated residual value. Property, plant and equipment are depreciated over the estimated useful lives. Right-of-Use assets are depreciated over the estimated useful life or the contract period, whichever is the shortest.

Machinery and equipment over 5–10 years
Buildings and construction over 10–50 years
Land is regarded as having an indefinite useful life
Computer equipment is depreciated over 3–5 years

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If an item of property, plant and equipment comprises components with different useful lives, each such significant component is depreciated separately. Depreciation methods and estimated residual values and useful lives are reviewed at each year-end.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating result under the relevant heading. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(e) Financial income and expenses

Financial expenses consist of interest expense on borrowings, foreign exchange losses and changes in the fair value of financial assets in terms of fair value through profit or loss. Credit losses on financial assets and foreign exchange gains and losses on hedging instruments are recognized in profit or loss for the year.

Financial income consists of interest income on loans issued, dividends and foreign exchange income.

Credit losses on financial assets and foreign exchange gains and losses are recognized in profit or loss for the year. Interest income and expenses are recognised in profit or loss as accrued.

(f) Operations in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Income Statement.

Foreign currency exchange gains and losses are presented in the Income Statement either in the operating result if foreign currency transactions relate to operational activities, assets and liabilities, or within the financial result for non-operating financial assets and liabilities.

(g) Foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the

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balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at rates approximate to the exchange rates applicable at the date of the transaction. Resulting exchange differences are recognized in Other Comprehensive Income.

(h) Exchange gain/losses

The exchange losses recognized during the year relates to realized and unrealized translation losses on monetary assets and liabilities.

6. Operating segments

The Group has identified three operating segments. The segments are aggregated according to geographic criteria. Russia segment include supply of construction sites. Poland component operates in the construction industry. Estonian component belongs to other businessess. The table below presents information about the revenues, expenses, profit and loss of each segment. Inter-segment transactions regarding interest income and interest expense have been eliminated. Comparable information for prior periods are not presented by segments as Group was formed in 2021 and this is first time when consolidated financial statement is prepared.

For 9 month ended 30 September 2021 ’000 EUR	Russia	Poland	Estonia	Total
External revenues	32,855	1,816	-	34,671
Inter-segment revenue		74	-	74
Segment profit (loss) before income tax	929	(1,208)	(174)	(453)

The segments are independent and has no inter-segments revenues or expenses.

30 September 2021 ’000 EUR	Russia	Poland	Estonia	Total
Reportable segment assets	41,772	3,685	32,502	77,959
Reportable segment liability	38,563	5,604	474	44,641

7. Revenue

The Group earns income mainly from trading activities related to the sale of equipment and building materials in the Russian Federation under contracts concluded with major construction contractors implementing significant infrastructure projects. Other sources of revenue include proceeds from the sale of construction works and proceeds from the sale of manufactured building materials. The Group’s revenue is derived from contracts with customers.

The Polish components are subject to seasonal fluctuations as a result of weather conditions. In particular, they are adversely affected by winter weather conditions, which occur from January to March, the first quarter of the year typically results in lower revenues and results for this segment.

(a) Revenue streams

'000 EUR	For 9 month ended 30 September 2021	For 9 month ended 30 September 2020
Revenue from sale of equipment and building materials	32,855	-
Revenue from construction works	1,109	-
Revenue from sale of finished goods	710	-
Total revenue	**34,674**	-

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

For the nine month ended 30 September 2021	Sale of equipment and building materials		Construction works		Finished goods		Total	
'000 EUR	9 month 2021	**9 month 2020**	9 month 2021	**9 month 2020**	9 month 2021	**9 month 2020**	9 month 2021	**9 month 2020**
Primary geographical markets								
Russia	32 855		-		-		32 855	
Poland	-		1 109		710		1 819	
Total	**32 855**		**1 109**		**710**		**34 674**	

Revenue is recognised when the goods are delivered and services have been accepted by customers, at a point in time. Revenue comes from contracts with customers.

(c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when control of the good or service is transferred to the customer.

Revenue from the sale of equipment, construction materials and finished goods is recognised when control is transferred to the customer or when the goods are delivered to the customer, a protocol of acceptance of the work is signed . Invoices are generated at this time. Contracts may provide for the payment of an advance, and when the goods are sold, full payment is made within the period agreed in the contract. Contracts for the supply of equipment usually do not last longer than two months and contracts with customers provide for variable remuneration in the form of performance bonuses. Variable remuneration is included in revenue from the sale of goods. Construction contracts are for one to two years.

8. Cost of sales

'000 EUR	For 9 month ended 30 September 2021	For 9 month ended 30 September 2020
Materials/ Goods for resale	30,812	
Deprecation	380	
Consumption of materials	515	10
Services	1,508	164
Taxes, fees	23	2
Salaries	546	48
Social security	145	13
Other costs	125	-
Total costs	**34,054**	**237**

9. Other income/expenses

(a) Government subsidy

The Group received a government subsidy in 2020, amounting to EUR 126 thousand. Polish Fund for the Development issued financial subsidy to help businesses to survive during COVID to cover business activity expenses (such as Labour costs for employees, expenses for the purchase of goods and materials) or early repayment of the loan.

During the nine months ended 30 September 2021 Group comply with specific conditions and subsidy was forgiven in the amount of EUR 29 thousands and recognised in Other income in the condensed consolidated statement of profit or loss and other comprehensive income.The part of subsidy in sum of EUR 44 thousands will be recognize in Other income in the condensed consolidated statement of profit or loss and other comprehensive income in 4th quarter of 2021. And the part of sudsidy in the amount of EUR49 thousands will be returned during 2022.

(b) Penalties and court costs

Other expenses include penalties and court costs for non-fulfillment of the terms of supply contracts in the amount of EUR 256 thousands.

10. Net finance costs

The Group's finance expenses include foreign exchange differences amount EUR 344 thousands and accrued interest on loans received amount EUR 589 thousands.

11. Earnings per share calculation

The calculation of basic earnings per share as at 30 September 2021 was based on the loss attributable to ordinary shareholders of EUR 675 thousands (2020: EUR 347 thousands), and a weighted-average number of ordinary shares outstanding of 188,060,205 (2020: 18,100,000), calculated as shown below.

	30 September 2021	**31 December 2020**
Issued shares at 1 January	18,100,000	18,100,000
Effect of shares issued in March	218,520,263	-
Weighted average number of shares for the reporting period	188,060,205	18,100,000
EARNINGS PER SHARE (EPS)	**30 September 2021**	**31 December 2020**
Wighted avg. number of shares	188 060 205	18 100 000
Net profit/loss for 9 months 2021	(675)	(347)
Basic EPS (in euros)	(0,004)	(0,02)

12. Income tax expense

Income tax expense for the period

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management’s best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management’s estimate of the effective tax rate for the annual financial statements.

’000 EUR	For the period, ended by 30 September 2021
Current income tax charge	(67)
Deferred income tax charge	(156)
Changes in deferred tax assets	(55)
Changes in deferred tax liabilities	(101)
Tax expense on continuing operations	**(223)**

The income tax rate in the Russian Federation was 20%. Loss has been incurred in Polish companies and no income tax has been calculated for the period ended 30 September 2021. The Group did not calculate any deferred tax assets on the amount of losses incurred in Polish companies.

13. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors performance at a consolidated level and believes that this measure is relevant to an understanding of the Group’s financial performance. The definition of adjusted EBITDA is the same as in the last annual financial statements.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group’s definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

’000 EUR	9 months ended 30 September 2021	9 months ended 30 September 2020
Loss for the period	(675)	(260)
Income tax expense	223	-
Profit before tax	(452)	(260)
Adjustments for:		
– Net finance costs	876	17
– Amortisation	380	-
Adjusted EBITDA	**804**	**(243)**

14. Inventories

’000 EUR	9 months ended 30 September 2021
Raw materials and supplies	281
Goods for resale	3,532
Inventories	**3,813**

Inventories are not impaired, and no provision has been accrued. No inventories are pledged.

15. Trade and other receivables

In the group accounts the receivables are disclosed at fair value, less provision for impairment.

'000 EUR	9 months ended 30 September 2021	31 December 2021
Long-term receivables	**69**	**-**
Trade receivables	22,239	26
Prepayments	7,437	36
Other receivables	735	
Short-term receivables	**30,411**	**62**

16. Cash and cash equivalents

Cash in the amount of EUR 56 thousands (31 December 2020: nil) was placed on the accounts of the sanctioned bank. Cash in the amount of EUR 4,809 thousands (31 December 2020: nil) was placed on the special treasury accounts. As at 30 September 2021 there are restrictions on the settlement account of LLC Energokomplekt in the amount of EUR 339 thousands (31 December 2020: nil).

17. Property, plant and equipment

(a) Acquisitions and disposals

During the nine months ended 30 September 2021, the Group acquired property plant and equipment with a cost of EUR 953 thousand (nine months ended 30 September 2020: nil) including assets acquired through a business combination EUR 3,563 thousands (see Note 24).

'000 EUR	Land	Building and construction	Machinery and equipment	Other	Total
Cost as at 31 December 2020	-	-	-	-	-
Additions through business combination	1,136	423	3,134	112	4,805
Additions		235	708	10	953
Disposals			(4)	(33)	(36)
Effect of movement in exchange rates	(4)	9	23	4	32
Cost as at 30 September 2021	**1,132**	**667**	**3,861**	**94**	**5,754**
Accumulated depreciation as at 31 December 2021	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation through business combination		(93)	(1,061)	(88)	(1,242)
Depreciation		(11)	(355)	(15)	(380)
Impairment loss					
Disposal				29	29
Effect of movement in exchange rates		1	5	4	10

Accumulated depreciation as at 30 September 2021		(103)	(1,411)	(70)	(1,584)
Carring amount as at 31 December 2020	**-**	**-**	**-**	**-**	**-**
Carring amount as at 30 September 2021	**1,132**	**564**	**2,450**	**24**	**4,170**

(b) Impairment loss and subsequent reversal

As at 31 September 2021, the Group reviewed property, plant and equipment for any indications of impairment. The Group has performed an impairment test due to unstable economic environment in Russia and loss incurred by Polish component (Note 18). For the purpose of impairment testing, goodwill is allocated based on fair value of issued shares (see Note 24). Property, plant and equipment are not impaired.

18. Goodwill

Reconciliation of carrying amount

’000 EUR	30 September 2021
Cost	
Balance at beginning of period	0
Acquisition through business combination (see Note 21(a))	31,279
incl. Poland component	394
incl. Russian component	30,886
Balance as at 30 September 2021	31,279
Impairment losses	
Balance at beginning of period	0
Impairment loss	0
Balance at end of period	0
Carrying amount	
Balance at beginning of period	0
Balance at end of period	31,279

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Russian component

The Russian component generated a profit during the 9 months of 2021.

However, it operates in Russia in an unstable economic environment and therefore an impairment test was performed. The estimated recoverable amount of the CGU exceeded the book value of goodwill and there was no impairment as at 30 September 2021.

The recoverable amount of the CGU was determined based on value in use.

- Cash flows were projected based on past experience, actual operating results and a five-year business plan. Cash flows for the next 5 years were extrapolated using a constant growth rate of 3%, which does not exceed the long-term average growth rate for the industry.

- Sales volumes were assumed to grow at a rate of 10-12% per annum between 2022 and 2026, which is in line with industry report forecasts.

- A pre-tax discount rate of 18.57% was applied in determining the recoverable amount of the centres. The discount rate was estimated based on the industry's historical weighted average cost of capital.

Polih component

Following a loss in the Polish component in the nine months ended 30 Septemver 2021 (see Note 6), the Group assessed the recoverable amount of CGU that comprise that operating segment. As a result of this assessment, the carrying amount of the CGU was determined to be less than its recoverable amount. There is no goodwill impairment as at 30 September 2021.

The recoverable amount of the CGU was based on its value in use.

- Cash flows were projected based on the experience, actual operating results and the five-year business plan. Cash flows for a further 12-year period were extrapolated using a constant growth rate of 2%, which does not exceed the long-term average growth rate for the industry.
- Sales volume was assumed to grow from 2022 to 2026 by 10% per year, which is in line with the forecasts included in the industry reports.
- A pre-tax discount rate of 7,3% was applied in determining the recoverable amount of the units The discount rate was estimated based on the historical industry weighed-average cost of capital.

19. Capital and reserves

(a) Organisation and operations

In September 2020 the general meeting of shareholders approved increase the share capital of the Company by the means of additional share issue with private subscription. In March 2021 the issue of 218,520,263 thousand ordinary shares at a price of EUR 0.1467 per share was approved.

According to RESBUD SE decision, the subscription offer is addressed only to a limited group of recipients that are shareholders of LLC Energokomplekt, Conpol Ltd. and Universim Ltd
New shares are paid for with non-monetary contributions. The subject of non-monetary contributions is shares/equity of LLC Energokomplekt or Conpol Ltd. or Universim Ltd. The value of the transferred

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shares/equity is subject to expert valuation. On 4 February 2021, the shareholders of LLC Energokomplekt, Conpol Ltd., Universim Ltd concluded the agreements with RESBUD SE on the transfer of their shairs as a non-monetary contribution to RESBUD SE share capital in exchange for new RESBUD SE shares.

The Group incurred costs directly attributable to new issue of shares in the amount of EUR 35 thousands relating to fees for legal and tax advice. These costs have been included in Retain earnings.

(b) Dividends

During the nine months ended 30 September 2021 the company did not report and did not distribute dividends (nine month ended 30 September 2020: nil)

(c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

20. Loans and borrowings

This note provides information about loans (borrowings) by source and maturity. The Group does not have any bank loans.

'000 EUR	30 September 2021	31 December 2020
Non-current liabilities		
Loans from related parties	1,701	-
Loans from other parties	1,962	-
Total	**3,663**	**-**
Current liabilities		
Loans from related parties	3,372	203
Loans from other parties	1,371	162
Total	**4,743**	**365**

'000 EUR	Currency	Nominal interest rate	Year of maturity	Carrying amount
Loans received	RUB	10,60%	2022	4,202
Loans received	EUR	1-8,5%	2022	3,960
Loans received	USD	6-8%	2022	244
Total				**8,406**

The Group has no overdue or outstanding liability.

21. Trade and other payables

’000 EUR	30 September 2021	31 December 2020
Trade payables	20,260	93
Advances received	12,330	-
Other payables	988	-
Total	**33,578**	**93**

LLC Energokomplekt issued guarantees on obligations of related companies as at 30 September 2021 for the total amount of EUR 34,361 thousand (31 December 2020: nil)

22. Contingencies

Litigation and claims

As at the reporting date, a number of cases initiated by the Group's subsidiaries related to business disputes were still pending before the courts. In the opinion of management, losses related to claims are not material to the financial position of the Group.

Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements, and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group’s tax position and create additional tax risks going forward. This legislation and practice of its application is still evolving, and the impact of legislative changes should be considered based on the actual circumstances.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions.

23. Financial instruments and risk management

Financial risk management

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors is responsible for identifing and analysing the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Group has exposure to the following risks arising from financial instruments:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are euro (EUR), ruble (RUB) and zloty (PLN).

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not have exposure to interest rate risk as all loans are with fixed interest rates.

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24. Acquisition of subsidiaries

The Company, as a minority shareholder, owned the following interests as at 31 December 2020:

- 3091 shares in the authorised capital of Conpol Ltd with its registered office in Modlniczka, Poland, representing 38.64% of shares and voting authority at the shareholders' meeting in the amount of 38.64%;
- 4.1% shares in LLC Energokomplekt with registered office in Yekaterinburg, Russia, which gives the voting authority at the shareholders' meeting in the amount of 4.1%.

At the beginning of 2021, RESBUD SE received as in-kind contribution interests in the following companies:

- 83.7 % share in a company LLC Energokomplekt (Russia)
- 100% of shares in a company Universim Ltd (Poland)
- 61.36% of shares in a company Conpol Ltd. (Poland).

As of 4 February 2021, the Company holds the following assets:

- 8,000 shares in the authorised capital of Conpol Ltd. with its registered office in Modlniczka, Poland, which constitutes 100% of shares in the authorised capital and entitles the shareholder to 100% of the voting shares.
- a direct share of the authorized capital of LLC Energokomplekt with its registered office in Yekaterinburg, Russia, which amounts to 87.80% of the authorized capital and entitles to 87.80% of the voting authority at the shareholders' meeting, while the company also indirectly owns 12.2% through Conpol Ltd. in the authorized capital of LLC Energokomplekt, that gives 100% control directly or indirectly
- 100 shares in the authorized capital of Universim Ltd with its registered office in Modlniczka, Poland, which constitutes 100% of the shares and entitles to 100% of the votes at shareholders' meetings.
- indirectly through Conpol Ltd. 100% of shares in Delcraft Ehitus OÜ, with its registered office in Tallinn, Estonia, entitling the holder to 100% of the voting authority at the shareholders' meeting.

Since the acquisition of all companies took place simultaneously, the date of aquisition is 1 February 2021. The Group has made a decision to determine goodwill on the basis of acquired companies with subsequent distribution of goodwill between the companies.

Below is a summary of the major classes of consideration transferred as well as the recognised amounts of assets and liabilities acquired, assumed at the acquisition date.

(i) Consideration transferred

Equity instruments (ordinary shares)	218,520,263
Price per share, EUR	0,177
Total consideration transferred, EUR thousands	38,730

The fair value of the ordinary shares issued was determined based on the listed share price of the Resbud SE at 01 February 2021 of EUR 0,177 per share.

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(ii) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of aquisition.

Conpol Ltd. and Delcraft

It should be taken into account, that Conpol Ltd. at the date of acquisition owned 100% of Delcraft Ehitus OÜ, accordingly, when estimating the amounts of assets and liabilities acquired, the valuation was based on the consolidated accounts of Conpol Ltd. and Delcraft Ehitus OÜ.

’000 EUR	Recognised fair values on acquisition Conpol Ltd. with Delcraft
Non-current assets	**338**
Property, plant and equipment	49
Long-term receivables	90
Long-term loans	199
Current assets	**3,124**
Short-term loans	1,297
Current tax assets	91
Trade and other receivables	625
Cash and cash equivalents	24
Other receivables	1,083
Short-term accruals	4
Non-current liabilities	**(3,671)**
Loans and borrowings	(3,652)
Other long term financial liabilities	(20)
Current liabilities	**(859)**
Employee benefit liabilities	(10)
Loans and borrowings	(5)
Current tax liabilities	(47)
Trade and other payables	(502)
Other liabilites	(294)
Net identifiable assets, liabilities and contingent liabilities	**(1,068)**

The trade and other receivables comprise gross contractual amounts due of EUR 2,345 thousand, of which EUR 637 thousand was expected to be uncollectable at the date of acquisition. For remaining assets and liabilities acquired the carring amount is close to its fair value.

Acquisition of Conpol Ltd. is a part of the strategy to build a holding in the following sectors: road construction, civil engineering and construction works. This acquisition is expected to increase the

Group's market share in road construction through access to the customer base of the acquired companies. The Group also expects to reduce costs through economies of scale.

From the date of acquisition to 30 September 2021, Conpol Ltd. contributed revenue of EUR 1,116 thousand and loss of EUR 753 thousand to the Group results. The c ompany's losses are due to the effects of the Covid-19 pandemic, namely a significant decrease in construction volumes in 2020 and 2021 while costs remain constant. Group management estimates that in 2022 the pandemic will not have any significant impact on the company's operations and expects revenues and profits from the business to grow.

Universim Ltd.

’000 €	Recognised fair values on acquisition
Non-current assets	**3,507**
Property, plant and equipment	**3,507**
Current assets	**742**
Investments	4
Inventories	155
Current tax assets	1
Trade and other receivables	40
Cash and cash equivalents	107
Other receivables	433
Short-term accruals	2
Non-current liabilities	**(2,961)**
Loans and borrowings	(2,944)
Deferred tax liabilities	(17)
Current liabilities	(314)
Loans and borrowings	(96)
Current tax liabilities	(9)
Trade and other payables	(161)
Other liabilites	(48)
Net identifiable assets, liabilities and contingent liabilities	**974**

In estimating the fair value of identifiable net assets acquired, the property, plant and equipment was increased to fair value for a total of EUR 1,372 thousand. As a result, the fair value of identifiable net assets was determined to be EUR 974 thousand.

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Trade and other receivables include gross contractual amounts due of EUR 530 thousand, of which EUR 58 thousand was expected to be uncollectable at the date of acquisition. For remaining assets and liabilities acquired the carring amount is close to its fair value.

Taking the control of Universim Ltd. is a part of the strategy to build a holding in the following sectors: road construction, civil engineering and construction works. This acquisition is expected to increase the Group's market share in building materials industry through access to the customer base of the acquired companies. The Group also expects to reduce costs through economies of scale.

From the date of acquisition to 30 September 2021, Universim Ltd. contributed revenue of EUR 773 thousand and loss of EUR 292 thousand to the Group results. The company's losses are due to the effects of the Covid-19 pandemic, namely a significant decrease in construction work in 2020 and 2021 and a consequent decrease in production and sales of bitumen-concrete mixes and concrete, while costs remain constant. Group management estimates that in 2022 the pandemic will not have any significant impact on the company's operations and expects an increase in revenues and profits from the operations of Universim Ltd.

LLC Energokomplekt

’000 €	Recognised fair values on acquisition
Non-current assets	**193**
Property, plant and equipment	8
Right on use	11
Loans	35
Deferred tax assets	139
Current assets	**33,706**
Inventories	2,247
Current tax assets	7
Trade and other receivables	28,546
Short-term loans issued	336
Cash and cash equivalents	202
Short-term financial assets	2,368
Non-current liabilities	**(1,043)**
Loans and borrowings	
Deferred tax liabilities	(1,041)
Other long-term liabilities	(2)
Current liabilities	**(30,124)**
Loans and borrowings	(4,969)
Trade and other payables	(22,061)
Other liabilites	(3,037)
Employee benefit liabilities	(57)
Net identifiable assets, liabilities and contingent liabilities	**2,732**

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The trade and othe receivables comprise gross contractual amounts due of EUR 19,288 thousand, none of which was expected to be uncollectable at the date of acquisition. For remain assets and liabilities acquired the carring amount is close to its fair value.

At the end of the reporting period short-term financial assets consists of value added tax on advances received, that was acquired though purchase of LLC Energokomplekt.
Other liabilities as at 30 September 2021 comprise value added tax on advances issued that arose as a result of the acquisition of LLC Energokomplekt.

The Group, as a minority shareholder, held a 4.1% interest in LLC Energokomplekt as at 31 December 2020. The fair value of the share as at 31 December 2020 was EUR 1,598 thousand. On 4 February 2021, the Group obtained control over LLC Energokomplekt through the acquisition of 83.7% of participatory interest with voting rights in the company. As a result, the Group's share in the equity of LLC Energokomplekt increased from 4.1% to 87.8%. On 4 February 2021 Group also obtained 100% ownership in Conpol Ltd., which in turn owned 12.2% in LLC Energokomplekt, so the Group ownes 100% of shares in LLC Energokomplekt.

Taking the control of LLC Energokomplekt is a part of the strategy to build a holding in the building materials and equipment trade industry. This acquisition is expected to increase the Group's market share in building materials industry through access to the customer base of the acquired companies. The Group also expects to reduce costs through economies of scale.

From the date of acquisition to 30 September 2021, LLC Energokomplekt contributed revenue of EUR 32,855 thousand and profit of EUR 702 thousand to the Group results.

(iii) Goodwill

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	38,730
Fair value of pre-existing interest in the acquiree	1,860
Fair value of identifiable net assets	(2,638)
Goodwill adjustment	(6,673)
Goodwill	31,279

The distribution of goodwill was made between Universim Ltd. and LLC Energokomplekt, since the net assets of Conpol Ltd. at the date of acquisition were negative. The allocation is made pro rata to the fair value of the consideration transferred. As a result, the goodwill of Universim Ltd. amounted to EUR 394 thousand, the goodwill of LLC Energokomplekt amounted to EUR 30,886 thousand.

Goodwill was allocated between Universim Ltd. and LLC Energokomplekt because the net assets of Conpol Ltd. as at the acquisition date were negative. The allocation is made proportionally to the fair value of the consideration transferred. As a result, the goodwill of Universim Ltd. amounted to EUR 394 thousand, the goodwill of LLC Energokomplekt amounted to EUR 30,886 thousand. Goodwill for Universim Ltd. is determined by the increase of contracts on the infrastructural construction market Goodwill for LLC Energomplekt results from the company's experience on the market for the supply of equipment and materials in cooperation with large customers.

25. Related parties

Related parties are the minority shareholders and companies to which the Group's majority shareholder is a beneficiary.

Remuneration to management and members of the board of directors

	nine months ended 30 September 2021	nine months ended 30 September 2020
Salary and bonuses	89	63
Social taxes	22	
Total	**111**	**63**

Related-party transactions

(i) Revenue		
’000 EUR	**Transaction value for the nine months ended 30 September 2021**	**Transaction value for the nine months ended 30 September 2020**
Sale of goods and services:		
Entities with significant influence over the Group	27,844	-
(ii) Expenses		
’000 EUR	**Transaction value for the nine months ended 30 September 2021**	**Transaction value for the nine months ended 30 September 2020**
Purchase of goods:		
Entities with significant influence over the Group	5,636	-
Services received:		
Entities with significant influence over the Group	1,273	21

(iii) Balances with related parties		
Type of relationship	**30 September 2021**	**31 December 2020**
Trade receivables		
Entities with significant influence over the Group	14,515	28
Advances issued		-
Entities with significant influence over the Group	2,308	

Other receivables		
Entities with significant influence over the Group	34	-
Trade payables		
Entities with significant influence over the Group	(4,976)	6
Advances received		
Entities with significant influence over the Group	(5,137)	
Other payables		
Entities with significant influence over the Group	(752)	

(iv) Loans and borrowings

'000 EUR	Balance at 01.01.2021	Loans from consolidation	Loans received for 9 m. 2021	Loans repaid	Interest charged	Interest paid	Rate of exchange difference	Balance at 30.09.2021
Entities with significant influence over the Group	256	7,225	1,998	4,578	389	115	292	5,496

(v) Loans granted

'000 EUR	Loans from consolidation	Loans given for 9 m. 2021	Loans repaid	Interest charged	Interest paid	Rate of exchange difference	Balance at 30.09.2021
Entities with significant influence over the Group	276	23	-	16	-	24	337

26. Subsequent event

In the 4th quarter 2021, Resbud SE decided to allocate part of the profit of LLC Energokomlekt in the amount of EUR 423 thousand to dividends. The dividend was paid in the stated amount with deduction of income tax.

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In recent weeks, in connection with the armed conflict in Ukraine, the United States of America, the European Union and other countries have imposed severe sanctions on the Russian Federation resulting in restrictions on the supply of various goods and services to Russian entities.

The events described are likely to increase the discount rate. This may result in an impairment of the Group's Russian CGUs, but it is not possible to quantify the financial impact.

Management believes that this is a post balance sheet date non-adjusting event, the quantitative impact of which cannot be reasonably estimated at this time.

The Board of Directors is currently assessing the potential impact of the changing micro- and macro-environment on the Company's financial position and results of operations and considers it necessary to pay attention to the following material aspects regarding the prospects of the group companies for 2022 and beyond.

Conpol Ltd. and Universim Ltd. operate on the domestic Polish market, supplying bituminous and concrete mixes for road construction and performing road works themselves. The road development plan adopted for several years allows expecting an increase in revenue and sufficient workload for the company's equipment.

LLC Energokomplekt operates in the sphere of complete supplies for the largest construction infrastructure projects in the Russian Federation, which are included in long-term regional development plans.

Energokomplekt is not dependent on external (bank) sources of financing and has no liabilities in foreign currencies. The concluded contracts allow the company to shape its revenues taking into account the increase in prices of imported equipment and raw materials. The sanction packages adopted do not affect the company and its related natural and legal persons.

<u>Contracts concluded by companies from the Resbud Group:</u>

PORR: Annex No. 4 to Service Order No. 7010074201 of 02 December 2021
- Extension of the contract for the production of concrete and bridge mixtures

BANIMEX – ZATOR: Contract No. 22/02/21/78 dated 22 February 2021
- Comprehensive execution of reinforced concrete works for WD-01 " Bypass Zator, Podolsza within DW781"
Annex No. 1 to Agreement No. 22/02/21/78 of 28 January 2022
- Works related to laying of animal guide fence

Banimex - Zator (retaining walls) Commission No. 85/05/21/78 of 31 May 2021
- Hire of workers for construction of retaining walls , minor reinforced concrete works
Annex no. 1 dated 14 September 2021 to order no. 85/05/21/78
- increase in scope of work on retaining walls
Annex 2 dated 30 November 2021 to order 85/05/21/78
- increase in the scope of work on retaining walls

BANIMEX JAWORZNO Contract of 28 Janury 2022 for construction works no.BX/UDP/00002/012022
- Comprehensive execution of works for flyover
- Construction of a new trace DK79 in Byczyna together with a road viaduct in Jaworzno

Independent auditors' report

To the Shareholders of RESBUD SE

Report on the Audit of the Condensed Consolidated Interim Financial Statements

Opinion

We have audited the condensed consolidated interim financial statements of **RESBUD SE** and its subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 September 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying condensed consolidated interim financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IAS 34 *Interim Financial Reporting*.

Basis for Qualified Opinion

We were appointed as auditors of the Group on 12 October 2021 and thus did not observe the counting of the physical inventories at the end of the reporting period. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 30 September 2021, which are stated in the condensed consolidated statement of financial position at EUR 3,813 thousand. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows.

The Group's statement of financial position as at 30 September 2021 includes short-term financial assets with a carrying amount of EUR 2,617 thousand which include debt instruments from the Swiss company Vasilian SEK AG in the amount of EUR 461 thousand. Due to the fact that we were unable to obtain sufficient reliable audit evidence to support management's assumptions used in the estimation of future cash flows from the investment, we are unable to express our opinion on the recoverability of the investment in the consolidated statement of financial position, and related adjustments in the consolidated statement of profit or loss and other comprehensive income. We were also not able to satisfy ourselves by alternative means as to the amount by which the recoverable amount of the investment is lower than its carrying amount and the amount in which an impairment loss should have been recognised. Accordingly, we are unable to conclude whether and to what extent the Group's consolidated comprehensive income for the reporting period and the Group's consolidated assets and equity as at 30 September 2021 may be overstated for the above reason.

The consolidated statement of financial position includes items of goodwill in the amount of EUR 31,279 thousand, which include goodwill related to the Group's entities in Poland of EUR 394 thousand. During the audit, we were unable to obtain sufficient appropriate audit evidence to assess the accuracy of the measurement and the validity of the presentation of goodwill related to the Group's entities in Poland in the consolidated statement of financial position as at 30 September 2021. Also, as described in Note 18 to the condensed consolidated interim financial statements, management tested the items of goodwill for impairment to assess whether their recoverable amounts may have fallen below their carrying amounts. As a result of the test management did not identify any need for impairment. The result of the impairment test is dependent on several significant management assumptions and estimations. The estimates used by management in cash flow projections for upcoming years are not supported by current sales volumes nor any other information we obtained during the audit. Due to an unclear economic outlook and absence of similar transactions on the market we were unable to obtain reasonable assurance that the assumptions made by management are valid. Therefore, in our opinion a material uncertainty exists in respect of the future cash flow projections used in the test. We have not been able to obtain sufficient audit evidence on which to base the opinion of whether and to what extent the value of the above assets might be impaired.

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of receivables	
Refer to Note 15 to the condensed consolidated interim financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Valuation of receivables is a key audit matter in the audit due to the size of the receivables balance and the high level of management judgement used in determining the impairment provision.	In this area, we conducted, among others, the following audit procedures: • obtained trade receivables balance confirmations; • analysed the aging of trade receivables; and • obtained a list of long outstanding receivables and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions.

Transactions with related parties	
Refer to Note 25 to the condensed consolidated interim financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group has large volumes of transactions with related parties in the normal course of business. Related party transactions are assessed to be significant to the audit as the risk is that if these transactions are not conducted at arm's length, and/or the accounting treatment of the rights and obligations of these transactions are not correct, it could influence the results of the Group. Furthermore, for financial reporting purposes, IAS 24 *Related Party Disclosures* requires complete and appropriate disclosure of transactions with related parties.	In this area, we conducted, among others, the following audit procedures: • determined if the related party balances and transactions existed or occurred, were accurate and complete; • evaluated the business rationale of significant transactions including any non-routine transactions; • analysed relevant agreements and determined that transactions were recorded in accordance with the substance of the relevant agreements; • obtained direct confirmations of the related party balances.

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

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed consolidated interim financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the condensed consolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the condensed consolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the condensed consolidated interim financial statements, including the disclosures, and whether the condensed consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the condensed consolidated interim financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

We were appointed by those charged with governance on 12 October 2021 to audit the condensed consolidated interim financial statements of RESBUD SE for the year ended 30 September 2021. Our total uninterrupted period of engagement is one year, covering the period ended 30 September 2021.

– We confirm that: our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;

– we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 28 April 2022

Indrek Alliksaar

Certified Public Accountant
Licence No. 446

KPMG Baltics OÜ
Licence No. 17

KPMG Baltics OÜ

Narva mnt 5

Tallinn 10117

Estonia

Tel +372 626 8700
www.kpmg.ee