

**REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF HM INWEST
SPÓŁKA AKCYJNA IN 2020 AND ON EVALUATION OF REPORTS AND
STATEMENTS FOR 2020**



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1. Introduction

This Report of the Supervisory Board of HM Inwest S.A. (hereinafter “**HM INWEST**” or “**Company**”) is made pursuant to the following regulations:

- Article 382 §3 of the Code of Commercial Companies;
- §70(1)(14) and §71(1)(12) of the regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by security issuers and on conditions on which information required under legal regulations of a third country is recognised as equivalent (Polish Journal of Laws item 757);
- Principle II.Z.10 of the Best Practice for GPW Listed Companies 2016 adopted by resolution no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. of 13 October 2015;
- §18 of the Company’s Statutes;
- §5 of the Regulations of the Supervisory Board.

The Supervisory Board of HM Inwest S.A. declares that it supervised, within its competence, the process of making: the Separate Financial Statements of HM Inwest S.A. for the period from 1 January 2020 to 31 December 2020, the Report of the Management Board on the operations of HM Inwest S.A. for 2020, the Consolidated Financial Statements of HM Inwest S.A. Group for the period from 1 January 2020 to 31 December 2020, and the Report of the Management Board on the operations of HM Inwest S.A. Group for 2020.

In the opinion of the Supervisory Board of HM Inwest S.A., the reports and statements were made in compliance with applicable legal regulations, on the basis of properly kept accounting books, and they reliably and clearly present all information that is significant for assessing the financial result of the business activity for the period from 1 January 2020 to 31 December 2020, as well as the asset position and financial standing of HM Inwest S.A. and HM Inwest S.A. Group as at 31 December 2020.

The aforementioned assessment was based on:

1. Separate Financial Statements of HM Inwest S.A. containing:
 - statement of financial position of HM Inwest S.A. as at 31 December 2020,
 - profit and loss account for the period from 1 January 2020 to 31 December 2020,
 - statement of comprehensive income of HM Inwest S.A. for the period from 1 January 2020 to 31 December 2020,
 - statement of changes in Equity of HM Inwest S.A. for the period from 1 January 2020

- to 31 December 2020,
- cash flow statement of HM Inwest S.A. for the period from 1 January 2020 to 31 December 2020,
 - notes to the Financial Statements of HM Inwest S.A.,
2. Financial Statements of HM Inwest S.A. for 2020,
 3. Consolidated Financial Statements containing:
 - statement of financial position of HM Inwest S.A. Group as at 31 December 2020,
 - profit and loss account for the period from 1 January 2020 to 31 December 2020,
 - statement of comprehensive income of HM Inwest S.A. Group for the period from 1 January 2020 to 31 December 2020,
 - statement of changes in equity of HM Inwest S.A. Group for the period from 1 January 2020 to 31 December 2020,
 - cash flow statement of HM Inwest S.A. Group for the period from 1 January 2020 to 31 December 2020,
 - notes to the financial statements of HM Inwest S.A. Group of Companies,
 4. The Management Board's Report on the Operations of HM Inwest S.A. Group for 2020.
 5. The report on the audit of financial statements of HM Inwest S.A for the period from 1 January 2020 to 31 December 2020 drawn up by an independent chartered auditor from Misters Audytor Adviser Sp. z o.o., Ms Bożena Grzegorzcyk;
 6. The report on the audit of financial statements of the HM Inwest S.A Group for the period from 1 January 2020 to 31 December 2020 drawn up by an independent chartered auditor from Misters Audytor Adviser Sp. z o.o., Ms Bożena Grzegorzcyk.

2. Composition of the Supervisory Board in 2020

There were no changes to the composition of the Supervisory Board in 2020.

Composition of the Supervisory Board as at 31 December 2020:

- Jarosław Mielcarz – President of the Supervisory Board
- Waldemar Ołdak – Member of the Supervisory Board
- Irmina Kaczmarek – Member of the Supervisory Board
- Ewa Hofman – Member of the Supervisory Board
- Aneta Klimek – Member of the Supervisory Board

Composition of the Management Board of HM INWEST S.A.:

Piotr Hofman – President of the Management Board

As at the date of the statements, i.e. 29 April 2021, the composition of the Company's Supervisory Board was as follows:

- **Jarosław Mielcarz – Chairman of the Supervisory Board**, associated with the Company since 2004 as a shareholder, and the Vice-president of the Management Board from April 2004 to December 2013. He has been operating on the development, construction and real property market since 1998, gaining almost 20 years of experience. Mielcarz graduated from the Faculty of Law and Administration at the University of Warsaw where he obtained a university degree in law.

- **Waldemar Ołdak – Member of the Supervisory Board** – graduate of the Faculty of Administration at the University of Szczecin (1983). In 1996–2009, he worked as the Chief Accountant in various limited liability companies. In 2009, Ołdak started business activity related to accountancy, HR and payroll affairs.

- **Aneta Klimek – Member of the Supervisory Board** – she completed the advocate apprenticeship in 2019, graduated from the Faculty of Law and Administration at the Cardinal Stefan Wyszyński University in Warsaw in the field of Law (2016) and completed postgraduate studies in Modern Technology Law at Kozminski University in Warsaw (2021). Since 2021 she has worked as an advocate and became a member of the Warsaw Bar Council in Warsaw. She gained professional experience (mostly in commercial law, including company and partnership law, and civil law) by working in law firms in Warsaw and in the legal department of a joint-stock company. Klimek also has experience in civil and criminal proceedings.

- **Irmína Kaczmarek – Member of the Supervisory Board** - she completed a master's degree programme at the Faculty of Economic and Political Relations at the SGH Warsaw School of Economics (2001). Since 2004, she has been involved with the pharmaceutical industry. Currently, she serves a middle management position in an international corporation.

- **Ewa Hofman – Member of the Supervisory Board** – in 2012, she completed the attorney-at-law apprenticeship and joined the Warsaw Bar Association. Her professional practice predominantly revolves around economic law, commercial law, and labour and social insurance law. Ewa Hofman represents business entities in court proceedings, and handles debt recovery and service at all stages of proceedings, including bankruptcy proceedings. She offers support to companies and partnerships with regard to their registration obligations, and handles bankruptcy proceedings for business entities. With regard to labour law, she specialises in representing employees against employers, in particular in cases concerning payment of remuneration and damages, appeals against employment termination and non-competition clauses. Since 2005, she has also been providing her services on the broadly-

defined real property market, which mostly include the preparation and execution of the construction process, implementation of developer agreements, assertion of guarantee and statutory warranty claims, and the provision of legal services to housing associations.

3. Supervision Procedure in 2020 and Self-assessment of the Supervisory Board.

The reporting period provided for herein covers 2020.

The Supervisory Board exercises continuous supervision pursuant to generally applicable legal regulations, including the Code of Commercial Companies, the Regulations of the Supervisory Board and Best Practice for GPW Listed Companies 2016 adopted by regulation no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A.

The Supervisory Board fulfilled its tasks in compliance with the principle of utmost professional diligence, using its best efforts to exercise proper control over the Company's management. The frequency of the Supervisory Board's and its Committees' meetings corresponded with the Company's needs as assessed by the Supervisory Board and as reported by the Management Board. The Supervisory Board was also an advisory to the Management Board in the scope arising from the Management Board's needs reported to the Supervisory Board and its own initiative. The Supervisory Board believes that it performed its duties in accordance with applicable law, in particular with the scope of competences set forth in the Code of Commercial Companies, the Company's Statutes and the Regulations of the Supervisory Board.

To ensure compliance with the adopted Policy of Remunerating Members of the Management Board and Supervisory Board, the Supervisory Board of HM INWEST S.A. undertakes to submit a report on such remuneration for 2019 and 2020 by the date of the General Meeting.

In 2020, the Supervisory Board adopted resolutions required by the Code of Commercial Companies, and the needs of the current activities of the Company and the HM INWEST Group.

The adopted resolutions concerned, among others:

1. consenting to the conclusion of a share purchase agreement for the shares in SITGES QUALITY DEVELOPMENTS SL, a Spanish company, between HM INWEST S.A. and the President of the Management Board, Piotr Hofman;
2. dismissing Ms Paula Glaser from the Audit Committee and appointing Ms Irmina Kaczmarek to the Audit Committee;
3. consenting to the granting of a loan guarantee to HM Factory sp. z o.o.;
4. supplementing the composition of the Supervisory Board by co-optation, i.e. including Ms Irmina Kaczmarek in the composition of the Supervisory Board and appointing her

- to the position of a Member of the Company's Supervisory Board;
5. supplementing the composition of the Supervisory Board by co-optation, i.e. including Ms Ewa Hofman in the composition of the Supervisory Board and appointing her to the position of a Member of the Company's Supervisory Board;
 6. consenting to the conclusion a Corporate Loan Facility Agreement with Getin Noble Bank Spółka Akcyjna with its registered office in Warsaw;
 7. decreasing the amount of remuneration of HM INWEST S.A.'s Management Board due to the Covid-19 pandemic;
 8. issuing the Supervisory Board's opinion on the Policy of Remunerating Members of the Management Board and Supervisory Board;
 9. determining the amount of remuneration due to the President of the Management Board of HM INWEST S.A.;
 10. approving the Report on the Activities of the Supervisory Board from 1 January 2019 to 31 December 2019;
 11. auditing and evaluating the Management Board's report on HM INWEST S.A.'s operations and the Management Board's report on the operations of HM INWEST S.A. Group of Companies with regard to compliance with documents, books and facts for the financial year 2019;
 12. auditing and evaluating the Separate Financial Statements of HM INWEST S.A. for the financial year of 2019, and the Consolidated Financial Statements of the HM INWEST S.A. Group of Companies for the financial year of 2019 with regard to their compliance with documents, books and facts for the financial year 2019;
 13. examining and evaluating the management board's proposals on the distribution of profit of HM INWEST S.A. for the financial year of 2019;
 14. consenting to the conclusion of the Corporate Loan Facility Agreement and establishing security with Getin Noble Bank;
 15. concluding agreements with the President of the Management Board with regard to the establishment of securities in favour of Getin Noble Bank by the President of the Management Board.

As the Company became listed on the main market of the Warsaw Stock Exchange, in compliance with the community regulations on the principles of functioning of supervisory authorities in public companies, proper personnel changes were made in the composition of the Supervisory Board in 2018 in order to meet the criterion of that body's independence.

The Supervisory Board declares that the decisions it made were preceded by an analysis of the Company's situation and explanations from the Management Board, and hence it grants its activities taken in 2020 a positive assessment.

For each meeting of the Supervisory Board of HM INWEST S.A., current information on the Company and the HM Inwest S.A. Group was obtained in the form of multimedia presentations from the Management Board of HM Inwest S.A. The meetings of the Supervisory Board were also attended by the invited representatives of the Company's financial and legal departments, and members of the subsidiaries' management boards.

4. Audit Committee

The Company has an Audit Committee composed of Chairman of the Supervisory Board Jarosław Mielcarz, Waldemar Ołdak and Irmina Kaczmarek.

Pursuant to §70(1)(7) and §71(1)(7) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by security issuers and on conditions on which information required under legal regulations of a third country is recognised as equivalent (Polish Journal of Laws of 2018, item 757), the Supervisory Board of HM INWEST S.A. declares that:

- a) Misters Audytor Adviser Sp. z o.o., a licensed auditor of financial statements that examined the annual separate and consolidated financial statements of HM Inwest S.A. and the HM Inwest Group for the period from 1 January 2020 to 31 December 2020, was appointed in accordance with legal regulations, including regulations on the selection of an audit firm and the selection procedure therefor,
- b) Misters Audytor Adviser Sp. z o.o. and the members of the audit team met the conditions required for the preparation of an objective and independent report on the audit of annual financial statements in accordance with applicable regulations, professional practice standards and principles of professional ethics,
- c) the Company observes the applicable regulations concerning the rotation of audit firms, the auditor with principal responsibility, and the mandatory waiting periods applicable thereto,

- d) The Company has an audit firm appointment policy and a policy on the provision of additional non-audit services, including services conditionally excluded from the services that the audit firm is banned from providing, to the issuer by an audit firm, an entity related to the audit firm or a member of their network.

5. Information on Whether the Members of the Supervisory Board Meet the Independence Criteria

At least a half of the members of HM INWEST's Supervisory Board meet the independence criteria provided for, among others, in Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, and in III.6 of the Best Practice for GPW Listed Companies 2016. This means that independent Supervisory Board members:

- As provided for in Article 18 of the Code of Commercial Companies, have **full capacity** to perform acts in law and that they have not been sentenced under a final and non-revisable sentence for crimes defined in chapters XXXIII-XXXVII of the Criminal Code and in Article 585, Article 587, Article 590 and Article 591 of the Code of Commercial Companies.
- As provided for in Article 387 of the Code of Commercial Companies, they **do not serve** as a member of the management board, registered attorney, liquidator, head of a branch and/or establishment, or the chief accountant, attorney-at-law or an advocate at HM INWEST S.A.
- meet the conditions set forth in Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC) and additional conditions listed in the Best Practice for GPW Listed Companies 2016, attached to Resolution no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. of 13 October 2015 on adopting "Best Practice for GPW Listed Companies 2016", **including, in particular:**
 - a. they are not an executive or managing director of HM INWEST S.A. or an entity of the HM INWEST S.A. Group, and they have not served that position within the past five years,
 - b. they are not an employee of HM INWEST S.A., its subsidiary or an entity of the HM INWEST S.A. Group, and they have not been in such a position for the previous three years, except when the non-executive or supervisory director does not belong to senior management and has been elected to the supervisory board in the context of a system of workers' representation recognised by law and

- providing for adequate protection against abusive dismissal and other forms of unfair treatment;
- c. they do not receive significant amounts of additional remuneration from HM INWEST S.A. or an entity of HM INWEST S.A.'s Group, except remuneration received as a member of the Supervisory Board of HM INWEST S.A.,
 - d. they are not and they do not represent in any way the controlling shareholder(s) of HM INWEST S.A. (control being determined by reference to the cases mentioned in Article 1(1) of Council Directive 83/349/EEC),
 - e. they are not and they do not in any way represent a shareholder that is actually or significantly related to a shareholder(s) entitled to exercise at least 5% of the total vote at HM INWEST S.A. or an entity of the HM INWEST S.A. Group of Companies,
 - f. they do not have, or have had within the last year, a significant business relationship with HM INWEST S.A. or an entity of the HM INWEST S.A. Group, either directly or as a partner, shareholder, director or senior employee of a body having such a relationship,
 - g. they are not, or have not been within the last three years, a partner or employee of the present or former external auditor of HM INWEST S.A. or an entity of the HM INWEST S.A. Group,
 - h. they are not an executive or managing director in another company in which an executive or managing director of HM INWEST S.A. is a non-executive or supervisory director, and they do not have other significant links with executive directors of HM INWEST S.A. through holding interest in other companies or bodies;
 - i. they have not been a member of the Supervisory Board of HM INWEST S.A. for longer than three terms or 12 years,
 - j. they are not a close family member of an executive or managing director of HM INWEST S.A., or of persons in the situations referred to in points 1-8.
- The independent members of the Supervisory Board undertake to immediately notify HM INWEST S.A. in writing of any changes to the circumstances concerning the fulfilment of conditions listed hereinabove. Moreover, they undertake:
 - a) to maintain in all circumstances the independence of analysis, decision and action;
 - b) not to seek or accept any unreasonable advantages that could be considered as compromising their independence,

- c) to clearly express their opposition in the event that they find that a decision of the (supervisory) board may act to the disadvantage of HM INWEST S.A.

6. Proposals on Granting Approval of the Performance of Duties to the Members of the Supervisory Board Submitted to the General Meeting

The Supervisory Board of HM INWEST S.A. requests that the General Meeting approve the performance of duties for the financial year 2020 to all the members of the Supervisory Board of HM INWEST S.A. who served their functions as at 31 December 2020.

GENERAL ASSESSMENT OF THE COMPANY'S OPERATIONS IN 2020

7. Assessment of the Internal Control, Risk Management and Compliance Systems, and the Internal Audit Function

In accordance with principle III.Z.2 of the Best Practice 2016, persons responsible for risk management, compliance and audit shall report directly to the President of the Management Board. No separate internal control unit has been established at HM Inwest S.A.

Internal control is a function of day-to-day Company management executed directly by the Company's Management Board, its Chief Accountant, registered attorneys and other managerial staff, or those who have been entrusted with serving such a function. Superiors perform control activities with respect to their subordinates on an on-going basis.

Smooth functioning of the Company's internal control system is under responsibility of the Management Board, Supervisory Board, Audit Committee, and any other persons assigned.

Given its size, the Company does not have a separate position of internal auditor. The Company does not exclude separating the function or position of internal auditor in the future. Actions in this respect may be initiated by the Management Board, Audit Committee or Supervisory Board.

Internal audit functions are performed by the Company's employees as part of their professional duties. The costs of internal audit are not separated.

The third parties conducting audits are in regular and direct contact with the Company's Management Board, Supervisory Board and Audit Committee.

Compliance supervision is in particular exercised by the Company's legal department.

In the opinion of the Supervisory Board, the Company's Management Board correctly identifies risks.

8. Assessment of the Company's Compliance with Disclosure Obligations Concerning the Observance of the Corporate Governance Principles

1.1. Information on corporate governance

In its care about the relations with investors and clients, HM Inwest S.A. takes efforts to build those relations to the satisfaction of both parties. The goal of implementing corporate governance in the Company was to ensure transparency of operations and to keep the trust of shareholders, counterparties and employees.

Acting pursuant to § 70(6)(5) in conjunction with § 71(5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by security issuers and on conditions on which information required under legal regulations of a third country is recognised as equivalent (Polish Journal of Laws of 2018, item 757) ("Regulation"), the Management Board of HM Inwest S.A. informs that:

- a) Since the date the Issuer was admitted to trading on a regulated market, it is subject to the corporate governance rules defined in "Best Practice for GPW Listed Companies 2016", set out as an appendix to Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015.
- b) Until 17 July 2019, the Issuer's shares were introduced to an alternative trading system at NewConnect, and thus the Issuer applied the corporate governance rules set out for that market in "Best Practice for NewConnect Listed Companies" in its wording given by an appendix to Resolution of the Management Board of the Warsaw Stock Exchange No. 293/2010 of 31 March 2010. The rules were published on the website of NewConnect at <https://newconnect.pl/dobre-praktyki>
- c) The Issuer voluntarily decided to apply the rules referred to in items a and b, except those indicated in point 1.2 below;
- d) The Issuer is aware that corporate governance rules constitute an instrument which raises its credibility and aims at presenting investors with a clear and reliable image of the Company's operations, strategy and financial standing, with due regard to the rules for availability and equal treatment of all investors.

1.2. Corporate Governance Rules not Applied by the Issuer

Since the date the Issuer was admitted to trading on a regulated market, the Company has applied all the corporate governance rules and recommendations adopted by Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015 on adopting “Best Practice for GPW Listed Companies 2016”, except for the following:

I.Z.1.15. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, information about the company’s diversity policy applicable to the company’s governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website.

The Company does not implement a diversity policy. The basic criterion for filling the key posts is the competence and fulfilment of requirements set for a given post. Features such as age or gender do not affect the evaluation of candidates.

I.Z.2. A company whose shares participate in the exchange index WIG20 or mWIG40 should ensure that its website is also available in English, at least to the extent described in principle I.Z.1. This principle should also be followed by companies not participating in these indices if so required by the structure of their shareholders or the nature and scope of their activity.

This principle does not apply to the Issuer. The Company’s shares do not participate in the exchange index WIG20 or mWIG40, and given the structure of its shareholders and the nature and scope of its activity, a website available in English is not necessary.

IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Given the structure of shareholders, it is not necessary to provide real-time broadcasts of general meetings.

V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company’s internal regulations provide for, among others, ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in

reviewing matters subject to a conflict of interest which has arisen or may arise.

As regards conflicts of interests, the governing bodies of the Company comply with the Corporate Government Rules for Supervised Institutions, prepared by the Polish Financial Supervision Authority. Where a conflict of interests arises or may arise, the Management Board and Supervisory Board have an established practice to exclude from decision making any person who may be concerned by the conflict of interests.

VI.Z.4. In the activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

9. Policy Assessment with Regard to Sponsoring and Charity Activities, or Other Activities of Similar Nature

In 2020, the Company did not conduct any sponsoring or charity activity, or any activity of similar nature, and it does not have a specified policy in this regard.

10. The Supervisory Board's Assessment of the Audit of the Separate Financial Statements of HM INWEST S.A. and the Report of the Management Board on the Operations of the Company and HM INWEST Group

a) Assessment of the audit of the financial statements of HM INWEST S.A. for the period from 1 January 2020 to 31 December 2020

The audit of the Company's financial statements within the meaning of the Accounting Act for the period from 1 January 2020 to 31 December 2020 was conducted by independent chartered auditor **Ms Bożena Grzegorzczuk from Misterys Audytor Adviser Sp. z o.o.**

The chartered auditor's opinion on the audit of the Company's financial statements for the financial year ending on 31 December 2020 was signed on 30 April 2021.

The Supervisory Board reviewed and assessed the Company's separate financial statements as at 31 December 2020, for the year ended on 31 December 2020, which contained:

- introduction to the financial statements,
- Balance Sheet made as at 31 December 2020 which recorded the amount of **PLN 107,452,801** on both the asset and liability side,
- Statement of Comprehensive Income for the financial year from 1 January 2020 to 31 December 2020, which showed a net profit of **PLN 11,717,262**,
- Statement of Changes in Equity for the financial year from 31 December 2018 to 31 December 2020, which showed an equity increase by **PLN 11,717,262**,
- Cash Flow Statement for the financial year from 1 January 2020 to 31 December 2020, which showed a **PLN 548,972** decrease in cash flows,
- notes.

The Supervisory Board reviewed the opinions of the independent chartered auditor, i.e. Misterys Audytor Adviser Sp. z o.o., appointed to audit the Company's Financial Statements for the financial year from 1 January 2020 to 31 December 2020 for compliance with books and documents.

The chartered auditor carried out the audit in accordance with Chapter 7 of the Accounting Act, Polish Auditing Standards issued by the Polish Council of Chartered Auditors, and the act on chartered auditors, audit firms and public supervision.

The audit of the financial statements of HM Inwest S.A. by a chartered auditor covered the Statement of Financial Position as at 31 December 2020 and the Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement for the financial year from 1 January to 31 December 2020, and notes describing the adopted accounting principles and providing other clarification.

As determined by the chartered auditor, the audited financial statements present, in all significant respects, a true and fair view of the asset and financial situation of the Company as at 31 December 2020, its financial performance and cash flows for the financial year ended on that day in accordance with applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles (policy);

- their form and content are compliant with the laws applicable to the Company and its Statutes;
- they were prepared on the basis of correctly kept accounting books in accordance with Chapter 2 of the Accounting Act of 29 September 1994 ("Accounting Act" – Polish Journal of Laws / Dz.U. of 2020, item 351, as amended).

Therefore, the Supervisory Board positively assesses the Separate Financial Statements of HM INWEST S.A. for 2020.

b) [Assessment of the Management Board's report on the Operations of HM Inwest S.A. in 2020 and the Management Board's report on the Operations of HM Inwest Group in 2020](#)

The Supervisory Board examined the Management Board's report on HM INWEST S.A.'s operations and the Management Board's report on the operations of HM INWEST S.A. Group within the accounting period, i.e. for the financial year 2020.

The Supervisory Board found that the examined reports of the Company's Management Board were made in accordance with the Accounting Act, in particular with Article 49(2) thereof, and in consideration of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by security issuers and on conditions on which information required under legal regulations of a third country is recognised as equivalent.

The financials presented by the Management Board are compliant with the data included in the financial statements of HM INWEST S.A. and the consolidated statements of the HM INWEST Group. The Management Board presented the Company's financial standing and asset position based on its actual situation.

The Supervisory Board found that the Management Board maintains discipline with regard to the Company's own costs, including its general administrative expenses, selling expenses and finance costs. Having assessed the work of the Management Board, the Supervisory Board considers its decisions and actions to be correct and well-reasoned. Regardless of the outbreak of the COVID-19 pandemic, the Company's financial standing remained stable throughout the year, its solvency and financial liquidity were not at risk and no liabilities were past due. The Management Board tried to minimise the risks and optimise the results, as available options and market situation allowed, by among others, temporarily decreasing the remuneration of the President of the Management Board.

To sum up the Company's economic output in 2020, it must be stated that the Company's activities in 2020 brought profit, the Company achieved its goals, and the Management Board properly fulfilled its obligations.

The Supervisory Board positively assesses the work performed by HM INWEST S.A.'s Management Board in 2020.

The Supervisory Board proposes that the Annual General Meeting approves the Report of the Management Board on the Company's operations and the Report of the Management Board on the operations of HM INWEST Group in 2020.

c) [Assessment of the Management Board's proposition concerning the distribution of profit and allocation of net profit to supplementary capital](#)

As a result of the assessment of the presented documentation, i.e. the financial statements of HM INWEST S.A for the period from 1 January 2020 to 31 December 2020, and the Report of the Management Board on the Company's operations for the period from 1 January 2020 to 31 December 2020, having read the chartered auditor's opinion, based on its own examination and findings, the Supervisory Board considers the aforementioned reports and statements to be compliant with the books, documents and facts, and it proposes that they are approved by the Company's Annual General Meeting.

The Supervisory Board has positively assessed the activities of the Company's Management Board and proposes that the President of the Management Board, Mr Piotr Hofman, is granted approval of the performance of his duties from 1 January 2020 to 31 December 2020.

In line with the proposition of the Management Board, the Supervisory Board recommends that the full amount of HM INWEST S.A.'s net profit for the financial year 2020, i.e. **PLN 11,717,262**, is allocated to supplementary capital.

11. The Supervisory Board's Assessment of the Consolidated Financial Statements of the HM INWEST Group.

The Supervisory Board reviewed the consolidated financial statements of the HM INWEST Group, audited by chartered auditor **Misters Audytor Adviser Sp. z o.o.**, which included:

- introduction to the consolidated financial statements,
- the consolidated statement of financial position made as at 31 December 2020 which recorded the amount of **PLN 204,976,591** on both the asset and liability side,
- the consolidated statement of other comprehensive income for the financial year from 1 January 2020 to 31 December 2020, which showed other comprehensive net income of **PLN 2,161,730**,
- the consolidated statement of changes in equity for the financial year from 1 January 2020 to 31 December 2020, which showed an equity increase by **PLN 2,615,040**,
- the consolidated cash flow statement for the financial year from 1 January 2020 to 31 December 2020, which showed a **PLN 6,950,312** decrease in cash,
- notes.

In the opinion of the Supervisory Board, in line with the opinion of the chartered auditor, the above statements reliably represent the asset position of the HM INWEST Group, its consolidated financial result and consolidated cash flows for financial year 2020, and their form and content are as required by law and the Statutes of HM INWEST.

Therefore, the Supervisory Board positively assesses the Consolidated Financial Statements of the HM INWEST Group for 2020.

12. Proposals Submitted to General Meeting with Regard the Statements

As a result of the conducted assessment of the presented reporting documents for financial year 2020, the Supervisory Board grants its positive assessment to and recommends that the Annual General Meeting of HM INWEST S.A. approve:

- the Financial Statements of HM INWEST S.A. for the year ended on 31 December 2020;
- The Management Board's Report on the Operations of HM INWEST S.A.'s in 2020.
- the Consolidated Financial Statements of the HM INWEST S.A. Group of Companies for the year ended on 31 December 2020;
- The Management Board's Report on the Operations of the HM Inwest S.A. Group for 2020.

This report was adopted by the Company's Supervisory Board on 30 April 2021.

For and on behalf of the Supervisory Board of HM INWEST S.A.:

Jarosław Leszek
Mielcarz

Electronically signed by Jarosław
Leszek Mielcarz
Date: 2021.04.30 16:23:46
+02'00'

Jarosław Mielcarz

Chairman of the Supervisory Board of HM INWEST S.A.

Appendix:

1. A statement on the Audit Committee.