



**CONSOLIDATED MID-YEAR REPORT**  
**comprising the abridged standalone**  
**financial statement**  
**of HM INWEST S.A.**  
**for the 1<sup>st</sup> quarter of 2021**  
**ending on 31.03.2021**



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## I. KEY FINANCIALS

### 1. Selected financial data from the consolidated financial statement for the 1<sup>st</sup> quarter of 2021

Selected data on the statement of financial position:

Details	PLN		EUR	
	As at 31.03.2021	As at 31.12.2020	As at 31.03.2021	As at 31.12.2020
Fixed assets	30,902,994	31,022,219	6,631,117	6,722,332
Inventories	102,934,004	145,100,193	22,087,420	31,442,358
Short-term receivables	18,620,118	12,966,706	3,995,476	2,809,809
Cash and cash assets	14,358,202	14,495,075	3,080,961	3,140,997
Equity	43,850,452	31,984,780	9,409,362	6,930,914
Long-term liabilities	39,628,748	42,592,937	8,503,476	9,229,639
Short-term liabilities	86,115,457	130,392,520	18,478,522	28,255,292
PLN/EUR exchange rate as of the balance-sheet date			4.6603	4.6148

Selected data from the statement of profit and loss:

Details	PLN		EUR	
	period 01.01.2021- 31.03.2021	period 01.01.2020- 31.03.2020	period 01.01.2021- 31.03.2021	period 01.01.2020- 31.03.2020
Net sales revenue	81,621,593	13,696,995	17,852,101	3,115,573
Profit before tax	13,738,555	-372,747	3,004,868	-84,787
Net profit	11,865,540	-570,023	2,595,206	-129,660
Average PLN/EUR exchange rate for the reporting period			4.5721	4.3963



## 2. Selected financial data from the standalone financial statement for the 1<sup>st</sup> quarter of 2021

Selected data on the statement of financial position:

Details	PLN		EUR	
	As at 31.03.2021	As at 31.12.2020	As at 31.03.2021	As at 31.12.2020
<b>Fixed assets</b>	84,938,462	64,371,785	18,225,964	13,948,987
<b>Inventories</b>	30,311,011	40,308,934	6,504,090	8,734,709
<b>Short-term receivables</b>	4,472,935	1,409,895	959,796	305,516
<b>Cash and other financial assets</b>	342,752	1,342,438	73,547	290,898
<b>Equity</b>	63,321,131	51,237,029	13,587,351	11,102,763
<b>Long-term liabilities</b>	33,249,522	36,276,456	7,134,631	7,860,895
<b>Short-term liabilities</b>	23,488,153	19,332,963	5,040,052	4,189,339
<b>PLN/EUR exchange rate as of the balance-sheet date</b>			4.6603	4.6148

Selected data from the statement of profit and loss:

Details	PLN		EUR	
	period 01.01.2021- 31.03.2021	period 01.01.2020- 31.03.2020	period 01.01.2021- 31.03.2021	period 01.01.2020- 31.03.2020
<b>Net sales revenue</b>	1,965,746	826,119	429,944	187,912
<b>Profit before tax</b>	13,904,791	6,399,534	3,041,226	1,455,664
<b>Net profit</b>	12,084,102	6,203,372	2,643,009	1,411,044
<b>Average PLN/EUR exchange rate for the reporting period</b>			4.5721	4.3963



## II. BASIC INFORMATION CONCERNING THE OPERATIONS OF THE HM INWEST S.A. CAPITAL GROUP

### 1. Approval of the mid-year report

This consolidated mid-year report comprising an abridged standalone financial statement of HM Inwest S.A. for the 1<sup>st</sup> quarter of 2021, ending on 31.03.2021 (hereinafter the Report) has been prepared in accordance with Section 60(1)(1) and 60(2) of the regulation of the Minister of Finance concerning the current and periodical information published by the securities issuers of 29 March 2018. This mid-year abridged standalone and consolidated financial statement has been approved for publication and signed by the Management Board on 31 May 2021.

### 2. Basic details concerning the parent company

<b>Name</b>	HM Inwest S.A.
<b>Registered office Address</b>	Warsaw ul. Fabryczna 5, 00-446 Warsaw
<b>Phone/fax</b>	22 616 31 94
<b>E-mail address</b>	<a href="mailto:biuro@grupainwest.pl">biuro@grupainwest.pl</a>
<b>Website</b>	<a href="http://www.grupainwest.pl">www.grupainwest.pl</a>
<b>Court of registration</b>	District Court for the city of Warsaw, 12th Commercial Division of the National Court Register
<b>KRS no.</b>	0000413734
<b>NIP</b>	113-24-82-686
<b>REGON</b>	015717427
<b>Share capital</b>	PLN 2,336,312.00
<b>Management Board</b>	Piotr Hofman – President of the Management Board
<b>Supervisory Board</b>	
	- Jarosław Mielcarz – President of the Board
	- Waldemar Ołdak – Member of the Board
	- Irmina Kaczmarek – Member of the Board
	- Ewa Hofman – Member of the Board
	- Aneta Klimek – Member of the Board



### 3. Objects of activity

HM INWEST S.A. (hereinafter the Company, the Issuer) is an experienced construction company, actively operating in the entire Poland, engaged in comprehensive implementation of construction projects: from finding the location and purchasing the land, to design and construction works, to the sale of apartments.

Since the very beginning of our activity, we have built several thousand square meters of residential as well as retail/office space.

The Company carries out its investments mainly on markets in Warsaw and Poznań.

The characteristic features of our investments – being multi-family buildings with retail/office parts in residential districts as well as apartments in the very center of big cities – are always an attractive location and very high quality and technology of execution. When performing design works, we are guided most of all by needs of our clients, and for this reason we promote friendly and functional solutions that ensure comfort and safety to their users. Thanks to the fusion of the tradition and the modern in our designs, our investments are one of a kind.

HM Inwest S.A. carries out some of its investments via SPVs, which are wholly owned by HM Inwest S.A. This model has been used for the purpose of the investment in Poznan at Czarnucha, Czarnieckiego and Anny Jantar Streets. It permits an easier reconciliation system and to achieve credit liquidity for executing the construction process.

SQ Developments, S.L, which belongs to the Inwest Group, operates on the Spanish market and is implementing a development project concerning the construction of two multi-apartment buildings in Vilanova and la Geltru.

Thanks to the efficient development policy, qualified staff with many years of experience in construction industry, good designs and competent contractors, we have been able to create a financially stable company with reliable and established position on the Polish market. We are a dynamic developer with constantly expanding potential, with clearly defined perspectives of development. Our investments are performed in a timely manner and in accordance with building arts. The buildings feature an interesting and modern architecture, optimized in terms of spatial and functional solutions.

Our operation has a long operating cycle – from the moment the land (or the perpetual usufruct right) is obtained till the sale of finished apartments and residences – even two financial periods may lapse. Therefore, financial results of the entity may be subject to fluctuations resulting from differing stages of investments we are implementing.

One of our subsidiaries, HM Factory Sp. z o.o., is a manufacturer of prefabricated reinforced concrete elements for residential and industrial construction. The Company operates in Sochaczew and employs 49 persons.



Company is the manufacture of prefabricated concrete mass (PKD 23.63.Z) as well as the manufacture of other concrete, gypsum and cement products (PKD 23.69.Z.). In the first quarter, the Company was mainly concentrated on the performance of tasks entrusted to it pursuant to commercial contracts executed mainly on the Swedish market in respect of manufacture and assembly of prefabricated concrete elements and for the Companies from the Capital Group. The Company offers the services of designing, manufacture, supply and assembly of the elements on the site. In addition to assembly services, the Company performed transport intermediary services.

#### **4. Indication of entities forming a part of the HM Inwest Capital Group**

The HM Inwest S.A. Capital Group (hereinafter the Group) as of 31.03.2021 is comprised of the Issuer as well as 11 subsidiaries. Each subsidiary was established for an indefinite period of time, while some of them are designed to implement specific construction investments. The Issuer holds 50% of shares in REB HMI Parkowa Sp. z o.o. and Projekt Wiklinowa Sp. z o.o. All subsidiaries are subject to consolidation. Co-subsidiaries are subject to consolidation by the equity method.

SUBSIDIARIES as at the reporting day of 31.03.2021:

JP Development Spółka z ograniczoną odpowiedzialnością Augustówka Sp.k.

ul. Fabryczna 5, 00-446 Warsaw

KRS: 0000664493; NIP: 7010670786; REGON: 366668728

Value of contribution: PLN 10.936.997,73

Direct share of HM Inwest SA: 99%; consolidation under full method (in the consolidated financial statement).

JP Development Spółka z ograniczoną odpowiedzialnością Poznań Karpia Sp.k.

ul. Fabryczna 5, 00-446 Warsaw

KRS: 0000663975; NIP: 7010667318; REGON: 366589466

Value of contribution: PLN 10.187.782,92

Direct share of HM Inwest SA: 99%; consolidation under full method (in the consolidated financial statement).

JP Development Sp. z o.o.

ul. Fabryczna 5, 00-446 Warsaw

KRS: 0000582412; NIP: 1132897128; REGON: 362812000

Share capital: PLN 5.000,00

Direct share of HM Inwest SA: 100%; consolidation under full method (in the consolidated financial statement).





JP Development Spółka z ograniczoną odpowiedzialnością St@rtap Poznań Sp.k.  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000692938; NIP: 7010713596; REGON: 368227508  
Value of contribution: PLN 4.865.686,94  
Direct share of HM Inwest SA: 99%; consolidation under full method (in the consolidated financial statement).

HM Project sp. z o.o.  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000729039; REGON: 380026798, NIP: 7010819679  
Share capital: PLN 5.000,00  
Direct share of HM Inwest SA: 100%; consolidation under full method (in the consolidated financial statement).

HM Construction sp. z o.o.  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000738003; REGON: 380731611, NIP: 7010831775  
Share capital: PLN 5.000,00  
Direct share of HM Inwest SA: 100%; consolidation under full method (in the consolidated financial statement).

HM Factory sp. z o.o.  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000732143; REGON: 380238603, NIP: 7010822581  
Share capital: PLN 7.505.000,00  
Direct share of HM Inwest SA: 94%; consolidation under full method (in the consolidated financial statement).

JP Development Sp. z o.o. Poznań Niemena S.k.  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000729111; NIP : 7010820240; REGON : 380051224  
Value of contribution: PLN 4.248.697,73  
Direct share of HM Inwest SA: 99%; consolidation under full method (in the consolidated financial statement).

JP Development Spółka z ograniczoną odpowiedzialnością Horyzont Poznań Sp.k  
ul. Fabryczna 5, 00-446 Warsaw  
KRS: 0000587100; NIP : 1132898613; REGON : 363049887  
Value of contribution: PLN 5.770.986,89  
Direct share of HM Inwest SA: 99%; consolidation under full method (in the consolidated financial statement).



SITGES QUALITY DEVELOPMENTS S.L.

Bassa Rodona, 6

Sitges (08870)

NIF B67213645

Capital: EUR 3,000.00

Direct share of HM Inwest SA: 70%; consolidation under full method (in the consolidated financial statement).

Nowa Łacina 6 Spółka z ograniczoną odpowiedzialnością

ul. Fabryczna 5, 00-446 Warsaw

KRS: 0000582522; NIP : 1132897111; REGON : 36281510

Value of contribution: PLN 11.791.000,00

Direct share of HM Inwest SA: 100%; consolidation under full method (in the consolidated financial statement).

Purchase of shares in March 2021

REB HMI Parkowa Sp. zo.o. (previously: REB Project 11 Sp. z o.o.)

ul. Emilii Plater 53, premises no. XXIII floor, 00-113 Warsaw

KRS: 0000826071; NIP : 5252814325; REGON: 385439068

Share capital: PLN 5.000,00

Direct share of HM Inwest SA: 50%; consolidation by the equity method (in the consolidated financial statement).

Projekt Wiklinowa Sp. z o.o.

ul. Emilii Plater 53, premises no. XXIII floor, 00-113 Warsaw

KRS:0000868423; NIP :5252842327; REGON: 387521360

Share capital: PLN 5.000,00

Direct share of HM Inwest SA: 50%; consolidation by the equity method (in the consolidated financial statement).

**5. Information about the shareholding structure of the Issuer, specifying the shareholders with, as of the date of this Report, at least 5% of votes on the general meeting**

The shareholding as of the Report delivery date – the list of significant shareholders:

No.	Shareholder	Qty. of shares	Share in the share capital (%)	Share in the total number of votes on GM
1	Timedix P.Hofman J.Mielcarz Sp.J.	1,675,418	71.71%	71.71%
2	Piotr Hofman – President of the Management Board	373,086	15.97%	15.97%
3	Jarosław Mielcarz – President of the Supervisory Board	47,828	2.05%	2.05%
4	Others	239,980	10.27%	10.27%
	In total	2,336,312	100%	100%

The Company has no information about other members of the Supervisory Boarding holding any shares of the Company. In the period from 1 January to the date when this Report has been submitted, the number of shares held by Piotr Hofman has increased by 9,708, while the number of shares held by other shareholders specified in items 1-3 has not changed.

**6. Summary of significant achievements or failures of the HM Inwest S.A. Capital Group in the reporting period along with the description of the most important factors affecting the results**

The real estate development is characterized by a long investment process, therefore in some reporting periods lower profit or even loss are possible. This is caused by ongoing investments that will be reconciled in subsequent periods. In those periods, revenue from the investment will also be reported.



The Company incurs ongoing costs related to operation, including general management costs, that are charged to the results of the current period. Meanwhile, development revenue is reported upon the completion of the project – execution of deeds transferring the ownership to premises (the development process lasts about 2-3 years).

The consolidated financial results for 1<sup>st</sup> quarter of 2021 and 1<sup>st</sup> quarter of 2020 are as follows:

	For 1 <sup>st</sup> quarter of 2021 ending on 31.03.2021	For 1 <sup>st</sup> quarter of 2020 ending on 31.03.2020
<b>Consolidated net profit (loss)</b>	11,865,540	-570,023
<b>Standalone comprehensive income</b>	11,865,540	-570,023
<b>Standalone net profit (loss)</b>	12,084,102	6,203,372
<b>Standalone total income</b>	12,084,102	6,203,372

In the first quarter of 2021 JP Development Sp. z o.o. Poznań Karpia Sp.k. and JP Development Sp. z o.o. Poznań Niemena Sp.k. executed subsequent notarial deeds transferring the ownership to premises in investments completed in 2020. HM Inwest S.A. recognized the revenue on account of the advance payment towards the profit for 2021 from subsidiaries.

In the first quarter of 2021, in the Capital Group the construction and sales process of the following investments has been carried out:

- Warsaw, Mehoffera Str. – investment completed in 2020. The sale of the last apartments and execution of deeds transferring the ownership to premises has been continued.
- Warsaw, Osiecka Str.– investment completed in 2020. The sale of the last apartments and execution of deeds transferring the ownership to premises has been continued.
- Warsaw, Koprzywiańska Str.– ongoing construction and sale. Projected date of completion is 3<sup>rd</sup> quarter of 2021.
- Warsaw, Pustelnicka Str.- ongoing construction and sale, agreements on the sale of final premises in the project have been executed. Projected date of completion is 4<sup>th</sup> quarter of 2021.
- Poznań, Karpia Str.- investment completed in 2020. The sale of the last apartments has been completed and execution of deeds transferring the ownership to premises has been continued.
- Poznań, Niemena Str.- investment completed in 2020. The sale of the last apartments has been completed and execution of deeds transferring the ownership to premises has been continued.
- Warsaw, Augustówka Str.- – the last deeds transferring ownership of apartments were executed.



- Poznań, Czarnucha Str. – the development and sale of premises has commenced. At the end of quarter, 41 contracts for the reservation of premises were executed. Projected date of investment completion is 4<sup>th</sup> quarter of 2022.
- Poznań, Czarnieckiego Str. – the development and sale of premises has commenced. At the end of quarter, 32 contracts for the reservation of premises/preliminary contracts were executed. Projected date of investment completion is 4<sup>th</sup> quarter of 2022.
- Poznań, Niemena 6/Anny Jantar Str.- the sale of premises has commenced. At the end of quarter, 14 contracts for the reservation of premises were executed. Preparations were underway to begin the construction process. Projected date of investment completion is 1<sup>st</sup>/2<sup>nd</sup> quarter of 2023.

On 02.01.2021, the subsidiary JP Development Sp. z.o.o. Poznań Horyzont Sp. k. signed with HM Construction sp. z o.o. the general contractor agreement concerning the implementation of the investment at Czarnucha Street in Poznań. The property will be developed with a multi-family residential building with services and underground garage.

On 18 February 2021, a letter of intent was executed by and between ARP Prefabrykacja Sp. z o.o. and the National Property Stock (Krajowy Zasób Nieruchomości). The company ARP Prefabrykacja Sp. z o.o. will cooperate with the National Property Stock in the implementation of the Mieszkanie Plus programme, being one of the pillars of the National Residential Programme of the Ministry of Economic Development, Labour and Technology. The cooperation will consist, in particular, in carrying out tasks in the areas of design and implementation of investments using the services, technology and potential of our company.

At the beginning of March 2021, the credit in Bank Spółdzielczy, obtained for the purpose of refinancing the purchase of property in Poznań at Czarnieckiego Street, to the amount of PLN 1,920,000, was repaid early in its entirety.

On 12.03.2021, the subsidiary JP Development Sp. z.o.o. Poznań Horyzont Sp.k. executed with Bank Millennium S.A. a credit agreement for funding the implementation of the construction project at Czarnucha Str. in Poznań for the amount of PLN 16,500,000.

On 18.03.2021, the subsidiary JP Development Sp. z.o.o. Poznań St@rtap Sp.k. executed with Bank Millennium S.A. a credit agreement for funding the implementation of the construction project at Czarnieckiego Str. in Poznań for the amount of PLN 8,000,000.

On 24.03.2021, HM Inwest S.A. executed an agreement on the transfer of ownership of the property at Anny Jantar Street in Poznań together with property rights, in the performance of an obligation to make a contribution in kind to the Company Nowa Łacina 6 Sp. z o.o.. The total gross value of the contribution in kind is PLN 11,789,000.



The Capital Group is constantly acquiring new plots of land for new investments in Warsaw and other cities.

In spite of the fact that upon the preparation of this financial statement the Covid-related situation is still evolving, the management of the entity has not observed a noticeable impact of the epidemic on the sales or on the chain of supply in the entity, but the future consequences are impossible to predict. The management will continue to monitor the possible effect and will take every measure in order to mitigate the detrimental consequences for the entity.

Despite the announcement of the state of epidemic, no Company from the Group ceased construction works in the implementation of investments. There have been no interruptions in the performance of works by contractors, which will allow to complete the investments on time.

Also the company HM Factory Sp. z o.o. felt no effects of Covid, and the manufacturing facility did not stop production. The facility kept operating according to plan.

There were no other factors or events of an unusual nature that had a material effect on the presented financial statements in the first quarter.

## **7. Information about financial results forecasts**

Until the Report publication date, the Company has not published financial results forecasts.

## **8. Court or arbitration proceedings or proceedings before public administration authorities**

As of 31.03.2021, companies in the Group were not a party to material court or arbitration proceedings or proceedings before public administration authorities.

## **9. Sureties and guaranties granted**

Material sureties granted have been reported in supplementary information to financial statements.

## **10. Material transactions with affiliated entities**

There have been no material transactions with affiliated entities in the first quarter of 2021. Other transactions with affiliated entities have been described in supplementary information to financial statements.



## **11. Material transactions following the balance-sheet date**

On 16.04.2021, the Company Nowa Łacina 6 Sp. z o.o. signed with HM Construction sp. z o.o. the general contractor agreement concerning the implementation of the investment at 6 Czesława Niemena Street in Poznań. The property will be developed with a multi-family residential building with underground garage. On 16.04.2021, an amendment was executed, whereby among others the amount of remuneration for the execution of the subject of the agreement has been changed.

On 22.04.2021, the Company HM Factory Sp. z o.o. signed with HM Construction sp. z o.o. the construction service agreement concerning prefabricated structures No. 109-21K for the investment "Nowa Łacina Niemena 6", on the property located in Poznan, plot number 25/7, 9/6.

## **12. Information concerning the number of employees of the Issuer, counted on a full time basis**

As of the Report delivery date, the Issuer employed 3 persons on the basis of an employment agreement.



### III. ABRIDGED CONSOLIDATED FINANCIAL STATEMENT FOR THE 1<sup>ST</sup> QUARTER OF 2021

#### 1. Abridged mid-year consolidated financial statement of financial position

	31.03.2021	31.12.2020	31.03.2020
<b>FIXED ASSETS</b>			
Goodwill	317,644	317,644	
Intangible and legal assets	6,725	8,070	12,741
Tangible fixed assets	24,865,845	25,308,898	26,361,665
Equity accounted investments	5,000	5,000	2,500
Investment properties	1,995,516	2,109,004	2,449,467
Deferred tax assets	1,232,155	1,232,155	1,071,488
Other fixed assets	2,480,110	2,041,448	2,798,234
<b>Total fixed assets</b>	<b>30,902,994</b>	<b>31,022,219</b>	<b>32,696,096</b>
<b>CURRENT ASSETS</b>			
Inventories	102,934,004	145,100,193	135,470,507
Trade receivables and other receivables	18,620,118	12,966,706	16,434,428
Short-term investments			551,000
Cash and cash equivalents	14,358,202	14,495,075	9,398,336
Other financial assets			5,529,821
Other current assets	2,785,693	1,392,398	528,166
<b>Total current assets</b>	<b>138,698,017</b>	<b>173,954,372</b>	<b>167,912,258</b>
<b>Total assets</b>	<b>169,601,011</b>	<b>204,976,591</b>	<b>200,608,354</b>





	31.03.2021	31.12.2020	31.03.2020
<b>Equity and liabilities</b>			
<b>EQUITY</b>			
<b>Equity attributed to shareholders of the parent company</b>			
Share capital	2,336,312	2,336,312	2,336,312
Retained profits	41,079,057	29,128,779	26,428,903
Capital on translation from foreign subsidiaries	512	379	
<b>Equity attributed to shareholders of the parent company in total</b>	<b>43,415,881</b>	<b>31,465,470</b>	<b>28,765,215</b>
<b>Non-controlling shares</b>	<b>434,572</b>	<b>519,310</b>	<b>34,501</b>
<b>Total equity</b>	<b>43,850,452</b>	<b>31,984,780</b>	<b>28,799,716</b>
<b>LIABILITIES AND PROVISION FOR LIABILITIES</b>			
<b>Long-term liabilities</b>			
Financial liabilities on debt securities issue, credits and loans	39,628,748	42,592,937	53,524,564
Deferred income tax provision	6,354	6,354	6,354
<b>Total long-term liabilities and provisions</b>	<b>39,635,102</b>	<b>42,599,291</b>	<b>53,530,918</b>
<b>Short-term liabilities</b>			
Financial liabilities on debt securities issue, credits and loans	17,870,484	16,416,269	29,935,413
Liabilities on contracts with clients (advance payments)	48,796,742	97,084,906	71,128,186
Trade liabilities and other liabilities	14,907,398	15,298,837	15,078,347
Public law liabilities	4,034,074	1,258,006	1,778,774
Short-term provisions	250,000	250,000	250,000
Other short-term liabilities	256,759	84,503	107,000
<b>Total long-term liabilities and provisions</b>	<b>86,115,457</b>	<b>130,392,520</b>	<b>118,277,720</b>
<b>Total liabilities and equity</b>	<b>169,601,011</b>	<b>204,976,591</b>	<b>200,608,354</b>



## 2. Abridged mid-year consolidated statement of profit and loss

	2021-01-01 – 2021-03-31	2020-01-01 – 2020-03-31
Sales revenue	81,621,593	13,696,995
Own cost of sales	(63,242,603)	(10,336,085)
Costs of sales and advertising	(1,728,075)	(1,510,971)
Costs of general management	(2,143,587)	(1,738,409)
Other revenues	124,590	70,401
Other costs	(146,506)	(33,465)
Financial revenue	61,589	15,961
Financial costs	(808,447)	(537,174)
Profit before tax	13,738,555	(372,747)
Income tax	(1,873,015)	(197,276)
Net profit (loss)	11,865,540	(570,023)
Net profit (loss) attributed to:		
owners of the parent company	11,950,278	(559,902)
non-controlling shares	(84,738)	(10,121)
Consolidated net profit (loss) for one share	5.12	(0.24)
Consolidated diluted profit (loss) for one share	5.12	(0.24)

## 3. Abridged mid-year consolidated statement of other comprehensive income

	2021-01-01 – 2021-03-31	2020-01-01 – 2020-03-31
Net profit (loss)	11,865,540	(570,023)
Other comprehensive income not to be reclassified to financial result		
Other comprehensive income to be reclassified to financial result	133	
Foreign exchange differences on translation from foreign subsidiaries	133	



<b>Total other comprehensive income</b>	133	
<b>Comprehensive income for the period</b>	11,865,673	(570,023)
Comprehensive income attributed to:		
<b>owners of the parent company</b>	11,950,411	(559,902)
<b>non-controlling shares</b>	(84,738)	(10,121)

#### 4. Abridged mid-year consolidated statement of changes in equity

	The share capital	Retained profits	Capital on translation from foreign subsidiaries	Equity attributed to shareholders of the parent company	Non-controlling shares	Total equity
<b>As at 2021-01-01</b>	2,336,312	29,128,779	379	31,465,470	519,310	31,984,780
<b>Opening balance adjustment - changes to accounting policy</b>						
<b>Opening balance adjustment - errors from previous years</b>						
<b>As at 2021-01-01 after adjustments</b>	2,336,312	29,128,779	379	31,465,470	519,310	31,984,780
<b>Comprehensive income for the period including</b>		11,950,278	133	11,950,411	(84,738)	11,865,673
<b>Net profit (loss)</b>		11,950,278		11,950,278	(84,738)	11,865,540
<b>Total other comprehensive income</b>			133	133		133
<b>Change in shareholding in subsidiaries</b>						
<b>Changes in capital group</b>					452,931	452,931
<b>As at 2021-03-31</b>	2,336,312	41,079,057	512	43,415,881	887,503	44,303,383
<b>As at 2020-01-01</b>	2,336,312	26,988,804		29,325,116	44,623	29,369,739
<b>Opening balance adjustment - changes to accounting policy</b>						



Opening balance adjustment - errors from previous years					
As at 2020-01-01 after adjustments	2,336,312	26,988,804	29,325,116	44,623	29,369,739
Comprehensive income for the period including		(559,902)	(559,902)	1,000,407	440,506
Net profit (loss)		(559,902)	(559,902)	(10,121)	(570,023)
Total other comprehensive income Change in shareholding in subsidiaries					
As at 2020-03-31	2,336,312	26,428,903	28,765,215	34,502	28,799,716

## 5. Abridged mid-year consolidated statement of cash flows

	2021.01.01 -2021.03.31	01.01.2020 - 31.03.2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,738,555	(372,747)
Paid income tax	(2,111,818)	(49,484)
Total adjustments	(8,246,404)	(9,744,087)
Amortization/depreciation	659,748	491,923
Profit (loss) on account of interest	487,120	8,461,892
Investment profit (loss)	46,172	
Change in provisions		
Change in inventory	42,140,065	(16,838,265)
Change in receivables	(5,653,412)	(5,342,306)
Change in operating liabilities	(45,664,731)	3,762,694
Change in funds on trust accounts	-	
Other adjustments	(261,367)	(280,024)
Net cash flows from operating activities	3,380,333	(10,166,318)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Inflows	1,345	

<b>Sale of intangible and legal assets as well as fixed tangible assets</b>		
Loans repaid		
Interest received		
Other investment inflows		
	(622,434)	
Expenses	(100,634)	(414,422)
Purchase of intangible and legal assets as well as tangible fixed assets	(521,800)	136,578
Loans granted		(551,000)
<b>Net cash flows from investment activities</b>	<b>(621,089)</b>	<b>(414,422)</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Inflows	1,488,905	20,165,656
Net proceeds from issue of shares		
Loans and credits	1,488,905	20,161,608
Issue of debt securities		
Other financial expenses		4,048
Expenses	(4,385,022)	(5,295,017)
Purchase of shares from minority shareholders		
Loans and credits	(3,881,848)	(1,165,979)
Purchase of debt securities		
Lease payments		
Interest paid	(487,120)	(352,484)
Other financial expenses	(16,054)	(3,776,554)
<b>Net cash flows from financial activities</b>	<b>(2,896,116)</b>	<b>14,870,639</b>
<b>TOTAL NET CASH FLOWS</b>		<b>4,289,899</b>
<b>BALANCE-SHEET CHANGE OF CASH, including:</b>	<b>(136,873)</b>	<b>4,289,899</b>
Change of cash and cash equivalents on account of foreign exchange differences	(136,873)	
<b>OPENING BALANCE OF CASH</b>	<b>14,495,075</b>	<b>5,108,437</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>14,358,202</b>	<b>9,398,336</b>
of which restricted cash	0	0



## 6. Additional information and explanations to the abridged mid-year consolidated financial statement

### 6.1. Basic details about the parent company and the Capital Group

#### PARENT COMPANY

<b>Name</b>	HM Inwest S.A.
<b>Registered office</b>	Warsaw
<b>Address</b>	ul. Fabryczna 5, 00-446 Warsaw
<b>Court of registration</b>	District Court for the city of Warsaw, 12 <sup>th</sup> Commercial Division of the National Court Register
<b>KRS no.</b>	0000413734
<b>NIP</b>	113-24-82-686
<b>REGON</b>	015717427
<b>Share capital</b>	PLN 2,336,312.00
<b>Management Board</b>	Piotr Hofman – President of the Management Board

The main object of activity of the Parent Company is the implementation of construction projects related to the development of buildings.

#### CAPITAL GROUP

The structure of the Group and the share of the parent company in the share capital of entities belonging to the group as of 31 March 2021 is presented in the table below:

Entity	Country of registration	Share of the parent company in the share capital	Share of the parent company in voting rights	Method of consolidation
<b>Subsidiaries</b>				

<b>JP Development Spółka z ograniczoną odpowiedzialnością Augustówka Sp. k.</b>	Poland	99%	99%	consolidation by full method
<b>JP Development Spółka z ograniczoną odpowiedzialnością Poznań Niemena Sp. k.</b>	Poland	99%	99%	consolidation by full method
<b>JP Development Spółka z ograniczoną odpowiedzialnością Poznań Niemena Sp. k.</b>	Poland	99%	99%	consolidation by full method
<b>JP Development Sp. z o.o.</b>	Poland	100%	100%	consolidation by full method
<b>JP Development Spółka z ograniczoną odpowiedzialnością St@rtap Poznań Sp.k.</b>	Poland	99%	99%	consolidation by full method
<b>JP Development Spółka z ograniczoną odpowiedzialnością Horyzont Poznań Sp.k.</b>	Poland	99%	99%	consolidation by full method
<b>HM Project Sp. z o.o.</b>	Poland	100%	100%	consolidation by full method
<b>HM Construction Sp. z o.o.</b>	Poland	100%	100%	consolidation by full method
<b>HM Factory Sp. z o.o.</b>	Poland	94%	94%	consolidation by full method
<b>Sitges Quality Development S.L.</b>	Spain	70%	70%	consolidation by full method
<b>Nowa Łacina 6 Sp. z o.o.</b>	Poland	100%	100%	consolidation by full method
<b>REB HMI Parkowa Sp. z o.o.</b>	Poland	50%	50%	consolidation by the equity method
<b>Projekt Wiklinowa Sp. z o.o.</b>	Poland	50%	50%	consolidation by the equity method

The main object of activity of companies from the Capital Group is the implementation of construction projects related to the development of buildings.

One of our subsidiaries, HM Factory Sp. z o.o., is a manufacturer of prefabricated reinforced concrete elements for residential and industrial construction.



## **6.2. The basis to prepare the abridged mid-year consolidated financial statement**

This abridged mid-year consolidated financial statement has been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting, approved by the European Union, as well as with the guidelines provided in the Regulation of the Minister of Finance 29 March 2018 on current and periodic information provided by securities issuers, and has been approved by the Management Board of the Parent Company.

The financial statements of entities covered by the consolidated financial statement have been prepared on the assumption of going concern in the foreseeable future. The Management Board of the Parent Company is of the opinion there are no threats to the continuation of operation by the entities.

The Management Board of the Parent Company has used its best knowledge regarding the application of the standards and interpretations as well as methods and principles of estimation of particular items in the abridged mid-year consolidated financial statement of the HM Inwest Capital Group, in accordance with IFRS EU as of 31 March 2021. The presented summaries and explanations have been prepared by applying due diligence.

These abridged mid-year consolidated financial statements have not been subject to audit by an expert auditor.

## **6.3. Accounting principles**

For the purpose of the consolidated financial statement, subsidiaries were consolidated according to the full method by taking account of relevant assets, liabilities, revenues and costs and by introducing relevant consolidation adjustments on account of for example intragroup transactions.

Accounting principles used in order to prepare this abridged mid-year consolidated financial statement correspond to those applied in the preparation of the consolidated financial statement of the Group for the year which ended on 31 December 2019, subject to new standards.

### **Lease**

Lease

The entity identified leasing agreements based on the economic content of the agreement and guidelines of IFRS 16 “Leases”.



As the lessor, the entity assesses the agreements in terms of their economic effects (transfer of risk and benefits) and recognizes operating lease and finance lease. In the case of finance lease, the entity removes from the balance-sheet an asset that was made available to the contracting party and introduces a lease receivable, on which interest revenue following the payment of particular installments is identified. In the case of the operating lease, the entity leaves in the balance-sheet an asset that was made available to the contracting party, to be recognized according to general rules. Due and payable lease fees are recognized systematically as revenues.

As the lessee, the entity recognizes right-of-use assets and lease liabilities in relation to future payments in the identified lease period. Right-of-use assets are presented in the balance-sheet as part of the underlying asset class and are subject to depreciation.

Lease liabilities reflect the sum of discounted lease fees in the lease period (discounted at the lease rate or at the marginal interest rate of the entity, depending on the criteria specified in IFRS). Lease period for the perpetual usufruct in respect of ongoing investments has been specified by the Company as the development project implementation period. In respect of the lease liability, the entity charges interest costs that are recognized in the financial result as financial cost or are subject to activation (in specific circumstances).

The entity applies simplifications in respect of keeping the following the right-of-use assets and lease liabilities off the balance-sheet:

- short term lease agreement,
- low-value items lease agreements.

For such items, the entity recognizes the cost on a current basis in accordance with accrual principles. Additionally, based on the materiality principle and IFRS 8 para 8, the Management Board of the entity may identify lease agreements without affecting the financial statement and make decisions regarding the simplified treatment thereof (e.g. according to tax solutions or charge to cost on an ongoing basis, without identifying right-of-use assets and lease liabilities)

#### **6.4. Impact of newly adopted international standards on the financial statement**

The following amendments to IFRS/IAS became effective on 1 January 2021:

- 1) Amendments to IFRS 4 Insurance Contracts - Deferral of application of IFRS 9 (published on 25 June 2020) - applicable to reporting periods beginning on or after 1 January 2021,
- 2) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of the reference interest rate index - phase 2 (published on 27 August 2020) - applicable to reporting periods beginning on or after 1 January 2021.



After reviewing the amendments, management has concluded that the amendments do not have an impact on financial reporting.

## 6.5. Change of estimates

RECEIVABLES WRITE OFFS	Value as at 31.03.2021	Value as at 31.12.2020
Receivables write-off from affiliates	0	0
Receivables write-offs from other entities	1,490,254	1,490,254
<b>Total</b>	<b>1,490,254</b>	<b>1,490,254</b>

PROVISIONS	Value as at 31.03.2021	Value as at 31.12.2020
Deferred income tax provision	6,354	6,354
<b>Other provisions</b>	<b>250,000</b>	<b>250,000</b>
long-term	0	0
short-term	250,000	250,000
<b>Total provisions for liabilities</b>	<b>256,354</b>	<b>256,354</b>

DEFERRED TAX ASSETS	Value as at 31.03.2021	Value as at 31.12.2020
Deferred income tax assets	1,232,155	1,232,155

## 6.6. Information about segments of operation

The Group's operating activity is performed as part of:

- property development,
- production activity,

1 <sup>st</sup> quarter of 2021			1 <sup>st</sup> quarter of 2020		
Property development	Production activity	Total	Property development	Production activity	Total



<b>Total sales revenues</b>	74,083,388	10,538,205	84,621,593	53,079,036	-39,382,040	13,696,995
<b>Total operating costs, including:</b>	52,141,431	11,101,172	63,242,603	5,464,919	8,120,546	13,585,465
<b>Amortization/ depreciation</b>	129,509	530,239	659,748	136,577	491,923	628,500
<b>Financial costs</b>	631,233	177,214	808,447	184,691	352,484	537,174
<b>Gross profit before tax</b>	15,104,963	-1,366,408	13,738,555	-204,057	-168,690	-372,747
<b>Income tax</b>	1,826,966	46,049	1,873,015	197,276	0	197,276
<b>Profit after tax</b>	13,277,997	-1,412,457	11,865,540	-401,333	-168,690	-570,023
<b>Segment assets</b>	124,376,700	45,224,311	169,601,011	155,902,196	44,706,158	200,608,354

## 6.7. Information about revenue

Itemized structure of sales revenue

	1.01.2021-31.03.2021	1.01.2020-31.03.2020
<b>Product sales, including:</b>	81,621,593	13,358,302
<b>Real estate - premises</b>	71,083,387	5,422,180
<b>Prefabricated elements</b>	10,423,884	8,116,121
<b>Sale of goods and materials</b>	114,322	158,694

## 6.8. Income tax indicated in the statement of profit and loss

Income tax indicated in the consolidated statement of profit and loss for the period 1.01.2021 – 31.03.2021 was PLN 1,873,015, which includes only deferred tax.

## 6.9. Information about tangible fixed assets

In the first quarter, there were no significant changes in tangible fixed assets.

## 6.10 Inventory

No.	Details	Value as at 31.03.2021	Value as at 31.12.2020
<b>1</b>	<b>Materials</b>	<b>938,898</b>	<b>951,959</b>
	- property development	0	0
	- production activity	938,898	951,959
<b>2</b>	<b>Semi-finished products and works in progress</b>	<b>59,036,147</b>	<b>83,428,418</b>
	- property development	59,036,147	83,428,418
	- production activity	0.00	0
<b>3</b>	<b>Finished products</b>	<b>42,892,616</b>	<b>60,053,931</b>
	- property development	35,865,160	54,121,799
	- production activity	7,031,456	5,932,132
<b>4</b>	<b>Goods</b>	<b>0</b>	<b>0</b>
<b>5</b>	<b>Advance for deliveries</b>	<b>66,343</b>	<b>20,384</b>
	<b>Total</b>	<b>102,934,004</b>	<b>145,100,193</b>

In the first quarter, companies from the Group made no inventory write-offs.

### 6.11. Material guarantees and sureties

Companies from the Capital Group did not grant any sureties or guarantees outside the Group.

### 6.12. Financial liabilities

There were no significant changes.

### 6.13. Information about fair value of financial assets and liabilities subject to IFRS 9

Balance-sheet item	Balance-sheet value	Fair value	Fair value hierarchy	Balance-sheet item
	31.03.2021	31.03.2021		
Trade and other receivables	18,620,118	18,620,118	level 3	Trade receivables and other receivables
Loans granted	1,127,078	1,127,078	level 3	Long- and short-term investments
Cash and other financial assets	14,358,202	14,358,202	level 3	Cash and other financial assets



<b>Trade liabilities and other liabilities</b>	19,198,231	19,198,231	level 3	Trade liabilities and other liabilities
<b>Liabilities: credits and loans and debt securities</b>	57,499,232	57,499,232	level 3	Long- and short-term investments on account of debt securities issue, loans and credits

Balance-sheet item	Balance-sheet value	Fair value	Fair value hierarchy	Balance-sheet item
	31.03.2020	31.03.2020		
<b>Trade and other receivables</b>	16,434,428	16,434,428	level 3	Trade receivables and other receivables
<b>Loans granted</b>	3,098,565	3,098,565	level 3	Long- and short-term investments
<b>Cash and other financial assets</b>	14,928,157	14,928,157	level 3	Cash and other financial assets
<b>Trade liabilities and other liabilities</b>	16,858,120	16,858,120	level 3	Trade liabilities and other liabilities
<b>Liabilities: credits and loans and debt securities</b>	83,459,977	83,459,977	level 3	Long- and short-term investments on account of debt securities issue, loans and credits

Fair value of short-term receivables and liabilities was specified at the level of balance-sheet value.

In respect of other items of liabilities, the Management Board of the Company considers that the balance-sheet value approximates the fair value since from the moment of obtaining the funding the financial credibility of the Company has not changed and there have been no significant changes in the conditions of development, which would affect the fair value of liabilities specified at the level of current value of contractual cash flows. An analogous approach was used in order to determine the fair value of granted loans.

#### 6.14. Maturity analysis of financial liabilities

The table below presents financial liabilities of the Capital Group subject to contractual maturity deadlines (undiscounted cash flows). In the event of variable interest, flows on account of interest were estimated according to reference rates as at the balance-sheet date.

Item	Non-discounted cash flows to be paid within 1 year of the balance-sheet date	Non-discounted cash flows to be paid within 1-3 years of the balance-sheet date	Non-discounted cash flows to be paid within more than 3 years of the balance-sheet date
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Financial liabilities on account of debt securities issue, loans and credits (including interest)	17,128,236	42,325,236	267,540
Trade liabilities and other liabilities	18,698,231		

The Company is exposed to the liquidity risk, i.e. the risk of difficulties in the fulfillment by the Company of obligations resulting from financial liabilities that are reconciled by the provisions of cash or any other type of financial assets in connection with the following items:

- financial liabilities on account of debt securities issue, loans and credits;
- trade liabilities and other liabilities.

The Company is exposed to the liquidity risk also in connection with non-financial liabilities, for instance public law liabilities.

A particular concentration of liquidity risk may take place upon contractual redemption of debt instruments (as the case may be, repayment of credits or other liabilities) or violation of terms and conditions of issue (or credit), resulting in the need to have them redeemed immediately.

The Management Board of the Parent Company is monitoring, on an ongoing basis, the liquidity risk by analyzing available funds and liabilities.

#### **6.15. Transactions with affiliated entities**

In the first quarter of 2021, there have been no material transactions with affiliated entities.



## IV. ABRIDGED STANDALONE FINANCIAL STATEMENT FOR THE 1<sup>ST</sup> QUARTER OF 2021

### 1. Abridged mid-year financial statement of financial position

	31.03.2021	31.12.2020	31.03.2020
<b>FIXED ASSETS</b>			
Tangible fixed assets	354,755	367,297	538,843
Investment properties	1,995,516	2,109,004	2,449,467
Investments in affiliates	55,895,009	43,927,209	33,303,086
Other financial assets	24,973,670	16,159,299	7,002,997
Deferred tax assets	1,182,726	1,182,726	1,061,415
Other fixed assets	536,786	626,250	235,350
<b>Total fixed assets</b>	<b>84,938,462</b>	<b>64,371,785</b>	<b>44,591,158</b>
<b>CURRENT ASSETS</b>			
Inventories	30,311,011	40,308,934	53,111,831
Trade receivables and other receivables	4,472,935	1,409,895	1,173,032
Short-term investments	0	0	2,611,006
Cash and cash equivalents	342,752	1,342,438	5,326,966
Other financial assets	0	0	647,596
Other current assets	0	19,750	194,662
<b>Total current assets</b>	<b>35,126,698</b>	<b>43,081,017</b>	<b>63,065,093</b>
<b>Total assets</b>	<b>120,065,160</b>	<b>107,452,801</b>	<b>107,656,251</b>



	31.03.2021	31.12.2020	31.03.2020
<b>Equity and liabilities</b>			
<b>EQUITY</b>			
Share capital	2,336,312	2,336,312	2,336,312
Retained profits	60,984,819	48,900,717	43,386,827
<b>Total equity</b>	<b>63,321,131</b>	<b>51,237,029</b>	<b>45,723,139</b>
<b>LIABILITIES AND PROVISION FOR LIABILITIES</b>			
<b>Long-term liabilities</b>			
Financial liabilities on debt securities issue, credits and loans	33,249,522	36,276,456	36,474,257
Deferred income tax provision	6,354	6,354	6,354
<b>Total long-term liabilities and provisions</b>	<b>33,255,876</b>	<b>36,282,810</b>	<b>36,480,611</b>
<b>Short-term liabilities</b>			
Financial liabilities on debt securities issue, credits and loans	10,000,000	10,000,000	2,913,071
Liabilities on contracts with clients (advance payments)	8,933,471	6,119,527	19,114,585
Trade liabilities and other liabilities	1,538,171	3,079,498	2,378,050
Public law liabilities	2,766,511	483,937	81,794
Short-term provisions	250,000	250,000	250,000
Other short-term liabilities	0	0	715,000
<b>Total short-term liabilities and provisions</b>	<b>23,488,153</b>	<b>19,932,963</b>	<b>25,452,500</b>
<b>Total liabilities and equity in total</b>	<b>120,065,160</b>	<b>107,452,801</b>	<b>107,656,251</b>





## 2. Abridged mid-year statement of profit and loss

	2021.01.01 -2021-03-31	2020.01.01-2020.03.31
Sales revenue	1,965,746	826,119
Own cost of sales	-775,096	-31,778
Costs of sales and advertising	-572,948	-595,654
Costs of general management	-1,034,865	-971,927
Other revenues	86,630	47,526
Other costs	-3,261	-22,727
Financial revenue	14,885,775	7,472,219
Financial costs	-647,190	-324,245
Profit before tax	13,904,791	6,399,534
Income tax	-1,820,689	-196,162
Net profit (loss)	12,084,102	6,203,372
Standalone net profit (loss) per one share	5.17	2.66
Diluted standalone net profit (loss) per one share	5.17	2.66

## 3. Abridged mid-year statement of other comprehensive income

	2021.01.01 -2021-03-31	2020.01.01-2020.03.31
Net profit (loss)	12,084,102	6,203,372
Total other comprehensive income	0	0
Comprehensive income for the period	12,084,102	6,203,372

#### 4. Abridged mid-year statement of changes in equity

	The share capital	Retained profits	Equity in total
As at 2021-01-01	2,336,312	48,900,717	51,237,029
As at 2021-01-01 after adjustments	2,336,312	48,900,717	51,237,029
Comprehensive income for the period		12,084,102	12,084,102
including			0
Net profit (loss)		12,084,102	12,084,102
Total other comprehensive income			
As at 2021-03-31	2,336,312	60,984,819	63,321,131
As at 2020-01-01	2,336,312	37,183,455	39,519,767
As at 2020-01-01 after adjustments	2,336,312	37,183,455	39,519,767
Comprehensive income for the period		0	0
including			0
Net profit (loss)		6,203,372	6,203,372
Total other comprehensive income		0	0
As at 2020-03-31	2,336,312	43,386,827	45,723,139



## 5. Abridged mid-year statement of cash flows

	2021-01-01 - 2021-03-31	2020-01-01 - 2020-03-31
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,904,791	6,399,534
Income tax returned (paid)	-2,064,090	-49,484
Total adjustments	-15,352,611	-7,684
Amortization/depreciation	126,030	0
Profit (loss) on account of interest	-14,535,329	0
Investment profit (loss)	42,694	0
Change in provisions	0	0
Change in inventory	9,997,923	-6,685,569
Change in receivables	-3,063,041	4,056,045
Change in operating liabilities	3,798,591	1,516,658
Change in funds on trust accounts	0	0
Other adjustments	-11,719,480	1,105,182
<b>Net cash flows from operating activities</b>	<b>-3,511,911</b>	<b>6,342,366</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Inflows	14,861,239	0
Sale of intangible and legal assets as well as tangible fixed assets	0	0
Interest received	0	0
Dividends and share in profits	14,861,239	0
Repayment of contributions and loans granted	0	0
Other investment inflows	0	0
Expenses	-8,996,171	-2,906,810
Purchase of intangible and legal assets as well as tangible fixed assets	0	136,578
Investments in affiliates	0	-3,776,504
Loans granted	-8,996,171	733,116
Other investment expenses	0	0
<b>Net cash flows from investment activities</b>	<b>5,865,068</b>	<b>-2,906,810</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Inflows		
Loans and credits	0	0
Issue of debt securities	0	0
Other financial expenses	0	0
	0	0
Expenses	-3,352,844	0
Loans and credits	-3,026,934	0
Purchase of debt securities	0	0



Lease payments	0	0
Interest paid	-325,910	0
<b>Net cash flows from financial activities</b>	<b>-3,352,844</b>	<b>0</b>
TOTAL NET CASH FLOWS	-999,687	3,435,556
<b>BALANCE-SHEET CHANGE OF CASH, including:</b>	<b>-999,687</b>	<b>3,435,556</b>
Change of cash and cash equivalents on account of foreign exchange differences	0	0
<b>OPENING BALANCE OF CASH</b>	<b>1,342,438</b>	<b>1,891,411</b>
<b>CASH AT THE END OF THE PERIOD</b> of which restricted cash	<b>342,752</b>	<b>5,326,966</b>

## 6. Additional information and explanations to the abridged mid-year financial statement

### 6.1. Basic details about the HM Inwest S.A. Company

#### PARENT COMPANY

<b>Name</b>	HM Inwest S.A.
<b>Registered office</b>	Warsaw
<b>Address</b>	ul. Fabryczna 5, 00-446 Warsaw
<b>Court of registration</b>	District Court for the city of Warsaw, 12th Commercial Division of the National Court Register
<b>KRS no.</b>	0000413734
<b>NIP</b>	113-24-82-686
<b>REGON</b>	015717427
<b>Share capital</b>	PLN 2,336,312.00
<b>Management Board</b>	Piotr Hofman – President of the Management Board

The main object of activity of the Parent Company is the implementation of construction projects related to the development of buildings.



## **6.2. The basis to prepare the abridged mid-year consolidated financial statement**

This abridged mid-year consolidated financial statement has been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting, approved by the European Union, as well as with the guidelines provided in the Regulation of the Minister of Finance 29 March 2018 on current and periodic information provided by securities issuers, and has been approved by the Management Board.

The financial statement has been prepared on the assumption of going concern in the foreseeable future. The Management Board is of the opinion there are no threats to the continuation of operation.

The Management Board has used its best knowledge regarding the application of the standards and interpretations as well as methods and principles of estimation of particular items in the abridged mid-year financial statement, in accordance with IFRS EU as of 31.03.2021. The presented summaries and explanations have been prepared by applying due diligence.

This abridged mid-year financial statements is not subject to audit by an expert auditor.

## **6.3. Accounting principles**

Accounting principles used in order to prepare this abridged mid-year standalone financial statement correspond to those applied in the preparation of the consolidated financial statement for the year which ended on 31 December 2020, subject to new standards.

### **Lease**

The entity identified leasing agreements based on the economic content of the agreement and guidelines of IFRS 16 “Leases”.

As the lessor, the entity assesses the agreements in terms of their economic effects (transfer of risk and benefits) and recognizes operating lease and finance lease. In the case of finance lease, the entity removes from the balance-sheet an asset that was made available to the contracting party and introduces a lease receivable, on which interest revenue following the payment of particular installments is identified. In the case of the operating lease, the entity leaves in the balance-sheet an asset that was made available to the contracting party, to be recognized according to general rules. Due and payable lease fees are recognized systematically as revenues.

As the lessee, the entity recognizes right-of-use assets and lease liabilities in relation to future payments in the identified lease period. Right-of-use assets are presented in the balance-sheet as part of the underlying asset class and are subject to depreciation.

Lease liabilities reflect the sum of discounted lease fees in the lease period (discounted at the lease rate or at the marginal interest rate of the entity, depending on the criteria specified in IFRS). Lease period for the perpetual usufruct in respect of ongoing investments has been specified by the Company as the development project implementation period. In respect of the lease liability, the entity charges interest costs that are recognized in the financial result as financial cost or are subject to activation (in specific circumstances).

The entity applies simplifications in respect of keeping the following the right-of-use assets and lease liabilities off the balance-sheet:

- short term lease agreement,
- low-value items lease agreements.

For such items, the entity recognizes the cost on a current basis in accordance with accrual principles.

Additionally, based on the materiality principle and IFRS 8 para 8, the Management Board of the entity may identify lease agreements without affecting the financial statement and make decisions regarding the simplified treatment thereof (e.g. according to tax solutions or charge to cost on an ongoing basis, without identifying right-of-use assets and lease liabilities).

#### **6.4. Impact of newly adopted international standards on the financial statement**

The following amendments to IFRS/IAS became effective on 1 January 2021:

- 1) Amendments to IFRS 4 Insurance Contracts - Deferral of application of IFRS 9 (published on 25 June 2020) - applicable to reporting periods beginning on or after 1 January 2021,
- 2) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of the reference interest rate index - phase 2 (published on 27 August 2020) - applicable to reporting periods beginning on or after 1 January 2021.

After reviewing the amendments, management has concluded that the amendments do not have an impact on financial reporting.

## 6.5. Change of estimates

RECEIVABLES WRITE OFFS	Value as at 31.03.2021	Value as at 31.12.2020
Receivables write-offs from affiliates	0	0
Receivables write-offs from other entities	1,390,454	1,390,454
<b>Total</b>	<b>1,390,454</b>	<b>1,390,454</b>

PROVISIO	Value as at 31.03.2021	Value as at 31.12.2020
Deferred income tax provision	6,354.00	6,354.00
<b>Other provisions</b>	<b>250,000.00</b>	<b>250,000.00</b>
long-term	0.00	0.00
short-term	250,000.00	250,000.00
<b>Total provisions for liabilities</b>	<b>256,354.00</b>	<b>256,354.00</b>

DEFERRED TAX ASSETS	Value as at 31.03.2021	Value as at 31.12.2020
Deferred income tax assets	1,182,726	1,182,726

## 6.6. Information about segments of operation

At the present stage of development of the Company, the Management Board does not distinguish segments of conducted operations.

## 6.7. Information about revenue

Itemized structure of sales revenue

	1.01.2021-31.03.2021	1.01.2020-31.03.2020
Sale of products	1,144,196	8,133
Office services	755,335	683,372
Rental services	59,280	87,270
Other sales	6,935	47,343



<b>TOTAL</b>	<b>826,118.56</b>	<b>826,119</b>
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### 6.8. Income tax indicated in the statement of profit and loss

Income tax indicated in the standalone statement of profit and loss for the period of 1.01.2021 – 31.03.2021 was PLN -1,820,689, which includes deferred income tax.

### 6.9. Inventory

No.	Details	Value as at 31.03.2021	Value as at 31.03.2020
1	Materials	0	0
2	Semi-finished products and works in progress	24,451,713	53,111,831
3	Finished products	5,859,298	0
4	Goods	0	0
5	Advance for deliveries	0	0
	<b>Total</b>	<b>30,311,011</b>	<b>53,111,831</b>

In the first quarter of 2021, the Company made no inventory write-offs.

### 6.10. Long-term investments

In the first quarter of 2020, The Company subscribed 141,000 shares with an aggregate nominal value of 7,050,000.00 in the increased share capital of its subsidiary HM Factory Sp. z o.o. The shares subscribed were covered with a cash contribution through the set-off of receivables arising from loans granted.

### 6.11. Material guarantees and sureties

LIST OF SURETIES							
No.	Guarantor	Beneficiary	Creditor	Object of surety	Amount of surety	Date of granting surety	Expiration date of the surety
1	HM Inwest	HM Factory Sp. z o.o.	Bank Millennium	collateral for guarantee line agreement, 2 investment credits	up to 20 million	30.03.2020	no time limit - until credit repayment





2	HM Inwest	JP Niemena	Realbud RB Sp. zoo	liabilities of Jp Niemena under agreement with Realbud RB Sp. zoo	PLN 4.300.000 PLN 117.000	18.03.2019	30.06.2020 31.12.2025
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## 6.12. Financial liabilities

There were no material changes of financial liabilities in the 1<sup>st</sup> quarter of 2021.

## 6.13. Information about fair value of financial assets and liabilities subject to IFRS 9

Balance-sheet item	Balance-sheet value	Fair value	Level in fair value hierarchy	Balance-sheet item
	31.03.2021	31.03.2021		
Granted intragroup loans	23,846,592	23,846,592	level 3	Other financial assets (short- and long-term)
Trade receivables and other receivables	4,472,935	4,472,935	level 3	Trade receivables and other receivables
Loans granted others	1,127,078	1,127,078	level 3	Long- and short-term investments
Cash and other financial assets	342,752	342,752	level 3	Cash and cash equivalents
Trade liabilities and other liabilities	4,304,682	4,304,682	level 3	Trade liabilities and other liabilities
Liabilities on credits, loans and debt securities issue	43,249,522	43,249,522	level 3	Long- and short-term financial liabilities on account of debt securities issue, credits and loans

Balance-sheet item	Balance-sheet value	Fair value	Level in fair value hierarchy	Balance-sheet item
	31.03.2020	31.03.2020		
Granted intragroup loans	8,113,003	8,113,003	level 3	Other financial assets (short- and long-term)
Trade receivables and other receivables	1,173,032	164,039	level 3	Trade receivables and other receivables
Loans granted others	1,501,000	1,501,000	level 3	Long- and short-term investments
Cash and other financial assets	5,974,562	5,974,562	level 3	Cash and cash equivalents



<b>Trade liabilities and other liabilities</b>	3,174,844	3,174,844	level 3	Trade liabilities and other liabilities
<b>Liabilities on credits, loans and debt securities issue</b>	39,387,328.79	39,387,328.79	level 3	Long- and short-term financial liabilities on account of debt securities issue, credits and loans

Fair value of short-term receivables and liabilities was specified at the level of balance-sheet value.

In respect of other items of liabilities, the Management Board of the Company considers that the balance-sheet value approximates the fair value since from the moment of obtaining the funding the financial credibility of the Company has not changed and there have been no significant changes in the conditions of development, which would affect the fair value of liabilities specified at the level of current value of contractual cash flows. An analogous approach was used in order to determine the fair value of granted loans.

Due to low significant of risks, the Group does not use advanced hedging financial instruments. The following is a description of particular risks:

#### Liquidity risk

The Group is exposed to a risk of loss of liquidity, i.e. a risk of losing the ability to settle liabilities in a timely manner. The Management Board monitors on an ongoing basis the availability of funds as well as existing liabilities that need to be satisfied at specific periods of time. On this basis, forecasts of cash flows and demand for cash are prepared.

In order to hedge against risk of loss of liquidity, the entity maintains specific levels of cash and cash equivalents and takes advantage of possibilities offered by external financing.

In the assessment of the Management Board, the risk of loss of liquidity is to be considered, as of the balance-sheet date, as minor. The level of constant capital in relation to total capital proves that sources of financing are highly stable.

#### Credit risk

The Company is exposed to credit risk, i.e. a risk of the creditors failing to fulfill their liabilities, thus incurring loss for the Company. Due to the nature of conducted activity (as per the agreements, creditors are satisfied in installments in the course of carrying out development projects), the Management Board considers this risk as minor as regards non-affiliated business partners.

For items exposed to credit risk, the entity carried out an impairment test as provided for by IFRS 9 for expected credit losses.



In the first step, the Company assesses whether an impairment (an event of default resulting in an expected loss) has occurred.

The occurrence of impairment means that it is necessary to estimate the recovery (amounts recoverable from a given investment) through sale of items, enforcement of collateral (or execution of guarantees held), recovery from the debtor's assets, restructuring or other measures that lead to the realization of amounts due.

If the Group has not identified an impairment, expected credit losses are estimated taking into account the probability of default (PD) by the debtor and the potential recovery, which after discounting allows to determine the loss given default (LGD).

By default the Group means:

- the debtor's default on payment of amounts due for a specific period,
- occurrence or expected occurrence of significant financial difficulties of the debtor,
- the debtor being granted, due to its economic and financial problems, facilities in repayment of an obligation which it would not receive otherwise,

- occurrence or expected occurrence of significant changes in the debtor's economic environment, which are likely to lead to significant deterioration of its financial situation. The Group estimates expected credit losses over the following 12 months if from the date of initial recognition of the item to the balance-sheet date there has been no significant deterioration in credit risk for a given debtor or instrument. The Company estimates expected credit losses over the remaining life of the instrument if there has been a significant deterioration in the credit risk of the instrument or the debtor since initial recognition thereof.

As at the reporting date of 31.03.2021, the estimated expected credit risk loss comprising:

- balance-sheet exposure (loans receivables) and potential banks' claims (financial guarantees),
- no significant increase (deterioration) in credit risk,
- probability of default,
- estimated credit loss,

were deemed insignificant. This was due to both a low PD and a low loss given default (LGD).

#### Currency risk

The Company is exposed to minor risk of foreign exchange fluctuations due to limited involvement in currency transactions and the fact that the majority of costs are borne in the domestic currency. Moreover, the Company has no credits or loans in a foreign currency, therefore exposure to risks related to currency is not significant.

#### Risk of price changes

According to the adopted business strategy, the Company has no exposure that would involve risk of price changes.



#### Interest rate risk

The entity is exposed to interest rate risk in the event of incurring liabilities subject to a variable interest rate or granting loans subject to a variable interest rate. The Management Board monitors on an ongoing basis the financial standing of the entity as well as development of market interest rates, and in this context makes decisions regarding the financing of operation or financing of other entities. In the event of a significant gap between assets and liabilities subject to variable interest rates, the Management Board may make a decision to secure those transactions. As at the balance-sheet date, the Management Board considers the interest rate risk as minor.

#### **6.14. Material transactions with affiliated entities**

In the first quarter of 2021, there have been no material transactions with affiliated entities.

Date of preparation: 31.05.2021

President of the Management Board – Piotr Hofman