



Report on the Audit of the Annual Financial
Statements for the Financial Year Ended on
31 December 2020

HM Inwest S.A.
with its registered office in Warsaw

Misters Audytor Adviser Sp. z o. o.
Warsaw, 30 April 2021

Independent Auditor's Report

for the General Meeting and the Supervisory Board of HM Inwest S.A.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of HM Inwest S.A. ("Company") which include the statement of financial position as at 31 December 2020 and the profit and loss account, 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 ("financial statements").

In our opinion, the attached financial statements:

- give a true and fair view of the asset and financial position of the Company as at 31 December 2020 and its financial performance and consolidated 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 with the Company's Statutes;
- 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 of 2021, item 217).
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This opinion is consistent with the additional report for the Audit Committee issued by us on 30 April 2021.

Basis for Opinion

The audit was carried out in compliance with the National Standards on Auditing in the wording given by the International Standards on Auditing adopted by the Resolution of the Polish Council of Chartered Auditors no. 3430/52a/2019 of 21 March 2019 on national standards on auditing and other documents, as amended (NSA) and in accordance with the Act of 11 May 2017 on chartered auditors, audit firms and public supervision (Chartered Auditors Act – consolidated text: Polish Journal of Laws of 2020, item 1415), and EU Regulation No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (EU Regulation ”– EU OJ L158 of 27 May 2014, p. 77, as amended). Our responsibilities under those standards are further described in the *Auditor’s Liability for the Audit of the Financial Statements* section of our report.

We are independent of the Company as provided for in the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (“IESBA Code”) adopted by the Resolution of the Polish Council of Chartered Auditors no. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics for chartered auditors and other ethical requirements applicable to auditing financial statements in Poland. We have fulfilled our other ethical responsibilities in line with said requirements and the IESBA Code. During the audit, the auditor with principal responsibility and the audit firm remained independent of the Company, in compliance with the independence requirements provided for in the Chartered Auditors Act and in the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters which, in our professional judgement, were of most significance in our audit of the financial statements for the current reporting period. They cover the most significant assessed risks of material misstatement, including the assessed risk of material misstatement due to fraud. We addressed such issues in our audit of the financial statements as a whole and in the making of our opinion, and summarised our reaction to such risks; when we considered it fit, we presented the most significant findings related to the aforementioned risks. We have not expressed a separate opinion on those matters.

Key Audit Matters	How the matter was addressed in our audit
Risk of Misstatement of Financial Statements due to the Impairment of Inventories	
<p>Inventories are the key item in the Company's financial statements and they account for 37.5% of the balance sheet total. Considering the material share of inventories in the Company's balance sheet total and the complexity of measurement conducted at the end of a period, which involves the assessment of whether there are any premises possibly indicating the impairment of inventories, we consider correct inventories measurement as a significant risk area.</p>	<p>In the course of the audit, in response to the identified risks, the following procedures were performed:</p>
<p>Reference to a disclosure in the financial statements:</p>	<ul style="list-style-type: none"> - analysis and assessment of the adopted principles of inventory measurement in the financial statements, including the principles of making write-downs, - control mechanism analysis with regard to identifying indications of inventory impairment, - substantive testing of costs of capitalised inventory items; - assessment of the inventory measurement analysis conducted by the Company's Management Board; - discussion of the outcomes of the Covid-19 epidemic as an indication of potential impairment of the Company's assets with the Management Board; - assessment of correctness and completeness of inventory disclosures in the financial statements.
<p>Inventory disclosures are presented in items 6.2.3 and 6.11 in the notes to the financial statements.</p>	
Risk of Misstatement of Financial Statements due to the Impairment of Investments in related parties	
<p>Investments in related parties are the key item in the Company's financial statements and they account for 40.9% of the balance sheet total. Considering the material share of investments in the Company's balance sheet total and the complexity of measurement conducted at the end of a period, which involves the assessment of</p>	<p>In the course of the audit, in response to the identified risks, the following procedures were performed:</p>
	<ul style="list-style-type: none"> - analysis of the adopted principles of making allowances for investments in related parties, - analysis of equity interest

whether there are any premises possibly indicating the impairment of inventories, we consider correct inventories measurement as a significant risk area.

Reference to a disclosure in the financial statements:

Disclosures regarding investments in related parties are presented in items 6.2.3, 6.7 and 6.8 in the notes to the financial statements.

in related parties, including shares and other assets,

- assessment of measurement analysis of investment in related parties conducted by the Company's Management,

- control mechanism analysis with regard to identifying indications of investment impairment and conducting impairment tests,

- discussion of the outcomes of Covid-19 as an indication of potential impairment of the Company's assets with the Management Board;

- we have assessed the correctness and completeness of disclosures regarding investments in related parties.

Responsibilities of the Management Board and Supervisory Board for the Financial Statements

The Company's Management Board is responsible for the preparation, based on correctly kept accounting books, of the financial statements that reliably and clearly present the asset position, financial situation, and financial performance of the Company in accordance with the International Financial Reporting Standards approved by the European Union, the adopted accounting principles (policy), legal regulations and statutes applicable to the Company, as well as for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the Management Board of the Company is responsible for assessing the Company's ability to continue as a going concern, for disclosing, if applicable, matters related to going concern and adopting the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease the operations, or has no realistic alternative to liquidation or ceasing operations.

The Management Board and the Supervisory Board are obliged to assure compliance of the financial statements with the requirements of the Accounting Act. The Members of the Supervisory Board are responsible for supervising the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The chartered auditor applies the concept of materiality when planning the audit, auditing, and assessing the impact of misstatements and unadjusted misstatements found in the course of the audit, if any, on the financial statements, and when drawing up the chartered auditor's opinion. Therefore, all opinions and statements provided in this audit report are expressed in consideration of the qualitative and value-related materiality level established in compliance with the auditing standards and the professional judgement of the chartered auditor.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the Management Board of the Company has conducted or will conduct the affairs of the Company.

In the course of an NSA-compliant audit, we exercise professional judgement and maintain professional scepticism. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting principles (policies) used and the reasonableness of accounting estimates, and related disclosures made by the Management Board of the Company;

- conclude on the suitability of the Company's Management Board application of the going concern basis of accounting and, based on the gathered audit evidence, whether there is any material uncertainty related to events or conditions that could give rise to significant doubts as to the Company's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are required to indicate our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also submit to the Supervisory Board a statement that we have complied with the relevant ethical requirements regarding our independence, and we will communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the related safeguards.

Among the matters communicated to the Supervisory Board, we have determined those found to be of most significance during the audit of the financial statements for the current reporting period, and hence considered them to be the key audit matters. We describe such matters in our auditor's report unless legal provisions or regulations preclude their public disclosure or, in extraordinary circumstances, we determine that the matter should not be presented in our report as it could be reasonably expected that the negative consequences of its disclosure would outweigh the public interest benefits of such information.

Other Information, Including the Report on Operations

Other information encompasses the Report on the Company's operations for the financial year ended on 31 December 2020 ("Report on Operations") with the Corporate Governance Statement, which forms a separate part of this Report, and the Annual Report for the financial year ended on 31 December 2020 ("Annual Report") (jointly "Other Information").

Responsibilities of the Management Board and the Supervisory Board

The Management Board of the Company is responsible for drawing up Other Information in compliance with legal regulations.

The Management Board and the Supervisory Board of the Company are obliged to ensure that the Report on the Company's Operations and its separate parts are compliant with the requirements provided for in the Accounting Act.

Responsibilities of the Auditor

Our opinion on the audit of the financial statements does not encompass Other Information. In relation to the audit of the financial statements, it is our responsibility to read the Other Information and, in doing so, examine whether it is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or whether it otherwise appears to be materially misstated. If based on the work performed, we find material misstatements in the Other Information, we are required to include such information in our audit report. Moreover, our responsibility under the Chartered Auditors Act is to issue an opinion on whether the Report on Operations has been prepared in accordance with legal regulations and whether it is consistent with the information provided in the financial statements. Additionally, we are obliged to report whether the Company made a statement on non-financial information and to express an opinion on whether the Company included the required information in the Corporate Governance Statement.

We received the Report on the Company's Operations prior to the date of this Report, however, the Annual Report will be made available thereafter. If we find a material misstatement in the Annual Report, we are obliged to notify the Company's Supervisory Board of the misstatement.

Opinion on the Report on Operations

In our opinion, based on our work performed in the course of the audit, the Report on the Company's operations:

- was drawn up in compliance with Article 49 of the Accounting Act and §70(6) 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 ("Regulation on Current Information" – Polish Journal of Laws of 2018, item 757);
- is consistent with the information presented in the financial statements.

Moreover, considering our knowledge of the Company and its environment obtained in the course of the audit, we declare that we have not identified any material misstatements in the Report on the Company's operations.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by §70(6)(5) of the Regulation on Current Information. Furthermore, in our opinion, the information specified in §70(6)(5)(c-f), (h) and (i) of said Regulation, included in the Corporate Governance Statement is compliant with applicable regulations and is consistent with the information included in the financial statements.

Report on Other Legal Requirements and Regulations

Statement on Non-audit Services

To the best of our knowledge and belief, we declare that the non-audit services which we have provided to the Company and its subsidiaries comply with the law and legal regulations applicable in Poland, and that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation and Article 136 of the Chartered Auditor Act.

Choice of the Audit Firm

We were appointed to audit the financial statements of the Company by the Resolution of the Company's Supervisory Board of 11 September 2019. We have been auditing the financial statements of the Company as of the financial year ended on 31 December 2017, i.e. for 4 consecutive financial years.

The auditor with principal responsibility for the audit which resulted in this Independent Auditor's Report is Bożena Grzegorzcyk.

Acting on behalf of Misters Audytor Adviser Sp. z o. o. with its registered office in Warsaw, entered in the register of audit firms under number 3704, on behalf of which the auditor with principal responsibility audited the financial statements

Bożena
Agnieszka
Grzegorzcyk

Signed
electronically by
Bożena Agnieszka
Grzegorzcyk

Date: 2021.04.30
18:38:46 +02'00'

Bożena Grzegorzcyk,
Auditor with principal
responsibility Registry no.
12119

Warsaw, 30 April 2021