



## Interim condensed consolidated financial statements for the period from 1 January to 30 June 2020

This report is a direct translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.

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# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
<b>Continued operations</b>					
Revenue from the sale of products		559,945	573,900	294,927	321,192
Revenue from the sale of goods and materials		41,447	42,263	24,169	24,413
Revenue from the sale of services and lease		787	994	369	468
<b>Revenue from contracts with customers</b>	<b>3</b>	<b>602,179</b>	<b>617,157</b>	<b>319,465</b>	<b>346,073</b>
Cost of sales		399,262	422,086	207,121	235,746
<b>Gross profit on sales</b>		<b>202,917</b>	<b>195,071</b>	<b>112,344</b>	<b>110,327</b>
Selling and marketing costs		103,728	102,675	51,562	53,566
General and administrative expenses		56,291	52,566	28,719	28,150
Other operating income	4.1	5,126	2,662	4,074	1,011
Other operating costs	4.1	1,990	5,041	1,254	3,982
Impairment of non-financial fixed assets	4.1	1,588	0	46	0
Impairment of financial assets	4.1, 7.2.3	376	2,809	-89	1,173
<b>Operating profit</b>		<b>44,070</b>	<b>34,642</b>	<b>34,926</b>	<b>24,467</b>
Financial income	4.2	2,826	3,358	-3,162	4
Financial costs	4.2	10,472	7,680	751	3,249
Share in net profit/loss of the associate		484	470	484	470
<b>Profit before tax</b>		<b>36,908</b>	<b>30,790</b>	<b>31,497</b>	<b>21,692</b>
Income tax	5	5,575	10,069	5,373	7,060
<b>Net profit for the financial year</b>		<b>31,333</b>	<b>20,721</b>	<b>26,124</b>	<b>14,632</b>

<b>Net profit attributable to:</b>					
– shareholders of the parent		31,260	20,628	26,080	14,572
– non-controlling interests		73	93	44	60

Earnings per share attributable to the shareholders of the parent	(PLN/share)	(PLN/share)		
– basic	1.37	0.90	1.14	0.64
– diluted	1.37	0.90	1.14	0.64

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
<b>Profit after tax</b>	<b>31,333</b>	<b>20,721</b>	<b>26,124</b>	<b>14,632</b>
<b>Other comprehensive income not subject to reclassification to profit or loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
FX differences arising on translation of a foreign entity	-3,014	2,032	4,319	1,206
FX differences on measurement of investments in the net assets of a foreign entity	664	-2,457	-2,715	-3,233
Income tax	-1,028	-248	482	520
<b>Other comprehensive income subject to reclassification to profit or loss</b>	<b>-3,378</b>	<b>-673</b>	<b>2,086</b>	<b>-1,507</b>
<b>Other comprehensive income for the period, after tax</b>	<b>-3,378</b>	<b>-673</b>	<b>2,086</b>	<b>-1,507</b>
<b>Total comprehensive income</b>	<b>27,955</b>	<b>20,048</b>	<b>28,210</b>	<b>13,125</b>
<b>Attributable to:</b>				
– shareholders of the parent	27,860	19,963	28,195	13,095
– non-controlling interests	95	85	15	30

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.06.2020	As at 31.12.2019
<b>ASSETS</b>			
Property, plant and equipment		235,857	235,620
Intangible fixed assets		50,915	52,492
Investments accounted for using the equity method		6,057	5,954
Deferred tax assets		23,872	20,867
Other long-term non-financial assets		7,477	7,337
Other long-term financial assets	6.1	1,374	1,322
<b>Total non-current assets</b>		<b>325,552</b>	<b>323,592</b>
Inventories	6.2.2	178,440	150,185
Other short-term non-financial assets	6.2.3	35,554	39,106
Trade receivables		271,788	237,892
CIT claimed		2,911	4,228
Other short-term financial assets	6.1	6,953	8,087
Cash and cash equivalents	7.2.3	114,819	85,653
<b>Total current assets</b>		<b>610,465</b>	<b>525,151</b>
<b>TOTAL ASSETS</b>		<b>936,017</b>	<b>848,743</b>
<b>LIABILITIES AND EQUITY</b>			
Registered capital		1,142	1,142
FX differences arising on translation of a foreign entity		-34,796	-31,396
Supplementary capital		659,757	608,648
Other reserves		9,633	9,633
Retained profit/ loss carried forward		-149,561	-129,712
– retained profit/ loss from previous years		-180,821	-169,211
– profit (loss) after tax		31,260	39,499
<b>Equity attributable to the shareholders of the parent</b>		<b>486,175</b>	<b>458,315</b>
Non-controlling interests		816	727
<b>Total equity</b>		<b>486,991</b>	<b>459,042</b>
Long-term portion of bank and other loans	6.1.1	87,093	69,515
Long-term lease obligations		21,144	23,479
Other long-term financial liabilities	6.1	113	109
Deferred tax liabilities		4,635	3,843
Other long-term non-financial liabilities	6.2.5	1,514	1,598
Long-term provisions	6.2.4	5,147	4,690
<b>Non-current liabilities</b>		<b>119,646</b>	<b>103,234</b>
Trade liabilities		164,181	143,986
Obligations to return remuneration		19,715	19,556
Short-term portion of bank and other loans	6.1.1	66,701	34,392
Short-term lease obligations		11,288	14,250
Other short-term financial liabilities	6.1	2,232	16,841
CIT tax payable		5,661	8,324
Other short-term non-financial liabilities	6.2.5	54,260	43,910
Short-term provisions	6.2.4	5,342	5,208
<b>Current liabilities</b>		<b>329,380</b>	<b>286,467</b>
<b>Total liabilities</b>		<b>449,026</b>	<b>389,701</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>936,017</b>	<b>848,743</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
<b>Cash flows from operating activities</b>		
<b>Profit (loss) before tax</b>	<b>36,908</b>	<b>30,790</b>
Share in the result of the entities accounted for using the equity method	-484	-470
Depreciation/ amortisation	18,561	18,858
FX gains (losses)	115	-551
Interest and dividends	2,448	2,237
Profit/ (loss) on investing activities	-480	-346
Change in the balance of receivables	-31,782	-59,766
Change in the balance of inventories	-29,497	-19,914
Change in the balance of liabilities	16,298	67,560
Change in the balance of provisions	591	-406
CIT paid	-9,796	-3,749
Other	314	1,249
<b>Net cash flows from operating activities</b>	<b>3,196</b>	<b>35,492</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-14,293	-8,515
Inflows from sale of property, plant and equipment and intangible assets	486	782
Dividends and interest received	484	625
Repayments of loans granted	0	400
Other	0	53
<b>Net cash flows from investing activities</b>	<b>-13,323</b>	<b>-6,655</b>
<b>Cash flows from financing activities</b>		
Inflows from bank/ other loans received	82,937	60,003
Repayment of bank and other loans	-34,395	-48,537
Repayment of lease obligations	-7,661	-6,876
Dividends paid to owners	-6	-6,856
Interest paid	-1,876	-2,320
<i>including lease interest</i>	-149	-166
Other	0	58
<b>Net cash flows from financing activities</b>	<b>38,999</b>	<b>-4,528</b>
<b>Net increase in cash and cash equivalents</b>	<b>28,872</b>	<b>24,309</b>
Change in cash and cash equivalents, including: net FX differences	29,166 294	24,331 22
Cash and cash equivalents at the beginning of the period*	85,653	45,501
Cash and cash equivalents at the end of the period*	114,819	69,832

\*including restricted cash:

as at 30 June 2020: PLN 0.05m

as at 30 June 2019: PLN 0.05m

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2020

Figures in PLN thousand	Equity attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign entity	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2020	1,142	608,648	-31,396	9,633	-129,712	0	458,315	727	459,042
Profit for the financial year	0	0	0	0	0	31,260	31,260	73	31,333
Other net comprehensive income for the period	0	0	-3,400	0	0	0	-3,400	22	-3,378
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-3,400</b>	<b>0</b>	<b>0</b>	<b>31,260</b>	<b>27,860</b>	<b>95</b>	<b>27,955</b>
Transfer of profit to the supplementary capital	0	51,109	0	0	-51,109	0	0	0	0
Dividend	0	0	0	0	0	0	0	-6	-6
As at 30 June 2020	1,142	659,757	-34,796	9,633	-180,821	31,260	486,175	816	486,991

FOR THE 6 MONTHS ENDED 30 JUNE 2019

Figures in PLN thousand	Equity attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign entity	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2019	1,142	577,016	-31,716	9,633	-130,729	0	425,346	557	425,903
Net profit (loss) for the financial year	0	0	0	0	0	20,628	20,628	93	20,721
Other net comprehensive income for the period	0	0	-665	0	0	0	-665	-8	-673
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-665</b>	<b>0</b>	<b>0</b>	<b>20,628</b>	<b>19,963</b>	<b>85</b>	<b>20,048</b>
Transfer of profit to the supplementary capital	0	31,630	0	0	-31,630	0	0	0	0
Dividend	0	0	0	0	-6,850	0	-6,850	-5	-6,855
As at 30 June 2019	1,142	608,646	-32,381	9,633	-169,209	20,628	438,459	637	439,096



# General information



## 1. General information

### 1.1 Characteristics of the Parent Company

#### Parent Company

The parent of the Selena Group (hereinafter also referred to as a “Group”) is Selena FM S.A. The Company was established and registered in 1993 as a limited liability company under the name Przedsiębiorstwo Budownictwa Mieszkaniowego. In 2006, the Extraordinary General Meeting of Shareholders of the Parent Company approved the name change to Selena FM. In 2007, the Company was transformed into a joint stock company. On 18 April 2008, the Parent Company debuted on the Warsaw Stock Exchange and has been a listed entity since that date.

Its duration is indefinite (it is a going concern).

The Company’s registered office is at Strzegomska 2-4, 53-611 Wrocław, Poland. The Company operates in Poland.

The Company is entered in the business register of the National Court Register kept by the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register, after transformation, under KRS no. 0000292032 (previous KRS no. 0000129819). The Company was assigned the statistical number REGON 890226440.

The Parent Company’s core business includes:

- distribution of the Group’s products to foreign markets,
- providing subsidiaries with advice on strategic management, finance management, sales strategy as well as maintenance of accounting books for customers.

Selena FM S.A. and Selena Group are controlled by Krzysztof Domarecki.

#### Management Board of the Parent Company

As at 31 December 2019, the Parent Company’s Management Board was composed of:

- Krzysztof Domarecki – Management Board President,
- Dariusz Ciesielski – Vice President for Sales,
- Christian Dölle – Vice President for Marketing,
- Jacek Michalak – Management Board Member for Finance.

#### Changes in the Management Board in 2020:

On 14 May 2020, the Parent Company’s Supervisory Board adopted a resolution appointing Marek Tomanek to the Parent Company’s Management Board as Chief Operating Officer (COO). The appointment became effective as of 25 May 2020.

As at 30 June 2020, the Parent Company's Management Board was composed of:

- Krzysztof Domarecki – Management Board President,
- Dariusz Ciesielski – Vice President for Sales,
- Christian Dölle – Vice President for Marketing,
- Jacek Michalak – Management Board Member for Finance,
- Marek Tomanek – Management Board Member for Operations.

By the date of publication of this report, no other changes took place in the composition of the Management Board of the parent company.

### **Supervisory Board of the Parent Company**

As at 31 December 2019, the Supervisory Board of the Parent Company was composed of:

- Andrzej Krämer – Chairman of the Supervisory Board,
- Borysław Czyżak – independent Supervisory Board Member,
- Marlena Łubieszko-Siewruk – independent Supervisory Board Member,
- Mariusz Warych – independent Supervisory Board Member,
- Czesław Domarecki – Supervisory Board Member,
- Łukasz Dziekan – Supervisory Board Member.

In the period from 1 January 2020 to the date of publication of this report, there were no changes in the composition of the Supervisory Board.

### **Audit Committee, Strategy and Innovation Committee, Nominations and Remuneration Committee**

As at 31 December 2019, the Parent Company's Audit Committee was composed of:

- Mariusz Warych – Chairman of the Audit Committee,
- Andrzej Krämer – Audit Committee Member,
- Marlena Łubieszko-Siewruk – Audit Committee Member.

In the opinion of the Supervisory Board, the Audit Committee, in the aforementioned composition, fulfilled the independence criteria and other requirements specified in Article 128(1) and Article 129(1), (3), (5) and (6) of the Act on Statutory Auditors, Audit Firms and Public Oversight.

#### Changes in the Audit Committee composition in 2020:

Since 14 May 2020, the Audit Committee has consisted of:

- Mariusz Warych – Chairman of the Audit Committee,
- Marlena Łubieszko-Siewruk – Audit Committee Member,
- Borysław Czyżak – member of the Audit Committee.

In the opinion of the Supervisory Board, the Audit Committee, in the aforementioned composition, fulfills the independence criteria and other requirements specified in Article 128(1) and Article 129(1), (3), (5) and (6) of the Act on Statutory Auditors, Audit Firms and Public Oversight.

By the date of publication of this report, no other changes took place in the Audit Committee's composition.

As at 31 December 2019, the Strategy and Innovation Committee was composed of:

- Andrzej Krämer – Chairman of the Strategy and Innovation Committee,
- Borysław Czyżak – member of the Strategy and Innovation Committee.

In the period from 1 January 2020 to the date of publication of this report, there were no changes in the composition of the Strategy and Innovation Committee.

As at 31 December 2019, the Nominations and Remuneration Committee was composed of:

- Borysław Czyżak – Chairman of the Nominations and Remuneration Committee,
- Marlena Łubieszko-Siewruk – member of the Nominations and Remuneration Committee.

In the period from 1 January 2020 to the date of publication of this report, there were no changes in the composition of the Nominations and Remuneration Committee.

## 1.2 Information about the financial statements

### Interim report

The interim condensed consolidated financial statements do not contain all the information and disclosures required of annual financial statements and should be read jointly with the Group's annual consolidated financial statements for the year ended 31 December 2019 published on 15 May 2020. The interim condensed financial result may not fully reflect the consolidated financial result achievable for the whole financial year due to seasonality.

These interim condensed consolidated financial statements were reviewed by an audit firm.

### Period covered by the financial statements

These financial statements are interim condensed consolidated financial statements of Selena Group. They cover the period of 6 months ended on 30 June 2020 and the data presented as at that date

The consolidated income statement and consolidated statement of other comprehensive income cover the period of 6 months ended 30 June 2020, and the comparative data presented for the period of 6 months ended 30 June 2019.

The consolidated income statement and consolidated statement of other comprehensive income also cover the period of 3 months ended 30 June 2020, and the comparative data presented for the period of 3 months ended 30 June 2019. These data were not audited/reviewed by an auditor.

The consolidated statement of cash flows and the consolidated statement of changes in equity cover the data for 6 months ended 30 June 2020 as well as comparative data for the period of 6 months ended 30 June 2019.

The consolidated statement of financial position covers the data presented as at 30 June 2020, and comparative data as at 31 December 2019.

### Approval of the financial statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of the Parent Company on 17 September 2020.

## Measurement and reporting currency

The currency used for measurement and presentation of financials in this interim condensed consolidated financial statements is Polish zloty, and all figures have been presented in PLN thousand, unless specified otherwise.

At the balance sheet date, i.e. 30 June 2020 and 31 December 2019, the assets and liabilities expressed in foreign currency are valued using the mean rate applicable to the respective currencies at the end of the reporting period that has been set by for the particular currency by the National Bank of Poland. Items of the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows are measured at the arithmetic average of the average exchange rates announced for a given currency by the National Bank of Poland on the last day of each month in the period from January to June of 2020 and 2019, respectively.

The rates used for measurement of balance sheet items and the average rates for the individual reporting periods are presented in the table below.

Ccy	As at 30.06.2020	As at 31.12.2019	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
1 USD	3.9806	3.7977	4.0214	3.7936	4.0522	3.8042
1 EUR	4.4660	4.2585	4.4413	4.2880	4.4862	4.2782
100 HUF	1.2525	1.2885	1.2730	1.3371	1.2723	1.3212
1 UAH	0.1493	0.1602	0.1532	0.1413	0.1510	0.1437
1 CZK	0.1666	0.1676	0.1677	0.1669	0.1663	0.1668
1 RUB	0.0564	0.0611	0.0572	0.0585	0.0568	0.0591
1 BRL	0.7366	0.9448	0.8086	0.9875	0.7531	0.9716
1 BGN	2.2834	2.1773	2.2708	2.1925	2.2938	2.1874
1 CNY	0.5632	0.5455	0.5705	0.5604	0.5718	0.5566
100 KRW	0.3308	0.3291	0.3317	0.3307	0.3334	0.3249
1 RON	0.9220	0.8901	0.9205	0.9031	0.9262	0.9009
1 TRY	0.5807	0.6380	0.6126	0.6743	0.5884	0.6470
100 KZT	0.9812	0.9916	0.9918	1.0008	0.9784	1.0021
1 MXN	0.1720	-	0.1845	-	0.1761	-

## Going concern

At the date of approval of these interim condensed consolidated financial statements, no circumstances occurred that would point to a risk to continuity of operations. As at the date of publication of these interim condensed consolidated financial statements, Selena Group has a stable financial position, and its cash flow forecasts point to its ability to maintain its cash position at a level sufficient to continue as a going concern. Accordingly, these interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue in operation in the foreseeable future.

## Management Board's assurance statement on reliability of the financial statements

The Management Board of Selena FM S.A. hereby confirms that to the best of its knowledge the interim condensed consolidated financial statements for 6 months ended 30 June 2020 have been prepared in accordance with the applicable accounting policies and give a true, fair and clear picture of the affairs of Selena Group and its net profit. The Management Board's report on the Group's activities for 6 months ended 30 June 2020 gives a true view of development, achievements and the situation of the Company, including a description of key threats and risks.

## 1.3 Accounting policies

### Basis of preparation and accounting principles

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – “Interim Reporting”, as approved by the EU.

IAS and IFRS include the standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (IFRIC).

The accounting policies that were used in preparation of these interim condensed financial statements are consistent with the policies used in preparation of the consolidated financial statements of Selena Group for the year ended 31 December 2019.

### Impact of new and amended standards and interpretations

The following list presents new standards and changes to the existing standards that became effective on 1 January 2020:

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 related to the IBOR reform;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to References to the Conceptual Framework in IFRS.

The above standards and amendments to standards did not have any material impact on the Group's accounting policy or its interim condensed consolidated financial statements.

### Published standards and interpretations which have not come into force and which were not adopted earlier

The below list presents published standards, interpretations or amendments to existing standards before their effective date:

- IFRS 17 Insurance Contracts, and amendments to IFRS 17;
- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements to IFRS Standards 2018–2020;
- Amendments to IFRS 16 Leases;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments;
- IFRS 14 Regulatory Deferral Accounts;
- Improvements to IFRS 10 and IAS 28 relating to sales or contributions of assets between an investor and its associates/ joint ventures.

The effective dates are the dates arising from the standards published by the International Financial Reporting Board. The effective dates of the standards in the European Union may differ from the effective dates arising from the standards and are announced upon the adoption of the standards by the European Union.

The Group has not decided on early adoption of any standard, interpretation or amendment which have been published but not become effective yet. The Group is currently analyzing how the above amendments will affect the consolidated financial statements.

#### 1.4 Impact of the COVID-19 pandemic on the Group's activities

In response to the current pandemic situation resulting from the spread of the SARS-CoV-2 coronavirus and the COVID-19 disease, the Parent Company's Management Board is monitoring situation on an ongoing basis, tracking health and state authorities' recommendations both in Poland and in countries where Selena Group companies are located.

A special Response Team was established at the Parent Company to monitor and assess pandemic risks on an ongoing basis. The Team coordinates the development and implementation of control measures particularly in the areas of:

- product sales (e.g. local restrictions affecting trade restrictions, the number of stores open);
- disruptions in the supply chain of raw materials and product sales through disruptions in transport as well as in relation to the optimisation of inventory;
- disruptions in the continuity of production processes due to possible increased absence of employees;
- financial liquidity of counterparties;
- financial liquidity of individual Selena Group companies;
- exchange rate fluctuations.

As a result of the Team's efforts, the following procedures were developed and implemented to minimise the risk of contagion among employees and counterparties:

- Development of the "Procedure for responding to suspected cases of COVID-19 in Selena Group";
- Introducing the smart working procedure where possible, with a rotational presence of selected employees on the company's premises with other team members working from home;
- Establishing rules for maintaining physical distance and using face masks;
- Limiting meetings, domestic and foreign business trips;
- Providing hand sanitisers and additional personal protection equipment for employees of Selena Group;
- Providing disinfectants and ensuring daily disinfection of common areas;
- Implementing a health monitoring procedure (temperature checks) for Selena Group employees.

As at the date of publication of these interim condensed consolidated financial statements:

- Polish non-production companies were carrying on their normal activities, including through teleworking;
- The activity of Polish production companies from Selena Group was not significantly limited. Some companies decided to introduce one-off or several-day breaks in production in April and May 2020, enabling employees to take holiday leaves on those days;
- The operations of some foreign companies from Selena Group were temporarily suspended in April 2020 for a few/ dozen or so days due to locally imposed lockdown. The operations were suspended by e.g. Selena CA TOO (Kazakhstan), Selena Sulamericana Ltda. (Brazil), Selena Malzemeleri Yapi Sanayi Tic. Ltd. (Turkey) and Uniflex srl (Italy). Other foreign subsidiaries of Selena FM S.A. did not reduce their operations to a significant degree. Some of these, including Selena Iberia SLU (Spain) and Selena Italia SRL (Italy), merely limited working hours or the number of employees present on premises.

So far, there have been no major disruptions in the supply of raw materials or production materials. Likewise, no major risks have been identified relating to employee absenteeism. At the same time, due to the present situation, Selena Group has intensified its activities in the area of remote sales, and also started to manufacture sanitisers. Both the Parent Company and the Selena Group companies are analysing possible scenarios of the impact of the pandemic on their activities and take cost containment measures.

Selena Group is constantly monitoring and using the available opportunities to obtain support offered both under the so-called "Anti-crisis shield" and under other provisions of applicable law. This applies in particular to the reduction of income tax advance payments, periodic exemption/ reduction regarding social security contributions, the use of wage-support for employees covered by reduced working time arrangements, as well as co-financing for social security contributions. In Q2 2020, the Group used financial support offered by government institutions in the total value of PLN 3,813 thousand.

In addition to good financial results achieved in the first half of 2020 (net profit was PLN 31.3 million), Selena Group has a significant cash position and unused credit lines (as at 30 June 2020, cash amounted to PLN 114.8 million and unused credit lines were PLN 182.3 million). The covenants agreed with banks are being monitored on an ongoing basis. No breaches were identified as at the publication date. The Group entered 2020 with the lowest debt ratio in more than five years. Selena Group has a stable financial position and significant loan agreements will not renew until 2021.

In the first half of 2020, the Group reported a 2.4% decrease in sales revenues compared to the same period last year. The final impact of the pandemic on the activities of Selena Group in 2020 will depend on the macroeconomic effects in Poland and in the countries where the Group companies operate. At present, the Management Board of Selena FM S.A. does not yet have full financial data enabling it to make forecasts as to the impact of the situation on the Group's financial position in the long term.

The above information on the situation and the impact of the SARS-CoV-2 spread on the operations of Selena Group was prepared to the best of knowledge of the Parent Company's Management Board at the time of publication of these interim condensed consolidated financial statements.



# Information about the Group



## 2. Information about the Group

### 2.1 Selena Group's activities

Selena has been trading since 1993. The core business of Selena Group (hereinafter also referred to as the "Group") includes production, distribution and sale of construction chemicals. The products on offer include solutions addressed to both professionals and to individual users. The Group's leading brands include Tytan, Quilosa, Artelit and Matizol. The Group's product range includes:

- gun and straw foams,
- high-yield and low-pressure foams,
- summer, winter and multi-season foams,
- specialist foams,
- foam adhesives,
- sealants,
- mounting and industrial adhesives, chemical anchors,
- flooring systems,
- thermal insulation systems (ETICS),
- systems for finishing interior walls,
- systems for ceramic tiles,
- mortars,
- waterproofing products,
- passive fire protection solutions,
- building accessories.

Selena Group is an international producer and distributor of construction chemicals. It has production plants mainly in Poland, but also in Brazil, China, Romania, Turkey, Spain, Kazakhstan and Italy. As for the commercial establishments, they are located in different countries of Europe, Asia and both Americas. Selena Group's products are available on the markets of more than 100 countries.

The Group also carries on R&D activity in Poland, Spain, Turkey, China and Italy.

### 2.2 Group members

The table below shows the ownership and organisational structure of the Group as well as division into operating segments. The data are presented as at 30 June 2020 and 31 December 2019.

All the companies in the table are consolidated using the full (line-by-line) method, except the associated company Hamil – Selena Co. Ltd., and the joint venture – House Selena Trading Company Ltd., which are consolidated using the equity method.

The "owner" column specifies the owner as at 30 June 2020.

	REGION	COUNTRY	ENTITY	REG.OFFICE	ACTIVITY	GROUP'S SHARE		OWNER
						As at 30.06.2020	As at 31.12.2019	
European Union	Poland	Poland	Selena FM S.A.	Wroclaw	Group Head Office, distributor			-
			Selena S.A.	Wroclaw	Distributor	100.00%	100.00%	FM
			Orion PU Sp. z o.o.	Dzierżoniów	Manufacturer of foams and adhesives	99.95%	99.95%	SIT 1
			Carina Silicones Sp. z o.o.	Siechnice	Manufacturer of sealants, provider of production services	100.00%	100.00%	SIT
			Libra Sp. z o.o.	Dzierżoniów	Manufacturer of sealants and adhesives	100.00%	100.00%	SIT
			Izolacja Matizol Sp. z o.o.	Gorlice	Manuf. of roof coverings, waterproofing products, distributor	100.00%	100.00%	SIT
			Tytan EOS Sp. z o.o.	Wroclaw	Manufacturer of loose materials	100.00%	100.00%	SIT
			Selena Labs Sp. z o.o.	Dzierżoniów	Research and Development	99.65%	99.65%	FM 1
			Selena Marketing International Sp. z o.o.	Wroclaw	Intellectual property management	100.00%	100.00%	SA
			Taurus Sp. z o.o.	Dzierżoniów	Lease of plant and machinery	100.00%	100.00%	SIT
	Carina Sealants Sp. z o.o.	Siechnice	Administration	100.00%	100.00%	FM		
	Selena Industrial Technologies Sp. z o.o.	Dzierżoniów	Manufacturer of sealants; production management	100.00%	100.00%	FM		
	Oligo Sp. z o.o.	Dzierżoniów	Research and Development	99.65%	99.65%	SL		
	Western Europe	Spain	Selena Iberia slu	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM
		Italy	Selena Italia srl	Padova	Distributor	100.00%	100.00%	FM
		Germany	Uniflex S.R.L.	Mezzocorona	Manufacturer of sealants, distributor	100.00%	100.00%	FM
	Central and Eastern Europe	Czech Republic	Selena Deutschland GmbH	Hagen	Distributor	100.00%	100.00%	FM
		Romania	Selena Bohemia s.r.o.	Prague	Distributor	100.00%	100.00%	FM
Romania		Selena Romania SRL	Ilfov	Distributor	100.00%	100.00%	FM	
Hungary		EURO MGA Product SRL	Ilfov	Manufacturer of adhesives and cement mortars	100.00%	100.00%	ROM	
Bulgaria		Selena Hungária Kft.	Pécs	Distributor	100.00%	100.00%	FM	
Eastern Europe and Asia	Eastern Europe	Russia	Selena Bulgaria Ltd.	Sofia	Distributor	100.00%	100.00%	FM
		Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%	FM 2
		Kazakhstan	Selena CA L.L.P.	Almaty	Distributor	100.00%	100.00%	FM
		Kazakhstan	TOO Selena Insulations	Nur-Sultan	Manufacturer of insulation systems and dry mortars	100.00%	100.00%	FM
	Ukraine	Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 2	
	Asia	China	Weize (Shanghai) Trading Co., Ltd.	Shanghai	Distributor	100.00%	100.00%	FM
			Selena Nantong Building Materials Co., Ltd.	Nantong	Manufacturer, distributor	100.00%	100.00%	FM
			Foshan Chinuri-Selena Chemical Co.	Foshan	Manufacturer of sealants, distributor	84.57%	84.57%	SA 1
			House Selena Co.Ltd	Shanghai	Distributor	40.00%	40.00%	NAN
	S.Korea	Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3	
Middle East	Turkey	Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istambul	Man. of foams and sealants, distributor	100.00%	100.00%	FM	
		POLYFOAM Yalitim Sanayi ve Tic Ltd.	Istambul	Distributor	100.00%	100.00%	SA 2	
North and South America	N&S America	Brazil	Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 3
		Mexico	Selena Mexico S. de R.L. de C.V.	Guadalajara	Distributor	100.00%	-	FM 3
		USA	Selena USA, Inc.	Holland	Distributor	100.00%	100.00%	FM

**Explanations to the "Owner" column**

FM - 100% shares owned by Selena SA (SFM)

FM 1 – shares owned by SFM, other shares are owned by Krzysztof Domarecki (CEO of of Selena FM)

FM 2 – shares owned by Selena FM (99%) and Selena S.A. (1%)

FM 3 – shares owned by Selena FM (95%) and Selena S.A. (5%)

SIT – 100% shares are owned by Selena Industrial Technologies Sp. z o.o.

SIT 1 – shares are owned by Selena Industrial Technologies Sp. z o.o. (99.95%), other shares outside the Group

NAN – affiliated company – owned by Selena Nantong Building Materials Co., Ltd.

SL - 100% shares owned by Selena Labs Sp. z o.o.

SA – 100% shares owned by Selena SA

SA 1 – shares are owned by Selena S.A., the remaining shares are held outside of the Group

SA 2 – shares are owned by Selena SA (85%) and Carina Silicones Sp. z o.o. (15%)

SA 3 – associate – shares are owned by Selena SA

ROM – 99.99% shares owned by Selena Romania, other shares held by Selena FM

## 2.3 Changes in the Group composition

### ***Increase in the share capital of POLYFOAM Yalitim Sanayi ve Tic Ltd.***

On 9 January 2020, the General Meeting of POLYFOAM Yalitim Sanayi ve Tic Ltd. adopted a resolution to increase the company's share capital by TRY 17.9 million. The increase in the share capital of the subsidiary was registered on 20 February 2020. After the capital increase, the proportion of shareholdings of Selena S.A. and Carina Silicones Sp. z o.o. in the share capital of POLYFOAM did not change.

### ***Establishment of the subsidiary Selena Mexico S.de R.L. de C.V.***

On 13 February 2020, a newly formed company of Selena Group trading as Selena Mexico S.de R.L. de C.V. based in Guadalajara (Federal Republic of Mexico) was registered in the business register kept by the Commercial Register in Guadalajara. The company's share capital is MXN 10 thousand (fixed) and MXN 1,484 thousand (variable). Figures stated in Mexican peso are the equivalent of PLN 2 thousand and PLN 312 thousand, respectively, at the average exchange rate of the National Bank of Poland of 14 February 2020, at 1 MXN = 0.2104 PLN. 95% stake in the subsidiary was acquired by Selena FM S.A. and 5% by Selena S.A.

### ***Change of registered office of Selena Industrial Technologies Sp. z o.o.***

On 9 March 2020, the Management Board of Selena FM SA adopted a resolution regarding the change of the registered office of Selena Industrial Technologies Sp. z o.o. The company's new place of business is Dzierżoniów, ul. Pieszicka 3. The change was registered in the National Court Register on 3 April 2020.



# **Operating segments and information on revenues**

### 3. Operating segments and information on revenues

The organisation structure of Selena Group is managed through the data received from the individual geographic segments (countries), later on referred to as operating segments. To the extent permitted by IFRS 8 (e.g. subject to the combination criteria in relation to the following aspects: type of products and services, type of production processes, type or group customers for products and services, methods used in the distribution of products and the type of regulatory environment), they are grouped based on the similarity of location, characteristics of the business and economic environment, and are aggregated into the following reporting segments:

- European Union,
- Eastern Europe and Asia,
- North America and South America.

Detailed allocation of operating segments to reporting segments is presented in Note 2.2.

Operating results of the segment are primarily measured using the net profit/loss and EBITDA ratio (an alternative measurement of results, which does not measure cash or liquidity and whose calculation may vary from one entity to another), which result directly from reports that are the basis for preparation of the consolidated financial statements. EBITDA is calculated according to the following formula:

$$\text{EBITDA} = \text{Net profit/ loss} + \text{Income tax} +/- \text{Share in the profit/loss of the affiliate} +/- \text{Financial expenses/revenues} + \text{Depreciation/amortisation}$$

The accounting principles used for preparation of the financial data for reporting segments comply with the Group's accounting policy adopted in the preparation of these financial statements and described in the Group's consolidated financial statements for 2019.

The financial statements of the entire Group are regularly reviewed by the Management Board of the Parent Company for the purpose of decision-making. The Management Board is also responsible for allocation of resources in the Group.

Revenues are allocated to segments based on the seller's registered office location. The profit of a segment is the profit generated by the individual segment without allocation of the administrative expenses, Management Board's remuneration, finance income and expenses, and income tax charge. Non-allocated assets include settlements on account of current and deferred income tax.

Management of the Selena Group's funding sources, financial income and costs management and the taxation policy are operated at the Group level and are not allocated to operating segments.

Prices in the transactions between the operating segments are determined on an arm's length principle as in the transactions with third parties.

Selena Group does not have key customers, i.e. such which would account for more than 10% of its revenues.

The tables below present the data on the revenues and profits of individual reporting segments for the first half of 2020 and 2019 and the 3 months ended 30 June 2020 and 30 June 2019, respectively.

from 01.01.2020 to 30.06.2020	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	393,969	172,081	36,129	602,179	0	602,179
Sales within a segment	442,600	16,520	0	459,120	-459,120	0
Sales between segments	114,247	2,728	0	116,975	-116,975	0
EBITDA	108,142	18,054	3,897	130,093	-67,462	62,631
Depreciation/ amortisation	-10,747	-1,468	-29	-12,244	-6,317	-18,561
<b>Operating profit (loss)</b>	<b>97,395</b>	<b>16,586</b>	<b>3,868</b>	<b>117,849</b>	<b>-73,779</b>	<b>44,070</b>
Net financial income/costs	0	0	0	0	-7,646	-7,646
Share in profit of an associated entity	0	484	0	484	0	484
Income tax	0	0	0	0	-5,575	-5,575
<b>Net profit (loss) for the period</b>	<b>97,395</b>	<b>17,070</b>	<b>3,868</b>	<b>118,333</b>	<b>-87,000</b>	<b>31,333</b>
Capital expenditure	12,577	957	3	13,537		13,537

\* consolidation adjustments, general and administrative expenses, result on financial activities and income tax

from 01.01.2019 to 30.06.2019	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	408,796	172,912	35,449	617,157	0	617,157
Sales within a segment	404,184	19,020	0	423,204	-423,204	0
Sales between segments	108,326	2,181	0	110,507	-110,507	0
EBITDA	100,468	18,185	3,213	121,866	-68,366	53,500
Depreciation/ amortisation	-10,648	-1,906	-63	-12,617	-6,241	-18,858
<b>Operating profit (loss)</b>	<b>89,820</b>	<b>16,279</b>	<b>3,150</b>	<b>109,249</b>	<b>-74,607</b>	<b>34,642</b>
Net financial income/ costs	0	0	0	0	-4,322	-4,322
Share in profit of an associated entity	0	470	0	470	0	470
Income tax	0	0	0	0	-10,069	-10,069
<b>Net profit (loss) for the period</b>	<b>89,820</b>	<b>16,749</b>	<b>3,150</b>	<b>109,719</b>	<b>-88,998</b>	<b>20,721</b>
Capital expenditure	7,053	1,462	3	8,518		8,518

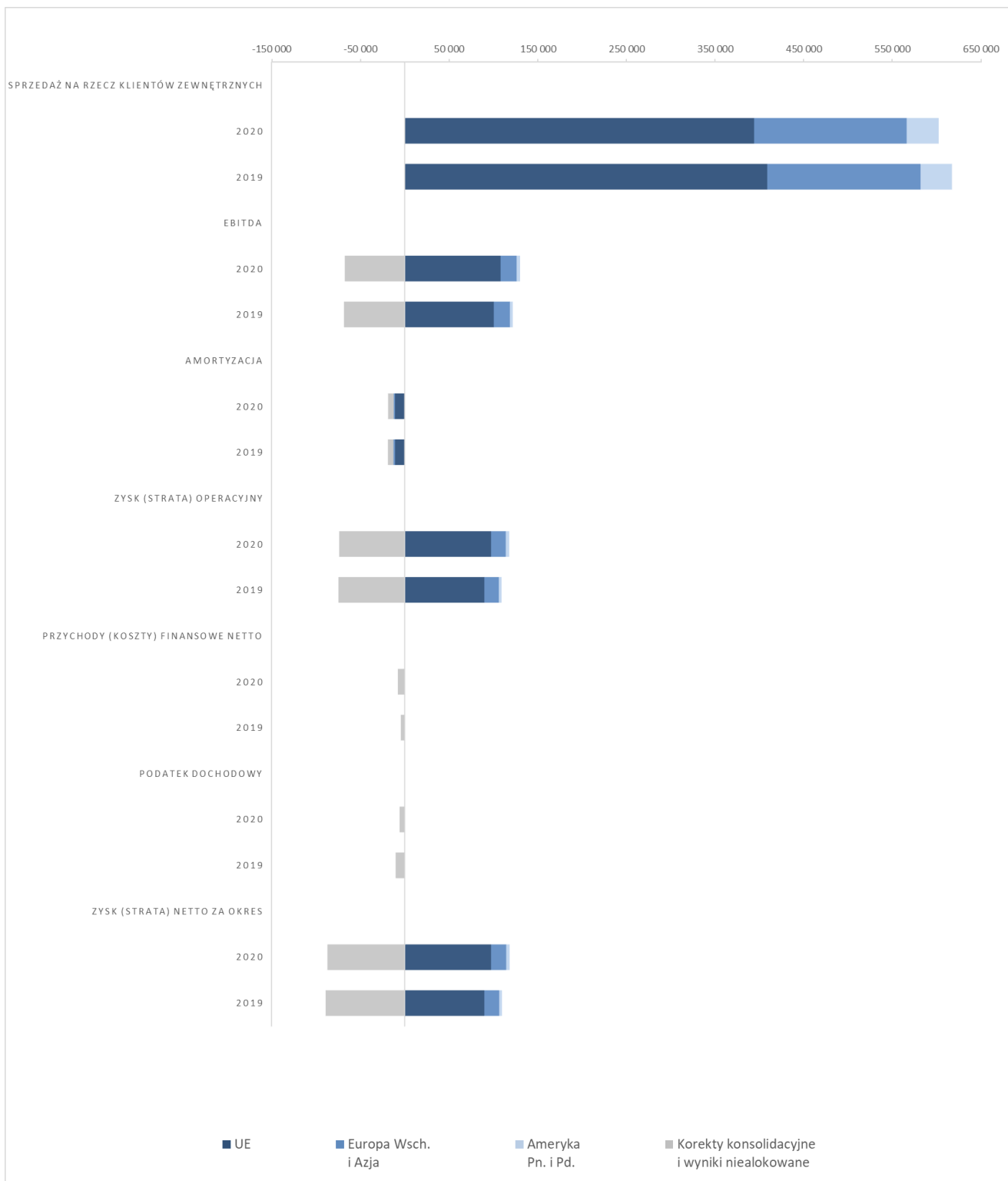
\* consolidation adjustments, general and administrative expenses, result on financial activities and income tax

from 01.04.2020 to 30.06.2020	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	205,029	99,119	15,317	319,465	0	319,465
Sales within a segment	233,247	9,715	0	242,962	-242,962	0
Sales between segments	57,823	902	0	58,725	-58,725	0
EBITDA	61,896	12,236	2,139	76,271	-32,428	43,843
Depreciation/ amortisation	-4,092	-708	-13	-4,813	-4,104	-8,917
<b>Operating profit (loss)</b>	<b>57,804</b>	<b>11,528</b>	<b>2,126</b>	<b>71,458</b>	<b>-36,532</b>	<b>34,926</b>
Net financial revenue/ expenses	0	0	0	0	-3,913	-3,913
Share in profit of an associated entity	0	484	0	484	0	484
Income tax	0	0	0	0	-5,373	-5,373
<b>Net profit (loss) for the period</b>	<b>57,804</b>	<b>12,012</b>	<b>2,126</b>	<b>71,942</b>	<b>-45,818</b>	<b>26,124</b>
Capital expenditure	7,404	29	0	7,433	0	7,433

\* consolidation adjustments, general and administrative expenses, result on financial activities and income tax

from 01.04.2019 to 30.06.2019	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	219,611	111,011	15,451	346,073	0	346,073
Sales within a segment	233,241	11,335	0	244,576	-244,576	0
Sales between segments	57,296	1,047	0	58,343	-58,343	0
EBITDA	46,240	13,206	1,121	60,567	-26,378	34,189
Depreciation/ amortisation	-5,139	-955	-31	-6,125	-3,597	-9,722
<b>Operating profit (loss)</b>	<b>41,101</b>	<b>12,251</b>	<b>1,090</b>	<b>54,442</b>	<b>-29,975</b>	<b>24,467</b>
Net financial revenue/ expenses	0	0	0	0	-3,245	-3,245
Share in profit of an associated entity	0	470	0	470	0	470
Income tax	0	0	0	0	-7,060	-7,060
<b>Net profit (loss) for the period</b>	<b>41,101</b>	<b>12,721</b>	<b>1,090</b>	<b>54,912</b>	<b>-40,280</b>	<b>14,632</b>
Capital expenditure	3,213	890	0	4,103		4,103

\* consolidation adjustments, general and administrative expenses, result on financial activities and income tax



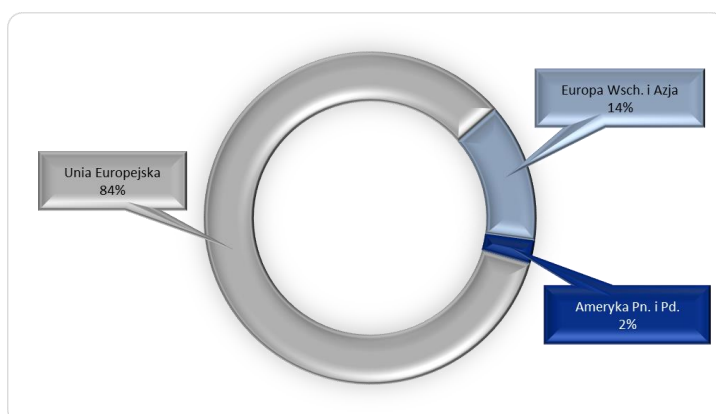


The tables below show data on assets allocated to individual geographic segments as at 30 June 2020 and 31 December 2019.

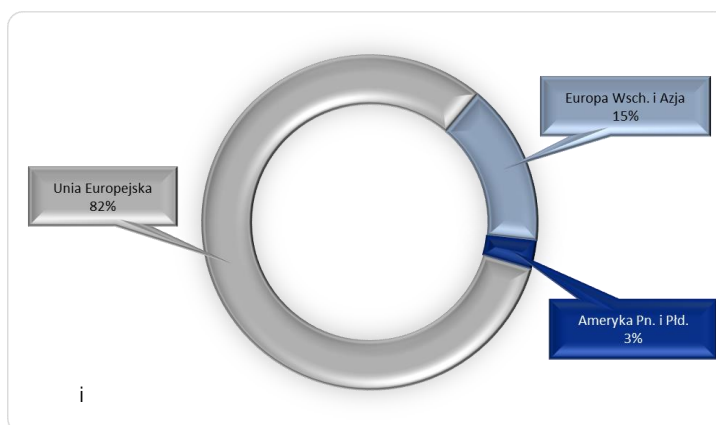
as at 30.06.2020						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,211,764	195,438	32,746	1,439,948	-536,771	903,177
Investment in an associate	0	6,057	0	6,057	0	6,057
Non-allocated assets	0	0	0	0	0	26,783
<b>Total assets</b>	<b>1,211,764</b>	<b>201,495</b>	<b>32,746</b>	<b>1,446,005</b>	<b>-536,771</b>	<b>936,017</b>

as at 31.12.2019						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,014,280	194,036	33,317	1,241,633	-423,939	817,694
Investment in an associate	0	5,954	0	5,954	0	5,954
Non-allocated assets	0	0	0	0	0	25,095
<b>Total assets</b>	<b>1,014,280</b>	<b>199,990</b>	<b>33,317</b>	<b>1,247,587</b>	<b>-423,939</b>	<b>848,743</b>

**segment assets as at 30.06.2020**



**segment assets as at 31.12.2019**





**Notes  
to the consolidated income  
statement**

## 4. Notes to the consolidated income statement

### 4.1 Other operating income and operating costs

#### Other operating income

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
Profit from disposal of non-financial fixed assets	250	432	17	188
Subsidies	4,484	965	4,238	332
Damages	111	465	29	166
Provisions released	61	242	12	57
Other	220	558	-222	268
<b>Total other operating income</b>	<b>5,126</b>	<b>2,662</b>	<b>4,074</b>	<b>1,011</b>

#### Other operating costs

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
Loss on disposal of non-financial fixed assets	19	31	19	25
Uncollectible receivables written off	216	1,781	183	1,776
Damages, penalties, fines	818	649	246	565
Provisions raised	7	11	0	7
Costs of impairment, liquidation of inventories and net inventory-taking difference*	0	2,018	0	1,168
Other	930	551	806	441
<b>Total other operating costs</b>	<b>1,990</b>	<b>5,041</b>	<b>1,254</b>	<b>3,982</b>

\* in 2020, impairment and liquidation costs of inventories as well as the result of the inventory settlement were presented in the cost of sales

#### Impairment of non-financial fixed assets

In the first half of 2020, an impairment allowance of PLN 1,588 thousand was created on intangible assets in the subsidiary Selena Iberia sl. This was due to a changed concept of IT system deployment.

#### Impairment of financial assets

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
Recognition of an impairment allowance for receivables	1,133	3,214	370	1,401
Reversal of an impairment allowance for receivables	-757	-405	-459	-228
<b>Impairment of financial assets</b>	<b>376</b>	<b>2,809</b>	<b>-89</b>	<b>1,173</b>

## 4.2 Financial income and costs

### Financial income

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
FX gains	2,226	2,879	-3,073	-249
Interest on deposits and bank accounts	151	82	48	50
Other interest	28	351	12	158
Forward contracts	395	0	-171	0
Other financial income	26	46	22	45
<b>Total financial income</b>	<b>2,826</b>	<b>3,358</b>	<b>-3,162</b>	<b>4</b>

### Financial costs

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
FX losses	7,221	2,840	-1,010	1,373
Interest on bank and other loans	2,138	2,226	1,319	1,156
Interest on leases	372	516	170	245
Other interest	99	86	14	68
Forward contracts	0	1,013	0	18
Other financial costs	642	999	258	389
<b>Total financial costs</b>	<b>10,472</b>	<b>7,680</b>	<b>751</b>	<b>3,249</b>

In 2020, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. In accordance with its hedging policy ("FX Risk Management Policy"), Selena Group hedges an active part of currency exposure by entering into forward contracts. Selena Group uses such financial instruments solely to hedge its FX risk and does not use them for speculative purposes. Selena Group does not use hedge accounting within the meaning of IFRS 9.

As at 30 June 2020, Selena Group had open forward contracts. The gain on the valuation of unrealised instruments was PLN 80 thousand (including valuation of open contracts of PLN -16 thousand as at 30 June 2020). The gain on exercise of the contracts was PLN 315 thousand. The result on transactions was recognised in financial income under "Forward contracts".

As at the publication date of Selena FM S.A. had financial instruments in place relating to EUR/PLN (EUR 8.35 million), USD/PLN (USD 0.35 million), CZK/PLN (CZK 7.0 million), RON/PLN (RON 6.8 million), HUF/PLN (HUF 100 million) and EUR/RUB (EUR 3.0 million), EUR/BRL (EUR 0.65 million) and EUR/CZK (EUR 0.1 million) with settlement dates in the period until 31 May 2021.

# Taxation

## 5. Taxation

### Tax charge

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
<b>Current income tax:</b>		
Current income tax charge	9,096	9,358
Corrections to the current income tax from previous years	-388	-4
<b>Deferred income tax:</b>		
Connected with origination and reversal of temporary differences	-3,133	715
<b>Tax disclosed in consolidated income statement</b>	<b>5,575</b>	<b>10,069</b>

### Reconciliation of the effective tax rate

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
Profit (loss) before tax	36,908	30,790
Tax at the Polish statutory rate of 19%	7,013	5,850
Costs (revenues) not included in the taxation basis	-1,732	1,645
Tax effect of the losses not included in the taxation basis	1,042	2,119
Corrections to the current income tax from previous years	-388	-4
Use of tax losses from previous years after taking into account the realized asset	-963	-533
Use of the deferred asset relating to trademarks	861	861
Tax relief for operations in the Special Economic Zone	-470	-55
Effect of other tax rates in foreign affiliates	212	186
<b>Tax at the effective tax rate</b>	<b>5,575</b>	<b>10,069</b>
<b>Effective tax rate</b>	<b>15%</b>	<b>33%</b>



**Notes  
to the consolidated statement of  
financial position**

## 6. Notes to the consolidated statement of financial position

### 6.1 Financial instruments

Financial instruments held the Group are classified below.

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
<b>Financial assets measured at amortised cost</b>		
Trade receivables	271,788	237,892
<i>Restricted cash</i>	396	378
<i>Other</i>	159	125
Total – Other long term financial assets measured at amortised cost	555	503
<i>Settlements with customers on account of credit card payments</i>	4,176	5,023
<i>Promissory notes, cheques</i>	326	214
<i>Security deposits</i>	647	618
<i>Other</i>	1,762	2,232
Total other short term financial assets measured at amortised cost	6,911	8,087
Cash and cash equivalents	114,819	85,653
<b>Financial assets measured at fair value through profit and loss</b>		
Other short-term financial assets – forward contracts	42	0
<b>Financial assets measured at fair value through other comprehensive income:</b>		
Other long-term financial assets – shares in non-listed companies	819	819
<b>Total</b>	<b>394,934</b>	<b>332,954</b>

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
<b>Financial liabilities measured at amortised cost</b>		
<i>Bank and other loans</i>	153,794	103,907
<i>Lease liabilities</i>	32,432	37,729
<i>Other short-term financial liabilities – Liabilities on account of prepaid trade receivables</i>	345	12,725
Total – Interest-bearing debt	186,571	154,361
Trade liabilities	164,181	143,986
<i>Investment liabilities</i>	1,113	1,591
<i>Other</i>	716	2,429
Total – Other short term financial liabilities (not specified above)	1,829	4,020
Other long term financial liabilities	113	109
<b>Financial liabilities measured at fair value through profit or loss</b>		
Other short-term liabilities – forward contracts	58	96
<b>Total</b>	<b>352,752</b>	<b>302,572</b>



### 6.1.1 Bank and other loans

The incurred bank loans are presented in the table below

Ref	Loan type	Maturity date	As at 30.06.2020		As at 31.12.2019	
			Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2020	0	0	0	19,816
2	Working capital loan	2021	72,325	53,212	61,972	3
3	Other	2020-2025	14,768	13,489	7,543	14,573
			<b>87,093</b>	<b>66,701</b>	<b>69,515</b>	<b>34,392</b>

On 23 April 2020, an annex to the guarantee and LCs line was signed. The annex increased the amount of the guarantee line to EUR 10.5 million. At the same time, the original contract period was extended for another 13 months and the subsidiary Orion PU Sp. z o.o. joined the debt by granting a power of attorney to its bank account.

#### Credit agreement terms

As part of the loan agreements signed by the Parent Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 30 June 2020, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

#### Subsequent events after the balance sheet date

On 6 August 2020, a loan agreement was signed by the subsidiary Selena Vostok. The loan amount is RUB 300.0 million, and the credit period is set at 12 months from the signing date. It is secured by a corporate guarantee of Selena FM S.A.

## 6.2 Non-financial assets and liabilities

### 6.2.1 Impairment of fixed assets

Given the existence of indications of impairment, as at 30 June 2020, the Parent Company tested for impairment non-current assets in: Selena Nantong Building Materials Co., Ltd, Selena Romania srl and EURO MGA Products srl. There were no indications of impairment that would call for a similar test to be carried out in other subsidiaries.

#### Selena Nantong Building Materials Co., Ltd.

Due to the slower-than-planned increase in the value of sales of Selena Nantong Building Materials Co., Ltd., mainly caused by the several week production downtime required by Chinese authorities in connection with the coronavirus threat, as at 30 June 2020, the Management Board of the Parent Company carried out an impairment test for the entity's fixed assets, in accordance with IAS 36 Impairment. Based on the projected future cash flows generated by the company, no need to create an additional impairment allowance for the fixed assets invested in Selena Nantong Building Materials Co., Ltd was identified.

The test used a 5-year cash flow projection. For the purpose of the test, WACC before tax was taken at 14.7% and the residual growth rate at 2%.

Future cash flow projections include the continuation of the distribution model adopted in 2017 and the launch of innovative construction chemicals. If any material, negative deviations occur from the adopted action plan, in the future reporting periods it might be necessary to post an impairment write-down on the fixed assets of Selena Nantong.

The test also did not show a need to create an additional impairment allowance in the standalone report of the Parent Company in respect of the value of the assets invested in Selena Nantong Building Materials.

### Selena Romania srl and EURO MGA Product srl

As the Parent Company failed to achieve the expected sales levels in the Romanian market in the first half of 2020, and due to the slower-than-expected growth of the dry mortars, grout joints, wet plasters and ceramic adhesives product segments, as at 30 June 2020, the Management Board performed an impairment test for the fixed assets of Selena Romania srl and EURO MGA Product srl (a subsidiary of Selena Romania srl), in accordance with IAS 36 Impairment of Assets. Based on the projected future cash flows generated by the individual entities, no need to recognise an additional impairment of fixed assets was identified.

The test used a 5-year cash flow projection. For the purpose of the test, WACC before tax was taken at 11.4% and the residual growth rate at 2%.

Future projections of cash flows include current operations in the Romanian market, particularly in the area of dry mortars, grout joints and wet plasters, focused on implementation of innovative products and a further development of distribution combined with optimisation of production and logistics costs. Should any material, negative deviations from the adopted action plan occur (in terms of market share increase and return on sales) and current macroeconomic projections for Romania, it might be necessary to post an impairment write-down on the fixed assets of Selena Romania srl and EURO MGA Product srl in the future reporting periods.

The test also did not show a need to create an additional impairment allowance in the standalone report of the Parent Company in respect of the value of the assets invested in Selena Romania srl and MGA Product srl.

### Assumptions of impairment and sensitivity tests of the cash flow models

Selected model assumptions for the above tests are shown in the table below.

Cash Generating Unit	Selena Nantong	Selena Romania + EURO MGA
Assets tested	non-current assets	non-current assets
WACC before tax	14.7%	11.4%
Residual growth rate	2.0%	2.0%
Impairment	none	none
Model sensitivity – impairment amount (PLN '000) at:		
WACC before tax increased by 1 p.p.	no allowance	no allowance
residual growth rate reduced by 1 p.p.	no allowance	no allowance
EBIT margin reduced by 1 p.p.	2,286	2,300

## 6.2.2 Inventories

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Raw materials	70,308	46,244
Work in progress	4,896	3,222
Finished goods	86,392	87,266
Goods for resale	16,844	13,453
<b>Total inventory, net</b>	<b>178,440</b>	<b>150,185</b>
Impairment allowance for inventory	5,458	3,886
<b>Total inventory, gross</b>	<b>183,898</b>	<b>154,071</b>

Changes in the impairment allowance for inventory are presented in the table below.

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
<b>Impairment allowance for inventory at the beginning of the period</b>	<b>3,886</b>	<b>5,877</b>
Recognition of an impairment allowance for inventory	2,687	1,936
Reversal of an impairment allowance for inventory	-897	-976
Utilisation of an impairment allowance for inventory	-246	-961
FX differences arising on translation	28	-17
<b>Impairment allowance for inventory at the end of the period</b>	<b>5,458</b>	<b>5,859</b>

## 6.2.3 Other short-term non-financial assets

The table below shows a specification of other short-term net non-financial assets as at the balance sheet date.

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
VAT claimed	23,234	26,911
Prepayments for deliveries	6,940	5,986
Prepaid expenses	4,338	3,509
Other non-financial receivables	1,042	2,700
<b>Other short-term non-financial assets</b>	<b>35,554</b>	<b>39,106</b>

## 6.2.4 Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	from 01.01.2020 to 30.06.2020			from 01.01.2019 to 31.12.2019		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
<b>Long term</b>						
<b>Balance at the beginning of the period</b>	<b>3,626</b>	<b>1,064</b>	<b>4,690</b>	<b>3,141</b>	<b>153</b>	<b>3,294</b>
Provisions raised	830	0	830	846	0	846
Provisions released	-476	0	-476	-371	0	-371
Provisions used	-15	0	-15	-30	0	-30
FX differences	112	6	118	-24	4	-20
Reclassification	0	0	0	64	907	971
<b>Balance at the end of the period</b>	<b>4,077</b>	<b>1,070</b>	<b>5,147</b>	<b>3,626</b>	<b>1,064</b>	<b>4,690</b>
<b>Short term</b>						
<b>Balance at the beginning of the period</b>	<b>0</b>	<b>5,208</b>	<b>5,208</b>	<b>5</b>	<b>6,314</b>	<b>6,319</b>
Provisions raised	0	377	377	0	871	871
Provisions released	0	-61	-61	-5	-490	-495
Provisions used	0	-367	-367	0	-1,002	-1,002
FX differences	0	38	38	0	-102	-102
Reclassification	0	147	147	0	-383	-383
<b>Balance at the end of the period</b>	<b>0</b>	<b>5,342</b>	<b>5,342</b>	<b>0</b>	<b>5,208</b>	<b>5,208</b>

In the first half of 2020, Selena Nantong recognised a provision of PLN 370 million for costs related to production safety in accordance with the local legal requirements. In connection with costs incurred provision of PLN 367 thousand raised in previous years has been used.

## 6.2.5 Other financial liabilities

The table below shows a specification of other non-financial liabilities as at the balance sheet date.

Figures in PLN thousand	As at 30.06.2020		As at 31.12.2019	
	Long-term	Short-term	Long-term	Short-term
Payroll liabilities	0	24,468	0	19,251
VAT payable	0	15,379	0	9,189
Other taxes and insurance payable	0	7,889	0	9,098
Prepayments for deliveries	0	3,032	0	1,955
Accrued expenses	0	326	0	247
Deferred income	1,514	3,166	1,598	4,170
<b>Total other non-financial liabilities</b>	<b>1,514</b>	<b>54,260</b>	<b>1,598</b>	<b>43,910</b>



**Risk**

## 7. Risk

### 7.1 Important estimates and assumptions

Preparation of financial statements in accordance with IFRS approved by the EU requires making accounting estimates and assumptions with regard to the future events or uncertainties existing at the balance sheet date. The Management Board of the Parent Company also uses a professional judgment when applying the Group's accounting policy. The estimates and assumptions give rise to the risk of possible corrections to the balance sheet assets and equity & liabilities in the next reporting periods.

The adopted estimates, assumptions and judgments include in particular:

- Impairment of financial assets (Note 7.2.3);
- Impairment of non-financial assets (Note 6.2.1);
- Estimated useful life of tangible and intangible assets;
- Ability to realise the deferred tax assets;
- Uncertainty of estimates and judgments made in relation to lease accounting;
- Estimation of the pension provision and other provisions (Note 6.2.4).

In H1 2020, no significant changes were made to the assumption areas or estimates. The business and macroeconomic assumptions underlying the estimates and judgments are updated on an ongoing basis depending on changes in the environment of the Parent Company and Selena Group companies, and business plans and projections.

### 7.2 Financial risk management

When analysing the goals and rules of financial risk management in the Group, the Management Board considers the following factors:

- specific nature of the sector and its typical transactions and connection with the Group's external environment,
- location of the individual entities and the resulting operating, financial, business, legal and tax implications,
- distribution of operating and management roles between the Group companies,
- planned growth of the Group companies and the related demand for capital,
- the Group's micro and macroeconomic environment.

On the basis of the analysis of these factors, the Management Board considers the following financial risks:

- FX risk,
- interest rate risk,
- credit risk,
- liquidity risk,
- other (specific risks).

### 7.2.1 Currency risk

For the purpose of risk analysis, currency risk is defined as a risk of volatility of the future cash flows denominated in other currencies than the Selena Group's functional currency as a result of FX fluctuations. In the case of the Group, the risk arises from the fact that a major portion of the transactions is conducted beyond Poland and settled in other currencies than the functional currency. In consequence, the FX fluctuations affect the cash flows, expressed in the functional currency, generated by the Group companies (both on the income and cost side) and the open balance sheet positions (net assets) expressed in foreign currency.

The Group's exposure to currency risk includes current assets and liabilities exposed to fluctuations in the following currencies: EUR, USD, HUF, UAH, CZK, BRL, BGN, CNY, KRW, GBP, CHF, CAD, BYN, RUB, RON, KZT, TRY. Selena Group uses selected financial instruments (mainly forward transactions) to hedge the value of future cash flows denominated in foreign currencies and the net asset value of its foreign operations. Selena Group hedges the active part of its currency exposures relating to trade receivables and liabilities, i.e. those that can actually be realised over 12 months. Selena Group also hedges currency exposure by using multi-currency credit lines and external financing in the currencies of local subsidiaries.

### 7.2.2 Interest rate risk

For the purpose of risk analysis, interest rate risk is defined as a risk of fluctuations in the fair value of the future cash flows as a result of changes in the market interest rates. In the case of the Group the risk applies mainly to the bank and other loans, leases and interest-bearing financial assets held by the Group companies (mainly cash).

The deposits opened by the Group companies are short-term in nature, therefore they reflect the current market conditions, but they also increase the risk of fluctuations of future cash flows from interest.

As a rule, Selena Group does not use hedging instruments to protect itself from changes in the market interest rates.

### 7.2.3 Credit risk

Due to the nature and size of its business, the Group's credit risk is subject to regular analysis for all the subsidiaries forming part of the Group. Selena Group enters into trading transactions with the companies that demonstrate a strong credit worthiness. The customers who are allowed trade credit are vetted depending on the nature and extent of the relationship. As a result, each client has an individually calculated credit limit and payment terms. Selena Group companies regularly monitor the value and age structure of receivables and take collection measures to mitigate credit risk. Furthermore, selected companies of the Group entered into agreements to insure their trade receivables.

The Group recognises expected credit losses on trade receivables and other financial receivables in accordance with IFRS 9. Changes in impairment allowances on trade and other receivables alongside comparative data are presented in the table below:

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
<b>Impairment in respect of expected credit loss at the beginning of the period</b>	<b>28,232</b>	<b>34,040</b>
<i>trade receivables</i>	25,516	30,246
<i>other financial receivables</i>	2,716	3,794
Created / reversed (-)	376	2,809
<i>trade receivables</i>	422	2,915
<i>other financial receivables</i>	-46	-106
Utilised	-957	-1,652
<i>trade receivables</i>	-444	-1,652
<i>other financial receivables</i>	-513	0
FX differences arising on conversion of foreign affiliates	365	-43
<i>trade receivables</i>	241	-216
<i>other financial receivables</i>	124	173
<b>Impairment in respect of expected credit loss at the end of the period</b>	<b>28,016</b>	<b>35,154</b>
<i>trade receivables</i>	25,735	31,293
<i>other financial receivables</i>	2,281	3,861

As at 30 June 2020, the Group's maximum exposure to credit risk corresponds to the full amount of the balance of financial assets, taking into account existing securities. Details on the assets held as security for loans are provided in Note 6.1.3 of the consolidated financial statements for 2019. The risk that no cash flows will be obtained from the indicated asset items is considered as low. In the situation of an increased credit risk, the Group is protected by asset impairment allowances, which are reflected in the carrying amounts of the assets.

Cash is deposited with financial institutions in the form of short-term deposits. Credit risk associated with cash is low in the Management Board's opinion. Cash in bank carries variable rates of interest. Short-term deposits are opened for different periods (up to 3 months), and carry different interest rates.

As at 30 June 2020, Selena Group had unutilised credit lines of PLN 182.3 million (PLN 249.6 million as at 31 December 2019).

The high value of cash on bank accounts is connected with the separate presentation in the interim condensed consolidated financial statements of settlements between the Polish members of Selena Group under cash-pool agreements (umbrella loan agreements).

The table below shows a structure of the cash balances at the balance sheet date.

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Cash in bank	107,722	64,615
Cash on hand	670	375
Cheques (up to 3 months)	5,578	7,744
Short-term deposits	59	12,914
Cash in transit	790	5
<b>Total</b>	<b>114,819</b>	<b>85,653</b>



In the case of cash and cash equivalents, the Management Board of the Parent Company believes that the credit risk is low. Over 90% of cash on bank accounts is held by Selena Group companies with financial institutions that have high, medium-high and medium credit rating and which have appropriate equity as well as a strong and stable market position. The table below presents the level of cash concentration on bank accounts, taking into account the credit rating of financial institutions.

Rating level		as at 30.06.2020	as at 31.12.2019
High	from AAA to AA- by S&P and Fitch, and from Aaa to Aa3 by Moody's	1%	0%
Medium-high	from A+ to A- by S & P and Fitch and from A1 to A3 by Moody's	75%	78%
Medium	from BBB+ to BBB- by S&P and Fitch and from Baa1 to Baa3 by Moody's	18%	16%
Low	from Ba2 to Ca by S & P and Fitch and from BB to CC by Moody's	6%	6%

#### 7.2.4 Liquidity risk

The Group's Management Board seeks to maintain a balance between continuity and flexibility of financing. To this end, different funding sources are used, including investment loans, overdrafts and leases.

As part of its role of central coordination of the Group's finance management, the Parent Company grants loans to its subsidiaries to ensure current financing and liquidity for them (the effect of such transactions is eliminated from the Group's consolidated accounts). Details of these transactions in 2020, until 30 June, are contained in the interim condensed standalone financial statements of the Parent Company for the first half of 2020.

#### 7.2.5 Other risks

Selena Group has an extensive co-operation with customers from the Eastern markets (Russia, Ukraine, Kazakhstan). The executive boards of the Group companies are aware of the risks pertaining to the Eastern markets (FX, credit, legal, tax and political risk). The Group applies a sales management model and a partial hedging of FX transactions designed to mitigate the above risks.

Furthermore, a material portion of the Group's operating costs are the cost of commodities, including those purchased in foreign markets. Commodity prices are characterised by volatility and reflect fluctuations in the global economy and oftentimes are linked to changing oil prices. The growing commodity prices press on distributors' margins and bring demand down. On the other hand, decreasing prices may point to a dwindling demand and a beginning of a downturn. The sustainable growth in demand and the stable commodity prices positively affect the Group's business, ensuring more accurate projections of performance, while fluctuations in demand and an increase in commodity prices have a negative bearing on the Group's profitability.



**Other information**

## 8. Other information

### 8.1 Contingent liabilities

#### Intragroup guarantees

Group companies provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. These are intragroup transactions, and the guarantee applies to loan obligations and trade liabilities owed to unrelated entities. Such guarantees given to the subsidiaries by Selena FM S.A. were described in detail in Note 7.1 of the interim condensed standalone financial statements of Selena FM S.A. for the six months ended 30 June 2020. As at 30 June 2020, the valuation of those guarantees according to IFRS 9 is immaterial.

#### Contingent assets and liabilities under the agreement for the acquisition of Selena Iberia

As part of the acquisition of Selena Iberia (formerly: Industrias Quimicas Lowenberg), in 2009, at the acquisition date, potential assets were identified in the acquired company which were related to the realisation of the benefits that might flow to Selena Iberia in the future in respect of contingent tax assets. Pursuant to the agreement between the Selena Group and the previous shareholders of the company, if the company acquires any actual economic benefits in respect of the above items, then they will be returned to the previous shareholders in an amount equal to those benefits (a symmetrical approach without an impact on the Group's results). On 30 September 2010, an additional agreement was signed in relation to this matter, whereby any potential economic benefits arising from these assets will be returned to the previous shareholders in the portion corresponding to 70% or 85% (depending on the type of the asset) of the value of such benefits.

In 2019, Selena Iberia posted a tax loss that did not allow it to use the tax losses and credits from previous years. The maximum nominal value of contingent liabilities not included in the settlement, taking into account liabilities recognised in the statement of financial position as at 30 June 2020, is EUR 1.2 million.

#### Court disputes

At the date of approval of these interim condensed consolidated financial statements, no company from Selena Group was a party to any court proceedings where the claim value would exceed 10% of the Parent Company's equity.

In the period until the date of approval of these interim condensed consolidated financial statements, neither Selena FM S.A. nor any company from its Group were party to any significant new court disputes, except for the ones listed below, already described in the annual consolidated financial statements of Selena Group for year ended 2019 (Note 8.1).

#### Dispute between Carina Silicones Sp. z o.o. and Bank Millennium S.A.

On 11 March 2013, Carina Silicones received from the District Court in Warsaw, XVI Economic Division, a copy of the claim for payment made by Millennium Bank, dated 4 January 2013. The bank stated its total claim amount at PLN 10,256 thousand. The claim relates to the purported conclusion of FX transactions between the company and the bank in 2008. Repeating the opinion of the Management Board of Carina Silicones, supported with legal opinions, the Management Board of the Parent sustains its opinion that the bank's claims are unwarranted. Based on the legal opinion received, the company responded to the claim and moved that it should be dismissed

in its entirety. At the request of Carina Silicones Sp. z o.o. the case was suspended for the time of the proceedings to determine existence of the contested transaction. At the request of Bank Millennium, in 2017 the Regional Court in Warsaw resumed the payment proceedings. During the first hearing on 14 March 2017, the attorney of Bank Millennium filed a motion to refer the case to mediation.

As at the date of preparation of these interim consolidated financial statements, the Regional Court continues examine evidence for the case. The company expects that the decision of the court of first instance might be taken in H1 2021. The company has a legal opinion which shows that the claim for payment is very likely to be successful.

#### Administrative proceedings between Selena S.A. and the Customers Office

Selena S.A. (the “Company”) is a party to customs proceedings relating to the imposition by the customs authorities of anti-dumping duty on the Company in connection with the import of mesh fabrics of glass fibers from Taiwan in 2011–2012.

Based on the report drafted by the European Anti-Fraud Office (OLAF) relating to the investigation held in Taiwan regarding the suspected circumvention of the anti-dumping duty imposed on the imports mesh fabrics, proceedings were initiated against Selena S.A. to determine the amount of the anti-dumping duty (the proceedings were initiated by the Head of the Customs Office in Gdynia on 24 February 2014, while on 27 May 2014 the Head of the Customs Office in Gdańsk initiated another 37 proceedings). As a result of these proceedings, a customs liability in the total amount of PLN 7,993 thousand was assessed for the Company.

Selena S.A. disagreed with the opinion of the customs authorities, and challenged it both before the customs authorities of the second instance and through complaints submitted to the Provincial Administrative Court (WSA) in Gdańsk. Despite the initially favorable decisions taken by the WSA, on 15 December 2016, the WSA in Gdańsk issued the first in a series of decisions unfavourable for the Company. Currently, in 19 cases in which the WSA ruled against Selena S.A., the Company filed cassation appeals to the Supreme Administrative Court. At the same time, the WSA decided to suspend a group of 13 other proceedings.

Regardless of the status of cases before the WSA in Gdańsk, so far Selena S.A. has paid about PLN 7.6 million in the customs liabilities (including in relation to the cases which have been suspended) and about PLN 700 thousand in respect of late interest.

## 8.2 Information on related parties

The table below shows transactions with directors of the Parent and with associates. The sales and purchases figures cover the period of 6 months ended 30 June (2020 and 2019, respectively), while the receivables and liabilities are presented as at 30 June 2020 and 31 December 2019.

Figures in PLN thousand	Period	Sales	Purchases	Receivables	Liabilities
Associates	2020	12,161	33	9,598	0
	2019	12,559	21	7,548	36
Subsidiaries of the ultimate controlling shareholder*	2020	162	0	18	0
	2019	531	101	142	0
Key management personnel**	2020	0	258	0	53
	2019	0	320	0	0
<b>TOTAL</b>	<b>2020</b>	<b>12,323</b>	<b>291</b>	<b>9,616</b>	<b>53</b>
	<b>2019</b>	<b>13,090</b>	<b>442</b>	<b>7,690</b>	<b>36</b>

\* the item includes entities connected through Mr Krzysztof Domarecki

\*\* the item includes members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants and other persons having close links with them.

## 8.3 Profit distribution for 2019

On 10 June 2020, the Annual General Meeting of Selena FM S.A. adopted a resolution to distribute the Company's net profit for 2019 in the amount of PLN 52,633,039.31 as follows: PLN 9,775,999.90 to cover losses carried forward from previous years; the remainder of PLN 42,887,039.41 to be transferred entirely to the Company's supplementary capital.

## 8.4 Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to the ordinary shareholders by the weighted average number of outstanding ordinary shares during the period.

The table below shows a calculation of the earnings(loss) per share in the reporting period.

		from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019
Profit (loss) attributable to the controlling interests	PLN	31,260,262	20,628,478	26,080,559	14,571,747
Average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Earnings/(loss) per ordinary share</b>	<b>PLN/share</b>	<b>1.37</b>	<b>0.90</b>	<b>1.14</b>	<b>0.64</b>
Number of shares, including dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Diluted earnings per share</b>	<b>PLN/share</b>	<b>1.37</b>	<b>0.90</b>	<b>1.14</b>	<b>0.64</b>

## 8.5 Subsequent events after the balance sheet date

After the balance sheet date and until the approval of these interim condensed consolidated financial statements no events, other than those described herein, took place that might materially affect the financial data presented in this report.

**Management Board President**  
**Krzysztof Domarecki**

**Vice President for Sales**  
**Dariusz Ciesielski**

**Vice President for Marketing**  
**Christian Dölle**

**Management Board Member for**  
**Finance**  
**Jacek Michalak**

**Management Board Member for**  
**Operations**  
**Marek Tomanek**