



Interim condensed consolidated financial statements for the period from 1 January to 30 June 2021

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020 restated figures*	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020 restated figures*
Continued operations					
Revenue from the sale of products		723,078	559,945	405,120	294,927
Revenue from the sale of goods and raw materials		62,828	41,447	32,284	24,169
Revenue from the sale of services		1,763	787	793	369
Revenue from contracts with customers	3	787,669	602,179	438,197	319,465
Cost of sales		559,313	399,262	313,946	207,121
Gross profit		228,356	202,917	124,251	112,344
Selling and marketing costs		124,783	103,728	66,665	51,562
General and administrative expenses		59,997	56,291	32,102	28,719
Other operating income	4.1	7,095	5,126	4,204	4,074
Other operating costs	4.1	1,622	1,990	938	1,254
Impairment of non-financial fixed assets		0	1,588	0	46
Impairment of financial assets	4.1, 7.2.3	846	376	307	-89
Operating profit		48,203	44,070	28,443	34,926
Financial income	4.2	7,652	2,826	2,671	-3,162
Financial costs	4.2	7,399	10,472	4,253	751
Impairment loss/ reversal of impairment loss (-) of loans granted		173	0	173	0
Share in net profit/loss of the associate		1,091	1,120	546	560
Profit before tax		49,374	37,544	27,234	31,573
Income tax	5	9,597	5,575	5,452	5,373
Net profit for the period		39,777	31,969	21,782	26,200
Net profit attributable to:					
- shareholders of the parent		39,788	31,896	21,763	26,156
- non-controlling interests		-11	73	19	44
Earnings per share attributable to the shareholders of the parent 8.4					
		(PLN/share)	(PLN/share)		
- basic		1.72	1.37	0.95	1.14
- diluted		1.72	1.37	0.95	1.14

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020 restated figures **	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020 restated figures*
Profit after tax	39,777	31,969	21,782	26,200
Other comprehensive income not subject to reclassification to profit or loss	0	0	0	0
FX differences arising on translation of the foreign associate	295	-3,014	781	4,319
FX differences on measurement of investments in the net assets of the foreign associate	-3,018	664	-6,775	-2,715
Income tax	522	-1,028	855	482
Other comprehensive income subject to reclassification to profit or loss	-2,201	-3,378	-5,139	2,086
Other comprehensive income for the period, after tax	-2,201	-3,378	-5,139	2,086
Total comprehensive income	37,576	28,591	16,643	28,286
Attributable to:				
– shareholders of the parent	37,566	28,496	16,649	28,271
– non-controlling interests	10	95	-6	15

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.06.2021	As at 31.12.2020 restated figures*	As at 01.01.2020 restated figures*
ASSETS				
Property, plant and equipment		258,696	259,697	251,794
Intangible assets		39,794	42,525	46,095
Investments accounted for using the equity method		18,360	17,847	16,467
Deferred tax assets		21,400	20,417	20,867
Other long-term financial assets	6.1	5,887	43,096	1,327
Total non-current assets		344,137	383,582	336,550
Inventories	6.2.2	293,018	192,670	150,185
Other short-term non-financial assets	6.2.3	63,599	36,393	39,106
Trade and other receivables	6.1	330,873	261,680	243,155
CIT claimed		5,026	4,661	4,228
Other short-term financial assets	6.1	45,546	2,772	2,824
Cash and cash equivalents	7.2.3	49,279	55,004	85,653
Total current assets		787,341	553,180	525,151
TOTAL ASSETS		1,131,478	936,762	861,701
LIABILITIES AND EQUITY				
Registered capital		1,142	1,142	1,142
FX differences arising on translation of the foreign associate		-45,376	-43,155	-31,396
Supplementary capital		675,749	659,758	608,648
Other reserves		75,000	9,633	9,633
Retained profit/ loss carried forward		-137,883	-96,313	-119,199
Equity attributable to the shareholders of the parent		568,632	531,065	468,828
Non-controlling interests		877	872	727
Total equity		569,509	531,937	469,555
Long-term portion of bank and other loans	6.1.1	31,780	14,107	69,515
Long term lease liabilities		18,842	21,570	25,924
Deferred tax liability		2,241	3,784	3,843
Other long term non-financial liabilities	6.2.5	5,696	1,526	1,707
Long-term portion	6.2.4	8,524	8,438	4,690
Non-current liabilities		67,083	49,425	105,679
Trade and other liabilities	6.1	281,381	190,143	158,302
Obligations to return remuneration		28,231	24,151	19,556
Short-term portion of bank and other loans	6.1.1	82,045	35,645	34,392
Short-term lease liabilities		13,180	13,392	14,250
Other short term financial liabilities	6.1	483	1,506	96
CIT tax payable		9,765	15,688	8,324
Other short term non-financial liabilities	6.2.5	58,454	51,317	46,339
Short-term provisions	6.2.4	21,347	23,558	5,208
Current liabilities		494,886	355,400	286,467
Total liabilities		561,969	404,825	392,146
TOTAL LIABILITIES AND EQUITY		1,131,478	936,762	861,701

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020 restated figures **
Cash flows from operating activities			
Profit (loss) before tax		49,374	37,544
Share in the result of the entities accounted for using the equity method		-1,091	-1,120
Depreciation/ amortisation		21,587	18,561
FX gains (losses)		-273	115
Interest and dividends		715	2,448
Profit/ (loss) on investing activities		-350	-480
Change in the balance of receivables		-104,320	-31,782
Change in the balance of inventories		-100,348	-29,497
Change in the balance of liabilities		108,553	16,298
Change in the balance of provisions		-2,125	591
CIT paid		-17,995	-9,796
Other		1,141	314
Net cash flows from operating activities		-45,132	3,196
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		-15,597	-14,293
Inflows from sale of tangible and intangible assets		487	486
Outflow on account of loans granted		-3,000	0
Dividends and interest received		1,435	484
Net cash flows from investing activities		-16,675	-13,323
Cash flows from financing activities			
Inflows from bank/ other loans received		74,477	82,937
Repayment of bank and other loans		-9,930	-34,395
Repayment of lease liabilities		-8,187	-7,661
Dividends paid to owners		-4	-6
Interest paid		-1,437	-1,876
Other		1,149	0
Net cash flows from financing activities		56,068	38,999
Net decrease in cash and cash equivalents		-5,739	28,872
Change in cash and cash equivalents, including:		-5,725	29,165
Net FX differences		14	294
Cash and cash equivalents at the beginning of the period*		55,004	85,653
Cash and cash equivalents at the end of the period*		49,279	114,819

*including restricted cash:

as at 30 June 2021: PLN 0.05m

as at 30 June 2020: PLN 0.05m

**The reasons and effects of transformation of the data published in prior periods are contained in Note 1.3

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2021

	Equity attributable to the shareholders of the parent					Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	FX differences arising on translation of the foreign affiliate	Supplementary capital	Other reserves	Retained profit/ loss carried forward			
Figures in PLN thousand								
As at 31 December 2020 – restated figures*	1,142	-43,155	659,758	9,633	-104,586	522,792	872	523,664
Correction of errors from previous years	0	0	0	0	8,273	8,273	0	8,273
As at 1 January 2021 – restated figures*	1,142	-43,155	659,758	9,633	-96,313	531,065	872	531,937
Profit for the period	0	0	0	0	39,788	39,788	-11	39,777
Other net comprehensive income for the period	0	-2,221	0	0	0	-2,221	20	-2,201
Total comprehensive income for the period	0	-2,221	0	0	39,788	37,567	9	37,576
Profit distributions	0	0	6,358	75,000	-81,358	0	0	0
Dividend	0	0	0	0	0	0	-4	-4
Other	0	0	9,633	-9,633	0	0	0	0
As at 30 June 2021	1,142	-45,376	675,749	75,000	-137,883	568,632	877	569,509

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Equity attributable to the shareholders of the parent					Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	FX differences arising on translation of the foreign affiliate	Supplementary capital	Other reserves	Retained profit/loss carried forward			
Figures in PLN thousand								
As at 31 December 2019 – approved figures*	1,142	-31,396	608,648	9,633	-129,712	458,315	727	459,042
Correction of errors from previous years	0	0	0	0	10,513	10,513	0	10,513
As at 1 January 2020 – restated figures*	1,142	-31,396	608,648	9,633	-119,199	468,828	727	469,555
Profit for the period	0	0	0	0	31,896	31,896	73	31,969
Other net comprehensive income for the period	0	-3,400	0	0	0	-3,400	22	-3,378
Total comprehensive income for the period	0	-3,400	0	0	31,896	28,496	95	28,591
Transfer of profit to the supplementary capital	0	0	51,109	0	-51,109	0	0	0
Dividend	0	0	0	0	0	0	-6	-6
As at 30 June 2020	1,142	-34,796	659,757	9,633	-138,412	497,324	816	498,140

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3



General information

1. General information

1.1 Characteristics of the Parent Company

Parent Company

The parent of the 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, Selena FM S.A. 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 and to the domestic market;
- providing subsidiaries with advice on strategic management, finance management, sales strategy as well as bookkeeping services.

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

Management Board of the Parent Company

As at 1 January 2021, the Company's Management Board was composed of:

- Krzysztof Domarecki – Chief Executive Officer;
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Jacek Michalak – Chief Financial Officer;
- Marek Tomanek – Chief Operating Officer.

On 16 February 2021, Krzysztof Domarecki resigned from the Parent Company's Management Board and from the role of CEO effective from 1 March 2021.

On 16 February 2021, the Parent Company's Supervisory Board adopted a resolution appointing Jacek Michalak to the Parent Company's Management Board as Chief Executive Officer. The appointment became effective as of 1 March 2021.

On 19 April 2021, Marek Tomanek resigned from the Company's Management Board and from the role of the COO effective from 30 April 2021.

On 22 April 2021, the Company's Supervisory Board adopted a resolution appointing Roman Dziuba to the Company's Management Board as Chief Operating Officer (COO). The appointment became effective as of 1 May 2021.

In the period from 1 May 2021 to 26 May 2021, no other changes took place in the composition of the Company's Management Board.

On 27 May 2021, the Supervisory Board appointed the Company's Management Board for a new term of office with the following composition:

- Jacek Michalak – CEO;
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Roman Dziuba – Chief Operating Officer.

In the period from 27 May 2021 to the date of publication of this report, no other changes took place in the composition of the Company's Management Board.

Supervisory Board of the Parent Company

As at 31 December 2020, the Parent Company's Supervisory Board was composed of:

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

From 1 January to 26 May 2021 no changes took place in the Supervisory Board.

On 27 May 2021, the Annual General Meeting appointed the Company's Supervisory Board for a new term of office with the following composition:

- Andrzej Krämer – Chairman of the Supervisory Board;
- Borysław Czyżak – independent Supervisory Board Member;
- Czesław Domarecki – Supervisory Board Member;
- Łukasz Dziekan – Supervisory Board Member;
- Mariusz Warych – independent Supervisory Board Member;
- Paweł Wyrzykowski – independent Supervisory Board Member.

In the period from 27 May 2021 to the date of publication of this report, there were no changes in the composition of the Company's Supervisory Board.

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 2020 published on 23 April 2021. 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 2021 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 2021, and the comparative data presented for the period of 6 months ended 30 June 2020.

The consolidated income statement and consolidated statement of other comprehensive income also cover the period of 3 months ended 30 June 2021, and the comparative data presented for the period of 3 months ended 30 June 2020. 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 2021 as well as comparative data for the period of 6 months ended 30 June 2020.

The consolidated statement of financial position covers the data presented as at 30 June 2021, and restated comparative data as at 31 December 2020 and 1 January 2020. Details are presented in Note 1.3.

Approval of the financial statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of the Parent Company on 16 September 2021.

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 2021 and 31 December 2020, 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 2021 and 2020, 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 30.06.2021	As at 31.12.2020	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
1 USD	3.8035	3.7584	3.7815	4.0214	3.7502	0.0568
1 EUR	4.5208	4.6148	4.5472	4.4413	4.5222	0.7531
100 HUF	1.2850	1.2638	1.2733	1.2730	1.2804	2.2938
1 UAH	0.1396	0.1326	0.1364	0.1532	0.1364	0.5718
1 CZK	0.1773	0.1753	0.1758	0.1677	0.1765	0.3334
1 RUB	0.0520	0.0501	0.0507	0.0572	0.0508	0.9262
1 BRL	0.7673	0.7236	0.7044	0.8086	0.7258	0.5884
1 BGN	2.3114	2.3595	2.3249	2.2708	2.3121	0.9784
1 CNY	0.5889	0.5744	0.5854	0.5705	0.5832	5.0037
100 KRW	0.3367	0.3456	0.3375	0.3317	0.3357	4.2143
1 RON	0.9174	0.9479	0.9264	0.9205	0.9182	2.9408
1 TRY	0.4370	0.5029	0.4703	0.6126	0.4428	1.6855
100 KZT	0.8869	0.8767	0.8903	0.9918	0.8758	0.9784
1 MXN	0.1917	0.1891	0.1867	0.1845	0.1879	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 2021 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.

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 consolidated financial statements are consistent with the policies used in preparation of the consolidated financial statements of Selena Group for the year ended 31 December 2020, with the exception of using new or amended standards and interpretations for the annual periods beginning on or after 1 January 2021.

Presentation changes and error corrections

In 2021, in order to increase the usability of the consolidated financial statements for its readers, the Group changed the presentation and names of some headings of the consolidated statement of financial position taking into account the nature of the presented data.

In 2021, also corrections were made to previous years' errors. The first correction concerned the presentation and valuation of the right of perpetual usufruct of land. As a result, perpetual usufruct of land was reclassified from intangible assets ("other") and from other long-term non-financial assets to tangible assets ("land").

In addition, as a result of the analysis of recoverability of the deferred tax asset relating to the provision raised in connection with the dispute between Bank Millennium and Carina Silicones (see Note 8.1 for details), it was decided that as at 31 December 2020 no taxable income was likely to be achieved to allow for deduction of negative temporary differences.

Furthermore, the Management Board of the Parent Company decided to correct an error from previous years with regard to the equity method measurement of shares in the associated undertaking Hamil - Selena Co. Ltd. As at 31 December 2020, that correction increased the value of shares in associates by PLN 11.7 million (by PLN 10.5 million as at 1 January 2020) in correspondence with the "Retained earnings" line item.

The following summary shows the impact of the presentation changes and correction of the errors, as well as reconciliation between the data published for the year ended 31 December 2020 and those included in these consolidated statement of financial position (impact as at 31.12.2020 and 01.01.2020) and in the consolidated income statement (impact as at 01.01.2020–30.06.2020, and 01.04.2020–30.06.2020):

Impact on the consolidated statement of financial position:

Figures in PLN thousand	As at 31.12.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of receivables settled by checks and credit cards	Reversal of a deferred tax asset	Measurement of shares in the associate	As at 31.12.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	<i>correction of error</i>	
Property, plant and equipment	243,303	16,394				259,697
Intangible assets	48,888	-6,363				42,525
Investments accounted for using the equity method	6,174				11,673	17,847
Deferred tax assets	23,817			-3,400		20,417
Other long-term non-financial assets	7,523	-7,523				0
Trade and other receivables*	251,907		9,773			261,680
Other short-term financial assets	12,545		-9,773			2,772
TOTAL ASSETS	594,157	2,508	0	-3,400	11,673	604,938

Figures in PLN thousand	As at 31.12.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of investment liabilities and other funds	Reversal of a deferred tax asset	Measurement of shares in the associate	As at 31.12.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	<i>correction of error</i>	
Retained profit/ loss carried forward	-104,586			-3,400	11,673	-96,313
Other long term financial liabilities	115		-115			0
Long term lease liabilities	19,062	2,508				21,570
Other long term non-financial liabilities	1,411		115			1,526
Trade and other liabilities**	187,337		2,806			190,143
Other short term financial liabilities	4,862		-3,356			1,506
Other short term non-financial liabilities	50,767		550			51,317
TOTAL EQUITY AND LIABILITIES	158,968	2,508	0	-3,400	11,673	169,749

Figures in PLN thousand	As at 01.01.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of receivables settled by checks and credit cards	Measurement of shares in the associate	As at 01.01.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	
Property, plant and equipment	235,620	16,174			251,794
Intangible assets	52,492	-6,397			46,095
Investments accounted for using the equity method	5,954			10,513	16,467
Other long-term financial assets	1,322			5	1,327
Other long-term non-financial assets	7,337	-7,332		-5	0
Trade and other receivables*	237,892			5,263	243,155
Other short-term financial assets	8,087			-5,263	2,824
TOTAL ASSETS	548,704	2,445	0	10,513	561,662

Figures in PLN thousand	As at 01.01.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of investment liabilities and other funds	Reversal of a deferred tax asset	Measurement of shares in the associate	As at 01.01.2020 restated figures
		correction of error	presentation change	correction of error	correction of error	
Retained profit/ loss carried forward	-129,712				10,513	-119,199
Other long term financial liabilities	109		-109			0
Long term lease liabilities	23,479	2,445				25,924
Other long term non-financial liabilities	1,598		109			1,707
Trade and other liabilities**	143,986		14,316			158,302
Other short term financial liabilities	16,841		-16,745			96
Other short term non-financial liabilities	43,910		2,429			46,339
TOTAL EQUITY AND LIABILITIES	100,211	2,445	0	0	10,513	113 168

* due to the nature of the item, the name was changed from "trade receivables" to "trade and other receivables"

**due to the nature of the item, the name was changed from "trade liabilities" to "trade and other liabilities"

Impact on the consolidated income statement

Figures in PLN thousand	from 01.01.2020 to 30.06.2020 published figures	Measurement of shares in the associate	from 01.01.2020 to 30.06.2020 restated figures	from 01.04.2020 to 30.06.2020 published figures	Measurement of shares in the associate	from 01.04.2020 to 30.06.2020 restated figures
		correction of error			correction of error	
Share in net profit/loss of the associate	484	636	1,120	484	76	560
Profit before tax	36,908	636	37,544	31,497	76	31,573
Net profit for the period	31,333	636	31,969	26,124	76	26,200

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 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform—Phase 2*;
- Amendments to IFRS 4: *Insurance contracts - deferral of the effective date of IFRS 9*;
- Amendments to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*.

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 14 Regulatory Deferral Accounts.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IFRS 3: Amendments to the References to the Conceptual Framework (published on 14 May 2020) – applicable to annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use (published on 14 May 2020) – applicable to annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37: onerous contracts – fulfillment costs (published on 14 May 2020) – applicable to annual periods beginning on or after 1 January 2022.
- Improvements to IFRS Standards 2018–2020 (published on 14 May 2020) – applicable to annual periods beginning on or after 1 January 2022.
- IFRS 17 Insurance Contracts.
- Amendments to IAS 1: Presentation of financial statements – Division of liabilities into short-term and long-term.
- Amendments to IAS 1 and Practice Statement 2: Disclosure of Accounting Policies.
- Amendments to IAS 8: Definition of Accounting Estimates.
- Amendments to IAS 12: Deferred tax relating to assets and liabilities arising from a single transaction.

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. Selena Group is currently analysing how the above amendments will affect the consolidated financial statements.



Information about the Group

2. Information about the Group

2.1 Selena Group's activities

Selena Group is an international producer and distributor of construction chemicals. The Group's Parent Company is Selena FM S.A. with its registered office in Wrocław.

The core business of the Group includes production, distribution and sale of construction chemicals and general building accessories. Selena 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;
- WINS window insulation and sealing systems;
- thermal insulation systems (ETICS);
- systems for finishing interior walls;
- systems for ceramic tiles;
- mortars;
- waterproofing products;
- passive fire protection solutions;
- building accessories.

The products on offer include solutions addressed both to professionals and to individual users. The Group's leading brands include Tytan, Quilosa, Artelit, Cool-R and Matizol.

The Group's production plants are located in Poland, China, Romania, Turkey, Spain, Kazakhstan, South Korea and Italy, and its products are available on the markets of nearly 100 countries in the world. Selena also carries on research activities in Poland, China, Romania, Turkey, Spain and Italy.

2.2 Group members

The table below shows the ownership and organisational structure of the Group and division into operating segments. The data are presented as at 30 June 2021 and 31 December 2020.

All the companies in the table are consolidated using the full (line-by-line) method, except the associated entity 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 2021.

	REGION	COUNTRY	ENTITY	REG. OFFICE	ACTIVITY	GROUP'S SHARE		OWNER	
						As at 30.06.2021	As at 31.12.2020		
European Union	Poland	Poland	Selena FM S.A.	Wroclaw	Group's headquarters, distributor			-	
			Selena S.A.	Wroclaw	Distributor	100.00%	100.00%	FM	
			Orion PU Sp. z o.o.	Dzierżonów	Man. of foams and sealants	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.	Dzierżonów	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.	Dzierżonów	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	
			Selena Digital Distribution Sp. z o.o.	Wroclaw	E-commerce	100.00%	-	SA	
			Taurus Sp. z o.o.	Dzierżonów	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.	Dzierżonów	Manufacturer of sealants; production management	100.00%	100.00%	FM	
	Oligo Sp. z o.o.	Dzierżonów	Research and Development	99.65%	99.65%	SL			
	Western Europe	Spain	Spain	Selena Iberia slú	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM
				Selena Italia srl	Padova	Distributor	100.00%	100.00%	FM
		Italy	Italy	Uniflex S.R.L.	Mezzocorona	Manufacturer of sealants, distributor	100.00%	100.00%	FM
				Selena Deutschland GmbH	Hagen	Distributor	100.00%	100.00%	FM
	Central and Eastern Europe	Czech Republic	Czech Republic	Selena Bohemia s.r.o.	Prague	Distributor	100.00%	100.00%	FM
				Selena Romania SRL	Ilfov	Distributor	100.00%	100.00%	FM
Romania		Romania	EURO MGA Product SRL	Ilfov	Manufacturer of adhesives and cement mortars	100.00%	100.00%	ROM	
			Selena Hungária Kft.	Pécs	Distributor	100.00%	100.00%	FM	
Hungary		Hungary	Selena Bulgaria Ltd.	Guruzovo	Distributor	100.00%	100.00%	FM	
			Russia	Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%
Eastern Europe	Kazakhstan	Kazakhstan	TOO Selena CA-Селена ЦА	Almaty	Distributor	100.00%	100.00%	FM	
			TOO Selena Insulations	Nur-Sultan	Manufacturer of insulation systems and dry mortars	100.00%	100.00%	FM	
	Ukraine	Ukraine	Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 2	
			Weize (Shanghai) Trading Co., Ltd.	Shanghai	Distributor	100.00%	100.00%	FM	
Asia	China	China	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	
	S.Korea	S.Korea	House Selena Co.Ltd	Shanghai	Distributor	40.00%	40.00%	NAN	
			Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3	
Middle East	Turkey	Turkey	Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istanbul	Man. of foams and sealants, distributor	100.00%	100.00%	FM	
			POLYFOAM Yalitim Sanayi ve Tic Ltd.	Istanbul	Distributor	100.00%	100.00%	SA 2	
N&S America	N&S America	Brazil	Brazil	Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 3
		Mexico	Mexico	Selena Mexico S. de R.L. de C.V.	Zapopan	Distributor	100.00%	100.00%	FM 3
		USA	USA	Selena USA, Inc.	Holland	Distributor	100.00%	100.00%	FM

Explanations to the "Owner" column

FM – 100% shares owned by Selena FM (SFM)

FM 1 – shares owned by SFM, other shares are owned by Krzysztof Domarecki

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 owned by Selena Industrial Technologies Sp. z o.o.

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

NAN – joint venture – 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 owned by Selena S.A., the remaining shares are held outside of the Group

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

SA 3 – associate – shares 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

Establishment of Selena Digital Distribution Sp. z o.o.

On 21 May 2021, a founding deed of Selena Digital Distribution Sp. z o.o. was signed. The sole shareholder of this limited liability company is Selena S.A., and its share capital is PLN 5,000. PLN. The company may be used in the future to implement the Group's business plans.

Increasing the registered capital, change of name, registered office and objects of subsidiary Carina Sealants Sp. z o.o.

On 21 May 2021, the Extraordinary General Meeting of CARINA SEALANTS Sp. z o.o. was held. The business transacted during the meeting included adoption of resolutions on changes in the composition of the company's Management Board, a change of the company's business name (to Selena ESG Solutions Sp. z o.o.), changes in the company's objects (update of the PKD list indicated in the Articles of Association), increasing the registered capital, and changes in the Articles of Association, with ratification of a consolidated text of the document. Selena FM S.A. remains the sole shareholder of this company. Now that the registered capital increase was recorded in the National Court Register (KRS), Selena FM S.A. holds 20 thousand shares in the company's share capital with a total value of PLN 1 million. The capital increase was recorded in the KRS on 8 July 2021.

Events occurring after the balance sheet date

Establishment of Selena Green Investments Sp. z o.o.

On 2 September 2021, a founding deed of Selena Green Investments Sp. z o.o. was signed. The company's shareholders are: Selena FM S.A., which acquired 95% of shares, and Selena ESG Solutions sp.z o.o., which acquired 5% of shares in the registered capital of the new entity. The share capital of Selena Green Investments is PLN 5,000. In the future, the company may be used to implement the Group's business plans. As at the publication date, the formation of the company was not recorded in the National Court Register.



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 operating 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:

$$\text{EBITDA} = \text{Net profit/ loss} + \text{Income tax} \pm \text{share in the profit/loss of the affiliate} \pm \text{financial costs/income} + \text{Depreciation/amortisation}$$

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 2020.

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. Non-allocated assets and liabilities include settlements on account of current and deferred income tax.

Management of the Selena Group's funding sources, financial income and costs management and operation of the taxation policy are the tasks performed 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 the its revenues.

The tables below show data on the revenues and profits of the individual reporting segments for H1 2021 and 2020, and for the three months ended 30 June 2021 and 30 June 2020, respectively.

from 01.01.2021 to 30.06.2021	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	525,745	205,706	56,218	787,669	0	787,669
Sales between segments	150,440	9,521	0	159,961	-159,961	0
EBITDA	105,809	26,151	5,871	137,831	-68,041	69,790
Depreciation/ amortisation	-14,061	-1,235	-30	-15,326	-6,261	-21,587
Operating profit (loss)	91,748	24,916	5,841	122,505	-74,302	48,203
Net financial income/ (costs)	0	0	0	0	80	80
Share in profit of the associate	0	1,091	0	1,091	0	1,091
Income tax	0	0	0	0	-9,597	-9,597
Net profit (loss) for the period	91,748	26,007	5,841	123,596	-83,819	39,777
Capital expenditure	13,038	2,546	18	15,602		15,602

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

from 01.01.2020 to 30.06.2020 restated figures**	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	393,969	172,081	36,129	602,179	0	602,179
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
Operating profit (loss)	97,395	16,586	3,868	117,849	-73,779	44,070
Net financial income/ (costs)	0	0	0	0	-7,646	-7,646
Share in profit of the associate	0	1,120	0	1,120	0	1,120
Income tax	0	0	0	0	-5,575	-5,575
Net profit (loss) for the period	97,395	17,706	3,868	118,969	-87,000	31,969
Capital expenditure	12,577	957	3	13,537		13,537

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

**The reasons and effects of transformation of the data published in prior periods are contained in Note 1.3

from 01.04.2021 to 30.06.2021	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	286,355	123,162	28,680	438,197	0	438,197
Sales between segments	86,700	4,719	0	91,419	-91,419	0
EBITDA	58,067	17,998	3,437	79,502	-39,990	39,512
Depreciation/ amortisation	-7,231	-621	-15	-7,867	-3,202	-11,069
Operating profit (loss)	50,836	17,377	3,422	71,635	-43,192	28,443
Net financial income/ (costs)	0	0	0	0	-1,755	-1,755
Share in profit of the associate	0	546	0	546	0	546
Income tax	0	0	0	0	-5,452	-5,452
Net profit (loss) for the period	50,836	17,923	3,422	72,181	-50,399	21,782
Capital expenditure	7,976	802	9	8,787	0	8,787

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

from 01.04.2020 to 30.06.2020 restated figures**	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	205,029	99,119	15,317	319,465	0	319,465
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
Operating profit (loss)	57,804	11,528	2,126	71,458	-36,532	34,926
Net financial income/ (costs)	0	0	0	0	-3,913	-3,913
Share in profit of the associate	0	560	0	560	0	560
Income tax	0	0	0	0	-5,373	-5,373
Net profit (loss) for the period	57,804	12,088	2,126	72,018	-45,818	26,200
Capital expenditure	7,404	29	0	7,433		7,433

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

**The reasons and effects of transformation of the data published in prior periods are contained in Note 1.3

In H1 2021, the Group's consolidated revenue from contracts with customers amounted to PLN 787.7 million, which is by PLN 30.8% (PLN 185.5 million) higher than in the corresponding period of the previous year.

The increase in revenue from contracts with customers compared to the same period last year is mainly due to the restrictions observed by the customers' business during the first six months of 2020, notably in April–May. Those restrictions were related to the COVID-19 situation.

The tables below show data on assets allocated to individual geographic segments as at 30 June 2021 and 31 December 2020.

as at 30.06.2021						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	1,292,236	233,533	54,678	1,580,447	-493,755	1,086,692
Investment in the associate	0	18,360	0	18,360	0	18,360
Non-allocated assets	0	0	0	0	26,426	26,426
Total assets	1,292,236	251,893	54,678	1,598,807	-467,329	1,131,478

*Consolidation adjustments and settlements on account of current and deferred income tax.

as at 31.12.2020 restated figures**						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	1,156,170	192,809	41,040	1,390,019	-496,182	893,837
Investment in the associate	0	17,847	0	17,847	0	17,847
Non-allocated assets	0	0	0	0	25,078	25,078
Total assets	1,156,170	210,656	41,040	1,407,866	-471,104	936,762

*Consolidation adjustments and settlements on account of current and deferred income tax.

**The reasons and effects of transformation of the data published in prior periods are contained in Note 1.3

The tables below show data on liabilities allocated to individual geographic segments as at 30 June 2021 and 31 December 2020.

as at 30.06.2021						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	970,313	216,654	71,674	1,258,641	-708,678	549,963
Non-allocated liabilities	0	0	0	0	12,006	12,006
Total liabilities	970,313	216,654	71,674	1,258,641	-696,672	561,969

*Consolidation adjustments and settlements on account of current and deferred income tax.

as at 31.12.2020 restated figures**						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	753,623	186,591	62,241	1,002,455	-617,102	385,353
Non-allocated liabilities	0	0	0	0	19,472	19,472
Total liabilities	753,623	186,591	62,241	1,002,455	-597,630	404,825

*Consolidation adjustments and settlements on account of current and deferred income tax.

**The reasons and effects of transformation of the data published in prior periods are contained in Note 1.3



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 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Profit from disposal of non-financial fixed assets	192	250	127	17
Subsidies	4,349	4,484	2,279	4,238
Damages	121	111	5	29
Provisions released	1,507	61	1,502	12
Repayment of receivables written off in previous periods	416	0	226	0
Other	510	220	65	-222
Total other operating income	7,095	5,126	4,204	4,074

Other operating costs

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Damages, penalties, fines	679	818	456	246
Donations made	563	608	296	595
Other	380	564	186	413
Total other operating costs	1,622	1,990	938	1,254

Impairment of financial assets

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Recognition of an impairment allowance on receivables	1,381	1,133	444	370
Reversal of an impairment allowance on receivables	-535	-757	-137	-459
Impairment of financial assets	846	376	307	-89

4.2 Financial income and costs

Financial income

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
FX gains	6,407	2,226	2,050	-3,073
Interest on deposits and bank accounts	5	151	5	48
On loans granted	1,123	0	574	0
Other interest	21	28	-10	12
Derivative financial instruments	92	395	52	-171
Other financial income	4	26	0	22
Total financial income	7,652	2,826	2,671	-3,162

Financial costs

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
FX losses	4,737	7,221	2,702	-1,010
Interest on bank and other loans	1,264	2,138	737	1,319
Interest on leases	533	372	268	170
Other interest	129	99	86	14
Other financial costs	736	642	460	258
Total financial costs	7,399	10,472	4,253	751

As at 30 June 2021, Selena FM S.A. had open forward contracts. In H1 2021, the profit on valuation of instruments was PLN 1,146 thousand (including valuation of open contracts of PLN -360 thousand net as at 30 June 2021). The loss on exercise of the contracts was PLN 1,054 thousand. The result on transactions was recognised in financial revenues under "Derivative financial instruments".

Taxation

5. Taxation

Tax charge

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020
Current income tax:		
Current income tax charge	11,183	9,096
Corrections to the current income tax from previous years	487	-388
Deferred income tax:		
Connected with origination and reversal of temporary differences	-2,073	-3,133
Tax disclosed in consolidated income statement	9,597	5,575

Reconciliation of the effective tax rate

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020 restated figures*
Profit (loss) before tax	49,374	37,544
Tax at the Polish statutory rate of 19%	9,381	7,133
Costs/ (revenues) not included in the taxation basis	-1,627	-991
Tax effect of current period losses for which no deferred tax assets were recognised	3,212	1,042
Corrections to the current income tax from previous years	487	-388
Use of previous years' tax losses for which no asset was recognised	-2,082	-963
Tax relief for operations in the Special Economic Zone for which no deferred tax asset was recognised	-476	-470
Effect of other tax rates in foreign affiliates	702	212
Tax at the effective tax rate	9,597	5,575
Effective tax rate	19%	15%

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3



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 30.06.2021	31.12.2020	As at restated figures*	01.01.2020	As at restated figures*
Financial assets measured at amortised cost					
<i>Trade receivables</i>	326,144		251,907		237,892
<i>Settlements with customers on account of credit card payments</i>	3,578		8,291		5,023
<i>Promissory notes, cheques</i>	1,103		1,482		214
<i>Investment receivables</i>	48		0		26
Trade and other receivables	330,873		261,680		243,155
<i>Loans granted</i>	4,827		42,000		0
<i>Restricted cash</i>	105		107		378
<i>Other</i>	136		170		130
Total other long term financial assets measured at amortised cost	5,068		42,277		508
<i>Loans granted</i>	40,246		81		0
<i>Grants receivable</i>	2,061		0		0
<i>Security deposits</i>	1,132		690		618
<i>Other</i>	1,984		2,001		2,206
Total other short term financial assets measured at amortised cost	45,423		2,772		2,824
Cash and cash equivalents	49,279		55,004		85,653
Financial assets measured at fair value through profit or loss					
<i>Other short-term financial assets – forward contracts</i>	123		0		0
Financial assets measured at fair value through other comprehensive income					
<i>Other long-term financial assets – shares in non-listed companies</i>	819		819		819
Total	431,585		362,552		332,959

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

Figures in PLN thousand	As at 30.06.2021	31.12.2020	As at restated figures*	from 01.01.2020	As at restated figures*
Financial liabilities measured at amortised cost					
<i>Bank and other loans</i>	113,825		49,752		103,907
<i>Lease liabilities</i>	32,022		34,962		40,174
Total interest-bearing debt	145,847		84,714		144,081
<i>Trade liabilities</i>	279,830		187,337		143,986
<i>Investment liabilities</i>	1,551		2,580		1,591
<i>Liabilities on account of prepaid trade receivables</i>	0		226		12,725
Trade and other liabilities	281,381		190,143		158,302
Financial liabilities measured at fair value through profit or loss					
<i>Other short-term liabilities – forward contracts</i>	483		1,506		96
Total	427,711		276,363		302,479

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

The Group's exposure to various risk types related to financial instruments is discussed in Note 7.2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets listed above.

Fair value of financial instruments that Selena Group held as at 30 June 2021 was not materially different from the values presented in the financial statements for the respective years:

- with regard to short-term instruments, the potential effect of the discount is not material;
- the instruments relate to the transactions concluded on market terms.

As at 30 June 2021, the Group included financial instruments measured at fair value to Level 2 fair value measurement, i.e.:

- The fair valuation of forward contracts through profit or loss – valuation using observable inputs other than quoted prices (the present value of future cash flows is determined based on forward FX rates as at the balance sheet date);
- Valuation of shares in non-listed companies – in 2020, Selena Group did not recognise the result from the fair valuation of these assets in other comprehensive income.

6.1.1 Bank and other loans

The incurred bank loans are presented in the table below

Ref	Loan type	Maturity date	As at 30.06.2021		As at 31.12.2020	
			Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2021	0	60,798	0	21,636
2	Working capital loan	2024	19,552	0	0	0
3	Other	2021-2026	12,228	21,247	14,107	14,009
			31,780	82,045	14,107	35,645

On 9 April 2021, an annex was signed to the guarantee and LC line agreement. The annex maintained the amount of the guarantee line at EUR 10.5 million. At the same time, the original period of availability of the bank guarantee and the LC was extended.

On 28 June 2021, an annex to the multi-purpose credit limit agreement was signed. The original expiry date of the agreement was extended to 30 June 2024, and the availability of the non-renewable credit limit was set for 31 March 2022. The credit line amount was increased to PLN 120.0 million.

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 2021, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

Events occurring after the balance sheet date

On 5 August 2021, the subsidiary Selena Vostok signed an annex to the loan agreement. The loan amount was increased to RUB 400 million, and the credit period was set at 12 months from the signing date. The loan 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

As at 30 June 2021, Selena Group did not identify any indicators that would point to the need to conduct tests for impairment of non-current assets.

6.2.2 Inventories

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
Raw materials	110,018	65,729
Work in progress	6,451	4,762
Finished goods	149,802	103,930
Goods for resale	26,747	18,249
Total inventories, net	293,018	192,670
Impairment allowance on inventories	6,268	6,209
Total inventories, gross	299,286	198,879

Changes in the impairment allowance on inventories are presented in the table below.

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020
Impairment allowance on inventories at the beginning of the period	6,209	3,886
Recognition of impairment allowance on inventories	2,637	2,687
Reversal of impairment allowance on inventories	-1,157	-897
Utilisation of impairment allowance on inventories	-1,383	-246
FX differences arising on translation	-38	28
Impairment allowance on inventories at the end of the period	6,268	5,458

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 30.06.2021	31.12.2020	As at restated figures*	01.01.2020	As at restated figures*
VAT claimed	46,178		23,128		26,911
Prepayments for deliveries	11,608		6,914		5,986
Prepaid expenses	5,260		4,270		3,509
Other non-financial receivables	553		2,081		2,700
Other short-term non-financial assets	63,599		36,393		39,106

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3

6.2.4 Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	from 01.01.2021 to 30.06.2021			from 01.01.2020 to 31.12.2020		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the	4,162	4,276	8,438	3,626	1,064	4,690
Provisions raised	256	39	295	823	3,166	3,989
Provisions released	-61	0	-61	-395	0	-395
Provisions used	-293	0	-293	-84	0	-84
FX differences	-49	194	145	192	-127	65
Reclassification	0	0	0	0	173	173
Balance at the end of the period	4,015	4,509	8,524	4,162	4,276	8,438
Short term						
Balance at the beginning of the	0	23,558	23,558	0	5,208	5,208
Provisions raised	0	379	379	0	18,884	18,884
Provisions released	0	-1,507	-1,507	0	-107	-107
Provisions used	0	-949	-949	0	-575	-575
FX differences	0	-134	-134	0	106	106
Reclassification	0	0	0	0	42	42
Balance at the end of the period	0	21,347	21,347	0	23,558	23,558

The value of provisions released over the six months ended 30 June 2021 was impacted by the favourable settlement of the customs case relating to Selena Romania (PLN 1,459 thousand). A part of the provision of PLN 783 thousand was used to make the payment resulting from the customs proceedings.

In addition, in the first half of 2021, Selena Nantong recognised a provision of PLN 377 thousand for costs related to production safety in accordance with the local legal requirements. A part of the provision of PLN 142 thousand was used in connection with the costs incurred.

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 30.06.2021		As at 31.12.2020 restated figures*		As at 01.01.2020 restated figures*	
	Long-term portion	Short-term portion	Long-term portion	Short-term portion	Long-term portion	Short-term portion
Payroll liabilities	3,137	24,905	0	27,450	0	19,251
VAT payable	0	19,328	0	9,536	0	9,189
Other taxes and insurance payable	0	8,667	0	7,235	0	9,098
Prepayments for deliveries	0	2,711	0	2,068	0	1,954
Other non-financial liabilities	118	453	115	1,311	109	2,677
Deferred income	2,441	2,390	1,411	3,717	1,598	4,170
Total other non-financial liabilities	5,696	58,454	1,526	51,317	1,707	46,339

*The reasons and effects of restating the data published in prior periods are contained in Note 1.3



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 of tangible assets 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 2021, no significant changes were made to the assumption areas or estimates. The business and macroeconomic assumptions underlying the estimates and judgements 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 Selena 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 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020
Impairment in respect of expected credit loss at the beginning of the period	26,100	28,232
<i>trade receivables</i>	23,764	25,516
<i>other financial receivables</i>	2,336	2,716
Recognised/ reversed (-)	846	376
<i>trade receivables</i>	853	422
<i>other financial receivables</i>	-7	-46
Utilised	-892	-957
<i>trade receivables</i>	-573	-444
<i>other financial receivables</i>	-319	-513
FX differences arising on conversion of foreign affiliates	-358	365
<i>trade receivables</i>	-315	241
<i>other financial receivables</i>	-43	124
Impairment in respect of expected credit loss at the end of the period	25,696	28,016
<i>trade receivables</i>	23,729	25,735
<i>other financial receivables</i>	1,967	2,281

As at 30 June 2021, the Group's maximum exposure to credit risk corresponds to the full amount of the balance of financial assets, taking into account existing securities. 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 invested 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 interest rates fixed for them.

As at 30 June 2021, Selena Group had unutilised credit lines of PLN 212.2 million (PLN 307.2 million as at 31 December 2020).

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

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
Cash in bank	43,606	50,491
Cash on hand	411	262
Cheques (up to 3 months)	3,838	4,193
Short-term deposits	58	58
Cash in transit	1,366	0
Total	49,279	55,004

In the case of cash and cash equivalents, the Management Board of the Parent Company believes that the credit risk is low. A significant portion (86% as at 30 June 2021) of cash on bank accounts is held by Selena Group companies with financial institutions that have 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 30.06.2021	as at 31.12.2020
Medium-high	from A+ to A- by S & P and Fitch and from A1 to A3 by Moody's	69%	75%
Medium	from BBB+ to BBB- by S&P and Fitch and from Baa1 to Baa3 by Moody's	17%	19%
Low	from Ba2 to Ca by S & P and Fitch and from BB to CC by Moody's	14%	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 2021, until 30 June, are contained in the interim condensed standalone financial statements of the Parent Company for the first half of 2021.

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

Selena 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 2021.

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.

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 2021, is EUR 1.16 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 2020 (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 sustained its opinion that the bank's claims were unwarranted. Based on the legal opinion received, the company responded to the claim and moved that it should be dismissed in its entirety.

On 5 March 2021, the court issued a judgment in the first instance, accepting the bank's claim. As at 31 December 2020, the Company's Management Board decided to raise a provision for the value of the claim together with statutory interest of PLN 17.9 million. The defendant did not agree with the decision and appealed, fully upholding its previous position that the claim is unfounded.

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 fibres 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. In some cases, complaints were also submitted to the Supreme Administrative Court, as well as to the European Court of Human Rights in Strasbourg. All the complaints were dismissed or (as a result of other negative decisions) withdrawn by the Company in 2020 and 2021. Selena S.A. paid the full amount of the liability, i.e. PLN 7.6 million in respect of the customs duty, 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 as well as with associates and joint ventures. The sales and purchases figures cover the period of 6 months ended 30 June (2021 and 2020, respectively), while the receivables and liabilities are presented as at 30 June 2021 and 31 December 2020.

Figures in PLN thousand	Period	Sales	Purchases	Interest income	Receivables	Liabilities	Loans granted
Associates and joint ventures	2021	13,460	0	0	8,548	0	0
	2020	12,161	33	0	7,609	212	0
Subsidiaries of the ultimate controlling shareholder*	2021	9	220	1,123	5	68	45,073
	2020	162	0	0	3	0	42,081
Key management personnel**	2021	0	0	0	0	0	0
	2020	0	258	0	0	0	0
TOTAL	2021	13,469	220	1,123	8,553	68	45,073
	2020	12,323	291	0	7,612	212	42,081

* 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 2020

On 27 May 2021, the Annual General Meeting of Selena FM S.A. adopted a resolution to distribute the Company's net profit for 2020 of PLN 75,379,472.95 as follows: PLN 75,000,000.00 to create a capital reserve for the purchase of the Company's own shares; the remainder of PLN 379,472.95 to be transferred entirely to the Company's supplementary capital.

8.4 Earnings per share

The basic earnings per share are 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 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020 restated figures*	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020 restated figures*
Profit (loss) attributable to the controlling interests	PLN	39,787,627	31,896,262	21,763,026	26,155,559
Average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
Earnings/(loss) per ordinary share	PLN/share	1.74	1.40	0.95	1.15
Number of shares, including dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
Diluted earnings per share	PLN/share	1.74	1.40	0.95	1.15

8.5 Subsequent events

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**

Jacek Michalak

**Chief Commercial Officer,
Vice President**

Sławomir Majchrowski

**Chief Marketing & Strategy
Officer, Vice President**

Christian Dölle

Chief Operating Officer

Roman Dziuba