



**INTERIM CONDENSED
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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Financial statements

INCOME STATEMENT

	Note	from 01.01.2020 to 30.06.2020	from 01.01.2019 30.06.2019 restated data*	from 01.04.2020 to 30.06.2020	from 01.04.2019 30.06.2019 restated data*
Figures in PLN thousand					
Continued operations					
Revenue from the sale of goods and materials		310,084	258,334	159,486	147,324
Revenue from the sale of services		11,879	12,988	6,324	6,970
Revenue from contracts with customers		321,963	271,322	165,810	154,294
Cost of sales		271,539	241,933	142,203	139,524
Gross profit on sales		50,424	29,389	23,607	14,770
Selling and marketing costs		20,191	17,824	10,006	9,570
General and administrative expenses		21,857	15,191	11,739	7,576
Other operating income	3.1	350	169	267	117
Other operating costs	3.1	387	160	378	132
Impairment loss/ reversal of impairment loss (-) of receivables		1,931	1,651	599	12,667
Dividends from subsidiaries*		16,070	27,247	16,070	27,247
Operating profit		22,478	21,979	17,222	12,189
Financial income	3.2	6,389	5,905	149	-274
Financial costs	3.2	1,512	2,841	723	853
Impairment loss/ reversal of impairment loss (-) of loans granted		-1,087	-5,449	-1,121	-11,660
Profit before tax		28,442	30,492	17,769	22,722
Income tax	4	2,410	1,051	10	465
Net profit		26,032	29,441	17,759	22,257

*change in the presentation of dividends from subsidiaries, described in note 1.3

Net earnings per share (PLN/share):

- basic	1.14	1.29	0.78	0.97
- diluted	1.14	1.29	0.78	0.97

STATEMENT OF COMPREHENSIVE INCOME

	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
Figures in PLN thousand				
Net profit	26,032	29,441	17,759	22,257
Total comprehensive income	26,032	29,441	17,759	22,257

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.06.2020	As at 31.12.2019
ASSETS			
Property, plant and equipment		12,887	13,815
Intangible fixed assets		15,906	15,870
Shares in subsidiaries	5.2.1	169,005	168,750
Long-term portion of loans granted	5.1.1	106,703	101,120
Non-current assets		304,501	299,555
Inventories		5,895	5,070
Other short-term non-financial assets	5.2.3	22,944	25,781
Trade receivables	6.2.3	191,783	139,067
Short-term portion of loans granted	5.1.1	62,939	57,509
Other short-term financial assets		1,962	310
Cash and cash equivalents		22,120	5,064
Current assets		307,643	232,801
TOTAL ASSETS		612,144	532,356
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
Supplementary capital		332,346	289,459
Other reserves		19,163	19,163
Retained profit/ loss carried forward		26,032	42,887
– retained profit/ loss from previous years		0	-9,776
– profit (loss) after tax		26,032	52,663
Equity		378,683	352,651
Long-term portion of bank and other loans	5.1.2	73,564	68,851
Long-term lease obligations		9,414	9,873
Deferred tax liabilities		2,075	1,161
Provision for retirement benefits		347	236
Non-current liabilities		85,400	80,121
Trade liabilities	6.2.4	109,322	84,404
Obligations to return remuneration		1,110	1,407
Short-term portion of bank and other loans	5.1.2	25,569	1,014
Short-term lease obligations		2,380	2,204
CIT tax payable		1,789	4,621
Other short-term financial liabilities		212	672
Other short-term non-financial liabilities	5.2.4	7,679	5,262
Current liabilities		148,061	99,584
Total liabilities		233,461	179,705
TOTAL EQUITY AND LIABILITIES		612,144	532,356

STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
Cash flows from operating activities		
Profit (loss) before tax	28,442	30,492
Depreciation/ amortisation	2,532	2,799
FX (gains) / losses	-1,326	-3,038
Interest and dividends	-18,975	-30,149
Profit / loss on investing activities	-1,529	7,480
Change in the balance of receivables	-49,655	-35,260
Change in the balance of inventories	-825	-4,703
Change in the balance of liabilities	26,486	31,754
Change in the balance of provisions	111	42
CIT paid	-4,328	-108
Other	314	-807
Net cash flows from operating activities	-18,753	-1,498
Cash flows from investing activities		
Inflows from the sale of tangible fixed assets	96	111
Purchase of property, plant and equipment and intangible assets	-1,323	-1,332
Purchase of shares in subsidiaries	-255	0
Dividends and interest received	14,457	27,247
Loans granted	-7,792	-739
Repayments of loans granted	3,011	6,828
Net cash flows from investing activities	8,194	32,115
Cash flows from financing activities		
Repayment of finance lease liabilities	-993	-1,173
Inflows from bank/ other loans received	41,108	25,614
Repayment of loans	-11,990	-30,930
Dividend paid	0	-6,850
Interest paid	-613	-854
Net cash flows from financing activities	27,512	-14,193
Increase (decrease) in cash and cash equivalents	16,953	16,424
Change in cash and cash equivalents, including:	17,056	16,413
net FX differences	103	-11
<i>Cash at the beginning of the period*</i>	<i>5,064</i>	<i>1,849</i>
<i>Cash at the end of the period*</i>	<i>22,120</i>	<i>18,262</i>

*including restricted cash:
 as at 30 June 2020: PLN 0.05m
 as at 30 June 2019: PLN 0.05m

STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2020

Figures in PLN thousand	Registered capital	Own shares (-)	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
					from previous years	from the current period	
As at 01.01.2020	1,142	0	289,459	19,163	42,887	0	352,651
Net profit	0	0	0	0	0	26,032	26,032
Total comprehensive income	0	0	0	0	0	26,032	26,032
Transfer of profit to the supplementary capital	0	0	42,887	0	-42,887	0	0
As at 30.06.2020	1,142	0	332,346	19,163	0	26,032	378,683

FOR THE 6 MONTHS ENDED 30 JUNE 2019

Figures in PLN thousand	Registered capital	Own shares (-)	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
					from previous years	from the current period	
As at 01.01.2019	1,142	0	265,794	19,163	20,739	0	306,838
Net profit	0	0	0	0	0	29,441	29,441
Total comprehensive income	0	0	0	0	0	29,441	29,441
Transfer of profit to the supplementary capital	0	0	23,665	0	-23,665	0	0
Dividend	0	0	0	0	-6,850	0	-6,850
As at 30.06.2019	1,142	0	289,459	19,163	-9,776	29,441	329,429



General information

1. General information

1.1. Information on the Company

Company's activity

Selena FM S.A. (hereinafter also referred to as "Company", "Parent 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 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 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 bookkeeping services.

Selena FM S.A. and its subsidiaries are controlled by Krzysztof Domarecki.

The Management Board of the Company

As at 31 December 2019, the 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 Company's Supervisory Board adopted a resolution appointing Marek Tomanek to the Company's Management Board as Chief Operating Officer (COO). The appointment became effective as of 25 May 2020.

As at 30 June 2019, the 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 Management Board's composition.

Company's Supervisory Board

As at 31 December 2019, the Company's Supervisory Board 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 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

Identification of the consolidated financial statements

These interim condensed financial statements are standalone accounts of the Company. For a full understanding of the financial position and trading performance of the Company as a parent of Selena Group these financial statements should be read together with the consolidated financial statements of the Group for the 6 months period ended 30 June 2020, approved for publication on 17 September 2020.

Interim report

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

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

Period covered by the financial statements

The interim condensed financial statements cover the 6 months period ended 30 June 2020 and data as at that date.

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

The income statement and the statement of comprehensive income also cover the data for 3 months ended 30 June 2020 as well as comparative data for the period of 3 months ended 30 June 2019, which were not audited.

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

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

Measurement and reporting currency

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

The currency rates used for measurement of the balance sheet items expressed in foreign currency are presented in the table below.

Ccy	As at 30.06.2020	As at 31.12.2019
1 USD	3.9806	3.7977
1 EUR	4.4660	4.2585
100 HUF	1.2525	1.2885
1 UAH	0.1493	0.1602
1 CZK	0.1666	0.1676
1 RUB	0.0564	0.0611
1 BRL	0.7366	0.9448
1 BGN	2.2834	2.1773
1 CNY	0.5632	0.5455
100 KRW	0.3308	0.3291
1 RON	0.9220	0.8901
1 TRY	0.5807	0.6380
100 KZT	0.9812	0.9916
1 MXN	0.1720	-

Going concern

At the date of approval of these interim condensed 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 financial statements, the Company 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 financial statements have been prepared on the assumption that the Group will continue in operation in the foreseeable future.

Approval of the financial statements

On 17 September 2020, these financial statements were approved by the Management Board for publication.

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 financial statements for the 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 the Company and its net profit. The Management Board's report on the Group's activities for the 6 months ended 30 June 2020 gives a true view of development, achievements and the situation of the Parent Company of Selena Group, including a description of key threats and risks.

1.3 Accounting policies

Basis of preparation and comparability of financial data

These interim condensed standalone financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Reporting", as approved by the EU. The accounting policies that were used in preparation of the interim condensed financial statements are consistent with the policies used in preparation of the Company's financial statements for 2019, taking into account the change of presentation of dividend income in the income statement, as described below.

In order to increase the usefulness of the financial statements for its readers, as of 1 January 2020, in line with the principle of materiality, the Company changed the presentation of dividend income from subsidiaries. The

Company decided that due to the importance of this line item, it will present dividend income from subsidiaries under a separate heading in the income statement, as part of the operating profit.

Due to this change, the Group restated the comparative data. The impact of the presentation changes on selected items of the income statement for the first half of 2019 and the second quarter of 2019 is presented below.

Figures in PLN thousand	from 01.01.2019 to 30.06.2019 published figures	from 01.01.2019 to 30.06.2019 restated data*	from 01.04.2019 to 30.06.2019 published figures	from 01.04.2019 to 30.06.2019 restated data*
Dividends from subsidiaries		27,247		27,247
Operating profit	-5,268	21,979	-15,058	12,189
Financial revenues	33,152	5,905	26,973	-274

1.4 Impact of the COVID-19 pandemic on the Company'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 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 to monitor and assess pandemic risks on an ongoing basis especially with respect to:

- product sales (e.g. local restrictions affecting trade restrictions, the number of stores open);
- disruptions in the supply chain of goods 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;
- exchange rate fluctuations.

As a result of the above analyses, 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, and domestic and foreign business trips;
- Providing hand sanitisers and additional personal protection equipment for the Company's employees;
- Providing disinfectants and ensuring daily disinfection of common areas;
- Monitoring the health of the Company's employees through temperature checks.

Until the date of publication of these interim condensed financial statements, to the best of the Management Board's knowledge, no employee of the Company has been infected with coronavirus. Furthermore, the Company continued its ordinary activities with teleworking arrangements.

So far, there have been no major disruptions in the supply of goods. 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. The Company is analysing possible scenarios of the impact of the pandemic on its activities and takes appropriate cost containment measures.

The Company is constantly monitoring and exploiting the available opportunities to obtain support offered both under the "Anti-crisis shield" and under other provisions of applicable law. In the second quarter of 2020, the Company benefited from subsidies to the salaries of the employees whose working time had to be reduced. The subsidy amount totaled PLN 295 thousand.

In addition to strong sales revenues achieved in H1 2020 (up 19% year-on-year), the Company has a significant cash position and unused credit lines (as at 30 June 2020, cash amounted to PLN 22.1 million and unused credit lines were PLN 125.7 million). The covenants agreed with banks are being monitored on an ongoing basis. No breaches were identified as at the publication date. The Company entered 2020 with the lowest debt ratio in more than five years. It has a stable financial position and significant loan agreements will not renew until 2021.

In the first half of 2020, the Company reported a 11.6% decrease in net profit compared to the same period last year. The final impact of the pandemic on the Company's activities in 2020 will depend on the macroeconomic effects in Poland and in the countries where the Group companies operate.

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



Operating segments and information on revenues

2. Operating segments and information on revenues

The Management Board treats the Company's activity as a single operating segment. The description of the Company's activities is included in the Note 1.1.

The Company's trading performance is assessed based on the management data prepared in accordance with the International Financial Reporting Standards.

In the first half of 2020, over 90% of revenues originated from related parties (like in the first half of 2019). In the reporting period, the subsidiaries to which sales accounted for more than 10% of the Company's total sales are: Selena Vostok (21%) and Selena S.A. (31%).

The building materials industry in which the Company operates is characterised by seasonality of sales, as described in the Management Board's report on the Group's activities for the period of 6 months ended 30 June 2020 (Note 4.5).



**Notes
to the income statement**

3. Notes to the income statement

3.1 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	28	101	-42	98
Subsidies	295	0	295	0
Damages, penalties, fines	0	59	0	14
Other	27	9	14	5
Total other operating income	350	169	267	117

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	15	0	15	0
Impairment allowance for inventory	0	50	0	50
Donations	347	0	345	0
Receivables cancelled/written off	0	1	0	1
Damages, penalties, fines	0	96	0	70
Complaints	19	0	12	0
Other	6	13	6	11
Total other operating costs	387	160	378	132

3.2 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 restated data*	from 01.04.2020 to 30.06.2020	from 01.04.2019 to 30.06.2019 restated data*
Interest, including:	3,895	4,124	2,041	2,094
<i>on loans granted</i>	3,880	4,118	2,031	2,091
<i>on bank deposits and accounts</i>	15	6	10	3
FX differences	2,098	1,781	-1,721	-2,368
Forward contracts	395	0	-171	0
Other	1	0	0	0
Total financial income	6,389	5,905	149	-274

*change in the presentation of dividend income, described in note 1.3

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
Interest, including:	1,033	1,290	531	668
<i>on loans and advances received</i>	932	1,144	486	584
<i>on finance lease liabilities</i>	39	73	16	32
<i>on other obligations</i>	62	73	29	52
Forward contracts	0	1013	0	18
Bank fees	479	538	192	167
Total financial costs	1,512	2,841	723	853

As at 30 June 2020, Selena FM S.A. had open forward contracts. The gain on the valuation of unrealised contracts 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

4. Taxation

Tax charge

Figures in PLN thousand	from 01.01.2020 to 30.06.2020	from 01.01.2019 to 30.06.2019
Income tax for the current period	1,496	0
Change in deferred income tax	914	1,051
Tax charge carried in profit or loss:	2,410	1,051



**Notes
to the statement
of financial position**

5. Notes to the statement of financial position

5.1 Financial instruments

Financial assets

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Financial assets measured at amortised cost		
Loans granted	169,642	158,629
Trade receivables	191,783	139,067
Other short-term financial assets – security deposits	310	310
Other short-term financial assets – dividend from Uniflex	1,610	0
Cash and cash equivalents	22,120	5,064
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward transactions	42	0
Total	385,507	303,070

Financial liabilities

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Financial liabilities measured at amortised cost		
<i>Bank and other loans</i>	99,133	69,865
<i>Lease liabilities</i>	11,794	12,077
Total interest-bearing debt	110,927	81,942
Trade liabilities	109,322	84,404
Investment liabilities	154	576
Financial liabilities measured at fair value through profit or loss		
Other short term financial liabilities – forward contracts	58	96
Total	220,461	167,018

The Company's exposure to various risk types related to financial instruments is discussed in Note 6.2.

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.

5.1.1 Loans granted

The Company, as a Parent of Selena Group, finances the operations of its subsidiaries. The financing instruments are intercompany loans. A summary of changes in the balance of such instruments in 2020 and 2019 is presented in the tables below.

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 1.01.2020	264,341	-105,712	158,629
Loan granted	7,792	0	7,792
Repayment of principal	-1,209	0	-1,209
Interest accrued	3,879	1,087	4,966
Interest paid	-1,800	0	-1,800
Withholding tax	-224	0	-224
FX differences arising on balance sheet valuation	5,595	-4,107	1,488
as at 30.06.2020	278,374	-108,732	169,642

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 01.01.2019	222,656	-99,569	123,087
Loan granted	44,935	-6,123	38,812
Repayment of principal	-10,770	0	-10,770
Cancellation of principal	-43	0	-43
Interest accrued	8,472	-695	7,777
Interest paid	-2,921	0	-2,921
Interest cancelled	-1	0	-1
Withholding tax	-877	0	-877
FX differences arising on balance sheet valuation	2,890	675	3,565
as at 31.12.2019	264,341	-105,712	158,629

Description of significant loans granted during the reporting period

By 30 June 2020, loan tranches totaling PLN 4.4 thousand were paid out to Oligo.

On 10 February 2020, an agreement was signed with Selena Iberia S.L.U. for a loan of EUR 2 million. The loan carries a variable interest rate. The settlement date has been set on 31 December 2020.

On 6 March 2020, a loan tranche of EUR 800 thousand was paid out to Selena Iberia S.L.U.

On 17 February 2020, an annex was signed to the loan agreement with Selena Nantong, extending the repayment date of the loan of CNY 12 million to 31 December 2025, and changing the interest rate on the loan.

By 30 June 2020, a part of the loan granted to Selena Malzemeleri Yapi Sanayi Tic. Ltd. was received in a total amount of EUR 267 thousand.

Significant loans granted after the balance sheet date

After the balance sheet date, loan tranches were transferred to Oligo in a total amount of PLN 1.1 million and EUR 30 thousand.

5.1.2 Bank and other loans

The incurred loans are presented in the table below.

Figures in PLN thousand			As at 30.06.2020		As at 31.12.2019	
Ref.	Loan type	Maturity date	Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2021	39,296	24,741	45,770	0
2	Loan	2019	0	12	0	12
3	Loan	2022	8,700	0	8,700	549
4	Loan	2023	25,568	816	14,381	453
Total loans			73,564	25,569	68,851	1,014

As at 30 June 2020, the Company maintained financial ratios at the levels required by the lenders.

On 1 May 2020, an annex to the loan agreement of 29 May 2018 with Selena Marketing International Sp z o.o. was signed, changing the debt limit to PLN 40 million and changing the value of the loan interest rate. The repayment date did not change. On 3 June 2020, a loan tranche of PLN 9 million was transferred from Selena Marketing International Sp z o.o. On 5 June 2020, a loan tranche of PLN 2 million was transferred from Selena Marketing International Sp z o.o.

5.2 Non-financial assets and liabilities

5.2.1 Shares in subsidiaries

Value of shares

Figures in PLN thousand	As at 30.06.2020			As at 31.12.2019		
	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62,781	0	62,781	62,781	0	62,781
Selena Labs Sp. z o.o.	1,400	0	1,400	1,400	0	1,400
Carina Sealants Sp. z o.o.	8	0	8	8	0	8
Selena Industrial Technologies Sp. z o.o.	38,379	0	38,379	38,379	0	38,379
Selena Deutschland GmbH	4	0	4	4	0	4
Selena Italia srl	1,884	1,884	0	1,884	1,884	0
Selena Iberia slú	43,478	22,913	20,565	43,478	22,913	20,565
Uniflex S.p.A.	11,082	0	11,082	11,082	0	11,082
Selena USA Inc.	3,707	2,407	1,300	3,707	2,407	1,300
Selena Sulamericana Ltda	3,594	3,594	0	3,594	3,594	0
Selena Mexico	255	0	255	0	0	0
Selena Romania SRL	11,944	11,944	0	11,944	11,944	0
Selena Bohemia s.r.o	9,936	0	9,936	9,936	0	9,936
Selena Hungária Kft.	679	679	0	679	679	0
Selena Bulgaria Ltd.	0	0	0	0	0	0
EURO MGA Product SRL	1	0	1	1	0	1
Selena Ukraine Ltd.	3,068	0	3,068	3,068	0	3,068
Selena CA L.L.P.	9,029	0	9,029	9,029	0	9,029
Selena Insulations	1,206	1,206	0	1,206	1,206	0
Weize (Shanghai) Trading Co., Ltd.	0	0	0	0	0	0
Selena Nantong Building Materials Co., Ltd.	33,910	33,910	0	33,910	33,910	0
Selena Vostok	11,197	0	11,197	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	23,764	23,764	0	23,764	23,764	0
Value of shares	271,306	102,301	169,005	271,051	102,301	168,750

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 subsidiary's share capital is MXN 10 thousand (fixed) and MXN 1,484.0 thousand (variable). These figures stated in Mexican peso are the equivalent of PLN 2.1 thousand and PLN 312.2 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.

5.2.2 Impairment of long-term investments;

As at 30 June 2020, the Company carried out an impairment test of its shares in Selena Nantong Building Materials Co., Ltd., Selena Romania srl and EURO MGA Product srl There were no indications that would prompt an impairment test for shares in relation to 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 Selena FM S.A. carried out an impairment test for the long-term investment in Selena Nantong Building Materials Co., Ltd., in accordance with IAS 36 Impairment of Assets. Based on the projected future cash flows generated by the company, no need to create an additional impairment allowance for the 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 Group's consolidated report in respect of the value of the assets invested in Selena Nantong Building Materials Co., Ltd.

Selena Romania srl and EURO MGA Product srl

As the 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 assets invested in Selena Romania srl and EURO MGA Product srl (a subsidiary of Selena Romania srl), in accordance with IAS 36 Impairment. Based on the projected future cash flows generated by the individual entities, no need was identified to create an additional impairment allowance.

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. If any material, negative deviations occur from the adopted action plan (in terms of market share increase and return on sales) and current macroeconomic projections for Romania, in the future reporting periods it might be necessary to post an impairment write-down on the fixed assets of Selena Romania srl and EURO MGA Product srl.

The test also did not show a need to create an additional impairment allowance in the Group's consolidated financial statements in respect of the value of fixed assets invested in Selena Romania srl and MGA Product srl.

Assumptions of impairment and sensitivity tests of the cash flow models

Assumptions of the cash flow models for the purpose of impairment tests for shares, carried out as at 30 June 2020, are presented in the table below (it includes the tests where the Management Board estimates could materially affect the value of potential impairment losses).

Cash Generating Unit	Selena Nantong	Selena Romania + EURO MGA
WACC before tax	14.7%	11.4%
Residual growth rate	2.0%	2.0%
Impairment	none	none
Model sensitivity – impairment amount at (PLN '000):		
WACC before tax increased by 1 p.p.	no allowance	2,340
residual growth rate reduced by 1 p.p.	no allowance	1,370
EBIT margin reduced by 1 p.p.	1,343	4,824

5.2.3 Other short-term non-financial assets

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
VAT claimed	19,485	22,675
Withholding tax claimed	2,118	1,887
Prepayments	1,177	1,171
Settlements with employees	66	46
Prepayments for deliveries	95	2
Other	3	0
Total	22,944	25,781

5.2.4 Other short term non-financial liabilities

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Advances received for future deliveries	161	146
Taxes and insurance payable	1,445	697
Payroll liabilities	6,065	4,415
Other	8	4
Total	7,679	5,262

5.3. Equity

5.3.1 Registered capital

Nominal value per share

The structure of the registered capital is shown in the table below.

Series	Type	Nominal value of a share (PLN)	Number of shares	Value of shares (PLN)
A	Preference shares	0.05	4,000,000	200,000
B	Ordinary shares	0.05	13,724,000	686,200
C	Ordinary shares	0.05	5,000,000	250,000
D	Ordinary shares	0.05	110,000	5,500
			22,834,000	1,141,700

All the shares are fully paid-up.

Shareholder rights

Series A are preference shares, carrying two voting rights each. Series B, C and D shares carry one voting right each. The shares of all series carry the same dividend rights and the same return on capital.



Risk

6. Risk

6.1 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 also uses a professional judgment when applying the Company'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 6.2.3),
- Impairment of non-financial assets (Note 5.2.2),
- 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 retirement provision.

In H1 2020, no significant changes were made to the assumption areas or methods. The business and macroeconomic assumptions underlying the estimates and judgements are updated on an ongoing basis depending on changes in the Company's environment, and business plans and projections.

6.2 Financial risk management

Selena FM S.A. as a parent company of the Group primarily focuses on ensuring finance for its subsidiaries' operating and investment needs, as well as on securing their liquidity. Granting interest-bearing loans to the subsidiaries is the main tool for this policy. The Company's cash surplus is put on short-term deposits.

Financial risk management in the Company includes the process of identification, assessment, measurement and management of this risk.

The main risks arising from the utilised financial instruments include the market risk (including the interest rate and currency risk), credit risk and liquidity risk.

6.2.1 Currency risk

As part of its distribution activities, Selena FM S.A. exports goods to the markets of the European Union, Eastern Europe and Asia as well as North and South America, which gives rise to a significant currency risk.

The Company hedges part of its currency exposure relating to trade receivables and liabilities by using multi-currency credit lines and applying the Currency Risk Management, in particular by entering into forward transactions. The Company uses forward contracts solely to hedge its FX risk and does not use them for speculative purposes. The Company does not use hedge accounting within the meaning of IFRS 9.

As at 30 June 2020, the Company had open forward contracts for PLN -16 thousand (PLN -96 thousand as at 31 December 2019).

6.2.2 Interest rate risk

The Company is exposed to interest rate risk, as according to the adopted policy it finances its subsidiaries with loans bearing variable interest rates.

The Company does not use any IRSs or similar contracts to mitigate its interest rate risk.

6.2.3 Credit risk

The Company has identified the following items that carry credit risk:

- Loans granted,
- Trade receivables, and
- Cash and cash equivalents.

Due to the nature of the Company's business, financial assets (loans granted, trade debtors) mainly relate to subsidiaries. The Management Board regularly monitors both current and projected financial position of these companies and their impact on their ability to meet payments under the financial instruments – an expected credit loss is estimated in accordance with IFRS 9.

The structure of trade receivables from related parties and other entities is presented in the table below.

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Trade receivables		
<i>from related parties</i>	167,136	117,544
<i>from other entities</i>	24,647	21,523
Total trade receivables	191,783	139,067

Changes in impairment allowances 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
Impairment allowance at the beginning of the period	17,912	27,501
<i>related parties</i>	16,669	26,245
<i>other entities</i>	1,243	1,256
Impairment allowance created/ reversed (-) according to IFRS 9:	1,931	-10,365
<i>related parties, including:</i>	1,985	-10,751
<i>EURO MGA Product SRL</i>	-2	-6,121
<i>Selena Sulamericana Ltda</i>	1,969	1,265
<i>Selena Romania SRL</i>	0	-5,895
<i>Shanghai House Selena Trading Ltd.</i>	18	0
<i>other entities</i>	-54	386
FX differences	219	115
<i>related parties</i>	170	127
<i>other entities</i>	49	-12
Expected credit loss at the end of the period	20,062	17,251
<i>related parties</i>	18,820	15,620
<i>other entities</i>	1,242	1,631

Changes in impairment allowance on loans granted in the first half of 2020, including comparative data, are presented in Note 5.1.1.

In the case of cash and cash equivalents, the Management Board believes that the credit risk is very low (stage 1 of the impairment model). The Company keeps cash and cash equivalents at the accounts of financial institutions that have medium-high and medium credit rating and which have appropriate equity as well as a strong and stable market position.

Rating level		as at 30.06.2020	as at 31.12.2019
Medium-high	from A+ to A- by S & P and Fitch and from A1 to A3 by Moody's	91%	79%
Medium	from BBB+ to BBB- by S&P and Fitch and from Baa1 to Baa3 by Moody's	9%	21%

As at 30 June 2020, the Company had unutilised credit lines of PLN 125.7 million (PLN 145.8 million as at 31 December 2019) as part of the credit limits.

6.2.4 Liquidity risk

In the Management Board's opinion, the risk of liquidity loss understood as the ability to meet obligations as and when they fall due is currently marginal.

Taking into account the Company's balance sheet structure, no major liquidity risk exists at the balance sheet date. The Company's short-term assets (PLN 307.6 million) are more than twice as high as the value of its short-term liabilities (PLN 148.1 million).

Trade liabilities do not carry any interest rate – they are usually payable within 60 days. The structure of trade liabilities due to related parties and other entities is presented in the table below.

Figures in PLN thousand	As at 30.06.2020	As at 31.12.2019
Trade liabilities		
<i>amounts due to related parties</i>	98,443	72,917
<i>amounts due to other entities</i>	10,879	11,487
Total trade liabilities	109,322	84,404

6.3 Capital management and net debt

Capital structure is managed at the level of the Group, for which the Company is a parent. The Company seeks to maintain good credit rating and safe capital ratios to facilitate the Group's operations and increase its value for shareholders.

The Company manages its capital structure, and modifies it in response to changes in the economic conditions. To maintain or adjust its capital structure the Company may paid a dividend to shareholders, return the capital to shareholders or issue new shares. In the first half of 2020, no changes were made to the goals, rules or processes applicable in this area.

6.3.1 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.



Other information

7. Other information

7.1 Guarantees granted

Selena FM S.A. did not provide external companies with any guarantees whose value would exceed 10% of its equity. Group companies, including Selena FM S.A, provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. Details of these transactions as at 31 December 2019 are described in the Company's financial statements for the year ended 2019.

In the first half of 2020, the following changes took place in the guarantees granted by Selena FM S.A.:

- On 23 April 2020, an annex was signed to the guarantee and L/C line agreement for foreign companies from Selena Group. Under the annex, the guarantee limit was increased 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;
- Granting new guarantees of EUR 4.25m and PLN 3.0m in favour of suppliers;
- Expiry of guarantees for suppliers granted in prior periods (EUR 1.6 million, PLN 4.5 million).

Subsequent events after the balance sheet date

- On 17 August 2020, Selena FM S.A. granted a guarantee securing the loan in the amount of RUB 350 million to Selena Vostok.
- On 17 August 2020, Selena FM S.A. granted a guarantee securing the loan in the amount of EUR 0.6 million to Selena Iberia.

Court disputes

As at the balance sheet date and by the date of preparation of this report Selena FM S.A. was not a party to any material court dispute.

7.2 Information on related parties

The Company provides advisory services to its subsidiaries, and is a distributor of the Group's products to foreign entities. The transactions for the sale and purchase of goods and services to/from the related parties are carried out on an arm's length. The table below shows a summary of the transactions with related parties. Note 6.2.3 contains information on the impairment loss/ reversal of the impairment loss on the value of financial assets from related parties.

The revenue and cost figures cover the period of 6 months ended 30 June (2020 and 2019, respectively), while settlements are presented as at 30 June 2020 and 31 December 2019.

Figures in PLN thousand	Period	Revenue from sales and recharged costs	Purchase of goods and services	Other revenues ¹⁾	Other costs
Subsidiaries	2020	257,822	252,118	19,977	2,372
	2019	243,674	235,303	31,346	483
Associates	2020	2,784	33	0	0
	2019	1,906	33	0	0
Subsidiaries of the ultimate controlling shareholder*	2020	162	0	0	0
	2019	527	0	0	0
TOTAL	2020	260,768	252,151	19,977	2,372
	2019	246,107	235,336	4,099	483

¹⁾ the value includes other operating revenues, dividend income and financial revenues

* the item includes entities connected through Mr Krzysztof Domarecki

Figures in PLN thousand	Period	Loans	Trade receivables	Other receivables	Liabilities
Subsidiaries	2020	169,642	164,931	1,610	98,408
	2019	158,629	116,068	0	72,882
Associates	2020	0	2,187	0	36
	2019	0	1,334	0	36
Subsidiaries of the ultimate controlling shareholder*	2020	0	18	0	0
	2019	0	142	0	0
TOTAL	2020	169,642	167,136	1,610	98,444
	2019	158,629	117,544	0	72,918

* the item includes entities connected through Mr Krzysztof Domarecki

7.3 Subsequent events after the balance sheet date

After the balance sheet date and until the approval of these financial statements no events took place other than those described, taking into account the above description of the impact of the COVID-19 pandemic on the Company's operations (Note 1.4), which might materially affect the presented financial data.

**Person responsible for
maintaining books of account
Monika Szczot**

**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**