



**INTERIM CONDENSED
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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Financial statements

INTERIM CONDENSED INCOME STATEMENT

Figures in PLN thousand	Note	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
Continued operations					
Revenue from the sale of goods and raw materials		428,731	310,084	248,221	159,486
Revenue from the sale of services		17,760	11,879	10,043	6,324
Revenue from contracts with customers		446,491	321,963	258,264	165,810
Cost of sales		413,035	271,539	237,961	142,203
Gross profit		33,456	50,424	20,303	23,607
Selling and marketing costs		24,332	20,191	13,231	10,006
General and administrative expenses		21,861	21,857	11,669	11,739
Other operating income	3.1	70	335	-6	252
Other operating costs	3.1	636	372	370	363
Impairment loss/ reversal of impairment loss (-) of receivables		5,381	1,931	1,871	599
Dividends from subsidiaries		42,087	16,070	42,087	16,070
Operating profit		23,403	22,478	35,243	17,222
Financial income	3.2	4,658	6,389	-2,268	149
Financial costs	3.2	3,402	1,512	2,824	723
Impairment loss/ reversal of impairment loss (-) of loans granted		333	-1,087	251	-1,121
Profit before tax		24,326	28,442	29,900	17,769
Income tax	4	-348	2,410	-706	10
Net profit on continued operations		24,674	26,032	30,606	17,759
Discontinued operations					
Profit (loss) on discontinued operations		-	-	-	-
Net profit		24,674	26,032	30,606	17,759
Net profit per share (PLN/share):					
- basic		1.08	1.14	1.34	0.78
- diluted		1.08	1.14	1.34	0.78

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE 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
Net profit	24,674	26,032	30,606	17,759
Total comprehensive income	24,674	26,032	30,606	17,759

INTERIM CONDENSED 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		5,439	5,657	13,815
Intangible assets		15,423	16,414	15,870
Shares in subsidiaries	5.2.1	170,000	169,005	168,750
Long-term portion of loans granted	5.1.1	147,173	180,565	101,120
Non-current assets		338,035	371,641	299,555
Inventories		18,562	7,538	5,070
Other short-term non-financial assets		41,443	18,551	25,781
Trade receivables		228,000	174,785	139,067
CIT claimed		2,108	0	0
Short-term portion of loans granted	5.1.1	68,887	27,122	57,509
Other short-term financial assets		3,145	310	310
Cash and cash equivalents		2,625	5,170	5,064
Current assets		364,770	233,476	232,801
TOTAL ASSETS		702,805	605,117	532,356
EQUITY AND LIABILITIES				
Registered capital		1,142	1,142	1,142
Supplementary capital		342,358	332,346	289,459
Other reserves		84,530	19,163	19,163
Retained profit/ loss carried forward		24,674	75,379	42,887
Equity		452,704	428,030	352,651
Long-term portion of bank and other loans	5.1.2	34,599	34,354	68,851
Long term lease liabilities		946	1,377	9,873
Other long term non-financial liabilities		3,137	0	0
Deferred tax liability		255	1,245	1,161
Provision for retirement benefits		432	390	236
Non-current liabilities		39,369	37,366	80,121
Trade and other liabilities	6.2.4	132,703	87,316	84,980
Obligations to return remuneration		1,564	1,291	1,407
Short-term portion of bank and other loans	5.1.2	68,721	28,296	1,014
Short-term lease liabilities		1,986	2,038	2,204
CIT tax payable		0	10,226	4,621
Other short term financial liabilities		483	1,506	96
Other short term non-financial liabilities		5,275	9,048	5,262
Current liabilities		210,732	139,721	99,584
Total liabilities		250,101	177,087	179,705
TOTAL EQUITY AND LIABILITIES		702,805	605,117	532,356

* restated data are presented in Note 1.3.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020
Cash flows from operating activities		
Profit (loss) before tax	24,326	28,442
Depreciation/ amortisation	2,732	2,532
FX (gains) / losses	1,298	-1,326
Interest and dividends	-45,823	-18,975
Profit / loss on investing activities	201	-1,529
Change in the balance of receivables	-81,398	-49,655
Change in the balance of inventories	-11,024	-825
Change in the balance of liabilities	45,470	26,486
Change in the balance of provisions	42	111
CIT paid	-11,821	-4,328
Other	-3,767	314
Net cash flows from operating activities	-79,764	-18,753
Cash flows from investing activities		
Inflows from the sale of tangible assets	44	96
Acquisition of tangible and intangible assets	-1,464	-1,323
Purchase of shares in subsidiaries	-995	-255
Dividends and interest received	21,403	14,457
Loans granted	-8,232	-7,792
Repayments of loans granted	2,678	3,011
Net cash flows from investing activities	13,434	8,194
Cash flows from financing activities		
Repayment of lease liabilities	-904	-993
Inflows from bank/ other loans received	78,065	41,108
Repayment of loans	-13,111	-11,990
Interest paid	-233	-613
Net cash flows from financing activities	63,817	27,512
Increase (decrease) in cash and cash equivalents	-2,513	16,953
Change in cash and cash equivalents, including:	-2,545	17,056
net FX differences	-32	103
<i>Cash at the beginning of the period*</i>	5,170	5,064
<i>Cash at the end of the period*</i>	2,625	22,120

*including restricted cash:

as at 31 March 2020: PLN 0.05m

as at 31 March 2019: PLN 0.05m

INERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2021

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
Figures in PLN thousand						
As at 01.01.2021	1,142	332,346	19,163	75,379	0	428,030
Net profit	0	0	0	0	24,674	24,674
Total comprehensive income	0	0	0	0	24,674	24,674
Net profit distribution	0	379	75,000	-75,379	0	0
Other	0	9,633	-9,633	0	0	0
As at 30.06.2021	1,142	342,358	84,530	0	24,674	452,704

FOR THE 6 MONTHS ENDED 30 JUNE 2020

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



General information

1. General information

1.1. Information on the Company

Company's activity

Selena FM S.A. ("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 maintenance of accounting books for customers.

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

The Management Board of the Company

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

- Krzysztof Domarecki – Management Board President (CEO);
- Christian Dölle – Chief Marketing 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 Company's Management Board and from the role of CEO effective from 1 March 2021.

On 16 February 2021, the Company's Supervisory Board adopted a resolution appointing Jacek Michalak to the 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, there were no changes 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 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.

Company's Supervisory Board

As at 31 December 2020, the 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

Identification of the consolidated financial statements

These interim condensed financial statements are non-consolidated 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 period of 6 months ended 30 June 2021, approved for publication on 16 September 2021.

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 2020 published on 23 April 2021. The interim financial result may not fully reflect the financial result achievable for the whole financial year due to the seasonality effect.

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

Period covered by the financial statements

These interim condensed financial statements cover the 6-month period ended 30 June 2021 and data as at that date.

These income statement and the statement of comprehensive income cover the period of 6 months ended 30 June 2021, and comparative data presented for the period of 6 months ended 30 June 2020.

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

The statement of financial position covers the data presented as at 30 June 2021, and comparative data as at 31 December 2020.

Measurement and reporting currency

The currency used for measurement and presentation of financials in this report in 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 30.06.2021	As at 31.12.2020
1 USD	3.8035	3.7584
1 EUR	4.5208	4.6148
100 HUF	1.285	1.2638
1 UAH	0.1396	0.1326
1 CZK	0.1773	0.1753
1 RUB	0.052	0.0501
1 BRL	0.7673	0.7236
1 BGN	2.3114	2.3595
1 CNY	0.5889	0.5744
100 KRW	0.3367	0.3456
1 RON	0.9174	0.9479
1 TRY	0.437	0.5029
100 KZT	0.8869	0.8869
1 MXN	0.1917	0.1891

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 16 September 2021, 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 2021 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.

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 2020, taking into account the change of presentation in the statement of financial position, as described below. The amended standards and interpretations, which will apply for the first time in 2021, do not have a material impact on interim condensed financial statements of the Company.

In order to increase the usefulness and transparency of the financial statements for its readers, as of 1 January 2021, the Company changed the method of presentation of investment liabilities. The Company decided to present these liabilities under the line item “Trade and other liabilities”.

Due to this change, the Group restated the comparative data. Presented below is the impact of the presentation changes on selected items of the statement of financial position as at 31 December 2020 and 1 January 2020.

Figures in PLN thousand	As at 31.12.2020 published figures	adjustment	As at 31.12.2020 restated figures	As at 31.12.2019 published figures	adjustment	As at 01.01.2020 restated figures
Trade and other liabilities**	86,409	907	87,316	84,404	576	84,980
Other short term financial liabilities	2,413	-907	1,506	672	-576	96

*Due to the nature of the item, the name was changed from “Trade liabilities” to “Trade and other liabilities”



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. See Note 1.1 of this report for a description of the Company's activities.

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 2021, 79% of revenues originated from related parties (like in the first half of 2020). In the reporting period, the subsidiaries that account for more than 10% of the Company's total sales are: Selena Vostok (19%) and Selena S.A. (28%). 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 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 2021 (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

	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2020	from 01.04.2020 to 30.06.2020
Figures in PLN thousand				
Profit from disposal of non-financial fixed assets	41	13	22	-57
Subsidies	0	295	0	295
Damages, penalties, fines	0	0	-44	0
Other	29	27	16	14
Total other operating income	70	335	-6	252

Other operating costs

	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2020	from 01.04.2020 to 30.06.2020
Figures in PLN thousand				
Donations	266	347	0	345
Complaints	370	19	370	12
Other	0	6	0	6
Total other operating costs	636	372	370	363

3.2 Financial income and costs

Financial income

	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
Figures in PLN thousand				
Interest, including:	4,566	3,895	2,307	2,041
<i>on bonds and loans granted</i>	4,566	3,880	2,307	2,031
<i>on bank deposits and accounts</i>	0	15	0	10
FX differences	0	2,098	-4,627	-1,721
Derivative financial instruments	92	395	52	-171
Other	0	1	0	0
Total financial income	4,658	6,389	-2,268	149

Financial costs

	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
Figures in PLN thousand				
Interest, including:	947	1,033	537	531
<i>on loans and advances received</i>	788	932	442	486
<i>on lease liabilities</i>	41	39	18	16
<i>on other obligations</i>	118	62	77	29
FX differences	1,925	0	1,925	0
Bank fees	530	479	362	192
Total financial costs	3,402	1,512	2,824	723

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

4. Taxation

Tax charge

Figures in PLN thousand	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020
Income tax for the current period	0	1,496
Change in deferred income tax	-348	914
Tax charge carried in profit or loss:	-348	2,410

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
Profit / loss before tax on continued operations	24,326	28,442
Tax rate	19%	19%
Tax at the applicable rate	4,622	5,404
Tax on non-taxable income (permanent differences)	-7,996	-3,260
<i>– on dividends received</i>	-7,996	-3,053
<i>– in respect of reversal of impairment allowance on receivables</i>	0	-207
Tax on costs that are non-tax deductible (permanent differences)	317	694
The period's tax losses for which no deferred tax assets were recognised	2,066	0
Adjustments to current tax for prior periods	643	-428
Tax charge carried in profit or loss:	-348	2,410
Effective tax rate	-1.43%	8.47%



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 30.06.2021	As at 31.12.2020
Financial assets measured at amortised cost		
Loans granted	216,060	207,687
Trade receivables	228,000	174,785
Other short-term financial assets – dividend from Uniflex	2,712	0
Other short-term financial assets – security deposits	310	310
Cash and cash equivalents	2,625	5,170
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward transactions	123	0
Total	449,830	387,952

Financial liabilities

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
Financial liabilities measured at amortised cost		
<i>Bank and other loans</i>	103,320	62,650
<i>Lease liabilities</i>	2,932	3,415
Total interest-bearing debt	106,252	66,065
Trade and other liabilities	132,703	87,316
Financial liabilities measured at fair value through profit or loss		
Other short term financial liabilities – forward transactions	483	1,506
Total	239,438	154,887

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.

Fair value of financial instruments that the Company held as at 30 June 2021 and 31 December 2020 is 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.

The fair valuation of currency contracts through profit or loss has been classified to Level 2 of the fair value hierarchy (i.e. valuation using observable inputs other than quoted prices).

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. The tables below present a summary of changes in the balance of those instruments in H1 2021 alongside comparative data.

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 1 January 2021	319,255	-111,568	207,687
Loan granted	8,232	-173	8,059
Repayment of principal	-240	0	-240
Interest accrued	4,567	-160	4,407
Interest paid	-2,438	0	-2,438
Withholding tax	-182	0	-182
FX differences arising on balance sheet valuation	-3,142	1,909	-1,233
as at 30.06.2021	326,052	-109,992	216,060

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 1 January 2020	264,341	-105,712	158,629
Loan granted	59,033	1,159	60,192
Repayment of principal	-8,097	0	-8,097
Interest accrued	7,178	-262	6,916
Interest paid	-7,926	0	-7,926
Withholding tax	-389	0	-389
FX differences arising on balance sheet valuation	5,115	-6,753	-1,638
as at 31.12.2020	319,255	-111,568	207,687

Description of significant loans granted during the reporting period

On 13 January 2021, Selena FM S.A. received a loan repayment of EUR 53 thousand from Selena CA L.L.P.

On 9 March 2021, an annex was signed to the loan agreement with Selena Nantong, extending the repayment date of the loan of CNY 6 million to 19 March 2024, and changing the interest rate on the loan.

On 10 March 2021, a loan agreement of USD 1 million was signed with Selena Iberia S.L.U. The loan carries a variable interest rate. It matures on 31 December 2021.

By 30 Jun 2021, loan tranches in a total amount of PLN 8,232 thousand were transferred:

- PLN 4 million to Tytan EOS sp. z o.o.;
- EUR 70 thousand to Oligo;
- PLN 3 million to Fandla Factoring sp. z o.o.
- EUR 250 thousand to Selena Iberia slu.

Significant loans granted after the balance sheet date

On 1 July 2021, a loan agreement of EUR 1 million and PLN 1 million was signed with Carina Silicones. The loan carries a variable interest rate. It matures on 31 December 2025.

On 1 July 2021, a loan agreement of EUR 2.7 million was signed with Carina Sealants. The loan carries a variable interest rate. It matures on 6 July 2022.

On 1 July 2021, a loan agreement of EUR 250 thousand was signed with Foshan Chinuri Selena Chemical Co., Ltd. The loan carries a variable interest rate. It matures on 1 July 2026.

On 9 August 2021, an annex was signed to the loan agreement with Fandla Faktoring sp. z o.o., changing the loan amount to PLN 8 million.

By 31 August 2021, loan tranches in a total amount of PLN 5,116 thousand were transferred:

- PLN 600 thousand and EUR 120 thousand to Carina Silicones;
- EUR 625 thousand to Carina Sealants;
- EUR 250 thousand to Foshan Chinuri.

5.1.2 Bank and other loans

The incurred bank loans are presented in the table below

Figures in PLN thousand			As at 30.06.2021		As at 31.12.2020	
Ref.	Loan type	Maturity date	Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2021	0	67,218	0	2,276
2	Loan	2021	0	139	0	25,000
3	Loan	2022	8,700	0	8,700	38
4	Loan	2023	25,899	1,364	25,654	982
Total loans			34,599	68,721	34,354	28,296

As at 30 June 2021, the Company maintained financial ratios at the levels required by the lenders.

By the balance sheet date Selena FM S.A received a loan tranches of PLN 13.3 million from Selena Marketing International Sp. z o.o. In addition, a part of the loan principal (PLN 13 million) was repaid.

As a result of offsetting of mutual claims and the dividend due to Selena FM S.A. for 2020 from Selena S.A., the loan principal of PLN 25 million was repaid.

5.2 Other assets and liabilities

5.2.1 Shares in subsidiaries

Value of shares

Figures in PLN thousand	As at 30.06.2021			As at 31.12.2020		
	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
Euvic Solutions Sp. z o.o.	1,003	0	1,003	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	255	0	255
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
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
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	272,301	102,301	170,000	271,306	102,301	169,005

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. Once the registered capital increase is recorded in the National Court Register, Selena FM S.A. will hold 20 thousand shares in the company's share capital with a total value of PLN 1 million.

5.2.2 Impairment of long-term investments;

As at 30 June 2021, there were no indications that would prompt an impairment test for shares in subsidiaries.

5.2.3 Other short-term non-financial assets

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
VAT claimed	38,420	15,002
Withholding tax claimed	973	1,923
Prepayments	1,872	1,586
Settlements with employees	26	16
Prepayments for deliveries	152	24
Total	41,443	18,551

5.2.4 Other short term non-financial liabilities

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
Advances received for future deliveries	433	130
Taxes and insurance payable	1,459	801
Payroll liabilities	3,371	8,097
Other	12	20
Total	5,275	9,048

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 share 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:

- the Company's activities as the principal – certain elements of the contract with the client might indicate that the Company could be treated as an intermediary (e.g. the Company does not incur the risk related to the storage of inventories); however, in the opinion of the Management Board, the Company acts as the principal, as it bears the main responsibility for performing the contract, including for the quality of the goods sold, and can freely set the prices of the goods. In consequence, the Company recognises revenues at the amount of gross remuneration that – as expected by the Company – will be payable to it in exchange for the goods transferred;
- 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 use the deferred tax assets
- Uncertainty of estimates and judgments made in relation to lease accounting
- Estimation of the retirement provision.

In H1 2021, 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 holding entity of the Group primarily focuses on ensuring finance for its subsidiaries' operating and investment needs, and on securing their liquidity. Granting interest-bearing loans to the subsidiaries is the main tool for this policy. The Company's cash 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 a part of its currency exposure relating to trade receivables and liabilities by using multi-currency credit lines and applying the Financial 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 2021, the Company had open forward contracts for PLN -360 thousand (PLN -1,506 thousand as at 31 December 2020).

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 connected entities. The Management Board regularly monitors and current and projected financial position of these companies and its 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 30.06.2021	As at 31.12.2020
Trade receivables		
<i>from related parties</i>	200,116	150,121
<i>from other entities</i>	27,884	24,664
Total trade receivables	228,000	174,785

Changes in impairment allowances 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 allowance at the beginning of the period	20,119	17,912
<i>related parties</i>	19,146	16,669
<i>other entities</i>	973	1,243
Impairment allowance created/reversed (-) according to IFRS 9:	5,381	1,931
<i>related parties, including:</i>	5,293	1,985
<i>EURO MGA Product SRL</i>	-5	-2
<i>Selena Sulamericana Ltda</i>	5,187	1,969
<i>Shanghai House Selena Trading Ltd.</i>	111	18
<i>other entities</i>	88	-54
FX differences	-58	219
<i>related parties</i>	-39	170
<i>other entities</i>	-19	49
Expected credit loss at the end of the period	25,442	20,062
<i>related parties</i>	24,400	18,820
<i>other entities</i>	1,042	1,242

Changes in impairment allowance on loans granted in the first half of 2021, 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 30.06.2021	as at 31.12.2020
Medium-high	from A+ to A- by S & P and Fitch and from A1 to A3 by Moody's	93%	92%
Medium	from BBB+ to BBB- by S&P and Fitch and from Baa1 to Baa3 by Moody's	7%	8%

As at 30 June 2021, the Company had unutilised credit lines of PLN 108 million (PLN 218 million as at 31 December 2020) 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.

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

Figures in PLN thousand	As at 30.06.2021	As at 31.12.2020
Trade liabilities		
<i>amounts due to related parties</i>	118,607	70,608
<i>amounts due to other entities</i>	14,044	15,801
Total trade liabilities	132,651	86,409

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 2021, no changes were made to the goals, rules or processes applicable in this area.

6.3.1 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.



Other information

7. Other information

7.1 Guarantees granted

Selena FM S.A. did not give to non-Group companies 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 2020 are described in the Company's financial statements for 2020.

In the first half of 2021, the following changes took place in the guarantees granted by Selena FM S.A.:

- 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.
- Granting new guarantees of EUR 7.1 million and PLN 5.4 million in favour of suppliers;
- Expiry of guarantees for suppliers granted in prior periods (EUR 1.4 million).

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 loss/ reversal of impairment loss on the value of financial assets on financial assets from related parties.

The revenue and cost figures cover the period of 6 months ended 30 June (2021 and 2020, respectively), while settlements are presented as at 30 June 2021 and 31 December 2020.

Figures in PLN thousand	Period	Revenue from sales and recharged costs	Purchase of goods and services	Other revenues ¹⁾	Other costs
Subsidiaries	2021	350,363	406,889	45,531	6,482
	2020	257,822	252,118	21,064	2,372
Associates	2021	3,212	-69	0	0
	2020	2,784	33	0	0
Subsidiaries of the ultimate controlling shareholder*	2021	9	0	1,123	0
	2020	162	0	0	0
TOTAL	2021	353,584	406,820	46,654	6,482
	2020	260,768	252,151	21,064	2,372

¹ the value includes other operating income and financial income

* the item includes entities connected through Mr Krzysztof Domarecki

Figures in PLN thousand	Period	Loans	Trade receivables	Other receivables	Liabilities
Subsidiaries	2021	170,987	197,555	2,796	118,607
	2020	165,606	148,105	0	70,913
Associates	2021	0	2,556	0	0
	2020	0	2,014	0	212
Subsidiaries of the ultimate controlling shareholder*	2021	45,073	5	0	0
	2020	42,081	3	0	0
TOTAL	2021	216,060	200,116	2,796	118,607
	2020	207,687	150,122	0	71,125

* 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 above which might materially affect the presented financial data.

**Person responsible for
maintaining books of account**

Monika Szczot

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

