



INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

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 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Continued operations					
Revenue from the sale of goods and raw materials		499,365	428,731	255,244	248,221
Revenue from the sale of services		27,394	17,760	17,214	10,043
Revenue from contracts with customers		526,759	446,491	272,458	258,264
Cost of sales		476,722	413,035	252,351	237,961
Gross profit		50,037	33,456	20,107	20,303
Selling and marketing costs		23,854	24,332	12,106	13,231
General and administrative expenses		26,651	21,861	12,595	11,669
Other operating income	3.1	427	70	116	-6
Other operating costs	3.1	7,693	636	604	370
Impairment loss/ reversal of impairment loss (-) of receivables		5,436	5,381	3,646	1,871
Dividends from subsidiaries		842	42,087	842	42,087
Operating profit		-12,328	23,403	-7,886	35,243
Financial income	3.2	29,932	4,658	24,387	-2,268
Financial costs	3.2	6,030	3,402	3,428	2,824
Impairment loss/ reversal of impairment loss (-) of loans granted		282	333	148	251
Profit before tax		11,292	24,326	12,925	29,900
Income tax	4	2,749	-348	1,954	-706
Net profit on continued operations		8,543	24,674	10,971	30,606
Discontinued operations					
Profit (loss) on discontinued operations		-	-	-	-
Net profit		8,543	24,674	10,971	30,606
		0			
Net profit per share (PLN/share):					
- basic		0.37	1.08	0.48	1.34
- diluted		0.37	1.08	0.48	1.34

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Net profit	8,543	24,674	10,129	30,606
Total comprehensive income	8,543	24,674	10,129	30,606

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.06.2022	As at 31.12.2021
ASSETS			
Property, plant and equipment		23,602	4,588
Intangible assets		186,808	187,759
Shares in subsidiaries	5.2.1	134,153	144,088
Other long-term receivables		3,962	0
Long-term portion of loans granted	5.1.1	198,946	170,727
Non-current assets		547,471	507,162
Inventories		14,480	3,989
Other short-term non-financial assets		30,296	23,664
Trade receivables		341,410	212,927
CIT claimed		4,246	2,978
Short-term portion of loans granted	5.1.1	82,227	92,180
Other short-term financial assets	5.1	754	333
Cash and cash equivalents		876	785
Current assets		474,289	336,856
TOTAL ASSETS		1,021,760	844,018
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
Own shares		-28,676	-28,676
Supplementary capital		342,358	342,358
Other reserves		128,075	84,530
Retained profit/ loss carried forward		8,543	43,545
Equity		451,442	442,899
Long-term portion of bank and other loans	5.1.2	170,798	59,372
Long term lease liabilities		18,664	571
Long-term obligations in respect of lease of enterprise		144,250	152,325
Other long-term liabilities		1,986	1,986
Deferred tax liability		3,907	1,543
Provision for retirement benefits		603	745
Long-term liabilities		340,208	216,542
Trade and other liabilities		104,062	87,271
Obligations to return remuneration		2,208	3,235
Short-term portion of bank and other loans	5.1.2	97,069	68,678
Short-term lease liabilities		1,561	1,376
Short-term obligations in respect of lease of enterprise		16,079	15,935
Other short term financial liabilities		624	644
Other short term non-financial liabilities		8,507	7,438
Short-term liabilities		230,110	184,577
Total liabilities		570,318	401,119
TOTAL EQUITY AND LIABILITIES		1,021,760	844,018

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
Cash flows from operating activities		
Profit (loss) before tax	11,292	24,326
Depreciation/ amortization	2,993	2,732
FX (gains) / losses	-13,424	1,298
Interest and dividends	-4,322	-45,823
Profit / loss on investing activities	5,876	201
Change in the balance of receivables and other non-financial assets	-135,395	-81,398
Change in the balance of inventories	-10,491	-11,024
Change in the balance of liabilities	9,107	45,470
Change in the balance of provisions	-142	42
CIT paid	-849	-11,821
Other	1,095	-3,767
Net cash flows from operating activities	-134,260	-79,764
Cash flows from investing activities		
Inflows from the sale of tangible assets	379	44
Acquisition of tangible and intangible assets	-2,137	-1,464
Purchase of shares in subsidiaries	-900	-995
Dividends and interest received	4,119	21,403
Loans granted	-12,956	-8,232
Repayments of loans granted	12,285	2,678
Net cash flows from investing activities	790	13,434
Cash flows from financing activities		
Repayment of lease liabilities	-1,191	-904
Inflows from bank/ other loans received	139,875	78,065
Repayment of loans	-2,575	-13,111
Interest paid	-2,549	-233
Net cash flows from financing activities	133,560	63,817
Increase (decrease) in cash and cash equivalents	90	-2,513
Change in cash and cash equivalents, including:	91	-2,545
net FX differences	1	-32
<i>Cash at the beginning of the period*</i>	785	5,170
<i>Cash at the end of the period*</i>	876	2,625

*including restricted cash:

as at 30 June 2022: PLN 0.05m

as at 30 June 2021: PLN 0.05m

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2022

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 01.01.2022	1,142	-28,676	342,358	84,530	43,545	0	442,899
Net profit	0	0	0	0	0	8,543	8,543
Total comprehensive income	0	0	0	0	0	8,543	8,543
Net profit distribution	0	0	0	43,545	-43,545	0	0
As at 30.06.2022	1,142	-28,676	342,358	128,075	0	8,543	451,442

FOR THE 6 MONTHS ENDED 30 JUNE 2021

Figures in PLN thousand	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
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



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).

Since 1 July 2022, the Company's registered office is at Legnicka 48A, 54-202 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 30 June 2022, the Parent Company's Management Board was composed of:

- Jacek Michalak – CEO;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Roman Dziuba – Chief Operating Officer;
- Andrzej Zygadło – Chief HR Officer.

In the period from 1 January 2022 to the date of publication of this report, no changes took place in the composition of the Company's Management Board.

Company's Supervisory Board

As at 30 June 2022, the Supervisory Board of the Parent Company 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;
- Mariusz Warych – independent Supervisory Board Member;
- Paweł Wyrzykowski – independent Supervisory Board Member.

In the period from 1 January 2022 to the date of publication of this report, there were no changes in the composition of the 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 2022, approved for publication on 15 September 2022.

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 2021 published on 2 May 2022. 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 2022 and data as at that date.

These income statement and the statement of comprehensive income cover the period of 6 months ended 30 June 2022, and comparative data presented for the period of 6 months ended 30 June 2021.

The income statement and the statement of comprehensive income also cover the data for 3 months ended 30 June 2022 as well as comparative data for the period of 3 months ended 30 June 2021, 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 2022 as well as comparative data for the period of 6 months ended 30 June 2021.

The statement of financial position covers the data presented as at 30 June 2022, and comparative data as at 31 December 2021.

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 30.06.2022	As at 31.12.2021
1 USD	4.4825	4.0600
1 EUR	4.6806	4.5994
100 HUF	1.1797	1.2464
1 UAH	0.1467	0.1487
1 CZK	0.1892	0.1850
1 RUB	0.0859	0.0542
1 CNY	0.6696	0.6390
1 RON	0.9466	0.9293

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 15 September 2022, 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 2022 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 these interim condensed financial statements are consistent with the policies used in preparation of the Company's financial statements for 2021. The amended standards and interpretations, which will apply for the first time in 2022, do not have a material impact on interim condensed financial statements of the Company.

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 2022:

- Amendments to IFRS 3: Amendments to the References to the Conceptual Framework (published on 14 May 2020)
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use (published on 14 May 2020)
- Amendments to IAS 37: Onerous contracts – fulfillment costs (published on 14 May 2020)
- Improvements to IFRS Standards 2018–2020 (published on 14 May 2020)

The above standards and amendments to standards did not have any material impact on the Company's accounting policy or these interim condensed 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.
- IFRS 17 Insurance Contracts – including Amendments to IFRS 17 applicable to the annual periods commencing on or after 1 January 2023;
- Amendments to IAS 1: Presentation of Financial Statements – classification of debt into current and non-current, and classification of debt into current and non-current – deferred effective date – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 and Practice Statement 2: Disclosure of Accounting Policies – applicable to the annual periods commencing on or after 1 January 2023;
- Amendments to IAS 8: Definition of accounting estimates – applicable to the annual periods commencing on or after 1 January 2023;
- Amendments to IAS 12: Deferred tax relating to assets and liabilities arising from a single transaction – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 17 Insurance Contracts: First adoption of IFRS 17 and IFRS 9 – comparative information – not adopted by the EU by the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2023.

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 Company has not decided on early adoption of any standard, interpretation or amendment which have been published but not become effective yet. The Company is currently analysing how the above amendments will affect the 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. See Note 1.1 of this report for a description of the Company's activities.

See Note 1.1 of this report for a description of the Company's activities. Among its other roles, Selena FM S.A. acts as a global distributor – in the Group, it intermediates in goods transactions between production plants and foreign trading organizations; it is also a managing entity of the Group. Financial results on all businesses are analysed jointly as an effect of operation of the Group's head office and are not a basis for taking decisions on resource allocation within the Company or within the Group's operating segments.

The Company's trading performance is assessed based on the management data prepared in accordance with IFRS.

In H1 2022, related companies accounted for more than 82% of the Company's revenues (more than 79% in 2021). Sales are generated in Poland (PLN 13.6 million to unrelated companies and PLN 151.7 million to related companies) and abroad (PLN 83.6 million to unrelated companies, PLN 277.9 million to related companies), mainly in the geographies where the Group-owned companies are established. The Company's non-current assets are located in Poland.

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 2022 (Note 4.5). The 16% increase in revenues from contracts with customers compared to the comparative period is mainly due to the increase in sales prices as a result of inflation of raw materials.

The Company is not dependant on any single buyer. The turnover with any unrelated buyer does not exceed 10% of the Company's total revenue. Approximately 29% of revenues from the sale of goods achieved in 2022 come from sales to Polish subsidiaries, and 6% of revenues from the sale of goods came from subsidiaries located in Eastern Europe. Due to the nature of operations of the Company as a parent of the Group, sales are generated depending on its subsidiaries' demand for goods and services, so they are not a major contributor to the assessment of the Company's operating efficiency.

The revenue from contracts with customers by geographic region is presented below. Details on the division into regions are presented in Note 2.2 to the consolidated financial statements for the 6-month period ended 30 June 2022.

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
European Union, including:	328,648	269,030
<i>Poland</i>	165,270	140,864
<i>Western Europe</i>	111,159	83,425
<i>Central Europe</i>	52,219	44,741
Eastern Europe and Asia, including:	133,512	143,550
<i>Eastern Europe</i>	41,499	112,133
North America and South America.	64,599	33,911
Total revenue from contracts with customers	526,759	446,491

The table below presents revenue from the sale of goods and materials by product groups.

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
Construction chemicals	401,028	346,289
Insulating chemicals	65,966	52,556
Other	32,371	29,886
Total – revenue from the sale of goods and raw materials	499,365	428,731



Notes to the income statement

3. Notes to the income statement

3.1 Other operating income and operating costs

Other operating income

	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Figures in PLN thousand				
Profit from disposal of non-financial fixed assets	371	41	60	22
Damages, penalties, fines	0	0	0	-44
Other	56	29	56	16
Total other operating income	427	70	116	-6

Other operating costs

	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Figures in PLN thousand				
Impairment of tangible fixed assets	200	0	200	0
Loss on sale of shares	6,861	0	61	0
Donations	404	266	121	0
Damages, penalties, fines	225	370	219	370
Other	3	0	3	0
Total other operating costs	7,693	636	604	370

3.2 Financial income and costs

Financial income

	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Figures in PLN thousand				
Interest, including:	7,238	4,566	4,390	2,307
<i>on loans granted</i>	7,238	4,566	4,390	2,307
FX differences	21,603	0	20,856	-4,627
Derivative financial instruments	1,091	92	-859	52
Total financial income	29,932	4,658	24,387	-2,268

Financial costs

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021	from 01.04.2022 to 30.06.2022	from 01.04.2021 to 30.06.2021
Interest, including:	5,380	947	3,327	537
<i>on loans and advances received</i>	3,714	788	2,494	442
<i>on lease liabilities</i>	1,537	41	762	18
<i>on other obligations</i>	129	118	71	77
FX differences	0	1,925	0	1,925
Bank fees	650	530	101	362
Total financial costs	6,030	3,402	3,428	2,824

As at 30 June 2022, Selena FM S.A. had open forward contracts. In H1 2022, the loss on valuation of instruments was PLN 3,000 (including valuation of open contracts of PLN -624 thousand net as at 30 June 2022). The gain on exercise of the contracts was PLN 1,094 thousand. The result on transactions was recognised in financial revenues under "Derivative financial instruments".

Taxation

4. Taxation

Tax charge

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
Change in deferred income tax	2,363	-991
Adjustments to current tax for prior periods	386	643
Tax charge carried in profit or loss:	2,749	-348

Reconciliation of the effective tax rate

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
Profit / loss before tax on continued operations	11,292	24,326
Tax rate	19%	19%
Tax at the applicable rate	2,145	4,622
Tax on non-taxable income (permanent differences)	-153	-7,996
– on dividends received	0	-7,996
– other	-153	0
Tax on costs that are non-tax deductible (permanent differences)	-865	317
– in respect of impairment allowance on shares and loans	54	30
– in respect of impairment allowance on receivables	939	985
– other	-1,858	-698
The period's tax losses for which no deferred tax assets were recognised	1,236	2,066
Adjustments to current tax for prior periods	386	643
Tax charge carried in profit or loss:	2,749	-348
Effective tax rate	24.34%	-1.43%



**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 30.06.2022	As at 31.12.2021
Financial assets measured at amortized cost		
Loans granted	281,173	262,907
Trade receivables not covered by factoring agreement	324,404	200,929
Other short-term financial assets – receivables from the sale of shares	440	0
Other short-term financial assets – security deposits	314	310
Cash and cash equivalents	876	785
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward transactions	0	23
Trade receivables covered by factoring agreement	17,006	11,998
Total	624,213	476,952

Financial liabilities

Figures in PLN thousand	As at 30.06.2022	As at 31.12.2021
Financial liabilities measured at amortized cost		
<i>Bank and other loans</i>	267,867	128,050
<i>Lease liabilities</i>	180,554	170,207
Total interest-bearing debt	448,421	298,257
Trade liabilities	103,962	86,989
Investment liabilities	100	282
Financial liabilities measured at fair value through profit or loss		
Other short-term financial liabilities – forward transactions	624	644
Total	553,107	386,172

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 2022 and 31 December 2021 was not materially different from the values presented in the financial statements for the respective years, which is due to the following circumstances:

- 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). The present value of future cash flows is determined based on forward FX rates as at the balance sheet date.

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 2022 alongside comparative data.

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 1 January 2022	348,824	-85,917	262,907
Loan granted	12,955	0	12,955
Set-off	-102	0	-102
Repayment of principal	-12,285	0	-12,285
Interest accrued	7,238	-282	6,956
Interest paid	-3,277	0	-3,277
Withholding tax	-422	0	-422
FX differences arising on balance sheet valuation	16,257	-1,816	14,441
as at 30.06.2022	369,188	-88,015	281,173

	Gross value	Impairment (-)/ reversal of impairment	Net value
Figures in PLN thousand			
as at 1 January 2021	319,255	-85,531	233,724
Loan granted	20,013	-173	19,840
Conversion of receivables	4,574	0	4,574
Repayment of principal	-1,265	0	-1,265
Interest accrued	9,656	41	9,697
Interest paid	-5,161	0	-5,161
Withholding tax	-482	0	-482
FX differences arising on balance sheet valuation	2,234	-254	1,980
as at 31.12.2021	348,824	-85,917	262,907

Description of significant loans granted during the reporting period

On 18 January 2022, an annex was signed to the PLN 40 million loan agreement with Elis Consulting Sp. z o.o., extending the repayment date of the loan to 31 January 2023.

On 30 March 2022, a loan agreement of PLN 400 million was signed with Selena Digital Distribution Sp. z o.o. The loan carries a variable interest rate. It matures on 31 March 2027.

On 11 May 2022, an annex was signed to the loan agreement of 26 November 2020 with Fandla Factoring, changing the interest rate.

On 15 May 2022, an annex was signed to the loan agreement with TOO Selena Insulation of 24 May 2017, introducing the conversion of the debt balance from RUB to EUR and extending the repayment date to 15 May 2027.

On 18 May 2022, an annex was signed to the loan agreement with Selena Vostok COO of 20 October 2017, introducing the conversion of the debt balance from RUB to EUR.

By the balance sheet date, loan tranches in a total amount of PLN 12.2 million were transferred:

- PLN 601 thousand to Selena ESG Solutions Sp z o.o.;
- PLN 500 thousand and EUR 200 thousand to Oligo;
- PLN 10,936 thousand to Selena Green Investments;

- PLN 2,000 to Selena Digital Distribution.

Significant loans granted after the balance sheet date

On 15 July 2022, a loan agreement was signed with SGI2 Sp. z o.o. The loan carries a variable interest rate. It matures on 13 July 2027.

5.1.2 Bank and other loans

The incurred bank loans are presented in the table below.

Figures in PLN thousand			As at 30.06.2022		As at 31.12.2021	
Ref.	Loan type	Maturity date	Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Non-renewable loan	2024	24,000	36,000	7,000	3,000
2	Working capital loan	2024	111,006	0	23,428	27,960
3	Working capital loan	2023	0	19,391	0	0
4	Loan	2023	35,792	2,586	28,944	28,980
5	Loan	2022	0	39,092	0	8,738
Total loans			170,798	97,069	59,372	68,678

As at 30 June 2022, the Company maintained financial ratios at the levels required by the lenders.

As part of the loan agreements signed by the 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 2022, Selena FM S.A. maintained financial ratios at the levels required by the lenders.

5.2 Other assets and liabilities

5.2.1 Shares in subsidiaries

Value of shares

Figures in PLN thousand	As at 30.06.2022			As at 31.12.2021		
	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.*	*	*	*	1,520	0	1,520
Euvic Solutions Sp. z o.o.	1,003	0	1,003	1,003	0	1,003
Selena Green Investments ASI Sp z o.o.	900	0	900	0	0	0
Selena Industrial Technologies Sp. z o.o.*	39,899	0	39,899	38,379	0	38,379
Selena Green Investments Sp. z o.o.	5	0	5	5	0	5
Selena Deutschland GmbH	4	0	4	4	0	4
Selena Italia srl	1,884	1,884	0	1,884	1,884	0
Selena Iberia slu	43,478	43,478	0	43,478	43,478	0
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
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	5,110	3,919	9,029	5,472	3,557
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**	0	0	0	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	23,764	23,764	0	23,764	23,764	0
Value of shares	262,129	127,976	134,153	272,426	128,338	144,088

*On 1 March 2022, Selena Industrial Technologies Sp. z o.o. (acquiring company) merged with Orion PU Sp. z o.o., "Libra" Sp. z o.o. and Selena Labs Sp. z o.o. (acquired companies). On that date, the merger ("merger by acquisition") was registered in the Register of Entrepreneurs of the National Court Register. As a result of the merger of Selena Industrial Technologies Sp. z o.o. acquired all the rights and obligations of the acquired companies. In connection with the merger, the share capital of Selena Industrial Technologies Sp. z o.o. was increased by PLN 300,000 (i.e. to PLN 403,305,000.00). 100% of shares in the share capital of Selena Industrial Technologies Sp. z o.o. is entitled to Selena FM S.A. The merger of the companies is economically and economically justified; it is primarily organizational in nature, resulting in simplification of the Selena Group structure. Going forward, depending on the needs, the merger will help harmonize and organize internal procedures so as to ensure more effective operation of the business and continuous improvement of product quality.

** On 30 May 2022, the Company sold 99% of its shares in Selena Vostok to POLYFOAM Yalitim Sanayi ve Tic Ltd. for PLN 4.4 million. As a result of this transaction, in H1 2022, a loss of PLN 6.9 million was recognized in other operating costs.

5.2.2 Impairment of long-term investments;

As at 30 June 2022, 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 30.06.2022	As at 31.12.2021
VAT claimed	25,740	19,397
Withholding tax claimed	1,381	1,757
Prepayments	2,761	2,395
Settlements with employees	4	0
Prepayments for deliveries	410	115
Total	30,296	23,664

5.2.4 Other short term non-financial liabilities

Figures in PLN thousand	As at 30.06.2022	As at 31.12.2021
Advances received for future deliveries	36	130
Taxes and insurance payable	1,153	801
Payroll liabilities	5,989	8,097
Other	260	20
Total	7,438	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 recognizes 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 2022, 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.

Impact of the situation in Ukraine on the operations of Selena Group

The Management Board of Selena FM S.A. is constantly monitoring and analyzing the implications of the situation in Ukraine for the business activities of the Company. Due to the high uncertainty as to how the events in Ukraine will unfold, the Management Board of Selena FM S.A. has considered possible development scenarios and took preventive measures against the occurrence of negative effects on the Company's operations.

As at 30 June 2022, the receivables from subsidiaries in Eastern Europe were PLN 3.9 million, and the balance of loans granted to those companies was PLN 7.6 million. On 30 May 2022, Selena FM S.A. sold 99% of its shares in Selena Vostok to POLYFOAM Yalitim Sanayi ve Tic Ltd. As a result of this transaction, in H1 2022, a loss of PLN 6.9 million was recognized in other operating costs. Apart from the loss on the sale of shares, the situation in Ukraine did not have a significant negative impact on the Company's performance in H1 2022.

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 utilized 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 2022, the Company had open forward contracts for PLN -624 thousand (PLN -621 thousand as at 31 December 2021).

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 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 30.06.2022	As at 31.12.2021
Trade receivables		
<i>from related parties</i>	309,541	188,165
<i>from other entities</i>	31,869	24,762
Total trade receivables	341,410	212,927

Changes in impairment allowances alongside comparative data are presented in the table below:

Figures in PLN thousand	from 01.01.2022 to 30.06.2022	from 01.01.2021 to 30.06.2021
Impairment allowance at the beginning of the period	24,708	20,119
<i>related parties</i>	23,677	19,146
<i>other entities</i>	1,031	973
Impairment allowance created/reversed (-) according to IFRS 9:	5,436	5,381
<i>related parties, including:</i>	4,941	5,293
<i>EURO MGA Product SRL</i>	29	-5
<i>Selena Sulamericana Ltda</i>	4,625	5,187
<i>Shanghai House Selena Trading Ltd.</i>	0	111
<i>Selena Mexico</i>	287	0
<i>other entities</i>	495	88
FX differences	112	-58
<i>related parties</i>	96	-39
<i>other entities</i>	16	-19
Expected credit loss at the end of the period	30,256	25,442
<i>related parties</i>	28,714	24,400
<i>other entities</i>	1,542	1,042

Changes in impairment allowance on loans granted in the first half of 2022, 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 30.06.2022	as at 31.12.2021
Medium-high	from A+ to A- by S & P and Fitch and from A1 to A3 by Moody's	96%	92%
Medium	from BBB+ to BBB- by S&P and Fitch and from Baa1 to Baa3 by Moody's	4%	8%

As at 30 June 2022, the Company had unutilized credit lines of PLN 43 million (PLN 121 million as at 31 December 2021) 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 30.06.2022	As at 31.12.2021
Trade liabilities		
<i>amounts due to related parties</i>	88,898	72,561
<i>amounts due to other entities</i>	15,164	14,710
Total trade liabilities	104,062	87,271

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 2022, no changes were made to the goals, rules or processes applicable in this area.

6.3.1 Profit distribution for 2021

On 2 June 2022, the Annual General Meeting of Selena FM S.A. adopted a resolution to distribute the Company's net profit for 2021 of PLN 43,545,445.46 as follows: to transfer the entire amount to the Company's capital reserve.



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 2021 are described in the Company's financial statements for 2021.

In the first half of 2022, the following changes took place in the guarantees granted by Selena FM S.A.:

- granting new guarantees to suppliers (EUR 3 million);
- expiry of guarantees for suppliers granted in prior periods (EUR 1.2 million and PLN 5 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 (2022 and 2021, respectively), while settlements are presented as at 30 June 2022 and 31 December 2021.

	Period	Sales	Purchase of goods and services	Other revenues ¹⁾	Other costs
Figures in PLN thousand					
Subsidiaries	2022	425,321	451,819	5,691	15,129
	2021	350,363	406,889	45,531	6,482
Associates	2022	3,476	0	0	0
	2021	3,142	0	0	0
Subsidiaries of the ultimate controlling shareholder*	2022	7	701	1,887	0
	2021	9	0	1,123	0
TOTAL	2022	428,804	452,520	7,578	15,129
	2021	353,514	406,889	46,654	6,482

¹⁾ the value includes other operating income and financial income, mainly dividends and interest on loans

* the item includes entities connected through Mr Krzysztof Domarecki

Figures in PLN thousand					
	Period	Loans	Trade receivables	Other receivables	Trade and other liabilities
Subsidiaries	2022	232,953	306,734	4,402	88,800
	2021	214,762	184,754	89	72,561
Associates	2022	0	2,804	0	0
	2021	0	3,404	0	0
Subsidiaries of the ultimate controlling shareholder*	2022	48,220	3	0	98
	2021	48,145	8	0	120
TOTAL	2022	281,173	309,541	4,402	88,898
	2021	262,907	188,166	89	72,681

* 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 HR Officer

Andrzej Zygałło

Chief Operating Officer

Roman Dziuba