



Extended consolidated quarterly report for the period from 1 January to 31 March 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.

TABLE OF CONTENTS

1. Additional information to the quarterly report	4
1.1 Financial highlights	4
1.2 Group structure	5
1.3 Material developments in the reporting period	5
1.4 Group performance drivers	8
1.5 Seasonality of business	12
1.6 Delivery of forecasts	12
1.7 Issue, redemption or repayment of non-equity and equity instruments	12
1.8 Profit distribution for 2019	12
1.9 Shareholders of the parent	13
1.10 Shareholdings by executive and non-executive directors	13
1.11 Litigations	13
1.12 Guarantees given	13
1.13 Factors that will affect financial performance in the next quarter	14
1.14 Other significant information	14
2. Condensed consolidated financial statements	16
CONSOLIDATED INCOME STATEMENT	16
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	16
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	17
CONSOLIDATED STATEMENT OF CASH FLOWS	18
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	19
2.1 General information	20
2.2 Operating segments	26
2.3 Notes to the consolidated income statement	30
2.4 Taxation	31
2.5 Notes to the consolidated statement of financial position	32
2.6 Risk	34
2.7 Other information	38
3. Quarterly financial information Selena FM S.A.	40
INCOME STATEMENT	40
STATEMENT OF COMPREHENSIVE INCOME	40
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	41
STATEMENT OF CASH FLOWS	42
STATEMENT OF CHANGES IN EQUITY	43
3.1 General information	44
3.2 Notes to the consolidated income statement	44
3.3 Taxation	45
3.4 Notes to the statement of financial position	46
3.5 Other information	50



**Additional information
to the quarterly report**

1. Additional information to the quarterly report

1.1 Financial highlights

Consolidated financial data of Selena Group

	PLN '000		EUR '000	
	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*
Net revenue from sales	282,714	271,084	64,307	63,075
Operating profit	9,144	10,176	2,080	2,368
Profit before tax	5,411	9,098	1,231	2,117
Net profit	5,209	6,089	1,185	1,417
Profit after tax attributable to controlling interests	5,180	6,057	1,178	1,409
Comprehensive income	-255	6,924	-58	1,611
Comprehensive income attributable to shareholders of the parent	-335	6,868	-76	1,598
Net cash flows from operating activities	-5,450	12,125	-1,240	2,821
Net cash flows from investing activities	-7,097	-4,031	-1,614	-938
Net cash flows from financing activities	15,460	-6,516	3,517	-1,516
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share; EUR/share)	0.23	0.27	0.05	0.06

	as at	as at	as at	as at
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Total assets	916,685	848,743	201,367	199,306
Non-current liabilities	125,117	103,234	27,484	24,242
Current liabilities	332,781	286,467	73,102	67,269
Equity	458,787	459,042	100,781	107,794
Registered capital	1,142	1,142	251	268

*The reasons and effects of restating the data published in prior periods are contained in Note 2.1.4 of the Accounting Policy.

Financial data of the Parent Company

	PLN '000		EUR '000	
	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Net revenue from sales	156,153	117,028	35,519	27,230
Operating profit (loss)	5,256	9,790	1,196	2,278
Profit (loss) before tax	10,673	7,770	2,428	1,808
Profit (loss) after tax	8,273	7,184	1,882	1,672
Comprehensive income	8,273	7,184	1,882	1,672
Net cash flows from operating activities	16,077	8,802	3,657	2,048
Net cash flows from investing activities	-5,274	4,496	-1,200	1,046
Net cash flows from financing activities	3,508	-9,647	798	-2,245
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	0.36	0.31	0.08	0.07

	as at 31.03.2020	as at 31.12.2019	as at 31.03.2020	as at 31.12.2019
Total assets	579,782	532,356	127,360	125,010
Liabilities	218,858	179,705	48,076	42,199
Equity	360,924	352,651	79,284	82,811
Registered capital	1,142	1,142	251	268

1.2 Group structure

The Group structure and changes in it made in Q1 2020 and after the balance sheet date were presented in Note 2.1.2 of this report.

1.3 Material developments in the reporting period

1.3.1 Group promotion

January 2020

Selena S.A. – submission of Tytan Professional masonry foam adhesive to the TOP BUILDER industry competition. TOP BUILDER statuettes are awarded every year in the construction industry for the best products and technological solutions.

Inauguration of the next edition of the Builder For The Future Competition – 4 Young Engineers Competition. For the second time Selena S.A. became the Strategic Partner of the event. The competition is dedicated to the most talented students of technical universities throughout Poland, and involves development of a project on a topic proposed by the judging panel. The year the topic was: “Time for the railway”.

Participation in the January BUILDER AWARDS Gala, during which prestigious awards were presented to companies from the construction and architecture sectors. Selected individuals were also honoured with the Personality of the Year 2019 titles. The group of awardees included Selena S.A., which in addition to being named as the Construction Company of the Year, found itself at the top of the “Build The Future” Ranking prepared in cooperation with PwC Poland and Bisnode Poland. Andrzej Ulfig, the CEO of Selena S.A., was awarded as the Industry Personality.

February 2020

Selena Labs – the R&D centre from Selena Group was granted the Forbes Diamond 2020 award. “Forbes Diamonds” is an annual ranking of companies which have increased their value most significantly over the past three years. “Forbes Diamonds 2020” ranking results were analysed by the magazine’s publishing board using a Swiss method of company valuation. The key criteria included financial results for the years 2014–2018, asset value, payment history, creditworthiness and no negative legal issues.

Selena Group was recognised as a Hidden Champion in the report prepared for the European Bank for Reconstruction and Development (EBRD). The survey was conducted by a team of experts of the Warsaw School of Economics (SGH) led by SGH Professor Grażyna Leśniak-Łebkowska, PhD, as part of the project “Hidden Champions in Central, Eastern, and South-Eastern Europe (CESEE). This project was coordinated and finally developed according to EBRD requirements by IEDC-Bled School of Management and CEEMAN.

Selena S.A. took part in the assessment of the submissions to the Builder For The Future Competition – 4 Young Engineers Competition (Selena S.A. is a member of the judging panel). As members of the judging panel, Selena S.A.'s representatives received online access to the competition works of young engineers, and could award points for the best works in Poland.

Selena S.A. participated in the online Young Engineer Days (developing materials for a nationwide knowledge exchange platform for young engineers). Together with the editors of the Builder magazine and the authorities of the best Polish universities of technology, Selena S.A. organised the Young Engineer Days, providing materials on products and product solutions. The aim of the campaign was to strengthen young people's understanding about the use of Tytan Professional, Tack R, Evomer, COOL-R products and other products.

March 2020

The TOP BUILDER award for the Tytan Professional masonry adhesive – the judging panel composed of engineers and experts from the construction industry, awarded the TOP BUILDER title for the product submitted by Selena S.A. to the annual competition for the best solution in the market.

The 60 SECONDS foam adhesive submitted to the 30th edition of the nationwide TERAZ POLSKA (Now Poland) competition. Starting the process aimed at obtaining the prestigious TERAZ POLSKA emblem. The purpose of the competition is to select the best Polish products, services, municipalities and projects that stand out in the market with their qualitative, technological and functional values.

Online meeting of the judging panel of the Builder For The Future – 4 Young Engineers Competition. As a Strategic Partner of the nationwide Builder 4 The Future Programme, Selena S.A. is also a member of the judging panel of the 4 Young Engineers Competition for the most talented Polish young engineers. The judging panel meets regularly to discuss organisational matters.

In the first quarter of 2020, Selena S.A. conducted 110 training sessions during which nearly 1,200 contractors and customers were trained.

1.3.2 Other significant events

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

A special task force was established at the Parent Company to monitor and assess pandemic risks on an ongoing basis, in particular in the areas of:

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

As a result of the above analyses, the following procedures were developed and implemented to minimise the risk of contagion among employees and counterparties:

- Monitoring the health of employees of the Selena Group companies through temperature checks;
- Development of the “Procedure for responding to suspected cases of COVID-19 in Selena Group”;
- Limiting meetings, and domestic and foreign business trips;
- 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;
- Providing hand sanitisers and additional personal protection equipment for employees of the Selena Group companies.

As at the date of publication of these unconsolidated financial statements:

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

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

Selena Group is constantly monitoring and using the available opportunities to obtain support offered both under the "Anti-crisis shield" and under other provisions of applicable law. This applies in particular to the reduction of income tax advance payments, periodic exemption/ reduction regarding social security contributions, the use of wage-support for employees covered by a reduced working time, as well as co-financing for social security contributions.

In addition to good financial results achieved in the first quarter of 2020 (net profit amounted to PLN 5.2 million), Selena Group has a significant cash position and unused credit lines (as at 31 March 2020, cash amounted to PLN 88.7 million, and unused credit lines were at PLN 231 million). The covenants agreed with banks are being monitored on an ongoing basis. No breaches were identified as at the publication date. The Group entered 2020 with the lowest debt ratio in more than five years. The Group has a stable financial position and significant loan agreements will not renew until 2021.

Selena Group did not observe any impact of the pandemic on the financial results in the first quarter of 2020. In April 2020, a 37% decrease in sales revenues was observed compared to the same period last year. Selena Group expects sales revenues to continue to trend downwards until the end of Q2 2020, but due to the rapidly changing situation it is not possible to make any reliable estimates. The final impact of the pandemic on the activities of Selena Group in 2020 will depend on the macroeconomic effects in Poland and in the countries where the Group companies operate. At present, the Management Board of Selena FM S.A. does not yet have full financial data enabling it to make forecasts as to the impact of the situation on the Group’s financial position in the long term.

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

1.4 Group performance drivers

Financial performance

The tables below show selected items of the consolidated income statement for the 3 months ended 31 March 2020 and 31 March 2019, respectively, as well as selected financial ratios.

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*	Change	Change %
Revenue from sales	282,714	271,084	11,630	4.3%
Cost of sales	192,141	187,189	4,952	2.6%
Gross profit	90,573	83,895	6,678	8.0%
Selling and marketing costs	52,166	49,108	3,058	6.2%
General and administrative expenses	27,572	24,414	3,158	12.9%
Other operating profit (loss)	316	1,439	-1,123	-
Impairment of non-financial fixed assets	1,542	0	1,542	-
Impairment of financial assets	465	1,636	-1,171	-
EBITDA (operating profit + depreciation + amortisation)	18,788	19,312	-525	-2.7%
Operating profit (EBIT)	9,144	10,176	-1,032	-10.1%
Net financial income (loss)	-3,733	-1,078	-2,655	-
Share in net profit/loss of the associate	0	0	0	-
Profit before tax	5,411	9,098	-3,687	-
Net profit	5,209	6,089	-880	-
Other net comprehensive income	-5,464	835	-6,299	-
Total comprehensive income	-255	6,924	-7,179	-

	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*	Change in p.p.
Gross profit margin	32.0%	30.9%	1.1
Selling costs/ revenue from sales	18.5%	18.1%	0.4
General and administrative expenses/ revenue from sales	9.8%	9.0%	0.8
EBITDA margin %	6.6%	7.1%	-0.5
Operating profit margin (EBIT%)	3.2%	3.8%	-0.6
Net profit margin	1.8%	2.2%	-0.4

EBIT % – operating profit / sales

EBITDA % – EBITDA/ sales

*The reasons and effects of restating the data published in prior periods are contained in Note 2.1.4 of the Accounting Policy.

Revenue from sales

During the period of three months of 2020, consolidated revenue from sales amounted to PLN 282.7 million, which is by PLN 4.3% (PLN 11.6 million) higher than in the corresponding period of the previous year.

The sales increase was significantly affected by an increase in the contribution of the Eastern Europe and Asia segment to the Group's total sales.

The sales of Selena Group are presented by three (reporting) geographical segments: the European Union (including Poland), Eastern Europe and Asia (including Russia and China), and North and South America (USA and Brazil). In Q1 2020, the sales structure by segments has not changed significantly compared with the same period last year. European Union remains the key segment. In Q1 2020, the segment generated 67% (vs 70% in the same period of 2019) of sales revenues of Selena Group (with Poland achieving a 37% share in the Group's sales). The Eastern Europe and Asia reporting segment recorded an increase in its share in the Group's sales (from 23% to 26%). The North and South America segment maintained its share of sales revenues at an unchanged level.

Segment	Segment's share in the Group's revenues		Change 2020 / 2019
	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019	
European Union, including:	67%	70%	0%
<i>Poland</i>	37%	36%	6%
<i>Other countries</i>	30%	34%	-7%
Eastern Europe and Asia	26%	23%	18%
N&S America	7%	7%	4%

Gross profit on sales

For three months of 2020, Selena Group generated gross profit of PLN 90.6 million, i.e. PLN 6.7 million more year-on-year.

Gross profit margin was 32.0%, up 1.1 p.p. year-on-year. This increase resulted from a fall in commodity prices. The margin also benefited from a constant increase in the share of sales of innovative products with a higher margin as well as from optimisation of product formulations.

Selling costs and general and administrative expenses

Selling costs over three months of 2020 were PLN 52.2 million, up PLN 3.1 million (6.2%) year-on-year. The figure was significantly affected by an increase in the cost of transport services and the situation in the labour market.

Over the three months of 2020, **general and administrative expenses** were PLN 27.6 million. They increased by PLN 3.2 million year-on-year. The increase in administrative expenses mainly results from the ended process of completing the composition of the Management Board of Selena FM S.A.

The ratio of selling, general and administrative expenses to sales was 28.2% in Q1 2020, up 1.1 p.p. YoY.

The result on other operations was negative at PLN -1.7 million, taking into account the impairment loss in respect of financial and non-financial assets. This line was significantly affected by the impairment allowances for:

- intangible assets – due to the decision to discontinue development work in the subsidiary Selena Iberia sls (PLN 1.5 million in total);
- receivables less reversed allowances (PLN 0.5 million).

The result on other operations was positively influenced by subsidies received (PLN 0.2 million).

Operating profit (loss)

In Q1 2020, the Group generated operating profit of PLN 9.1 million vs PLN 10.2 million in the previous year, down 10.1% year-on-year. The lower operating profit resulted from worse performance in terms of other operations.

Profit (loss) after tax

In the first quarter of 2020, Selena Group achieved net profit of PLN 5.2 million compared with PLN 6.1 million posted in the corresponding period of 2019. The Group's net result was primarily influenced by the net financial income, including by valuation of open currency positions (trading settlements and loans received/granted) and interest expense. The negative balance of FX differences was PLN 2.9 million vs the positive balance of PLN 1.7 million in Q1 2019. The cost of interest on loans and leases totalled PLN 0.9 million net (after reduction by the achieved interest income from bank deposits) compared with PLN 1.3 million incurred in the corresponding period of 2019.

For the nine months of 2020, the income tax charge was PLN 0.2 million.

After the nine months of 2020, EBITDA was PLN 18.8 million (including depreciation: PLN 9.6 million), which was by PLN 0.5 million lower year-on-year.

Asset and financial position

The table below shows selected figures of the consolidated balance sheet as at 31 March 2020 and 31 December 2019.

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019	Change	Change %
Non-current assets	328,167	323,592	4,575	1%
Property, plant and equipment	237,175	235,620	1,555	1%
Intangible fixed assets	50,939	52,492	-1,553	-3%
Other long-term assets	40,053	35,480	4,573	13%
Current assets	588,518	525,151	63,367	12%
Inventories	180,512	150,185	30,327	20%
Trade receivables	266,416	237,892	28,524	12%
Cash	88,696	85,653	3,043	4%
Other current assets	52,894	51,421	1,473	3%
Equity	458,787	459,042	-255	0%
Liabilities	457,898	389,701	68,197	17%
Bank and other loans	124,084	103,907	20,177	19%
Trade liabilities	202,712	143,986	58,726	41%
Other liabilities	131,102	141,808	-10,706	-8%
	as at 31.03.2020	as at 31.12.2019		
Current liquidity	1.8	1.8		
Quick liquidity	1.2	1.3		
Debt ratio	50%	46%		

Current liquidity – current assets / current liabilities

Quick liquidity – current assets less stocks / current liabilities

Debt ratio – liabilities / (equity+liabilities)

As at 31 March 2020, the Group's asset position, with an increase in total assets of PLN 67.9 million vs. 31 December 2019, was affected by seasonality, resulting in an increase in net current assets (inventories, receivables, liabilities).

As at 31 March 2020, the current and quick liquidity ratios (1.8 and 1.2 respectively) point to the Group's ability to meet its obligations in a timely manner.

Debt

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Interest bearing borrowings	124,084	103,907
Lease liabilities	35,925	37,729
Liabilities on account of prepaid trade receivables	372	12,725
Less cash and cash equivalents	-88,696	-85,653
Net debt	71,685	68,708
Equity attributable to the shareholders of the parent	457,980	458,315
Equity and net debt	529,665	527,023
Gearing (net debt / equity + net debt)	14%	13%
Debt ratio (liabilities / total assets)	50%	46%
Net debt / EBITDA	0.71	0.67

As at the balance sheet date, the debt on bank and other loans increased vs. 31 December 2019 to PLN 124.1 million. The Net debt to EBITDA ratio (bank covenant) did not change significantly.

As at 31 March 2020, the debt ratio amounted to 50% and was 4 p.p. higher than at the end of 2019.

The key goal of the Group's capital management is to maintain good credit rating and safe capital ratios to facilitate the Group's operations and increase value for shareholders.

The Parent Company manages its capital structure, and modifies it in response to the current needs and changes to the economic conditions. To maintain or change the capital structure, the Parent Company may use the following instruments:

- payment of dividend to shareholders
- issue of new stock
- loan taking or repayment.

As part of capital management, the Management Board of the Parent Company monitors the debt level by means of the gearing ratio, which is calculated as net debt to total equity + net debt.

Net debt includes bank and other loans, lease liabilities and prepaid trade receivables, less cash and cash equivalents. Equity includes the equity attributable to the shareholders of the Parent.

Cash flows

The tables below show selected items of the consolidated statement of cash flows for the three months ended 31 March 2020 and 31 March 2019, respectively.

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019	Change
Net cash flows from operating activities	-5,450	12,125	-17,575
Net cash flows from investing activities	-7,097	-4,031	-3,066
Net cash flows from financing activities	15,460	-6,516	21,976
Change in cash and cash equivalents:	2,913	1,578	1,335

In Q1 2020, net cash flows were PLN 2.9 million.

Operating cash flows were PLN -5.5 million, down PLN 17.6 million on the corresponding period of 2019. Changes in net current assets were as follows: receivables (PLN -31.5 million), inventories (PLN -31.1 million) and liabilities (PLN -46.0 million). The change of PLN -16.5 million in net current assets in the first quarter of 2020 (compared to the change of PLN 0.4 million in Q1 2019) was mainly caused by higher inventory level built up to secure availability of raw materials due to Covid-19.

Net cash flows from investing activities were negative at PLN -7.1 million and investment expenses were up PLN 3.1 million year-on-year.

In Q1 2020, net cash inflows from financing activity were PLN 15.5 million. This figure was mainly affected by the bank loans (PLN 53.9 million) obtained to fund working capital requirements and investments, repayment of bank and other loans (PLN -34.3 million), lease payments (-PLN 3.3 million) and interest paid (PLN -0.9 million).

1.5 Seasonality of business

The building materials industry in which Selena Group operates is characterised by seasonality of sales. Lower activity is seen in the winter and early spring months, while in the subsequent quarters sales increase to usually peak in the third quarter. Looking at the figures for 2017–2018, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 20%, Q2 - 27%, Q3 - 29%, Q4 - 24%. Seasonal fluctuations of sales are primarily affected by the weather and fluctuations in sales in the individual geographies where the Group operates.

1.6 Delivery of forecasts

The Selena Group did not publish any performance forecast for Q1 2020.

1.7 Issue, redemption of repayment of non-equity and equity instruments

In the period covered by this report, Selena FM S.A. did not issue, redeem or repay any non-equity or equity securities.

1.8 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 over from previous years; the remainder of PLN 42,887,039.41 to be transferred entirely to the Company's supplementary capital.

1.9 Shareholders of the parent

The table below shows distribution of share capital and voting power among shareholders of the Parent Company as at the date of publication of this report.

Shareholder	Share types	Number of shares acquired	Share in registered capital	Number of votes	Share in votes at the AGM
Syrius Investments S.a.r.l.*	Registered preference shares	4,000,000	17.52%	8,000,000	29.81%
	Bearer shares	13,813,000	60.49%	13,813,000	51.48%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. **	Bearer shares	1,367,141	5.99%	1,367,141	5.09%

* entity controlled by Krzysztof Domarecki, President of the Management Board of Selena FM S.A.

**As at 7 July 2016

In the reporting period, no changes were reported regarding the shareholding of the significant shareholders of the Parent.

1.10 Shareholdings by executive and non-executive directors

The table below shows a summary of the shareholdings in the Parent Company by executive and non-executive directors as at the date of publication of this report.

Name	Role	Number of shares held	Nominal value of a share (PLN)
Syrius Investments s.a.r.l.*	-	17,813,000	890,650

* entity controlled by Krzysztof Domarecki, President of the Management Board of Selena FM S.A.

Krzysztof Domarecki also holds 0.35% stake in Selena Labs sp. z o.o.

1.11 Litigations

At the date of approval of this report, no company from Selena Group was a party to any court proceedings where the claim value would exceed 10% of the Parent Company's equity.

Other significant court disputes were described in the consolidated financial statements of Selena FM Group for 2019 (Note 8.1). No significant changes in the description of litigations occurred in the period until approval of this report.

1.12 Guarantees given

Either the Parent Company or any members of Selena Group did not give to third parties any guarantees whose value would exceed 10% of the Parent's equity.

Group companies provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. These are intragroup transactions. Such guarantees given to the subsidiaries by Selena FM S.A. were described in detail in Note 7.1 of the unconsolidated financial statements of Selena FM S.A. for 2019. As at 31 March 2020, the result of the valuation of these guarantees according to IFRS 9 is immaterial.

1.13 Factors that will affect financial performance in the next quarter

The key factors that in the Management Board's opinion may affect the Group's performance in the following periods are described below.

The macroeconomic situation in Poland and world-wide. The forecast of the European Commission (EC) published on 6 May 2020 shows that the global economy is expected to see GDP drop of 3.5% this year. The economy is expected to return to the growth path at +5.2 GDP in 2021. What is particularly important, European Union countries are to report a change of -7.4% and +6.3% respectively. For Poland, the EC forecasts a GDP growth at 4.3% in 2020 and 4.1% in 2021. For Poland, the EC forecasts a GDP drop of 6.5% (+4.9% in 2021). China is to grow by 1.0% (+7.8% in 2021). IMF's forecasts of April 2020 point to a GDP drop in 2020 for: Russia – down 5.5%, Turkey – down 5.0%, Ukraine – down to -7.7%, Kazakhstan – down 2.5%, Brazil – down 5.3%.

Situation in the construction sector. According to the May forecast of the European Commission, expenditures on construction projects in the EU Member States are to decrease by 9.4% in 2020, and will recover to 8.1% in 2021. Poland is to see a drop of 5.9% in 2020 and an increase of 3.1% in 2021. Decreases are forecast also in other European countries where Selena Group operates: Spain of 20.1%, Romania 10.0%, Czech Republic 6.4%, Hungary 14.7%, Bulgaria 13.6% and Italy 9.2%.

Availability of financing. According to the results of the PENGAB banking business sentiment index published by the Polish Banks Association in March 2020, 6-month projections point to a major market deterioration: merely 20% of the polled bankers pointed to an increase, 44% to stabilisation and as many as 7% to a decline in the volume of housing loans.

FX rates. According to the consensus of currency forecasts published by Thomson Reuters on 8 June 2020, following a weaker period, in the coming months the zloty should become stable with a slight appreciation trend towards 4.4 EUR/PLN at the end of the year. The currency markets of Central Europe should also see some stability. Towards the year-end, the following currency rates are expected (for the main markets): EUR/RUB 76.8 EUR/TRY 8.1 EUR/CZK 26.2 EUR/HUF 344 EUR/RON 4.9 EUR/UAH 31.2.

Credit risk. Selena Group sells products with a deferred payment date, which causes a risk of non-payment for the products and services supplied to buyers. In order to minimise credit risk, Group companies monitor their trade receivables on an ongoing basis and operate a policy of approving credit limits. An increasing number of Group companies insure a portion of their trade receivables. The Group companies do not see any material increase in overdue debtors.

1.14 Other significant information

This report presents information which might have a significant impact on the assessment of Selena's employment, asset or financial position, and which is key to assessment of its ability to meet its obligations.



Condensed consolidated financial statements

2. Condensed consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*
Continued operations			
Revenue from the sale of products		265,018	252,708
Revenue from the sale of goods and materials		17,278	17,849
Revenue from the sale of services and lease		418	527
Revenue from sales	2.2	282,714	271,084
Cost of sales		192,141	187,189
Gross profit on sales		90,573	83,895
Selling and marketing costs		52,166	49,108
General and administrative expenses		27,572	24,414
Other operating income	2.3.1	1,052	1,650
Other operating costs	2.3.1	736	211
Impairment of non-financial fixed assets		1,542	0
Impairment of financial assets	2.3.1, 2.6.2	465	1,636
Operating profit		9,144	10,176
Financial revenues	2.3.2	5,988	3,355
Financial expenses	2.3.2	9,721	4,433
Profit before tax		5,411	9,098
Income tax	2.4	202	3,009
Net profit for the financial year		5,209	6,089

*The reasons and effects of restating the data published in prior periods are contained in Note 2.1.4

Net profit attributable to:			
– shareholders of the parent		5,180	6,057
– non-controlling interests		29	32
Earnings per share attributable to the shareholders of the parent			
		(PLN/share)	(PLN/share)
– basic		0.23	0.27
– diluted		0.23	0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Profit after tax	5,209	6,089
Other comprehensive income not subject to reclassification to profit or loss	0	0
FX differences arising on translation of foreign affiliates	-7,333	827
FX differences on measurement of investments in the net assets of a foreign affiliate	3,379	776
Income tax	-1,510	-768
Other comprehensive income subject to reclassification to profit or loss:	-5,464	835
Other comprehensive income for the period, after tax	-5,464	835
Total comprehensive income	-255	6,924
Attributable to:		
– shareholders of the parent	-335	6,868
– non-controlling interests	80	56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	as at 31.03.2020	as at 31.12.2019
ASSETS			
Property, plant and equipment		237,175	235,620
Intangible fixed assets		50,939	52,492
Investments accounted for using the equity method		6,205	5,954
Deferred tax assets		24,654	20,867
Other long-term non-financial assets		7,809	7,337
Other long-term financial assets	2.5.1	1,385	1,322
Total non-current assets		328,167	323,592
Inventories	2.5.2	180,512	150,185
Other short-term non-financial assets		41,234	39,106
Trade receivables		266,416	237,892
CIT claimed		3,441	4,228
Other short-term financial assets	2.5.1	8,219	8,087
Cash and cash equivalents	2.6.2	88,696	85,653
Total current assets		588,518	525,151
TOTAL ASSETS		916,685	848,743
LIABILITIES AND EQUITY			
Registered capital		1,142	1,142
FX differences arising on translation of foreign affiliates		-36,911	-31,396
Supplementary capital		608,676	608,648
Other reserves		9,633	9,633
Retained profit/ loss carried forward		-124,560	-129,712
– retained profit/ loss from previous years		-129,740	-169,211
– profit (loss) after tax		5,180	39,499
Equity attributable to the shareholders of the parent		457,980	458,315
Non-controlling interests		807	727
Total equity		458,787	459,042
Long-term portion of bank and other loans	2.5.1	89,806	69,515
Long term lease obligations		23,789	23,479
Other long term financial liabilities	2.5.1	117	109
Deferred tax assets		4,950	3,843
Other long term non-financial liabilities		1,571	1,598
Long-term provisions	2.5.2	4,884	4,690
Non-current liabilities		125,117	103,234
Trade liabilities		202,712	143,986
Obligations to return remuneration		19,225	19,556
Short-term portion of bank and other loans	2.5.1	34,278	34,392
Short-term lease obligations		12,136	14,250
Other short term financial liabilities	2.5.1	3,181	16,841
CIT tax payable		9,482	8,324
Other short term non-financial liabilities		46,174	43,910
Short-term provisions	2.5.2	5,593	5,208
Current liabilities		332,781	286,467
Total liabilities		457,898	389,701
TOTAL LIABILITIES AND EQUITY		916,685	848,743

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Cash flows from operating activities		
Profit (loss) before tax	5,411	9,098
Depreciation/ amortisation	9,644	9,136
FX gains (losses)	-4,062	-2,915
Interest and dividends	926	1,135
Profit/ (loss) on investing activities	-161	60
Change in the balance of receivables	-31,483	-24,232
Change in the balance of inventories	-31,055	-8,761
Change in the balance of obligations	46,001	33,413
Change in the balance of provisions	579	-611
CIT paid	-2,197	-3,682
Other	947	-516
Net cash flows from operating activities	-5,450	12,125
Cash flows from investing activities		
Acquisition of tangible and intangible fixed assets	-7,381	-4,484
Inflows from sale of tangible and intangible fixed assets	284	418
Dividends and interest received	0	15
Other	0	20
Net cash flows from investing activities	-7,097	-4,031
Cash flows from financing activities		
Inflows from bank/ other loans received	53,931	47,773
Repayment of bank and other loans	-34,265	-49,716
Repayment of lease obligations	-3,337	-3,440
Interest paid	-869	-1,144
<i>including lease interest</i>	-47	-79
Other	0	11
Net cash flows from financing activities	15,460	-6,516
Net increase in cash and cash equivalents	2,913	1,578
Change in cash and cash equivalents, including: net FX differences	3,043 130	1,576 -2
Cash and cash equivalents at the beginning of the period*	85,653	45,501
Cash and cash equivalents at the end of the period*	88,696	47,077

*including restricted cash:

as at 31 March 2020: PLN 0.05m

as at 31 March 2019: PLN 0.05m

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR 3 MONTHS ENDED 31 MARCH 2020

Figures in PLN thousand	Equity attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2020	1,142	608,648	-31,396	9,633	-129,712	0	458,315	727	459,042
Profit for the financial year	0	0	0	0	0	5,180	5,180	29	5,209
Other net comprehensive income for the period	0	0	-5,515	0	0	0	-5,515	51	-5,464
Total comprehensive income for the period	0	0	-5,515	0	0	5,180	-335	80	-255
Transfer of profit to the supplementary capital	0	28	0	0	-28	0	0	0	0
As at 31 March 2020	1,142	608,676	-36,911	9,633	-129,740	5,180	457,980	807	458,787

FOR 3 MONTHS ENDED 31 MARCH 2019

Figures in PLN thousand	Equity attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2019	1,142	577,016	-31,716	9,633	-130,729	0	425,346	557	425,903
Net profit (loss) for the financial year	0	0	0	0	0	6,057	6,057	32	6,089
Other net comprehensive income for the period	0	0	811	0	0	0	811	23	834
Total comprehensive income for the period	0	0	811	0	0	6,057	6,868	55	6,923
As at 31 March 2019	1,142	577,016	-30,905	9,633	-130,729	6,057	432,214	612	432,826

2.1 General information

2.1.1 Characteristics of the Parent Company

Parent Company

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

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

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

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

The Parent Company's core business includes:

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

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

Management Board of the Parent Company

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

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

Changes in the Management Board in 2020:

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

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

Supervisory Board of the Parent Company

As at 31 December 2019, the Parent 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 quarterly report, there were no changes in the composition of the Supervisory Board.

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

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

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

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

Changes in the Audit Committee composition in 2020:

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

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

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

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

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

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

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

2.1.2 Information about the Group

Activities of the Group

Selena has been trading since 1993. The core business of Selena FM Group (“Selena Group”) includes production, distribution and sale of construction chemicals, building materials for doors and windows, and general building accessories. The products on offer include both solutions addressed to professionals and to individual users. The Group's leading brands include Tytan, Quilosa, Artelit and Matizol. The Group's product range includes:

- Polyurethane mounting foams and foam adhesives
- Construction sealants (silicones, acrylic products)
- Construction and mounting adhesives
- Roofing membranes and shingles
- Bituminous masses
- Thermo-reflexive roof coating
- Building insulation systems
- Adhesives and joint fillers for ceramic tiles
- Application equipment
- Wood preservatives
- Agents for roofs and walls
- Foils and membranes.

Selena Group is an international producer and distributor of construction chemicals. It has production plants are located mainly in Poland, but also in Brazil, China, Romania, Turkey, Spain and Kazakhstan. In turn, commercial establishments are located in different countries of Europe, Asia and both Americas. Selena Group's products are available in the markets of more than 70 countries.

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

Group members

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

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

The “owner” column specifies the name of the owner as at 31 March 2020.

	REGION	COUNTRY	ENTITY	REGISTERED OFFICE	ACTIVITY	GROUP'S SHARE		OWNER	
						as at 31.03.2020	as at 31.12.2019		
European Union	Poland	Poland	Selena FM S.A.	Wroclaw	Group Head Office			-	
			Selena S.A.	Wroclaw	Distributor	100.00%	100.00%	FM	
			Orion PU Sp. z o.o.	Dzierżoniów	Manufacturer of foams, adhesives, distributor	99.95%	99.95%	SIT 1	
			Carina Silicones Sp. z o.o.	Siechnice	Manufacturer of sealants, distributor	100.00%	100.00%	SIT	
			Libra Sp. z o.o.	Dzierżoniów	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	SIT	
			Izolacja Matizol Sp. z o.o.	Gorlice	Manuf. of roof coverings, hydroinsulation, distributor	100.00%	100.00%	SIT	
			Tytan EOS Sp. z o.o.	Wroclaw	Manufacturer of loose materials	100.00%	100.00%	SIT	
			Selena Labs Sp. z o.o.	Siechnice	Research and Development	99.65%	99.65%	FM 1	
			Selena Marketing International Sp. z o.o.	Wroclaw	Intellectual property management	100.00%	100.00%	SA	
			Taurus Sp. z o.o.	Dzierżoniów	Lease of plant and machinery	100.00%	100.00%	SIT	
			Carina Sealants Sp. z o.o.	Siechnice	Legal administration	100.00%	100.00%	FM	
			Selena Industrial Technologies Sp. z o.o.	Dzierżoniów	Production management	100.00%	100.00%	FM	
	Oligo Sp. z o.o.	Katowice	Research and Development	99.65%	99.50%	SL			
	Western Europe	Spain	Italy	Selena Iberia sls	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM
				Selena Italia srl	Limena	Distributor	100.00%	100.00%	FM
		Germany	Uniflex S.R.L.	Mezzocorona	Manufacturer of sealants, distributor	100.00%	100.00%	FM	
	Central and Eastern Europe	Czech Republic	Romania	Selena Deutschland GmbH	Hagen	Distributor	100.00%	100.00%	FM
				Selena Bohemia s.r.o.	Prague	Distributor	100.00%	100.00%	FM
Selena Romania SRL		Ilfov	Distributor	100.00%	100.00%	FM			
EURO MGA Product SRL		Ilfov	Manufacturer of adhesives and cement mortars	100.00%	100.00%	ROM			
Selena Hungária Kft.		Pécs	Distributor	100.00%	100.00%	FM			
Bulgaria	Selena Bulgaria Ltd.	Sofia	Distributor	100.00%	100.00%	FM			
Eastern Europe and Asia	Eastern Europe	Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%	FM 2	
		Selena CA L.L.P.	Almaty	Distributor	100.00%	100.00%	FM		
		Kazakhstan	TOO Selena Insulations	Nur-Sultan	Manufacturer of insulation systems and dry mortars	100.00%	100.00%	FM	
	Ukraine	Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 2		
	Asia	China	Weize (Shanghai) Trading Co., Ltd.	Shanghai	Distributor	100.00%	100.00%	FM	
			Selena Nantong Building Materials Co., Ltd.	Nantong	Manufacturer, distributor	100.00%	100.00%	FM	
			Foshan Chinuri-Selena Chemical Co.	Foshan	Manufacturer of sealants, distributor	84.57%	84.57%	SA 1	
			House Selena Trading Company Ltd.	Shanghai	Distributor	40.00%	40.00%	NAN	
			Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3	
	Middle East	Turkey	Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istambul	Man. of foams and sealants, distributor	100.00%	100.00%	FM	
POLYFOAM Yalitim Sanayi ve Tic Ltd.			Istambul	Distributor	100.00%	100.00%	SA 2		
N&S America	N&S America	Brazil	Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 3	
		Mexico	Selena Mexico S. de R.L. de C.V.	Guadalajara	Distributor	100.00%	-	FM 3	
		USA	Selena USA, Inc.	Holland	Distributor	100.00%	100.00%	FM	

Explanations to the "Owner" column

FM - 100% owned by Selena SA (SFM)

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

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

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

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

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

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

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

SA – 100% owned by Selena SA

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

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

SA 3 – associate – shares are owned by Selena SA

ROM – 99.87% shares owned by Selena Romania, other shares held by Selena FM

CA – 100% shares are owned by Selena CA L.L.P.

Changes in the Group composition

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

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

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

On 13 February 2020, a newly formed company of Selena Group trading as Selena Mexico S.de R.L. de C.V. based in Guadalajara (Federal Republic of Mexico) was registered in the business register kept by the Commercial Register in Guadalajara. The subsidiary's share capital is MXN 10 thousand (fixed) and MXN 1,484.00 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.

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

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

2.1.3 Information about the financial statements

Interim report

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

Period covered by the financial statements

These financial statements are interim condensed consolidated financial statements of Selena FM Group. They cover the period of 3 months ended 31 March 2020 and data as at that date.

The consolidated income statement and the consolidated statement of comprehensive income cover the period of 3 months ended 31 March 2020, and the comparative data presented as at 31 March 2019, taking into account the change in the presentation of selected costs as described in Note 2.1.4.

The consolidated statement of cash flows and the consolidated statement of changes in equity cover the data for the three months ended 31 March 2020 as well as comparative data for the period of three months ended 31 March 2019.

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

Notes

The notes are an integral part of these interim condensed consolidated financial statements.

Audit and review of financial statements

These interim condensed consolidated financial statements were not audited or reviewed by a statutory auditor.

Approval of the report

These interim condensed consolidated financial statements were approved for publication by the Management Board of the Parent Company on 16 June 2020.

Measurement and reporting currency

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

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

Ccy	as at 31.03.2020	as at 31.12.2019	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
1 USD	4.1466	3.7977	3.9907	3.7830
1 EUR	4.5523	4.2585	4.3963	4.2978
100 HUF	1.2679	1.2885	1.2738	1.3529
1 UAH	0.1508	0.1602	0.1554	0.1388
1 CZK	0.1665	0.1676	0.1691	0.1670
1 RUB	0.0528	0.0611	0.0575	0.0580
1 BRL	0.7983	0.9448	0.8641	1.0034
1 BGN	2.3275	2.1773	2.2477	2.1975
1 CNY	0.5844	0.5455	0.5692	0.5642
100 KRW	0.3390	0.3291	0.3301	0.3365
1 RON	0.9429	0.8901	0.9147	0.9053
1 TRY	0.6314	0.6380	0.6368	0.7015
100 KZT	0.9428	0.9916	1.0052	0.9995

Going concern

At the date of approval of this quarterly report, no circumstances occurred that would point to a risk to continuity of operations. The Management Board of Selena FM S.A. continues to analyse and monitor the impact of COVID 19 (described in Note 1.3.3 of this report) on the Parent Company's ability to continue as a going concern. As at the date of publication of this quarterly report, Selena Group has a stable financial position, and its cash flow forecasts point to its ability to maintain its cash position at a level sufficient to continue as a going concern. Accordingly, these interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue in operation in the foreseeable future.

Basis of preparation

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

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

2.1.4 Accounting policies

Changes in the accounting policies

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

Selena Group changed the presentation of data in the consolidated income statement by reclassifying costs in respect of impairment and liquidation of inventories, and in respect of accounting for inventory taking from other operating activities to the cost of sales. The restatement presented was in the Group's opinion the current presentation better reflects the essence of the reclassified items.

The table below shows the impact of the presentation change and reconciliation between the data published as at 31 March 2019 and the data included in the interim consolidated income statement in this report.

Figures in PLN thousand	from 01.01.2019 to 31.03.2019 published data	Adjustments	from 01.01.2019 to 31.03.2019 restated data
Cost of sales	186,340	849	187,189
Gross profit on sales	84,744	-849	83,895
Other operating costs	1,060	-849	211
Operating profit	10,176	0	10,176

2.2 Operating segments

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

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

Detailed allocation of operating segments to reporting segments is presented in Note 2.1.2.

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

EBITDA = Net profit/ loss + Income tax +/- share in the profit/loss of the affiliate +/- financial expenses/revenues + Depreciation/amortisation

The accounting principles used for preparation of the financial data for reporting segments comply with the Group's accounting policy.

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

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

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

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

The tables below show data on the revenues and profits of the individual geographic segments.

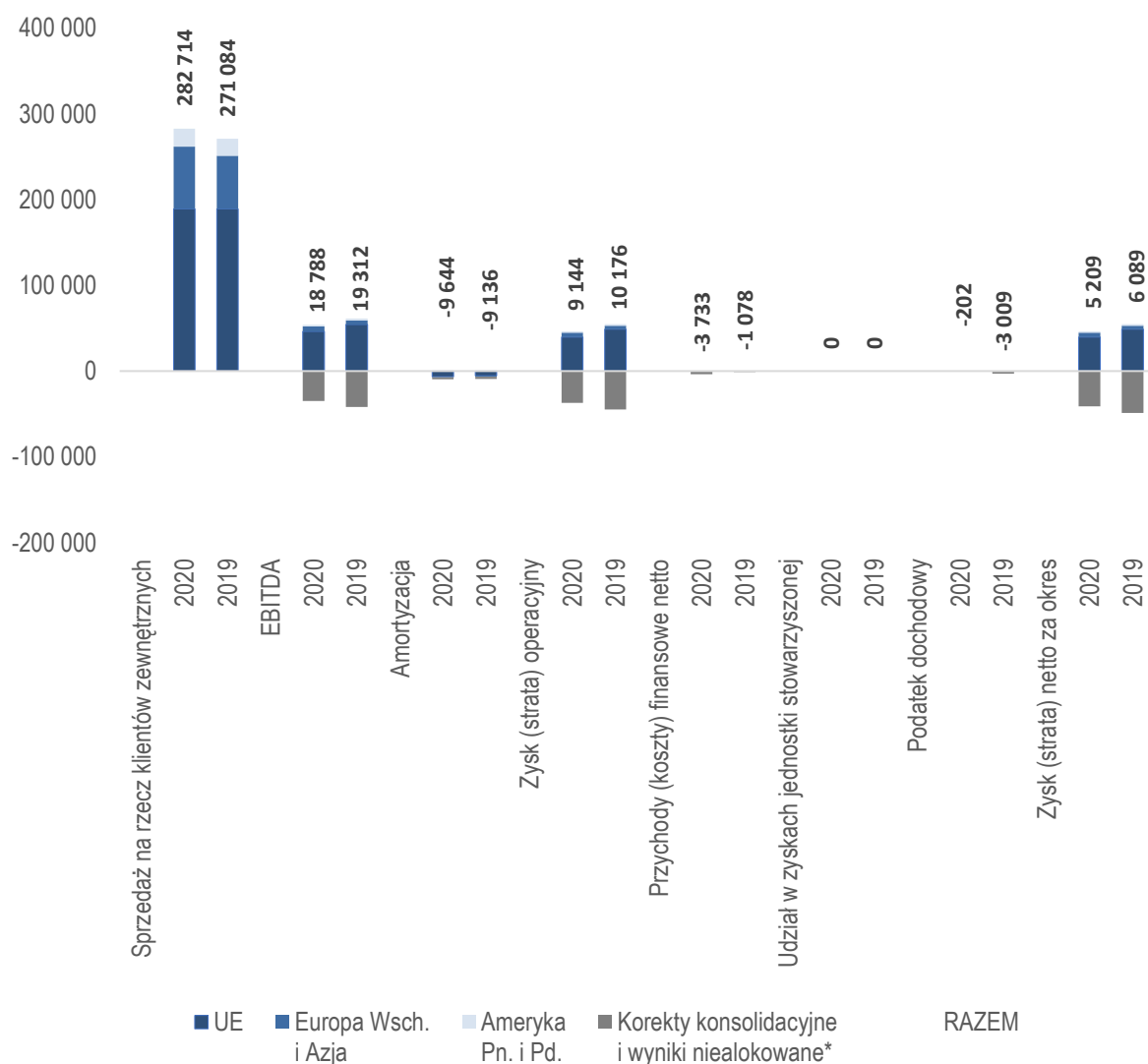
Selena FM Group S.A. does not have key customers, i.e. such which would account for more than 10% of the Group's revenues.

from 01.01.2020 to 31.03.2020	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	188,940	72,962	20,812	282,714	0	282,714
Sales within a segment	209,353	6,805	0	216,158	-216,158	0
Sales between segments	56,424	1,826	0	58,250	-58,250	0
EBITDA	46,246	5,818	1,758	53,822	-35,034	18,788
Depreciation/ amortisation	-6,655	-760	-16	-7,431	-2,213	-9,644
Operating profit (loss)	39,591	5,058	1,742	46,391	-37,247	9,144
Net financial revenue/ (expenses)	0	0	0	0	-3,733	-3,733
Share in profit of an associated undertaking	0	0	0	0	0	0
Income tax	0	0	0	0	-202	-202
Net profit (loss) for the period	39,591	5,058	1,742	46,391	-41,182	5,209
Capital expenditure	24,628	2,349	8	26,985		26,985

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

from 01.01.2019 to 31.03.2019	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
Figures in PLN thousand						
Sales to external customers	189,185	61,901	19,998	271,084	0	271,084
Sales within a segment	170,943	7,685	0	178,628	-178,628	0
Sales between segments	51,030	1,134	0	52,164	-52,164	0
EBITDA	54,228	4,979	2,092	61,299	-41,987	19,312
Depreciation/ amortisation	-5,509	-951	-32	-6,492	-2,644	-9,136
Operating profit (loss)	48,719	4,028	2,060	54,807	-44,631	10,176
Net financial revenue/ (expenses)	0	0	0	0	-1,078	-1,078
Share in profit of an associated undertaking	0	0	0	0	0	0
Income tax	0	0	0	0	-3,009	-3,009
Net profit (loss) for the period	48,719	4,028	2,060	54,807	-48,718	6,089
Capital expenditure	3,840	572	3	4,415	-	4,415

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

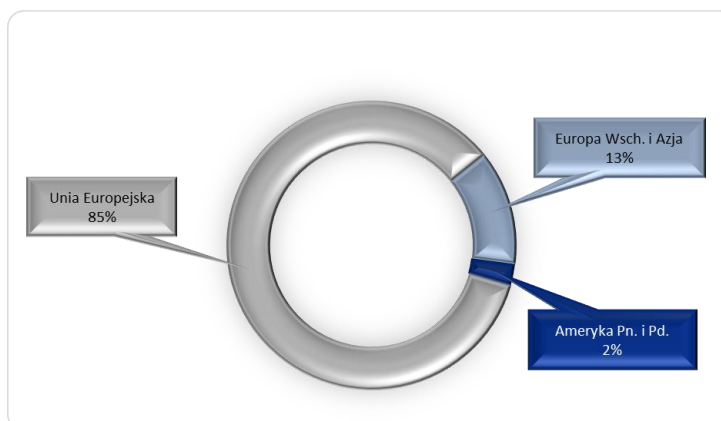


The tables below show selected assets of the individual geographic segments as at 31 March 2020 and 31 December 2019.

as at 31.03.2020						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,258,220	190,476	35,103	1,483,799	-601,414	882,385
Investment in an associate	0	6,205	0	6,205	0	6,205
Non-allocated assets	0	0	0	0	0	28,095
Total assets	1,258,220	196,681	35,103	1,490,004	-601,414	916,685

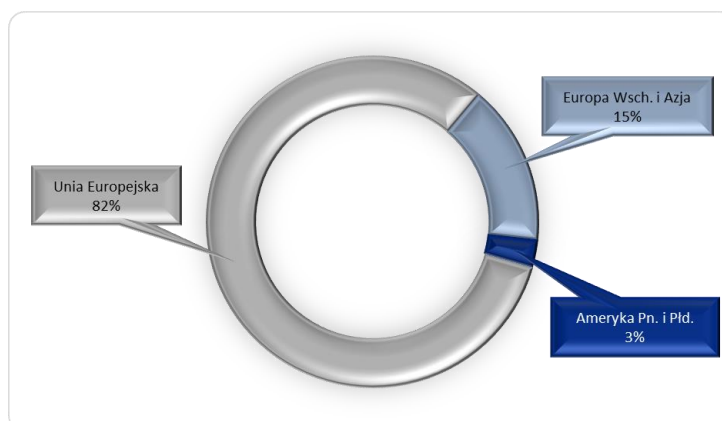
as at 31.12.2019						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,014,280	194,036	33,317	1,241,633	-423,939	817,694
Investment in an associate	0	5,954	0	5,954	0	5,954
Non-allocated assets	0	0	0	0	0	25,095
Total assets	1,014,280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

segment assets
as at 31.03.2020



of the given segment in the total segments before consolidation adjustments

segment assets
as at 31.12.2019



of the given segment in the total segments before consolidation adjustments

2.3 Notes to the consolidated income statement

2.3.1 Other operating revenues and operating costs

Other operating income

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Profit from disposal of non-financial fixed assets	233	244
Subsidies	246	633
Damages	82	299
Provisions released	49	185
Other	442	289
Total other operating income	1,052	1,650

Other operating costs

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*
Loss on disposal of non-financial fixed assets	0	6
Uncollectible receivables written off	33	5
Damages, penalties, fines	572	84
Provisions raised	7	4
Other	124	112
Total other operating costs	736	211

* The comparative data for the three months ended 31 September 2019 have been restated taking into account the presentation change relating to selected costs, as described in Note 2.1.4 Accounting policies.

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Creation of an impairment allowance for receivables	763	1,813
Reversal of an impairment allowance on receivables	-298	-177
Impairment of financial assets	465	1,636

2.3.2 Financial revenues and expenses

Financial revenues

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
FX gains	5,299	3,128
Interest on deposits and bank accounts	103	32
Other interest	16	193
Derivative financial instruments	566	0
Other financial revenues	4	2
Total financial revenues	5,988	3,355

Financial expenses

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
FX losses	8,231	1,467
Interest on bank and other loans	819	1,070
Interest on leases	202	271
Other interest	85	18
Derivative financial instruments	0	995
Other financial expenses	384	612
Total financial expenses	9,721	4,433

As at 31 March 2020, Selena Group had open forward contracts. In Q1 2020, the loss on the valuation of unrealised instruments was PLN 313 thousand (including valuation of open contracts of PLN 217 thousand as at 31 March 2020). The gain on exercise of the contracts was PLN 253 thousand. The result on transactions was recognised in financial revenues under "Derivative financial instruments".

2.4 Taxation

Tax charge

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Current income tax:		
Current income tax charge	4,165	4,078
Corrections to the current income tax from previous years	0	-236
Deferred income tax:		
Connected with origination and reversal of temporary differences	-3,963	-833
Tax disclosed in consolidated income statement	202	3,009

Reconciliation of the effective tax rate

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Profit (loss) before tax	5,411	9,098
Tax at the Polish statutory rate of 19%	1,028	1,729
Costs/ (revenues) not included in the taxation basis	-1,811	-515
Tax effect of the losses not included in the taxation basis	1,210	1,785
Corrections to the current income tax from previous years	0	-236
Use of tax losses from previous years	-310	-263
Use of the deferred asset relating to trademarks	431	431
Tax relief for operations in the Special Economic Zone	-429	-55
Effect of other tax rates in foreign affiliates	83	133
Tax at the effective tax rate	202	3,009
Effective tax rate	4%	33%

2.5 Notes to the consolidated statement of financial position

2.5.1 Financial instruments

Financial instruments held the Group are classified below.

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Financial assets measured at amortised cost		
Trade receivables	266,416	237,892
<i>Restricted cash</i>	404	378
<i>Other</i>	162	125
Total – Other long term financial assets measured at amortised cost	566	503
<i>Settlements with customers on account of credit card payments</i>	4,474	5,023
<i>Promissory notes, cheques</i>	285	214
<i>Security deposits</i>	649	618
<i>Other</i>	2,594	2,232
Total other short term financial assets measured at amortised cost	8,002	8,087
Cash and cash equivalents	88,696	85,653
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward contracts	217	0
Financial assets measured at fair value through other comprehensive income		
Other long-term financial assets – shares in non-listed companies	819	819
Total	364,716	332,954

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Financial liabilities measured at amortised cost		
<i>Bank and other loans</i>	124,084	103,907
<i>Lease liabilities</i>	35,925	37,729
<i>Other short-term financial liabilities – Liabilities on account of prepaid trade receivables</i>	372	12,725
Total – Interest-bearing debt	160,381	154,361
Trade liabilities	202,712	143,986
<i>Investment liabilities</i>	875	1,591
<i>Other</i>	1,934	2,429
Total – Other short term financial liabilities (not specified above)	2,809	4,020
<i>Other</i>	117	109
Total – Other long-term financial liabilities	117	109
Financial liabilities measured at fair value through profit or loss		
Other short-term liabilities – forward contracts	0	96
Total	366,019	302,572

The Group's exposure to various risk types related to financial instruments is discussed in Note 2.6.2. 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 Selena Group held as at 31 March 2020 and 31 December 2019 was not materially different from the values presented in the financial statements:

- 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. Valuation of shares in unlisted companies was

classified to Level 2 of the fair value hierarchy. In Q1 2019, Selena Group did not recognise the result from the fair valuation of these assets in other comprehensive income.

Loans and advances

The incurred bank loans are presented in the table below

Ref	Loan type	Maturity date	as at 31.03.2020		as at 31.12.2019	
			31 December 2015 Short-term portion	Long-term portion	31 December 2015 Short-term portion	Long-term portion
1	Working capital loan	2020	0	21,030	0	19,816
2	Working capital loan	2021	84,242	0	61,972	3
3	Other	Different	5,564	13,248	7,543	14,573
			89,806	34,278	69,515	34,392

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

Credit agreement terms

As part of the loan agreements signed by the Parent Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 31 March 2020, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

2.5.2 Non-financial assets and liabilities

Inventories

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Materials	72,060	46,244
Work in progress	3,923	3,222
Finished goods	93,113	87,266
Merchandise	11,416	13,453
Total inventory, net	180,512	150,185
Impairment allowance for inventory	5,225	3,886
Total inventory, gross	185,737	154,071

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

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Impairment allowance for inventory at the beginning of the period	3,886	5,878
Recognition of an impairment allowance for inventory	1,664	857
Reversal of an impairment allowance for inventory	-214	-432
Utilisation of an impairment allowance for inventory	-150	-566
FX differences arising on translation	39	7
Impairment allowance for inventory at the end of the period	5,225	5,744

Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	from 01.01.2020 to 31.03.2020			from 01.01.2019 to 31.12.2019		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the period	3,626	1,064	4,690	3,141	153	3,294
Provisions raised	41	0	41	846	0	846
Provisions released	0	0	0	-371	0	-371
Provisions used	-15	0	-15	-30	0	-30
FX differences	160	8	168	-24	4	-20
Reclassification	0	0	0	64	907	971
Balance at the end of the period	3,812	1,072	4,884	3,626	1,064	4,690
Short term						
Balance at the beginning of the period	0	5,208	5,208	5	6,314	6,319
Provisions raised	0	192	192	0	871	871
Provisions released	0	-49	-49	-5	-490	-495
Provisions used	0	-61	-61	0	-1,002	-1,002
FX differences	0	219	219	0	-102	-102
Reclassification	0	84	84	0	-383	-383
Balance at the end of the period	0	5,593	5,593	0	5,208	5,208

2.6 Risk

2.6.1 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 Group's accounting policy. The estimates and assumptions give rise to the risk of possible corrections to the balance sheet assets and equity & liabilities in the next reporting periods.

The adopted estimates, assumptions and judgments include in particular:

- Impairment of financial assets
- Impairment of non-financial assets (including: goodwill, tangible assets and intangible assets)
- 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 pension provision and other provisions

In Q1 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 environment of the Parent Company and the Group companies, and business plans and projections.

The Group conducted qualitative and quantitative analyses to assess the potential effects of the COVID-19 pandemic. These analyses also included the valuation of fixed and current assets in terms of potential impairment. As at 31 March 2020, no need was identified to recognise any impairment losses on assets due to the epidemic.

2.6.2 Financial risk management

On the basis of the analysis of the key factors pertaining to the Group and its economic environment, the Management Board has identified the following financial risks:

- FX risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Other (specific risks).

In Q1 2020, no significant changes occurred to the rules and tools used for financial risk management.

The table below presents the Management Board's approach to individual types of financial risk.

Risk	Exposure	Measurement	Management
Market risk – currency rates	Future commercial transactions Financial assets and liabilities not denominated in the national currency (PLN)	Cash flow projections Sensitivity analysis	Forward transactions Multi-currency credit lines
Market risk – interest rates	Bank and other loans Cash	Sensitivity analysis	Short-term exposure
Credit risk	Cash and cash equivalents Other short-term financial assets (cheques) Trade receivables and other financial receivables Shares in other entities	Exposure aging Use of internal and external information to assess the probability of default	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Bank and other loans Lease liabilities Other financial liabilities Trade liabilities	Cash flow projections	Availability of committed credit lines

Currency risk

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

The Group's exposure to currency risk includes the assets and liabilities denominated mainly in EUR, RUB, RON, KZT and TRY, which are not excluded from consolidation. The Group uses selected financial instruments to hedge the value of future cash flows denominated in foreign currencies and the net asset value of its foreign operations. Selena Group hedges the active part of its currency exposures relating to trade receivables and liabilities, i.e. those that can actually be realised over 12 months. Under its Financial Risk Management Policy, the Group hedges its currency exposure by using multi-currency credit lines and derivative transactions.

Interest rate risk

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

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

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

Credit risk

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

Changes in impairment allowances on trade and other receivables alongside comparative data are presented in the table below:

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019 restated data*
Allowance in respect of expected credit loss at the beginning of the period, including in respect of:	28,232	34,040
<i>trade receivables</i>	25,516	30,246
<i>other financial receivables</i>	2,716	3,794
Created/ reversed (-) according to IFRS 9, including in relation to:	465	1,636
<i>trade receivables</i>	465	1,706
<i>other financial receivables</i>	0	-70
Used, including in relation to:	-271	-1,022
<i>trade receivables</i>	-271	-1,022
<i>other financial receivables</i>	0	0
FX differences arising on conversion of foreign affiliates, including in relation to:	820	422
<i>trade receivables</i>	643	224
<i>other financial receivables</i>	177	198
Impairment in respect of expected credit loss at the end of the period, including in relation to:	29,246	35,076
<i>trade receivables</i>	26,353	31,154
<i>other financial receivables</i>	2,893	3,922

*The data on other financial receivables have been reclassified to "Other financial assets" in the consolidated statement of financial position.

The Group's maximum exposure to credit risk at the end of the reporting period approximates the full amount of the trade receivables, cash and other receivables, without taking account of the fair value of any collateral received.

Details on the assets held as security for loans are provided in Note 6.1.3 of the consolidated financial statements for 2019. The risk that no cash flows will be obtained from the indicated asset items is considered as low. In the situation of an increased credit risk, the Group is protected by asset impairment charges, which are reflected in the carrying amounts of the assets.

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

As at 31 March 2020, the Group's companies had unutilised credit lines of PLN 231 million. As at 31 December 2019: PLN 249.6 million.

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

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

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Cash in bank	64,278	64,615
Cash on hand	534	375
Cheques (up to 3 months)	7,446	7,744
Short-term deposits	14,270	12,914
Cash in transit	2,168	5
Total	88,696	85,653

In the case of cash and cash equivalents, the Management Board of the Parent Company believes that the credit risk is low (stage 1 of the impairment model). A great majority of cash on bank accounts is held by Selena FM Group with financial institutions that have high, medium-high and medium credit rating and which have appropriate equity as well as a strong and stable market position.

Liquidity risk

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

As part of its role of central coordination of the Group's finance management, Selena FM S.A. originates loans to its subsidiaries to ensure current financing and liquidity for them (the effect of such transactions is eliminated from the Group's consolidated accounts). Details of these transactions are contained in the interim condensed unconsolidated financial statements of the Parent Company for the three months ended 31 March 2020.

Other risks

The risk associated with the COVID-19 pandemic is described in detail in Note 1.3.3. of this report.

Selena Group has an extensive co-operation with customers from the Eastern markets (Russia, Ukraine, Kazakhstan). The executive boards of the Group companies are aware of the risks pertaining to the Eastern markets (FX, credit, legal, tax and political risk). Since 2015, Selena Group has operated a sales management model and a partial hedging of FX transactions designed to mitigate the above risks. The Group has also implemented the Currency Risk Management Policy, which particularly provides for entering into forward contracts, especially for the currency pairs EUR/RUB and EUR/PLN. Additionally, in 2017, the Group provided financing for Selena Vostok's activities using local loans as part of its currency risk management.

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

Group's business, ensuring more accurate projections of performance, while fluctuations in demand and an increase in commodity prices have a negative bearing on the Group's profitability.

2.7 Other information

2.7.1 Related party transactions

The table below shows transactions with directors of the Parent and with associates. The sales and purchases figures cover the period of 3 months ended 31 March (2020 and 2019, respectively), while the receivables and liabilities are presented as at 31 March 2020 and 31 December 2019.

Figures in PLN thousand	Period	Sale	Purchase	Receivables	Liabilities
Associates	2020	3,885	0	7,701	0
	2019	5,689	0	7,548	36
Subsidiaries of the ultimate controlling shareholder*	2020	39	0	12	0
	2019	337	101	142	0
Key management personnel**	2020	0	129	0	0
	2019	0	208	0	0
TOTAL	2020	3,924	129	7,713	0
	2019	6,026	309	7,690	36

* the item includes entities connected through Mr Krzysztof Domarecki

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

2.7.2 Profit per share


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

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

		from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Profit (loss) attributable to the controlling interests	PLN	5,179,703	6,056,731
Average number of ordinary shares	share	22,834,000	22,834,000
Profit/(loss) per ordinary share	PLN/share	0.23	0.27
Number of shares, including dilution	share	22,834,000	22,834,000
Diluted profit per share	PLN/share	0.23	0.27

2.7.3 Subsequent events after the balance sheet date

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



**Quarterly
financial information
Selena FM S.A.**

3. Quarterly financial information Selena FM S.A.

INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Continued operations			
Revenue from the sale of goods and materials		150,598	111,010
Revenues from the sale of services		5,555	6,018
Revenue from sales		156,153	117,028
Cost of sales		129,336	102,409
Gross profit on sales		26,817	14,619
Selling and marketing costs		10,185	8,254
General and administrative expenses		10,118	7,615
Other operating income	3.2.1	83	52
Other operating costs	3.2.1	9	28
Impairment loss/ reversal of impairment loss (-) of receivables		1,332	-11,016
Operating profit		5,256	9,790
Financial revenues	3.2.2	6,240	6,179
Financial expenses	3.2.2	789	1,988
Impairment loss/ reversal of impairment loss (-) of loans granted		34	6,211
Profit before tax		10,673	7,770
Income tax	3.3	2,400	586
Net profit		8,273	7,184
Net profit per share (PLN/share):			
- basic		0.36	0.31
- diluted		0.36	0.31

STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Net profit	8,273	7,184
Other net comprehensive income	0	0
Total comprehensive income	8,273	7,184

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	as at 31.03.2020	as at 31.12.2019
ASSETS			
Property, plant and equipment		13,158	13,815
Intangible fixed assets		15,811	15,870
Shares in subsidiaries	3.4.2	168,750	168,750
Long-term portion of loans granted	3.4.1	103,746	101,120
Non-current assets		301,465	299,555
Inventories		7,616	5,070
Other short-term non-financial assets		24,157	25,781
Trade receivables		163,696	139,067
Short-term portion of loans granted	3.4.1	63,071	57,509
Other short-term financial assets		528	310
Cash and cash equivalents		19,249	5,064
Current assets		278,317	232,801
TOTAL ASSETS		579,782	532,356
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
Supplementary capital		289,459	289,459
Other reserves		19,163	19,163
Retained profit/ loss carried forward		51,160	42,887
– retained profit/ loss from previous years		42,887	-9,776
– profit (loss) after tax		8,273	52,663
Equity		360,924	352,651
Long-term portion of bank and other loans	3.4.1	74,410	68,851
Long term lease obligations		10,418	9,873
Deferred tax assets		2,428	1,161
Provision for retirement benefits		236	236
Non-current liabilities		87,492	80,121
Trade liabilities	3.4.1	116,226	84,404
Obligations to return remuneration		393	1,407
Short-term portion of bank and other loans	3.4.1	1,115	1,014
Short-term lease obligations		1,903	2,204
CIT tax payable		5,692	4,621
Other short term financial liabilities		22	672
Other short term non-financial liabilities		6,015	5,262
Current liabilities		131,366	99,584
Total liabilities		218,858	179,705
TOTAL EQUITY AND LIABILITIES		579,782	532,356

STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Cash flows from operating activities		
Profit (loss) before tax	10,673	7,770
Depreciation/ amortisation	1,372	1,403
FX (gains) / losses	-318	-3,388
Interest and dividends	-1,380	-1,426
Profit / loss on investing activities	-577	7,352
Change in the balance of receivables	-22,900	-18,899
Change in the balance of inventories	-2,546	-4,940
Change in the balance of obligations	31,563	21,527
CIT paid	-63	-81
Other	253	-516
Net cash flows from operating activities	16,077	8,802
Cash flows from investing activities		
Inflows from the sale of tangible fixed assets	94	5
Acquisition of tangible and intangible fixed assets	-1,258	-1,124
Loans granted	-5,012	0
Repayments of loans granted	902	5,615
Net cash flows from investing activities	-5,274	4,496
Cash flows from financing activities		
Repayment of finance lease obligations	-431	-615
Inflows from bank/ other loans received	28,176	27,323
Repayment of loans	-23,934	-35,934
Interest paid	-303	-421
Net cash flows from financing activities	3,508	-9,647
Increase (decrease) in cash and cash equivalents	14,311	3,651
Change in cash and cash equivalents:	14,185	3,669
net FX differences	-126	18
<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>19,249</i>	<i>5,519</i>

*including restricted cash:

as at 31 March 2020: PLN 0.05m

as at 31 March 2019: PLN 0.05m

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2020

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 01.01.2020	1,142	289,459	19,163	42,887	0	352,651
Net profit	0	0	0	0	8,273	8,273
Total comprehensive income	0	0	0	0	8,273	8,273
As at 31.03.2020	1,142	289,459	19,163	42,887	8,273	360,924

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2019

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 01.01.2019	1,142	265,794	19,163	20,739	0	306,838
Net profit	0	0	0	0	7,184	7,184
Total comprehensive income	0	0	0	0	7,184	7,184
As at 31.03.2019	1,142	265,794	19,163	20,739	7,184	314,022

3.1 General information

3.1.1 Information about the financial statements

Details about the period covered by the financial statements, the comparative data, accounting policies used, information on the Company (and connected entities) and significant events occurring during the reporting period and thereafter as well as other events that are material for the Company are described in detail in the condensed consolidated financial statements of Selena Group, which is an element of this report (Chapter 2).

3.1.2 Accounting policies

Changes in the accounting policies

The accounting policies that were used in preparation of the financial statements are consistent with the policies used in preparation of the Company's financial statements for 2019.

3.2 Notes to the consolidated income statement

3.2.1 Other operating revenues and operating costs

Other operating income

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Profit from disposal of non-financial fixed assets	70	3
Damages, penalties, fines	0	45
Other	13	4
Total other operating income	83	52

Other operating costs

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Donations	2	0
Damages, penalties, fines	0	26
Complaints	7	0
Other	0	2
Total other operating costs	9	28

3.2.2 Financial revenues and expenses

Financial revenues

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Interest, including:	1,854	2,030
<i>on loans granted</i>	1,849	2,027
<i>on bank deposits and accounts</i>	5	3
FX differences	3,819	4,149
Derivative financial instruments	566	0
Other	1	0
Total financial revenues	6,240	6,179

In 2020, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. In accordance with its hedging policy ("FX Risk Management Policy"), the Company hedges an active part of currency exposure by entering into forward contracts mainly for the following currency pairs: EUR/RUB, EUR/PLN, EUR/TRY, EUR/BRL, EUR/CNY and RON/PLN and CZK/PLN. On average, in Q1 2020, Selena FM S.A. had open forward contracts hedging the rates up to EUR 5 million for each currency pair. The Company uses such financial instruments 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 31 March 2020, the Company had open forward contracts. The gain on the valuation of unrealised instruments was PLN 313 thousand (including valuation of open contracts of PLN 217 thousand as at 31 March 2020). The gain on exercise of the contracts was PLN 253 thousand. The result on transactions was recognised in financial revenues under "Derivative financial instruments".

Financial expenses

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Interest, including:	502	601
<i>on loans and advances received</i>	446	560
<i>on finance lease liabilities</i>	23	41
<i>on other obligations</i>	33	0
Loans cancelled	0	1
Derivative financial instruments	0	995
Bank fees	287	391
Total financial expenses	789	1,988

3.3 Taxation

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
Income tax for the current period	1,134	0
Change in deferred income tax	1,266	586
Tax charge carried in profit or loss:	2,400	586

3.4 Notes to the statement of financial position

3.4.1 Financial instruments

Financial assets

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Financial assets measured at amortised cost		
Loans granted	166,817	158,629
Trade receivables	163,696	139,067
Other short-term financial assets – security deposits	310	310
Cash and cash equivalents	19,249	5,064
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward transactions	218	0
Total	350,290	303,070

Financial liabilities

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Financial liabilities measured at amortised cost		
<i>Bank and other loans</i>	75,525	69,865
<i>Lease liabilities</i>	12,321	12,077
Total interest-bearing debt	87,846	81,942
Trade liabilities	116,226	84,404
Investment liabilities	22	576
Financial liabilities measured at fair value through profit or loss		
Other short term financial liabilities – forward transactions	0	96
Total	204,487	167,018

Loans granted and other financial assets

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
as at 1 January 2020	264,341	-105,712	158,629
Loan granted	5,011	0	5,011
Interest accrued	1,849	-34	1,815
Interest paid	-902	0	-902
Withholding tax	-106	0	-106
FX differences arising on balance sheet valuation	8,363	-5,993	2,370
as at 31.03.2020	278,556	-111,739	166,817

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
as at 1 January 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

Maturity dates of the individual assets as at the balance sheet date are shown in the tables below.

Maturity (in years) as at 31.03.2020		below 1 year	1-3 years	Above 3 years	Total
Subsidiaries	Loans	63,071	36,585	67,161	166,817
TOTAL		63,071	36,585	67,161	166,817

Description of loans granted during the reporting period

On 29 January 2020, a loan tranche of PLN 200 thousand was paid out to Oligo.

On 10 February 2020, an agreement was signed with Selena Iberia slu for a loan of EUR 2,000 thousand. The loan carries a variable interest rate. The facility matures on 31 December 2020.

On 13 February 2020, a loan tranche of PLN 100 thousand was paid out to Oligo.

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.

On 21 February 2020, a loan tranche of PLN 250 thousand was paid out to Oligo.

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

On 19 March 2020, a loan tranche of EUR 150 thousand and PLN 250 thousand was paid out to Oligo

Subsequent events after the balance sheet date

On 9 April 2020, a loan tranche of EUR 150 thousand and PLN 250 thousand was paid out to Oligo

On 20 April 2020, a loan tranche of PLN 200 thousand was paid out to Oligo.

On 27 April 2020, Selena Malzemeleri Yapi Sanayi Tic. Ltd. repaid part of the loan principal of EUR 16 thousand.

On 28 April 2020, Selena Malzemeleri Yapi Sanayi Tic. Ltd. repaid part of the loan principal of EUR 251 thousand.

On 7 May 2020, a loan tranche of PLN 150 thousand was paid out to Oligo.

On 13 May 2020, a loan tranche of PLN 150 thousand was paid out to Oligo.

On 25 May 2020, a loan tranche of PLN 150 thousand was paid out to Oligo.

Trade receivables

The table below shows changes to impairment allowances for trade receivables.

Figures in PLN thousand	from 01.01.2020 to 31.03.2020	from 01.01.2019 to 31.03.2019
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:	1,332	-11,017
<i>related parties, including:</i>	1,226	-11,015
EURO MGA Product SRL	0	-6,122
Selena Sulamericana Ltda	1,226	919
Selena Romania SRL	0	-5,895
Shanghai House Selena Trading Ltd.	0	83
<i>other entities</i>	106	-2
Utilisation	0	-1
<i>other entities</i>	0	-1
FX differences	308	160
<i>related parties</i>	242	160
<i>other entities</i>	66	0
Expected credit loss at the end of the period	19,552	16,643
<i>related parties</i>	18,137	15,390
<i>other entities</i>	1,415	1,253

Loans received

The table below shows the debt in respect of borrowings.

Figures in PLN thousand			as at 31.03.2020		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	51,092	0	45,770	0
2	Non-bank loan	2019	0	12	0	12
3	Non-bank loan	2022	8,700	420	8,700	549
4	Non-bank loan	2023	14,618	683	14,381	453
Total loans			74,410	1,115	68,851	1,014

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 31 March 2020, Selena FM S.A. maintained financial ratios at the levels required by the lenders.

Subsequent events after the balance sheet date

On 1 May 2020, an annex was signed to the loan agreement of 29 May 2018 with Selena Marketing International Sp z o.o, 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.

Trade liabilities

Figures in PLN thousand	as at 31.03.2020	as at 31.12.2019
Trade liabilities		
<i>amounts due to related parties</i>	105,381	72,917
<i>amounts due to other entities</i>	10,845	11,487
Total trade liabilities	116,226	84,404

3.4.2 Non-financial assets and liabilities

Value of the shares in subsidiaries are presented in the table below.

Figures in PLN thousand	as at 31.03.2020			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 USA Specialty Inc	0	0	0	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	271,051	102,301	168,750	271,051	102,301	168,750

3.5 Other information

3.5.1 Related party transactions

The table below shows transactions with related parties (subsidiaries, associates, members of the Company's governing bodies) over the 3 months ended 31 March 2020 and 31 March 2019.

Figures in PLN thousand	Period	Revenue from sales and recharged costs	Purchase of goods and services	Other revenues ¹⁾	Other costs
Subsidiaries	2020	124,030	127,899	1,908	1,458
	2019	105,743	102,254	2,022	186
Associates	2020	1,397	29	0	0
	2019	697	12	0	0
Subsidiaries of the ultimate controlling shareholder*	2020	40	0	0	0
	2019	337	0	0	0
TOTAL	2020	125,467	127,928	1,908	1,458
	2019	106,777	102,266	2,022	186

¹⁾ the value includes other operating revenues and financial revenues

* the item includes entities connected through Mr Krzysztof Domarecki

The table shows the balance of transactions with related parties (subsidiaries, associates, members of the Parent Company's governing bodies) as at 31 March 2020 and 31 December 2019.

Figures in PLN thousand	Period	Loans	Trade receivables	Liabilities
Subsidiaries	2020	166,817	135,911	105,381
	2019	158,629	116,068	72,882
Associates	2020	0	2,255	36
	2019	0	1,334	36
Subsidiaries of the ultimate controlling shareholder	2020	0	15	0
	2019	0	142	0
TOTAL	2020	166,817	138,181	105,417
	2019	158,629	117,544	72,918

**The person who prepared the
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Krzysztof Domarecki

Vice President for Sales

Dariusz Ciesielski

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Christian Dölle

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Jacek Michalak

**Management Board Member for
Operations**

Marek Tomanek