



**Extended Consolidated
Quarterly Report
for the period
from 1 January to 31 March 2022**

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**Additional information
to the quarterly report**

1. Additional information to the quarterly report

1.1 Financial highlights

Consolidated financials of Selena Group

	PLN '000		EUR '000	
	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Revenue from contracts with customers	421,608	349,473	90,723	76,436
Operating profit	25,785	19,760	5,549	4,322
Profit before tax	28,767	21,595	6,190	4,723
Net profit	25,082	17,450	5,397	3,817
Profit after tax attributable to controlling interests	25,021	17,480	5,384	3,823
Comprehensive income	19,893	20,388	4,281	4,459
Comprehensive income attributable to shareholders of the parent	19,801	20,373	4,261	4,456
Net cash flows from operating activities	-23,135	-9,526	-4,978	-2,084
Net cash flows from investing activities	-12,927	-8,100	-2,782	-1,772
Net cash flows from financing activities	56,110	41,713	12,074	9,123
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share; EUR/share)	1.10	0.77	0.24	0.17

	As at 31.03.2022	As at 31.12.2021	As at 31.03.2022	As at 31.12.2021
Total assets	1,287,978	1,108,755	276,836	241,065
Long-term liabilities	158,099	80,345	33,982	17,469
Short-term liabilities	507,941	426,465	109,176	92,722
Equity	621,938	601,945	133,678	130,875
Registered capital	1,142	1,142	245	248

Financial data of the Parent Company

	PLN '000		EUR '000	
	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Revenue from contracts with customers	254,301	188,227	54,721	41,169
Operating profit (loss)	-4,442	-11,840	-956	-2,590
Profit (loss) before tax	-1,633	-5,574	-351	-1,219
Profit (loss) after tax	-2,428	-5,932	-522	-1,297
Comprehensive income	-2,428	-5,932	-522	-1,297
Net cash flows from operating activities	-69,333	-26,679	-14,919	-5,835
Net cash flows from investing activities	2,413	-4,662	519	-1,020
Net cash flows from financing activities	73,500	34,386	15,816	7,521
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	-0.11	-0.26	-0.02	-0.06

	As at 31.03.2022	As at 31.12.2021	As at 31.03.2022	As at 31.12.2021
Total assets	954,444	844,018	205,146	183,506
Liabilities	513,973	401,119	110,472	87,211
Equity	440,471	442,899	94,674	96,295
Registered capital	1,142	1,142	245	248

1.2 Group structure

The Group structure and changes in it made in Q1 2022 and after the balance sheet date were presented in Note 2.1.2 of this report.

1.3 Significant developments in the reporting period

1.3.1 Development of R&D operations

Selena Group's R&D activity is primarily carried out by Selena Industrial Technologies Sp. z o.o. Branch 3 (previously, i.e. before the merger registered on 1 March 2022, trading as Selena Labs Sp. z o.o.) ("SIT Branch 3") and laboratories in China, Romania, Turkey, Spain and Italy. In Q1 2022, SIT Branch 3 continued work on development of new products and technologies in all product groups.

Selena Group is committed to environmental protection, including Green Deal issues. For this reason, its research and development activities focus on creating environmentally friendly products. Research in the area of new raw materials, innovative products and applications is guided not only by the company's sustainability policy, but is also determined by legislative changes in chemical regulations. Selena Group puts a high premium on cooperation with network partners and adapting its product portfolio to their requirements, often going beyond the minimum requirements imposed by chemical regulations. There is also an ongoing production technology optimisation process taking place at all the Group's manufacturing plants.

1.3.2 Other significant events

The Management Board of Selena FM S.A. constantly monitors and analyses the impact that the hostilities taking place since 24 February 2022 in Ukraine may have on the business activities of Selena Group. No significant impact of the situation in Ukraine on Selena Group's performance in Q1 2022 has been identified. However, a provision was recognized to account for a potential impairment of trade receivables and goodwill, as described in Note 2.6.1. Due to the high uncertainty as to how the events in Ukraine will unfold, the Management Board of Selena FM S.A. has considered possible development scenarios and took preventive measures against the occurrence of negative effects on the operations of Selena's companies in Eastern Europe. The risk of impairment of assets located in Eastern Europe is described in Note 2.6.1 of this report.

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 2022 and 31 March 2021, respectively.

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	Change	Change %
Revenue from contracts with customers	421,608	349,473	72,135	20.6%
Cost of sales	286,444	245,368	41,076	16.7%
Gross profit	135,164	104,105	31,059	29.8%
Selling and marketing costs	68,855	58,118	10,737	18.5%
General and administrative expenses	34,631	27,895	6,736	24.1%
Other operating income (loss)	330	2,207	-1,877	-85.0%
Impairment of financial assets	6,223	539	5,684	-
EBITDA (operating profit + depreciation + amortisation)	36,820	30,278	6,542	21.6%
Operating profit (EBIT)	25,785	19,760	6,026	30.5%
Net financial income (loss)	2,342	1,835	507	27.6%
Share in net profit/loss of the associate	640	0	640	-
Profit before tax	28,767	21,595	7,172	33.2%
Net profit	25,082	17,450	7,632	43.7%
Other net comprehensive income	-5,189	2,938	-8,127	-
Total comprehensive income	19,893	20,388	-495	-

	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	Change change in p.p.
Gross profit margin	32.1%	29.8%	2.3
Selling costs/ Revenue from contracts with customers	16.3%	16.6%	-0.3
General and administrative expenses/ Revenue from contracts with customers	8.2%	8.0%	0.2
EBITDA margin %	8.7%	8.7%	0.1
Operating profit margin (EBIT %)	6.1%	5.7%	0.5
Net profit margin	5.9%	5.0%	1.0

EBIT% – operating profit/ revenue from contracts with customers

EBITDA% – EBITDA / revenue from contracts with customers

Revenue from contracts with customers

During the period of three months ended 31 March 2022, consolidated revenue from contracts with customers amounted to PLN 421.6 million, up PLN 20.6% (PLN 72.1 million) on the corresponding period of the previous year. The increase in revenue compared to the same period last year is due to the continued sales price increases caused by the inflation of raw material prices.

The Group's revenue from sales is presented with a split into three reporting (geographic) segments: The European Union (including Poland), Eastern Europe and Asia (including Russia and China), and North and South America (including USA and Brazil). In Q1 2022, the sales structure by segments has not changed significantly compared with the same period last year. European Union remains the key segment. In Q1 2022, the segment generated 68% (as in the same period of 2021) of sales revenues of Selena Group (with Poland achieving a 35% share in the Group's sales). The Eastern Europe and Asia reporting segment recorded a decrease in its share in the Group's sales (from 24% to 22%). In Q1 2022, the North and South America segment achieved a 2% increase in its contribution to the Group's sales compared to Q1 2021.

Segment	Segment's share in the Group's revenues		Revenue change	
	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	2022/ 2021	
European Union, including:	68%	68%	20%	
<i>Poland</i>		35%	35%	19%
<i>Other countries</i>		33%	33%	21%
Eastern Europe and Asia	22%	24%	13%	
N&S America	10%	8%	47%	

Gross profit

For the three months ended 31 March 2022, Selena Group generated gross profit of PLN 135.2 million, i.e. PLN 31.1 million more year-on-year.

Gross profit margin was 32.1%, up 2.3 p.p. year-on-year. The Group is constantly increasing the share of sales of innovative products with a higher margin, and is optimizing product formulations.

Selling costs and general and administrative expenses

Selling costs over the 3 months ended 31 March 2022 were PLN 68.9 million, up PLN 10.7 million (18.5%) year-on-year. The increase is mainly due to higher costs of transport, logistics and sales, directly related to the higher level of sales.

Over the 3 months ended 31 March 2022, **general and administrative expenses** were PLN 34.6 million. They increased by PLN 6.7 million year-on-year. The increase in general and administrative expenses is mainly due to the inflation of salaries related to the labour market, and investments in training for middle management.

After Q1 2022, the ratio of selling, general and administrative expenses to sales was 24.5%, down 0.1 p.p. year-on-year.

Other operating income (loss)

The result on other operations in Q1 2022 was negative at PLN -5.9 million, taking into account the impairment loss on financial and non-financial assets. In Q1 2022, the result was strongly affected by the impairment loss of PLN 6.2 million on trade receivables.

Operating profit (loss)

After the three months of 2022, Selena Group generated operating profit of PLN 25.8 million vs PLN 19.8 million in the same period of the previous year, up 30.5% year-on-year.

Profit (loss) after tax

In Q1 2022, Selena Group achieved net profit of PLN 25.1 million compared with PLN 17.5 million posted in the corresponding period of 2021. 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. After Q1 2022, the positive balance of FX differences was PLN 2.6 million vs the negative balance of PLN 2.3 million after Q1 2021. The cost of interest on loans and leases totalled PLN 1.6 million net (after reduction by the achieved interest income from loans granted and bank deposits) compared with PLN 0.2 million incurred a year before.

Income tax calculated for the first quarter of 2022 was PLN 3.7 million.

After the 3 months ended 31 March 2022, EBITDA was PLN 36.8 million (including depreciation: PLN 11.0 million), which was by PLN 6.5 million higher year-on-year.

Asset and financial position

The table below shows selected figures of the consolidated balance sheet as at 31 March 2022 and 31 December 2021.

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021	Change	Change %
Non-current assets	373,922	368,305	5,617	2%
Property, plant and equipment	257,457	261,497	-4,040	-2%
Intangible assets	37,863	38,932	-1,069	-3%
Other long-term assets	78,602	67,876	10,726	16%
Current assets	914,056	740,450	173,606	23%
Inventories	378,302	280,015	98,287	35%
Trade and other receivables	349,642	305,387	44,255	14%
Cash	58,940	38,915	20,025	51%
Other current assets	127,172	116,133	11,039	10%
Equity	621,938	601,945	19,993	3%
Liabilities	666,040	506,810	159,230	31%
Bank and other loans	207,703	148,023	59,680	40%
Trade and other liabilities	294,011	198,294	95,717	48%
Other liabilities	164,326	160,493	3,833	2%
	As at 31.03.2022	As at 31.12.2021		
Current ratio*	1.8	1.7		
Quick ratio**	1.1	1.1		

*Current ratio – current assets / current liabilities

**Quick ratio – current assets less stocks / current liabilities

As at 31 March 2022, the Group's asset position, with an increase in total assets of PLN 179.2 million vs 31 December 2021, was affected by an increase in the prices of raw materials and finished goods, resulting in an increase in net current assets (inventories, and trade receivables), and liabilities.

As at 31 March 2022, the current and quick ratios (1.8 and 1.1 respectively) point to the Group's ability to meet its obligations in a timely manner.

Debt

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Bank and other loans	207,703	148,023
Lease liabilities	26,049	29,177
Liabilities on account of prepaid trade receivables	0	1
Less cash and cash equivalents	-58,940	-38,915
Net debt	174,812	138,286
Equity attributable to the shareholders of the parent	620,777	600,976
Equity and net debt	795,589	739,262
Gearing (net debt / equity + net debt)	22%	19%
Debt ratio (interest-bearing debt/ total assets)	18%	16%
Net debt / EBITDA*	1.22	1.01

* debt as at the balance sheet date; EBITDA for the last 4 quarters

As at the balance sheet date, the debt on bank and other loans increased vs 31 December 2021 to PLN 59.7 million. At the same time, cash and cash equivalents rose by PLN 20.0 million compared to 31 December 2021. The net debt to EBITDA ratio (bank covenant) increased to 1.22. As at 31 March 2022, the debt ratio amounted to 18% and was 2 p.p. higher than at the end of 2021.

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:

- dividend paid 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 2022 and 31 March 2021, respectively.

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021	Change
Net cash flows from operating activities	-23,135	-9,526	-13,609
Net cash flows from investing activities	-12,927	-8,100	-4,827
Net cash flows from financing activities	56,110	41,713	14,397
Change in cash and cash equivalents:	20,048	24,087	-4,039

Net cash flows for the 3 months ended 31 March 2022 were PLN 20.0 million.

Operating cash flows were PLN -23.1 million, down PLN 13.6 million on the corresponding period of 2021. Changes in net current assets as part of operating cash flows were as follows: receivables (PLN -57.6 million), inventories (PLN -98.3 million) and liabilities (PLN -102.1 million). The change of PLN -53.8 million in net current assets (compared to the change of PLN 46.2 million in Q1 2021) was mainly caused by an increase in the prices of raw materials and the prices of products sold.

Net cash flows from investing activities were negative at PLN -12.9 million and investment outflows were up PLN 4.8 million year-on-year.

In Q1 2022, net cash flows from financing activity were PLN 56.1 million. This figure was mainly affected by the bank loans (PLN 77.5 million) obtained to fund working capital requirements, lease payments (PLN -3.4 million), repayment of loans (PLN -16.7 million), and interest paid (PLN 2.4 million).

1.5 Seasonality of business

The building materials industry in which Selena Group operates is characterised by seasonality of sales. Lower activity is observed 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 2020–2021, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 20%, Q2 - 24%, Q3 - 30%, Q4 - 26%. 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

Selena Group did not publish any performance forecast for Q1 2022.

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

As at 31 December 2021, the Company had 1,194,834 own shares with a nominal value of PLN 0.05 per share, representing 5.23% of the Company's registered capital and carrying 4.45% of the total number of votes at the Company's General Meeting (with the note that in accordance with Article 364 § 2 of the Commercial Companies Code voting rights attached to the Company's own shares cannot be exercised).

In the period from 1 January 2022 to the date of publication of this report, there were no changes in the number of own shares held.

The list of the Parent Company's shares held by the executive and non-executive directors of the Parent are presented in Note 1.9 of this report.

1.8 Profit distribution for 2021

On 5 May 2022, the Company's Management Board decided to recommend to the Company's AGM to distribute the Company's net profit for 2021 of PLN 43,545,445.46 as follows: allocate PLN 43,545,445.46 in full to the Company's capital reserve. On 5 May 2022, the Company's Supervisory Board issued a positive opinion on the Management Board's recommendation to the Company's Annual General Meeting regarding distribution of the profit for 2021.

1.9 Shareholders of the parent

According to the Company's knowledge, as at the date of publication of this report, the following shareholders hold the shares which carry at least 5% votes at the General Meeting:

Shareholder	Share type	Number of shares acquired	Share in registered capital	Number of votes	Share in votes at the General Meeting**
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%

* entity controlled by Krzysztof Domarecki

** Taking into account the Company-held own shares whose voting rights may not be exercised in accordance with Article 364 § 2 of the Commercial Companies Code.

1.10 Shareholdings by executive and non-executive directors

The Company's executive and non-executive directors did not hold any shares of the Company as at the date of publication of this report.

1.11 Litigations

At the date of approval of this report, no company from Selena Group was a party to any undisclosed 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 2021 (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 standalone financial statements of Selena FM S.A. for 2021.

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 updated forecast of the International Monetary Fund (IMF) published in April 2022 shows that in 2021 the global economy's GDP fell grew by 6.1%. 2022 is expected to see a moderate recovery at 3.6%. Most importantly, highly developed countries are to experience a GDP growth of 3.3% in 2022 (vs a growth of 5.2% in 2021). The GDP of developing markets is projected to grow by 3.8% (vs a growth of 6.8% in 2021). For most of Selena Group's markets, GDP growth is forecast to grow compared with 2021. Importantly, European Union countries are to achieve a growth of +2.8% in 2022 (vs 5.3% in 2021). For the USA, the IMF forecasts an increase of 3.7% in 2022 (vs 5.7% in 2021), an increase of 4.4% for China (vs +8.1% in 2021) and a major decrease of 8.5% for Russia (vs 4.7% in 2021). For Poland, the GDP growth is forecast to fall to 3.7% in 2022 (vs 5.7% in 2021).

Availability of financing. According to the results of the PENGAB banking business sentiment index published by the Polish Banks Association, in April 2021 the market sentiment deteriorated (for 6-month forecasts): 51% of bankers point to a decrease, 29% to stabilisation, and only 20% to an increase in housing loans.

Situation in the construction sector. Demand in the construction chemicals market is and will be influenced by the situation in the residential construction segment, where these materials are used to the highest degree. Data published by the Central Statistics Office (GUS) for January–April 2022 point to a growth of 2.0% in house completions year-on-year. At the same time, the number of construction permits fell by 5.5%, while the number of commenced housing investments decreased by 18.3%.

FX rates. According to the currency forecasts consensus of Thomson Reuters as of May 2022, the coming months should not see major changes in the EUR/PLN rate. At the end of the year, the expected EUR/PLN exchange rate is 4.62. Towards the year-end, the following currency rates are expected for the Group's main markets: EUR/RUB 85.05; EUR/CZK 24.79; EUR/HUF 367.60; EUR/RON 5.04; EUR/UAH 31.40 and EUR/TRY 18.80. Major fluctuations in exchange rates have an impact on currency risk.

Credit risk. The Group companies do not see any material changes in overdue receivables.

Commodity prices. Since the beginning of the pandemic, the entire industry has been faced with volatile raw material prices and disruptions in the availability of raw materials (production problems experienced by suppliers, disturbed supply chains). Increases in raw material costs may not be fully transferred to the prices of the Company's products due to constraints in the flexibility of demand and the pricing strategies of the Company's competitors. As a result of the increase in raw material prices, the Company's margins may be under further pressure.

Operational risk. Risk related to failures of machines and devices, failures of distribution networks (electricity, heat) caused, among others, through their exploitation, but also by random events, including those related to extreme weather phenomena (storms, floods, hurricane winds, heat waves, fires) resulting from, among others, climate change. The materialization of risk affects the availability of assets, and it results in downtime related to asset failures and increased costs of their removal. In Q1 2022, no significant events in this risk category were recorded Selena Group, in particular those that would affect the Group's production and trading activities. The risk is partially mitigated by property insurance. As part of an increased response to crisis situations, the BCMS (Business Continuity Management System) system was implemented in the Group. Detailed information on BCMS was disclosed in the non-financial statement attached to Selena Group's Management Report for 2021.

Health and safety risk. Risk related to ensuring occupational health and safety. Materialization of this risk may result in an employee's injury, loss of health or excessive exposure to factors harmful to health, leading to the Group's duty to pay compensation paid for damage to health. In Q1 2022, Selena Group saw no significant health and safety incidents. Detailed information on health and safety risks is disclosed in the non-financial statement attached to Selena Group's Management Report for 2021.

Geopolitical risk, including the impact of the situation in Ukraine on the operating activities of the Company, is described in Notes 1.3.2 and 2.6.1 of this report.

A detailed description of **financial risk** management rules in Selena Group is presented in Note 2.6.2 of this report.

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 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Continued operations			
Revenue from the sale of products		397,775	317,959
Revenue from the sale of goods and raw materials		22,511	30,544
Revenue from the sale of services		1,322	970
Revenue from contracts with customers	2.2	421,608	349,473
Cost of sales		286,444	245,368
Gross profit		135,164	104,105
Selling and marketing costs		68,855	58,118
General and administrative expenses		34,631	27,895
Other operating income	2.3.1	1,482	2,891
Other operating costs	2.3.1	1,152	684
Impairment of financial assets		6,223	539
Operating profit		25,785	19,760
Financial income	2.3.2	6,344	4,981
Financial costs	2.3.2	4,002	3,146
Share in net profit/loss of the associate		640	0
Profit before tax		28,767	21,595
Income tax	2.4	3,685	4,145
Net profit on continued operations		25,082	17,450
Profit (loss) on discontinued operations		0	0
Net profit for the period		25,082	17,450
Net profit attributable to:			
– shareholders of the parent		25,021	17,480
– non-controlling interests		61	-30
Earnings per share attributable to the shareholders of the parent			
		(PLN/share)	(PLN/share)
– basic, including:		1.10	0.77
<i>on continued operations</i>		1.10	0.77
<i>on discontinued operations</i>		0.00	0.00
– diluted, including:		1.10	0.77
<i>on continued operations</i>		1.10	0.77
<i>on discontinued operations</i>		0.00	0.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Profit after tax	25,082	17,450
FX differences arising on translation of the foreign associate	-4,838	3,271
Other comprehensive income subject to reclassification to profit or loss, before tax	-4,838	3,271
Other comprehensive income, before tax	-4,838	3,271
Income tax related to foreign exchange differences on translation	-351	-333
Income tax related to components of comprehensive income that are reclassified to profit or loss	-351	-333
Other comprehensive income for the period, after tax	-5,189	2,938
Total comprehensive income	19,893	20,388
Attributable to:		
– shareholders of the parent	19,801	20,373
– non-controlling interests	92	15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 31.03.2022	As at 31.12.2021
ASSETS			
Property, plant and equipment		257,457	261,497
Intangible assets		37,863	38,932
Investments accounted for using the equity method		20,648	19,814
Deferred tax assets		49,163	46,924
Other long-term financial assets	2.5.1	8,791	1,138
Total non-current assets		373,922	368,305
Inventories	2.5.2	378,302	280,015
Other short-term non-financial assets		56,618	44,623
Trade and other receivables	2.5.1	349,642	305,387
CIT claimed		12,743	14,315
Other short-term financial assets	2.5.1	57,811	57,195
Cash and cash equivalents	2.6.2	58,940	38,915
Total current assets		914,056	740,450
TOTAL ASSETS		1,287,978	1,108,755
LIABILITIES AND EQUITY			
Registered capital		1,142	1,142
Own shares		-28,676	-28,676
FX differences arising on translation of the foreign associate		-52,078	-46,858
Supplementary capital		675,802	675,747
Other reserves		75,000	75,000
Retained profit/ loss carried forward		-50,413	-75,379
Equity attributable to the shareholders of the parent		620,777	600,976
Non-controlling interests		1,161	969
Total equity		621,938	601,945
Long-term portion of bank and other loans	2.5.1	126,818	48,969
Long term lease liabilities		15,076	16,862
Deferred tax liability		1,740	2,069
Other long term non-financial liabilities		5,522	4,366
Long-term portion	2.5.2	8,943	8,079
Long-term liabilities		158,099	80,345
Trade and other liabilities	2.5.1	294,011	198,294
Obligations to return remuneration		27,190	31,718
Short-term portion of bank and other loans	2.5.1	80,885	99,054
Short-term lease liabilities		10,973	12,315
Other short term financial liabilities	2.5.1	800	644
CIT tax payable		7,564	7,439
Other short term non-financial liabilities		66,355	56,977
Short-term provisions	2.5.2	20,163	20,024
Short-term liabilities		507,941	426,465
Total liabilities		666,040	506,810
TOTAL LIABILITIES AND EQUITY		1,287,978	1,108,755

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Cash flows from operating activities			
Profit (loss) before tax		28,767	21,595
Adjustments to reconcile profit, including:		-47,020	-30,880
Share in the result of the entities accounted for using the equity method		-640	0
Depreciation/ amortization		11,034	10,518
FX gains (losses)		-5,952	3,529
Interest and dividends		1,646	279
Profit/ (loss) on investing activities		-253	-221
Change in the balance of receivables		-57,550	-61,359
Change in the balance of inventories		-98,287	-33,954
Change in the balance of liabilities		102,065	49,080
Change in the balance of provisions		1,004	-1,013
Other		-87	2,261
Net cash flows from operating activities, before tax		-18,253	-9,285
CIT paid		-4,882	-241
Net cash flows from operating activities		-23,135	-9,526
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		-6,766	-7,622
Inflows from sale of tangible and intangible assets		439	118
Outflow on account of loans granted		-7,387	-1,000
Dividends and interest received		687	404
Other		100	0
Net cash flows from investing activities		-12,927	-8,100
Cash flows from financing activities			
Inflows from bank/ other loans received		77,453	54,264
Repayment of bank and other loans		-16,731	-7,683
Repayment of lease liabilities		-3,435	-4,271
Interest paid		-2,405	-597
Other		1,228	0
Net cash flows from financing activities		56,110	41,713
Net increase in cash and cash equivalents			
Change in cash and cash equivalents, including:		20,025	24,045
Net FX differences		-23	-42
Cash and cash equivalents at the beginning of the period*		38,915	55,004
Cash and cash equivalents at the end of the period*		58,940	79,049

*including restricted cash:

as at 31 March 2022: PLN 0.05m

as at 31 March 2021: PLN 0.05m

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2022

	Registered capital	Own shares	FX differences arising on translation of the foreign affiliate	Supplementary capital	Other reserves	Retained profit/ loss carried forward	Equity attributable to the shareholders of the parent	Equity attributable to non-controlling interests	Aggregate equity
Figures in PLN thousand									
As at 1 January 2022	1,142	-28,676	-46,858	675,747	75,000	-75,379	600,976	969	601,945
Profit for the period	0	0	0	0	0	25,021	25,021	61	25,082
Other net comprehensive income for the period	0	0	-5,220	0	0	0	-5,220	31	-5,189
Total comprehensive income for the period	0	0	-5,220	0	0	25,021	19,801	92	19,893
Profit distributions	0	0	0	55	0	-55	0	0	0
Establishment of a subsidiary	0	0	0	0	0	0	0	100	100
Increase (decrease) in equity	0	0	-5,220	55	0	24,966	19,801	192	19,993
As at 31 March 2022	1,142	-28,676	-52,078	675,802	75,000	-50,413	620,777	1,161	621,938

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2021

	Registered capital	FX differences arising on translation of the foreign affiliate	Supplementary capital	Other reserves	Retained profit/ loss carried forward	Equity attributable to the shareholders of the parent	Equity attributable to non-controlling interests	Aggregate equity
Figures in PLN thousand								
As at 31 December 2020 – approved figures	1,142	-43,155	659,758	9,633	-104,586	522,792	872	523,664
Correction of errors from previous years	0	0	0	0	8,273	8,273	0	8,273
As at 1 January 2021 – restated figures*	1,142	-43,155	659,758	9,633	-96,313	531,065	872	531,937
Profit for the financial year	0	0	0	0	17,480	17,480	-30	17,450
Other net comprehensive income for the period	0	2,893	0	0	0	2,893	45	2,938
Total comprehensive income for the period	0	2,893	0	0	17,480	20,373	15	20,388
Transfer of profit to the supplementary capital	0	0	29	0	-29	0	0	0
Increase (decrease) in equity	0	2,893	29	0	17,451	20,373	15	20,388
As at 31 March 2021	1,142	-40,262	659,787	9,633	-78,862	551,438	887	552,325

2.1 General information

2.1.1 Characteristics of the Parent Company

Parent Company

The Group's parent company is Selena FM S.A. (Parent Company, Company) having its registered office at Strzegomska Street no. 2-4 in Wrocław, 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 under KRS no. 0000292032. The Company was formed through conversion of the limited liability company Selena FM Sp. z o.o. into a joint stock company, approved by the Extraordinary General Meeting on 26 September 2007 and registered on 31 October 2007. The Company was assigned the statistical number REGON 890226440. On 18 April 2008, the Company debuted on Warsaw Stock Exchange.

Its duration is indefinite (it is a going concern). The Company operates in Poland.

The Parent Company's core business includes:

- distribution of the Group's products to foreign markets and to the domestic market (multidistributor);
- providing subsidiaries with advice on strategic management, finance management, sales strategy as well as bookkeeping services.

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

Management Board of the Parent Company

As at 31 December 2021, the Company's Management Board was composed of:

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

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

Supervisory Board and Supervisory Board Committees of the Parent Company

As at 31 December 2021, the Company's Supervisory Board was composed of:

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

In the period from 1 January 2022 to the date of publication of this quarterly report, there were no changes in the composition of the Company's Supervisory Board.

Audit Committee

As at 31 December 2021, the Audit Committee was composed of:

- Mariusz Warych – Chairman of the Audit Committee;
- Borysław Czyżak – Audit Committee Member;
- Paweł Wyrzykowski – Audit Committee Member.

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.

In the period from 1 January 2022 to the date of publication of this quarterly report, there were no changes in the composition of the Audit Committee.

Strategy and Innovation Committee

As at 31 December 2021, 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;
- Czesław Domarecki – member of the Strategy and Innovation Committee;
- Łukasz Dziekan – member of the Strategy and Innovation Committee.

In the period from 1 January 2022 to the date of publication of this quarterly report, there were no changes in the composition of the Strategy and Innovation Committee.

Nominations and Remuneration Committee

As at 31 December 2021, the Nominations and Remuneration Committee was composed of:

- Borysław Czyżak – Chairman of the Nominations and Remuneration Committee;
- Andrzej Krämer – member of the Nominations and Remuneration Committee;
- Paweł Wyrzykowski – member of the Nominations and Remuneration Committee.

In the period from 1 January 2022 to the date of publication of this 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 Group is an international producer and distributor of construction chemicals. The Group's Parent Company is Selena FM S.A. with its registered office in Wrocław.

The core business of the Group includes production, distribution and sale of construction chemicals and general building accessories.

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

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

Group members

The table below shows the ownership and organizational structure of the Group and division into operating segments as at 31 March 2022. The data are presented as at 31 March 2022 and 31 December 2021.

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

The “owner” column specifies the name of the owner as at 31 March 2022.

	REGION	COUNTRY	ENTITY	REG. OFFICE	ACTIVITY	GROUP'S SHARE		OWNER		
						As at 31.03.2022	As at 31.12.2021			
European Union	Poland	Poland	Selena FM S.A.	Wrocław	Group's headquarters, distributor	0.00%	0.00%	-		
			Selena S.A.	Wrocław	Distributor	100.00%	100.00%	FM		
			Orion PU Sp. z o.o.*	Dzierżonów	Man. of foams and sealants	-	100.00%	-		
			Carina Silicones Sp. z o.o.	Siechnice	Manufacturer of sealants, provider of production services	100.00%	100.00%	SIT		
			Libra Sp. z o.o.*	Dzierżonów	Manufacturer of sealants and adhesives	-	100.00%	-		
			Izolacja Matizol Sp. z o.o.	Gorlice	Manuf. of roof coverings, waterproofing products, distributor	100.00%	100.00%	SIT		
			Tytan EOS Sp. z o.o.	Wrocław	Manufacturer of loose materials	100.00%	100.00%	SIT		
			Selena Labs Sp. z o.o.*	Dzierżonów	Research and Development	-	100.00%	-		
			Selena Marketing International Sp. z o.o.	Wrocław	Intellectual property management	100.00%	100.00%	SA		
			Selena Digital Distribution Sp. z o.o.	Wrocław	E-commerce	100.00%	100.00%	SA		
			Selena Green Investments Sp. z o.o.	Wrocław	Activities of central companies	100.00%	100.00%	FM 3		
			SGL 1 Sp. z o.o.	Wrocław	Generation of electricity	100.00%	-	SGI		
			Establishment of SGI 2 Sp. z o.o.	Wrocław	Generation of electricity	100.00%	-	SGI		
			Establishment of SGI 3 Sp. z o.o.	Wrocław	Generation of electricity	100.00%	-	SGI		
			Selena Green Investments ASI Sp. z o.o.	Wrocław	Managing an alternative investment company	90.00%	-	FM 4		
	Taurus Sp. z o.o.	Dzierżonów	Lease of plant and machinery	100.00%	100.00%	SIT				
	Selena ESG Sp. z o.o.	Wrocław	Making electrical systems	100.00%	100.00%	FM				
	Selena Industrial Technologies Sp. z o.o.	Dzierżonów	Manufacturer of sealants; production management	100.00%	100.00%	FM				
	Oligo Sp. z o.o. **	Dzierżonów	Research and Development	100.00%	100.00%	SIT				
	Western Europe	Spain	Spain	Selena Iberia slú	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM	
				Selena Italia srl	Padova	Distributor	100.00%	100.00%	FM	
		Germany	Germany	Uniflex S.R.L.	Mezzocorona	Manufacturer of sealants, distributor	100.00%	100.00%	FM	
				Selena Deutschland GmbH	Hagen	Distributor	100.00%	100.00%	FM	
Selena Bohemia s.r.o.				Prague	Distributor	100.00%	100.00%	FM		
Central and Eastern Europe	Romania	Romania	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		
	Hungary	Hungary	Selena Hungária Kft.	Pécs	Distributor	100.00%	100.00%	FM		
			Selena Bulgaria Ltd.	Gurmazovo	Distributor	100.00%	100.00%	FM		
Eastern Europe	Russia	Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%	FM 1		
	Ukraine	Ukraine	Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 1		
Eastern Europe and Asia	Kazakhstan	Kazakhstan	TOO Selena CA-Селена ЦА	Almaty	Distributor	100.00%	100.00%	FM		
			TOO Selena Insulations	Nur-Sultan	Manufacturer of insulation systems and dry mortars	100.00%	100.00%	FM		
	Asia	China	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 Co.Ltd	Shanghai	Distributor	40.00%	40.00%	NAN	
		S.Korea	S.Korea	S.Korea	Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3
					Selena Malzemeleri Yapı 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
					Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 2
America N&S America	N&S America	Mexico	Selena Mexico S. de R.L. de C.V.	Zapopan	Distributor	100.00%	100.00%	FM 2		

	USA	Selena USA, Inc.	Fort Worth	Distributor	100.00%	100.00%	FM
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Explanations to the "Owner" column

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

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

FM 2 – shares owned by Selena FM (95%) and Selena S.A. (5%)

FM 3 – shares owned by Selena FM (95%) and Selena ESG (5%)

FM 4 – shares owned by SFM, other shares are owned by Krzysztof Domarecki

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

SIG – 100% shares owned by Selena Green Investments

SA – 100% shares owned by Selena S.A.

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

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

SA 3 – associate – shares owned by Selena S.A.

ROM – 99.99% shares owned by Selena Romania, other shares held by Selena FM

NAN – joint venture – owned by Selena Nantong Building Materials Co., Ltd.

**On 1 March 2022, Selena Industrial Technologies Sp. z o.o. (acquiring company) merged with Orion PU Sp. z o.o., Libra Sp. z o.o. and Selena Labs Sp. z o.o (acquired companies).*

*** After Industrial Technologies Sp. z o.o. merged with Selena Labs Sp. z o.o. on 1 March 2022, the owner of the shares is Selena Industrial Technologies Sp. z o.o.*

Changes in the Group composition

Merger of subsidiaries: Selena Industrial Technologies sp.z o.o. (acquiring company) with Orion PU Sp. z o.o., "Libra" Sp. z o.o. and "Selena Labs" sp. z o.o (acquired companies).

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

Establishment of SGI 1 Sp. z o.o.

On 6 December 2021, the founding act of SGI 1 Sp. z o.o. was signed. The sole shareholder of this limited liability company is Selena Green Investments Sp. z o.o., and its share capital is PLN 5,000. The company may be used in the future to implement the Group's business plans. On 14 January 2022, the company was entered in the National Court Register under number 0000946701.

Establishment of SGI 2 Sp. z o.o.

On 6 December 2021, the founding act of SGI 2 Sp. z o.o. was signed. The sole shareholder of this limited liability company is Selena Green Investments Sp. z o.o., and its share capital is PLN 5,000. The company may be used in the future to implement the Group's business plans. On 9 February 2022, the company was entered in the National Court Register under the number 0000952642.

Establishment of SGI 3 Sp. z o.o.

On 6 December 2021, the founding act of SGI 3 Sp. z o.o. was signed. The sole shareholder of this limited liability company is Selena Green Investments Sp. z o.o., and its share capital is PLN 5,000. The company may be used in the future to implement the Group's business plans. On 18 January 2022, the company was entered in the National Court Register under number 0000947427.

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

On 20 December 2021, the founding act of Selena Green Investments ASI Sp. z o.o. was signed. The shareholders of the company are Selena FM S.A. which acquired 90% of shares and Krzysztof Domarecki, who acquired 10% of shares in the share capital of the newly established entity. The share capital of Selena Green Investments ASI is PLN 1,000 thousand. The company may be used in the future to implement the Group's business plans. On 14 March 2022, the Polish Financial Supervision Authority entered the subsidiary Selena Green Investments ASI Sp. z o.o. to the register of Managers of Alternative Investment Companies (ASI). On 23 March 2022, the subsidiary Selena Green Investments ASI Sp. z o.o. was registered in the register of entrepreneurs of the National Court Register. The shareholders of the company are Selena FM S.A. with 90% of shares and Krzysztof Domarecki with 10% of shares in the share capital of the entity.

Events occurring after the balance sheet date

Sale of shares in Carina Silicones Sp. z o.o. at POLYFOAM Yalitim Sanayi ve Tic Ltd.

On 26 April 2022, 15.01% of shares in POLYFOAM Yalitim Sanayi ve Tic Ltd. held by Carina Silicones Sp. z o.o. were sold to Selena Malzemeleri Yapi Sanayi Tic. Ltd. for TRY 175 thousand.

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 2021 published on 2 May 2022. 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 2022 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 2022, and the comparative data presented as at 31 March 2021.

The consolidated statement of cash flows and the consolidated statement of changes in equity cover the data for the three months ended 31 March 2022 as well as comparative data for the period of three months ended 31 March 2021.

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

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 27 May 2022.

Functional and reporting currency

The functional and presentation currency for these 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 31.03.2022	As at 31.12.2021	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
1 USD	4.1801	4.0600	4.1638	3.8128
1 EUR	4.6525	4.5994	4.6472	4.5721
100 HUF	1.2588	1.2464	1.2705	1.2662
1 UAH	0.1467	0.1487	0.1431	0.1364
1 CZK	0.1903	0.1850	0.1888	0.1751
1 RUB	0.0493	0.0542	0.0481	0.0505
1 BRL	0.8762	0.7287	0.8185	0.6830
1 BGN	2.3788	2.3516	2.3761	2.3376
1 CNY	0.6590	0.6390	0.6576	0.5875
100 KRW	0.3446	0.3417	0.3446	0.3393
1 RON	0.9404	0.9293	0.9393	0.9346
1 TRY	0.2854	0.3016	0.2987	0.4978
100 KZT	0.9145	0.9354	0.9211	0.9048
1 MXN	0.2105	0.1984	0.2043	0.1855

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. analyses and monitors the situation in Ukraine (described in Note 1.3.2 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 consolidated financial statements are consistent with the policies used in preparation of the consolidated financial statements of Selena Group for the year ended 31 December 2021.

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 aggregated into the following reporting segments:

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

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

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:

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

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 reporting segments for the 3 months ended 31 March 2022 and for the same period ended 31 March 2021.

from 01.01.2022 to 31.03.2022	EU	Eastern Europe Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	287,724	93,432	40,452	421,608	0	421,608
Sales between segments	76,589	1,887	0	78,476	-78,476	0
EBITDA	58,925	8,494	5,181	72,600	-35,781	36,819
Depreciation/ amortization	-7,309	-490	-18	-7,817	-3,217	-11,034
Operating profit (loss)	51,616	8,004	5,163	64,783	-38,998	25,785
Net financial income/ (costs)	0	0	0	0	2,342	2,342
Share in profit of the associate	0	640	0	640	0	640
Income tax	0	0	0	0	-3,685	-3,685
Net profit (loss) for the period	51,616	8,644	5,163	65,423	-40,341	25,082
Capital expenditure	5,031	261	0	5,292		5,292

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

from 01.01.2021 to 31.03.2021	EU	Eastern Europe Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	239,391	82,544	27,538	349,473	0	349,473
Sales between segments	63,740	4,802	0	68,542	-68,542	0
EBITDA	47,742	8,153	2,434	58,329	-28,051	30,278
Depreciation/ amortization	-6,830	-614	-15	-7,459	-3,059	-10,518
Operating profit (loss)	40,912	7,539	2,419	50,870	-31,110	19,760
Net financial income/ (costs)	0	0	0	0	1,835	1,835
Share in profit of the associate	0	0	0	0	0	0
Income tax	0	0	0	0	-4,145	-4,145
Net profit (loss) for the period	40,912	7,539	2,419	50,870	-33,420	17,450
Capital expenditure	5,062	1,744	9	6,815		6,815

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

Revenue from the sale of products, broken down into individual product groups, are presented below.

Figures in PLN thousand	to 01.01.2022 to 31.03.2022	to 01.01.2021 to 31.03.2021
Construction chemicals	344,228	278,954
Insulating chemicals	49,860	35,503
Other	3,687	3,502
Total revenue from the sale of products	397,775	317,959

The tables below show data on assets and liabilities allocated to individual geographic segments as at 31 March 2022 and 31 December 2021.

as at 31.03.2022						
Figures in PLN thousand	EU	Eastern Europe Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	1,070,747	233,469	67,044	1,371,260	-165,836	1,205,424
Investment in the associate	0	20,648	0	20,648	0	20,648
Non-allocated assets	0	0	0	0	61,906	61,906
Total assets	1,070,747	254,117	67,044	1,391,908	-103,930	1,287,978

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

as at 31.12.2021						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	902,377	233,275	59,264	1,194,916	-167,214	1,027,702
Investment in the associate	0	19,814	0	19,814	0	19,814
Non-allocated assets	0	0	0	0	61,239	61,239
Total assets	902,377	253,089	59,264	1,214,730	-105,975	1,108,755

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

as at 31.03.2022						
Figures in PLN thousand	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	556,946	226,910	83,920	867,776	-211,040	656,736
Non-allocated liabilities	0	0	0	0	9,304	9,304
Total liabilities	556,946	226,910	83,920	867,776	-201,736	666,040

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

as at 31.12.2021						
Figures in PLN thousand	EU	Eastern Europe and Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	410,114	216,427	81,270	707,811	-210,509	497,302
Non-allocated liabilities	0	0	0	0	9,508	9,508
Total liabilities	410,114	216,427	81,270	707,811	-201,001	506,810

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

2.3 Notes to the consolidated income statement

2.3.1 Other operating income and operating costs

Other operating income

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Profit from disposal of non-financial fixed assets	433	65
Subsidies	87	2,070
Damages	215	116
Provisions released	88	5
Other	659	635
Total other operating income	1,482	2,891

Other operating costs

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Damages, penalties, fines	284	223
Provisions raised	392	0
Donations made	286	267
Other	190	194
Total other operating costs	1,152	684

Impairment of financial assets

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Recognition of an impairment allowance on receivables	6,794	937
Reversal of an impairment allowance on receivables	-601	-398
Writing off uncollectible debts previously written down	30	0
Impairment of financial assets	6,223	539

2.3.2 Financial income and costs

Financial income

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
FX gains	3,087	4,357
Interest on deposits and bank accounts	10	0
On loans granted	829	549
Other interest	157	31
Derivative financial instruments	1,950	39
Other financial income	311	5
Total financial income	6,344	4,981

Financial costs

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
FX losses	491	2,035
Interest on bank and other loans	2,209	527
Interest on leases	239	265
Other interest	236	43
Other financial costs	827	276
Total financial costs	4,002	3,146

2.4 Taxation

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Current income tax:		
Income tax for the current period	6,728	5,124
Corrections to the current income tax from previous years	-150	-64
Deferred income tax:		
Connected with origination and reversal of temporary differences	-2,893	-915
Tax disclosed in consolidated income statement	3,685	4,145

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 31.03.2022	As at 31.12.2021
Financial assets measured at amortized cost		
<i>Trade receivables</i>	343,111	298,175
<i>Settlements with customers on account of credit card payments</i>	5,757	5,260
<i>Promissory notes, cheques</i>	766	1,950
<i>Investment receivables</i>	8	2
Trade and other receivables	349,642	305,387
<i>Loans granted</i>	7,695	50
<i>Restricted cash</i>	108	107
<i>Other</i>	154	162
Total other long term financial assets measured at amortized cost	7,957	319
<i>Loans granted</i>	48,287	48,145
<i>Grants receivable</i>	5,741	5,714
<i>Security deposits</i>	742	771
<i>Other</i>	3,041	2,541
Total other short term financial assets measured at amortized cost	57,811	57,171
Cash and cash equivalents	58,940	38,915
Financial assets measured at fair value through profit and loss		
<i>Other short-term financial assets – forward contracts</i>	0	24
Financial assets measured at fair value through other comprehensive income		
<i>Other long-term financial assets – shares in non-listed companies</i>	834	819
Total	475,184	402,635

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Financial liabilities measured at amortized cost		
<i>Bank and other loans</i>	207,703	148,023
<i>Lease liabilities</i>	26,049	29,177
Total interest-bearing debt	233,752	177,200
<i>Trade liabilities</i>	292,919	195,721
<i>Investment liabilities</i>	1,092	2,572
<i>Liabilities on account of prepaid trade receivables</i>	0	1
Trade and other liabilities	294,011	198,294
Financial liabilities measured at fair value through profit or loss		
<i>Other short-term liabilities – forward contracts</i>	800	644
Total	528,563	376,138

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.

Bank and other loans

The incurred bank loans are presented in the table below

Ref.	Loan type	Maturity date	As at 31.03.2022		As at 31.12.2021	
			Long-term portion	Short-term portion	Long-term portion Short-term portion	Long-term portion Short-term portion
1	Working capital loan	2022	0	25,795	0	63,377
2	Working capital loan	2024	75,845	0	31,972	0
3	Non-renewable loan	2022-2024	42,000	18,000	7,000	3,000
4	Other	2022-2027	8,973	37,090	9,997	32,677
Total in PLN thousand			126,818	80,885	48,969	99,054

On 8 February 2022, an annex was signed to the multi-purpose credit facility agreement. The annex extended the availability period of the financing to 31 December 2024. Under the annex, the line amount was maintained at PLN 80 million. Other material terms of the credit facility agreement, including the available credit limit and collateral, remained unchanged.

On 28 February 2022, an annex was signed to the guarantee and LC line agreement. The annex extended the availability period of the bank guarantee and letter of credit to 28 February 2023. Under the annex, an additional credit limit of PLN 20 million was granted to Selena FM and the guarantee line amount was maintained at EUR 10.5 million.

Credit agreement terms

As part of the loan agreements signed by the Parent Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 31 March 2022, 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 31.03.2022	As at 31.12.2021
Raw materials	132,964	114,814
Work in progress	12,460	7,420
Finished goods	193,347	132,382
Goods for resale	39,531	25,399
Total inventories, net	378,302	280,015
Impairment allowance on inventories	5,985	6,221
Total inventories, gross	384,287	286,236

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

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Impairment allowance on inventories at the beginning of the period	6,222	6,209
Recognition of impairment allowance on inventories	964	738
Reversal of impairment allowance on inventories	-1,083	-373
Utilization of impairment allowance on inventories	-158	-1,478
FX differences arising on translation	40	58
Impairment allowance on inventories at the end of the period	5,985	5,154

Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	from 01.01.2022 to 31.03.2022			from 01.01.2021 to 31.12.2021		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the period	4,597	3,482	8,079	4,162	4,276	8,438
Provisions raised	73	79	152	946	123	1,069
Provisions released	0	0	0	-207	-940	-1,147
Provisions used	0	0	0	-295	0	-295
FX differences	27	685	712	-9	23	14
Reclassification	0	0	0	0	0	0
Balance at the end of the period	4,697	4,246	8,943	4,597	3,482	8,079
Short term						
Balance at the beginning of the period	0	20,024	20,024	0	23,558	23,558
Provisions raised	0	240	240	0	1,022	1,022
Provisions released	0	-88	-88	0	-3,253	-3,253
Provisions used	0	-47	-47	0	-1,151	-1,151
FX differences	0	34	34	0	-152	-152
Reclassification	0	0	0	0	0	0
Balance at the end of the period	0	20,163	20,163	0	20,024	20,024

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 life of tangible and intangible assets;
- Ability to realise the deferred tax assets;
- Uncertainty of estimates and judgments made in relation to lease accounting;
- Estimation of the pension provision and other provisions.

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.

In Q1 2022, the Group conducted qualitative and quantitative analyses to assess the potential effects of the situation in Ukraine. These analyses also included the valuation of fixed and current assets in terms of potential impairment.

Value of inventory

As at 31 March 2022, the value of inventories of goods located in Eastern Europe was PLN 20.1 million. At the date of approval of these consolidated financial statements, the inventories are neither damaged or expired.

Risk of impairment of trade receivables

As at 31 March 2022, the amount of receivables from customers of non-related companies from the region affected by the potential geopolitical risk was PLN 30.4 million. The Management Board of Selena FM S.A. analyzed the impact of changes and the emergence of additional risk related to the situation in Ukraine on the calculation of expected credit losses. As a result of the analysis, in Q1 2022 an additional provision of PLN 6.2 million was recognized for those receivables.

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 2022, 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	Taking out loans in currencies with lower interest rates
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 in several currencies 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).

Due to the current increase in interest rates in Poland, the Group's Management Board manages the level of contracted multi-currency working capital credit facilities on an ongoing basis in order to limit a significant increase in the cost of interest.

Credit risk

Due to the nature and size of its business, the Group's credit risk is subject to regular analysis for all the subsidiaries forming part of the Group. 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 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Impairment in respect of expected credit loss at the beginning of the period	23,837	26,100
<i>trade receivables</i>	21,471	23,764
<i>other financial receivables</i>	2,366	2,336
Recognized/ reversed (-)	6,193	539
<i>trade receivables</i>	6,206	539
<i>other financial receivables</i>	-13	0
Utilized	-36	-631
<i>trade receivables</i>	-36	-310
<i>other financial receivables</i>	0	-321
FX differences arising on conversion of foreign affiliates	246	342
<i>trade receivables</i>	221	321
<i>other financial receivables</i>	25	21
Impairment in respect of expected credit loss at the end of the period	30,240	26,350
<i>trade receivables</i>	27,862	24,314
<i>other financial receivables</i>	2,378	2,036

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 2021. The risk that no cash flows will be obtained from the indicated asset items is considered as low. In the situation of an increased credit risk, the Group is protected by asset impairment allowances, which are reflected in the carrying amounts of the assets.

As at 31 March 2022, the Group's companies had unutilised credit lines of PLN 149.6 million. As at 31 December 2021: PLN 177.3 million.

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

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Cash in bank	47,720	29,550
Cash on hand	1,717	278
Cheques (up to 3 months)	6,485	6,699
Short-term deposits	52	163
Cash in transit	2,966	2,225
Total	58,940	38,915

Cash in bank accounts carries variable rates of interest. The Management Board of the Parent Company believes that credit risk and cash and cash equivalents 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. grants loans to its subsidiaries to ensure current financing and liquidity for them (the effect of such transactions is eliminated from the Group's consolidated accounts). Details of these transactions are included in the quarterly financial information included in this report (Chapter 3).

Other risks

Geopolitical risk related to the current situation in Ukraine is described in Note 1.3.2 and Note 2.6.1 of this report.

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 executive and non-executive directors of the Parent and with associates. The sales and purchases figures cover the period of 3 months ended 31 March (2022 and 2021, respectively), while the receivables and liabilities are presented as at 31 March 2022 and 31 December 2021.

Figures in PLN thousand	Period	Sales	Purchases	Receivables	Liabilities	Loans granted
Associates	2022	3,469	0	3,509	0	0
	2021	5,235	10	8,968	38	0
Subsidiaries of the ultimate controlling shareholder*	2022	2	165	11	31	55,901
	2021	3	30	10	120	48,195
Key management personnel**	2022	0	0	0	0	0
	2021	0	0	0	0	0
TOTAL	2022	3,471	165	3,520	31	55,901
	2021	5,238	40	8,978	158	48,195

* 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 Earnings per share

The basic earnings 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 earnings per share in the reporting period.

		from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Profit (loss) attributable to the controlling interests	PLN	25,020,621	17,479,601
Average number of ordinary shares	share	22,834,000	22,834,000
Earnings/(loss) per ordinary share	PLN/share	1.10	0.77
Number of shares, including dilution	share	22,834,000	22,834,000
Diluted earnings per share	PLN/share	1.10	0.77

2.7.3 Events occurring 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 Figures of Selena FM S.A.

3. Quarterly Financial Figures of Selena FM S.A.

INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Continued operations			
Revenue from the sale of goods and raw materials		244,121	180,510
Revenue from the sale of services		10,180	7,717
Revenue from contracts with customers		254,301	188,227
Cost of sales		224,371	175,074
Gross profit		29,930	13,153
Selling and marketing costs		11,748	11,101
General and administrative expenses		14,056	10,192
Other operating income	3.2.1	311	76
Other operating costs	3.2.1	7,089	266
Impairment loss/ reversal of impairment loss (-) of receivables		1,790	3,510
Operating profit (loss)		-4,442	-11,840
Financial income	3.2.2	5,545	6,926
Financial costs	3.2.2	2,602	578
Impairment loss/ reversal of impairment loss (-) of loans granted		134	82
Profit (loss) before tax		-1,633	-5,574
Income tax	3.3	795	358
Net profit (loss) on continued operations		-2,428	-5,932
Discontinued operations			
Profit (loss) on discontinued operations		-	-
Profit (loss) after tax		-2,428	-5,932
Net profit (loss) per share (PLN/share):			
- basic		-0.11	-0.26
- diluted		-0.11	-0.26

STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Profit (loss) after tax	-2,428	-5,932
Total comprehensive income	-2,428	-5,932

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 31.03.2022	As at 31.12.2021
ASSETS			
Property, plant and equipment		4,067	4,588
Intangible assets		187,399	187,759
Shares in subsidiaries	3.4.2	138,188	144,088
Long-term portion of loans granted	3.4.1	178,837	170,727
Non-current assets		508,491	507,162
Inventories		25,750	3,989
Other short-term non-financial assets		31,927	23,664
Trade receivables		295,321	212,927
CIT claimed		3,058	2,978
Short-term portion of loans granted	3.4.1	82,219	92,180
Other short-term financial assets		314	333
Cash and cash equivalents		7,364	785
Current assets		445,953	336,856
TOTAL ASSETS		954,444	844,018
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
Own shares		-28,676	-28,676
Supplementary capital		342,358	342,358
Other reserves		84,530	84,530
Retained profit/ loss carried forward		41,117	43,545
Equity		440,471	442,899
Long-term portion of bank and other loans	3.4.1	144,697	59,372
Long term lease liabilities		468	571
Long-term obligations in respect of lease of enterprise		148,297	152,325
Other long-term liabilities		1,986	1,986
Deferred tax liability		1,869	1,543
Provision for retirement benefits		745	745
Long-term liabilities		298,062	216,542
Trade and other liabilities	3.4.1	128,057	87,271
Obligations to return remuneration		1,882	3,235
Short-term portion of bank and other loans	3.4.1	59,001	68,678
Short-term lease liabilities		894	1,376
Short-term obligations in respect of lease of enterprise		16,007	15,935
Other short term financial liabilities		800	644
Other short term non-financial liabilities		9,270	7,438
Short-term liabilities		215,911	184,577
Total liabilities		513,973	401,119
TOTAL EQUITY AND LIABILITIES		954,444	844,018

STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Cash flows from operating activities		
Profit (loss) before tax	-1,633	-5,574
Depreciation/ amortization	1,446	1,269
FX (gains) / losses	596	-2,676
Interest and dividends	-1,610	-1,891
Profit / loss on investing activities	5,102	24
Change in the balance of receivables	-90,443	-41,895
Change in the balance of inventories	-21,761	-3,560
Change in the balance of liabilities	37,387	29,175
CIT paid	-549	-724
Other	2,132	-827
Net cash flows from operating activities	-69,333	-26,679
Cash flows from investing activities		
Inflows from the sale of tangible assets	8	19
Acquisition of tangible and intangible assets	-776	-542
Purchase of shares in subsidiaries	-900	0
Dividends and interest received	1,201	1,036
Loans granted	-8,786	-5,415
Repayments of loans granted	11,666	240
Net cash flows from investing activities	2,413	-4,662
Cash flows from financing activities		
Repayment of lease liabilities	-624	-339
Inflows from bank/ other loans received	74,831	34,857
Repayment of loans	0	-38
Interest paid	-707	-94
Net cash flows from financing activities	73,500	34,386
Increase (decrease) in cash and cash equivalents	6,580	3,045
Change in cash and cash equivalents, including:	6,579	3,017
net FX differences	-1	-28
<i>Cash at the beginning of the period*</i>	785	5,170
<i>Cash at the end of the period*</i>	7,364	8,187

*including restricted cash:

as at 31 March 2022: PLN 0.05m

as at 31 March 2021: PLN 0.05m

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2022

Figures in PLN thousand	Registered capital	Own shares	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
					from previous years	from the current period	
As at 01.01.2022	1,142	-28,676	342,358	84,530	43,545	0	442,899
Profit (loss) after tax	0	0	0	0	0	-2,428	-2,428
Total comprehensive income	0	0	0	0	0	-2,428	-2,428
As at 31.03.2022	1,142	-28,676	342,358	84,530	43,545	-2,428	440,471

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2021

Figures in PLN thousand	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
As at 01.01.2021	1,142	332,346	19,163	75,379	0	428,030
Profit (loss) after tax	0	0	0	0	-5,932	-5,932
Total comprehensive income	0	0	0	0	-5,932	-5,932
As at 31.03.2021	1,142	332,346	19,163	75,379	-5,932	422,098

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

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 2021.

3.2 Notes to the income statement

3.2.1 Other operating income and operating costs

Other operating income

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Profit from disposal of non-financial fixed assets	311	19
Damages, penalties, fines	0	44
Other	0	13
Total other operating income	311	76

Other operating costs

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Impairment charge for the value of shares	6,800	0
Donations	283	266
Damages, penalties, fines	6	0
Total other operating costs	7,089	266

3.2.2 Financial income and costs

Financial income

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Interest, including:	2,848	2,260
<i>on loans granted</i>	2,848	2,260
FX differences	747	4,627
Derivative financial instruments	1,950	39
Total financial income	5,545	6,926

As at 31 March 2022, Selena FM S.A. had open forward contracts. In Q1 2022, the loss on valuation of instruments was PLN 180 thousand (including valuation of open contracts of PLN -800 thousand net as at 31 March 2022). The gain achieved in connection with the implementation of contracts in Q1 2022 was PLN 2,130 thousand. The result on transactions was recognised in financial revenues under "Derivative financial instruments".

Financial costs

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Interest, including:	2,053	410
<i>on loans and advances received</i>	1,220	346
<i>on lease liabilities</i>	775	23
<i>on other obligations</i>	58	41
Bank fees	549	168
Total financial costs	2,602	578

3.3 Taxation

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Income tax for the current period	470	0
Change in deferred income tax	325	358
Income tax carried in profit or loss	795	358

3.4 Notes to the statement of financial position

3.4.1 Financial instruments

Financial assets

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Financial assets measured at amortized cost		
Loans granted	261,056	262,907
Trade receivables	281,928	200,929
Other short-term financial assets – security deposits	314	310
Cash and cash equivalents	7,364	785
Financial assets measured at fair value through profit and loss		
Other short-term financial assets – forward transactions	0	23
Trade receivables	13,393	11,998
Total	564,055	476,952

Financial liabilities

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Financial liabilities measured at amortized cost		
<i>Bank and other loans</i>	203,698	128,050
<i>Lease liabilities</i>	165,666	170,207
Total interest-bearing debt	369,364	298,257
Trade liabilities	127,876	86,989
Investment liabilities	181	282
Financial liabilities measured at fair value through profit or loss		
Other short-term financial liabilities – forward transactions	800	644
Total	498,221	386,172

Loans granted and other financial assets

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
as at 1 January 2022	348,824	-85,917	262,907
Loan granted	8,786	0	8,786
Set-off	-86	0	-86
Repayment of principal	-11,666	0	-11,666
Interest accrued	2,849	-134	2,715
Interest paid	-1,201	0	-1,201
Withholding tax	-126	0	-126
FX differences arising on balance sheet valuation	613	-886	-273
as at 31 March 2022	347,993	-86,937	261,056

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
as at 1 January 2021	319,255	-85,531	233,724
Loan granted	20,013	-173	19,840
Conversion of receivables	4,574	0	4,574
Repayment of principal	-1,265	0	-1,265
Interest accrued	9,656	41	9,697
Interest paid	-5,161	0	-5,161
Withholding tax	-482	0	-482
FX differences arising on balance sheet valuation	2,234	-254	1,980
as at 31 December 2021	348,824	-85,917	262,907

Description of loans granted during the reporting period

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

By the balance sheet date, loan tranches in a total amount of PLN 8.8 million were transferred:

- PLN 500 thousand to Selena ESG Solutions Sp z o.o.;
- PLN 300 thousand to Oligo;
- PLN 7,985 thousand to Selena Green Investments;
- PLN 2,000 to Selena Digital Distribution.

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

Significant loans granted after the balance sheet date

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

Trade receivables

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

Figures in PLN thousand	from 01.01.2022 to 31.03.2022	from 01.01.2021 to 31.03.2021
Impairment allowance at the beginning of the period	24,708	20,119
<i>related parties</i>	23,677	19,146
<i>other entities</i>	1,031	973
Impairment allowance created/reversed (-) according to IFRS 9:	1,790	3,510
<i>related parties, including:</i>	1,773	3,216
<i>Selena Sulamericana Ltda</i>	1,773	3,216
<i>other entities</i>	17	295
FX differences	66	47
<i>related parties</i>	55	38
<i>other entities</i>	11	9
Expected credit loss at the end of the period	26,564	23,676
<i>related parties</i>	25,505	22,399
<i>other entities</i>	1,059	1,277

As at 31 March 2022, the receivables from subsidiaries in Eastern Europe were PLN 3.9 million, and the balance of loans granted was PLN 4.4 million. Moreover, the Company guaranteed the repayment of loans by subsidiaries from Eastern Europe in a total amount of PLN 19.1 million as at 31 March 2022.

Loans received

The table below shows the debt in respect of borrowings.

Figures in PLN thousand			As at 31.03.2022		As at 31.12.2021	
Ref.	Loan type	Maturity date	<i>Long-term portion</i>	<i>Short-term portion</i>	<i>Long-term portion</i>	<i>Short-term portion</i>
1	Non-renewable loan	2024	42,000	18,000	7,000	3,000
2	Working capital loan	2024	66,921	0	23,428	27,960
3	Loan	2023	35,776	32,213	28,944	28,980
4	Loan	2022	0	8,788	0	8,738
Total loans			144,697	59,001	59,372	68,678

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 2022, Selena FM S.A. maintained financial ratios at the levels required by the lenders.

Trade and other liabilities

Figures in PLN thousand	As at 31.03.2022	As at 31.12.2021
Trade and investment liabilities		
<i>amounts due to related parties</i>	110,120	72,561
<i>amounts due to other entities</i>	17,937	14,710
Total trade liabilities	128,057	87,271

3.4.2 Shares in subsidiaries

Figures in PLN thousand	As at 31.03.2022			As at 31.12.2021		
	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62,781	0	62,781	62,781	0	62,781
Selena Labs Sp. z o.o.	1,520	0	1,520	1,520	0	1,520
Euvic Solutions Sp. z o.o.	1,003	0	1,003	1,003	0	1,003
Selena Green Investments ASI Sp z o.o.	900	0	900	0	0	0
Selena Industrial Technologies Sp. z o.o.	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	43,478	0	43,478	43,478	0
Uniflex S.p.A.	11,082	0	11,082	11,082	0	11,082
Selena USA Inc.	3,707	2,407	1,300	3,707	2,407	1,300
Selena Sulamericana Ltda	3,594	3,594	0	3,594	3,594	0
Selena Digital Distribution Sp. z o.o	5	0	5	5	0	5
Selena Mexico	255	0	255	255	0	255
Selena Romania SRL	11,944	11,944	0	11,944	11,944	0
Selena Bohemia s.r.o	9,936	0	9,936	9,936	0	9,936
Selena Hungária Kft.	679	679	0	679	679	0
EURO MGA Product SRL	1	0	1	1	0	1
Selena Ukraine Ltd.	3,068	0	3,068	3,068	0	3,068
Selena CA L.L.P.	9,029	5,472	3,557	9,029	5,472	3,557
Selena Insulations	1,206	1,206	0	1,206	1,206	0
Selena Nantong Building Materials Co., Ltd.	33,910	33,910	0	33,910	33,910	0
Selena Vostok	11,197	6,800	4,397	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	23,764	23,764	0	23,764	23,764	0
Value of shares	273,326	135,138	138,188	272,426	128,338	144,088

As at 31 March 2022, due to the geopolitical situation in Eastern Europe, the Company carried out an impairment test for its shares in Selena Vostok. As a result, an impairment allowance of PLN 6.8 million was recognized in respect of those shares.

3.5 Other information

3.5.1 Related party transactions

Related party transactions for Q1 2022 and for Q1 2021 are presented below.

Figures in PLN thousand	Period	Revenue from sales	Purchase of goods and services	Other revenues ¹⁾	Other costs
Subsidiaries	2022	209,377	230,378	2,112	3,245
	2021	145,288	169,886	1,710	3,622
Associates	2022	1,951	0	0	0
	2021	1,784	11	0	0
Subsidiaries of the ultimate controlling shareholder*	2022	3	90	1,059	0
	2021	3	0	542	0
TOTAL	2022	211,331	230,468	3,171	3,245
	2021	147,075	169,897	2,252	3,622

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

* the item includes entities connected through Mr Krzysztof Domarecki

The balance of related party transactions as at 31 March 2022 and 31 December 2021 is presented below.

Figures in PLN thousand	Period	Loans	Trade receivables	Other receivables	Liabilities
Subsidiaries	2022	212,850	267,035	92	110,120
	2021	214,762	184,754	89	72,561
Associates	2022	0	3,869	0	0
	2021	0	3,404	0	0
Subsidiaries of the ultimate controlling shareholder*	2022	48,206	8	0	0
	2021	48,145	8	0	120
TOTAL	2022	261,056	270,912	92	110,120
	2021	262,907	188,166	89	72,681

* the item includes entities connected through Mr Krzysztof Domarecki

The person who prepared the
financial statements
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Jacek Michalak

Chief Commercial Officer
Vice President

Sławomir Majchrowski

Chief Operating Officer

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