



## Extended consolidated quarterly report for the period from 1 July to 30 September 2020

This report is a direct translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.

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**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 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
Revenue from contracts with customers	1,035,518	1,008,917	233,120	234,164
Operating profit	110,241	64,423	24,818	14,952
Profit before tax	95,981	63,665	21,608	14,776
Net profit	75,681	46,975	17,038	10,903
Profit after tax attributable to controlling interests	75,529	46,816	17,003	10,866
Comprehensive income	62,841	50,610	14,147	11,746
Comprehensive income attributable to shareholders of the parent	62,660	50,439	14,106	11,707
Net cash flows from operating activities	64,131	70,981	14,437	16,474
Net cash flows from investing activities	-20,180	-13,091	-4,543	-3,038
Net cash flows from financing activities	-46,068	-10,415	-10,371	-2,417
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share; EUR/share)	3.31	2.05	0.74	0.48

	As at 30.09.2020	As at 31.12.2019	As at 30.09.2020	As at 31.12.2019
Total assets	1,000,174	848,743	220,945	199,306
Non-current liabilities	56,644	103,234	12,513	24,242
Current liabilities	421,653	286,467	93,146	67,269
Equity	521,877	459,042	115,286	107,794
Registered capital	1,142	1,142	252	268

#### Financial data of the Parent Company

	PLN '000		EUR '000	
	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
Revenue from contracts with customers	576,295	454,823	129,738	105,562
Operating profit (loss)	54,875	23,617	12,354	5,481
Profit (loss) before tax	57,968	39,417	13,050	9,148
Profit (loss) after tax	53,141	37,109	11,963	8,613
Comprehensive income	53,141	37,109	11,963	8,613
Net cash flows from operating activities	10,922	31,477	2,459	7,306
Net cash flows from investing activities	27,492	30,964	6,189	7,187
Net cash flows from financing activities	-19,202	-23,100	-4,323	-5,361
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	2.33	1.63	0.52	0.38

	As at 30.09.2020	As at 31.12.2019	As at 30.09.2020	As at 31.12.2019
Total assets	634,382	532,356	140,139	125,010
Liabilities	228,590	179,705	50,497	42,199
Equity	405,792	352,651	89,642	82,811
Registered capital	1,142	1,142	252	268

## 1.2 Group structure

The Group structure and changes in it made over the three quarters of 2020 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

The Group's R&D activity is carried out chiefly by Selena Labs Sp. z o.o. and through the labs in China, Spain, Turkey, Romania and Italy.

Over the three quarters of 2020, Selena Labs worked on development of the highly reflective waterproofing COOL-R roof coating, polyurethanes, silicones and acrylic-polyurethane hybrids. The laboratory work was completed, trial production was carried out and application validation began for relevant product recipes on flat roofs.

The Group started production of foam sealants for the American market, and new applications for window assembly systems based on the Ultra Fast 70 foam and coatings with properties oriented on water vapour permeability.

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.

### 1.3.2 Impact of the COVID-19 pandemic on the Group's activities

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

As a result of operations of a dedicated Response Team, the following measures were designed and implemented to minimise the risk of contagion among employees and counterparties:

- Developing the "Procedure for responding to suspected cases of COVID-19 in Selena Group", updated based on current guidelines from the Chief Sanitary Inspectorate (GIS);
- Introducing the smart working procedure where possible, with a rotational presence of selected employees on the company's premises with other team members working from home;
- Establishing rules for maintaining physical distance and using face masks;
- Limiting the number of meetings, and domestic and foreign business trips;
- Providing hand sanitisers and additional personal protection equipment for employees of Selena Group;
- Providing disinfectants and ensuring additional daily disinfection of common areas;
- Implementing a health monitoring procedure (temperature checks) for Selena Group employees.

So far, there have been no major disruptions in the supply of raw materials or production materials. Likewise, no major risks have been identified relating to employee absenteeism. At the same time, due to the present situation, Selena Group has intensified its activities in the area of remote sales, and also started to manufacture sanitisers.

Selena Group is constantly monitoring and using the available opportunities to obtain support offered both under the "Anti-crisis shield" and under other provisions of applicable law. This applies in particular to the reduction of income tax advance payments, periodic exemption/ reduction regarding social security contributions, the use of wage-support for employees covered by reduced working time arrangements, as well as co-financing for social security contributions. In Q2 and Q3 2020, the Group used financial support to maintain jobs. The support was offered by government institutions in many countries of Selena Group's operations, and totaled PLN 8.4 million.

In addition to the good financial results achieved during the three quarters of 2020 (net profit was PLN 75.7 million), Selena Group has a significant cash position and unused credit lines (as at 30 September 2020, cash amounted to PLN 83.8 million and unused credit lines were PLN 303.0 million). The covenants agreed with banks are being monitored on an ongoing basis. No breaches were identified as at the publication date. The Group entered 2020 with the lowest debt ratio in more than five years. Selena Group has a stable financial position and significant loan agreements will not renew until 2021.

In the three quarters of 2020, Group reported a 2.6% increase in revenue from sales compared to the same period last year. The final impact of the pandemic on the activities of Selena Group in 2020 will depend on the macroeconomic effects in Poland and in the countries where the Group companies operate. At present, the Management Board of Selena FM S.A. does not yet have full financial data enabling it to make forecasts as to the impact of the situation on the Group's financial position in the long term.

## 1.4 Group performance drivers

### Financial performance

The tables below show selected items of the consolidated income statement for the 9 months and 3 months ended 30 September 2020 and 30 September 2019, respectively, as well as selected financial ratios.

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change	Change %
Revenue from contracts with customers	1,035,518	1,008,917	26,601	2.6%
Cost of sales	676,747	694,194	-17,447	-2.5%
Gross profit	358,771	314,723	44,048	14.0%
Selling and marketing costs	164,597	159,207	5,390	3.4%
General and administrative expenses	84,771	78,621	6,150	7.8%
Other operating income (loss)	4,428	-4,940	9,368	-189.6%
Impairment of non-financial fixed assets	1,558	4,739	-3,181	-67.1%
Impairment of financial assets	2,032	2,793	-761	-27.2%
EBITDA (operating profit + depreciation + amortisation)	138,627	92,937	45,690	49.2%
Operating profit (EBIT)	110,241	64,423	45,818	71.1%
Net financial income (loss)	-14,744	-1,228	-13,516	1100.7%
Share in net profit/loss of the associate	484	470	14	3.0%
Profit before tax	95,981	63,665	32,316	50.8%
Net profit	75,681	46,975	28,706	61.1%
Other net comprehensive income	-12,840	3,635	-16,475	-453.2%
Total comprehensive income	62,841	50,610	12,231	24.2%

	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change in p.p.
Gross profit margin	34.6%	31.2%	3.4
Selling costs/ Revenue from contracts with customers	15.9%	15.8%	0.1
General and administrative expenses/ Revenue from contracts with customers	8.2%	7.8%	0.4
EBITDA margin %	13.4%	9.2%	4.2
Operating profit margin (EBIT %)	10.6%	6.4%	4.3
Net profit margin	7.3%	4.7%	2.7

*EBIT% – operating profit/ revenue from contracts with customers*  
*EBITDA% – EBITDA / revenue from contracts with customers*

Figures in PLN thousand	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019	Change	Change %
Revenue from contracts with customers	433,339	391,761	41,578	10.6%
Cost of sales	277,485	272,109	5,376	2.0%
Gross profit	155,854	119,652	36,202	30.3%
Selling and marketing costs	60,869	56,533	4,336	7.7%
General and administrative expenses	28,480	26,055	2,425	9.3%
Other operating income (loss)	1,293	-2,561	3,854	-150.5%
Impairment of non-financial fixed assets	-30	4,739	-4,769	-
Impairment of financial assets	1,657	-16	1,673	-
EBITDA (operating profit + depreciation + amortisation)	75,997	39,436	36,561	92.7%
Operating profit (EBIT)	66,171	29,780	36,391	122.2%
Net financial income (loss)	-7,098	3,094	-10,192	-329.4%
Share in net profit/loss of the associate	0	0	0	-
Profit before tax	59,073	32,874	26,199	79.7%
Net profit	44,349	26,254	18,095	68.9%
Other net comprehensive income	-9,463	4,309	-13,772	-319.6%
Total comprehensive income	34,886	30,563	4,323	14.1%

	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019	Change in p.p.
Gross profit margin	36.0%	30.5%	5.4
Selling costs/ Revenue from contracts with customers	14.0%	14.4%	-0.5
General and administrative expenses/ Revenue from contracts with customers	6.6%	6.7%	-0.1
EBITDA margin %	17.5%	10.1%	7.5
Operating profit margin (EBIT %)	15.3%	7.6%	7.6
Net profit margin	10.2%	6.7%	3.6

*EBIT% – operating profit/ revenue from contracts with customers*  
*EBITDA% – EBITDA / revenue from contracts with customers*

## Revenue from contracts with customers

During the period of 9 months ended 30 September 2020, consolidated revenue from contracts with customers amounted to PLN 1,035.5 million, which is by 2.6% (PLN 26.6 million) higher than in the corresponding period of the previous year. This was achieved despite pandemic-related limitations in the business of its counterparties.

The Group's revenue from contracts with customers 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 (mainly the USA and Brazil). During the three quarters of 2020, the structure of revenue from contracts with customers did not change significantly compared with the same period last year. European Union remains the key segment. Over the nine months of 2020 ended 30 September 2020, it generated 65% (vs. 64% in the corresponding period of 2019) of the Group's revenue from contracts with customers. The Eastern

Europe and Asia segment recorded a slight decrease in its share in the Group's revenue from sales (from 30% to 29%). The North and South America segment maintained its share of revenue from sales at 6%.

Segment	Segment's share in the Group's revenues		Revenue change 2020 / 2019
	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	
European Union, including:	65%	64%	3%
<i>Poland</i>	38%	36%	7%
<i>Other countries</i>	27%	28%	-1%
Eastern Europe and Asia	29%	30%	1%
N&S America	6%	6%	5%

### Gross profit on sales

For the nine months of 2020, Selena Group generated gross profit of PLN 358.8 million, i.e. PLN 44.0 million more year-on-year.

Gross profit margin was 34.6%, i.e. up 3.4 p.p. on last year. This increase resulted from the continued decline in commodity prices and a partial stabilisation of prices of other commodities. The margin also benefited from a constant increase in the share of sales of innovative products with a higher margin as well as from optimisation of product formulations.

### Selling costs and general and administrative expenses

**Selling costs** in the three quarters of 2020 were PLN 164.6 million, up PLN 5.4 million (3.4%) year-on-year. The figure was significantly affected by the increase in the cost of transport services that has continued during 2020.

Over the three quarters of 2020, **general and administrative expenses** were PLN 84.8 million. They increased by PLN 6.1 million year-on-year. The increase in general and administrative expenses mainly results from the higher number of Management Board members of Selena FM S.A. compared with 2019.

The ratio of selling, general and administrative expenses to revenue from contracts with customers was 24.1% in during the three quarters of 2020, up 0.5 p.p. year-on-year.

### Other operating income (loss)

The **result on other operations** was positive at PLN 0.8 million, taking into account the impairment loss in respect of financial and non-financial assets.

The result on other operations was positively influenced by subsidies of PLN 8.2 million (mainly in respect of financial support offered by government institutions in many countries where Selena Group companies operate, including, in particular, support of PLN 6.2 million for maintaining jobs in connection with the COVID-19 pandemic).

This line was adversely affected by:

- impairment of intangible assets of PLN 1,588 thousand resulting from a change in the concept of implementing IT systems;
- allowances for receivables (reduced by reversed allowances of PLN 2,032 thousand);
- provision of PLN 2,956 thousand for a potential liability resulting from a possible additional settlement of Brazilian goods and services tax (ICMS).



## Operational profit

During the three quarters of 2020, Selena Group generated operating profit of PLN 110.2 million vs PLN 64.4 million in the same period of the previous year, up 71.1% year-on-year.

## Net profit

During the three quarters of 2020, Selena Group achieved net profit of PLN 75.7 million compared to PLN 47.0 million posted in the corresponding period of 2019. The Group's net result was primarily influenced by the net financial income, including by valuation of open currency positions (trading settlements and loans received/granted) and interest expense. The negative balance of FX differences was PLN 12.4 million vs the positive balance of PLN 4.2 million for three quarters of 2019. During the three quarters of 2020, the cost of interest on loans and leases totaled PLN 3.1 million net (after reduction by interest income from bank deposits) compared to PLN 4.1 million incurred in the corresponding period of 2019.

For the 9 months ended 30 September 2020, the income tax charge was PLN 20.3 million.

After the 9 months ended 30 September 2020, EBITDA was PLN 138.6 million (including depreciation: PLN 28.4 million), which was by PLN 45.7 million higher year-on-year.

## Asset and financial position

The table below shows selected figures of the consolidated statement of financial position as at 30 September 2020 and 31 December 2019.

Figures in PLN thousand	As at 30.09.2020	As at 31.12.2019	Change	Change %
<b>Non-current assets</b>	<b>324,820</b>	<b>323,592</b>	<b>1,228</b>	<b>0%</b>
Property, plant and equipment	238,720	235,620	3,100	1%
Intangible assets	50,218	52,492	-2,274	-4%
Other long-term assets	35,882	35,480	402	1%
<b>Current assets</b>	<b>675,354</b>	<b>525,151</b>	<b>150,203</b>	<b>29%</b>
Inventories	196,151	150,185	45,966	31%
Trade receivables	330,341	237,892	92,449	39%
Cash and cash equivalents	83,813	85,653	-1,840	-2%
Other current assets	65,049	51,421	13,628	27%
<b>Equity</b>	<b>521,877</b>	<b>459,042</b>	<b>62,835</b>	<b>14%</b>
<b>Liabilities</b>	<b>478,297</b>	<b>389,701</b>	<b>88,596</b>	<b>23%</b>
Bank and other loans	69,667	103,907	-34,240	-33%
Trade liabilities	254,426	143,986	110,440	77%
Other liabilities	154,204	141,808	12,396	9%
	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>		
Current liquidity	1.6	1.8		
Quick ratio	1.1	1.3		
<i>Current liquidity – current assets / current liabilities</i>				
<i>Quick ratio – current assets less stocks / current liabilities</i>				

As at 30 September 2020, the Group's asset position, with an increase in total assets of PLN 151.4 million vs 31 December 2019, was affected by seasonality, resulting in an increase in working capital (inventories, receivables, liabilities).

As at 30 September 2020, the current and quick ratios (1.6 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 30.09.2020	As at 31.12.2019
Bank and other loans	69,667	103,907
Lease liabilities	34,469	37,729
Liabilities on account of prepaid trade receivables	350	12,725
Less cash and cash equivalents	-83,813	-85,653
<b>Net debt</b>	<b>20,673</b>	<b>68,708</b>
Equity attributable to the shareholders of the parent	520,975	458,315
<b>Equity and net debt</b>	<b>541,648</b>	<b>527,023</b>
Gearing (net debt / equity + net debt)	4%	13%
Debt ratio (interest-bearing debt/ total assets)	10%	18%
Net debt / EBITDA*	0.14	0.67

\* 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 decreased vs 31 December 2019 to PLN 69.7 million. The net debt/ EBITDA ratio (bank covenant) fell significantly due to a marked improvement in the Group's net profit. As at 30 September 2020, the debt ratio amounted to 10% and was 8 p.p. higher than at the end of 2019.

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

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

- 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 summed with 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 nine months ended 30 September 2020 and 30 September 2019, respectively.

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	Change
Net cash flows from operating activities	64,131	70,981	-6,850
Net cash flows from investing activities	-20,180	-13,091	-7,089
Net cash flows from financing activities	-46,068	-10,415	-35,653
<b>Change in cash and cash equivalents:</b>	<b>-2,117</b>	<b>47,475</b>	<b>-49,592</b>

Net cash flows for the nine months ended 30 September 2020 were PLN -2.1 million.

Net operating cash flows were PLN 64.1 million, down PLN 6.9 million on the corresponding period of 2019. Changes in net current assets for the three quarters of 2020 were as follows: receivables – up PLN 110.7 million, inventories – up PLN 46.0 million, and liabilities – up PLN 116.1 million. The changes in working capital were mainly influenced by the seasonality of sales, and the situation related to the COVID-19 pandemic.

During the nine months ended 30 September 2020, net cash flows from investing activities were negative at PLN -20.2 million and investment expenses were up PLN 7.1 million year-on-year.

Net cash flows from financing activities for the nine months ended 30 September 2020 were PLN -46.1 million. This figure was mainly affected: repayment of bank and other loans (PLN -77.7 million); repayment of lease liabilities (PLN -11.4 million); proceeds from bank loans (PLN 45.2 million) obtained to fund working capital requirements and investments, and interest paid (PLN -2.5 million).

## 1.5 Seasonality of activities

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 2018–2019 as a point of reference, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 20%, Q2 – 27%, Q3 – 29%, Q4 – 24%. Seasonal fluctuations of sales are primarily affected by the weather and fluctuations in sales in the individual geographies where the Group operates. The current year was also affected by the Covid-19 pandemic.

## 1.6 Delivery of forecasts

Selena Group did not publish any performance forecast for Q3 2020.

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

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

## 1.8 Profit distribution for 2019

On 10 June 2020, the Annual General Meeting of Selena FM S.A. adopted a resolution to distribute the Company's net profit for 2019 in the amount of PLN 52,633,039.31 as follows: PLN 9,775,999.90 to cover losses carried over from previous years; the remainder of PLN 42,887,039.41 to be transferred entirely to the Company's supplementary capital.

## 1.9 Main shareholders of the Parent Company

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

Shareholder	Share types	Number of shares acquired	Share in registered capital	Number of votes	Share in votes at the AGM
Syrius Investments S.a.r.l.*	Registered preference shares	4,000,000	17.52%	8,000,000	29.81%
	Bearer shares	13,813,000	60.49%	13,813,000	51.48%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. **	Bearer shares	1,857,004	8.13%	1,857,004	6.92%

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

\*\* as at 22 October 2020, based on data from KDPW

## 1.10 Shareholdings by executive and non-executive directors

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

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

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

## 1.11 Litigations

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

In the period until the date of approval of this quarterly report, neither Selena FM S.A. nor any company from its Group was party to any significant new court disputes, except for those specified in Note 8.1 to the Group's interim condensed consolidated financial statements for the period ended 30 June 2020.

## 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 to the interim condensed standalone financial statements of Selena FM S.A. for the six months ended 30 June 2020. As at 30 September 2020, the valuation of those guarantees according to IFRS 9 is immaterial.

## 1.13 Factors that will affect financial performance in the next quarter

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

**The macroeconomic situation in Poland and world-wide.** The IMF forecast of October 2020 shows that the world economy will record a GDP decline of 4.4% this year, and in the next year it will return to the growth path at +5.2%. What is particularly important, the European Union countries will achieve -8.3% and +5.2%, respectively. For the USA, the IMF forecasts a decrease of -4.3% in 2020 (+3.1% in 2021); for China an increase of 1.9% (+8.2% in 2021), and for Russia a decrease of 4.1% (+2.8% in 2021). For Poland, the IMF forecasts a relatively low GDP decline of 3.6% in 2020, and a rebound of 4.6% in 2021.

**Situation in the construction sector.** According to the May forecast of the European Commission, expenditures on construction projects in the EU Member States are to decrease by 6.7% in 2020, and will recover to 5.2% in 2021. Poland is to see a drop of 3.7% in 2020 and an increase of 1.0% in 2021. Decreases are forecast also for other European countries where Selena Group operates: Spain of 18.4%, the Czech Republic 1.1%, Hungary 4.2%, Bulgaria 10.7% and Italy 14.1%; this is with the exception of Romania, which expected to see an increase of 3.6%.

**Availability of financing.** According to the results of the PENGAB banking business sentiment index published by the Polish Banks Association, in September this year the market sentiment improved in 6-month forecasts: 48% of bankers point to an increase, 45% to stabilisation, and only 7% to a decrease in housing loans.

**FX rates.** According to the consensus of currency forecasts published by Thomson Reuters in November 2020, following a weaker period, in the coming months the zloty should become stable with a slight appreciation trend towards 4.52 EUR/PLN at the end of the year. One should also expect a slight strengthening of Central European currencies. Towards the year-end, the following currency rates are expected (for the main markets): EUR/RUB 88.8 EUR/TRY 9.43 EUR/CZK 26.3 EUR/HUF 362 EUR/RON 4.88 EUR/UAH 34.1.

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

## 1.14 Other significant information

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



# Condensed consolidated financial statements

## 2. Condensed consolidated financial statements

### CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
<b>Continued operations</b>					
Revenue from the sale of products		955,332	935,564	395,387	361,664
Revenue from the sale of goods and raw materials		78,530	71,821	37,084	29,559
Revenue from the sale of services and lease		1,656	1,532	868	538
<b>Revenue from contracts with customers</b>	<b>2.2</b>	<b>1,035,518</b>	<b>1,008,917</b>	<b>433,339</b>	<b>391,761</b>
Cost of sales		676,747	694,194	277,485	272,109
<b>Gross profit on sales</b>		<b>358,771</b>	<b>314,723</b>	<b>155,854</b>	<b>119,652</b>
Selling and marketing costs		164,597	159,207	60,869	56,533
General and administrative expenses		84,771	78,621	28,480	26,055
Other operating income	2.3.1	11,041	3,760	5,916	1,098
Other operating costs	2.3.1	6,613	8,700	4,623	3,659
Impairment of non-financial fixed assets		1,558	4,739	-30	4,739
Impairment of financial assets		2,032	2,793	1,657	-16
<b>Operating profit</b>		<b>110,241</b>	<b>64,423</b>	<b>66,171</b>	<b>29,780</b>
Financial income	2.3.2	4,171	8,281	1,344	4,923
Financial expenses	2.3.2	18,915	9,509	8,442	1,829
Share in net profit/loss of the associate		484	470	0	0
<b>Profit before tax</b>		<b>95,981</b>	<b>63,665</b>	<b>59,073</b>	<b>32,874</b>
Income tax	2.4	20,300	16,690	14,724	6,620
<b>Net profit for the financial year</b>		<b>75,681</b>	<b>46,975</b>	<b>44,349</b>	<b>26,254</b>

<b>Net profit attributable to:</b>					
– shareholders of the parent		75,529	46,816	44,268	26,188
– non-controlling interests		152	159	80	66

Earnings per share attributable to the shareholders of the parent	(PLN/share)	(PLN/share)		
– basic	3.31	2.05	1.94	1.15
– diluted	3.31	2.05	1.94	1.15

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
<b>Profit after tax</b>	<b>75,681</b>	<b>46,975</b>	<b>44,349</b>	<b>26,254</b>
FX differences arising on translation of the foreign associate	-5,511	641	-2,498	-1,390
FX differences on measurement of investments in the net assets of the foreign associate	-6,971	4,645	-7,635	7,102
Income tax	-358	-1,651	670	-1,403
<b>Other comprehensive income subject to reclassification to profit or loss:</b>	<b>-12,840</b>	<b>3,635</b>	<b>-9,463</b>	<b>4,309</b>
<b>Other comprehensive income for the period, after tax</b>	<b>-12,840</b>	<b>3,635</b>	<b>-9,463</b>	<b>4,309</b>
<b>Total comprehensive income</b>	<b>62,841</b>	<b>50,610</b>	<b>34,886</b>	<b>30,563</b>
<b>Attributable to:</b>				
– shareholders of the parent	62,660	50,439	34,799	30,478
– non-controlling interests	181	171	87	85

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.09.2020	As at 31.12.2019
<b>ASSETS</b>			
Property, plant and equipment		238,720	235,620
Intangible assets		50,218	52,492
Investments accounted for using the equity method		6,013	5,954
Deferred tax assets		21,277	20,867
Other long-term non-financial assets		7,484	7,337
Other long-term financial assets		1,108	1,322
<b>Total non-current assets</b>		<b>324,820</b>	<b>323,592</b>
Inventories	2.5.2	196,151	150,185
Other short-term non-financial assets		51,540	39,106
Trade receivables	2.5.1	330,341	237,892
CIT claimed		2,188	4,228
Other short-term financial assets		11,321	8,087
Cash and cash equivalents	2.6.2	83,813	85,653
<b>Total current assets</b>		<b>675,354</b>	<b>525,151</b>
<b>TOTAL ASSETS</b>		<b>1,000,174</b>	<b>848,743</b>
<b>LIABILITIES AND EQUITY</b>			
Registered capital		1,142	1,142
FX differences arising on translation of the foreign associate		-44,265	-31,396
Supplementary capital		659,757	608,648
Other reserves		9,633	9,633
Retained profit/ loss carried forward		-105,292	-129,712
– retained profit/ loss from previous years		-180,821	-169,211
– profit (loss) after tax		75,529	39,499
<b>Equity attributable to the shareholders of the parent</b>		<b>520,975</b>	<b>458,315</b>
Non-controlling interests		902	727
<b>Total equity</b>		<b>521,877</b>	<b>459,042</b>
Long-term portion of bank and other loans	2.5.1	22,187	69,515
Long term lease liabilities		22,441	23,479
Other long term financial liabilities		113	109
Deferred tax assets		2,402	3,843
Other long term non-financial liabilities		1,446	1,598
Long-term provisions	2.5.2	8,055	4,690
<b>Non-current liabilities</b>		<b>56,644</b>	<b>103,234</b>
Trade liabilities	2.5.1	254,426	143,986
Obligations to return remuneration		26,533	19,556
Short-term portion of bank and other loans	2.5.1	47,480	34,392
Short-term lease liabilities		12,028	14,250
Other short term financial liabilities		4,073	16,841
CIT tax payable		15,953	8,324
Other short term non-financial liabilities		55,606	43,910
Short-term provisions	2.5.2	5,554	5,208
<b>Current liabilities</b>		<b>421,653</b>	<b>286,467</b>
<b>Total liabilities</b>		<b>478,297</b>	<b>389,701</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,000,174</b>	<b>848,743</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Cash flows from operating activities</b>			
<b>Profit (loss) before tax</b>		<b>95,981</b>	<b>63,665</b>
Share in the result of the entities accounted for using the equity method		-484	-470
Depreciation/ amortisation		28,386	28,514
FX gains (losses)		-12,303	1,426
Interest and dividends		3,125	4,059
Profit/ (loss) on investing activities		-2,565	4,631
Change in the balance of receivables		-110,653	-97,589
Change in the balance of inventories		-45,966	11,958
Change in the balance of obligations		116,133	62,541
Change in the balance of provisions		3,711	-507
CIT paid		-13,067	-7,649
Other		1,833	402
<b>Net cash flows from operating activities</b>		<b>64,131</b>	<b>70,981</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, and intangible assets		-21,129	-15,203
Inflows from sale of tangible and intangible assets		445	966
Dividends and interest received		504	628
Repayments of loans granted		0	445
Other		0	73
<b>Net cash flows from investing activities</b>		<b>-20,180</b>	<b>-13,091</b>
<b>Cash flows from financing activities</b>			
Inflows from bank/ other loans received		45,167	81,592
Repayment of bank and other loans		-77,677	-70,965
Repayment of lease liabilities		-11,358	-10,524
Dividends paid to owners		-6	-6,856
Interest paid		-2,464	-3,720
<i>including lease interest</i>		-260	-251
Other		270	58
<b>Net cash flows from financing activities</b>		<b>-46,068</b>	<b>-10,415</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-2,117</b>	<b>47,475</b>
Change in cash and cash equivalents, including: net FX differences		-1,840	47,457
		277	-18
Cash and cash equivalents at the beginning of the period*		85,653	45,501
Cash and cash equivalents at the end of the period*		83,813	92,958

\*including restricted cash:

as at 30 September 2020: PLN 0.05m

as at 30 September 2019: PLN 0.05m

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

### FOR 9 MONTHS ENDED 30 SEPTEMBER 2020

Figures in PLN thousand	Equity attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of the foreign associate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2020	1,142	608,648	-31,396	9,633	-129,712	0	458,315	727	459,042
Profit for the financial year	0	0	0	0	0	75,529	75,529	152	75,681
Other net comprehensive income for the period	0	0	-12,869	0	0	0	-12,869	29	-12,840
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-12,869</b>	<b>0</b>	<b>0</b>	<b>75,529</b>	<b>62,660</b>	<b>181</b>	<b>62,841</b>
Transfer of profit to the supplementary capital	0	51,109	0	0	-51,109	0	0	0	0
Dividend	0	0	0	0	0	0	0	-6	-6
As at 30 September 2020	1,142	659,757	-44,265	9,633	-180,821	75,529	520,975	902	521,877

### FOR 9 MONTHS ENDED 30 SEPTEMBER 2019

Figures in PLN thousand	Attributable to the shareholders of the parent						Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of the foreign associate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
As at 1 January 2019	1,142	577,016	-31,716	9,633	-130,729	0	425,346	557	425,903
Net profit (loss) for the financial year	0	0	0	0	0	46,816	46,816	159	46,975
Other net comprehensive income for the period	0	0	3,623	0	0	0	3,623	12	3,635
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>3,623</b>	<b>0</b>	<b>0</b>	<b>46,816</b>	<b>50,439</b>	<b>171</b>	<b>50,610</b>
Transfer of profit to the supplementary capital	0	31,629	0	0	-31,629	0	0	0	0
Dividend	0	0	0	0	-6,850	0	-6,850	-6	-6,856
As at 30 September 2019 (unaudited)	1,142	608,645	-28,093	9,633	-169,208	46,816	468,935	722	469,657

## 2.1 General information

### 2.1.1 Characteristics of the Parent Company

#### Parent Company

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

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

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

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

The core business of Selena FM S.A. as the parent entity in Selena Group is distribution of the Group's products into foreign markets and into the domestic market (as a multi-distributor), and provision of advice to its subsidiaries with regard to strategic management, finance management, sales strategy and bookkeeping services. The Company is responsible for strategic management of Selena Group, which comprises the entities referred to in Note 2.1.2.

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

#### Management Board of the Parent Company

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

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

#### Changes in the Management Board in 2020:

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

As at 30 September 2020, the Parent Company's Management Board was composed of:

- Krzysztof Domarecki – Management Board President;
- Dariusz Ciesielski – Vice President for Sales;
- Christian Dölle – Vice President for Marketing;
- Jacek Michalak – Management Board Member for Finance;
- Marek Tomanek – Management Board Member for Operations.

By the date of publication of this quarterly report, no other changes took place in the composition of the Management Board of the parent company.

## **Supervisory Board of the Parent Company**

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

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

In the period from 1 January 2020 to the date of publication of this quarterly report, there were no changes in the composition of the Supervisory Board.

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

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

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

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

### Changes in the Audit Committee composition in 2020:

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

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

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

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

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

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

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

As at 31 December 2019, the Nominations and Remuneration Committee was composed of:

- Borysław Czyżak – Chairman of the Nominations and Remuneration Committee;
- Marlena Łubieszko-Siewruk – member of the Nominations and Remuneration Committee.

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

## 2.1.2 Information about the Group

### Selena Group's activities

Selena Group (Selena Group, Group) is an international producer and distributor of construction chemicals. The core business of the Group includes production, distribution and sale of construction chemicals and general building accessories. The Group's product range includes:

- gun and straw foams;
- high-yield and low-pressure foams;
- summer, winter and multi-season foams;
- specialist foams;
- foam adhesives;
- sealants;
- mounting and industrial adhesives, chemical anchors;
- flooring systems;
- thermal insulation systems (ETICS);
- systems for finishing interior walls;
- systems for ceramic tiles;
- mortars;
- waterproofing products;
- passive fire protection solutions;
- building accessories.

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

The Group's production plants are located in Poland, China, Romania, Turkey, Spain, Kazakhstan and Italy, and its products are available in more than 100 countries in the world. Selena also carries on R&D activity in Poland, Spain, Turkey, China and Italy.

### Group members

The ownership and organisational structure of the Group and division into operating segments were presented in Note 2.2. to the consolidated financial statements for 2019.

### Changes in the Group composition

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

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

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

On 13 February 2020, a newly formed company of Selena Group trading as Selena Mexico S.de R.L. de C.V. based in Guadalajara (Federal Republic of Mexico) was registered in the business register kept by the Commercial Register in Guadalajara. The company's share capital is MXN 10 thousand (fixed) and MXN 1,484 thousand (variable). The figures stated in Mexican peso are the equivalent of PLN 2,000 and PLN 312 thousand, respectively, calculated at the average exchange rate of the National Bank of Poland of 14 February 2020 (1 MXN = 0.2104 PLN). 95% stake in the subsidiary was acquired by Selena FM S.A. and 5% by Selena S.A.

### **2.1.3 Information about the financial statements**

#### **Interim report**

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

#### **Period covered by the financial statements**

These financial statements are interim condensed consolidated financial statements of Selena Group. They cover the period of nine months ended 30 September 2020 and data as at that date.

The consolidated income statement and the consolidated statement of comprehensive income cover the data for nine months ended 30 September 2020 and comparative data for the period of nine months ended 30 September 2019.

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

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

#### **Notes**

Notes are an integral part of these condensed consolidated financial statements.

#### **Audit and review of financial statements**

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

#### **Approval of the report**

These condensed consolidated financial statements were approved for publication by the Management Board of the Parent Company on 26 November 2020.

#### **Measurement and reporting currency**

The currency used for measurement and presentation of financials in this 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 30.09.2020	As at 31.12.2019	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
1 USD	3.8658	3.7977	3.9337	3.8426	3.7583	3.8504
1 EUR	4.5268	4.2585	4.4420	4.3086	4.4436	4.2911
100 HUF	1.2412	1.2885	1.2666	1.3295	1.2538	1.3119
1 UAH	0.1365	0.1602	0.1471	0.1472	0.1349	0.1535
1 CZK	0.1666	0.1676	0.1677	0.1675	0.1676	0.1672
1 RUB	0.0493	0.0611	0.0547	0.0593	0.0499	0.0607
1 BRL	0.6864	0.9448	0.7716	0.9839	0.6975	1.0158
1 BGN	2.3145	2.1773	2.2712	2.2030	2.2720	2.1940
1 CNY	0.5674	0.5455	0.5625	0.5598	0.5464	0.5598
100 KRW	0.3303	0.3291	0.3271	0.3302	0.3179	0.3257
1 RON	0.9291	0.8901	0.9191	0.9081	0.9165	0.9067
1 TRY	0.4983	0.6380	0.5788	0.6808	0.5114	0.6948
100 KZT	0.8906	0.9916	0.9589	1.0059	0.8931	1.0012
1 MXN	0.1729	-	0.1797	-	0.1700	-

### Going concern

At the date of approval of this quarterly report, no circumstances occurred that would point to a risk to continuity of operations. 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 extended consolidated financial statements for the third quarter of 2020 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 2019.

#### Impact of new and amended standards and interpretations

The following list presents new standards and changes to the existing standards that became effective on 1 January 2020:

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 related to the IBOR reform;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to References to the Conceptual Framework in IFRS;

The above standards and amendments to standards did not have any material impact on the Group's accounting policy or its interim condensed consolidated financial statements.

## Published standards and interpretations which have not come into force and which were not adopted earlier

The below list presents published standards, interpretations or amendments to existing standards before their effective date:

- IFRS 17 Insurance Contracts, and amendments to IFRS 17;
- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements to IFRS Standards 2018–2020;
- Amendments to IFRS 16 Leases
- Amendments to IFRS 4: Application of IFRS 9 “Financial Instruments”;
- IFRS 14 Regulatory Deferral Accounts;
- Improvements to IFRS 10 and IAS 28 relating to sales or contributions of assets between an investor and its associates/ joint ventures;

The effective dates are the dates arising from the standards published by the International Financial Reporting Board. The effective dates of the standards in the European Union may differ from the effective dates arising from the standards and are announced upon the adoption of the standards by the European Union.

The Group has not decided on early adoption of any standard, interpretation or amendment which have been published but not become effective yet. The Group is currently analyzing how the above amendments will affect the consolidated financial statements.

## 2.2 Operating segments

The organisation structure of Selena 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:

$$\text{EBITDA} = \text{Net profit/ loss} + \text{Income tax} \pm \text{share in the profit/loss of the associate} \pm \text{financial costs/ income} + \text{Depreciation/amortisation}$$



The accounting principles used for preparation of the financial data for reporting segments comply with the Group's accounting policy adopted in the preparation of these financial statements and described in the Group's consolidated financial statements for 2019.

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.

Revenues are allocated to segments based on the seller's registered office location. 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.

Management of the Group's funding sources, financial income and costs 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.

Selena Group does not have key customers, i.e. such which would account for more than 10% of the its revenues.

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

from 01.01.2020 to 30.09.2020	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	669,544	305,843	60,131	1,035,518	0	1,035,518
Sales within a segment	777,363	28,413	0	805,776	-805,776	0
Sales between segments	213,720	8,537	0	222,257	-222,257	0
EBITDA	203,520	35,619	4,198	243,337	-104,710	138,627
Depreciation/ amortisation	-16,336	-2,031	-44	-18,411	-9,975	-28,386
<b>Operating profit (loss)</b>	<b>187,184</b>	<b>33,588</b>	<b>4,154</b>	<b>224,926</b>	<b>-114,685</b>	<b>110,241</b>
Net financial revenue/ (expenses)	0	0	0	0	-14,744	-14,744
Share in profit of the associate	0	484	0	484	0	484
Income tax	0	0	0	0	-20,300	-20,300
<b>Net profit (loss) for the period</b>	<b>187,184</b>	<b>34,072</b>	<b>4,154</b>	<b>225,410</b>	<b>-149,729</b>	<b>75,681</b>
Capital expenditure	20,523	1,367	25	21,915		21,915

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

from 01.01.2019 to 30.09.2019	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	648,772	303,124	57,021	1,008,917	0	1,008,917
Sales within a segment	659,855	28,029	0	687,884	-687,884	0
Sales between segments	182,299	2,702	0	185,001	-185,001	0
EBITDA	150,557	33,955	5,413	189,925	-96,988	92,937
Depreciation/ amortisation	-16,102	-2,913	-93	-19,108	-9,406	-28,514
<b>Operating profit (loss)</b>	<b>134,455</b>	<b>31,042</b>	<b>5,320</b>	<b>170,817</b>	<b>-106,394</b>	<b>64,423</b>
Net financial revenue/ (expenses)	0	0	0	0	-1,228	-1,228
Share in profit of the associate	0	470	0	470	0	470
Income tax	0	0	0	0	-16,690	-16,690
<b>Net profit (loss) for the period</b>	<b>134,455</b>	<b>31,512</b>	<b>5,320</b>	<b>171,287</b>	<b>-124,312</b>	<b>46,975</b>
Capital expenditure	12,170	1,873	5	14,048		14,048

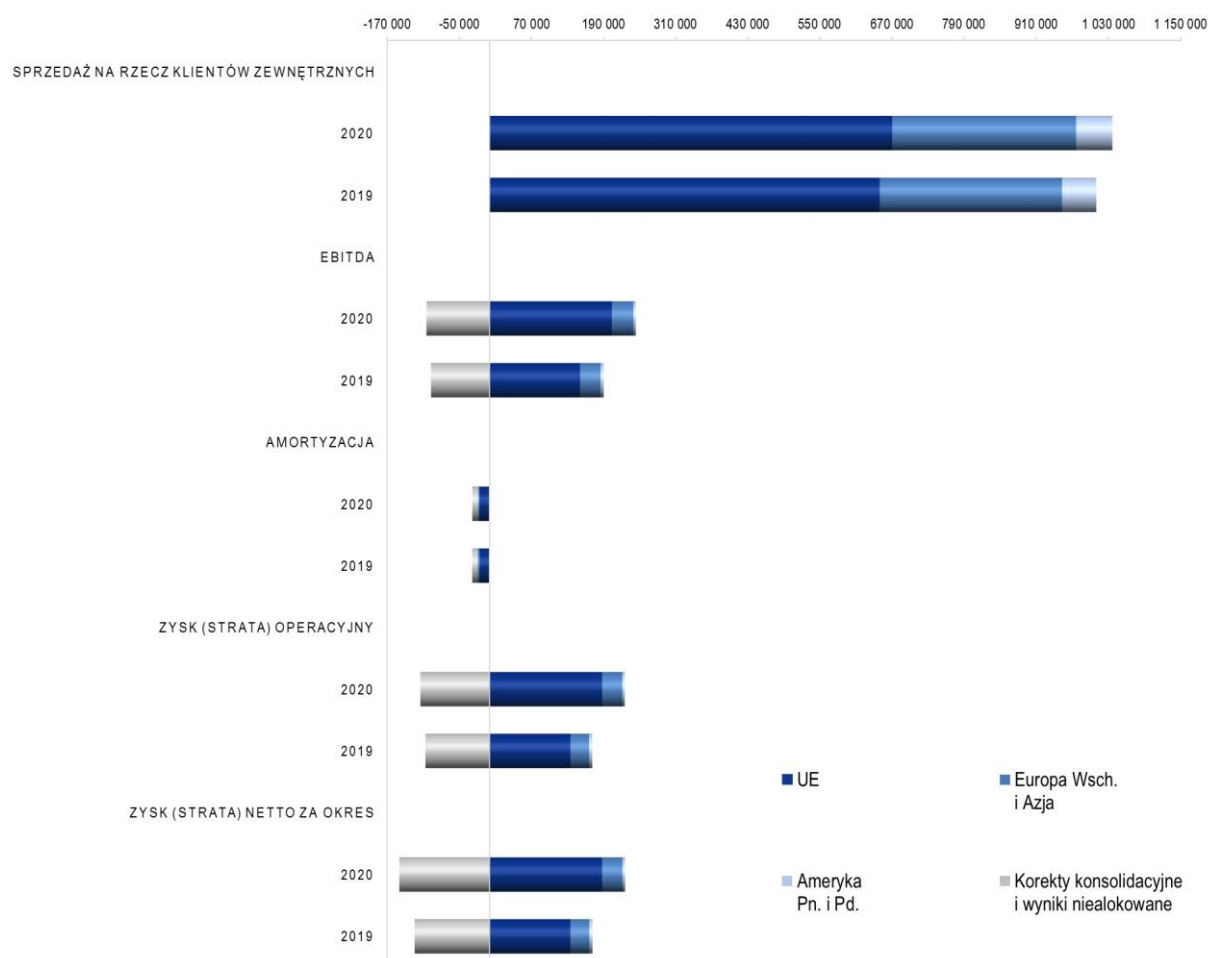
\* consolidation adjustments, general and administrative expenses, result on financial activities and income tax

from 01.07.2020 to 30.09.2020	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	275,575	133,762	24,002	433,339	0	433,339
Sales within a segment	334,763	11,893	0	346,656	-346,656	0
Sales between segments	99,473	5,809	0	105,282	-105,282	0
EBITDA	95,378	17,565	301	113,244	-37,248	75,996
Depreciation/ amortisation	-5,589	-563	-15	-6,167	-3,658	-9,825
<b>Operating profit (loss)</b>	<b>89,789</b>	<b>17,002</b>	<b>286</b>	<b>107,077</b>	<b>-40,906</b>	<b>66,171</b>
Net financial revenue/ (expenses)	0	0	0	0	-7,098	-7,098
Share in profit of the associate	0	0	0	0	0	0
Income tax	0	0	0	0	-14,724	-14,724
<b>Net profit (loss) for the period</b>	<b>89,789</b>	<b>17,002</b>	<b>286</b>	<b>107,077</b>	<b>-62,728</b>	<b>44,349</b>
Capital expenditure	7,946	410	22	8,378	0	8,378

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

from 01.07.2019 to 30.09.2019	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non- allocated results*	Total
<b>Figures in PLN thousand</b>						
Sales to external customers	239,977	130,212	21,572	391,761	0	391,761
Sales within a segment	255,671	9,009	0	264,680	-264,680	0
Sales between segments	73,973	521	0	74,494	-74,494	0
EBITDA	50,088	15,770	2,200	68,058	-28,622	39,436
Depreciation/ amortisation	-5,454	-1,007	-30	-6,491	-3,165	-9,656
<b>Operating profit (loss)</b>	<b>44,634</b>	<b>14,763</b>	<b>2,170</b>	<b>61,567</b>	<b>-31,787</b>	<b>29,780</b>
Net financial revenue/ (expenses)	0	0	0	0	3,094	3,094
Share in profit of the associate	0	0	0	0	0	0
Income tax	0	0	0	0	-6,620	-6,620
<b>Net profit (loss) for the period</b>	<b>44,634</b>	<b>14,763</b>	<b>2,170</b>	<b>61,567</b>	<b>-35,313</b>	<b>26,254</b>
Capital expenditure	5,117	411	2	5,530		5,530

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

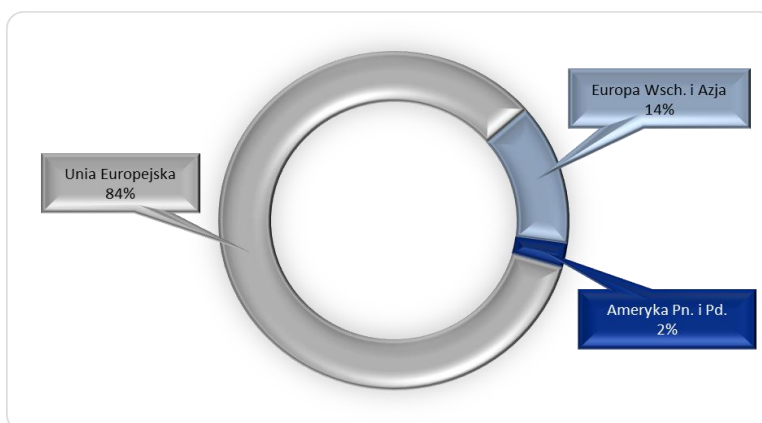


The tables below show data on assets allocated to individual geographic segments as at 30 September 2020 and 31 December 2019.

Figures in PLN thousand	as at 30.09.2020					
	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,290,888	215,998	32,506	1,539,392	-568,696	970,696
Investment in the associate	0	6,013	0	6,013	0	6,013
Non-allocated assets	0	0	0	0	0	23,465
<b>Total assets</b>	<b>1,290,888</b>	<b>222,011</b>	<b>32,506</b>	<b>1,545,405</b>	<b>-568,696</b>	<b>1,000,174</b>

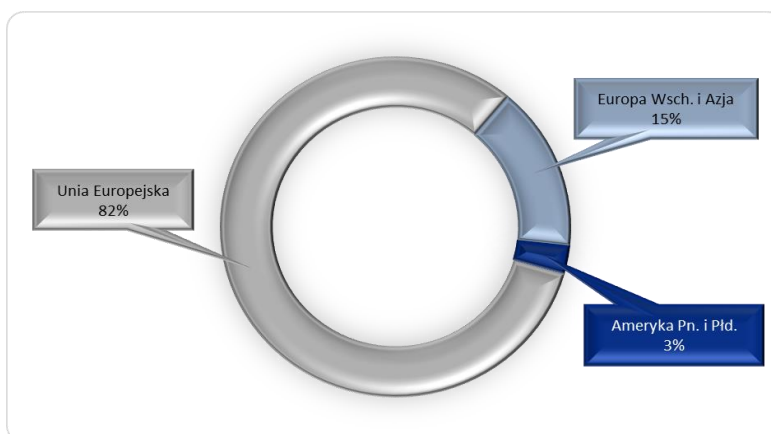
Figures in PLN thousand	as at 31.12.2019					
	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments	Total
Segment assets	1,014,280	194,036	33,317	1,241,633	-423,939	817,694
Investment in the associate	0	5,954	0	5,954	0	5,954
Non-allocated assets	0	0	0	0	0	25,095
<b>Total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

**segment assets  
as at 30.09.2020**



%  
of the given segment in the total segments before consolidation adjustments

**segment assets  
as at 31.12.2019**



of the given segment in the total segments before consolidation adjustments

## 2.3 Notes to the consolidated income statement

### 2.3.1 Other operating income and operating costs

#### Other operating income

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Profit from disposal of non-financial fixed assets	221	561	-29	129
Subsidies	8,236	1,511	3,752	546
Damages	151	442	40	-22
Provisions released	79	464	18	222
Repayment of receivables written off in previous periods	1,048	0	1,048	0
Reimbursement of overpaid social insurance fees	992	0	992	0
Other	314	782	95	223
<b>Total other operating income</b>	<b>11,041</b>	<b>3,760</b>	<b>5,916</b>	<b>1,098</b>

## Other operating costs

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Loss on disposal of non-financial fixed assets	45	31	26	0
Uncollectible receivables written off	1,383	1,732	1,167	-49
Damages, penalties, fines	818	1,338	0	689
Provisions raised	2,963	5	2,956	-6
Costs of impairment, liquidation of inventories and net inventory-taking difference*	0	4,701	0	2,683
Donations made	863	163	255	115
Other	541	730	219	227
<b>Total other operating costs</b>	<b>6,613</b>	<b>8,700</b>	<b>4,623</b>	<b>3,659</b>

\* in 2020, inventory impairment and liquidation costs as well as the result of the inventory settlement were presented in the cost of sales

## 2.3.2 Financial income and costs

### Financial income

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
FX gains	2,410	6,314	184	3,436
Interest on deposits and bank accounts	130	144	-21	62
Other interest	49	371	21	19
Dividends and profit sharing	20	21	20	21
Forward contracts	1,549	0	1,154	0
Result on the exercise of the call option (Uniflex S.R.L)	0	1,347	0	1,347
Other financial income	13	84	-14	38
<b>Total financial income</b>	<b>4,171</b>	<b>8,281</b>	<b>1,344</b>	<b>4,923</b>

### Financial expenses

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
FX losses	14,807	2,074	7,586	-764
Interest on bank and other loans	2,202	3,454	64	1,228
Interest on leases	1,014	760	642	244
Other interest	111	155	12	69
Forward contracts	0	1,854	0	840
Other financial expenses	781	1,212	138	212
<b>Total financial expenses</b>	<b>18,915</b>	<b>9,509</b>	<b>8,442</b>	<b>1,829</b>

In 2020, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. In accordance with its hedging policy, the Company hedges an active part of currency exposure. The Company uses such financial instruments solely to hedge its FX risk and does not use them for speculative purposes. The Company does not use hedge accounting within the meaning of IFRS 9.

As at 30 September 2020, Selena FM S.A. had open forward contracts. The loss on the valuation of unrealised contracts was PLN 284 thousand (including valuation of open contracts of PLN -380 thousand as at 30 September 2020). The gain on exercise of the contracts was PLN 1,833 thousand. The result on transactions of PLN 1,549 thousand was recognised in financial income under "Forward contracts".

## 2.4 Taxation

### Tax charge

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Current income tax:</b>		
Current income tax charge	22,860	15,197
Corrections to the current income tax from previous years	-407	-29
<b>Deferred income tax:</b>		
Connected with origination and reversal of temporary differences	-2,153	1,522
<b>Tax disclosed in consolidated income statement</b>	<b>20,300</b>	<b>16,690</b>

### Reconciliation of the effective tax rate

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Profit (loss) before tax</b>	<b>95,981</b>	<b>63,665</b>
Tax at the Polish statutory rate of 19%	18,236	12,096
Costs/ (revenues) not included in the taxation basis	1,707	2,231
Tax effect of the losses not included in the taxation basis	1,418	1,924
Corrections to the current income tax from previous years	-406	-29
Use of tax losses from previous years after taking into account the realized asset	-1,650	-920
Use of the deferred asset relating to trademarks	1,292	1,292
Tax relief for operations in the Special Economic Zone	-795	-55
<b>Effect of other tax rates in foreign affiliates</b>	<b>498</b>	<b>151</b>
<b>Tax at the effective tax rate</b>	<b>20,300</b>	<b>16,690</b>
<b>Effective tax rate</b>	<b>21%</b>	<b>26%</b>

## 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 30.09.2020	As at 31.12.2019
<b>Financial assets measured at amortised cost</b>		
Trade receivables	330,341	237,892
<i>Restricted cash</i>	127	378
<i>Other</i>	162	125
Total – Other long term financial assets measured at amortised cost	289	503
<i>Settlements with customers on account of credit card payments</i>	8,257	5,023
<i>Promissory notes, cheques</i>	631	214
<i>Security deposits</i>	731	618
<i>Other</i>	1,655	2,232
Total other short term financial assets measured at amortised cost	11,274	8,087
Cash and cash equivalents	83,813	85,653
<b>Financial assets measured at fair value through profit and loss</b>		
Other short-term financial assets – forward contracts	47	0
<b>Financial assets measured at fair value through other comprehensive income</b>		
Other long-term financial assets – shares in non-listed companies	819	819
<b>Total</b>	<b>426,583</b>	<b>332,954</b>

Figures in PLN thousand	As at 30.09.2020	As at 31.12.2019
<b>Financial liabilities measured at amortised cost</b>		
<i>Bank and other loans</i>	69,667	103,907
<i>Lease liabilities</i>	34,469	37,729
<i>Other short-term financial liabilities – Liabilities on account of prepaid trade receivables</i>	350	12,725
<b>Total – Interest-bearing debt</b>	<b>104,486</b>	<b>154,361</b>
<b>Trade liabilities</b>	<b>254,426</b>	<b>143,986</b>
<i>Investment liabilities</i>	2,910	1,591
<i>Other</i>	386	2,429
<b>Total – Other short term financial liabilities (not specified above)</b>	<b>3,296</b>	<b>4,020</b>
<i>Other</i>	113	109
<b>Other long term financial liabilities</b>	<b>113</b>	<b>109</b>
<b>Financial liabilities measured at fair value through profit or loss</b>		
<i>Other short-term liabilities – forward contracts</i>	427	96
<b>Total</b>	<b>362,748</b>	<b>302,572</b>

The Group's exposure to various risk types related to financial instruments is discussed in Note 2.6.2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets listed above. Fair value of financial instruments that Selena Group held as at 30 September 2020 and 31 December 2019 was not materially different from the values presented in the financial statements:

- with regard to short-term instruments, the potential effect of the discount is not material;
- the instruments relate to the transactions concluded on market terms.

The fair valuation of currency contracts through profit or loss has been classified to Level 2 of the fair value hierarchy (i.e. valuation using observable inputs other than quoted prices). The present value of future cash flows is determined based on forward FX rates as at the balance sheet date. Valuation of shares in unlisted companies was classified to Level 2 of the fair value hierarchy. In Q3 2020, Selena Group did not recognise the result from the fair valuation of these assets in other comprehensive income.

## Loans and advances

The incurred bank loans are presented in the table below

Ref	Loan type	Maturity date	As at 30.09.2020		As at 31.12.2019	
			Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2020	0	0	0	19,816
2	Working capital loan	2021	8,720	33,461	61,972	3
3	Other	2020-2025	13,467	14,019	7,543	14,573
			<b>22,187</b>	<b>47,480</b>	<b>69,515</b>	<b>34,392</b>

On 6 August 2020, a loan agreement was signed by the subsidiary Selena Vostok. The loan amount is RUB 300 million, and the credit period is set at 12 months from the signing date. It is secured by a corporate guarantee of Selena FM S.A.

After Selena Vostok OOO had signed an annex to the loan agreement and the credit period had been extended, on 17 August 2020, the Parent Company issued a new corporate guarantee to secure the Bank's receivables under the above loan agreement. The guarantee amount is RUB 350 million. The guarantee will remain in force until 21 August 2021.

## 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 consolidated financial ratios at the levels agreed with banks. As at 30 September 2020, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

## 2.5.2 Non-financial assets and liabilities

### Inventories

Figures in PLN thousand	As at 30.09.2020	As at 31.12.2019
Raw materials	66,602	46,244
Work in progress	6,023	3,222
Finished goods	104,634	87,266
Goods for resale	18,892	13,453
<b>Total inventories, net</b>	<b>196,151</b>	<b>150,185</b>
Impairment allowance for inventories	6,476	3,886
<b>Total inventories, gross</b>	<b>202,627</b>	<b>154,071</b>

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

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Impairment allowance for inventories at the beginning of the period</b>	<b>3,886</b>	<b>5,877</b>
Recognition of an impairment allowance for inventories	4,556	4,300
Reversal of an impairment allowance for inventories	-1,690	-1,171
Utilisation of an impairment allowance for inventories	-263	-1,000
FX differences arising on translation	-13	50
<b>Impairment allowance for inventories at the end of the period</b>	<b>6,476</b>	<b>8,056</b>

### Provisions

Figures in PLN thousand	from 01.01.2020 to 30.09.2020			from 01.01.2019 to 31.12.2019		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
<b>Long term</b>						
<b>Balance at the beginning of the period</b>	<b>3,626</b>	<b>1,064</b>	<b>4,690</b>	<b>3,141</b>	<b>153</b>	<b>3,294</b>
Provisions raised	810	2,956	3,766	846	0	846
Provisions released	-551	0	-551	-371	0	-371
Provisions used	-15	0	-15	-30	0	-30
FX differences	144	-156	-12	-24	4	-20
Reclassification	0	177	177	64	907	971
<b>Balance at the end of the period</b>	<b>4,014</b>	<b>4,041</b>	<b>8,055</b>	<b>3,626</b>	<b>1,064</b>	<b>4,690</b>
<b>Short term</b>						
<b>Balance at the beginning of the period</b>	<b>0</b>	<b>5,208</b>	<b>5,208</b>	<b>5</b>	<b>6,314</b>	<b>6,319</b>
Provisions raised	0	554	554	0	871	871
Provisions released	0	-79	-79	-5	-490	-495
Provisions used	0	-322	-322	0	-1,002	-1,002
FX differences	0	9	9	0	-102	-102
Reclassification	0	184	184	0	-383	-383
<b>Balance at the end of the period</b>	<b>0</b>	<b>5,554</b>	<b>5,554</b>	<b>0</b>	<b>5,208</b>	<b>5,208</b>

In Q3 2020, a provision of PLN 2.9 million was raised for a potential additional settlement of Brazilian goods and services tax (ICMS).



## 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.

In Q3 2020, no significant changes were made to the assumption areas or methods. The business and macroeconomic assumptions underlying the estimates and judgements are updated on an ongoing basis depending on changes in the environment of the Parent Company and the Group companies, and business plans and projections.

The Group conducted qualitative and quantitative analyses to assess the potential effects of the COVID-19 pandemic. These analyses also included the valuation of fixed and current assets in terms of potential impairment. As at 30 September 2020, no need was identified to recognise any impairment losses on assets due to the epidemic.

### 2.6.2 Financial risk management

When analysing the goals and rules of financial risk management in the Group, the Management Board considers the following factors:

- specific nature of the sector and its typical transactions and connection with the Group's external environment;
- location of the individual entities and the resulting operating, financial, business, legal and tax implications;
- distribution of operating and management roles between the Group companies
- planned growth of the Group companies and the related demand for capital;
- the Group's micro and macroeconomic environment.

On the basis of the analysis of these factors, the Management Board considers the following financial risks:

- FX risk;
- interest rate risk;
- credit risk;
- liquidity risk;
- other (specific risks).

In Q3 2020, no significant changes occurred to the rules and tools used for financial risk management.

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

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

### Currency risk

For the purpose of risk analysis, currency risk is defined as a risk of volatility of the future cash flows denominated in other currencies than the Selena 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 current assets and liabilities exposed to fluctuations in the following currencies: EUR, USD, HUF, UAH, CZK, BRL, BGN, CNY, KRW, GBP, CHF, CAD, BYN, RUB, RON, KZT, TRY, and MXN. Selena Group uses selected financial instruments (mainly forward transactions) 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. Selena Group also hedges currency exposure by using multi-currency credit lines and external financing in the currencies of local subsidiaries.

### 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-bearing financial assets held by the Group companies (mainly cash).

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

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

### Credit risk

Due 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. Selena 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. Selena 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 agreements to insure their trade receivables.

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

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Impairment in respect of expected credit loss at the beginning of the period</b>	<b>28,232</b>	<b>34,040</b>
<i>trade receivables</i>	25,516	30,246
<i>other financial receivables</i>	2,716	3,794
Created/ reversed (-)	2,032	2,793
<i>trade receivables</i>	2,080	2,901
<i>other financial receivables</i>	-48	-108
Utilised	-1,287	-5,118
<i>trade receivables</i>	-773	-5,118
<i>other financial receivables</i>	-514	0
FX differences arising on conversion of foreign affiliates	38	871
<i>trade receivables</i>	-108	549
<i>other financial receivables</i>	146	322
Reclassification	0	0
<i>trade receivables</i>	0	-140
<i>other financial receivables</i>	0	140
<b>Impairment in respect of expected credit loss at the end of the period</b>	<b>29,015</b>	<b>32,586</b>
<i>trade receivables</i>	26,715	28,438
<i>other financial receivables</i>	2,300	4,148

As at 30 September 2020, the Group's maximum exposure to credit risk corresponds to the full amount of the balance of financial assets, taking into account existing securities.

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

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

As at 30 September 2020, the Group's companies had unutilised credit lines of PLN 303.0 million (as at 31 December 2019: PLN 249.6 million).

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

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

Figures in PLN thousand	As at 30.09.2020	As at 31.12.2019
Cash in bank	82,004	64,615
Cash on hand	437	375
Cheques (up to 3 months)	1,044	7,744
Short-term deposits	58	12,914
Cash in transit	270	5
<b>Total</b>	<b>83,813</b>	<b>85,653</b>

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

### **Liquidity risk**

The 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**

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

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

Furthermore, a material portion of the 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 nine months ended 30 September (2020 and 2019, respectively), while the receivables and liabilities are presented as at 30 September 2020 and 31 December 2019.

Figures in PLN thousand	Period	Sales	Purchases	Receivables	Liabilities
Associates	2020	19,279	33	9,734	0
	2019	21,053	21	7,548	36
Subsidiaries of the ultimate controlling shareholder*	2020	164	0	3	0
	2019	599	101	142	0
Key management personnel**	2020	0	387	0	53
	2019	0	578	0	0
TOTAL	2020	19,443	420	9,737	53
	2019	21,652	700	7,690	36

\* the item includes entities connected through Mr Krzysztof Domarecki

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

## 2.7.2 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 (loss) per share in the reporting period.

		from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Profit (loss) attributable to the controlling interests	PLN	75,528,673	46,816,060	44,268,411	26,187,582
Average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Earnings/(loss) per ordinary share</b>	<b>PLN/share</b>	<b>3.31</b>	<b>2.05</b>	<b>1.94</b>	<b>1.15</b>
Number of shares, including dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Diluted earnings per share</b>	<b>PLN/share</b>	<b>3.31</b>	<b>2.05</b>	<b>1.94</b>	<b>1.15</b>

## 2.7.3 Events occurring after the balance sheet date

After the balance sheet date and until the approval of this report no events which might materially affect the financial data presented herein, took place.



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

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

#### INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 31.09.2019*	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 31.09.2019*
<b>Continued operations</b>					
Revenue from the sale of goods and raw materials		555,726	434,762	245,642	176,428
Revenue from the sale of services		20,569	20,061	8,690	7,073
<b>Revenue from contracts with customers</b>		<b>576,295</b>	<b>454,823</b>	<b>254,332</b>	<b>183,501</b>
Cost of sales		486,971	403,653	215,432	161,670
<b>Gross profit on sales</b>		<b>89,324</b>	<b>51,170</b>	<b>38,900</b>	<b>21,831</b>
Selling and marketing costs		32,900	28,648	12,709	10,824
General and administrative expenses		32,460	23,829	10,603	8,638
Other operating income	3.2.1	936	242	586	73
Other operating costs	3.2.1	350	200	-37	90
Impairment loss/ reversal of impairment loss (-) of receivables		813	2,365	-1,117	714
Dividends from subsidiaries		31,138	27,247	16,070	0
<b>Operating profit</b>		<b>54,875</b>	<b>23,617</b>	<b>33,398</b>	<b>1,638</b>
Financial income	3.2.2	7,023	14,921	634	9,016
Financial expenses	3.2.2	4,800	4,417	3,288	1,576
Impairment loss/ reversal of impairment loss (-) of loans granted		-870	-5,296	217	153
<b>Profit before tax</b>		<b>57,968</b>	<b>39,417</b>	<b>30,527</b>	<b>8,925</b>
Income tax	3.3	4,827	2,308	2,417	1,257
<b>Net profit</b>		<b>53,141</b>	<b>37,109</b>	<b>28,110</b>	<b>7,668</b>
<b>Net profit per share (PLN/share):</b>					
- basic		2.33	1.63	1.19	0.34
- diluted		2.33	1.63	1.19	0.34

\*change in the presentation of dividends from subsidiaries, described in note 3.1.3

#### STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Net profit	53,141	37,109	28,110	7,668
<b>Total comprehensive income</b>	<b>53,141</b>	<b>37,109</b>	<b>28,110</b>	<b>7,668</b>

## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.09.2020	As at 31.12.2019
<b>ASSETS</b>			
Property, plant and equipment		12,257	13,815
Intangible assets		16,233	15,870
Shares in subsidiaries	3.4.2	169,005	168,750
Long-term portion of loans granted	3.4.1	114,444	101,120
<b>Non-current assets</b>		<b>311,939</b>	<b>299,555</b>
Inventories		8,069	5,070
Other short-term non-financial assets		35,399	25,781
Trade receivables		206,028	139,067
Short-term portion of loans granted	3.4.1	48,308	57,509
Other short-term financial assets		357	310
Cash and cash equivalents		24,282	5,064
<b>Current assets</b>		<b>322,443</b>	<b>232,801</b>
<b>TOTAL ASSETS</b>		<b>634,382</b>	<b>532,356</b>
Registered capital		1,142	1,142
Supplementary capital		332,346	289,459
Other reserves		19,163	19,163
Retained profit/ loss carried forward		53,141	42,887
– retained profit/ loss from previous years		0	-9,776
– profit (loss) after tax		53,141	52,663
<b>Equity</b>		<b>405,792</b>	<b>352,651</b>
Long-term portion of bank and other loans	3.4.1	41,066	68,851
Long term lease liabilities		9,006	9,873
Deferred tax assets		16	1,161
Provision for retirement benefits		347	236
<b>Non-current liabilities</b>		<b>50,435</b>	<b>80,121</b>
Trade liabilities	3.4.1	147,284	84,404
Obligations to return remuneration		1,253	1,407
Short-term portion of bank and other loans	3.4.1	12,657	1,014
Short-term lease liabilities		2,269	2,204
CIT tax payable		5,820	4,621
Other short term financial liabilities		907	672
Other short term non-financial liabilities		7,965	5,262
<b>Current liabilities</b>		<b>178,155</b>	<b>99,584</b>
<b>Total liabilities</b>		<b>228,590</b>	<b>179,705</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>634,382</b>	<b>532,356</b>



## STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Cash flows from operating activities</b>		
<b>Profit (loss) before tax</b>	<b>57,968</b>	<b>39,417</b>
Depreciation/ amortisation	3,944	4,281
FX (gains) / losses	4,066	-7,111
Interest and dividends	-35,212	-31,760
Profit / loss on investing activities	-2,461	8,402
Change in the balance of receivables	-76,278	-28,525
Change in the balance of inventories	-2,999	-2,134
Change in the balance of obligations	64,723	50,347
Change in the balance of provisions	111	42
CIT paid	-4,773	-135
Other	1,833	-1,347
<b>Net cash flows from operating activities</b>	<b>10,922</b>	<b>31,477</b>
<b>Cash flows from investing activities</b>		
Inflows from the sale of tangible fixed assets	102	199
Acquisition of tangible and intangible assets	-1,963	-1,019
Purchase of shares in subsidiaries	-255	-7,040
Dividends and interest received	31,138	27,247
Loans granted	-13,589	-789
Repayments of loans granted	12,059	12,366
<b>Net cash flows from investing activities</b>	<b>27,492</b>	<b>30,964</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	-1,653	-2,350
Inflows from bank/ other loans received	16,604	26,462
Repayment of loans	-33,344	-39,086
Dividend paid	0	-6,850
Interest paid	-809	-1,276
<b>Net cash flows from financing activities</b>	<b>-19,202</b>	<b>-23,100</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>19,212</b>	<b>39,341</b>
<b>Change in cash and cash equivalents, including:</b>	<b>19,218</b>	<b>16,413</b>
net FX differences	6	33
<i>Cash at the beginning of the period*</i>	<i>5,064</i>	<i>1,849</i>
<i>Cash at the end of the period*</i>	<i>24,282</i>	<i>41,223</i>

\*including restricted cash:

as at 30 September 2020: PLN 0.05m

as at 30 September 2019: PLN 0.05m

## STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2020

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
<b>Figures in PLN thousand</b>						
As at 01.01.2020	1,142	289,459	19,163	42,887	0	352,651
Net profit	0	0	0	0	53,141	53,141
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,141</b>	<b>53,141</b>
Transfer of profit to the supplementary capital	0	42,887	0	-42,887	0	0
As at 30.09.2020	1,142	332,346	19,163	0	53,141	405,792

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2019

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
<b>Figures in PLN thousand</b>						
As at 01.01.2019	1,142	265,794	19,163	20,739	0	306,838
Net profit	0	0	0	0	37,109	37,109
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,109</b>	<b>37,109</b>
Transfer of profit to the supplementary capital	0	23,665	0	-23,665	0	0
Dividend	0	0	0	-6,850	0	-6,850
As at 30.09.2019	1,142	289,459	19,163	-9,776	37,109	337,097

## 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

#### Basis of preparation and comparability of financial data

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

In order to increase the usefulness of the financial statements for its readers, as of 1 January 2020, in line with the principle of materiality, the Company changed the presentation of dividend income from subsidiaries. The Company decided that due to the importance of this line item, it will present dividend income from subsidiaries under a separate heading in the income statement, as part of the operating profit.

Due to change described above, the Group restated the comparative data. The impact of the presentation changes on selected items of the income statement for the third quarter of 2019 and the nine months ended 30 September 2020 is presented below.

Figures in PLN thousand	from 01.01.2019 to 30.09.2019 published figures	from 01.01.2019 to 30.09.2019 restated figures*	from 01.07.2019 to 30.09.2019 published figures	from 01.07.2019 to 30.09.2019 restated figures*
Dividends from subsidiaries		27,247		0
<b>Operating profit</b>	<b>-3,630</b>	<b>23,617</b>	<b>1,638</b>	<b>1,638</b>
Financial income	42,168	14,921	9,016	9,016

## 3.2 Notes to the income statement

### 3.2.1 Other operating income and operating costs

#### Other operating income

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Profit from disposal of non-financial fixed assets	18	174	-10	73
Subsidies	880	0	585	0
Damages, penalties, fines	0	59	0	0
Other	38	9	11	0
<b>Total other operating income</b>	<b>936</b>	<b>242</b>	<b>586</b>	<b>73</b>

## Other operating costs

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Loss on disposal of non-financial fixed assets	0	0	-15	0
Donations	347	48	0	48
Receivables cancelled/written off	0	1	0	0
Damages, penalties, fines	0	103	0	7
Complaints	3	0	-16	0
Other	0	48	-6	35
<b>Total other operating costs</b>	<b>350</b>	<b>200</b>	<b>-37</b>	<b>90</b>

## 3.2.2 Financial income and costs

### Financial income

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 31.09.2019*	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 31.09.2019*
Interest, including:	5,473	6,390	1,578	2,266
<i>on loans granted</i>	5,456	6,334	1,576	2,216
<i>on bank deposits and accounts</i>	17	56	2	50
FX differences	0	8,531	-2,098	6,750
Forward contracts	1,549	0	1,154	0
Other	1	0	0	0
<b>Total financial income</b>	<b>7,023</b>	<b>14,921</b>	<b>634</b>	<b>9,016</b>

\*change in the presentation of dividends from subsidiaries, described in note 3.1.3

In 2020, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. In accordance with the its hedging policy, the Company hedges an active part of currency exposure. The Company uses such financial instruments solely to hedge its FX risk and does not use them for speculative purposes. The Company does not use hedge accounting within the meaning of IFRS 9.

As at 30 September 2020, Selena FM S.A. had open forward contracts. The loss on the valuation of unrealised contracts was PLN 284 thousand (including valuation of open contracts of PLN -380 thousand as at 30 September 2020). The gain on exercise of the contracts was PLN 1,833 thousand. The result on transactions of PLN 1,549 thousand was recognised in financial income under "Forward contracts".

### Financial expenses

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019	from 01.07.2020 to 30.09.2020	from 01.07.2019 to 30.09.2019
Interest, including:	1,485	1,851	483	561
<i>on loans and advances received</i>	1,254	1,710	322	566
<i>on finance lease liabilities</i>	128	113	89	40
<i>on other obligations</i>	103	28	72	-45
FX differences	2,756	1,854	2,756	841
Bank fees	559	712	49	174
<b>Total financial expenses</b>	<b>4,800</b>	<b>4,417</b>	<b>3,288</b>	<b>1,576</b>

### 3.3 Taxation

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
Income tax for the current period	5,972	0
Change in deferred income tax	-1,145	2,308
<b>Tax charge carried in profit or loss:</b>	<b>4,827</b>	<b>2,308</b>

### 3.4 Notes to the statement of financial position

#### 3.4.1 Financial instruments

##### Financial assets

Figures in PLN thousand	as at 30.09.2020	As at 31.12.2019
<b>Financial assets measured at amortised cost</b>		
Loans granted	162,752	158,629
Trade receivables	206,028	139,067
Other short-term financial assets – security deposits	310	310
Cash and cash equivalents	24,282	5,064
<b>Financial assets measured at fair value through profit and loss</b>		
Other short-term financial assets – forward contracts	47	0
<b>Total</b>	<b>393,419</b>	<b>303,070</b>

##### Financial liabilities

Figures in PLN thousand	as at 30.09.2020	As at 31.12.2019
<b>Financial liabilities measured at amortised cost</b>		
<i>Bank and other loans</i>	53,723	69,865
<i>Lease liabilities</i>	11,275	12,077
<b>Total interest-bearing debt</b>	<b>64,998</b>	<b>81,942</b>
Trade liabilities	147,284	84,404
Investment liabilities	480	576
<b>Financial liabilities measured at fair value through profit or loss</b>		
Other short term financial liabilities – forward contracts	427	96
<b>Total</b>	<b>213,189</b>	<b>167,018</b>

##### Loans granted and other financial assets

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
<b>as at 1 January 2020</b>	<b>264,341</b>	<b>-105,712</b>	<b>158,629</b>
Loan granted	13,589	0	13,589
Repayment of principal	-4,649	0	-4,649
Interest accrued	5,455	870	6,325
Interest paid	-7,410	0	-7,410
Withholding tax	-301	0	-301
FX differences arising on balance sheet valuation	1,265	-4,696	-3,431
<b>as at 30.09.2020</b>	<b>272,290</b>	<b>-109,538</b>	<b>162,752</b>

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
<b>as at 1 January 2019</b>	<b>222,656</b>	<b>-99,569</b>	<b>123,087</b>
Loan granted	44,935	-6,123	38,812
Repayment of principal	-10,770	0	-10,770
Cancellation of principal	-43	0	-43
Interest accrued	8,472	-695	7,777
Interest paid	-2,921	0	-2,921
Interest cancelled	-1	0	-1
Withholding tax	-877	0	-877
FX differences arising on balance sheet valuation	2,890	675	3,565
<b>as at 31.12.2019</b>	<b>264,341</b>	<b>-105,712</b>	<b>158,629</b>

The table below presents maturities of selected financial assets as at the balance sheet date.

Maturity (in years)		below 1 year	1-3 years	Above 3 years	Total
<b>as at 30.09.2020</b>					
Subsidiaries	Loans granted	48,308	36,425	78,019	<b>162,752</b>
Non-connected entities	Other financial assets	357	0	0	<b>357</b>
<b>TOTAL</b>		<b>48,665</b>	<b>36,425</b>	<b>78,019</b>	<b>163,109</b>

### Description of significant loans granted during the reporting period

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

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

On 6 March 2020, a loan tranche of EUR 800 thousand was paid out to Selena Iberia S.L.U. The tranche was fully repaid by the balance sheet date.

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

On 28 July 2020, an annex was signed to the loan agreement with Selena Nantong, extending the repayment date of the loan of USD 1.6 million to 07 August 2025, and changing the interest rate on the loan.

On 23 September 2020, a loan agreement of PLN 2.5 million was signed with Oligo Sp. z o.o. The loan carries a variable interest rate. It matures on 31 December 2022.

By the balance sheet date, loan tranches in a total amount of PLN 8.6 million and EUR 330 thousand were transferred to Oligo.

### Significant loans granted after the balance sheet date

On 7 October 2020, a loan agreement of PLN 3 million was signed with Tytan EOS Sp. z o.o. The loan carries a variable interest rate. It matures on 31 December 2025.

On 26 October 2020, a loan agreement of USD 240 thousand was signed with Selena Mexico S. de R.L. de C.V. The loan carries a variable interest rate. It matures on 31 December 2025.

## Trade receivables

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

Figures in PLN thousand	from 01.01.2020 to 30.09.2020	from 01.01.2019 to 30.09.2019
<b>Impairment allowance at the beginning of the period</b>	<b>17,912</b>	<b>27,501</b>
<i>related parties</i>	16,669	26,245
<i>other entities</i>	1,243	1,256
<b>Impairment allowance created/ reversed (-) according to IFRS 9:</b>	<b>813</b>	<b>-9,646</b>
<i>related parties, including:</i>	858	-9,956
<i>EURO MGA Product SRL</i>	-21	-6,117
<i>Selena Hungaria KFT</i>	-2	0
<i>Selena S.A.</i>	-7	0
<i>Selena Sulamericana Ltda</i>	577	2055
<i>Selena Romania SRL</i>	0	-5,895
<i>Shanghai House Selena Trading Ltd.</i>	311	0
<i>other entities</i>	-45	311
<b>Utilisation</b>	<b>-158</b>	<b>-1</b>
<i>other entities</i>	0	-1
<i>in respect of cancellation receivables</i>	-158	-1
<b>FX differences</b>	<b>273</b>	<b>230</b>
<i>related parties</i>	220	214
<i>other entities</i>	53	16
<b>Expected credit loss at the end of the period</b>	<b>18,840</b>	<b>18,084</b>
<i>related parties</i>	17,744	16,502
<i>other entities</i>	1,096	1,582

## Loans received

The table below shows the debt in respect of borrowings.

Figures in PLN thousand			As at 30.06.2020		As at 31.12.2019	
Ref.	Loan type	Maturity date	Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2021	6,763	11,810	45,770	0
2	Loan	2019	0	0	0	12
3	Loan	2022	8,700	39	8,700	549
4	Loan	2023	25,603	808	14,381	453
<b>Total loans</b>			<b>41,066</b>	<b>12,657</b>	<b>68,851</b>	<b>1,014</b>

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

### 3.4.2 Shares in subsidiaries

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

Figures in PLN thousand	As at 30.09.2020			As at 31.12.2019		
	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62,781	0	62,781	62,781	0	62,781
Selena Labs Sp. z o.o.	1,400	0	1,400	1,400	0	1,400
Carina Sealants Sp. z o.o.	8	0	8	8	0	8
Selena Industrial Technologies Sp. z o.o.	38,379	0	38,379	38,379	0	38,379
Selena Deutschland GmbH	4	0	4	4	0	4
Selena Italia srl	1,884	1,884	0	1,884	1,884	0
Selena Iberia sls	43,478	22,913	20,565	43,478	22,913	20,565
Uniflex S.p.A.	11,082	0	11,082	11,082	0	11,082
Selena USA Inc.	3,707	2,407	1,300	3,707	2,407	1,300
Selena Sulamericana Ltda	3,594	3,594	0	3,594	3,594	0
Selena Mexico	255	0	255	0	0	0
Selena Romania SRL	11,944	11,944	0	11,944	11,944	0
Selena Bohemia s.r.o	9,936	0	9,936	9,936	0	9,936
Selena Hungária Kft.	679	679	0	679	679	0
EURO MGA Product SRL	1	0	1	1	0	1
Selena Ukraine Ltd.	3,068	0	3,068	3,068	0	3,068
Selena CA L.L.P.	9,029	0	9,029	9,029	0	9,029
Selena Insulations	1,206	1,206	0	1,206	1,206	0
Selena Nantong Building Materials Co., Ltd.	33,910	33,910	0	33,910	33,910	0
Selena Vostok	11,197	0	11,197	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	23,764	23,764	0	23,764	23,764	0
<b>Value of shares</b>	<b>271,306</b>	<b>102,301</b>	<b>169,005</b>	<b>271,051</b>	<b>102,301</b>	<b>168,750</b>

### 3.5 Other information

#### 3.5.1 Related party transactions

The table below shows transactions with related parties (subsidiaries, associates, members of the Company's governing bodies) over the 9 months ended 30 September 2020 and 30 September 2019, respectively.

Figures in PLN thousand	Period	Revenue from sales and recharged costs	Purchase of goods and services	Other revenues <sup>1)</sup>	Other costs
Subsidiaries	2020	463,295	439,884	37,546	1,461
	2019	402,978	388,534	33,604	408
Associates	2020	3,668	33	0	0
	2019	3,731	33	0	0
Subsidiaries of the ultimate controlling shareholder*	2020	164	0	0	0
	2019	598	0	0	0
<b>TOTAL</b>	<b>2020</b>	<b>467,127</b>	<b>439,917</b>	<b>37,546</b>	<b>1,461</b>
	<b>2019</b>	<b>407,307</b>	<b>388,567</b>	<b>33,604</b>	<b>408</b>

<sup>1)</sup> the value includes other operating income and financial income

\* the item includes entities connected through Mr Krzysztof Domarecki



The table shows the balance of transactions with related parties (subsidiaries, associates, members of the Parent Company's governing bodies) as at 30 September 2020 and 31 December 2019.

Figures in PLN thousand	Period	Loans	Trade receivables	Liabilities
Subsidiaries	2020	162,753	170,633	133,772
	2019	158,629	116,068	72,882
Associates	2020	0	1,697	36
	2019	0	1,334	36
Subsidiaries of the ultimate controlling shareholder*	2020	0	0	0
	2019	0	142	0
<b>TOTAL</b>	<b>2020</b>	<b>162,753</b>	<b>172,330</b>	<b>133,808</b>
	<b>2019</b>	<b>158,629</b>	<b>117,544</b>	<b>72,918</b>

\* the item includes entities connected through Mr Krzysztof Domarecki

**The person who prepared the  
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**Management Board President**

**Krzysztof Domarecki**

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**Christian Dölle**

**Vice President for Sales**

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