



Extended Consolidated Quarterly Report for the period from 1 July to 30 September 2021

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

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**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 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*
Revenue from contracts with customers	1,280,787	1,035,518	280,967	233,120
Operating profit	84,719	110,241	18,585	24,818
Profit before tax	87,137	97,177	19,115	21,877
Net profit	70,942	76,877	15,563	17,307
Profit after tax attributable to controlling interests	70,919	76,725	15,558	17,273
Comprehensive income	74,432	64,037	16,328	14,416
Comprehensive income attributable to shareholders of the parent	74,344	63,856	16,309	14,375
Net cash flows from operating activities	-78,988	64,131	-17,328	14,437
Net cash flows from investing activities	-24,541	-20,180	-5,384	-4,543
Net cash flows from financing activities	90,765	-46,068	19,911	-10,371
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share; EUR/share)	3.11	3.36	0.68	0.76

	As at	As at	As at	As at
	30.09.2021	31.12.2020 restated figures*	30.09.2021	31.12.2020 restated figures*
Total assets	1,236,698	936,762	266,938	202,991
Long-term liabilities	82,160	49,425	17,734	10,710
Short-term liabilities	548,178	355,400	118,323	77,013
Equity	606,360	531,937	130,881	115,268
Registered capital	1,142	1,142	246	247

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

Financial data of the Parent Company

	PLN '000		EUR '000	
	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Revenue from contracts with customers	747,728	576,295	164,029	129,738
Operating profit (loss)	18,044	54,875	3,958	12,354
Profit (loss) before tax	27,662	57,968	6,068	13,050
Profit (loss) after tax	29,438	53,141	6,458	11,963
Comprehensive income	29,438	53,141	6,458	11,963
Net cash flows from operating activities	-105,614	10,922	-23,169	2,459
Net cash flows from investing activities	11,023	27,492	2,418	6,189
Net cash flows from financing activities	90,148	-19,202	19,776	-4,323
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	1.29	2.33	0.28	0.52

	As at	As at	As at	As at
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Total assets	760,266	605,117	164,102	131,125
Liabilities	302,798	177,087	65,358	38,374
Equity	457,468	428,030	98,743	92,752
Registered capital	1,142	1,142	246	247

1.2 Group structure

The Group structure and changes in it made in Q3 2021 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, Romania, Turkey, Spain and Italy. In Q3 2021, Selena Labs worked on development of new products and technologies in all product groups.

Selena launched on global markets the WINS system, the first system solution for professionals in the history of the Selena Group. In the area of waterproofing, further work was carried out on modification of COOL-R, the highly-reflective waterproofing roof coating, to expand the range of its use in various temperature and humidity conditions. That work resulted in a new implementation. Development efforts also concerned other product groups, including the Biomotive project.

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

1.3.2 Other significant events

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

A dedicated Response Team is in charge of actions designed to minimise the risk of contagion among employees and counterparties, including:

- Application of the "Procedure for responding to suspected cases of COVID-19 in Selena Group", updated based on current guidelines from the Chief Sanitary Inspectorate (GIS);
- Using a hybrid model of work – involving rotational presence of selected employees on the company's premises with other team members working from home;
- Following social distancing and facemask-wearing rules;
- 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;
- Monitoring the health of Selena Group employees based on temperature checks.

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.

Due to the present situation, Selena Group continues its activities in the area of remote sales.

During the first three quarters of 2021, Selena Group reported a 23.7% increase in revenue from contracts with customers compared to the same period last year. The impact of the pandemic on Selena Group's activities in the following years may depend on the macroeconomic effects in Poland and in the countries where the subsidiaries operate. At present, the Management Board of Selena FM S.A. does not have full financial data that would enable it to make forecasts as to the impact of the situation on the Company'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 ended 30 September 2021 and 30 September 2020, and for the period of 3 months ended 30 September 2021 and 30 September 2020, respectively, as well as selected financial ratios.

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	Change	Change %
Revenue from contracts with customers	1,280,787	1,035,518	245,269	23.7%
Cost of sales	914,594	676,747	237,847	35.1%
Gross profit	366,193	358,771	7,422	2.1%
Selling and marketing costs	196,445	164,597	31,848	19.3%
General and administrative expenses	92,485	84,771	7,714	9.1%
Other operating income (loss)	8,738	4,428	4,310	97.3%
Impairment of non-financial fixed assets	0	1,558	-1,558	-
Impairment of financial assets	1,282	2,032	-750	-
EBITDA (operating profit + depreciation + amortisation)	117,586	138,627	-21,041	-15.2%
Operating profit (EBIT)	84,719	110,241	-25,522	-23.2%
Net financial income (loss)	-680	-14,744	14,064	-
Share in net profit/loss of the associate	3,271	1,680	1,591	94.8%
Profit before tax	87,137	97,177	-10,040	-10.3%
Net profit	70,942	76,877	-5,935	-7.7%
Other net comprehensive income	3,490	-12,840	16,330	-
Total comprehensive income	74,432	64,037	10,395	-

	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	Change change in p.p.
Gross profit margin	28.6%	34.6%	-6.0
Selling costs/ Revenue from contracts with customers	15.3%	15.9%	-0.6
General and administrative expenses/ Revenue from contracts with customers	7.2%	8.2%	-1.0
EBITDA margin %	9.2%	13.4%	-4.2
Operating profit margin (EBIT %)	6.6%	10.6%	-4.0
Net profit margin	5.5%	7.4%	-1.9

EBIT% – operating profit/ revenue from contracts with customers

EBITDA% – EBITDA / revenue from contracts with customers

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

Figures in PLN thousand	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020 restated figures*	Change Change	Change %
Revenue from contracts with customers	493,118	433,339	59,779	13.8%
Cost of sales	355,280	277,485	77,795	28.0%
Gross profit	137,838	155,854	-18,016	-11.6%
Selling and marketing costs	71,664	60,869	10,795	17.7%
General and administrative expenses	32,488	28,480	4,008	14.1%
Other operating income (loss)	3,265	1,293	1,972	152.5%
Impairment of non-financial fixed assets	0	-30	30	-
Impairment of financial assets	436	1,657	-1,221	-
EBITDA (operating profit + depreciation + amortisation)	47,796	75,997	-28,201	-37.1%
Operating profit (EBIT)	36,515	66,171	-29,656	-44.8%
Net financial income (loss)	-932	-7,098	6,166	-
Share in net profit/loss of the associate	2,793	560	2,233	399.0%
Profit before tax	38,376	59,633	-21,257	-35.6%
Net profit	31,778	44,909	-13,131	-29.2%
Other net comprehensive income	5,692	-9,463	15,155	-
Total comprehensive income	37,470	35,446	2,024	-

	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020 restated figures*	Change change in p.p.
Gross profit margin	28.0%	36.0%	-8.0
Selling costs/ Revenue from contracts with customers	14.5%	14.0%	0.5
General and administrative expenses/ Revenue from contracts with customers	6.6%	6.6%	0.0
EBITDA margin %	9.7%	17.5%	-7.8
Operating profit margin (EBIT %)	7.4%	15.3%	-7.9
Net profit margin	6.4%	10.4%	-3.9

EBIT% – operating profit/ revenue from contracts with customers

EBITDA% – EBITDA / revenue from contracts with customers

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

Revenue from contracts with customers

During the period of 9 months ended on 30 September 2021, consolidated revenue from contracts with Group customers amounted to PLN 1,280.8 million, up PLN 23.7% (PLN 245.3 million) on the corresponding period of the previous year. The increase in revenue compared to the same period last year is mainly due to the increase in prices caused by the inflation of raw material prices, and the fact that 2020 was a year of pandemic-related restrictions observed by the Group's customers.

The Group's revenue from sales is presented with a split into three reporting (geographic) segments: The European Union (including Poland), Eastern Europe and Asia (including Russia and China), and North and South America (including USA and Brazil). In Q3 2021, the sales structure by segments has not changed significantly compared with the same period last year. European Union remains the key segment. In Q3 2021, the segment generated 65% (as in the same period of 2020) of sales revenues of Selena Group (with Poland achieving a 36% share in the Group's sales). The Eastern Europe and Asia reporting segment recorded a decrease in its share in the Group's sales (from 29% to 28%). The North and South America segment achieved a 1% increase in its contribution to the Group's sales.

Segment	Segment's share in the Group's revenues		Revenue change
	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	2021 / 2020
European Union, including:	65%	65%	25%
<i>Poland</i>	36%	38%	19%
<i>Other countries</i>	29%	27%	33%
Eastern Europe and Asia	28%	29%	15%
N&S America	7%	6%	55%

Gross profit

For the 9 months of 2021 ended 30 September 2021, Selena Group generated gross profit of PLN 366.2 million, i.e. PLN 7.4 million more year-on-year.

Gross profit margin was 28.6%, down 6.0 p.p. year-on-year. This decline resulted from the continued increase in raw material prices on global markets. In 2021, the inflation of commodities could not be transferred in full to sales prices. This negative impact is partly offset by a constant increase in the share of sales of innovative products with higher margins as well as by optimisation of product formulations.

Selling costs and general and administrative expenses

Selling costs over the 9 months ended 30 September 2021 were PLN 196.4 million, up PLN 31.8 million (19.3%) year-on-year. The increase is mainly due to higher costs of transport, logistics and sales, directly related to the higher level of sales.

Over the 9 months ended 30 September 2021, **general and administrative expenses** were PLN 92.5 million. They increased by PLN 7.7 million year-on-year. The increase in general and administrative expenses is mainly due to the inflation of salaries related to the labour market, as well as the annualization of salary costs of the people hired in 2020.

After Q3 2021, the ratio of selling, general and administrative expenses to sales was 22.6%, down 1.5 p.p. year-on-year.

Other operating income (loss)

The **result on other operations** was positive at PLN 7.5 million, taking into account the impairment loss on financial and non-financial assets. The result on other operations was significantly impacted by impairment allowances on receivables of PLN 1.9 million, reduced by reversed allowances of PLN 0.6 million.

The result on other operations was positively influenced by subsidies received (PLN 7.6 million).

Operating profit (loss)

During the 9 months of 2021, Selena Group generated operating profit of PLN 84.7 million vs PLN 110.2 million in the same period of the previous year, down 23.2% year-on-year.

Profit (loss) after tax

During the 3 quarters of 2021, Selena Group achieved net profit of PLN 70.9 million compared with PLN 76.9 million posted in the corresponding period of 2020. 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 positive balance of FX differences was PLN 2.7 million vs the negative balance of PLN 12.4 million after Q3 2020. The cost of interest on loans and leases totalled PLN 1.2 million net (after reduction by the achieved interest income from loans granted) compared with PLN 3.2 million incurred a year before.

For the 9 months ended 30 September 2021, the income tax charge was PLN 16.2 million.

For the 9 months of 2021, EBITDA was PLN 117.6 million (including depreciation: PLN 32.9 million), which was by PLN 21.0 million lower year-on-year.

Asset and financial position

The table below shows selected figures of the consolidated balance sheet as at 30 September 2021 and 31 December 2020.

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020 restated figures*	Change	Change %
Non-current assets	349,941	383,582	-33,641	-9%
Property, plant and equipment	259,917	259,697	220	0%
Intangible assets	39,729	42,525	-2,796	-7%
Other long-term assets	50,295	81,360	-31,065	-38%
Current assets	886,757	553,180	333,577	60%
Inventories	334,647	192,670	141,977	74%
Trade and other receivables	385,632	261,680	123,952	47%
Cash and cash equivalents	42,056	55,004	-12,948	-24%
Other current assets	124,422	43,826	80,596	184%
Equity	606,360	531,937	74,423	14%
Liabilities	630,338	404,825	225,513	56%
Bank and other loans	156,246	49,752	106,494	214%
Trade and other liabilities	289,226	190,143	99,083	52%
Other liabilities	184,866	164,930	19,936	12%
	As at 30.09.2021	As at 31.12.2020 restated figures*		
Current ratio**	1.6	1.6		
Quick ratio***	1.0	1.0		

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

** Current ratio – current assets / current liabilities

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

As at 30 September 2021, the Group's asset position, with an increase in total assets of PLN 299.9 million vs 31 December 2020, was affected by an increase in the prices of raw materials and finished goods, resulting in an increase in net current assets (inventories, and trade receivables and liabilities).

As at 30 September 2021, the current and quick ratios (1.6 and 1.0 respectively) point to the Group's ability to meet its obligations in a timely manner.

Debt

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020 restated figures*
Bank and other loans	156,246	49,752
Lease liabilities	30,063	34,962
Liabilities on account of prepaid trade receivables	1	226
Less cash and cash equivalents	-42,056	-55,004
Net debt	144,254	29,936
Equity attributable to the shareholders of the parent	605,409	531,065
Equity and net debt	749,663	561,001
Gearing (net debt / equity + net debt)	19%	5%
Debt ratio (interest-bearing debt/ total assets)	15%	9%
Net debt / EBITDA**	1.00	0.18

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

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

As at the balance sheet date, the debt on bank and other loans increased vs 31 December 2020 by PLN 106.5 million. At the same time, as at 30 September 2021, cash and cash equivalents fell by PLN 12.9 million compared to 31 December 2020. The net debt to EBITDA ratio (bank covenant) increased to 1.00. As at 30 September 2021, the debt ratio amounted to 15% and was 6 p.p. higher than at the end of 2020.

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

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

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

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

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

Cash flows

The tables below show selected items of the consolidated statement of cash flows for the 9 months ended 30 September 2021 and 30 September 2020, respectively.

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	Change
Net cash flows from operating activities	-78,988	64,131	-143,119
Net cash flows from investing activities	-24,541	-20,180	-4,361
Net cash flows from financing activities	90,765	-46,068	136,833
Change in cash and cash equivalents:	-12,764	-2,117	-10,647

Net cash flows for the 9 months ended 30 September 2021 were PLN -12.8 million.

Operating cash flows were PLN -79.0 million, down PLN 143.1 million on the corresponding period of 2020. Changes in net current assets were as follows: receivables – up PLN 166.3 million, inventories – up PLN 142.0 million, and liabilities – up PLN 134.5 million. The change of PLN -173.8 million in net current assets in the 9 months of 2021 (compared to the change of PLN -40.5 million the 9 months of 2020) was mainly caused by an increase in the prices of raw materials and the prices of products sold.

During the 9 months ended 30 September 2021, net cash flows from investing activities were negative at PLN -24.5 million and investment expenses were up PLN 4.4 million year-on-year.

Net cash flows from financing activities for the 9 months ended 30 September 2021 were PLN 90.7 million. This figure was mainly affected by the bank loans (PLN 115.5 million) obtained to fund working capital requirements, lease payments (PLN -11.9 million), repayment of loans (PLN -11.5 million) and interest paid (PLN -2.4 million).

1.5 Seasonality of business

The building materials industry in which Selena Group operates is characterised by seasonality of sales. Lower activity is observed in the winter and early spring months, while in the subsequent quarters sales increase to usually peak in the third quarter. Looking at the figures for 2019–2020, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 20%, Q2 - 25%, Q3 - 30%, Q4 - 25%. Seasonal fluctuations of sales are primarily affected by the weather and fluctuations in sales in the individual geographies where the Group operates.

1.6 Delivery of forecasts

Selena Group did not publish any performance forecast for Q3 2021.

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

On 27 May 2021, the Annual General Meeting (AGM) of Selena FM S.A. adopted a resolution authorising the Management Board to acquire own shares on behalf of and for the benefit of the Company and defining the rules for the acquisition of own shares by the Company.

The AGM authorised the Management Board to acquire own shares on the following rules:

1. Only fully paid-up shares may be purchased.
2. The purchase may include up to 3,000,000 of the Company's shares with a nominal value of PLN 0.05 each, with a total nominal value of PLN 150,000.00. As at 27 May 2021, the total nominal value of own shares that may be acquired under this authorisation, represents approximately 13.14% of the Company's share capital. As at 27 May 2021, the Company did not have any own shares.

3. The acquired own shares will entitle the Company to less than 33% of the total number of votes at the General Meeting.
4. Own shares will be acquired for remuneration determined by the Company's Management Board. The price of the shares to be purchased may not be lower than PLN 11.00 per share and not higher than PLN 25.00 per share.
5. The total purchase price for own shares, increased by the costs of their purchase, may not be higher than the capital reserve created for this purpose in accordance with the resolution of the Company's AGM of 27 May 2021 on the creation of capital reserve for the purchase of the Company's own shares from the pool of funds that in accordance with Article 348 § 1 of the Commercial Companies Code may be subject to distribution.
6. The acquired own shares may be:
 - a. cancelled;
 - b. resold;
 - c. converted into stocks or shares in the course of the Company's acquisitions or restructuring;
 - d. used as security for liabilities incurred by the Company, in particular as pledge, registered pledge, financial pledge or transfer of title;
 - e. otherwise disposed of by the Company's Management Board in a manner permitted by law, taking into account business needs and subject to the approval of the Supervisory Board.
7. Own shares may be acquired as follows:
 - a. In transactions on the regulated market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.);
 - b. in transaction(s) outside the regulated market.
8. The Management Board's authorisation to acquire the Company's own shares covers the period from 27 May 2021 to 27 May 2024, but in any case not longer than until the own shares acquisition pool has been used up.
9. Own shares may be purchased in stages/ tranches.

In accordance with the AGM resolution of 27 May 2021, the Company's Management Board is entitled to take all acts in fact and acts in law to implement the resolution, whilst respecting the principle of equal treatment of shareholders. The Management Board is also authorised to determine the rules for the acquisition of own shares to the extent the rules are not regulated in the said resolution. In particular, it may determine the method of purchase (type of transaction), number, price and date of purchase of own shares. The Management Board may at any time, at its discretion, guided by the best interest of the Company: terminate the process of purchasing own shares before the date indicated above or before the acquisition pool is used up; abandon the purchase of own shares in whole or in part; withdraw from or discontinue the implementation of the resolution in whole or in part.

On 8 October 2021, the Company's Management announced that, based on the AGM resolution of 27 May 2021, it adopted, on the same day, a resolution to launch the own shares buyback programme, activating the first buyback tranche. The Management Board also announced that it had concluded an agreement with Santander Bank Polska S.A. – Santander Brokerage Poland, for the provision of brokerage services in the purchase of own shares by the Company by way of a tender offer to Shareholders to submit offers to sell shares.

In addition, the Company made public the most important rules for the purchase of own shares under the Management Board's resolution:

1. The own shares purchase programme will be executed in tranches from 8 October 2021 to 27 May 2024, but in any case not longer than until the own shares acquisition pool has been used up.
2. The dates of individual buyback tranches, the maximum number of own shares purchased as part of those tranches and the price at which own shares will be purchased within a tranche will be determined by Management Board resolutions.
3. As part of the first buyback tranche:
 - a) no more than 1,000,000 of the Company's own shares will be purchased, with a total nominal value of PLN 50,000.00;
 - b) own shares will be purchased at a price of PLN 24.00 per share, which has been determined taking into account the conditions laid down in the AGM resolution;

- c) own shares will be purchased through Santander Bank Polska S.A. – Santander Brokerage Poland in transaction(s) outside the regulated market. The transactions will be carried out on the basis of offers made by the Company's shareholders in response to the Company's tender offer ("Tender Offer");
- d) the share buyback schedule is as follows:
 - Tender Offer announcement date: 8 October 2021;
 - commencement of accepting sales offers from shareholders: 12 October 2021;
 - end of accepting sales offers from shareholders: 20 October 2021;
 - the expected date of settlement of the acquisition of own shares by the Company: 25 October 2021.
- 4. The total purchase price of own shares may not exceed the amount of the capital reserve created for the purchase of the Company's own shares under the resolution of the Company's AGM of 27 May 2021, i.e. PLN 75,000,000.00.
- 5. The buyback covers ordinary bearer shares with a nominal value of PLN 0.05, code PLSELNA00010, fully paid up, fully transferable and free from any encumbrances or rights of third parties (whether obligation rights or in rem rights, in particular: an ordinary pledge, tax lien, registered pledge, right of first refusal, preemption right, or a seizure claim in enforcement proceedings).
- 6. The own shares purchased by the Company may be used for: a) cancellation of the Company's own shares; b) further resale of the Company's own shares; c) exchange for shares in the course of acquisitions or restructuring operations carried out by the Company; d) establishing a security for liabilities incurred by the Company, in particular a pledge, registered pledge, financial pledge or transfer of ownership; e) otherwise legally disposed of by the Management Board, taking into account the needs arising from business needs, subject to the consent of the Supervisory Board.
- 7. In accordance with the AGM resolution of 27 May 2021, the Management Board may at any time, at its discretion, guided by the best interest of the Company: a) terminate the process of purchasing own shares before the date indicated in § 1(8) of the resolution or before the acquisition pool is used up; b) abandon the purchase of own shares in whole or in part; withdraw from or discontinue the implementation of the resolution in whole or in part.

If the total number of shares covered by all sales offers submitted by Shareholders by the deadline for accepting sales offers is higher than the number of shares indicated in the Tender Offer, i.e. higher than 1,000,000 shares, the Company will acquire the shares with a proportional reduction of the submitted sales offers; fractional numbers of shares will be rounded down to the nearest whole number; all shareholders' offers will be accepted by the Company to the extent that the Company will acquire shares in a proportionally reduced number as described above.

Any unallocated shares remaining after application of the proportional reduction referred to above will be allocated gradually starting from the sales offers covering the highest number of shares to the sale offers covering the lowest number of shares, until the pool of shares is used up in full.

The tender offer for the shares of Selena FM S.A. was made public on 8 October 2021: in the form of an ESPI current report (as an attachment to Current Report 25/2021), on the website of Selena FM S.A. and on the website of Santander Brokerage Poland.

In turn, on 25 October 2021, the Company's Management Board reported that on that day 194,834 own shares were acquired and settled in connection with the tender offer announced on 8 October 2021 to the holders of the Company's shares ("Tender Offer"). The share buyback was carried out in accordance with the rules set out in the AGM Resolution of 27 May 2021 and the Management Board's resolution of 8 October 2021. During the period of accepting sales offers for the Company's shares made via Santander Bank Polska S.A. – Santander Brokerage Poland, which acts as an intermediary in the process of acquisition of own shares by the Company, i.e. in the period from 12 to 20 October 2021, two sales offers were accepted for a total of 194,834 shares of the Company. The Company acquired all of its own shares covered by the sales offers, without the need to apply a proportional reduction of the submitted sales offers.

The ownership of the shares was transferred between the shareholders and the Company through Santander Bank Polska S.A. – Santander Brokerage Poland outside the regulated market.

In connection with the purchase of own shares carried out by the Company on the basis of the Tender Offer, the Company acquired a total of 194,834 own shares with a nominal value of PLN 0.05 each, at a price of PLN 24.00 per share and a total price of PLN 4,676,016. The acquired own shares represent about 0.85% of the Company's registered capital and carry about 0.73% of the total number of votes at the Company's General Meeting.

Before the end of the above first share buyback tranche, the Company did not have any own shares.

1.8 Profit distribution for 2020

On 27 May 2021, the Annual General Meeting of Selena FM S.A. adopted a resolution to distribute the Company's net profit for 2020 of PLN 75,379,472.95 as follows: PLN 75,000,000.00 to create a capital reserve for the purchase of the Company's own shares; the remainder of PLN 379,472.95 to be transferred entirely to the Company's supplementary capital.

1.9 Shareholders of the parent

The table below shows the stake in the share capital and the voting power of the major shareholders.

Shareholder	Share type	Number of shares acquired	Share in registered capital	Number of votes	Share in votes at the General Meeting
Syrius Investments S.a.r.l.*	Registered preference shares	4,000,000	17.52%	8,000,000	29.81%
	Bearer shares	13,813,000	60.49%	13,813,000	51.48%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. **	Bearer shares	1,334,746	5.85%	1,334,746	4.97%

* entity controlled by Krzysztof Domarecki
** as of 18 May 2021.

1.10 Shareholdings by executive and non-executive directors

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

1.11 Litigations

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

Other significant court disputes were described in the consolidated financial statements of Selena FM Group for 2020 (Note 8.1). No significant changes in the description of litigations occurred in the period until approval of this report.

1.12 Guarantees given

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

Group companies provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. These are intragroup transactions. Such guarantees given to the subsidiaries by Selena FM S.A. were described in detail in Note 7.1 of the standalone financial statements of Selena FM S.A. for 2020. As at 30 September 2021, 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 forecast of the International Monetary Fund (IMF) published in October 2021 shows that in 2021 the global economy will rebound at 5.9%. Most importantly, highly developed countries are to experience a GDP growth of 5.2% in 2021 (vs a decline of 4.5% in 2020). The GDP of developing markets is projected to grow by 6.4% (vs a decline of 2.1% in 2020). For Selena Group's main markets, GDP growth is forecast to grow compared with 2020. Importantly, euro zone countries are to achieve a growth of +5.0% in 2021 (vs -6.3% in 2020). For the USA, the IMF forecasts an increase of 6.0% in 2021 (-3.4% in 2020), an increase of 8.0% for China (+2.3% in 2020) and an increase of 4.7% for Russia (-3.0% in 2020). For published forecasts for Poland point to a GDP increase of 5.1% in 2021.

Availability of financing. According to the results of the PENGAB banking business sentiment index published by the Polish Banks Association, in October 2021 the market sentiment slightly deteriorated (for 6-month forecasts): 36% of bankers point to an increase, 47% to stabilisation, and 18% to a decrease in housing loans.

Situation in the construction sector. Demand in the construction chemicals market is and will be influenced by the situation in the residential construction segment, where these materials are used to the highest degree. Data published in October 2021 by the Central Statistics Office (GUS) for the 9 months of 2021 point to a growth of 5.2% in house completions year-on-year. At the same time, the number of construction permits increased by 32.4%, while the number of commenced housing investments rose by 29.3%. A pronounced growth is noted in relation to 2020 (permits issued and new projects), when these ratios were much lower due to the Covid-19 pandemic.

FX rates. According to the currency forecasts consensus of Thomson Reuters as of November 2021, the coming months may see moderate changes in the EUR/PLN rate. At the end of the year, the expected EUR/PLN exchange rate is 4.57. Towards the year-end, the following currency rates are expected for the Group's main markets: EUR/RUB 81.90; EUR/CZK 25.40; EUR/HUF 357.50; EUR/RON 4.96; EUR/UAH 31.30 and EUR/TRY 11.00. Major fluctuations in exchange rates have an impact on currency risk.

Commodity prices. In 2021, there is a sustained upward trend in raw material prices for most product groups, mainly due to the availability of raw materials (production problems of suppliers, disruptions in the supply chain). Increases in raw material costs may not be fully transferred to the prices of the Company's products due to constraints in the flexibility of demand and the pricing strategies of the Company's competitors. As a result of the increase in raw material prices, the Company's margins may be under further pressure.

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 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020 restated figures*
Continued operations					
Revenue from the sale of products		1,178,703	955,332	455,624	395,387
Revenue from the sale of goods and raw materials		99,177	78,530	36,350	37,084
Revenue from the sale of services		2,907	1,656	1,144	868
Revenue from contracts with customers	2.2	1,280,787	1,035,518	493,118	433,339
Cost of sales		914,594	676,747	355,280	277,485
Gross profit		366,193	358,771	137,838	155,854
Selling and marketing costs		196,445	164,597	71,664	60,869
General and administrative expenses		92,485	84,771	32,488	28,480
Other operating income	2.3.1	10,992	11,041	3,897	5,916
Other operating costs	2.3.1	2,254	6,613	632	4,623
Impairment of non-financial fixed assets		0	1,558	0	-30
Impairment of financial assets	2.3.1	1,282	2,032	436	1,657
Operating profit		84,719	110,241	36,515	66,171
Financial income	2.3.2	7,666	4,171	14	1,344
Financial costs	2.3.2	8,346	18,915	946	8,442
Impairment loss/ reversal of impairment loss (-) of loans granted		173	0	0	0
Share in net profit/loss of the associate		3,271	1,680	2,793	560
Profit before tax		87,137	97,177	38,376	59,633
Income tax	2.4	16,195	20,300	6,598	14,724
Net profit for the period		70,942	76,877	31,778	44,909
Net profit attributable to:					
- shareholders of the parent		70,919	76,725	31,743	44,828
- non-controlling interests		23	152	35	81
Earnings per share attributable to the shareholders of the parent					
	8.4	(PLN/share)	(PLN/share)		
- basic		3.11	3.31	1.39	1.94
- diluted		3.11	3.31	1.39	1.96

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020 restated figures*
Profit after tax	70,942	76,877	31,778	44,909
FX differences arising on translation of the foreign associate	93	-5,511	-201	-2,498
FX differences on measurement of investments in the net assets of the foreign associate	4,308	-6,971	7,326	-7,635
Income tax	-911	-358	-1,433	670
Other comprehensive income for the period, after tax	3,490	-12,840	5,692	-9,463
Total comprehensive income	74,432	64,037	37,470	35,446
Attributable to:				
– shareholders of the parent	74,344	63,856	37,392	35,359
– non-controlling interests	88	181	78	87

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.09.2021	As at 31.12.2020 restated figures*	As at from 01.01.2020 restated figures*
ASSETS				
Property, plant and equipment		259,917	259,697	251,794
Intangible assets		39,729	42,525	46,095
Investments accounted for using the equity method		20,605	17,847	16,467
Deferred tax assets		22,770	20,417	20,867
Other long-term financial assets	2.5.1	6,920	43,096	1,327
Total non-current assets		349,941	383,582	336,550
Inventories	2.5.2	334,647	192,670	150,185
Other short-term non-financial assets		70,335	36,393	39,106
Trade and other receivables	2.5.1	385,632	261,680	243,155
CIT claimed		6,968	4,661	4,228
Other short-term financial assets	2.5.1	47,119	2,772	2,824
Cash and cash equivalents	2.6.2	42,056	55,004	85,653
Total current assets		886,757	553,180	525,151
TOTAL ASSETS		1,236,698	936,762	861,701
LIABILITIES AND EQUITY				
Registered capital		1,142	1,142	1,142
FX differences arising on translation of the foreign associate		-39,730	-43,155	-31,396
Supplementary capital		675,750	659,758	608,648
Other reserves		75,000	9,633	9,633
Retained profit/ loss carried forward		-106,753	-96,313	-119,199
Equity attributable to the shareholders of the parent		605,409	531,065	468,828
Non-controlling interests		951	872	727
Total equity		606,360	531,937	469,555
Long-term portion of bank and other loans	2.5.1	48,538	14,107	69,515
Long term lease liabilities	.	17,117	21,570	25,924
Deferred tax liability		1,776	3,784	3,843
Other long term non-financial liabilities		6,206	1,526	1,707
Long-term portion	2.5.2	8,523	8,438	4,690
Long-term liabilities		82,160	49,425	105,679
Trade and other liabilities	2.5.1	289,226	190,143	158,302
Obligations to return remuneration		34,923	24,151	19,556
Short-term portion of bank and other loans	2.5.1	107,708	35,645	34,392
Short-term lease liabilities	.	12,946	13,392	14,250
Other short term financial liabilities	2.5.1	1,119	1,506	96
CIT tax payable		13,153	15,688	8,324
Other short term non-financial liabilities		67,371	51,317	46,339
Short-term provisions	2.5.2	21,732	23,558	5,208
Short-term liabilities		548,178	355,400	286,467
Total liabilities		630,338	404,825	392,146
TOTAL LIABILITIES AND EQUITY		1,236,698	936,762	861,701

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures **
Cash flows from operating activities			
Profit (loss) before tax		87,137	97,177
Share in the result of the entities accounted for using the equity method		-3,271	-1,680
Depreciation/ amortisation		32,867	28,386
FX gains (losses)		6,144	-12,303
Interest and dividends		1,472	3,125
Profit/ (loss) on investing activities		-27	-2,565
Change in the balance of receivables		-166,333	-110,653
Change in the balance of inventories		-141,979	-45,966
Change in the balance of liabilities		134,499	116,133
Change in the balance of provisions		-1,741	3,711
CIT paid		-26,169	-13,067
Other		-1,587	1,833
Net cash flows from operating activities		-78,988	64,131
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		-23,339	-21,129
Inflows from sale of tangible and intangible assets		777	445
Outflow on account of loans granted		-4,000	0
Dividends and interest received		2,021	504
Net cash flows from investing activities		-24,541	-20,180
Cash flows from financing activities			
Inflows from bank/ other loans received		115,498	45,167
Repayment of bank and other loans		-11,502	-77,677
Repayment of lease liabilities		-11,921	-11,358
Dividends paid to owners		-10	-6
Interest paid		-2,449	-2,464
Other		1,149	270
Net cash flows from financing activities		90,765	-46,068
Net decrease in cash and cash equivalents		-12,764	-2,117
Change in cash and cash equivalents, including:		-12,948	-1,840
Net FX differences		-184	277
Cash and cash equivalents at the beginning of the period*		55,004	85,653
Cash and cash equivalents at the end of the period*		42,056	83,813

*including restricted cash:

as at 30 September 2021: PLN 0.05m

as at 30 September 2020: PLN 0.05m

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR 9 MONTHS ENDED 30 SEPTEMBER 2021

	Equity attributable to the shareholders of the parent					Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	FX differences arising on translation of a foreign affiliate	Supplementary capital	Other reserves	Retained profit/loss carried forward			
Figures in PLN thousand								
As at 31 December 2020 – restated figures*	1,142	-43,155	659,758	9,633	-104,586	522,792	872	523,664
Correction of errors from previous years	0	0	0	0	8,273	8,273	0	8,273
As at 1 January 2021 – restated figures*	1,142	-43,155	659,758	9,633	-96,313	531,065	872	531,937
Profit for the period	0	0	0	0	70,919	70,919	23	70,942
Other net comprehensive income for the period	0	3,425	0	0	0	3,425	65	3,490
Total comprehensive income for the period	0	3,425	0	0	70,919	74,344	88	74,432
Profit distributions	0	0	6,359	75,000	-81,359	0	0	0
Dividend	0	0	0	0	0	0	-9	-9
Other	0	0	9,633	-9,633	0	0	0	0
As at 30 September 2021	1,142	-39,730	675,750	75,000	-106,753	605,409	951	606,360

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

FOR 9 MONTHS ENDED 30 SEPTEMBER 2020

	Equity attributable to the shareholders of the parent					Total equity	Equity attributable to non-controlling interests	Aggregate equity
	Registered capital	FX differences FX differences arising on translation of a foreign affiliate	Supplementary capital	Other reserves	Retained profit/loss carried forward			
Figures in PLN thousand								
As at 31 December 2019 – approved figures*	1,142	-31,396	608,648	9,633	-129,712	458,315	727	459,042
Correction of errors from previous years	0	0	0	0	10,513	10,513	0	10,513
As at 1 January 2020 – restated figures*	1,142	-31,396	608,648	9,633	-119,199	468,828	727	469,555
Profit for the financial year	0	0	0	0	76,725	76,725	152	76,877
Other net comprehensive income for the period	0	-12,869	0	0	0	-12,869	29	-12,840
Total comprehensive income for the period	0	-12,869	0	0	76,725	63,856	181	64,037
Transfer of profit to the supplementary capital	0	0	51,109	0	-51,109	0	0	0
Dividend	0	0	0	0	0	0	-6	-6
As at 30 September 2020	1,142	-44,265	659,757	9,633	-93,583	532,684	902	533,586

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

2.1 General information

2.1.1 Characteristics of the Parent Company

Parent Company

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

Its duration is indefinite (it is a going concern). The Company’s registered office is at Strzegomska 2-4, 53-611 Wrocław, Poland. The Company operates in Poland.

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

The Parent Company’s core business includes:

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

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

Management Board of the Parent Company

As at 31 December 2020, the Company’s Management Board was composed of:

- Krzysztof Domarecki – Management Board President (CEO);
- Dariusz Ciesielski – Chief Commercial Officer, Vice President;
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Jacek Michalak – Chief Financial Officer;
- Marek Tomanek – Chief Operating Officer.

On 30 November 2020, Dariusz Ciesielski resigned from the Company’s Management Board and from the role of the Vice President for Sales effective from 31 December 2020.

On 30 November 2020, the Company’s Supervisory Board adopted a resolution appointing, as of 1 January 2021 Sławomir Majchrowski to the Company’s Supervisory Board, entrusting him with the role of Chief Commercial Office and Vice President of the Management Board.

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

- Krzysztof Domarecki – Management Board President (CEO);
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Jacek Michalak – Chief Financial Officer;
- Marek Tomanek – Chief Operating Officer.

On 16 February 2021, Krzysztof Domarecki resigned from the Company's Management Board and from the role of CEO effective from 1 March 2021.

On 16 February 2021, the Company's Supervisory Board adopted a resolution appointing Jacek Michalak to the Company's Management Board as Chief Executive Officer. The appointment became effective as of 1 March 2021.

On 19 April 2021, Marek Tomanek resigned from the Company's Management Board and from the role of the COO effective from 30 April 2021.

On 22 April 2021, the Company's Supervisory Board adopted a resolution appointing Roman Dziuba to the Company's Management Board as Chief Operating Officer (COO). The appointment became effective as of 1 May 2021.

In the period from 1 May 2021 to 26 May 2021, there were no changes in the composition of the Company's Management Board.

On 27 May 2021, the Supervisory Board appointed the Company's Management Board for a new term of office with the following composition:

- Jacek Michalak – CEO;
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Roman Dziuba – Chief Operating Officer.

On 23 September 2021, the Company's Supervisory Board adopted a resolution appointing, as of 1 October 2021, Andrzej Zygadło to the Company's Management Board, entrusting him with the role of Chief HR Officer (CHRO).

As at 30 September 2021, the Company's Management Board was composed of:

- Jacek Michalak – CEO;
- Christian Dölle – Chief Marketing & Strategy Officer, Vice President;
- Sławomir Majchrowski – Chief Commercial Officer, Vice President;
- Roman Dziuba – Chief Operating Officer.

Since 1 October 2021, the Company's Management Board has consisted of:

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

In the period from 1 October 2021 to the date of publication of this report, no changes took place in the composition of the Company's Management Board.

Supervisory Board of the Parent Company

As at 31 December 2020, the Company's Supervisory Board was composed of:

- Andrzej Krämer – Chairman of the Supervisory Board;
- Borysław Czyżak – independent Supervisory Board Member;
- Czesław Domarecki – Supervisory Board Member;
- Łukasz Dziekan – Supervisory Board Member;

- Marlena Łubieszko-Siewruk – independent Supervisory Board Member;
- Mariusz Warych – independent Supervisory Board Member.

From 1 January to 26 May 2021 no changes took place in the Supervisory Board.

On 27 May 2021, the Annual General Meeting appointed the Company's Supervisory Board for a new term of office with the following composition:

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

In the period from 27 May 2021 to the date of publication of this report, no other changes took place in the composition of the Company's Supervisory Board.

2.1.2 Information about the Group

Activities of the Group

Selena Group is an international producer and distributor of construction chemicals. The Group's Parent Company is Selena FM S.A. with its registered office in Wrocław.

The core business of the Group includes production, distribution and sale of construction chemicals and general building accessories. Selena 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;
- WINS window insulation and sealing 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 to both professionals and individual users. The Group's leading brands include Tytan, Quilosa, Artelit, Cool-R and Matizol.

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

Group members

As at 30 June 2021, the ownership and organisational structure of the Group and division into operating segments did not change in relation to what was presented in Note 2.2 to the interim condensed consolidated financial statements for the 6 months ended 30 June 2021.

Changes in the Group composition

Establishment of Selena Digital Distribution Sp. z o.o.

On 21 May 2021, a founding deed of Selena Digital Distribution Sp. z o.o. was signed. The sole shareholder of this limited liability company is Selena S.A., and its share capital is PLN 5,000. PLN. The company may be used in the future to implement the Group's business plans.

Increasing the registered capital, change of name and registered office of subsidiary Carina Sealants Sp. z o.o.

On 21 May 2021, the Extraordinary General Meeting of CARINA SEALANTS Sp. z o.o. was held. The business transacted during the meeting included adoption of resolutions on changes in the composition of the company's Management Board, a change of the company's business name (to Selena ESG Solutions Sp. z o.o.), changes in the company's objects (update of the PKD list indicated in the Articles of Association), increasing the registered capital, and changes in the Articles of Association, with ratification of a consolidated text of the document. Selena FM S.A. remains the sole shareholder of this company. Once the registered capital increase is recorded in the National Court Register, Selena FM S.A. will hold 20 thousand shares in the company's share capital with a total value of PLN 1 million.

Events occurring after the balance sheet date

On 4 October 2021, Selena FM S.A. entered into a leasing agreement with Selena Marketing International Sp. z o.o., whereby the latter made an organised part of its enterprise available to the Company for using and deriving benefits from. The agreement took effect on 1 October 2021. The transaction was settled using the pooling of interests method, in which the value of the assets and liabilities of the acquired enterprise was determined based on the consolidation package prepared by Selena Marketing International Sp. z o.o. as at 30 September 2021. The transaction had no impact on the consolidated income statement.

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

On 2 September 2021, a founding deed of Selena Green Investments Sp. z o.o. was signed. The company's shareholders are: Selena FM S.A., which acquired 95% of shares, and Selena ESG Solutions Sp. z o.o., which acquired 5% of shares in the registered capital of the new entity. The share capital of Selena Green Investments is PLN 5,000. In the future, the company may be used to implement the Group's business plans.

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 2020 published on 23 April 2021. The interim condensed financial result may not fully reflect the consolidated financial result achievable for the whole financial year.

Period covered by the financial statements

These financial statements are interim condensed consolidated financial statements of Selena FM Group. They cover the period of 9 months ended 30 September 2021 and data as at that date.

The consolidated income statement and the consolidated statement of comprehensive income cover the data for 9 months ended 30 September 2021 and comparative data for the period of 9 months ended 30 September 2020.

The consolidated statement of cash flows and the consolidated statement of changes in equity cover the data for the nine 9 ended 30 September 2021 as well as comparative data for the period of 9 months ended 30 September 2020.

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

Notes

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

Audit and review of financial statements

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

Approval of the report

These interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 25 November 2021 to be published on 26 November 2021.

Measurement and reporting currency

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

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

Ccy	As at 30.09.2021	As at 31.12.2020	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
1 USD	3.9925	3.7584	3.8179	3.9337
1 EUR	4.6329	4.6148	4.5585	4.4420
100 HUF	1.2852	1.2638	1.2784	1.2666
1 UAH	0.1500	0.1326	0.1394	0.1471
1 CZK	0.1816	0.1753	0.1771	0.1677
1 RUB	0.0549	0.0501	0.0515	0.0547
1 BRL	0.7372	0.7236	0.7177	0.7716
1 BGN	2.3687	2.3595	2.3307	2.2712
1 CNY	0.6177	0.5744	0.5910	0.5625
100 KRW	0.3370	0.3456	0.3365	0.3271
1 RON	0.9365	0.9479	0.9270	0.9191
1 TRY	0.4486	0.5029	0.4653	0.5788
100 KZT	0.9322	0.8767	0.9002	0.9589
1 MXN	0.1949	0.1891	0.1888	0.1797

Going concern

At the date of approval of this quarterly report, no circumstances occurred that would point to a risk to continuity of operations. The Management Board of Selena FM S.A. continues to analyse and monitor the impact of COVID 19 (described in Note 1.3.2 of this report) on the Parent Company's ability to continue as a going concern. As at the date of publication of this quarterly report, Selena Group has a stable financial position, and its cash flow forecasts point to its ability to maintain its cash position at a level sufficient to continue as a going concern. Accordingly, these interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue in operation in the foreseeable future.

Basis of preparation

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

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

2.1.4 Accounting policies

Changes in the accounting policies

The accounting policies that were used in preparation of these interim condensed consolidated financial statements are consistent with the policies used in preparation of the consolidated financial statements of Selena Group for the year ended 31 December 2020, taking into account the presentation changes specified below.

Presentation changes and error corrections

In 2021, in order to increase the usability of the consolidated financial statements for its readers, the Group changed the presentation and names of some headings of the consolidated statement of financial position taking into account the nature of the presented data.

In 2021, also corrections were made to previous years' errors. The first correction concerned the presentation and valuation of the right of perpetual usufruct of land. As a result, perpetual usufruct of land was reclassified from intangible assets ("other") and from other long-term non-financial assets to tangible assets ("land").

In addition, as a result of the analysis of recoverability of the deferred tax asset relating to the provision raised in connection with the dispute between Bank Millennium and Carina Silicones (for details, see Note 8.1 to the interim condensed consolidated financial statements for the 6 months ended 30 June 2021), it was decided that as at 31 December 2020 no taxable income was likely to be achieved to allow for deduction of negative temporary differences.

Furthermore, the Management Board of the Parent Company decided to correct an error from previous years with regard to the equity method measurement of shares in the associated undertaking Hamil - Selena Co. Ltd. As at 31 December 2020, that correction increased the value of shares in associates by PLN 11.7 million (by PLN 10.5 million as at 1 January 2020) in correspondence with the "Retained earnings" line item.

The following summary shows the impact of the presentation changes and correction of the errors, as well as reconciliation between the data published for the year ended 31 December 2020 and those included in these consolidated statement of financial position (impact as at 31.12.2020 and 01.01.2020) and in the consolidated income statement (impact as at 01.01.2020–30.09.2020, and 01.07.2020–30.09.2020):

Impact on the consolidated statement of financial position:

Figures in PLN thousand	As at 31.12.2020 published figures	Reclassification of the right of perpetual usufruct of land	Reclassification of receivables settled by checks and credit cards	Reversal of a deferred tax asset	Measurement of shares in the associate	As at 31.12.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	<i>correction of error</i>	
Property, plant and equipment	243,303	16,394				259,697
Intangible assets	48,888	-6,363				42,525
Investments accounted for using the equity method	6,174				11,673	17,847
Deferred tax assets	23,817			-3,400		20,417
Other long-term non-financial assets	7,523	-7,523				0
Trade and other receivables	251,907		9,773			261,680
Other short-term financial assets	12,545		-9,773			2,772
TOTAL ASSETS	594,157	2,508	0	-3,400	11,673	604,938

Figures in PLN thousand	As at 31.12.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of investment liabilities and other funds	Reversal of a deferred tax asset	Measurement of shares in the associate	As at 31.12.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	<i>correction of error</i>	
Retained profit/ loss carried forward	-104,586			-3,400	11,673	-96,313
Other long term financial liabilities	115		-115			0
Long term lease liabilities	19,062	2,508				21,570
Other long term non-financial liabilities	1,411		115			1,526
Total trade and other liabilities**	187,337		2,806			190,143
Other short term financial liabilities	4,862		-3,356			1,506
Other short term non-financial liabilities	50,767		550			51,317
TOTAL	158,968	2,508	0	-3,400	11,673	169,749

Figures in PLN thousand	As at 01.01.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of receivables settled by checks and credit cards	Measurement of shares in the associate	As at 01.01.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	
Property, plant and equipment	235,620	16,174			251,794
Intangible assets	52,492	-6,397			46,095
Investments accounted for using the equity method	5,954			10,513	16,467
Other long-term financial assets	1,322		5		1,327
Other long-term non-financial assets	7,337	-7,332	-5		0
Trade and other receivables*	237,892		5,263		243,155
Other short-term financial assets	8,087		-5,263		2,824
TOTAL	548,704	2,445	0	10,513	561,662

Figures in PLN thousand	As at 01.01.2020 published figures	Reclassification and measurement of the right of perpetual usufruct of land	Reclassification of investment liabilities and other funds	Measurement of shares in the associate	As at 01.01.2020 restated figures
		<i>correction of error</i>	<i>presentation change</i>	<i>correction of error</i>	
Retained profit/ loss carried forward	-129,712			10,513	-119,199
Other long term financial liabilities	109		-109		0
Long term lease liabilities	23,479	2,445			25,924
Other long term non-financial liabilities	1,598		109		1,707
Total trade and other liabilities**	143,986		14,316		158,302
Other short term financial liabilities	16,841		-16,745		96
Other short term non-financial liabilities	43,910		2,429		46,339
TOTAL	100,211	2,445	0	10,513	113,168

* due to the nature of the item, the name was changed from "trade receivables" to "trade and other receivables"

**due to the nature of the item, the name was changed from "trade liabilities" to "trade and other liabilities"

Impact on the consolidated income statement

Figures in PLN thousand	from 01.01.2020 to 30.09.2020 published figures	Measurement of shares in the associate <i>correction of error</i>	from 01.01.2020 to 30.09.2020 restated figures	from 01.07.2020 to 30.09.2020 published figures	Measurement of shares in the associate <i>correction of error</i>	from 01.07.2020 to 30.09.2020 restated figures
Share in net profit/loss of the associate	484	1,196	1,680	0	560	560
Profit before tax	95,981	1,196	97,177	59,073	560	59,633
Net profit for the period	75,681	1,196	76,877	44,349	560	44,909

2.2 Operating segments

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

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

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

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

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

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

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

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

Management of the Group's funding sources, financial 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.

The tables below show data on the revenues and profits of the individual reporting segments for the 9 months ended 30 September 2021 and for the same period ended 30 September 2020, and the 3 months ended 30 September 2021 and 30 September 2020, respectively.

from 01.01.2021 to 30.09.2021	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	836,118	351,615	93,054	1,280,787	0	1,280,787
Sales between segments	272,895	11,711	0	284,606	-284,606	0
EBITDA	167,252	41,022	8,595	216,869	-99,283	117,586
Depreciation/ amortisation	-21,424	-1,912	-46	-23,382	-9,485	-32,867
Operating profit (loss)	145,828	39,110	8,549	193,487	-108,768	84,719
Net financial income/ (costs)	0	0	0	0	-853	-853
Share in profit of the associate	0	3,271	0	3,271	0	3,271
Income tax	0	0	0	0	-16,195	-16,195
Net profit (loss) for the period	145,828	42,381	8,549	196,758	-125,816	70,942
Capital expenditure	20,114	2,900	34	23,048		23,048

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

from 01.01.2020 to 30.09.2020 restated figures**	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	669,544	305,843	60,131	1,035,518	0	1,035,518
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
Operating profit (loss)	187,184	33,588	4,154	224,926	-114,685	110,241
Net financial income/ (costs)	0	0	0	0	-14,744	-14,744
Share in profit of the associate	0	1,680	0	1,680	0	1,680
Income tax	0	0	0	0	-20,300	-20,300
Net profit (loss) for the period	187,184	35,268	4,154	226,606	-149,729	76,877
Capital expenditure	20,523	1,367	25	21,915		21,915

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

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

from 01.07.2021 to 30.09.2021	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	310,373	145,909	36,836	493,118	0	493,118
Sales between segments	122,455	2,190	0	124,645	-124,646	-1
EBITDA	61,442	14,871	2,724	79,037	-31,242	47,795
Depreciation/ amortisation	-7,363	-677	-16	-8,056	-3,224	-11,280
Operating profit (loss)	54,079	14,194	2,708	70,981	-34,466	36,515
Net financial income/ (costs)	0	0	0	0	-932	-932
Share in profit of the associate	0	2,793	0	2,793	0	2,793
Income tax	0	0	0	0	-6,598	-6,598
Net profit (loss) for the period	54,079	16,987	2,708	73,774	-41,996	31,778
Capital expenditure	7,076	354	16	7,446	0	7,446

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

from 01.07.2020 to 30.09.2020 restated figures**	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Figures in PLN thousand						
Sales to external customers	275,575	133,762	24,002	433,339	0	433,339
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
Operating profit (loss)	89,789	17,002	286	107,077	-40,906	66,171
Net financial income/ (costs)	0	0	0	0	-7,098	-7,098
Share in profit of the associate	0	560	0	560	0	560
Income tax	0	0	0	0	-14,724	-14,724
Net profit (loss) for the period	89,789	17,562	286	107,637	-62,728	44,909
Capital expenditure	7,946	410	22	8,378		8,378

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

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

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

The tables below show data on assets allocated to individual geographic segments as at 30 September 2021 and 31 December 2020.

as at 30.09.2021						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	1,407,658	266,265	69,974	1,743,897	-557,542	1,186,355
Investment in the associate	0	20,605	0	20,605	0	20,605
Non-allocated assets	0	0	0	0	29,738	29,738
Total assets	1,407,658	286,870	69,974	1,764,502	-527,804	1,236,698

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

as at 31.12.2020 restated figures**						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment assets	1,156,170	192,809	41,040	1,390,019	-496,182	893,837
Investment in the associate	0	17,847	0	17,847	0	17,847
Non-allocated assets	0	0	0	0	25,078	25,078
Total assets	1,156,170	210,656	41,040	1,407,866	-471,104	936,762

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

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

The tables below show data on liabilities allocated to individual geographic segments as at 30 June 2021 and 31 December 2020.

as at 30.09.2021						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	1,064,071	242,443	88,181	1,394,695	-779,286	615,409
Non-allocated liabilities	0	0	0	0	14,929	14,929
Total liabilities	1,064,071	242,443	88,181	1,394,695	-764,357	630,338

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

as at 31.12.2020 restated figures**						
Figures in PLN thousand	EU	Eastern Europe and Asia	America N&S America	Total segments	Consolid. adjustments and non-allocated results*	Total
Segment liabilities	753,623	186,591	62,241	1,002,455	-617,102	385,353
Non-allocated liabilities	0	0	0	0	19,472	19,472
Total liabilities	753,623	186,591	62,241	1,002,455	-597,630	404,825

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

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

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 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Profit from disposal of non-financial fixed assets	413	221	221	-29
Subsidies	7,627	8,236	3,278	3,752
Damages	125	151	4	40
Provisions released	1,508	79	1	18
Repayment of receivables written off in previous periods	527	1,048	111	1,048
Reimbursement of overpaid social insurance fees	0	992	0	992
Other	792	314	282	95
Total other operating income	10,992	11,041	3,897	5,916

Other operating costs

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Uncollectible receivables written off	262	1,383	76	1,167
Damages, penalties, fines	756	818	77	0
Provisions raised	161	2,963	161	2,956
Donations made	834	863	271	255
Other	241	586	47	245
Total other operating costs	2,254	6,613	632	4,623

Impairment of financial assets

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Recognition of an impairment allowance on receivables	1,861	2,944	480	1,813
Reversal of an impairment allowance on receivables	-579	-912	-44	-156
Impairment of financial assets	1,282	2,032	436	1,657

2.3.2 Financial income and costs

Financial income

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
FX gains	5,881	2,410	-526	184
Interest on deposits and bank accounts	5	130	0	-21
On loans granted	1,731	0	608	0
Other interest	44	49	23	21
Dividends and profit sharing	0	20	0	20
Derivative financial instruments	0	1,549	-91	1,154
Other financial income	5	13	0	-14
Total financial income	7,666	4,171	14	1,344

Financial costs

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
FX losses	3,152	14,807	-1,585	7,586
Interest on bank and other loans	2,196	2,202	932	64
Interest on leases	783	1,014	250	642
Other interest	198	111	69	12
Derivative financial instruments	1,076	0	1,076	0
Other financial costs	941	781	204	138
Total financial costs	8,346	18,915	946	8,442

As at 30 September 2021, the Group had open forward contracts. The result on transactions (PLN -1,076 thousand) for the first 3 quarters of 2021 was recognised in financial costs under "Derivative financial instruments".

2.4 Taxation

Tax charge

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Current income tax:		
Current income tax charge	20,811	22,860
Corrections to the current income tax from previous years	562	-407
Deferred income tax:		
Connected with origination and reversal of temporary differences	-5,178	-2,153
Tax disclosed in consolidated income statement	16,195	20,300

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 30.09.2021	As at 31.12.2020 restated figures*	As at from 01.01.2020 restated figures*
Financial assets measured at amortised cost			
<i>Trade receivables</i>	379,712	251,907	237,892
<i>Settlements with customers on account of credit card payments</i>	4,697	8,291	5,023
<i>Promissory notes, cheques</i>	1,214	1,482	214
<i>Investment receivables</i>	9	0	26
Trade and other receivables	385,632	261,680	243,155
<i>Loans granted</i>	5,827	42,000	0
<i>Restricted cash</i>	108	107	378
<i>Other</i>	166	170	130
Total other long term financial assets measured at amortised cost	6,101	42,277	508
<i>Loans granted</i>	40,268	81	0
<i>Grants receivable</i>	3,861	0	0
<i>Security deposits</i>	1,187	690	618
<i>Other</i>	1,803	2,001	2,206
Total other short term financial assets measured at amortised cost	47,119	2,772	2,824
Cash and cash equivalents	42,056	55,004	85,653
Financial assets measured at fair value through other comprehensive income			
Other long-term financial assets – shares in non-listed companies	819	819	819
Total	481,727	362,552	332,959

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

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020 restated figures*	As at from 01.01.2020 restated figures*
Financial liabilities measured at amortised cost			
<i>Bank and other loans</i>	156,246	49,752	103,907
<i>Lease liabilities</i>	30,063	34,962	40,174
Total interest-bearing debt	186,309	84,714	144,081
<i>Trade liabilities</i>	287,197	187,337	143,986
<i>Investment liabilities</i>	2,028	2,580	1,591
<i>Liabilities on account of prepaid trade receivables</i>	1	226	12,725
Trade and other liabilities	289,226	190,143	158,302
Financial liabilities measured at fair value through profit or loss			
Other short-term liabilities – forward contracts	1,119	1,506	96
Total	476,654	276,363	302,479

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

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 2021 and 31 December 2020 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.

Bank and other loans

The incurred bank loans are presented in the table below

Ref	Loan type	Maturity date	As at 30.09.2021		As at 31.12.2020	
			Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2021	0	76,152	0	21,636
2	Working capital loan	2024	37,260	3,197	0	0
3	Other	2021-2026	11,278	28,359	14,107	14,009
			48,538	107,708	14,107	35,645

On 5 August 2021, the subsidiary Selena Vostok signed an annex to the loan agreement. The loan amount was increased to RUB 400 million, and the credit period was set at 12 months from the signing date. The loan is secured by a corporate guarantee of Selena FM S.A.

Credit agreement terms

As part of the loan agreements signed by the Parent Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 30 September 2021, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

Events occurring after the balance sheet date

On 15 November 2021, a technical annex to the loan agreement was concluded, providing for funding of EUR 12 million with the loan period extended to 30 November 2021 under the previous conditions.

2.5.2 Non-financial assets and liabilities

Inventories

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020
Raw materials	124,505	65,729
Work in progress	8,484	4,762
Finished goods	176,114	103,930
Goods for resale	25,544	18,249
Total inventories, net	334,647	192,670
Impairment allowance on inventories	6,186	6,209
Total inventories, gross	340,833	198,879

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

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Impairment allowance on inventories at the beginning of the period	6,209	3,886
Recognition of impairment allowance on inventories	3,027	4,556
Reversal of impairment allowance on inventories	-847	-1,690
Utilisation of impairment allowance on inventories	-2,220	-263
FX differences arising on translation	17	-13
Impairment allowance on inventories at the end of the period	6,186	6,476

Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	from 01.01.2021 to 30.09.2021			from 01.01.2020 to 31.12.2020		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the period	4,162	4,276	8,438	3,626	1,064	4,690
Provisions raised	313	57	370	823	3,166	3,989
Provisions released	-61	0	-61	-395	0	-395
Provisions used	-294	0	-294	-84	0	-84
FX differences	7	63	70	192	-127	65
Reclassification	0	0	0	0	173	173
Balance at the end of the period	4,127	4,396	8,523	4,162	4,276	8,438
Short term						
Balance at the beginning of the period	0	23,558	23,558	0	5,208	5,208
Provisions raised	0	731	731	0	18,884	18,884
Provisions released	0	-1,508	-1,508	0	-107	-107
Provisions used	0	-1,032	-1,032	0	-575	-575
FX differences	0	-17	-17	0	106	106
Reclassification	0	0	0	0	42	42
Balance at the end of the period	0	21,732	21,732	0	23,558	23,558

The value of provisions released over the 9 months ended 30 September 2021 was impacted by the favourable settlement of the customs case relating to Selena Romania (PLN 1,460 thousand). A part of the provision of PLN 784 thousand was used to make the payment resulting from the customs proceedings.

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 2021, no significant changes were made to the assumption areas or methods. The business and macroeconomic assumptions underlying the estimates and judgements are updated on an ongoing basis depending on changes in the 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 2021, no need was identified to recognise any impairment losses on assets due to the epidemic.

2.6.2 Financial risk management

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

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

In Q3 2021, 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, FX risk is defined as a risk of volatility of the future cash flows denominated in other currencies than the Group's functional currency as a result of FX fluctuations. In the case of the Group, the risk arises from the fact that a major portion of the transactions is conducted beyond Poland and settled in other currencies than the functional currency. In consequence, the FX fluctuations affect the cash flows, expressed in the functional currency, generated by the Group companies (both on the income and cost side) and the open balance sheet positions (net assets) expressed in foreign currency.

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

Interest rate risk

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

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

Credit risk

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

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

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Impairment in respect of expected credit loss at the beginning of the period	26,100	28,232	25,696	28,016
<i>trade receivables</i>	<i>23,764</i>	<i>25,516</i>	<i>23,729</i>	<i>25,735</i>
<i>other financial receivables</i>	<i>2,336</i>	<i>2,716</i>	<i>1,967</i>	<i>2,281</i>
Recognised/ reversed (-)	1,282	2,032	436	1,657
<i>trade receivables</i>	<i>1,290</i>	<i>2,080</i>	<i>437</i>	<i>1,659</i>
<i>other financial receivables</i>	<i>-8</i>	<i>-48</i>	<i>-1</i>	<i>-2</i>
Utilised	-809	-1,287	83	-330
<i>trade receivables</i>	<i>-489</i>	<i>-773</i>	<i>84</i>	<i>-329</i>
<i>other financial receivables</i>	<i>-320</i>	<i>-514</i>	<i>-1</i>	<i>-1</i>
FX differences arising on conversion of foreign affiliates	344	38	702	-327
<i>trade receivables</i>	<i>329</i>	<i>-108</i>	<i>644</i>	<i>-349</i>
<i>other financial receivables</i>	<i>15</i>	<i>146</i>	<i>58</i>	<i>22</i>
Impairment in respect of expected credit loss at the end of the period	26,917	29,015	26,917	29,016
<i>trade receivables</i>	<i>24,894</i>	<i>26,715</i>	<i>24,894</i>	<i>26,716</i>
<i>other financial receivables</i>	<i>2,023</i>	<i>2,300</i>	<i>2,023</i>	<i>2,300</i>

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

Details on the assets held as security for loans are provided in Note 6.1.3 of the consolidated financial statements for 2020. The risk that no cash flows will be obtained from the indicated asset items is considered as low. In the situation of an increased credit risk, the Group is protected by asset impairment allowances, which are reflected in the carrying amounts of the assets.

As at 30 September 2021, the Group's companies had unutilised credit lines of PLN 114.6 million. As at 31 December 2020: PLN 307.2 million.

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

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020
Cash in bank	36,962	50,491
Cash on hand	642	262
Cheques (up to 3 months)	3,041	4,193
Short-term deposits	59	58
Cash in transit	1,352	0
Total	42,056	55,004

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

Liquidity risk

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

As part of its role of central coordination of the Group's finance management, Selena FM S.A. grants loans to its subsidiaries to ensure current financing and liquidity for them (the effect of such transactions is eliminated from the Group's consolidated accounts). Details of these transactions are included in the quarterly financial information included in this report (Chapter 3).

Other risks

The risk associated with the COVID-19 pandemic is described in detail in Note 1.3.2. of this report.

Selena Group has an extensive co-operation with customers from the Eastern markets (Russia, Ukraine, Kazakhstan). The executive boards of the Group companies are aware of the risks pertaining to the Eastern markets (FX, credit, legal, tax and political risk). Since 2015, Selena Group has 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.

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

2.7 Other information

2.7.1 Related party transactions

The table below shows transactions with executive and non-executive directors of the Parent and with associates. The sales and purchases figures cover the period of 9 months ended 30 September (2021 and 2020, respectively), while the receivables and liabilities are presented as at 30 September 2021 and 31 December 2020.

Figures in PLN thousand	Period	Sales	Purchases	Interest income	Receivables	Liabilities	Loans granted
Associates	2021	21,538	0	0	8,067	0	0
	2020	19,279	33	0	7,609	212	0
Subsidiaries of the ultimate controlling shareholder*	2021	7	393	1,731	12	31	46,095
	2020	164	0	0	3	0	42,081
Key management personnel**	2021	0	0	0	0	0	0
	2020	0	387	0	0	0	0
TOTAL	2021	21,545	393	1,731	8,079	31	46,095
	2020	19,443	420	0	7,612	212	42,081

* 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 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020 restated figures*	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020 restated figures*
Profit (loss) attributable to the controlling interests	PLN	70,919,442	76,725,256	31,742,815	44,828,169
Average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
Earnings/(loss) per ordinary share	PLN/share	3.11	3.36	1.39	1.96
Number of shares, including dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
Diluted earnings per share	PLN/share	3.11	3.36	1.39	1.96

2.7.3 Events occurring after the balance sheet date

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



Quarterly financial information
Selena FM S.A.

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

INCOME STATEMENT

Figures in PLN thousand	Note	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Continued operations					
Revenue from the sale of goods and raw materials		718,021	555,726	289,290	245,642
Revenue from the sale of services		29,707	20,569	11,947	8,690
Sales		747,728	576,295	301,237	254,332
Cost of sales		692,607	486,971	279,572	215,432
Gross profit		55,121	89,324	21,665	38,900
Selling and marketing costs		40,641	32,900	16,309	12,709
General and administrative expenses		33,840	32,460	11,979	10,603
Other operating income	3.2.1	239	936	166	586
Other operating costs	3.2.1	689	350	50	-37
Impairment loss/ reversal of impairment loss (-) of receivables		5,798	813	417	-1,117
Dividends from subsidiaries		43,651	31,138	1,564	15,068
Operating profit		18,044	54,875	-6,924	32,396
Financial income	3.2.2	12,608	7,023	7,950	634
Financial costs	3.2.2	2,576	4,800	-826	3,288
Impairment loss/ reversal of impairment loss (-) of loans granted		414	-870	81	217
Profit before tax		27,662	57,968	1,771	29,525
Income tax	3.3	-1,776	4,827	-1,428	2,417
Net profit on continued operations		29,438	53,141	3,199	27,108
Discontinued operations					
Profit (loss) on discontinued operations		-	-	-	-
Net profit		29,438	53,141	3,199	27,108
Net profit per share (PLN/share):					
- basic		1.29	2.33	0.14	0.53
- diluted		1.29	2.33	0.14	0.53

STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Net profit	29,438	53,141	3,199	27,108
Total comprehensive income	29,438	53,141	3,199	27,108

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Figures in PLN thousand	Note	As at 30.09.2021	As at 31.12.2020
ASSETS			
Property, plant and equipment		5,075	5,657
Intangible assets		15,270	16,414
Shares in subsidiaries	3.4.2	170,005	169,005
Long-term portion of loans granted	3.4.1	154,626	180,565
Deferred tax asset		1,173	0
Non-current assets		346,149	371,641
Inventories		14,484	7,538
Other short-term non-financial assets		49,280	18,551
Trade receivables		270,755	174,785
CIT claimed		3,154	0
Short-term portion of loans granted	3.4.1	74,048	27,122
Other short-term financial assets		1,700	310
Cash and cash equivalents		696	5,170
Current assets		414,117	233,476
TOTAL ASSETS		760,266	605,117
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
Supplementary capital		342,358	332,346
Other reserves		84,530	19,163
Retained profit/ loss carried forward		29,438	75,379
– retained profit/ loss from previous years		0	0
– profit (loss) after tax		29,438	75,379
Equity		457,468	428,030
Long-term portion of bank and other loans	3.4.1	63,224	34,354
Long term lease liabilities		697	1,377
Other long term non-financial liabilities		3,701	0
Deferred tax liability		0	1,245
Provision for retirement benefits		432	390
Long-term liabilities		68,054	37,366
Trade and other liabilities	3.4.1	155,234	87,316
Obligations to return remuneration		2,630	1,291
Short-term portion of bank and other loans	3.4.1	68,337	28,296
Short-term lease liabilities		1,858	2,038
CIT tax payable		0	10,226
Other short term financial liabilities		684	1,506
Other short term non-financial liabilities		6,001	9,048
Short-term provisions		0	0
Short-term liabilities		234,744	139,721
Total liabilities		302,798	177,087
TOTAL EQUITY AND LIABILITIES		760,266	605,117

STATEMENT OF CASH FLOWS

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Cash flows from operating activities		
Profit (loss) before tax	27,662	57,968
Depreciation/ amortisation	4,012	3,944
FX (gains) / losses	-3,147	4,066
Interest and dividends	-50,825	-35,212
Profit / loss on investing activities	834	-2,461
Change in the balance of receivables	-133,347	-76,278
Change in the balance of inventories	-6,947	-2,999
Change in the balance of liabilities	70,475	64,723
Change in the balance of provisions	42	111
CIT paid	-12,867	-4,773
Other	-1,506	1,833
Net cash flows from operating activities	-105,614	10,922
Cash flows from investing activities		
Inflows from the sale of tangible assets	244	102
Acquisition of tangible and intangible assets	-2,128	-1,963
Purchase of shares in subsidiaries	-1,000	-255
Dividends and interest received	24,291	31,138
Loans granted	-14,343	-13,589
Repayments of loans granted	3,959	12,059
Net cash flows from investing activities	11,023	27,492
Cash flows from financing activities		
Repayment of lease liabilities	-1,464	-1,653
Inflows from bank/ other loans received	105,261	16,604
Repayment of loans	-13,149	-33,344
Interest paid	-500	-809
Net cash flows from financing activities	90,148	-19,202
Increase (decrease) in cash and cash equivalents	-4,443	19,212
Change in cash and cash equivalents, including:	-4,474	19,218
net FX differences	-31	6
<i>Cash at the beginning of the period*</i>	<i>5,170</i>	<i>5,064</i>
<i>Cash at the end of the period*</i>	<i>696</i>	<i>24,282</i>

*including restricted cash:

as at 30 September 2020: PLN 0.05m

as at 30 September 2021: PLN 0.05m

STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2021

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				from previous years	from the current period	
Figures in PLN thousand						
As at 01.01.2021	1,142	332,346	19,163	75,379	0	428,030
Net profit	0	0	0	0	29,438	29,438
Total comprehensive income	0	0	0	0	29,438	29,438
Net profit distribution	0	379	75,000	-75,379	0	0
Other	0	9,633	-9,633	0	0	0
As at 30.09.2021	1,142	342,358	84,530	0	29,438	457,468

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	
Figures in PLN thousand						
As at 01.01.2020	1,142	289,459	19,163	42,887	0	352,651
Net profit	0	0	0	0	53,141	53,141
Total comprehensive income	0	0	0	0	53,141	53,141
Net profit distribution	0	42,887	0	-42,887	0	0
As at 30.09.2020	1,142	332,346	19,163	0	53,141	405,792

3.1 General information

3.1.1 Information about the financial statements

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

3.1.2 Accounting policies

Changes in the accounting policies

The accounting policies that were used in preparation of the financial statements are consistent with the policies used in preparation of the Company's financial statements for 2020.

3.2 Notes to the consolidated income statement

3.2.1 Other operating income and operating costs

Other operating income

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Profit from disposal of non-financial fixed assets	194	18	150	-10
Subsidies	0	880	0	585
Damages, penalties, fines	0	0	0	0
Other	45	38	16	11
Total other operating income	239	936	166	586

Other operating costs

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Loss on disposal of non-financial fixed assets	0	0	-3	-15
Donations	277	347	11	0
Complaints	412	3	42	-16
Other	0	0	0	-6
Total other operating costs	689	350	50	-37

3.2.2 Financial income and costs

Financial income

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Interest, including:	7,095	5,473	2,528	1,578
<i>on bonds and loans granted</i>	7,095	5,456	2,528	1,576
<i>on bank deposits and accounts</i>	0	17	0	2
FX differences	5,513	0	5,513	-2,098
Derivative financial instruments	0	1,549	-91	1,154
Other	0	1	0	0
Total financial income	12,608	7,023	7,950	634

As at 30 September 2021, Selena FM S.A. had open forward contracts. For the 3 quarters ended 2021, profit on valuation of instruments was PLN 1,089 thousand (including valuation of open contracts of PLN -417 thousand net as at 30 September 2021). The loss on exercise of the contracts was PLN 1,506 thousand. The result on transactions was recognised in financial expenses under "Derivative financial instruments".

Financial costs

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020	from 01.07.2021 to 30.09.2021	from 01.07.2020 to 30.09.2020
Interest, including:	1,512	1,485	565	452
<i>on loans and advances received</i>	1,249	1,254	461	322
<i>on finance lease liabilities</i>	59	128	18	89
<i>on other obligations</i>	204	103	86	41
FX differences	0	2,756	-1,925	2,756
Derivative financial instruments	417	0	417	0
Bank fees	647	559	117	80
Total financial costs	2,576	4,800	-826	3,288

3.3 Taxation

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Income tax for the current period	644	5,972
Change in deferred income tax	-2,420	-1,145
Tax charge carried in profit or loss:	-1,776	4,827

3.4 Notes to the statement of financial position

3.4.1 Financial instruments

Financial assets

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020
Financial assets measured at amortised cost		
Loans granted	228,674	207,687
Trade receivables	270,755	174,785
Other short-term financial assets – dividend from Uniflex	1,390	0
Other short-term financial assets – security deposits	310	310
Cash and cash equivalents	696	5,170
Financial assets measured at fair value through profit and loss		
Total	501,825	387,952

Financial liabilities

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020
Financial liabilities measured at amortised cost		
<i>Bank and other loans</i>	131,561	62,650
<i>Lease liabilities</i>	2,555	3,415
Total interest-bearing debt	134,116	66,065
Trade and other liabilities	155,234	87,316
Financial liabilities measured at fair value through profit or loss		
Other short term financial liabilities – forward transactions	417	1,506
Total	289,767	154,887

Loans granted and other financial assets

Figures in PLN thousand	Gross value	Impairment (-)/ reversal of impairment	Net value
as at 1 January 2021	319,255	-111,568	207,687
Loan granted	14,343	-173	14,170
Repayment of principal	-240	0	-240
Interest accrued	7,095	-241	6,854
Interest paid	-3,720	0	-3,720
Withholding tax	-287	0	-287
FX differences arising on balance sheet valuation	5,242	-1,032	4,210
as at 30.09.2021	341,688	-113,014	228,674

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

Description of loans granted during the reporting period

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

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

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

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

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

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

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

By 30 September 2021, loan tranches in a total amount of PLN 14,343 thousand were transferred as follows:

- PLN 600 thousand and EUR 120 thousand to Carina Silicones
- EUR 625 thousand to Selena ESG Solutions Sp z o.o.
- EUR 250 thousand to Foshan Chinuri
- PLN 4 million to Tytan EOS sp. z o.o.
- EUR 70 thousand to Oligo
- PLN 4 million to Fandla Faktoring sp. z o.o.
- EUR 250 thousand to Selena Iberia sl.

Significant loans granted after the balance sheet date

On 25 October 2021, a loan agreement of EUR 1 million and USD 800 thousand was signed with Selena Iberia S.L.U. The loan carries a variable interest rate. It matures on 31 December 2022.

On 10 November 2021, a loan agreement of EUR 2.7 million was signed with Selena Green Investment sp. z o.o. The loan carries a variable interest rate. It matures on 10 November 2026.

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

Maturity (in years), as at 30.09.2021		below 1 year	1-3 years	Above 3 years	Total
Subsidiaries	Loans	74,048	67,485	87,141	228,674
TOTAL		74,405	67,485	87,141	228,674

Trade receivables

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

Figures in PLN thousand	from 01.01.2021 to 30.09.2021	from 01.01.2020 to 30.09.2020
Impairment allowance at the beginning of the period	20,119	17,912
<i>related parties</i>	19,146	16,656
<i>other entities</i>	973	1,256
Impairment allowance created/reversed (-) according to IFRS 9:	5,798	813
<i>related parties, including:</i>	5,652	858
EURO MGA Product SRL	-5	-21
Selena Hungaria KFT	0	-2
Selena Sulamericana Ltda	6,608	577
Selena S.A.	0	-7
Selena USA	-1,103	0
Shanghai House Selena Trading Ltd.	152	311
<i>other entities</i>	145	-45
Utilisation	0	-158
<i>other entities</i>	0	0
<i>in respect of cancellation receivables</i>	0	-158
FX differences	77	273
<i>related parties</i>	74	220
<i>other entities</i>	3	53
Expected credit loss at the end of the period	25,994	18,840
<i>related parties</i>	24,872	17,744
<i>other entities</i>	1,122	1,096

Loans received

The table below shows the debt in respect of borrowings.

Figures in PLN thousand			As at 30.09.2021		As at 31.12.2020	
Ref.	Loan type	Maturity date	Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	2024	37,260	0	0	0
2	Working capital loan	2021	0	58,096	0	2,276
3	Loan	2023	25,964	1,541	25,654	982
4	Loan	2022	0	8,700	8,700	38
5	Loan	2021	0	0	0	25,000
Total loans			63,224	68,337	34,354	28,296

As part of the loan agreements signed by the Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 30 September 2021, Selena FM S.A. maintained financial ratios at the levels required by the lenders.

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

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

Trade liabilities

Figures in PLN thousand	As at 30.09.2021	As at 31.12.2020
Trade liabilities		
<i>amounts due to related parties</i>	138,575	70,609
<i>amounts due to other entities</i>	16,659	16,707
Total trade liabilities	155,234	87,316

3.4.2 Shares in subsidiaries

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

Figures in PLN thousand	As at 30.09.2021			As at 31.12.2020		
	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62,781	0	62,781	62,781	0	62,781
Selena Labs Sp. z o.o.	1,400	0	1,400	1,400	0	1,400
Euvic Solutions Sp. z o.o.	1,003	0	1,003	8	0	8
Selena Industrial Technologies Sp. z o.o.	38,379	0	38,379	38,379	0	38,379
Selena Deutschland GmbH	4	0	4	4	0	4
Selena Italia srl	1,884	1,884	0	1,884	1,884	0
Selena Iberia slu	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 Digital Distribution Sp. z o.o	5	0	5	0	0	0
Selena Mexico	255	0	255	255	0	255
Selena Romania SRL	11,944	11,944	0	11,944	11,944	0
Selena Bohemia s.r.o	9,936	0	9,936	9,936	0	9,936
Selena Hungária Kft.	679	679	0	679	679	0
EURO MGA Product SRL	1	0	1	1	0	1
Selena Ukraine Ltd.	3,068	0	3,068	3,068	0	3,068
Selena CA L.L.P.	9,029	0	9,029	9,029	0	9,029
Selena Insulations	1,206	1,206	0	1,206	1,206	0
Selena Nantong Building Materials Co., Ltd.	33,910	33,910	0	33,910	33,910	0
Selena Vostok	11,197	0	11,197	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	23,764	23,764	0	23,764	23,764	0
Value of shares	272,306	102,301	170,005	271,306	102,301	169,005

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 2021 and 31 September 2020, respectively.

Figures in PLN thousand	Period	Revenue from sales and recharged costs	Purchase of goods and services	Other revenues ¹⁾	Other costs
Subsidiaries	2021	589,553	670,366	49,117	7,303
	2020	463,295	439,884	37,546	1,461
Associates	2021	4,445	0	0	0
	2020	3,668	33	0	0
Subsidiaries of the ultimate controlling shareholder*	2021	12	30	1,731	0
	2020	164	0	0	0
TOTAL	2021	594,010	670,396	50,848	7,303
	2020	467,127	439,917	37,546	1,461

¹ 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 2021 and 31 December 2020.

Figures in PLN thousand	Period	Loans	Trade receivables	Other receivables	Liabilities
Subsidiaries	2021	182,579	228,719	1,478	138,575
	2020	165,606	148,105	0	70,913
Associates	2021	0	2,939	0	0
	2020	0	2,014	0	212
Subsidiaries of the ultimate controlling shareholder*	2021	46,095	9	0	0
	2020	42,081	3	0	0
TOTAL	2,021	228,674	231,667	1,478	138,575
	2,020	207,687	150,122	0	71,125

* the item includes entities connected through Mr Krzysztof Domarecki

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