

**Guidelines on the entering into negotiation of a substantial agreement by the Issuer's subsidiary**

The Management Board of Selena FM S.A. (hereinafter: 'Issuer') announces that the Issuer adopted today a resolution on the adoption of a report on the valuation of assets of the entity that is 100% dependent on the Issuer, i.e. Selena Nantong Building Materials Co. Ltd, China (hereinafter: Selena Nantong).

The Issuer's intention that is today communicated to the subsidiary is that the report shall serve as a basis for starting negotiations of the conditions for a possible relocation of the Selena Nantong production plant located in the Nantong Economic and Technological Development Zone with the authorities of this zone and that the report together with such guidelines after the adoption of the resolution shall be forwarded to the subsidiary concerned.

According to an independent valuation received by the Issuer, the value of the assets (fixed assets and inventories) of Selena Nantong was set at RMB 58,174,800 (PLN 39,169,093 at the exchange rate of Narodowy Bank Polski [National Bank of Poland] of 13.04.2022).

The Issuer decided that a valuation is needed after taking note of the notification received by Selena Nantong from the authorities of the Nantong Economic and Technological Development Zone in which was stated that the zone would be taken into a protection programme of the Yangtze River and that it would be reorganized, with the result that Selena Nantong may be required to relocate. The Issuer is of the opinion that, together with the obligation to relocate, a compensation agreed between the zone authorities and Selena Nantong should be paid to the company.

In addition to the guidelines for seeking compensation for the tangible assets, Selena Nantong received also the guidelines to demand from the Nantong Economic and Technological Development Zone to cover the remaining damages and costs associated with the possible relocation of the plant.

The Issuer will inform of the terms of the agreement concerning the relocation of Selena Nantong after its possible signature as well as of other settlements concerning the subsidiary in question.

On the basis of the documents received, the Issuer does not currently see the need for any additional write-downs for the impairment of the Selena Nantong's fixed assets.