

Wroclaw, 26 November 2021

Selena Group's performance under pressure from raw material prices

Selena Group closed the third quarter of 2021 with net profit of PLN 31.8 million. Despite the volatile raw materials situation, the Company's financial results were helped by its flexible strategy that was quickly adapted to individual markets. Selena, one of the leading manufacturers and distributors of construction chemicals and the owner of the TYTAN PROFESSIONAL brand, posted sales revenues of PLN 493.1 million. This is an increase of 13.8% compared to the same period last year. Selena Group's operating profit (EBIT) came in at PLN 36.5 million.

An analysis of the construction market performance in Q3 2021 is rather complex. The situation was influenced by disruptions in transport, price increases and shortages of key raw materials. Demand remained broadly stable. When comparing the results with those from the previous year, it should also be remembered that the third quarter of 2020 was the time when the construction market bounced back strongly following the Covid crisis.

"The current situation in the raw materials market is unprecedented and it's hard to predict how it will develop going forward. Selena Group's Management Board devotes a lot of time and attention to monitor the present price fluctuations and global supply chain disruptions in order to ensure active and fast response to changes. We flexibly adapt our strategy to individual markets, and so far our actions have brought the expected results. However, at times the increases in raw material prices are so strong and unpredictable that we are unable to update our product price lists equally fast owing to limitations in some contracts. Due to the unstable raw materials situation, we also allocate more funds to working capital, including inventories", says the CEO of Selena Group Jacek Michalak.

The Group has also observed a high demand for its products, as a result of which sales revenues in Q3 2021 amounted to PLN 493.1 million (up 13.8% Yoy). *"Last quarter, we continued the upward trends and delivered on our objectives. We also have our finger on the pulse in the context of the volatile raw materials market, and respond flexibly to any developments. When introducing possible updates to our product price lists, we take into account many aspects, including the ability to achieve acceptable margins, retain existing customers and keep certain market shares",* says Sławomir Majchrowski, the Chief Commercial Officer & Vice President.

In all markets, Selena Group continues to invest in the development of its international team. In September, the Management Board was for the first time joined by an HR expert – Andrzej Zygadło, the former global HR director.

"Selena Group builds its competitive edge in the market based on its international team. It's thanks to the engagement of each of our employees that we have managed to reach robust performance in another quarter. At present, Selena is well-perceived by the employment market. New people are happy to join us and we wish to strengthen the Group's image as a good employer. We continue building our development programs,

including with the ICAN Institute. We create a conducive environment and offer real development opportunities at a global company to acquire the best talent for our team”, Andrzej Zygałło said.

The Company also plans to expand into new markets in the coming quarters. To this end, the Management Board is actively looking for acquisition targets, mainly in Europe and Asia. Currently the Group comprises 35 companies in 18 countries. The Selena’s manufacturing plants are located in Poland, South Korea, China, Romania, Turkey, Kazakhstan, Spain, and Italy.

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Additional information:

Selena Group

Selena Group is a global leader and distributor of construction chemicals and one of the four largest global producers of mounting foams for construction. The Group’s product range includes foams, sealants, adhesives, waterproofing products, insulation systems, fastenings and complementary products. The Group comprises 35 companies in 18 countries. The Selena’s manufacturing plants are located in Poland, South Korea, China, Romania, Turkey, Kazakhstan, Spain, and Italy. With its international experience gained in diverse markets, Selena Group can grow fast as an innovative company that develops new solutions adapted to increasing users’ needs. In February 2021, Selena Group has joined the prestigious Polish Green Building Council (PLGBC).

Selena Group received multiple awards in the most prestigious rankings, including:

- The title of “Investor without borders”, a distinction awarded by the European Economic Congress 2020
- The “Teraz Polska” accolade for the TYTAN 60 SECONDS foam adhesive
- Economic Award of the President of Poland in the “Sustainable Success” category
- The “Teraz Polska” accolade in the “Foreign Investment” category

Awards granted to the Group’s founder Krzysztof Domarecki include, for example:

- Medal of Poland’s 100th Independence Anniversary in recognition of his contribution to the Polish economy;
- Wektor 2017, an award from Employers of the Republic of Poland

Selena’s modern products of highest quality are appreciated by the Group’s partners and customers in 100 countries. The Group’s portfolio is topped by such outstanding brands as: Tytan Professional, Quilosa, Artelit and Cool-R. In April 2008, the shares of Selena FM S.A., the Group’s holding entity, became admitted to trading on Warsaw Stock Exchange.