



Management Board's report on the Group's activities for the 6 months ended 30 June 2024

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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Financial highlights

1. Financial highlights

1.1 Group's financial data

	PLN '000		EUR '000	
	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023
Revenue from contracts with customers	874,462	864,737	202,849	187,457
Operating profit	71,335	29,159	16,548	6,321
Profit (loss) before tax	57,674	2,642	13,379	573
Profit (loss) after tax	44,413	6,945	10,302	1,506
Profit / loss after tax attributable to controlling interests	44,181	6,830	10,249	1,481
Comprehensive income	43,091	-12,970	9,996	-2,812
Comprehensive income attributable to shareholders of the parent	42,839	-12,861	9,937	-2,788
Net cash flows from operating activities	29,835	-103,904	6,921	-22,524
Net cash flows from investing activities	-65,728	-21,321	-15,247	-4,622
Net cash flows from financing activities	31,827	90,208	7,383	19,555
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share; EUR/share)	1.93	0.30	0.45	0.06

	As at 30.06.2024	As at 31.12.2023	As at 30.06.2024	As at 31.12.2023
Total assets	1,444,067	1,285,974	334,817	295,762
Long-term liabilities	183,242	107,254	42,486	24,667
Short-term liabilities	548,096	477,642	127,080	109,853
Equity	712,729	701,078	165,251	161,241
Registered capital	1,142	1,142	265	263

1.2 Financial data of the Parent Company

	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023
Revenue from contracts with customers	458,213	466,772	106,292	101,186
Operating profit (loss)	73,227	69,747	16,986	15,120
Profit (loss) before tax	57,810	7,421	13,410	1,609
Profit (loss) after tax	51,641	13,810	11,979	2,994
Comprehensive income	51,641	13,810	11,979	2,994
Net cash flows from operating activities	-1,887	-68,690	-438	-14,891
Net cash flows from investing activities	-40,214	23,658	-9,328	5,129
Net cash flows from financing activities	43,230	25,848	10,028	5,603
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	2.26	0.60	0.52	0.13

	As at 30.06.2024	As at 31.12.2023	As at 30.06.2024	As at 31.12.2023
Total assets	1,011,787	852,017	234,590	195,956
Liabilities	473,873	333,286	109,871	76,653
Equity	537,914	518,731	124,719	119,303
Registered capital	1,142	1,142	265	263



Information about the Group

2. Information about the Group

2.1 Selena Group's activities

Selena FM Group (Selena Group, Group) is an international producer and distributor of construction chemicals. The Group's Parent is Selena FM S.A. ("Company", "Parent Company") based in Wrocław, which on 18 April 2008 debuted on the main market of the Warsaw Stock Exchange.

The core business of the Group includes production, distribution and sale of construction chemicals and general building accessories. Selena Group's product range includes:

- construction chemicals;
- insulating chemicals;
- other product groups.

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, Brazil, Romania, Turkey, Spain, Kazakhstan, South Korea, Hungary 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, Romania, Turkey, Spain and Italy.

Event occurring after the balance sheet date

At the end of August 2024, the Group's plant located in Romania ended production.

2.2 Parent Company

The core business of Selena FM S.A. as the parent entity in Selena Group is distribution of the Group's products into foreign markets and into the domestic market (as a multi-distributor), and provision of advice to its subsidiaries with regard to strategic management, finance management, sales strategy and bookkeeping services. The Company strategically manages the Selena Group, which is composed of the units described in Note 2.2 to the interim condensed consolidated financial statements of the Group for the 6 months ended 30 June 2024.

2.3 Management Board of the Parent Company

As at 31 December 2023, the Parent Company's Management Board was composed of:

- Sławomir Majchrowski – CEO;
- Roman Dziuba – Chief Operating Officer;
- Krzysztof Ościłowicz – Chief Financial Officer;
- Michał Specjański – Chief Product & Innovation Officer.
- Andrzej Zygadło – Chief HR Officer.

On 23 February 2024, the Company's Supervisory Board adopted a resolution appointing Walter Brattinga to the Company's Management Board as Chief Commercial Officer (CCO). The appointment became effective as of 1 March 2024.

On 22 April 2024, Roman Dziuba resigned from the Company's Management Board and from the role of the COO effective from 22 April 2024.

As at 30 June 2024, the Parent Company's Management Board was composed of:

- Sławomir Majchrowski – CEO;
- Walter Brattinga – Chief Commercial Officer;

- Krzysztof Ościłowicz – Chief Financial Officer;
- Michał Specjalski – Chief Product & Innovation Officer.
- Andrzej Zygadło – Chief HR Officer.

In the period from 30 June 2024 to the date of publication of this report, no changes took place in the composition of the Parent Company's Management Board.

2.4 Supervisory Board of the Parent Company

As at 31 December 2023, the Company's Supervisory Board was composed of:

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

On 30 July 2024, the Extraordinary General Meeting of the Company adopted a Resolution appointing Wojciech Domarecki for a joint three-year term of office with the other members of the Supervisory Board, effective from 30 July 2024.

Accordingly, as at 30 July 2024, 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;
- Wojciech 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 30 July 2024 to the date of publication of this report, no other changes took place in the composition of the Company's Supervisory Board.

2.5 Committees of the Parent Company's Supervisory Board

Audit Committee

As at 31 December 2023, the Audit Committee was composed of:

- Mariusz Warych – Chairman of the Audit Committee;
- Łukasz Dziekan – Audit Committee Member;
- Paweł Wyrzykowski – Audit Committee Member.

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

On 23 May 2024, Łukasz Dziekan resigned from his function on the Audit Committee with effect from 23 May 2024, and on the same day, the Company's Supervisory Board adopted a Resolution appointing, as of 24 May 2024, Czesław Domarecki to the Audit Committee.

As at 30 June 2024, the Audit Committee was composed of:

- Mariusz Warych – Chairman of the Audit Committee;
- Czesław Domarecki – Audit Committee Member;
- Paweł Wyrzykowski – Audit Committee Member.

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

In the period from 30 June 2024 to the date of publication of this report, no changes took place in the composition of the Company's Audit Committee.

Strategy and Innovation Committee

As at 31 December 2023, the Strategy and Innovation Committee was composed of:

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

On 26 August 2024, the Company's Supervisory Board adopted a resolution whereby, as of 26 August 2024, it appointed Wojciech Domarecki to the Strategy and Innovation Committee.

Accordingly, as at 26 August 2024, the Strategy and Innovation Committee was composed of:

- Andrzej Krämer – Chairman of the Strategy and Innovation Committee;
- Borysław Czyżak – member of the Strategy and Innovation Committee;
- Czesław Domarecki – member of the Strategy and Innovation Committee;
- Wojciech Domarecki – member of the Strategy and Innovation Committee;
- Łukasz Dziekan – member of the Strategy and Innovation Committee.

In the period from 26 August 2024 to the date of publication of this report, there were no changes in the composition of the Strategy and Innovation Committee.

Nominations and Remuneration Committee

As at 31 December 2023, the Nominations and Remuneration Committee was composed of:

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

In the period from 1 June 2024 to the date of publication of this report, there were no changes in the composition of the Nominations and Remuneration Committee.

2.6 Group structure

A detailed geographic and ownership structure, and division into geographic segments were described in Note 2.2 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2024. Detailed description of changes in the Group structure in the first half of 2024 is presented in Note 2.3 to the interim condensed consolidated financial statements of the Group.



Material developments in the reporting period

3. Material developments in the reporting period

3.1 Group promotion

In the first half of 2024, Selena Group's promotional activities were focused on strengthening the leading brands Tytan Professional and Quilosa Professional. The pathway to achieving this goal included both campaigns promoting individual products and solutions, as well as the building of brand equity by increasing the coherence and reach of marketing across the Group (global Job Well Done campaign) and developing relationships with professional builders.

Much emphasis was placed on training organized by Selena Group companies in various countries. One of the first things in Spain was the first webinar for builders streamed live from the construction site. The Tytan Academy platform was developed. It brings together information about training courses, registrations for them and video recordings. Our trainers also improved their skills in Poland during the internal Train the Trainers training, developing best practices and standardizing methods of conducting tutorials. In turn, sales force managers developed their skills through training as part of the Sales Capability Enhancement project (with KornFerry).

Relationships with contractors were also strengthened through the development of loyalty programs, cooperation with influencers (especially in Poland, Spain and Latin America), project consultations (especially in Portugal) and social media activities (brand websites and professional groups).

Many promotional activities focused on products from selected categories, e.g. hybrids. The Quilosa brand introduced them as a new category, with two main new products launched simultaneously in Spain, Portugal, France, Latin American countries and Africa.

Further steps have been taken to expand the Group's product range. In the Hungarian town of Szerencs, a ceremony took place closing the first stage of construction of a plant manufacturing glass wool for thermal insulation (cooperation between Selena and Masterplast). The Polish company Selena ESG has changed its name to Selena Energy and, in addition to photovoltaic solutions for roofs, is preparing an offer of energy storage facilities, car chargers and a comprehensive energy management system for organizations.

Part of Selena Group's image-building as an important player in Polish business was its involvement in activities supporting the construction of the Central Transport Hub (CPK), showing the expected benefits for Selena and the international development of Polish companies.

Representatives of the Company and its subsidiaries actively participated in large fair events, including: in Poland, Spain, Portugal, Bolivia, Colombia and Kazakhstan, often in cooperation with local partners. They also participated as panelists in important events, including in Poland (European Economic Congress) and England (Polish Economic Forum).

Awards and recognitions

- Two companies of our Group: Selena FM S.A. and Selena S.A. were awarded Forbes Diamonds. This prestigious ranking by Forbes Poland and Dun & Bradstreet recognized dynamically growing companies that have increased their value the fastest in the last 3 years.
- The editors of the *Builder*, PwC Poland and Dun & Bradstreet (authors of the ranking of the 300 largest construction companies) awarded the Company with the Builder's Ranking Star certificate in the category of "Largest revenues in the Lower Silesia region". The awards were granted based on 5 editions of the ranking.
- Selena again passed the re-certification of the Best Managed Companies Poland program and was certified in it for the third time in a row. Deloitte evaluates business activities in terms of meeting the highest standards in terms of strategy, innovation, organizational culture and finance.
- The Company was once again included in the ranking of 200 Largest Polish Companies by the *Wprost* weekly.

3.2 Research and new products in the portfolio

Selena Group's R&D activity is primarily carried out by Selena Industrial Technologies Sp. z o.o. Branch 3 ("SIT Branch 3") and laboratories in Spain, Romania, Turkey and Italy. In H1 2024, SIT Branch 3 carried out intensive work on development of new products and technologies in all product groups alongside a steady product testing and cost-optimization process.

3.3 Investments

In the first half of 2024, Selena Group's capital expenditures were PLN 49.2 million. Like in 2023, the Group carried out necessary development investments, mainly modernizations, including extension of warehouse space in Selena SA and Uniflex (Italy). Selena Group allocates part of the investment to robotization, automation and expansion of production capacity, and PV systems in plants in Poland and foreign companies. It also carries out investments related to renewable energy sources (biogas plants and PV farms).

3.4 Significant subsequent events after the balance sheet date

After the balance sheet date, until the date of approval of these financial statements, there were no events other than those described in herein and no changes in the composition of the Group after the balance sheet date described in Note 2.3 in the interim condensed financial statements for H1 2024 which might materially affect the data presented herein.



Financial position

4. Financial position

4.1 Financial performance

The tables below show selected items of the consolidated income statement for the 6 months and 3 months ended 30 June 2024 and 30 June 2023, respectively, as well as selected financial ratios.

Figures in PLN thousand	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	Change	Change %
Revenue from contracts with customers	874,462	864,737	9,725	1.1%
Cost of sales	576,050	605,961	-29,911	-4.9%
Gross profit	298,412	258,776	39,636	15.3%
Selling and marketing costs	151,888	153,007	-1,119	-0.7%
General and administrative expenses	75,537	75,317	220	0.3%
Other operating income (loss)	1,461	171	1,290	754.4%
Impairment of financial assets	1,113	1,464	-351	-24.0%
EBITDA (operating profit + depreciation + amortization)	92,938	48,541	44,397	91.5%
Operating profit (EBIT)	71,335	29,159	42,176	144.6%
Net financial income (loss)	-13,164	-27,943	14,779	52.9%
Share in net profit/loss of the associate	-497	1,426	-1,923	-134.9%
Profit/ loss before tax	57,674	2,642	55,032	-2,083.0%
Profit/loss after tax	44,413	6,945	37,468	-539.5%
Other net comprehensive income	-1,322	-19,915	18,593	93.4%
Total comprehensive income	43,091	-12,970	56,061	432.2%

	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	Change in p.p.
Gross profit margin	34.1%	29.9%	4.2
Selling costs/ Revenue from contracts with customers	17.4%	17.7%	-0.3
General and administrative expenses/ Revenue from contracts with customers	8.6%	8.7%	-0.1
EBITDA margin %	10.6%	5.6%	5.0
Operating profit margin (EBIT %)	8.2%	3.4%	4.8
Net profit margin	5.1%	0.8%	4.3

EBIT% – operating profit/ revenue from contracts with customers

EBITDA% – (operating profit + depreciation/amortization)/ revenue from contracts with customers

Figures in PLN thousand	from 01.04.2024 to 30.06.2024	from 01.04.2023 to 30.06.2023	Change	Change %
Revenue from contracts with customers	474,204	452,540	21,664	4.8%
Cost of sales	311,196	313,064	-1,868	-0.6%
Gross profit	163,008	139,476	23,532	16.9%
Selling and marketing costs	80,759	74,056	6,703	9.1%
General and administrative expenses	39,388	36,911	2,477	6.7%
Other operating income (loss)	1,896	138	1,758	1,273.9%
Impairment of financial assets	931	-96	1,027	-1,069.8%
EBITDA (operating profit + depreciation + amortization)	54,827	38,592	16,235	42.1%
Operating profit (EBIT)	43,826	28,743	15,083	52.5%
Net financial income (loss)	-9,563	-22,574	13,011	-57.6%
Share in net profit/loss of the associate	-1,147	686	-1,833	-267.2%
Profit/ loss before tax	33,116	6,855	26,261	383.1%
Profit/loss after tax	25,158	11,977	13,181	110.1%
Other net comprehensive income	107	-18,545	18,652	-100.6%
Total comprehensive income	25,265	-6,568	31,833	-484.7%

	from 01.04.2024 to 30.06.2024	from 01.04.2023 to 30.06.2023	Change in p.p.
Gross profit margin	34.4%	30.8%	3.6
Selling costs/ Revenue from contracts with customers	17.0%	16.4%	0.7
General and administrative expenses/ Revenue from contracts with customers	8.3%	8.2%	0.1
EBITDA margin %	11.6%	8.5%	3.0
Operating profit margin (EBIT %)	9.2%	6.4%	2.9
Net profit margin	5.3%	2.6%	2.7

EBIT% – operating profit/ revenue from contracts with customers

EBITDA% – (operating profit + depreciation/amortization)/ revenue from contracts with customers

Revenue from contracts with customers

In H1 2024, the Group's consolidated revenue from contracts with customers amounted to PLN 874.5 million, which is by PLN 1.1% (PLN 9.7 million) higher than in the corresponding period of the previous year.

The increase in revenue from contracts with customers compared to the same period last year is mainly caused by higher volumes.

The Group's revenue from sales is presented with a split into seven reportable segments: Parent Company; Distribution in Poland; Production in Poland; Western Europe; Eastern Europe and Asia; Americas, and Others. The key segments in terms of external revenues are:

- Western Europe – a 1.7% increase in the contribution to the Group's revenues (H1 2024 compared to H1 2023);
- Eastern Europe and Asia – a 0.1% increase in the contribution to the Group's revenues (H1 2024 compared to H1 2023).

A 1% drop of the Americas segment's contribution to the Group's revenues (H1 2024 compared to H1 2023), with a simultaneous 12% decrease in revenue growth.

Segment	Segment's share in the Group's revenues		Revenue change
	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	2024/2023
Parent company	10.4%	11.6%	-10%
Production in Poland	4.4%	0.5%	726%
Distribution in Poland	17.7%	20.7%	-14%
Western Europe	26.8%	25.1%	7.8%
E.Europe and Asia	25.5%	25.4%	2%
Americas	6.4%	7.4%	-12%
Others, including:	8.8%	9.3%	-4%
<i>Poland – other affiliates</i>	1.4%	0.6%	151%

Gross profit

In H1 2024, Selena Group generated gross profit of PLN 298.4 million, i.e. PLN 39.6 million more year-on-year.

Gross profit margin was 34.1%, up 4.2 p.p. year-on-year. This growth resulted from a steady increase in the share of sales of innovative products with a higher margin, and from stabilization in the raw materials market.

Selling costs and general and administrative expenses

Selling costs in H1 2024 were PLN 151.9 million, down PLN 1.1 million (0.7%) year-on-year.

Over the first 6 months of 2024, **general and administrative expenses** were PLN 75.5 million. They increased by PLN 0.2 million year-on-year.

The ratio of selling, general and administrative expenses to revenue from contracts with customers was 26.0% in H1 2024, down 0.4 p.p. year-on-year.

The **result on other operations** was positive at PLN 0.3 million, taking into account the impairment loss on financial and non-financial assets.

The result on other operations was significantly impacted by collective (statistical) impairment allowances on receivables of PLN 2,174 thousand, reduced by reversed allowances of PLN 1,066 thousand.

This heading was positively influenced by the claw-back of a provision for the costs relating to security of production in Nantong (PLN 1.4 million) and a compensation of PLN 0.8 million received by Selena Sulamericana.

Operating profit (loss)

In H1 2024, Selena Group generated operating profit of PLN 71.3 million vs PLN 29.2 million in the previous year, up 42.1% year-on-year.

Profit /loss after tax

In H1 2024, Selena Group achieved net profit of PLN 44.4 million compared with PLN 6.9 million posted in the corresponding period of 2023. The higher net profit is due to the increase in gross margin. The Group's net profit was primarily influenced by the net financial income, including by valuation of open currency positions (trading settlements and loans received/granted). The negative balance of FX differences was PLN -1.4 million vs the balance of PLN -23.7 million for H1 2023. The cost of interest on loans and leases totalled PLN 8.2 million net (after reduction by the achieved interest income from bank deposits) compared with PLN 3.7 million incurred a year before.

For the 6 months of 2024, the income tax charge was PLN 13.3 million.

For the first 6 months of 2024, EBITDA was PLN 92.9 million (including depreciation/ amortization: PLN 21.6 million), which was by PLN 44.4 million higher year-on-year.

4.2 Asset and financial position

Figures in PLN thousand	As at 30.06.2024	As at 31.12.2023	Change	Change %
Non-current assets	639,589	597,279	42,310	7%
Property, plant and equipment	410,265	393,706	16,559	4%
Intangible assets	49,396	52,286	-2,890	-6%
Other long-term assets	179,928	151,287	28,641	19%
Current assets	804,478	688,695	115,783	17%
Inventories	255,922	202,873	53,049	26%
Trade and other receivables	375,629	298,072	77,557	26%
Cash	71,825	75,875	-4,050	-5%
Other current assets	101,102	111,875	-10,773	-10%
Equity	712,729	701,078	11,651	2%
Liabilities	731,338	584,896	146,442	25%
Bank and other loans	247,122	162,747	84,375	52%
Trade and other liabilities	280,416	224,284	56,132	25%
Other liabilities	203,800	197,865	5,935	3%
	As at 30.06.2024	As at 31.12.2023		
Current ratio*	1.5	1.4		
Quick liquidity**	1.0	1.0		

*Current ratio – current assets / current liabilities

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

The table below shows selected figures of the consolidated statement of financial position as at 30 June 2024 and 31 December 2023.

As at 30 June 2024, the Group's asset position, with an increase in total assets of PLN 158.1 million vs. 31 December 2023, was affected by seasonality, resulting in an increase in net current assets (inventories, and trade receivables and trade liabilities).

As at 30 June 2024, the current and quick liquidity ratios (1.5 and 1.0 respectively) point to the Group's ability to meet its obligations in a timely manner.

4.3 Debt

Figures in PLN thousand	As at 30.06.2024	As at 31.12.2023
Bank and other loans	247,122	162,747
Lease liabilities	69,608	73,298
Less cash and cash equivalents	-71,825	-75,875
Net interest-bearing debt	244,905	160,170
Equity attributable to the shareholders of the parent	709,325	697,926
Equity and net interest-bearing debt	954,230	858,096
Total debt ratio (liabilities/ total assets)	51%	45%
Interest-bearing debt ratio (interest-bearing debt/ total assets)	22%	18%
Net interest-bearing debt/ EBITDA*	1.27	1.08

* net interest-bearing 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 2023 to PLN 247.1 million. The "net debt/ EBITDA" ratio (covenant) rose to 1.27. The interest-bearing debt ratio as at 30 June 2024 was 22%, up 4 p.p. vs the end of 2023.

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

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

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

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

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

4.4 Cash flows

The tables below show selected items of the consolidated statement of cash flows for the six months ended 30 June 2024 and 30 June 2023, respectively.

Figures in PLN thousand	from 01.01.2024 to 30.06.2024	from 01.01.2023 to 30.06.2023	Change
Net cash flows from operating activities	29,835	-103,904	133,739
Net cash flows from investing activities	-65,728	-21,321	-44,407
Net cash flows from financing activities	31,827	90,208	-58,381
Change in cash and cash equivalents:	-4,066	-35,017	30,951

In H1 2024, net cash flows were PLN -4.1 million.

Net operating cash flows were PLN 29.8 million, up PLN 133.7 million on the corresponding period of 2023. Changes in net current assets in H1 2024 were as follows: receivables – up PLN 73.8 million, inventories – up PLN 53 million, and liabilities – up PLN 75.8 million.

In H1 2024, net cash flows from investing activities were negative at PLN -65.7 million and investment expenses were up PLN 10.8 million year-on-year.

In H1 2024, net cash inflows from financing activities were PLN 31.8 million. This figure was mainly affected by the bank loans (PLN 127.2 million) obtained to fund working capital requirements and investments, repayment of bank and other loans (PLN -43.8 million), lease payments (PLN -9.9 million) and interest paid (PLN -9.3 million).

4.5 Seasonality of activities

The building materials industry in which Selena Group operates is characterized 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 2022–2023, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 22%, Q2 - 25%, Q3 - 28%, Q4 - 25%. Seasonal fluctuations of sales are primarily affected by the weather and fluctuations in sales in the individual geographies where the Group operates.

4.6 Delivery of forecasts

Selena Group did not publish any performance forecast for H1 2024.

4.7 Factors that will affect financial performance in the next quarter

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

The macroeconomic situation in Poland and world-wide. The updated forecast of the International Monetary Fund (IMF) published in April 2024 shows that in 2023 the global economy's GDP grew by 3.3%. 2024 is expected to see a comparable growth rate at 3.2%. Most importantly, highly developed countries are to experience a GDP growth of 1.7% in 2024 (vs a growth of 1.7% in 2023). The GDP of developing markets is projected to grow by 4.3% (vs a growth of 4.4% in 2023). For most of Selena Group's markets, GDP growth is forecast to grow compared with 2023. Importantly, eurozone countries are to achieve a growth of +0.9% in 2024 (vs 0.5% in 2023). For the United States, the IMF forecasts growth of 2.6% in 2024 (vs 2.5% in 2023), and 5.0% for China (vs. 5.2% in 2023). For Poland, a GDP growth of 0.2% in 2023 was noted with an increase to 3.1% in 2024.

Inflation. According to the forecasts published by the International Monetary Fund (IMF), the global average annual inflation reached 6.8% in 2023 and is expected to remain at an elevated level in 2024, with a forecast of 5.9%. Particularly important for Selena Group markets will be inflation rates in the eurozone countries, which are expected to see inflation of 2.4 in 2024. Notably, Poland is forecast to see an average price increase of 5.0% in 2024.

Availability of financing. According to the results of the PENGAB banking business sentiment index published by the Polish Bank Association, in June 2024 the market sentiment slightly improved (for 6-month forecasts): 50% of experts point to an increase, 50% to stabilization, and 0% 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 by the Central Statistics Office (GUS) for Poland for the period from January to July 2024 point to a drop of 9.9% in house completions year-on-year. At the same time, the number of construction permits increased by 29.6%, while the number of commenced housing investments increased by 39.8%.

FX rates. According to the currency forecasts consensus of Thomson Reuters of August 2024, the coming months may see a stabilization of the EUR/PLN rate. At the end of the year, the expected EUR/PLN exchange rate is 4.28. Towards the year-end, the following currency rates are expected for the Group's main markets: EUR/CZK 25.00 EUR/HUF 395.00 EUR/RON 5.00 and EUR/TRY 38.70. Major fluctuations in exchange rates have an impact on currency risk.

Operational risk. Operational risk is the risk of loss as a result of ineffective or failed internal processes, people, systems, or external events (operational risks related to internal processes, products, logistics, raw materials and IT, legal risk). In H1 2024, no significant events in this risk category were recorded by Selena Group that would affect the Group's production or sales activities.

Detailed information on the Group's activities in the area of **Health & Safety risk** is described in the non-financial statement attached to the Report on Selena Group's activities for 2023.

Detailed information on the Group's activities in the area of **combating climate change** is described in Note 3.14 to the Report on Selena Group's activities for 2023 and in the non-financial statement attached to that report.

The **geopolitical risk** related to the current situation in Ukraine and the impact of that situation on the going concern assumption are described in Note 7.2 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2024.

Financial risks (currency, interest rate, credit and liquidity risks as well as other (specific) risks, including commodity price risk) are described in Note 7.2 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2024.

To ensure an enhanced response to crisis situations, the Group has BCMS (Business Continuity Management System) in place. Detailed information on BCMS was disclosed in the non-financial statement attached to the Report on Selena Group's activities for 2023.



Other information

5. Other information

5.1 Guarantees and off-balance sheet items

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

Group companies provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. These are intragroup transactions. Such guarantees given to the subsidiaries by Selena FM S.A. were described in detail in Note 7.1 to the interim condensed standalone financial statements of Selena FM S.A. for the six months ended 30 June 2024.

5.2 Court disputes

At the date of approval of these interim condensed Management Board's report on the Group's activities, neither the Parent Company nor any company from Selena Group was a party to any court proceedings where the claim value would exceed 10% of the Parent Company's equity.

In the period until the date of approval of this Management Board Report, neither Selena FM S.A. nor any company from its Group was party to any significant new court disputes, except for those specified in Note 8.1 to the Group's interim condensed consolidated financial statements for the period ended 30 June 2024.

5.3 Related party transactions

In the period covered by these financial statements, the Parent Company did not enter into any material transactions with its related parties on non-arm's length basis. The material transactions between Selena FM and its subsidiaries were described in Note 8.2 to the condensed standalone financial statements of Selena FM S.A. as at 30 June 2024.

5.4 Main shareholders of the Parent Company

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

Shareholder	Type of shares	Number of shares acquired	Share registered capital in	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%
Powszechnie Emerytalne Towarzystwo Allianz Polska S.A.**	Bearer shares	1,468,016	6.43%	1,468,016	5.47%

* entity controlled by Krzysztof Domarecki

** As at 12 May 2023, based on a notification from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A., manager of Allianz OFE.

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

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

As at 31 December 2023, the Company had 1,194,834 own shares with a nominal value of PLN 0.05 per share, representing 5.23% of the Company's registered capital and carrying 4.45% of the total number of votes at the Company's General Meeting (with the note that in accordance with Article 364 § 2 of the Commercial Companies Code voting rights attached to the Company's own shares cannot be exercised).

In the period from 1 January 2024 to the date of publication of these financial statements, there were no changes in the number of own shares held.

On 23 May 2024, the Annual General Meeting of Selena FM S.A. – with reference to the AGM Resolution No. 10/2021 of 27 May 2021 – adopted a resolution authorizing 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 (“Authorization Resolution”) – adopted Resolution No. 21 extending the Management Board’s authorization to acquire the Company’s own shares for the purpose of their cancellation. The authorization was extended to 30 June 2027. Other rules concerning the acquisition of the Company’s own shares specified in the Authorization Resolution remained unchanged.

The list of the Parent Company’s shares held by the executive and non-executive directors of the Parent are presented in Note 5.7 of this report.

5.6 Profit distribution for 2023

On 23 May 2024, the Annual General Meeting of Selena FM S.A. adopted a resolution whereby it decided to:

1. allocate the 2023 net profit of PLN 15,798,429.39 in full for the payment of dividend;
2. allocate part of the capital reserve created from retained earnings of PLN 16,660,319.61 for the payment of dividend to the Company’s shareholders in proportion to their holdings in shares;
3. pay a dividend of PLN 1.50 per share, i.e. to allocate a total of PLN 32,458,749.00 for the payment of dividend, with the dividend amount to be paid partly from the Company’s 2023 net profit (PLN 15,798,429.39) and partly from the Company’s capital reserve created from retained earnings (the amount of PLN 16,660,319.61).

The record date was set to 6 June 2024, while the dividend payment date was set to 30 June 2024.

5.7 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 these financial statements.

5.8 Equity-based remuneration programs

In H1 2024, no equity based remuneration programs were in operation.

5.9 Audit and review of financial statements

On 15 March 2021, the Supervisory Board resolved to appoint Ernst & Young Audyt Polska Sp. z o.o. Sp. k. as the auditor responsible for review of the interim financial statements and audit of the annual financial statements of the Parent Company, and the Group’s consolidated financial statements for 2021–2023. The audit agreement was concluded on 22 June 2021.

Remuneration of the auditor of the Company’s standalone financial statements and the Group’s consolidated financial statements as well as standalone financial statements of selected subsidiaries for the years 2022–2023 is presented in Note 8.5 of the consolidated financial statements for 2023.

On 31 March 2024, the Supervisory Board resolved to appoint UHY ECA AUDYT Sp. z o.o. as the auditor responsible for review of the interim financial statements and audit of the annual financial statements of the Parent Company, and the Group’s consolidated financial statements for 2024–2026. The audit agreement was concluded on 3 June 2024.

The selection of the audit firm for the audit of the annual financial statements and the annual consolidated financial statements was carried out in accordance with the regulations, including the selection and procedure for the selection of the audit firm.

The audit firm and members of the auditing team met the conditions for preparing an impartial and independent audit report on the annual financial statements and the annual consolidated financial statements in accordance with applicable laws, professional standards and professional ethics;

The applicable laws related to the rotation of the audit firm and the key statutory auditor and the mandatory cooling off period are complied with. The Parent Company has an auditor selection policy in place as well as a policy on the provision of non-audit services by the audit firm, including services conditionally excluded from the range of prohibited services.

MANAGEMENT BOARD'S ASSURANCE STATEMENT ON RELIABILITY OF THE FINANCIAL REPORT

The Management Board of Selena FM S.A. hereby confirms that to the best of its knowledge the interim condensed financial statements of Selena FM S.A. and the interim condensed consolidated financial statements of Selena Group FM for the 6 months ended 30 June 2024 and the comparable data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear picture of the affairs of Selena FM S.A. and Selena Group and their financial performance and that the Management Board's report on activities gives a true picture of the Company's and the Group's development, achievements and standing, including description of the key risks and threats.

Management Board President
Sławomir Majchrowski

Chief Commercial Officer
Walter Brattinga

Management Board Member
Chief Financial Officer
Krzysztof Ościłowicz

Chief HR Officer
Andrzej Zygańło

Chief Product & Innovation Officer
Michał Specjalski