

**DIVIDEND POLICY
OF LPP SA
FOR THE YEARS 2024 – 2026**

GOAL

The overriding goal of the operation strategy of LPP SA ("LPP", "Company") and the LPP SA Group ("Group", "LPP Group") shall be the sustainable and lasting growth of the Company's value for its shareholders. The attainment of the said goal shall require, in particular, the following:

- (A) ensuring that shareholders participate, on a regular basis, in the net profit yielded by the Company;
- (B) active development of the on-site store chain on current and new markets, specifically following the loss of markets or limiting their potential as a result of the Russian Federation's aggression on Ukraine;
- (C) investing in the development, accessibility, functionality and marketing of e-commerce and the maximum integration of the sales channels;
- (D) digitalisation and digitisation of numerous areas of the Group's operations, including all sales channels and logistics;
- (E) development of logistics and warehousing capacities to ensure efficient movement of commodities and ensuring their availability;
- (F) implementing procedures and technologies to pursue a sustainable development strategy and limit environmental impact;
- (G) effective management of the cost base of the Group's operations;
- (H) safe and effective management of the Group's financial resources.

In consideration of the above, the Company entails that shareholders shall participate in the profit earned by the LPP Group by way of dividend payment. It wants to carry out the said task in a manner predictable for stakeholders ensuring, at the same time, attainment of the LPP Group's goal. Simultaneously, it intends to apply dividend payment models used by its major market competitors to make it easier for investors to compare, review and comprehend the rules governing the management of the Group's capital resources.

DETERMINATION OF THE DIVIDEND'S VALUE

In view of the above, on the annual basis, the Company's Management Board shall take decisions on, and make recommendations in respect of, making an advance payment towards the expected dividend and provide the Supervisory Board and the Ordinary Meeting of Shareholders with dividend payment proposals along with its recommendation. The said recommendation shall be drawn up based on the following rules:

- the proposed dividend amount per share should provide shareholders with an attractive return on their investments in the Company's securities;
- the results of the operations of both the Company and the Group, the Group's investment requirements and the macroeconomic environment should make it possible to achieve the business objective of the Company and the Group.

When fulfilling the said assumptions, following the analysis of the Group's investment plans and estimation of the possible allocation of exiting and financial resources (cash flow prognoses), the Company's Management Board shall recommend, in the event of positive results of research and analyses, that the General Meeting should pay, in the years 2023 – 2026, a dividend in the total amount:

- constituting at least 50% of net profit earned in the preceding financial year,
- increased with available funds representing retained earnings from previous years or amounts transferred from profit-based supplementary and reserve capital, which may be allocated for dividend payment,

with the reservation that the total amount allocated to be distributed among shareholders as dividend shall not exceed 70% of the Group's consolidated net profit for a given financial year.

On a case-by-case basis, before making a recommendation for distribution of profit for the preceding year, the Company's Management Board shall take into consideration the net results of the Company and Group, the Group's financial standing and liquidity, current and future liabilities (including, in particular, limitations arising from credit facility agreements and other contracts), the assessment of the Group's perspectives in current market and macroeconomic conditions, the need to finance the Group's development and the applicable provisions of law.

DIVIDEND DEADLINES

In the second half of the reporting period, the Management Board shall analyse and decide on the possibility of making an advance payment towards the dividend expected for the period in question. The recommendation of the Management Board shall be provided to the Supervisory Board for approval in respect of dividend payment. If the outcome of the analysis is positive, following the decision made by the Management Board and approval of the Supervisory Board, the Company shall:

- make an advance payment towards the dividend in the first half of the next reporting period, with the preferred payment deadline falling in the period from mid-April to the end of May,
- the value of the advance payment shall depend on the expected net profit of the Company and the Group for the entire financial year, without exceeding 50% of the dividend expected for the entire year.

Following the audit of the Company's financial statements and the Group's consolidated financial statements, the Management Board shall analyse the dividend's final value. Having completed the said analysis, the Management Board shall provide the Supervisory Board and the Ordinary General Meeting of Shareholders with the proposal of dividend payment along

with its recommendation. If the decision of the Company's governing bodies is positive, including, in particular, the adoption by the General Meeting of a relevant resolution, the Company shall:

- pay a dividend within the preferred timeframe from mid-October to mid-November,
- the value of the dividend actually paid will be reduced by the value of the advance payment towards the dividend.

Should the advance payment towards the dividend not be made, other provisions of this dividend policy, specifically those governing its total value, shall apply.

This dividend policy shall be reviewed periodically.

This document shall apply to dividends payable for the following financial years:

- 1 February 2023 - 31 January 2024,
- 1 February 2024 - 31 January 2025 and
- 1 February 2025 - 31 January 2026.