LPP

1Q23/24 RESULTS PRESENTATION

GDAŃSK, JUNE 15, 2023

RESERVED CROPP HOUSE MOHITO sinsay

Disclaimer

This presentation (the “Presentation”) was prepared by LPP SA (the “Company”) with due care. Still, it may contain certain inconsistencies or omissions. The Presentation does not contain a complete or thorough financial analysis of the Company and does not present its standing or prospects in a comprehensive or in-depth manner. Therefore, anyone who intends to make an investment decision with respect to the Company should rely on the information disclosed in the official reports of the Company, published in accordance with the laws applicable to the Company. This Presentation was prepared for information purposes only and does not constitute an offer to buy or sell any financial instruments.

The Presentation may contain 'forward-looking statements'. However, such statements cannot be treated as assurances or projections of any expected future results of the Company. Any statements concerning expectations of future financial results cannot be understood as guarantees that any such results will actually be achieved in future. The expectations of the Management Board are based on their current knowledge and depend on many factors due to which the actual results achieved by the Company may differ materially from the results presented in this document. Many of those factors are beyond the awareness and control of the Company or the Company’s ability to foresee them.

Neither the Company, nor its directors, officers, advisors or representatives of any such persons are liable on account of any reason resulting from any use of this Presentation. Additionally, no information contained in this Presentation constitutes any representation or warranty of the Company, its officers or directors, advisors or representatives of any of the above persons. The Presentation and the forward-looking statements speak only as at the date of this Presentation. These may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review, confirm or release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Presentation.

LPP

01
KEY CORPORATE EVENTS

Launching Reserved Home online

Sale of the Home collection commenced in February 2023. The offer available online in majority of countries.

Wide selection of items mainly from Polish suppliers: porcelain, decor items, blankets, bedspreads, curtains, bed linen, tablecloths, lighting.

Three collection lines: classic, minimalist and romantic, designed by our own designer team.

Reserved x Le Petit Trou co-Operation

Joint capsule underwear collection of Reserved and Le Petit Trou, a Polish brand

Co-operation goals:

Expanding the product offer available online.

Offering female customers premium products recognisable worldwide.

Co-operation with a Polish brand, with the entire collection made in Poland.

Good reception of Mohito collection

Make an impact

Elegant and universal clothes for a wide spectrum of female customers. Contemporary design, comfortable cuts and attention to detail.

Occasionwear

Fashionable and stylish outfits for parties, evening events, family celebrations and business meetings.

Basic

Basic and universal clothing items simple in design and comfortable to wear.

Foreign Subsidiaries of LPP Logistics

April 2023 - LPP Logistics establishes 2 subsidiaries

LPP LOGISTICS ROMANIA

- Conducting logistics operations in Southern Europe, such as customs clearance, transport of containers from the Constanta port, operations involving organisation of road transport.

LPP LOGISTICS SLOVAKIA

- Performing the insourcing strategy, that is the handling by LPP Logistics of operations previously carried out by external operators;
- Conducting e-commerce logistics operations through the Fulfillment Center located near Bratislava, Slovakia.

Goal behind the companies':

- expanding the scope of operations of LPP Logistics outside Poland,
- strengthening the company's position as an independent operator in Southern and Central Europe,
- more effective utilisation of the Group's regional distribution infrastructure,
- standardising service quality and cost optimisation in managed facilities.

Continuation of m-commerce development

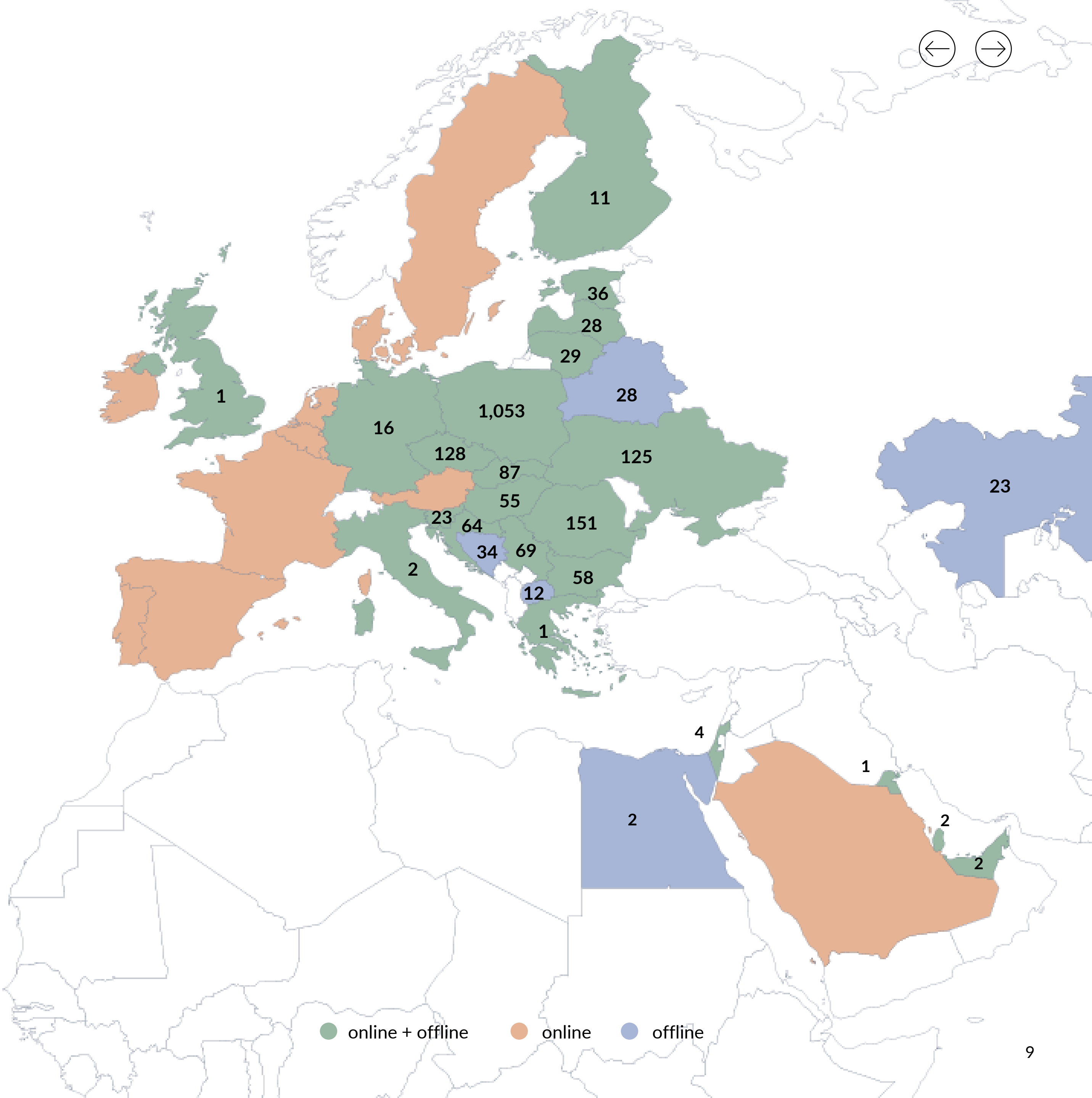
In 1Q23/24, in Poland, Reserved and Sinsay apps generated about 50% of entire revenues from online sales of those brands.

Dynamic growths in app user numbers and the apps' share in online sales on younger markets. In 1Q23/24, in Romania, apps accounted for over 30% of entire online revenues.

LPP

Over 2,000 stores

As at 30.04.2023	No. of stores	YoY
LPP GROUP	**2,045**	**+ 285 ↑**
Poland	1,053	+ 84 ↑
Abroad	992	+ 201 ↑



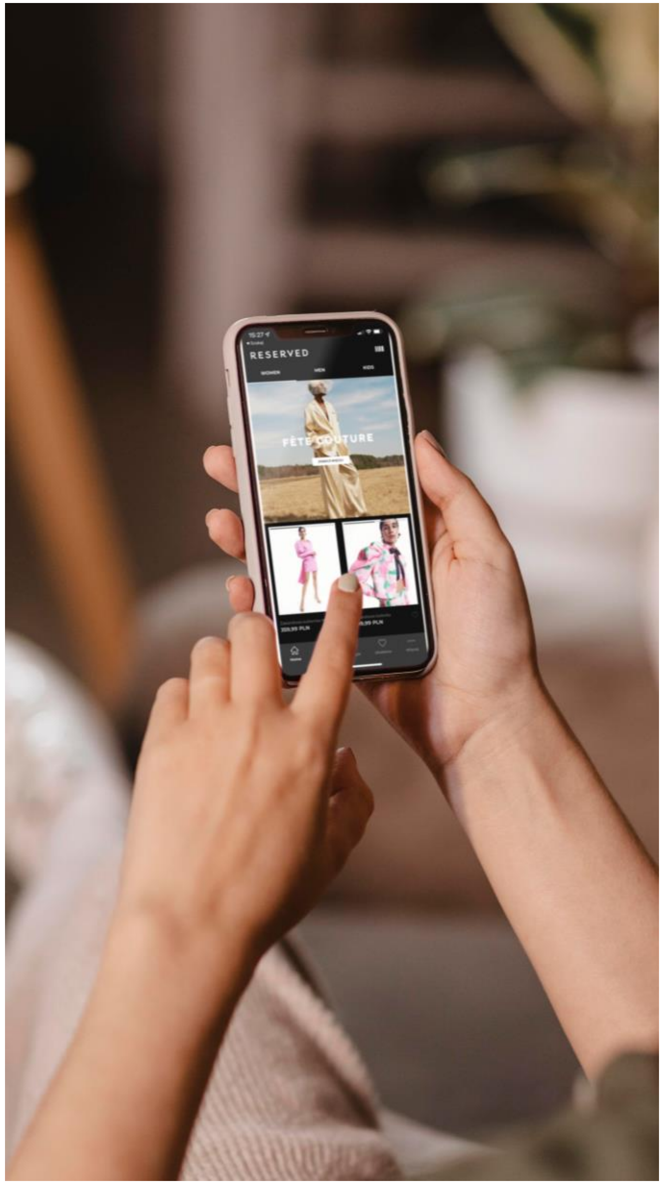
02

1Q23/24 FINANCIAL RESULTS

Towards omnichannel

39
countries

+19.9%
Group revenues



OFFLINE

2,045
stores

+19.9%
m^2

+5.3%
LFLs

27
countries

ONLINE

34
countries

-5.0%
revenues

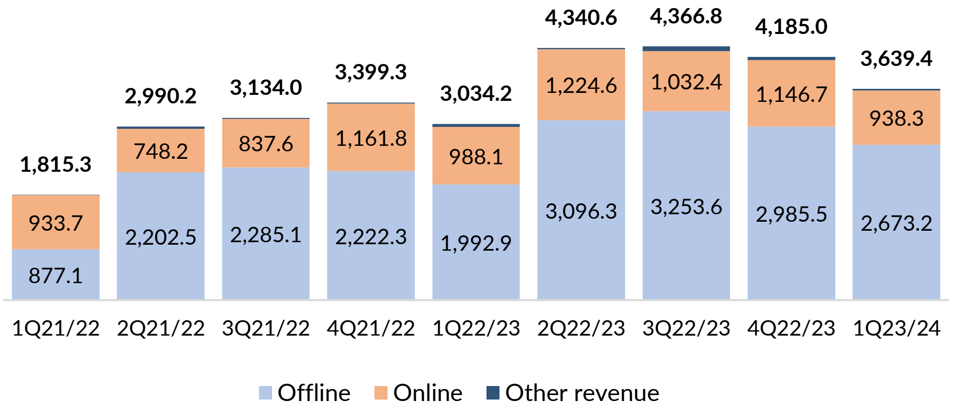
LPP

High growth in offline sales

- The Group's revenues in 1Q23/24 increased by 19.9% YoY mainly due to high increases in offline sales (+34.1% YoY) generated due to positive LFLs (5.3%) and 92 new stores opened.
- High nominal increases and sales growths in Sinsay owing to the development of the sales network and continuing popularity of shopping in the value-for-money segment.
- Sales in Reserved strengthened by strong reception of both female and male collections.
- High growths in Mohito due to positive LFLs in brand stores and a high share of online in sales (34.0%).
- In youth brands, stronger reception of the Cropp collection.
- The Group's omnichannel sales/m^2 in 1Q23/24 amounted to PLN/ m^2 712 (stable YoY). Group/ m^2 offline sales grew by 11.9% YoY to PLN/ m^2 510.

GROUP REVENUES

(PLN m)



OMNICHANNEL REVENUES

(PLN m)

	1Q22/23	1Q23/24	YoY
LPP GROUP	**3,034.2**	**3,639.4**	**19.9%**
Sinsay	1,203.3	1,525.2	26.8%
Reserved	1,078.1	1,246.1	15.6%
Cropp	223.1	287.9	29.0%
House	212.8	224.5	5.5%
Mohito	263.4	327.9	24.5%

Difference between Group revenues and brand revenues consists of other revenues.

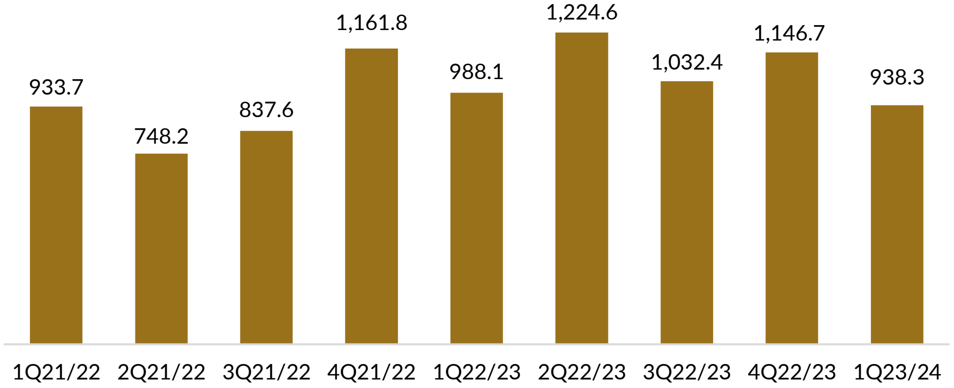
LPP

Stable e-commerce sales

- Stable YoY online sales in 1Q23/24 despite a substantial reduction of expenses on performance marketing.
- Online sales in 1Q23/24 accounted for 26.6% of domestic revenues (29.4% in 1Q22/23) and 25.8% of the Group's revenues (32.6% in 1Q22/23).
- Foreign online sales supported by new markets: Greece and Italy (launched in 2Q22/23) and Serbia (launched in 4Q22/23).
- In 1Q23/24, as many as 86% of visits and 70% of purchases were made by mobile devices.
- As at the end of 1Q23/24, the Reserved app was available in 6 countries (Poland, Germany, Romania, the Czech Republic, Slovakia, Hungary) and the Sinsay app was available on 5 markets (Poland, Romania, the Czech Republic, Slovakia, Hungary).
- Positive impact of development of Reserved and Sinsay apps. In Poland, the apps generated about 50% of entire online revenues.

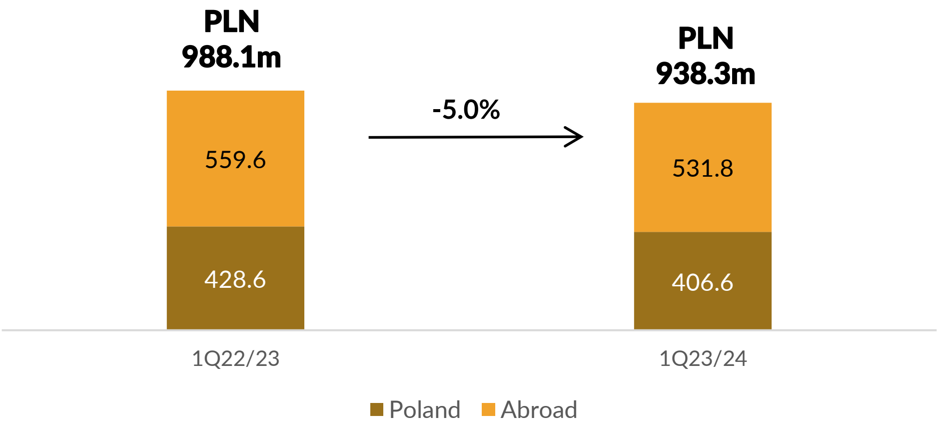
ONLINE SALES

(PLN m)



ONLINE BY REGION

(PLN m)

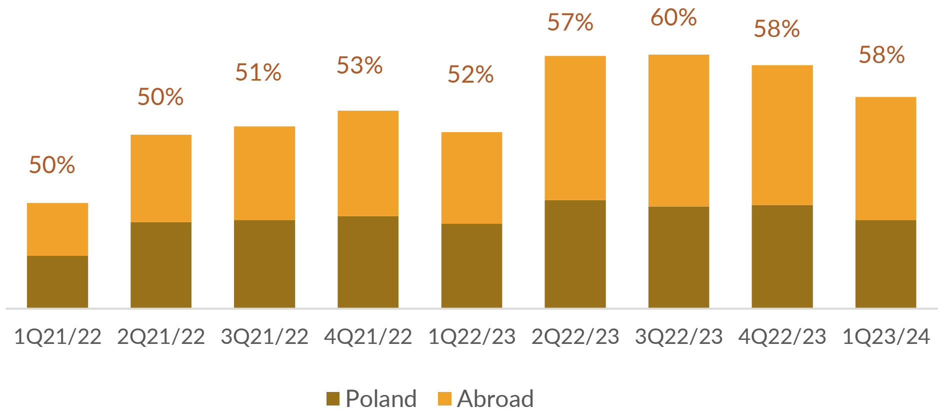


LPP

Foreign countries as a source of growth

- High increase of 13.9% YoY in Poland owing to the development of Sinsay in retail parks in towns.
- Substantially higher increases in floorspace abroad (+25.3% YoY) due to dynamic growth mainly in Romania, Serbia and Bulgaria.
- Foreign sales in 1Q23/24 exceeded domestic sales. Poland accounted for 41.9% of the Group's sales vs 48.1% in 1Q22/23.
- Sales growths abroad (34.2%) exceeded domestic growth (4.6%) due to a large number of new stores opened in the SEE region (Macedonia, Bosnia and Hercegovina, Serbia) as well as Finland.
- Largest sales in 1Q23/24 in 3 countries except Poland generated in Romania, Ukraine and the Czech Republic.

SHARE OF FOREIGN SALES IN REVENUES



1Q23/24 FLOORSPACE

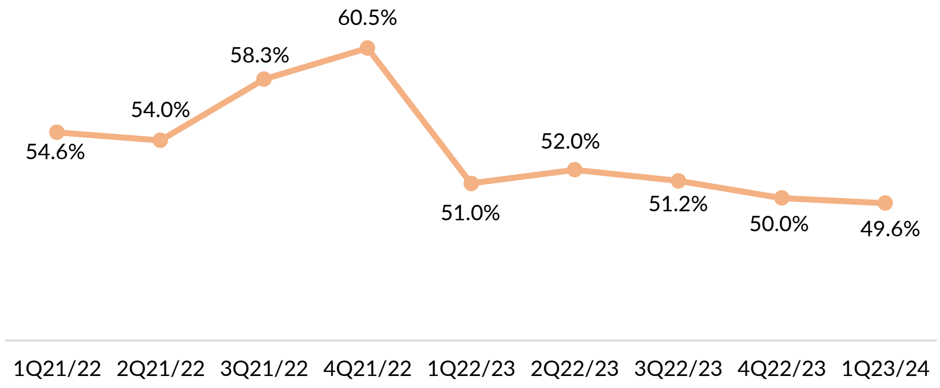
(by region)

ths m^2	1Q22/23	1Q23/24	YoY
LPP GROUP	**1,458.1**	**1,748.2**	**19.9%**
Poland	687.7	783.1	13.9%
Abroad	770.4	965.1	25.3%

Inventory normalisation

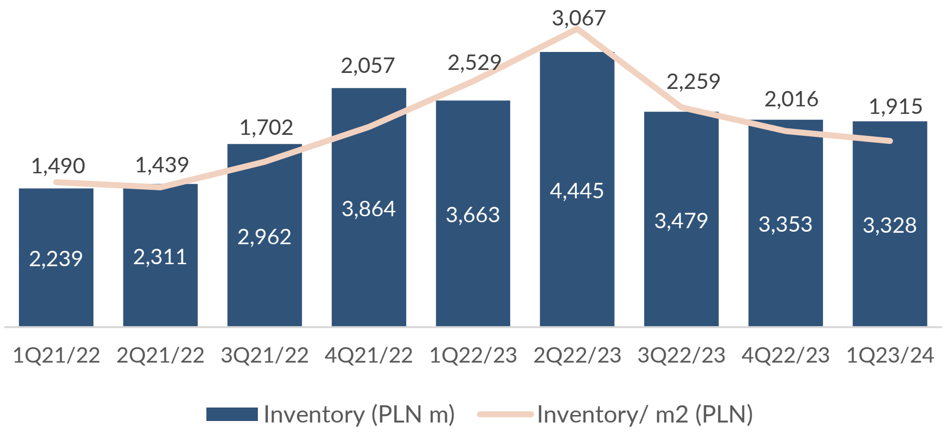
- Gross profit on sales margin in 1Q23/24 lower by 1.4 p.p. YoY due to: 1) a larger revenue share of Sinsay having the lowest margin in the Group, 2) promotions supporting sales and 3) less advantageous US$/PLN exchange rate YoY.
- Decrease in inventory by 9.2% YoY due to advantageous sales trends supported by promotions.
- Decrease in inventory/m^2 by 24.3% YoY due to further improvement of inventory management and works on rotation acceleration (decrease in rotation from 239 days in 1Q22/23 to 164 days in 1Q23/24).
- Spring/Summer 2023 collection accounts for some 85% of inventory, 2022 collections consitute c. 9% of inventory while Autumn/Winter 2023/24 collection amounted to c. 6% of inventory.

QUARTERLY GROUP GROSS PROFIT MARGIN



INVENTORY AND INVENTORY/ M²

(data until the end of 2021/22 before restatment)



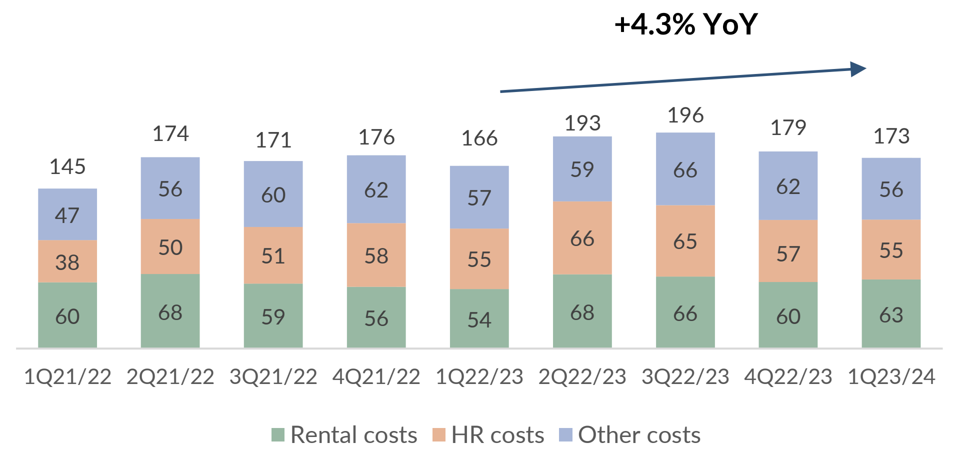
LPP

10% YoY lower SG&A/ m²

- YoY increase in rental costs/ m^2 → inflation indexation of fixed rentals (applicable to about 70% of rental contracts), disadvantageous EUR/PLN exchange rate YoY.
- Stable HR/ m^2 costs → reduced number of man-hours in brand stores despite increased minimum wages.
- Stable other costs/ m^2 YoY → optimisation of energy consumption and costs of external services.
- Decrease in SG&A/ m^2 by 9.8% YoY → savings on the operations of online stores (lower YoY costs of marketing, transportation and e-commerce logistics).
- Share of SG&A in revenues decreased from 47% in 1Q22/23 to 43% in 1Q23/24.
- In 1Q23/24, store costs amounted to PLN 882.8m, +26,6% YoY, HQs and e-commerce costs amounted to PLN 665.0m, -7.8% YoY.

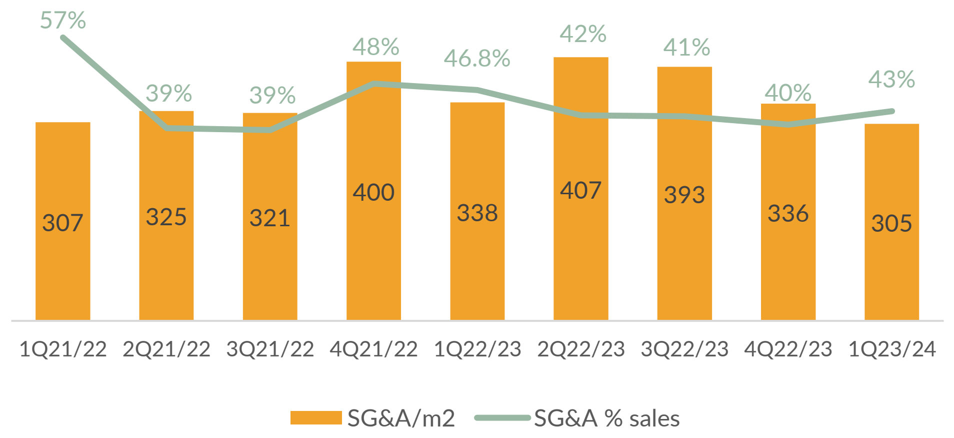
COST OF OWN STORES/ M²

(IAS17)



SG&A COSTS/ M²

(IFRS16)



Doubled operating profit

- Double-digit increases YoY in sales due to the launching of new stores and positive LFLs.
- Decrease in gross profit on sales YoY mainly due to a larger share of Sinsay diluting the gross margin, promotions and a disadvantageous US$ exchange rate.
- Increase in SG&A, resulting from the development of the store chain. Cost dynamics lower than the increase in sales due to maintained cost discipline.
- In 1Q23/24: a write-off on receivables, amounting to PLN 19.3m, involves mainly the postponement of payment deadlines concerning goods sold to external contracting parties, losses of PLN 17.6m on non-current and current assets (warehouse stock-taking). Additionally: PLN 7.5m of gain on the cancellation of contracts under IFRS 16 and lower YoY donations of PLN 1.9m in 1Q23/24 (PLN 7.4m in 1Q22/23).
- Less advantageous YoY balance of net financing operations in 1Q23/24 mainly due to FX losses (PLN -43.1m versus PLN -7.7m in 1Q22/23) and higher costs of interest charged on bank loans and bonds. Additionally, in 1Q23/24, + PLN 7.3m resulting from discount unwind on valuation of receivables on sale of Russian subsidiary.

PLN m, IFRS16	1Q22/23	1Q23/24	YoY
Revenues	**3,034.2**	**3,639.0**	**19.9%**
Gross profit margin on sales	*51.0%*	*49.6%*	*-1.4pp.*
SG&A costs	1,418.5	1,547.8	9.1%
EBIT	**117.0**	**230.7**	**97.2%**
EBIT margin	*3.9%*	*6.3%*	*2.5pp.*
Net financial activity	-42.4	-85.5	N/M
Net profit on continuing operations	**27.3**	**111.8**	309.5%

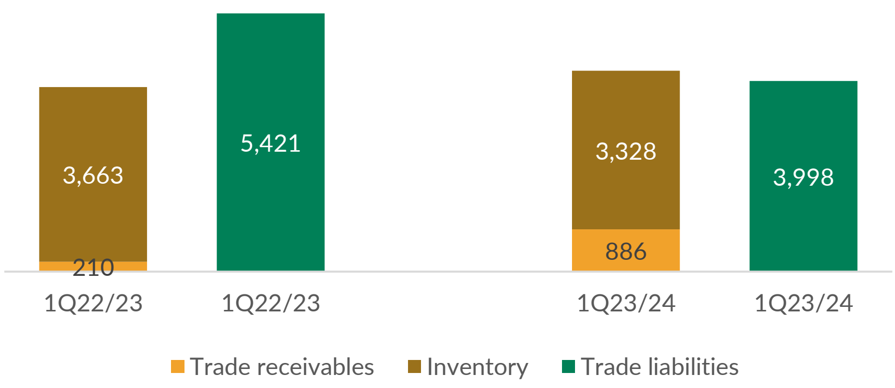
EBITDA	368.6	550.9	49.5%

LPP

Significant improvement of operating cash flows

- Less advantageous working capital YoY, resulting mainly from decrease in trade liabilities. In 1Q22/23, a high balance of liabilities to finance inventory purchased for developing Eastern markets.
- Deterioration in the cash turnover cycle from -83 to +11 days due to the shortened liabilities payment cycle from 333 to 177 days. An increase in receivables rotation from 7 to 23 days following the sale of the Russian business.
- Significant improvement in cash flows owing to:
    - increased YoY gross profit
    - decreased QoQ inventory
    - increased QoQ liabilities

WORKING CAPITAL
(PLN m)



WORKING CAPITAL

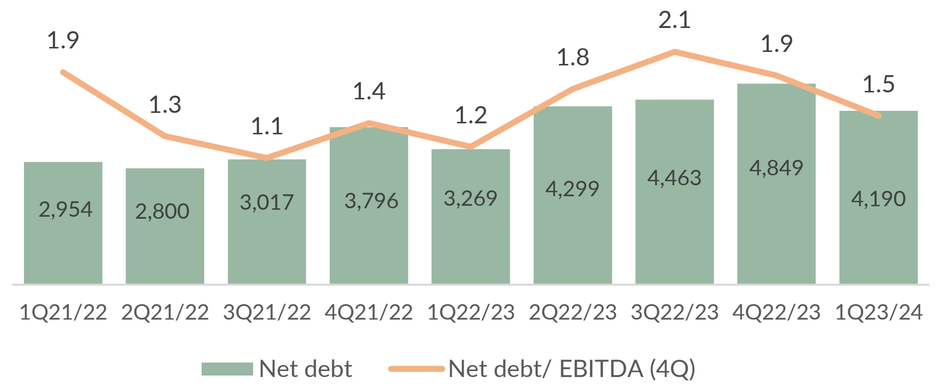
PLN m, IFRS16	1Q22/23	1Q23/24	YoY
Working capital	-1,547	215	N/M
Cash cycle (days)	-83	11	+94
Operating cash flows	-290	1,145	N/M

LPP

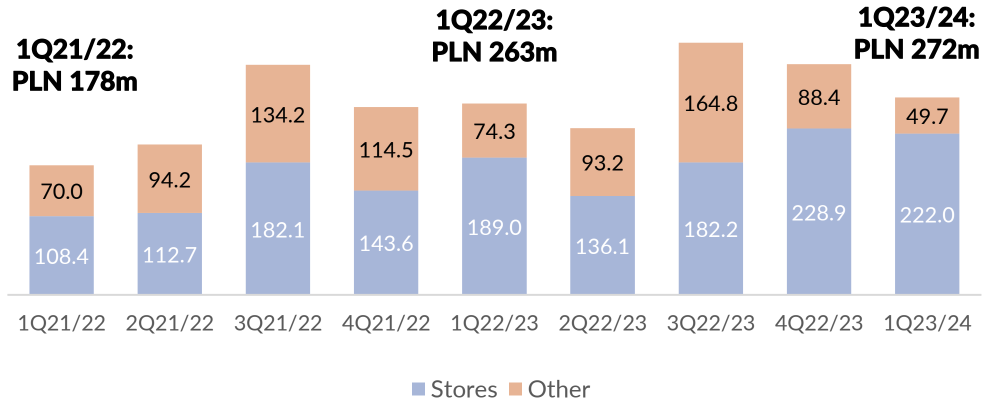
Safe level of net debt

- At the end of 1Q23/24, net debt under IFRS16 totalled PLN 4.2bn due to:
  - higher utilisation of long-term bank loans for investments (logistics)
  - lower utilisation of short-term bank debt (decrease in inventory QoQ)
  - higher debt arising from finance leases due to new store openings.
- Net debt does not account for PLN 0.6bn of deposits in monetary funds and security deposits as at the end of 1Q23/24 vs PLN 1.3bn at the end of 1Q22/23.
- Lower YoY utilisation of reversed factoring: PLN 2.3bn in 1Q23/24 vs PLN 3.8bn in 1Q22/23.
- In 1Q23/24, Capex totalled PLN 271.7m, i.e. +3.2% YoY. Expenditures for stores amounted to PLN 222.0m, those for infrastructure and IT totalled PLN 49.7m (YoY decrease due to completion of the investment for the Distribution Center in Brześć Kujawski).

NET DEBT
(PLN m, IFRS16)



CAPEX
(PLN m)



LPP

1Q23/24 Summary

1. High dynamics of offline sales.
2. Maintained cost saving policy.
3. Doubled operating profit.
4. Significant improvement of operating cash flows.
5. Safe debt level.

LPP

03

2023/24 + OUTLOOK

LPP

Good Outlook for 2Q

Offline sales dynamics of over ten percent	Stable YoY online sales	Positive impact of cost savings	Target: increase in EBIT and improved profitability

Positive impact on sales involving celebration events (Mother's Day, Children's Day, communions, marriage ceremonies, wedding parties).

Planned start of seasonal sell-offs after June 20th as usual.

Initial estimates for the period from May 1, 2023 to June 13, 2023.

LPP

Debut of Mohito stores in Western Europe

First Mohito brand stores in Italy.

Key reasons for entering the market:

- success of Mohito collections after the pandemic, resulting from a skillful combination of formal and smart casual fashion,
- strong reception of the brand in Southern Europe,
- enhanced recognition of Mohito on new markets,
- the brand's offer available in both sales channels.

NUMBER OF STORES IN ITALY

	1Q23/24:	1Q24/25:
MOHITO	0	2
RESERVED	0	2
sinsay	2	15

Mohito App in 2023/24

APP LAUNCHING

Launch of the Mohito app planned for 4Q23/24.
Third LPP app apart from Reserved and Sinsay.

↓

E-COMMERCE SUPPORT

Persistently increasing share of online sales in Mohito. In 2022/23, online sales accounted for 32% of the brand's revenues and in 1Q23/24 – as much as nearly 35% of sales.

↓

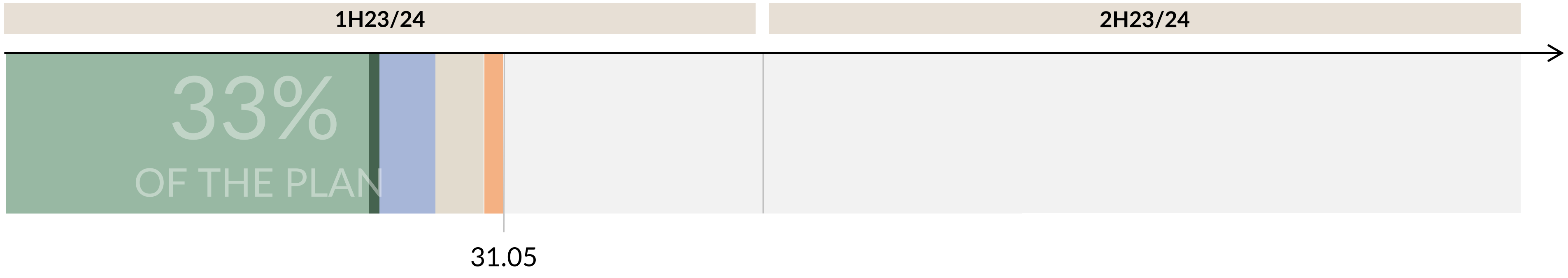
EXPECTED OUTCOME

More efficient mode of reaching female customers and increasing the brand's recognition ➔ building female customers' loyalty and higher sales.

LPP

Brand stores opened in 2023/24 as planned

PLAN FOR 2023/24 - 400 STORES OF ALL BRANDS



BRAND	Sinsay	Reserved	Cropp	House	Mohito	
NUMBER OF STORES	85	4	21	17	6	**133**

Stores opened as planned. One third (1/3) of the annual plan performed in 4 months (February – May 2023)

Brand stores to be opened evenly throughout the year

Medium-term double-digit floorspace increase

FLOORSPACE GROWTH

Floorspace (ths m^2)	I.2023	I.2024 target	YoY
Poland	753	845	12%
Abroad	921	1,155	25%
TOTAL	1,673	2,000	20%

At the end of 2023/24

2m m^2 of floorspace

Growth target for the next two years :

10%-15%

of floorspace growth annually

LPP

Target for 2023/24 – profitability growth

Offline revenues - increase of 25% YoY due to floorspace growth (2,340 stores) and positive LFLs Online revenues – stable YoY Group's revenues reaching about PLN 18bn	Gross sales margin 51-53% PLN 0.5bn + cost savings (performance marketing, logistics) EBIT margin 10%+	CAPEX PLN 1.1bn, of which PLN 800m for stores Normalisation of working capital: liabilities exceeding inventory Lower YoY level of net debt/EBITDA

Opportunities and risks for 2023/24

Opportunities

- Collections adjusted to the tastes and needs of female/male customers.
- Development on new markets (Southern and Western Europe).
- Development of mobile apps of Sinsay, Reserved and Mohito.
- PLN appreciation against US$.
- Maintenance of cost discipline.

Risks

- Economic slowdown impacting the shopping behaviour of female/male customers.
- Maintained inflationary pressure.
- Increased minimum wages in Poland.
- Growing competition in the value-for-money segment.
- Limited expenditures on performance marketing.

LPP

Dividend payment continued

The Management Board of LPP proposed a dividend to be paid for the financial year 2022/23, in the amount of PLN 430 per share.

The proposed dividend day (that is the day as at which the list of eligible shareholders is made) is July 10, 2023.

The proposed dividend is to paid in two equal instalments (PLN 215 per share):

- the first instalment on July 14, 2023,
- the second instalment on October 10, 2023.

The planned payment comprises 100% of separate net profit for 2022/23 and part of the capital allocated initially for the buy-back of own shares.

LPP

Dividend policy for the following years

Draft resolution for the General Meeting of Shareholders of June 30, 2023 on the adoption of LPP's dividend policy for the years 2023/24-2025/26.

Policy goals:
- ensuring shareholders' regular participation in net profit generated by the Company,
- effective management of the Group's capital,
- maintaining financial safety - the minimum equity/assets ratio 30% (without IFRS16).

Dividend payment amounting to:
- at least 50% of separate net profit from the preceding year,
- no more than 70% of the Group's consolidated net profit.

Dividend paid in two instalments:
- I interim instalment – April/May
- II instalment – October/November

Focus on dividend, consequent plan of cancelling the share buy-back scheme for the years 2020-2025.

LPP

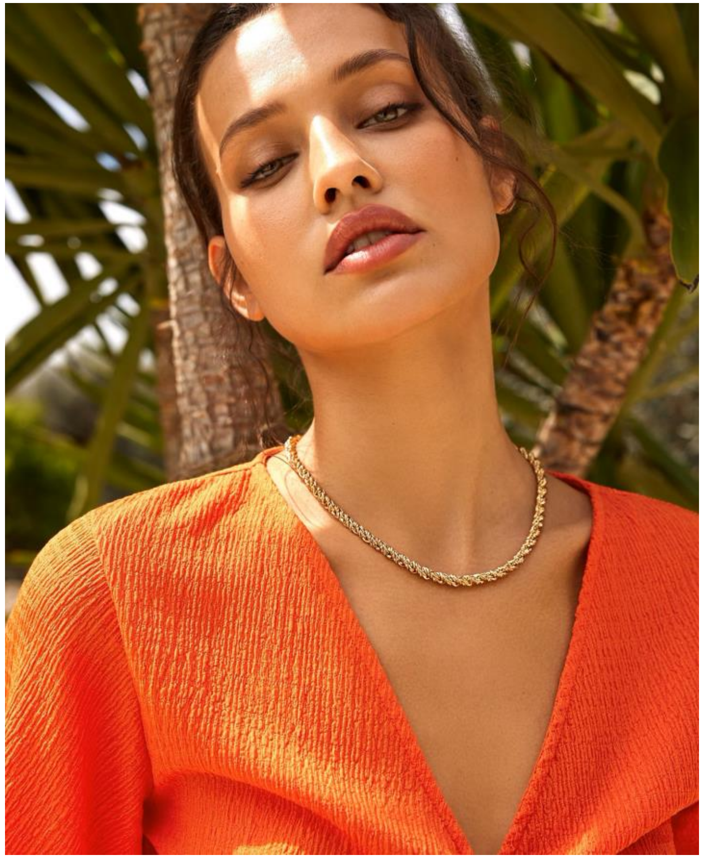
04
Q&A

LPP

Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
Abroad	Region covering: CEE (Czech Republic, Slovakia, Hungary), Baltic countries (Lithuania, Latvia, Estonia), SEE (Bulgaria, Romania, Croatia, Serbia, Slovenia, Bosnia and Hercegovina, and, from 2021/22, North Macedonia), WE (Germany, Great Britain, Finland), CIS (Ukraine, Belarus, Kazakhstan) and operations in ME (Egypt, Qatar, Kuwait, United Arab Emirates, Israel)
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/ m^2	Revenues of segment or brand/ average working total floorspace/ 3.
Average monthly costs of own stores/ m^2	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 2.1% of the working floorspace)/ 3.
Average monthly SG&A PLN/ m^2	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME/ 3
Inventory/ m^2	End of period group inventory/ total floorspace without foreign franchise stores
Cash turnover cycle	Receivables (in days) plus inventories (in days) minus liabilities (in days). Calculations on average amounts of receivables, inventories and liabilities.

LPP



Contact

GDAŃSK HQs

ul. Łąkowa 39/44, 80-769 Gdańsk
Tel. +48 58 76 96 900
Email: lpp@lpp.com

CONTACT FOR INVESTORS

Email: LPP.investor.relations@lpp.com

CONTACT FOR MEDIA

Email: media@lpp.com

discoverlpp company/lpp-sa discoverlpp discoverlpp