



**LPP**

**LPP SA GROUP  
CONSOLIDATED  
CONDENSED INTERIM  
REPORT FOR 1H 2023/24**

21 September 2023

**RESERVED**

**CROPP**

**HOUSE**

**M O H I T O**

**sinsay**









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Declaration of the Management Board





01

# Consolidated condensed interim report on the operations of the LPP SA Group

Consolidated condensed interim report for 1H 2023/24



# About us

## WHO WE ARE

LPP is a Polish, family-owned company specialising in the design, manufacturing and distribution of apparel. We have over 30-year experience in the clothing industry. Our sales network comprises entire Poland, countries of Europe and the Middle East. Our customers visiting traditional stores and shopping online are offered clothing, accessories and footwear of our five brands: Sinsay, Reserved, Cropp, House and Mohito. In addition, the Sinsay and Reserved brands offer home and interior design goods. Each of our brands has a different target group and a distinctive profile.

Although we operate in nearly forty markets worldwide, the concepts for our brands and all our collections are created in Poland, as well as all strategic decisions are made here. The head office in Gdańsk is the heart of our organisation where our history started. Our offices are also located in Cracow, Warsaw, Barcelona, Shanghai and Dhaka. Our team comprises the total of ca. 30 thousand people working in offices as well as in sales and distribution in Poland, countries of Europe and Asia.

Openness, diversity, responsibility for joint development and mutual respect shape the LPP's unique culture.

## HOW WE OPERATE AS A GROUP

The LPP Group is composed of the Parent Company established in Poland, 8 domestic companies and 27 subsidiaries. Most of the subsidiaries are engaged in distribution of products of our brands outside Poland. On the other hand, Polish companies are involved in store operation services in the territory of Poland (LPP Retail Sp. z o.o.), sale of promotional clothing (Printable Sp. z o.o.), logistics services (LPP Logistics Sp. z o.o.), construction works related to logistics centres (Veviera Investments Sp. z o.o.), management of IT projects for the Group (Silky Coders Sp. z o.o. and Dock IT Sp. z o.o.) and activities in the scope of real estate rental in Poland, where our brand stores are located (DP&SL Sp. z o.o., IL&DL Sp. z o.o.).

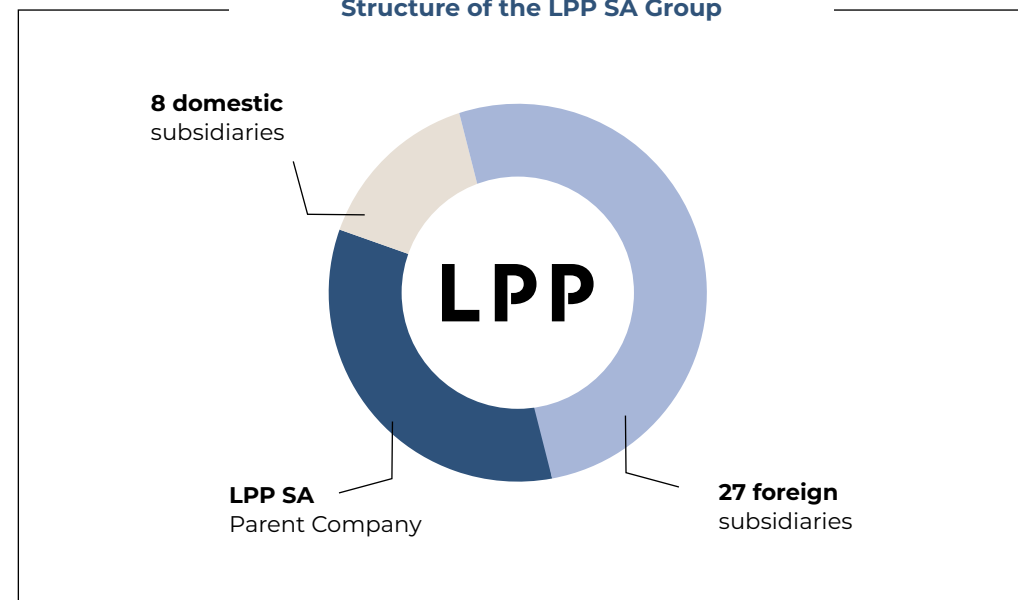
In 1H 2023/24, changes in the Group's structure took place involving the establishment of two subsidiaries: LPP Logistics Slovakia SRO and LPP Logistics Romania SRL. The company creation in Slovakia is a response to the consistently implemented strategy of insourcing, i.e. LPP Logistics taking over operations previously carried out by external operators for LPP SA. On the other hand, the registration of the company in Romania provides the foundation for the upcoming

launch of the first foreign distribution centre of the company. The liquidation of one of the Bulgarian companies, i.e. LPP Fashion Bulgaria EOOD, which resulted from the termination of the store construction project in one of the shopping centres, was an additional change in the Group's structure in 1H 2023/24.

The consolidated financial statements of the Group for the period from 1 Febru-

ary 2023 to 31 July 2023 comprise separate results of LPP SA as well as the results of foreign subsidiaries and six Polish subsidiaries. Due to the immateriality of the data, the consolidation does not cover the other two Polish subsidiaries (conducting real estate rental activities in Poland).

Structure of the LPP SA Group







## OUR SHAREHOLDERS

LPP SA shares have been listed on the main market of the Warsaw Stock Exchange (WSE) since 2001. They are included in domestic indices, such as WIG, WIG Poland, WIG20, WIG30, WIG140, WIG Clothes, WIG ESG and foreign indices, including MSCI Poland Index, CECE Index and FTSE Russell Index. In addition, the Company has been qualified as a member of the segment of family-owned companies listed on the WSE, launched in 2021.

On the debut date, the price of the Company shares amounted to PLN 48.00. The Company recorded its all-time minimum share price of PLN 47.00 on 18 May 2001 and the all-time highest of PLN 18,770.00 on 12 January 2022. The Group's share capital (which also constitutes the share capital of the parent company) consists of 1,855,190 shares with a nominal value of PLN 2 per share and amounted to PLN 3,710,380 as at the balance sheet date.

The table below presents shareholders holding (directly or indirectly) at least 5% of the total number of votes at the GM as at the date of publishing this report.

Since the publication of the previous interim report, i.e. for 1Q 2023/24, changes in the structure of LPP major shareholdings have taken place, involving the change in the number of shares held by the Sky Foundation. Before 30 June 2023 the shareholder held 227,898 shares accounting for 12.3% share in the share capital and 7.0% share in votes. Currently, the Sky Foundation holds 185,963 shares accounting for 10.0% share in the share capital and 5.7% share in votes.

## OUR SUPERVISORY BOARD AND MANAGEMENT BOARD

**As at 31 July 2023, the Supervisory Board of LPP was composed of:**

- Miłosz Wiśniewski – independent Chair of the LPP Supervisory Board

Shareholder	Number of shares held (pcs.)	Shareholding	Number of votes at the GM	Share in the total number of votes at the GM	Nominal value of shares
Semper Simul Foundation*	578,889	31.2%	1,978,889	60.8%	1,157,778
Sky Foundation**	185,963	10.0%	185,963	5.7%	371,926
Other shareholders	1,090,338	58.8%	1,090,338	33.5%	2,180,676
<b>Total</b>	<b>1,855,190</b>	<b>100.0%</b>	<b>3,255,190</b>	<b>100.0%</b>	<b>3,710,380</b>

\* The Semper Simul Foundation is closely associated with Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

\*\* The Sky Foundation is closely associated with Mr Jerzy Lubianiec, co-founder of LPP.

- Alicja Milińska - Member of the LPP Supervisory Board
- Jagoda Piechocka - Member of the LPP Supervisory Board
- Piotr Piechocki - Member of the LPP Supervisory Board
- Grzegorz Maria Słupski - independent Member of the LPP Supervisory Board

In 1H 2023/24, the composition of the LPP Supervisory Board changed, i.e. Ms Magdalena Sekuła and Mr Wojciech Olejniczak resigned as members of the Supervisory Board (CR 11/2023) while Ms Jagoda Piechocka (CR 14/2023) and Ms Alicja Milińska (CR 20/2023) were appointed as members of the Supervisory Board.

**As at 31 July 2023, the Management Board of LPP was composed of:**

- Marek Piechocki - President of the LPP Management Board

- Przemysław Lutkiewicz - Executive Vice-President of the LPP Management Board
- Jacek Kujawa - Executive Vice-President of the LPP Management Board
- Sławomir Łoboda - Executive Vice-President of the LPP Management Board
- Marcin Piechocki - Executive Vice-President of the LPP Management Board

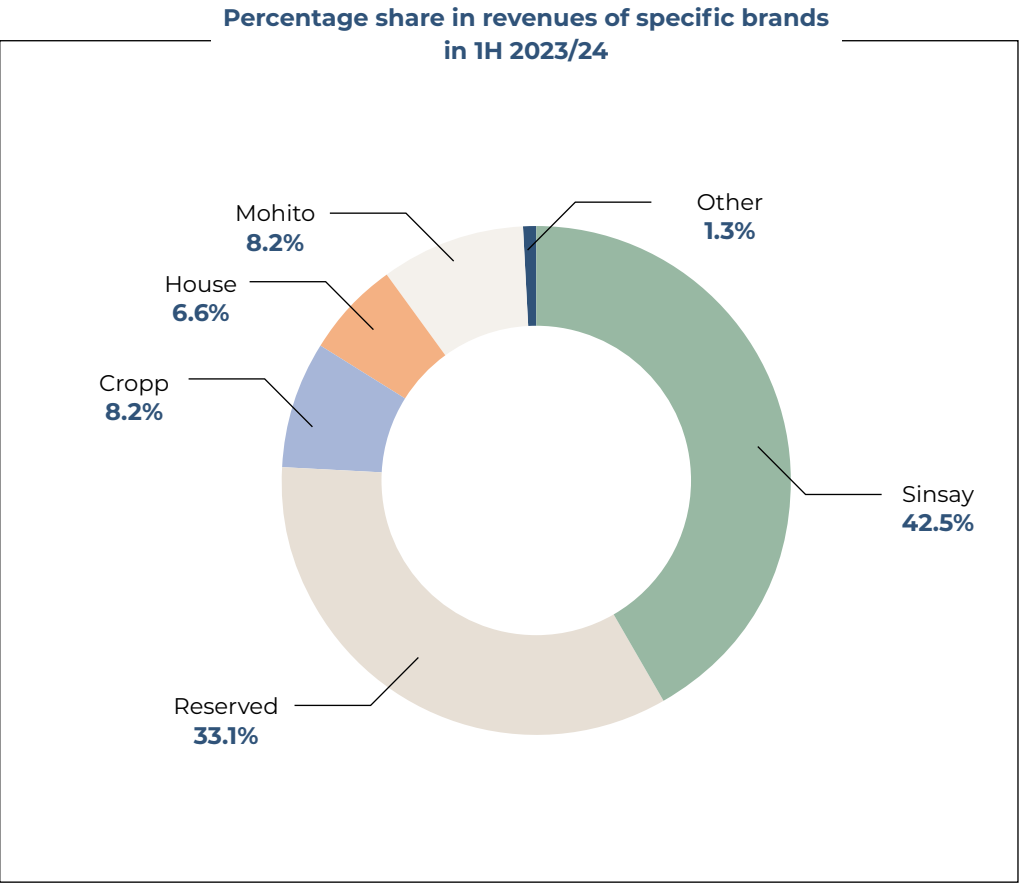
The table below presents the LPP shareholding of members of the LPP Management Board and Supervisory Board as at the date of publication this report. Since the publication of the previous report (for 1Q 2023/24), the structure of LPP shareholding of management and supervisory board members has changed as a result of additional persons holding LPP shares joining the Supervisory Board.

Shareholder	Number of shares held (pcs.)	Number of votes at the GM
Marek Piechocki - President of the Management Board	1,702	1,702
Przemysław Lutkiewicz – Executive Vice-President of the Management Board	519	519
Jacek Kujawa – Executive Vice-President of the Management Board	1,141	1,141
Sławomir Łoboda - Executive Vice-President of the Management Board	500	500
Marcin Piechocki - Executive Vice-President of the Management Board	739	739
Alicja Milińska - Member of the Supervisory Board	732	732
Jagoda Piechocka - Member of the Supervisory Board	52	52



# OUR PORTFOLIO

We have five own recognised brands: Sinsay, Reserved, Cropp, House and Mohito. Each of them is dedicated to a different group of customers representing various lifestyles, having different needs and expressing themselves in their own way.

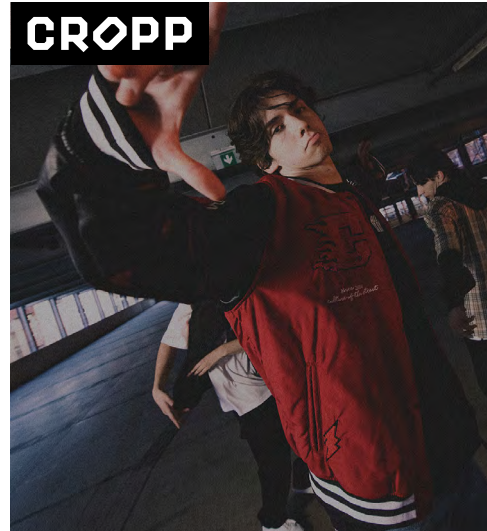




**RESERVED**



**CROPP**



**HOUSE**



**MOHITO**











# Basic figures illustrating the effects of the LPP SA Group's operations from 1 February 2023 to 31 July 2023



## NUMBER OF STORES

As at 31.07.2023	Number of stores
Sinsay	840
Reserved	353
Cropp	363
House	361
Mohito	224
<b>LPP Group - total</b>	<b>2,141</b>





## REVENUES BY BRAND

PLN m	1H 2023/24	1H 2022/23	change YoY (%)
Sinsay	3,491	2,889	20.9%
Reserved	2,722	2,660	2.3%
Cropp	674	613	10.0%
House	545	567	-3.9%
Mohito	677	573	18.2%
Other	106	73	44.7%
<b>Total</b>	<b>8,215</b>	<b>7,375</b>	<b>11.4%</b>

PLN m	2Q 2023/24	2Q 2022/23	change YoY (%)
Sinsay	1,966	1,685	16.7%
Reserved	1,476	1,582	-6.7%
Cropp	386	390	-0.9%
House	320	354	-9.5%
Mohito	349	309	12.8%
Other	78	20	297.5%
<b>Total</b>	<b>4,575</b>	<b>4,341</b>	<b>5.4%</b>

## ONLINE SALES

PLN m	1H 2023/24	1H 2022/23	change YoY (%)
Online sales	2,017	2,213	-8.8%

PLN m	2Q 2023/24	2Q 2022/23	change YoY (%)
Online sales	1,079	1,225	-11.9%

## REVENUES BY REGION

Region/ country (PLN m)	1H 2023/24	1H 2022/23	change YoY (%)
Poland	3,448	3,325	3.7%
Other countries	4,766	4,050	17.7%
<b>Total</b>	<b>8,215</b>	<b>7,375</b>	<b>11.4%</b>

Region/ country (PLN m)	2Q 2023/24	2Q 2022/23	change YoY (%)
Poland	1,922	1,866	3.0%
Other countries	2,653	2,475	7.2%
<b>Total</b>	<b>4,575</b>	<b>4,341</b>	<b>5.4%</b>





## OPERATING COSTS

	1H 2023/24 (IFRS16)	1H 2022/23 (IFRS16)	change YoY
Operating costs (PLN m)	3,128	3,226	-3.1%
Operating costs per m <sup>2</sup> / month	300	373	-19.7%
Operating costs/ sales	38%	44%	-5.6 p.p

	2Q 2023/24 (IFRS16)	2Q 2022/23 (IFRS16)	change YoY
Operating costs (PLN m)	1,580	1,808	-12.6%
Operating costs per m <sup>2</sup> / month	295	407	-27.5%
Operating costs/ sales	35%	42%	-7.1 p.p

## CAPITAL EXPENDITURE

PLN m	1H 2023/24	1H 2022/23	change YoY (%)
Stores	431	325	32.5%
Offices	42	40	4.3%
Logistics	9	99	-91.3%
IT & Other	56	29	96.2%
<b>Total</b>	<b>537</b>	<b>493</b>	<b>9.0%</b>

PLN m	2Q 2023/24	2Q 2022/23	change YoY (%)
Stores	209	136	53.4%
Offices	20	11	81.5%
Logistics	0	71	-100.0%
IT & Other	37	11	228.3%
<b>Total</b>	<b>266</b>	<b>229</b>	<b>15.8%</b>







### INVENTORY

Volume	31.07.2023	31.07.2022	Change YoY (%)
Inventory (PLN m)	3,126	4,445	-29.7%
Inventory per m <sup>2</sup> in PLN	1,722	3,067	-43.9%

### DEBT

Net debt (PLN m), IFRS16	As at 31.07.2023	As at 31.07.2022	Change YoY (%)
Short-term bank loans	451	1,056	-57.3%
Long-term bank loans	515	314	63.7%
Bonds	303	293	3.3%
Finance leases	3,519	3,373	4.3%
Cash	784	738	6.2%
<b>Net debt</b>	<b>4,005</b>	<b>4,299</b>	<b>-6.8%</b>
<b>Net debt/ EBITDA (4Q)</b>	<b>1.3</b>	<b>1,8</b>	<b>-25.0%</b>



## FACTORS AND EVENTS, INCLUDING THOSE OF AN EXTRAORDINARY NATURE, WITH A MATERIAL IMPACT ON THE CONDENSED FINANCIAL STATEMENTS

### REVENUES

In 1H 2023/24, the LPP Group achieved revenues of PLN 8.2 billion, i.e. ca 11% more than in the corresponding period of the previous year. The Group generated its revenue growth by sales increases in almost every brand. The Sinsay brand recorded the highest revenue in nominal terms (PLN 3.5 bn, 43% of total revenues). This brand also posted the highest revenue growth rate (20.9% YoY). The intensive openings of new Sinsay traditional stores, new market entries and the economic climate favourable for the value-for-money segment, where the brand belongs, are the factors that contributed to its revenue growth. Mohito was the second brand in terms of YoY revenue growth in both nominal terms and growth rate. Revenues of this brand were driven by successful collections and, consequently, their positive acceptance by female customers.

The Group's revenue growth in 1H was underpinned by sales in traditional stores that recorded a growth rate of 19.7% resulting from the development of the Group's sales network. At the same time, the declining

popularity of online purchases was noticeable, which had an impact on revenues generated by the Group from e-commerce stores, i.e. PLN 2.0 bn, ca 9% less YoY. Revenues from this channel accounted for approximately 25% of the Group's total revenues, compared with 30% in the corresponding period of the previous year.

Despite weakening market trends in online sales and the Group's reduction of marketing expenditure by ca 50%, online sales recorded a double-digit decline.

### GROSS MARGIN

In H1 2023/24, the Group generated gross margin of 48.7%, i.e. 2.9 pp. lower YoY, mainly due to the increasing share of the Sinsay brand in revenues (which records the lowest margin in the entire LPP brand portfolio) and due to conducted promotional campaigns to support the sale of excess goods of the 2022 collection. In addition, gross margins in this period were affected by the persistently less favourable YoY USD/PLN exchange rate.

### INVENTORIES

Due to commercial promotions, the Group reduced its inventory in H1 2023/24 by PLN 1,319 million, i.e. by 29.7% compared with the previous year. On the other hand, due to further improvements in goods management and work on accelerating turnover per m<sup>2</sup>, inventory fell from PLN 3,067/ m<sup>2</sup> to PLN 1,722/m<sup>2</sup>, i.e. by 43.9%, which ended the period of their excess levels.

### OPERATING COSTS

The cost discipline implemented by the Company had an impact on the Group's financial statements for H1 2023/24. Despite the continued development of the sales network, operating costs incurred by the Group in this period were 3.1% lower YoY. Lower operating costs were mainly achieved due to e-commerce cost savings, i.e. lower expenses on performance marketing and logistics. At the same time, the Group also recorded a YoY decline in operating costs per m<sup>2</sup>, i.e. by 19.7%.

### OTHER OPERATING COSTS AND INCOME

The Group's results at a level of other operating income in H1 2023/24 were also affected by non-recurring events related to gains from the liquidation of contracts under IFRS16 in the amount of PLN 10.2 million (compared to PLN 8.2 million in the previous year), resulting mainly from signed annexes to lease agreements in Ukraine, in connection with the ongoing war and the impossibility of conducting regular business in shopping centres. On the other hand, at a level of other operating costs in H1 2023/24, the most significant value of PLN 31.4 million related to inventory losses in warehouses. At the same time, in the corresponding period of the previous year, this value amounted to PLN 140.9 million and was restated in relation to the published value. This restatement resulted from the recommendations of the PFSA, as communicated by the Company

in CR 22/2023). The PFSA recommendation was related to the write-downs of fixed assets in Russia and Ukraine (stores) and inventory write-offs in the Ukrainian stores as a result of different approach of the PFSA and the Company to IAS10 "Events after the reporting period". Accordingly, a change in the Company accounting of write-offs occurred, which did not change the amount of write-offs, but the timing of their recognition (transfer from 4Q21/22 to 2Q22/23). The YoY growth rates are shown by the Company in relation to the restated figures.

As a result of the above factors in the accounting period, the Group generated EBIT of PLN 838 million, i.e. 253.3% higher compared to PLN 237 million earned a year earlier (as restated). The Group's operating profitability (EBIT margin) stood at 10.2% (compared with 3.2% in the previous year - as restated).

### FINANCIAL COSTS AND INCOME

Furthermore, in 1H 2023/24, the Group recorded a negative balance of net financing activities. The negative balance was mainly attributable to higher interest expenses on bank loans and bonds (PLN 56.9 million compared to PLN 30.3 million in the previous year) and foreign exchange losses of PLN 47.4 million (a consequence of the depreciation of the USD against the PLN), compared to gains in the corresponding period of the previous year. At the same time, due to the updating

of the discount rate on receivables from the sale of the Russian company, the Group reported an increase in financial income related to the discount of PLN 14.2 million in 1H 2023/24 (PLN 6.9 million in 2Q 2023/24 alone).

As a consequence, in 1H 2023/24, the LPP Group generated net profit of PLN 553 million on continuing operations compared to PLN 290 million in the previous year (restated value), with net profitability of 6.7% (compared to 3.9% as restated in the previous year).

The key figures illustrating the effects of the Group's operations and the margins achieved in 1H and 2Q of 2023/24 are presented in the tables below.

Figure (PLN m)	1H 2023/24	1H 2022/23 before restatement	1H 2022/23 as restated (the recommendations of the PFSA)	Change YoY (%)
Revenues	8,215	7,375	7,375	11.4%
Gross profit on sales	4,000	3,804	3,804	5.2%
Costs of stores and distribution and general costs	3,128	3,226	3,226	-3.1%
EBITDA	1,494	1,036	760	96.5%
Operating profit (loss)	838	512	237	253.3%
Net profit (loss) from continuing operations	553	565	290	91.1%

Figure (PLN m)	2Q 2023/24	2Q 2022/23 before restatement	2Q 2022/23 as restated (the recommendations of the PFSA)	Change YoY (%)
Revenues	4,575	4,341	4,341	5.4%
Gross profit on sales	2,194	2,256	2,256	-2.7%
Costs of stores and distribution and general costs	1,580	1,808	1,808	-12.6%
EBITDA	944	667	392	140.8%
Operating profit (loss)	607	395	120	405.4%
Net profit (loss) from continuing operations	442	538	262	68.3%







Margin (%)	1H 2023/24	1H 2022/23 before restatement	1H 2022/23 as restated	Change YoY (pp.)
Gross profit on sales margin	48.7%	51.6%	51.6%	-2.9
EBITDA	18.2%	14.0%	10.3%	7.9
Operating margin	10.2%	6.9%	3.2%	7.0
Net on continuing operations	6.7%	7.7%	3.9%	2.8

Margin (%)	2Q 2023/24	2Q 2022/23 before restatement	2Q 2022/23 as restated	Change YoY (pp.)
Gross profit on sales margin	47.9%	52.0%	52.0%	-4.0
EBITDA	20.6%	15.4%	9.0%	11.6
Operating margin	13.3%	9.1%	2.8%	10.5
Net on continuing operations	9.6%	12.4%	6.0%	3.6

Figure (PLN m)	1H 2022/23 before restatement	Data restatement	1H 2022/23 after restatement
Other operating income	29.2	-3.9	25.3
Other operating costs	94.2	271.3	365.6
<b>Operating profit (loss)</b>	<b>512.4</b>	<b>-275.3</b>	<b>237.1</b>

Figure (PLN m)	2Q 2022/23 before restatement	Data restatement	2Q 2022/23 after restatement
Other operating income	17.8	-3.9	13.9
Other operating costs	70.4	271.3	341.8
<b>Operating profit (loss)</b>	<b>395.4</b>	<b>-275.3</b>	<b>120.1</b>

More information on the restatements is presented in note 3.4 to the financial statements of this report.





OTHER MATERIAL EVENTS IN 1H 2023/24 AND UNTIL THE REPORT PUBLICATION DATE:



**FEBRUARY**

Introduction of a new product line - Reserved Home - to the online offer of the Reserved brand.



**MARCH**

Opening of a Sinsay store in Milan, Italy in the Biocca Village shopping centre.



**APRIL**

Cooperation of Reserved with the Le Petit Trou brand within the capsule underwear collection.



**APRIL**

Creation of subsidiaries, LPP Logistics Slovakia Sro and LPP Logistics Romania Srl.



OTHER MATERIAL EVENTS IN 1H 2023/24 AND UNTIL THE REPORT PUBLICATION DATE:



**JUNE**

Decision of the LPP GM to pay a dividend in the amount of PLN 430 per share (payment in two equal tranches scheduled on 14 July 2023 and 10 October 2023).



**JULY**

Approval of the LPP decarbonisation plan by SBTi comprising a plan to reduce greenhouse gas emissions by 2030 in the categories that are responsible for the Company carbon footprint to the major extent.



**JULY**

Cooperation of Reserved with the “BOLESŁAWIEC” ceramics factory which resulted in the creation of unique home furnishing products and clothing for women and girls.



**AUGUST**

Opening of a Reserved flagship store in the United Kingdom in the Westfield Stratford City shopping centre (eastern London).



**SEPTEMBER**

Opening of the Reserved store in Milan on the shopping street, Corso Vittorio Emanuele II.

# Factors that may affect LPP Group's performance in the perspective of at least the next six months

The Group's financial performance over the next six months may be affected by several factors, which may both pose risks and offer opportunities for the Company. On the one hand, potential risks may have an adverse impact on the Group's results and, on the other hand, exploited potential opportunities may positively influence the Group's financial performance. These factors may be both of an external nature - independent of the Company - and of an internal nature under the Company's control.

## THREATS AND RISKS

- Impact of the economic downturn on the behaviour of customers - reduced propensity to purchase clothing as a consequence of lower disposable income
- Continuing inflation pressure.
- Reduced Company expenditure on online marketing resulting in a lower revenue growth rate, especially in the online channel,

- Rise in the minimum wage in Poland adversely affecting the Group's operating costs.
- Increasing competition in the value-for-money segment.
- Potential disruptions to the supply chain resulting from the situation in East Asia.
- Risk of tax changes in Poland and in countries where the Group operates.

## OPPORTUNITIES

- Expansion in new markets (Southern and Western Europe).
- Successive openings of Reserve stores in London.
- Debut of Mohito brand stores on the Italian market.
- Fashion trends, attractiveness of the collection offered by the Company.
- Increased negotiation opportunities with suppliers of goods to the Company resulting from the condition of the industry.
- Appreciation of the PLN against the USD with a positive impact on gross margins.

- Lower maritime transport costs.
- Control of the Group's operating costs (SG&A), particularly costs of logistics.
- Development of Sinsay and Reserved brand mobile apps in new markets and debut of the Mohito app.
- The announced indexation of the 500+ benefit which may have an impact on increased propensity for clothing purchases by benefit recipients.

## TARGETS

Considering the aforementioned risks and opportunities, the Group's plans for the financial year 2023/24 assume the possibility of generating ca PLN 18 billion revenues, i.e. an increase of ca 20% YoY, including 25% YoY growth in the offline sales channel and a stable level in the online channel. The Company anticipates a 20% YoY increase in floorspace, prioritising the development of Sinsay brand stores.

In the financial year 2023/24, the Group expects a YoY improvement in the gross profit on sales margin (51-53%) and the operating margin at a level of over 10%.

At the same time, maintaining an investment commitment of PLN 1.05 bn (including PLN 800 m for stores, PLN 50 m for offices, PLN 120 m for logistics and PLN 80 m for IT and other expenses) is planned. The Company assumes working capital standardisation (liabilities higher than inventory) and a lower YoY level of net debt/EBITDA.



# Supplementary information

The Company is not a party to any material-court or administrative proceedings.

In the reporting period, no transactions with related parties occurred other than those specified in section 19 of the consolidated financial statements and in section 18 of the separate financial statements for 1H 2023/24.

In the reporting period, neither LPP nor any of its subsidiaries granted any credit or bank loan sureties or guarantees of substantial value jointly to a single entity or its subsidiary.

As the Company does not publish forecasts of results for the year, the management board's position on the feasibility of such forecasts in terms of the results presented in the report is not applicable.

This report contains basic information material for the evaluation of the LPP Group standing. In the opinion of the Management Board, no threats for the fulfilment of the LPP Group obligations currently exist.

**GDAŃSK, 20 SEPTEMBER 2023**

## MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board









A full-page background image featuring a man with curly brown hair and light blue eyes, wearing a light blue high-collared zip-up jacket. He is standing against a textured, grey concrete wall. The lighting is soft and natural, coming from the side.

*02*

Consolidated condensed  
interim financial  
statements



# Introduction

We hereby approve the consolidated condensed interim financial statements of the LPP SA Group for the 6-month period ended 31 July 2023, comprising the consolidated condensed interim statement of comprehensive income recognising the total comprehensive income of PLN 490.6 million, the consolidated condensed interim statement of financial position recognising the total assets and liabilities in the amount of PLN 13,075.5 million, the consolidated condensed interim statement of cash flows recognising an increase in net cash by PLN 307.3 million, the consolidated condensed interim statement of changes in equity, recognising a decrease in equity by PLN 306.4 million, as well as notes containing the description of the material accounting principles and other explanatory information.

## MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board

GDĄSK, 20 SEPTEMBER 2023







# SELECTED CONSOLIDATED CONDENSED INTERIM FINANCIAL DATA

for the 6-month period ended 31 July 2023

Selected consolidated financial data	PLN m		EUR m	
	Cumulatively			
	2023/24	2022/23	2023/24	2022/23
	01.02 - 31.07	01.02 - 31.07	01.02 - 31.07	01.02 - 31.07
Revenues	8,214.8	7,374.8	1,800.0	1,580.4
Operating profit (loss)	837.7	237.1	183.6	50.8
Pre-tax profit	711.4	397.5	155.9	85.2
Net profit (loss) attributable to shareholders of the parent company	548.3	-94.3	120.1	-20.2
Weighted average number of shares	1,854,666	1,838,870	1,854,666	1,838,870
Profit (loss) per share	295.6	-51.3	64.8	-11.0
Net cash flows from operating activities	2,125.6	-522.7	465.8	-112.0
Net cash flows from investing activities	-484.4	-386.5	-106.1	-82.8
Net cash flows from financing activities	-1,333.9	257.5	-292.3	55.2
Total net cash flows	307.3	-694.2	67.3	-148.8

Selected consolidated financial data	PLN m		EUR m	
	2023/24	2022/23	2023/24	2022/23
	31.07.2023	31.01.2023	31.07.2023	31.01.2023
Total Assets	13,075.5	12,921.1	2,962.6	2,744.0
Long-term liabilities	3,514.3	3,722.7	796.3	790.6
Short-term liabilities	5,883.2	5,214.0	1,333.0	1,107.3
Equity	3,678.0	3,984.4	833.4	846.1
Share capital	3.7	3.7	0.8	0.8
Weighted average number of shares	1,854,666	1,853,738	1,854,666	1,853,738
Book value per share	1,983.11	2,149.39	449.33	456.45
Declared or paid dividend per share	430.00	350.00	97.43	74.33



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the 6-month period ended 31 July 2023

Statement of comprehensive income (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07 restated	01.05 - 31.07	01.05 - 31.07 restated
<b>Continued operations</b>					
Revenues	7	8,214.8	7,374.8	4,575.4	4,340.6
Cost of goods sold		4,214.5	3,571.1	2,381.5	2,084.8
<b>Gross profit (loss) on sales</b>		<b>4,000.3</b>	<b>3,803.7</b>	<b>2,193.9</b>	<b>2,255.8</b>
Costs of stores and distribution		2,701.5	2,842.7	1,391.8	1,586.5
General costs		426.1	383.6	188.0	221.3
Other operating income	8	28.3	25.3	14.3	13.9
Other operating costs	8	63.3	365.6	21.4	341.8
<b>Operating profit (loss)</b>		<b>837.7</b>	<b>237.1</b>	<b>607.0</b>	<b>120.1</b>
Financial income	9	33.2	238.8	18.5	236.1
Financial costs	9	159.5	78.4	59.3	33.3
<b>Pre-tax profit</b>		<b>711.4</b>	<b>397.5</b>	<b>566.2</b>	<b>322.9</b>
Income Tax	10	158.1	107.9	124.7	60.6
<b>Net profit (loss) from continuing operations</b>		<b>553.3</b>	<b>289.6</b>	<b>441.5</b>	<b>262.3</b>
<b>Net profit (loss) from discontinued operations</b>		<b>0.0</b>	<b>-383.9</b>	<b>0.0</b>	<b>-624.6</b>
<b>Total net profit (loss)</b>		<b>553.3</b>	<b>-94.3</b>	<b>441.5</b>	<b>-362.3</b>
<b>Net profit attributable to:</b>					
Shareholders of the parent company		548.3	-94.3	438.8	-362.3
Non-controlling interests		5.0	0.0	2.7	0.0







Statement of comprehensive income (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07 restated	01.05 - 31.07	01.05 - 31.07 restated
<b>Other comprehensive income</b>					
<b>Items transferred to profit or loss</b>					
Currency translation on foreign operations		-62.7	260.9	-41.4	176.0
<b>Total comprehensive income</b>		<b>490.6</b>	<b>166.6</b>	<b>400.1</b>	<b>-186.3</b>
<b>Attributed to:</b>					
Shareholders of the parent company		485.6	166.6	397.4	-186.3
Non-controlling interests		5.0	0.0	2.7	0.0
Weighted average number of shares		1,854,666	1,838,870	1,854,666	1,838,870
Diluted number of shares		1,854,666	1,838,870	1,854,666	1,838,870
Net profit (loss) attributable to shareholders of the parent company per share		295.63	-51.28	236.59	-197.02
Diluted profit (loss) attributable to shareholders of the parent company per share		295.63	-51.28	236.59	-197.02
Net profit (loss) from continuing operations amount per share		298.33	157.49	238.05	142.64
Diluted net profit (loss) from continuing operations per share		298.33	157.49	238.05	142.64





# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 July 2023

		As at:		
Statement of financial position (PLN m)	Notes	31.07.2023	31.01.2023	31.07.2022
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>7,441.1</b>	<b>7,351.8</b>	<b>6,505.0</b>
1. Tangible fixed assets	11	3,480.3	3,336.0	2,823.4
2. Right of use assets		2,864.3	2,888.4	2,604.2
3. Intangible assets		211.1	185.6	147.0
4. Goodwill		183.2	183.2	183.2
5. Trade mark		77.5	77.5	77.5
6. Long-term receivables	6	282.4	314.6	323.7
7. Deferred tax assets		328.2	350.7	333.6
8. Pre-payments		5.4	8.2	5.0
9. Other financial assets	14	8.7	7.6	7.4
<b>Current assets</b>		<b>5,634.4</b>	<b>5,569.3</b>	<b>8,434.2</b>
1. Inventory	12	3,126.4	3,353.4	4,445.1
2. Trade receivables		894.6	944.1	1,322.6
3. Receivables from income tax		51.0	8.5	13.3
4. Short-term receivables	6	49.6	50.4	0.0
5. Other non-financial assets		40.3	53.2	101.9
6. Pre-payments		75.8	78.9	66.1

7. Other financial assets	14	52.5	59.0	359.7
8. Deposits and mutual funds	13	560.5	556.8	1,387.4
9. Cash and cash equivalents		783.7	465.0	738.1
<b>TOTAL Assets</b>		<b>13,075.5</b>	<b>12,921.1</b>	<b>14,939.2</b>





		As at:		
Statement of financial position (PLN m)	Notes	31.07.2023	31.01.2023	31.07.2022
EQUITY AND LIABILITIES				
Equity		3,678.0	3,984.4	3,398.9
1. Share capital	15	3.7	3.7	3.7
2. Share premium		364.3	364.3	364.3
3. Other reserves		2,457.7	2,720.4	2,718.3
4. Currency translation on foreign operations		-5.1	57.6	56.3
5. Retained earnings		854.0	840.0	256.3
6. Non-controlling interest		3.4	-1.6	0.0
Long-term liabilities		3,514.3	3,722.7	3,341.8
1. Bank loans and borrowings	16	514.5	538.1	314.3
2. Lease liabilities		2,606.0	2,760.1	2,604.7
3. Bonds		303.1	306.9	293.3
4. Employee benefits		1.8	1.7	1.4
5. Deferred tax liabilities		1.8	1.6	2.5
6. Accruals		87.1	114.3	125.6
Short-term liabilities		5,883.2	5,214.0	8,198.5
1. Trade and other liabilities	16	3,807.8	3,062.2	5,685.8
2. Dividend liabilities		396.9	0.0	322.2
3. Contract liabilities		19.3	26.0	16.7
4. Customer refund liabilities		98.1	75.9	86.1
5. Bank loans and borrowings	16	451.4	806.1	1,056.1

6. Lease liabilities	913.3	902.5	768.2
7. Employee benefits	136.7	147.9	130.4
8. Income tax liabilities	15.8	155.5	97.3
9. Provisions	6.5	4.9	4.4
10. Accruals	37.4	33.0	31.3
<b>TOTAL equity and liabilities</b>	<b>13,075.5</b>	<b>12,921.1</b>	<b>14,939.2</b>



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the 6-month period ended 31 July 2023

Statement of cash flows (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07 restated	01.05 - 31.07	01.05 - 31.07 restated
<b>A. Cash flows from operating activities - indirect method</b>					
I. Pre-tax profit		711.4	397.5	566.2	322.9
II. Total adjustments		1,414.2	-920.2	414.7	-555.8
1. Amortisation and depreciation		656.7	523.3	336.5	271.8
2. Foreign exchange (gains) losses		-36.2	-170.9	-26.7	-72.2
3. Interest and dividends		115.7	75.6	64.7	54.1
4. (Profit) loss on investing activities		-1.4	206.8	-4.3	210.7
5. Income tax paid		-326.3	-336.9	-245.4	-287.0
6. Change in provisions and employee benefits		-14.8	-38.1	-4.1	-32.6
7. Change in inventory		169.8	-403.6	171.4	91.2
8. Change in receivables and other assets		86.4	-900.5	148.1	-644.4
9. Change in short-term liabilities excluding bank loans and borrowings		779.8	-724.2	-10.9	-1,024.6
10. Change in prepayments and accruals		-16.3	40.5	-14.6	69.4
11. Other adjustments		0.8	807.8	0.0	807.8
<b>III. Net cash flows from operating activities</b>		<b>2,125.6</b>	<b>-522.7</b>	<b>980.9</b>	<b>-232.9</b>
<b>B. Cash flows from investing activities</b>					





Statement of cash flows (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07 restated	01.05 - 31.07	01.05 - 31.07 restated
<b>I. Inflows</b>		<b>62.9</b>	<b>106.9</b>	<b>29.6</b>	<b>22.5</b>
1. Disposal of intangible and tangible fixed assets		62.2	51.0	29.5	19.4
2. Repayment of loans including interest		0.7	0.0	0.1	0.0
3. Other investing inflows (investment funds)	14	0.0	55.9	0.0	3.1
<b>II. Outflows</b>		<b>547.3</b>	<b>493.4</b>	<b>275.6</b>	<b>229.8</b>
1. Purchase of intangible assets and tangible fixed assets		537.2	492.6	265.5	229.2
2. Loans granted		0.1	0.6	0.1	0.6
3. Other investing outflows	14	10.0	0.2	10.0	0.0
<b>III. Net cash flows from investing activities</b>		<b>-484.4</b>	<b>-386.5</b>	<b>-246.0</b>	<b>-207.3</b>
<b>C. Cash flows from financing activities</b>					
<b>I. Inflows</b>		<b>0.0</b>	<b>997.2</b>	<b>0.0</b>	<b>551.3</b>
1. Loans and borrowings		0.0	997.2	0.0	551.3
<b>II. Outflows</b>		<b>1,333.9</b>	<b>739.7</b>	<b>701.5</b>	<b>543.9</b>
1. Dividends and other payments to owners		398.9	326.1	398.9	326.1
2. Repayment of loans and borrowings		378.8	13.2	12.7	6.2
3. Financial lease liabilities paid		441.4	339.3	223.5	174.7
4. Interest		114.8	61.1	66.4	36.9
<b>III. Net cash flows from financing activities</b>		<b>-1,333.9</b>	<b>257.5</b>	<b>-701.5</b>	<b>7.4</b>
<b>D. Cash flows from continuing operations</b>		<b>307.3</b>	<b>-651.7</b>	<b>33.4</b>	<b>-432.8</b>
<b>E. Net cash flows from financing activities</b>		<b>0.0</b>	<b>-42.5</b>	<b>0.0</b>	<b>-77.5</b>



Statement of cash flows (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07 restated	01.05 - 31.07	01.05 - 31.07 restated
<b>F. Total net cash flows</b>		<b>307.3</b>	<b>-694.2</b>	<b>33.4</b>	<b>-510.3</b>
<b>G. Balance sheet change in cash, including:</b>		<b>318.7</b>	<b>-616.8</b>	<b>783.7</b>	<b>-492.2</b>
- change in cash due to foreign exchange differences		11.4	77.4	5.8	18.2
<b>H. Opening balance of cash</b>		<b>390.5</b>	<b>1,317.0</b>	<b>664.4</b>	<b>1,133.1</b>
<b>I. Closing balance of cash</b>		<b>697.8</b>	<b>622.8</b>	<b>697.8</b>	<b>622.8</b>





# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 31 July 2023

Statement of changes in equity (PLN m)	Share capital	Share premium	Other capital	Currency translation on foreign operations	Retained earnings	Equity attributable to the parent company	Non-controlling interests	TOTAL equity
<b>Balance as at 1 February 2023</b>	<b>3.7</b>	<b>364.3</b>	<b>2,720.4</b>	<b>57.6</b>	<b>840.0</b>	<b>3,986.0</b>	<b>-1.6</b>	<b>3,984.4</b>
Remuneration paid in shares	0.0	0.0	0.8	0.0	0.0	0.8	0.0	0.8
Dividend paid	0.0	0.0	-263.5	0.0	-534.3	-797.8	0.0	-797.8
<b>Transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>-262.7</b>	<b>0.0</b>	<b>-534.3</b>	<b>-797.0</b>	<b>0.0</b>	<b>-797.0</b>
Net profit for 1H 2023 ended 31 July 2023	0.0	0.0	0.0	0.0	548.3	548.3	5.0	553.3
Currency translation on foreign operations	0.0	0.0	0.0	-62.7	0.0	-62.7	0.0	-62.7
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-62.7</b>	<b>548.3</b>	<b>485.6</b>	<b>5.0</b>	<b>490.6</b>
<b>Balance as at 31 July 2023</b>	<b>3.7</b>	<b>364.3</b>	<b>2,457.7</b>	<b>-5.1</b>	<b>854.0</b>	<b>3,674.6</b>	<b>3.4</b>	<b>3,678.0</b>
<b>Balance as at 1 February 2022 (restated)</b>	<b>3.7</b>	<b>364.3</b>	<b>2,345.1</b>	<b>-204.6</b>	<b>1,372.1</b>	<b>3,880.6</b>	<b>0.0</b>	<b>3,880.6</b>
Distribution of profit for 12 months ended 31.01.2022	0.0	0.0	373.2	0.0	-373.2	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	-648.3	-648.3	0.0	-648.3
<b>Transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>373.2</b>	<b>0.0</b>	<b>-1,021.5</b>	<b>-648.3</b>	<b>0.0</b>	<b>-648.3</b>
Net profit for 1H 2022 ended 31 July 2022	0.0	0.0	0.0	0.0	-94.3	-94.3	0.0	-94.3
Currency translation on foreign operations	0.0	0.0	0.0	260.9	0.0	260.9	0.0	260.9
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>260.9</b>	<b>-94.3</b>	<b>166.6</b>	<b>0.0</b>	<b>166.6</b>
<b>Balance as at 31 July 2022</b>	<b>3.7</b>	<b>364.3</b>	<b>2,718.3</b>	<b>56.3</b>	<b>256.3</b>	<b>3,398.9</b>	<b>0.0</b>	<b>3,398.9</b>









03

# Supplementary information and notes to the consolidated condensed interim financial statements

for the period from 1 February 2023  
to 31 July 2023

## I. GENERAL INFORMATION

The LPP SA Group (hereinafter referred to as the “Group”, “LPP Group”) is composed of LPP SA (“Parent Company”, “Company”) and its subsidiaries.

The Parent Company is entered in the register of entrepreneurs of the National Court Register kept by the District Court for Gdańsk-North in Gdańsk, 7<sup>th</sup> Economic Department of the National Court Register, under the KRS number 0000000778.

The Parent Company and the Group companies have been established for an indefinite period of time.

The Group’s core business comprises:

- retail sale of clothing;
- wholesale of clothing.

These consolidated condensed interim financial statements of the Group for the 6-month period ended 31 July 2023 were approved by the Management Board of LPP SA for publication on 20 September 2023.

## 2. CHANGES IN THE COMPOSITION OF LPP GROUP

In the 6-month period ended 31 July 2023, the composition of the Group changed compared to 31 January 2023 due to the creation of two logistics companies in Romania and Slovakia.

The newly founded companies were established in connection with the improvement of the process involving the transportation of goods sold in Europe.

## 3. BASIS FOR PREPARATION OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND KEY ACCOUNTING PRINCIPLES

### 3.1. Basis for preparation

These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard no. 34, Interim Financial Reporting (“IAS 34”) approved by the European Union.

The consolidated condensed interim financial statements do not comprise all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 January 2023 approved for publication on 25 April 2023.

The reporting currency of these consolidated condensed interim financial statements is Polish zloty and unless provided otherwise, all amounts are expressed in PLN million.

The data presented in these financial statements for the 6-month period ended

31 July 2023 have been subject to the semi-annual review by the statutory auditor. The consolidated statement of comprehensive income and notes thereto comprise also data for 2Q, i.e. for the 3-month period ended 31 July 2023 and the comparative data for the 3-month period ended 31 July 2022. The data for the 3-month period has neither been reviewed nor audited by the statutory auditor. The data for the comparative period was restated, as described in detail in Note 3.4.

In the periods covered by these consolidated condensed interim financial statements, the following PLN/EUR exchange rates fixed by the National Bank of Poland were applied for the conversion of selected financial data:

- the exchange rate effective as at the last day of the reporting period: 31.07.2023 - PLN/EUR 4.4135 and 31.01.2023 - PLN/EUR 4.7089,
- the average exchange rate for the period, calculated as an arithmetic mean of the rates effective as at the last day of each month in a given period: 01.02-31.07.2023 - PLN/EUR 4.5638, 01.02-31.07.2022 - PLN/EUR 4.6663.

These consolidated condensed interim financial statements have been prepared under the assumption that the Group will continue as a going concern for the foreseeable future and do not include any adjustments relating to different methods of measurement and classification of assets and liabilities that might be deemed necessary if the Group were unable to con-

tinue as a going concern for the foreseeable future.

### 3.2. Changes in estimates and assumptions

When drawing up these consolidated condensed interim financial statements, the Management Board of the Parent Company is driven by judgement in making estimates and assumptions that have an impact on accounting principles applied and the reported amounts of assets, liabilities, income and costs. Actual values may differ from those estimated by the Management Board.

Information on estimates and assumptions significant for the financial statements were presented in the consolidated financial statements for the financial year ended 31 January 2022. Furthermore, in these consolidated condensed interim financial statements, the Group presented the impact of assumptions adopted by the Management Board on estimated write-offs (notes 7, 11 and 12) and revenues from contracts with customers (note 7).

The Management Board emphasises that all estimates related to the sale of Re Trading OOO recognised in report are subject to uncertainty associated with the effects of Russian military operations. The estimates regarding the value of assets linked with the Russian market have been applied according to the best knowledge of the Ma-



nagement Board. In the future, any change in the economic and business environment in Russia may result in changes in the Management Board's estimates in terms of risks involving the assets in question.

### 3.3. Accounting principles

These consolidated condensed interim financial statements were prepared in accordance with the accounting principles presented in the last consolidated financial statements of the Group for the year ended 31 January 2023.

### 3.4. Adjustments of errors and changes in accounting principles

No change in accounting policies took place in the interim condensed consolidated financial statements.

In accordance with the recommendations of the Polish Financial Supervision Authority (the "PFSA") (Current Report no 22/2023), the LPP SA Group restated the comparative data for 1H 2022/23 and for 2Q 2022/23 as an adjustment of previous years' errors. The values disclosed in the Data restated column relate to write-downs of tangible fixed assets in Russia and Ukraine and write-downs of inventories in Ukrainian stores. These values were written down in the 2021/22 annual period, whereas according to the recommendations of the PFSA they should be recognised in the subsequent period, i.e. 2022/23.

Consolidated statement of comprehensive income (PLN m)	Notes	1H			2Q 2022		
		01.02.2022 31.07.2022	Data restate- ment	01.02.2022 31.07.2022	01.05.2022 31.07.2022	Data restate- ment	01.05.2022 31.07.2022
		Published		After restatement	Published		After restatement
Continuing operations							
Revenues	7	7,374.8		7,374.8	4,340.6		4,340.6
Cost of goods sold		3,571.1		3,571.1	2,084.8		2,084.8
<b>Gross profit (loss) on sales</b>		<b>3,803.7</b>	<b>0.0</b>	<b>3,803.7</b>	<b>2,255.8</b>	<b>0.0</b>	<b>2,255.8</b>
Costs of stores and distribution		2,842.7		2,842.7	1,586.5		1,586.5
General costs		383.6		383.6	221.3		221.3
Other operating income	8	29.2	-3.9	25.3	17.8	-3.9	13.9
Other operating costs	8	94.2	271.3	365.6	70.4	271.3	341.8
<b>Operating profit (loss)</b>		<b>512.4</b>	<b>-275.3</b>	<b>237.1</b>	<b>395.3</b>	<b>-275.3</b>	<b>120.1</b>
Financial income	9	238.8		238.8	236.1		236.1
Financial costs	9	78.4		78.4	33.3		33.3
Pre-tax profit		672.8	-275.3	397.5	598.2	-275.3	322.9
Income Tax	10	107.9		107.9	60.6		60.6
<b>Net profit (loss) from continuing operations</b>		<b>564.9</b>	<b>-275.3</b>	<b>289.6</b>	<b>537.6</b>	<b>-275.3</b>	<b>262.3</b>
<b>Net profit (loss) from discontinued operations</b>		<b>-50.7</b>	<b>-333.2</b>	<b>-383.9</b>	<b>-291.4</b>	<b>-333.2</b>	<b>-624.6</b>
<b>Total net profit (loss)</b>		<b>514.2</b>	<b>-608.5</b>	<b>-94.3</b>	<b>246.2</b>	<b>-608.5</b>	<b>-362.3</b>
<b>Net profit attributable to:</b>							
Shareholders of the parent company		514.2	-608.5	-94.3	246.2	-608.5	-362.3
Non-controlling interests		0.0	0.0	0.0	0.0	0.0	0.0
<b>Other comprehensive income</b>							
<b>Items transferred to profit or loss</b>							
Currency translation on foreign operations		260.9		260.9	176.0		176.0
<b>Total comprehensive income</b>		<b>775.1</b>	<b>-608.5</b>	<b>166.6</b>	<b>422.2</b>	<b>-608.5</b>	<b>-186.3</b>
Net profit (loss) from continuing operations amount per share		307.17		157.49	292.32		142.64
Diluted net profit (loss) from continuing operations per share		307.17		157.49	292.32		142.64



Consolidated statement of cash flows (PLN m)	1H			2Q 2022		
	01.02.2022 31.07.2022	Data restatement	01.02.2022 31.07.2022	01.05.2022 31.07.2022	Data restatement	01.05.2022 31.07.2022
	Published		After restatement	Published		After restatement
<b>A. Cash flows from operating activities - indirect method</b>						
I. Pre-tax profit	672.8	-275.3	397.5	598.2	-275.3	322.9
II. Total adjustments	-1,195.5	275.3	-920.2	-831.1	275.3	-555.8
1. Amortisation and depreciation	523.3	0.0	523.3	271.8	0.0	271.8
2. Foreign exchange (gains) losses	-170.9	0.0	-170.9	-72.2	0.0	-72.2
3. Interest and dividends	75.6	0.0	75.6	54.1	0.0	54.1
4. (Profit) loss on investing activities	-68.5	275.3	206.8	-64.6	275.3	210.7
5. Income tax paid	-336.9	0.0	-336.9	-287.0	0.0	-287.0
6. Change in provisions and employee benefits	-38.1	0.0	-38.1	-32.6	0.0	-32.6
7. Change in inventory	-403.6	0.0	-403.6	91.2	0.0	91.2
8. Change in receivables and other assets	-900.5	0.0	-900.5	-644.4	0.0	-644.4
9. Change in short-term liabilities excluding bank loans and borrowings	-724.2	0.0	-724.2	-1,024.6	0.0	-1,024.6
10. Change in prepayments and accruals	40.5	0.0	40.5	69.4	0.0	69.4
11. Other adjustments	807.8	0.0	807.8	807.8	0.0	807.8
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>-522.7</b>	<b>0.0</b>	<b>-522.7</b>	<b>-232.9</b>	<b>0.0</b>	<b>-232.9</b>
<b>B. Cash flows from investing activities</b>						
<b>I. Inflows</b>	<b>106.9</b>	<b>0.0</b>	<b>106.9</b>	<b>22.5</b>	<b>0.0</b>	<b>22.5</b>
1. Disposal of intangible and tangible fixed assets	51.0	0.0	51.0	19.4	0.0	19.4
2. Repayment of loans granted	0.0	0.0	0.0	0.0	0.0	0.0
3. Interest and other inflows from financial assets	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investing inflows (investment funds)	55.9	0.0	55.9	3.1	0.0	3.1
<b>II. Outflows</b>	<b>493.4</b>	<b>0.0</b>	<b>493.4</b>	<b>229.8</b>	<b>0.0</b>	<b>229.8</b>





Consolidated statement of cash flows (PLN m)	1H			2Q 2022		
	01.02.2022 31.07.2022	Data restatement	01.02.2022 31.07.2022	01.05.2022 31.07.2022	Data restatement	01.05.2022 31.07.2022
	Published		After restatement	Published		After restatement
1. Purchase of intangible assets and tangible fixed assets	492.6	0.0	492.6	229.2	0.0	229.2
2. Loans granted	0.6	0.0	0.6	0.0	0.0	0.0
3. Other investing outflows	0.2	0.0	0.2	0.6	0.0	0.6
<b>III. Net cash flows from investing activities (I-II)</b>	<b>-386.5</b>	<b>0.0</b>	<b>-386.5</b>	<b>-207.3</b>	<b>0.0</b>	<b>-207.3</b>
<b>C. Cash flows from financial activity</b>						
<b>I. Inflows</b>	<b>997.2</b>	<b>0.0</b>	<b>997.2</b>	<b>551.3</b>	<b>0.0</b>	<b>551.3</b>
1. Inflows from issuance of shares	0.0	0.0	0.0	0.0	0.0	0.0
2. Bank loans and borrowings	997.2	0.0	997.2	551.3	0.0	551.3
3. Other financial inflows	0.0	0.0	0.0	0.0	0.0	0.0
<b>II. Outflows</b>	<b>739.7</b>	<b>0.0</b>	<b>739.7</b>	<b>543.9</b>	<b>0.0</b>	<b>543.9</b>
1. Dividends and other payments to owners	326.1	0.0	326.1	326.1	0.0	326.1
2. Repayment of bank loans and borrowings	13.2	0.0	13.2	6.2	0.0	6.2
4. Financial lease liabilities paid	339.3	0.0	339.3	174.7	0.0	174.7
5. Interest	61.1	0.0	61.1	36.9	0.0	36.9
6. Other financial outflows	0.0	0.0	0.0	0.0	0.0	0.0
<b>III. Net cash flows from financing activities (I-II)</b>	<b>257.5</b>	<b>0.0</b>	<b>257.5</b>	<b>7.4</b>	<b>0.0</b>	<b>7.4</b>
<b>D. Cash flows from continuing operations</b>	<b>-651.7</b>	<b>0.0</b>	<b>-651.7</b>	<b>-432.8</b>	<b>0.0</b>	<b>-432.8</b>
<b>E. Net cash flows from financing activities</b>	<b>-42.5</b>	<b>0.0</b>	<b>-42.5</b>	<b>-77.5</b>	<b>0.0</b>	<b>-77.5</b>
<b>F. Total net cash flows</b>	<b>-694.2</b>	<b>0.0</b>	<b>-694.2</b>	<b>-510.3</b>	<b>0.0</b>	<b>-510.3</b>
<b>G. Balance sheet change in cash, including:</b>	<b>-616.8</b>	<b>0.0</b>	<b>-616.8</b>	<b>-492.2</b>	<b>0.0</b>	<b>-492.2</b>
- change in cash due to foreign exchange differences	77.4	0.0	77.4	18.2	0.0	18.2
<b>H. Cash opening balance</b>	<b>1,317.0</b>	<b>0.0</b>	<b>1,317.0</b>	<b>1,133.1</b>	<b>0.0</b>	<b>1,133.1</b>
<b>I. Closing balance of cash (F+/-D), including:</b>	<b>622.8</b>	<b>0.0</b>	<b>622.8</b>	<b>622.8</b>	<b>0.0</b>	<b>622.8</b>



#### 4. SEASONALITY OF OPERATIONS

Seasonality in sales is characteristic for the entire clothing market both in Poland and abroad. The gross profit margin generated in the period of selling a new collection at regular prices is usually higher than the margin recorded during sell-offs. Such situation affects disproportions in the level of margins generated in individual calendar quarters (with the highest margins in 2Q and 4Q and the lowest in 1Q and 3Q). In order to avoid major differences in margins between quarters, the Group changed its financial year by adjusting it to the collection calendar consequently mitigating the impact of sell-offs and seasonality on margins of individual calendar quarters.

#### 5. OPERATING SEGMENTS

The LPP SA Group conducts one type of activity (a single business segment recognised as basic). A breakdown into two geographical segments was applied: activity within and outside the European Union. The breakdown into geographical segments was based on the criterion of location of the Group's assets.

Revenues and financial results regarding geographical segments for the period from 1 February 2023 to 31 July 2023 and for a comparable period are presented in the tables.

01.02.2023 - 31.07.2023 (PLN m)	Poland	Romania	Czech Republic	Germany	Other countries	Total
Revenues	3,448.4	630.8	481.6	282.1	3,371.8	8,214.8
<b>Operating profit (loss)</b>	<b>453.2</b>	<b>49.6</b>	<b>38.1</b>	<b>29.2</b>	<b>267.6</b>	<b>837.7</b>
<b>Profit before tax</b>						<b>711.4</b>
Income Tax						158.1
<b>Net profit (loss) from continuing operations</b>						<b>553.3</b>
<b>Net profit (loss) from discontinued operations</b>						
<b>Net profit (loss)</b>						<b>553.3</b>

01.02.2022 - 31.07.2022 (PLN m)	Poland	Romania	Czech Republic	Germany	Other countries	Total
Revenues	3,325.2	623.2	503.5	348.7	2,574.2	7,374.8
<b>Operating profit (loss)</b>	<b>150.7</b>	<b>16.0</b>	<b>32.2</b>	<b>8.6</b>	<b>29.6</b>	<b>237.1</b>
<b>Profit before tax</b>						<b>397.5</b>
Income Tax						107.9
<b>Net profit (loss) from continuing operations</b>						<b>289.6</b>
<b>Net profit (loss) from discontinued operations</b>						<b>-383.9</b>
<b>Net profit (loss)</b>						<b>-94.3</b>





## 6. DISCONTINUED OPERATIONS

No discontinued operations took place in the current period.

In the previous year, due to the attack by Russia and the outbreak of war in Ukraine, the Management Board of LPP SA decided to divest the Russian company, which was described in detail in the consolidated annual report in Note 13.

As a consequence, in the comparative period, financial data generated from the operations of the Russian company classified as Discontinued Operations were presented. The comparative figures were restated as described in Note 3.4.

As at the balance sheet date, the discounted value of receivables from the disposal of the company amounted to PLN 332 million and was presented in the Statement of financial position in the item Long-term receivables in the amount of PLN 282.4 million and in the item Short-term receivables in the amount of PLN 49.6 million. In accordance with the agreement, the date of payment for the divestment of the company was deferred in agreed proportions to a maximum of 2026.

Income, costs and results of discontinued operations:

	1H	1H	2Q	2Q
	01.02.2023 31.07.2023	01.02.2022 31.07.2022 restated	01.05.2023 31.07.2023	01.05.2022 31.07.2022 restated
<b>Consolidated statement of comprehensive income (PLN m)</b>				
Revenue from operating activities	0.0	943.2	0.0	595.9
Operating costs	0.0	885.4	0.0	878.8
Net financial costs	0.0	31.8	0.0	8.6
<b>Pre-tax profit (loss) on sales</b>	<b>0.0</b>	<b>26.0</b>	<b>0.0</b>	<b>-291.5</b>
Income Tax	0.0	63.3	0.0	-13.5
<b>Net profit/loss</b>	<b>0.0</b>	<b>-37.3</b>	<b>0.0</b>	<b>-278.0</b>
Profit (loss) from discontinued operations	0.0	-346.6	0.0	-346.6
<b>Net profit/ loss from discontinued operations</b>	<b>0.0</b>	<b>-383.9</b>	<b>0.0</b>	<b>-624.6</b>

Cash flows from discontinued operations:

	1H	1H	2Q	2Q
	01.02.2023 31.07.2023	01.02.2022 31.07.2022	01.05.2023 31.07.2023	01.05.2022 31.07.2022
<b>Cash flow statement (PLN m)</b>				
Cash flows from operating activities	0.0	125.2	0.0	35.3
Cash flows from investing activities	0.0	-105.4	0.0	-38.0
Cash flows from financing activities	0.0	-62.3	0.0	-74.8
<b>Change in net cash from discontinued operations</b>	<b>0.0</b>	<b>-42.5</b>	<b>0.0</b>	<b>-77.5</b>



## 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below presents revenue from contracts with customers, broken down by categories reflecting how the economic factors affect the nature, amount, payment date and uncertainty of revenue and cash flows.



Revenue from contracts with customers for the period from 01.02.2023 to 31.07.2023 (PLN m)	Poland	Romania	Czech Republic	Germany	Other	Total
<b>Type of sales</b>						
online	907.6	201.7	114.2	124.4	669.5	2,017.3
offline	2,540.8	429.1	367.5	157.7	2,702.4	6,197.5
<b>Total</b>	<b>3,448.4</b>	<b>630.8</b>	<b>481.6</b>	<b>282.1</b>	<b>3,371.8</b>	<b>8,214.8</b>
<b>Brand</b>						
Sinsay	1,196.6	394.9	188.3	13.8	1,697.9	3,491.5
Reserved	1,208.3	135.5	163.6	256.5	957.8	2,721.7
Cropp	300.6	40.1	42.4	1.6	289.6	674.4
House	291.3	24.8	31.3	1.0	196.5	544.9
Mohito	345.7	35.5	56.1	9.2	230.0	676.6
Other	105.8					105.8
<b>Total</b>	<b>3,448.4</b>	<b>630.8</b>	<b>481.6</b>	<b>282.1</b>	<b>3,371.8</b>	<b>8,214.8</b>

Revenue from contracts with customers for the period from 01.02.2022 to 31.07.2022 (PLN m)	Poland	Romania	Czech Republic	Germany	Other	Total
<b>Type of sales</b>						
online	936.0	253.1	157.6	200.8	665.3	2,212.8
offline	2,389.2	370.1	345.9	147.9	1,908.9	5,162.0
<b>Total</b>	<b>3,325.2</b>	<b>623.2</b>	<b>503.5</b>	<b>348.7</b>	<b>2,574.2</b>	<b>7,374.8</b>
<b>Brand</b>						
Sinsay	1,134.8	387.5	193.6	34.6	1,138.1	2,888.6
Reserved	1,154.6	136.2	178.0	299.8	891.8	2,660.4
Cropp	308.5	38.5	43.3	1.9	220.9	613.1
House	339.8	28.9	34.0	2.2	162.0	567.0
Mohito	314.4	32.1	54.6	10.2	161.4	572.6
Other	73.1					73.1
<b>Total</b>	<b>3,325.2</b>	<b>623.2</b>	<b>503.5</b>	<b>348.7</b>	<b>2,574.2</b>	<b>7,374.8</b>





### TRADE AND OTHER RECEIVABLES

The LPP Group sells clothes and accessories to target customers in traditional and online stores in Poland and abroad, with payments made in cash or by payment cards. Due to this business model, the balance of receivables is relatively low. Trade and other receivables also include wholesale settlements and additionally, as at the balance sheet date, receivables from the investor after the divestiture of the Russian company.

### WRITE-OFFS

During the 6-month period ended 31 July 2023, the Group recognised changes in write-offs on receivables in relation to all receivables or assets due to consumer contracts.

Changes performed both in the current period and in the comparative period are presented in the table below.

### Revaluation write-offs on receivables (PLN m)

	2023/24 01.02 - 31.07	2022/23 01.02 - 31.07
Opening balance	51.3	24.1
Write-offs created in the period	29.0	52.1
Write-offs reversed in the period	9.3	1.1
Foreign exchange differences from the conversion	-0.6	0.3
<b>Closing balance</b>	<b>70.4</b>	<b>75.4</b>

## 8. OTHER OPERATING INCOME AND COSTS

	2023/24 01.02. - 31.07	2022/23 01.02. - 31.07. restated	2023/24 01.05. - 31.07.	2022/23 01.05. - 31.07. restated
<b>Other operating income (PLN m)</b>				
Profit on disposal of non-financial tangible fixed assets	0.3	0.0	0.3	0.0
Subsidies	0.7	3.1	0.3	0.9
Revaluation of assets, including:	4.7	0	4.7	-0.4
- value of net fixed asset write-downs	4.7	0	4.7	-0.4
Other operating income, including:	22.6	22.2	9.0	13.4
- gain on disposal of contracts under IFRS 16	10.2	8.2	2.7	8.2
- compensations	3.3	0.7	1.7	0.4
<b>Total</b>	<b>28.3</b>	<b>25.3</b>	<b>14.3</b>	<b>13.9</b>

Within other operating income, the Group recognised, among others, a PLN 10.2 million gain on the liquidation of contracts under IFRS16 (in the 6-month period ended 31 July 2022: PLN 8.2 million). This value primarily results from signed annexes to lease agreements in Ukraine, due to the ongoing war and the inability to carry out business as usual in the shopping centres.

	2023/24	2022/23	2023/24	2022/23
Other operating costs (PLN m)	01.02. - 31.07	01.02. - 31.07. restated	01.05. - 31.07.	01.05. - 31.07. restated
Loss on disposal of non-financial tangible fixed assets	0.0	0.0	0.0	0.0
Revaluation of non-financial assets, including:	19.7	204.5	0.2	199.9
- value of net fixed asset write- downs	0.0	153.5	-0.2	153.5
- value of net write-downs on receivables	19.7	51.0	0.4	46.4
Other operating costs, including	43.6	161.1	21.2	141.9
- losses in current and non- current assets	31.4	140.9	13.8	133.8
- donations	2.3	8.2	0.4	0.8
<b>Total</b>	<b>63.3</b>	<b>365.6</b>	<b>21.4</b>	<b>341.8</b>



In other operating costs, the most significant value relates to losses in tangible fixed assets and current assets in the amount of PLN 31.4 million (6-month period ended 31 July 2022: PLN 140.9 million). The figure for the previous year has been restated as a result of the PFSA recommendations. Detailed description in Note 3.4.





## 9. FINANCIAL INCOME AND COSTS

Financial income (PLN m)	2023/24	2022/23	2023/24	2022/23
	01.02. - 31.07.	01.02. - 31.07.	01.05. - 31.07.	01.05. - 31.07.
Interest	7.2	4.8	5.7	4.6
- on deposits	7.1	0.7	5.7	0.4
- on loans and receivables	0.1	4.1	0.0	4.1
Valuation of units in funds	11.2	3.8	5.9	1.3
Dividends	0.0	0.0	0.0	0.0
Other financial income, including:	14.8	230.2	6.9	230.2
- discount	14.2	0.0	6.9	0.0
- currency translation balance	0.0	229.3	0.0	229.3
- adjustment of the lease liability	0.0	0.8	0.0	0.8
<b>Total</b>	<b>33.2</b>	<b>238.8</b>	<b>18.5</b>	<b>236.1</b>

Financial costs (PLN m)	2023/24	2022/23	2023/24	2022/23
	01.02. - 31.07.	01.02. - 31.07.	01.05. - 31.07.	01.05. - 31.07.
Interest expenses - bank loans	47.6	26.2	21.4	18.0
Interest expenses - bonds	9.3	4.1	5.4	4.1
Interest expenses - budgetary and other	2.7	11.4	0.4	6.4
Interest expenses - lease liabilities	50.6	35.8	26.8	17.6
Other financial costs, including:	49.3	0.9	5.3	-12.8
- currency translation balance	47.4	0.0	4.3	-7.7
- bank commission	1.9	0.9	1.0	0.3
<b>Total</b>	<b>159.5</b>	<b>78.4</b>	<b>59.3</b>	<b>33.3</b>



Due to the update of the discount rate on the receivables from the divestment of the Russian company, the Group recognised an increase in financial income in the amount of PLN 6.9 million in the Discount item in 2Q 2023/24.



## 10. INCOME TAX

The main components of the Group's income tax liability for the period from 1 February 2023 to 31 July 2023 and for a comparative period are presented in the table below.

Income tax (PLN m)	2023/24	2022/23
	01.02 - 31.07	01.02 - 31.07
Current income tax	144.5	121.1
Deferred income tax	13.6	-13.2
<b>Total</b>	<b>158.1</b>	<b>107.9</b>

The main components of the Group's income tax liability for the period from 1 May 2023 to 31 July 2023 and for a comparative period are presented in the table below.

Income tax (PLN m)	2023/24	2022/23
	01.05 - 31.07	01.05 - 31.07
Current income tax	94.7	88.4
Deferred income tax	30.0	-27.8
<b>Total</b>	<b>124.7</b>	<b>60.6</b>

## 11. TANGIBLE FIXED ASSETS

### PURCHASE AND SALE

In the 6-month period ended 31 July 2022, the Group purchased tangible fixed assets worth PLN 479.4 million (in the 6-month period ended 31 July 2022: PLN 627 million). These investments were mainly related to the development of new stores as well as the construction of a new part of the logistics centre in Pruszcz Gdański and offices in Gdańsk.

In the 6-month period ended 31 July 2022, the Group sold tangible fixed assets worth PLN 0.3 net (in the 6-month period ended 31 July 2022: PLN 0.3 million) generating net profit on sales in the amount of PLN 0.3 million (2022: PLN 0).

### IMPAIRMENT WRITE-OFFS

In the period ended 31 July 2023, the Group recognised an additional impairment write-off on tangible fixed assets in the amo-

unt of PLN 0.3 million (in the 6-month period ended 31 July 2022, after restatement: PLN 157.8 million). At the same time, in 2023, the write-off in the amount of PLN 5 million was reversed due to the absence of relevant prerequisites (in the 6-months period ended 31 July 2022: the reversal of the write-off partly through its use in the amount of PLN 7.8 million and the reversal in the amount of PLN 4.3 million). In the statement of comprehensive income, the surplus of reversal of the write-offs over their creation is recognised in Other operating income, in the amount of PLN 4.7 million.

### CONTRACTUAL LIABILITIES RELATED TO THE PURCHASE TANGIBLE FIXED ASSETS

As at the balance sheet date, the Group has contractual liabilities related to the purchase of tangible fixed assets in the amount of 129.8 million.

The above amount consisted of:

- liabilities related to the development of LPP stores – PLN 90.1 million
- liabilities under contracts for the expansion of logistics centres – PLN 8.7 million,
- liabilities under contracts on the construction of office buildings – PLN 31 million.

In comparative periods, the following figures were recognised:

- 31.07.2022 - the amount of PLN 104.8 million
- 31.01.2023 - the amount of PLN 158.3 million



## 12. INVENTORY

In the 6-month period ended 31 July 2023, the Group reversed revaluation write-offs on inventories, in the amount of PLN 49.7 million (in the 6-month period ended 31 July 202, the Group reversed write-offs in the amount of PLN 15.5 million).

This amount was recognised in the item “Cost of goods sold”.

The value of inventories consists mainly of trade goods. A detailed inventory structure is presented in the table below:

Inventory - carrying amount (PLN m)	31.07.2023	31.01.2023
Materials	15.8	18.8
Goods	3,054.4	3,288.0
Right of return assets	56.2	46.6
<b>Total</b>	<b>3,126.4</b>	<b>3,353.4</b>



## 13. DEPOSITS

Deposits and mutual funds (PLN m)	31.07.2023	31.01.2023
Participation units in funds	534.2	556.8
Desposits	0.0	0.0
Security deposits	26.3	0.0
<b>Total</b>	<b>560.5</b>	<b>556.8</b>

During the reporting period, the Group purchased participation units in money market funds in the amount of PLN 10 million. The above value is recognised in the Cash flow statement under investing activities as other expenses.

Valuation of the aforementioned instruments is included in level 2 of the fair value hierarchy in relation to participation units in unlisted funds.

In connection with the factoring agreements signed, described in detail in note 16, the Group has secured participation units invested in the money market fund in the amount of USD 67.9 million and secured a margin of PLN 26.3 million.





#### 14. OTHER FINANCIAL ASSETS

Other financial assets (PLN m)	31.07.2023	31.01.2023
<b>Non-current assets</b>		
Other receivables	8.5	7.4
Loans granted	0.2	0.2
<b>Other long-term financial assets</b>	<b>8.7</b>	<b>7.6</b>
<b>Current assets</b>		
Other receivables	1.9	5.4
Receivables from payment card operators	47.6	50.1
Loans granted	3.0	3.5
Forward contract valuation	0.0	0.0
<b>Other short-term financial assets</b>	<b>52.5</b>	<b>59.0</b>
<b>Total</b>	<b>61.2</b>	<b>66.6</b>

Valuation of the aforementioned instruments is included in level 2 of the fair value hierarchy.

#### 15. SHARE CAPITAL

The Group's share capital comprises the share capital of the Parent Company.

As at 31 July 2023, this capital amounted to PLN 3,710 thousand and changed compared to the value as at 31 January

2023 by the amount of PLN 1.9 thousand. The change related to the issuance of new N series shares in connection with the settlement of the incentive scheme for the financial year ended 31 January 2023. The share capital of the Company was divided into 1,855,190 shares of the nominal value of PLN 2 per share.

The shareholding structure of the Parent Company as at 31 July 2023 is presented in the table below.

Shareholder	Number of shares held (pcs.)	Shareholding	Number of votes at the GM	Share in the total number of votes at the GM	Nominal value of shares
Semper Simul Foundation*	578.889	31.2%	1,978,889	60.8%	1,157,778
Sky Foundation**	185.963	10.0%	185.963	5.7%	371.926
Other shareholders	1,090,338	58.8%	1,090,338	33.5%	2,180,676
<b>Total</b>	<b>1,855,190</b>	<b>100.0%</b>	<b>3,255,190</b>	<b>100.0%</b>	<b>3,710,380</b>

\* The Semper Simul Foundation is closely associated with Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

\*\* The Sky Foundation is associated with Mr Jerzy Lubianiec, co-founder of LPP SA.

#### 16. BANK LOANS AND TRADE LIABILITIES

In the balance sheet period ended 31 July 2023, the LPP SA Group did not sign or launch any new bank loan agreement.

As at the balance sheet date of 31 July 2023, the liabilities, including trade liabilities, amounted to PLN 3,807.8 million and they increased by ca 24% compared to 31 January 2023. This growth resulted from increased purchases in connection with the opening and replenishment of new traditional and online stores.

As at 31 July 2023, the Group held trade liabilities (denominated both in PLN and fo-

reign currencies, mainly USD) in the total amount of PLN 2,077.8 million (at 31.01.2023: PLN 1,479.9 million), owed to HSBC, Santander Polska SA, PEKAO SA and BNP Paribas under the supplier financing schemes, i.e. reverse factoring. According to the rules of reversed factoring, after presenting a purchase invoice, the bank factor paid liabilities owed to the supplier in line with a previously agreed time schedule. The Group's total reversed factoring limits in the above-mentioned banks amount to: USD 270 million established by 30.06.2024, PLN 250 million established by 25.12.2023 and USD 618 million established indefinitely. In connection with the factoring limits, the Group secured a margin of PLN 26.3 million deposited in the ac-



count of another factor and provided security in the form of participation units held in an investment fund in the amount of USD 67.9 million. Any potential release from or reduction of the deposit or security deposit will be equivalent to a decrease in the limit set forth in the reversed factoring agreement and the requirement to pay liabilities in the same amount.

### 17. DIVIDENDS PAID AND DECLARED

On 30 June 2023, by resolution no 19, the General Meeting of LPP SA decided to allocate the total profit generated for the year ended 31 January 2023 and a part of previous years' profit for dividend payment in the total amount of PLN 797,731,700. The dividend record date was set for 10 July 2023, whereas the payment was scheduled in two instalments: on 14 July 2023 and on 10 October 2023. The dividend per share was PLN 430.00.

In the comparative period, on 20 May 2022, by resolution no 18, the General Meeting of LPP SA decided to allocate part of profit from previous years for dividend payment in the amount of PLN 648,348,050. The dividend record date was set for 30 May 2022, whereas the payment was scheduled in two instalments: on 6 June 2022 and on 30 August 2022. The dividend per share was PLN 350.00.

### 18. CONTINGENT LIABILITIES AND ASSETS

In 1H 2023, the LPP SA Group companies used bank guarantees to secure rental payments for the leased floorspace for brand stores, offices and warehouses.

As at 31 July 2023, the total value of bank guarantees issued at the request and under the responsibility of LPP SA amounted to ca PLN 313.4 million, of which:

- The value of guarantees issued to secure agreements concluded by LPP SA amounted to PLN 91 million.
- The value of guarantees issued to secure agreements concluded by consolidated affiliates amounted to PLN 203.5 million.
- The value of guarantees issued to secure agreements for the lease of warehouse and office space concluded by LPP SA amounted to PLN 18.9 million.

In 1H 2023, the Company also received guarantees. These guarantees served as collateral for payments from a contracting party. As at 31 July 2023, their value amounted to PLN 19.9 million. As at 31 July 2023, the value of the said guarantees amounted to PLN 235.7 million. In the opinion of the Management Board, any outflow of funds recognised in off-balance sheet/contingent liabilities is unlikely. The majority of these liabilities involve guarantees securing payment of rent by the LPP SA Group entities. In the reporting period, neither the Issuer nor any of its subsidiaries gran-

ted any sureties for bank loans or credits or any guarantees, jointly to a single entity or such entity's subsidiary, of a value exceeding 10.0% of the Issuer's equity.

### 19. RELATED PARTY TRANSACTIONS

The Group's related parties include:

- key management officers of the LPP SA Group and their close family members,
- entities where persons classified as key personnel or their close family members exercise control or have significant influence, within the meaning of IAS 24.

The Company recognises members of the Parent Company Management Board and the Supervisory Board as key management officers.

From 1 February to 31 July 2023, short-term benefits of members of the Parent Company Management Board amounted to PLN 2,915 thousand (In the 6-month period ended 31 July 2022: PLN 2,927 thousand).

From 1 February to 31 July 2023, short-term benefits of members of the Parent Company Supervisory Board amounted to PLN 81 thousand (In the 6-month period ended 31 July 2022: PLN 77 thousand)

### 20. LITIGATION

LPP SA is not a party to any proceedings before a court, authority competent

for arbitration or public administration body concerning the liabilities or receivables with the value exceeding, individually or in total, 10% of equity of LPP SA.

On the other hand, LPP SA is involved in an investigation initiated by the Office for Competition and Consumer Protection (UOKiK) in order to determine whether the Company, in connection with its marketing activity referring to ecological issues, has committed an infringement justifying the initiation of proceedings concerning practices infringing the collective interests of consumers. The UOKiK enquiry is part of a coordinated effort by the European antitrust authorities targeting companies in the clothing industry with regard to standards for the use of ECO labelling of clothing. At the request of the President of the Office for Competition and Consumer Protection, LPP SA submitted a wide range of explanations and evidence. At this stage the Company is not charged for applying practices violating the collective interest of consumers. In the event that the authority decides that there are grounds to attribute such practices to the Company, the maximum legally permitted level of the fine is no more than 10% of the turnover generated in the financial year preceding the imposition of the fine.

### 21. EVENTS AFTER THE BALANCE SHEET DAY

Until the date of publication of the attached financial statements, no events



requiring additional disclosures occurred after the balance sheet date.

## 22. APPROVAL FOR PUBLICATION

These consolidated condensed interim financial statements prepared for the 6-month period ended 31 July 2023 (including the comparative data) were approved for publication by the Management Board of LPP SA on 20 September 2023.

### MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board



GDĄSK, 20 SEPTEMBER 2023





04

## Separate condensed interim financial statements





# Introduction

We hereby approve the separate condensed interim financial statements of LPP SA for the 6-month period ended 31 July 2023, comprising the separate condensed interim statement of comprehensive income recognising the total comprehensive income of PLN 754.9 million, the separate condensed interim statement of financial position recognising the total assets and liabilities in the amount of PLN 10,995.5 million, the separate condensed interim statement of cash flows recognising an increase in net cash by PLN 152.9 million, the separate condensed interim statement of changes in equity, recognising a decrease in equity by PLN 42.1 million, as well as supplementary information and notes containing the description of the material accounting principles and other explanatory data.

## MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board

GDĄŃSK, 20 SEPTEMBER 2023





# SELECTED SEPARATE CONDENSED INTERIM FINANCIAL DATA

for the 6-month period ended 31 July 2023

Selected separate financial data	PLN m		EUR m	
	Cumulatively			
	2023/24	2022/23	2023/24	2022/23
	01.02 - 31.07	01.02 - 31.07	01.02 - 31.07	01.02 - 31.07
Revenues	6,850.0	6,328.6	1,500.9	1,356.2
Operating profit (loss)	755.0	-133.5	165.4	-28.6
Pre-tax profit	882.0	332.0	193.3	71.1
Net profit (loss)	754.9	289.8	165.4	62.1
Weighted average number of shares	1,854,666	1,838,870	1,854,666	1,838,870
Profit (loss) per share	407.03	157.60	89.19	33.77
Net cash flows from operating activities	1,160.0	-752.1	254.2	-161.2
Net cash flows from investing activities	-38.1	-281.1	-8.3	-60.2
Net cash flows from financing activities	-969.0	625.4	-212.3	134.0
Total net cash flows	152.9	-407.8	33.5	-87.4

Selected separate financial data	PLN m		EUR m	
	2023/24	2022/23	2023/24	2022/23
	31.07.2023	31.01.2023	31.07.2023	31.01.2023
Total Assets	10,995.5	10,534.5	2,491.3	2,237.1
Long-term liabilities	2,017.2	2,098.0	457.1	445.5
Short-term liabilities	5,067.7	4,483.8	1,148.2	952.2
Equity	3,910.6	3,952.7	886.1	839.4
Share capital	3.7	3.7	0.8	0.8
Weighted average number of shares	1,854,666	1,853,738	1,854,666	1,853,738
Book value per share	2,108.52	2,132.29	477.74	452.82
Declared or paid dividend per share	430.00	350.00	97.43	74.33



# SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the 6-month period ended 31 July 2023

Statement of comprehensive income (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07	01.05 - 31.07	01.05 - 31.07
<b>Continuing operations</b>					
Revenues	5	6,850.0	6,328.6	3,740.8	3,598.3
Cost of goods sold		4,121.5	3,717.4	2,247.2	2,066.5
<b>Gross profit (loss) on sales</b>		<b>2,728.5</b>	<b>2,611.2</b>	<b>1,493.6</b>	<b>1,531.8</b>
Costs of stores and distribution		1,629.5	1,740.6	859.7	964.7
General costs		315.6	332.8	154.9	170.2
Other operating income		11.0	17.6	2.9	10.4
Other operating costs		39.4	82.8	8.1	65.5
Profit (loss) on the sale of subsidiaries		0.0	-606.1	0.0	-606.1
<b>Operating profit (loss)</b>		<b>755.0</b>	<b>-133.5</b>	<b>473.8</b>	<b>-264.3</b>
Financial income	6	251.7	510.2	233.6	468.2
Financial costs	6	124.7	44.7	50.5	23.9
<b>Pre-tax profit</b>		<b>882.0</b>	<b>332.0</b>	<b>656.9</b>	<b>180.0</b>
Income Tax	7	127.1	42.2	85.0	14.0
<b>Net profit (loss) from continuing operations</b>		<b>754.9</b>	<b>289.8</b>	<b>571.9</b>	<b>166.0</b>
<b>Total comprehensive income</b>		<b>754.9</b>	<b>289.8</b>	<b>571.9</b>	<b>166.0</b>

Other comprehensive income				
<b>Total comprehensive income</b>	<b>754.9</b>	<b>289.8</b>	<b>571.9</b>	<b>166.0</b>
Weighted average number of shares	1,854,666	1,838,870	1,854,666	1,838,870
Diluted number of shares	1,854,666	1,838,870	1,854,666	1,838,870
<b>Net profit (loss) per share</b>	<b>407.03</b>	<b>157.60</b>	<b>308.36</b>	<b>90.27</b>
<b>Diluted net profit (loss) per share</b>	<b>407.03</b>	<b>157.60</b>	<b>308.36</b>	<b>90.27</b>





# SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 July 2023

		As at		
Statement of financial position (PLN m)	Notes	31.07.2023	31.01.2023	31.07.2022
ASSETS				
Non-current assets		5,467.6	5,347.1	5,054.1
1. Tangible fixed assets	8	1,145.9	1,056.6	1,538.9
2. Right of use assets		1,092.2	1,063.4	1,097.6
3. Intangible assets		188.4	152.4	140.6
4. Goodwill		179.6	179.6	179.6
5. Trademark		77.5	77.5	77.5
6. Investments in subsidiaries	9	1,838.8	1,818.0	1,265.4
7. Long-term receivables	19	282.4	314.6	323.7
8. Deferred tax assets		166.0	173.8	154.2
9. Prepayments		4.0	5.6	1.4
10. Other financial assets	12	492.8	505.6	275.2
Current assets		5,527.9	5,187.4	7,803.5
1. Inventory	10	2,575.1	2,709.4	3,988.5
2. Trade receivables		1,797.1	1,507.2	1,776.9
3. Receivables from income tax		28.6	0.0	0.0
4. Short-term receivables	19	49.6	50.4	0.0
5. Other non-financial assets		3.2	2.1	0.6
6. Prepayments		27.5	32.6	24.7
7. Other financial assets	12	43.9	50.9	321.2

8. Deposits and mutual funds	11	560.5	556.7	1,387.4
9. Cash and cash equivalents		442.4	278.1	304.2
<b>TOTAL Assets</b>		<b>10,995.5</b>	<b>10,534.5</b>	<b>12,857.6</b>

		As at		
Statement of financial position (PLN m)	Notes	31.07.2023	31.01.2023	31.07.2022
EQUITY AND LIABILITIES				
Equity		3,910.6	3,952.7	3,703.3
1. Share capital	14	3.7	3.7	3.7
2. Share premium		364.3	364.3	364.3
3. Other reserves		2,451.9	2,714.6	2,709.7
4. Retained earnings		1,090.7	870.1	625.6
Long-term liabilities		2,034.7	2,098.0	1,999.3
1. Bank loans and borrowings	15	697.1	678.2	501.0
2. Lease liabilities		1,015.8	1,089.6	1,172.1
3. Bonds		303.1	306.9	293.3
4. Employee benefits		1.2	1.2	1.2
5. Accruals		17.5	22.1	31.7
Short-term liabilities		5,050.2	4,483.8	7,154.9
1. Trade and other liabilities		3,729.9	3,098.0	5,274.7
2. Dividend liabilities		396.9	0.0	322.2
3. Contract liabilities		15.2	19.8	13.1
4. Customer refund liabilities		56.2	44.2	42.2
5. Bank loans and borrowings	15	448.8	787.1	1,040.2
6. Lease liabilities		369.8	369.2	357.6
7. Employee benefits		13.5	27.7	13.5
8. Income tax liabilities		0.0	123.4	73.8
9. Accruals		19.9	14.4	17.6
TOTAL equity and liabilities		10,995.5	10,534.5	12,857.5







# SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the 6-month period ended 31 July 2023

Statement of cash flows (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07	01.05 - 31.07	01.05 - 31.07
<b>A. Cash flows from operating activities- indirect method</b>					
I. Pre-tax profit		882.0	332.0	656.9	180.0
<b>II. Total adjustments</b>		<b>278.0</b>	<b>-1,084.1</b>	<b>-294.0</b>	<b>-446.4</b>
1. Amortisation and depreciation		237.5	243.9	123.0	125.0
2. Foreign exchange (gains) losses		-11.0	-159.1	-9.8	-59.2
3. Interest and dividends		-145.7	-100.6	-172.0	-105.5
4. (Profit) loss on investing activities		-0.2	304.1	-0.7	299.7
5. Income tax paid		-271.5	-299.8	-208.9	-261.9
6. Change in provisions and employee benefits		-14.2	-25.5	-1.1	-21.8
7. Change in inventory		134.0	-1,188.1	94.0	-803.1
8. Change in receivables and other assets		-256.7	-559.7	24.4	62.9
9. Change in short-term liabilities excluding bank loans and borrowings		597.4	1,027.9	-152.8	645.9
10. Change in prepayments and accruals		7.6	-5.0	9.9	-6.2

11. Other adjustments	0.8	-322.2	0.0	-322.2
<b>III. Net cash flows from operating activities</b>	<b>1,160.0</b>	<b>-752.1</b>	<b>362.9</b>	<b>-266.4</b>
<b>B. Cash flows from investing activities</b>				
<b>I. Inflows</b>	<b>295.7</b>	<b>176.6</b>	<b>250.1</b>	<b>125.8</b>
1. Disposal of intangible and tangible fixed assets	35.3	27.3	17.2	12.1
2. From financial assets, including:	260.4	123.5	232.9	113.7
a) in related parties	259.7	123.5	232.8	113.7
- company divestiture	0.0	14.0	0.0	14.0
- dividends	221.6	108.0	212.2	98.8
- repayment of loans granted	35.7	1.0	20.1	0.5
- interest	2.4	0.5	0.5	0.4
b) in other entities	0.7	0.0	0.1	0.0
- repayment of loans granted	0.7	0.0	0.1	0.0
- Interest and other inflows from financial assets	0.0	0.0	0.0	0.0
3. Other investing inflows 12	0.0	25.8	0.0	0.0
<b>II. Outflows</b>	<b>333.8</b>	<b>457.7</b>	<b>171.5</b>	<b>274.6</b>
1. Purchase of intangible assets and tangible fixed assets	251.0	160.1	118.3	60.9



Statement of cash flows (PLN m)	Notes	1H		2Q	
		2023/24	2022/23	2023/24	2022/23
		01.02 - 31.07	01.02 - 31.07	01.05 - 31.07	01.05 - 31.07
2. For financial assets, including:		72.8	297.3	43.2	213.7
a) in related parties		72.7	296.7	43.1	213.1
- purchase of shares		20.8	103.2	6.7	35.0
- loans granted		51.9	193.5	36.4	178.1
b) in other entities		0.1	0.6	0.1	0.6
- loans granted		0.1	0.6	0.1	0.6
3. Other investing outflows	12	10.0	0.3	10.0	0.0
<b>III. Net cash flows from investing activities</b>		<b>-38.1</b>	<b>-281.1</b>	<b>78.6</b>	<b>-148.8</b>
<b>C. Cash flows from financing activities</b>					
<b>I. Inflows</b>		<b>69.3</b>	<b>1,173.8</b>	<b>62.3</b>	<b>609.7</b>
1. Inflows from issuance of shares		0.0	0.0	0.0	0.0
2. Bank loans and borrowings		69.3	1,173.8	62.3	609.7
3. Issuance of bonds		0.0	0.0	0.0	0.0
<b>II. Outflows</b>		<b>1,038.3</b>	<b>548.4</b>	<b>549.4</b>	<b>453.7</b>
1. Dividends and other payments to owners		398.9	326.1	398.9	326.1
2. Repayment of bank loans and borrowings		373.5	13.2	7.5	13.2
3. Lease liabilities paid		198.1	170.5	99.0	88.4
4. Interest		67.8	38.6	44.0	26.0

5. Other financial outflows	0.0	0.0	0.0	0.0
<b>III. Net cash flows from financing activities</b>	<b>-969.0</b>	<b>625.4</b>	<b>-487.1</b>	<b>156.0</b>
<b>D. Total net cash flows</b>	<b>152.9</b>	<b>-407.8</b>	<b>-45.6</b>	<b>-259.2</b>
<b>E. Balance sheet change in cash, including:</b>	<b>164.3</b>	<b>-330.4</b>	<b>-39.8</b>	<b>-173.2</b>
- change in cash due to foreign exchange differences	11.4	77.4	5.8	86.0
<b>F. Cash opening balance</b>	<b>203.5</b>	<b>596.7</b>	<b>402.0</b>	<b>448.1</b>
<b>G. Cash closing balance</b>	<b>356.4</b>	<b>188.9</b>	<b>356.4</b>	<b>188.9</b>





# SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 31 July 2023

Statement of changes in equity (PLN m)	Share capital	Share premium	Other capital	Retained earnings	TOTAL equity
Balance as at 01 February 2023	3.7	364.3	2,714.6	870.1	3,952.7
Remuneration paid in shares	0.0	0.0	0.8	0.0	0.8
Dividend paid	0.0	0.0	-263.5	-534.3	-797.8
Transactions with owners	0.0	0.0	-262.7	-534.3	-797.0
Net profit for 1H 2023	0.0	0.0	0.0	754.9	754.9
Total comprehensive income	0.0	0.0	0.0	754.9	754.9
Balance as at 31 July 2023	3.7	364.3	2,451.9	1,090.7	3,910.6
Balance as at 01 February 2022	3.7	364.3	2,336.5	1,357.3	4,061.8
Distribution of result for 12 months until 31.01.2022	0.0	0.0	373.2	-373.2	0.0
Dividend paid	0.0	0.0	0.0	-648.3	-648.3
Transactions with owners	0.0	0.0	373.2	-1,021.5	-648.3
Net profit for 1H 2022	0.0	0.0	0.0	289.8	289.8
Total comprehensive income	0.0	0.0	0.0	289.8	289.8
Balance as at 31 July 2022	3.7	364.3	2,709.7	625.6	3,703.3









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# Supplementary information and notes to the separate condensed interim financial statements

for the period from 1 February 2023  
to 31 July 2023

## 1. GENERAL INFORMATION

LPP SA (hereinafter referred to as “LPP”, “Company”) is a joint-stock company with publicly traded shares.

The Company is entered in the register of entrepreneurs of the National Court Register at the District Court for Gdańsk-North in Gdańsk, 7<sup>th</sup> Economic Department of the National Court Register, under the KRS number 0000000778. The Company holds REGON statistical identification number 190852164.

The registered office of the Company is located at ul. Łąkowa 39/44 in Gdańsk (80-769).

LPP SA is a company involved in designing and distribution of clothing in Poland, countries of Central, Eastern and Western Europe and the Middle East. The basic products of the Company are designated with the following trademarks: Reserved, Cropp, House, Mohito and Sinsay.

These separate condensed interim financial statements of the Company for the 6-month period ended 31 July 2023 were approved by the Management Board of for publication on 20 September 2023.

## 2. BASIS FOR PREPARATION OF THE SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS AND KEY ACCOUNTING PRINCIPLES

### 2.1. Basis for preparation

These separate condensed interim financial statements have been drawn up in accordance with International Accounting Standard no. 34, Interim Financial Reporting (“IAS 34”) approved by the European Union.

The separate condensed interim financial statements of LPP SA do not comprise all the information and disclosures required in the annual financial statements and should be read in conjunction with the separate financial statements of the Company for the year ended 31 January 2023 approved for publication on 25 April 2023.

The reporting currency of these separate condensed interim financial statements is Polish zloty and unless it provided otherwise, all amounts are expressed in PLN million.

The data presented in these financial statements for the 6-month period ended 31 July 2023 have been subject to the semi-annual review by the statutory auditor. The consolidated statement of comprehensive income and notes thereto comprise also data for 2Q, i.e. for the 3-month period ended 31 July 2023 and the comparative data for the 3-month period ended 31 July 2022 which has neither been reviewed nor audited by the statutory auditor.

In the periods covered by these separate condensed interim financial statements,

the following PLN/EUR exchange rates fixed by the National Bank of Poland were applied for the conversion of selected financial data:

- the exchange rate effective as at the last day of the reporting period: 31.07.2023 - PLN/EUR 4.4135 and 31.01.2023 - PLN/EUR 4.7089,
- the average exchange rate for the period, calculated as an arithmetic mean of the rates effective as at the last day of each month in a given period: 01.02-31.07.2023 - PLN/EUR 4.5638, 01.02-31.07.2022 - PLN/EUR 4.6663.

These separate condensed interim financial statements have been prepared under the assumption that the Company will continue as a going concern for the foreseeable future despite the occurrence of the following circumstances affecting the continuation of the Company's activities in the near future.

### 2.2. Changes in estimates and assumptions

When preparing these separate condensed interim financial statements, the Management Board of the Company is driven by judgement in making estimates and assumptions that have an impact on accounting principles applied and the reported amounts of assets, liabilities, income and costs. Actual values may differ from those estimated by the Management Board.

Information on estimates and assumptions significant for the financial statements were presented in the separate financial statements for the financial year ended 31 January 2022. Furthermore, in these separate condensed interim financial statements, the Company presented the impact of assumptions adopted by the Management Board on estimated revaluation write-offs (note 13).

### 2.3. Accounting principles

These separate condensed interim financial statements were prepared in accordance with the accounting principles presented in the last consolidated financial statements of the LPP SA for the year ended 31 January 2023.

## 3. CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING PRINCIPLES

The separate condensed interim financial statements do not comprise any corrections of errors from previous years or a change in accounting principles.





#### 4. SEASONALITY OF OPERATIONS

Seasonality in sales is characteristic for the entire clothing market both in Poland and abroad. The gross margin generated in the period of selling a new collection at regular prices is usually higher than the margin recorded during sell-offs. Such situation affects disproportions in the level of margins generated in individual calendar quarters (with the highest margins in 2Q and 4Q and the lowest in 1Q and 3Q). In order to avoid major differences in margins between quarters, the Company changed its financial year by adjusting it to the collection calendar consequently mitigating the impact of sell-offs and seasonality on margins of individual calendar quarters.

#### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below presents revenue from contracts with customers, broken down by categories reflecting how the economic factors affect the nature, amount, payment date and uncertainty of revenue and cash flows.

	1H		2Q	
	2023	2022	2023	2022
	01.02 - 31.07	01.02 - 31.07	01.05 - 31.07	01.05 - 31.07
<b>PLN m</b>				
<b>Type of sales</b>				
Sales of goods, including:	6,843.3	6,324.8	3,737.3	3,596.3
<i>E-commerce</i>	1,345.3	1,234.7	754.5	668.3
Sale of services	6.7	3.8	3.5	2.0
<b>Total</b>	<b>6,850.0</b>	<b>6,328.6</b>	<b>3,740.8</b>	<b>3,598.3</b>
<b>Brand</b>				
Sinsay	3,068.6	2,669.0	1,709.8	1,502.7
Reserved	2,156.0	2,115.7	1,149.0	1,218.5
Cropp	573.6	550.3	320.4	329.1
House	479.1	512.4	268.0	303.6
Mohito	555.3	472.6	283.4	237.7
Other	17.4	8.6	10.2	6.7
<b>Total</b>	<b>6,850.0</b>	<b>6,328.6</b>	<b>3,740.8</b>	<b>3,598.3</b>

The Company has no contracting party with the revenues exceeding 10% of all revenues.



# 6. FINANCIAL INCOME AND COSTS

Financial income (PLN m)	2023/24	2022/23	2023/24	2022/23
	01.02. - 31.07	01.02. - 31.07.	01.05. - 31.07.	01.05. - 31.07.
Interest, including:	15.2	7.0	9.7	6.2
- on deposits	6.8	0.5	5.5	0.4
- on loans and receivables	8.4	2.4	4.2	1.7
- other	0.0	4.1	0.0	4.1
Valuation of participation units	11,2	3,8	5,9	1,3
in funds	11.2	3.8	5.9	1.3
Dividends	211.1	141.9	211.1	132.6
Other financial income, including:	14.2	357.5	6.9	328.1
- currency translation balance	0.0	356.8	0.0	327.6
- discount	14.2	0.0	6.9	0.0
<b>- adjustment of the lease liability</b>	<b>0.0</b>	<b>0.7</b>	<b>0.0</b>	<b>0.5</b>
<b>Total</b>	<b>251.7</b>	<b>510.2</b>	<b>233.6</b>	<b>468.2</b>

Financial costs (PLN m)	2023/24	2022/23	2023/24	2022/23
	01.02. - 31.07	01.02. - 31.07	01.05. - 31.07	01.05. - 31.07
Interest expenses - bank credits and loans	45.7	26.4	21.4	18.2
Interest expenses - bonds	9.3	4.1	5.4	-1.3
Interest expenses - budgetary and other	0.0	0.0	0.0	0.0
Interest expenses - lease liabilities	13.8	13.3	7.1	6.7
Revaluation of investments	0.0	0.0	0.0	0.0
Other financial costs, including:	55.9	0.9	16.6	0.3
- bank commission	1.9	0.9	1.0	0.3
- discount	0.0	0.0	0.0	0.0
- currency translation balance	54.0	0.0	15.6	0.0
<b>Total</b>	<b>124.7</b>	<b>44.7</b>	<b>50.5</b>	<b>23.9</b>





## 7. INCOME TAX

The main components of the LPP SA's income tax liability for the period from 1 February 2023 to 31 July 2023 and for a comparative period are presented in the table below.

	2023/24	2022/23	2023/24	2022/23
Income tax (PLN m)	01.02 - 31.07	01.02 - 31.07	01.05 - 31.07	01.05 - 31.07
Current income tax	119.4	92.3	77.6	68.6
Deferred income tax	7.7	-50.1	7.4	-54.6
<b>Total</b>	<b>127.1</b>	<b>42.2</b>	<b>85.0</b>	<b>14.0</b>

## 8. TANGIBLE FIXED ASSETS

### PURCHASE AND SALE

In the 6-month period ended 31 July 2022, the Company purchased tangible fixed assets worth PLN 162 million (in the 6-month period ended 31 July 2022: PLN 163.3 million). These investments were mainly related to the development of new stores but also the construction of a new part of the logistics centre in Pruszcz Gdański and offices in Gdańsk.

In the 6-month period ended 31 July 2022, the Company sold tangible fixed assets with the value of PLN net 0.2 million (in the 6-month period ended 31 July 2022: PLN 0.2 million).

### IMPAIRMENT WRITE-OFFS

In the period ended 31 July 2023, LPP SA recognised additional impairment write-offs on tangible fixed assets in the amount of PLN 0.2 million (in the 6-month period ended 31 July 2022, the Company did not recognise any write-offs). At the same time, an impairment write-off in the amount of PLN 0.6 million was used in 2023 (in the 6-month period ended 31 July 2022, the use of the write-off: PLN 2.9 million and write-off reversal: PLN 3.5 million). In the statement of comprehensive income, the creation of the revaluation write-off is recognised in Other operating costs, in the amount of PLN 0.2 million.

### CONTRACTUAL LIABILITIES RELATED TO THE PURCHASE TANGIBLE FIXED ASSETS

As at the balance sheet date, the LPP SA has contractual liabilities related to the purchase of tangible fixed assets in the amount of 47.1 million.

The above amount consisted of:

- liabilities related to the development of LPP SA stores - PLN 17.1 million
- liabilities under contracts on the construction of office buildings - PLN 31 million

In comparative periods, the following figures were recognised:

- 31.01.2023 - the amount of PLN 67.5 million
- 31.07.2022 - the amount of PLN 87.4 million

## 9. INVESTMENTS IN SUBSIDIARIES

The value of shares in subsidiaries and additional contributions to their share capitals according to their purchase price, as well as changes in individual periods were as follows:

Investments in subsidiaries (PLN m)	Shares	Contributions to share capital
<b>Balance as at 01 February 2023</b>	<b>1,243.7</b>	<b>693.1</b>
- increase	20.8	0.0
- decrease	5.0	0.0
<b>Balance as at 31 July 2023</b>	<b>1,259.5</b>	<b>693.1</b>
<b>Balance as at 01 February 2022</b>	<b>795.0</b>	<b>1,406.5</b>
- increase	32.5	70.7
- decrease	137.3	779.1
<b>Balance as at 31 July 2022</b>	<b>690.2</b>	<b>698.1</b>

In the current reporting period, the value of shares in subsidiaries increased due to the capital injection for the existing subsidiaries in Greece and Italy. In the same period, one of the companies in Bulgaria was divested.

The value of revaluation write-offs and the contributions to the share capital of subsidiaries as well as changes in individual periods were as follows:

Revaluation write-off (PLN m)	Revaluation write-off on shares	Revaluation write-off on contributions to share capital
<b>Balance as at 01 February 2023</b>	<b>118.8</b>	<b>0.0</b>
- increase	0.0	0.0
- decrease	5.0	0.0
<b>Balance as at 31 July 2023</b>	<b>113.8</b>	<b>0.0</b>
<b>Balance as at 01 February 2022</b>	<b>122.9</b>	<b>0.0</b>
- increase	0.0	0.0
- decrease	0.0	0.0
<b>Balance as at 31 July 2022</b>	<b>122.9</b>	<b>0.0</b>

## 10. INVENTORY

In the 6-month period ended 31 July 2023, the Company created revaluation write-offs on inventory to a recoverable value of PLN 9.6 million (in the 6-month period ended 31 July 2022: the reversal of PLN 42.2 million). This amount was recognised in the item “Cost of goods sold”.

The value of inventories consists mainly of trade goods. A detailed inventory structure is presented in the table:

Inventory - carrying amount (PLN m)	31.07.2023	31.01.2023
Materials	5.9	8.4
Goods	2,538.6	2,675.9
Right of return assets	30.6	25.1
<b>Total</b>	<b>2,575.1</b>	<b>2,709.4</b>



## 11. DEPOSITS

Deposits and mutual funds (PLN m)	31.07.2023	31.01.2023
Participation units in funds	534.2	556.7
Deposits	0.0	0.0
Security depositis	26.3	0.0
<b>Total</b>	<b>560.5</b>	<b>556.7</b>



During the reporting period, the Company purchased participation units in money market funds in the amount of PLN 10 million. The above value is recognised in the Cash flow statement.

Valuation of the aforementioned instruments is included in level 2 of the fair value hierarchy in relation to participation units in unlisted funds.

In connection with the factoring agreements signed, described in detail in note 16, the Company has secured participation units invested in the money market fund in the amount of USD 67.9 million and secured a margin of PLN 26.3 million.

## 12. OTHER FINANCIAL ASSETS

Other financial assets (PLN m)	31.07.2023	31.01.2023
<b>Non-current assets</b>		
Other receivables	2.5	2.8
Loans granted	490.3	502.8
<b>Other long-term financial assets</b>	<b>492.8</b>	<b>505.6</b>
<b>Current assets</b>		
Other receivables	1.4	29.5
Receivables from payment card operators	12.2	10.1
Loans granted	16.6	11.3
Forward contract measurement	0.0	0.0
Dividend receivables	13.7	0.0
<b>Other short-term financial assets</b>	<b>43.9</b>	<b>50.9</b>
<b>Total</b>	<b>536.7</b>	<b>556.5</b>

Valuation of the aforementioned instruments is included in level 2 of the fair value hierarchy.





### 13. REVALUATION WRITE-OFFS ON OTHER ASSETS

Revaluation write-off on tangible fixed assets (PLN m)	2023/24	2022/23
	01.02 - 31.07	01.02 - 31.07
Opening balance	17.2	38.7
Write-offs recognised as cost in the period	0.2	0.0
Write-offs used in the period	0.6	2.9
Write-offs reversed in the period	0.0	3.5
<b>Closing balance</b>	<b>16.8</b>	<b>32.3</b>

Revaluation write-offs on receivables (PLN m)	2023/24	2022/23
	01.02 - 31.07	01.02 - 31.07
Opening balance	41.9	19.0
Write-offs recognised as cost in the period	29.0	55.9
Write-offs used in the period	0.0	4.2
Write-offs reversed in the period	9.1	4.9
<b>Closing balance</b>	<b>61.8</b>	<b>65.8</b>

### 14. SHARE CAPITAL

As at 31 July 2023, the share capital of the Company amounted to PLN 3,710 thousand and changed compared to 31 January 2023 by the amount of PLN 1.9 thousand. The change related to the issuance of new N series shares in connection with the settlement of the incentive scheme for the financial year ended 31 January 2023. The share capital of the Company

was divided into 1,855,190 shares of the nominal value of PLN 2 per share.

The shareholding structure of the Parent Company as at 31 July 2023 is presented in the table below.

Shareholder	Number of shares held (pcs.)	Shareholding	Number of votes at the GM	Share in the total number of votes at the GM	Nominal value of shares
Semper Simul Foundation*	578,889	31.2%	1,978,889	60.8%	1,157,778
Sky Foundation**	185,963	10.0%	185,963	5.7%	371,926
Other shareholders	1,090,338	58.8%	1,090,338	33.5%	2,180,676
<b>Total</b>	<b>1,855,190</b>	<b>100.0%</b>	<b>3,255,190</b>	<b>100.0%</b>	<b>3,710,380</b>

\* The Semper Simul Foundation is closely associated with Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

\*\* The Sky Foundation is associated with Mr Jerzy Lubianiec, co-founder of LPP SA.

### 15. BANK LOANS AND TRADE LIABILITIES

In the balance sheet period ended 31 July 2023, LPP SA did not sign or launch any new bank loan agreement.

As at the balance sheet date of 31 July 2023, the liabilities, including trade liabilities, amounted to PLN 3,729.9 million and they increased by ca 20% compared to 31 January 2023. This growth resulted from increased purchases in connection with the opening and replenishment of new traditional and online stores. As at 31 July 2023, LPP SA held trade liabilities (denominated both in PLN and foreign currencies, mainly USD) in the total amo-

unt of PLN 2,077.8 million, owed to HSBC, Santander Polska SA, PEKAO SA and BNP Paribas under the supplier financing schemes, i.e. reverse factoring. According to the rules of reversed factoring, after presenting a purchase invoice, the bank factor paid liabilities owed to the supplier in line with a previously agreed time schedule. The total reversed factoring limits held by the Company in the above-mentioned banks amount to: USD 270 million established by 30.06.2024, PLN 250 million established by 25.12.2023 and USD 618 million established indefinitely. In connection with the factoring limits, the Company secured a margin of PLN 26.3 million deposited in the account of another factor and provided security in the form of parti-

cipation units held in an investment fund in the amount of USD 67.9 million. Any potential release from or reduction of the security margin or security deposit will be equivalent to a decrease in the limit set forth in the reversed factoring agreement and the requirement to pay liabilities in the same amount.

## 16. CONTINGENT LIABILITIES AND ASSETS

In 1H 2023, the LPP SA Group companies used bank guarantees to secure the payment of rent for the leased floorspace for brand stores, offices and warehouses.

As at 31 July 2023, the total value of bank guarantees issued at the request and under the responsibility of LPP SA amounted to ca PLN 313.4 million, of which:

- The value of guarantees issued to secure agreements concluded by LPP SA amounted to PLN 91 million
- The value of guarantees issued to secure agreements concluded by consolidated affiliates amounted to PLN 203.5 million
- The value of guarantees issued to secure agreements for the lease of warehouse and office space concluded by LPP SA amounted to PLN 18.9 million.

In same period Company also received guarantees. These guarantees served as collateral for payments from a contracting party. As at 31 July 2023, their value amounted to PLN 19.9 million. As at 31 July 2023,

the value of guarantees granted by the parent Company amounted to PLN 235.7 million. In the opinion

of the Management Board, any outflow of funds recognised in off-balance sheet/contingent liabilities is unlikely. The majority of these liabilities involve guarantees securing payment of rent by

the LPP SA Group entities. In the reporting period, neither the Issuer nor any of its subsidiaries granted any sureties for bank loans or credits or any guarantees, jointly to a single entity or such entity's subsidiary, of a value exceeding 10.0% of the Issuer's equity.

## 17. DIVIDENDS PAID AND DECLARED

On 30 June 2023, by resolution no 19, the General Meeting of LPP SA decided to allocate the total profit generated for the year ended 31 January 2023 and a part of previous years' profit for dividend payment in the total amount of PLN 797,731,700. The dividend record date was set for 10 July 2023, whereas the payment was scheduled in two instalments: on 14 July 2023 and on 10 October 2023. The dividend per share was PLN 430.00.

In the comparative period, on 20 May 2022, by resolution no 18, the General Meeting of LPP SA decided to allocate part of profit from previous years for dividend payment in the amount of PLN 648,348,050. The dividend record date was set for 30 May

2022, whereas the payment was scheduled in two instalments: on 06 June 2022 and on 30 August 2022. The dividend per share was PLN 350.00.

## 18. TRANSACTIONS WITH RELATED PARTIES

The LPP SA's related parties include:

- Polish and foreign companies controlled by LPP SA companies through direct shareholdings,
- key management officers of LPP SA and their close family members,
- entities where persons classified as key personnel or their close family members exercise control or have significant influence.

### 18.1. Remuneration of key management officers of LPP SA

The Company recognises members of the Parent Company Management Board and the Supervisory Board as key management officers.

From 1 February to 31 July 2023, short-term benefits of members of the Parent Company Management Board amounted to PLN 2,915 thousand (In the 6-month period ended 31 July 2022: PLN 2,927 thousand).

From 1 February to 31 July 2023, short-term benefits of members of the Parent Company Supervisory Board amounted to PLN 81 thousand (In the 6-month period ended 31 July 2022: PLN 77 thousand).



### 18.2. Transactions with related parties

Related parties (PLN m)	Liabilities at 31 July 2023	Loans received as at 31 July 2023	Receivables as at 31 July 2023	Loans granted as at 31 July 2023	Revenues for the period from 1 February to 31 July 2023	Purchases for the period from 1 February to 31 July 2023
Domestic subsidiaries	387.6	252.0	2.9	254.3	6.7	930.5
Foreign subsidiaries	0.8	360.1	971.3	249.6	2,462.3	2.2
<b>Total</b>	<b>388.4</b>	<b>612.1</b>	<b>974.2</b>	<b>503.9</b>	<b>2,469.0</b>	<b>932.7</b>

Related parties (PLN m)	Liabilities at 31 July 2022	Loans received as at 31 July 2022	Receivables as at 31 July 2022	Loans granted as at 31 July 2022	Revenues for the period from 1 February to 31 July 2022	Purchases for the period from 1 February to 31 July 2022
Domestic subsidiaries	114.1	199.5	3.5	129.0	3.8	346.8
Foreign subsidiaries	4.2	170.7	534.7	145.5	2,476.4	0.3
<b>Total</b>	<b>118.3</b>	<b>370.2</b>	<b>538.2</b>	<b>274.5</b>	<b>2,480.2</b>	<b>347.1</b>

The figures provided in the tables above illustrate only mutual transactions between LPP SA and its related parties and are presented from the Parent Company's perspective.

The data presented as liabilities of LPP SA are receivables in related parties while purchases represent revenues of the companies presented.

All transactions with related parties are concluded on an arm's length basis.

Revenues generated by domestic subsidiaries result from the rental of office space for the purpose of their business operations and business-related services, while revenues gained by foreign subsidiaries arise from the sale of goods and services.

Purchases from domestic subsidiaries relate to the rental of real properties where Cropp, Reserved, Mohito and House stores operate and business-related services are provided, whereas purchases from foreign subsidiaries relate to the costs of trademark use only.







## 19. DISCONTINUED OPERATIONS

No discontinued operations occurred in the current period.

In the comparative period, on 30 June 2022, LPP SA sold 100% of shares in its subsidiary Re Trading with its registered office in Moscow, as described in detail in the separate annual report in Note 19. The loss incurred by LPP SA on the divestment of Re Trading amounted to PLN 616.1 million and was presented in a separate item in the statement of comprehensive income as Profit/loss on the sale of subsidiaries. As at the balance sheet date, the discounted value of receivables from the disposal of the company amounted to PLN 332 million and was presented in the Statement of financial position in the item Long-term receivables in the amount of PLN 282.4 million and in the item Short-term receivables in the amount of PLN 49.6 million. In accordance with the agreement, the date of payment for the divestment of the company was deferred in agreed proportions to a maximum of 2026.

## 20. LITIGATION

LPP SA is not a party to any proceedings before a court, authority competent for arbitration or public administration body concerning the liabilities or receivables with the value exceeding, individually or in total, 10% of equity of LPP SA.

On the other hand, LPP SA is involved in an investigation initiated by the Office for Competition and Consumer Protection (UOKiK) in order to determine whether the Company, in connection with its marketing activity referring to ecological issues, has committed an infringement justifying the initiation of proceedings concerning practices infringing the collective interests of consumers. The UOKiK enquiry is part of a coordinated effort by the European antitrust authorities targeting companies in the clothing industry with regard to standards for the use of ECO labelling of clothing. At the request of the President of the Office for Competition and Consumer Protection, LPP SA submitted a wide range of explanations and evidence. At this stage the Company is not charged for applying practices violating the collective interest of consumers. In the event that the authority decides that there are grounds to attribute such practices to the Company, the maximum legally permitted level of the fine is no more than 10% of the turnover generated in the financial year preceding the imposition of the fine.

## 21. EVENTS AFTER THE BALANCE SHEET DAY

Until the date of publication of the attached financial statements, no events requiring additional disclosures occurred after the balance sheet date.

## 22. APPROVAL FOR PUBLICATION

These condensed interim financial statements prepared for the 6-month period ended 31 July 2023 (including the comparative data) were approved for publication by the Management Board of LPP SA on 20 September 2023.

### MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board

**GDAŃSK, 20 SEPTEMBER 2023**











## Declaration of the Management Board



# Declaration of the Management Board

In accordance with the requirements set forth in the Regulation of the Council of Ministers of 29 March 2018 on the current and interim information provided by issuers of securities and the terms and conditions for recognising information required under the laws of an EU non-member state as equivalent, the Management Board of LPP SA declares as follows:

- to the best of the Management Board's knowledge, the semi-annual consolidated report of the Management Board on the operations of the Issuer's Group provides an accurate presentation of the development, achievements and standing of the LPP SA Group, including a description of basic risks and threats,
- to the best of the Management Board's knowledge, the consolidated condensed interim financial statements and the comparative data have been prepared in accordance with the accounting

principles currently in force and provide an accurate, reliable and clear presentation of the economic and financial standing of the LPP SA Group and its financial result,

- to the best of the Management Board's knowledge, the separate condensed interim financial statements and the comparative data have been prepared in accordance with accounting principles currently in force and provide an accurate, reliable and clear presentation of the economic and financial standing of the LPP SA Group and its financial result.

## MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Executive Vice-President of the Management Board

Jacek Kujawa

Executive Vice-President of the Management Board

Sławomir Łoboda

Executive Vice-President of the Management Board

Marcin Piechocki

Executive Vice-President of the Management Board

GDĄŃSK, 20 SEPTEMBER 2023



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