

LPP

LPP SA

Hypothesis vs Facts

Supplementary information regarding Hindenburg's report

WARSAW, 27-03-2024

RESERVED

CROPP

HOUSE

MOHITO

sinsay

Disclaimer

Information presented in this material constitutes a translation of the original Polish content and in the event of any discrepancies between English and Polish versions, the Polish version is the binding one.

LPP does not trade in Russia

LPP has no operating or trading activities in Russia.

LPP divested the Russian business in June 2022.

LPP does not own the Russian company, has no control over it and does not manage the structures.

The Russian company in its own name and on its own account, sells goods in Russia, including, inter alia, goods purchased under the transition agreement.

Hindenburg's report and divestiture of Russian business – as significant events after the balance sheet date – were subject to Auditor's examination. Grant Thornton (the Auditor) did not raise any objection against Company's Annual Report.

Transparent and responsible market communication is our priority

- Until March 15th, 2024, i.e. until the date of report release by Hindenburg Research (HR), LPP was not aware of the content of the HR material, nor did have any information on when it would be published. Prior to the publication of the material, HR had never contacted LPP, nor shared any thesis of this report.
- The only confirmed information the company had, was that a foreign national, claiming to be a former journalist, attempted to contact former and current LPP employees, offering money for information. The company had no knowledge of the type of information required. LPP received information that this person might have been formerly associated with HR.
- Taking possession of this information, LPP decided to notify about this fact the Head of National Tax Administration (KAS), since this institution posses internal capabilities, knowledge and intelligence that enables to conduct the full examination of this topic, while maintaing confidentiality and safety of all parties. LPP is not in possession of tools, contacts or intelligence to verify the reliability of information about he persons making the research and interviews with LPP employees.
- In the opinion of the Management Board of LPP, the knowledge held by the Company, including lack of strong thesis or statements claimed by the former journalists, was so vague and general in nature, that it did not meet the definition criteria of confidential information under Article 7(1)(a) of the MAR. Especially attempts of interviewing former employees of any company do not fall under confidential information clause.
- The content of the HR material and the date of its publication surprised the Company. The Company needed time to examine the information, verify it and reliably and responsibly respond to it.

Transparent, professional and legally compliant communication has always been our priority and the market has repeatedly acknowledged this. In doing so, we want to communicate responsibly, which we understand as providing the market with information that is precise, verified and based on facts, as opposed to speculation.

#1: Investor of Russian Entity

- The Russian company, ReTrading was sold in June 2022 to entities not related to LPP. One of the investors is the former CEO of a Russian company.
- The company provided the Auditor and the banks financing LPP with extracts from the relevant registers of the companies - current owners of the Russian company and the companies acting as purchasing agents, for verification. **These records explicitly indicate that none of the persons who are the ultimate beneficiary owners of the aforementioned entities are affiliated in any way with LPP or the Semper Simul Foundation.**
- The purchase of the Russian company was phased over a four-year period. It was „deal-breaking” request from the Buyer’s side.
- Both loans taken out by the Semper Simul foundation were fully utilised in accordance with the purpose specified in the loan agreements (the loan of 2020: purchase of LPP shares, the loan of 2021: purchase of retail parks and real estate for hotels).

FACTS

Neither LPP, nor the Semper Simul Foundation nor Marek Piechocki are in any way financially or personally affiliated with the investor in the Russian company. Neither the Semper Simul Foundation, nor LPP nor Marek Piechocki financed the purchase of the Russian company.

#2: Export of goods to Kazakhstan/1/

- LPP holds official documents from the Polish Customs Office, the Customs Office of Kazakhstan, and Kazakh Tax Office and Kazakh Bank, which state that in 2023 LPP delivered goods to Kazakhstan with a total value of USD12m.
- Additionally, we researched the official information of the Polish Statistical Office and the Statistical Office of Kazakhstan, showing the official value of export and import of goods between Poland and Kazakhstan.
- The Tradesparq database quoted in the HR material is unauthorised and in this case is not a reliable source of information. The database is not used by customs authorities, statistical offices or professional customs agents.
- As a result of its own investigation, LPP purchased the access to this database and decoded the data it contained. It turned out that, in terms of determining the total amount of goods transported to Kazakhstan, this database contains multiple duplicate records, which significantly overstates the true value of the goods (see the next slides).
- In principle, many single records in this database, which is a record of a real customs operations, have been multiplied several times in the HR material.

FACTS

The value of goods supplied by LPP Poland to LPP Kazakhstan in 2023 amounted to USD 12m, as confirmed by official documents from Polish and Kazakh authorities. The number of actual customs operations has been multiplied several times for the purposes of the HR material.

#2: Export of goods to Kazakhstan /2/

1. Example: INVOICE – FROM LPP POLAND TO LPP KAZAKHSTAN

- Number of units of model 4273U – 18 pieces
- Value in EUR – 35.28 EUR
- Gross Weight- 2.80 kg

Invoice по/номер фактуры:

6000030/23/05/FV/0000011

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No №	Duty code ТНВЭД	Description Наименование	Index Артикул	Size Размер	Material composition Состав	Brand Торговая марка	Country of origin Страна происхождения	U.O.M. Ед измерения	Quantity Количество	Price net цена за ед. (EUR)	Net value Сумма нетто (EUR)	% VAT %НДС	Net weight вес нетто [kg] / [kr]	Gross weight вес брутто [kg] / [kr]
18	42029298	MEN'S SACHET / САШЕ МУЖСКОЕ	8275S	ONE	80% Cotton, 20% Polyurethane	RESERVED	China / Китай	PCS / ШТ	12	6,51	78,12	0	3,72	4,47
19	61034200	MEN'S SHORTS / ШОРТЫ МУЖСКИЕ	3369R	XS-XL	52% Cotton, 48% Polyester	CROPP	China / Китай	PCS / ШТ	42	5,31	223,02	0	14,28	17,18
20	61034200	MEN'S TROUSERS / БРЮКИ МУЖСКИЕ	3466R	S-XXL	52% Cotton, 48% Polyester	CROPP	China / Китай	PCS / ШТ	24	8,40	201,60	0	11,04	13,28
21	61034200	MEN'S SHORTS / ШОРТЫ МУЖСКИЕ	4273U	S-XL	100% Cotton, 95% Polyester,	SINSAY	India / Индия	PCS / ШТ	18	1,96	35,28	0	2,34	2,80

#2: Export of goods to Kazakhstan /3/

2. CUSTOMS DECLARATION OF IMPORT CLEARANCE IN KAZAKHSTAN

- No of declaration 55302/010623/0096696
- Gross weight in declaration – 2.8 kg – in line with the invoice
- No of units – 18 – in line with the invoice
- Value EUR 35.28 – in line with the invoice
- Value of 37.66 – lack of currency information – to be found in the field ‚Statistical value’ of the form – according to our knowledge – it is EUR value recalculated into USD value

ДЕКЛАРАЦИЯ НА ТОВАРЫ				ДЕКЛАРАЦИЯ	
Манифест	D 96696 01/06/2023		ИМ	40	
Рег. № ДТ	2023 #55		3 Формы	68	95
7. Справочный номер	2023 #55		55302/010623/0096696		
31 Грузовые места и описание товаров	Маркировка и количество - Номера контейнеров - Количество и отличительные		32 Товар №	33 Код товара	
	1. КОМБИНЕЗОНЫ С НАГРУДНИКАМИ И ЛЯМКАМИ, ШОРТЫ (КРОМЕ: БРЮКИ И БРИДЖИ) МУЖСКИЕ ИЛИ ДЛЯ МАЛЬЧИКОВ, ИЗ ХЛОПЧАТОБУМАЖНОЙ ПРЯЖИ; ШОРТЫ МУЖСКИЕ. СОСТАВ: 100% ХЛОПОК; ЦВЕТ 50X; РАЗМЕР L; РОСТ-176-184СМ, ОБХВАТ ГРУДИ - 98-104СМ, ШЕЯ-41-42СМ. ПРОИЗВОДИТЕЛЬ: LPP S.A., ТОВАРНЫЙ ЗНАК: SINSAY, МОДЕЛЬ ТОВАРОВ 4273U, АРТИКУЛ ТОВАРОВ 4273U-50X-L,		200	6103420009 0100 00110	
	см. дополнение			34 Код стр. происк.	35 Вес брутто (кг)
				a IN e	2,800
				37 ПРОЦЕДУРА	38 Вес нетто (кг)
				4000 000	2,340
				40 Общая декларация/Предшествующий документ	39 Квота
				41 Дополнит. единицы	42 Цена товара
				796 18,000000	35,28
44. Дополнит. информация	01402	ЕАЭС N RU Д-PL.	19/11/2021	ДЕКЛАРАЦИЯ О СООТВЕТСТВИИ	
Представл.	02015	KZ100	18/05/2023	ТРАНСПОРТНАЯ НАКЛАДНАЯ ПО	
Документы	03011	006	09/06/2022	ДОГОВОР (КОНТРАКТ), ЗАКЛЮЧЕННЫЙ ПРИ	
	03012	KZ100	18/05/2023	ДОП. ДОГОВОР/КОНТРАКТ К ДОКУМЕНТУ,	
	03031	2/251/1399/36812	14/06/2022	ДОКУМЕНТ В ОБЛАСТИ ВАЛЮТНОГО	
	04021	6000030/23/05/FV/00	18/05/2023	СЧЕТ-ФАКТУРА (ИНВОЙС) К ДОГОВОРУ	
				45 Таможенная стоимость	16875,48
				46 Статистическая стоимость	37,66
				43 Код МСЭ	1

#2: Export of goods to Kazakhstan /4/

INFORMATION FROM TRADESPARQ DATABASE:

- Master Bol – customs declaration number of LPP invoice - 55302/010623/0096696
- Gross weight – 2.8 kg – in line with the invoice aggregated for the whole lot, **but multiplied in the database by many times**
- Number of units – 18 – in line with the invoice
- Value USD 37.66 – statistical value from customs declaration, **but each index multiplied**

hs_code	date	month	value_usd	currency	currency_	value_eur	quantity	quantity_	exporter	importer	producer	gross_we	master_bol
6103420009	02.06.2023	6	37,66	4,1903	4,5148	34,9532	6	ШТ	LPP S.A	ТОО LPP KAZAKHSTAN ЛПП КАЗАХСТАН	LPP S.A.	2,8	'55302 010623 0096696
6103420009	02.06.2023	6	37,66	4,1903	4,5148	34,9532	6	ШТ	LPP S.A	ТОО LPP KAZAKHSTAN ЛПП КАЗАХСТАН	LPP S.A.	2,8	'55302 010623 0096696
6103420009	02.06.2023	6	37,66	4,1903	4,5148	34,9532	2	ШТ	LPP S.A	ТОО LPP KAZAKHSTAN ЛПП КАЗАХСТАН	LPP S.A.	2,8	'55302 010623 0096696
6103420009	02.06.2023	6	37,66	4,1903	4,5148	34,9532	4	ШТ	LPP S.A	ТОО LPP KAZAKHSTAN ЛПП КАЗАХСТАН	LPP S.A.	2,8	'55302 010623 0096696
			150,64				18					11,2	

#2: Export of goods to Kazakhstan /5/

DATABASE OF TRADESPARQ - MULTIPLICATION OF RECORDS

HS Code	Value(USD)	Weight	Quantity	Quantity Unit
6202400001	86,33	3,63	1,00	WT
6202400001	86,33	3,63	1,00	WT
6202400001	86,33	3,63	1,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	3,00	WT
6202400001	1 677,70	113,00	3,00	WT
6202400001	1 677,70	113,00	3,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	3,00	WT
6202400001	1 677,70	113,00	3,00	WT
6202400001	1 677,70	113,00	1,00	WT
6202400001	1 677,70	113,00	6,00	WT
6202400001	1 677,70	113,00	6,00	WT
6202400001	1 677,70	113,00	6,00	WT
6202400001	1 677,70	113,00	12,00	WT
6202400001	1 677,70	113,00	18,00	WT
6202400001	1 677,70	113,00	18,00	WT
6202400001	1 677,70	113,00	12,00	WT
6202400001	1 677,70	113,00	4,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	2,00	WT
6202400001	1 677,70	113,00	2,00	WT

HS Code	Value(USD)	Price	Weight	Quantity
3926909709	18,30	-	2,12	2,00
3926909709	18,30	-	2,12	12,00
4202221000	3 033,84	-	200,29	32,00
4202221000	3 033,84	-	200,29	30,00
4202221000	3 033,84	-	200,29	24,00
4202221000	3 033,84	-	200,29	6,00
4202221000	3 033,84	-	200,29	4,00
4202221000	3 033,84	-	200,29	6,00
4202221000	3 033,84	-	200,29	8,00
4202221000	3 033,84	-	200,29	2,00
4202221000	3 033,84	-	200,29	42,00
4202221000	3 033,84	-	200,29	22,00
4202221000	3 033,84	-	200,29	2,00
4202221000	3 033,84	-	200,29	104,00
4202221000	3 033,84	-	200,29	26,00
4202221000	3 033,84	-	200,29	12,00
4202221000	3 033,84	-	200,29	40,00
4202221000	3 033,84	-	200,29	27,00
4202221000	3 033,84	-	200,29	77,00
4202221000	3 033,84	-	200,29	12,00
4202221000	3 033,84	-	200,29	8,00
4202221000	3 033,84	-	200,29	66,00
4202221000	122,74	-	9,26	14,00
4202221000	122,74	-	9,26	6,00

UNTRUE HYPOTHESIS OF HINDENBURG RESEARCH

#2: Export of goods to Kazakhstan /6/

OFFICIAL DOCUMENTS FROM THE BANK

CONFIRMING THE VALUE OF DELIVERIES TO KAZAKHSTAN – PERIOD OF 09'22-11'23

Акт сверки

По состоянию на	19-03-2024
Филiaal Бaнкa	Алматынский городской филиал № 139900 акционерного общества "Народный сберегательный банк Казахстана"
Номер контракта	006
Дата контракта	09-06-2022
Наименование инопартнера	LPP SA
Страна инопартнера	Польша
Дата Учетного номера	14-06-2022
Учетный номер	2/251/1399/36812
Сумма контракта	300 000 000.00
Остаток по контракту	286 213 422.91
Валюта контракта	EUR
Срок репатриации	180.0
Дата окончания контракта	09-06-2027

Дата платежа	Вид платежа	Сумма платежа	Валюта платежа	Сумма платежа в валюте контракта	ПД (подтверждающие документы)	Дата ПД	Сумма ПД	Валюта ПД	Сумма ПД в валюте контракта
19-09-2022	Исходный основной	124204.74	EUR	124204.74	55302/020922/0116945	02-09-2022	175439.46	EUR	175439.46
					55302/271123/0214103	28-11-2023	188.4	EUR	188.4
					55302/271123/0214103	28-11-2023	66.32	EUR	66.32
					55302/271123/0214103	28-11-2023	386.26	EUR	386.26
Общая сумма платежей в валюте контракта:				17024251.45	Общая сумма ПД в валюте контракта:				18545648.09
Разница:				-1521396.64	Разница:				1521396.64



#2: Export of goods to Kazakhstan /7/

We thoroughly analysed Tradesparq database – all records of LPP invoices:

- 87 customs declarations in Tradesparq database
- Value in EUR from the invoices, matched with invoices and custom clearance forms
- Value in USD in these records, but with multiplied records erased
- Value of USD from multiplied records of Tradesparq/Hinderburg

Row Labels (2023)	Count of NR BL / NR Order / nr CCD	Sum of Value in EUR	Sum of value in USD report duplicates excluded	Sum of value in USD according to Hindenburg
Jan	5	437 969,82	448 622,45	12 931 907,54
Feb	7	812 547,65	728 682,82	28 369 852,04
Mar	7	922 287,20	790 490,90	5 519 342,35
Apr	5	659 646,56	576 776,82	24 834 856,37
May	6	879 989,15	955 714,46	177 151 981,22
Jun	7	1 104 803,60	1 189 824,12	184 535 795,29
Jul	6	601 816,53	666 499,18	63 617 635,07
Aug	9	1 187 674,78	1 289 303,96	93 970 560,82
Sep	11	1 303 006,93	1 392 363,25	60 473 341,14
Oct	10	1 156 961,64	1 220 669,08	46 054 170,84
Nov	9	1 170 904,85	1 256 801,97	49 171 800,02
Dec	5	731 754,09	798 773,86	33 153 999,63
Grand Total	87	10 969 362,80	11 314 522,87	779 785 242,33

Export of goods to Kazakhstan

Our proofs:

- LPP Kazakhstan revenues - PLN 112m in 2022 and PLN 103m in 2023.
- Official data of Polish Statistical Office (GUS) on the total exports from Poland to Kazakhstan (PLN 5.5bn in 2023, including PLN 212m in textiles)
- The Official data of the Statistical Office of Kazakhstan on the total volume of imports from Poland (USD 699m in 2023)
- Data from LPP Kazakhstan on goods and invoices received from LPP Poland - certified by the bank from Kazakhstan (EUR 18m for the period from September 2022 to November 2023)
- Tax returns submitted to the Kazakh tax office regarding VAT paid on the import of goods (in 2023 - KZT 739m - equivalent to EUR 1.5m, which results in the value of imports of EUR 12m at a 12% VAT rate)
- The certificate from the Polish Customs Office on the volume of exports to Kazakhstan by LPP (EUR 12m for 2023)

UNTRUE HYPOTHESIS OF HINDENBURG RESEARCH

#3: Trade Activity in Russia /1/

- A comparison of the functions and business areas pursued by LPP in Russia prior to 2022 with those pursued today as a part of the performance of the obligations under the sales agreement evidently shows that LPP does not carry out any commercial activity in Russia (see the next slide).
- LPP employees' involvement in issues associated with the Russian market has decreased to none. The total figures behind LPP's employees' business trips to Russia back in 2019 [the last year before the Covid pandemic] were: 281 people and 995 days in trips. In 2022 – only 1 person was on a business trip in Russia for 5 days.
- In the sale agreement of the Russian company, the Investors declared that the entity would not sell LPP-branded goods in Russia, with the exception of goods already present in the territory of Russia and goods ordered for the Russian market. Since some of the goods are made in the same factories but have different labels and logos, it was necessary to create a system to distinguish LPP goods from those of the Russian company.
- The simplest and cheapest method was to change the barcodes, so that no goods bearing the LPP brands could enter the warehouses of the Russian company, and no goods bearing the brands belonging to the Russian company could enter the LPP warehouses. LPP received a memo, that due to the planned implementation of a new IT system, the Russian company will introduce a new barcode solutions from May/June 2024.

FACTS

LPP does not conduct any business nor operational activities on Russian market.

The only purpose of change in barcodes was the ability of warehouse systems of LPP and Russian entity to distinguish the goods of each party.

#3: Trade Activity in Russia /2/

LIST OF BUSINESS ACTIVITIES AND BUSINESS FUNCTIONS DELIVERED FROM LPP TO RUSSIA

	Tasks provided by LPP to Russian Company in 2019	Tasks provided by LPP to Russian Company in 2023
1	Tworzenie planów sprzedażowych i finansowych	x
2	Tworzenie budżetów	x
3	Zarządzanie gotówką	x
4	Tworzenie planów zatrudnienia	x
5	Systemy wynagrodzeń i systemy premiowe spółki	x
6	Zakupy centralne	x
7	Ustalanie standardów obsługi call center	x
8	Obsługa stron www	x
9	Projektowanie sklepów	x
10	Budowa sklepów	x
11	Zatowarowanie sklepów	x
12	Projektowanie i aranżacja sklepów	x
13	Zakup mebli do sklepów	x
14	Zakup wyposażenia sklepów	x
15	Zakup oświetlenia do sklepów	x
16	Kontakt i negocjacje z wynajmującymi	x
17	Serwis i przeglądy okresowe salonów (elektryka, woda, klimatyzacja)	x
18	Planowanie sprzedaży dla sklepów	x
19	Planowanie roboczogodzin dla sklepów	x
20	Inwentaryzacje	x
21	Zarządzanie poziomem kosztów w sklepach	x
22	Ustalanie systemów premiowych dla sklepów	x
23	Monitorowanie operacji kasowych	x
24	Ochrona sklepów	x
25	Nadzorowanie spływu gotówki	x
26	Analiza transakcji pod kątem loss prevention	x
27	Zarządzanie towarem	x
28	Alokacja towaru między sklepami	x
29	Ustalenie cen i promocji	x
30	Spotkania sprzedażowe	x

#3: Trade Activity in Russia /3/

LIST OF BUSINESS ACTIVITIES AND BUSINESS FUNCTIONS DELIVERED FROM LPP TO RUSSIA

	Tasks provided by LPP to Russian Company in 2019	Tasks provided by LPP to Russian Company in 2023
31	Instrukcje Visual Merchandising	x
32	Analiza sprzedaży produktów	x
33	Prowadzenie sklepu eCommerce	x
34	Zarządzanie sprzedażą online	x
35	Projektowanie odzieży	x
36	Ustalanie całościowej kolekcji	x
37	Decyzje zakupowe - asortyment i wolumeny	x
38	Kontakt z fabrykami	Contats with factories - only for goods coming from same manufacturers
39	Negocjacje z fabrykami	Negotiations with manufacturers - only for goods coming from same factories
40	Składanie zamówień do fabryk	Placing orders to manufacturers - only for same factories
41	Ustalanie harmonogramu zakupów i dostaw	x
42	Kontakty z firmami shippingowymi	Contacts with shipping companies
43	Zamawianie i zakup transportu towarów	Bookings of shipping and transportation
44	Budowanie harmonogramu dostaw	x
45	Przygotowanie dokumentacji towarowej do odbioru z portu	Filing shipping documents for deliveries
46	Przyjęcie towarów do magazynu	x
47	Zarządzanie towarem w magazynach	x
48	Wysyłka towarów do sklepów	x
49	Wysyłka paczek eCom do klientów	x
50	Wysyłka paczek eCom do sklepów (click & collect)	x
51	Przyjmowanie zwrotów i depozytów ze sklepów	x
52	Sprzedaż starych kolekcji poza sklepami (strony trzecie)	x

#4: Information on goods supply to Russian entity

- LPP informed that divestment contract obliges the company to support the Russian entity during transition period (e.g. Consolidated interim financial report for 1H2022 published on 06.10.2022 or Consolidated financial report for 2022 published on 27.04.2023). Transaction (MBO) assumed that Russian entity would continue business operations which was the only way to ensure that LPP would recover price agreed for the divested part of the business.
- When the war broke out, LPP had already accumulated substantial inventories for Russian market. In addition, orders had been placed for majority of goods needed for further development on this market. According to the contract, LPP was obliged to sell all these inventories to Russian entity.
- Since establishing procurement and merchandise departments in Russian entity takes longer than anticipated, Russian company has to purchase goods in factories that also supply LPP. Due to that reason, some of the items/models might be similar. List of potential factories/suppliers provided by LPP to Russian entity was one of the divestment contract's conditions.
- Goods that cannot be purchased directly from suppliers, Russian entity buys through trade agents from LPP. This particular support activity will be terminated at the end of 2024.
- Financial statements for fiscal year 2023 present detailed breakdown of revenues, including those generated on sales to Trade Agents. Additionally, results' presentation for 4Q23 provides detailed information on economics of such activity.

FACTS

LPP provided information about supply of goods to Russian entity immediately after conclusion of the divestment contract. Sole purpose of such model is to enable the Buyers repayment of purchase price which in turn minimizes losses on LPP's side after exiting Russian market and is in the best interests of shareholders.

Put option on shares in RE Trading

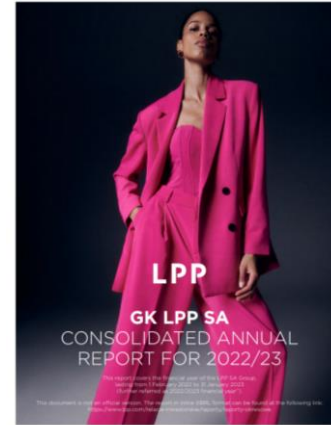
Put option on shares in RE Trading

- Option available only to the Buyer till the end of 2026.
- LPP cannot claim repurchase of Russian entity (no call option).
- **Clauses:**
 - RE Trading will not have sufficient funds to repay any tranche of the agreed price
 - Unsatisfactory business results
- Share price equals value received by LPP
- In practice, the option allows stepping away from the contract (no obligation to settle remaining installments or returning already paid ones)

Genesis

- Russian business divestment was in fact fire sale
- Put option demanded by the Buyer
- Safety clause for buyers (MBO)
- May 2022: high uncertainty whether RE Trading would be able to operate and sell purchased inventories
- Investors did not want to assume a liability of PLN 600m without safety clause
- Put option effectively mitigated obligation to pay LPP contract price for the shares

Information was made available to the public



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ary. The sale contract provides for an option (resting solely with the buyer) to resell the company to LPP SA by the end of 2026 if, in the investor's opinion, conditions for conducting economic activity in Russia fail to give Re Trading the opportunity of continuing that activity yielding profit. The sale

Currently, put option is virtually unfeasible

- **Formal reasons:**
 - Should the option be exercised, shares in RE Trading would have to be transferred to LPP SA under Russian Law
 - It is virtually impossible – both now and in the future – that such a transaction could be approved by Russian state authorities
- **Financial reasons:**
 - Transaction was profitable for the Buyer – RE Trading sold with PLN 300m loss on LPP side
 - RE Trading took over contracted inventories so it carries out business operations

Even in highly theoretical case of put option being exercised, LPP does not intend to carry out any business activity in Russia (closure and full write-down).

LPP will not return to Russia

WE DO CONFIRM, THAT:

1. Since LPP deeply condemns Russia's invasion of Ukraine, Russian business was sold in 2022 to parties unrelated to LPP. Transaction that was put in place allowed LPP to recover part of the assets' value left in Russian Federation.
2. Entities: (1) Far East Services, (2) General Consulting Services, (3) FGT (trade agent) i (4) Asia Fashion Import Export (trade agent), are not in any way under control of LPP (neither financially nor personally). Sale of Russian business was factual and definite one, which was confirmed by external independent Auditor, examining LPP's Financial Statement for 2023.
3. No option exists for LPP to buy the Russian business back (no CALL option).
4. LPP lost control over the Russian business.
5. Repayment for divested Russian business was spread over time and structured as MBO in best interests of LPP's shareholders.
6. LPP does not plan to return to Russian market.



LPP

Thank You

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