

LPP

**LPP GROUP**  
**CONSOLIDATED CONDENSED INTERIM**  
**REPORT FOR 1Q 2024**

GDAŃSK, 12 JUNE 2024

RESERVED

CROPP

HOUSE

MOHITO

sinsay



# Table of contents

<b>01. CONSOLIDATED CONDENSED INTERIM REPORT ON THE OPERATIONS OF LPP GROUP</b>	<b>3</b>
<b>02. CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS</b>	<b>17</b>
<b>03. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS</b>	<b>24</b>
<b>04. SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS</b>	<b>33</b>







01

CONSOLIDATED CONDENSED INTERIM REPORT  
ON THE OPERATIONS OF LPP GROUP



## Basic information on LPP Group

LPP is a Polish, family-owned company specialising in the design, manufacturing and distribution of apparel. It has over 30-year experience in the clothing industry. The sales network comprises entire Poland, countries of Europe and the Middle East. The Group operates according to the omnichannel concept in nearly forty markets. It has five own recognised brands: Sinsay, Reserved, Cropp, House and Mohito. Each of the brands has a different target group and a distinctive profile. The concepts for brand collections are developed in Poland, while sewing of models already designed is outsourced (mainly from Asia).

LPP has a distribution network (logistics centres) in Poland and worldwide and invests in new technologies for streamlining the entire product distribution process to traditional stores and in the e-commerce channel.

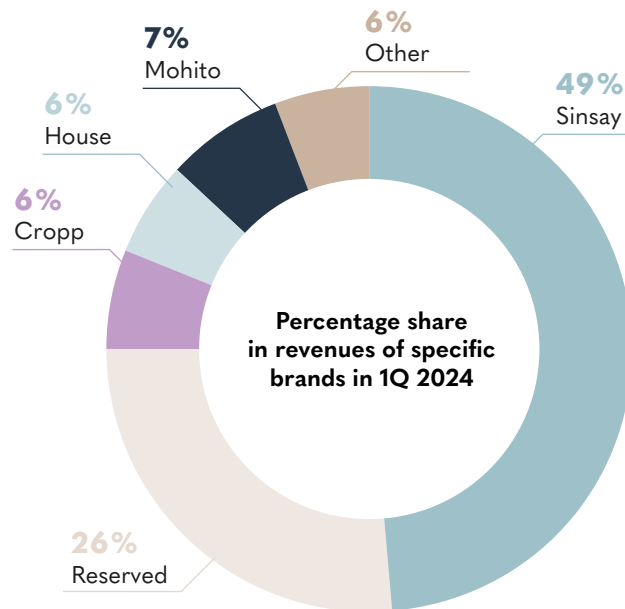
The headquarters of our organisation are located in Gdańsk where LPP history started. The Group also has its offices in Cracow, Warsaw, Shanghai and Dhaka.

In total, the team of LPP Group comprises approximately 33 thousand people working in offices as well as in sales and distribution structures in Poland, countries of Europe and Asia.



## PORTFOLIO OF BRANDS

The Group has 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 and Mohito brands fall within a moderate price range while Sinsay offers products in the value-for-money segment. At the same time, due to the omnichannel model adopted by LPP, all brands are currently available in both the traditional stores and online channels.



*Other revenues contain sales to trade agents.*







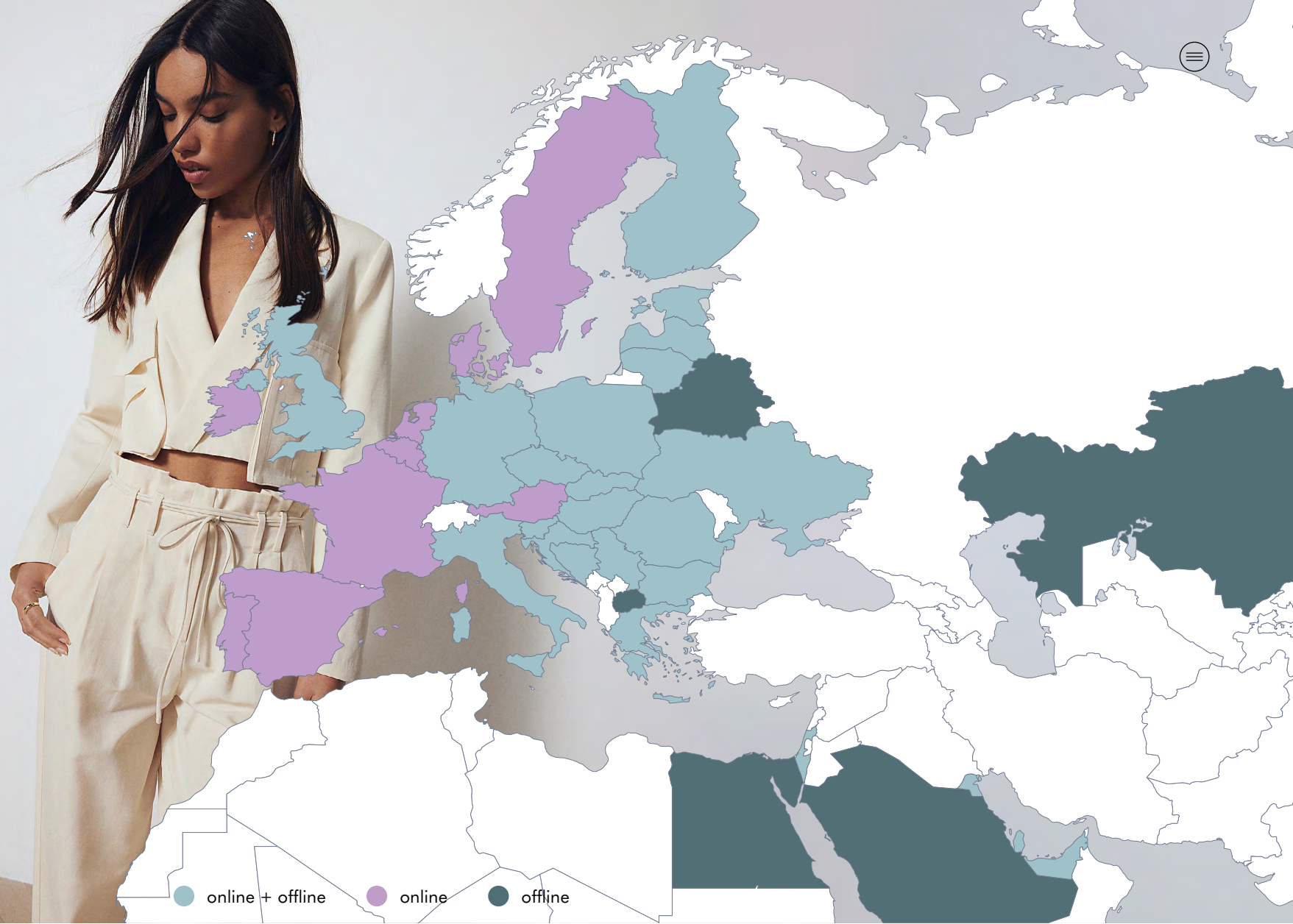


## MARKET PRESENCE

The Group offers its products to customers in traditional stores and online stores located in **39 countries** on **3 continents**.

The offline sales network comprises **2,382 stores** of the total floorspace of **2,081 thousand m<sup>2</sup>** in **28 countries**.

LPP Group is present online on **34 markets**.



## STRUCTURE OF LPP GROUP

LPP Group is composed of the Parent Company established in Poland, 8 domestic subsidiaries and 27 foreign subsidiaries. Most of the foreign subsidiaries are engaged in distribution of products of LPP 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.).

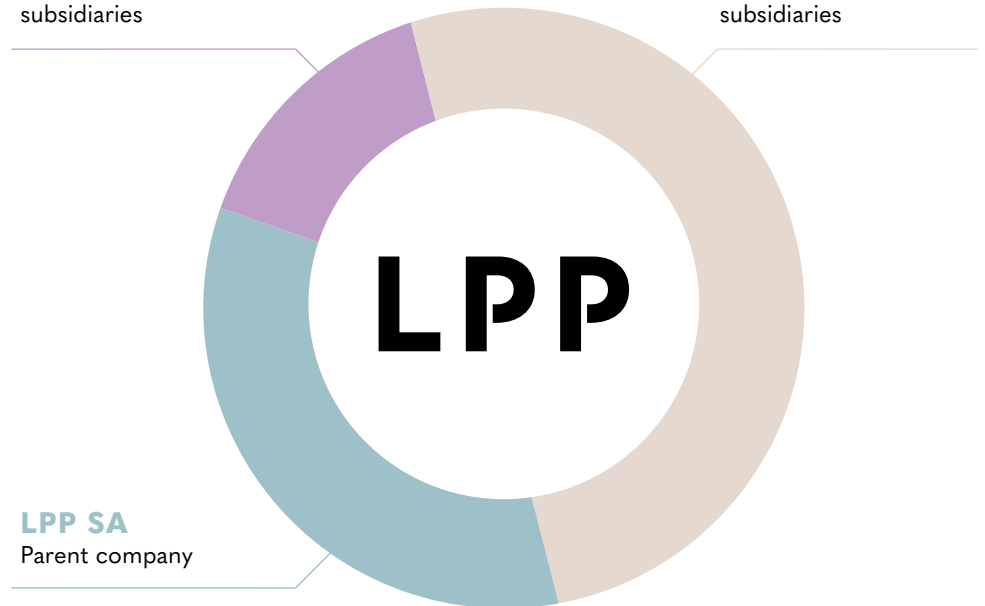
In 1Q 2024, changes in the Group's structure took place involving the establishment of a foreign subsidiary, LPP Kosovo LLC, and the change of the Serbian subsidiary name to LPP SERBIA DOO Beograd (formerly LPP Reserved DOO Beograd).

The consolidated financial statements of the Group for the period from 1 February 2024 to 30 April 2024 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 LPP GROUP

**8 DOMESTIC**  
subsidiaries

**27 FOREIGN**  
subsidiaries





## 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 price of PLN 47.00 on 18 May 2001 and the all-time highest of PLN 18,900.00 on 26 February 2024.

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 2023, a change in the structure of LPP major shareholdings has taken place, involving the direct acquisition of LPP shares by Semper Simul Foundation from the subsidiary, i.e. Sky SPV Foundation, as part of the liquidation of this subsidiary (CR 10/2024).



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
Other shareholders	1,276,301	68.8%	1,276,301	39.2%	2,552,602
<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).



## SUPERVISORY BOARD AND MANAGEMENT BOARD

**As at 30 April 2024, the Supervisory Board of LPP was composed of:**

Miłosz Wiśniewski – Independent Chair of the LPP Supervisory Board

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

**As at 30 April 2024, the Management Board of LPP was composed of:**

Marek Piechocki – President of the LPP Management Board

Przemysław Lutkiewicz – Management Board Member

Sławomir Łoboda – Management Board Member

Marcin Piechocki – Management Board Member

Mikołaj Wezdecki – Management Board Member

At the same time, no changes in the composition of neither Supervisory Board or LPP Management Board took place in 1Q 2024. The table below presents the LPP shareholding of members of the LPP Management Board and Supervisory Board as at the date of publication of this report. Since the publication of the previous report, i.e. for 2023, the structure of LPP shareholding of Management and Supervisory Board members has not changed.

Shareholder	Number of shares held (pcs.)	Number of votes at the GM
<b>Marek Piechocki</b> – President of the Management Board	1,702	1,702
<b>Przemysław Lutkiewicz</b> – Management Board Member	493	493
<b>Sławomir Łoboda</b> – Management Board Member	500	500
<b>Marcin Piechocki</b> – Management Board Member	739	739
<b>Mikołaj Wezdecki</b> – Management Board Member	1	1
<b>Alicja Milińska</b> – Supervisory Board Member	732	732
<b>Jagoda Piechocka</b> – Supervisory Board Member	103	103





# Basic figures illustrating LPP Group's operations from 1 February 2024 to 30 April 2024

## NUMBER OF STORES

As at 30.04.2024	Number of stores
Sinsay	1,041
Reserved	363
Cropp	378
House	366
Mohito	234
<b>Total</b>	<b>2,382</b>

## REVENUES BY BRAND

PLN m	1Q 2024	1Q 2023	Change YoY (%)
Sinsay	2,103	1,365	54.1%
Reserved	1,138	1,192	-4.5%
Cropp	254	251	1.3%
House	249	212	17.3%
Mohito	316	309	2.5%
Other	15	28	-46.9%
Trade agents	232	284	-18.4%
<b>Total</b>	<b>4,306</b>	<b>3,639</b>	<b>18.3%</b>

## ONLINE SALES

PLN m	1Q 2024	1Q 2023	Change YoY (%)
Online sales	1,157	938	23.3%

## REVENUES BY REGION

Region/ country (PLN m)	1Q 2024	1Q 2023	Change YoY (%)
Poland	1,891	1,526	23.9%
Other countries	2,184	1,829	19.4%
Trade agents	232	284	-18.4%
<b>Total</b>	<b>4,306</b>	<b>3,639</b>	<b>18.3%</b>

## OPERATING COSTS

IFRS16	1Q 2024	1Q 2023	YoY change
Operating costs (PLN m)	1,823	1,548	17.8%
Operating costs per m <sup>2</sup> /month	301	305	-1.1%
Operating costs/ sales	42.3%	42.5%	-0.2 pp.



**CAPITAL EXPENDITURE**

PLN m	1Q 2024	1Q 2023	Change YoY (%)
Stores	232	222	4.5%
Offices	11	22	-50.0%
Logistics	14	9	62.8%
IT & Other	29	19	52.6%
<b>Total</b>	<b>286</b>	<b>272</b>	<b>5.3%</b>

**INVENTORY**

	30.04.2024	30.04.2023	Change YoY (%)
Inventory (PLN m)	3,189	3,328	-4.2%
Inventory per m <sup>2</sup> in PLN	1,542	1,915	-19.5%

**INDEBTEDNESS**

PLN m, IFRS16	30.04.2024	30.04.2023	Change YoY (%)
Long-term bank loans	478	527	-9.2%
Short-term bank loans	191	458	-58.3%
Bonds	315	311	1.3%
Finance leases	4,157	3,639	14.2%
Cash	702	745	-5.7%
<b>Net debt</b>	<b>4,439</b>	<b>4,190</b>	<b>5.9%</b>
<b>Net debt/ EBITDA (4Q)</b>	<b>1.1</b>	<b>1.5</b>	<b>-24.9%</b>



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

### REVENUES

In 1Q 2024, LPP Group achieved revenues of PLN 4.3 billion, which represents a result higher by 18.3% YoY (by 25.5% in constant currencies).

The Group generated a higher revenue due to the growth of sales in both channels, the online and the traditional channel.

Higher YoY online sales results, i.e. 23.3% were achieved due to the development of mobile apps and a broader product offer dedicated to online stores. At the same time, sales of the online channel in 1Q 2024 accounted for ca 27% of the Group's total sales (YoY stable). The Group recorded a high revenue growth in traditional stores, i.e. 21.5% YoY due to the YoY floorspace growth (112 new stores opened) and positive LFLs of almost all brands (+7,5% total for Group).

The Sinsay brand recorded the highest revenue in 1Q 2024, both in nominal terms and growth rate, i.e. PLN 2.1 billion, a YoY increase of 54.1%. The intensive openings of new Sinsay traditional stores, attractive prices offered by the brand and the economic situation favourable for the value-for-money segment, where the brand belongs, are the factors that contributed to its revenue growth.

In geographical terms, in 1Q 2024, revenue on foreign omnichannel sales was higher than the revenue recorded in Poland, accounting for 53.6% of the Group's omnichannel sales. The Group recorded double-digit revenue growth both in Poland (+23.9% YoY) and abroad (+19.4% YoY) due to successful collections, improved consumer sentiment and the dynamic development of the network.

The Group achieved the highest revenues in 1Q 2024 outside Poland, among others in Romania and Czech Republic.

### GROSS PROFIT MARGIN ON SALES

In 1Q 2024, the Group generated gross profit of 52.1%, i.e. 2.5 pp. higher than a year earlier. The higher YoY gross margin was achieved due to significantly lower YoY collection purchase costs, a more favourable US\$/PLN YoY exchange rate, lower YoY promotional campaigns supporting sales.

### INVENTORIES

In 1Q 2024, the Group reduced its inventory by PLN 139 million, i.e. by 4.2%, compared with the previous year, returning to optimal inventory levels (just in time). At the same time, due to floorspace increase and improved revenue in 1Q per m<sup>2</sup>, inventory per m<sup>2</sup> fell by 19.5%, from PLN 1,915/ m<sup>2</sup> to PLN 1,542/ m<sup>2</sup>. Due to continued improvement of goods management, the Group reduced inventory turnover from 164 days in 1Q 2023 to 136 days in 1Q 2024.

### OPERATING COSTS

The cost discipline implemented by the Company had an impact on the Group's financial statements for 1Q 2024. Operating costs incurred by the Group in this period, were 17.8% higher YoY. This growth was mainly driven by the continued development of sales network and higher expenses on performance marketing. At the same time, it was slower than the growth of sales. In 1Q 2024, costs of stores amounted to PLN 1,026 million, (+16.2% YoY) and HQ and e-commerce costs – to PLN 797 million (+19.9% YoY).

On the other hand, the Group also recorded a YoY decline in operating costs per m<sup>2</sup>, i.e. by 1.1%, as a result of maintaining cost discipline.

A decline in rental costs per m<sup>2</sup> resulted from a higher number of opened brand stores dedicated to the Sinsay brand which have lower rents and from a more favourable EUR/PLN exchange rate.

Despite an increase in the minimum wage, the Company recorded a stable YoY level of personnel costs per m<sup>2</sup> as a result of optimal working time management and increased automation in stores.

On the other hand, the YoY decrease in other store operating costs per m<sup>2</sup> results from optimising energy consumption and the cost of external services in stores.

Consequently, the share of operating costs in the revenue fell from 43% in 1Q 2023 to 42% in 1Q 2024.

### OTHER OPERATING INCOME AND COSTS

The Group's results at a level of other operating revenues and costs in 1Q 2024 were also affected by one-offs related to the reversal of write-offs for goods (PLN 9 million) and losses in fixed and current assets (PLN 24 million).

As a result of the above factors in the accounting period, the Group generated EBIT of PLN 411 million, i.e. 78.2% higher compared to PLN 231 million earned a year earlier. The Group's operating profitability (EBIT margin) stood at 9.5%, compared with 6.3% in the previous year.

### FINANCIAL INCOME AND COSTS

Furthermore, in 1Q 2024, due to exchange gains and losses (PLN -14 million vs. PLN -43 million in 1Q 2023) and as a result of discount unwind on receivables from the divestiture of the Russian company in the amount of PLN +22 million (PLN +7 million in 1Q 2023), the Group recorded a more favourable YoY balance of net financial activity.

As a consequence, in 1Q 2024, the LPP Group generated net profit of PLN 277 million compared to PLN 112 million in the previous year, with net profitability of 6.4% (compared to 3.1% in the previous year).

The key figures illustrating the effects of the Group's operations and the margins achieved in 1Q 2024 are presented in the tables below.



Figure (PLN m)	1Q 2024	1Q 2023	Change YoY (%)
Revenues	4,306	3,639	18.3%
Gross profit on sales	2,243	1,806	24.2%
Costs of stores and distribution and overheads	1,823	1,548	17.8%
EBITDA	795	551	44.3%
Operating profit (loss)	411	231	78.2%
Net profit (loss)	277	112	147.8%

Margin (%)	1Q 2024	1Q 2023	Change YoY (pp.)
Gross profit on sales margin	52.1%	49.6%	2.5 pp.
EBITDA	18.5%	15.1%	3.3 pp.
Operating margin	9.5%	6.3%	3.2 pp.
Net margin	6.4%	3.1%	3.4 pp.



## OTHER EVENTS IN 1Q 2024 AND UNTIL THE REPORT PUBLICATION DATE

### Expanding the collection of second-hand clothing to foreign markets

Introducing the option of donating second-hand clothes in LPP brand stores on foreign markets. In February, the campaign was launched in Slovakia, the Czech Republic and the United Kingdom, gradually extending to other countries where the Group's stores operate.

## FEBRUARY



### Mohito debut in Italy

Following Mohito's debut in the online channel in Italy, the Company decided to open also the brand traditional stores in this country. The first one started its operations in March in Marcon near Venice, the second one in April in Milan. This is another move of LPP towards enhancing the recognition of Polish apparel brands in Southern Europe.



## MARCH/APRIL

### Decision on the expansion of the Distribution Center in Brześć Kujawski

The Company decided to expand its Distribution Center operating in Brześć Kujawski. The additional new warehouse, with a floor space of 85,000 m<sup>2</sup>, will increase the facility's operational capacity, which will significantly support the Group's expansion on the markets of Central and Southern Europe. Construction work on the premises of the Center was launched in April.

## MAY



### Extension of cooperation with the Use Waste start-up in textile waste recycling technology

LPP decided to continue its work on clothing recycling technology with the Use Waste start-up. In connection with the success of the first stage of the research project implemented jointly, which resulted in the production of a polyester thread, the decision was made to extend the cooperation and start working on the recycling of material mixtures. The research aims to develop a technology that will enable the separation of fibres from materials most commonly used in the textile industry into fractions and the extraction of raw material that will become a resource, instead of waste, according to the textile-to-textile idea.

### Opening of the fifth Reserved store in the United Kingdom

In continuation of its expansion in Western Europe, the Company has opened its fifth Reserved store in the United Kingdom. The newly opened store is located in the Westfield London shopping centre and the opening was accompanied by an extensive marketing campaign and the launch of the "Welcome to the Club" collection inspired by British old-fashioned traditions and sporting style.

### Launch of the new educational campaign "Wear Your Story"

LPP has initiated a dialogue with consumers and launched the Wear Your Story campaign, the second edition of the Take Care of Your Clothes campaign promoting the conscious and responsible use of clothes. Through this campaign, the Company wants to raise consumer awareness and environmental sensitivity and highlight the need to change daily fashion habits.

### Launch of the MOHITO & Sandra Kubicka collection

The Mohito brand, together with Sandra Kubicka, has created a summer collection demonstrating the essence of diversity in terms of cuts and use; the collection includes both elegant and more casual proposals.





## FACTORS THAT MAY AFFECT LPP GROUP'S PERFORMANCE IN THE PERSPECTIVE OF AT LEAST THE NEXT QUARTER

The Group's financial performance over the next quarters may be affected by several factors, which may both offer opportunities and pose risks for the Company. On the one hand, exploited potential opportunities may positively influence the Group's financial performance and, on the other hand, potential risks may have an adverse impact on the Group's results.

These factors may be both of an external nature - independent of the Company - and of an internal nature under the Company's control.

## OPPORTUNITIES

- Positive impact of social programmes implemented in Poland, which may increase the propensity to purchase clothes of persons benefiting from the programmes or a rise in the minimum wage.
- Expansion in new markets (especially Southern Europe).
- Development of mobile apps in all brands.
- 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 US\$ with a positive impact on gross sales margins.
- Control of operating costs (SG&A).

## THREATS AND RISKS

- Geopolitical instability and potential disruptions to the supply chain resulting from the situation in East Asia.
- Lack of recovery in the economy and consumption and the resulting impact on the behaviour of customers.
- Rise in the minimum wage in Poland adversely affecting the Group's operating costs.
- Increasing competition in the value-for-money segment.

## TARGETS

- Considering the aforementioned risks and opportunities, the Group's revenue plans for the financial year 2024 assume a possibility of generating ca PLN 21 billion of sales, with a YoY growth in the traditional sales segment (due to the increase in floorspace and positive LFLs) and a growth in the online channel. The Company anticipates a 25% YoY increase in floorspace, prioritising the development of Sinsay brand stores.
- In the 2024 financial year, the Group expects a gross sales margin in the range of 52-53%.
- At the same time, the Company assumes maintaining cost efficiency (the operating costs/sales ratio below 40%).
- Capital expenditure at a level of PLN 1.5 billion, including PLN 1.2 billion for stores is also planned.
- In addition, the Company wants to maintain a safe debt level and there are no plans to roll over bonds.
- In implementing its plans for 2024, the Group is strengthened by the good outlook for the second quarter, resulting from the positive response to the summer collection by customers and the YoY sales growth of 19% in constant currency, from 1 May 2024 to 10 June 2024, as well as the implementation of the planned store openings in the second quarter.





# 02

## CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS



# Introduction

We hereby approve the consolidated condensed interim financial statements of the LPP SA Group for the 3-month period from 1 February to 30 April 2024, comprising the consolidated condensed interim statement of comprehensive income recognising the total comprehensive income of PLN 267 million, the consolidated condensed interim statement of financial position recognising the total assets as well as liabilities and equity in the amount of PLN 14,859 million, the consolidated condensed interim statement of cash flows recognising an decrease in net cash by PLN 370 million, the consolidated condensed interim statement of changes in equity, recognising an increase in equity by PLN 269 million, as well as notes containing the description of the material accounting principles and other supplementary information.

GDAŃSK, 12 JUNE 2024

## MANAGEMENT BOARD OF LPP SA:

**MAREK PIECHOCKI**

**President of the Management Board**

**PRZEMYSŁAW LUTKIEWICZ**

**Management Board Member**

**SŁAWOMIR ŁOBODA**

**Management Board Member**

**MARCIN PIECHOCKI**

**Management Board Member**

**MIKOŁAJ WEZDECKI**

**Management Board Member**



## SELECTED CONSOLIDATED INTERIM FINANCIAL DATA

for 3 months ended 30 April 2024

Selected consolidated financial data	PLN m		EUR m	
	Cumulatively			
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Revenues	4,306	3,639	998	781
Operating profit (loss)	411	231	95	50
Pre-tax profit	382	145	89	31
Net profit (loss) attributable to shareholders of the dominating entity	276	110	64	24
Weighted average number of shares	1,855,190	1,854,241	1,855,190	1,854,241
Profit (loss) per share (in PLN)	148.77	59.32	34.49	12.73
Net cash flows from operating activities	829	1,144	192	245
Net cash flows from investing activities	-508	-238	-118	-51
Net cash flows from financing activities	-691	-632	-160	-136
Total net cash flows	-370	274	-86	59

Selected consolidated financial data	PLN m		EUR m	
	As at			
	30.04.2024	31.01.2024	30.04.2024	31.01.2024
Total assets	14,859	13,802	3,439	3,178
Long-term liabilities	3,614	3,431	836	790
Short-term liabilities	6,259	5,654	1,448	1,302
Equity	4,986	4,717	1,154	1,086
Share capital	4	4	1	1
Weighted average number of shares	1,855,190	1,855,190	1,855,190	1,855,190
Book value per share (in PLN)	2,687.60	2,542.60	621.94	585.39
Declared or paid dividend per share (in PLN)	610.00	430.00	141.16	99.00



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for 3 months ended 30 April 2024

Statement of comprehensive income (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
<b>Continuing operations</b>		
Revenues	4,306	3,639
Cost of goods sold	2,063	1,833
<b>Gross profit (loss) on sales</b>	<b>2,243</b>	<b>1,806</b>
Costs of stores and distribution	1,523	1,309
Overheads	300	238
Other operating income	22	14
Other operating costs	31	42
<b>Operating profit (loss)</b>	<b>411</b>	<b>231</b>
Financial income	33	14
Financial costs	62	100
<b>Pre-tax profit</b>	<b>382</b>	<b>145</b>
Income tax	105	33
<b>Total net profit (loss)</b>	<b>277</b>	<b>112</b>
<b>Net profit attributable to:</b>		
Shareholders of the dominating entity	276	110
Non-controlling interests	1	2
<b>Other comprehensive income</b>		
<b>Items transferred to profit or loss</b>		
Currency translation on foreign operations	-10	-21
<b>Total comprehensive income</b>	<b>267</b>	<b>91</b>
<b>Attributed to:</b>		
Shareholders of the parent company	266	89
Non-controlling interests	1	2

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 April 2024

Statement of financial position (PLN m)	As at:			Statement of financial position (PLN m)	As at:		
	30.04.2024	31.01.2024	30.04.2023		30.04.2024	31.01.2024	30.04.2023
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>	<b>8,325</b>	<b>7,973</b>	<b>7,493</b>	<b>Equity</b>	<b>4,986</b>	<b>4,717</b>	<b>4,076</b>
1. Tangible fixed assets	3,736	3,643	3,425	1. Share capital	4	4	4
2. Right of use assets	3,497	3,245	2,927	2. Share premium	364	364	364
3. Intangible assets	280	272	202	3. Other reserves	2,468	2,466	2,721
4. Goodwill	183	183	183	4. Currency translation on foreign operations	-43	-33	37
5. Trade mark	77	77	78	5. Retained earnings	2,189	1,913	950
6. Long-term receivables	248	229	299	6. Non-controlling interest	4	3	0
7. Deferred tax assets	289	306	365	<b>Long-term liabilities</b>	<b>3,614</b>	<b>3,431</b>	<b>3,664</b>
8. Pre-payments	6	9	6	1. Bank loans and borrowings	478	490	527
9. Other financial assets	9	9	9	2. Lease liabilities	3,094	2,892	2,718
<b>Current assets</b>	<b>6,534</b>	<b>5,829</b>	<b>5,841</b>	3. Bonds	0	0	311
1. Inventory	3,189	3,040	3,328	4. Employee benefits	3	2	2
2. Trade receivables	903	810	886	5. Deferred tax liabilities	0	2	3
3. Receivables from income tax	26	36	13	6. Accruals	39	45	104
4. Short-term receivables	96	90	50	<b>Short-term liabilities</b>	<b>6,259</b>	<b>5,654</b>	<b>5,594</b>
5. Other non-financial assets	63	66	46	1. Trade and other liabilities	4,601	4,185	3,892
6. Pre-payments	68	82	69	2. Contract liabilities	24	29	22
7. Other financial assets	664	68	152	3. Customer refund liabilities	117	85	85
8. Deposits and mutual funds	823	561	553	4. Bank loans and borrowings	191	49	458
9. Cash and cash equivalents	702	1,076	745	5. Lease liabilities	1,063	1,015	921
<b>TOTAL Assets</b>	<b>14,859</b>	<b>13,802</b>	<b>13,334</b>	6. Employee benefits	168	181	51
				7. Income tax liabilities	50	53	128
				8. Provisions	11	6	6
				9. Accruals	34	51	30
				<b>TOTAL equity and liabilities</b>	<b>14,859</b>	<b>13,802</b>	<b>13,334</b>



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

for 3 months ended 30 April 2024

Statement of cash flows (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
<b>A. Cash flows from operating activities - indirect method</b>		
I. Pre-tax profit (loss)	382	145
II. Total adjustments	447	999
1. Amortisation and depreciation	384	320
2. Foreign exchange (gains) losses	2	-9
3. Interest and dividends	60	51
4. (Profit) loss on investing activities	7	3
5. Income tax paid	-83	-81
6. Change in provisions and employee benefits	-14	-11
7. Change in inventory	-158	-2
8. Change in receivables and other assets	-208	-62
9. Change in short-term liabilities, excluding bank loans and borrowings	462	791
10. Change in prepayments and accruals	-6	-2
11. Other adjustments	1	1
<b>III. Net cash flows from operating activities</b>	<b>829</b>	<b>1,144</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	30	34
1. Disposal of intangible and fixed assets	30	33
2. Repayment of loans	0	1
3. Other investing inflows (investment funds)	0	0
II. Outflows	538	272
1. Purchase of intangible assets and fixed assets	286	272
2. Other investing outflows	252	0
<b>III. Net cash flows from investing activities</b>	<b>-508</b>	<b>-238</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	142	0
1. Bank loans and borrowings	142	0
II. Outflows	833	632
1. Dividends and other payments to owners	529	0
2. Repayment of bank loans and borrowings	12	366
3. Financial lease liabilities paid	249	218
4. Interest	43	48
<b>III. Net cash flows from financing activities</b>	<b>-691</b>	<b>-632</b>
<b>D. Total net cash flows from continuing operations</b>	<b>-370</b>	<b>274</b>
<b>E. Total net cash flows</b>	<b>-370</b>	<b>274</b>
<b>F. Balance sheet change in cash, including:</b>	<b>-374</b>	<b>280</b>
- change in cash due to currency translation	-4	6
<b>G. Opening balance of cash</b>	<b>1,000</b>	<b>390</b>
<b>H. Closing balance of cash</b>	<b>630</b>	<b>664</b>

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for 3 months ended 30 April 2024

Statement of changes in equity (PLN m)	Share capital	Share premium	Other reserves	Currency translation on foreign operations	Retained earnings	Equity attributable to the parent company	Non-controlling interests	TOTAL equity
<b>As at 1 February 2024</b>	<b>4</b>	<b>364</b>	<b>2,466</b>	<b>-33</b>	<b>1,913</b>	<b>4,714</b>	<b>3</b>	<b>4,717</b>
Remuneration paid in shares	0	0	2	0	0	2	0	2
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
Net profit for 1Q 2024	0	0	0	0	276	276	1	277
Currency translation on foreign operations	0	0	0	-10	0	-10	0	-10
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>276</b>	<b>266</b>	<b>1</b>	<b>267</b>
<b>As at 30 April 2024</b>	<b>4</b>	<b>364</b>	<b>2,468</b>	<b>-43</b>	<b>2,189</b>	<b>4,982</b>	<b>4</b>	<b>4,986</b>
<b>As at 1 February 2023</b>	<b>4</b>	<b>364</b>	<b>2,720</b>	<b>58</b>	<b>840</b>	<b>3,986</b>	<b>-2</b>	<b>3,984</b>
Remuneration paid in shares	0	0	1	0	0	1	0	1
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
Net profit for 1Q 2023	0	0	0	0	110	110	2	112
Currency translation on foreign operations	0	0	0	-21	0	-21	0	-21
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21</b>	<b>110</b>	<b>89</b>	<b>2</b>	<b>91</b>
<b>As at 30 April 2023</b>	<b>4</b>	<b>364</b>	<b>2,721</b>	<b>37</b>	<b>950</b>	<b>4,076</b>	<b>0</b>	<b>4,076</b>



# 03

## SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Basis for preparation of the consolidated condensed interim financial statements and information on changes in key accounting principles and notes



## 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 2024 approved for publication on 26 March 2024.

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

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: 30.04.2024 - PLN/EUR 4.3213 and 31.01.2024 - PLN/EUR 4.3434,
- 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: 01.02-30.04.2024 - PLN/EUR 4.3137, 01.02.-31.03.2023 - PLN/EUR 4.6605.

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

## 2. CHANGES IN ESTIMATES AND ASSUMPTIONS

In the current period, no change in the approach to estimates or assumptions took place compared to those adopted and disclosed in the separate financial statements for the financial year ended 31 January 2024, approved on 26 March 2024.

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

In the consolidated condensed interim financial statements, no change in accounting principles or adjustment of errors occurred.

## 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 clearance sales and seasonality on margins of individual calendar quarters.



## 5. OPERATING SEGMENTS

Revenues and financial results regarding geographical segments for the period from 1 February to 30 April 2024 and for a comparable period are presented in the tables below.

The geographical areas indicated below comprise individual countries where revenue and other results were generated for the LPP SA Group. The breakdown of countries is as follows:

Poland	Western Europe	Central and Eastern Europe	Southern and Eastern Europe	Countries of the Baltic Sea region	Other
 Poland	 Germany,  Italy,  Finland,  United Kingdom	 Czech Republic,  Slovakia,  Hungary	 Romania,  Bulgaria,  Greece,  Macedonia,  Serbia,  Bosnia,  Croatia,  Slovenia	 Lithuania,  Latvia,  Estonia	 Ukraine,  Kazakhstan,  Belarus, trade agents and franchise sale

01.02.2024-30.04.2024 (PLN m)	Poland	Western Europe	Central and Eastern Europe	Southern and Eastern Europe	Countries of the Baltic Sea region	Other	Total
Sales revenue	1,891	231	502	879	163	640	4,306
<b>Operating profit (loss)</b>	<b>259</b>	<b>-22</b>	<b>9</b>	<b>112</b>	<b>13</b>	<b>40</b>	<b>411</b>
<b>Profit before tax</b>							<b>382</b>
Income tax							105
<b>Net profit (loss)</b>							<b>277</b>

01.02.2023-30.04.2023 (PLN m)	Poland	Western Europe	Central and Eastern Europe	Southern and Eastern Europe	Countries of the Baltic Sea region	Other	Total
Sales revenue	1,526	176	472	692	171	602	3,639
<b>Operating profit (loss)</b>	<b>125</b>	<b>1</b>	<b>25</b>	<b>15</b>	<b>12</b>	<b>53</b>	<b>231</b>
<b>Profit before tax</b>							<b>145</b>
Income tax							33
<b>Net profit (loss)</b>							<b>112</b>

## 6. 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.

Under the agreement for the sale of Re Trading company, the parties anticipated a transitional period during which LPP SA undertook to support the investor, among others, in processes such as the purchase of goods. The sale of goods which related to the aforementioned support was disclosed in the item and column Other and amounted to PLN 232 million in 1Q 2024 and PLN 284 million in the comparable period.

Revenue from contracts with customers for the period from 01.02.2024 to 30.04.2024 (PLN m)	Poland	Western Europe	Central and Eastern Europe	Southern and Eastern Europe	Countries of the Baltic Sea region	Other	Total
<b>Type of sales</b>							
online	540	116	145	222	38	96	1,157
offline	1,351	114	356	657	125	545	3,149
<b>Total</b>	<b>1,891</b>	<b>231</b>	<b>502</b>	<b>879</b>	<b>163</b>	<b>640</b>	<b>4,306</b>
<b>Brand</b>							
Sinsay	878	48	243	608	74	251	2,103
Reserved	532	169	145	152	53	88	1,138
Cropp	134	5	29	38	15	33	254
House	156	2	28	27	8	27	249
Mohito	176	7	57	54	14	9	316
Other	15	0	0	0	0	232	247
<b>Total</b>	<b>1,891</b>	<b>231</b>	<b>502</b>	<b>879</b>	<b>163</b>	<b>640</b>	<b>4,306</b>

Revenue from contracts with customers for the period from 01.02.2023 to 30.04.2023 (PLN m)	Poland	Western Europe	Central and Eastern Europe	Southern and Eastern Europe	Countries of the Baltic Sea region	Other	Total
<b>Type of sales</b>							
online	407	80	137	194	42	78	938
offline	1,120	96	335	498	129	524	2,701
<b>Total</b>	<b>1,526</b>	<b>176</b>	<b>472</b>	<b>692</b>	<b>171</b>	<b>602</b>	<b>3,639</b>
<b>Brand</b>							
Sinsay	517	18	194	417	62	157	1,365
Reserved	561	144	168	160	68	90	1,192
Cropp	128	4	30	39	18	32	251
House	123	2	26	27	10	26	212
Mohito	170	7	55	49	14	12	309
Other	28	0	0	0	0	284	312
<b>Total</b>	<b>1,526</b>	<b>176</b>	<b>472</b>	<b>692</b>	<b>171</b>	<b>602</b>	<b>3,639</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. Trade receivables include wholesale settlements and receivables from trade agents. Trade receivables from trade agents as at 30 April 2024 amounted to PLN 721 million (30 April 2023: PLN 755 million).

As at the balance sheet date, the Group recognises the discounted value of receivables after the divestiture of the Russian company in the amount of PLN 344 million. This value was presented in the Statement of financial position in the item Long-term receivables in the amount of PLN 248 million and in the item Short-term receivables in the amount of PLN 96 million. In accordance with the contract, the date of pay-

Revaluation write-offs on receivables (PLN m)	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Opening balance	78	51
Write-offs created in the period	10	22
Write-offs reversed in the period	19	3
<b>Closing balance</b>	<b>69</b>	<b>70</b>

ment for the divestment of the company was deferred in agreed proportions maximum to 2026. This receivable was increased in the current quarter by the amount of PLN 22 million, recognised in financial income, resulting from the revaluation of the receivable and a reduction in the discount due to the lapse of time and the shortening of the period anticipated until the final repayment of the receivable.

## WRITE-OFFS

During the 3-month period ended 30 April 2024, the Group recognised changes in write-offs on trade receivables in relation to all receivables or assets due to consumer contracts.

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

## 7. OTHER OPERATING INCOME AND COSTS

Other operating income (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Profit on disposal of non-financial tangible fixed assets	0	0
Subsidies	0	0
Other operating income, including:	22	14
- gain on disposal of contracts under IFRS16	1	8
- compensations	4	2
- revaluation write-offs on non-current assets net	1	0
- revaluation write-offs on receivables net	9	0
<b>Total</b>	<b>22</b>	<b>14</b>

Other operating costs (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Loss on disposal of non-financial tangible fixed assets	0	0
Revaluation of non-financial assets, including:	0	19
- revaluation write-offs on non-current assets net	0	0
- revaluation write-offs on receivables net	0	19
Other operating costs, including:	31	23
- losses in current and non-current assets	24	18
- donations	3	2
<b>Total</b>	<b>31</b>	<b>42</b>

In other operating costs, the most significant values comprise losses on current and non-current assets in the amount of PLN 24 million, mainly inventory shortages in stores and ware-

houses and liquidation of impaired goods (in the 3-month period ended 30 April 2023: PLN 18 m).

## 8. FINANCIAL INCOME AND COSTS

Financial income (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Interest	2	2
Revaluation of units in funds	9	5
Dividends	0	0
Other financial income, including:	22	7
- currency translation balance	0	0
- discount	22	7
<b>Total</b>	<b>33</b>	<b>14</b>

Under financial income, the LPP SA Group recognises a discount item of PLN 22 million in connection with the revaluation of receivables due to the disposal of shares in Re Trading OOO.

Financial costs (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Interest expenses - bank loans	10	26
Interest expenses - bonds	4	4
Interest expenses - state budget and other	0	2
Interest expenses - lease liabilities	32	24
Bank commission	2	1
Other financial costs, including:	14	43
- currency translation balance	14	43
<b>Total</b>	<b>62</b>	<b>100</b>

## 9. INCOME TAX

The main components of the Group's income tax liability for the period from 1 February 2024 to 30 April 2024 and for a comparative period are presented in the table below.

Income tax (PLN m)	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Current income tax	92	49
Deferred income tax	13	-16
<b>Total</b>	<b>105</b>	<b>33</b>

## 10. TANGIBLE FIXED ASSETS

### PURCHASE AND SALE

In the 3-month period ended 30 April 2024, the Group purchased tangible fixed assets worth PLN 253 million (in the 3-month period ended 30 April 2023: PLN 248 m). 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 3-month period ended 30 April 2024, the Company sold tangible fixed assets with the net value of PLN 0.2 million (in the 3-month period ended 30 April 2023: PLN 0.3 m).

### WRITE-OFFS

In the 3-month period ended 30 April 2024, the Group did not recognise write-offs on tangible fixed assets (in the 3-month period ended 30 April 2023: PLN 0.2 m). At the same time, in the current period, the reversal of the write-off in the amount of PLN 1 million took place (in the 3-month period ended 30 April 2023: no reversal of write-offs). In the statement of comprehensive income, the surplus of reversal of write-offs over their creation is recognised in Other operating income, in the amount of PLN 1 million (in the 3-month period ended 30 April 2023: PLN 0).



## 11. INVENTORY

In accordance with the principles adopted in the Group, revaluation write-offs on inventories are recognised twice a year. In 1Q, the Group has not applied any revaluation write-offs.

Inventory (PLN m)	30.04.2024	31.01.2024
Materials	14	14
Goods	3,124	2,979
Right of return assets	51	47
<b>Total</b>	<b>3,189</b>	<b>3,040</b>

## 12. DEPOSITS AND MUTUAL FUNDS

Deposits and mutual funds (PLN m)	30.04.2024	31.01.2024
Participation units in funds	823	561
Security deposits	0	0
<b>Total</b>	<b>823</b>	<b>561</b>

During the reporting period, the Group purchased participation units in money market funds in the amount of PLN 252 million. The above value is recognised in the Cash flow statement under investing activities as other

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

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

## 13. OTHER FINANCIAL ASSETS

Other financial assets (PLN m)	30.04.2024	31.01.2024
<b>Fixed assets</b>		
Other receivables	9	9
<b>Other long-term financial assets</b>	<b>9</b>	<b>9</b>
<b>Current Assets</b>		
Advances paid for dividend	529	0
Other receivables	5	2
Receivables from payment card operators	103	63
Originated loans	3	3
Forward contract measurement	24	0
<b>Other short-term financial assets</b>	<b>664</b>	<b>68</b>
<b>Total</b>	<b>673</b>	<b>77</b>

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

As at the balance sheet date, the Group recognises an item Dividend significant in terms of value in the amount of PLN 529 million. This amount results from the decision of the Supervisory Board of LPP SA, which on 31 January 2024 approved the payment of an advance dividend for the year ended 31 January 2024. The value disclosed in the table above accurately reflects the advance payment of this dividend. Receivables from payment card operators in the amount of PLN 103 million represent the next significant value disclosed above. Such a considerable growth compared to the end of January 2024 is due to the significant increase in the number of stores

in the Group as well as a rise in offline and online sales with the use of payment cards.

## 14. BANK LOANS AND TRADE LIABILITIES

The LPP Group has facilities in 6 banks, which are used for bank guarantees, letters of credit for trade finance or as working capital loans. As at 30 April 2024, the total amount of facilities granted amounted to PLN 2.3 billion.

The Group also has debt due to investment loans contracted for the construction and expansion of logistics centres and the head office in Gdańsk. The total amount of investment loans at the end of 1Q 2024 was PLN 526 million.

Furthermore, LPP SA has five-year bonds issued in 2019 in the amount of 300 thousand pcs with the total historical value of PLN 300 million. As at the balance sheet date, their value amounted to PLN 315 million.

The Group's liabilities (including trade liabilities) as at the balance sheet date of 30 April 2024 amounted to PLN 4.6 billion and increased by ca 10% compared to 31 January 2024.

The Group also uses the supplier financing schemes, i.e. reverse factoring offered by the following banks: HSBC Polska SA, Santander Polska SA, Bank Pekao SA, PKO BP SA and BNP Paribas, under which, after presenting a purchase invoice, the bank factor pay liabilities owed to the suppliers in line with a previously agreed time schedule. As at 30 April 2024, the Group's total trade liabilities held on this account amounted to PLN 2.6 billion (the total limit of PLN 4.3 billion).

## 15. DIVIDENDS PAID AND OFFERED FOR PAYMENT

On 10 May 2024, the Supervisory Board, based on the motion of the Management Board of LPP SA, adopted a resolution to recommend to the General Meeting of Shareholders of LPP SA to allocate funds for the distribution to shareholders for the financial year ended 31 January 2024 under the following conditions:

- dividend payment of PLN 610 per share (including advance payment of PLN 285 and dividend of PLN 325 per share);

- setting the dividend record date at 11 October 2024;
- setting the dividend payment date at 30 October 2024.

The amount of the dividend paid (PLN 610) per share will be reduced by the amount of the dividend advance (PLN 285) previously paid in accordance with the decision of the Supervisory Board of 31 January 2024. The advance payment of PLN 529 million was paid on 30 April 2024 based on the list of shareholders determined on 23 April 2024.

In the previous year, on 30 June 2023, by resolution no 19, the GM 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 798 million. The dividend record date was set for 10 July 2023, whereas the payment was made in two instalments: on 14 July 2023 and on 10 October 2023. The dividend per share amounted to PLN 430.00.

## 16. CONTINGENT LIABILITIES AND ASSETS

In 1Q 2024, the LPP Group companies used bank guarantees to secure rental payments for the leased floorspace for brand stores, offices and a warehouse.

As at 30 April 2024, the total value of bank guarantees issued at the request and under the responsibility of LPP amounted to PLN 331 million, of which:

- the value of guarantees issued to secure agreements concluded by LPP SA amounted to PLN 94 million;
- the value of guarantees issued to secure agreements concluded by consolidated affiliates amounted to PLN 220 million;
- the value of guarantees issued to secure agreements for the lease of warehouse and office space concluded by LPP SA amounted to PLN 17 million.

In the period from February to April 2024, the Company also received guarantees. These guarantees served as collateral for payments from a contracting party. As at 30 April 2024, their value amounted to PLN 17 million. As at 30 April 2024, the value of sureties granted by LPP SA amounted to PLN 201 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 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. RELATED PARTY TRANSACTIONS

The Group's related parties include:

- key management officers of the LPP 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 2024 to 30 April 2024, short-term benefits of members of the Parent Company Management Board amounted to PLN 1.4 million.

From 1 February 2024 to 30 April 2024, the value of short-term benefits of members of the Parent Company Supervisory Board amounted to PLN 37 thousand.

## 18. LITIGATION

In 1Q 2024, no material proceedings before a court, a competent authority for arbitration proceedings or a public administration authority were pending concerning the liabilities or receivables of LPP or a subsidiary. No significant settlements on account of litigation took place in the reporting period.

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 ef-



fort 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.

In addition, we inform that the Issuer submitted a notification on the suspicion of committing an offence by persons related to Hindenburg Research LLC consisting in disseminating in the Report of 15 March 2024 information that was untrue or presented in a misleading context, resulting in investors' actions leading to a decrease in the price of the Company shares, i.e. an act under Article 183(1) of the Act on Trading in Financial Instruments in conjunction with Articles 15 and 12(1)(c) of MAR.

## **19. DISCONTINUED OPERATIONS**

No discontinued operations took place in the current period.

## **20. SUPPLEMENTARY INFORMATION**

In the reporting period, no issue, redemption or repayment of debt and equity securities took place.

## **21. EVENTS AFTER THE BALANCE SHEET DAY**

Until the date of publication of the attached financial statements, no events requiring additional disclosures, other than those referred to in the report occurred after the balance sheet date.

# 04

## SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS



# Introduction

---

We hereby approve the separate condensed interim financial statements of LPP SA for the 3-month period from 1 February to 30 April 2024, comprising the separate condensed interim statement of comprehensive income recognising the total comprehensive income of PLN 347 million, the separate condensed interim statement of financial position recognising the total assets as well as liabilities and equity in the amount of PLN 11,841 million, the separate condensed interim statement of cash flows recognising an decrease in net cash by PLN 479 million, the separate condensed interim statement of changes in equity, recognising a increase in equity by PLN 349 million, as well as supplementary information.

GDAŃSK, 12 JUNE 2024

## **MANAGEMENT BOARD OF LPP SA:**

**MAREK PIECHOCKI**

**President of the Management Board**

**PRZEMYSŁAW LUTKIEWICZ**

**Management Board Member**

**SŁAWOMIR ŁOBODA**

**Management Board Member**

**MARCIN PIECHOCKI**

**Management Board Member**

**MIKOŁAJ WEZDECKI**

**Management Board Member**





## SELECTED SEPARATE CONDENSED INTERIM FINANCIAL DATA

for 3 months ended 30 April 2024

Selected separate financial data	PLN m		EUR m	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
Revenues	3,662	3,109	849	667
Operating profit (loss)	397	281	92	60
Pre-tax profit	429	225	99	48
Net profit (loss)	347	183	80	39
Weighted average number of shares	1,855,190	1,854,241	1,855,190	1,854,241
Profit (loss) per share (in PLN)	187.04	98.69	43.36	21.18
Net cash flows from operating activities	386	797	89	171
Net cash flows from investing activities	-378	-117	-88	-25
Net cash flows from financing activities	-487	-482	-113	-103
Total net cash flows	-479	198	-111	42

Selected separate financial data	PLN m		EUR m	
	As at			
	30.04.2024	31.01.2024	30.04.2024	31.01.2024
Total assets	11,841	11,029	2,740	2,539
Long-term liabilities	1,545	1,514	358	349
Short-term liabilities	5,157	4,725	1,193	1,088
Equity	5,139	4,790	1,189	1,103
Share capital	4	4	1	1
Weighted average number of shares	1,855,190	1,855,190	1,855,190	1,855,190
Book value per share (in PLN)	2,770.12	2,581.95	641.04	594.45
Declared or paid dividend per share (in PLN)	610.00	430.00	141.16	99.00

## SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for 3 months ended 30 April 2024

Statement of comprehensive income (PLN m)	1Q	
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023
<b>Continuing operations</b>		
Revenues	3,662	3,109
Cost of goods sold	2,140	1,874
<b>Gross profit (loss) on sales</b>	<b>1,522</b>	<b>1,235</b>
Costs of stores and distribution	923	770
Overheads	193	161
Other operating income	13	8
Other operating costs	22	31
<b>Operating profit (loss)</b>	<b>397</b>	<b>281</b>
Financial income	55	18
Financial costs	23	74
<b>Pre-tax profit</b>	<b>429</b>	<b>225</b>
Income tax	82	42
<b>Net profit (loss)</b>	<b>347</b>	<b>183</b>
Other comprehensive income		
<b>Total comprehensive income</b>	<b>347</b>	<b>183</b>
Weighted average number of shares	1,855,190	1,854,241
Diluted number of shares	1,856,450	1,855,052
<b>Net profit (loss) from continuing operations amount per share (in PLN)</b>	<b>187.04</b>	<b>98.69</b>
<b>Diluted net profit (loss) from continuing operations per share (in PLN)</b>	<b>186.92</b>	<b>98.65</b>



## SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 April 2024

Statement of financial position (PLN m)	As at			Statement of financial position (PLN m)	As at		
	30.04.2024	31.01.2024	30.04.2023		30.04.2024	31.01.2024	30.04.2023
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>	<b>5,518</b>	<b>5,410</b>	<b>5,430</b>	<b>Equity</b>	<b>5,139</b>	<b>4,790</b>	<b>4,137</b>
1. Tangible fixed assets	1,241	1,212	1,106	1. Share capital	4	4	4
2. Right of use assets	1,124	1,094	1,087	2. Share premium	364	364	364
3. Intangible assets	260	248	177	3. Other reserves	2,462	2,460	2,716
4. Goodwill	180	180	180	4. Retained earnings	2,309	1,962	1,053
5. Trade mark	77	77	77	<b>Long-term liabilities</b>	<b>1,545</b>	<b>1,514</b>	<b>2,048</b>
6. Investments in subsidiaries	1,712	1,704	1,832	1. Bank loans and borrowings	546	524	653
7. Long-term receivables	248	229	299	2. Lease liabilities	983	973	1,066
8. Deferred tax assets	148	160	174	3. Bonds	0	0	311
9. Pre-payments	4	4	5	4. Employee benefits	1	1	1
10. Other financial assets	524	502	493	5. Accruals	15	16	17
<b>Current assets</b>	<b>6,323</b>	<b>5,619</b>	<b>5,620</b>	<b>Short-term liabilities</b>	<b>5,157</b>	<b>4,725</b>	<b>4,865</b>
1. Inventory	2,483	2,452	2,670	1. Trade and other liabilities	4,449	4,144	3,844
2. Trade receivables	1,984	1,664	1,741	2. Contract liabilities	19	22	17
3. Short-term receivables	96	90	50	3. Refund liabilities	69	52	50
4. Receivables from income tax	13	26	0	4. Bank loans and borrowings	173	32	451
5. Other non-financial assets	3	4	1	5. Lease liabilities	403	393	373
6. Pre-payments	31	35	29	6. Employee benefits	24	46	14
7. Other financial assets	620	36	94	7. Income tax liabilities	0	0	103
8. Deposits and mutual funds	823	561	553	8. Accruals	20	36	13
9. Cash and cash equivalents	270	751	482	<b>TOTAL equity and liabilities</b>	<b>11,841</b>	<b>11,029</b>	<b>11,050</b>
<b>TOTAL Assets</b>	<b>11,841</b>	<b>11,029</b>	<b>11,050</b>				

## SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

for 3 months ended 30 April 2024

Statement of cash flows (PLN m)	1Q			
	01.02.2024 - 30.04.2024	01.02.2023 - 30.04.2023		
<b>A. Cash flows from operating activities - indirect method</b>				
I. Pre-tax profit (loss)	429	225		
II. Total adjustments	-43	572		
1. Amortisation and depreciation	138	114		
2. Foreign exchange (gains) losses	3	-1		
3. Interest and dividends	13	26		
4. (Profit) loss on investing activities	7	1		
5. Income tax paid	-56	-63		
6. Change in provisions and employee benefits	-23	-13		
7. Change in inventory	-30	40		
8. Change in receivables and other assets	-423	-281		
9. Change in short-term liabilities, excluding bank loans and borrowings	341	750		
10. Change in prepayments and accruals	-14	-2		
11. Other adjustments	1	1		
<b>III. Net cash flows from operating activities</b>	<b>386</b>	<b>797</b>		
<b>B. Cash flows from investing activities</b>				
I. Inflows	25	46		
1. Disposal of intangible and fixed assets	13	18		
2. From financial assets, including:	12	28		
a) in associates	12	27		
- dividends	0	9		
- repayment of loans granted	10	16		
- interest	2	2		
b) in other entities	0	1		
- repayment of loans granted	0	1		
3. Other investing inflows	0	0		
II. Outflows	403	163		
1. Purchase of intangible and PPE assets	109	133		
2. For financial assets, including:	42	30		
a) in associates	42	30		
- purchase of shares	9	14		
- loans granted	33	16		
b) in other entities	0	0		
- loans granted	0	0		
3. Other investing outflows (investment funds)	252	0		
<b>III. Net cash flows from investing activities</b>	<b>-378</b>	<b>-117</b>		
<b>C. Cash flows from financing activities</b>				
I. Inflows	169	7		
1. Proceeds from issuance of shares	0	0		
2. Bank loans and borrowings	169	7		
II. Outflows	656	489		
1. Dividends and other payments to owners	529	0		
2. Repayment of bank loans and borrowings	7	366		
3. Lease liabilities paid	106	99		
4. Interest	14	24		
5. Other financial outflows	0	0		
<b>III. Net cash flows from financing activities</b>	<b>-487</b>	<b>-482</b>		
<b>D. Total net cash flows</b>	<b>-479</b>	<b>198</b>		
<b>E. Balance sheet change in cash, including:</b>	<b>-481</b>	<b>204</b>		
- change in cash due to currency translation	-2	6		
<b>F. Opening balance of cash</b>	<b>675</b>	<b>204</b>		
<b>G. Closing balance of cash</b>	<b>196</b>	<b>402</b>		



**SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

for 3 months ended 30 April 2024

Statement of changes in equity (PLN m)	Share capital	Share premium	Other reserves	Retained earnings	TOTAL equity
<b>As at 1 February 2024</b>	<b>4</b>	<b>364</b>	<b>2,460</b>	<b>1,962</b>	<b>4,790</b>
Remuneration paid in shares	0	0	2	0	2
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
Net profit for 1Q 2024	0	0	0	347	347
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>347</b>	<b>347</b>
<b>As at 30 April 2024</b>	<b>4</b>	<b>364</b>	<b>2,462</b>	<b>2,309</b>	<b>5,139</b>
<b>As at 1 February 2023</b>	<b>4</b>	<b>364</b>	<b>2,715</b>	<b>870</b>	<b>3,953</b>
Remuneration paid in shares	0	0	1	0	1
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
Net profit for 1Q 2023	0	0	0	183	183
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>183</b>	<b>183</b>
<b>As at 30 April 2023</b>	<b>4</b>	<b>364</b>	<b>2,716</b>	<b>1,053</b>	<b>4,137</b>

LPP



[WWW.LPP.COM](http://WWW.LPP.COM)

 [discoverlpp](https://www.facebook.com/discoverlpp)

 [company/lpp-sa](https://www.linkedin.com/company/lpp-sa)

 [discoverlpp](https://www.instagram.com/discoverlpp)

 [discoverlpp](https://www.youtube.com/discoverlpp)