



# 3Q24 RESULTS PRESENTATION

GDAŃSK, 12 DECEMBER 2024

RESERVED

CROPP

HOUSE

MOHITO

sinsay

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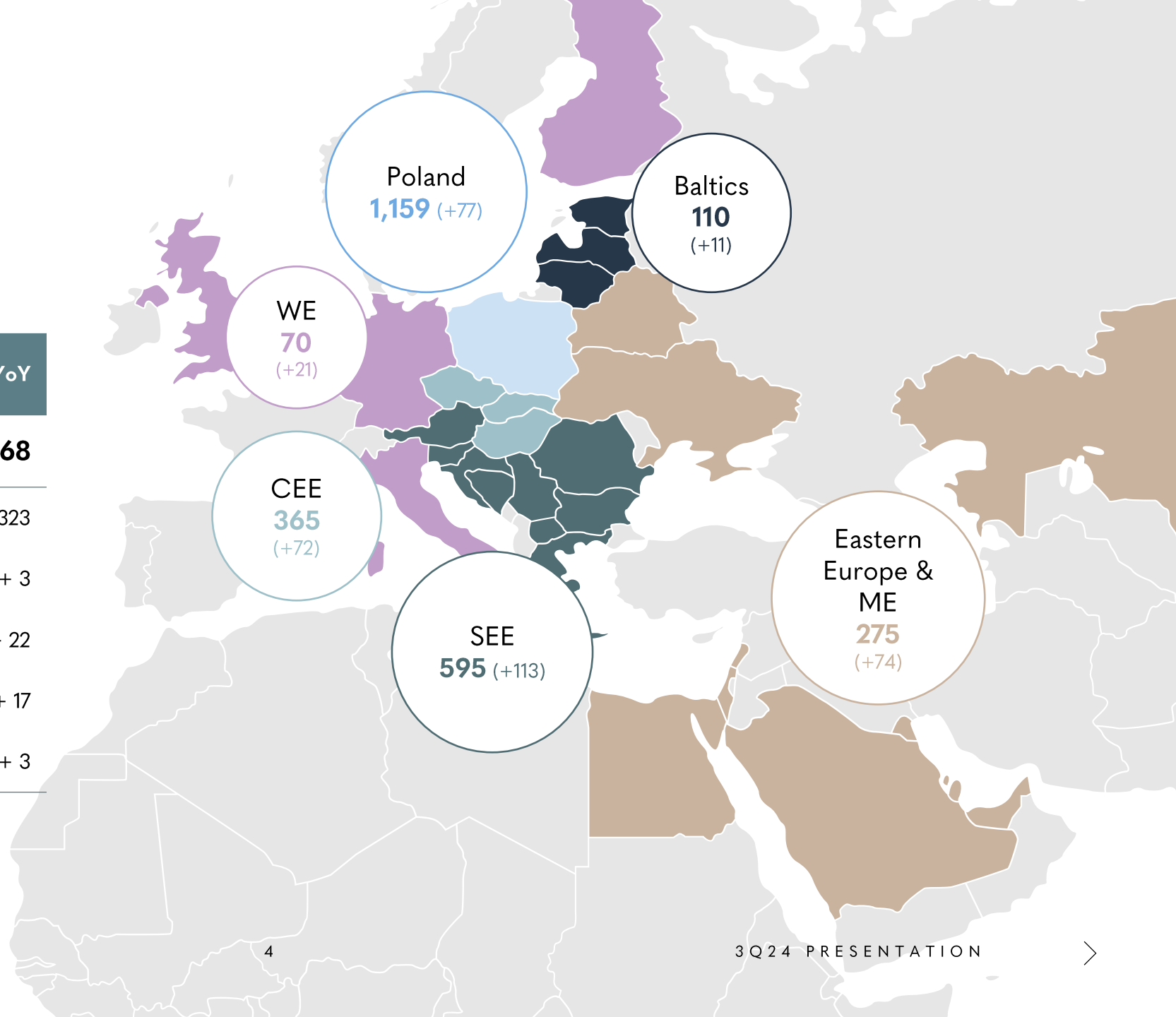
## SUMMARY 3Q24

- Very good response to the autumn collections by customers.
- PLN 5.2bn revenue in the third quarter, up by 19.8% YoY (+25,2% in constant currency).
- 135 new stores opened, including 105 dedicated to the Sinsay brand.
- Dividend payment reduced by the advance (PLN 285) in the amount of PLN 610 per share.
- Very good reception of autumn/winter collections. The Group's omnichannel sales from 1 November to 10 December 2024 increased by 22.4% YoY in constant currency.



# OVER 2,500 STORES

As at 31.10.2024	No. of stores	YoY
<b>LPP GROUP</b>	<b>2,574</b>	<b>+ 368</b>
Sinsay	1,230	+ 323
Reserved	365	+ 3
Cropp	374	+ 22
House	371	+ 17
Mohito	234	+ 3



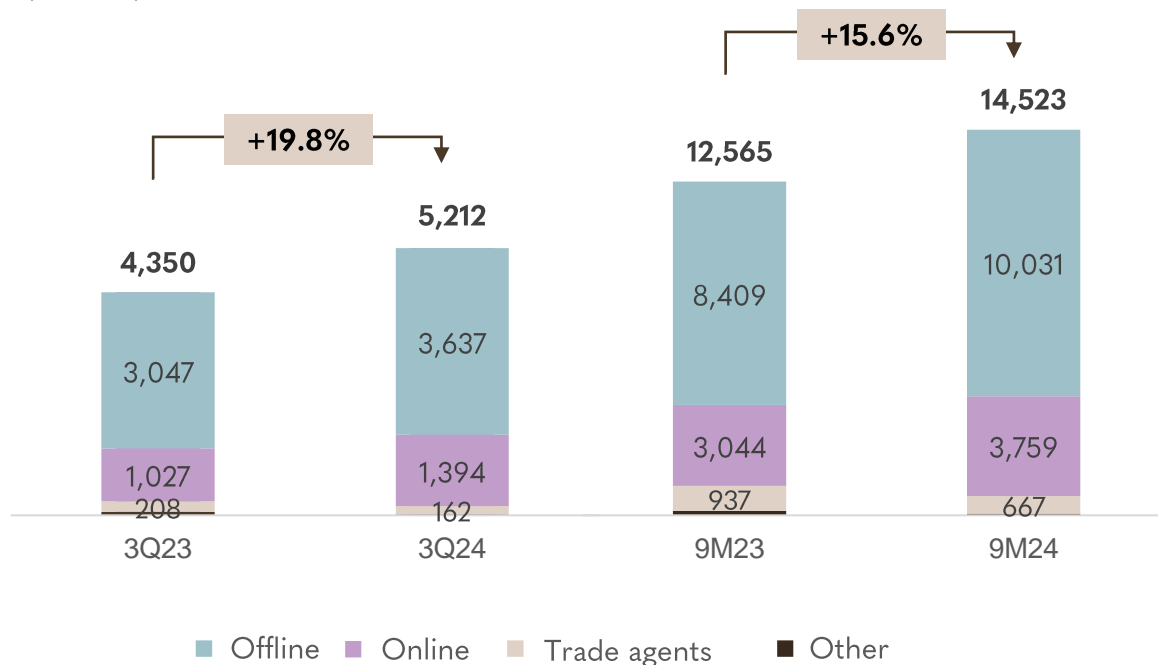
# 3Q24 FINANCIAL RESULTS



# HIGH DOUBLE-DIGIT GROWTH IN OFFLINE AND ONLINE SALES

## GROUP REVENUES

(PLN m)



- Growth in the Group's sales revenue in 3Q24 by 19.8% YoY. Growth of 25.2% YoY in constant currency.
- Growth in omnichannel sales in 3Q24 by 21.9% YoY, by 27.1% YoY in constant currency.
- In 3Q24, +19.4% YoY growth in offline sales due to 135 new store launches and positive LFLs in almost all brands.
- In 3Q24, +35.7% YoY growth in online sales driven by the development of mobile apps, a wider offer in online stores and higher YoY expenditure on performance marketing.

# DYNAMIC GROWTH OF FLOORSPACE

## OMNICHANNEL SALES AND FLOORSPACE BY REGION

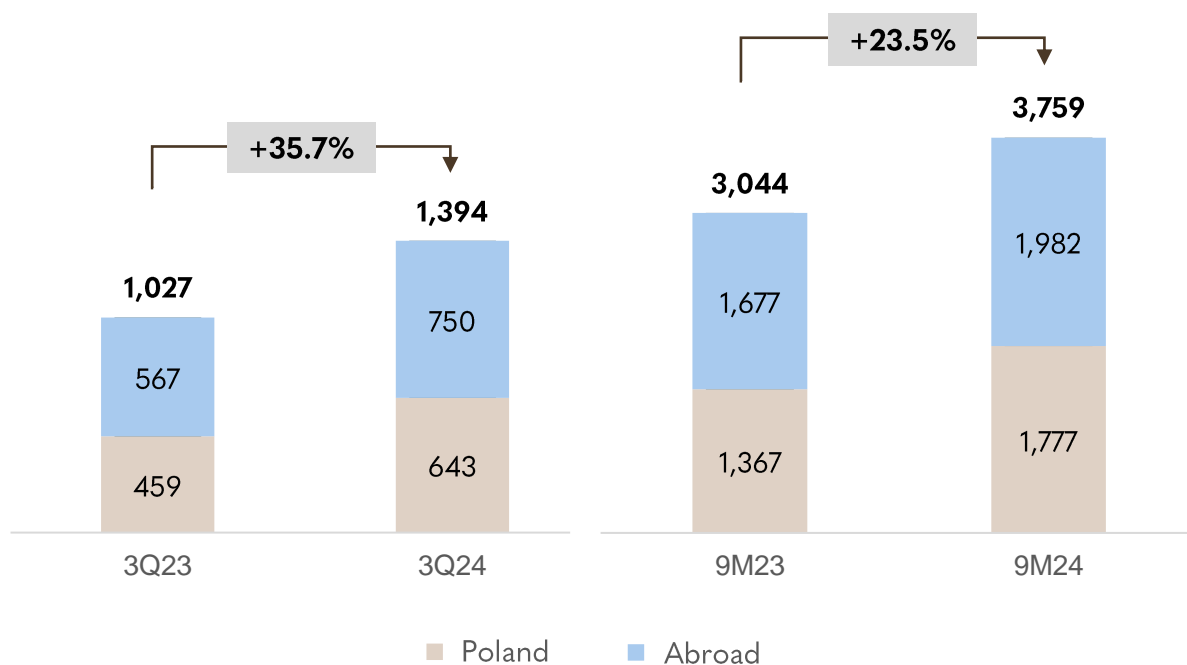
ths. m <sup>2</sup>   PLN m	FLOORSPACE		OMNICHANNEL SALES		
	3Q24	YoY	3Q24	YoY	Share [%]
<b>LPP GROUP</b>	<b>2,254.8</b>	<b>17.2%</b>	<b>5,050</b>	<b>21.9%</b>	<b>100%</b>
Poland	911.4	10.1%	2,208	18.3%	44%
Abroad	1,343.4	22.6%	2,843	24.9%	56%

- In 3Q24, omnichannel sales on foreign markets were higher than in Poland and accounted for 56.3% of the Group's omnichannel sales.
- Double-digit revenue growth in 3Q24, both in Poland (+18.3% YoY) and abroad (+24.9% YoY) due to successful collections, improved consumer sentiment and the dynamic development of the network.
- The highest revenues in 3Q24 outside Poland recorded, among others, in Romania, Czechia and Hungary.
- +10.1% YoY floorspace growth in Poland due to the Sinsay brand development in retail parks.
- Significantly higher floorspace growth outside the country (+22.6% YoY) due to dynamic growth mainly in Romania, Czechia and Hungary.

# VERY STRONG QUARTER IN E-COMMERCE SALES

## ONLINE BY REGION

(PLN m)

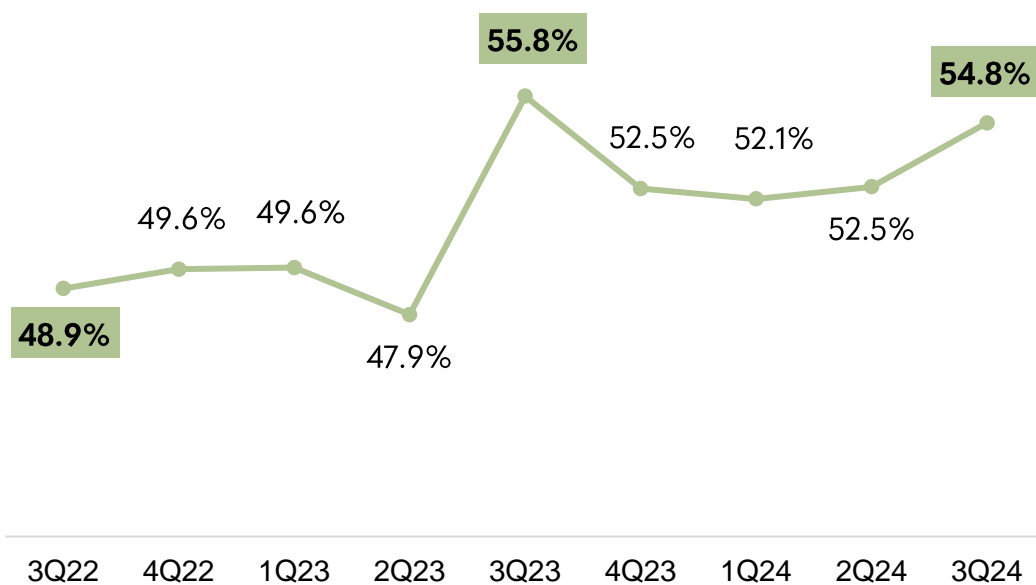


- In 3Q24, +40.0% YoY growth in online revenues in Poland driven by brand recognition and apps launched.
- Sales in foreign markets increased by +32.2% YoY. Largest increases in Germany, Italy and Croatia. Online sales supported by the online store opened in Bosnia and Herzegovina in 4Q23.
- Online sales in 3Q24 accounted for 26.7% of Group revenue (23.6% in 3Q23).



# FAVOURABLE GROSS PROFIT MARGIN

## QUARTERLY GROUP GROSS PROFIT MARGIN



Gross profit margins in 3Q22 i 4Q22 restated as part of the PFSA recommendation.

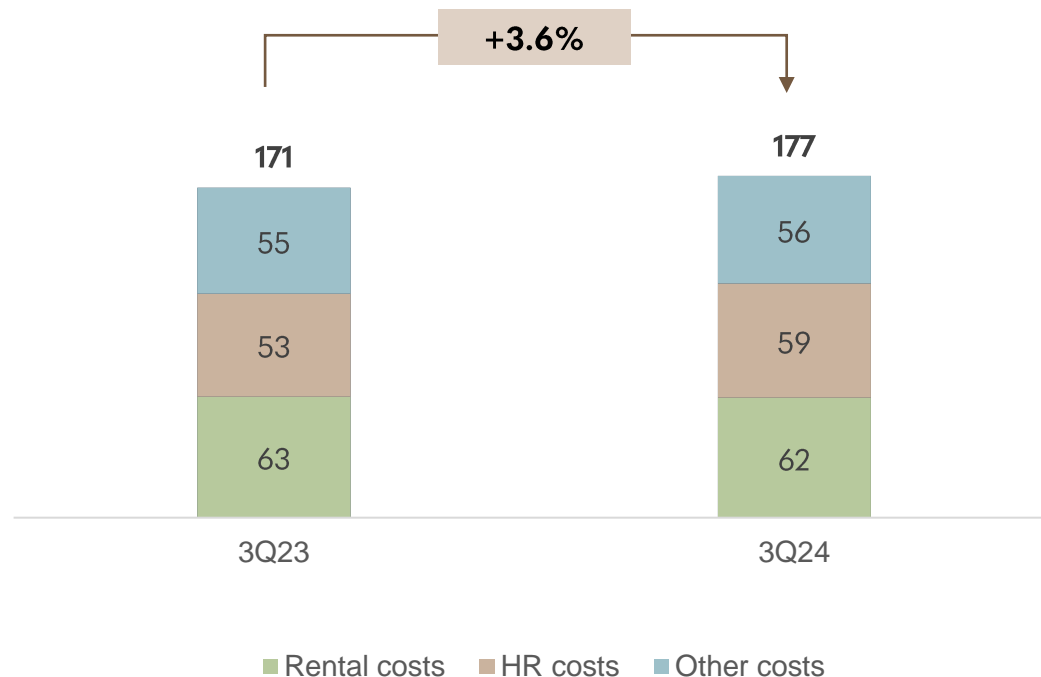
Gross profit margin on sales in 3Q24 lower by 1.0 pp. YoY due to:

- higher share of the Sinsay brand diluting gross profit margin,
- strengthening of the basket of currencies at a selling price,
- high base in 3Q23.

# STORE COSTS UNDER CONTROL DESPITE RISING WAGES

## COST OF OWN STORES/ M<sup>2</sup>

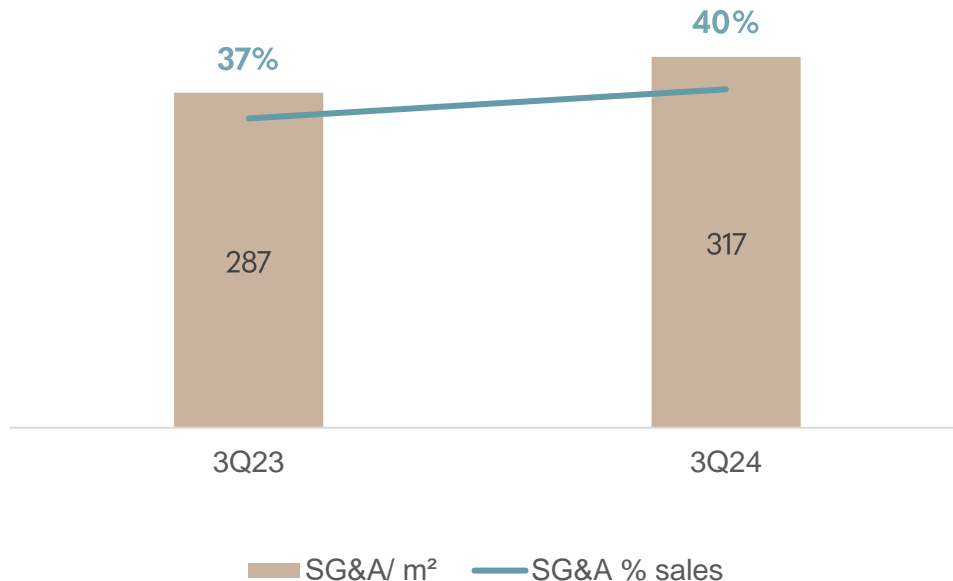
(IAS17)



- Stable YoY rental costs/ m<sup>2</sup> → higher number of Sinsay brand stores with lower rent opened, more favourable EUR/PLN exchange rate.
- YoY growth in personnel costs/ m<sup>2</sup> → significant YoY growth of minimum wage, remuneration review.
- Stable other costs/ m<sup>2</sup> YoY → optimisation of energy consumption and third-party service costs.

# SG&A COSTS AFFECTED BY DYNAMIC GROWTH

## SG&A COSTS/ M<sup>2</sup> (IFRS16)



- 10.6% YoY increase in SG&A costs/m<sup>2</sup> mainly due to:
  - higher YoY salary costs in traditional stores and new store openings,
  - launch of two more warehouses for e-commerce services,
  - YoY increase in transport costs (higher volume of goods),
  - higher YoY expenditure on performance marketing.
- The share of SG&A costs in revenues increased from 37% in 3Q23 to 40% in 3Q24.

# GOOD PERFORMANCE OF THE GROUP IN THE 9-MONTH PERIOD

PLN m, IFRS16	3Q23	3Q24	YoY	9M23	9M24	YoY
<b>Revenues</b>	<b>4,350</b>	<b>5,212</b>	<b>19.8%</b>	<b>12,565</b>	<b>14,523</b>	<b>15.6%</b>
Omnichannel sales	4,143	5,050	21.9%	11,628	13,856	19.2%
Gross profit margin on sales	55.8%	54.8%	-1.0pp.	51.1%	53.2%	2.1pp
SG&A COSTS	1,600	2,096	31.0%	4,728	5,928	25.4%
<b>EBIT</b>	<b>803</b>	<b>731</b>	<b>-8.9%</b>	<b>1,640</b>	<b>1,753</b>	<b>6.9%</b>
EBIT margin	18.4%	14.0%	-4.4pp.	13.1%	12.1%	-1.0pp.
<b>Underlying EBIT</b>	<b>775</b>	<b>748</b>	<b>-3.5%</b>	<b>1,502</b>	<b>1,823</b>	<b>21.4%</b>
Net profit	574	577	0.5%	1,128	1,297	15.0%
<b>EBITDA</b>	<b>1,159</b>	<b>1,157</b>	<b>-0.1%</b>	<b>2,653</b>	<b>2,970</b>	<b>11.9%</b>

## 3Q24

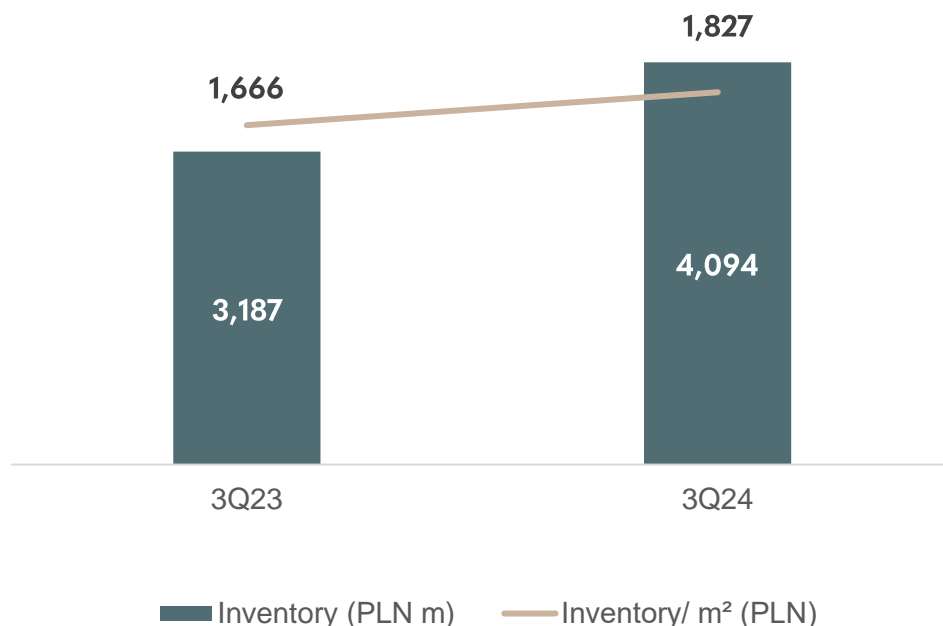
- Underlying EBIT in 3Q24 amounted to PLN 748m, down by 3.5% YoY.
- EBITDA (PLN 1.2bn) and net profit (PLN 577m) at a stable level against 2023.

## 9M24

- 21.4% YoY growth in underlying EBIT.
- Almost PLN 3.0bn of EBITDA.
- Net profit of PLN 1.3bn, up by 15.0% YoY.

# INVENTORY BUILDING AFFECTED BY DYNAMIC GROWTH

## INVENTORY AND INVENTORY/ M<sup>2</sup>

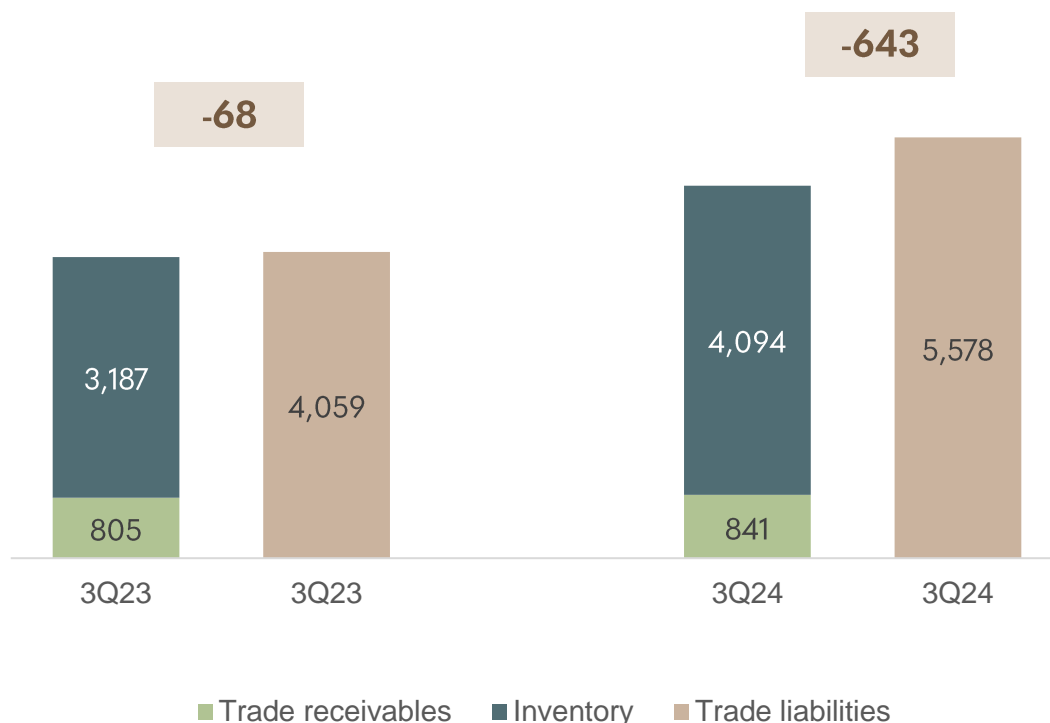


- 28.5% YoY increase in inventory and 9.7% YoY increase in inventory/ m<sup>2</sup> to PLN 1,827/ m<sup>2</sup> due to:
  - dynamic plans of Sinsay brand store launches in 2H24,
  - stocking of two new e-commerce warehouses.
- Inventory turnover in 3Q24 was 153 days (148 days in 3Q23).
- The Autumn/Winter 2024 collection accounted for almost 80% of the inventory, while 2024 summer collections made up ca 5%. The remaining part covers the first Spring/Summer 2025 collections and all-year models.

# MORE FAVOURABLE WORKING CAPITAL

## WORKING CAPITAL

(PLN m)

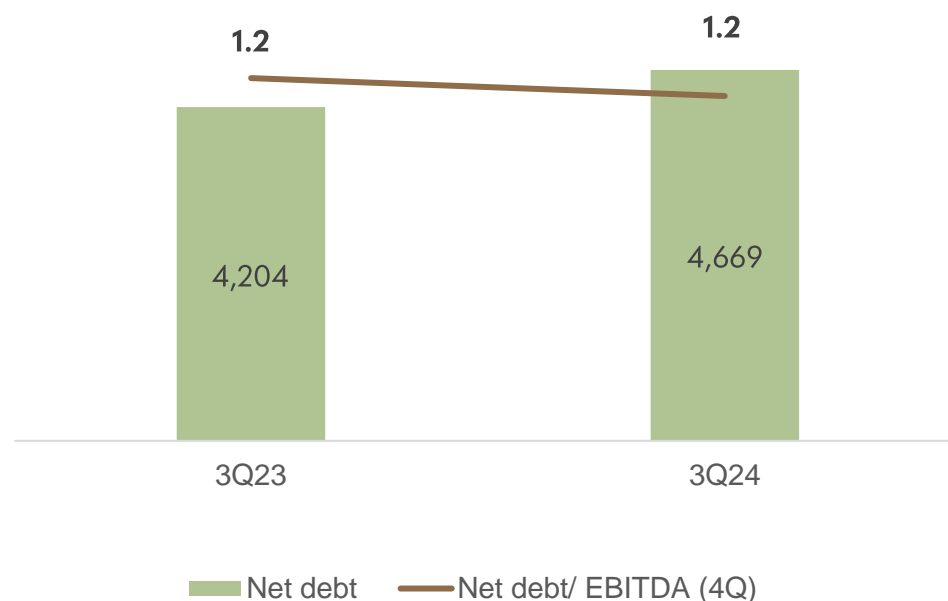


- More favourable YoY working capital due to significantly higher trade liabilities.
- Cash cycle at a favourable negative level of -42 days:
  - slower inventory turnover (from 148 to 153 days),
  - reduction of payment terms for receivables (from 18 to 14 days),
  - extension of payment terms for trade liabilities (from 187 to 208 days).

# SAFE NET DEBT LEVEL

## NET DEBT

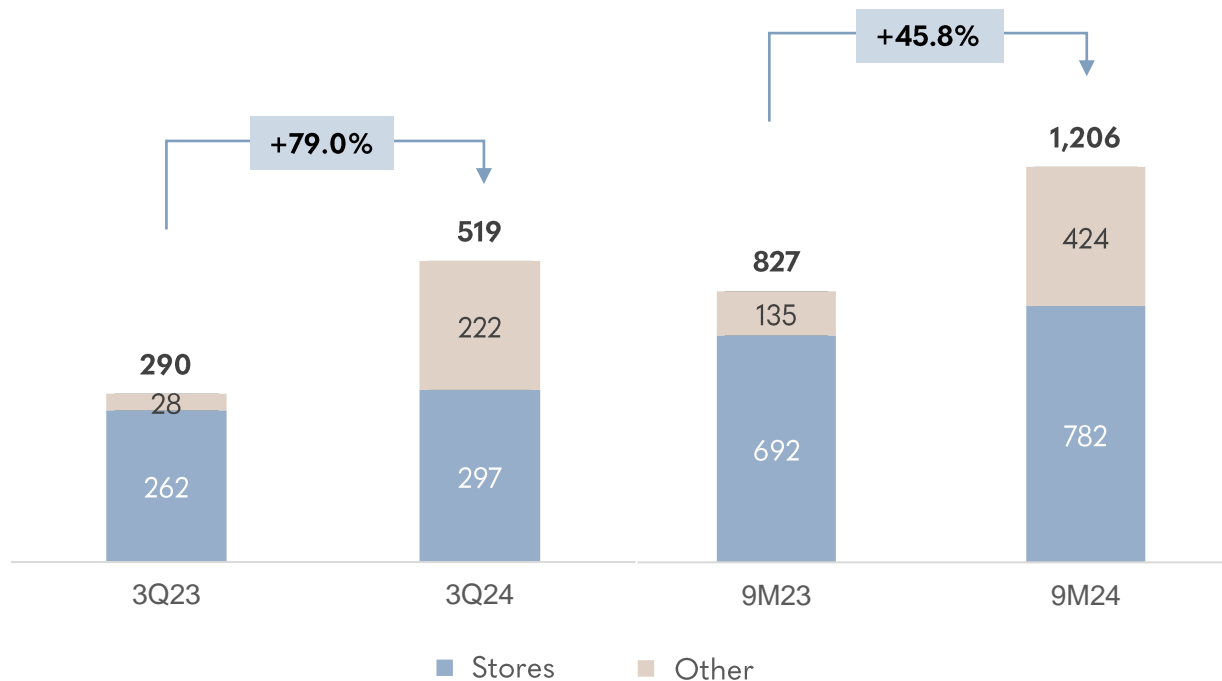
(PLN m, IFRS16)



- At the end of 3Q24, net debt under IFRS16 amounted to PLN 4.7bn due to:
  - lower YoY use of long-term bank loans at a level of PLN 0.4bn,
  - higher YoY use of short-term bank loans at a level of PLN 0.5bn,
  - bonds of PLN 0.3bn (repayable in December 2024),
  - higher YoY finance lease debt at a level of PLN 4.6bn,
  - higher YoY cash levels at a level of PLN 1.1bn.
- Net debt does not include PLN 0.8bn in money market funds at the end of 3Q24 (PLN 0.6bn in 3Q23).
- Use of reverse factoring amounted to PLN 3.4bn in 3Q24 vs. PLN 2.6bn in 3Q23.

# IMPLEMENTATION OF AMBITIOUS INVESTMENT PLANS

## CAPEX (PLN m)



- In 3Q24, Capex amounted to PLN 519m, i.e. +79.0% YoY.
- Expenditure on stores amounted to PLN 297m due to dynamic openings of Sinsay brand stores.
- Expenditure on infrastructure and IT amounted to PLN 222m, mainly due to expansion of the DC in Brześć Kujawski and the equipment of the new FC near Bydgoszcz as well as computer software.





CORPORATE EVENTS  
IN 3Q24



# "BLACK WEEK" STRONGER IN ONLINE

## ONLINE

+28% YoY growth  
in revenues (constant  
currency).

Almost 50% share of online  
sales in revenues

## OFFLINE

+7% YoY growth in revenues  
(constant currency).

Record results in traditional  
stores in 2023

16% YoY growth in Group's revenues in constant currency.  
Promotions with a favourable gross profit margin on sales.

Black Week comprises 5 days from 28 November to 2 December (Thursday – Monday).



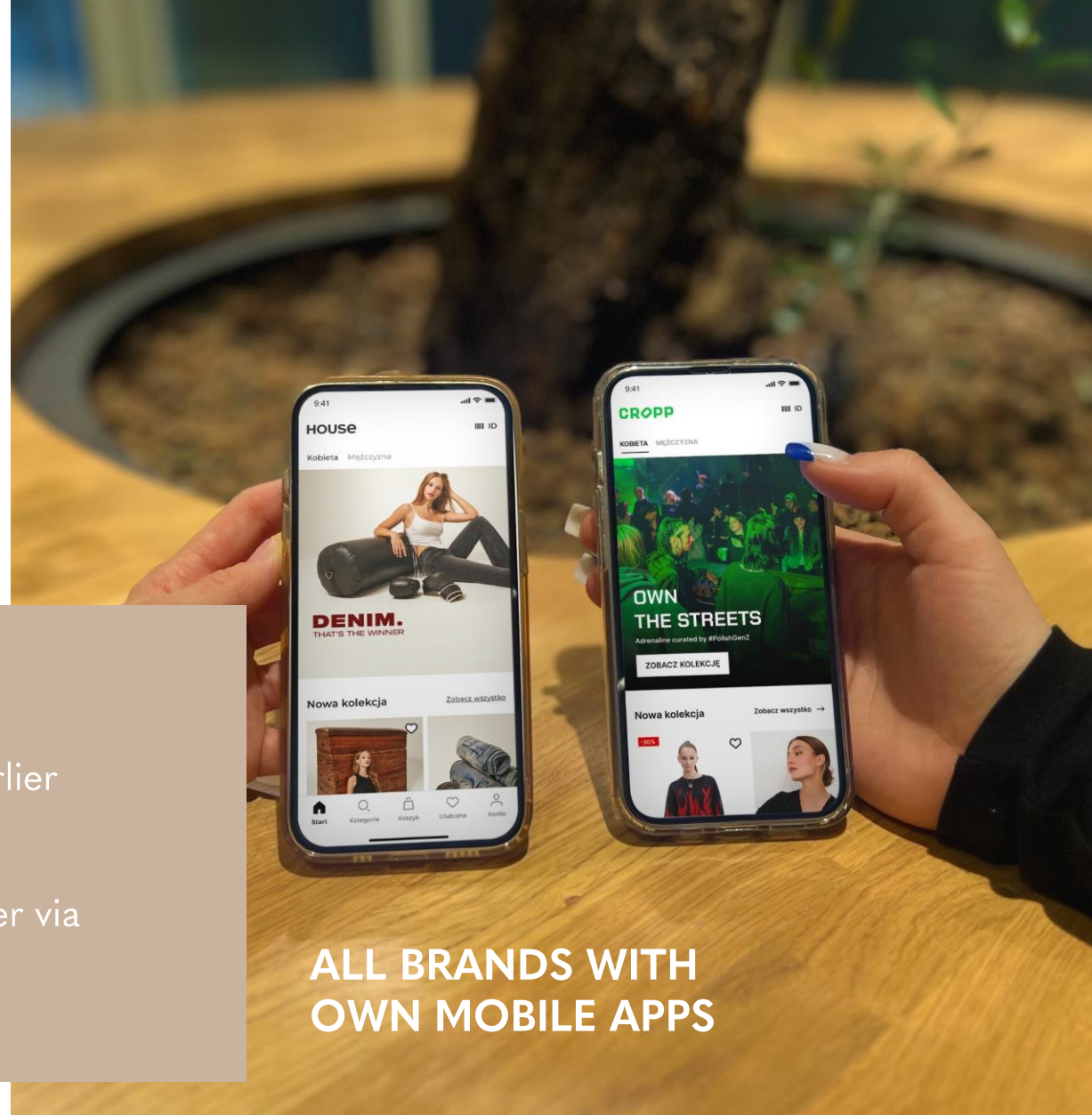
# DEBUT OF CROPP AND HOUSE APPS

In October 2024, the Cropp and House brand mobile apps were launched in Poland. This is in response to the growing share of m-commerce in online sales of the other brands.



## FUNCTIONALITIES OF OUR APPS:

- Notification of promotions
- Product recommendations based on earlier purchases
- History of orders
- Communication with the Contact Center via chatbot and Facebook Messenger
- Notification of shipment status



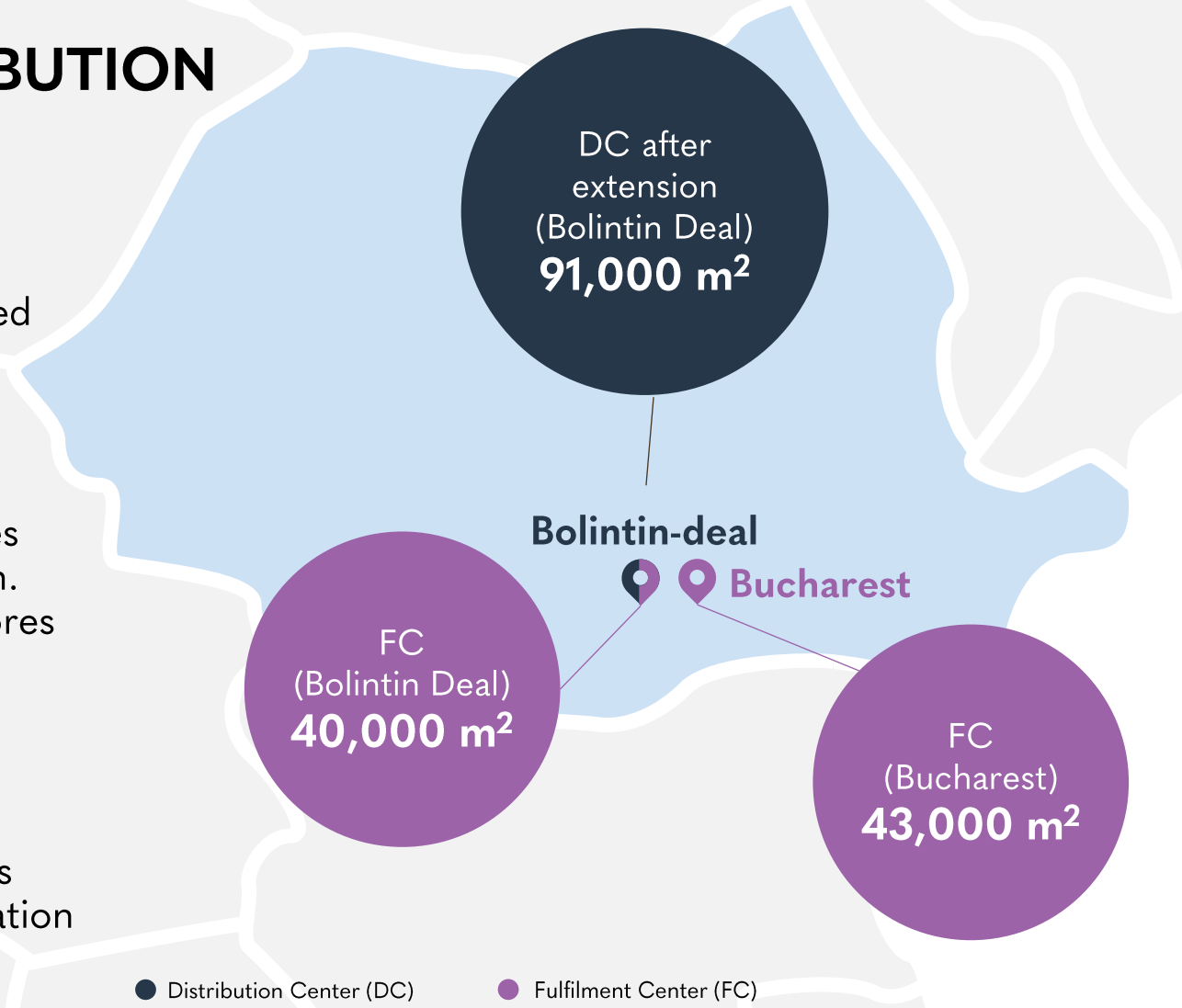
**ALL BRANDS WITH  
OWN MOBILE APPS**

# EXTENSION OF THE DISTRIBUTION CENTER IN ROMANIA

The Distribution Center located in CTPark Bucharest West near Bucharest was extended by additional **42,000 m<sup>2</sup>**.

## Goal:

- Supporting a network of traditional stores in the dynamically developing SEE region. Ultimately, the ability to operate 900 stores simultaneously.
- Supply of the Fulfilment Center located in close proximity, reduced lead times for e-commerce orders.
- Diversification of marine transport routes by LPP Logistics due to the strategic location of the warehouse relative to the port in Constanta.



# NEW EMPLOYER BRANDING STRATEGY

Parallel to the plans for dynamic growth of the network, the employer branding strategy **“Attracting through products. Inspiring through people”** was announced.

Our goal is to attract and retain talent across the organisation.

**LPP** SA

**LPP** RETAIL

**FOREIGN  
SUBSIDIARIES**

 **LPP LOGISTICS**

 **Silky Coders**



# CORPORATE EVENTS



## CHANGE IN THE MANAGEMENT BOARD

Resignation of CFO, Przemysław Lutkiewicz. Appointment of Marcin Bójko as the Vice-President responsible for the area of finance.

## DIVIDEND PAYMENT

In accordance with the resolution of the Annual General Meeting of Shareholders, the dividend for the financial year 2023 in the total amount of PLN 610 per share (less the advance payment of PLN 285 disbursed in April 2024) was paid on 30 October 2024.

## REPAYMENT OF BONDS

On 12 December 2024, 5-year bonds will be repaid as planned. 300 thousand bonds with the total value of PLN 300 million issued in 2019.

# 2024 + OUTLOOK



## POSITIVE OUTLOOK FOR 4Q

- 22.4% YoY growth in the Group's revenue in constant currency in the period from 1 November to 10 December 2024.
- Positive reponse to winter collections, including the Christmas offer.
- Planned opening of 290 new stores of all brands in 4Q24.

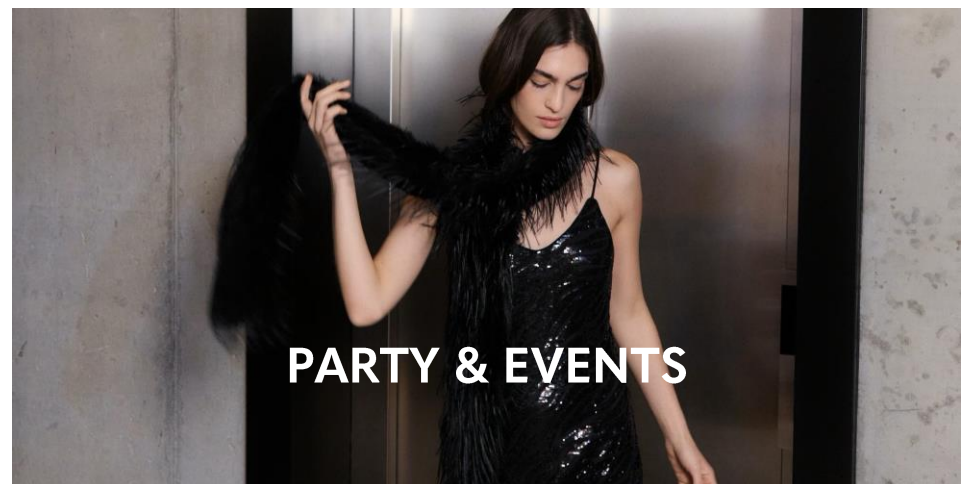




# CHRISTMAS COLLECTIONS AND NEW YEAR'S EVE RESERVED

- Reserved brand well prepared for the busy Christmas and New Year's Eve/Carnival shopping period.
- For customers who appreciate comfort and quality just as much as fashion, a variety of woollen and timeless models are offered.

THE WIDE OFFER INCLUDES, AMONG OTHERS, THE FOLLOWING COLLECTIONS:





## DYNAMIC DEVELOPMENT OF SINSAY STORE NETWORK



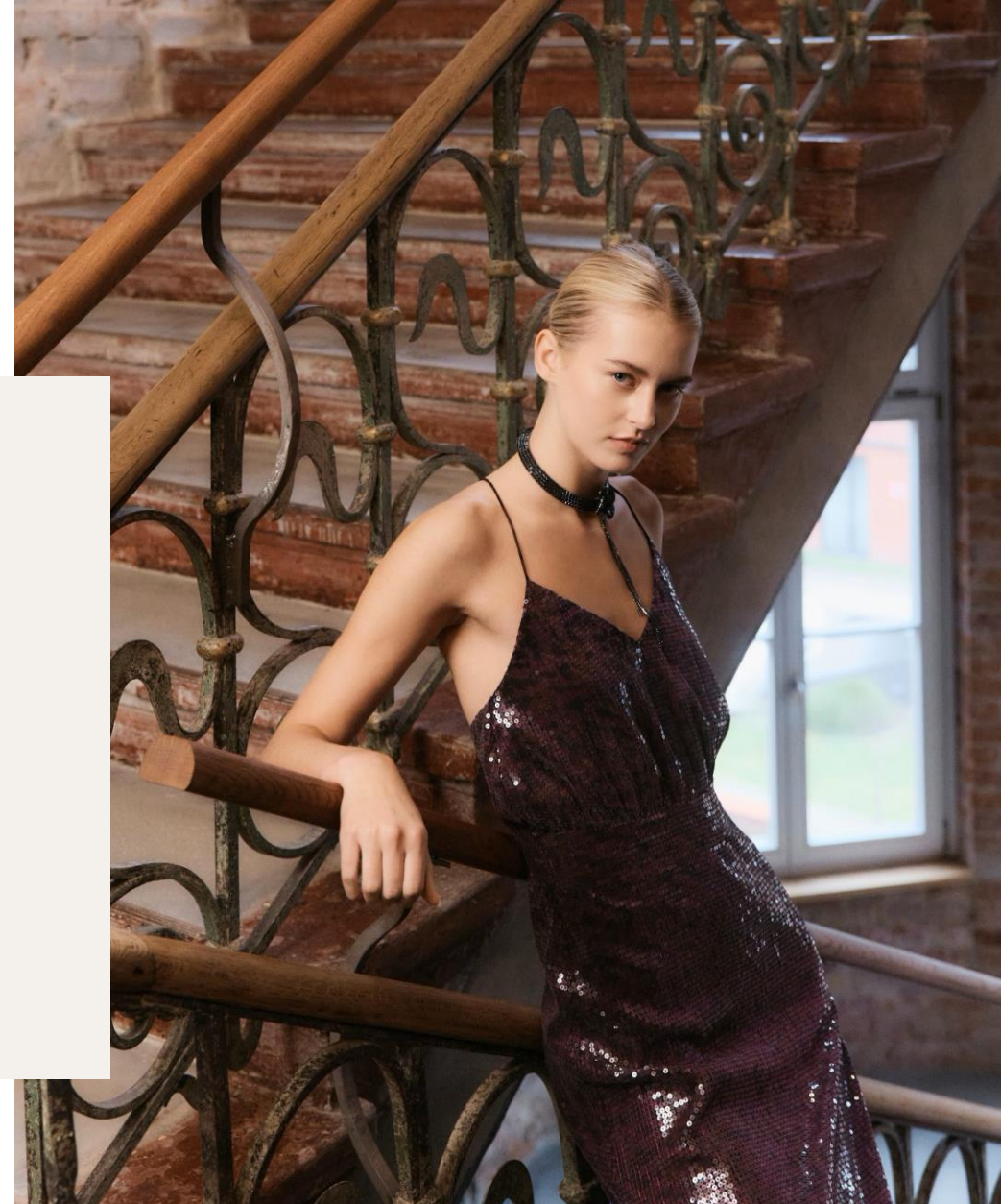
+100 stores of Reserved, Cropp, House and Mohito brands

- Sinsay brand store openings in smaller towns, mainly retail parks.
- Highest store development in 2024 outside Poland in the countries of South and Central and Eastern Europe.
- In 2024, ca 23% YoY growth in floorspace.

Opening of over **650** new stores of all brands planned in 2024. Culmination of openings in 4Q24.

## 2024 TARGET: GROWTH IN REVENUES

- Group revenues **PLN 20-21bn**.
- Gross profit margin on sales **52-53%**.
- SG&A/ revenues max. **40%** - maintaining cost effectiveness.
- Offline revenues - floorspace **+23% YoY** and positive LFLs.
- Online revenues - double-digit YoY growth.
- **PLN 1.9bn** capex, including PLN 1.4bn for stores.
- Safe debt level (no bond roll-over plans).













# FURTHER E-COMMERCE DEVELOPMENT IN 2025

Online sales account for more than 25% of total revenues in 2024. The development of mobile apps contributed to very good performance.

The Sinsay app generates almost 70% of sales in markets where it is available. Other apps are also rapidly gaining high shares in sales.



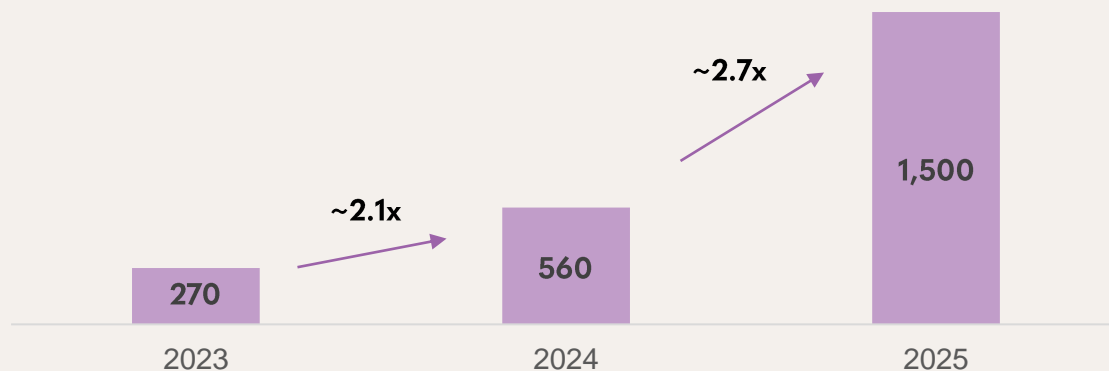
## Availability and planned development of our apps:

	 POLAND	 CZECHIA	 ROMANIA	 SLOVAKIA	 HUNGARY	 GERMANY	 BULGARIA	 CROATIA	 UKRAINE	 GREECE	 ITALY	 UNITED KINGDOM	 LITHUANIA
RESERVED	✓	✓	✓	✓	✓	✓	⊖	✓	✓			⊖	✓
sinsay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊖		✓
M O H I T O	✓	✓	✓	⊖	⊖								
HOUSE	✓	⊖	⊖								⊖		
CROPP	✓	⊖	⊖								⊖		

✓ Presence as at 11.12.2024
✓ Recently added
⊖ Planned roll-out

# ACCELERATION IN STORE NETWORK DEVELOPMENT

## OPENINGS OF SINSAY STORES



- Highest number of new store openings in 2025 outside Poland in the countries of South and Central and Eastern Europe.
- Debut of Sinsay brand stores in Albania and Kosovo planned in 1H25.
- Sustained dynamics of development for Reserved, Cropp, House, Mohito brands, opening of maximum 100 stores in 2025.
- In 2025, 35-40% growth in floorspace.



**TARGET**

**At the end of 2025,  
ca 4,400 stores, including  
ca 3,000 Sinsay brand stores**

# 2025 TARGETS

- Group revenues ca **PLN 26bn**.
- Gross profit margin on sales **52-53%**.
- SG&A/ revenues max. **40%** - maintaining cost effectiveness.
- Offline revenues - floorspace **+35-40% YoY** and positive LFLs.
- Online revenues - double-digit YoY growth.
- **PLN 3.5bn** capex, including PLN 2.3bn for stores.
- Safe debt level.



Q&A



LPP

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3 Q24 PRESENTATION



# GLOSSARY

<b>Poland</b>	Retail sales in Poland and other sales of LPP SA.
<b>Other countries</b>	Region including: CEE (Czech Republic, Slovakia, Hungary), Baltic (Lithuania, Latvia, Estonia), SEE (Bulgaria, Romania, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Northern Macedonia, Greece), WE (Germany, United Kingdom, Finland, Italy), Eastern Europe (Ukraine, Belarus, Kazakhstan) and activity in ME (Egypt, Qatar, Kuwait, United Arab Emirates, Israel, Saudi Arabia, Bahrain). Excl. Sales to Trade agents.
<b>Revenues GK LPP</b>	Total revenues of LPP GROUP
<b>Omnichannel sales</b>	Total of offline, online and other sales (excl. Sales to Trade agents).
<b>EBITDA</b>	EBIT + depreciation from cash flow statement.
<b>Average monthly revenues/ m<sup>2</sup></b>	Quarterly revenues of segment or brand / average working total floorspace/ 3.
<b>Average monthly costs of own stores/ m<sup>2</sup></b>	Quarterly costs of own stores / average working floorspace of own stores (i.e., excluding all franchise stores which represent ca 1.6% of the working floorspace) / 3.
<b>Average monthly SG&amp;A PLN/ m<sup>2</sup></b>	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME/ 3.
<b>Inventory/ m<sup>2</sup></b>	End of period group inventory/ total floorspace without foreign franchise stores.
<b>Cash turnover cycle</b>	Receivables (in days) plus inventories (in days) minus liabilities (in days). Calculations on average amounts of receivables, inventories and liabilities.
<b>Revenues in constant currencies (CC)</b>	Reference to current revenue with recalculation of the comparative period to constant currencies (current exchange rate).
<b>Underlying EBIT</b>	EBIT from LPP GROUP operations excluding results on sales to Trade agents during the transition period.





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