



LPP

LPP GROUP

CONSOLIDATED ANNUAL REPORT FOR 2025

26 MARCH 2026

This report covers the financial year of LPP Group, lasting from 1 February 2025 to 31 January 2026 (further referred as 2025 financial year). This document is not an official version. The report in inline XBRL format can be found at the following link:
<https://www.lpp.com/en/investor-relations/reports/financial-reports/>

RESERVED

CROPP

HOUSE

M O H I T O

sinsay



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01

Letter from the CEO to Shareholders



Dear Shareholders,

We have had an intense year, the first in which we implemented the most ambitious development strategy in the Group's history. From the very first days of 2025, we have focused our attention and energy on fulfilling the commitments we have undertaken for the next three years. We have set an ambitious course for the development of Sinsay brand, based on an increase in our geographical reach whilst maintaining the Group's profitability. This effort has paid off – we are closing 2025 with a 25 percent growth rate in floorspace and 3,748 stores, as well as an expanded store portfolio covering as many as six new markets, including the promising region of Central Asia. Over the course of the year, we achieved over 21 percent sales growth in constant currency, generating over PLN 23 billion in revenue. A particular source of satisfaction is the fact that, after adjusting for one-offs, we achieved such dynamic growth whilst improving profi-

tability at every level, i.e. PLN 5.4 billion in EBITDA (+31% YoY), PLN 3.3 billion in EBIT (+37% YoY) and PLN 2.4 billion net profit (+36% YoY).

Since the start of the year, we have been working on expanding our geographical reach. In February we opened the first Sinsay store in Kosovo. The following months saw debut stores in Albania, Uzbekistan, Azerbaijan, Moldova and Georgia, marking our presence in regions with a consumer market of over 59 million people.

The opening of the 2,000th Sinsay store also held symbolic significance for us – confirming the scale and pace of the brand's gro-



with, which has doubled the number of stores in just 20 months. However, Sinsay's growth does not mean a departure from our consistent support for our other brands. Over the past year, we have strengthened the omnichannel potential of each of them. In November, we launched, among other things, a new Reserved store in Oberhausen – Germany's largest centre mall. At the same time, we continued the internationalisation of our mobile apps. In 2025, we made this tool available to Sinsay customers in Italy and Lithuania, Mohito customers in Slovakia, House customers in the Czech Republic, Cropp customers in Ukraine, and Reserved customers in Lithuania. Today, mobile shopping via the mobile app accounts for ca. 70% of our clients' online transactions, which is why we have also invested heavily in the development of further mobile functionalities, some of which are based on artificial intelligence, with a focus on strengthening customer loyalty and sales conversion.

Such intensive growth, whilst maintaining the Group's strict cost discipline, was made possible not only by the high operational efficiency of our teams, but also by a significant increase in the use of AI-based technological solutions in our operations. Today, we use AI algorithms in creating product content, scaling customer service processes, designing collections, personalising shopping experiences, expanding our sales network and in logistics. Looking back over the last 12 months, we can see that this is a key factor enabling us, on the one hand, to maintain a high degree of operational flexibility, and on the other, to keep operating costs under control.

We are also consistently investing in our operational infrastructure, where expenditure on logistics has exceeded PLN 1.3 billion. In November, we launched a new e-commerce

warehouse in Romania, which has enabled us to increase our operations and streamline the processes for handling our customers' online orders. We also continued automation and robotisation projects in our warehouse facilities, where we have achieved a sixfold increase in the number of autonomous robots. This is already translating into a noticeable reduction in unit logistics costs. Towards the end of the year, we also signed a lease agreement for a new Distribution Center in Romania, which will strengthen the support for LPP Group stores in this market, as well as in Bulgaria and Greece, and in the future also in other countries of South-Eastern Europe (SEE).

2025 was also a landmark year in terms of our financing model. The syndicated loan agreement with a group of Polish and international banks for a total amount of PLN 13.5 billion – one of the largest transactions of its kind in the region – significantly strengthens the Group's financial foundations and not only responds to the significant acceleration of our growth, but also ensures LPP's long-term financial stability and the ability to operate on a larger scale with a significant improvement in equity raising conditions.

Last year was not without its challenges. A fire at one of our Romanian warehouses destroyed part of our logistics capacity; however, thanks to efficient operational measures and the high engagement of our teams, we managed to quickly minimise the impact of this incident, maintaining supply continuity and limiting its effect on customers and business partners.

A significant element of last year's financial events was, in turn, the difficult yet necessary decision to make write-offs

amounting to PLN 823 m in respect of receivables following the divestment of the Group's business in Russia in 2022. This event was of a non-cash nature, it did not affect the Group's liquidity or financial position, nor the pace of our investments. The write-off also does not alter our – now traditional – approach to dividend policy, which we consistently implement. In 2025, we paid a dividend of PLN 660 per share, and for the current year we have declared a dividend of PLN 900 per share. This is a natural consequence of the growing scale of our operations and the Group's stable operating results. Strict cost discipline, strong sales and solid financial foundations have once again enabled us to generate a substantial profit in 2025, which we will once again share with our shareholders.

I interpret last year's increase in the value of our shares on the stock exchange and the crossing of the PLN 21,000 threshold per share as an expression of your trust and faith in the strength of our Group. These results form a stable foundation for further strengthening our position in the region and consistently building value for our shareholders.

We look forward to the coming years with optimism. Ahead of us lies further international expansion, the development of modern technologies in logistics and sales, and the strengthening of our lead in the omnichannel sector. I believe that thanks to responsible decisions, consistency in implementing our strategy and the engagement of our teams, LPP remains a stable, predictable organisation, ready for future challenges

Marek Piechocki

THE CEO OF LPP

02

Management Board Report on the activities LPP SA Group

(taking into account the disclosure requirements for the Parent Company's activity report)



This Management Board Report on the activities of the LPP Group for 2025 contains information the scope of which is defined in Sections 72 – 73 of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information provided by issuers of securities [...] (the Regulation).

Pursuant to §73(6) of the Regulation, this report also includes the disclosures required for the Report on the Activities of the Parent Company referred to in §72(1)(4) of the Regulation.

This report also contains disclosures regarding the LPP Group's sustainability reporting for the 2025 financial year.

THE MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

THE CEO MANAGEMENT BOARD

Marcin Bójko

MANAGEMENT BOARD MEMBER

Sławomir Łoboda

MANAGEMENT BOARD MEMBER

Marcin Piechocki

MANAGEMENT BOARD MEMBER

Mikołaj Wezdecki

MANAGEMENT BOARD MEMBER

GDAŃSK, 25 MARCH 2026

Key information about LPP Group

LPP is a Polish, family-owned company specialising in the design, manufacturing and distribution of apparel. It has over 30 years' experience in the clothing industry. The Group's sales network covers the whole of Poland, countries in Europe, Central Asia and the Middle East.

The Group operates based on the omnichannel concept model where traditional and online sales are fully integrated.

It owns five well-known brands: Sinsay, Reserved, Cropp, Mohito and House. The concepts for the brands' collections are developed in Poland, whilst the sewing of the designed models is outsourced to external companies (mainly in Asia).

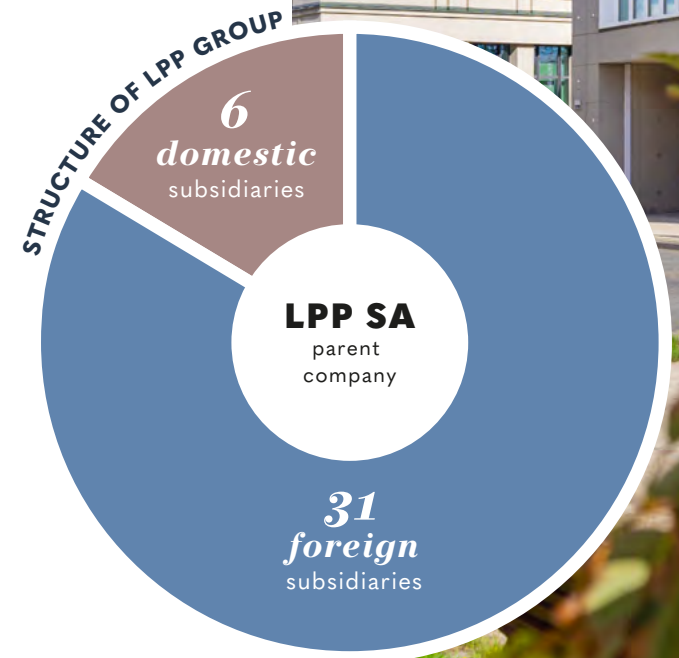
The organisation's headquarters are in Gdańsk, where LPP's history began. This is where Sinsay, Reserved and Cropp collections are designed. The Group also has offices in Kraków, which serve as the design base for the House and Mohito brands, and a Reserved design office in Warsaw, which supports the Gdańsk team on special projects. In addition, the Group has overseas offices in Shanghai, Dhaka, Istanbul and

Tiruppur (India). These offices are responsible for coordinating the production of collections in local factories, quality control, and auditing suppliers for appropriate working conditions and respect for human rights.

At the same time, a local subsidiary operates in every country where the Group's traditional stores are located.

The Group comprises 31 foreign subsidiaries. Most of these are entities involved in the distribution of LPP products outside Poland. The Group also comprises 6 subsidiaries which are involved in, amongst other things: managing stores across Poland, sales of promotional clothing, logistics operations, and managing IT projects for LPP Group. The detailed structure of LPP Group and the changes that took place in its composition in 2025 are presented in the [Consolidated Financial Statements](#).

LPP Group team comprises a total of approximately 63,000 people working in offices as well as in sales and distribution structures in Poland, countries of Europe and Asia.



LPP's business model

01 Designing

- » **3 design offices in Poland** (Gdańsk, Kraków, Warsaw).
- » Over **350 designers**, **5 diversified brands**.

LPP's designers follow fashion shows in the world's fashion capitals, keep a close eye on street fashion and social media, whilst using AI to support trend analysis and decision-making. This forms the basis for original collections that creatively combine the trends of the season (colours, patterns and styles) with the needs of the brands' customers.

02 Manufacturing

- » Over **2,200 suppliers from Asia, Europe and Africa**.
- » **4 offices** coordinating overseas production (Shanghai, Dhaka, Istanbul, Tiruppur).

The group does not own any factories and outsources the production of its collections to external companies (mainly in Asia). This means that individual items in the collection are manufactured in factories specialising in specific types of clothing.

03 Dispatch & logistics

- » **Imports** – 96% are transported by sea.
- » **Exports** – 100% are transported by road.
- » **663,000 m² of total warehouse floorspace**.
- » Logistics centres **in Poland and across Europe**.
- » **Almost 62 million e-commerce orders fulfilled in 2025**.

The Group has a distribution network operates traditional stores (Distribution Centers) and online sales (Fulfillment Centres) located in Poland and across Europe, namely in Romania and Slovakia. At the same time, the Company is investing in new technologies and artificial intelligence to streamline the entire process of distributing products to traditional stores and via the e-commerce channel.

04 Sale

- » The collection is available (in traditional stores and online) in **46 countries across 3 continents**.
- » **3,748 stores** with a total floorspace of **3,059.2 thousand m² in 35 countries**.
- » **Online sales in 35 countries**.
- » Ca **863 million items of clothing and accessories** over the course of the year.

In response to changing customer preferences and behaviours, as well as the technological transformation in retail, the Group is focusing on omnichannel. It adopts a holistic approach to both sales channels – traditional and online – offering branded products through a constantly expanding network of stores and online stores. At the same time, it ensures the highest quality of service by introducing modern AI-based solutions.



Brand portfolio

The Group manages five well-known 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 ways.

Reserved, Cropp, House and Mohito operate in the lifestyle fashion segment, offering collections at affordable, moderate prices. Sinsay, on the other hand, is positioned in the Design&Value segment, combining attractive design with exceptionally competitive pricing. A consistent omnichannel strategy ensures that all brands are present in both traditional stores and online sales, providing customers with convenience and a consistent shopping experience across all touchpoints with the brand.

The figures in the brand descriptions are as at the end of the 2025 financial year.

sinsay

www.sinsay.com

Sinsay is one of the fastest-growing fashion brands in Poland and Europe, and the youngest in LPP Group's portfolio. It comprises 2,388 traditional stores located in 26 countries, mainly in small towns within retail park formats. This means Sinsay is always close to its customers, providing them with easy access to the latest trends.

The brand was created in 2013 in response to the needs of young customers looking for fashionable and affordable clothing. Over time, it has developed into a fully-fledged lifestyle brand in the Design&Value segment, offering clothing, accessories, cosmetics and homeware for the whole family. Today, Sinsay is a symbol of modern fashion accessible to everyone, regardless of age, place of residence or budget.

Sinsay is also growing rapidly online, which sets it apart from its competitors in the sector. An intuitive mobile app and online store, operating on an omnichannel model, allow customers to shop conveniently from anywhere and at any time, whilst Sinsay Club loyalty program enables customers to enjoy even greater benefits from their purchases.

Currently, the brand's revenue accounts for the largest share of the Group's entire portfolio, representing approximately 54%.

RESERVED

www.reserved.com

Reserved is the LPP Group's first brand, established in 1998. The brand's offline store chain currently comprises 357 stores located in 29 countries – primarily in Europe, but also in Africa and Asia – mainly in major cities, centre malls and on the main shopping streets of fashion capitals. In addition to the traditional retail network, the brand's range is also available online, where sales in selected markets are supported by, among other things, a mobile app.

Reserved's collections interpret leading global trends, drawing inspiration from the catwalks and the style of the world's most important fashion capitals. The brand's range includes products designed for both formal and everyday wear. Although Reserved targets a more discerning customer who appreciates the fashion-forward nature of the collections, the brand's products remain positioned in the mid-price segment.

Alongside its own collections, Reserved also develops projects in collaboration with external designers and artisan partners, creating limited-edition capsule collections. The brand's range includes lines for women, men and children. Reserved accounts for approximately 28% of the LPP Group's revenue, making it the second-largest brand in terms of revenue generated within the Group.

CROPP

www.cropp.com

Cropp is a brand for everyone who isn't afraid to be themselves. Drawing inspiration from the worlds of music, art and sport, it creates distinctive clothing, shoes and accessories for women and men.

It draws on its history spanning over twenty years, creatively combining urban style, modern inspirations and local identity. Cropp is just like its customers – bold, original and uncompromising. It is a community of passionate people who want to express themselves through their clothing.

Its sales network currently comprises 379 stores located across 19 European markets. It accounts for approximately 5% of the Group's revenue.

HOUSE

www.housebrand.com

The brand offers clothing, footwear and accessories for men and women, combining fashion with the energy of pop culture. It draws inspiration from music, film, TV series, art and sport, creating designs in tune with contemporary trends. House style stems from what young people – especially Gen Z – are passionate about, and is underpinned by social media and the aesthetics of new technologies.

The brand was established in 2001. It joined LPP Group's portfolio in 2008 following the acquisition of House from the Kraków-based company Artman.

The brand operates on an omnichannel model, with a physical offering available in 380 traditional stores across 19 European countries. The brand accounts for 6% of the Group's revenue.

M O H I T O

www.mohito.com

The brand is aimed at modern women who are conscious of their femininity and combine classic styles with the latest trends. It designs collections for everyday wear, offices and special occasions. The range is complemented by a wide selection of accessories, emphasising the distinctive character of the collections.

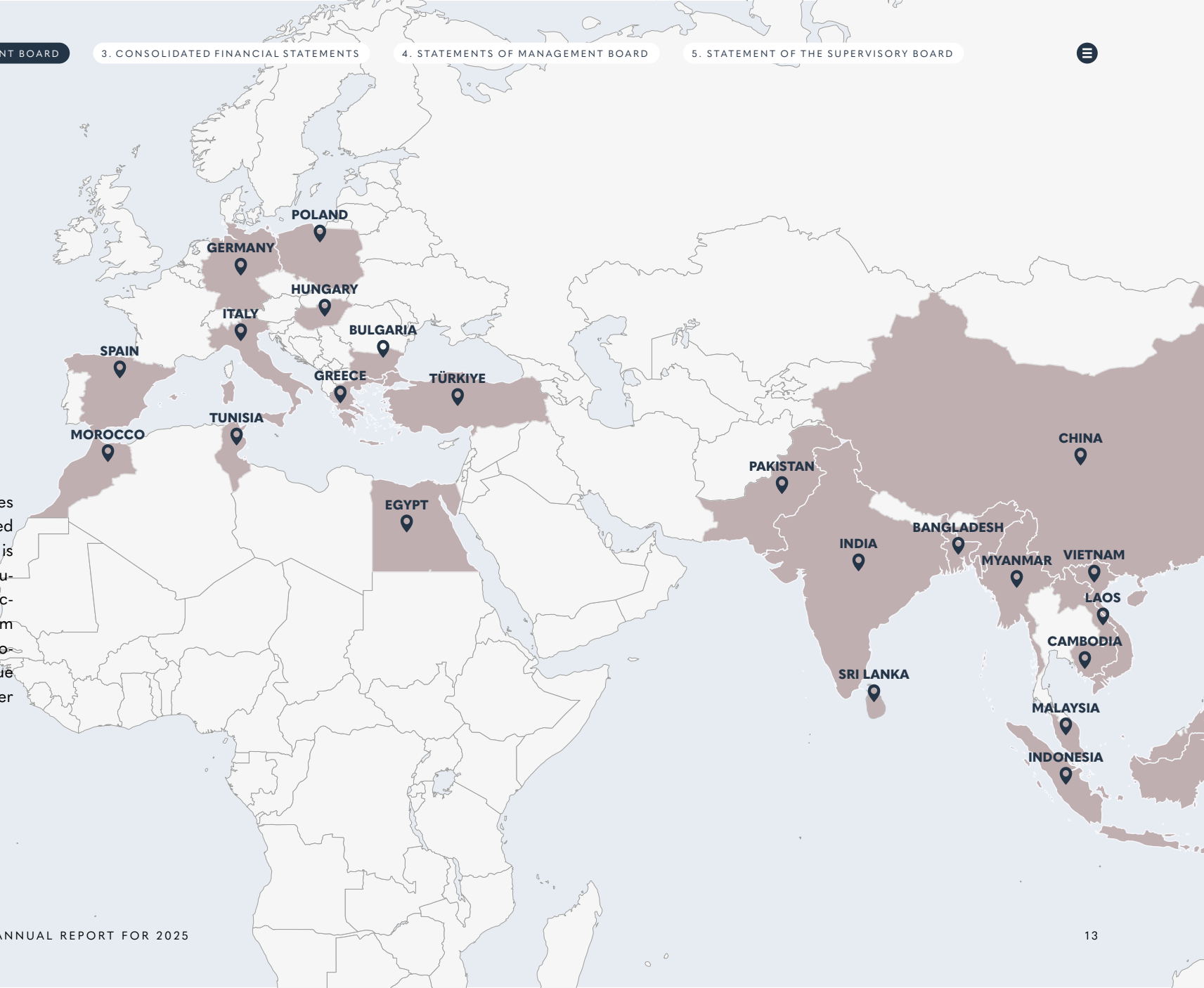
It is the brand with the highest average price point across the Group's entire portfolio. It offers its collections through both offline and online channels, ranking among the top LPP brands in terms of share of online sales. It has a physical presence in 20 European countries across 244 stores.

It accounts for 6% of the Group's revenue.



Suppliers

The Group does not own its own factories and outsources the sewing of its designed collections to external companies. This is a very common model in the clothing industry. In 2025, ca. 95% of the brands' collections were sourced from Asia, mainly from China, Bangladesh, Myanmar, India, Cambodia and Pakistan. At the same time, the value of goods purchased from any single supplier did not exceed 5% of total purchases.



Distribution network

In the purchasing process, alongside an attractive and well-designed collection, efficient and reliable logistics services are of key importance. This is precisely why the Group consistently develops and modernises its distribution infrastructure.

One of the most modern Distribution Centers in this part of Europe operates in Pruszcz Gdański. Additional floorspace is located in Brześć Kujawski and in the Podkarpacie region, as well as outside Poland – in Romania (Bucharest) and Slovakia (Bratislava).

At the same time, the Group is investing in innovative technologies that optimise logistics processes and increase the efficiency of deliveries to both traditional stores and the e-commerce channel, ensuring fast and high-quality service for customers.



○ Distribution Center (DC)

○ Fulfillment Center (FC)

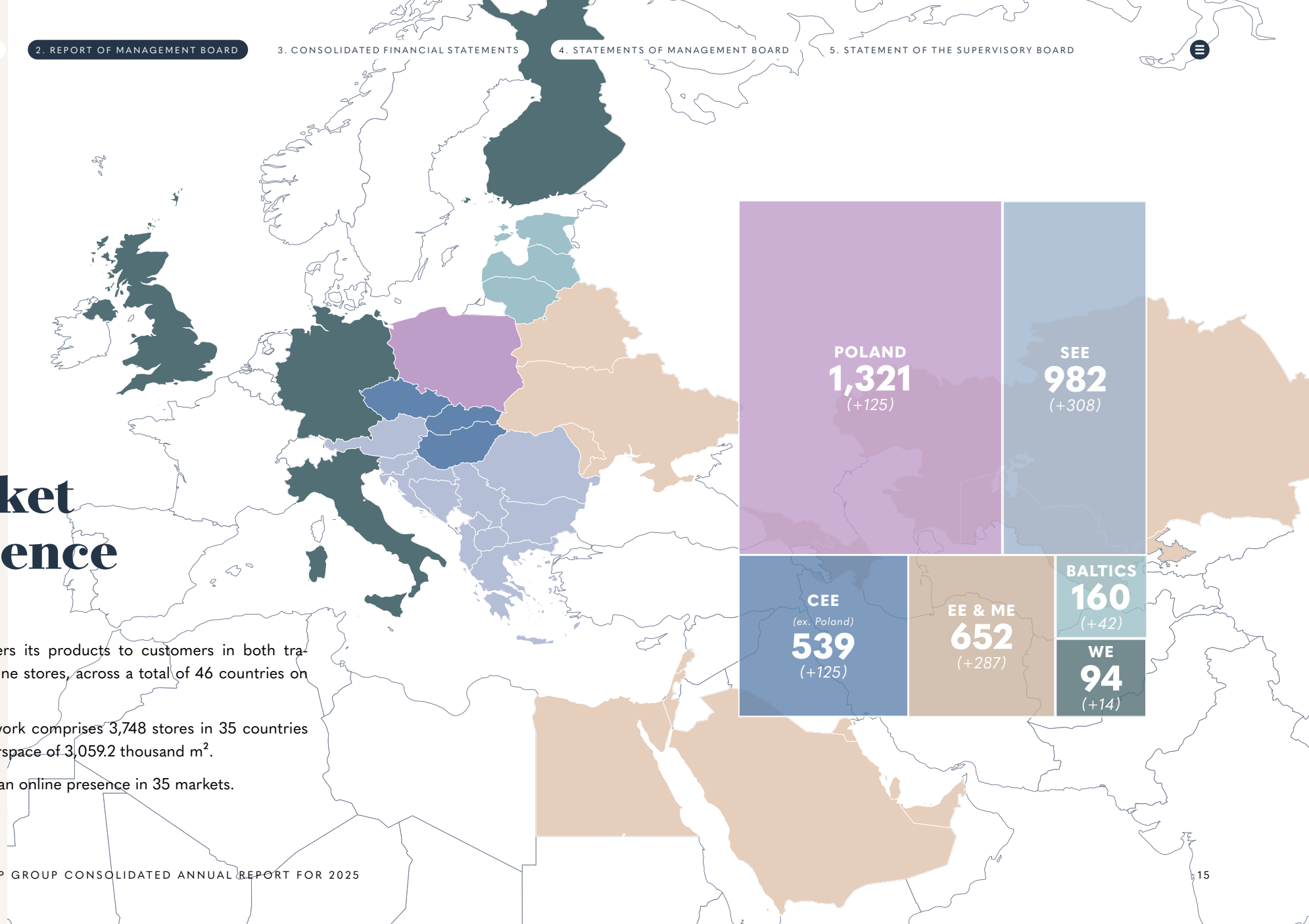


Market presence

The Group offers its products to customers in both traditional and online stores, across a total of 46 countries on 3 continents.

The offline network comprises 3,748 stores in 35 countries with a total floorspace of 3,059.2 thousand m².

The Group has an online presence in 35 markets.



TRENDS

Customers

Final customers for the Group's products, both in traditional stores and online stores, are individual customers who prefer to purchase clothing in the mid-price range.

On the other hand, direct customers buying products of LPP SA (parent company) are mainly subsidiaries (foreign companies) and, to a lesser extent, non-related parties (mainly franchise partners).

The subsidiaries develop stores for the Group's individual brands in their local markets, being responsible for their operational functioning and expansion. At the same time, the supply of goods is handled by the parent company, which ensures consistency of the product range and effective supply chain management across the entire Group.

The franchise model, on the other hand, results from the specific nature of certain local markets and involves outsourcing the sale of LPP collections to local business partners who are more experienced in this area (a model applied for Reserved in the Middle East countries with two partners of this region).



Financial situation, results and key events in the financial year 2025

NUMBER OF STORES AND FLOORSPACE

Number of stores	31 January 2026	31 January 2025	YoY change
Sinsay	2,388	1,512	876
Reserved	357	361	-4
Cropp	379	373	6
House	380	371	9
Mohito	244	230	14
Total	3,748	2,847	901

Floorspace in ths of m ²	31 January 2026	31 January 2025	YoY change
Sinsay	1,947.6	1,366.6	42.5%
Reserved	625.1	613.6	1.9%
Cropp	188.2	183.4	2.6%
House	187.2	181.9	2.9%
Mohito	111.0	103.1	7.6%
Total	3,059.2	2,448.7	24.9%

SALES BY BRANDS (OFFLINE AND ONLINE)

PLN m	2025	2024	YoY change
Sinsay	12,589	9,875	27.5%
Reserved	6,564	5,587	17.5%
Cropp	1,175	1,239	-5.2%
House	1,347	1,230	9.5%
Mohito	1,299	1,357	-4.2%
Other	134	118	13.3%
Trade agents	0	787	-100.0%
Total	23,109	20,194	14.4%

ONLINE SALES

PLN m	2025	2024	YoY change
Online sales	6,367	5,404	17.8%
Share of online sales in total revenues	27.6%	26.8%	0.8 pp.



REVENUES BY COUNTRIES AND REGIONS

Region/country (PLN m)	2025	2024	Change YoY
Central and Eastern Europe	13,167	11,230	17.3%
Poland	10,159	8,729	16.4%
Czech Republic	1,295	1,077	20.2%
Slovakia	820	718	14.2%
Hungary	894	706	26.6%
Baltics Sea Region	925	791	16.8%
Lithuania	435	358	21.5%
Latvia	290	250	15.9%
Estonia	200	183	9.1%
Eastern Region	2,145	1,744	23.0%
Ukraine	1,856	1,488	24.7%
Belarus	140	150	-6.5%
Kazakhstan	132	107	23.9%
Uzbekistan	11	0	n/m
Azerbaijan	4	0	n/m
Georgia	2	0	n/m
South-Eastern Europe	5,299	4,364	21.4%
Bulgaria	650	569	14.2%
Romania	2,034	1,759	15.6%
Croatia	680	571	19.0%
Serbia	704	577	22.2%
Slovenia	223	199	11.9%
Bosnia and Herzegovina	397	341	16.4%
North Macedonia	197	152	29.2%
Greece	340	195	73.9%
Albania	21	0	n/m
Kosovo	51	0	n/m
Moldova	3	0	n/m
Western Europe	1,532	1,236	24.0%
Germany	822	720	14.1%
United Kingdom	170	130	30.7%
Finland	136	138	-1.2%
Italy	348	184	89.0%
Other European countries	56	64	-11.2%
Middle East	40	41	-0.6%
Trade agents	0	787	-100.0%
Total	23,109	20,194	14.4%

Middle East revenues encompass sales to franchisees.

Region/country (PLN m)	2025	2024	YoY change
Poland	10,159	8,729	16.4%
Other countries	12,950	10,677	21.3%
Trade agents	0	787	-100.0%
Total	23,109	20,193	14.4%

OPERATING COSTS

	2025	2024	Change YoY
Operating costs (PLN m)	9,414	8,259	14.0%
Operating costs per m ² /month	293	318	-7.9%
Operating costs/revenues	40.7%	40.9%	-0.2 pp.
Operating costs/revenues on basic operations*	40.7%	42.6%	-1.8 pp.

*For comparability, the 2024 figures have been adjusted to exclude the impact of transactions with trade agents during the transition period

CAPITAL EXPENDITURE

PLN m	2025	2024	YoY change
Stores	1,648	1,191	38.4%
Offices	51	43	19.8%
Logistics	1,308	410	219.1%
IT & Other	163	174	-6.2%
Total	3,171	1,818	74.4%

INVENTORY

	31 January 2026	31 January 2025	Change YoY
Inventory (PLN m)	4,587	4,669	-1.8%
Inventory per m ² in PLN	1,507	1,918	-21.4%



INDEBTEDNESS

PLN m	31 January 2026	31 January 2025	YoY change (%)
Short-term bank loans	469	817	-42.6%
Long-term bank loans	1,383	182	659.9%
Finance leases	5,532	4,771	16.0%
Cash	450	846	-46.8%
Deposits and investment funds	811	865	-6.2%
Net debt	6,123	4,059	50.8%
Net debt/EBITDA (4Q)	1.1	1.0	13.6%

KEY ECONOMIC AND FINANCIAL FIGURES FOR LPP GROUP AND SELECTED RATIOS

PLN m	2025	2024	YoY change (%)
Revenues	23,109	20,194	14.4%
Gross profit on sales	12,842	10,719	19.8%
Costs of stores, distribution and overheads costs	9,414	8,259	14.0%
EBITDA	4,568	4,104	11.3%
Operating profit (loss)	2,493	2,415	3.2%
Net profit (loss)	1,497	1,747	-14.3%
Equity	5,609	5,302	5.8%
Liabilities and provisions for liabilities	13,574	12,199	11.3%
Long-term liabilities, including:	5,631	3,746	50.3%
– bank loans	1,383	182	659.9%
Short-term liabilities, including:	7,943	8,453	-6.0%
– bank loans	469	817	-42.6%
– trade and other liabilities	5,264	5,676	-7.3%
Non-current assets	12,607	9,872	27.7%
Current assets, including:	6,576	7,629	-13.8%
Inventory	4,587	4,669	-1.8%
Trade receivables	161	757	-78.7%



PROFITABILITY RATIOS

	2025	2024	YoY change (pp.)
Gross profit margin on sales	55.6%	53.1%	2.5 pp.
Operating profit margin	10.8%	12.0%	-1.2 pp.
Return on sales (ROS)	6.5%	8.7%	-2.2 pp.
Return on assets (ROA)	8.2%	11.2%	-3.0 pp.
Return on equity (ROE)	27.4%	34.9%	-7.5 pp.

Gross profit margin on sales – gross profit on sales divided by revenues from sales of goods and services

Operating profit margin – the ratio of operating profit to revenues from sales of goods and services

Return on sales – net profit divided by revenues from sales of goods and services

Return on assets – net profit divided by average assets during the financial year

Return on equity – net profit divided by average equity during the financial year

LIQUIDITY RATIOS

	2025	2024	YoY change (%)
Current liquidity ratio	0.8	0.9	-8.3%
Quick liquidity ratio	0.3	0.4	-28.5%
Inventory turnover (days)	165	148	11.5%
Receivables turnover (days)	2	14	-85.7%
Trade liabilities turnover (days)	200	189	5.8%

Current liquidity ratio – the ratio of current assets to the carrying amount of short-term liabilities

Quick liquidity ratio – the ratio of current assets less inventory divided by the carrying amount of short-term liabilities

Inventory turnover ratio (days) – average inventory divided by costs of goods and products sold and multiplied by the number of days in a given period

Receivables turnover ratio (days) – average trade receivables divided by revenues from sales and multiplied by the number of days in a given period

Trade liabilities turnover ratio (days) – average trade liabilities divided by costs of goods and products sold and multiplied by the number of days in a given period

ASSET MANAGEMENT RATIOS

	2025	2024	YoY change (pp.)
Fixed assets to equity ratio	44.5%	53.7%	-9.2 pp.
Total debt ratio	70.8%	69.7%	1.1 pp.
Short-term debt ratio	41.4%	48.3%	-6.9 pp.
Long-term debt ratio	29.4%	21.4%	7.9 pp.

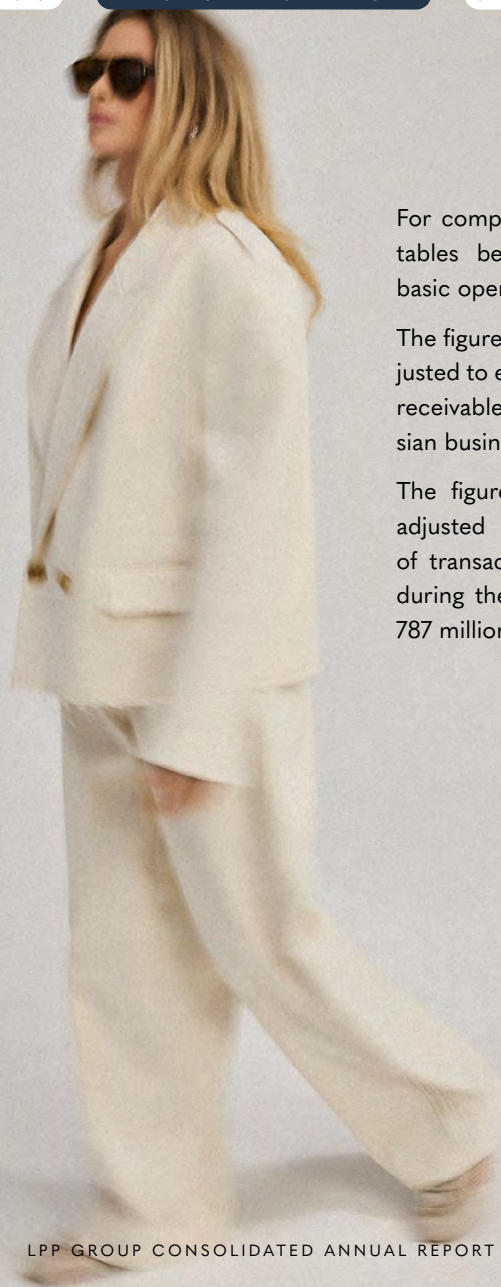
Fixed assets to equity ratio – shareholders' equity divided by fixed assets

Total debt ratio – the ratio of long – and short-term payables (including provisions for liabilities) to the balance sheet total

Short-term debt ratio – short-term debt divided by the balance sheet total

Long-term debt ratio – long-term debt divided by the balance sheet total





For comparability, the data in the tables below are presented for basic operations.

The figures for 2025 have been adjusted to exclude the impact of the receivables allowance for the Russian business: PLN 823 million.

The figures for 2024 have been adjusted to exclude the impact of transactions with trade agents during the transition period: PLN 787 million.

PLN m	2025	2024	YoY change (%)
Revenues	23,109	19,407	19.1%
Gross profit on sales	12,842	10,719	19.8%
Costs of stores, distribution and overheads costs	9,414	8,259	14.0%
EBITDA	5,391	4,104	31.4%
Operating profit (loss)	3,316	2,415	37.3%
Net profit (loss)	2,369	1,747	35.6%
Equity	5,609	5,302	5.8%
Liabilities and provisions for liabilities	13,574	12,199	11.3%
Long-term liabilities, including:	5,631	3,746	50.3%
– bank loans	1,383	182	659.9%
Short-term liabilities, including:	7,943	8,453	-6.0%
– bank loans	469	817	-42.6%
– trade and other liabilities	5,264	5,676	-7.3%
Non-current assets	12,607	9,872	27.7%
Current assets, including:	6,576	7,629	-13.8%
Inventory	4,587	4,669	-1.8%
Trade receivables	161	757	-78.7%

	2025	2024	YoY change (pp.)
Gross profit margin on sales	55.6%	55.2%	0.3 pp.
Operating profit margin	14.3%	12.4%	1.9 pp.
Return on sales (ROS)	10.3%	9.0%	1.2 pp.
Return on assets (ROA)	12.9%	11.2%	1.8 pp.
Return on equity (ROE)	43.4%	34.9%	8.6 pp.



FACTORS AND EVENTS (INCLUDING UNUSUAL ONES) HAVING A MATERIAL IMPACT ON THE GROUP'S OPERATIONS AND FINANCIAL STATEMENTS, INCLUDING THE RESULTS ACHIEVED

EXPANSION

At the end of the 2025 financial year, the Group's stores network consisted of 3,748 traditional stores in 35 countries, with a total floorspace of 3,059.2 thousand m². There were 2,427 stores outside Poland (2,021.6 thousand m²).

The total retail floorspace and number of stores increased by 24.9% and 901 stores, respectively, compared to 2024. Sinsay brand recorded the largest increase in the number of stores and floorspace, which was the result of the Group's implementation of an intensive and ambitious development plan for this brand both in the country and abroad.

SALES REVENUES

In the 2025 financial year, the Group achieved revenue of PLN 23.1 billion, i.e. 14.4% more than the previous year, and over 16% more in constant currency. At the same time, in its core business (excluding sales to trade agents in 2024), thanks to sales of the five brands from both their traditional stores and online stores, the Group achieved a result 19.1% higher YoY and ca. 21% higher in constant currency.

All of the Group's brands, with the exception of Cropp and Mohito, recorded revenue growth in constant currencies. Sinsay brand achieved the largest nominal growth and the

highest YoY sales growth (ca. 29% in constant currencies). Sinsay's strong revenue growth is the result of the brand's development in both the offline channel (traditional stores) and the online channel (development of the app and Sinsay Club loyalty program, as well as the expansion of the brand's offering with new product lines).

The Group's online sales revenues for the financial year amounted to PLN 6.4 billion, an increase of ca. 18% compared with the previous year (ca. 19% in constant currency). The strong growth of the online channel is the result of the development of mobile apps for the Group's brands, the expansion of the online product range and the aforementioned Sinsay loyalty program. Online sales accounted for approximately 28% of the Group's total sales in the financial year.

The Group's revenue in 2025 was also influenced by like-for-like (LFL) sales at stores, which amounted to +2.3%.

In 2025, revenue from Poland accounted for approximately 44% of the Group's total revenue. Apart from the domestic market, the Group achieved its highest sales in Romania, Ukraine, the Czech Republic and Hungary.

At the same time, two brands – Sinsay and Reserved – generated more revenue from other countries than from Poland in 2025, which demonstrates their international nature.

GROSS PROFIT MARGIN ON SALES

Despite the larger share of Sinsay brand, which has a lower margin and dilutes the overall gross profit margin on sales, in 2025 the Group achieved a higher YoY gross profit margin, reaching 55.6%, i.e. 2.5 pp. more than the previous year. At the same time, after adjusting for the impact of transactions

with trade agents in 2024, the gross profit margin achieved in 2025 was 0.3 pp. higher YoY.

The higher margin in the financial year was due to: a favourable US\$/PLN FX rate and higher sales of a larger parts of the collection at the regular prices, due to lower YoY promotional campaigns.

OPERATING COSTS

The Group's operating costs consist of store costs (rents, staff and other costs such as energy and depreciation), distribution costs (logistics and e-commerce) and overheads (marketing and head office as well as foreign subsidiaries).

In the 2025 financial year, the Group recorded a 14.0% YoY increase in operating costs; nevertheless, their growth rate was slower than that of sales. The higher YoY operating costs were the result of the introduction of the Group's new development strategy and the acceleration of the expansion of Sinsay brand's sales network.

In 2025, costs for own-brand stores amounted to PLN 5,266 million (+17.7% YoY), whilst HQ and e-commerce costs amounted to PLN 4,107 million (+10.4% YoY).

At the same time, costs per m² own-brand stores fell YoY from PLN 174/m² to PLN 165/m², which was the result of: lower YoY rental costs per m² (a higher number of Sinsay stores opened with lower rents), lower YoY staff costs per m² (effective management of working hours in stores) and a YoY decrease in other store costs thanks to the optimisation of energy consumption and external service costs.

Additionally, thanks to cost control at HQ (including e-commerce) and the implementation of automation in logistics,



the Group's operating costs per m² fell by 79% YoY, from PLN 318/m² to PLN 293/m².

As a result, the share of operating costs in the Group's revenue for the 2025 financial year fell to 41% from 43% in the previous year (for comparability, the 2024 figures have been adjusted to exclude the impact of transactions with trade agents).

OTHER OPERATING INCOME AND OPERATING COSTS

The Group's results for 2025 at the level of other operating income and operating costs were also affected by one-offs.

Following a fire that occurred on 29 June 2025 at a warehouse leased in Romania by LPP Logistics Romania SRL, the Group recognised in other operating income an estimate, based on its insurance policy, of future compensations for all assets lost in the fire, i.e. PLN 342 million.

At the same time, it recognised PLN 342 million in other operating costs, representing the estimated value of losses in fixed and current assets, i.e. PLN 49 million for destroyed equipment and PLN 293 million for goods lost in the fire (inventory).

Furthermore, during the financial year, following the Company's receipt of information from the shareholders of Re Trading, who had purchased shares in the Russian company in 2022, regarding the risk of the acquired company's loss of financial liquidity, and consequently none of the investors or their trade agents were able to settle their liabilities, the Company recognised a write-off on the total outstanding receivables amounting to PLN 823 million (PLN 581 million for

receivables for goods from trade agents and PLN 242 million for receivables from sales of Re Trading shares to investors).

EBIT AND EBIT MARGIN

The Group's EBIT in 2025 amounted to PLN 2.5 billion, which was 3.2% higher than the previous year. At the same time, for comparability in the business approach, i.e. after adjusting for the impact of the receivables allowance, the EBIT stood at PLN 3.3 billion, which was ca. 37% higher YoY.

The Group's operating profitability (EBIT margin) in 2025 stood at 10.8%, i.e. 1.2 pp. lower than a year earlier, due to the write-off. After adjusting for this, the operating margin stood at 14.3%, i.e. 1.9 pp. higher than a year earlier.

NET PROFIT AND NET PROFITABILITY

As a result of the above factors during the reporting period, LPP Group achieved a net profit of PLN 1.5 billion compared to PLN 1.7 billion a year earlier, with a net return on equity of 6.5% compared to 8.7% a year earlier.

At the same time, for comparability in the business approach, i.e. after adjusting the results for the impact of the write-off, in 2025 the Group achieved a net profit of PLN 2.4 billion, i.e. 35.6% higher YoY, with a net return of 10.3%, i.e. 1.2 pp. higher YoY.

ASSETS (STRUCTURE OF ASSETS AND LIABILITIES)

The Group's assets consist of two main components:

1. fixed assets comprising store fixtures and fittings and right of use assets; at the end of 2025, the value of these components stood at PLN 12.6 billion;

2. inventories of goods worth PLN 4.6 billion as at the balance sheet date.

The Group pursues a conservative liability management policy, maintaining a secure financing structure (under IFRS 16, the target is to maintain the equity-to-liabilities ratio above 20%). In the 2025 financial year, the Group maintained disciplined balance sheet management. At the end of 2025, the equity-to-liabilities ratio stood at 29.2%, with equity amounting to PLN 5.6 billion.

INVENTORIES

The Group's inventory comprised: goods in stores, warehouses (including those serving online stores) and goods in transit – from the manufacturer to the Distribution Center.

In the 2025 financial year, the Group experienced a YoY decrease in inventory of 1.8%, i.e. a decrease of PLN 82 million, to a level of PLN 4.6 billion.

At the same time, the inventory level per m² at the end of 2025 stood at PLN 1,507, a decrease of 21.4% compared to the previous year. The YoY decrease in inventory levels resulted from a high base, an increase in floorspace and active goods management throughout the year.

CAPITAL EXPENDITURE

The Group's capital expenditure in 2025 was worth PLN 3.2 billion, an increase of 74.4% compared with the previous year. The increase in investment was due to higher expenditure on stores and logistics, which was directly linked to the strategy of accelerating the Group's growth. The company invested in the development of stores (primarily Sinsay brand) and, in parallel, in the distribution network,



expanding its logistics floorspace and implementing modern technological solutions.

INDEBTEDNESS

At the end of 2025, the Group held PLN 450 million in cash, whilst net indebtedness stood at PLN 6.1 billion, compared to PLN 4.1 billion a year earlier. Additionally, PLN 811 million was held in money market deposits and investment funds, which are not recognised in the cash item.

The company also held short-term and long-term bank loans. During the financial year, there was a YoY increase in long-term indebtedness, which was a result of a change in the Group's financing structure in 2025. The utilisation of bank loans as at 31 January 2026 is shown in [Note 24](#) to the consolidated financial statements and in Note 25 to the separate financial statements.

Despite investments and costs related to the development strategy during the financial year, the Group maintained a very safe level of indebtedness, i.e. a net debt/EBITDA ratio of 1.1.

KEY FINANCIAL AND ECONOMIC FIGURES FOR LPP SA (PARENT COMPANY)

PLN m	2025	2024	YoY change (%)
Revenue from sales	18,582	16,408	13.2%
Gross profit on sales	8,290	6,898	20.2%
Costs of stores, distribution and overheads costs	5,666	5,123	10.6%
EBITDA	2,437	2,306	5.7%
Operating profit (loss)	1,743	1,716	1.6%
Net profit (loss)	1,617	1,642	-1.5%
Equity	5,743	5,303	8.3%
Liabilities and provisions for liabilities	8,849	8,196	8.0%
Long-term liabilities, including:	2,693	1,694	59.0%
– bank loans	1,534	619	147.8%
Short-term liabilities, including:	6,156	6,502	-5.3%
– bank loans	469	550	-14.7%
– trade and other liabilities	4,749	5,174	-8.2%
Non-current assets	7,693	5,860	31.3%
Current assets, including:	6,899	7,639	-9.7%
Inventory	3,615	3,894	-7.2%
Trade receivables	2,169	2,114	2.6%



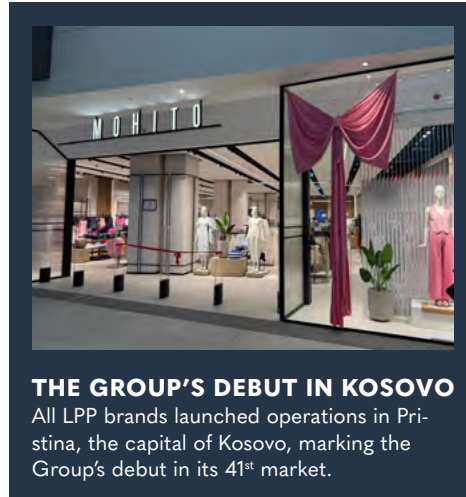


KEY EVENTS IN 2025

1Q25

2Q25

3Q25



THE GROUP'S DEBUT IN KOSOVO

All LPP brands launched operations in Pristina, the capital of Kosovo, marking the Group's debut in its 41st market.

OPENING OF THE 2,000TH SINSAY STORE

In 3Q, the brand opened its 2,000th store in Turkestan, Kazakhstan. Reaching the 2,000-store milestone is related to the Group's strategy plan for the development of Sinsay brand.



SINSAY'S DEBUT IN AZERBAIJAN

In early October, the first Sinsay store opened in Baku, the capital of Azerbaijan, thereby expanding the Group's presence to 44 markets. At the same time, the brand plans to open further stores in the country.



SINSAY'S DEBUT IN ALBANIA

LPP Group opened its first Sinsay stores in Albania, located in centre malls in the city of Durrës and in Tirana, the country's capital, marking the Group's entry into its 42nd market.

LIMITED EDITION BERRIES X RESERVED COLLECTION

As part of a co-creation project between the Polish brand Berries and Reserved, a collection of unique jewellery and accessories (earrings, rings, maxi bracelets, hair accessories and phone accessories) has been created.



SINSAY'S DEBUT IN UZBEKISTAN

At the beginning of August, the first Sinsay store opened in Tashkent, the capital of Uzbekistan. At the same time, the brand plans to open further floorspaces in the Group's 43rd market.



DIVIDEND PAID

In accordance with the resolution of the LPP GM, on 30 October 2025 the Company paid a dividend for the 2024 financial year in the total amount of PLN 660 per share (less the interim dividend of PLN 330 paid in April 2025).



SINSAY'S DEBUT IN MOLDOVA

In December, the brand opened its first store in Moldova – the 45th market in LPP's portfolio. The entry into Moldova marks the completion of the Group's coverage in the region and the achievement of one of the company's key strategic targets.

SINSAY'S DEBUT IN GEORGIA

Sinsay's first store in Georgia opened on 12 December at the Tbilisi East Point centre mall, where the brand will occupy 903 m² of modern retail space.



KEY EVENTS IN 2025

4Q25



OPENING OF A NEW RESERVED STORE IN GERMANY

In November, Reserved brand opened its new and 18th store in Germany. The 2,748 m² store offering collections for women, men and children, is located in the country's largest centre mall, Westfield Centro Oberhausen.

LPP LOGISTICS LAUNCHES E-COMMERCE WAREHOUSE IN ROMANIA

LPP Logistics has launched a highly automated e-commerce warehouse near Bucharest with 65,000 m² floorspace. The warehouse is capable of processing over 80,000 orders per day, operating in countries such as Romania, Bulgaria, Serbia, Bosnia and Herzegovina, Greece and Hungary.



SIGNING OF A FINANCING AGREEMENT WORTH A TOTAL OF CA. PLN 13.5 BILLION

The Company has signed a financing agreement with a consortium of Polish and international banks for a total amount of ca. PLN 13.5 billion. The financing granted will be used primarily to refinance the Company's existing indebtedness, to finance or refinance the Group's capital expenditure, and to finance suppliers.



INFORMATION ON KEY ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT (R&D)

Although the Group operates in the fashion sector, in response to dynamic changes in the clothing industry and plans to significantly increase the scale of its operations, it is also consistently developing as a technology-driven organisation. It independently designs and implements IT solutions tailored to its business model, whilst adapting innovative market tools to its own needs.

In the past financial year, the Company made significant progress in the development of tools supporting business processes, particularly in the areas of product recommendations, support for the site selection process for new stores, and price optimisation and recommendations. Key projects have yielded tangible benefits, contributing to an increase in operational efficiency, cost reduction and improved service quality.

Below is a description of the most important R&D projects and achievements completed in 2025.

RECOMMENDATIONS FOR E-COMMERCE

In 2025, the research, development and implementation of a proprietary product recommendation engine for the e-commerce channel were completed. The solution utilises machine learning algorithms, neural networks and advanced statistical methods to create a fully scalable, proprietary personalisation ecosystem.

The engine enables the generation of personalised recommendations for users of mobile apps and online stores, ta-

king into account their behaviour, purchase history and individual preferences. The system operates on all the Group's brands and all markets where online sales are conducted.

The project represents a significant step towards building advanced personalisation, supporting growth in conversion rates, average basket value and customer loyalty. The solution is being rolled out successively across further markets and expanded with new analytical modules.

STORE POTENTIAL – AN INTELLIGENT EXPANSION MAP

During the financial year, an analytical platform was developed and implemented to support the process of selecting locations for new stores and assessing their sales potential. The tool recommends optimal locations and forecasts their revenue for the first 12 months of operation.

The application operates in real time – upon selecting any point on the map, the model immediately generates a revenue forecast. The solution integrates the Group's internal data with a wide range of external data (including demographics, population data and points of interest), creating a comprehensive decision-making environment.

The platform is already operational in selected European countries and is being gradually rolled out to further markets. The tool provides tangible support to leasing managers, enabling not only the rapid identification of the most promising locations, but also the running of scenario simulations (changes in floor space, analysis of the competitive environment), which significantly improves the quality of investment decisions and reduces the risk of expansion.

INTERNATIONAL PRICING

The key product developed by the pricing team was the International Pricing tool – an advanced system designed to support price management in foreign markets in relation to the reference price in Poland.

The model takes into account a broad range of data, including macroeconomic factors, consumer purchasing power, the level of competition and the perception of the Group's brands in individual markets. This enables pricing decisions to be made in a more consistent, transparent and strategic manner.

International Pricing forms the foundation for building a data-driven global pricing policy, enabling the balancing of volume and margin targets and the precise adaptation of the offering to the specific characteristics of local markets.

VIRTUAL FITTING ROOM IN SINSAY MOBILE APP

Sinsay brand has introduced a Virtual Try-On feature to its mobile app, based on Google's artificial intelligence solutions. The feature allows logged-in users – after uploading a photo – to generate a realistic visualisation of clothes on their own body.

The solution bridges the gap between inspiration and the purchasing decision, enhances the online shopping experience and reduces uncertainty related to product fit. The project is part of a strategy to build a technologically advanced shopping experience and further strengthen the mobile channel.



SELF-SERVICE CHECKOUTS IN SINSAY STORES

The implementation of self-service checkouts was preceded by an in-depth business analysis and a testing phase. Based on data regarding location, population and turnover, a proprietary ROI calculator was developed, which became a key tool in the decision-making process.

At the same time, very good results were achieved during the test phase:

- » 55% of transactions were redirected to self-service terminals,
 - » the average transaction time was reduced to ca. 1 minute,
 - » 75% of card transactions moved to self-service checkouts,
 - » the loss rate was lower than anticipated,
- decided to proceed with the project.



The project enables an increase in the operational efficiency of stores by reducing the number of working-hours whilst making better use of staff time in areas that impact the customer experience. The solution forms part of a long-term transformation of the stores' operational model.

RESEARCH AND DEVELOPMENT PROJECT IN THE FIELD OF RECYCLING

The clothing industry faces growing regulatory requirements regarding circularity, coupled with none of the technologies enabling textile-to-textile recycling, particularly for polyester and blended fabrics.

In response to these challenges, between 2022 and 2025 the Company carried out a research and development project in collaboration with the start-up Use Waste, with the target of developing a technology for recycling clothing. La-



boratory work covered both polyester materials and fibre blends, which constitute the dominant part of the textile waste stream. The completed laboratory phase confirmed the potential for further development of the solution. The results obtained included, among other things, the production of polyester yarn from raw material derived from textile waste and the development of an approach enabling the separation of selected material blends into homogeneous fractions, indicating the potential for developing the technology at a pilot level.

By the end of 2025, the project was at the stage of completed laboratory work, forming the basis for further analysis and the potential development of subsequent phases of the technology.



Financial resource management

Financial resource management at LPP Group involves making decisions regarding the raising of cash and its use in the company's operations and development.

To conduct its business, the Group must possess both tangible assets (goods) and cash, i.e. financial resources. Both tangible assets and financial resources are interlinked. The Group's need for financial resources relates to the financing of day-to-day transactions (including payment for goods and services), as well as the financing of investments (stores, Distribution Centers, technology), which support day-to-day operations and are indirectly a source of the Group's cash inflows. The cash raised increases the Group's financial resources and is utilised in the subsequent cycle of its operations. The timing and volume of cash flows are significant, which requires appropriate management

Financial resource management within the Group involves controlling levels of indebtedness, meeting obligations on time, and monitoring the level and structure of the Company's current assets. Thanks to effective financial resource

management, the Group is able to generate gains and implement its adopted strategy.

The core business model, which involves retail sales, allows for immediate payment for goods sold. The inflows generated and the credit agreements in place fully secure the Group's ability to meet its obligations.

CREDIT LIABILITIES

The internal policy on incurring and settling credit liabilities is centralised at the parent company level and aims to maintain the lowest possible level of indebtedness in order to ensure the Group's financial security.

During the financial year, the Company entered into a financing agreement with a consortium of 21 Polish and international banks (including HSBC, Santander, Pekao, BNP Paribas, Citi/Bank Handlowy, UniCredit, ING, PKO BP, EBRD) worth ca. PLN 13.5 billion, which replaced the existing bilateral agreements. It comprises an investment bank loan of up to EUR 505 million (for 5 years), a revolving credit facility of

up to PLN 2.8 billion (for 3 years, extendable by 2 years) and a supplier financing programme (reverse factoring) with a limit of up to US\$ 2.4 billion, with an option to increase. The funds were allocated mainly to the refinancing of existing indebtedness, as well as to financing the Group's investments and current needs. The agreement ensures stable, long-term sources of financing, optimisation of debt costs and support for the implementation of the strategy for 2025–2027.

At the end of the financial year, utilisation of the revolving credit facility stood at PLN 659 m and included bank guarantees, letters of credit and an overdraft facility. Utilisation of the investment loan amounted to EUR 330 m. The Company also utilised a supplier financing programme, which enabled it to secure more favourable terms for payments, reduce financing costs and improve liquidity. As at 31 January 2026, the utilisation of reverse factoring stood at PLN 2.9 billion.



SURPLUS FUNDS

The Company allocates the generated financial surpluses first and foremost to the repayment of bank loans and the revolving credit facility. Subsequently, it invests the funds in negotiated bank deposits and cash funds. Internal policy governs the allocation of funds, taking into account geographical diversification, currency diversification and diversification in terms of the entities accepting funds on deposit.

At the end of the financial year, the Group held PLN 450 million in cash and PLN 811 million in deposit and mutual funds, which are not reported under the cash items.

TRANSFER PRICING POLICY AND CENTRALISED CURRENCY MANAGEMENT

The Group operates a centralised liquidity management model, i.e. the parent company (LPP SA) purchases goods, distributes them to subsidiaries, after which the subsidiaries pay the parent company in local currency for the purchases. The parent company has decision-making authority regarding the collection of receivables, currency exchange and the incurring of financial liabilities.

Through sales of goods to subsidiaries, using a *Transfer pricing policy* to issue invoices to subsidiaries, LPP regulates their profitability and its own revenue stream. By centralising the cash flow received from a portion of the revenue generated by its subsidiaries, LPP generates multi-currency revenue. Currency position management is based on transactions in both the SPOT and forward markets.

The company conducts foreign exchange transactions with financial institutions both in Poland and abroad.

FINANCIAL PRODUCTS

The Company utilises financial instruments such as: bank loans, bank deposits, participation units in money market funds, inter-company loans, and transactions involving derivatives, i.e. forward currency contracts, the targets of which are to manage the currency risk related to the purchase of goods abroad.

LPP uses the services of numerous banks and financial institutions, selecting the most suitable financial products from each.

Furthermore, the financial products themselves are subject to regular reviews and comparisons. In addition, LPP SA actively participates in the selection of institutions and their financial products for its own subsidiaries.





Risk management

DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS, SPECIFYING THE EXTENT TO WHICH THE GROUP IS EXPOSED TO THEM AND HOW IT MINIMISES THEM

The coordination of the risk management process (*Enterprise Risk Management*, ERM) within the Group is handled by the Internal Control and Risk Management Department, which is responsible for the continuous identification and analysis of threats and opportunities facing the Group in close cooperation with business unit owners and risk owners. Supervision of risk management within the Company is the responsibility of the LPP Management Board, whilst the Supervisory Board of LPP exercises oversight over the Internal Control and Risk Management Department.

The Company operates a *Risk Management Procedure*, which contains a detailed description of the risk manage-

ment process, defines the desired risk culture, and sets out the stages of the risk management process and its participants. *The Procedure* also defines the scope of responsibilities and the tools used.

Alongside *the Procedure*, a *Risk Book* is in place, categorising risks into the following main categories:

- » strategic;
- » operational;
- » regulatory and compliance;
- » financial;
- » reputational.

The *Risk Book* presents selected risks and opportunities identified by the Company in key areas of the LPP Group's operations. The selection was made according to their criticality, which is based on the likelihood of their occurrence and the scale of their impact should they materialise. The reference criteria are financial (impact on the Group's financial results) and reputational (impact on the reputation of the Group, its brands and management).

In parallel with corporate risk management, the Group manages climate risks. Both risks identified in the climate area and those identified as part of the ERM process are analysed in terms of their impact on the implementation of the LPP Group's strategy.

The most significant risks currently facing the Group's development are presented in detail below, with financial risks presented in the section '*Adopted targets and methods of financial risk management*' and climate risks in [the Sustainability Statement](#).

**RISK****STRATEGIC RISKS****MACROECONOMIC RISK**

Due to its presence in many markets, the Group is exposed to changes in the economic, regulatory, social and political environment, which may affect consumer demand, disrupt its operations or reduce profitability. LPP recognises the rise in household living costs, which is influenced by inflation and high energy costs.

The Group's revenues and margins depend on the economic situation of households. Economic growth or a slowdown in the countries where the stores are located may result in an increase or decrease in consumer spending, including on clothing. Similarly, economic growth or a slowdown in the countries where goods are manufactured may result in higher production costs or a decrease in them, or stabilisation. Furthermore, the ongoing energy crisis may lead to rising energy prices in Poland and Europe, affecting the costs of maintaining stores and other areas of the LPP Group's operations.

**RISK OF FASHION TRENDS AND SALES**

The LPP Group operates in a highly competitive, demanding and volatile fashion market characterised by changing customer tastes.

A natural feature of LPP's sales model is also the cyclical nature associated with seasonal changes, which necessitates changes to the collections. None of the customer demand resulting from the collections not matching their tastes and needs may require the Group to introduce additional price reductions and promotions, which negatively impacts the Group's gross profit margin, results and financial stability.

RISK MITIGATION MEASURES

The Group minimises risk in several ways:

1. Sales of goods:

- » presence in many European markets – diversification of risk across numerous countries with varying macroeconomic conditions,
- » sales of goods under several brands targeting different customer groups, in order to spread the risk across several age groups,
- » offering goods across a wide price range – from cheap and readily available to more expensive.

2. Purchase of goods:

- » outsourcing the production of goods to numerous manufacturers in over a dozen countries,
- » long-term cooperation with selected suppliers, which allows us to negotiate favourable prices for goods.

3. Operating costs:

- » strict control of the company's operating costs (cost budgeting, analysis and optimisation of work processes), warehouses and offices,
- » investments in renewable energy sources (agreement with Figene Energia, installation of photovoltaic panels on warehouses) and investments in technologically advanced electricity consumption management systems in stores, warehouses and offices.

The Group's design teams constantly monitor global fashion trends and keep abreast of market trends by attending fashion shows, trade fairs and events, as well as through access to global publications related to fashion. Artificial intelligence (AI) also supports the design process.

Several design teams work on clothing designs, with separate teams for each brand, and their work is organised to minimise the influence of any single designer on entire collections. Designers are subject to continuous assessment, including against KPIs.

At the same time, the Visual Merchandising and Omnichannel departments monitor changing shopping trends and the pricing policies of key competitors on an ongoing basis.

Another key factor in mitigating risk is strengthening the Group's digital presence – on the one hand, promoting the Group's brands on social media and collaborating with influencers, and on the other, designers drawing inspiration from fashion trends present on these platforms.

Additionally, risk is minimised by targeting products at different age groups of end consumers (primarily through distinct brands aimed at different target groups).

**RISK****STRATEGIC RISKS****RISK OF COLLECTION MISMATCH DUE TO UNPREDICTABLE WEATHER CHANGES**

The blurring of boundaries between the seasons and the increasing frequency of extreme weather events heighten the risk of the product range being ill-suited to current weather conditions.

Examples of this risk materialising included the above-average temperatures persisting in Poland and other European countries in September and October 2023, during the period when the Group was offering its autumn collections, as well as the exceptionally cool May 2025, when the spring collection was available for sales. In the absence of deferred demand, these phenomena may have a negative impact on the Group's sales and margins.

**COMPETITIVE RISK**

The clothing market in Poland and across Europe is home to many players, including some of the world's leading companies in the sector. At the same time, the rise in online shopping has triggered a global trend of sales shifting from traditional high-street stores to online stores. On the one hand, this has created greater sales opportunities, but on the other, it has increased competition. New players have emerged in the e-commerce market (including: those in the value-for-money segment), posing a threat to the Group.

Competitive risk relates not only to the attractiveness and suitability of the collections but also to their pricing. Should the Company raise the prices of its products, there is a risk of losing competitiveness, particularly for Sinsay brand, where low prices play a key role for the brand's customers.

RISK MITIGATION MEASURES

To minimise risk, the Group conducts ongoing analysis of customer behaviour in the context of changing weather conditions. This allows for flexible purchasing decisions and the adaptation of the product range to current market needs.

Additionally, should it be necessary to expedite deliveries, there is the option to switch from sea to air means of transport. At the same time, the portfolio of near-shore suppliers, located relatively close to Distribution Centers, is being consistently expanded, which increases operational flexibility and shortens response times to changes in demand.

Taking into account the long-term trend of climate change, the Group has also modified its collection model by increasing the proportion of multi-seasonal and transitional products. As a result, part of the range is becoming year-round. This solution reduces business risk – products unsold in the Spring/Summer season can be effectively brought to sales in the Autumn/Winter season through appropriate changes to display and marketing communications.

The Group consistently pursues a strategy of organic growth – it is expanding its sales network by opening new traditional stores and online stores, entering new markets and increasing its presence in countries where it already operates. These measures strengthen brand recognition and build their competitiveness in the region.

Success in individual markets depends primarily on the relevance of the collections and their acceptance by customers. Therefore, in-depth knowledge of shopping habits, the ability to respond quickly to changing consumer needs, and a high-quality shopping experience (customer experience) are of key importance.

To minimise competitive risk, the Group focuses on creating collections that are as closely aligned as possible with current trends and customer expectations, whilst keeping prices at an acceptable level. Staff regularly attend trade fairs and fashion shows and make use of professional publications and websites dedicated to the latest trends. This helps to reduce the risk of creating less competitive collections.

Investments in modern technologies, including the development of mobile apps for the brands, are also a key element in building market advantage. These solutions increase customer satisfaction and strengthen their loyalty.

At the same time, the Company continuously monitors the activities of its competitors, analysing their financial results, sales network development, product range and price levels. This approach enables a rapid response to market changes and the maintenance of a strong competitive position.

RISK

STRATEGIC RISKS


**GEOPOLITICAL
RISK**

The LPP Group conducts operational, commercial and logistical activities in many international markets, and its supply chain includes suppliers located in various regions of the world.

Specific risks include:

- » instability in Eastern Europe;
- » an escalation of the conflict in the Middle East, which could lead to disruptions in global supply chains, increased operating costs and a decline in demand in certain markets;
- » the situation surrounding Taiwan, where a conflict could have global repercussions, adversely affecting the economies of many countries, including Poland;
- » trade and political tensions between the world's major economies.

Armed conflict or an escalation of political tensions in the countries where the Group operates could lead to disruptions in the supply chain, trade restrictions and sanctions, loss of control over assets, closure of sales channels, and problems with fund transfers and payments.

At the same time, the Group recognises the risk of a negative impact on the company's reputation should it conduct business operations in a country that initiates conflicts.

OPERATIONAL RISKS


**RISK OF DISRUPTED
SUPPLY CHAINS**

The Group outsources the production of its goods to independent external manufacturers, most often located in Asia. Goods are transported by sea or rail from Asia to Europe and then distributed across Europe from the Group's own logistics centres.

The risk of supply chain disruptions negatively impacts the smooth flow of goods from manufacturers to logistics centres and stores, and ultimately to end customers.

Furthermore, the escalation of geopolitical tensions in the Middle East could lead to disruptions in global supply chains and an increase in transport costs. Ongoing instability in the region increases the risk of delays in the delivery of goods from certain manufacturing countries, which may affect shifts in their availability for sales, as well as inventory levels.

RISK MITIGATION MEASURES

Heightened geopolitical risk increases the scale of challenges in conducting business; however, a flexible response to market changes and the safeguarding of supply chains may pose a significant competitive advantage in such an environment. Risks related to restrictions resulting from political and economic crises are difficult to mitigate due to the unpredictability of how conflicts will develop and the decisions subsequently taken by international institutions and organisations.

The Group takes proactive measures to mitigate risks, such as:

- » operating in multiple markets (the Group operates in 46 countries, which helps to limit the impact of disruptions in specific territories);
- » limiting the Group's exposure to a given country (sales in any single country may not exceed 20% of the Group's total sales – with the exception of Poland);
- » ongoing monitoring of the Group's financial settlements and ensuring that no excessive financial liabilities or receivables arise that could adversely affect the Group's liquidity;
- » monitoring the current political and economic situation and, following a thorough analysis of the situation, ensuring that the Company's Management Board takes decisions on an ongoing basis;
- » conducting sales through two independent distribution channels, namely traditional stores and online sales.

LPP responds to the risk of supply chain disruptions by:

- » diversifying supplier countries, including by relocating part of production from Asia to Europe or Africa;
- » diversifying transport modes: ensuring sea, air and rail transport;
- » implementation of a new ordering strategy involving the consideration of current delays in the supply chain and the acceleration of orders for parts (individual models) or entire collections – in this way, the Company partially mitigated delays related to events in the Red Sea or currently in the Middle East;
- » investments in the expansion of logistics facilities and in logistics and IT technologies, which enable the efficient processing of deliveries and decrease the impact of any delays;
- » diversification of the countries in which LPP operates its logistics centres (Poland, Romania, Slovakia);
- » cooperation under long-term contracts with shipping lines – any significant disruptions in the global supply chain affect freight rates and the availability of space on vessels; thanks to its long-standing cooperation with logistics partners, the Company is able to adequately safeguard both of these aspects.



RISK

OPERATIONAL RISKS



CYBERSECURITY RISK

Threats to the confidentiality, availability and integrity of processed information are observed in the market, such as:

- » breaches of infrastructure security and unauthorised access to IT systems;
- » unavailability of IT systems as a result of infrastructure infection by malware/ransomware;
- » social engineering attacks;
- » leakage of confidential data (including personal data) as a result of, amongst other things, a cyber-attack or inadvertent disclosure;
- » disruption of operational continuity as a result of a DoS/DDoS attack.

The materialisation of this type of risk may result in a breach of personal privacy, reputational and image damage, financial losses (a decline in revenue caused by a loss of customer confidence in transaction security and potential penalties from the regulator) or the physical loss of funds.

REPUTATIONAL RISKS



RISK RELATED TO THE DISSEMINATION OF FALSE INFORMATION BY THIRD PARTIES

As a result of actions by third parties deliberately aimed at damaging the Company's reputation, there is a risk of a negative perception of the Company's image by stakeholders, including investors, lenders, business partners, customers, employees, regulatory authorities and the general public, which may result in reputational damage and financial losses. The consequences of such an event may be immediate, such as a fall in the Company's share price, or may become apparent over the longer term, manifesting as difficulties in obtaining credit, a loss of customers, or reluctance on the part of business partners to enter into cooperation. The Company is aware of the multifaceted nature of the consequences of the publication of false information about the Company.

RISK MITIGATION MEASURES

The company has implemented and continues to develop technical and organisational solutions in the field of information security and personal data protection, tailored to the scale of its operations and the identified risks. It has dedicated departments responsible for managing and overseeing this area. It has implemented and continuously optimises procedures in the areas of information security and personal data protection, as well as IT security solutions. The effectiveness of the procedures and IT security measures in place is verified through regular tests and audits, including those carried out by external firms. As part of the Cybersecurity Programme, the Group runs an educational programme to raise employee awareness of cyber threats.

At the same time, the Company holds and periodically increases the value of its cyber risk insurance policies.

To manage the risk effectively and minimise the consequences should it materialise, the Company works with specialist firms that monitor the media market to obtain information about an impending reputational crisis at the earliest possible stage of its emergence.

In March 2024, the Company experienced a reputational attack following the publication by a third party of a report containing a number of unconfirmed claims about the Company relating to the sales of its business in Russia. In response to this incident, the Company took preventive measures.

Currently, LPP manages this risk by:

- » continuously monitoring the situation regarding information about the Company appearing in the national and international media, which could have a negative impact on the Company's reputation and, consequently, lead to a fall in the share price and financial losses;
- » introducing procedures for each brand to follow in the event of a crisis;
- » the crisis management team taking action depending on the situation, the scale and the scope of the published content.



ADOPTED TARGETS AND METHODS OF FINANCIAL RISK MANAGEMENT

FINANCIAL LIQUIDITY RISK

Financial liquidity refers to the ability to settle financial liabilities on time. This is closely linked to the company's ability to generate cash and manage its financial resources.

The business model adopted by the Group, i.e. the sales of goods for cash to the end customer, guarantees a stable generation of daily cash inflows and reduces dependence on large individual customers. The Group's liquidity management boils down to managing goods and setting appropriate prices and margins, strict control of costs and outflows, as well as managing financial surpluses.

The Company's liquidity is controlled through the ongoing monitoring of bank account balances, the preparation of weekly and half-yearly cash flow forecasts, and the planning of cash flows between subsidiaries and LPP SA.

Thanks to a financing agreement signed with a banking consortium during the financial year, the Company has secured access to additional credit lines, thereby achieving an increase in flexibility in managing working capital and financing further growth. The conclusion of the syndicated loan agreement forms part of the diversification of funding sources and strengthens the Group's liquidity security, mitigating the risk related to potential fluctuations in cash flows.

In liquidity management, the appropriate management of working capital is also crucial, and the Company is aided in this by utilising a supplier financing programme (reverse fac-

toring) under the syndicated loan agreement. Thanks to this programme, the Company maintains higher trade liabilities than inventory, which improves financial liquidity.

CREDIT RISK

The Group's generation of gains over the long term enhances financial security and enables it to establish creditworthiness in the market, which in turn is a key element of the company's image and a guarantee of its growth and stability.

The priority of the LPP Management Board in the financial sphere is for the LPP Group to generate gains sufficient to service its credit obligations on an ongoing basis and to secure funds for the Group's further development. LPP maintains its creditworthiness at a high level – by settling all its liabilities on an ongoing basis, increasing sales and optimising costs, but also through appropriate forward planning to detect impending risks at an early stage. Budgets, financial plans, cash flow forecasts and stress tests are prepared. Financial ratios, including debt ratios, are monitored. The company has adopted a policy that the maximum level of net indebtedness under IFRS 16 should not exceed 2.5x EBITDA.

INVESTMENT RISK

Investment risk is related to the fact that none of the expected results are achieved from investments in new stores and logistics warehouses, or delays in the completion of such investments. This may result from nonexistent in-depth knowledge of the investment area, an unsuitable store location, or excessive financial engagement relative to the Group's capabilities. Additionally, investment risk may arise from external factors beyond the Company's control, such as operational and technical delays on the part of premises tenants.

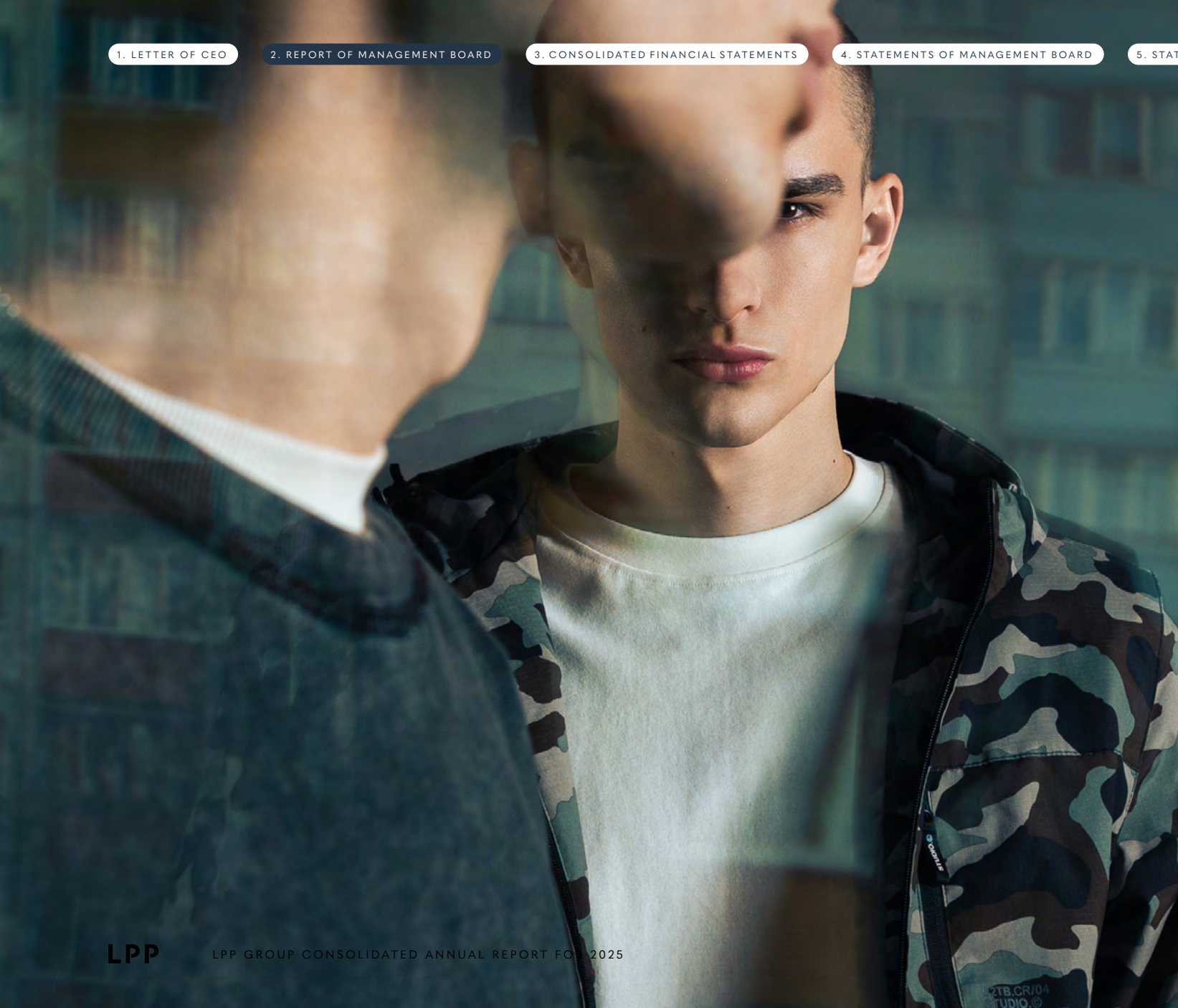
The Group focuses on investments within its area of expertise, which increases the likelihood of success; a significant portion of these is related to the development of a sales network in Poland and abroad. To limit the risk of selecting unsuitable locations and minimise potential delays, the Company systematically strengthens the key teams responsible for the investment process. The Leasing Department plays a particular role, with leasing managers – present in every country where the Company operates – actively identifying and securing the most attractive locations. In parallel, the Investment Department, through its project managers, oversees the comprehensive implementation of projects and the process of opening new stores. These teams are covered by a bonus scheme closely linked to the achievement of set investment targets, which further enhances their efficiency and engagement.

Furthermore, during the financial year, the Company implemented an analytical platform – a tool supporting the process of selecting locations for new stores and assessing their sales potential, enabling the rapid identification of the most promising locations.

At the same time, the Company's Management Board continuously assesses both the investment potential and suitability to needs (Distribution Centers) and monitors the financial performance of newly opened stores.

INTEREST RATE RISK

Interest rate risk at LPP is primarily related to the costs of financing its operations, in particular the Company's use of bank loans, and to a lesser extent to loans granted. It refers to the potential adverse effects of changes in market interest



rates, mainly through their impact on costs associated with managing indebtedness. The higher the market interest rates, the higher the interest costs incurred by the Company, and thus the greater the burden on the financial result. Bank loans taken out by LPP SA bear interest at a variable rate (WIBOR, EURIBOR), dependent on changes in market reference rates. In the Management Board's opinion, the planned interest rate cuts will not have a material impact on the Group's financial results, due to the low level of credit engagement in its operations.

CURRENCY RISK

Currently, ca. 43% of the Group's sales revenue is generated in PLN. However, the primary settlement currency for the majority of transactions involving the purchase of goods is the US\$. A small proportion of such settlements is conducted in EUR. The Company hedges the US\$/PLN FX rate by entering into forward contracts for payments in US\$ to suppliers. The target of these transactions is to minimise foreign exchange differences in financial activities (i.e. below EBIT). In addition to the currency risk related to the settlement currency used for the purchase of goods, there is also a risk related to the fact that rents for retail floorspace are settled in EUR, which is offset by inflows of operating income in that currency.



Strategy, plans, outlook and directions for the development of LPP Group

GROUP STRATEGY

The Group's target is to consistently expand the geographical reach of its brands whilst enhancing the appeal of its offering and responding flexibly to changing customer needs. The foundation of these activities is the omnichannel model – one of the three strategic pillars of the Group's development – which integrates brick-and-mortar and online sales into a cohesive system. In practice, this means further expansion of the store network whilst systematically strengthening the online channel. In the coming years, the Group will focus primarily on accelerating the expansion of Sinsay brand, whilst ensuring the maintenance of a strong position and stable growth for Reserved, Cropp, House and Mohito brands. Maintaining high profitability across the entire portfolio will remain a priority.

In addition to developing the omnichannel model, the Group bases its growth strategy on two further, complementary pillars: technological transformation and sustainable development. These defined directions address both market and di-

gital challenges, as well as growing expectations in the areas of legislative, environmental and social responsibility.

1. OMNICHANNEL ORGANISATION

LPP is an integrated omnichannel organisation in which in-store and online sales form a single, cohesive system. The Company's priority is to provide customers with a consistent, high-quality shopping experience – regardless of the chosen sales channel. In practice, this means the parallel development of the store network and e-commerce, whilst maintaining consistent communication, a coherent product range policy and operational synergy. A key element of this strategy is the development of mobile apps for individual brands, which build brand recognition and strengthen customer relationships. These tools are being rolled out successively across new markets and enhanced with features that support sales and build loyalty.

In the 2025–2027 strategy, the Group's key focus is the dynamic expansion of Sinsay brand – both through the intensive expansion of the retail network and by further increasing its



online availability. The brand's strength is determined by: the omnichannel model, attractive pricing and proximity to the customer, regardless of where they live.

The implementation of these plans is based on the Group's nearly thirty years of experience in building and developing Reserved, Cropp, House and Mohito brands. The operational, logistical and marketing expertise developed over the years now forms a solid foundation for further growth – both for Sinsay and for the mature brands in the Group's portfolio, for which the targets remain to maintain a strong market position and wide availability of the product range across offline and online channels.

GROWTH THROUGH BRANDS AND THE UNIQUE CHARACTER OF SINSAY

The Group consistently focuses on acquiring new customers and building loyalty among existing ones through the development of an attractive and diverse brand portfolio. Its foundation was Reserved brand, whose first store opened in 1998. Today, LPP manages five brands, catering to the needs of various customer groups. The range includes collections for women and men (Reserved, Mohito, Sinsay), children's lines (Reserved, Sinsay) and offerings for teenagers (Cropp, House, Sinsay). Reserved, Cropp, House and Mohito operate in the mid-price segment, whilst Sinsay is developing in the value-for-money segment.

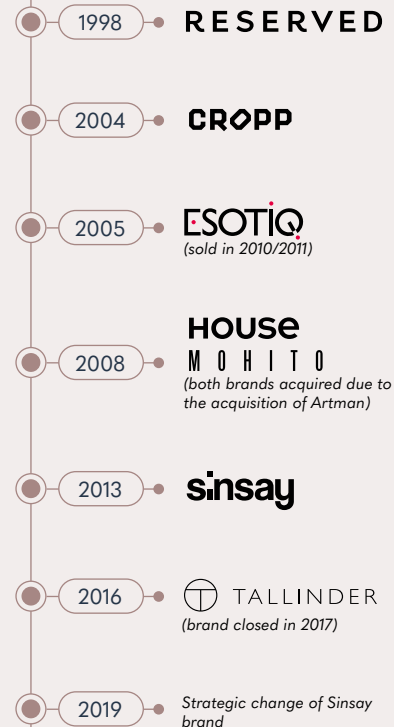
The Group has no plans to create new brands, but is focusing on strengthening and scaling its current portfolio, with particular emphasis on its youngest brand, Sinsay. The current business strategy is based on leveraging the brand's potential, which in 2019 underwent a transformation from a brand dedicated to teenage girls into a broad, family-ori-

ented shopping concept. The range has been expanded to include collections for women, men and children, as well as a non-apparel segment covering, amongst other things, homeware, pet accessories, cosmetics and sports products.

Sinsay combines the characteristics of a fashion brand with a value retail model, meeting the needs of customers looking for functional products at attractive prices. The strength of the concept rests on four pillars: a network of stores with convenient locations and modern designs – particularly in smaller towns – strong support for the online channel, including a mobile app and a loyalty program, a wide and stylish product range, and a competitive pricing policy.

The very positive reception of the brand's new formula and the dynamic expansion of the stores network mean that Sinsay is becoming a key driver of the Group's growth. By 2027, its share of revenue could reach as much as 65%, strengthening LPP's position as one of the leaders in the region's clothing market.

Expansion through brands



MARKET EXPANSION AND INCREASING PRESENCE IN SMALLER TOWNS

The development of the Group's brands is closely linked to the consistent expansion of its sales network – both offline store chains and online sales – domestic and abroad. The targets are to further diversify revenue: to maintain a strong position in the domestic market whilst increasing the share of overseas sales, particularly in South-Central Europe and the promising markets of Central Asia. The strategy for 2025–2027 places particular emphasis on developing the retail format in smaller towns. The Group intends to strengthen the Design&Value category there, combining an aesthetic, year-round range for the whole family with an affordable pricing policy. This objective is being realised through the dynamic expansion of Sinsay brand – encompassing both the expansion of the store network and the development of the online channel. The strength of the concept lies in its omnichannel approach, attractive pricing and proximity to the customer regardless of where they live. Sinsay's scalable business model and the relatively low level of market saturation – particularly in smaller towns – open up the potential for the Group to reach up to 300 million customers across 27 target markets, creating a solid foundation for further expansion and long-term growth.

Today, outside Poland, the Group operates in six geographical areas, each with different growth prospects:

Poland

is the Group's home market and, at the same time, its most important market, generating a significant portion of the Group's revenue. Given its high maturity and dense sales network in larger cities, the Group focuses here on maintaining the current position of its brands and expanding Sinsay brand's offline store chain in smaller towns.

Central and Eastern Europe (CEE)

comprises countries such as the Czech Republic, Slovakia and Hungary. As in Poland, the focus here is mainly on developing the stores network in smaller towns where it sees growth potential for Sinsay brand. The traditional stores network is being expanded primarily through retail parks.

Baltic Sea Region (BSR)

countries where the Company's brands are present are Lithuania, Latvia and Estonia. The Group treats all three countries as mature markets, where it focuses on brand development, particularly in smaller urban areas, within retail park-type retail spaces.

South-Eastern Europe (SEE),

i.e. Romania, Bulgaria, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, North Macedonia, Greece, Albania, Kosovo and Moldova, are markets with significant growth potential for all LPP brands, but particularly for Sinsay brand. There, the Group is gradually expanding its stores network, strengthening its presence in the Balkans.

Eastern Region and Central Asia

comprising Ukraine, Belarus, Kazakhstan, Uzbekistan, Azerbaijan and Georgia—is an area characterised by varying degrees of retail market maturity and levels of brand recognition for the Group. At the same time, it represents a key direction for further expansion. After a break of several years, the Company has resumed the development of Sinsay chain in Ukraine and Kazakhstan. From 2025, it is also pursuing intensive expansion in the countries of Central Asia, which it views as one of the most promising growth regions for this brand.

Asian markets are characterised by rising household incomes and a young demographic structure, with a high proportion of families with children. This fuels demand for children's and women's clothing, as well as home products – segments that form a significant part of Sinsay's offering. Although retail trade still largely relies on traditional formats, such as markets and high-street stores, there is a dynamic development of modern centre malls and a gradual shift in consumer shopping habits. This creates favourable conditions for further strengthening the brand's presence in the region.

Middle East (ME),

i.e. Egypt, Qatar, Kuwait, the United Arab Emirates, Israel and Bahrain. The Company's presence with Reserved brand in this region is based on cooperation with a franchise partner. At the same time, it continues online sales via external sales platforms.

Western Europe (WE)

i.e. Germany, the United Kingdom, Finland and Italy, are countries where the expansion of the sales network will be pursued cautiously.



Expansion by country

- 1998 Poland
- 2002 Russia, Latvia, Estonia, Czech Republic, Hungary
- 2003 Ukraine, Slovakia, Lithuania
- 2007 Romania
- 2008 Bulgaria
- 2014 Croatia, Germany
- 2015 Egypt, Qatar, Kuwait, Saudi Arabia
- 2016 United Arab Emirates
- 2017 United Kingdom, Belarus, Serbia
- 2018 Kazakhstan, Slovenia, Israel
- 2019 Bosnia and Herzegovina, Finland
- 2021 North Macedonia
- 2022 Italy
- 2023 Greece
- 2024 Bahrain
- 2025 **Kosovo, Albania, Moldova, Azerbaijan, Uzbekistan, Georgia**

Expansion of e-stores by country

- 2011 Poland
- 2014 Germany
- 2015 Czech Republic, Slovakia, Romania
- 2016 Hungary
- 2017 Latvia, Lithuania, Estonia, United Kingdom, Russia
- 2018 Middle Eastern countries by franchise partner: Bahrain, Kuwait, United Arab Emirates, Saudi Arabia, Oman
- 2019 Croatia, Ukraine, Reserved online pan-European shop – European Union countries (12 countries)
- 2020 Slovenia, Israel
- 2021 Bulgaria, Qatar
- 2022 Serbia, Lebanon
- 2023 Bosnia and Herzegovina
- 2024 North Macedonia



2. TECHNOLOGICAL TRANSFORMATION AND LOGISTICS

The Group operates in the fashion sector, but in response to dynamic changes in the clothing industry and plans to significantly increase the scale of its operations, it is also consistently developing as a technology-driven organisation. It independently designs and implements IT solutions tailored to its business model, whilst adapting innovative market tools to its own needs.

Throughout the entire value chain – from collection design, through logistics, to sales and network development – the Group utilises modern technologies, including solutions based on artificial intelligence (AI). Technological transformation forms the foundation of the business strategy, enabling further strategic development, maintaining high operational efficiency, optimising the flow of goods, accelerating key customer service processes, increasing the operational capacity of the e-commerce infrastructure, and scaling the business without a proportional increase in operating costs.

AI algorithms are currently used, among other things, in collection creation, allowing for better analysis of trends and customer expectations; in e-commerce, where they support the generation of product content using virtual photo shoots or product videos; and in the personalisation of shopping experiences – for example, through virtual fitting rooms. AI also supports customer service through chatbots and the automation of frequently asked questions, as well as the planning of traditional store network expansion, helping to select locations with the greatest market potential.

Logistics remains a key area of investment, with automation and robotisation being rolled out across core processes. The Group's strategy involves expanding Distribution Centers and e-commerce warehouses in Poland and abroad, and systematically increasing the use of innovative technologies within them – in particular autonomous robots and AI-based solutions. This allows, amongst other things, for the smoothing out of fluctuations in order volumes during peak demand seasons, shortening picking paths, optimising the use of warehouse space, streamlining goods flows and managing inventory more effectively, whilst maintaining cost discipline during periods of lower demand. As a result, these solutions translate into a marked increase in sales efficiency both online and through traditional channels, as well as a significant reduction in unit logistics costs.





3. SUSTAINABLE DEVELOPMENT

In an era of growing awareness of the importance of responsible business and dynamic regulatory changes in the clothing industry, including: the EU's *Textile Strategy* and the introduction of obligations related to *Extended Producer Responsibility (EPR)*, the Company consistently integrates sustainable practices into its day-to-day operations. The Group's development is based on the principles of sustainable operations covering all processes – from design and production, through distribution and sales, to activities aimed at giving garments a 'second life' after they have reached the end of their useful life with customers.

This comprehensive approach addresses the industry's current challenges – growing EU regulatory expectations, customer pressure for supply chain transparency, and climate and social changes. The Group strives to reduce the negative environmental impact of its operations whilst educating customers and business partners, promoting responsible purchasing choices and a shared commitment to a circular model of clothing use. At the same time, it is conducting research into the possibility of developing an effective and scalable method for recycling used polyester fabrics and fabric blends based on the 'textile-to-textile' concept. For several years, it has also been collecting second-hand clothing in its stores, which is then returned to circulation and donated to charitable organisations or, in accordance with the textile waste hierarchy, subjected to upcycling, downcycling or recycling.

In 2022, the Company joined the global Science Based Targets initiative, which supports the private sector in efforts to

combat global warming, and developed detailed decarbonisation targets that were scientifically assessed according to the SBTi methodology. In 2023, LPP received positive verification of its greenhouse gas emissions reduction plan up to 2030, covering key categories responsible for its carbon footprint. As part of the plan, the Group intends, among other things, to reduce Scope 1 and Scope 2 emissions by 42% compared to the 2021 baseline year, and Scope 3 emissions – resulting from the purchase of goods and services – by 51.6% per unit of product.

Sustainable development also encompasses social initiatives carried out primarily through the LPP Foundation, established in 2017. The Foundation supports children and young people in difficult life situations, people with illnesses, medical facilities, and organisations caring for those at risk of social exclusion. It pays particular attention to supporting the mental health of children and young people – one of the most significant social challenges of the 21st century.

At the same time, the Company is constantly committed to ensuring responsibility throughout the supply chain and respect for human and labour rights. To this end, it is increasing the number of local branches in production regions, which enables better monitoring of conditions at suppliers, more effective auditing, and an ongoing response to the challenges faced by business partners and their employees. This approach enables the Company to meet both EU regulatory requirements and growing consumer expectations regarding responsible and transparent fashion.



FINANCIAL TARGETS AND INVESTMENT PLANS

In the coming years, the Group will continue to develop its omnichannel model, which combines sales in physical stores and online, ensuring high profitability and greater accessibility of the product range for customers. Particular potential is seen in the synergy between two business segments: Design&Value, represented by Sinsay brand, and lifestyle brands (Reserved, Cropp, House and Mohito), whilst simultaneously strengthening the online channel for both segments.

The Group intends to focus the development of its offline store chain primarily on Sinsay brand, with particular emphasis on locations in retail parks in smaller towns, where market saturation is low and there is significant potential to attract new customers. Sinsay's expansion between 2025 and 2027 will cover Poland, Southern, Central and Eastern Europe, as well as Central Asian markets. Expansion in Western Europe (WE) will be pursued in a selective and cautious manner, due to high competition and market saturation.

For 2026, the Group plans to open around 1,000 new stores, the vast majority of which will belong to Sinsay brand, enabling a YoY increase in sales floorspace of around 20%. Projected revenue for this period will amount to PLN 28–29 billion, with planned further growth in retail floorspace, positive LFLs and double-digit growth in online sales.

At the same time, the Company will aim for a gross profit margin on sales in range 55.0%-55.5%, maintaining high cost

efficiency with the operating costs to sales ratio of 40%–41%, EBITDA margin of 23%–24% and the net profit margin in range 9%–10%. Net debt to EBITDA is planned at ca. 1.1.

The year 2026 began with sales up by 13% YoY in constant currency (for the period from 1 February to 23 March). At the same time, the Group's performance this year may be affected by the geopolitical situation in the Middle East. The escalation of tensions in this region is leading to higher fuel prices and, consequently, an increase in transport and distribution costs. Additional fuel surcharges may be added to previously contracted annual sea freight rates, the impact of which could amount to up to PLN 30 million by the end of the year in a pessimistic scenario. Higher oil prices also affect distribution costs, which account for approximately 30% of the Group's logistics costs. In this area, higher fuel costs would mean costs up to ca. 10% higher than the levels recorded at the end of February 2026. Potential delays at ports and extended delivery times, dollar-denominated purchase cost inflation related to the energy crisis and the escalation of the conflict in the Middle East, and the negative impact of FX rates may also pose challenges for the entire industry. LPP Group is monitoring the situation on an ongoing basis and, amongst other things, is gradually hedging the US\$/PLN FX rate (including ca. 90% for the S26 season), actively manages delivery schedules for future months well in advance, and maintains an ongoing dialogue with suppliers regarding future purchase price lists, leveraging the ever-growing scale of the business, driven primarily by Sinsay brand.

The Group's investment plans for 2026 envisage total capital expenditure of PLN 2.6 billion, with a significant part of the funds allocated to the development of the traditional stores network, and the other funds directed towards logistics projects, including automation and the expansion of warehouse capacity.

The Group has the full capacity to finance these investments from both its own funds and bank loans, which ensures the implementation of its adopted development and expansion strategy.

The table below presents the investment plan for the coming year.

Capex (PLN billion)	2026
Stores (in Poland and abroad)	1.7
Logistics	0.7
Other	0.2
Total	2.6



Supplementary information

INFORMATION ON THE POLICY REGARDING CHARITABLE, SPONSORSHIP OR OTHER SIMILAR ACTIVITIES, AND A BREAKDOWN OF THE EXPENDITURE INCURRED

Since 2017, the LPP Foundation, established by the Company, has been responsible for charitable initiatives within the Group. The target of the LPP Foundation is to support individuals and communities at risk of social exclusion, as well as to promote health and environmental protection. The Foundation pays particular attention to projects aimed at supporting marginalised people, mainly children and young people, providing material assistance, and projects supporting the Company's partners in the immediate vicinity of the business.

The expenditure incurred by the Group in 2025 to support charitable institutions and social organisations are presented in the table.

PLN million	2025
Cash donations	7.7
In-kind donations (market value)	13.8
Total value of support (cash donations and in-kind donations)	21.5

Method adopted:

Data comprises the amounts allocated to social activities by LPP Group companies in Poland and other countries, as well as the LPP Foundation

Scale of the LPP Foundation's activities (PLN million)	2025
Value of cash donations made by the LPP Foundation	6.7
Including:	
amount for social equalization activities	2.7
amount for healthcare	2.2
amount for mental health support for children and youth*	1.9
Market value of in-kind donations	12.8

Scale of the LPP Foundation's activities	2025
Number of organizations financially supported by the LPP Foundation	79
Number of LPP Group volunteers involved in projects during the reporting year	757
Number of hours worked by volunteers	13,000
Number of clothing items donated for social purposes	220,112
Number of entities that received clothing in the form of in-kind donations	76
Political contributions (LPP does not support political activity) (PLN)	-



INFORMATION ON SIGNIFICANT CONTRACTS CONCLUDED, INCLUDING CONTRACTS BETWEEN SHAREHOLDERS, INSURANCE CONTRACTS AND COOPERATION AGREEMENTS

In 2025, the Group concluded:

- » an agreement for the provision of insurance guarantees for the payment of customs debt;
- » insurance contracts – a global policy covering all the Group's assets, including real estate and its fixtures and fittings, goods, machinery and equipment, as well as a cyber risk and terrorism insurance contract;
- » lease agreements and annexes to agreements amending the terms of existing lease agreements with landlords of floorspaces in retail properties in Poland and other countries;
- » a financing agreement with a consortium of banks including, amongst others, HSBC, Santander Bank Polska, Pekao, BNP Paribas, Citi Bank/Bank Handlowy, Unicredit, ING, PKO BP and the EBRD for a total amount of PLN 13.5 billion;
- » lease agreements for warehouse floorspace.

INFORMATION ON BANK LOANS AND BORROWINGS ENTERED INTO AND TERMINATED DURING THE FINANCIAL YEAR, SPECIFYING AT LEAST THEIR AMOUNT, TYPES OF CONTRACT, INTEREST RATE, CURRENCY AND MATURITY DATE

Information on bank loans taken out as at 31 January 2026 and their maturity dates is included in the financial state-

ments of LPP Group ([note 24](#)) and the financial statements of LPP ([note 25](#)).

INFORMATION ON GUARANTEES AND SURETIES GRANTED AND RECEIVED DURING THE FINANCIAL YEAR, INCLUDING THOSE GRANTED TO ENTITIES RELATED TO THE ISSUER

Information on guarantees and sureties granted and received during the financial year (including those granted to related parties) is included in the financial statements of LPP Group ([note 29](#)) and the financial statements of LPP SA ([note 30](#)).

INFORMATION ON RELATED PARTY TRANSACTIONS ENTERED INTO BY THE ISSUER OR ITS SUBSIDIARY ON TERMS OTHER THAN MARKET TERMS, TOGETHER WITH THEIR AMOUNTS AND INFORMATION SPECIFYING THE NATURE OF THESE TRANSACTIONS

All transactions entered into by LPP with related parties during the reporting period were concluded on market terms.

Detailed information on transactions with related parties is included in the financial statements of LPP Group ([note: 30.1](#)) and the financial statements of LPP (notes: 31.1 and 31.2).

INFORMATION ON THE CONTROL SYSTEM FOR EMPLOYEE SHARE SCHEMES

At the Extraordinary General Meeting of Shareholders on 23 January 2026, an incentive scheme for members of the Management Board, employees and associates was adopted, which will remain in force for subsequent reporting periods.

INFORMATION REGARDING THE AUDIT FIRM AUDITING OUR FINANCIAL STATEMENTS

This information is included in the financial statements of LPP Group ([note 37](#)) and the financial statements of LPP ([note 32](#)).

INFORMATION ON LOANS GRANTED DURING THE FINANCIAL YEAR, INCLUDING: THOSE GRANTED TO THE ISSUER'S RELATED PARTIES, SPECIFYING AT LEAST THEIR AMOUNT, TYPE, INTEREST RATE, CURRENCY AND MATURITY DATE

Information on loans granted during the financial year is included in the financial statements of LPP Group ([note 18.1](#)) and the financial statements of LPP ([note 19.1](#)).

DIFFERENCES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FORECASTS FOR THE YEAR

The Company has not published any financial forecasts.



Statement on the application of corporate governance principles

The Management Board of LPP declares that, from 1 July 2021, the Company has been applying corporate governance principles incorporated in the “2021 Best Practice for WSE Listed Companies” (with exceptions) according to current EBI report no 1/2021 published by LPP on 27 July 2021 and 1/2025 published by LPP on 13 March 2025.

Corporate governance principles attached as Annex to Resolution No 13/1834/2021 of the Board of the Warsaw Stock Exchange of 29 March 2021, entitled “2021 Best Practice for WSE Listed Companies” (DPSN 2021), have been published on a website dedicated to best practice for companies listed on the stock exchange, Giełda Papierów Wartościowych w Warszawie SA, operated by Giełda Papierów Wartościowych w Warszawie SA, on the website <https://www.gpw.pl/best-practice2021>.

INFORMATION ON THE STATUS OF THE PRINCIPLES CONTAINED IN THE 2021 BEST PRACTICE FOR WSE LISTED COMPANIES APPLIED BY LPP:

The Management Board of LPP SA declares that in 2025, the Company and its governing bodies applied the principles provided for in the *2021 Best Practice for WSE Listed Companies*, except for the following five principles: 2.1, 2.2, 2.11.6, 4.1, 4.3:

- 2.1. The company should have a diversity policy for the Management and Supervisory boards, adopted by the Supervisory Board or the General Meeting, respectively. The diversity policy shall define the goals and criteria for diversity in areas such as gender, educational background, specialist knowledge, age and professional experience, and shall specify a timeframe and method for monitoring the achievement of the said goals. In terms of gender diversity, a condition for ensuring the diversity of the company’s governing bodies is that the minority share in a given body is no less than 30%.

The Company does not apply this principle.

The Company’s comment: For many years, the company has been convinced that the diversity of attributes and experience of its employees, its authorities and key managers is an asset. The Company does not have in place a diversity policy for the management board and the supervisory board, however, the company’s approach to diversity, including in relation to its governing bodies, is reflected in the conduct of the Company. In terms of the gender diversity of its governing bodies, the Company complies with the guidelines laid down in Directive 2022/2381.

- 2.2. Persons making decisions on the election of members of the company’s Management or Supervisory Board should secure comprehensiveness of these bodies by choosing persons ensuring diversity, making it possible, inter alia to achieve the target ratio of the minimum proportion of minorities set at no less than 30%, in accordance with the goals set out in the adopted diversity policy referred to in principle 2.1

The Company does not apply this principle.

The Company comment: The key criteria for choosing members of the Management and Supervisory Boards in the Company are the candidate's education, knowledge and experience as well as competence in the required fields to perform the function. In terms of the gender diversity of its governing bodies, the Company complies with the guidelines laid down in Directive 2022/2381.

- 2.11. Apart from activities resulting from the provisions of law, once a year, the Supervisory Board shall prepare and present its annual report to the General Meeting of Shareholders. The above-mentioned report shall contain at least:
- 2.11.6. information on the advancement of execution of the diversity policy applying to the Management and Supervisory Boards, including attainment of the goals referred to in principle 2.1.

The Company does not apply this principle.

The Company's comment: Currently, the Company has no diversity policy applying to the Management Board and the Supervisory Board.

- 4.1. The company should enable its shareholders to take part in a General Meeting using electronic communication means (electronic general meeting) if justified in terms of shareholders' expectations communicated to the company, as long as it is able to provide technical infrastructure required to hold such Meeting.

The Company does not apply this principle.

The Company's comment: The above-mentioned principle is not applied by the Company as its implementation would involve technical risks. Providing the shareholders with an option to communicate in the course

of the general meeting without being present at the meeting, using electronic communication means, involves both technical and legal hazards for the proper and efficient conduct of the general meeting. In particular, the foregoing poses a real risk of technical interference preventing continuous bilateral communication with shareholders present in venues other than the meeting room. Therefore, the Company is unable to guarantee the reliability of technical infrastructure. At the same time, in the Company's opinion, the currently applicable rules for participation in general meetings facilitate the proper and effective exercise of rights attached to shares and sufficiently secure the interests of all shareholders.

- 4.3. The Company will provide public broadcasting of the General Meeting in real time.

The Company does not apply this principle.

The Company's comment: As stems from the current practice of the Company's bodies, there is no need to record and publish the records of the General Meeting. In the Company's opinion, the information it publishes, as provided by law, on the announcement of the convening and the agenda of the General Meeting enables all shareholders to gain full knowledge of issues to be discussed at the Meeting.

At the same time, the Management Board of LPP declares that the Company does not apply corporate governance practices that go beyond the requirements of national law.





Description of internal control and risk management systems in relation to the process of preparing financial statements

The Group has an efficient internal control system adopted to its needs and the specific nature of its operations, which ensures:

- » the completeness of revenue invoicing;
- » proper cost control;
- » effective use of resources and assets;
- » the accuracy and reliability of the financial information contained in financial statements and interim reports;
- » adequate protection of sensitive information and prevention of uncontrolled information leaks from the Company;
- » the effective and rapid identification of any irregularities that arise;

- » identifying material risks and responding to them appropriately.

The elements of the Company's internal control system are:

- » control activities undertaken at all levels and in all departments of the Company based on procedures (permits, authorisations, verifications, reconciliations, operational reviews, segregation of duties), which ensure compliance with the Company's Management Board guidelines whilst enabling the necessary measures to be taken to identify and minimise errors and risks to the Company;

- » document circulation procedure – a proper system for the circulation, recording and control of documentation (to ensure consistency between entries in the accounting books and accounting vouchers);
- » suitably qualified staff carrying out audits;
- » separation of duties preventing a single employee from carrying out activities related to the execution and documentation of a business transaction from start to finish;
- » inventory instructions setting out the rules for the use, storage and inventory of assets;
- » rules for the amortisation and depreciation of tangible fixed assets and intangible assets;



- » IT system – the Company's accounts are maintained using the SAP computer system, which ensures the reliability, accuracy and integrity of the information processed; access to the SAP system's data is restricted to authorised staff, solely within the scope of their duties;
- » an accounting policy that takes into account the principles set out in International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and the related interpretations published in the form of European Commission implementing regulations;
- » an electronic document processing system (invoices, employee documentation, equipment purchase orders, payments orders, etc.).

In the process of preparing the Company's financial statements, both separate and consolidated, an element supporting the internal control system is external control, i.e. the audit of the financial statements by an independent auditor.

The selection of the auditor is made by the Supervisory Board of LPP. The independent auditor's tasks include reviewing the half-yearly reports and auditing the annual reports (including sustainability statements), verifying the correctness of their preparation and compliance with accounting principles.

Four departments are responsible for preparing the financial statements: CSC (the Common Services Centre), the Reporting Department, the Controlling Department and the Investor Relations Department headed, respectively, by the CSC Director, Chief Accountant, the Controlling Director and the Investor Relations Director. Before submitting financial statements to the independent statutory auditor, the Chief Financial Officer, responsible for the financial repor-

ting process on behalf of the Management Board, verifies them in terms of completeness and correct recognition of all economic events.

The Company conducts half-yearly reviews of its strategy and the implementation of business plans. This is related to the cycles inherent in the clothing trade. Following the close of 1H, senior and middle management analyse the Company's financial results. The operating results of the Company, individual sales departments and even specific stores are analysed on a monthly basis.

Internal control and the closely related risk management in relation to the processes for preparing financial statements are a matter of ongoing concern for the Company's Management Board. At LPP SA, an analysis is carried out of the risk areas related to the company's operations. Management staff also play a material role here, as they are responsible for overseeing the operations of their departments, including the identification and assessment of risks related to the process of preparing accurate, reliable and legally compliant financial statements.

The Company also has an Internal Audit and Risk Management Department. The Department carries out audit tasks and is responsible for the continuous identification and analysis of threats and opportunities facing the Group.

The Department's work is subject to annual planning, which takes into account the mitigation of identified risks, bearing in mind their materiality. The audit plan is approved by a member of the Management Board and is also reported to the Supervisory Board. The Supervisory Board exercises control over the Internal Control and Risk Management Depart-

ment, which receives regular reports from the auditor on the audit tasks performed.

The Internal Control and Risk Management Department operates on the basis of the document *Internal Control System*. This document contains a description of all material financial and operational processes, whilst also identifying the control processes governing them. The planning of audits for the next period always takes into account an assessment of their materiality and impact on the organisation.

The Internal Control and Risk Management Department conducts audits of the HQ departments, as well as audits of Polish and foreign subsidiaries. Each audit concludes with an audit report approved by a member of the Management Board. The Internal Control and Risk Management Department also monitors the implementation of post-audit recommendations.

In 2025, 18 audits were conducted: 8 in HQ departments, 1 in a Polish subsidiary, 1 in a foreign branch and 8 in subsidiaries, each concluded with an internal audit report containing recommendations.



LPP Shareholders and Shares

SHAREHOLDERS

Ownership structure of the equity of LPP SA at the end of the 2025 financial year, i.e. as at 31 January 2026.

Shareholder	Number of shares held (pcs.)	Shareholding	Number of votes at the GM	Share of total 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	1,277,001	68.8%	1,277,001	39.2%	2,554,002
Total	1,855,890	100.0%	3,255,890	100.0%	3,711,780

*The Semper Simul Foundation – a foundation closely related to Mr Marek Piechocki (Article 3(1)(26)(D) of the MAR).

Ownership structure of the equity of LPP SA at the end of the 2024 financial year, i.e. as at 31 January 2025.

Shareholder	Number of shares held (pcs.)	Shareholding	Number of votes at the GM	Share of total 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	1,277,001	68.8%	1,277,001	39.2%	2,554,002
Total	1,855,890	100.0%	3,255,890	100.0%	3,711,780

*The Semper Simul Foundation – a foundation closely related to Mr Marek Piechocki (Article 3(1)(26)(D) of the MAR).

In 2025, there were no changes in the ownership structure of major LPP shareholdings.



LPP SA shares are also held by the Company's management and supervisory personnel. The tables below show their holdings at the end of 2025 and 2024 financial years.

During the financial year, there were changes in the structure of LPP shares held by management and supervisory personnel, consisting of acquisitions of Company shares by a Management Board member (CR 05/2025, CR 10/2025) and a Supervisory Board member (CR 13/2025).

Shareholder	Number of shares held (pcs.)	Number of votes at the GM	Nominal value of shares
Marek Piechocki – President of the Management Board	1,952	1,952	3,904
Marcin Bójko – Management Board Member	16	16	32
Sławomir Łoboda – Management Board Member	650	650	1,300
Marcin Piechocki – Management Board Member	889	889	1,778
Mikołaj Wezdecki – Management Board Member	1	1	2
Alicja Milińska – Member of the Supervisory Board	732	732	1,464
Jagoda Piechocka – Member of the Supervisory Board	203	203	406

Shares held by management and supervisory personnel as at 31 January 2025.

Shareholder	Number of shares held (pcs.)	Number of votes at the GM	Nominal value of shares
Marek Piechocki – President of the Management Board	1,952	1,952	3,904
Marcin Bójko – Management Board Member	6	6	12
Sławomir Łoboda – Management Board Member	650	650	1,300
Marcin Piechocki – Management Board Member	889	889	1,778
Mikołaj Wezdecki – Management Board Member	1	1	2
Alicja Milińska – Member of the Supervisory Board	732	732	1,464
Jagoda Piechocka – Member of the Supervisory Board	103	103	206

Subject to the information provided in this section, management and supervisory personnel do not hold shares or equity interests in entities related to LPP.

Shares held by management and supervisory personnel as at 31 January 2026.

INFORMATION ON AGREEMENTS WHICH MAY RESULT IN FUTURE CHANGES TO THE PROPORTIONS OF SHARES HELD BY EXISTING SHAREHOLDERS

The Company has no knowledge on any agreements which could give grounds for any future changes in proportions of shareholdings held by current shareholders.

TREASURY SHARES

Currently, the Company has no treasury shares.

LPP SHARE LISTINGS

LPP SA shares have been listed on the Warsaw Stock Exchange (WSE) since 2001.

The Company's share price on the day of its debut was PLN 48.00. The lowest share price in the history of LPP SA's listing was recorded on 18 May 2001: PLN 47.00, and the highest on 7 January 2026: PLN 21,450.00.

In the 2025 financial year, the share price ranged from PLN 13,660.00 to PLN 21,450.00 (based on closing prices). The share price during the final trading session (based on closing prices) of the financial year, i.e. 30 January 2026, stood at PLN 19,650.00.



The Group's net profit attributable to shareholders of the parent company per share at the end of 2025 was PLN 808.24, compared with PLN 941.46 a year earlier.

As at 31 January 2026, LPP SA shares were included in the following stock market indices:

DOMESTIC:

WIG – an index comprising shares of companies listed on the main market. It expresses the total relative value of companies listed on the Warsaw Stock Exchange (WSE) in relation to their value at the start of trading (on 16 April 1991, the index stood at 1,000 points). It is a price-weighted index. As at 31 January 2026, LPP SA's weighting in the WIG index stood at 4.0%.

WIG20 – an index calculated on the basis of the portfolio value of the 20 largest and most liquid companies on the Warsaw Stock Exchange (WSE). LPP SA has been included in this index since 2014. As at 31 January 2026, the Company's weighting in the WIG20 index stood at 5.5%.

WIG Poland – a national index comprising exclusively shares of domestic companies listed on the Main Market of the Warsaw Stock Exchange (WSE) that meet the basic criteria for inclusion in the indices. As at 31 January 2026, LPP SA's weighting in the WIG-Poland index stood at 4.1%.

WIG20TR – a dividend-weighted index taking into account dividends paid by the 20 largest and most liquid companies on the Polish stock exchange, as well as rights issues. As at 31 January 2026, LPP SA's weighting in the WIG20TR index stood at 5.5%.

WIG30 – an index comprising the 30 largest and most liquid companies listed on the Warsaw Stock Exchange (WSE). As at 31 January 2026, LPP's weighting in the WIG30 index stood at 5.2%.

WIG30TR – a dividend-weighted index taking into account dividends paid by the 30 largest and most liquid companies on the Polish stock exchange, as well as rights issues. As at 31 January 2026, LPP SA's weighting in the WIG30TR index was 5.2%.

WIG140 – a dividend-weighted index comprising 140 companies included in the WIG20, mWIG40 and sWIG80 indices, taking into account income from dividends and rights issues. As at 31 January 2026, LPP's weighting in the WIG140 index was 4.1%.

WIG Clothes – a sector index comprising companies included in the WIG index and simultaneously classified within the 'clothing and cosmetics' sector. As at 31 January 2026, LPP's weighting in the WIG Clothes index stood at 75.8%.

CEEplus – an index published since 4 September 2019, based on the market capitalisation of the largest and most liquid companies listed on stock exchanges in the Central European region. As at 31 January 2026, LPP's weighting in the CEEplus index stood at 2.0%.

GPWB Centr – a dividend index, published since 5 April 2024, based on the portfolio value of the largest and most liquid companies listed on stock exchanges in the Central European region. As at 31 January 2026, LPP's weighting in the GPWB Centr index stood at 2.3%.

WIGDIVPLUS – a dividend yield index based on the portfolio value of shares regularly paying dividends above a rate of 2%. As at 31 January 2026, LPP SA's share in the WIGDIVPLUS index stood at 8.9%.

WIGDIV – a dividend yield index comprising companies that have regularly paid dividends over the last five financial years. As at 31 January 2026, LPP SA's weighting in the WIGDIV index stood at 10.5%.

In addition, the Company has been classified in the segment of family-owned companies listed on the WSE, which was launched in 2021.

INTERNATIONAL:

MSCI Poland Index – an index comprising over 20 key companies listed on the WSE. LPP SA has been included in this index since 2014.

CECE index – an index belonging to the Vienna Stock Exchange, comprising companies from Poland, the Czech Republic and Hungary. LPP SA has been included in this index since mid-September 2017.

STOXX Europe 600 – an index representing large, medium and small companies from 17 European Union countries. The index is part of the Deutsche Boerse Group. LPP SA has been included in this index since September 2018.

FTSE Russell Index – an index owned by the London Stock Exchange, comprising developed countries. LPP SA has been included in this index (in the mid-cap category) since 24 September 2018, i.e. since Poland's transition from the emerging markets index to the developed markets index.



RESTRICTIONS RELATED TO SHARES AND HOLDERS OF SPECIAL CONTROL RIGHTS

The disposal or pledging of registered shares is subject to the Company's consent. Consent to the disposal or pledging of registered shares is granted by the Supervisory Board in writing, on pain of nullity, within 14 days of the date of submission of the relevant application. If the Company refuses to grant permission, it must, within 30 days, designate another purchaser and specify the date and place of payment of the price. If the Company fails to designate another purchaser within the aforementioned period, the shares may be disposed of without restriction.

At the same time, registered shares are preferential with regard to voting, such that one share entitles the holder to 5 votes at the GM. The holder of the registered shares is a single entity, namely the Semper Simul Foundation (a foundation related to Mr Marek Piechocki, Article 3(1)(26)(d) of

the MAR). This entity holds (directly and indirectly) 350,000 registered shares entitling it to 1,750,000 votes at the GM.

Subject to the above information, there are no other securities conferring special control rights.

ISSUE OF SECURITIES – USE OF INFLOWS FROM THE ISSUE OF SECURITIES DURING THE REPORTING PERIOD

No issue of the Company's securities took place during the financial year.





LPP's governing bodies

LPP MANAGEMENT BOARD – RULES FOR THE APPOINTMENT AND DISMISSAL OF MANAGEMENT PERSONNEL AND THEIR POWERS

In accordance with the *Company's Articles of Association*, the Management Board of LPP SA consists of between two and six persons appointed and dismissed by the GM of LPP for a term of five years. The term of office of the Management Board is joint and is calculated in years from the date of appointment. The GM of LPP also determines the number of members of the Management Board of LPP.

The composition of the Management Board of LPP includes: the President of the Management Board and between one and five Management Board Members. The LPP Management Board represents the Company in and out of court.

The powers and operating principles of the LPP Management Board are set out in the following documents:

+ [Articles of Association of LPP SA](#) – available on the [Company's website](#).

+ [Rules of Procedure of the Management Board](#) – available on the [Company's website](#).

Commercial Companies Code.

The LPP Management Board is responsible for all matters not reserved for the competence of other LPP bodies.

At the same time, the Management Board does not have the right to decide on the issue or redemption of shares.

No agreements have been concluded with members of management providing for compensation in the event of their resignation or dismissal from their position without valid cause, or where their dismissal or removal occurs due to a merger of the issuer through a takeover.

Values of any remuneration of key management officers are presented in the consolidated financial statements ([notes 30.2](#) and [30.3](#)) and the separate financial statements (notes 31.3 and 31.4).

There were no changes in the composition of the Company's Management Board during the financial year.

In 2025, the LPP Management Board held 73 meetings with an attendance rate of 97%.

The composition of the Management Board as at 31 January 2026, profiles of individual members and their areas of responsibility are presented below.

COMPOSITION OF THE MANAGEMENT BOARD AS AT 31 JANUARY 2026

- » Marek Piechocki – President of the LPP Management Board
- » Marcin Bójko – Management Board Member of LPP
- » Sławomir Łoboda – Management Board Member of LPP

- » Marcin Piechocki – Management Board Member of LPP
- » Mikołaj Wezdecki – Management Board Member of LPP

Marek Piechocki

PRESIDENT OF THE LPP MANAGEMENT BOARD

Founder and co-founder of LPP, currently President of the Management Board. Since the start of his professional career, he has focused on developing his own business, and has been related to the clothing industry since 1989. In 1991, together with Jerzy Lubianiec, he founded the company Mistrzal, which was subject to a restatement of its status four years later and became LPP.

As President of the Management Board, he is responsible for all aspects of the company's operations – from managing clothing brands and product development to sales operations in the omnichannel model. He oversees the company's strategic activities in the field of ESG and manages the teams responsible for commissioning the production of collections worldwide. In 2013, he was recognised by the prestigious Harvard Business Review magazine as the most effective CEO in Poland.

Marek Piechocki was born in 1961. He is a graduate of the Faculty of Civil Engineering at Gdańsk University of Technology.

Marcin Bójko

MANAGEMENT BOARD MEMBER OF LPP

Marcin Bójko has been related to LPP since August 2023; initially, he was responsible for controlling and finance, over-



seeing the Group's liquidity and developing management reporting whilst optimising costs and profitability. From June 2024, he also managed the accounting, reporting and financial reporting teams.

Previously, between 2012 and 2023, he was related to the Orlen Group, where, among other things, he oversaw subsidiaries across various sectors, and between 2021 and 2023, as Director of Controlling, he was responsible for financial reporting at the Czech Unipetrol Group. He carried out a comprehensive range of financial management tasks in the areas of production, logistics and sales. He has extensive experience in developing strategic initiatives (investments, recovery plans, structural optimisation, implementation of best practices), M&A projects and in generating business synergies.

He was born in 1985. He is a graduate of the Faculty of Management at the Białystok University of Technology, holds a certificate in management accounting awarded by CIMA, and has successfully passed the examination for candidates for members of supervisory bodies organised by MAP (formerly KPRM).

Stawomir Łoboda

MANAGEMENT BOARD MEMBER OF LPP

He is related to LPP since 1997. For many years, he was responsible for providing legal services to LPP, which he carried out as a managing partner at the law firm Krzyżagórska Łoboda i partnerzy. In addition, since 2005, he has also been responsible for the Company's leasing and expansion department.

As a Management Board Member since October 2015, he has been responsible for LPP's development, i.e. for acquiring new floorspace, market analysis, managing subsidiaries, and the legal department.

During his time with LPP SA, he has completed many material projects, including the creation of a franchise network, the company's flotation on the stock exchange, the merger with Artman SA, the sale of the Esotiq brand, and the development of the company's own store network.

Born in 1965, he graduated in law from the University of Gdańsk. In 1995, he passed the bar exam.

Marcin Piechocki

MANAGEMENT BOARD MEMBER OF LPP

He began his career within LPP in 2017, initially on the buyer's assistant position, then on the buyer's position for Reserved brand. Until 2018, he was responsible for the goods purchasing process, price negotiations with suppliers, delivery timeliness and the analysis of sales results for the Group's flagship brand.

From 2018, he managed the opening and operation of the largest Reserved stores in the region. At the same time, he was entrusted with overseeing and co-creating the new Sinsay concept – the youngest brand in the LPP Group's portfolio. He was responsible for Sinsay product, collection sales and the brand's expansion into new locations. In the following years, he served as Managing Director of Sinsay and Mohito and was responsible for the company's internal communications and LPP's external relations. In 2021, he was appointed to the Company's Management Board as a Management Bo-

ard Member. Marcin Piechocki began his professional career in 2013, when he was related to Citibank International, where he managed the IT team until 2017.

He was born in 1989. He is a graduate of the Faculty of Electronics and Information Technology at the Warsaw University of Technology.

Mikołaj Wezdecki

MANAGEMENT BOARD MEMBER OF LPP

He has been employed at LPP since 2022, where, as Director of Digitalisation, he was responsible for the digitalisation process and the development policy of the e-commerce division, as well as for establishing new standards and synergies in the development of the brands' online platform. Previously, between 2006 and 2019, he was related to RTV EURO AGD, a company operating in the market for the sale of electronic and household appliances, where he built one of Poland's largest online stores for consumer electronics and household appliances. Since 2019, he has been related to the Modivo Group, where, as a member of the Management Board and director responsible for e-commerce, he launched the new Modivo.pl sales platform, one of the leading online sales platforms in CEE. At the same time, he played an active role in developing the company's strategy and in the process of securing an investor for the company, which ultimately became SoftBank – the world's largest investment fund.

He was born in 1983. He is a graduate of the Warsaw School of Management and Marketing and the Academy of Leadership Psychology at the Warsaw University of Technology Business School. He also holds an Executive MBA from the Warsaw University of Technology.



RESPONSIBILITY STRUCTURE

LPP's areas of activity, ranging from the management of product development for the Company and its brands, through finance, investment, logistics and administration, to technology development, have been divided among the individual members of the Management Board.



Marek Piechocki

PRESIDENT OF THE LPP MANAGEMENT BOARD

(co-founder of LPP)

- » Reserved, Cropp – brand and product development and omnichannel sales
- » HR
- » Procurement and ESG
- » Sales operations
- » Logistics
- » Investments
- » Administration



Marcin Bójko

MANAGEMENT BOARD MEMBER OF LPP

- » Reporting
- » Controlling
- » HR and Payroll, and Accounting
- » Investor Relations
- » Internal Audit and Risk Management
- » Central Procurement
- » Treasury



Sławomir Łoboda

MANAGEMENT BOARD MEMBER OF LPP

- » Reserved, Cropp, House, Mohito – leasing and expansion
- » Legal services
- » Market analysis
- » Management of subsidiaries



Marcin Piechocki

MANAGEMENT BOARD MEMBER OF LPP

- » Sinsay – brand and product development and omnichannel sales
- » Sinsay – leasing and expansion
- » Internal communication
- » Social media
- » Employer Branding
- » External relations



Mikołaj Wezdecki

MANAGEMENT BOARD MEMBER OF LPP

- » House, Mohito – brand and product development and omnichannel sales
- » Contact Centre
- » Data Science
- » IT Operations
- » IT Core
- » IT Business Value Services



LPP'S SUPERVISORY BOARD AND ITS COMMITTEE

Supervisory functions at LPP are performed by a five-member Supervisory Board.

The powers and operating principles of the LPP Supervisory Board are set out in the following documents:

+ [Articles of Association of LPP SA](#) – available on the [Company's website](#).

+ [Rules of Procedure of the Supervisory Board](#) – available on the [Company's website](#).

Commercial Companies Code

Good Practices of Companies Listed on the Warsaw Stock Exchange 2021.

Values of any remuneration of key supervisory officers are presented in the consolidated and separate financial statements in notes [30.2](#) and [31.3](#) respectively.

The composition of the Supervisory Board of LPP as at 31 January 2026 and profiles of its individual members are presented below.

There were no changes in the composition of the Supervisory Board of LPP during the financial year.

At the same time, in 2025, the LPP Supervisory Board held 5 meetings (100% attendance).

COMPOSITION OF THE SUPERVISORY BOARD OF LPP AS AT 31 JANUARY 2026

- » Miłosz Wiśniewski – Independent* Chair of the Supervisory Board of LPP
- » Alicja Milińska – Member of the Supervisory Board of LPP
- » Jagoda Piechocka – Member of the Supervisory Board of LPP
- » Piotr Piechocki – Member of the Supervisory Board of LPP
- » Grzegorz Maria Słupski – Independent* Member of the Supervisory Board of LPP

*criteria for independence as defined by the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017

Miłosz Wiśniewski

INDEPENDENT CHAIR OF THE SUPERVISORY BOARD OF LPP

Born in 1964, he is a graduate of Nicolaus Copernicus University in Toruń and holds an Executive MBA from the École Nationale des Ponts et Chaussées in Paris.

He gained experience in finance and management at Cereal Partners Worldwide, where he worked from September 1992 to May 2012, holding positions including Regional Financial Controller for South-West Europe (WE), Finance Director for CPW in Poland, Regional Director for Greece and the Balkans, and Director of Development for Central Europe.

From May 2012 to January 2015, he served as Chief Financial Officer of Boryszew SA. In March 2016, he took up the position of Chair of the Management Board of Robod SA.

Alicja Milińska

MEMBER OF THE SUPERVISORY BOARD OF LPP

Born in 1960, a graduate of the University of Gdańsk.

Between 1985 and 1990, she gained experience in human resources and payroll, working for entities such as the "STO-REM" workers' cooperative based in Gdańsk, "Carot" Sp. z o.o. based in Gdańsk, and "Tal" Sp. z o.o. based in Gdańsk. In 1990, she was employed by the "ETC" Trading Company in Gdańsk, where she worked for the next five years, first as an accountant and then as chief accountant.

From 1995 to 2021, she held the position of Chief Accountant at LPP SA. Between 2000 and 2009, she was a Member of the Management Board of LPP SA.

Jagoda Piechocka

MEMBER OF THE SUPERVISORY BOARD OF LPP

Born in 1996, a graduate of the Warsaw University of Technology and HEC Paris.

She gained experience in IT, including as a business analyst at HURO Sp. z o.o. and as a junior consultant at IT.integro between 2018 and 2020. From September 2021 to the present, she has been employed on the IT Product Manager position at Procter&Gamble, managing global IT projects.

In addition, she serves as President of the Management Board of AMA Sp. z o.o., based in Sopot, which provides consultancy and investment services in the real estate sector, as well as Management Board Member of Family Investments sp. z o.o., based in Sopot, and Family Investments 2 sp. z o.o., based in Sopot, which are engaged in investment activities in the real estate and hotel services markets.

Ms Jagoda Piechocka has links to the Semper Simul Foundation as a beneficiary of the foundation.



Piotr Piechocki

MEMBER OF THE SUPERVISORY BOARD OF LPP

Born in 1987, a graduate of the Warsaw School of Economics and IE Business School in Madrid. Between 2010 and 2011, he undertook internships at, amongst others, Procter&Gamble and The Boston Consulting Group.

Between 2012 and 2017, he co-founded and managed the E-commerce department at LPP SA. Piotr Piechocki was responsible for all sales through this channel and for launching online stores in new markets (Germany, the Czech Republic, Slovakia, Romania and Hungary).

He currently serves as Chairman of the Management Board of Family Investment sp. z o.o., based in Sopot, and Family Investment 2 sp. z o.o., based in Sopot, which are engaged in investment activities in the real estate and hotel services markets. These activities do not compete with those of LPP SA.

Mr Piotr Piechocki has links to the Semper Simul Foundation as a beneficiary of the foundation.

Grzegorz Maria Stupski

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF LPP

He holds a PhD in Economics and is an entrepreneur who has successfully established and managed a number of companies, primarily in the printing, retail and new technology sectors in Poland.

He has over 20 years' experience in the housing cooperative sector, including many years serving as chairman of the Management Board and chair of the supervisory board. Be-

tween 2008 and 2017, he served as Vice-Chair of the Supervisory Board of GIK Sp. z o.o. in Gdańsk, and between 2017 and 2020 as Chair of the Supervisory Board of GARG Sp. z o.o. – InvestGDA. Since 2000, he has been a co-founder, shareholder and member of the Supervisory Board of Argo Card Sp. z o.o. in Gdańsk, and since 1995, Chair of the Management Board of Argo SA in Gdańsk.

LPP SUPERVISORY BOARD COMMITTEE

Since 2017, an Audit Committee (AC) has been operating within the Supervisory Board of LPP; in the composition indicated below, it meets the independence criteria and other requirements set out in Article 129 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Journal of Laws of 2025, item 1891):

COMPOSITION OF THE AUDIT COMMITTEE:

- » Grzegorz Maria Stupski – Chair of the AC, meets the statutory independence criteria, possesses knowledge and skills in the field of accounting and the auditing of financial statements, has experience in performing supervisory duties in commercial companies and holds a PhD in Economics.
- » Piotr Piechocki – Member of the Audit Committee, possesses industry-specific knowledge and skills gained as manager of the e-commerce department at LPP.
- » Miłosz Wiśniewski – Member of the Audit Committee, meets the statutory independence criteria, possesses knowledge and skills in the field of accounting and the auditing of financial statements, which he acquired as Chief Financial Officer at Cereal Partners Worldwide and Boryszew SA.

In 2025, the Audit Committee held 5 meetings (100% attendance).

The Audit Committee's responsibilities include:

- » monitoring the financial reporting process and sustainability reporting, and making recommendations aimed at ensuring the reliability of this process within the Company;
- » monitoring the effectiveness of the Company's internal control, internal audit and risk management systems, including: financial reporting;
- » monitoring the performance of the Company's financial audit, in particular the audit firm's examination or attestation of sustainability reporting, taking into account any conclusions and findings of the Audit Oversight Commission arising from an inspection carried out at the audit firm;
- » supervising and monitoring the independence of the statutory auditor and the audit firm, in particular where the audit firm provides services to the Company other than an audit;
- » informing the Supervisory Board of the results of the audit or assurance of the sustainability reporting and explaining how that audit or assurance contributed to the reliability of the Company's financial reporting and sustainability reporting, as well as the Committee's role in the audit or assurance process;
- » assessing the independence of the auditor;
- » approving the use of permitted services provided by the audit firm or the statutory auditor other than the audit of financial statements;



- » developing a policy for selecting an audit firm to carry out the audit and a policy for selecting an audit firm to carry out the assurance of sustainability reporting;
- » developing a policy on the provision of permitted non-audit services by the audit firm conducting the audit or assurance of sustainability reporting, by entities affiliated with that audit firm, and by a member of the audit firm's network;
- » determining the procedure for the Company's selection of an audit firm;
- » submitting recommendations to the Supervisory Board in accordance with the provisions of Article 130(1)(8) and (2) and (3) of the Act;
- » verifying the effectiveness of the work of the person (entity) acting as the statutory auditor, in particular by liaising with the auditor during the audit of the Company's and its associated companies' financial statements, as well as the assurance review of sustainability reporting, in order to discuss the progress of the work, clarify any issues of doubt and address the auditor's reservations regarding the accounting policies or internal control systems applied;
- » discussing with the Company's auditors the nature and scope of the annual audit, the assurance of sustainability reporting and the reviews of interim financial statements;
- » reviewing the Company's interim and annual financial statements (separate and consolidated) and sustainability reporting, as audited by the auditors;
- » issuing opinions to the Supervisory Board on the termination of the contract with the entity authorised to audit the Company's financial statements and to certify its sustainability reporting;

- » giving consent to the appointment and dismissal by the Management Board of the person performing the key internal audit function within the Company;
- » monitoring the Company's compliance system.

At the same time, the Audit Committee's remit was expanded in 2025 to include tasks relating to sustainability reporting.

These changes to the scope of responsibilities were implemented to comply with the requirements of the Act of 6 December 2024 amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Oversight, and certain other acts (Journal of Laws, item 1863).

MAIN PRINCIPLES OF THE POLICY FOR SELECTING AN AUDIT FIRM TO CONDUCT AUDITS AND ATTESTATIONS OF SUSTAINABILITY REPORTING, AND THE POLICY ON THE PROVISION OF NON-AUDIT OR NON-ATTESTATION SERVICES BY THE AUDIT FIRM

The Company has a policy on the selection of an audit firm to audit financial statements and to certify sustainability reporting, the full text of which is available on [the website](#).

The main principles of the tender are set out below.

CRITERIA FOR SELECTING AN AUDIT FIRM

In the course of the Audit Committee's preparation of recommendations, and subsequently in the process of selecting an audit firm carried out by the LPP SA Supervisory Board, the following criteria are taken into account:

- a) the audit firm's previous experience and the qualifications and experience of the persons delegated to carry out the financial audit;
- b) knowledge of the industry in which the Company operates;
- c) the pricing terms offered by the audit firm;
- d) the proposed schedule for work related to the financial audit;
- e) the comprehensiveness of the services declared by the audit firm;
- f) the reputation of the audit firm;
- g) the fact that the firm has previously provided financial audit services to the Company, subject to the requirements of *the Act on Statutory Auditors and Regulation 537 concerning the rotation of audit firms and key statutory auditors*.

The selection is made from among any audit firms that have submitted bids for the provision of statutory audit services in accordance with *the Selection Procedure*, subject to the following:

- a) an audit firm which has audited the Company's financial statements may not undertake the audit of the Company's financial statements for a period of four consecutive years following the expiry of the maximum duration of the engagement,
- b) the organisation of the tender procedure shall not exclude from participation in the selection procedure firms which derived less than 15% of their total audit fees from units of public interest in a given European Union Member State in the previous calendar year, as listed in the register of audit firms,



- c) The Company may invite any audit firms to submit tenders for the provision of statutory audit services, provided that this does not contravene the provisions referred to in paragraph 2(1) of the Audit Firm Selection Policy.

RESTRICTIONS RELATED TO THE SELECTION OF AN AUDIT FIRM:

- a) the maximum uninterrupted duration of statutory audit engagements carried out by an audit firm may not exceed 10 years;
- b) the lead auditor may not audit the Group's annual consolidated financial statements or the Company's annual financial statements for a period exceeding 5 years;
- c) the key auditor may again audit the annual consolidated financial statements of the Group or the annual financial statements of the Company after a period of at least 3 years has elapsed since the completion of the last audit.

The first contract for the audit of the financial statements is concluded with an audit firm for a period of not less than two years, with the possibility of extension for further periods of at least two years.

When making recommendations and selecting an audit firm, restrictions arising from the Policy on the Provision of Permitted Services are also taken into account.

THE FEES FOR CONDUCTING THE AUDIT EARNED BY THE AUDIT COMPANY, ITS STATUTORY AUDITORS AND SUBCONTRACTORS SHALL NOT:

- a) subject to any conditions, including the outcome of the audit;

- b) determined by or dependent on the provision by the audit firm to the Company or its related parties of additional non-audit services.

The remuneration for conducting the audit reflects the labour intensity and complexity of the work and the qualifications required.

The remuneration of the entity authorised to audit the separate and consolidated financial statements, paid or due for the year ended 31 January 2025 and for the comparative period, broken down by type of service, is presented in the financial statements of the LPP Group ([note 37](#)).

The Company also applies *the Policy on the provision of permitted non-audit services by the audit firm conducting the audit, by entities related to that audit firm and by a member of the audit firm's network*, which requires the independence of the audit firm and the statutory auditor to be ensured and limits the potential for conflicts of interest arising when the audit firm is commissioned to provide permitted non-audit services by defining prohibited and permitted services.

Examples of permitted services include, for instance, conducting due diligence procedures regarding economic and financial condition, assurance services regarding pro forma financial information, forecasts or estimates included in the prospectus of the audited unit, the review of historical financial information for the prospectus, and the verification of consolidation packages.

Prohibited services, on the other hand, include in particular tax services relating to: the preparation of tax returns, payroll taxes, customs duties, bookkeeping and the preparation

of accounting records and financial statements, the development and implementation of internal control procedures or risk management procedures related to the preparation or control of financial information, or the development and implementation of technological systems relating to financial information, or services related to the internal audit function.

The provision of permitted services is only possible in areas not related to the Company's tax policy, following an assessment by the Audit Committee of the risks and safeguards regarding the independence of the audit firm, the lead auditor and other members of the audit team.



LPP's AGM

THE FUNCTIONING OF THE GENERAL MEETING, ITS POWERS, A DESCRIPTION OF SHAREHOLDERS' RIGHTS AND THE MANNER OF EXERCISING THEM

The powers and rules of the LPP General Meeting of Shareholders are set out in the following documents:

+ [Articles of Association of LPP SA](#) – available on the [Company's website](#).

+ [Rules of Procedure of the GM](#) – available on the [Company's website](#).

Commercial Companies Code.

CONVENING THE GENERAL MEETING OF SHAREHOLDERS

- 1) A General Meeting of Shareholders may be convened as an ordinary or extraordinary meeting.
- 2) The General Meeting of Shareholders shall be held in Gdańsk, Warsaw, Sopot or Pruszcz Gdański – at a venue designated by the Management Board.
- 3) An Ordinary General Meeting shall be held annually within six months of the end of the financial year.
- 4) An Extraordinary General Meeting shall be convened by the Management Board on its own initiative, at the request of the Supervisory Board, or upon a written requ-

est from shareholders representing one-twentieth of the share capital.

- 5) The convening of the General Meeting, together with the date (day, time) and venue, shall be announced by the Management Board on the Company's website and in the manner specified for the disclosure of current information in accordance with the provisions on public offerings and the conditions for the introduction of financial instruments to an organised trading system, and on public companies.

POWERS OF THE GENERAL MEETING OF SHAREHOLDERS

- 1) To consider and approve the financial statements and the Management Board's reports on the activities of the LPP Group for the previous year.
- 2) Making all decisions concerning claims for compensation for damage caused during the incorporation of LPP SA or the exercise of the Management Board or supervision.
- 3) Adopting a resolution on the distribution of gains or the coverage of losses.
- 4) Granting discharge to members of the governing bodies of LPP SA in respect of the performance of their duties.
- 5) Appointing and dismissing members of the governing bodies of LPP.
- 6) Adopting a resolution on the issue of corporate bonds, including corporate bonds convertible into shares.
- 7) Amending the Articles of Association.

- 8) Adopting resolutions regarding the merger of companies, the restatement of LPP SA, its dissolution and liquidation.
- 9) Adopting resolutions regarding the sale and lease of the undertaking and the establishment of a right of use thereon.
- 10) Considering and deciding on motions submitted by the Supervisory Board.
- 11) Deciding on other matters reserved for the competence of the General Meeting under *the Commercial Companies Code* and the provisions of *the Company's Articles of Association*.

PROCEEDINGS OF THE GENERAL MEETING OF SHAREHOLDERS

- 1) The General Meeting shall be opened by the Chair of the Supervisory Board or a person authorised by him, who shall order the election of the Chair of the General Meeting.
- 2) The person opening the General Meeting shall ensure the immediate election of the Chair of the General Meeting, who shall preside over the proceedings of the General Meeting and ensure that the meeting is conducted efficiently and properly.
- 3) The General Meeting shall adopt resolutions only on matters included in the agenda.
- 4) Draft resolutions proposed for adoption by the General Meeting and other relevant materials shall be presented to the shareholders together with a justification and the opinion of the Supervisory Board.



- 5) The proceedings of the General Meeting are recorded in minutes by a notary.

VOTING

- 1) Voting at the General Meeting shall be open. A secret ballot shall be ordered for the election of officers and on motions to dismiss the Company's governing bodies or liquidators, or to hold them liable, as well as in matters of a personal nature. Additionally, a secret ballot shall be ordered at the request of even a single shareholder or their representative.
- 2) The General Meeting may elect a three-member ballot counting committee, whose duties include ensuring the proper conduct of each vote, supervising the computerised system (in the event of voting using electronic technology) and verifying and announcing the results.
- 3) One share confers the right to one vote at the General Meeting. In the case of Series B preferential shares, one share confers the right to five votes at the General Meeting.
- 4) The Chair announces the results of the vote, which are then recorded in the minutes of the meeting.

SHAREHOLDERS' RIGHTS AND THE MANNER OF EXERCISING THEM

- 1) Shareholders are entitled to participate in the proceedings of the General Meeting, either in person or through a proxy.
- 2) Shareholders representing at least one-twentieth of the equity may demand that an Extraordinary General Meeting be convened and that specific matters be included on the agenda of that meeting.

- 3) Shareholders representing at least one-twentieth of the equity have the right to request that specific matters be included on the agenda of the General Meeting. Such a request, containing a statement of reasons or a draft resolution concerning the proposed agenda item, must be submitted no later than 21 days before the scheduled date of the meeting.
- 4) During the General Meeting, any shareholder may submit draft resolutions concerning matters included on the agenda.

In the financial year 2025, the Annual General Meeting of Shareholders was held on 11 July 2025 and the Extraordinary General Meeting of Shareholders on 23 January 2026.

DESCRIPTION OF THE RULES FOR AMENDING THE ARTICLES OF ASSOCIATION

Any amendment to LPP's *Articles of Association* must first be initiated by a shareholder or other bodies of the Company. They may request that a General Meeting be convened or that a vote on amending *the Articles of Association* be added to the agenda. A draft resolution proposing an amendment to *the Articles of Association* must be approved by the required majority during a vote at the General Meeting. If the resolution is passed, the Company's Management Board is obliged to submit an application to the registry court for the amendment to be entered in the register. The amendment to *the Articles of Association* takes effect upon entry in the register.

DESCRIPTION OF THE DIVERSITY POLICY APPLIED TO LPP'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES WITH REGARD TO ASPECTS

SUCH AS AGE, GENDER, EDUCATION AND PROFESSIONAL EXPERIENCE, THE TARGETS OF THIS POLICY, THE MANNER OF ITS IMPLEMENTATION AND THE RESULTS FOR THE REPORTING PERIOD

The Company is currently in the process of developing a diversity policy for the Management Board and the Supervisory Board; at the same time, the Company is implementing the provisions of Directive 2022/2381 on improving gender balance among directors of listed companies and related measures, ensuring that 40% of the Supervisory Board Members are women.

LPP recognises the importance and necessity of ensuring diversity among the members of the Company's governing bodies, in terms of gender, educational background, age and experience, as well as other diversity ratios, at all levels of the Group, i.e. both the management and supervisory bodies of LPP, as well as its subsidiaries, and among all employees of the Group.

Currently, the Management Board of LPP comprises five males: three in the 30–50 age group and two over the age of 50. The Supervisory Board consists of three males and two women. One person is under 30, one is aged 30–50, and three are over 50.

The members of the LPP Management Board and the LPP Supervisory Board are diverse in terms of their educational backgrounds, i.e. they have qualifications in technical, IT, financial, economic and legal fields. They also have diverse professional experience, both in terms of the industry and the organisations where they previously gained it.



Sustainability Statement

This statement is the ninth sustainability publication of the LPP Group and the second one presented in conjunction with the report of the Management Board on the operations of LPP Group.

This year, the statement has been prepared for the second time in accordance with the European Sustainability Reporting Standards (ESRS), which ensures its compliance with the applicable regulations and enhances the transparency of information relevant to stakeholders. The document provides information on significant impacts, risks and opportunities associated with the company, taking into account direct and indirect business relationships across the LPP Group's value chain, including its own operations and the impact on suppliers, partners and customers.

The objective of the LPP Group is not only the fulfilment of regulatory obligations, but also the consistent pursuit of its mission, focusing on transparency, innovation and building of sustainable relationships with stakeholders.

The statement is based on the double materiality assessment, which identified topics relevant to the LPP Group. This publication was compiled on their basis and includes the following thematic standards: ESRS E1 Climate change, ESRS E2 Pollution, ESRS E3 Water and marine resources, ESRS E4 Biodiversity and ecosystems, ESRS E5 Resource use and the circular economy, ESRS S1 Own workforce, ESRS S2 Workers in the value chain, S4 Consumers and end-users and ESRS G1 Business conduct. The statement also includes the mandatory disclosures included in ESRS 2 standard.





General disclosures

BASIS FOR PREPARATION

BP-1

The statement has been prepared in accordance with *the Accounting Act of 29 September 1994 (Journal of Laws of 1994 No. 121, item 591, consolidated text, Journal of Laws of 2024, item 619, 1685, 1863)*. It is based on *the European Sustainability Reporting Standards (ESRS) introduced by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023*.

The statement has been prepared in consolidated form. The LPP Group has used a possibility to draw up its report of the Management Board on the operations of LPP Group and sustainability statement as a single document. The information, data, indicators and assertions contained in the statement refer to the same reporting entity referred to in the financial statements, i.e. the entire LPP Group, unless stated otherwise. Where data was not available, the estimation method was used. The phrases “LPP”, “the LPP Group” and “the Group” mean the parent company, LPP SA together with its subsidiaries subject to consolidation.

The statement includes information on material impacts, risks and opportunities and takes into account the company’s direct and indirect business relationships across the

LPP Group’s value chain, i.e. both own operations as well as upstream and downstream value chain.

The scope of consolidation in the statement corresponds to the consolidated financial statements for the period from 1 February 2025 to 31 January 2026 comprising the separate results of LPP SA, results of 31 foreign subsidiaries and 6 Polish subsidiaries. The financial statements and the sustainability statement cover the same companies. LPP SA has no minority interests in other entities.

This is the LPP Group’s ninth sustainability publication however this year it is presenting these information for the second time in accordance with ESRS standards.

The LPP Group has not used the option to omit information relating to intellectual property, know-how or results of innovation. It has also not used the exemption from disclosure of impending developments or matters in course of negotiation.

The LPP Group’s sustainability statement has been subject to external verification. The verification was performed by Grant Thornton in accordance with *National Standard on Assurance Engagements on Sustainability Reporting 3002PL. Assurance engagement providing limited assurance on susta-*

inability reporting, which has been adopted by a resolution of the National Council of Statutory Auditors (KSUA 3002PL) and, where applicable, in accordance with *the National Standard on Assurance Engagements Other than an Audit and Review 3000 (Z)* in the wording of *International Standard on Assurance Engagements 3000 (revised)*, *Assurance engagements other than audits or reviews of historical financial information*, which have been adopted by a resolution of the National Council of Statutory Auditors (KSUA 3000 (Z)).

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

BP-2

In the statement, the LPP Group uses definitions of time horizons in accordance with ESRS 1. The short-term horizon covers a period of 1 to 12 months and relates to reporting. The medium-term horizon means a period from 1 to 5 years and is used for strategy and financial planning. The long-term perspective – a timeframe of more than 5 years, is linked to the transformation of the LPP Group business model.

The statement is the second document of this kind prepared by the LPP Group in accordance with the CSRD (*Corporate Sustainability Reporting Directive*) and the ESRS standard.



Based on *Appendix C of ESRS 1 “List of phased-in disclosure requirements”*, which states that the undertaking may omit the information on the expected financial impact, the statement does not include information on the expected financial impact of the identified risks and opportunities.

The statement uses incorporation by reference through a reference to the *Consolidated Financial Statements of the LPP Group*. Additionally, references to various sections of the statement containing related information are included throughout the document.

The LPP Group announces changes to the way the statement is prepared, specifically a change to the methodology used for indicator E1-6. The presented data has been included exclusively in consolidated form in order to maintain the consistency of the presented information and the usefulness of the statement.

STRATEGY

SBM-1

LPP GROUP AT A GLANCE

LPP is a Polish family-owned company that has been operating in Poland and on foreign markets for over 30 years. Its products are available in **46 countries** on three continents, both online and in the traditional sales network. The offline network operates in 35 countries and comprises 3,748 stores with a total floorspace of 3,059,200 m². Online, the LPP Group is present in 35 markets.

BUSINESS

The LPP Group operates in the textile sector. Its core business is the retail sales of clothing and other products such as

accessories, footwear and supplementary items. LPP's customers are individuals who shop both online and offline. Customers mainly purchase clothing from LPP stores, which offers five brands: **Sinsay, Reserved, Cropp, House** and **Mohito**. The Reserved, Cropp, House and Mohito brands are in the moderate price range, while Sinsay is in the Design&Value segment. Due to the omnichannel model, all LPP brands are present in both traditional stores and online sales. Each of these brands is targeted at different customer groups, which allows the company to tailor its offer to the diverse needs and preferences of consumers.

The LPP Group employs nearly **63,000 people** in its offices and sales structures in Europe, Asia and Africa, including over 21,000 (34%) in Poland in variety of employment models.

LPP is listed on the Warsaw Stock Exchange as part of the WIG20 index and belongs to the prestigious MSCI Poland index.

The LPP Group consists of a parent company based in Poland, six domestic subsidiaries and 31 foreign subsidiaries. The foreign subsidiaries focus mainly on the distribution of LPP brand products outside Poland. Domestic companies, on the other hand, perform a variety of operational functions:

- » LPP Retail Sp. z o.o. – servicing stores in Poland,
- » LPP Printable Sp. z o.o. – sales of promotional clothing,
- » LPP Logistics Sp. z o.o. – logistics management,
- » Logistics Tczew Sp. z o.o. – logistics,
- » Silky Coders Sp. z o.o. and Dock IT Sp. z o.o. – IT project management for the LPP Group.

In 2025, changes were made to the structure of the LPP Group.

LPP SA established new subsidiaries in Georgia: LPP Georgia, LLC, Azerbaijan: LPP Azerbaijan, MMC, Moldova: LPP MLD, SRL, and in Poland: Logistics Tczew Sp. z o.o. During the same period, it liquidated its company in Spain: LPP Clothing Retail Spain, SL, and sold its shares in Veviera Investment Sp. z o.o.

Guided by the principle of due diligence, all of the Group's activities comply with applicable regulations on sustainable development, and its products meet the requirements for environmental protection and social and climate responsibility. The organisation takes all necessary steps to ensure that its activities comply with regulatory requirements in all markets in which it operates.

LPP products are not subject to sales bans in any foreign markets, including the European Union and other regions, due to violations of any standards in the areas of environmental protection, human rights and labour rights, climate policy and targets for neutrality. This does not apply to licensed products, which are subject to restrictions due to the specific nature of the contracts.

The breakdown of total revenue by significant sectors is provided in the [financial section of the Report](#).

The share of sustainable financing in the assets of the LPP Group (GAR ratio) is indicated in the [Taxonomy Disclosure](#) section.

LPP GROUP STRATEGY

The Group's targets are to consistently increase the availability of its brands on domestic and foreign markets, while responding flexibly to the changing needs of customers in both



online and traditional sales network. Particular attention has been paid to the development of the Sinsay brand. This is a response to consumer expectations, which the Group meets while also taking into account the broader context of global social and environmental challenges.

Therefore, the implementation of the strategy is based on three complementary pillars: the omnichannel model, technological transformation and sustainable development.

1. OMNICHANNEL ORGANISATION

The Group integrates traditional and online sales to provide customers with a consistent and convenient shopping experience. It is developing a network of stores and e-commerce platforms, thereby increasing the availability of products regardless of the chosen sales channel. An important element of this strategy is the development of mobile apps that build brand recognition and strengthen customer relationships.

2. DIGITALISATION

The Group implements modern technologies at every stage of the value chain – from product design and logistics to sales and network development. It has advanced analytical capabilities that allow it to identify market trends and customer preferences, enabling it to make optimal business decisions and helping buyers make the right purchasing choices. It invests in the digitisation of processes such as inventory management, warehouse automation and offer personalisation in order to increase efficiency and meet market expectations, while scaling the business without a proportional increase in the costs of this change.

3. SUSTAINABLE DEVELOPMENT

In an era of growing importance of responsible business, dynamic EU regulatory changes for the clothing industry and market expectations, LPP consistently integrates sustainable development into the entire value chain – from design and production to recycling and giving clothes a second life. It is developing a circular model, collecting used clothing, working on *textile-to-textile* recycling and educating customers by promoting responsible purchasing decisions.

In 2022, the Company joined the global SBTi initiative supporting the private sector in its efforts to combat global warming. It has developed detailed decarbonisation targets for 2030, which have been positively verified by SBTi.

At the same time, the Group carries out social activities through the LPP Foundation, which supports children and young people in difficult life situations, sick people, medical facilities and organisations caring for people at risk of social exclusion. It pays particular attention to supporting the mental health of children and young people.

LPP BUSINESS MODEL

LPP's business model consists of four key stages that total to a coherent whole: design, production, distribution and sales.

The process begins with the work of designers who follow fashion shows, street trends and topics discussed on social media, and use these observations to create original collections. Their designs are unique and combine the latest trends with customer needs. At the end of the reporting period, the design team consisted of nearly 360 people. In offices in

Gdansk, Cracow and Warsaw, it develops collections for five LPP brands, striving to meet the expectations of a diverse group of customers.

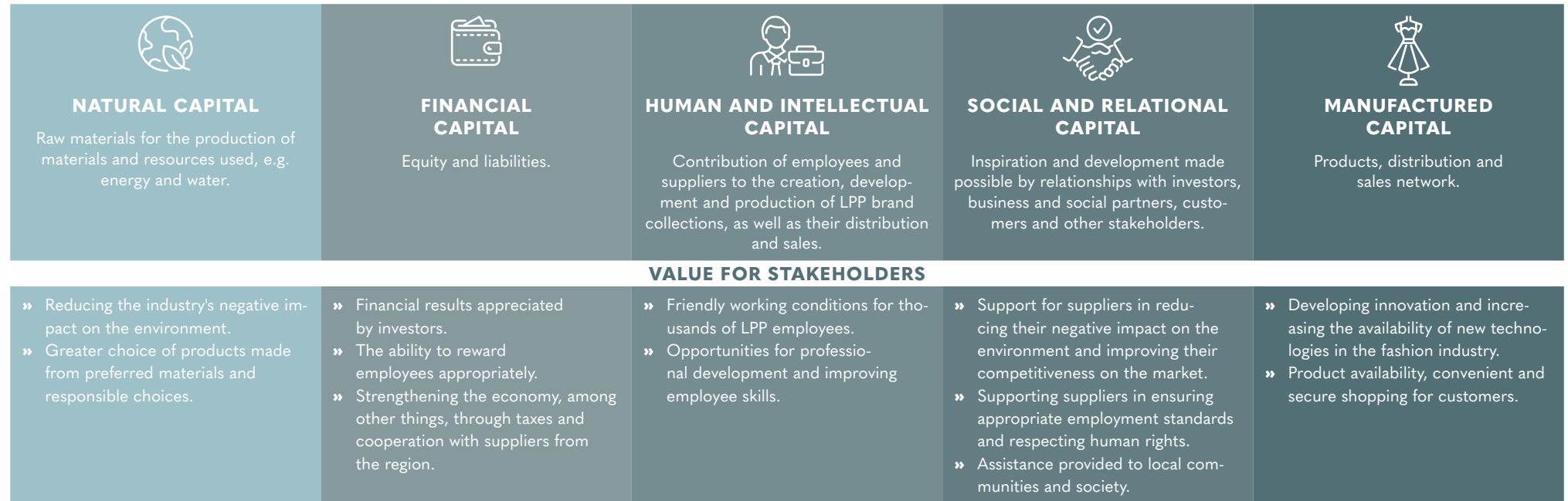
The next stage is production. LPP does not have its own factories, but cooperates with almost 2,200 suppliers from Asia and Europe, to whom it outsources the production of its collections. Thanks to its activities in Asia, carried out through offices, the Group ensures quality control and compliance with environmental and social requirements.

The distribution stage utilises an extensive logistics network that delivers products to customers around the world. LPP Logistics, which manages the entire supply and distribution network, has ten warehouse facilities, including four distribution centers and six fulfilment centers, located in Poland, Romania and Slovakia. LPP Logistics operates in all aspects of logistics, from sea, rail and road freight, through customs agency services, to modern technologies used in warehouses, ensuring fast and efficient deliveries to customers.

Sales are conducted using a multichannel model, which allows the Group to easily adapt to changing consumer needs and preferences. LPP products are available in 3,748 stores in 35 countries, as well as online.



VALUE CREATION MODEL



The value creation model is based on shared beliefs and attitudes that build the corporate culture of the LPP Group. They influence decisions, cooperation and relationship building with stakeholders. The Group considers the following to be the most important:

1. Honesty, transparency and respect in relationships – promoting open and honest communication and building mutual trust, both within the organisation and in external relationships with business partners, suppliers and stakeholders.

2. Respect for human rights and diversity – compliance with international standards, respect for different cultures and value systems, and ensuring equal treatment and a work environment based on a culture of inclusion.

3. Environmental impact – a responsible approach to environmental protection.

4. Compliance with national and international law – promoting a culture of compliance, adhering to regulations and encouraging ethical and responsible behaviour.

5. Building a positive impact – striving to ensure that the LPP Group's activities have a positive impact on people, the economy and the environment.

6. Responding to violations and promoting the reporting of irregularities – encouraging employees, associates and contractors to report violations of ethics and standards contained in company documents.



SUSTAINABLE DEVELOPMENT STRATEGY

The LPP Group's Sustainable Development Strategy For People For Our Planet for 2020–2025, adopted in 2019 and integrated with the business strategy, covered both LPP's own activities and the value chain, focusing primarily on clothing as a key product category. The strategy focused on four areas:

- » **More sustainable products, production and sales.** For more information, see subsection [E5 Resource use and circular economy](#).
- » **Chemical safety in production.** For more information, see subsection [E2 Pollution](#).
- » **Plastic under control.** For more information, see subsection [E5 Resource use and circular economy](#).
- » **Sustainable infrastructure – HQ buildings and sales network.** For more information, see subsection [E1 Climate change](#).

The 2025 financial year is the last year of implementation of this strategy and marks the end of its current cycle.

The results of the double materiality analysis indicated the need to align LPP's approach with the principles of sustainable development and management of key ESG aspects, including areas that are currently gaining in importance. In the coming year, LPP will redefine its priorities, and its activities and directions in the area of sustainable development will be clearly defined in order to respond more effectively to changing market and regulatory challenges and the growing expectations of stakeholders.

VALUE CHAIN

The LPP Group's value chain encompasses activities, resources and relationships at every stage of the product life cycle – from production, through distribution and sales, to use.

The LPP Group's value chain can be divided into three main areas: upstream (suppliers and raw material procurement), own operations (activities carried out directly by the company) and downstream (use of products). This division reflects the comprehensive management of activities and relationships with stakeholders and the environment. Thanks to this, LPP can manage the value chain more effectively in a sustainable, transparent and responsible manner. Each stage takes into account environmental activities and care for stakeholder relations.

In 2025, there were no significant changes in the value chain.

The LPP Group does not operate in the following sectors: fossil fuels, chemical production, production of controversial types of weapons, tobacco cultivation and production.



TABLE 1. LPP Group's value chain

UPSTREAM				OWN OPERATIONS			DOWNSTREAM	
SUPPLIERS AND RAW MATERIAL SOURCING				PROCESSES IN THE ORGANISATION			USE	END OF PRODUCT LIFE CYCLE
TIER 4	TIER 3	TIER 2	TIER 1					
RAW MATERIAL SOURCING Suppliers of raw materials (cultivation of raw materials: cotton, linen, hemp, trees for the production of cellulosic materials, animal husbandry, extraction of raw materials for the production of synthetic materials) and other elements for production. Energy raw materials: » gas; » electricity; » vehicle fuels.	RAW MATERIAL PROCESSING Suppliers processing raw materials (fibre spinning, tanning, material recycling ¹)	PRODUCTION OF MATERIALS Suppliers producing materials (fabrics, leathers) and components (e.g. buttons, zips), production of materials – weaving, knitting, finishing of materials – dyeing, printing, finishing. Raw materials for the production of footwear, bags, accessories. Raw materials for packaging production.	CREATION OF FINISHED PRODUCT Suppliers creating the finished product (clothing and accessory manufacturing factories). Cutting, sewing, finishing of clothing (washing, dyeing of the finished product).	OPERATIONAL PROCESSES » Product design and development. » Procurement and purchasing management. » Research and development (R&D). » Quality control and standards supervision. » Marketing and promotional activities. » Sales strategy and transaction execution. » Distribution Center management. » Logistics planning and coordination. » Management of organisation and business processes. » Corporate communications and public relations. » Investor and stakeholder relations. » Legal services and compliance. » IT support and internal systems development.	SUPPORT PROCESSES » Strategic management. » Administration and organisation. » Human resources management (HR). » Health and safety at work (OHS). » Training programmes and skills development. » Financial planning and management. » Accounting and settlements. » Controlling and financial analysis.	SALES AND AFTER-SALES SERVICE » Sales in stores and online. » Complaints and returns management. » Granting warranties.	The stage at which the product is used by the consumer for its intended purpose. It includes: » operation; » maintenance; » educating customers on responsible consumption and proper use; » potential extension of service life through repairs and reuse; » outlet sales.	Measures aimed at achieving minimal environmental impact and maximising the use of raw materials. This includes: » reuse through repair, refurbishment and transfer to other users; » materials recycling and clothing upcycling; » textile waste management; » initiatives related to the circular economy.
LOGISTICS AND TRANSPORT								
Activities related to the transport of raw materials, materials and finished products.				Activities related to storage, transport and delivery. The transport of ordered products to customers is managed by LPP Logistics, a subsidiary of the LPP Group. Deliveries of products purchased through the e-commerce channel are carried out by external operators – courier and postal companies.			Transport related to the end of life of products, including repairs, resale, recycling and textile waste.	

¹Recycling – a recovery process in which waste materials are reprocessed into products, materials or substances used for their original purpose or other targets





STAKEHOLDER'S ENGAGEMENT

SBM-2, SBM-2 S1, SBM-2 S2, SBM-2 S4

The basis of the LPP Group's relations with stakeholders is open and transparent dialogue. LPP uses surveys, meetings, workshops and other forms of gathering consumer opinions. It takes the results into account in its business decisions, allowing it to adapt its strategy to their needs. The Group regularly informs stakeholders about the targets it has achieved, asks for their opinions and is open to suggestions.

Each year, LPP identifies key stakeholders, analyses their needs and updates their map to ensure effective communication. LPP is in a process of continuous dialogue with its key stakeholders and takes their perspective into account on an ongoing basis.


**TABLE 2.** Channels of dialogue with stakeholders in the LPP Group

Stakeholder groups	Communication channels	Purpose of the engagement	How the results are taken into account	Issues discussed in the dialogue	Accountability on the management board and senior management level
 CUSTOMERS					
<ul style="list-style-type: none"> » Store customers. » Online store customers. 	<ul style="list-style-type: none"> » Brand websites. » Telephone customer service. » Brand applications. » Instant messaging (WhatsApp, Messenger). » Email. » Contact forms. » Social media. » Newsletters. » Stores. 	<ul style="list-style-type: none"> » Maintaining relations. » Acquiring feedback on products offered and customer expectations. » Engagement and brand identification. 	<ul style="list-style-type: none"> » Tailoring Contact Center (CC) staff training to customer expectations. » Changes to processes in the scope of handling orders, returns, complaints. 	<ul style="list-style-type: none"> » Access to product information. » Active and transparent communication. » Product safety. » Customer service level. 	<ul style="list-style-type: none"> » Management Board Member. » Contact Centre Director.
 EMPLOYEES					
<ul style="list-style-type: none"> » HQ employees. » Distribution Center employees. » Sales network employees. 	<ul style="list-style-type: none"> » Mailing. » Dedicated groups on the Viva Engage platform. » In the workplace (screens, walls, notice boards). » Face-to-face meetings, so-called <i>town hall meetings</i>. » Special events. » Training courses and webinars. » Surveys and opinion polls. » Microsoft Teams application. » Activities application. » SharePoint platform. » HR Quick Peek application. » ESG newsletter. 	<ul style="list-style-type: none"> » Identification of employees' needs and expectations. » Strengthening of the employer's brand. » Building an organisational culture. 	<ul style="list-style-type: none"> » Responding to reported issues on an ongoing basis. » Adapting training topics to reported needs. » Improving communication channels. 	<ul style="list-style-type: none"> » Working conditions. » Education and development. » Occupational Work safety. 	<ul style="list-style-type: none"> » President of the Management Board. » HR Director. » Director of Image Communication and Social Relations.



Stakeholder groups	Communication channels	Purpose of the engagement	How the results are taken into account	Issues discussed in the dialogue	Accountability on the management board and senior management level
BUSINESS ENVIRONMENT					
<ul style="list-style-type: none"> » Suppliers in Poland and abroad. » Tenants of stores in key locations. » Franchisees. » Banks. » Industry organisations. » Financial institutions. » Journalists. 	<ul style="list-style-type: none"> » Mailings. » Regular results conferences. » Electronic press office mailbox for offices. » Company website. » Dedicated channel on LinkedIn. » Webinars. » Face-to-face meetings. » Events and special publications. » Events for selected target groups, e.g. Awareness Day, ESG Academy. » Dedicated communication channels within the Polish Trade and Services Employers' Association. » Surveys and opinion polls. » ESG newsletter. 	<ul style="list-style-type: none"> » Transparent rules of cooperation and clear indication of expectations in business relations. » Sharing knowledge about sustainable development standards in cooperation with suppliers. » Control of cooperation systems to eliminate irregularities. » Building trust as a target to obtain new financing opportunities for business activities. » Informing the public about ESG activities and plans. 	<ul style="list-style-type: none"> » Updating management systems. » Modifying processes. » Training for employees in the value chain. » Adapting communication to market expectations. 	<ul style="list-style-type: none"> » Informing about the strategy, actions taken and targets. » Developing long-term relationships with suppliers/subcontractors/business partners. 	<ul style="list-style-type: none"> » President of the Management Board. » Management Board Member. » Director for Procurement and ESG. » Central Procurement Director. » Lease Director. » Financial Controlling Director. » External Relations Director.
SOCIAL ENVIRONMENT					
<ul style="list-style-type: none"> » Industry organisations. » Consumer organisations. » Social organisations supported by LPP. » Universities and schools cooperating with LPP. » Local authorities. » Influencers. 	<ul style="list-style-type: none"> » Mailing. » Social media. » Media. » Face-to-face meetings. » Events for selected target groups. » Activities carried out with the support of local authorities. » Activities carried out in cooperation with partners. » Surveys and opinion polls. » Website. 	<ul style="list-style-type: none"> » Building partnerships for responsible business. » Identifying needs and taking action. » Exchange of knowledge and experience. » Talent acquisition. 	<ul style="list-style-type: none"> » Adapting the company's operations to industry standards. » Using the knowledge gained in management. » Tailoring community projects to the needs of the environment. 	<ul style="list-style-type: none"> » Ability to use new technologies in the textile industry. » Compliance of offered products with regulations. » Understanding the needs of the social environment. » Promoting the employer's brand. 	<ul style="list-style-type: none"> » Director of Brand Communication and Social Relations. » External Relations Director.



Stakeholder groups	Communication channels	Purpose of the engagement	How the results are taken into account	Issues discussed in the dialogue	Accountability on the management board and senior management level
 INVESTOR ENVIRONMENT					
<ul style="list-style-type: none"> » Polish and foreign investors. » Analysts from Poland and other countries. » Individual investors. » Stock exchange. » Financial Supervision Authority. 	<ul style="list-style-type: none"> » Quarterly earnings conference calls with a member of the Management Board, including a live Q&A session. » Annual on-site conferences with the participation of the President of the Management Board of LPP. » Regular investor conferences organised by investment banks and Polish and foreign brokerage offices. » Road shows with the participation of the President and Member of the Management Board and the Investor Relations Department. » Investor days organised by the Company. » General Meeting of Shareholders. » Bilingual investor relations service as part of the Company's website. » Mailing. » Business media. » Electronic LPP Investor Relations contact box: LPP.investor.relations@lpp.com. » Materials such as earnings and investor presentations, Factbook, Databook. » Quarterly, annual financial and sustainability reports. » Electronic Information Transmission System (ESPI) for submitting current and periodic reports in the course of fulfilling disclosure obligations. » Electronic Information Database (EBI) for submitting reports on the application of corporate governance. » ESG surveys and ratings. 	<ul style="list-style-type: none"> » Transparent ongoing communication. » Building trust in the company. » Fulfilling legislative obligations. » Building interest in the company on the Polish and foreign capital markets. » Obtaining financing. 	<ul style="list-style-type: none"> » Adapting the presentation of data to the needs of shareholders and analysts. » Adapting the company's activities to industry standards. 	<ul style="list-style-type: none"> » Financial results. » Development plans. » Strategy communication. » Activities in the value chain. 	<ul style="list-style-type: none"> » Management Board Member. » Investor Relations Director.



SUSTAINABILITY MANAGEMENT THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

GOV-1, GOV-1 G1

The Company's governing bodies are: the Management Board, the Supervisory Board and the General Meeting of Shareholders (GM).

In accordance with the Company's Articles of Association, the Management Board of LPP SA consists of two to six persons appointed and dismissed by the General Meeting of Shareholders for a term of five years. The composition of the Management Board includes the President and one to five Management Board Members. The Management Board represents the Company and conducts all its affairs not reserved by law or the Articles of Association.

The Management Board is headed by the President of the Management Board appointed by the GM. The President of the Management Board is responsible for all aspects of the Company's operations – from the development of LPP brands, through product range management, to the multi-channel model for sales. He supervises the company's strategic activities and manages the teams responsible for commissioning production worldwide. Both the Management Board acting collectively and the members of the Management Board acting individually make decisions within the limits of reasonable economic risk and after considering all information, analyses and opinions which, in the opinion of the members of the Management Board, should be taken into account in a given case in the interest of the Company.

COMPOSITION OF THE MANAGEMENT BOARD

On 31 January 2026 and as at the date of publication of the Statement of the Management Board of LPP SA, the composition of the Management Board was as follows:

- » Marek Piechocki – President of the Management Board
- » Marcin Bójko – Management Board Member
- » Sławomir Łoboda – Management Board Member
- » Marcin Piechocki – Management Board Member
- » Mikołaj Wezdecki – Management Board Member

There are no representatives of employees or other persons performing work on the Management Board. Throughout the entire reporting period, i.e. from 1 February 2025 to 31 January 2026, 100% of the members of the Management Board were men.

The competences and rules of operation of the Management Board are set out in: *the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure of the Management Board.*

The person responsible for all matters related to the material topics identified in the double materiality analysis is Marcin Bójko, a Management Board Member. Sustainability issues were discussed in 2025 during regular meetings of the Management Board.

The Supervisory Board exercises ongoing ownership supervision over all areas of LPP's operations.

Its members are required to take appropriate measures to obtain regular and comprehensive information from the Management Board on all material matters concerning the

Company's operations, including material impacts, risks and opportunities related to its operations and how to manage them.

The main responsibilities of this body include, among others, preparing an annual written report for the General Meeting of Shareholders (GM). The report includes an assessment of the Company's situation, including: internal control systems, risk management, compliance and internal audit functions. The Board also presents a report on its activities for the previous financial year.

The Supervisory Board monitors the financial reporting process to ensure compliance with applicable standards and legal regulations. Once a year, the GM prepares and presents to the GSM an assessment of the Company's compliance with its disclosure obligations, including the application of corporate governance principles resulting from *the 2021 Best Practices of Companies Listed on the Warsaw Stock Exchange* and regulations concerning current and periodic information provided by issuers of securities.

In addition, it assesses annually the implementation of activities related to ESG and the Company's charity and sponsorship policy. It considers and issues opinions on matters to be submitted for resolution by the GM and assesses whether the Management Board's reports on the Company's activities and financial statements for the previous financial year are consistent with the books, documents and actual state of affairs.



COMPOSITION OF THE SUPERVISORY BOARD

In 2025, the composition of the Supervisory Board did not change. On 31 January 2026 and as at the date of approval of the statement for publication, it was as follows:

- » Miłosz Wiśniewski – Chair of the Supervisory Board
- » Alicja Milińska – Member of the Supervisory Board
- » Jagoda Piechocka – Member of the Supervisory Board
- » Piotr Piechocki – Supervisory Board Member
- » Grzegorz Maria Słupski – Supervisory Board Member

During the reporting period, i.e. from 1 February 2025 to 31 January 2026, 60% of the Board members were men and 40% were women. In 2025, the Supervisory Board of LPP SA had an Audit Committee, whose tasks included monitoring financial reporting, internal control systems, risk management and the independence of the auditor and the entity authorised to audit financial statements. At the same time, the scope of responsibilities of the Audit Committee was expanded in 2025 to include tasks related to sustainability reporting. In 2025, its members were:

- » Grzegorz Maria Słupski – Chair of the Audit Committee
- » Piotr Piechocki – Member of the Audit Committee
- » Miłosz Wiśniewski – Member of the Audit Committee

The Audit Committee in its current composition meets the independence criteria and other requirements specified in *Article 129 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Journal of Laws of 2017, item 1089)*.

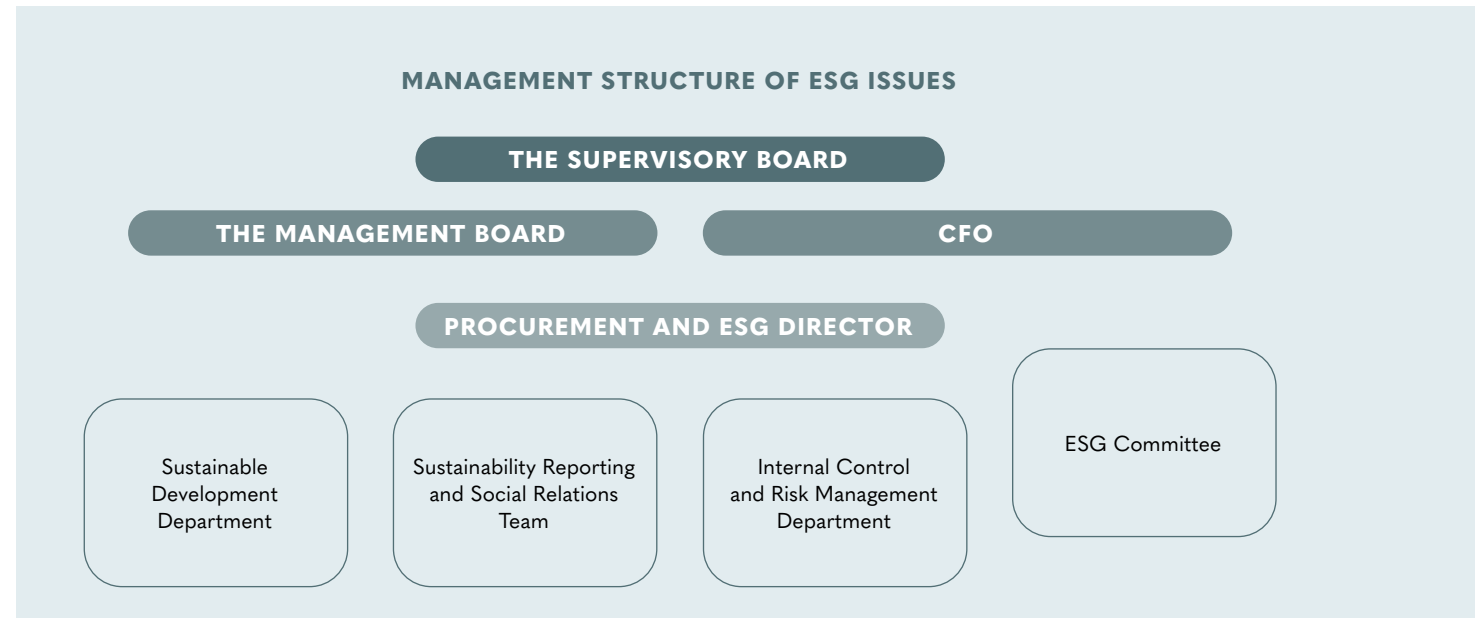
SUSTAINABILITY MANAGEMENT STRUCTURE

The LPP Group has an effective system for supervising and managing sustainable development, covering key areas of activity. The Supervisory Board approves the company's development directions and strategy, while the Management Board supervises its implementation. Sustainability issues are equally important to the management, which ensures their effective integration into operational activities.

The Supervisory Board performs an advisory and consultative function in the area of ESG strategy and activities. It consults on and reviews the content of sustainability statements and

planned initiatives. The Management Board monitors the integration of sustainable development activities with business targets in order to supervise and ensure the consistency of the Group's operations. Its tasks also include approving the directions and scope of ESG activities, supervising progress in the implementation of the sustainable development strategy, managing the targets set out therein and monitoring them on an ongoing basis. Management Board Member responsible for financial issues (CFO) is responsible for planning the financing of projects related to ESG and sustainable development. To this end, he works closely with the Internal Control and Risk Management Department (CRMD), which identifies and analyses key risks and opportunities for the

MANAGEMENT STRUCTURE OF ESG ISSUES





company on an ongoing basis in order to set the most important targets in close cooperation with the ESG Committee and the Director for Procurement and ESG. The Director for Procurement and ESG is responsible for developing targets and shaping and implementing the sustainable development strategy, analysing ESG risks and planning how to manage them. He is also the chairman of the ESG Committee, which advises the Management Board and conducts ESG activities in connection with the operations of the LPP Group. The Committee consists of directors managing brands and key areas of activity.

The Sustainability Manager, together with the Sustainability Department, is responsible for implementing the strategy, monitoring its implementation and ensuring production safety. This team oversees the activities of the ESG Committee and supports LPP's environmental initiatives, including emissions calculation, decarbonisation, energy management and supply chain management.

The Sustainability Expert identifies opportunities arising from the changing business environment, as well as challenges related to climate change and biodiversity loss. She advises on how to mitigate climate and environmental risks and works closely with the Director for Procurement and ESG.

The Due Diligence Process Implementation Team identifies and assesses risks related to human rights and labour rights. It implements and monitors the effectiveness of preventive and corrective measures, and informs stakeholders about the actions taken.

The Sustainability Reporting and Social Relations Team cooperates with social organisations, analyses the company's social impact and prepares annual sustainability statements.

Other organisational units of LPP SA, LPP Group companies in Poland and abroad, and brand managers carry out operational tasks related to the implementation of the *Sustainable Development Strategy*. Within the scope of their competences, they also undertake social activities at the local level and report their results to the LPP HQ as part of sustainability reporting. Thanks to this ESG and sustainable governance structure, LPP effectively integrates environmental, social and corporate governance targets into its long-term business strategy.

EXPERIENCE AND KNOWLEDGE

The Management Board has the necessary knowledge and skills in the field of organisational management, which allows it to effectively manage issues and requirements related to sustainable development and impact management. The experience and competence of the Management Board Members and Supervisory Board Members have been shaped over the years through their participation in the development of both business and sustainability strategies and through their work on successive editions of sustainability reports. Members of the Management Board are constantly expanding their knowledge of ESG and sustainable development reporting requirements, including through direct communication with the Sustainable Development Department. Each member of the Management Board has full access to the expertise of LPP employees involved in sustainable development.

The administrative, management and supervisory bodies and the management team oversee the setting of targets related to material impacts, risks and opportunities as part of the regular setting of the Group's business objectives. Progress in achieving the targets is monitored by the Management Board through ongoing analysis, reports and meetings.

FLOW OF INFORMATION ON SUSTAINABILITY MANAGEMENT

GOV-2

The management and supervisory bodies receive regular information from the Sustainability Department on material impacts, risks and opportunities, the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets. They take these into account in the strategy oversight process, decisions on key transactions and risk management, which reinforces a comprehensive approach to sustainability and responsible management. In addition, the Management Board receives information on the activities of the ESG Committee. In 2025, two meetings of the ESG Committee were held, attended by members of the Management Board. They concerned topics relevant to ESG, including planned changes in legal regulations. Once a year, the Director for Procurement and ESG reports to the Supervisory Board on ESG progress and plans, while the most important issues related to sustainable development in the clothing industry are discussed. Standard controls and procedures are used to manage impacts, opportunities and risks at LPP. As a result, the area of impact, risk and opportunity reporting is integrated with other internal func-



tions, and is part of the ongoing reporting of the LPP Group's business results.

The management and supervisory bodies regularly analyse significant impacts, opportunities and risks, whilst the Internal Control and Risk Management Department ensures a regular flow of information to the Management Board as part of the existing risk management system. The process is carried out in accordance with *the LPP Group Risk Management Procedure*. Information in this regard is provided on a regular basis and supports decision-making processes as well as the ongoing supervision of the effectiveness of the risk management system, including its identification and assessment. The risks covered by the reporting are categorised as follows: strategic, operational, financial, regulatory and compliance, and reputational. The information provided to the Management Board supports the supervision of the risk management system and is used in decision-making processes.

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

GOV-3, GOV-3 E1

The remuneration of the Management Board and Supervisory Board is not linked to sustainable development, including climate.

The Remuneration Rules for the Management Board and Supervisory Board of LPP SA are governed by the Remuneration Policy for Supervisory and Management Bodies of LPP SA, adopted by the GM on 30 June 2023. Members of the Management Board receive a fixed and a variable part of

their remuneration. The variable part of the remuneration may pose as a bonus or shares granted to members of the Management Board under the Incentive Programme. Shares are granted on condition that, in a given financial year, the Management Board member has achieved the KPIs specified by the Supervisory Board in the agreement on participation in the Programme for a given financial year and that they have served as a member of the Management Board at least from the date of conclusion of the agreement on participation in the Programme until the date of conclusion of the agreement to acquire shares offered in a given financial year. The detailed rules of the Incentive Programme are determined by the Supervisory Board. In addition, when determining the KPIs, the Supervisory Board may also take into account whether the members of the Management Board have achieved the sustainable development targets. Incentive programmes make the level of remuneration of Management Board members dependent on the actual long-term financial situation of the Company and the long-term growth in shareholder value and stability of the company's operations.

ESG RISK MANAGEMENT

GOV-5, MDR-A, MDR-T

The topic of *ESG risk management* has been identified as material in the double materiality assessment and is presented in this section of *the Statement*.

In order to effectively manage potential risks, the LPP Group has developed a risk management system and structure, including: sustainable development. These are based on a clearly defined division of responsibilities between statutory bodies, units and project teams, and include the identi-

cation, assessment, monitoring and reporting of risks. The LPP Group Risk Management Procedure has also been implemented, which defines the desired risk culture and the stages of the risk management process, its participants, defines their responsibilities and the tools used in the process. The Procedure supplements the Internal Control System and Transfer Pricing Policy documents regulating risk management in the LPP Group. It is available to all internal stakeholders of the LPP Group and other interested parties to the extent that it affects them in the performance of their duties.

The Internal Control and Risk Management Department (ICRMD) is responsible for the risk management process and internal audits within the organisation. Its work is subject to annual planning, and the audit plan is approved by a Management Board Member and presented to the Supervisory Board. Audit planning takes into account an assessment of their significance and impact on the organisation.

The Supervisory Board exercises control over the activities of the ICRMD and receives regular reports on the audits carried out. The audits cover both departments at the Company's Head Office as well as domestic and foreign subsidiaries. A report is prepared for each audit, containing recommendations which are presented to a member of the Management Board and forwarded to the managers of the relevant units for implementation. The implementation of the recommendations is monitored on the basis of a register.

The ICRMD also supervises the risk management process, which consists of the continuous identification and analysis of risks and opportunities within the Group, in cooperation with business area owners and risk owners. In key areas, risks are identified in relation to the organisation's tar-



gets. Each risk is assigned to an owner who assesses it in terms of its likelihood of occurrence, financial impact and reputational impact.

For risks assessed as high and very high (TOP RISKS), management methods are defined, and all risks are classified into five categories: strategic, operational, financial, reputational, and regulatory and compliance. In cooperation with an external consulting firm, the risks entered in the risk register (ERM) were mapped against the risks that were rated highest in the double materiality assessment.

Risks are assessed on the basis of three criteria:

- » probability of occurrence within one year;
- » financial impact on profit;
- » qualitative impact, including reputational and image aspects. This category analyses, among other things: media impact, impact on the NPS (*Net Promoter Score*) and impact on employees.

A five-point rating scale is used for each criterion: very low, low, medium, high, very high.

The level of risk is determined on a four-point scale (low, medium, high, very high) and calculated as the product of the probability of occurrence and the impact – separately for financial and reputational risks. All risks, including those in the ESG area, are assessed on the basis of the same criteria.

For risks assessed as high and very high (TOP RISKS), a response to the risk is provided, including:

- » risk management – determining actions to minimise the effects in the event of a threat materialising,

- » opportunity management – developing strategies/methods to increase the likelihood of success.

The risk register includes information on both current and planned ways of mitigating threats and strengthening opportunities. Key risks are regularly reported by the ICRMD to the Management Board.

All identified risks are made available to those responsible for the Group's financial and sustainability reporting at the stage of preparing financial statements. Anyone interested has access to the risk register.

ESG risks in the register are marked with the letters E, S or G, assigned to the risk owner. The decision on risk classification is made by the Director for Procurement and ESG in cooperation with the ICRMD. In addition, a *Risk Book* is created, containing key threats and opportunities selected by the Management Board and the ICRMD. These may also include ESG risks. The document is forwarded to those responsible for financial and sustainability reporting.







Despite none of the targets being set in accordance with MDR-T requirements, the Group controls and manages its risks. TOP RISKS are closely monitored and managed at the appropriate levels of the organisation. At least once a year, ICRMD, in cooperation with the owners of areas and risks, reviews the identified risks and their assessment. Risk appetite is determined for risks from the TOP RISKS group. In the event of an incident, ICRMD records it in the register, analysing its connection with existing risks or identifying new risks. In selected areas of the organisation, ICRMD conducts a semi-annual review of risks. In accordance with the schedule, the following are prepared at set intervals:

- » Interim Report – consolidating information on all key risks, including new TOP RISKS;
- » Annual Report – summarising the effectiveness of risk management methods, assessing the status of implemented improvement measures and recommendations for further development of the risk management system, including possible changes to *the Risk Management Procedure*.

LPP has an Internal Control System that operates at all levels of the organisation. The system includes, among other things, control of outflows, asset management and support in business decision-making. Its task is to ensure the completeness of settlements and invoicing of financial income and costs, protect sensitive information and reduce the risk of its unauthorised disclosure. In addition, it enables the systematic identification of significant risks and the implementation of appropriate countermeasures.

The table below presents the most significant ESG risks entered in *the Risk Register*.


TABLE 3. Significant ESG risks

SIGNIFICANT ESG RISKS	RESPONSE TO RISK
 <p>Risk of collection mismatch due to unpredictable weather changes</p>	<p>Analysing and recognising customer behaviour depending on changing weather conditions, and subsequently making a purchase decision, allows us to tailor the range of products to the customer's needs.</p> <p>If faster delivery of the product range is required, it is possible to change the method of transport from sea to air, and the portfolio of near-shore suppliers, i.e. those located not far from LPP Group's distribution centers, is constantly being expanded.</p> <p>Operating in markets located in different parts of Europe, the company takes into account the climate in a given area (northern and southern Europe) and adjusts the delivery times for goods in these directions accordingly.</p>
 <p>Risk of limited availability of raw materials for the production of materials and their rising prices as a consequence of climate change</p>	<p>The LPP Group has introduced constant monitoring of prices and availability of critical raw materials used in the production of its collections in order to respond quickly to market fluctuations. It is also increasing the share of preferred materials characterised by more sustainable sourcing or processing processes and investing in the development of the market for preferred, recycled materials, including cooperation with a start-up company dealing with modern technologies such as recycled polyester. In addition, LPP is building long-term partnerships with suppliers of preferred materials to increase the stability of their supply and control costs in the long term.</p>
 <p>Risk of disruption to production processes caused by extreme weather events</p>	<p>The Group's activities focus on diversifying production markets by transferring clothing production from countries with a higher risk of climate change to countries with a lower risk level.</p> <p>In addition, LPP is taking steps to increase the distribution of a given product group across different markets as a target.</p>
 <p>Human capital management risk</p>	<p>Retaining key personnel is ensured by a rational but market-based remuneration policy, an incentive system developed by the LPP Group, investing in employees through training, setting career paths and enabling promotion within the LPP Group structures. The payroll is also reviewed on a regular basis. The company has introduced an EB (<i>Employer Branding</i>) strategy with the target of attracting a wide range of candidates.</p>
 <p>Cybersecurity risk</p>	<p>The LPP Group has implemented and developed technical and organisational solutions based on leading standards in the areas of information security and personal data protection. It also has specialised organisational units responsible for managing and supervising information security, which strive to ensure the LPP Group's compliance with national and EU regulations, including the GDPR and standards resulting from international norms such as ISO 27001 and PCI DSS.</p> <p>The Group has procedures in place in the areas of information security and personal data protection, as well as IT security solutions.</p>
 <p>Risk of human rights and/or labour rights violations in the supply chain and other areas of activity.</p>	<p>In 2022, LPP developed the <i>LPP Group Policy on Respect for Human Rights</i>. The document constitutes a commitment and sets out the directions for action by LPP and all companies in the LPP Group in the area of respect for internationally recognised human rights applicable to their activities. The rights set out in the following international instruments are considered the minimum standard:</p> <ul style="list-style-type: none"> » the International Bill of Human Rights, comprising: the <i>UN Universal Declaration of Human Rights</i>, the <i>International Covenant on Civil and Political Rights</i>, and the <i>International Covenant on Economic, Social and Cultural Rights</i>; » the <i>International Labour Organisation's Declaration on Fundamental Principles and Labour Rights</i>, referring to eight fundamental ILO conventions (Nos. 29, 87, 98, 100, 105, 111, 138 and 182). <p>The LPP Group also follows the <i>UN Guiding Principles on Business and Human Rights</i> and the <i>OECD Guidelines for Multinational Enterprises</i>.</p> <p>As a target to reduce the risk of human rights violations in its supply chain, LPP conducts social audits, provides training and has implemented mechanisms for reporting irregularities. A special electronic form is available on a secure external platform, through which employees and third parties, including suppliers and contractors, can anonymously report violations of applicable policies and standards.</p> <p>With regard to its own activities, LPP mitigates the risk of violations by, among other things, familiarising employees with key documents and rules applicable within the Group, including: the <i>Code of Conduct</i>, <i>LPP Rules. A Guide for Employees</i>, <i>LPP Rules for Store Employees</i>, and health and safety and HR guidelines, already at the onboarding stage.</p> <p>In 2022, the Group defined the <i>LPP Group Policy on Diversity Management, Equal Treatment and Building a Culture of Inclusion</i>, known as the <i>DEI Policy (Diversity, Equity, and Inclusion)</i>, which is a commitment to respect the human rights of all persons working for LPP and a clear declaration of opposition to any manifestation of human rights violations, including discrimination on any grounds.</p>



DUE DILIGENCE

GOV-4

In 2023, a special team was set up to oversee the implementation of the due diligence process. This group deals with the due diligence process in the area of human and labour rights. The team's tasks include identifying and assessing significant risks, implementing and monitoring the effectiveness of corrective and preventive measures, and informing stakeholders about the initiatives undertaken.

TABLE 4. *Elements of the due diligence process*

Basic elements of the due diligence process	Points in the sustainability statement
Integrating of due diligence in corporate governance, strategy and business model.	SBM-1, SBM-2, GOV-1, GOV-2
Cooperation with stakeholders affected by the entity at all key stages of the due diligence process.	SBM-2, IRO-1, S1, S2, S4, G1
Identification and assessment of adverse impacts.	IRO-1, E1, E2, E3, E4, E5, S1, S2, S4, G1
Taking action to reduce identified adverse impacts.	MDR-P, MDR-A in the appropriate subject standard
Monitoring the effectiveness of these efforts and communicating relevant information in this regard.	MDR-T, MDR-M in the appropriate subject standard



THE DOUBLE MATERIALITY ASSESSMENT PROCESS

IRO-1

As part of the preparations for drawing up a sustainability statement in accordance with CSRD requirements, the LPP Group carried out a double materiality assessment. The idea behind this process is the equivalence of two perspectives – impact materiality and financial materiality. The first double materiality assessment was carried out in 2023 to define the LPP Group's approach and draw conclusions for future reporting periods.

In 2024, this process was updated, whilst adapting to changing regulations and new stakeholder expectations. The update included an expanded analysis of the organisation's impact on its environment and stakeholder dialogue in the form of dialogue sessions.

In 2025, as part of a further update to the double materiality assessment process, an analysis of identified risks and opportunities was carried out to ensure consistency with the Group's internal registers of risks and opportunities and to take account of current market conditions.

In accordance with the EFRAG (*European Financial Reporting Advisory Group*) guidelines on double materiality, the starting point was a double materiality assessment of the impact. This is consistent with the premise that impacts related

to sustainability may become material from a financial perspective if they translate, or are likely to translate, into financial outcomes in the short, medium or long term, thereby generating a risk or an opportunity. Throughout the double materiality assessment process, both perspectives – impact and financial materiality – were interlinked, and their interdependencies were reflected in the results.

The assessment consisted of seven stages:

1. Analysis of the existing approach to the value chain.

The starting point was to review and understand the value chain and the stakeholders affected by the LPP Group's business activities.

2. The external analysis of the sector and the socio-economic situation

included a review of sources that could help identify impacts, risks and opportunities (IRO), as well as a comparative analysis of the competition. The results of this stage enabled the preparation of a preliminary list of sustainability areas for the LPP Group.

Sources of the external analysis:

- » principles, guidelines and standards, including: ESG reporting,
- » legal regulations concerning ESG and applicable to the LPP Group,
- » sector and industry studies and reports,
- » studies and analyses concerning the sector's impact on ESG issues.

3. **Internal analysis** with the target of verifying material topics, taking into account previous conclusions from stakeholder dialogue.

Sources of the internal analysis:

- » sustainability reports,
- » separate and consolidated report for 2023,
- » documentation from the previous double materiality assessment,
- » internal documents – policies, codes, principles,
- » previous analyses and studies,
- » sustainability strategy,
- » media analysis.

4. The analyses carried out enabled **the development of a so-called long list of potential impacts, risks and opportunities (IROs)**. Each IRO was considered with regard to three time horizons (short-, medium- and long-term). A description of the process for identifying material IROs for individual thematic standards is presented below:

E1 IRO-1

In 2024, the LPP Group conducted its first climate risk assessment. The process involved a comprehensive identification and assessment of risks without taking mitigation measures into account. In 2025, the climate risk assessment underwent an annual review and verification to ensure the relevance of the identified risks.



The process of identifying and assessing climate risks at the LPP Group is based on ESRS standards and forms part of the overall risk management system. This integration enables climate risks, both physical and those arising from the transition, to be compared with other corporate risks. The assessment of their materiality is based on an analysis of the likelihood of occurrence and potential financial impacts, in accordance with the *LPP Group Risk Management Procedure* and the *Climate Risk Assessment Methodology* implemented in 2024.

Climate risk analysis is conducted for the Group's own operations and along the upstream and downstream value chain. Risks are identified across three time horizons:

- » short-term (mandatory 1 year, the reporting period in the financial statements);
- » medium-term (2 to 5 years);
- » long-term (6 to 15 years).

These time horizons have been defined to account for transition risks affecting the business environment, as well as to enable the analysis of physical risks. The identification of climate-related risks was based on an analysis of climate scenarios related to climate change, taking into account:

- » for transition risks – a scenario limiting global warming to 1.5°C,
- » for physical risks – a high-emission scenario resulting in an average temperature increase of >4°C,

taking into account:

- » the results of the double materiality assessment, including: impacts, risks and opportunities (IRO) arising from topics identified as material,
- » material changes in the LPP Group's business environment, including regulatory changes,
- » the latest scientific data, research and information on climate change, and
- » the opinions of internal and external experts and stakeholders.

In the case of physical risks associated with climate change, the LPP Group identified the areas of exposure of its key assets, taking into account their location and the occurrence of the 28 physical climate hazards identified in the *EU Taxonomy (Commission Delegated Regulation (EU) 2021/2139)*. Subsequently, an analysis was carried out of the degree of exposure of these assets and the elements supporting their operation, such as transport links and power lines, by assessing their vulnerability to physical events.

Transition risks were identified based on an analysis of the links between the Group's key areas of activity and events related to the climate transition process, in accordance with the classification developed by the *Task Force on Climate-related Financial Disclosures (TCFD)*.

The analysis identified three material physical risks, whilst no material transition risks were identified. As part of the double materiality assessment, conducted in 2023 and updated for the purposes of this statement, key impacts, risks and opportunities related to climate change were identified.

As part of an expanded climate risk analysis, two material physical risks were identified:

- » the risk of limited availability of raw materials for the production of materials and their rising price as a consequence of advancing climate change – which was added to the results of the double materiality assessment;
- » the risk of disruptions to production processes caused by extreme weather events.

E2 IRO-1

All of the LPP Group's own sites were included, as well as the sites of key entities in the upstream supply chain (suppliers). Emissions of pollutants to soil, air and water were analysed. For this purpose, the organisation's internal knowledge and available scientific articles were utilised.

No consultations were held with the affected communities.

E3 IRO-1

When identifying impacts, risks and opportunities related to water, the focus was primarily on the supply chain (raw material sourcing and production), where water consumption and abstraction are highest across the Group. The analyses utilised scientific articles and publicly available analytical tools,

No consultations were held with affected communities.

E4 IRO-1

In identifying the impacts, risks and opportunities related to biodiversity, the LPP Group relied on the TNFD² recommendations. The IRO identification process took into account

²Taskforce on Nature-related Financial Disclosures.



all of the LPP Group's own sites as well as the upstream and downstream value chain. The analysis took into account potential disruptions to ecosystem services, systemic risks, and physical and transition risks related to biodiversity. In 2025, the ENCORE³ and IBAT⁴ assessments were updated, and the WWF Biodiversity Risk Filter analysis was added.

ENCORE enables the identification of the ecosystem services on which the Group's operations depend and the environmental pressures generated at sectoral level, serving as a starting point for assessing impact on a global scale. IBAT, on the other hand, provides precise spatial data on sensitive natural areas – such as protected areas or habitats of endangered species – in the vicinity of offices, warehouses and logistics centres. The WWF tool enables the identification of areas posing the highest risk to biodiversity at country and site level. Detailed information on the tools used can be found in the Environmental Information chapter, in the section on biodiversity and ecosystems.

Combining these three analyses enables the effective design of actions within the AR3T⁵ methodology, the assessment of environmental risks from both global and local perspectives, and the planning of measures to minimise the impact on biodiversity. At the same time, the 2024 Climate and Biodiversity report remains an important reference point, supporting analysis and reporting in the area of climate and environmental risks.

As part of the annual review of the double materiality assessment in 2025, issues related to biodiversity were reassessed

and classified as a high-materiality area. This is primarily due to the use of agricultural land for cotton cultivation, which may lead to a reduction in species diversity and changes in local ecosystems. Additionally, the potential impact of transport activities, including the exploitation of marine resources, on aquatic ecosystems was taken into account. The LPP Group is aware that the sourcing of raw materials across the entire clothing sector constitutes one of the key sources of pressure on biodiversity. It therefore considers this area to be material and intends to continue monitoring and deepening its understanding of the impact of its operations. At present, the Company has not carried out a separate assessment of the need to implement remedial measures regarding biodiversity loss, focusing primarily on preventive measures.

No consultations were held with the affected communities.

E5 IRO-1

In identifying the impacts, risks and opportunities related to the circular economy, the resources used in the production of both textiles and packaging were taken into account. The product life cycle and issues relating to the management of textile waste were also analysed. Resource use is concentrated at the upstream stage of the value chain. The analyses drew on the organisation's internal expertise as well as available scientific studies.

No consultations were held with the affected communities.

G1 IRO-1

The impacts, risks and opportunities related to business practices were identified based on an analysis of the LPP Group's own operations in the retail sector, as well as an analysis of relationships with suppliers.

5. To involve stakeholders in the process, a mapped value chain was used and a strategy for their engagement was developed. Key internal and external stakeholders were selected to take part in preliminary consultations on material topics, both via a questionnaire and a dialogue session. The results of the stakeholder dialogue were then incorporated into the assessments of individual impacts, risks and opportunities, on a general guidance basis. In 2024, a stakeholder dialogue session was held to update and verify the results of the process carried out in full in 2023. The stakeholder dialogue process is presented in more detail in the *Stakeholder Engagement* section.

6. IRO Assessment

The assessment of impacts, risks and opportunities was carried out on the basis of the criteria set out in the ESRS and the EFRAG guidelines. All qualitative inputs used for the IRO assessment were restated as measurable quantitative ratios, based on a set of defined thresholds for each criterion analysed. The materiality of the impact was assessed independently of financial materiality, taking into account positive and negative, actual and potential effects, and subsequently the risks and opportunities related to each sustainability issue.

³Exploring Natural Capital Opportunities, Risks and Exposure.

⁴Integrated Biodiversity Assessment Tool, IBAT.

⁵The Action Framework developed by the Science Based Targets Network (SBTN).



In accordance with ESRS standards, a sustainability issue is considered material if it is material from an impact perspective, a financial perspective, or both.

Assessment criteria, in accordance with ESRS requirements:

- » Impact materiality was assessed against the following criteria: scale, scope, irreversibility (assessed for negative impacts) and probability (assessed for potential impacts) – on a scale of 1 to 5.
- » Financial significance was assessed as the product of sensitivity to financial assessment (including: the sum of the four criteria) and probability – resulting in a rating scale from 1 to 5.
- » The threshold for impact related to human rights was adjusted in accordance with ESRS guidelines.

7. The final stage involved **determining the materiality threshold and validating** the preliminary results with the LPP Management Board. The materiality threshold for impact assessment was set at 3.5, whilst that for financial materiality was set at 2.75.

The preliminary IRO assessments were validated during workshops and in-depth interviews with senior management representatives, receiving final approval.

As a result, 17 material topics were identified, within which one to three IROs were consolidated.

Based on these, a list of material ESRS data points to be disclosed in the sustainability statement was developed. The material topics also form the basis for strategic ESG management.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

SBM-3

The material impacts, risks and opportunities related to the LPP Group's operations were identified on the basis of a double materiality assessment, which covered every stage of the value chain along with the relevant stakeholder groups. The analysis of the organisation's impacts involved a comprehensive assessment of its operations in relation to sustainability issues, taking into account their nature, scale, timeframe and reversibility. In parallel, material risks and opportunities were identified, arising, among other things, from dependence on natural and human resources throughout the value chain. The process took into account all three time horizons – short-term, medium-term and long-term.

The LPP Group's strategy is linked to the identified material impacts, risks and opportunities, which are taken into account when shaping strategic directions and key elements of the business model. Actions undertaken as part of the sustainable development strategy and planned priorities support the reduction of negative impacts and the mitigation of material ESG risks, including reputational risks and potential financial consequences, whilst enabling the strengthening of the Group's positive impacts. The identified IROs serve as a reference point for the further development of priorities and any adjustments to the business model in response to changing regulatory and market conditions.

All material impacts identified by the Group in the double materiality assessment process stem from the LPP Group's busi-

ness model. Detailed information on the link to the business model, impacts on people and the environment, and the time horizons of these impacts is presented in the Table 5. Risks rated highest (>2.75), which have a high probability of occurring in the short term and which may materialise in 2026, are presented below:

- » Risks related to potential mismatches in the harvest due to unpredictable weather changes (link to ERM).
- » Risk of disruptions to production processes caused by extreme weather events and none of natural protective barriers (linked to ERM).
- » The risk of soil degradation may affect the supply of raw materials, including cotton.
- » Risk associated with LPP's limited knowledge regarding compliance with employee safety standards and potential human rights violations in the supply chain.

Following the analysis of risks and opportunities conducted in 2025, it was decided in several cases, for substantive reasons, to combine risks or opportunities into a single item. The assessments for some risks and opportunities were revised, primarily to align the assessments of individual IROs with the internal register of risks and opportunities.

The descriptions of impacts, risks and opportunities included in the Table 5 were developed based on a double materiality assessment carried out in 2023. Bearing in mind the limitations arising from its age, the Group plans to update the double materiality assessment process in 2026.


TABLE 5. Results of the double materiality assessment

ESRS	Material topic	Impact	Type of impact	Risk/Opportunity	Place in the value chain
E1 Climate change	Adapting to climate change	<p>Monitoring climate risks</p> <p>LPP includes climate risks in its <i>Risk Book</i>, monitoring them and adapting its infrastructure to climate change.</p> <p>Time horizon: short, medium and long term.</p>	Positive actual	<p>Risk of potential mismatch of collections due to unpredictable weather changes.</p> <p>Risk of extreme weather events and none of natural protective barriers, which may cause disruptions to production processes.</p> <p>Risk of limited availability of raw materials for the production of materials and their rising price as a consequence of progressive climate change.</p> <p>The inclusion of climate risk in <i>the Risk Book</i> enables the management of this risk, among other things, by limiting other operating costs.</p>	Own operations
	Climate change mitigation (CO ₂ emissions)	<p>Generation of CO₂ emissions during the production of clothing and footwear</p> <p>Due to the specific nature of the industry, which accounts for over two-thirds of greenhouse gas emissions in the category of goods and services purchased, LPP directly contributes to the generation of these emissions.</p> <p>Time horizon: short, medium and long term.</p>	Negative actual	None of the significant risks or opportunities identified.	Upstream
		<p>Generation of CO₂ emissions during the use of clothing and footwear</p> <p>In the LPP Group, the product use segment accounts for 6.5% of Scope 3 emissions.</p> <p>Time horizon: short, medium and long term.</p>	Negative actual		The entire value chain
		<p>Reducing climate impact by developing and implementing a decarbonisation strategy</p> <p>LPP aims to reduce greenhouse gas emissions in line with <i>the Paris Agreement</i> targets, as verified by SBTi. The company has committed to a significant reduction in Scopes 1, 2 and 3 emissions by 2030.</p> <p>Time horizon: medium and long term.</p>	Positive potential		The entire value chain
	Energy	<p>Energy-intensive production</p> <p>The production of clothing and footwear consumes a significant amount of energy, especially in the dyeing and finishing processes. LPP carries out these processes mainly in Asian countries, where a coal-based energy mix is used.</p> <p>Time horizon: short, medium and long term.</p>	Negative actual	None of the significant risks or opportunities identified.	Upstream



ESRS	Material topic	Impact	Type of impact	Risk/Opportunity	Place in the value chain
E2 Pollution	Potentially hazardous substances in production	Use of hazardous substances for the acquisition of raw materials The dyeing, gluing and finishing processes for clothing products use a significant amount of chemicals. Time horizon: short, medium and long term.	Negative potential	None of the significant risks or opportunities identified.	Upstream
		Decrease in the use of hazardous substances by participating in the ZDHC initiative LPP is a member of ZDHC, a global initiative to eliminate harmful chemicals from the clothing industry. The Group's strategic target for 2025 is full compliance with the standards of the <i>ZDHC Roadmap to Zero</i> initiative. Time horizon: short, medium and long term.	Positive actual		
E3 Water and marine resources	Water	Water consumption during the dyeing and finishing stages Dyeing and finishing processes account for part of the water consumption in the clothing industry value chain. Time horizon: short, medium and long term.	Negative actual	None of the significant risks or opportunities identified.	Upstream
		High water consumption in raw material sourcing Raw material sourcing, especially cotton, accounts for part of the water scarcity in the apparel value chain. In addition, cotton is grown in regions with high water stress. Time horizon: short, medium and long term.	Negative actual		Upstream
E4 Biodiversity and ecosystems	Direct factors contributing to biodiversity loss	Land use Textile production is largely based on the use of cotton and cellulosic materials, which is related to direct land use or tree felling (cellulosic materials). Time horizon: short, medium and long term.	Negative actual	The risk of soil degradation may affect the supply of raw materials, including cotton. Opportunity for further business development through the use of materials with certificates ensuring sustainable cultivation methods.	Upstream
E5 Resource use and circular economy	Circular economy	Consumption of primary raw materials The production of clothing and textiles is based on primary raw materials. As a manufacturer, LPP contributes to their consumption. Time horizon: short, medium and long term.	Negative actual	None of the significant risks or opportunities identified.	Upstream
		Use of preferred materials, including recycled materials LPP increases the use of preferred materials in order to achieve reduced CO ₂ emissions. The company uses certified materials such as CmiA cotton and LENZING™ ECOVERO™ viscose. Time horizon: short, medium and long term.	Positive potential		Upstream



ESRS	Material topic	Impact	Type of impact	Risk/Opportunity	Place in the value chain
S1 Own workforce	Adequate wages	<p>Adequate employee earnings</p> <p>LPP regularly reviews payroll and strives to implement increases in order to adapt to changing economic and tax conditions. Time horizon: short, medium and long term.</p>	Positive actual	None of the significant risks or opportunities identified.	Own operations
	Safe workplace	<p>Raising awareness of health and safety at work</p> <p>LPP ensures safe and hygienic working conditions through regulations, health and safety procedures and training. The company conducts health and safety audits and provides a platform for reporting irregularities, supporting preventive measures. Time horizon: short, medium and long term.</p>	Positive actual		Own operations
		<p>Counteracting violence and mobbing in the workplace</p> <p>In accordance with <i>the Labour Code</i>, the employer is obliged to counteract mobbing, i.e. persistent harassment or intimidation of employees. LPP strives to ensure working conditions free from undesirable behaviour. Employees have access to training to raise their awareness in this area. The company has implemented mechanisms for reporting irregularities. Time horizon: short, medium and long term.</p>	Negative actual		Own operations
		<p>Building an inclusive and diversity-friendly organisational culture</p> <p>LPP takes measures, especially within the organisation, to prevent all forms of discrimination, including on the grounds of gender, origin, religion, disability and other visible and invisible characteristics. Since 2019, LPP has been a signatory to the Diversity Charter. Time horizon: short, medium and long term.</p>	Positive actual		Own operations
	Diversity and inclusion	<p>Low diversity in positions on the Management Board and Supervisory Board</p> <p>The composition of the LPP Management Board is exclusively men, which indicates a need for an increase in diversity. Women account for 40% of the Supervisory Board of LPP. Time horizon: short, medium and long term.</p>	Negative actual		Own operations
		<p>Eliminating pay gaps and promoting gender equality in management positions</p> <p>The pay gap at LPP remains very low. LPP strives to close the pay gap through the development of a remuneration policy, regular remuneration reviews and educational campaigns. Time horizon: short, medium and long term.</p>	Positive actual		Own operations



ESRS	Material topic	Impact	Type of impact	Risk/Opportunity	Place in the value chain
S2 Workers in the value chain	Working conditions in the value chain	Payroll and working time Outsourcing in the textile and clothing sector can reduce the transparency of the supply chain and increase the risk of human rights and labour rights violations. Time horizon: short, medium and long term.	Negative potential	Risk associated with limited access to information on compliance with worker safety standards and potential human rights violations in the supply chain. Opportunity to improve reputation by further verifying suppliers' compliance with high standards in the area of employment conditions and membership in organisations working to improve worker safety in the value chain.	Upstream
		Production safety standards at the stage of production of materials and finished garments Potential impact related to the exposure of workers in the upstream clothing industry to hazards such as flammable chemicals, improper electrical installations, harmful chemicals, work ergonomics, high temperatures, noise, and violence and stress in the workplace. LPP SA's knowledge of further stages of the supply chain and control options is limited. Time horizon: short, medium and long term.	Negative potential		Upstream
		Hazardous chemicals in the garment production stage The chemicals used at every stage of garment production are hazardous and can cause long-term health effects. LPP SA has limited knowledge and control over working conditions in further stages of the supply chain. Time horizon: short, medium and long term.	Negative potential		Upstream
		Production in countries highly vulnerable to forced labour and child labour LPP's production takes place in countries where there is a systemic problem of forced labour and child labour. Time horizon: short, medium and long term.	Negative potential		Upstream
S4 Consumers and end users	Consumer education – promoting responsible consumption	Circularity initiatives LPP promotes responsible use of clothing through educational campaigns and a system for collecting used clothing in stores. These activities support the circular economy model and have a positive impact on the environment. Time horizon: short, medium and long term.	Positive actual	None of the significant risks or opportunities identified.	Own operations, downstream
	Marketing communication	Anti-greenwashing activities LPP is the subject of an investigation by the Office of Competition and Consumer Protection (UOKiK)* in the context of greenwashing, which raises concerns about its marketing practices. In 2024, LPP developed <i>Good Anti-greenwashing Practices</i> and conducts employee training in this area. Time horizon: short, medium and long term.	Negative actual		Own operations, downstream

*Double materiality assessment, including the materiality of impacts analysis, took place in 2023. At that time, the Office of Competition and Consumer Protection (UOKiK) was conducting an investigation into LPP's marketing activities relating to environmental issues, carried out as part of coordinated European measures targeting the clothing industry. LPP provided the required explanations and evidence, and in March 2026, the LPP Group was informed that the proceedings had been concluded without any further planned action. More on this subject can be found in the section on Responsible Marketing Practices.



ESRS	Material topic	Impact	Type of impact	Risk/Opportunity	Place in the value chain
S4 Consumers and end users	Product quality	<p>Practices in the area of product quality assurance and product certification</p> <p>LPP conducts production quality audits in various countries and uses certified textile materials. These activities have as a target improving product quality and have a positive impact on the company's image. Time horizon: short, medium and long term.</p>	Positive actual	The opportunity to enhance customer confidence in the products and the company due to industry standards for product quality, as well as the potential for steady and growing revenue.	Own operations, downstream
		<p>LPP Principles. A Guide for Employees (Code of Ethics)</p> <p>LPP has a code of ethics and other documents regulating corporate culture and rules of conduct. Time horizon: short, medium and long term.</p>	Positive actual		
G1 Business conduct	Business ethics	<p>Whistleblower protection</p> <p>LPP provides mechanisms for the protection of whistleblowers, enabling anonymous reporting of irregularities. Appropriate procedures guarantee the safety of persons reporting violations. Time horizon: short, medium and long term.</p>	Positive actual	None of the significant risks or opportunities identified.	Upstream, own operations
		<p>Anti-corruption policies and mechanisms for reporting violations</p> <p>LPP has anti-corruption policies and violation reporting mechanisms in place, which include training for employees and the Management Board. The company aims to increase the number of anti-corruption training courses. Time horizon: short, medium and long term.</p>	Positive actual		Upstream, own operations
		<p>Environmental and social audit, cooperation with organisations, relevant policies</p> <p>LPP regularly conducts social audits and cooperates with organisations such as amfori BSCI. This helps to monitor factories in terms of social and environmental aspects, eliminating unsuitable entities from the supply chain. Time horizon: short, medium and long term.</p>	Positive actual		Upstream
	<p>ESG risk management in the organisation, Management Board engagement</p> <p>LPP has ESG risk management structures in place, including a <i>Risk Book</i> and <i>Risk Management Procedure</i>. The LPP Management Board is involved in risk management, including ESG risks. Time horizon: short, medium and long term.</p>	Positive actual	Entire value chain		
	Verification of suppliers				



Environmental information

STRATEGIC APPROACH – ENVIRONMENTAL POLICIES

MDR-P, E1-1, E1-2, E2-1, E3-1, E4-2, E5-1

The activities of the LPP Group, which are strongly linked to the state of the environment and the effects of climate change, require conscious and responsible management of natural resources and care for ecosystems. Minimising the impact of both its own operations and the entire value chain is not only an expression of social responsibility for the Group, but also a key element in ensuring long-term stability and business resilience. The LPP Group's approach to environmental issues is defined, among others, by the following documents:

The For People for Our Planet Sustainable Development Strategy for 2020-2025, which is the basis for activities in the area of the environment and is described in detail in the chapter *General disclosures*.

The Environmental Policy was developed in 2024 and is the result of consultations with stakeholders and selected representatives of key business areas of the LPP Group. As part of its *Environmental Policy*, the LPP Group is committed to minimising the environmental impact of its operations, including stores, offices and warehouses. At the same time, the Group strives to ensure that its products are manufactured in accordance with the principles of sustainable production, covering the entire life cycle: from the acquisition of raw materials, through production, logistics and sales, to product use and end of life.

The Policy lists five main environmental areas, identified in a double materiality assessment, around which the LPP Group focuses its activities:

- » climate;
- » pollution in production;
- » water;
- » biodiversity and ecosystems;
- » waste and circular economy.

The implementation of *the Environmental Policy* is supervised by the Management Board Member of LPP responsible for finance. At the operational level, the implementation process is coordinated by the person managing the ESG department, in cooperation with the directors of key departments, in particular purchasing, logistics, leasing, expansion and administrative and technical departments. *The Policy* covers both the Group's own operations and the entire LPP Group value chain. The document is publicly available in Polish and English on the website www.lpp.com.

The Climate Transition Plan is a comprehensive strategy for reducing greenhouse gas emissions throughout the value chain. The document reflects the growing regulatory requirements and the Group's ambitions in the field of climate protection. *The Climate Transition Plan* describes the Group's decarbonisation targets and actions and is part of transparent communication with stakeholders. More information on *the Climate Transition Plan* can be found at [*Climate Transition Plan for climate change mitigation*](#).



The Code of Conduct forms the basis for the LPP Group's cooperation with suppliers and subcontractors. Its acceptance and implementation are mandatory for all factories and partners wishing to establish cooperation with the Group. In accordance with the principles of *the Code*, the LPP Group expects its partners to adhere to the highest ethical standards, comply with the law and conduct their business in an honest and transparent manner.

The Code sets out obligations in the areas of respect for human rights, employee protection, occupational health and safety, care for the natural environment and anti-corruption. It obliges suppliers and subcontractors to eliminate unfair market practices and comply with the principles of fair competition. It is based on local and international law and best industry practices, and its target is to support sustainable development and establish clear standards of conduct in key areas of cooperation, such as:

- » minimising negative environmental impact;
- » sustainable resource management;
- » reducing greenhouse gas emissions;
- » compliance with the principles of sustainable production and responsible sourcing of raw materials.

The Code of Conduct supports the LPP Group in promoting responsible practices throughout the supply chain, achieving environmental targets and taking action to protect the climate and biodiversity on a global scale.

The LPP SA Quality Guidebook defines quality standards, inspection procedures and the required tests and methods for conducting them. The document is regularly updated and any changes are immediately communicated to suppliers, who are required to strictly comply with the guidelines contained therein.

⁶Preferred materials are those with a lower carbon footprint than their conventional counterparts and those derived from recycling, i.e. those that reuse manufactured raw materials. Preferred materials provide greater benefits for the climate, nature and people through a holistic approach to the manufacturing process.

PREFERRED MATERIALS⁶

The foundation for reducing emissions is the responsible selection of materials. That is why the LPP Group actively monitors the raw materials market and gradually introduces certified and preferred materials into the offerings of all its brands. When selecting materials, the Group focuses primarily on solutions with a lower carbon footprint and recycled materials, which supports the implementation of the LPP Group's climate targets approved by **the Science Based Targets initiative (SBTi)**.

The LPP Group uses fibres with the following certifications:

RCS – RECYCLED CLAIM STANDARD

A standard for fabrics containing recycled fibre.

GRS – GLOBAL RECYCLED STANDARD

A standard for fabrics containing recycled fibre, e.g. recycled polyester. It is based on environmental and social criteria.

OCS – ORGANIC CONTENT STANDARD

A standard for organic materials.

GOTS – GLOBAL ORGANIC TEXTILE STANDARD

A standard for organic materials, such as cotton and linen. It sets comprehensive environmental and social criteria.

RDS – RESPONSIBLE DOWN STANDARD

A standard that has as a target ensuring that down is sourced in a manner that ensures the humane treatment of animals.



EU TAXONOMY

Companies meeting the criteria set out in Articles 19a or 29a of Directive 2013/34/EU are subject to the disclosure requirements set out in the EU Taxonomy and delegated acts, i.e. Commission Delegated Regulations (EU): 2021/2139, 2021/2178, 2022/1214, 2023/2485, 2023/2486 and 2026/73. The LPP Group is subject to the expenditures obligations arising from the aforementioned directive and prepares a report on non-financial information, and is therefore obliged to present taxonomy disclosures for the 2025 financial year.

Taking into account the above regulations, the LPP Group discloses the percentage share of taxonomy-aligned, taxonomy-eligible and non-eligible economic activities in total turnover (revenue), capital expenditure (CapEx) and operating expenditure (OpEx). In addition to these key performance indicators, the LPP Group also publishes its methodology and qualitative information. The above-mentioned delegated acts setting out the requirements for technical screening criteria and the "do no significant harm" (DNSH) principle include the obligation to disclose activities for all six environmental objectives. The analysis covers both the two climate objectives (i.e. climate change mitigation and climate change adaptation) and the four other environmental objectives. In accordance with the applicable regulatory requirements for 2025, the Group provides information on activities that are taxonomy-eligible and fully taxonomy-aligned for all six objectives. As the EU Taxonomy develops in the coming years,

the LPP Group's disclosures will be updated and adapted to new legislation and emerging interpretations. Furthermore, in connection with the entry into force of Delegated Regulation 2026/73, which implements changes to the EU Taxonomy reporting methodology, the LPP Group has decided to use updated table templates in this disclosure. At the same time, the option provided for in the aforementioned regulation to consider certain activities as insignificant and therefore not subject to assessment has not been used.

ASSESSMENT OF COMPLIANCE WITH REGULATION 2020/852

In order to present the disclosures and perform the relevant calculations of key performance indicators, the LPP Group assessed its activities in terms of eligibility for classification and compliance with the classification.

In the first step, the LPP Group identified activities eligible for the taxonomy. As in the previous year, all types of activities presented in the delegated acts to the EU Taxonomy were analysed in terms of the LPP Group's revenues, capital expenditure and operating expenditures. To identify turnover, CapEx and OpEx from eligible activities, the descriptions of economic activities contained in Delegated Regulation 2021/2139, Delegated Regulation 2022/1214 and Delegated Regulations 2023/2485 and 2023/2486 were used. It should be noted that the LPP Group has not identified any new

activities based on the delegated regulation concerning the other four environmental objectives.

In the second step, the identified activities eligible for classification under the key turnover, capital expenditure and operating expenditure ratios were assessed in terms of compliance with the technical screening criteria, the "do no significant harm" (DNSH) principle and the minimum safeguards. This analysis, both at the eligibility and aligned levels, was carried out individually for each item under the key turnover, CapEx and OpEx indicators in all companies belonging to the LPP Group, ensuring that each revenue, capital expenditure and operating expenditure was not included more than once in the calculations.

The activities identified by the LPP Group as consistent with the classification system have been matched and contribute significantly to the achievement of only one environmental objective, i.e. climate change mitigation. Furthermore, the activities reported by the LPP Group do not contribute to the achievement of several environmental objectives at the same time. The LPP Group does not report information related to its capital expenditure plan (within the meaning of Delegated Regulation 2021/2178) and has not issued green corporate bonds or debt securities to finance specific identified activities consistent with the taxonomy.



ANALYSIS OF THE LPP GROUP'S ACTIVITIES IN TERMS OF COMPLIANCE WITH THE EU TAXONOMY

The main activity of the LPP Group is related to the retail sector and sales of clothing, footwear and textiles. It should be noted that this activity is not included in the list of activities specified in the EU Taxonomy and delegated acts. However, this does not mean that the LPP Group's activities cannot be considered environmentally sustainable, but only that these activities have not currently been taken into account by the EU legislator in terms of eligibility for the EU Taxonomy. It should be noted that the EU Taxonomy will be subject to periodic reviews, which in the future may define a separate category and detailed technical eligibility criteria for activities related to retail and clothing sales. At present, the LPP Group has disclosed its other activities in terms of key performance indicators for CapEx and OpEx, which are included in the EU Taxonomy and delegated acts.

The ESG department and the relevant business departments related to the reported activities were responsible for the data collection and assessment process to identify eligible activities that comply with the classification. The final calculation and aggregation of data was performed by the LPP Group Controlling Department. The entire process was supervised by the LPP Group Sustainable Development Department.

As part of the analysis of activities for compliance with the classification system, it is necessary to verify whether the requirements for technical screening criteria and the "do no significant harm" (DNSH) principle, including the assessment of risks related to climate and exposure to such risks, have been met. The LPP Group analysed its activities in terms of

their significant contribution to climate change mitigation (). The risk assessment was carried out in the context of the twenty-eight physical climate-related risks identified in Appendix A to Delegated Regulation 2021/2139. The first stage of the assessment involved establishing a list of risks related to climate that affect the activities under review. These risks were identified as relevant. Risks not present at the location of the business activity assessed for compliance with the system and risks present at the location but not affecting any element of the system enabling the assessed activity to be carried out were excluded as irrelevant. The second stage of the risk and exposure assessment involved determining the significance of the effects of the materialisation of each relevant risk for the assessed business activities. The analysis of the identified risks was carried out in two time horizons, i.e. up to 10 years and from 10 to 30 years, in accordance with the requirements of Delegated Regulation 2021/2139. As a result of the analysis, no risks were assessed as "high" (significant), with most receiving a "low" rating and a few receiving a "medium" rating. Therefore, no Group activities or assets exposed to "high" (significant) physical climate risk were identified.

Activities that have been recognised by the LPP Group as compliant with the classification system make a significant contribution to mitigating climate change. Therefore, the analysis of climate change risk and exposure related to that risk has been carried out in accordance with the criteria set out in Appendix A to Annex I to Delegated Regulation 2021/2139.

MINIMUM SAFEGUARDS

In 2025, the LPP Group conducted its activities in accordance with the minimum safeguards referred to in Article 18 of Regulation 2020/852 (EU Taxonomy). Compliance with the criteria was assessed based on the recommendations of the EU Sustainable Finance Platform – Final Report on Minimum Safeguards and the Ministry of Development and Technology's Guide on the application of the EU Taxonomy minimum safeguards.

The approach to due diligence processes at the LPP Group is presented in the Due Diligence section.

The analysis concluded that no final judgments relevant to the minimum safeguards had been issued against the Group. The National Contact Point of the Organisation for Economic Co-operation and Development (OECD) accepted a case concerning the LPP Group in the context of human rights and labour rights violations in the value chain in factories in Myanmar. The case is currently pending, and LPP does not refuse engagement in order to clarify it. During the reporting period, the LPP Group responded within three months to messages from the Business and Human Rights Resource Centre regarding human rights and labour rights violations in the value chain.

SUMMARY OF KEY PERFORMANCE INDICATORS FOR THE LPP GROUP

KEY PERFORMANCE INDICATORS RELATED TO TURNOVER (TURNOVER KPIS)

Due to the fact that the EU Taxonomy and delegated acts do not cover the LPP Group's main activities related to the retail sector and the sales of clothing, footwear and textiles, no



taxonomy-eligible or taxonomy-aligned activities were identified within the Turnover KPI, as in the previous year.

KEY PERFORMANCE RATIOS RELATED TO CAPITAL EXPENDITURE (CAPEX) TAXONOMY-ALIGNED ACTIVITIES

The LPP Group has classified the following activities as taxonomy-aligned in relation to capital expenditure:

- » 7.3. Installation, maintenance and repair of energy efficiency equipment (HVAC and lighting) – the total cost was PLN 75.8 million for HVAC air conditioning units and energy-efficient LED lighting (sources, accessories, cables), in accordance with technical screening criteria belonging to the two highest energy efficiency classes. The monetary value of these expenditures remained at a similar level YoY, which is related to the fact that the LPP Group is constantly developing and opening many new stores (including outside Poland) in which the aforementioned energy-efficient solutions are installed;
- » 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings – no major YoY changes, in the analysed period it was a total amount of PLN 2.3 million spent on telemetry in stores and buildings;
- » 7.6. Installation, maintenance and repair of renewable energy technology systems – the total base amount of nearly PLN 7.2 million resulted from the purchase of photovoltaic panels and an energy storage facility in connection with the newly constructed logistics building in Brześć Kujawski.

The tangible fixed assets presented in each of the points above were recognised in the accounting books in accordance with IAS 16 Non-current Assets.

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ACTIVITIES

The following activities were classified as taxonomy-eligible but not taxonomy-aligned within the CapEx KPI:

- » 6.5. Transport by motorcycles, passenger cars and commercial vehicles – in the case of the LPP Group, this includes expenditure on motor vehicles, primarily in the form of leasing (total amount of PLN 4.6 million, at a similar YoY level);
- » 7.1. Construction of new buildings – in the case of the LPP Group, this includes significant expenditure on the expansion of the existing Distribution Center and the construction of a new one in Brześć Kujawski, as well as on an office building in Gdańsk (total amount of PLN 780.5 million; in the previous period, a significantly lower monetary value of PLN 224.0 million was recognised in activity 7.1);
- » 8.1. Data processing; website management (hosting) and similar activities – in the case of the LPP Group, this includes expenditure on IT equipment totaling PLN 16.0 million (in 2025, the reason for the significant increase in outflows compared to the previous reporting period was the continuation of the ongoing replacement of equipment, outflows for servers and arrays, and an increase in outflows for cybersecurity and computing power).

KEY PERFORMANCE INDICATORS FOR OPERATING EXPENDITURE (OPEX)

TAXONOMY-ALIGNED ACTIVITIES

The LPP Group did not identify any taxonomy-aligned operating expenditure in its 2025 disclosures.

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ACTIVITIES

The LPP Group reports the following activities as taxonomy-eligible but not taxonomy-aligned:

- » 6.5. Transport by motorcycles, passenger cars and commercial vehicles – these are operating expenditures related to the maintenance of its motor vehicles (total amount of PLN 3.5 million; no significant changes compared to the previous year);
- » 7.3. Installation, maintenance and repair of energy efficiency equipment – covering operating expenditures incurred for the maintenance, servicing and replacement of energy-efficient LED lighting for a total amount of PLN 2.05 million (a decrease in outflows compared to the previous year);
- » 8.1. Data processing; website management (hosting) and similar activities – in the case of the LPP Group, covering outflows for the payroll of employees involved in the maintenance of IT equipment (total amount of PLN 6.00 million) – no significant changes in amounts compared to the previous year.

ACCOUNTING PRINCIPLES

In order to properly report key performance indicators, the percentage share of taxonomy-aligned, taxonomy-eligible but not taxonomy-aligned, and non-eligible economic activities



in total turnover, capital expenditure and operating expenditure, individual categories were defined based on data derived from the financial and accounting systems used across the LPP Group (the accounting books of the companies in the LPP Group are kept mainly using the SAP computer system, which ensures the reliability of the information processed). The accounting policy takes into account the principles contained in the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and related interpretations published in the form of European Commission implementing regulations. Regulation 2021/2178 defining key performance indicators within the meaning of the EU Taxonomy refers precisely to these regulations in terms of the selection of numerical data, which is why the Group was able to precisely determine the individual bases required for its needs.

KEY TURNOVER INDICATORS

The percentage share of turnover was calculated as a portion of net revenue from the sale of products or provision of services, including intangible assets related to business activities in accordance with the classification system, divided by total net revenue from sales as defined in accordance with International Accounting Standard (IAS) 1, point 82(a). These revenues are presented in the consolidated statement of comprehensive income and note 9.1. in the supplementary information to the consolidated financial statements.

KEY PERFORMANCE INDICATORS RELATED TO CAPITAL EXPENDITURE (CAPEX)

The percentage share of CapEx was calculated as the proportion of capital expenditure related to assets or processes associated with taxonomy-aligned economic activities, for-

ming part of a plan to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities to become taxonomy-aligned, as well as capital expenditure related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activity to become low-carbon or enabling it to reduce greenhouse gas emissions, related to total capital expenditure as defined in International Financial Reporting Standards (IFRS), which are accounted for on the basis of:

- IAS 16 Tangible Fixed Assets, paragraph 73(e)(i) and (iii);
- IAS 38 Intangible Assets, paragraph 118(e)(i);
- IFRS 16 Leases, paragraph 53(h).

CapEx values refer directly to the values from the consolidated financial statements – note 14 (Tangible fixed assets; sum of the items Acquisitions, excluding the amount in the column entitled Advances for fixed assets under construction, and the amount of PLN 54 million from the line Other increases in Fixed assets under construction), note 15 (Leasing; sum of the items Increases (new leases) and Amendments to lease agreements (in the part concerning increases, i.e. PLN 766 million) and note 16 (Intangible assets; sum of the items Acquisitions and Other increases).

KEY PERFORMANCE INDICATORS IN RELATION TO OPERATING EXPENDITURE (OPEX)

The percentage share of operating costs was calculated by dividing the direct, non-capitalised costs related to assets or processes related to taxonomy-aligned economic activities, which form part of a capital expenditure plan aimed at expanding taxonomy-aligned economic activities or enabling taxonomy-eligible economic activities to become taxonomy-aligned, as well as costs related to the purchase of

output from taxonomy-aligned economic activities and individual measures enabling the target activity to become low-carbon or enabling it to reduce greenhouse gas emissions through the aggregate outflows defined in the Taxonomy as operating expenditures.

This category (denominator of the indicator) primarily includes:

- » cleaning services, especially in stores and logistics facilities;
- » ongoing repair services for fixed assets;
- » payroll of employees maintaining IT equipment (Service Desk) and machinery and equipment;
- » maintenance of the vehicle fleet;
- » electrical fittings.

The most important category of operating expenditures from the group of "other expenditures related to the current servicing of tangible fixed assets" are cleaning services, especially in stores and logistics facilities (as presented above), and property security services (both items are only included in the numerator of the ratio). The monetary value of the numerator of this key ratio increased compared to the previous period, which is due to an increase in virtually all of the above-mentioned cost categories (The LPP Group continues its dynamic development and often opens new stores in new markets, and the types of outflows such as cleaning services or the need for ongoing repairs remain very similar in nature).



PERCENTAGE SHARE OF TURNOVER, CAPITAL EXPENDITURE AND OPERATING EXPENDITURE FOR PRODUCTS OR SERVICES RELATED TO TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (SUMMARY OF KEY PERFORMANCE INDICATORS):

Financial year 2025															
Key performance indicator	Total	Share of taxonomy-eligible activities	Taxonomy – aligned activities	Share of taxonomy-aligned activities	Breakdown by environmental objectives of taxonomy-aligned activities						Share of supporting activities	Share of transition activities	Activities not subject to assessment considered insignificant	Taxonomy-aligned activities in the previous financial year (2024)	Share of taxonomy-aligned activities in the previous financial year (2024)
					Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	mPLN	%	mPLN	%	%	%	%	%	%	%	%	%	%	mPLN	%
Turnover	23,109.0	0.00%	0	0.00%											
Capital expenditure	5,528.0	16.04%	85.3	1.54%	1.54%						1.54%			85.6	2.11%
Operating expenditure	239.6	4.88%	0.0	0.00%											



PERCENTAGE SHARE OF TURNOVER FROM PRODUCTS OR SERVICES RELATED TO TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED (BREAKDOWN BY ACTIVITY):

Turnover														
Financial year 2025														
Economic activity	Code	Key indicator for taxonomy-eligible activity (share of taxonomy-eligible turnover)	Key indicator for taxonomy-aligned activity (monetary value of turnover)	Key indicator for taxonomy-aligned activity (share of systematic trading)	Environmental objectives of taxonomy-aligned activity						Supporting activities	Transition activities	Share of taxonomy-aligned activities in taxonomy-eligible activities	
					Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
		%	mPLN	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%	
None of the activities were identified		0.00%	0.00	0.00%									n/a	
Total taxonomy-aligned activities according to classification by environmental objectives														
Total key performance indicator (turnover)		0.00%	0.00	0.00%									n/a	



PERCENTAGE SHARE OF CAPITAL EXPENDITURE ON PRODUCTS OR SERVICES RELATED TO TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED (BREAKDOWN BY ACTIVITY):

Capital expenditure													
Financial year 2025													
Business activity	Code	Key indicator for taxonomy-eligible (share of taxonomy-eligible capital expenditure)	Key indicator for taxonomy-aligned activities (monetary value of investment expenditure)	Key indicator for taxonomy-aligned activities (share of taxonomy-aligned investment expenditure)	Environmental objectives of taxonomy-aligned activities						Supporting activities	Transition activities	Share of taxonomy-aligned activities in taxonomy-eligible activities
					Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		%	mPLN	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Transport by motorcycles, passenger cars and light commercial vehicles	CCM 6.5. / CCA 6.5.	0.08%											0.00%
Construction of new buildings	CCM 7.1. / CCA 7.1. / CE 3.1.	14.12%											0.00%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3. / CCA 7.3.	1.37%	75.8	1.37%	1.37%						E		100.00%
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5. / CCA 7.5.	0.04%	2.3	0.04%	0.04%						E		100.00%
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6. / CCA 7.6.	0.13%	7.2	0.13%	0.13%						E		100.00%
Data processing; website management (hosting) and similar activities	CCM 8.1. / CCA 8.1	0.29%											0.00%
Total taxonomy-aligned activities according to the classification by environmental objectives					1.54%								
Total key performance indicator (capital expenditure)		16.04%	85.33	1.54%	1.54%						0.00%	0.00%	9.63%



PERCENTAGE SHARE OF OPERATING EXPENDITURE ON PRODUCTS OR SERVICES RELATED TO TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED (BREAKDOWN BY ACTIVITY):

Operating expenditure													
Financial year 2025													
Economic activity	Code	Key indicator for taxonomy-eligible (share of taxonomy-eligible operating expenditure)	Key indicators for taxonomy-aligned activities (monetary value of operational expenditure)	Key indicators for taxonomy-aligned activities (share of taxonomy-aligned operational expenditure)	Environmental objectives of taxonomy-aligned						Supporting activities	Transition activities	Share of taxonomy-aligned activities in taxonomy-eligible activities
					Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		%	mPLN	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Transport by motorcycles, passenger cars and light commercial vehicles	CCM 6.5. / CCA 6.5	1.52%	0.0	0.00%									0.00%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3. / CCA 7.3.	0.86%	0.0	0.00%									0.00%
Data processing; website management (hosting) and similar activities	CCM 8.1. / CCA 8.1.	2.50%	0.0	0.00%									0.00%
Total taxonomy-aligned activities according to the classification by environmental objectives													
Total key performance indicator (operating expenditure)		4.88%	0.0	0.00%									



E1 CLIMATE CHANGE IMPACT, RISKS AND OPPORTUNITIES MANAGEMENT

SBM-3, IRO-1

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

E1-2, MDR-P

Climate issues are addressed in the *Sustainable Development Strategy, Environmental Policy, Climate Transition Plan* and *Code of Conduct*, which are presented in the section *Strategic approach – environmental policies*. In accordance with its *Environmental Policy*, the LPP Group is committed to reducing its impact on the climate and supporting global efforts to limit global warming to 1.5°C. The decarbonisation targets adopted by the Group, covering the entire value chain, have been approved by **the Science Based Targets** initiative. Actions taken in this area include both improving energy efficiency and direct measures to reduce emissions.

Material topic: ADAPTING TO CLIMATE CHANGE

ACTIONS RELATED TO ADAPTING TO CLIMATE CHANGE

E1-3, MDR-A

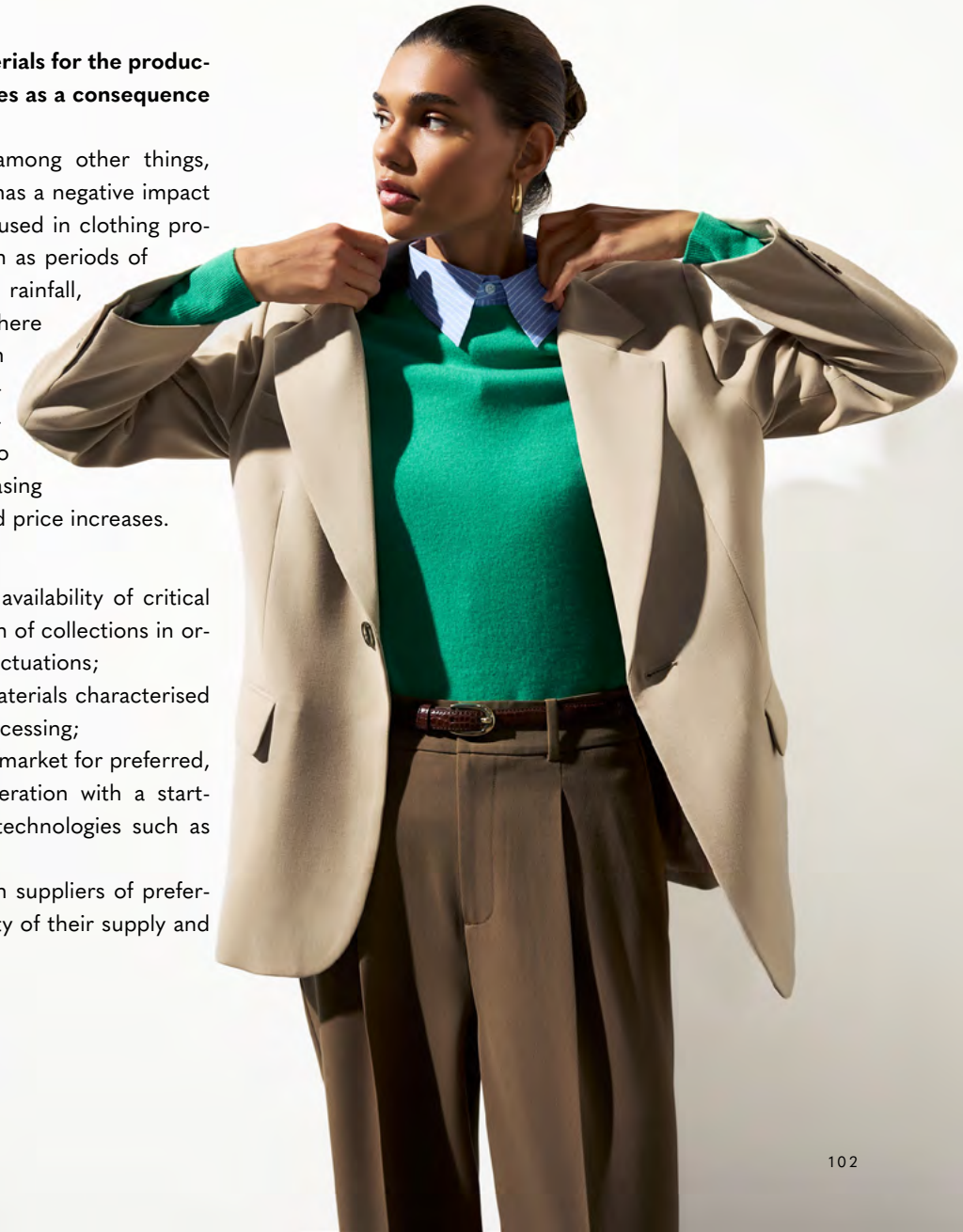
Adaptation to climate change focuses primarily on implementing solutions that limit the risks that climate change may pose to the LPP Group's operations. The measures taken by LPP in response to the identified significant physical risks are presented below.

Risk of limited availability of raw materials for the production of materials and their rising prices as a consequence of progressive climate change

Progressive climate change causes, among other things, a decrease in water availability, which has a negative impact on cotton crops – a key raw material used in clothing production. Extreme weather events, such as periods of water shortage and drought or heavy rainfall, significantly reduce yields in regions where most of the world's cotton production is concentrated – India, China, Pakistan, Uzbekistan and Kazakhstan. In addition, excessive water use can lead to conflicts with local communities, increasing the risk of none of the raw material and price increases.

Adaptive measures in response to risk:

- » constant monitoring of prices and availability of critical raw materials used in the production of collections in order to respond quickly to market fluctuations;
- » increasing the share of preferred materials characterised by more sustainable sourcing or processing;
- » investing in the development of the market for preferred, recycled materials, including cooperation with a start-up company involved in modern technologies such as recycled polyester;
- » building long-term partnerships with suppliers of preferred materials to increase the stability of their supply and control costs in the long term.





Risk of disruption to production processes due to extreme weather events

Extreme weather events, such as floods or cyclones, occurring in regions where production takes place, can destroy crops, lead to power outages, flooding and, as a result, disrupt production processes. This can result in loss of revenue. In terms of raw material sourcing, natural fibre crops such as cotton are particularly vulnerable. From a production perspective, manufacturing facilities located in floodplains are the most vulnerable.

Adaptation measures in response to risk:

- » relocating operations to countries with a lower risk related to extreme weather events in order to diversify production markets;
- » spreading the production of a given product group across different markets in order to minimise the risk of supply disruptions.

Risk of potential mismatch of collections due to unpredictable weather changes

The blurring of the seasons and the occurrence of extreme weather changes mean that there is a risk that the type of collection available to the customer will not match the current weather conditions.

Due to the weather conditions prevailing in different parts of Europe at a given time, LPP recognises the risk of mismatching or failing to deliver the collection on time to a given location.

Adaptive measures in response to risk:

- » analysing and recognising customer behaviour depending on changing weather conditions allows us to tailor our product range to customer needs;
- » the possibility of changing the method of transport from sea to air if faster delivery of the product range is required, and the portfolio of near-shore suppliers, i.e. those located not far from LPP Group's distribution centers, is constantly being expanded;
- » analysing the climate in a given area (northern and southern Europe) and adjusting delivery times for goods in these directions accordingly.

All of the measures listed were included in the budget as standard and did not require significant capital expenditures or operating expenditures.

Material topic: CLIMATE CHANGE MITIGATION

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

E1-1

In response to growing regulatory requirements, the need for transparent communication with stakeholders and its own environmental ambitions, the LPP Group published its first *Climate Transition Plan* in 2025. This document presents a long-term strategy for reducing greenhouse gas emissions throughout the value chain – both within its own operations and in cooperation with suppliers and business partners. It also forms the basis for the Group's further actions towards sustainable development.

The *Climate Transition Plan* is consistent with the LPP Group's reduction targets approved by SBTi and the *Paris Agreement's* goals of limiting global warming to 1.5°C.

ACTIONS AND RESOURCES RELATED TO CLIMATE CHANGE MITIGATION

E1-1, E1-3, MDR-A

The LPP Group's climate transition activities focus on reducing the impact of its own operations by using energy from low- and zero-emission sources and improving energy efficiency. At the same time, the Group strives to make its products more environmentally neutral at every stage of their life cycle: from raw material sourcing, through production, logistics and sales, to use and end-of-life management.

Climate change mitigation activities related to climate change:

- » The LPP Group actively supports the energy transition towards a low-carbon economy, focusing on increasing the share of renewable energy sources in its own operations. Each newly opened building owned by the Group is powered by electricity from renewable sources, which directly translates into a reduction in Scope 2 emissions. Renewable energy significantly reduces greenhouse gas emissions compared to conventional sources, thus contributing to the Group's decarbonisation targets.
- » The foundation of the LPP Group's emissions reduction efforts under Scope 3 is the responsible selection of materials. The Group actively monitors the raw materials market and is gradually introducing certified and preferred materials into the product ranges of all its brands. Priority is given to solutions with a lower carbon footprint



and recycled raw materials, which directly supports the Group's climate targets.

- » One of the preferred raw materials in the LPP Group is cotton sourced in partnership with **Cotton made in Africa (CmiA)** – an internationally recognised standard for sustainable cotton cultivation in Africa. The choice of this certified cotton supports local communities, promotes more sustainable agricultural practices and makes a real contribution to reducing emissions. The ratio of emissions related to the sourcing of CmiA cotton is as much as 34.7% lower than that of conventional cotton, making it an important part of the Group's decarbonisation strategy;
- » 55.28% of the LPP Group's emissions come from production processes in Scope 3, which is why the Group is actively seeking innovative technologies and alternative fibre production methods that support the decarbonisation of the value chain. The Group's partner in these activities is **Cascale** (formerly *the Sustainable Apparel Coalition*), an organisation promoting industry standards in areas such as emissions reduction, environmental efficiency and energy transition. Since 2025, the Group has been measuring the carbon footprint of its production processes using environmental data reported by suppliers in the *Facility Environmental Module (FEM)* tool, which is part of the Higg Index developed by Cascale. More information on FEM can be found in the following chapter in the section *Metrics related to climate change mitigation*;
- » In order to reduce emissions related to packaging, the Group is taking a number of measures to optimise processes and reduce the amount of waste generated during

packaging, repackaging and shipping of products. The effective use and recycling of packaging allows for the effective reduction of natural resource consumption, waste and, consequently, the carbon footprint. More on packaging in the chapter *E5 Resource use and circular economy*;

- » The LPP Group strives to minimise the impact of its logistics activities on the climate and the environment, which is why it is constantly looking for the most environmentally friendly transport solutions. The implementation of standardisation has enabled the reuse of packaging in which clothing is delivered from warehouses to stores. As a result, the Group has reduced the need to order new cardboard boxes, while improving the efficiency of cargo space utilisation during transport;
- » everyday consumer decisions and habits – including: how clothing is used and cared for – have a significant impact on the environment. That is why the LPP Group actively educates its customers on how to care for their clothes and extend their life. An example of such an initiative is the **"Care for Clothes"** campaign, launched in 2022, which focused on clothing care and included a dedicated website, *dbajoubranie.pl*, which is still active and available, as well as the second edition of the campaign, **"Wear Your Story"**. For more information on educational activities aimed at consumers, see chapter *S4 Consumers and end users*;
- » The LPP Group strives to close the textile cycle and extend the life of clothes, which is why, since 2018, it has been running a programme to collect clothes, shoes and accessories that customers no longer need. This initiative

not only reduces the amount of textile waste, but also supports social activities. For more information on the clothing, footwear and accessories collection programme, see the chapter *E5 resource use and circular economy*;

- » The Group is committed to developing solutions that will enable it to move away from primary resources and increase the use of secondary (recycled) resources, thereby decreasing the amount of textile waste generated and its environmental footprint. An element supporting the development of the circular economy is the cooperation with the start-up **Use Waste** on the development of textile-to-textile recycling technology. For more information on cooperation related to the circular economy, see chapter *E5 resource use and circular economy*;
- » The Group supports its suppliers in their efforts to achieve environmental targets and reduce their carbon footprint. It develops and improves forms of communication, support and guidelines that can promote the decarbonisation of the entire value chain;
- » in 2025, the LPP Group began implementing the vFEM Ready initiative, which has as its target to gradually prepare its suppliers for the obligation to report the environmental impact of production facilities based on the Higg Facility Environmental Module (FEM). More information on FEM can be found in the following chapter in the section on *Metrics related to climate change mitigation*. The vFEM Ready programme includes information activities and support in understanding and completing the FEM environmental self-assessment, as well as encouraging its verification (vFEM) by an independent unit. The programme



targets an increase in transparency regarding the environmental impact of our supplier network and supports them in their pursuit of more sustainable production.

- » The Group regularly sends out an ESG newsletter, which is a source of knowledge on sustainability issues and the LPP Group's activities in this area. One ESG newsletter is addressed to the Group's suppliers and the other to the company's employees.

The measures described are primarily aimed at reducing Scope 3 emissions, which account for the largest share of the Group's total emissions, while initiatives related to its own operations support the reduction of Scope 2 emissions.

The above activities do not have a specific time frame – they are carried out on an ongoing basis as a permanent part of the strategy and cover both the Group's own operations and the LPP Group's value chain. All of the above activities have been included in the budget as standard and did not require any significant additional investment or operating outflows.

Since 2021, the LPP Group has been one of approximately 65 partners in the **Cotton made in Africa (CmiA)** programme, which is an international standard for more sustainable cotton cultivation. Since 2005, the activities undertaken by the Aid by Trade Foundation – the initiator of Cotton made in Africa – have focused on protecting the environment and improving the working and living conditions of small farmers and cotton processing workers, thereby increasing their social resilience.

To ensure the implementation of the standard and the proper processing of verified raw materials worldwide,

CmiA works with an extensive network of partners, including cotton producers in 10 African countries, global partners in the textile sector, as well as governmental and non-governmental organisations.

Currently, LPP SA has 80 nominated suppliers who are required to use only CmiA cotton in their orders for the Group. Currently, selected CmiA suppliers come from Bangladesh, China and Pakistan. During the reporting period, the LPP Group did not nominate any new suppliers. In the future, LPP plans to gradually expand this cooperation model to include new production markets and suppliers, but the time frame for these activities has not yet been determined.

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

E1-1, E1-4, MDR-T

Since 2017, the LPP Group has been regularly calculating and reporting its carbon footprint, initially on a limited scale. In 2021, for the first time, full emissions calculations were carried out in all three Scopes (1, 2 and 3), in accordance with the international GHG Protocol standard.

In 2022, the Group became the first Polish clothing company to join the global **Science Based Targets (SBTi)** initiative, which supports companies in their efforts to reduce global warming. The SBTi guidelines became the basis for a decarbonisation strategy in line with the *Paris Agreement* targets.

In November 2022, the LPP Group presented its reduction targets to SBTi, including absolute decreases in Scope 1 and Scope 2 emissions and two Scope 3 targets focused on the categories with the highest emission levels and the greatest reduction potential in the value chain.

SCOPE 1 AND 2

The LPP Group is committed to reducing greenhouse gas emissions from fuel and energy consumption in its own facilities by 42% by 2030 compared to the base year 2021. To achieve these targets, the Group continues its efforts to reduce energy consumption, improve energy efficiency and increase the share of energy from renewable sources.

SCOPE 3

By 2030, the Group will reduce emissions related to the production of goods for sales (category 1) by 51.6% per unit of product, compared to 2021. This target is being pursued, among other things, by increasing the share of preferred materials, the procurement of which has a lower environmental impact, and by actively cooperating with suppliers to improve energy efficiency and switch to renewable energy.

In addition, the Group will engage business partners responsible for 21% of emissions related to transport (category 4) and the use of leased floorspace (category 8) to develop their own reduction targets by 2027.

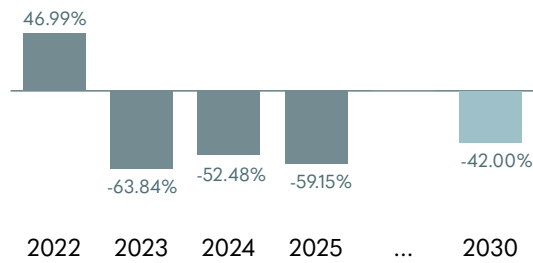
In 2023, the Group's decarbonisation targets were verified and approved by the Science Based Targets initiative (SBTi) as consistent with emission reduction standards and global climate goals.



ACHIEVED EMISSION REDUCTION TARGETS

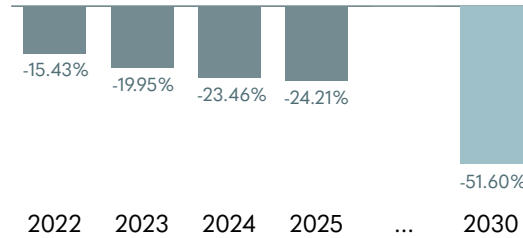
In 2025, the LPP Group maintained the implementation of the target already achieved in 2023 for the reduction of emissions in absolute terms in Scopes 1 and 2 (-59.15% compared to the base year). This was achieved by continuing to use wind energy in offices and warehouses.

PROGRESS AGAINST THE ABSOLUTE TARGET (COMPARED TO THE BASE YEAR)



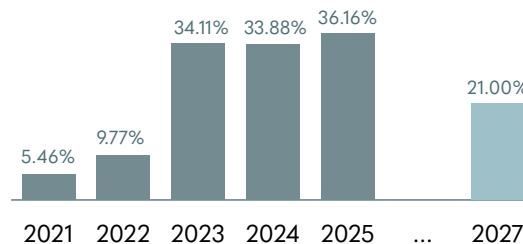
The Group reduced emissions per unit of goods purchased resulting from the purchase of goods and services included in category 1 of Scope 3 by - 24.21%. Decarbonisation activities focus mainly on increasing the share of goods produced from preferred materials in collections. The level of reduction was significantly influenced by a change in the approach to calculating emissions from the finished goods production stage (Tier 1), which involved using emission factors sourced directly from suppliers based on verified environmental reports. This allows for a more representative reflection of emissions from production processes and provides a basis for taking decarbonisation measures. At the same time, the use of preferred materials with a lower carbon footprint in the collections is maintained.

PROGRESS AGAINST THE INTENSITY TARGET (COMPARED TO THE BASE YEAR)



In addition, there has been an increase in the share of business partners responsible for emissions in categories 4 and 8 who have developed their own SBTi-compliant emission reduction targets – already 36.16% of these emissions come from partners with such targets.

PERCENTAGE OF EMISSIONS FROM SUPPLIERS WITH SBTI-APPROVED TARGETS



METRICS RELATED TO CLIMATE CHANGE MITIGATION GREENHOUSE GAS EMISSIONS

E1-6, MDR-M

Greenhouse gas emissions were calculated in accordance with the **GHG Protocol** standards presented in:

- » *The GHG Protocol Corporate Accounting and Reporting Standard*⁷,
- » *GHG Protocol Scope 2 Guidance*⁸,
- » *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*⁹.

GHG emissions were calculated for all scopes and all Scope 3 categories defined by the GHG Protocol. Scope 1 and 2 cover direct and indirect emissions related to the use of the LPP Group's own vehicles and buildings (offices, warehouses). Scope 3 covers indirect emissions related to the production processes of purchased goods (from the acquisition of raw materials to product manufacturing), their transport and distribution from the supplier to the LPP warehouse, and transport and distribution between warehouses and between LPP stores, emissions related to the delivery to the customer, use and disposal by the customer of products sold by LPP, and emissions related to the company's operating activities not included in Scopes 1 and 2 (including rented floorspace for stores, warehouses and offices).

The calculations take into account all greenhouse gases, expressing greenhouse gas emissions in CO₂ equivalent (CO₂e) using the emission factors given in this unit.

⁷The GHG Protocol Corporate Accounting and Reporting Standard. World Resources Institute and World Business Council for Sustainable Development, March 2004

⁸GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate Standard. World Resources Institute 2015

⁹Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Supplement to the GHG Protocol Corporate Accounting and Reporting Standard. World Resources Institute and World Business Council for Sustainable Development, September 2011



During the reporting period, there were no emissions from the company's own production of electricity, heat or steam that is sold or transferred to another organisation, emissions related to the production of electricity, heat or steam purchased for resale, or emissions related to the combustion of biogenic fuels. Furthermore, offset projects were not included in the calculations.

The calculations include all 38 companies of the Group. Due to the Group's dominant full capital and financial control, emissions are consolidated as 100% of emissions resulting from the Group's activities. Operational control was adopted as the criterion for assigning activities to emission scopes. Buildings and vehicles over which the Group exercises operational control (own offices and warehouses, and the fleet) are included in Scopes 1 and 2, whilst showrooms – due to the lack of control over energy supply and the terms of its purchase in commercial premises – are classified as leased assets and included in Scope 3, category 8, in accordance with the GHG Protocol Scope 3 Standard. Leased offices in Poland are included in Scopes 1 and 2 to ensure management consistency and data comparability, whilst offices leased abroad and warehouses are included in Scope 3, category 8.

Starting with the reporting of greenhouse gas (GHG) emissions for 2025, the LPP Group has applied a new methodology for calculating emissions related to production processes. From this year onwards, the Group relies exclusively on data from verified FEM environmental reports (vFEM). The calculations included data on the production of finished goods (Tier 1) and the production of materials (Tier 2). To ensure year-on-year comparability, historical data has been recalculated in accordance with the currently applicable me-

TABLE 6. *Greenhouse gas emissions*

Greenhouse gas emissions	2025	2024	2024 (calculations according to the previous methodology)	Unit
Scope 1 gross				
Scope 1 gross greenhouse gas emissions	4,325.26	4,906.96	4,906.96	t CO ₂ e
Percentage of Scope 1 greenhouse gas emissions from regulated emission trading schemes	0	0	0	t CO ₂ e
SCOPE 2				
Scope 2 gross greenhouse gas emissions according to location-based method	12,423.10	11,682.84	11,682.84	t CO ₂ e
Scope 2 gross greenhouse gas emissions according to market-based method	1,674.83	2,073.06	2,073.06	t CO ₂ e
Scope 3 – significant emissions				
Total indirect gross greenhouse gas emissions	3,246,040.74	2,650,902.59	3,356,198.30	t CO ₂ e
1 Goods and services purchased	1,890,793.83	1,652,657.82	2,234,095.79	t CO ₂ e
2 Capital goods	600,319.25	353,683.88	353,683.88	t CO ₂ e
3 Energy and fuel consumption-related emissions (not included in Scopes 1 and 2)	3,868.55	4,457.71	4,457.71	t CO ₂ e
4 Transport and distribution of purchased products	139,968.02	132,277.08	276,945.35	t CO ₂ e
5 Waste generated during operations	211.51	221.92	221.92	t CO ₂ e
6 Business travel	4,220.58	6,862.68	6,862.68	t CO ₂ e
7 Transport of employees to work	47,238.67	40,203.92	40,203.92	t CO ₂ e
8 Assets leased	134,259.93	123,217.30	123,217.30	t CO ₂ e
9 Transport and distribution of products sold	42,746.61	31,804.66	31,804.66	t CO ₂ e
10 Processing of products sold	0	0	0	t CO ₂ e
11 Use of products sold	349,062.44	239,919.48	219,108.95	t CO ₂ e
12 Disposal of products sold	32,656.77	64,841.39	64,841.39	t CO ₂ e
13 Leased downstream assets	0	0	0	t CO ₂ e
14 Franchises	694.57	754.76	754.76	t CO ₂ e
15 Investments	0	0	0	t CO ₂ e
TOTAL GREENHOUSE GAS EMISSIONS				
Total greenhouse gas emissions (location-based method)	3,262,789.10	2,667,492.39	3,372,788.10	t CO ₂ e
Total greenhouse gas emissions (market-based method)	3,252,040.82	2,657,882.62	3,363,178.32	t CO ₂ e
Greenhouse gas intensity per net revenue				
Total greenhouse gas emissions (by location-based method) per net revenue	141.19	132.09	167.02	t CO ₂ e/ 1 m PLN
Total greenhouse gas emissions (by market-based method) per net revenue	140.73	131.62	166.54	t CO ₂ e/ 1 m PLN



thodology. A description of the full methodology and a report on greenhouse gas emissions calculations can be found at: *Report from the calculation of greenhouse gas emissions*.

FEM (Facility Environmental Module) is one of the tools comprising the Higg Index – a set of standardised tools developed by Cascale (formerly the Sustainable Apparel Coalition) to measure and improve environmental and social performance in the consumer goods industry. The FEM contains detailed information on the environmental impact of production facilities, including data on energy and fuel consumption, greenhouse gas (GHG) emissions, water consumption, waste management, air emissions and chemical management.

The LPP Group's total carbon footprint for the reporting period 1 February 2025 to 31 January 2026 amounted to 3,252,040.82 tonnes of CO₂e. Scope 1 emissions, comprising direct emissions associated with the combustion of fuels and the consumption of refrigerants in the company's buildings and vehicles, amounted to 4,325.26 tonnes of CO₂e and accounted for 0.13% of total CO₂e emissions. Scope 2 emissions, covering indirect emissions associated with the consumption of purchased electricity (for the market-based method) and heat in LPP buildings, amounted to 1,674.83 tonnes of CO₂e, accounting for 0.05% of total CO₂e emissions. Scope 2 emissions calculated using the location-based method amounted to 12,423.10 tonnes of CO₂e. The largest share of LPP's total carbon footprint was accounted for by indirect emissions included in Scope 3, related to the production and distribution of purchased goods, delivery to the customer, customer use and disposal of sold goods, and the operation of the entire company in areas other than those described in Scopes 1 and 2. These emissions amounted to 3,246,040.74 tonnes of CO₂e and accounted for 99.82% of total CO₂e emissions.

Within Scope 3, the largest share of emissions was accounted for by emissions associated with purchased goods and services (category 1) – 58.14%. Next in terms of volume were emissions resulting from capital goods (category 2) – 18.46% and emissions resulting from the use of sold products by customers (category 11) – 10.73%.

The largest share of total GHG emissions was accounted for by emissions related to the procurement of raw materials (26.32%). Emissions related to purchased goods, covering their production and transport, accounted for 59.59% of all emissions, of which 55.28% were emissions related to production processes. Emissions associated with sold products, i.e. those generated by the customer, accounted for 13.44% of the LPP Group's total emissions, with the largest share, 10.73% of total emissions, being those associated with the customer's use of the product. Emissions associated with the company's operational activities, covering Scopes 1 and 2 and certain categories of Scope 3, accounted for 26.97% of the LPP Group's total emissions.

GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

E1-7

The LPP Group does not use offsets to offset its reported greenhouse gas emissions. Specifically, the Group does not use carbon credits to reduce the emissions disclosed in accordance with ESRS E1-6 or as a means of achieving the emission reduction targets disclosed in accordance with ESRS E1-4.

INTERNAL CARBON PRICING

E1-8

The LPP Group does not use internal systems for determining charges for greenhouse gas emissions.

Material topic: ENERGY

ACTIONS RELATED TO ENERGY

E1-1, E1-3, MDR-A

LPP's energy management activities:

» Optimisation of energy consumption in LPP Group brand stores.

The Group implements energy-efficient lighting and air conditioning systems that significantly reduce energy consumption in its stores. Thanks to telemetric monitoring systems, the Group can control and optimise energy consumption on an ongoing basis. Since 2023, these systems have been installed in all newly opened stores, and by January 2026, they had been installed in 87% all stores. The use of LED lighting results in a decrease in energy consumption of up to 40% and limits heat generation, which translates into lower air conditioning requirements. Since 2023, LED technology has been standard in new stores and is now used in all existing locations, with the exception of stores scheduled for closure.

Energy-efficient solutions in warehouse and office facilities.

When designing new facilities, the LPP Group places particular emphasis on sustainable solutions. These include intelligent lighting systems with motion detectors that turn on the lights only when needed, reducing unnecessary energy consumption. In addition, the Group implements integrated building automation systems (BMS) that enable comprehensive monitoring and control of lighting, heating and air conditioning, thereby increasing the energy efficiency of buildings. At the Distribution Centre in Brześć



Kujawski, thanks to the design of hundreds of skylights, the Group maximises the use of natural daylight, reducing the need for artificial lighting. In 2025, the LPP Group launched its first warehouse in Brześć Kujawski as part of the second stage of the Distribution Center expansion. The facility was designed using solutions that increase energy efficiency and work comfort. The hall is equipped with a hybrid heating and cooling system combining heat pumps with gas radiators. At permanent positions, covering approximately 50% of the floorspace, heating and cooling are provided exclusively by heat pumps, and radiators are only activated at extremely low temperatures, which reduces energy consumption. The project is the first stage of a plan to create a facility heated and cooled exclusively by heat pumps, without the use of natural gas.

» Use of energy from renewable sources.

Renewable energy is one of the pillars of the LPP Group's decarbonisation strategy. When designing new buildings, the Group invests in modern and efficient solutions, such as photovoltaic panels, energy storage facilities and heat pumps. This approach not only reduces the carbon footprint, but also increases the Group's operational resilience to energy price fluctuations and the risk of fuel unavailability. The transition to renewable energy sources also allows for better control of operating costs, especially in the context of Distribution Centers and rising electricity prices.

» Financing the energy transition.

In 2021, the LPP Group signed an agreement with F-GENE Energia for the supply of wind energy. Under this agreement, from 1 January 2023, the Group will use

energy from this renewable source for the next 10 years. Since the beginning of 2023, most of the Group's existing buildings in Poland, including Distribution Centers in Pruszcz Gdański and Brześć Kujawski, have been powered by wind energy. From 2024, every newly opened building owned by the LPP Group will also be powered by energy from renewable sources. Such measures significantly contribute to reducing the carbon footprint and ensure greater energy stability for the Group in its own operations.

The energy-related measures described were primarily aimed at reducing Scope 2 emissions associated with the company's own operational activities.

All the measures identified were included in the budget as standard and did not require any significant additional capital expenditure or operating costs.

TARGETS RELATED TO ENERGY

E1-4, MDR-T

In its *Sustainable Development Strategy for 2020-2025*, the LPP Group has set ambitious targets in the area of energy management, covering both operational processes and infrastructure. The key assumption is to systematically increase the share of low-carbon energy in all areas of activity. The Group consistently implements renewable energy sources in its own offices and warehouses, and also uses them where lease conditions allow. The Group's long-term target is to have all newly constructed buildings certified by BREEAM.

TARGET FOR 2025:

» 100% of stores covered by the energy efficiency and low-carbon programme.

The target of 100% of stores covered by the energy

efficiency and low-carbon programme was not achieved by 2025. The target remains valid and is still being pursued. The programme is continuing in all locations where the investment is justified (e.g. by excluding stores planned for closure). The programme is described in the section on *Actions related to energy*.



METRICS RELATED TO ENERGY

own ratio

In 2025, with a 24% increase in the operating retail floor space (an 18% increase in 2024), total electricity consumption attributable to retail stores rose by 10% (a 13% decrease in 2024). At the same time, the carbon footprint associated with this consumption decreased by 3.48% year on year (a 14% year-on-year decrease in 2024), while energy consumption per 1 m² declined by 1 kWh (no data available for 2024).

The increase in total energy consumption is primarily driven by the dynamic expansion of the retail network. At the same time, as nearly all stores have been covered by the energy efficiency and low-emission programme, the effect of gradual improvements in energy efficiency observed in previous years has diminished. In earlier periods, this effect was supported by the steady increase in the number of locations equipped with energy management solutions. As a result, the potential for further reductions in energy consumption solely through the expansion of the energy efficiency and low-emission programme is currently more limited, leading to a less pronounced decrease in energy intensity compared to previous years. The reduction per m² is the result of the consistent implementation of telemetry systems and the use of LED lighting in all newly opened stores.

ENERGY CONSUMPTION AND ENERGY MIX

E1-5, MDR-M

The methodology for calculating energy consumption was based on information from invoices or meter readings. In accordance with the applicable reporting rules, we recognise electricity and heat obtained from suppliers as conventional

TABLE 7. Energy consumption and mix

Energy consumption and mix	2025	2024	Unit
1) Fuel consumption from coal and coal products (MWh)	0	0	MWh
2) Fuel consumption from crude oil and petroleum products (MWh)	8,575.96	8,658.07	MWh
3) Fuel consumption from natural gas (MWh)	11,269.57	11,838.60	MWh
4) Fuel consumption from other fossil sources (MWh)	0	0	MWh
5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	4,760.32	4,588.97	MWh
Total consumption of energy from fossil fuels (sum of lines 1–5)	24,605.84	25,085.64	MWh
Share of fossil fuel sources in total energy consumption (%)	54.88	58.52	%
7) Nuclear energy consumption (MWh)	0	0	MWh
Share of energy consumption from nuclear sources in the total energy consumption (%)	0	0	MWh
8) Fuel consumption for renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	MWh
9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	19 102.60	16,970.52	MWh
10) Non-fuel self-generated renewable energy consumption (MWh)	1,128.39	810.02	MWh
11) Total consumption of renewable and low carbon energy (MWh) (calculated as the total of lines 8-10)	20,230.99	17,780.54	MWh
Share of renewable sources in total energy consumption (%)	45.12	41.48	%
Total energy consumption (MWh) (calculated as the total of lines 6, 7 and 11)	44,836.83	42,866.18	MWh
Energy consumption per net revenue	2025		Unit
Total energy consumption of activities in sectors with significant climate impact per net revenue from activities in sectors with significant climate impact	1.94	2.12	MWh/m 1 PLN

energy, regardless of the share of energy from renewable sources in the energy mix declared by them.

The fuels presented in Table 7 at are fuels consumed in company cars, generators and boiler rooms, while electricity and

heat refer to energy consumed in our own buildings (office and warehouse).



E2 POLLUTION

Material topic: POTENTIALLY HAZARDOUS SUBSTANCES IN PRODUCTION

POLICIES RELATED TO POLLUTION

E2-1, MDR-P

Issues related to the management of impacts, risks and opportunities related to pollution prevention are addressed in the *Sustainable Development Strategy, Environmental Policy* and *Code of Conduct*. The *Environmental Policy* aims to eliminate and reduce emissions and prevent their release into the environment, while ensuring product safety. The *Code of Conduct* imposes strict requirements on hazardous substances, including: compliance with the **REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals)**. All suppliers must familiarise themselves with the *Manufacturing Restricted Substances List (MRSL)* and the *Restricted Substances List (RSL)*, available on the *Supplier Portal*, and confirm their commitment to comply with them when placing orders. These commitments are additionally verified by testing selected product models.

ACTIONS RELATED TO POLLUTION

E2-2, MDR-A

RESTRICTION OF TOXIC SUBSTANCES IN PRODUCTION

LPP complies with the *Manufacturing Restricted Substances List (MRSL)* developed on the basis of ZDHC guidelines, which includes chemicals that must be eliminated from manufacturing processes, even if they are not present in the finished product. The company works with suppliers to ensure

that the chemicals used comply with this standard, which helps to reduce environmental pollution and protect the health of employees.

In addition, LPP has developed its own *Restricted Substances List (RSL)*, which specifies the permissible levels of chemicals in end products. This list is regularly updated based on applicable regulations, including the REACH Regulation in the European Union.

All electrical products, food contact items and toys offered by LPP are subject to mandatory chemical testing required by law. These tests analyse the chemicals specified in the relevant regulations, ensuring user safety and compliance with international standards.

These activities do not have a specific timeframe – they are carried out on an ongoing basis as a regular part of our operations.

TARGETS RELATED TO POLLUTION

E2-3, MDR-T

The LPP Group has not set any targets in the pollution area. LPP actively monitors industry guidelines and best practices regarding pollution and conducts analyses in this area in order to set appropriate targets in subsequent stages. As a result, the commitments made will effectively support the reduction of pollution both in the Group's own operations and throughout the entire value chain.





E3 WATER AND MARINE RESOURCES

Material topic: WATER POLICIES RELATED TO WATER AND MARINE RESOURCES

E3-1, MDR-P

LPP's *Environmental Policy* assumes rational water management at every stage of the value chain. The company cooperates with suppliers to reduce water consumption in "wet" production processes and improve the quality of post-production wastewater. In terms of raw materials, LPP strives to increase the share of materials whose cultivation is associated with a verified reduction in water consumption, such as **Cotton made in Africa**. In addition, it plans to implement solutions to reduce water consumption in offices, stores and warehouses. However, *the Policy* does not cover water treatment or product design to address issues related to water. Detailed information can be found in the section *Strategic approach – environmental policies*.

ACTIONS RELATED TO WATER AND MARINE RESOURCES

E3-2, MDR-A

WATER CONSUMPTION IN BUILDINGS, STORES AND WAREHOUSES

Although water consumption outside of production was not considered a significant area in the double materiality process, LPP is taking steps to reduce it. These include, among others:

- » installing systems that use rainwater for flushing toilets and watering green areas,
- » installation of timers on washbasin taps,
- » implementing solutions that enable the collection of condensate from air conditioning systems and its use for watering lawns.

WATER CONSUMPTION IN PRODUCTION

The LPP Group has begun analysing issues related to the rationalisation of water consumption. This process involves identifying areas of highest consumption and assessing the risks related to the availability and quality of water resources. The company is taking steps to optimise its processes – it is reducing water losses in the value chain, implementing technologies to improve its efficient use, and seeking solutions to enable water recovery and reuse.

In order to rationalise water management in cotton cultivation, LPP cooperates with **the Cotton made in Africa (CmiA)** initiative, which promotes sustainable agricultural practices. African cotton is grown using crop rotation, and plantations are irrigated exclusively with rainwater. Thanks to methods of effective capture, storage and use of so-called "green water", the resilience of agriculture to climate change is increased, which at the same time supports economic development and improves the quality of life of farmers. According to research by **the World Wildlife Fund**, CmiA outperforms other cotton standards in terms of water management efficiency.

Currently, LPP has 80 nominated suppliers who can only use CmiA cotton to fulfil orders for the company. The CmiA suppliers currently cooperating with LPP come from Bangladesh, China and Pakistan. During the reporting period, the LPP

Group did not nominate any new suppliers. However, in the future, it plans to gradually expand this cooperation model to other production markets and partners.

LPP is also gradually increasing the share of suppliers using technology accredited by Jeanologia®, which reduces the consumption of water, chemicals and energy in production processes. These solutions are based, among other things, on the use of ozone and laser machines in the jeans finishing process.

These activities do not have a specific timeframe – they are carried out on an ongoing basis as an integral part of work relating to water and marine resources.

TARGETS RELATED TO WATER AND MARINE RESOURCES

E3-3, MDR-T

The LPP Group has not set any targets in the area of water management. LPP constantly monitors industry recommendations and best practices in order to adapt its approach and develop a strategy related to water issues. The targets will be set after a detailed analysis has been carried out to ensure their effectiveness both in our own operations and throughout the value chain.



E4 BIODIVERSITY AND ECOSYSTEMS

Material Topic:

DIRECT FACTORS CONTRIBUTING TO THE LOSS OF BIODIVERSITY

APPROACH TO BIODIVERSITY AND ECOSYSTEMS

IMPACT, RISKS AND OPPORTUNITIES

E4-1, SBM-3

The LPP Group regularly assesses risks and opportunities related to climate and nature to test the resilience of its strategy and business model in the context of biodiversity and ecosystems. The analysis covers its own operations and the entire value chain, including: suppliers of raw materials dependent on the state of ecosystems. LPP monitors selected ecosystems, analyses the impact of its logistics operations on the environment, verifies whether its strategy is prepared for changing conditions, and sets targets. Currently, the assessment is based on qualitative criteria, and in the coming years it is planned to expand it to include quantitative analysis, also taking into account the financial impact of risks.

The LPP Group has conducted an assessment of its activities to identify the degree of impact and dependence of the Group's operations on natural capital and the related risks and opportunities in three time horizons:

- » short-term (until 2025) – high level of resilience, minimal risks;
- » medium-term (until 2030) – increased risks related to raw material sourcing and logistics;
- » long-term (until 2050) – significant increase in risks in the area of production and adaptation of products to market changes.

The TNFD analysis showed that physical risks are increasing in the long term. The LPP Group intends to take climate change and nature conservation issues into account in all its activities and decision-making processes, based on transparent ratios and targets.

UPDATE OF THE BIODIVERSITY IMPACT ANALYSIS USING THE ENCORE TOOL

SBM-3

In 2025, the LPP Group updated its biodiversity impact analysis using the latest version of the ENCORE tool, which includes expanded spatial data, methodological updates and more precise links between sectors and natural resources. The analysis covered key ecosystem functions such as climate regulation, soil retention and pollination, as well as updated data on land use change, pollution and ecosystem degradation.

The impact of activities was assessed separately for own operations (offices, warehouses, stores) and for the supply chain, analysing in detail the clothing production processes – from





the acquisition of raw materials to spinning, weaving, knitting and finishing – in three main groups: natural fibres, man-made cellulosic fibres¹⁰ and synthetic fibres. This made it possible to identify the stages and materials with the greatest potential impact on biodiversity and the key ecosystem functions relevant to LPP's operations.

The ENCORE analysis showed that LPP's own activities have a low or very low impact on the environment – out of 13 potential pressure categories, only 3 were assessed as moderately significant (GHG emissions, air pollution other than GHG and water consumption). Dependencies on ecosystem services are limited, with most rated as low or very low.

A greater inflow and higher level of dependence on biodiversity occurs in the supply chain, particularly in clothing production, where water consumption, waste generation and physical disruption are significant. Spinning, weaving and finishing textiles involve emissions to water and soil, waste generation and moderate dependence on ecosystem services, especially water regulation and flood protection.

The greatest environmental pressure and highest dependence on ecosystems was found in the production of natural fibres, mainly due to intensive land use, high water consumption, soil pollution and dependence on soil quality, water purity, pollination and climate regulation. The production of artificial cellulose fibres generates moderate environmental pressures and, mostly low dependence on ecosystems, except for water quality and flood protection. The extraction of crude oil, used in the production of synthetic fibres, is asso-

ciated with high-level pressures, mainly in the areas of water and soil pollution and water resource use.

The conclusions of the analysis indicate that the greatest impact on biodiversity occurs in the early stages of the value chain, therefore LPP's activities should focus on the selection of preferred materials, supporting sustainable agricultural and forestry practices, and reducing environmental pressure in the most sensitive production processes.

LOCATION ANALYSIS USING IBAT

SBM-3

The conclusions from the ENCORE analysis formed the basis for updating the data with new operational locations using the IBAT tool. The target was to ensure a consistent approach and ongoing assessment of the impact of the LPP Group's activities on biodiversity in the context of the expansion of its logistics network. The analysis covered an area within a 50 km radius of a given location, in accordance with IBAT recommendations, with each location within a given area being verified separately. The expertise was extended and carried out in relation to all LPP Group offices and warehouses – both Distribution Centers and logistics centers in Poland, Romania and Slovakia – using four key criteria. The analysis did not reveal any significant deviations from the results of the previous analysis, while noting a slight increase in the number of species included in the *Red List of Threatened Species*, potentially occurring in the vicinity of the analysed locations. Also in the case of new locations, we observe consistency in the level of risk and impact on biodiversity.

RESULTS OF THE BIODIVERSITY RISK ASSESSMENT

SBM-3

In 2025, the LPP Group analysed the risks using the WWF Biodiversity Risk Filter. The lowest risks were recorded for office and sales activities, moderate risks for logistics and warehouses (with high reputational risk), and the highest risks for cotton sourcing.

BIODIVERSITY AND COTTON PRODUCTION

SBM-3

In 2024, the LPP Group began monitoring ecosystems in locations relevant to its operations using TNFD tools and methodologies. The state of Gujarat in India, which is key to the cotton supply chain, became a priority. In 2025, monitoring continued at a general level and the risk analysis in cotton supply chains, which account for 39% of the raw materials used in LPP collections, was updated. The analysis confirmed the presence of 36 endangered species (including 6 critically endangered) within a 50 km radius of Gujarat and the persistence of major risk factors – habitat degradation due to agricultural and settlement activities, and threats to key biodiversity areas resulting from illegal water abstraction for crops, including cotton and cumin.

Environmental analyses conducted by OCA¹¹, IIED¹² and Fairtrade¹³ in 2024-2025 indicate that the greatest risks to biodiversity in cotton cultivation in India stem from current agricultural practices. At the same time, it was emphasised

¹⁰MMCF – man-made cellulose fibres.

¹¹Life cycle assessment of lint cotton in India, South Pole Netherlands BV for Organic Cotton Accelerator.

¹²Building resilience for cotton farmers in India. Evidence from Gujarat and Maharashtra, International Institute for Environment and Development.

¹³Evaluating environmental impact of Fairtrade certified cotton in India, Global Agrisystem.



that changing these practices to more sustainable and certified ones could significantly reduce the negative impact on ecosystems.

The conclusions drawn from environmental analyses and updated ENCORE and IBAT assessments indicate that conventional cotton cultivation in the Gujarat region is associated with significant environmental pressures, particularly in terms of water consumption, soil degradation and a decline in local biodiversity. The identified risks confirm the need to diversify raw material sources and reduce the share of cotton sourced from regions with high environmental impact. Including this context, the LPP Group is consistently developing the use of cotton sourced through the **Cotton made in Africa** programme, which is grown in rainy conditions and with lower chemical intensity. This reduces dependence on raw materials that generate greater environmental risk in the Gujarat region of India, while supporting production systems with a lower impact on the climate and ecosystems.

POLICIES RELATED TO BIODIVERSITY

E4-2, MDR-P

In its *Environmental Policy*, LPP declares a priority approach to raw materials and production processes that limit the potential negative impact on biodiversity. The company is gradually increasing the use of certified cotton and licensed viscose materials. Detailed information on the *Environmental Policy* can be found in the section *Strategic approach – environmental policies*.

ACTIONS RELATED TO BIODIVERSITY

E4-3, MDR-A

ACTIONS UNDER AR3T

In the area of biodiversity, the LPP Group strives to implement measures within the AR3T approach – from avoiding negative impact, through its reduction, to regeneration and transformation. The direction of these actions was confirmed by the results of a TNFD-compliant analysis using ENCORE, WWF and IBAT tools, which indicate that the greatest pressures and dependencies on ecosystems occur in the deeper links of the value chain, and that is where we focus our preventive actions.

AVOID

The LPP Group strives to avoid the use of raw materials and production processes that have a potential negative impact on biodiversity. In this regard, it plans to gradually increase the share of **Cotton made in Africa** and cellulosic materials from licensed sources. In addition, it cooperates with industry organisations, including Canopy, to reduce the risk of degradation of endangered forests. As part of responsible design and logistics, it limits the use of single-use plastics, and suppliers provide FSC-certified paper and carton packaging. All new Group locations are subject to BREEAM certification and are analysed for biodiversity using the IBAT tool. In addition, LPP SA implements animal welfare standards and works with suppliers and transport partners to reduce its impact on marine ecosystems.

REDUCE

The LPP Group focuses on reducing resource consumption and minimising environmental impact throughout the product life cycle. It increases the share of certified and low-carbon materials in its collections, implements eco-design principles in packaging design and uses recycled raw materials. It collects used clothing in all its stores in Poland and in selected countries abroad, and invests in textile recycling in cooperation with Use Waste. In addition, in the production of jeans, it cooperates with factories that have been accredited by Jeanologia® and use modern, patented technologies that reduce the consumption of water, chemicals and energy. The group also monitors the environmental impact of the factories it commissions to produce clothing using the Higg FEM tool and implements decarbonisation targets approved by SBTi.

REGENERATE, RESTORE

In the area of raw materials, the LPP Group cooperates with **Cotton made in Africa**, an initiative supporting the improvement of agricultural practices, which, although not directly in line with the definition of regenerative agriculture, includes elements promoting soil quality restoration and sustainable water management. The training programmes run by CmiA support practices that limit environmental degradation, such as crop rotation, composting and reducing the use of synthetic fertilisers. They are therefore a step towards restoring ecosystems in cotton-growing regions.



TRANSFORM (SYSTEMIC TRANSFORMATION)

The LPP Group is collaborating with Polish start-up Use Waste on textile-to-textile recycling technology, which enables the recovery of fibres from polyester blends and their conversion into raw material for the production of new clothing. The project is currently in the research and development stage, and the Group sees it as a potential foundation for the re-statement of the raw material procurement model from linear to closed-loop. The application of such a solution on a larger scale in the future could potentially reduce the demand for primary raw materials, reducing pressure on agricultural land, water consumption and ecosystem degradation.

TARGETS RELATED TO BIODIVERSITY

E4-4, MDR-T

LPP's biodiversity actions are consistent with the company's broader environmental commitments to reduce its impact on ecosystems and natural resources, as presented in its *Environmental Policy*.

In accordance with the assumptions of MDR-T and E4-4, the targets set for 2025 are to regularly update analyses of risks, impacts and dependencies related to biodiversity using tools recommended by TNFD and SBTN every two years. At the same time, the Group is increasing the proportion of preferred materials used in its collections, which helps to reduce pressure on ecosystems and natural resources.

METRICS RELATED TO BIODIVERSITY

E4-5, MDR-M

Own metrics:

- » Number of nominated suppliers who are required to use only CmiA cotton in LPP orders – 80;
- » In 2025, the volume of CmiA cotton used is set to increase by 49% YoY (compared with 2024, when the increase was 109%).



E5 RESOURCE USE AND CIRCULAR ECONOMY

Material topic: CIRCULAR ECONOMY

The LPP Group's approach to circular economy activities is consistent with the *EU Strategy for Sustainable Textiles in a Circular Economy*. The Group implements solutions that reduce the use of primary resources and increase the share of secondary materials. It is committed to developing collections based on preferred materials, including recycled and certified materials, and to reducing the use of single-use plastic in packaging and logistics processes wherever possible from a functional and technological point of view.

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-1, MDR-P

Commitments to responsible production and the implementation of circular economy principles are included in the LPP Group's *Environmental Policy* and internal documents regulating production principles, applicable to employees and suppliers throughout the value chain. For more information, see the chapter *General disclosures*. They were also an integral part of the LPP Group's *For People For Our Planet Strategy for 2020-2025*.

As part of its *Environmental Policy*, the LPP Group is committed to reducing the use of primary resources and treating waste as a resource throughout the entire product life cycle

– from design and production, through logistics and packaging, to the end-of-life stage. *The Policy* includes a plan to increase the share of recycled materials, develop technologies for closing the textile loop, eliminate single-use plastics and promote responsible fashion consumption.

At the same time, the Group is implementing internal policies and codes that set standards for raw material and waste management throughout the value chain. These include guidelines for packaging design, a *Code of Conduct*, the *LPP Quality Guidebook* and unified quality standards in accordance with AQL. More information about these documents can be found in the section *Strategic approach – environmental policies*.

In 2025, the LPP Group also fulfilled its circular economy commitments as a signatory to international initiatives. As a participant in the **Ellen MacArthur Foundation's Global Commitment**¹⁴ and the **United Nations Environment Programme**, it managed packaging raw materials in accordance with its commitments.

ACTIONS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-2, MDR-A

The LPP Group manages its approach to clothing in a comprehensive manner – it promotes responsibility throughout the entire product life cycle and is guided by the waste management hierarchy set out in legislation and its *Environmental Policy*.

EXTENDING THE LIFE OF CLOTHING

The Group supports the extension of the life cycle of its products by taking care of clothes and repairing them, encouraging customers to do the same. It has created the website www.dbajoubranie.pl, which is a permanent source of knowledge and inspiration on how to extend the life of clothes. It contains educational materials and practical advice prepared during two editions of the campaigns "**Care for Clothes: Wear Your Story**" and "**Care for Clothes: Read, Check, Care**". The website offers tips on responsible clothing use, including: repair, alteration and conscious care. This gives consumers ongoing access to knowledge on how to extend the life of products and reduce textile waste.

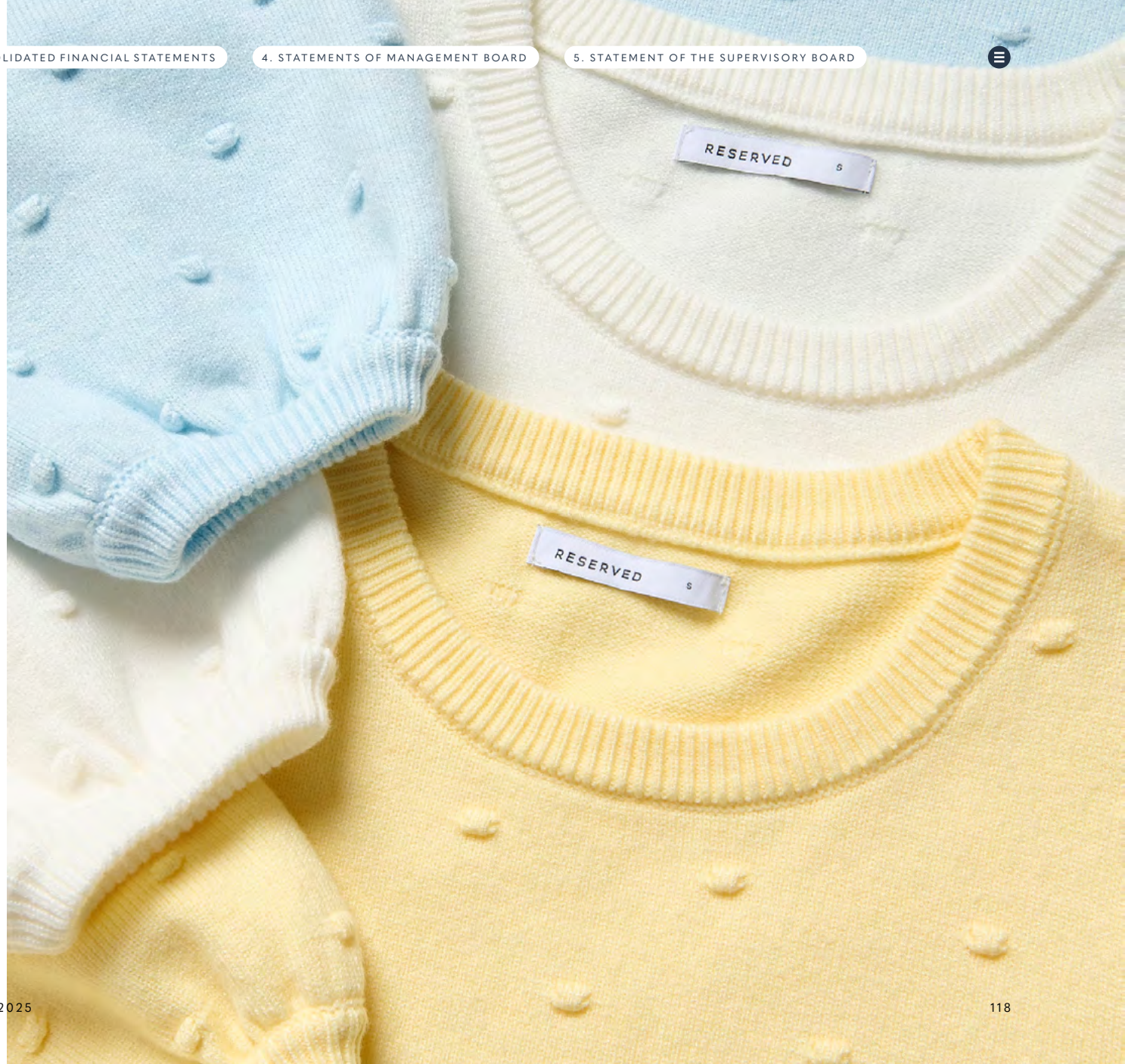
The next step is proper collection, sorting, preparation for reuse and returning clothing to circulation. In 2025, the LPP Group expanded its clothing collection, which has been running since 2018, to all stores in Bulgaria, Lithuania and North Macedonia, where it cooperates with local partners Refabrik, TexCycle and ECO-TEXT Group. Since February 2025, special clothing collection bins have been available in all LPP brand stores in Poland, which has further increased the visibility of the collection programme. Since 1 January 2025, with the entry into force of mandatory selective textile collection in Poland, LPP customers have been using the Group's stores as one of the most accessible options for donating used clothing for reuse.

In Poland, the collected clothes are sorted as part of occupational therapy conducted by the Social Integration Centre in Gdynia, and those suitable for reuse are sent to the St. Bro-

¹⁴LPP was a participant in the Ellen MacArthur Foundation's Global Commitment until the end of 2025.



ther Albert Aid Society, supporting people in need. In 2025, with the increase in collection volumes, the scale of textiles donated exceeded the operational capacity of the Social Integration Centre in Gdynia. In order to ensure the continuity of the process and the effective and transparent management of the collected clothing, part of the stream was also directed to Wtórpol, a company that previously only collected unusable clothing. Once transferred to Wtórpol, the textiles no longer return to the Group – the partner assumes full responsibility for their further use. This includes, among other things, sales through second-hand channels and other forms of reuse and disposal, in accordance with the textile waste hierarchy.



What happens to second-hand clothes donated in LPP stores in Poland?

Since the programme began in Poland, the LPP Group has collected over 87 tonnes of clothing. Due to the limited operational capacity of the partner, not all textiles collected in 2025 were sent for sorting before the end of the financial year. To date, over 40 tonnes of clothing have been sent for reuse, including as aid to those in need. At the Group level, 92 tonnes of textiles were collected in 2025. Of the more than 50 tonnes that were sent for sorting by the end of January 2026, 79% of the items were given a second life.





COOPERATION WITH USE WASTE

The collection of used clothing is the step towards a circular economy in the fashion industry, as it allows textiles, footwear and accessories to remain in circulation. However, it is crucial to develop technologies that will enable used clothing to be treated as a valuable raw material – so that a product that has lost its functionality does not become waste, but can be reused in production. In response to this challenge, the LPP Group is carrying out a research and development project with the start-up Use Waste, which has as its target the development of a technology for recycling fibres from clothing that is unsuitable for reuse. Two stages of the project have now been completed:

- » Stage I – successfully completed in 2024. Laboratory work lasted fifteen months and led to the development of a proprietary concept for the selective depolymerisation of polyester fabric made of dyed fibres and the production of polyester thread of uncompromised quality.
- » Stage II – successfully completed in 2025. The project was extended to polyester blends (polyester with cotton, viscose and elastane). A method was developed for extracting and separating raw materials from such blends, which are one of the biggest barriers to clothing recycling, yet are widely used in the textile industry.



MINIMISING WASTE IN THE PACKAGING AND SHIPPING PROCESS

LPP undertakes numerous activities to optimise processes and decrease the amount of waste generated in the packaging, repackaging and shipping of products, as well as to use cartons and plastic film more efficiently. All cartons used within the company, shopping bags, cartons and paper envelopes in which goods ordered online are delivered to customers, as well as price tags at Reserved, Cropp, Mohito, House and Sinsay are made of **FSC** (*Forest Stewardship Council*) certified paper. The certificate confirms that the wood and forest products have been sourced in accordance with the principles of responsible forest management. The cartons purchased for Fulfillment Centres (FC) and Distribution Centers (DC) in Poland are 100% recycled.

The standardisation of cartons introduced in 2023 at the LPP Group has enabled the reuse of packaging in which clothing is shipped from warehouses to stores. This has resulted in a decrease in the number of new cardboard boxes ordered for shipping purposes. On the one hand, this allows for the reuse of packaging, and on the other, it enables better use of transport space during shipping.

Thanks to the optimisation of the packaging process and the reuse of cartons, in 2025 the LPP Group recovered 3,732,176 cartons, which significantly decreased the consumption of packaging materials.

LPP also reuses the cartons in which clothing is shipped from warehouses to stores, thus reducing the number of cartons ordered for shipping.

In 2025, over 14 million cartons were used, of which almost 4 million came from secondary circulation. This means that the recovery rate is 26%¹⁵. The effective use and recycling of cartons allows the LPP Group to reduce the consumption of natural resources, lower the costs related to the purchase of new packaging and decrease the amount of waste generated, including in distribution centers.

The LPP Group is also increasingly closing the plastic film cycle. Film from warehouses is sent for recycling, where it is processed into rubbish bags. From 2023, all goods ordered from suppliers will be delivered to the LPP Group in polybags, i.e. bags made exclusively from 100% recycled polyethylene (rLDPE). In addition, the polybags used for shipping orders at Sinsay, Cropp and House are made of 80% recycled plastic and are suitable for recycling.

Single-use plastic is being gradually reduced and replaced with alternative materials such as cardboard, recycled paper or recycled plastics wherever technical, logistical and quality requirements allow.

In 2025, LPP introduced packaging with a total weight of over 65,000 tonnes to the market.

USE OF PREFERRED MATERIALS, INCLUDING RECYCLED MATERIALS

The LPP Group is increasing the volume of preferred materials in the collections of all its brands. It uses, among others, African and organic cotton, licensed cellulosic materials and recycled cotton certified by **RCS (Recycled Claim Standard)** and **GRS (Global Recycled Standard)**. In 2025, the

Group also began working with **CIRCULOSE®** – a raw material for fibre production made from 100% textile waste. In addition, with a view to reducing the number of unsold garments, the LPP Group controls the production process and adjusts its scale to demand.

UPCYCLING

As part of its efforts to support the circular economy, the LPP Group also implements smaller upcycling projects with targets to extend the life cycle of materials and reduce waste. The Reserved brand, in cooperation with Migaloo Home, implemented the **"REuse, REduce, REcycle"** project, in which shop window decorations used in Poland in 2023 were recycled and used as elements of new window displays in 2025 in 20 key locations in Poland and Europe. Meanwhile, the House brand, together with REmake.it, carried out the restatement of 54 advertising walls, destined for disposal, into event accessories – deckchairs and pouffes.

All the measures listed were included in the budget as standard and did not require significant capital expenditure or operating costs. These measures do not have a specific timeframe, with the exception of the collaboration with Use Waste (divided into phases) and the "REuse, REduce, REcycle" project – they are carried out on an ongoing basis as a permanent feature of our resource utilisation and circular economy activities.

¹⁵The data refers to cartons from suppliers' shipments and cartons purchased in Poland for domestic shipments.



TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-3, MDR-T

The LPP Group consistently sets and achieves targets in the area of responsible production and circular economy in or-

der to minimise the negative impact of its activities on the environment. The Group has achieved most of the targets set out in its *Sustainable Development Strategy for 2020–2025*.

At the end of 2025, two targets were set for implementation:

1. 100% of the plastic used in packaging to be reusable or recyclable.
2. 50% of Reserved clothing made from preferred materials (i.e. organic, preferred cellulosic materials or recycled fibres).

In 2025, the level of use of preferred materials in the production of Reserved clothing was 40%, compared to the target of 50%. The main reasons for the lower result included extended delivery times and higher purchase costs. The Group is taking steps to achieve an increase in the share of these materials in the coming years, including by expanding its supplier base and developing strategic partnerships.

In 2025, the LPP Group did not achieve its target of 100% of packaging used being reusable or recyclable in practice and on a large scale. According to an assessment carried out using the Ellen MacArthur Foundation tool, the current level is 89%.

Polybags, which account for more than half of the plastic used by the Group, remain a key challenge. They are still necessary to protect clothing from damage and moisture during transport, and there is currently no alternative material that would provide a comparable level of protection. Infrastructural limitations are an additional barrier: some formats designed for recycling, in particular flexible films, are not currently processed on a sufficient scale in all markets

where the Group operates. At the same time, the LPP Group is consistently improving the quality of the plastic it uses. From 2023, all polybags will be made from 100% recycled material, and for other formats, work is continuing in cooperation with suppliers to further increase the proportion of packaging that is genuinely recyclable in practice.

METRICS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

RESOURCES CONTRIBUTED

E5-4, MDR-M

The resources introduced to the LPP Group in 2025 include products used for operational activities, as well as materials used for production and intended for resale (commercial goods), technical and biological materials used for the production of packaging and to support logistics and sales processes. The most significant resources that entered the organisation in 2025 include:

- » products: commercial goods (footwear, bags, clothing, accessories and others) and textiles,
- » technical materials: glass and packaging materials such as film, wood, packing tape, carton and paper,
- » packaging materials: carton, plastics.

In 2025, the total weight of products, materials and packaging introduced into LPP amounted to 312,883.44 tonnes. These data form the basis for monitoring the efficiency of resource use and the achievement of circular economy targets.



TABLE 8. Resources contributed

Resources contributed	2025		2024		
	Weight in tons	Percentage value	Weight in tons	Percentage value	
Products and materials					
Biological materials	Cotton	96,876.21	39.16%	82,362.5	48.99%
	<i>Cotton made in Africa</i>	27,815.55	28.71%	18,571.99	22.55%
	<i>Organic cotton¹⁶</i>	636.24	0.66%	306.87	0.37%
	<i>Recycled cotton¹⁷</i>	1,662.78	1.72%	1,482.42	1.80%
	Cellulosic materials	12,469.55	5.04%	9,244.33	5.50%
	<i>Preferred cellulosic materials¹⁸</i>	915.23	7.34%	718.94	7.78%
	Other materials¹⁹	13,216.65	5.34%	1,936.59	1.15%
	<i>Other recycled materials¹⁷</i>	13.85	0.10%	4.12	0.21%
Technical materials	Polyester	68,245.57	27.59%	49,711.75	29.56%
	<i>Recycled polyester¹⁷</i>	10,458.53	15.32%	11,730.01	23.60%
	Other materials²⁰	56,584.98	22.87%	24,882.78	14.80%
	<i>Other recycled materials²¹</i>	109.51	0.19%	63.72	0.26%
	<i>Other preferred²²</i>	10.01	0.02%	5.3704	0.02%
Total mass of products, materials and packaging		247,392.97	79.07%	168,137.9	78%
Packaging					
	Carton	52,220.45	79.74%	41,380.12	85.66%
	<i>Recycled carton</i>	29,489.47	56.47%	21,405.75	51.73%
	Plastics	11,562.37	17.66%	6,479.09	13.41%
	<i>Recycled plastics</i>	6,148.46	53.18%	4,523.53	69.82%
	Other materials	1,707.65	2.61%	446.4171	0.93%
	<i>Other recycled materials</i>	0	0%	0	0%
Total mass of packaging		65,490.47	20.93%	48,305.63	22%
Total mass of products, materials and packaging		312,883.44	100%	216,443.58	100%

TABLE 9. Cardboard introduced and reused

	2025				2024			
	Distribution Center in Pruszcz Gdański	Distribution Center in Brześć Kujawski	Distribution Center in Romania	Total	Distribution Center in Pruszcz Gdański	Distribution Center in Brześć Kujawski	Distribution Center in Romania	Total
New cardboard boxes	6,288,748	3,022,466	965,537	10,276,751	6,791,848	3,053,560	711,131	10,556,539
Recycled cardboard boxes	1,760,478	1,557,897	413,801	3,732,176	2,131,398	1,344,507	232,984	3,708,889
Total cardboard boxes used	8,049,226	4,580,363	1,379,338	14,008,927	8,923,246	4,398,067	944,115	14,265,428
% recovery	21.87%	34.01%	30.00%	26.64%	23.89%	30.57%	24.68%	25.99%

RESOURCE INFLOWS

E5-5, MDR-M

Resources discharged from the organisation are products purchased by customers and consumers that have left the LPP Group. These resources include both products and packaging. The main product categories include clothing, footwear, accessories and other items, and in terms of packaging – individual and collective packaging made of carton, foil and other materials.

The LPP Group monitors the problem of non-existence of a uniform industry methodology for measuring and defining the durability and reparability of products. At the same time, it introduces solutions in line with the principles of the circular economy and projects enabling reuse, repair and recycling, as presented earlier in this chapter.

¹⁶GOTS or OCS certified.

¹⁷GRS or RCS certified.

¹⁸This category includes licensed raw materials, such as LENZING™ ECOVERO™, TENCEL™ Modal, Naia™.

¹⁹This category includes other natural raw materials, including wood, linen, paper, leather and wool.

²⁰This category includes other technical raw materials, including plastics and metals.

²¹In 2024, this category included acrylic and recycled polyamide with GRS or RCS certification.

²²In 2024, this category included the licensed material Sorona®.



In 2025, the total weight of products, materials and packaging disposed of by LPP amounted to 266,503.01 tonnes. The table below shows the share of recyclable material in each category of packaging disposed of.

TABLE 10. *Recyclable waste materials*

	2025	2024
Recyclable materials	(%)	
Package		
Carton for recycling	75.1%	79.3%
Plastics	61%	85.6%
Other materials	0%	0%

Due to the lack of industry methodology, on the basis of which the percentage of technical and biological materials suitable for recycling could be counted, the LPP Group for EU Strategy for Sustainable and Circular Textiles assumes that 1% of textiles produced by it are suitable for recycling.

The data presented in the resource use indicators – both input and output – comes from the internal purchasing database. The database contains information such as the gross and net weight of purchased goods and the composition of each purchased model, making it possible to determine the weight of each raw material.

In terms of discharged materials, not only products that have reached the end of their use phase are included, but also those that have not entered the use phase or have been withdrawn from it at an earlier stage of their life cycle. This applies in particular to products damaged during transport, storage or logistics, or withdrawn from the market, including

as a result of complaints or operational decisions. This approach allows for a more complete reflection of the actual weight of materials disposed of in a given reporting year, as it takes into account material flows related to products that have been lost or withdrawn before the planned end of their life cycle.

In the case of packaging, the weight of raw materials disposed of was calculated on the basis of invoices and information obtained from suppliers. Some of the data comes from logistics processes in distribution centers, e.g. the number of items and the weight of e-commerce packaging.

In the case of incomplete data on weights or quality (this applies to unit packaging for a product when it was not possible to obtain complete data from the supplier), the data was estimated on the basis of packaging from the same category.

- » Plastics were calculated in accordance with the methodology adopted by the Ellen MacArthur Foundation²³.
- » Paper/carton – due to the fact that there is none of the ability to verify whether 100% of packaging was designed in accordance with eco-design guidelines, the average paper recycling rate in the EU-27, Norway, Switzerland and the United Kingdom for 2024 was used as a ratio. from the CEPI (European Confederation of Paper Industries) report, which was 75.1%²⁴. Data for the previous year is published in July of the following year.
- » Other raw materials/glass – a value of 0% was assumed due to glass perfume packaging containing elements made

of other materials (labels, caps, atomisers, metal closures) that may hinder the recycling process. In accordance with local recommendations from organisations involved in the sorting, disposal and recycling of packaging, it should be placed in the mixed waste stream.

- » Due to the lack of an industry methodology for calculating the percentage of technical and biological recyclable materials, the LPP Group, in line with the *EU Strategy for Sustainable Textiles in a Circular Economy*, assumes that 1% of the textiles it produces are recyclable.



²³The data is consistent with the EMF reporting methodology.

²⁴Source: <https://www.cepi.org/wp-content/uploads/2025/07/Cepi-2024-Key-Statistics.pdf>



Information on social issues

S1 OWN WORKFORCE IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

SBM-3

The LPP Group uses a variety of employment models that correspond to the specific nature of the company's operations and local conditions. Employment contracts are the main form of employment at LPP's headquarters, while civil law contracts are also used in LPP brand stores. Warehouse facilities also employ people temporarily employed through temporary employment agencies, and an outsourcing²⁵ model is used.

Thanks to such diverse forms of employment, the organisation can flexibly adapt to business needs and local market conditions.

In 2025, nearly 63,000 people worked for the LPP Group in variety of employment models. The number of employees, the diversity of the team, activities aimed at improving the qualifications and competences of employees and their appropriate remuneration, as well as care for working conditions, safety and well-being, mean that the company assesses its impact in the area of employment as significant.

All persons who are employees of the LPP Group and on whom it can have a significant impact are covered by the scope of disclosure. Significant negative inflows: violence and mobbing in the workplace and low diversity in positions on the Management Board and Supervisory Board are not systemic or widespread, but are related to individual cases. Actions that have significant positive impacts are presented in the *Actions* sections for each material topic in this chapter.

²⁵Outsourcing means that the LPP Group entrusts the performance of certain business processes or the provision of services to external suppliers. It is not included in the LPP Group's own employee resources



The LPP Group does not operate in countries or geographical areas where there is a risk of forced or compulsory labour.

Information on how the interests, views and rights of employees influence its strategy and business model is presented in the *General disclosures* chapter.

POLICIES RELATED TO OWN WORKFORCE

S1-1, MDR-P

Key regulations defining LPP's approach to employment and the functioning of the work environment include policies on building responsible working conditions, respect for human rights throughout the Group and its value chain, as well as principles relating to equal treatment in the workplace.

The LPP Group's Human Rights Policy is a commitment by LPP SA and the companies of the LPP Group to respect human rights and sets the direction for action in this area. The LPP Group declares that it will counteract human rights violations and minimise the risks related to them. The Policy is LPP's response to challenges related to ensuring safe and hygienic working conditions (including the right to rest), health protection, social security and fair remuneration, support for family life (work-life balance), promoting equal treatment and combating discrimination, as well as eliminating child labour and forced labour. In the Policy, LPP undertakes to respect the rights of persons working for the Group and to promote human rights among its business partners, customers and local communities. LPP's activities are based on the rights set out in the following international regulations:

» *the International Bill of Human Rights, which consists of the UN Universal Declaration of Human Rights, the*

International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights,

- » *The International Labour Organisation's Declaration on Fundamental Principles and Labour Rights, referring to eight fundamental ILO conventions: Nos. 29, 87, 98, 100, 105, 111, 138 and 182,*
- » *the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.*

The document also specifies the methods for reporting irregularities. Prior to developing the Policy, the Group organised educational activities, reviewed processes, procedures and documents, and conducted a survey among persons providing work or services to LPP SA and its subsidiaries in Poland, LPP offices in Shanghai and Dhaka, and persons providing work and services at the LPP Distribution Center in Pruszcz Gdański.



[The LPP Group's Human Rights Policy](#) is available on [the LPP website](#).

Another document illustrating LPP's approach to creating a working environment is the LPP Principles. A Guide for Employees (Code of Ethics) describing the values that form the foundation of the company's operations and constitute a formal commitment to comply with basic ethical principles and standards, including: *the UN Guiding Principles on Business and Human Rights*. This is a basic document defining desirable behaviours and ethical standards and applies to employees at all levels. The Principles listed in the first part of the Guide also apply to all persons working for the LPP Group who are not its employees. The Principles reflects LPP's com-

mitment to maintaining high standards of conduct and building a corporate culture based on ethics and respect. It is a set of guidelines that all employees follow. The document defines the standards of conduct expected in the workplace and promotes honesty, cooperation, innovation and care for the environment. It also regulates issues related to equal opportunities, respect for diversity, and care for the safety and health of employees. The Principles ensures consistency of rules, facilitates the daily activities of LPP employees and takes into account their needs, requests and opinions, which were communicated by LPP employees and managers on the basis of workshops and interviews.

In order to ensure high quality customer service, LPP has also developed a separate document tailored to the realities of work in stores: *LPP Rules for Employees of Retail Stores*. It sets out standards of conduct for store employees that facilitate the building of lasting relationships. The document provides guidelines for employees on effective communication with customers, while emphasising the importance of teamwork, transparency and caring for a positive brand image.

All new employees are familiarised with these rules during onboarding and undertake to comply with them, and the company regularly reminds them of these rules in its internal communications. In addition, those who are promoted to managerial positions participate in the Manager Academy – a series of management training courses devoted, among other things, to the values and ethical principles applicable in the company. Employees were invited to contribute to the development of the *Code of Ethics*.



+ [LPP Principles. A Guide for Employees \(Code of Ethics\)](#) and [LPP Rules for Employees of Retail Stores](#) are available on [the LPP SA website](#).

The *Code of Conduct* also applies to company employees, setting out standards for their conduct in relations with suppliers, subcontractors and other business partners. LPP employees are required to promote the principles contained in the *Code*, such as respect for human rights and ensuring decent working conditions and environmental protection in their daily cooperation with contractors, as well as to comply with the principles of transparency, fair competition and avoidance of conflicts of interest. In this way, they strengthen trust and ensure that the entire LPP Group's activities comply with international ethical standards. The process of establishing the *Code* did not take into account the opinions of key stakeholders.

+ [The Code of Conduct](#) is available on [the LPP website](#).

Health and safety policies – LPP has not developed a document called a health and safety management policy, but it attaches great importance to workplace safety and complies with all legal requirements regarding health and safety. Activities in this area include internal documents ig.: work regulations, health and safety procedures, orders, tables of standards for the allocation of protective clothing and footwear and personal protective equipment, occupational risk assessment and health and safety instructions. A fourteen-member health and safety team and two nationwide external companies oversee health and safety at work in all companies. Employees participate in initial, on-the-job and periodic he-

alth and safety training organised on-site and via an e-learning platform. Employees can also participate in first aid and fire safety training. LPP conducts periodic audits of stores, offices and logistics centres to verify that they provide appropriate and safe working conditions. Through these measures, the Group wants to ensure that it analyses the level of health and safety for all companies and individual locations in a systematic manner.

The *LPP Group's Policy on Diversity Management, Equal Treatment and Building a Culture of Inclusion*, hereinafter referred to as *the DEI Policy*, is a commitment to respect the rights of all persons working for LPP and a clear opposition to any violation of human rights, including: any discrimination. It covers all Polish and foreign subsidiaries of LPP SA that are part of the LPP Group. LPP is also a signatory to the Diversity Charter, which is managed in Poland by the Responsible Business Forum. Employees are familiarised with *the DEI Policy* during mandatory induction training. The process of developing *the Policy* included taking into account the opinions of employees from various areas and locations. They were invited to participate in workshops and in-depth interviews on DEI topics, conducted by external experts.

+ [The DEI Policy](#) is available on [the LPP website](#).

Internal Procedure for Reporting Information on Violations and Taking Follow-up Actions (Whistleblower Regulations) specifies the procedure and methods for reporting irregularities and taking action in response to reports. *The Whistleblower Regulations* allow for anonymous and open reporting of irregularities, not only in the areas specified by law, but also in the area of ethical violations. *The Regulations* define

the role of Ethics Officers, who receive reports and take follow-up actions. This document also defines the types of violations in accordance with *Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the Protection of Persons Reporting Breaches of Union Law*, as well as *the Act of 14 June 2024 on the protection of whistleblowers (Journal of Laws of 2024, item 928)*.

Regulations on Counteracting Mobbing and Various Forms of Discrimination set out the rules for counteracting various direct and indirect manifestations of mobbing and discrimination (on grounds of race, skin colour, gender, religion, political views, national or social origin, age, disability, fixed-term or indefinite employment, full-time or part-time employment). *The Regulations* are an internal document.

Remuneration Policy – LPP applies a remuneration policy according to which all employees, regardless of gender, origin or other characteristics that do not affect their work, receive fair and motivating remuneration. It is determined on the basis of substantive factors such as scope of duties, responsibility, experience, competences, and work efficiency and effectiveness.

The terms and conditions of employment and remuneration for all employees are set out in *the Work Regulations, Remuneration Regulations and Company Social Benefits Fund Regulations (ZFŚS)*.

The Work Regulations describe the organisation and order of work at LPP and the rights and obligations related to the employer and employees. They apply to all employees working for LPP on the basis of an employment contract.







The Remuneration Regulations describe the rules for remunerating LPP employees and certify that the payroll procedure does not violate the principles of equal treatment.

The Remuneration Policy for the Supervisory and Management Bodies of LPP SA regulates the rules for remunerating the Management Board and Supervisory Board. More information about Policy can be found in the [General disclosures](#) section.

The Company Social Benefits Fund (ZFŚS) Regulations describe the rules for providing social support to eligible employees (ZFŚS does not apply to LPP Retail and Silky Coders).

The Management Board of LPP is responsible for implementing the Code of Ethics and the Code of Conduct. The LPP Group's Human Rights Policy is supervised by the Management Board Member responsible for financial matters, and at the operational level, support in this area is provided by the directors of individual departments. The Regulations for Co-interacting Mobbing and Various Forms of Discrimination have been approved by the Management Board.

TABLE 11. Summary of LPP Group policies and documents concerning employees

 Basic policies	 Adequate wages	 Prevention of violence and harassment	 Diversity and inclusion	 Equal pay	 Health and safety
<ul style="list-style-type: none"> » The LPP Group's Human Rights Policy » LPP Principles. A Guide for Employees (Code of Ethics) » LPP Rules for Employees of Retail Stores » The Code of Conduct 	<ul style="list-style-type: none"> » Recruitment Policy » Remuneration Regulations » General Remuneration Rules » Remuneration Policy for Supervisory and Management Bodies of LPP SA » Internal Recruitment Rules 	<ul style="list-style-type: none"> » Work Regulations » Regulations on Co-interacting Mobbing and Various Forms of Discrimination » The LPP Group's Human Rights Policy » LPP Rules for Employees of Retail Stores » LPP Principles. A Guide for Employees (Code of Ethics) » Whistleblower Regulations (Internal Procedure for Reporting Information on Violations of Law nad Taking Follow-up Actions) 	<ul style="list-style-type: none"> » LPP Group's Policy on Diversity Management, Equal Treatment and Building a Culture of Inclusion » LPP Principles. A Guide for Employees (Code of Ethics) » LPP Rules for Employees of Retail Stores » Company Social Benefits Fund Regulations (does not apply to LPP Retail and Silky Coders) 	<ul style="list-style-type: none"> » General Remuneration Rules » Remuneration Regulations » LPP Group's Policy on Diversity Management, Equal Treatment and Building a Culture of Inclusion 	<p>None of the policies – activities are regulated by, among others, work regulations, internal health and safety procedures, orders, tables of standards for the allocation of protective clothing and footwear and personal protective equipment, occupational risk assessment and health and safety instructions.</p>

LPP has no specific obligations in terms of policies on the social inclusion of people from groups particularly vulnerable to risks among its own employees. Policies are not implemented through special procedures to effectively prevent and mitigate discrimination and take action when it is detected, as well as to increase diversity and overall social inclusion as a target.



COOPERATION WITH EMPLOYEES

S1-2

The LPP Group cooperates with employees in both operational activities and development plans. In the area of operational activities, daily processes related to work organisation, ensuring occupational health and safety, ongoing communication with teams and monitoring employment conditions are of key importance. Depending on the topic, relevant persons from the LPP Group and employee representatives are involved in the activities. Key decisions and arrangements are approved by the HR Director, who reports directly to the President of the Management Board.

Every LPP employee can directly or indirectly express their opinion or report an undesirable situation. Direct channels

of communication include conversations with supervisors, surveys and regular meetings with the Management Board (so-called *town hall meetings*), during which each participant can anonymously ask a question or raise an issue that is important to them. Indirect channels include reports to an HR Department supervisor, as well as to Ethics Officers and contact with employee representatives.

The HR Department conducts a number of processes to better gather information from employees and learn about their perspectives. Examples of these processes include: *entry meetings*, which serve to gather opinions on onboarding and acclimatisation to the team and organisation, and *exit interviews*, which allow us to better understand the decision to leave the company and obtain feedback on, among other things, the level of payroll, cooperation with superiors and the team, opportunities for promotion and development, and communication flow.

Comments, conclusions and opinions provided by employees are analysed by the HR Department and presented to managers or the Management Board either directly or in the form of presentations and reports. They are also taken into account when setting targets and creating new processes or improving existing ones.

All information regarding rules, regulations and processes is available to employees on the internal intranet and in the HR Quick Peek system, which serve as the company's knowledge base. Employees learn about what is happening in the company or related to it from meetings with their superiors, but also from the daily newsletter and the Viva Engage plat-

form, where they can also share information that is important to them.

To date, LPP employee representatives have not entered into agreements with organisations involved in human rights.

WHISTLEBLOWING CHANNELS

S1-3

Since 2021, the LPP Group has had *the Rules of Whistleblowing* in place. In accordance with these rules, employees and third parties (including future employees, associates, shareholders, contractors and other entities related to the Company's activities) may anonymously report irregularities concerning the Group's activities. A special electronic form available on an external platform is used for this purpose. Reports may concern violations of the law, corporate governance, and internal guidelines applicable within the Group. Each report is automatically assigned an identification number and password, allowing the reporting person to anonymously track the progress of the report and conduct further correspondence. In 2025, the Group did not verify the effectiveness of the channel and did not analyse feedback on its use.

At the same time, the LPP Group has an *Internal Procedure for Reporting Information on Violations of Law and Taking Follow-up Actions*, under which Ethics Officers receive reports, conduct investigations and establish the facts. Reports are assigned to individual Ethics Officer by the Ethics Officers Coordinator, who is an employee of the Compliance Department. More information on *the Procedure* can be found in the section on [*Policies related to own workforce*](#).



Material topic: ADEQUATE WAGES

ACTIONS RELATED TO ADEQUATE WAGES

S1-4, MDR-A

LPP attaches great importance to clear and fair payroll rules. Remuneration levels depend on competence, experience and performance, and not, for example, on gender or age. LPP consistently strives to completely eliminate differences in remuneration between women and males in the same positions.

LPP regularly analyses salaries to monitor remuneration rules and assess their compliance with regulations, as well as to ensure equal and fair treatment of employees. Salary ranges are usually reviewed once a year. At that time, the Analysis Department prepares detailed data on the distribution of payrolls in individual departments and specific positions, taking into account the applicable ranges. Based on the information collected, it proposes changes to the payroll ranges, which it justifies with both internal factors (e.g. the growing importance of key areas) and external factors (e.g. changes in the labour market or current payroll ratios). During the annual payroll review, approximately 80% of employees receive pay rises. This process is carried out in accordance with the targets and guidelines set by the HR Department and ultimately approved by the Management Board.

Based on the above analyses presented, LPP develops and then applies general remuneration principles. These principles apply to changes in employment conditions when taking up new positions or granting pay rises without a change

of position, as well as when determining salaries for new employees. Management is obliged to apply these principles. The HR Department ensures that the principles are respected and that fairness and consistency are maintained.

The current and planned activities in this area do not require significant operating expenditures or capital expenditures.

TARGETS RELATED TO ADEQUATE WAGES

S1-5, MDR-T

The targets in the payroll area at LPP are qualitative and quantitative. The Group strives to ensure that payroll for individual positions is in line with market standards. This means that the minimum and maximum payroll levels for a given position are consistent with the levels offered for similar positions on the labour market, according to available payroll reports. LPP also strives to maintain fair relationships between job positions in specific business areas. Payroll targets also reflect business needs and priorities, which means that LPP adjusts its payroll structures by focusing on key areas (e.g. when the turnover ratio in a given area is higher than expected). LPP pays particular attention to positions where employees cite pay as the reason for leaving, in order to identify and implement appropriate corrective measures.

Individual payroll changes between annual reviews, as well as the setting of rates for new employees, are based on the current pay scale, taking into account the principles of consistency in a given area. These principles are applied by the HR Department and by managers and directors implementing changes to the payroll.

Payroll targets are set by the HR Department and approved by the LPP SA Management Board. They are consistent and reflect the company's business objectives. Changes to these targets only occur in the event of significant changes in the market situation resulting from unforeseen events of a general market nature (e.g. war, epidemic) or significant deviations in the Group's results from the assumptions made. In such cases, the targets may be changed, e.g. by modifying the budgets allocated for payroll updates.

HR Department employees are engaged in the implementation of payroll targets, taking into account comments and suggestions from business areas (e.g. from directors or managers). They actively participate in the creation and updating of payroll ranges and support their implementation in specific areas. The implementation of targets in the payroll area is monitored by the HR Department and the Controlling Department and reported to the LPP Management Board during meetings devoted to payroll in LPP companies.

Employees can communicate their expectations regarding payroll directly to their line manager, who is responsible for clarifying any doubts. When leaving the company, employees have the opportunity to express their opinion during an *exit interview*, i.e. a meeting at the end of their employment.

The target-setting process covers all Polish LPP companies and store personnel throughout the LPP Group.

Quantitative data on adequate wages is presented in the section on [*Metrics related to of own workforce*](#).



Material topic: SAFE WORKPLACE

ACTIONS RELATED TO SAFE WORKPLACE

S1-4, MDR-A

The LPP Group complies with legal requirements regarding occupational safety. All employees are covered by the health and safety system. More information on the policy in this area can be found in the *Policies related to own workforce* section.

An important element of these activities is employee training, both mandatory – initial and periodic – and optional, covering topics such as first aid, fire protection and evacuation procedures. From 2024, during optional training, employees have the opportunity to use VR glasses, which better illustrate the hazards they may face on a daily basis.

The effectiveness of health and safety training is assessed using various methods covering both theoretical and practical aspects. After completing the training, employees take a test to check their acquired knowledge of health and safety, fire safety and first aid. LPP also conducts surveys in which employees express their opinions on the usefulness and comprehensibility of the issues covered in the training. Another ratio of the effectiveness of the training is the noticeable decrease in the number of accidents at work after the training. An analysis of accident statistics shows whether the training has helped to improve safety in the workplace.

LPP Group employees can contact the Health and Safety Department through various channels, including: in person, by telephone or in writing. In addition, LPP Retail and LPP Logistics employees have access to the ServiceDesk reporting service, which allows them to maintain constant and direct

contact with representatives of the Health and Safety Team. All enquiries submitted through this service are recorded, monitored and resolved in accordance with an established order. Employees of other companies use the Health and Safety tab on the intranet, which contains reporting forms for: accidents at work or on the way to/from work, and any irregularities observed on LPP premises. The Group has a Health and Safety Committee, whose members, i.e. employee and employer representatives, hold regular meetings to summarise activities and discuss areas requiring further improvement.

LPP designs positions with ergonomics in mind to minimise the risk of injuries resulting from repetitive movements and incorrect equipment positioning. It regularly analyses the needs of its employees in order to continuously improve comfort and working standards. Ergonomic issues related to Health and Safety are also addressed in initial and periodic training.

The Group determines its needs based on incidents (both accidents and near misses) that have occurred (e.g. number and type of accidents, recurrence of incidents) and reports submitted by employees (e.g. reports on the need for additional first aid training). In addition, under health and safety announcements published on the Viva Engage platform, employees have the opportunity to share their ideas in comments and report their needs for various types of events, training, etc.

The current and planned activities in this area do not require significant operating expenditures or capital expenditures.





TARGETS RELATED TO SAFE WORKPLACE

S1-5, MDR-T

The targets in the area of health and safety are operational in nature. They are not set from above, but result from the tasks and responsibilities of the team and the need to ensure the safety of employees at work. LPP places great emphasis on implementing best practices in occupational health and safety to ensure optimal working conditions for employees.

The LPP Group wants to ensure consistent working conditions for both its direct employees and employees from temporary employment agencies, in accordance with applicable law.

PREVENTION OF VIOLENCE AND HARASSMENT IN THE WORKPLACE

ACTIONS RELATED TO WORKPLACE VIOLENCE AND HARASSMENT PREVENTION

S1-4, MDR-A

The LPP Group does not tolerate any form of discrimination or mobbing. All such incidents can be reported safely and anonymously, and those who report them are not exposed to retaliation.

The Group undertakes a number of measures to prevent violence and harassment in the workplace. The key elements of these measures are: the Ethical Work Environment module in the ABC Leader and Manager Academy development programmes, 180-degree surveys covering undesirable behaviour, personnel audits and the investigation of reports by Ethics Officers. Employees participate in webinars and online training courses, including a mandatory course on counteracting mobbing. Regular summary meetings, training in communication, conflict management and mediation, as

well as support from HR supervisors are additional tools. The HeLPP support programme provides anonymous psychological assistance. Mutual respect and trust have also been emphasised in the updated company goodwill. These activities are supported by appropriate internal communication and transparent promotion rules.

Progress in this area is monitored, including: analysing attendance at training courses and webinars, analysing the results of post-training surveys and evaluating webinars. In addition, regular notes and summary reports from meetings, such as *entry meetings* and *exit interviews*, provide in-depth data on the level of satisfaction with the decision to join LPP or the reasons for leaving. During the year, a 180-degree survey is also conducted in selected departments, which provides feedback from employees to their immediate superiors. The resulting NPS (*Net Promoter Score*) indicates the level of loyalty and satisfaction of employees in given teams. Reports of undesirable behaviour are also verified, and any proceedings are resolved and closed. In addition, data such as the number of promotions, changes to payroll, support tool statistics and direct feedback from employees are analysed, which allows for continuous improvement of processes and activities.

The current and planned activities in this area do not require significant operating expenditures or capital expenditures.

TARGETS RELATED TO WORKPLACE VIOLENCE AND HARASSMENT PREVENTION

S1-5, MDR-T

LPP has developed targets based on regulations and legal requirements that set out priority actions. These take into account the needs of employees as reported during consul-

tations and meetings, in surveys and in direct conversations. Employees and their representatives were able to share their opinions and ideas for improvement during meetings with HR Department supervisors, *entry meetings*, *exit interviews*, meetings with Ethics Officers, as well as during half-yearly review meetings or other meetings with their superiors.

Targets achieved in 2025 regarding the prevention of violence and harassment at LPP:

- » continuing the training cycle on "Ethical Work Environment" at LPP SA, Silky Coders and LPP Logistics, in which 47 managers and leaders participated,
- » maintaining regular initiatives such as webinars, training courses, and support programmes for employees and managers,
- » updating *the Regulations on Counteracting Mobbing and Various Forms of Discrimination*, which include preventive and intervention measures,
- » supplementing implementation programmes with updated goodwill,
- » continuing training on counteracting mobbing in the implementation programme for each new LPP Retail employee,
- » continuing training in accordance with procedures, e.g. "Difficult managerial conversations",
- » updating remuneration rules and training managers and leaders in this area,
- » conducting mandatory e-learning anti-mobbing training for all employees.

Quantitative data on the prevention of violence and harassment in the workplace are presented in the section on *Metrics related to of own workforce*.



EQUAL TREATMENT AND EQUAL OPPORTUNITIES FOR ALL

ACTIONS RELATED TO EQUAL TREATMENT AND EQUAL OPPORTUNITIES FOR ALL

S1-4, MDR-A

The Group applies a detailed salary grid covering the remuneration range for each position. These are adjusted annually based on market reports. The remuneration structure is regularly monitored by the HR team, which analyses remuneration data in the context of current market trends and macro-economic ratios. In addition, the Group examines employee turnover ratios, *exit interview* results and the expectations that candidates express during the recruitment process.

LPP SA does not tolerate any form of wage discrimination – its remuneration policies are transparent and objective. In the event of any violations, the company applies an escalation mechanism in which the responsibility for changing the payroll decision rests with managers, HR BP and the HR Director.

TARGETS RELATED TO EQUAL TREATMENT AND EQUAL OPPORTUNITIES FOR ALL

S1-5, MDR-T

LPP does not plan to set targets related to gender equality and equal pay for work of equal worth, but monitors on an ongoing basis whether its policies and actions are effective. The actions are ongoing, which means that they are not limited to specific stages or milestones. The implementation process is fluid and flexible, allowing the company to adjust its priorities on an ongoing basis and respond to changing conditions and needs.

Material topic: DIVERSITY AND INCLUSION

ACTIONS RELATED TO DIVERSITY AND INCLUSION

S1-4, MDR-A

LPP defines the actions it wants to take in the area of diversity and inclusion based on an analysis of the results of employee surveys, opinions and comments submitted by employees on the Viva Engage internal communication platform, an analysis of topics addressed to the Management Board during *town hall meetings*, and an analysis of issues raised in HR processes (e.g. during onboarding, employee appraisals, *exit interviews*).

In 2025, LPP SA continued its financial support for employees who are parents, including: subsidies for day camps and

free hygiene products for women in all offices, stores and warehouses. Employees with disabilities received additional financial support and two additional days off (in the case of mild disabilities).

The LPP Foundation continued its Christmas support programmes for employees in difficult health situations. Employees were also able to get involved in social activities as volunteers and support children in care homes, sick people and people with disabilities.

TARGETS RELATED TO DIVERSITY AND INCLUSION

S1-5, MDR-T

In the area of diversity and inclusion (*DEI Policy*), the LPP Group has not set specific targets, but monitors on an ongoing basis whether its policies and actions are effective. The company strives to communicate its commitment to its values in a clear and consistent manner and to guarantee everyone in the organisation the right to work in an atmosphere of tolerance, respect and safety.



METRICS RELATED TO OWN WORKFORCE

EMPLOYEES CHARACTERISTICS

S1-6, MDR-M

The LPP Group defines employees as persons employed directly on the basis of an employment contract. All employees were taken into account, including inactive persons on sick leave or care leave, among others. The data presented reflects the employment status as at 31 January 2026 and is given on a per capita basis (head count).

TABLE 12. Number of employees in the LPP Group by gender

Gender	2025	2024
	Number of employees	
Male	4,454	4,153
Female	32,974	29,665
Not disclosed	17	10
Total employees	37,445	33,828

TABLE 13. Number of employees in countries where the Group employs at least 50 employees representing at least 10% of the total number of employees

Country	2025	2024
	Number of employees	
Poland	12,909	13,124
Ukraine	3,918	3,336
Romania	2,944	3,925

*In 2025, the number of employees in Romania did not constitute at least 10% of the total number of employees.

However, it remains the third-largest market within the LPP Group.

TABLE 14. Number of employees by type of contract, broken down by gender in LPP Group

Types of contract	2025				2024			
	Female	Male	Not disclosed	Total	Female	Male	Not disclosed	Total
Employed for an indefinite period	21,323	3,107	1	2,4431	19,242	3,053	1	22,296
Temporarily employed	9,622	1,140	16	10,778	9,328	999	6	10,333
Employees with non-guaranteed working hours	2,029	207	0	2,236	101	1,095	3	1,199
Total	32,974	4,454	17	37,445	28,671	5,147	10	33,828



TABLE 15. Employee turnover ratio in LPP Group

Employee turnover	2025	2024
Total number of people who resigned from work during the reporting period	16,920	14,739
Employee turnover rate in the unit during the reporting period	45.2%	43.6%

The total number of people who resigned from work during the reporting period was calculated taking into account employees who resigned voluntarily, as a result of dismissal or retirement.

Turnover is determined by the nature of the retail sector, which is characterised by seasonal employment.



NON-EMPLOYEES CONSTITUTING OWN WORKFORCE CHARACTERISTICS

S1-7, MDR-M

The data presented shows the employment status as at 31 January 2026 and is given in terms of headcount for all forms of employment. The methodology assumed the presentation of the number of employees of temporary agencies on an annual average basis. Where there was

none of the information to determine the gender of persons employed by agencies, individual companies decided to estimate the number of employees of a given gender on a parity basis or by adjusting the proportions to the market situation known to them.

TABLE 16. Number of non-employees constituting own workforce by types of contract, broken down by gender in LPP Group

Types of contract	2025				2024			
	Female	Male	Not disclosed	Total	Female	Male	Total	
Contract of mandate	7,205	586	160	7,951	5,503	481	5,984	
Contract for specific work	5	2	0	7	712	84	796	
Contracts for provision of services (self-employment, B2B)	66	337	0	403	67	328	395	
Management contract	0	7	0	7	0	1	1	
Student contracts	3,376	1,015	0	4,391	4,388	519	4,907	
Employees from temporary employment agencies	9,311	2,996	260	12,567	6,297	2,171	8,468	
Total	19,963	4,943	420	25,326	16,967	3,584	20,551	

TABLE 17. Employees and non-employees who form part of the LPP Group's workforce

Our own workforce	2025	2024
	Number of people	
Employees	37,445	33,828
Non-employees	25,326	20,551
Total	62,771	54,379

ADEQUATE WAGES

S1-10, MDR-M

All active employees of the LPP Group receive adequate wages. In the case of inactive employees, their wages are raised to the minimum wage (or higher) when they return to work.

The reference measure used to determine whether all employees receive adequate wages is the minimum wage applicable in the European Union according to Eurostat data for 2025. For countries outside the EEA (European Economic Area), a tool provided by the Wage Indicator Foundation was used.

DIVERSITY METRICS

S1-9, MDR-M

The data presented shows the employment status as at 31 January 2026, is given on a headcount basis and only includes persons employed under an employment contract.



TABLE 18. Gender distribution in terms of numbers and percentages in top management in LPP Group

Diversity of senior management – gender breakdown	2025		2024	
	Number	%	Number	%
Men in senior management positions	45	44.5%	36	40.4%
Women in senior management positions	56	55.5%	53	59.6%
Total	101	100%	89	100%

Top management is understood as senior management – chief executives heading departments (top 40 level), excluding the President and Management Board Members in the case of Polish companies, and in the case of subsidiaries belonging to the Group – as country directors, their deputies and executive directors.

TABLE 19. Age structure of employees in LPP Group

Diversity by age	2025		2024	
	Number	%	Number	%
Workers below 30 years of age	21,412	57.2%	20,208	59.7%
Employees aged 30-50	15,007	40.1%	12,822	37.9%
Employees over 50 years of age	1,026	2.7%	798	2.4%
Total	37,445	100%	33,828	100%

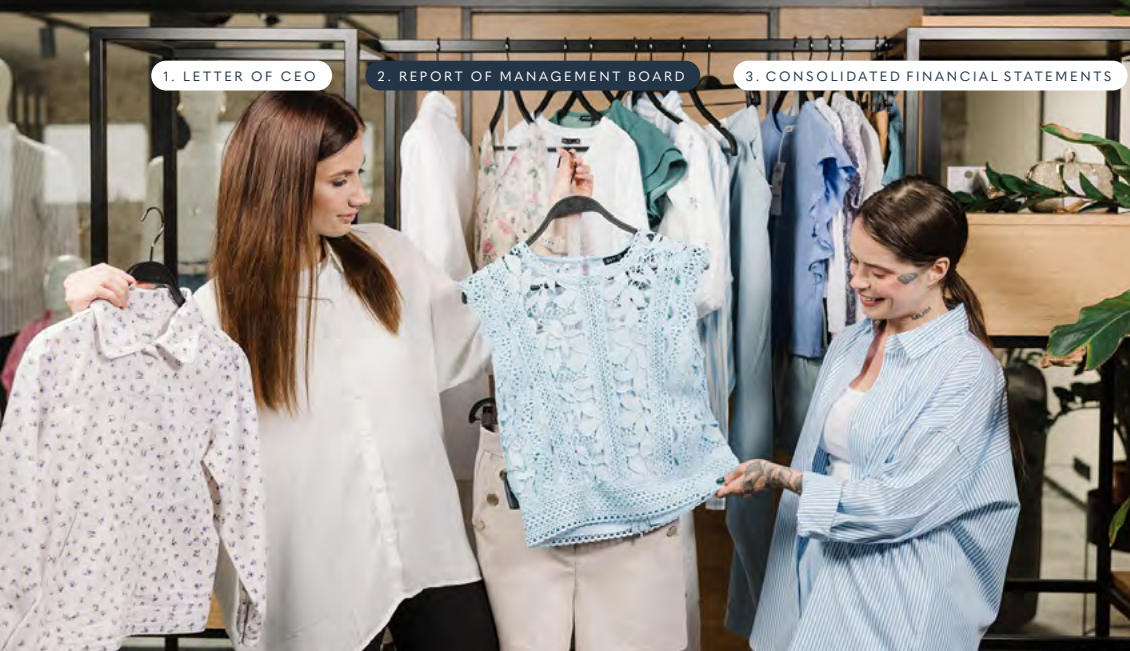
HEALTH AND SAFETY METRICS

S1-14, MDR-M

In accordance with Polish law, all persons constituting the own workforce of Polish LPP companies are covered by the health and safety management system. LPP SA subsidiaries apply health and safety management practices which, due to the specific nature of the country, may differ in their approach to covering employees and non-employees with these systems.

TABLE 20. Number of employees covered by the health and safety system in LPP Group

	2025		2024	
	Employees	Non-employees	Employees	Non-employees
Percentage of the entity's own workforce that is covered by the entity's health and safety management system based on legal requirements or recognised standards or guidelines	99.4%	44.1%	99.9%	36.9%



Although in the case of some subsidiaries, non-employees are not directly covered by LPP's health and safety systems, they are most often subject to national systems or those of their direct employer (APT).

TABLE 21. *Accidents related to work in LPP Group*

Accidents	2025		2024	
	Employees	Non-employees	Employees	Non-employees
Fatalities	0	0	0	0
Notifiable work-related accidents	Number	289	214	9
	Ratio	6.5	4.8	1.3

The data in the table above includes employees and persons performing work for the LPP Group who are not its employees. The accident ratio is calculated using the following formula: number of accidents related to work recorded in the reporting period / total number of hours worked in the reporting period * 1,000,000.

In Poland, accident records are kept on a mandatory basis in accordance with *the Regulation of the Council of Ministers of 1 July 2009 on determining the circumstances and causes of accidents at work*. Subsidiaries keep accident records in accordance with national practice. Some use the services of external companies offering health and safety services for the target.

Work-related injuries and poor health related to work result from exposure to hazards in the workplace. Occupational diseases are classified as poor health related to work.

In 2025, the LPP Group reported 26 cases of ill health related to work. In 2024, there were 28 of them.

TABLE 22. *Days lost due to injuries related to work in LPP Group*

	2025	2024
Number of days lost due to work-related injuries and work-related ill health.	4,279	2,762

INCIDENTS, COMPLAINTS AND SERIOUS IMPACTS ON THE COMPLIANCE WITH HUMAN RIGHTS

S1-17, MDR-M

During the reporting period, a total of 403 complaints of a very diverse nature were submitted to entities within the LPP Group through the available reporting channels, by both internal and external parties. Among them, 7 cases were identified that can be classified as discrimination. In the previous reporting period, the LPP Group recorded a total of 311 complaints submitted through the available reporting channels and 4 cases of discrimination. A detailed description of the reporting channels and procedures related to the protection of whistleblowers is presented in the section on *Business conduct policies*.

During the reporting period, just like last year, there were no serious incidents related to human rights (e.g. forced labour or child labour). LPP did not incur any penalties, sanctions or compensations for damages resulting from such incidents.



REMUNERATION METRICS

S1-16, MDR-M

TABLE 23. Gender pay gap in LPP Group

Pay gap	2025	2024
Senior management	8.8%	9.7%
Middle management	25.5%	11.0%
Other employees	22.2%	13.7%
Total	22.6%	13.3%

Senior management is understood as chief executives heading departments (top 40 level), excluding the President and members of the Management Board in the case of Polish companies, and in the case of subsidiaries belonging to the Group – as country directors, their deputies and executive directors.

Middle management across the entire LPP Group is understood as other directors and managers/leaders who have at least two employees reporting to them.

Other employees are persons who do not belong to the above-mentioned groups.

The pay gap was calculated as the difference between the average gross hourly rate for women and men divided by the average gross hourly rate for male employees. Only persons employed under an employment contract were taken into account. The pay gap was calculated using the weighted average method, taking into account the number of persons in a given employee category in each company belonging to the LPP Group.

The remuneration ratio was calculated taking into account the total annual remuneration of employees, which consists of basic remuneration and all cash and non-cash benefits, as well as the total value of all annual long-term incentives. The calculations included the total salary received during the reporting period by persons who were active employees as at 31 January 2026, regardless of their length of service.

The ratio is presented on a consolidated basis and represents the ratio of the total annual remuneration of the President of the LPP Group as the highest-earning person to the median



total annual remuneration of all employees of companies. In 2025, the consolidated remuneration ratio was 50.8. In 2024, the consolidated total remuneration ratio for Polish companies was 51.3.

S2 WORKERS IN THE VALUE CHAIN

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

SBM-3

The LPP Group operates in many foreign markets, cooperating with numerous partners throughout the value chain, which has a significant impact on both the environment and society. The scope of disclosure covers all persons working in this chain – from raw material sourcing, through production, logistics and sales, to customer service and after-sales activities. This applies to employees of suppliers, subcontractors and business partners in all countries where the LPP Group operates.

The most significant negative impacts in this area are systemic in nature. As part of the update of the map of key human and labour rights risks related to human rights and labour issues carried out in 2023, the LPP Group identified particularly vulnerable groups of employees in its value chain, such as women, young people, migrants and temporary workers. This identification was based on the results of social audits carried out by both the Group's employees and independent external entities, as well as on an analysis of the industry context.

POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

S2-1, MDR-P

This area is regulated by a set of key documents in which the LPP Group has defined standards for working conditions,

employment ethics and social responsibility throughout the value chain. Since 2022, the LPP Group has been guided by its *Human Rights Policy*, based on the *UN Guiding Principles on Business and Human Rights*, which the Group has committed to comply with. Detailed information about the *Policy* can be found in the section *Policies related to own workforce*.

The Code of Conduct forms the basis of LPP's relations with suppliers and subcontractors. It sets out principles concerning, among other things, decent working conditions, voluntary work, diversity and inclusion, freedom of association and employee representation, health and safety at work, and environmental protection.

LPP SA opposes forced labour, child labour and human trafficking. Suppliers and subcontractors are required to comply with the principles of fair competition, eliminate corrupt practices and maintain transparency in their activities. *The Code* is based on the *Universal Declaration of Human Rights*, the *Conventions of the International Labour Organisation (ILO)*, the *UN Guiding Principles on Business and Human Rights*, and the *OECD Guidelines for Multinational Enterprises*. Every supplier working with LPP must accept *the Code of Conduct*, which sets minimum standards for cooperation, and implement it among its sub-suppliers. LPP conducts regular audits to verify compliance with the rules. The document is open-ended and is updated in line with changing industry requirements and international and national regulations. On this basis, the LPP Group has also developed detailed rules of conduct in the event of child labour being detected, which are made available to suppliers via an internal portal.





The LPP Group also ensures transparency in commercial relations by requiring employees and associates to comply with specific rules for contacts with external entities. Every employee and associate of LPP SA is required to exercise due diligence in selecting suppliers and to act in an impartial and transparent manner, avoiding situations that could influence business decisions, including accepting gifts or other forms of gratification. The rules apply to all persons providing work and services to the LPP Group, have been approved by the Management Board of LPP SA and constitute an extension of the provisions of the *Anti-corruption Policy* presented in the chapter on corporate governance. In order to start cooperation with LPP SA, suppliers of goods and services in the production value chain must commit in writing to comply with the *Code of Conduct*, the *Rules of Cooperation with Business Partners* and the *LPP Group's Human Rights Policy*. To this end, they sign a *Commitment to Comply with LPP Rules* statement, available on the internal LPP portal. Compliance with the rules is verified through audits.

All policies and regulations applicable within the LPP Group are available in Polish and English on the LPP website. The *Code of Conduct* is also available in Chinese, Bengali and Turkish. The LPP Group pays particular attention to sustainable practices and innovative solutions used by suppliers of materials and services, requiring them to limit their negative impact on the environment while maintaining the highest quality standards. All non-production suppliers are subject to the *General Terms and Conditions of Order Fulfilment*, which impose an obligation to familiarise themselves with LPP's ethical principles as set out in the *Code of Conduct*, the *LPP Group's Human Rights Policy* and the *Rules of*

Cooperation with Business Partners. Violation of these principles is treated as a breach of contract.

Clauses obliging contractors to comply with the *LPP Group's Human Rights Policy*, under pain of termination of the contract, have been introduced into model contracts for outsourcing and temporary work in the area of logistics. These clauses apply to all current outsourcing and temporary work contracts.

APPROACH TO WORKERS IN THE SUPPLY CHAIN

COOPERATION PROCESSES

S2-2

In order to ensure high quality cooperation processes with persons employed in the value chain, the Group has implemented a due diligence mechanism. Its purpose is to mitigate risks related to the potential negative impact on employees in the value chain. Supervision of the implementation of the process is carried out by a team appointed in 2023, which is described in more detail in the chapter *General disclosures*.

The targets of the process are to continuously identify the impact exerted and to counteract and minimise the risks related to it by implementing appropriate preventive and corrective measures. LPP monitors the effectiveness of these measures, maintains contact with stakeholders affected by the Group's activities and provides a mechanism for reporting irregularities.

In implementing the process, LPP relies on the engagement of its stakeholders, with whom it maintains a constant dialogue, including trade unions and federations, organisations

and activists, other clothing companies and suppliers. The commitment to conducting due diligence in the area of human rights and labour rights is an integral part of the *LPP Group's Human Rights Policy*.

Basis for due diligence activities:

- » *OECD Guidelines for Multinational Enterprises* on due diligence and responsible business conduct and responsible supply chains in the textile, clothing and footwear sector,
- » provisions of the *International Bill of Human Rights* and the *International Labour Organisation's Declaration on Fundamental Principles and Labour Rights*,
- » other information, including reports from international non-governmental organisations and scientific reports.

The *LPP Group's Human Rights Policy* identifies the most significant areas of risk in terms of human rights and labour rights in the value chain, which are reviewed and updated on a regular basis.

These are:

- » forced labour,
- » safe and hygienic working conditions (including the right to rest),
- » health (the right to health),
- » equal treatment and prohibition of discrimination,
- » the right to family life (work-life balance),
- » child labour,
- » social security,
- » fair remuneration.

Remedial and corrective measures implemented in 2025 related to due diligence in the area of human rights and labour rights:



- » organisation of Awareness Day, during which the Group educates suppliers on human rights, labour rights, health and safety, and *the Code of Conduct*. In 2025, Awareness Day was held for suppliers from Bangladesh, China, Pakistan, and India;
- » conducting training on *the Code of Conduct* for buyers of all LPP brands and employees of the Central Purchasing Department who work with suppliers;
- » continuation of the ESG Academy programme;
- » continuation of the activities of the Due Diligence Implementation Team;
- » continuation of activities within international associations and initiatives, including the International Accord for Health and Safety in the Textile and Garment Industry and Cotton made in Africa;
- » in addition to the inspections carried out by the International Accord (Accord Bangladesh and Accord Pakistan), social audits carried out in factories cooperating with LPP, conducted by external auditing companies and amfori BSCI (from 2022);
- » limiting or terminating cooperation with a given supplier in the event of significant violations or nonexistence of cooperation in eliminating them on the part of the LPP Group's business partners, and if the nature of the violations so requires, the termination may be immediate.

S2-3

REMIEDIATION PROCESSES AND CHANNELS FOR REPORTING CONCERNS

The LPP Group has implemented *the Rules on Whistleblowing*, accompanied by a special electronic form available on a secure external platform. Through this form, employees and third parties, including all suppliers and contractors, can anonymously report non-compliance resulting from violations of applicable policies. During the reporting period, no serious reports or incidents were recorded through this channel. For more information, please visit [*Channels for reporting irregularities*](#) in the section *Information on social issues* and [*Business conduct policies*](#) in the section *Information related to corporate governance*.



Material topic: WORKING CONDITIONS IN THE VALUE CHAIN

ACTIONS RELATED TO CONVENIENT WORKING CONDITIONS

S2-4, MDR-A

LPP Group suppliers are required to comply with international standards and the laws of the countries in which they operate, as specified in *the Code of Conduct*. In order to verify compliance with its provisions, the LPP Group conducts regular social and environmental audits in factories where LPP collections are manufactured. These audits provide a comprehensive picture of how contractors operate, assess whether employee rights are respected and whether suppliers' activities have a negative impact on the environment.

The scope of the audits includes, among other things:

- » zero tolerance areas – possible violations relating to child labour, forced labour and human trafficking;
- » working conditions – compliance with health and safety rules, the right to breaks, holidays and sick leave, the provision of protective clothing and training, as well as the appropriate treatment of young workers, women, migrants and people with disabilities;
- » payroll – analysis of payslips, also to detect possible gender inequalities, assessment of work schedules, number of overtime hours and how they are accounted for;
- » environmental protection – measures taken by the supplier to reduce environmental impact, including methods of eliminating air and water pollution, waste management, including textile waste, impact on the environment and proper storage of chemicals;

- » anti-corruption – measures taken by the supplier to prevent and combat corruption, including: financial accounting practices.

As part of the audits, interviews are conducted with employees in various positions and with varying lengths of service. These interviews are a valuable source of information about the functioning of trade unions or other forms of employee representation, mechanisms for reporting irregularities, cases of discrimination and the level of employee awareness of their rights and benefits.

In situations where a supplier's standards deviate from the requirements specified by the LPP Group, a *Corrective Action Plan* (CAP) is developed, which the supplier is required to implement within a specified time frame.

COOPERATION WITH ORGANISATIONS

The LPP Group conducts extensive activities to reduce risks related to working conditions in the value chain and environmental impact. It is actively involved in projects and initiatives to modernise the textile and clothing sector, including as a member of amfori BSCI, Cascale and Cotton made in Africa.

- » LPP is a member of the International **Accord for Health and Safety in the Textile and Garment Industry** – an industry agreement for safe working conditions (initially in Bangladesh, from 2023 also in Pakistan, with plans to expand to other countries). LPP was the first Polish company to join the Accord in 2013. In Bangladesh, factories cooperating with LPP are subject to Accord inspections. In Pakistan, LPP required its suppliers to join the agreement by the end of 2025, but on 31 December 2025,

the LPP Group suspended its membership in Accord Pakistan. The programme focuses on the safety of structures and installations, fire protection and systematic training; Accord experts visit factories and supervise corrective action plans, and the activities are supported by health and safety committees and a reporting channel for irregularities in accordance with UN guidelines. The progress of individual factories is publicly available online.

- » Since 2022, LPP has been cooperating with **amfori BSCI**, one of the most active organisations working towards more transparent trade and sustainable production, specialising in audits. Membership in this organisation provides LPP with access to training, educational materials and, above all, tools for verifying and monitoring ethical and labour issues, as well as issues related to environmental protection in factories cooperating with LPP. This gives LPP knowledge about risks and support in monitoring suppliers' activities and eliminating entities that do not meet standards, including decent working conditions and payroll, from the supply chain.
- » In 2024, the Group became a member of **Cascale**, an international non-profit platform providing, among other things, tools for analysing the environmental and social impact of the value chain. The association was founded by Patagonia and Walmart, and its resources are currently used by over 40,000 entities, including companies, suppliers of goods and services, and non-governmental organisations. Its target is to change standards in the textile and clothing industry so that they are fully consistent with the idea of sustainable development and meet regulatory requirements, including those set by the European Union.



The association uses the Higg FSLM tool, which entities in the value chain use to assess their own activities. Based on this assessment, they receive points that allow their performance to be tracked in the following areas: recruitment and employment, working hours, wages and benefits, equal treatment and inclusion of employees, health and safety, termination of cooperation, company management systems, and engagement in the well-being of people and communities.

- » Since 2021, LPP has been one of 65 members of **the Cotton made in Africa** programme, an international standard for more sustainable cotton cultivation. Since 2005, the activities undertaken by the Aid by Trade Foundation, the initiator of Cotton made in Africa, have focused on protecting the environment and improving the working and living conditions of small farmers and cotton processing workers, thereby increasing their social resilience.

As of the date of publication of this Statement, data for 2025 were not available yet.

In 2024, approximately 800,000 family farms growing cotton under CmiA produced approximately 630,000 tonnes of raw cotton on an area of approximately 1,600,000 hectares, in accordance with CmiA-verified standards.

CmiA defines rigorous guidelines for sustainable cotton cultivation and cotton processing, offering solutions that mitigate negative impacts on nature and people while increasing the

resilience of ecosystems and rural farming communities in sub-Saharan Africa.

To effectively implement the standard, certified agricultural enterprises train less experienced farmers in more sustainable agriculture, business development, gender equality and the prohibition of child labour. In 2024, the number of people participating in training increased by 17% compared to 2023.

SUPPLIER TRAINING

Awareness Day

The LPP Group organises training courses for direct suppliers working with the company, during which participants can expand their knowledge of human rights, labour rights and environmental protection in the context of international standards for business operations and regulations in force in individual countries. The training programme covers issues relevant to *the Code of Conduct*, such as: prohibition of child labour, prohibition of forced labour and human trafficking, prohibition of discrimination and harassment, protection of young workers and vulnerable groups, freedom of association, working time regulations, adequate pay and bonuses, occupational health and safety, ensuring safe working conditions and environmental protection.

The first Awareness Day training cycle dedicated to suppliers from Bangladesh took place in 2018. In the following years, the group of recipients was gradually expanded, conducting training in other countries where production takes place.

Currently, training is conducted in Bangladesh, China, India, Pakistan and Cambodia.

In 2025, Awareness Day was held in Bangladesh (180 participants), China (280 participants), Pakistan (106 participants) and India (159 participants). The training is voluntary.

ESG Academy

The training is aimed at strategic suppliers in the non-manufacturing value chain in Poland – the training programme is implemented in cycles. The first cycle of training took place in 2023–2024. During seven meetings, topics such as theory and good practices in the areas of human rights, diversity and inclusion, health and safety, environmental issues and ESG reporting were presented.

The training programme is based on the LPP SA internal standards (*The Code of Conduct, The LPP Group's Human Rights Policy, LPP Group's Policy on Diversity Management, Equal Treatment and Building a Culture of Inclusion, LPP SA Environmental Policy, Good Anti-greenwashing Practices*) applicable and planned legal acts.

In 2025, the first of six meetings took place. The subject of the meeting that started the series was *Good Anti-greenwashing Practices*, during which the following issues were discussed: the most common mistakes in environmental communication, the principles of formulating true and provable declarations, current and upcoming regulations on counteracting greenwashing (including: *Directive Empowering Consumers for the Green Transition*²⁶, *Act on Counterac-*

²⁶Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards the empowerment of consumers in the green transition through better protection against unfair practices and better information (OJ EU L 2024, item 825).



ting *Unfair Market Practices*²⁷, *Act on Consumer Rights*²⁸) and examples of good communication practices. The meeting was attended by 24 representatives of suppliers. Further meetings in the series are planned for 2026.

In 2025, systematic training of employees on the principles of the *Code of Conduct* was also continued. The training was attended by 335 people – buyers of all LPP brands and employees of the Central Purchasing Department. The targets of the training are to sensitise employees to the working conditions in the factories they visit and to draw additional attention to the ethical business practices of the suppliers they work with. The internal training platform also offers a course on "Ethics in Business", specially tailored to the needs of buyers, allowing them to refresh and reinforce the ethical principles applicable in cooperation with suppliers.

Apart from the ESG Academy, the above activities do not have a specific time frame – they are conducted on an ongoing basis as a permanent educational element.

All of the measures listed were included in the budget as standard and did not require any additional significant capital expenditures or operating expenditures.

TARGETS RELATED TO CONVENIENT WORKING CONDITIONS

S2-5, MDR-T

The LPP Group has not set and does not currently plan to set quantitative targets in this area, but it monitors the effectiveness of its policies and activities on an ongoing basis.



The LPP Group regularly analyses the impact of its initiatives, adapting them to dynamically changing market, regulatory and social conditions in order to best respond to current challenges and stakeholder needs.

LPP strives to cover all factories cooperating with it with working conditions and safety assessment systems, such as amfori BSCI, or other comparable audit systems implemented by external, independent entities. Under these systems, 90% of factories in Pakistan and 100% of factories in Bangladesh have been assessed. Monitoring under amfori BSCI or other

audit systems also covers suppliers operating in India, Türkiye, Cambodia, Myanmar and China.

PRODUCTION SAFETY STANDARDS ACTIONS RELATED TO PRODUCTION SAFETY STANDARDS

S2-4, MDR-A

The *International Accord for Health and Safety in the Textile and Garment Industry* is an industry agreement acting on behalf of clothing companies to improve working conditions in the textile industry. Initially, its activities focu-

²⁷Act of 23 August 2007 on counteracting unfair market practices (i.e. Journal of Laws of 2023, item 845).

²⁸Act of 30 May 2014 on consumer rights (i.e. Journal of Laws of 2024, item 1796, as amended).



sed on Bangladesh, and since 2023, the agreement has also covered Pakistan. In the future, in cooperation with state authorities, it is planned to extend the initiative to other countries that are key to the sector.

The target of the association is to continue and expand the joint activities of the signatories and trade unions in the field of ensuring safety in factories, including:

- » maintaining the safety of building structures, electrical and heating installations,
- » strengthening fire safety measures,
- » conducting regular training for employees.

These activities often require comprehensive modernisation of infrastructure and production facilities, as well as significant investment. Accord specialists regularly visit factories, issue guidelines and monitor the implementation of corrective action plans. They are supported in their work by employee health and safety committees and a whistleblowing mechanism designed in accordance with the *UN Guiding Principles on Business and Human Rights*.

Transparency is a key element of the programme. The International Accord website publishes up-to-date information on the progress of factories in implementing corrective action plans, together with a percentage ratio of the implementation of the required changes.

TARGETS RELATED TO PRODUCTION SAFETY STANDARDS

S2-5, MDR-T

The LPP Group has not set and does not currently plan to set targets in this area, but monitors on an ongoing basis whether its policies and actions are effective.

FORCED LABOUR AND CHILD LABOUR ACTIONS RELATED TO FORCED AND CHILD LABOUR

S2-4, MDR-A

Information on training initiatives to combat forced labour and child labour can be found in the section *Actions related to convenient working conditions*.

The sourcing of cotton in partnership with the Cotton made in Africa (CmiA) initiative significantly reduces the risk of forced labour and child labour during the cultivation and harvesting of the raw material. This cooperation also supports local communities, enabling them to earn decent wages in line with modern labour standards. More information on the partnership with CmiA is provided in the chapter *Environmental information*.

Risk-free cooperation. Human rights in business – a guide for Polish suppliers of LPP. Published in 2024 in cooperation with the Polish Institute for Human Rights and Business, this publication is based on values close to the LPP Group: responsibility, honesty, fairness, openness and respect for others.

The brochure was prepared for suppliers of goods and services in Poland, who can use it to deepen their knowledge of the responsibilities of those responsible for compliance with key standards in the company, the principles of due diligence in the area of human rights and the risks specific to the textile and clothing sector.

The content of the publication includes issues such as equal treatment in the workplace and the prohibition of discrimination, the prevention of forced labour and human trafficking, the protection of the rights of refugees and migrants in the context of business activities, and a **zero-tolerance** policy towards child labour.

TARGETS RELATED TO FORCED AND CHILD LABOUR

S2-5, MDR-T

The LPP Group has not set and does not currently plan to set targets in this area, but monitors on an ongoing basis whether its policies and actions are effective.

The LPP Group regularly analyses the impact of its initiatives and adapts them to dynamically changing market, regulatory and social conditions in order to best respond to current challenges and stakeholder needs.

NUMBER OF ACCORD INSPECTIONS CONDUCTED IN FACTORIES MANUFACTURING CLOTHING FOR LPP

own ratio

In 2025, 1,025 inspections were conducted at factories in Bangladesh where LPP manufactures its products (compared to 350 in 2024). In Pakistan, 35 inspections were carried out at factories partnering with LPP (49 in 2024).



S4 CONSUMERS AND END USERS

LPP defines a consumer as any person who purchases and uses LPP Group products.

IMPACT, RISKS AND OPPORTUNITIES MANAGEMENT

SBM-3

LPP distinguishes three groups of consumers: customers who shop in traditional stores, online stores and mobile apps. The impacts, risks and opportunities identified in the double materiality assessment apply to all these groups.

At this stage of the analysis, no separate identification of customers particularly exposed to a higher risk of harm was carried out. As part of the double materiality assessment, a negative impact related to the fact that there is no anti-greenwashing policy (a widespread impact) was identified. In response, the Group implemented *Good Anti-greenwashing Practices* in 2024 as a measure to mitigate this risk.

Actions with a significant positive impact in the area of promoting responsible consumption are presented in the section *Resource use and circular economy*, while actions in the area of product quality are presented below in the section *Actions related to product quality*.

POLICIES RELATED TO CONSUMERS AND END USERS

S4-1

LPP applies a consistent system of managing our impacts to customers: from responsible marketing communication,

through product safety, to data protection. LPP's approach to respecting the rights of consumers and end users, as well as cooperating with them, is based on the following documents:

Advertising Council's *Code of Ethics* – The LPP Group recognises *the Code* as a binding standard for all marketing activities. It contains requirements for reliability and honesty of communication and prohibits misleading consumers. It regulates all aspects of the Group's marketing communication, taking into account the specific nature of different media. By committing to comply with the provisions of *the Code*, the LPP Group promotes responsible advertising practices and responds to the challenges of a dynamically changing market. Compliance is supervised by the External Relations Director and the Purchasing and ESG Director.

 The Code is available on the website: [Advertising Ethics Code – Advertising Council](#).

Good Anti-greenwashing Practices – internal rules for product and corporate communication. The document was developed on the basis of *the Environmental Claims Directive* and *The Sustainable Fashion Communication Playbook* published by UNEP (*The United Nations Environment Programme*) and UNFCCC (*United Nations Framework Convention on Climate Change*). It sets standards for creating transparent, reliable and verifiable content. Once a quarter, the rules are presented to the Group's communication teams, along with current examples of content. Compliance with *Good Practices* is supervised by the Purchasing and ESG Director. The document is internal and has been made available to all employees responsible for creating communications.

The LPP Quality Guidebook defines quality standards, inspection procedures and required tests, along with the methods for conducting them. Suppliers working with LPP are required to comply with the detailed guidelines contained in this document. *The Guidebook* is regularly updated and any changes are immediately communicated to suppliers. Quality expectations are defined based on AQL (*Acceptance Quality Limit*). The implementation of *the LPP Quality Guidebook* is supervised by the Purchasing and ESG Director. The document is internal and available to all employees.

The provisions of the REACH Regulation (*Registration, Evaluation, Authorisation and Restriction of Chemicals*) concern the registration, evaluation, authorisation and restriction of chemicals in the clothing industry. Compliance with REACH at LPP is supervised by the Purchasing and ESG Director.

 The content of the regulation is available on [the EUR-Lex website](#).

In addition, the following consumer-related documents apply within the LPP Group:

- » *Terms and Conditions for Complaints and about Products Purchased in Traditional Stores,*
- » *Terms and Conditions for Returning Products Purchased in Traditional Stores,*
- » *Terms and Conditions for Returning Products Purchased in the Online Store,*
- » *Privacy Policy,*
- » *Terms and Conditions of the Website,*
- » *Loyalty Program Regulations.*



The provisions of the *LPP Group's Human Rights Policy* are also important from the consumers' perspective. For more information on respect for human rights, see *Policies related to own workforce*.

COLLABORATION WITH CONSUMERS

S4-2, S4-3

Cooperation with consumers takes place on a daily basis, primarily to resolve current issues and improve service quality. Anyone can contact the Contact Centre (CC) regarding online orders, purchases in traditional stores and other matters, including providing feedback on service quality.

After contacting the CC, the customer receives an e-mail with a link to a short CSAT (*Customer Satisfaction Survey*) questionnaire, in which they can evaluate the service. Negative opinions are analysed individually, while positive opinions are analysed synthetically (collectively) in terms of trends and recurring conclusions. The CC Quality Department is responsible for the analysis in cooperation with the CC Manager. The conclusions are translated into actions to improve service processes and increase consumer satisfaction.

Customers can submit complaints both in traditional stores and online. For online purchases, a form is available in the customer panel for each order. Information about the channels for reporting problems, ways of expressing opinions and the course of the process is available in places where customers intuitively look for it – in traditional stores, on websites, in the mobile app and on complaint forms.

If a customer reports irregularities related to the goods received (e.g. none of the product components), CC employ-

ees first and foremost ensure customer satisfaction. When the report is clear-cut, we strive to resolve the issue quickly and limit formalities (e.g. discount code or refund). In the case of multiple reports of similar problems, additional verification is applied. The targets are to reliably confirm the circumstances and select an appropriate solution.

The Group does not specifically collect opinions from people who may be particularly susceptible to inflows or marginalised. We also do not assess consumer awareness of the processes for reporting concerns or needs.

S4-1, S4-4

In 2025, there were no reports of human rights violations affecting consumers or end users. There were also no serious human rights incidents related to consumers.

Material topic: CONSUMER EDUCATION

ACTIONS RELATED TO CONSUMER EDUCATION

S4-4, MDR-A

The LPP Group conducts educational activities aimed at consumers, focusing on the safe and conscious use of products, responsible purchasing decisions and extending the life cycle of clothing. These activities are carried out in traditional stores, online channels and the Group's social media. They are ongoing, cover all audiences and do not require identification each time. At the same time, LPP constantly monitors communication channels, including social media and websites, in order to respond effectively to consumer needs and tailor its message to their expectations.

In 2025, the LPP Group launched an educational video podcast called "**Nadajemy z Łąkowej**" (We broadcast from Łąkowa). It is a series of conversations on topics relevant to the fashion industry, the economy and ESG, covering, among others, design, sustainable development, logistics, IT, sales and purchasing. In this format, LPP experts conduct substantive discussions with representatives of various fields of business and science to support consumer awareness building. In 2025, three episodes focused on sustainability issues: "Decarbonisation – one target, different paths", "Understanding the consumer – our decisions in a polarised world" and "Natural vs. synthetic – is cotton the best choice?". The targets of this content are to facilitate informed purchasing decisions, including a preference for solutions with a lower environmental impact and responsible use.

The LPP Group also promotes conscious and responsible use of clothing through direct advice on proper care, repair and alteration of garments. Content from the two editions of the educational campaign "**Care for Clothes: Wear Your Story**" and "**Care for Clothes: Read, Check, Care**" implemented in previous years is available on the website www.dbajoubranie.pl. They are a permanent source of knowledge and inspiration on responsible consumption and positive everyday habits related to fashion, providing reliable information on how to extend the life of clothes.

To help consumers make the right decisions about clothing care, with the target of extending the life of products, in 2025 Reserved launched a dedicated "**Product Care**" subpage in its e-commerce stores in all markets. The tab contains practical tips on washing, drying, ironing, storing and refreshing key materials. A link to the section is available from the product card in the "Composition and Care" field, which incre-



ases its visibility to users. The content is consistent with the care labels and verified by the Quality Control Department.

In 2018, LPP launched a used clothing collection campaign, which is conducted in all LPP stores in Poland. In 2024, the LPP Group expanded the campaign to the Czech Republic, Slovakia and the United Kingdom, and in 2025 to Lithuania, Bulgaria and North Macedonia (where it is a legal requirement). More information about the campaign can be found in the chapter *Environmental information*.

All the indicated activities have been routinely included in the budget and did not require any additional significant capital expenditures or operating expenditures.

PRODUCT LABELLING AND INFORMATION PROVISION

In accordance with EU product labelling regulations, each LPP product is carefully labelled or marked with a label containing complete information on its composition, in order from the ingredient with the highest percentage to the ingredient with the lowest percentage, as well as recommenda-

tions for proper care and washing. Each brand's website also provides easily accessible information on composition and care instructions to help customers use the product properly and maintain its high quality for a longer period of time.

The activities carried out and planned in this area do not require significant operating expenditures or capital expenditures.

TARGETS RELATED TO CONSUMER EDUCATION

S4-5, MDR-T

LPP has achieved its strategic target of launching a used clothing collection programme in all stores in Poland. The previous intention to extend the programme to all foreign markets by the end of 2023 is no longer being pursued as a target, due to the diverse and still evolving regulatory framework (including EPR – Extended Producer Responsibility requirements and selective textile collection). Collection has already been implemented in selected foreign markets, and the Group plans to expand it to other countries, but without a fixed schedule and without setting separate, measurable targets. The Group does not plan to set targets related to consumer education, but monitors on an ongoing basis whether the company's policies and actions are effective. The actions are ongoing, which means that they are not limited to specific stages or milestones.

METRICS RELATED TO CONSUMER EDUCATION

MDR-M

The LPP Group does not use consumer education metrics. It does not currently plan to develop them, as the important topic of consumer education is monitored on an ongoing basis in a qualitative manner.



Material topic: RESPONSIBLE MARKETING PRACTICES

ACTIONS RELATED TO RESPONSIBLE MARKETING PRACTICES

The LPP Group conducts long-term and comprehensive activities to ensure that its marketing communication is ethical and responsible. The effectiveness of these activities is monitored on an ongoing basis. In the case of educational programmes, the Group measures, among other things, the reach of campaigns and consumer participation in used clothing collection campaigns.

In 2025, the LPP Group carried out the following activities:

REGULAR TRAINING ON THE GUIDELINES CONTAINED IN GOOD ANTI-GREENWASHING PRACTICES

To ensure that communication on sustainable development is transparent and reliable, LPP has defined principles of responsible product and corporate communication and continuously monitors whether it complies with accepted standards. The Sustainable Development Department conducts quarterly training for employees, during which it discusses the principles with current examples, and regularly analyses the content published by the company to verify its compliance with the guidelines. Detailed information on *Good Anti-greenwashing Practices* can be found in this chapter in the section entitled of the *Policies related to consumers and end users*.

COOPERATION WITH PARTNERS

The LPP Group is a member of the Advertising Council Association, which promotes the highest ethical standards in the marketing communications market.

CONSUMER EDUCATION

LPP draws consumers' attention to sustainability issues in all markets, both in the stores network and online channels, in order to expand their knowledge and educate them on the responsible use of purchased products. The scope of the initiatives undertaken is in line with European Union guidelines, such as *the EU Strategy for Sustainable Textiles in a Circular Economy* and *the Directive amending Directive 2008/98/EC on waste*. The significant need for consumer education was demonstrated by a public opinion survey conducted in 2024 by the LPP Group in cooperation with the research company ARC Rynek i Opinia on a representative

group of Poles. Its results confirmed the validity of introducing, in 2025, extended information on the care and proper storage of clothing in Reserved online stores.

EMPLOYEE TRAINING

In order to effectively counteract greenwashing, training courses on responsible marketing communication are organised once a quarter. Twice a year, LPP SA conducts training courses on respecting social norms and religious feelings in communication with customers and on copyright compliance. The target is to prevent image crises and to broaden employees' knowledge of responsible communication and design. In addition to the theoretical part, participants,





especially employees of the design and marketing departments, can consult with the External Relations Department on the consistency of the prepared graphics and content with the company's goodwill. Consultations also cover the compliance of materials with anti-greenwashing principles, ethical standards and the principles of non-discriminatory communication with customers. At the same time, the Company has introduced a *Catalogue of Sensitive and Prohibited Symbols and Motifs* to minimise the risk of publishing controversial content.

IMAGE RISK MONITORING

In 2024, LPP implemented the **LPP Brands Anti-Crisis Shield** initiative, which organises procedures for identifying image risks and limiting reputational risk for the Sinsay, Reserved, Cropp, House and Mohito brands. The Group established crisis management teams for each brand, developed a crisis response plan and implemented a system for rapid reporting of irregularities using external communication tools. In 2025, there were no complaints regarding the communication of LPP brands, including complaints related to violations of social norms or offence to religious feelings.

The Office of Competition and Consumer Protection (UOKiK) conducted an investigation into LPP's marketing activities related to environmental issues, with the aim of determining whether there had been a violation of the collective interests of consumers. This investigation was part of broader, coordinated efforts by European authorities targeting companies in the apparel industry regarding the use of eco-labels. LPP SA provided the requested explanations and supporting evidence. In March 2026, the LPP Group was in-



formed that the investigation had been closed and that no further action was planned in this matter.

CHANNELS FOR REPORTING CONCERNS BY CONSUMERS

S4-3

The Contact Centre (CC) is responsible for receiving requests and provides support to consumers through various communication channels. Consumers can use the helpline

(voice) available during specific hours, 24/7 e-mail contact, webchat on e-commerce websites, Messenger, WhatsApp and Instagram, where requests can be sent in comments. The CC operates both in the sales and after-sales areas, including order problems, complaints, returns, and any questions about purchased products.

Consumers are informed about the available forms of contact at every stage of the order, both during and after its completion. Each request is treated individually, and customers can remain anonymous or, if they provide their details, these are protected in accordance with applicable law.

TARGETS RELATED TO RESPONSIBLE MARKETING PRACTICES

S4-5, MDR-T

LPP does not plan to set targets related to responsible marketing practices, but monitors on an ongoing basis whether its policies and activities are effective. The activities are continuous, which means that they are not limited to specific stages or milestones. The implementation process is fluid and flexible, allowing the company to adjust its priorities on an ongoing basis and respond to changing conditions and needs.

METRICS RELATED TO RESPONSIBLE MARKETING PRACTICES

MDR-M

The LPP Group does not use metrics related to responsible marketing practices. It does not currently plan to develop them, as the important issue of consumer education is monitored in a qualitative manner.



Material topic:

PRODUCT QUALITY

ACTIONS RELATED TO PRODUCT QUALITY

S4-4, MDR-A

LPP continuously improves the quality of its products and ensures compliance with accepted standards. It conducts numerous inspections and audits to ensure product safety and compliance with the requirements set out in *the LPP Quality Guidebook*. Actions in this area are constantly needed and do not require identification on a case-by-case basis.

SELF-IMPROVEMENT PROCESS

A key element of the system is continuous improvement, including employee training, research and development (R&D) and quality projects. LPP focuses on improving the qualifications of its teams, assessing and improving product quality, improving root cause analysis (RCA) and identifying and classifying suppliers. The Group conducts quality audits and inspections to prevent non-compliance and product safety risks. This also includes training in the supply chain, risk assessments and regular visits by LPP quality controllers to production facilities. Quality specialists also visited accredited laboratories in China, ensuring access to expert testing and strength and quality tests.

In 2025, LPP completed a series of training courses on children's clothing safety, expanding the competence of designers, buyers and suppliers in the field of safety requirements and the application of appropriate standards.

The Group also runs a *fit-size programme* for sizing and styling, which has as its targets improving product quality in terms of sizing and drapability.

PHYSICAL TESTS

LPP conducts physical tests to ensure high product quality and customer safety. These include testing the strength of materials, abrasion resistance, elasticity, colour fastness and resistance to detergents and chemicals. Product safety is also verified, including the content of harmful and allergenic substances. The LPP laboratory in Dhaka performs pull tests on zips and buttons in children's products.

The Group is implementing a tearing project with the target of increasing the durability of trousers, reducing the number of complaints, and improving the effectiveness of supplier evaluation and production quality control. During the preparatory stage, consultations were held with clothing technologists, materials experts and suppliers to take into account the operational perspective and the specifics of the production process. On this basis, the requirements were adjusted to current market standards and a target of at least 30 tearing tests per month was adopted.

The next stages include meetings with suppliers to present the test results and expectations for quality improvement. The results are also discussed on an ongoing basis with the product departments, which allows for monitoring progress and implementation of the targets. The target for the end of 2025 was to achieve a 90% pass rate for tearing tests. At the same time, LPP is running a *pilling project* aimed at reducing pilling (tangled fibres forming so-called pills). The scale of pilling is assessed for different materials, taking into account

the number and size of the balls and the area of the material covered by them. The samples are compared with a template according to the EMPA scale, which allows for a precise assessment of quality. The target standards are presented in detail in *the LPP Quality Guidebook*, ensuring consistency and a high level of quality in the production process.

During factory inspections, LPP inspectors from Poland, China, Bangladesh, Türkiye and Pakistan verify that the appropriate tests are being carried out and that quality requirements are being met. Quality tests are commissioned to certified units or carried out in LPP laboratories in Pruszcz Gdański and Dhaka.

QUALITY AUDITS

A team of LPP Quality Control specialists regularly visits factories in China, Bangladesh and Türkiye, among other countries, where they conduct quality audits. In 2025, the Group continued its QAS (*Quality Assurance System*) project in Bangladesh. In addition to audits, LPP carries out product inspections both at production plants and distribution centers in Poland, which ensures independent verification of the quality of selected models.

The combination of audits and inspections allows for effective assessment of product and supplier quality, reduces the risk of errors and maintains high standards throughout the supply chain.

LPP SA has five quality control departments responsible for supervising production standards and ensuring that suppliers comply with ethical principles. They are located in:



- » Pruszcz Gdański (Poland) – headquarters; teams control product quality, cooperate with suppliers, supervise production processes and conduct final inspections,
- » Shanghai (China) – quality control centre in Asia; monitors production, cooperates with local factories and verifies compliance with safety and labour standards,
- » Dhaka (Bangladesh) – office supervising supplier factories; conducts QAS audits and monitors working conditions in the region,
- » Istanbul (Türkiye) – department conducting quality inspections during production (*in-line control*) and after completion (*final inspection*).
- » Tiruppur (India) – office conducting quality inspections during production (*in-line control*) and after completion (*final inspection*).

Since 2024, LPP has employed inspectors in Pakistan.

CERTIFICATION TEAM ACTIVITIES

The Certification Team is responsible for ensuring that products comply with applicable legal requirements, technical standards and safety standards on the European market. Its targets are to guarantee that the products offered are safe for users and meet quality and regulatory requirements.

Key areas of activity for products in the toy, electronics and personal protective equipment (PPE) categories include:

- » **Verification of product compliance with CE marking.** Confirmation of compliance with the essential requirements of EU directives and regulations through documentation analysis, risk assessment and labelling verification.

- » **Commissioning and supervising testing requirements.** Determining the required standards and scope of testing, cooperating with external laboratories and verifying the correctness of tests and test reports. Analysing results for compliance with legal and normative requirements, ensuring both the physical and chemical safety of products.
- » **Preparing EU declarations of conformity.** Drafting and updating declarations of conformity, ensuring their completeness, formal correctness and compliance with applicable regulations.

Supervision of specialist product groups:

- » **Food Contact Materials (FCM).** Supervision of product compliance with applicable chemical safety regulations, in particular:
 - » *Regulation (EC) No 1935/2004 of the European Parliament and of the Council of 27 October 2004 on materials and articles intended to come into contact with food;*
 - » *Commission Regulation (EC) No 2023/2006 of 22 December 2006 on good manufacturing practice for materials and articles intended to come into contact with food;*
 - » *Commission Regulation (EU) No 10/2011 of 14 January 2011 on plastics and articles intended to come into contact with food;*
 - » requirements for global and specific migration testing.
- » **Candles.** Ensuring safety of use and compliance of chemical composition, including:
 - » *Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006*

concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);

- » *Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures (CLP);*

as well as composition control, verification of labelling and warning information.

- » **Cosmetics.** Safety assessment of products and regulatory documentation in accordance with:

- » *Regulation (EC) No 1223/2009 of the European Parliament and of the Council of 30 November 2009 on cosmetic products;*
- » requirements for the *Cosmetic Product Safety Report (CPSR);*

as well as checking the composition (prohibited substances, permitted substances, allergens) and labelling.

In addition, the Certification Team supports the development and standardisation of new product groups by defining technical and quality requirements, setting safety standards and creating guidelines to support product compliance at the design and production stage.



WITHDRAWAL OF PRODUCTS FROM SALES

If a product placed on sale proves to be defective, customers are informed on the website. People who have purchased goods online and agreed to be contacted electronically also receive an e-mail about the withdrawal.

In 2025, LPP withdrew products that did not meet European Union requirements, including those that violated REACH guidelines and safety standards for children's clothing and toys. All disputed products were removed from sales and sent for disposal.

If a model does not comply with European Union regulations because it poses a threat to life or health, LPP takes the following actions:

- » correction: The Purchasing Process Support Department records the withdrawal in the system, informs the relevant departments and stores; all available items are withdrawn to the warehouse and disposed of.
- » corrective: The Product Preparation Department (buyer) informs the supplier of the non-compliance and provides explanations to identify the cause. Orders from the period when the defect was detected are re-checked and subsequent deliveries from this supplier are subject to thorough inspection. In the event of a repeat non-compliance, the cooperation is terminated.

If the model does not comply with European Union regulations because it does not meet the labelling requirements, LPP takes the following actions:

- » correction: The Purchasing Process Support Department records the withdrawal in the system and informs the relevant departments and stores; all items are sent to a designated warehouse and repaired.

- » corrective: LPP cooperates with an external company to correctly label the product in accordance with European Union requirements.

To ensure consumer safety, the Group tests products for the presence of chemicals, lead, nickel and phthalates. If any irregularities are detected, the products are immediately withdrawn from sales.

The activities currently underway and planned in this area do not require significant operating expenditures or capital expenditures.

TARGETS RELATED TO PRODUCT QUALITY

S4-5, MDR-T

LPP sets quality targets and focuses on eliminating problem areas and systematically raising standards throughout the supply chain. A key element of the Quality Assurance System audit is the classification of factories according to A-D ratings (where D is the lowest rating). Analysis of the results allows us to identify the sources of irregularities, which suppliers and in which areas they occur, enabling us to gradually reduce D ratings and improve quality.

The LPP Group also sets measurable goals for its audit activities. Each year, the company determines the planned number of audits to be conducted during a given period. For 2026, the goal is to conduct at least 200 audits.

METRICS RELATED TO PRODUCT QUALITY

NUMBER OF QUALITY CONTROLS PERFORMED

own ratio

LPP conducts a wide range of inspections and audits to ensure the highest product safety standards. In 2025, 23,661 quality



inspections were carried out in factories and at the Distribution Center (21,768 in 2024). In addition, 189 audits were carried out in factories in Bangladesh and China to verify the moisture level at various stages of production (23 audits in 2024).

CASES OF NON-COMPLIANCE IN TERMS OF THE IMPACT OF PRODUCTS AND SERVICES ON HEALTH AND SAFETY

own ratio

In 2025, 4 products that did not meet labelling requirements or posed a threat to life or health were withdrawn from sales sales (nine in 2024).

Products that posed a threat to life or health were sent for disposal, while those that were incorrectly labelled were retained and sent for correct labelling.



Information related to corporate governance

G1 BUSINESS CONDUCT

All activities of the LPP Group are based on shared values, attitudes and beliefs that form its corporate culture. It plays an important role – it shapes the way decisions are made, co-operation and building relationships with stakeholders.

BUSINESS CONDUCT POLICIES

G1-1, MDR-P

The corporate culture is co-created by members of the administrative, management and supervisory bodies. It is an integral part of communication with employees, associates and contractors. Its most important aspects are regularly discus-

sed, among others, during Management Board and Supervisory Board meetings, annual strategic reviews, which include an analysis of initiatives, targets and results of activities related to corporate culture (including the effectiveness of implemented ethical policies and procedures). In addition, meetings are held between the Compliance Director and Ethics Officers to analyse reported violations and corrective actions taken.

The engagement of senior management is reflected in the internal tools and regulations adopted, which form the basis of LPP's ethical standards. In order to support and promote corporate culture, the company has implemented a number of tools that enable it to effectively communicate its principles and values within the organisation.



CODES AND ETHICAL PRINCIPLES

Detailed documents regulating expected behaviour and standards of conduct. They are clearly communicated within the organisation, and compliance with them forms the basis of everyday work and decision-making.



MECHANISMS FOR REPORTING IRREGULARITIES

Various channels for anonymous and open reporting of ethical violations and mechanisms for protecting whistleblowers to prevent retaliation.



TRAINING AND EDUCATION

Regular training for employees and associates to deepen their knowledge of LPP's values and applicable rules of conduct.



MEETINGS WITH ETHICS OFFICERS

Annual meetings between the Compliance Director and Ethics Officers to promote an ethical culture. During these meetings, reported irregularities, corrective measures taken and areas requiring further attention are discussed.



In 2025, the FAST values, which are the essence of LPP's organizational culture, were updated. The values of being *fire-fuelled*, *ambition-driven*, *success-focused*, and *trust-based* define how LPP employees collaborate, make key decisions, and pursue their day-to-day business objectives.

The basic document defining the ethical behaviour and standards that apply to the Group's employees is the *Code of Ethics*, i.e. the *LPP Principles. A Guide for Employees*. The document regulates the behaviour, values and areas of the Group's daily operations. It defines the rules applicable in the workplace, issues of conflict of interest, information security and shaping relationships with the business environment, as well as standards of external communication. *The LPP Principles* form the basis for all other policies and contain detailed explanations and descriptions of the standards and values that guide LPP. More information about the *Code of Ethics* can be found in the section [Policies related to own workforce](#).

+ [LPP Principles. A Guide for Employees \(Code of Ethics\)](#)

THE FIVE GUIDING PRINCIPLES OF LPP:



CARING FOR THE DEVELOPMENT AND REPUTATION OF THE COMPANY.



RESPECT FOR OTHER PEOPLE.



COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAW.



STRIVING TO HAVE A POSITIVE IMPACT ON PEOPLE, THE ECONOMY AND THE ENVIRONMENT.



NONE OF TOLERANCE FOR HUMAN RIGHTS VIOLATIONS IN AND OUTSIDE THE WORKPLACE.



In order to ensure high quality customer service, LPP has also developed a separate document that sets out standards of conduct for store employees: *LPP Rules for Employees of Retail Stores*. *The Rules* improve the quality of customer service and facilitate the building of lasting relationships. The document contains guidelines for employees on effective communication with customers, while emphasising the importance of teamwork, transparency and caring for a positive brand image.

The LPP Principles and *LPP Rules for Employees of Retail Stores* take into account the interests of the organisation and the expectations and requirements of stakeholders towards all entities of the LPP Group. They have been posted on the website and are easily accessible to all stakeholders. Each new employee is familiarised with them as part of the recruitment and induction process.

+ [LPP Rules for Employees of Retail Stores](#)

The An Internal Procedure for Reporting Information on Violations of Law and Taking Follow-up Actions sets out the rules for reporting violations of the law, corporate governance and internal regulations at LPP SA. Reports can be submitted by both employees and persons cooperating with the organisation, anonymously or openly, through various channels, including: an application or in person. *The Procedure* ensures broad access to mechanisms for reporting irregularities and adequate protection for whistleblowers. Its purpose is to identify irregularities, ensure secure reporting channels, promote transparency, build employee trust and eliminate violations. *The Procedure* provides for the appointment of independent Ethics Officers responsible for receiving and



verifying reports and contacting whistleblowers, as well as the engagement of the Compliance Director or Legal Department, and in the case of reports concerning the Management Board, the Chairman of the Supervisory Board. Local complaint reporting models are in accordance with *Directive (EU) 2019/1937*. Ethics Officers report annually to the Management Board and the Compliance Director on the number and status of reports and provide information at the request of the Management Board or the Supervisory Board.

The Procedure is subject to regular reviews. These take place at least once a year, and any proposals for changes may be submitted to the Compliance Director. Training on the functioning of the procedure is primarily aimed at Ethics Officers, but training covering substantive analyses of emerging issues is also planned, which will allow for the identification of areas requiring improvement.

The procedure is available on the intranet and on the company's website, where there is also a link to a portal for submitting complaints anonymously or openly. The document was developed in consultation with employees, taking into account the interests of the organisation and the expectations and requirements of its stakeholders. Each new employee is familiarised with it as part of the recruitment and induction process.

[Internal Procedure for Reporting Information on Violations of Law and Taking Follow-up Actions](#)

The Rules for Cooperation with Business Partners are a set of standards and guidelines concerning the rules for conducting business contacts by employees and associates of LPP SA, regardless of the legal basis for their employment, with

external entities. The document sets out the rules for exercising particular caution when selecting business partners, in particular suppliers of goods and services. It regulates three main areas: the rules for cooperation between LPP SA employees and associates with external entities, the acceptance of gifts or other gratuities, and competitive activity.

The Rules for Cooperation with Business Partners:

- » ensure impartiality and transparency in business relations,
- » eliminate the influence of contractors on the business decisions of LPP SA employees,
- » define the rules for accepting gratuities in order to minimise the risk of corruption.

The Rules are reviewed by the Compliance Director as part of regular supervision of the organisation's activities.

The Rules for Cooperation with Business Partners are posted on the website and are easily accessible to all stakeholders. The document was developed in consultation with employees and takes into account the interests of the organisation and the expectations and requirements of its stakeholders. Each new employee is familiarised with it as part of the recruitment and induction process.

[Rules for Cooperation with Business Partners](#)

The Anti-corruption Procedure supplements *the LPP Principles. A Guide for Employees* and *the Rules for Cooperation with Business Partners*, creating a coherent system of internal regulations to prevent bribery and other forms of corruption. It precisely defines its manifestations, identifies risks and indicates effective ways to counteract it. The document sets out standards of conduct tailored to the various

areas of the LPP Group's activities – relations with public administration, business contacts, conflicts of interest and public activities. The document describes procedures for reporting cases of corruption and guarantees the protection of whistleblowers, including through a ban on retaliatory measures against those who report such cases. *The Procedure* requires transparency and compliance with the law in contacts with representatives of the authorities, prohibits the granting of benefits to officials and emphasises the need for caution in professional relationships. In the business sphere, it promotes the fair selection of contractors based on clear and objective criteria. It also sets out rules of conduct in situations of conflict of interest and emphasises political neutrality to ensure that the LPP Group operates in a responsible, transparent and politically independent manner.

The Anti-corruption Procedure provides for anonymous and open channels for reporting violations, in accordance with whistleblower protection standards. *The Procedure* complies with international and national regulations, including *the United Nations Convention vs. Corruption*. The document is subject to annual reviews and updates to bring it into line with legal and organisational changes. *The Anti-corruption Procedure* has been developed taking into account the interests of the organisation and the expectations and requirements of its stakeholders. Every new employee is familiarised with it as part of the recruitment and induction process. The incident investigation procedure is independent and objective. The functions most exposed to the risk of corruption and bribery in the LPP Group are related to the areas of retail floorspace leasing, investment, purchasing and marketing.



The Risk Management Procedure and *the Risk Book* are an integral part of the management system, helping to make informed decisions and strengthening the organisation's resilience to dynamically changing market conditions. Detailed information on these documents can be found in the [General disclosures](#) section.

Material topic: BUSINESS ETHICS

ACTIONS RELATED TO THE AREA OF ETHICS, WHISTLEBLOWER PROTECTION, ANTI-CORRUPTION

MDR-A

LPP consistently develops an ethical culture by implementing transparent rules of conduct, conducting regular training programmes and applying mechanisms for reporting violations. During the onboarding process, each new employee reads *the LPP Principles. A Guide for Employees* and declares their compliance with the rules contained therein. The company regularly refreshes knowledge about ethical standards in internal communication, which promotes better understanding and strengthens employee engagement in their daily application.

In 2025, work began on verifying the ethical standards in force at LPP and attempting to standardise the channels for reporting irregularities in Polish and foreign subsidiaries. As part of its activities related to reporting irregularities and protecting whistleblowers, the Group:

- » developed and implemented a comprehensive procedure that allows violations to be reported both anonymously and openly,

- » expanded the list of violations that can be reported anonymously,
- » launched various channels for reporting irregularities, including: a special application and the possibility of direct conversation,
- » has implemented mechanisms to protect whistleblowers from retaliation in order to ensure their safety and confidentiality,
- » appointed 30 Ethics Officers from various areas, whose main task is to analyse reports and take appropriate action.

Expected results:

- » increase in trust in the whistleblowing system among employees and other stakeholders,
- » increasing the effectiveness of the whistleblowing procedure and streamlining actions taken in this area,
- » strengthening the culture of transparency and accountability within the organisation,
- » reducing the number of violations through early detection and effective investigation,
- » more effective risk management through rapid identification of problems.

Procedures for reporting violations are in place or are being gradually implemented in the regions where the LPP Group operates. Thanks to a special platform, reports to LPP SA can be submitted electronically from anywhere in the world. They are immediately forwarded to the company and reviewed in accordance with the whistleblower procedure. The rules for reporting irregularities have been made available on the LPP SA website, together with a reporting form operated by an external application.

In addition, subsidiaries are implementing or planning to implement complaint mechanisms, which will ensure the independence of the process and effectively eliminate potential risks related to corruption.

The measures cover both internal operations and subsequent links in the value chain, including suppliers, business partners and their subcontractors. Each of these entities has the right to report irregularities to LPP SA related to violations of the law or ethical principles, and each report constitutes a basis for corrective action. LPP conducts regular training and educates employees to broaden their knowledge of ethics and counteracting irregularities. In 2025, the Group organised:

- » training was organised for employees responsible for receiving reports of irregularities,
- » a series of training courses on the values and ethical principles applicable in the company was launched; persons promoted to managerial positions participated in the ABC of a Leader and Manager Academy programmes,
- » continued mandatory e-learning training on counteracting mobbing and discrimination in the workplace for employees of all LPP brands in Poland,
- » e-learning training on anti-corruption was conducted.

The activities implemented and planned in this area do not require significant operating expenditures or capital expenditures.



PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

G1-3

LPP applies an *Anti-corruption Procedure* to prevent corruption, allegations of corruption, detect cases of corruption and respond to them. A description of *the Procedure* is presented at the beginning of this chapter in the description of Business conduct policies and corporate culture.

Reporting violations related to bribery and all other forms of corruption to administrative, management and supervisory bodies is subject to an *Internal Procedure for Reporting Information on Violations of Law and Taking Follow-up Actions*, as well as similar procedures adopted by LPP Group subsidiaries. At least once a year, the Ethics Officers submit a report to the Management Board and the Compliance Director (or, in the absence of a Compliance Director, to a Management Board Member responsible for legal matters) containing information on the number and type of reports and their status. In addition, at the request of the Management Board or the Supervisory Board, the Ethics Officers shall provide all information concerning the proceedings conducted and the findings currently made. In 2025, dedicated training courses on anti-corruption and bribery were conducted.

Persons conducting investigations are selected for cases with a view to ensuring impartiality in the examination of the case and nonexistence of conflicts of interest.

TARGETS RELATED TO BUSINESS ETHICS

MDR-T

The LPP Group has not set and does not currently plan to set targets in this area, but monitors on an ongoing basis whether its policies and actions are effective.

INCIDENTS OF BRIBERY AND CORRUPTION

G1-4, MDR-M

During the reporting period, no final convictions were issued for offences constituting violations of anti-corruption standards, broadly understood, nor were any decisions issued addressing this issue that involved any entity within the Group. Consequently, no fines were imposed on the Group for violations of such regulations. Measures to prevent violations of procedures and standards in this area are presented in more detail in the section on *Actions related to the area of ethics, whistleblower protection, anti-corruption*.

Material topic: VERIFICATION OF SUPPLIERS

RELATIONS WITH SUPPLIERS

G1-2

Cooperation with suppliers – both manufacturing and non-manufacturing – is an integral part of the LPP Group's supply chain. Thanks to its cooperation with manufacturing suppliers, LPP can effectively manage the production process from the design stage to the final product. Partnerships with non-production suppliers allow the Group to effectively manage the supply chain, introduce innovations in the area of e-commerce and provide customers with a high level of service. The basic condition for cooperation with suppliers is their compliance with standards related to safety and environmental protection and the provisions of *the International Labour Organisation Convention and the Universal Declaration of Human Rights*. LPP expects all suppliers to comply with the Group's guidelines, including *the Code of Conduct*, which sets out expectations in terms of respect for

human rights, business ethics, social responsibility, environmental protection and transparent financial practices. Currently, LPP does not have a formal policy to prevent late payments on payments.

ACTIONS RELATED TO THE VERIFICATION OF SUPPLIERS

MDR-A

In order to guarantee clear and fair rules of business cooperation, the LPP Group requires its employees and associates to comply with specific rules of contact with external partners, as presented in *the Rules for Cooperation with Business Partners*. Every person representing the company should responsibly select suppliers of products and services, guided by objectivity and transparency of actions, avoid situations that could interfere with the independence of decisions made, and comply with the rules regarding the acceptance of gifts and all forms of benefits.

In 2025, systematic training of employees on the principles of *the Code of Conduct* was also continued.

For more information on this topic see the section on *Workers in the value chain*.

LPP strives to build a responsible supply chain, and its terms of cooperation with suppliers include, among other things:

- » compliance with *the Code of Conduct*, which sets out ethical, social and environmental standards,
- » compliance with standards in the area of employee labour rights, occupational safety and anti-discrimination,
- » responsible production processes that limit negative environmental impact,



- » transparency of the supply chain and origin of raw materials,
- » minimisation of greenhouse gas emissions and efficient management of natural resources.

Each supplier is required to comply with LPP standards and sign mandatory documents such as *the Code of Conduct, LPP Group Human Rights Policy and the Rules for Cooperation with Business Partners.*

Five quality control offices in Poland, China, Bangladesh, Türkiye and India conduct systematic inspections of manufacturers, and the entire system is centralised and supervised by the office in Pruszcz Gdański. The company uses a Quality Assurance System and comprehensively checks quality during and after production. It controls the physical parameters of products, verifies measurement points, monitors returns and analyses the causes of complaints to ensure the highest delivery standards.

LPP cooperates with organisations such as **Cascale, Science Based Targets initiative** and **Cotton made in Africa** to minimise the impact of its activities on the environment, reduce greenhouse gas emissions and implement more sustainable production processes. For more information on this topic, please refer to the [Environmental information](#) section, which contains a detailed description of the LPP Group's activities for sustainable production, emission reduction and responsible resource management throughout the supply chain.

TARGETS RELATED TO THE VERIFICATION OF SUPPLIERS

MDR-T

The LPP Group has not set and does not currently plan to set targets in this area, but monitors on an ongoing basis whether its policies and actions are effective.

METRICS RELATED TO THE VERIFICATION OF SUPPLIERS

G1-6, MDR-M

In 2025, similarly to 2024, the average time for settling invoices in the LPP Group was 33 days from the date of receipt. As a standard, invoices for store operating costs are settled within 15-20 days, invoices related to capital purchases within 30-35 days, and invoices for other purchases within 35-40 days.

In 2025, similarly to 2024, 100% of the Group's payments were in line with the standard payment terms presented above.

At the time of publication of this statement there are no court proceedings pending in connection with late payments. In the context of late payments, a subsidiary distribution company in Finland has filed a petition with the competent court for early restructuring proceedings.

In order to calculate data on payment practices, the LPP Group used a representative sample reflecting its activities in each business area. In addition to standard payment terms,

the company also uses reverse factoring, where the average payment period is up to 180 days from the date of receipt of the invoice.

The data was compiled on the basis of standard reports used to prepare reports on payments. The study covers data for the calendar year, i.e. from 1 January 2025 to 31 December 2025, and all payment transactions during this period were analysed, with the exception of intercompany transactions that took place within the LPP Group.

Material topic: ESG RISK MANAGEMENT

The ESG risk management process is presented in ratio GOV-5 in the [General disclosures](#) section.



Disclosure requirements

IRO-2

The LPP Group has fulfilled the disclosure requirements in this Sustainability Statement for 2025. The list of disclosure requirements fulfilled following the double materiality assessment (ESRS content index) is provided below.

TABLE 24. *ESRS Content Index*

INDICATOR	NAME OF DISCLOSURE	PAGE NUMBER IN THE STATEMENT
ESRS 2 General disclosures		
BP-1	General basis for preparation of the sustainability statements	66
BP-2	Disclosures in relation to specific circumstances	66
GOV-1	The role of the administrative, management and supervisory bodies	76
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	78
GOV-3	Integration of sustainability-related performance in incentive schemes	79
GOV-4	Integration of sustainability-related performance in incentive schemes	82
GOV-5	Risk management and internal controls over sustainability reporting	79
SBM-1	Strategy, business model and value chain	67
SBM-2	Interests and views of stakeholders	72
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	86
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	83
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	160



INDICATOR	NAME OF DISCLOSURE	PAGE NUMBER IN THE STATEMENT
E1 Climate change		
GOV-3	Capturing sustainability-related results in incentive schemes	79
SBM-3	Significant impacts and opportunities and their links with the strategy and business model	83
IRO-1	Description of processes for the identification and assessment of climate-related significant impacts, risks and opportunities	83
E1-1	Transition plan for climate change mitigation	
E1-2	Policies related to climate change mitigation and adaptation	92
E1-3	Actions and resources in relation to climate policy	102, 103, 108
E1-4	Targets related to climate change mitigation and adaptation	105, 109
E1-5	Energy consumption and energy mix	110
E1-6	Gross Scope 1, 2 and 3 greenhouse gas emissions and total greenhouse gas emissions	106
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	108
E1-8	Internal carbon pricing	108
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	The Group is making use of the transition period for the disclosure of information regarding the expected financial impact.
E2 Pollution		
IRO-1	Description of the processes for identifying and assessing significant pollution impacts, risks and opportunities	84
E2-1	Policies related to pollution	92, 111
E2-2	Actions and resources related to pollution	111
E2-3	Targets related to pollution	111
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	The Group is making use of the transition period for the disclosure of information regarding the expected financial impact.
E3 Water and marine resources		
IRO-1	Description of the processes for identifying and assessing significant impacts, risks and opportunities related to water and marine resources	84
E3-1	Policies related to water and marine resources	92, 112
E3-2	Activities and resources related to water and marine resources	112
E3-3	Goals related to water and marine resources	112
E3-5	Anticipated financial effects resulting from impacts, risks and opportunities related to water and marine resources	The Group is making use of the transition period for the disclosure of information regarding the expected financial impact.
E4 Biodiversity and ecosystems		
SBM-3	Significant impacts and opportunities and their links with the strategy and business model	113



INDICATOR	NAME OF DISCLOSURE	PAGE NUMBER IN THE STATEMENT
IRO-1	Description of the processes for identifying and assessing significant impacts, risks and opportunities related to biodiversity and ecosystems	84
E4-1	Biodiversity and ecosystem transition plan and integration of biodiversity and ecosystems in the strategy and business model	113
E4-2	Policies related to biodiversity and ecosystems	92, 115
E4-3	Activities and resources related to biodiversity and ecosystems	115
E4-4	Goals related to biodiversity and ecosystems	116
E4-5	Impact measures related to changes in the scope of biodiversity and ecosystem	116
E4-6	Anticipated financial effects arising from risks and opportunities related to biodiversity and ecosystems	The Group is making use of the transition period for the disclosure of information regarding the expected financial impact.
E5 Resource use and circular economy		
IRO-1	Description of processes for identifying and assessing significant impacts, risks and opportunities associated with the use of resources and circular economy	85
E5-1	Policies related to resource use and circular economy	117
E5-2	Actions and resources related to resource use and circular economy	117
E5-3	Targets related to resource use and circular economy	122
E5-4	Resource inflows	122
E5-5	Resource outflows	123
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	The Group is making use of the transition period for the disclosure of information regarding the expected financial impact.
S1 Own workforce		
SBM-2	Interests and views of stakeholders	72
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	125
S1-1	Policies related to own workforce	126
S1-2	Processes for engaging with own workers and workers' representatives about impacts	129
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	129
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	130, 131, 132, 133,
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	130, 132
S1-6	Characteristics of the undertaking's employees	133
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	135
S1-9	Diversity metrics	135



INDICATOR	NAME OF DISCLOSURE	PAGE NUMBER IN THE STATEMENT
S1-10	Adequate wages	135
S1-14	Health and safety metrics	136
S1-16	Compensation metrics (pay gap and total compensation)	138
S1-17	Incidents, complaints and severe human rights impacts	137
S2 Workers in the value chain		
SBM-2	Interests and views of stakeholders	72
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	139
S2-1	Policies related to workers in the value chain	139
S2-2	Processes for engaging with value chain workers about impacts	140
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	141
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	142, 145
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	144, 145
S4 Consumers and end users		
SBM-2	Interests and views of stakeholders	72
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	146
S4-1	Policies related to consumers and end users	146
S4-2	Processes for engaging with consumers and end-users about impacts	147
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	147, 150
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end – users, and effectiveness of those actions	147, 151
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	148, 150, 153
G1 Business conduct		
GOV-1	The role of the administrative, management and supervisory bodies	76
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	85
G1-1	Corporate culture and business conduct policies and corporate culture	154
G1-2	Management of relationships with suppliers	158
G1-3	Prevention and detection of corruption and bribery	158
G1-4	Confirmed incidents of corruption or bribery	158
G1-6	Payment practices	159



In accordance with Appendix B of ESRS 2, a table is also provided below which includes all datapoints derived from other EU legislation, including an indication of the page of the statement where they can be found.

TABELA 25. List of datapoints in cross-cutting and topical standards that derive from other EU legislation.

Disclosure requirement and related datapoint	SFDR (1)	Third pillar (2)	BRR (3)	EUCL (4)	Place in the Statement concerning sustainable development
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	✓		✓		76
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			✓		76
ESRS 2 GOV-4 Statement on due diligence paragraph 30	✓				82
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	✓	✓	✓		Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	✓		✓		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	✓		✓		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			✓		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				✓	103
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		✓	✓		Not applicable
ESRS E1-4 GHG emission reduction targets paragraph 34	✓	✓	✓		105
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	✓				110
ESRS E1-5 Energy consumption and mix paragraph 37	✓				110
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	✓				110
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	✓	✓	✓		107
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	✓	✓	✓		107
ESRS E1-7 GHG removals and carbon credits paragraph 56				✓	107
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			✓		Not applicable
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		✓			Not applicable
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		✓			Not applicable
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		✓			Not applicable
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			✓		Not applicable
ESRS E2-4 listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	✓				Not applicable



Disclosure requirement and related datapoint	SFDR (1)	Third pillar (2)	BRR (3)	EUCL (4)	Place in the Statement concerning sustainable development
ESRS E3-1 Water and marine resources paragraph 9	✓				112
ESRS E3-1 Dedicated policy paragraph 13	✓				112
ESRS E3-1 Sustainable oceans and seas paragraph 14	✓				Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	✓				Not applicable
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	✓				Not applicable
ESRS 2 SBM 3-E4 paragraph 16 (a) i	✓				113
ESRS 2 SBM 3-E4 paragraph 16 (b)	✓				113
ESRS 2 SBM 3-E4 paragraph 16 (c)	✓				113
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	✓				Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	✓				Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	✓				Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d)	✓				Not applicable
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	✓				Not applicable
ESRS 2 SBM-3-S1 Risk of incidents of forced labour paragraph 14 (f)	✓				125
ESRS 2 SBM-3-S1 Risk of incidents of child labour paragraph 14 (g)	✓				125
ESRS S1-1 Human rights policy commitments paragraph 20	✓				126
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21				✓	126
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	✓				126
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	✓				126
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	✓				129
ESRS S1-14 Number of fatalities and number and rate of work – related accidents paragraph 88 (b) and (c)	✓			✓	137
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	✓				137
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	✓			✓	138
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	✓				138
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	✓				137



Disclosure requirement and related datapoint	SFDR (1)	Third pillar (2)	BRR (3)	EUCL (4)	Place in the Statement concerning sustainable development
Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	✓		✓		137
ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	✓				139
ESRS S2-1 Human rights policy commitments paragraph 17	✓				139
ESRS S2-1 Policies related to value chain workers paragraph 18	✓				139
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	✓		✓		139
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			✓		139
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	✓				142
ESRS S3-1 Human rights policy commitments paragraph 16	✓				Not applicable
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	✓		✓		Not applicable
ESRS S3-4 Human rights issues and incidents paragraph 36	✓				Not applicable
ESRS S4-1 Policies related to consumers and end-users paragraph 16	✓				146
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	✓		✓		147
ESRS S4-4 Human rights issues and incidents paragraph 35	✓				147
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	✓				154
ESRS G1-4 Fines for violation of anti – corruption and anti-bribery laws paragraph 24 (a)	✓		✓		158
ESRS G1-4 Standards of anti – corruption and anti – bribery paragraph 24 (b)	✓				158

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

(2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”) (OJ L 176, 27.6.2013, p. 1). Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1). Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) (OJ L 243, 9.7.2021, p. 1).



Greenhouse gas (GHG) emissions calculation report

BASIS AND SCOPE OF REPORTING

This chapter describes the approach to calculating greenhouse gas emissions (GHG) of the LPP Group for the financial year 2025 (reporting period: 1 February 2025–31 January 2026). Emissions are presented in CO₂ equivalent (CO₂e) for all gases covered by the GWP metric used in the adopted emission factors.

The calculations were made in accordance with the GHG Protocol (Corporate Standard, Scope 2 Guidance, Scope 3 Standard). The reporting covers:

- » **Scope 1** – direct emissions from fuel combustion in operationally controlled assets and emissions from refrigerants,
- » **Scope 2** – indirect emissions from electricity and heat consumption; emissions are presented using **location-based** and **market-based** methods,
- » **Scope 3** – emissions in the value chain included in categories 1–15, with a description of the calculation approaches and approximations used.

The following were not reported during the reporting period: emissions from energy generated and sold/transferred to other entities, emissions from energy purchased for re-

sale, or emissions from the combustion of biogenic fuels. Offset projects were not included.

REPORTING BOUNDARIES ORGANISATIONAL BOUNDARIES

The calculation covers all Group companies (38 entities). Due to the dominant full capital and financial control, emissions are consolidated as 100% of emissions resulting from the Group's activities.

OPERATIONAL BOUNDARIES AND CLASSIFICATION INTO SCOPES

Operational control was adopted as the criterion for assigning activities to scopes.

- » Buildings and vehicles over which the Group exercises operational control (own offices and warehouses and fleet) are included in Scope 1 and 2.
- » Traditional stores are generally treated as assets leased. In the case of most stores, the Group does not exercise operational control over the key source of emissions, i.e. the supply of electricity and heat, as the premises are mainly located in centre malls and retail parks where the energy supplier, energy contract terms and energy mix are imposed by the owner of the facility. In addition, energy

consumption in common areas is settled indirectly. As a result, stores meet the definition of assets leased over which the unit does not exercise full operational control, and emissions resulting from their use have been included in Scope 3, category 8, in accordance with the GHG Protocol Scope 3 Standard.

- » Leased offices in Poland are included in Scope 1 and 2 (an approach adopted to consistently reflect management activities and comparability when changing the form of asset use); offices leased abroad and warehouses are included in Scope 3, category 8.

DATA, QUALITY CONTROL AND EMISSION RATIOS

ACTIVITY DATA SOURCES

Activity data for Scope 1 and Scope 2 and part of Scope 3 are obtained through an internal reporting system (fuels, refrigerants, energy). Product and logistics data comes from central order and logistics flow databases (including gross/net weight, ports of shipment and delivery, mode of transport, destination warehouse, country of manufacture, product classification), and downstream data (e.g. e-commerce shipments, sales) from sales and logistics systems.



DATA QUALITY CHECKS

The collected data is verified for completeness, unit consistency, period consistency and logical data continuity (YoY trend analysis). In the event of data gaps, extrapolation or proxy ratios are used to supplement the data, while maintaining the principle of conservatism and documenting the assumptions made.

SOURCES OF EMISSION FACTORS

The calculations use emission factors from the following sources (depending on the category):

- » for acquisition of raw materials and yarn production (tier 4 and 3): **Higg Materials Sustainability Index** (Higg MSI v3.11.0, updated: November 2025),
- » for the stages of production of materials and finished products (tiers 2 and 1): from third-party verified data reported by production facilities in **the Facility Environmental Module (vFEM)**, made available on the Worldly platform and aggregated using the Insight Hub (Worldly) and Cascale MAP analytical tools,
- » **DEFRA UK Government GHG Conversion Factors for Company Reporting** (v1.0, June 2025) – fuels, refrigerants, transport, waste, business travel, disposal and selected energy carriers and WTT),
- » for the location-based method: electricity ratios for Poland from the **KOBiZE** report (December 2025) and thermal energy ratios for Poland from the **Energy Regulatory Office** report (November 2025) (location-based), network ratios for other countries from the **CaDI** database (2025),
- » **ratio directly from business partners** – energy (market-based) and e-commerce parcel transport (category 9),

- » **Quantis** – outflows converted to US\$ according to the average annual FX rates of the National Bank of Poland and adjusted for inflation (OpEx, CapEx),
- » <http://www.hotelfootprints.org/> – emission ratios for hotel accommodation in category 6 (kg CO₂e/night), averaged for 3* hotels.

CALCULATION METHODS BY SCOPE AND CATEGORY

SCOPE 1 – DIRECT EMISSIONS

Direct emissions are identified on the basis of actual fuel and refrigerant consumption in the Group's facilities, using verified operational data and standard emission factors to ensure comparability of results over time.

SCOPE 2 – ELECTRICITY AND HEAT

Reporting is carried out using the following method:

- » **market-based** – based on the supplier and documented attributes of energy origin (e.g. guarantees of origin, PPAs),
- » **location-based** – based on the average grid mix ratio.

SCOPE 3 – VALUE CHAIN EMISSIONS

CATEGORY 1 – PURCHASED GOODS AND SERVICES (INCLUDING PRODUCTS FOR SALES)

For products intended for sales, a hybrid and phased approach was used, reflecting the structure of the value chain, covering the following levels:

1. **acquisition of raw materials (tier 4)** – emissions are determined based on the weight of raw materials used in production, calculated on the basis of the net weight of the product and the detailed material composition of the

products; emission factors expressed in kg CO₂e/kg of raw material, derived from the Higg MSI tool, were used to convert the data into greenhouse gas emissions,

2. **yarn production (tier 3) and production of materials (tier 2)** – emissions are calculated using stage-specific emission factors assigned to a specific production process and country of production; for the yarn production stage, emission factors from Higg MSI were used, while for the production of materials, emission factors based on verified environmental reports from production plants were used, covering Scope 1 and Scope 2 emissions (vFEM), aggregated using analytical tools available on the Cascale Members Analytics Portal,
3. **production of finished goods (tier 1)** – emissions are determined on the basis of emission factors from verified vFEM reports of LPP SA's business partners, aggregated using analytical tools available on the Worldly platform.

This separation of production stages reduces the risk of double counting emissions and allows for the diversity of emission profiles resulting from the location and characteristics of production facilities to be taken into account.

Exclusions from the calculation (products)

Some product categories (cosmetics, electronics, food) were excluded from the calculation due to none of the composition data in terms of share and none of the comparable emission factors enabling consistent assignment. The exclusion was justified by low weight significance (1.03% of the weight of goods) and an annual reassessment was declared as data availability increases.



Other purchases in Category 1

Emissions related to the production of bags issued to customers in traditional stores and packaging used in e-commerce sales were also taken into account. Emissions were calculated based on the weight of materials used (broken down by type of raw material and its origin – virgin or recycled), multiplied by the relevant emission factors from the Higg Materials Sustainability Index (Higg MSI) database, expressed in kg CO₂e/kg of raw material.

Other purchases of goods and services not directly related to the product for sale (OpEx) were accounted for using the spent-based method with Quantis emission factors; outflows were converted to US\$ at the average annual FX rate of the National Bank of Poland and adjusted for inflation to increase comparability with the base year of the ratios.

CATEGORY 2 – CAPITAL GOODS

Emissions were calculated on the basis of CapEx data using the spent-based method, taking into account currency and inflation adjustments.

CATEGORY 3 – FUEL – AND ENERGY-RELATED ACTIVITIES

Well-to-tank emissions were determined based on energy and fuel consumption included in Scope 1 and 2, using DEFRA emission factors and national KOBiZE data for electricity in Poland.

CATEGORY 4 – UPSTREAM TRANSPORT AND DISTRIBUTION (SUPPLIER-LPP AND INTERNAL FLOWS)

Emissions related to the transport of goods are determined using the activity-based method for individual logistics sta-

ges, including transport from the port of shipment to the port of destination, transport from the port of destination to the warehouse, and flows of goods between warehouses and between warehouses and stores, based on internal logistics data. The calculations take into account the type of means of transport used, the distance and the weight of the goods transported, and DEFRA emission factors, expressed in units of t CO₂e per tonne-kilometre, were used to convert activity data into greenhouse gas emissions.

CATEGORY 5 – WASTE GENERATED IN OPERATIONS

Emissions were calculated based on the weight of waste streams and DEFRA emission factors, using average shares of waste management methods for the EU. Municipal waste from offices/stores was excluded due to none of the data being complete.

CATEGORY 6 – BUSINESS TRAVEL

Emissions related to business travel were determined based on the number of kilometres travelled, taking into account the means of transport used, while emissions from hotel accommodation were estimated based on the number of nights spent and the relevant emission factors for hotel facilities. Emission factors for transport were taken from the DEFRA database, while those for hotel accommodation were taken from the <http://www.hotelfootprints.org> platform.

CATEGORY 7 – EMPLOYEE COMMUTING AND REMOTE WORKING

Emissions related to employee commuting to work were estimated based on the results of an employee survey, taking into account the means of transport used and extrapolating the results to the entire employee population. In addition,

the calculations took into account emissions resulting from remote working, determined on the basis of the declared number of remote working days and electricity consumption related to working outside the Group's locations. Emission factors for transport were taken from the DEFRA database, while emissions related to electricity consumption during remote working were calculated using the emission factors for electricity published by KOBiZE, assuming that most employees working remotely are located in Poland.

CATEGORY 8 – UPSTREAM LEASED ASSETS

Emissions include stores, leased offices and warehouses. Energy consumption in stores was determined on the basis of data from the telemetry system and the floorspace of the stores, broken down by country and month in order to reflect the actual energy consumption profile as accurately as possible. Data on energy consumption in leased offices and warehouses was obtained from the Group's internal reporting system. The calculations took into account energy from renewable energy sources in locations for which documented energy origin attributes are available. Emission factors for electricity were taken from the CaDI database, while for heat energy, well-to-tank (WTT) emissions and refrigerants, emission factors from the DEFRA database were used.

CATEGORY 9 – DOWNSTREAM TRANSPORTATION AND DISTRIBUTION (E-COMMERCE)

Emissions related to the delivery of parcels to customers in the e-commerce channel were determined based on the number of shipments completed and the emission factors provided by the logistics operators handling the deliveries.



CATEGORY 10 – PROCESSING OF SOLD PRODUCTS

None – products are not subject to further industrial processing after sales.

CATEGORY 11 – USE OF SOLD PRODUCTS

Indirect emissions related to electricity consumption during washing and ironing of care-requiring products were estimated based on the number of products sold, broken down by country of sales and taking into account the energy mix specific to each country. The calculations were based on the care instructions on the WCL (washing care label), assuming that the user always follows the manufacturer's recommendations regarding temperature and washing method. Electricity consumption during care was determined on the basis of data contained in the instructions for several of the most popular washing machine models available on the market, which made it possible to determine the average energy consumption for individual temperature programmes. Emission factors for electricity were taken from the KOBiZE database for the calculation of emissions from the care of goods sold in Poland and from CaDI database for the calculation of emissions from the care of goods sold in other countries.

CATEGORY 12 – END-OF-LIFE TREATMENT OF SOLD PRODUCTS

Emissions related to the end of life of products sold were estimated based on the weight of products placed on the market in a given financial year, using the average shares of individual waste management methods. The calculations took into account the collection and reuse of textiles. Emission factors from the DEFRA database were used.

CATEGORY 13 – DOWNSTREAM LEASED ASSETS

None in the reporting year.

CATEGORY 14 FRANCHISES

Method consistent with category 8(energy, WTT), using data available for franchise stores.

CATEGORY 15 – INVESTMENTS

None in the reporting year.

LIMITATIONS AND PROXY APPROACHES

Proxy approaches were used in calculations where primary data was not available or did not allow for a reliable estimate of emissions, in particular for rail transport (approximate distances), data on energy consumption in some leased locations, and selected product categories excluded from the process calculation due to none of the following: data on raw material composition or relevant emission factors. The exclusions and materiality thresholds adopted are reviewed annually in the context of changes in the Group's business profile, data availability and their potential impact on the overall result, in order to ensure the completeness and reliability of the reported information.

CHANGES IN THE METHODOLOGY FOR CALCULATING EMISSIONS – CATEGORIES 1 AND 4 OF SCOPE 3

In the reporting year, significant changes were made to the methodology for calculating greenhouse gas emissions in **Category 1 (Purchased goods and services)** and **Category**

4 (Upstream transportation and distribution) of Scope 3. These changes result from improved availability and quality of primary data, limitations of previously used estimation approaches, and the need to better reflect actual emission profiles in the value chain.

The aim of the changes was to increase the accuracy, representativeness and reliability of the reported data, while maintaining the comparability of results over time, in accordance with the GHG Protocol and ESRS E1 principles.

CATEGORY 1 – PURCHASED GOODS AND SERVICES (PRODUCT FOR SALES)

In previous years, emissions related to the production of goods for sales were calculated based on a simplified product classification and emission factors with limited geographical and process diversity. Some product groups were accounted for using the spent-based method, and average emission factors, independent of the country of production, were used in production processes. Furthermore, in some cases, product weight data was based on supplier declarations, which limited the ability to fully reflect actual emission profiles in the value chain.

The following methodological changes were implemented in the reporting year:

- » **Change in the timing of product volume recognition in the reporting period** – the moment of recognition of a product intended for sales in the calculations was taken to be its receipt at the Group's warehouse in a given reporting period. This approach allows the use of actual weight measurements and reduces the risk of errors resulting from declarative data.



- » **Detailed product classification** – a classification based on universal internal labelling was introduced, mapped to the Industry Sector used in the environmental reporting of production plants. This allows for a more precise assignment of emission factors to individual product groups.
- » **Change in approach to emissions from production processes** – emissions from the stages of production of materials and the production of finished goods are calculated using emission factors differentiated by process stage, country of production and sector, based on data reported by production plants (in FEM) and aggregated industry data. This replaces the use of a single, universal ratio for all locations.
- » **Limiting the use of the spent-based method** – this method has been retained only for selected operational purchases for which there is none of the activity data, but has been withdrawn from the calculation of emissions related to the production of goods for sales.

The changes introduced allow for a better reflection of differences in emissions between countries and production plants, resulting, among other things, from the energy mix, energy efficiency levels and technologies used.

CATEGORY 4 – UPSTREAM TRANSPORTATION AND DISTRIBUTION

In previous years, emissions from maritime transport were calculated based on emission factors expressed in TEU-km units, which required the use of average assumptions regarding the weight of cargo in a container. This approach, although widely used, is characterised by limited accuracy for products with a varied weight-to-volume ratio.

The following change was introduced in the reporting year:

- » **Change of the reference unit for maritime transport from TEU-km to tonne-km** – emissions are calculated on the basis of the actual gross weight of the goods transported and the length of the transport route.

The use of a tonne-kilometre approach eliminates the need for average assumptions regarding container weight, allows for actual differences between individual orders to be taken into account, and increases the accuracy and representativeness of emissions calculations in maritime transport, particularly in the context of the Group's increasingly diverse product range.

The other elements of the methodology for calculating transport emissions (scope of stages, sources of logistics data, emission factors for individual means of transport) remain unchanged.

Comparability of data over time

In order to ensure YoY comparability of results, historical data has been recalculated in accordance with the current methodology, taking into account the updated product classification, new rules for assigning emission factors in Category 1 and a tonne-kilometre-based approach for maritime transport in Category 4. In cases where it was not possible to use primary data for historical years, in particular due to the fact that none of the production facilities had verified environmental reports, the best available aggregate ratios were used, while maintaining consistency in the structure and logic of the calculations.

GREENHOUSE GAS EMISSIONS – RESULTS AND KEY OBSERVATIONS

The total carbon footprint of the LPP Group for the reporting period **01.02.2025–31.01.2026** amounted to **3,252,040.82 t CO₂e**.

Direct emissions (Scope 1), including fuel combustion and refrigerant consumption in buildings and own vehicles, amounted to **4,325.26 t CO₂e**, which accounted for **0.13%** of the Group's total emissions.

Indirect emissions from purchased energy consumption (Scope 2), calculated using the market-based method, amounted to **1,674.83 t CO₂e** and accounted for **0.05%** of the total carbon footprint. For comparison, Scope 2 emissions calculated using the location-based method amounted to **12,423.10 t CO₂e**, reflecting the impact of the national energy mix.

The largest share of LPP's total carbon footprint was accounted for by indirect emissions included in Scope 3, covering emissions related to the production and transport of purchased goods, their distribution, use and disposal by the end customer, as well as emissions resulting from operational activities not included in Scope 1 and 2. In total, these emissions amounted to **3,246,040.74 t CO₂e**, which accounted for **99.82%** of the Group's total emissions (Table 1).


TABLE 26. LPP Group emissions – YoY comparison

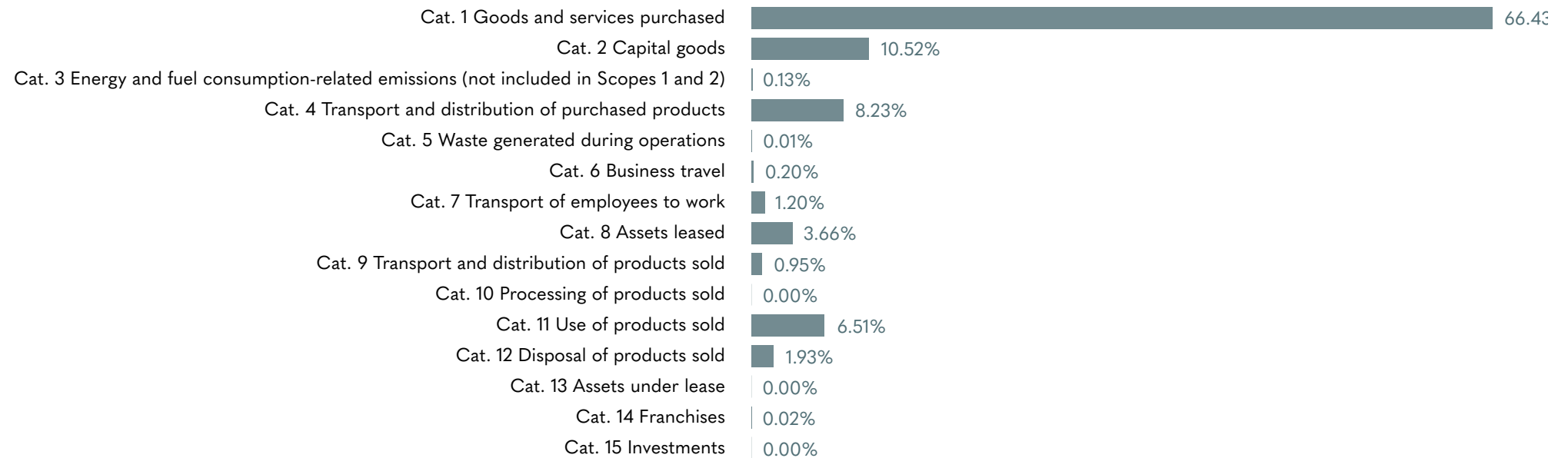
Scope and category of emissions	2025				2024		2023		2022		2021	
	t CO2e	%	Change % YoY	Change %/r base	t CO2e	%	t CO2e	%	t CO2e	%	t CO2e	%
Scope 1	4,325.26	0.13%	-11.85%	-2.16%	4,906.96	0.18%	3,586.76	0.17%	13,762.35	0.71%	4,420.67	0.18%
Scope 2 (market based)	1,674.83	0.05%	-19.21%	-83.69%	2,073.06	0.08%	1,723.80	0.08%	7,827.65	0.41%	10,267.11	0.42%
Scope 2 (location based)	12,423.10	0.39%	6.34%	3.96%	11,682.84	0.44%	10,812.30	0.51%	12,734.28	0.66%	11,949.92	0.49%
Range 3	3,246,040.74	99.82%	22.45%	32.59%	2,650,902.59	99.74%	2,125,409.38	99.75%	1,909,105.20	98.88%	2,448,166.86	99.40%
Cat. 1 Purchased goods and services	1,890,793.83	59.00%	14.41%	23.22%	1,652,657.82	62.18%	1,328,720.84	62.36%	1,101,964.01	57.08%	1,534,518.65	62.31%
Cat. 2 Capital goods	600,319.25	18.73%	69.73%	204.03%	353,683.88	13.31%	182,852.12	8.58%	198,798.33	10.30%	197,454.69	8.02%
Cat. 3 Fuel – and energy-related activities	3,868.55	0.12%	-13.22%	8.80%	4,457.71	0.17%	1,179.38	0.06%	5,777.88	0.30%	3,555.63	0.14%
Cat. 4 Upstream transportation and distribution	139,968.02	4.37%	5.81%	63.76%	132,277.08	4.98%	85,918.04	4.03%	65,062.90	3.37%	85,472.13	3.47%
Cat. 5 Waste generated in operations	211.51	0.01%	-4.69%	-45%	221.92	0.01%	470.72	0.02%	400.13	0.02%	385.10	0.02%
Cat. 6 Business travel	4,220.58	0.13%	-38.50%	76.59%	6,862.68	0.26%	4,146.30	0.19%	3,062.98	0.16%	2,390.09	0.10%
Cat. 7 Employee commuting	47,238.67	1.45%	-100%	-100%	40,203.92	1.51%	24,793.64	1.16%	16,891.80	0.87%	16,319.17	0.66%
Cat. 8 Upstream leased assets	134,259.93	4.19%	8.96%	-65.44%	123,217.30	4.64%	163,847.22	7.69%	250,730.09	12.99%	388,443.36	15.77%
Cat. 9 Downstream transportation and distribution	42,746.61	1.33%	34.40%	63.08%	31,804.66	1.20%	28,087.24	1.32%	28,959.62	1.50%	26,212.33	1.06%
Cat. 10 Processing of sold products	0	0.00%	0.00%	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Cat. 11 Use of sold products	349,062.44	10.89%	45.49%	119.31%	239,919.48	9.03%	248,146.00	11.65%	190,997.59	9.89%	159,162.80	6.46%
Cat. 12 End-of-life treatment of sold products	32,656.77	1.02%	-49.64%	-0.95%	64,841.39	2.44%	56,501.41	2.65%	45,179.33	2.34%	32,969.36	1.34%
Cat. 13 Downstream leased assets	0	0.00%	0.00%	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Cat. 14 Franchises	694.57	0.02%	-7.97%	-45.89%	754.76	0.03%	746.47	0.04%	1,280.54	0.07%	1,283.55	0.05%
Cat. 15 Investments	0.00	0.00%	0.00%	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
TOTAL (market based)	3,252,040.82		22.35%	32.04%	2,657,882.62		2,130,719.93		1,930,695.19		2,462,854.64	
TOTAL (location based)	3,262,789.10		22.32%	32.39%	2,667,492.39		2,139,808.44		1,935,601.82		2,464,537.45	



EMISSIONS STRUCTURE IN SCOPE 3

Within Scope 3, emissions related to purchased goods and services (Category 1) accounted for the largest share, representing **58.14%** of total emissions. The second largest category was capital goods (Category 2) – **18.46%**, followed by the use of sold products (Category 11) – **10.73%** (Figure 1).

FIGURE 1. *Percentage share of Scope 3 emissions from individual categories in total emissions*





EMISSIONS BROKEN DOWN BY STAGES OF THE VALUE CHAIN

The largest share of total emissions was related to production stages, in particular:

- » acquisition of raw materials – **26.32%**,
- » yarn production – **12.66%**,
- » production of materials – **12.12%** (Figure 2).

In total, emissions related to purchased goods – including their production and transport – accounted for **59.59%** of the Group's total emissions (Figure 3), of which **55.28%** was attributable to production processes alone (Figure 4).

Emissions generated during the use and end-of-life stages of products, i.e. on the end customer side, accounted for **13.44%** of the Group's total emissions (Figure 3). The largest share in this group was emissions related to product use (washing and ironing), which accounted for **10.73%** of the total carbon footprint (Figure 5).

Emissions related to the Group's operations – covering Scope 1, Scope 2 and selected categories of Scope 3 – accounted for a total of **26.97%** of total GHG emissions.

FIGURE 2. Key emissions and their percentage share of total emissions

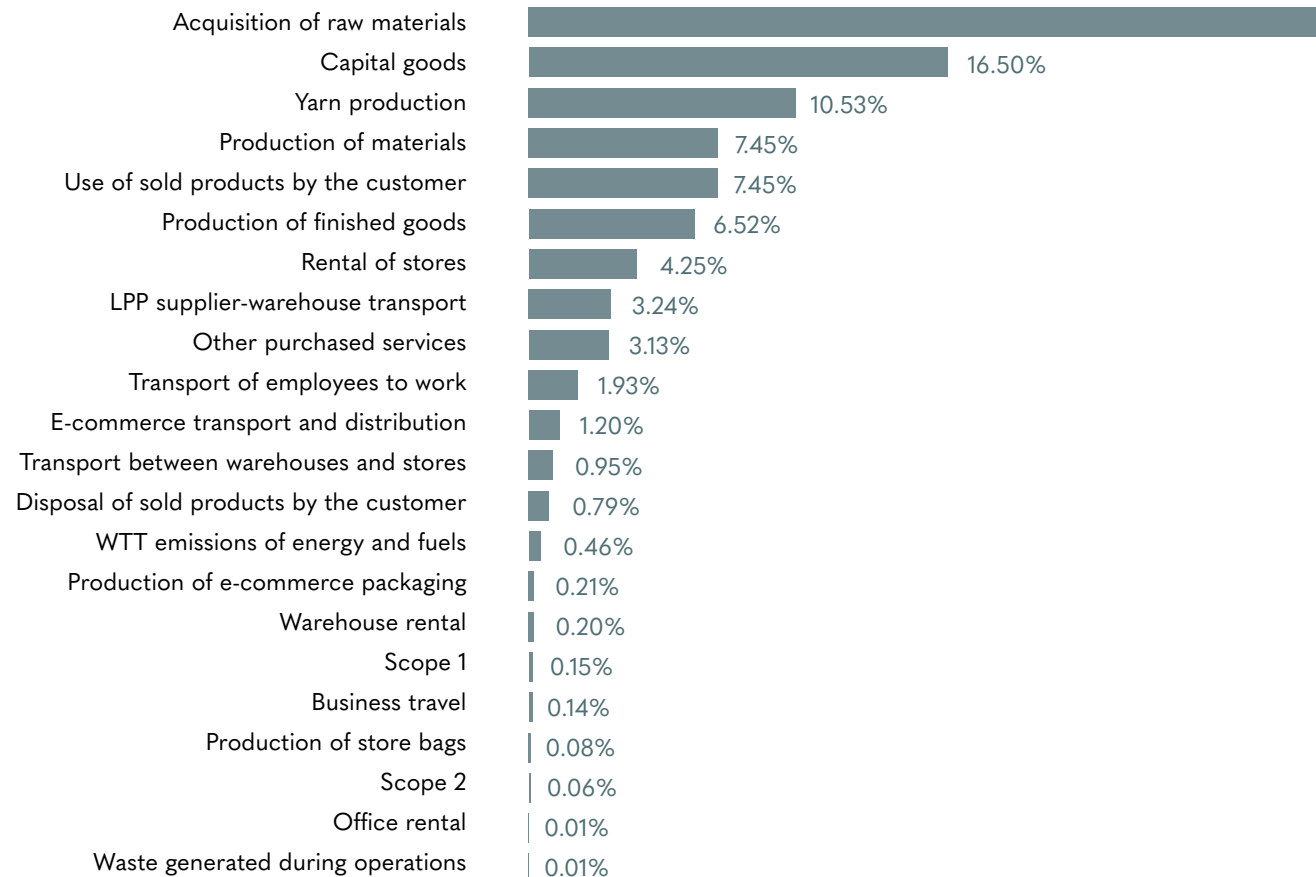




FIGURE 3. Breakdown of total emissions into three main groups

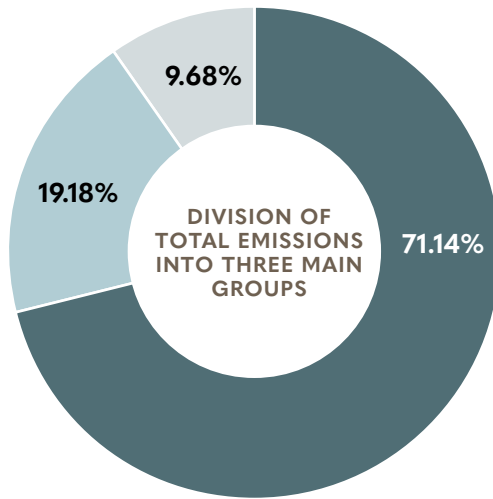


FIGURE 4. Percentage share of emissions from stages of the value chain covering purchased goods in total emissions

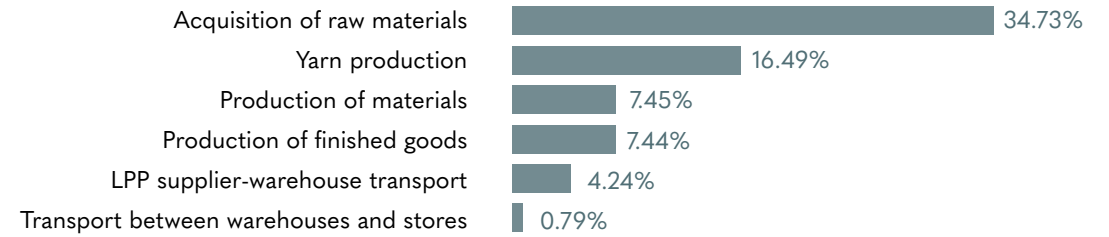
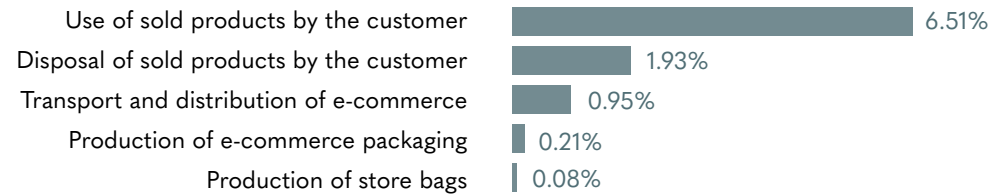


FIGURE 5. Percentage share of emissions from stages of the value chain covering the sold product in total emissions





CLIMATE TARGETS APPROVED BY SBTI AND PROGRESS IN THEIR IMPLEMENTATION

In July 2023, the LPP Group's decarbonisation targets were officially approved by the Science Based Targets initiative (SBTi). In accordance with its commitments, the Group commits to:

- » reduce absolute Scope 1 and 2 GHG emissions 42% by FY2030 from a FY2021 base year,
- » reduce Scope 3 GHG emissions from purchased goods and services 51.6% per unit purchased by FY2030 from a FY2021 base year,
- » 21% of its suppliers by emissions covering upstream transportation and distribution and upstream leased assets, will have science-based targets by FY2027.

The achievement of the above targets is one of the Group's key strategic priorities in the area of decarbonisation.

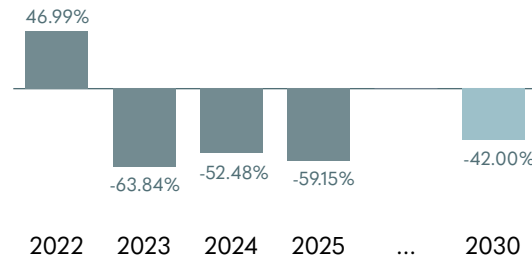
SCOPE 1 AND 2 – REDUCTION OF ABSOLUTE EMISSIONS

In the 2025 financial year, the Group maintained the level of absolute emissions reduction in Scope 1 and Scope 2 already achieved in 2023. These emissions were 59.15% lower than in the base year 2021, which means that the reduction path required to achieve the 2030 target has been exceeded (Figure 6).

This reduction is primarily the result of the continued use of electricity from wind farms in offices and warehouses. In addition, the decrease in emissions is related to the reduction in the emission factors of energy suppliers, resul-

ting from changes in the energy mix and an increase in the share of renewable energy sources. This trend reflects the ongoing transformation of the energy sector towards a lower-carbon economy.

FIGURE 6. Progress towards the absolute target (compared to the base year)



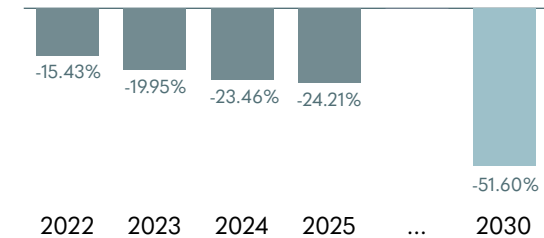
SCOPE 3 – EMISSIONS PER UNIT OF PURCHASED GOODS IN CATEGORY 1 OF SCOPE 3

In 2025, emissions per unit of purchased goods in Category 1 of Scope 3 were reduced by 24.21% compared to the base year 2021 (Figure 7).

The level of reduction was significantly influenced by a change in the approach to calculating emissions from the production of finished goods (Tier 1), which involved the use of emission factors obtained directly from suppliers on the basis of verified environmental reports (vFEM). This allowed for a more accurate and representative reflection of the actual emissions of production processes, and also created a basis for undertaking targeted decarbonisation initiatives with direct business partners as part of the vFEM Ready pro-

gramme. At the same time, the use of preferred materials with a lower carbon footprint in collections is maintained at a stable level, which supports the reduction of emissions at the stage of acquisition of raw materials and processing.

FIGURE 7. Progress towards the intensity target (compared to the base year)



ENGAGEMENT OF BUSINESS PARTNERS (CATEGORIES 4 AND 8)

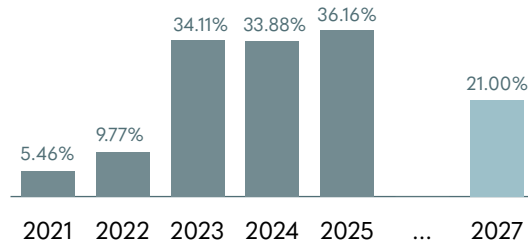
In 2025, there was an increase in the share of emissions from business partners in Scope 3 Categories 4 and 8 who have their own emission reduction targets in line with the SBTi approach (Figure 8).

At the end of the reporting period, **36.16% of emissions in these categories came from partners with approved or developed reduction targets**, which represents significant progress towards the level required in the commitment (21% by 2027).

This trend indicates the growing engagement of business partners in decarbonisation efforts and strengthens the resilience of the value chain to climate risks in the long-term.



FIGURE 8. Progress towards the supplier engagement target (compared to the base year)



METHODOLOGICAL CHANGES AND REPORTED PROGRESS TOWARDS TARGETS

The presented level of reduction target achievement takes into account methodological changes introduced in the current reporting period. In order to ensure comparability of data over time, historical values have been recalculated in accordance with the current emissions calculation methodology, which includes an updated product classification, revised rules for assigning emission factors in Category 1 and a tonne-kilometre approach in Category 4. As a result, the reported progress reflects actual changes in emission levels and not solely the effect of methodological changes.



03

Consolidated financial statements





We hereby approve the consolidated financial statements of the LPP SA Group for the 12-month period ended 31 January 2026, consisting of The statement of comprehensive income showing total comprehensive income of PLN 1,484 million, Statement of Financial Position showing total assets and liabilities of PLN 19,183 million, the Statement of Cash Flows showing a decrease in net cash of PLN 393 million, the Consolidated Statement of Changes in Equity showing an increase in equity of PLN 307 million, as well as notes containing the description of the material accounting principles and other explanatory information.

MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

PRESIDENT OF THE MANAGEMENT BOARD

Marcin Bójko

MANAGEMENT BOARD MEMBER

Sławomir Łoboda

MANAGEMENT BOARD MEMBER

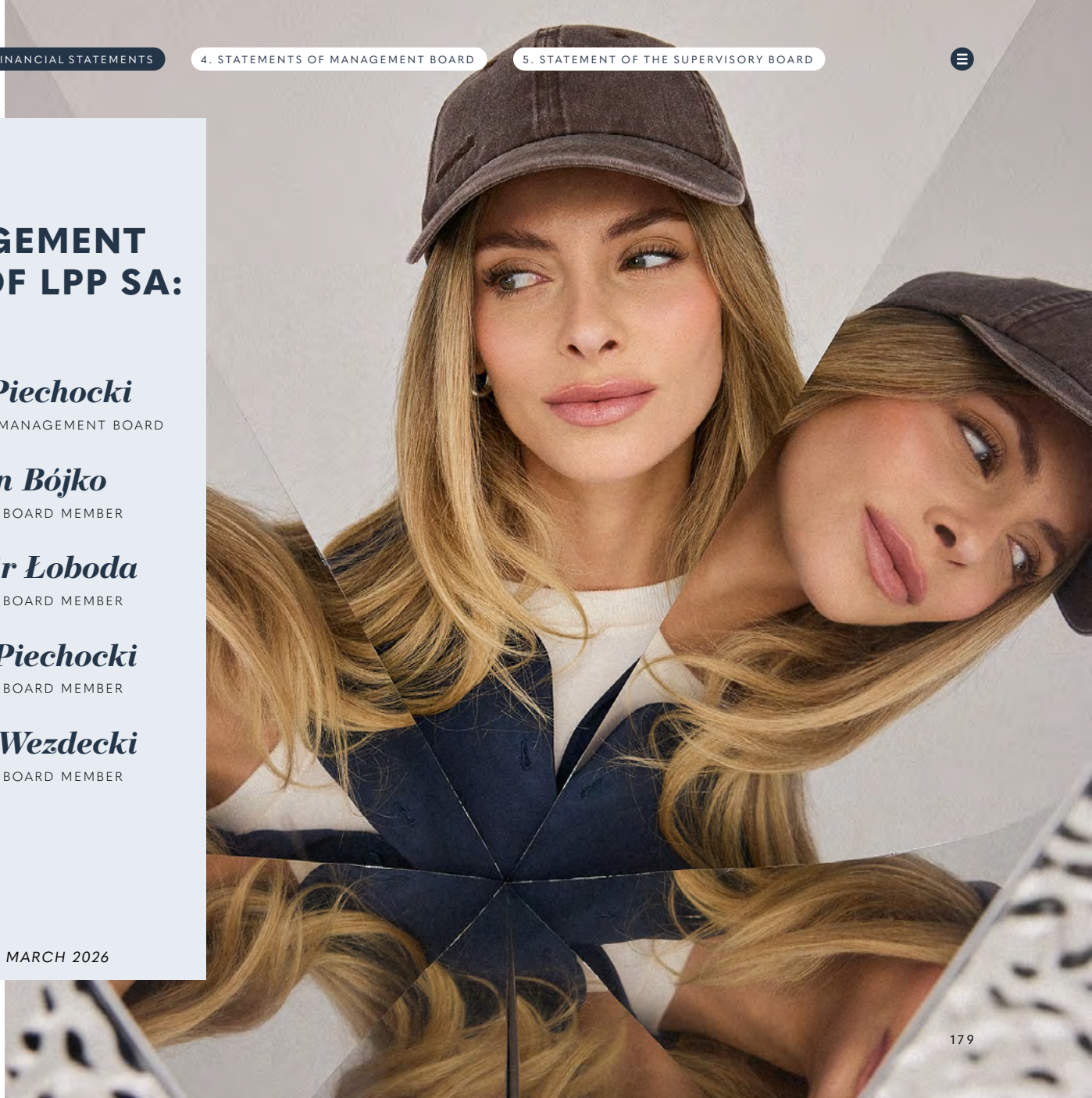
Marcin Piechocki

MANAGEMENT BOARD MEMBER

Mikołaj Wezdecki

MANAGEMENT BOARD MEMBER

GDAŃSK, 25 MARCH 2026





Selected consolidated financial data

for the 12-month period ended 31 January 2026

Selected consolidated financial data	PLN m		EUR m	
	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Revenues	23,109	20,194	5,454	4,704
Operating profit (loss)	2,493	2,415	588	563
Profit (loss)	2,068	2,251	488	524
Net profit (loss) attributable to shareholders of the parent company	1,500	1,747	354	407
Weighted average number of shares	1,855,890	1,855,624	1,855,890	1,855,624
Profit (loss) per share (PLN)	808.24	941.46	190.75	219.29
Net cash flows from operating activities	4,675	4,021	1,103	937
Net cash flows from investing activities	-3,076	-1,965	-726	-458
Net cash flows from financing activities	-1,992	-2,282	-470	-532
Total net cash flows	-393	-226	-93	-53

Selected consolidated financial data	PLN m		EUR m	
	31.01.2026	31.01.2025	31.01.2026	31.01.2025
Total assets	19,183	17,501	4,553	4,154
Long-term liabilities	5,631	3,746	1,337	889
Short-term liabilities	7,943	8,453	1,885	2,006
Equity	5,609	5,302	1,331	1,258
Share capital	4	4	1	1
Weighted average number of shares	1,855,890	1,855,624	1,855,890	1,855,624
Book value per share (PLN)	3,022.27	2,857.26	717.35	678.20
Paid dividend per share (PLN m)	660.00	610.00	156.65	144.79





Consolidated statement of comprehensive income

for the 12-month period ended 31 January 2026

Statement of comprehensive income (PLN m)	Notes	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Continuing operations			
Revenues	9.1	23,109	20,194
Cost of goods sold	9.2	10,267	9,475
Gross profit (loss) on sales		12,842	10,719
Costs of stores and distribution	9.5	8,220	7,129
Overheads	9.5	1,194	1,130
Other operating income	9.3	436	104
Other operating costs	9.3	1,371	149
Operating profit (loss)		2,493	2,415
Financial income	9.4	38	142
Financial costs	9.4	463	306
Profit (loss)		2,068	2,251
Income tax	10	571	504
Total net profit (loss)		1,497	1,747
Net profit attributable to:			
Shareholders of the parent company		1,500	1,747
Non-controlling interests		-3	0
Other comprehensive income			
Items transferred to profit or loss			
Currency translation on foreign operations		-13	-33
Total comprehensive income		1,484	1,714

Total comprehensive income attributable to:		
Shareholders of the parent company	1,487	1,714
Non-controlling interests	-3	0
Weighted average number of shares	1,855,890	1,855,624
Diluted number of shares	1,858,708	1,855,624
Net profit (loss) attributable to shareholders of the parent company per share (PLN)	11 808.24	941.46
Diluted net profit (loss) attributable to shareholders of the parent company per share (PLN)	11 807.01	941.46
Net profit (loss) from continuing operations amount per share (PLN)	11 806.62	941.46
Diluted net profit (loss) from continuing operations per share (PLN m)	11 805.40	941.46



Consolidated statement of financial position

as at 31 January 2026

Statement of financial position (PLN m)	Notes	As at 31 January 2026	As at 31 January 2025
ASSETS			
Non-current assets		12,607	9,872
1. Tangible fixed assets	14	6,649	4,735
2. Right of use assets	15	4,856	4,100
3. Intangible assets	16	478	363
4. Goodwill	17	183	183
5. Trade mark	16	78	78
6. Long-term receivables		0	148
7. Deferred tax assets	10.3	343	253
8. Accruals	28	11	5
9. Other financial assets	18.1	9	7
Current assets		6,576	7,629
1. Inventory	20	4,587	4,669
2. Trade receivables	21	161	757
3. Receivables from income tax		24	15
4. Short-term receivables		132	178
5. Other non-financial assets	18.2	174	134
6. Accruals	28	114	81
7. Other financial assets	18.1	123	84
8. Deposits and mutual funds	19	811	865
9. Cash and cash equivalents	22	450	846
TOTAL ASSETS		19,183	17,501

Statement of financial position (PLN m)	Notes	As at 31 January 2026	As at 31 January 2025
EQUITY AND LIABILITIES			
Equity		5,609	5,302
1. Share capital	23.1	4	4
2. Share premium	23.2	364	364
3. Other reserves	23.3	3,438	2,980
4. Currency translation on foreign operations		-79	-66
5. Retained earnings		1,882	2,017
6. Non-controlling interest		0	3
Long-term liabilities		5,631	3,746
1. Bank loans and borrowings	24	1,383	182
2. Lease liabilities	15	4,153	3,523
3. Employee benefits	25.1	4	3
4. Deferred tax liabilities	10.3	2	2
5. Accruals	28	89	36
Short-term liabilities		7,943	8,453
1. Trade and other liabilities	27	5,264	5,676
2. Contract liabilities	9.1	36	36
3. Customer refund liabilities	9.1	137	103
4. Bank loans and borrowings	24	469	817
5. Lease liabilities	15	1,379	1,248
6. Employee benefits	25.2	249	231
7. Income tax liabilities	10	273	255
8. Provisions	26	0	5
9. Accruals	28	136	82
TOTAL equity and liabilities		19,183	17,501



Consolidated statement of cash flows

for the 12-month period ended 31 January 2026

Statement of cash flows (PLN m)	Notes	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
A. Cash flows from operating activities – indirect method			
I. Profit (loss)		2,068	2,251
II. Total adjustments		2,607	1,770
1. Amortisation and depreciation		2,075	1,689
2. Foreign exchange (gains) losses		29	1
3. Interest and dividends		375	245
4. (Profit) loss on investing activities		18	21
5. Income tax paid		-652	-232
6. Change in provisions and employee benefits	25.26	11	35
7. Change in inventory	20	61	-1,667
8. Change in receivables and other assets	18.21	718	-176
9. Change in short-term liabilities, excluding bank loans and borrowings	27	-51	1,828
10. Change in prepayments and accruals	28	23	23
11. Other adjustments		0	3
III. Net cash flows from operating activities		4,675	4,021
B. Cash flows from investing activities			
I. Inflows		95	110
1. Disposal of intangible and fixed assets		79	108
2. Repayment of loans granted		0	1
3. Interest and other inflows from financial assets		0	1
4. Other investing inflows	19	16	0
II. Outflows		3,171	2,075
1. Purchase of intangible assets and tangible fixed assets		3,171	1,818
2. Loans granted		0	0
3. Other investing outflows	19	0	257
III. Net cash flows from investing activities		-3,076	-1,965
C. Cash flows from financing activities			
I. Inflows		1,287	507
1. Proceeds from issuance of shares		0	0
2. Bank loans and borrowings received	24	1,287	507
3. Other financial inflows		0	0
II. Outflows		3,279	2,789
1. Dividends and other payments to owners		1,225	1,132
2. Repayment of bank loans and borrowings	24	434	48
3. Financial lease liabilities paid		1,245	1,089
4. Interest paid		375	220
5. Other financial outflows		0	300
III. Net cash flows from financing activities		-1,992	-2,282
D. Total net cash flows		-393	-226
Opening balance of cash in line with the balance sheet		846	1,076
Closing balance of cash in line with the balance sheet		450	846
E. Balance sheet change in cash, including:		-396	-230
– change in cash due to currency translation		-	-4
F. Opening balance of cash		774	1,000
G. Closing balance of cash		381	774



Consolidated statement of changes in equity

for the 12-month period ended 31 January 2026

Consolidated statement of changes in equity (PLN m)	Share capital	Share premium	Other reserves	Foreign exchange differences from the conversion of units	Retained earnings	Equity attributable to the Parent Company	Non-controlling interests	Total equity
As at 1 February, 2025	4	364	2,980	-66	2,017	5,299	3	5,302
Remuneration paid in shares	0	0	48	0	0	48	0	48
Breakdown of the result for the previous period	0	0	410	0	-410	0	0	0
Dividend paid	0	0	0	0	-1,225	-1,225	0	-1,225
Transaction with owners	0	0	458	0	-1,635	-1,177	0	-1,177
Net profit for the current period	0	0	0	0	1,500	1,500	-3	1,497
Currency translation on foreign operations	0	0	0	-13	0	-13	0	-13
Total comprehensive income	0	0	0	-13	1,500	1,487	-3	1,484
As of 31 January 2026	4	364	3,438	-79	1,882	5,609	0	5,609
As at 1 February 2024	4	364	2,466	-33.00	1,913	4,714	3	4,717
Remuneration paid in shares	0	0	3	0.00	0	3	0	3
Distribution of profit for the previous period	0	0	511	0.00	-511	0	0	0
Dividend paid	0	0	0	0.00	-1,132	-1,132	0	-1,132
Transaction with owners	0	0	514	0.00	-1,643	-1,129	0	-1,129
Net profit for the current period	0	0	0	0.00	1,747	1,747	0	1,747
Currency translation on foreign operations	0	0	0	-33.00	0	-33	0	-33
Total comprehensive income	0	0	0	-33.00	1,747	1,714	0	1,714
As of 31 January 2025	4	364	2,980	-66.00	2,017	5,299	3	5,302



Accounting principles (policy) and additional explanatory notes

1. GENERAL INFORMATION

The LPP SA Group (hereinafter referred to as the "Group," "Group," or "CG") consists of LPP SA (the "Parent Company" or "Company") and its subsidiaries. The Group's consolidated financial statements cover the year ended 31 January 2026, and include comparative data for the year ended 31 January 2025.

On 25 May 2018, the Ordinary General Meeting of Shareholders of LPP SA adopted a resolution changing the Company's financial year so that it would ultimately run from 1 February to 31 January of the following calendar year. This change was dictated by the natural calendar of the clothing industry, where new collections are introduced to the market in February and the sales period ends in January. Therefore, the reporting periods cover a 12-month period from 1 February to 31 January of the following calendar year.

The comparative period covers the financial year lasting 12 calendar months, which was audited by a certified auditor, i.e. from 1 February 2024, to 31 January 2025.

The Parent Company, LPP SA, is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court Gdańsk-North in Gdańsk, 7th Commercial Division of the National Court Register, under KRS number 0000000778.

There was no change in the name of the reporting entity during the reporting period.

The registered office of LPP SA is located at: Łąkowa 39/44, Gdańsk, Poland.

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

The Group's core business is sales of clothing both in the retail and wholesale sectors.

A detailed description of the business and the specifics of the clothing industry is included in the Management Report, in sections describing, among other things, the business model, brand portfolio, suppliers, customers, and market presence.



2. COMPOSITION OF THE GROUP

The Group consists of LPP Spółka Akcyjna ("LPP SA") and the following subsidiaries

No.	Company name	Registered office	Share in equity
1	LPP Retail Sp. z o.o.	Gdańsk, Poland	100.0%
2	LPP Printable Sp. z o.o.	Gdańsk, Poland	100.0%
3	LPP Logistics Sp. z o.o.	Gdańsk, Poland	100.0%
4	Dock IT Sp. z o.o.	Gdańsk, Poland	100.0%
5	Silky Coders Sp. z o.o.	Gdańsk, Poland	100.0%
6	LPP Czech Republic SRO	Prague, Czech Republic	100.0%
7	LPP Slovakia SRO	Banská Bystrica, Slovakia	100.0%
8	LPP Hungary KFT	Budapest, Hungary	100.0%
9	LPP Lithuania UAB	Vilnius, Lithuania	100.0%
10	LPP Latvia LTD	Riga, Latvia	100.0%
11	LPP Estonia OU	Tallinn, Estonia	100.0%
12	LPP Ukraine AT	Pryyestyn, Ukraine	100.0%
13	OOO LPP BLR	Minsk, Belarus	100.0%
14	LPP Kazakhstan LLP	Almaty, Kazakhstan	100.0%
15	LPP Fashion Bulgaria EOOD	Sofia, Bulgaria	100.0%
16	LPP Romania Fashion SRL	Bucharest, Romania	100.0%
17	LPP Croatia DOO	Zagreb, Croatia	100.0%
18	LPP Serbia DOO Belgrade	Belgrade, Serbia	100.0%
19	LPP Fashion, DOO	Ljubljana, Slovenia	100.0%
20	LPP BH DOO	Banja Luka, Bosnia and Herzegovina	100.0%
21	LPP Macedonia DOOEL	Skopje, Macedonia	100.0%
22	LPP Albania LTD	Tirana, Albania	100.0%
23	LPP Deutschland GmbH	Hamburg, Germany	100.0%
24	LPP Reserved UK LTD	Altrincham, United Kingdom	100.0%
25	LPP Finland LTD	Helsinki, Finland	100.0%

26	LPP Italy SRL	Milan, Italy	100.0%
27	LPP Greece Single Member Private Company	Athens, Greece	100.0%
28	P&L Marketing&Advertising Agency SAL	Beirut, Lebanon	97.3%
29	LPP Logistics Slovakia s.r.o.	Sered, Slovakia	100.0%
30	LPP Logistics Romania s.r.l.	Stefanesti de Jos, Romania	100.0%
31	Sinsay Portugal, Unipessoal LDA	Portugal, Lisbon	100.0%
32	LPP Kosovo L.L.C.	Prishtine, Kosovo	100.0%
33	LPP CA, FE LLC	Tashkent, Uzbekistan	100.0%
34	LPP Georgia LLC	Tbilisi, Georgia	100.0%
35	LPP AZERBAIJAN MMC	Baku, Azerbaijan	100.0%
36	LPP MLD S.R.L.	Chisinau, Republic of Moldova	100.0%
37	Logistics Tczew Sp. z o.o.	Gdańsk, Poland	100.0%

As at 31 January 2026, the Group's share in the total number of votes in its subsidiaries was equal to the Group's share in the equity of those units.

During the reporting period, the following changes took place in the LPP Group:

- » A new subsidiary was established in Georgia: LPP Georgia LLC;
- » A new subsidiary was established in Azerbaijan: LPP Azerbaijan, MMC;
- » A new subsidiary was established in Moldova: LPP MLD, SRL;
- » A new subsidiary was established in Poland: Logistics Tczew, Sp. z o.o.;
- » The company in Spain was liquidated: LPP Clothing Retail Spain, SL;
- » Shares in the Polish company were sold: Veviera Investment, Sp. z o.o.



3. COMPOSITION OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

Composition of the Management Board as at 31 January 2026:

- » **President of the Management Board** Marek Piechocki
- » **Management Board Member** Marcin Bójko
- » **Management Board Member** Sławomir Łoboda
- » **Management Board Member** Marcin Piechocki
- » **Management Board Member** Mikołaj Wezdecki

There were no changes in the composition of the Management Board of LPP SA during the reporting period.

4. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for publication by the Management Board of LPP SA on March 25, 2026.

5. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

5.1. PROFESSIONAL JUDGMENT

The preparation of the Group's consolidated financial statements requires the Management Board of the Parent Company to make judgments, estimates, and assumptions that affect the presented revenues, costs, assets, and liabilities, as well as the related notes and disclosures regarding contingent liabilities. Uncertainty about these assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future.

5.2. UNCERTAINTY OF ESTIMATES AND ASSUMPTIONS

The following presents the key assumptions about the future and other key sources of uncertainty at the balance sheet date that are related to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The methodology used to determine estimates is based on the best knowledge of the Parent Company's Management Board and complies with IFRS requirements. The assumptions and estimates may change as a result of future events resulting from market changes or changes beyond the Group's control.

The estimates of the Management Board of the Parent Company affecting the values disclosed in the financial statements relate to:

» depreciation rates

Depreciation rates are determined based on the expected useful life of tangible fixed assets and intangible assets. For rights of use, depreciation rates are determined based on the term of the agreement. The Group reviews the assumed useful life annually based on current estimates. The carrying amount for non-current assets subject to amortisation and depreciation is presented in [notes 14](#), [15](#), and [16](#).

» leaseholder's marginal interest rate

The marginal interest rate is determined on the basis of two components:

- » Risk-free rate,

» Additional risk resulting from the company's risk, Discount rate analysis for IFRS 16 purposes is performed twice a year.

The current value of the marginal interest rate is 5.5%. The values relating to the right of use and the lease liability are presented in [note 15](#).

» percentage of returns of goods sold in the reporting period made in the next reporting period

Due to the fact of customer complaints and returns of goods purchased in stores and wholesale, revenues are adjusted to reflect the estimated value of these returns. Based on historical data, a percentage ratio is estimated, showing the ratio of returns to sales. At the end of each reporting period, this ratio is re-estimated.

Currently, the companies in the Group have adopted ratios for returns depending on the sales channel, falling within the following ranges:

- » in traditional stores – 1.3-3%
- » in online stores – 13-32%

» impairment of inventory

The Group analyzes the value of inventories twice a year, at the end of each half-year and at the end of the financial year. This is due to the replacement of the spring/summer and autumn/winter collections. It assesses the current situation and determines the level at which the value of inventories is subject to a revaluation write-off.

The Group creates write-offs for clearance goods and goods older than the last season in accordance with the following principle:



- » Goods from the current season – subject to write-offs in the amount determined on the basis of a current analysis.
- » Goods from seasons older than the current one – subject to write-offs of 60-80% of the value of the goods.

Estimates of the value of the write-off made in 2025 are disclosed in [Note 9](#).

» write-offs on assets

Twice a year, at the end of each half-year and at the end of the year, the Group assesses whether there is objective evidence indicating a permanent impairment of an asset or group of assets. The Group treats individual retail outlets as separate cash generating units (CGUs), at the level of which it assesses potential impairment. The Group assumes that the maturity phase of a store covers the first 24 months. If a store has recorded a loss during the last 12 months, it is highly likely that it will not be profitable in subsequent periods either.

At the end of the year, the Group analyzes the profitability of individual retail outlets and, if stores with losses are identified, the Group decides to create an impairment write-off on the assets assigned to such unprofitable stores.

If there is such objective evidence and a write-off is necessary, the Group determines the estimated recoverable amount of the asset and recognizes a write-off in an amount equal to the difference between the recoverable amount and the carrying amount. The loss resulting from impairment is recognized in the statement of comprehensive income in the current period in which it was identified.

The value of the write-off for tangible fixed assets is presented in [Note 14](#).

» valuation of provisions for retirement severance pay and pension benefits

The Group creates a provision for future liabilities due to retirement severance pay and pension benefits using actuarial methods. The following assumptions were used to calculate the provisions: employee mortality, incapacity for work, employee turnover, retirement age, fixed-term employees, employees in their notice period for whom the date of termination of the contract is known, discount rate, and salary growth rate in the company (taking into account the inflation rate). The discount rate used to calculate the provisions was set at 5.2% per annum. A change in the financial ratios used as the basis for the estimate, i.e., an increase in the discount rate by 0.5 pp. and a decrease in the payroll ratio by 0.5 pp., would result in an increase in the provisions by PLN 5 million.

» future tax results, taken into account when determining deferred income tax assets

The Group recognizes deferred tax assets based on the assumption that taxable income will be generated in the future that will allow for their utilization.

A deterioration in future tax results could render this assumption unjustified.

The Group carefully assesses the nature and extent of evidence supporting the conclusion that it is probable that future taxable income will be available against which unused tax losses, unused tax credits or other negative temporary differences can be utilized.

When assessing whether it is probable (more than 50% probability) that future taxable income will be generated, the Group considers all available evidence, both supporting and contradicting the probability of none.

» assumptions made for the impairment test of trade marks, goodwill, and other non-current assets

Intangible assets with indefinite useful lives are tested for impairment annually. The assumptions used to perform the test are discussed in [Note 17](#).

The methodology for determining estimated values is applied on a continuous basis in relation to the last reporting period.

» impact of climate change risks

The Group has analyzed its activities in terms of their impact on climate change. The Management Board of LPP SA is aware that some of its activities may have an impact on the environment to some extent and that its presence in many markets exposes it to climate risks. Based on the analysis, the Management Board of LPP SA did not identify any significant impact of climate risks on these financial statements. A detailed description of the analysis and actions taken in relation to climate risks is presented in the Statement of the Management Board on the Activities of the LPP Group in the section on Sustainability Statements for 2025.

The following estimates have been changed (in accordance with the adopted methodology):

- » the expected economic useful life of fixed assets – this applies to expenditures in third-party



facilities (determination of a new period of depreciation after modernization),

- » the expected duration of lease agreements,
- » sales adjustment ratio relating to returns of goods made in the next reporting period,
- » valuation of provisions for retirement severance pay and pension benefits,
- » assumptions adopted for testing the impairment of trademarks and goodwill,
- » uncertainty related to tax settlements.

The Group's tax settlements are subject to tax audits. Due to the fact that in many transactions the interpretation of tax regulations may differ from that adopted in good faith by the Management Board, the bases disclosed in the financial statements may be subject to change at a later date after their final determination by the authorities authorized to conduct tax audits. Depending on future interpretations by tax authorities, the possibility of taking advantage of tax benefits recognized in the financial statements in the form of deferred income tax assets may be subject to similar changes.

On 15 July 2016, amendments were introduced to the Tax Ordinance to take into account the provisions of the General Anti-Abuse Rule (GAAR). GAAR is intended to prevent the creation and use of artificial legal structures designed to avoid paying tax in Poland. The new regulations require much greater judgment in assessing the effects of individual transactions.

The GAAR clause should be applied to transactions carried out after its entry into force and to transactions that were carried out before its entry into force but for which benefits

were or are still being obtained after the date of entry into force of the clause. The implementation of the above provisions has enabled Polish tax authorities to challenge arrangements and agreements made by legal taxpayers, such as group restructuring and reorganization.

The Group recognizes and measures current and deferred income tax assets or liabilities in accordance with the requirements of IAS 12 Income Taxes based on taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty related to tax settlements.

When there is uncertainty as to whether and to what extent the tax authority will accept particular tax settlements of transactions, the Group recognizes these settlements taking into account the assessment of uncertainty.





6. BASIS FOR PREPARING THE FINANCIAL STATEMENTS

In accordance with the requirements of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2023, item 120, as amended), since 1 January 2005, LPP SA has presented consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (IFRS EU).

These consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial instruments and incentive programs, which are measured at fair value.

The financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements for publication, there are no significant uncertainties regarding events or circumstances that could cast serious doubt on the Group's ability to continue as a going concern.

These financial statements are presented in Polish zlotys (PLN) and all values, unless otherwise indicated, are given in millions of PLN.

6.1. DECLARATION OF COMPLIANCE WITH IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which comprise the standards and interpretations accepted by the International Accounting Standards Board. As at the date of

approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU, the IFRS applicable to these financial statements do not differ from IFRS EU.

No voluntary early adoption of a standard or interpretation has been used in these financial statements.

Standard/interpretation	Effective date
<p>Amendments to IAS 21 "The Effects of Changes in FX Rates"</p> <p>The amendment clarifies how a unit should assess whether a currency is convertible and how it should determine the exchange rate in the absence of convertibility, and requires disclosure of information that will enable users of financial statements to understand the impact of currency non-convertibility.</p> <p>The amendment did not affect its financial statements.</p>	Annual periods beginning on 1 January 2025

Standards and interpretations that are effective as published by the IASB but not yet endorsed by the European Union are listed below in the section on standards and interpretations that are not yet effective.

No voluntary early application of a standard or interpretation has been made in these consolidated financial statements.

6.2. AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

Amendments to standards or interpretations effective and applied by the Group from 2025 and their impact on the consolidated financial statements:



Published standards and interpretations that are not yet effective for periods beginning on 1 February 2025, and their impact on the Group's financial statements:

Standard/interpretation	Effective date		
<p>Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" regarding the classification and valuation of financial instruments</p> <p>The amendments to IFRS 9 introduce the option to choose the accounting policy for the timing of the expiration of a liability when payments are made through an electronic payment system (if certain conditions are met).</p> <p>The amendments to IFRS 9 regarding the SPPI test provide guidance to help assess whether the cash flows arising from a contract are consistent with a basic lending arrangement. In addition, the amendments introduce a clearer definition of the "non-recourse" feature.</p> <p>The amendments to IFRS 9 also provide additional guidance on the characteristics of contractually linked instruments.</p> <p>The amendments to IFRS 7 add new disclosure requirements:</p> <ul style="list-style-type: none"> » regarding investments in equity instruments designated as measured at fair value through other comprehensive income, » for each class of financial assets measured at amortized cost or at fair value through other comprehensive income, as well as for financial liabilities measured at amortized cost. <p>The Group estimates that the amendment will not have an impact on its financial statements.</p>	<p>annual periods beginning on 1 January 2026</p> <p>changes approved by the European Commission</p>	<p>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7</p> <p>Annual Improvements – purely editorial changes.</p> <p>The Group estimates that the amendment will not have an impact on its financial statements.</p>	<p>annual periods beginning on 1 January 2026</p> <p>Amendments approved by the European Commission</p>
<p>Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" in relation to Contracts Referencing Nature-dependent Electricity (PPA)</p> <p>The amendments to IFRS 9 include information on which PPAs can be used in hedge accounting and what specific terms are permitted in such hedging relationships.</p> <p>The amendments to IFRS 7 introduce new disclosure requirements for PPAs as defined in the amendments to IFRS 9.</p> <p>The Group estimates that the amendment will not have an impact on its financial statements.</p>	<p>annual periods beginning on 1 January 2026</p> <p>changes approved by the European Commission</p>	<p>New IFRS 18 "Presentation and disclosure in financial statements"</p> <p>The new standard will replace IAS 1 "Presentation of Financial Statements." IFRS 18 introduces, among other things:</p> <ul style="list-style-type: none"> » a new profit or loss statement structure, » increase in requirements for data aggregation and disaggregation, » requirements to disclose management-defined performance measures. <p>The Group is still assessing the impact of the new standard on its financial statements.</p>	<p>annual periods beginning on 1 January 2027</p> <p>standard approved by the European Commission</p>
		<p>New IFRS 19 "Non-publicly accountable units: disclosures"</p> <p>The standard applies to subsidiaries without public accountability whose Parent Company prepares consolidated financial statements in accordance with IFRS. The new IFRS 19 exempts entities from disclosures required by other standards and introduces a new list in their place.</p> <p>The new standard will not affect its financial statements because LPP SA is a Parent Company and it does not apply to public entities.</p>	<p>annual periods beginning on 1 January 2027</p> <p>standard not yet approved by the European Commission</p>
		<p>Amendments to IFRS 19 "Publicly Unaccountable Entities: Disclosures"</p> <p>IFRS 19 allows subsidiaries without public accountability to apply IFRS with limited disclosure requirements. It limits the disclosure requirements for other standards and amendments to standards issued up to February 2021. The newly issued amendments to IFRS 19 allow subsidiaries to decrease disclosure requirements for standards and amendments published between February 2021 and May 2024, in particular: IFRS 18, amendments to IAS 7 and IFRS 7, amendments to IAS 12, amendments to IAS 21, amendments to IFRS 9 and IFRS 7. As a result of these amendments, IFRS 19 reflects the amendments to IFRS standards effective until 1 January 2027, i.e., until the date from which IFRS 19 will be applicable.</p> <p>The new standard will not have an impact on its financial statements because LPP SA is a Parent Company and it does not apply to public entities.</p>	<p>annual periods beginning on 1 January 2027</p> <p>Amendments not accepted by the European Commission</p>



Standard/interpretation	Effective date
<p>Amendments to IAS 21 "The Effects of Changes in FX Rates"</p> <p>The amendments to IAS 21 clarify the rules for currency translation in specific situations. When a unit translates data from the functional currency of a non-hyperinflationary economy into the presentation currency of a hyperinflationary economy, it uses the closing FX rate at the date of the most recent statement of financial position, including comparative data. However, if the presentation currency ceases to be the currency of a hyperinflationary economy and the functional currency remains the currency of a non-hyperinflationary economy, the unit applies the currently effective requirements of IAS 21 prospectively, without restating comparative data. In addition, it is indicated that a unit whose functional and presentation currencies belong to a hyperinflationary economy, when restating the comparative data of a foreign unit operating in a non-hyperinflationary economy, applies a general price index in accordance with IAS 29. The amendments also introduce additional disclosure requirements related to the above changes.</p> <p>The Group estimates that the change will not have an impact on its financial statements.</p>	<p>annual periods beginning on 1 January 2027</p> <p>Amendments not accepted by the European Commission</p>

7. KEY ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of these consolidated financial statements are presented in the following individual notes.

These policies have been applied consistently in all years presented, except for the first-time application of the new standards and interpretations presented in [section 6.2](#).

7.1. TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

The functional currency for the Parent Company and the presentation currency for the Group is the Polish zloty (PLN).

The functional currency of foreign units is their local currency.

As at the balance sheet date, the assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency at the FX rate of the National Bank of Poland (NBP) prevailing on the balance sheet date, and their statements of comprehensive income are translated at the weighted average FX rate for the financial year. Foreign exchange differences arising from such





translation are recognized in other comprehensive income and accumulated in a separate item of equity.

Upon disposal of a foreign entity, foreign exchange differences accumulated in the equity of that foreign entity are recognized in gains or losses.

The following FX rates were used for balance sheet valuation purposes:

Currency	As at 31 January 2026	As at 31 January 2025
EUR	4.2131	4.2130
CZK	0.1731	0.1676
BGN	0.0000	2.1541
100HUF	1.1033	1.0329
UAH	0.0826	0.0973
RON	0.8265	0.8466
RSD	0.0358	0.0359
100KZT	0.6967	0.7813
BAM	2.1455	2.1460
GBP	4.8586	5.0404
100MK	6.7965	6.8368
BYN	1.2345	1.1861
100ALL	4.3438	4.2498
100UZS	0.0290	0.0311
MDL	0.2091	0.0000
AZN	2.0627	0.0000
GEL	1.3026	0.0000

The weighted average FX rates for individual financial periods were as follows:

Currency	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
EUR	4.2372	4.2965
CZK	0.1724	0.1708
BGN	0.0000	2.1969
100HUF	1.0743	1.0770
UAH	0.0888	0.0982
RON	0.8380	0.8635
RSD	0.0361	0.0367
100KZT	0.7132	0.8410
BAM	2.1588	2.1924
GBP	4.9325	5.0962
100MK	6.8761	6.9820
BYN	1.1575	1.2213
100ALL	4.3343	4.2800
100UZS	0.0298	0.0311
MDL	0.2154	0.0000
AZN	2.1755	0.0000
GEL	1.3565	0.0000

7.2. CONSOLIDATION PRINCIPLES

The financial statements of subsidiaries are prepared in accordance with the accounting standards applicable in their respective countries, but for consolidation purposes their financial data has been restated so that the consolidated financial statements are prepared on the basis of uniform accounting principles. Adjustments are made to eliminate any discrepancies in the accounting principles applied. The fi-

ancial statements of subsidiaries cover reporting periods consistent with the reporting period of the Parent Company.

All significant balances and transactions between Group units, including: unrealized gains resulting from intra-Group transactions, have been fully eliminated.

Units are consolidated from the date on which the Group obtains control over them and cease to be consolidated from the date on which control ceases. Control by the Parent Company exists when:

- » it has authority over the entity concerned,
- » it is exposed to variable returns or has rights to variable returns from its engagement in the unit,
- » has the ability to use its power to target the level of returns generated.

The Group reviews its control over other units if there is a situation indicating a change in one or more of the above conditions of control.

8. ADJUSTMENT OF ERRORS AND CHANGES IN ACCOUNTING POLICIES

During the reporting period, there were no adjustments to previous years or changes in accounting policies.



9. REVENUES AND EXPENSES

9.1. REVENUES

Accounting policy

At the time of concluding a contract, the Group assesses whether the contract meets all the required criteria, i.e.:

- » The parties concluded a contract (in writing, orally, or in accordance with other customary commercial practices) and are obligated to perform their obligations;
- » The Group is able to identify the rights of each party regarding the goods or services to be transferred;
- » The Group is able to identify the terms of payments for the goods or services to be transferred;
- » The agreement has economic substance (i.e., it can be expected that the agreement will change the risk, timing, or base of the unit's future cash flows); and
- » It is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

In assessing whether it is probable that the consideration will be received, the Group considers only the customer's ability and intention to pay the consideration when due.

Identification of performance obligations

At the time of entering into a contract, the Group assesses the goods and services promised in the contract

with the customer and identifies individual contractual obligations. The Group analyzes whether the goods or services are different or similar and, depending on the findings, recognizes the performance obligations to which the revenue is attributed.

Determination of the transaction price

The Group assigns a transaction price to each obligation in an amount that reflects the amount of remuneration to which it is entitled in exchange for the transfer of the promised goods and services.

Fulfillment of performance obligations

Revenues from sales are recognized when the performance obligation is fulfilled or during the fulfillment of the performance obligation by transferring the promised goods or services to the customer. Fulfillment occurs when the unit transfers "control" of the goods or services to the counterparty. Control is the ability to direct the use and obtain all significant benefits from a given asset.

Due to the loyalty programme available for Sinsay brand, in the case of unused points as at the balance sheet date, an adjustment is made to the revenues from the sale of goods. According to the terms and conditions posted on Sinsay



brand website, customers can receive points for purchased goods, which they can exchange for discount coupons in the future. Points are activated 30 days after the date of purchase of goods and are valid for six months.

Contract assets

As part of contract assets, the Group recognizes rights to remuneration in exchange for goods or services it has transferred to the customer, if this right is subject to a condition other than the passage of time (for example, future performance by the unit). The Group assesses whether there has been any impairment of the asset in accordance with IFRS 9.

Trade receivables

The Group recognizes trade receivables as rights to remuneration in exchange for goods or services transferred to the customer, if this right is unconditional (the only condition for the remuneration to become due is the passage of time). The Group recognizes receivables in accordance with IFRS 9.

Contract liabilities

The Group recognizes as contract liabilities remuneration received or due from a customer that involves an obligation to transfer goods or services to the customer.

Refund liabilities

The Group recognizes refund liabilities due to complaints and returns from customers. Revenues from the sale of goods are adjusted through an adjustment for the estimated value of these returns, broken down into traditional and online sales. A detailed description of the principles and ratios used is presented in [Note 5.2](#).

Sales of goods

The Group operates mainly in the area of sales of goods, both as retail sales in traditional stores and online stores and wholesale sales.

In accordance with the provisions of the standard, if the contract contains only one obligation to perform a service – the sales of goods – revenue is recognized at a specific point in time, i.e., when the customer obtains control over the goods. In the case of retail stores (showrooms), revenue is recognized at the time of the transaction. Revenue recognition in wholesale sales depends on the Incoterms on which the transaction is conducted. In the case of online sales, the Group recognizes revenue at the time of delivery of the goods to the customer, taking into account estimated expected returns.





REVENUE BY CATEGORY

Revenue from customer contracts, broken down by category, reflects how economic factors impact the nature, amount, timing, and uncertainty of revenues and cash flows.

The table below presents revenues from contracts with customers by geographical region, distribution channel and brand which most accurately reflect the nature of the cooperation and management analysis.

The geographical areas indicated below include the following countries within the LPP SA Group:

Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other sales
Poland	Germany, Italy, Finland, United Kingdom	Czech Republic, Slovakia, Hungary	Romania, Bulgaria, Greece, North Macedonia, Serbia, Bosnia and Herzegovina, Croatia, Slovenia, Albania, Kosovo, Moldova	Lithuania, Latvia, Estonia	UAE*, Türkiye*	Ukraine, Kazakhstan, Belarus, Uzbekistan, Azerbaijan, Georgia and franchise sales

**During the transition period, the destination country for goods sold to trade agents under the Re Trading sales agreement was the Russian Federation.*

Revenue from contracts with customers for the period from 1 February, 2025, to 31 January 2026 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Type of sales								
Online	3,268	614	816	1,168	180	0	322	6,367
Offline	6,891	918	2,193	4,132	745	0	1,864	16,742
Total	10,159	1,532	3,009	5,299	925	0	2,186	23,109

Revenue from contracts with customers for the period from 1 February, 2025 to 31 January 2026 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Type of brand								
Sinsay	4,720	471	1,599	3,801	461	0	1,536	12,589
Reserved	3,144	998	863	911	300	0	349	6,564
Cropp	607	23	153	192	57	0	142	1,175
House	838	17	164	152	51	0	125	1,347
Mohito	715	24	230	243	55	0	33	1,299
Other	134	0	0	0	0	0	0	134
Total	10,159	1,532	3,009	5,299	925	0	2,186	23,109



Revenue from contracts with customers for the period from 1 February 2024 to 31 January 2025 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Type of sales								
Online	2,576	512	705	1,077	165	0	369	5,404
Offline	6,153	724	1,796	3,287	626	787	1,416	14,790
Total	8,729	1,236	2,501	4,364	791	787	1,785	20,194
Revenues from contracts with customers for the period from 1 February 2024 to 31 January 2025 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Type of brand								
Sinsay	3,897	293	1,217	2,986	345	0	1,136	9,875
Reserved	2,587	876	737	774	267	0	346	5,587
Cropp	647	25	154	198	69	0	146	1,239
House	755	15	147	151	47	0	116	1,230
Mohito	725	26	246	255	64	0	40	1,357
Other	118	0	0	0	0	787	0	905
Total	8,729	1,236	2,501	4,364	791	787	1,785	20,194

As part of the Re Trading sales agreement, the parties provided for a transitional period during which LPP SA undertook to support the investor in processes such as the purchase of goods. This process was completed at the end of January 2025. As a result, there were no sales to trade agents in the 2025 reporting year. In the comparative period, the value of sales under this process amounted to PLN 787 million.

The Group did not identify any contractors exceeding 10% of revenue.

ASSETS AND LIABILITIES UNDER CONTRACTS WITH CUSTOMERS

The Group sells clothing and accessories in traditional stores and online stores in Poland and abroad to target customers

for cash or by payment card. This business model results in relatively low receivables. Trade and other receivables include wholesale settlements, sales to trade agents, receivables for the sale of a Russian company and receivables for compensation for property lost in a fire in Romania.

Contract liabilities include purchased gift cards. Gift cards will be redeemed by customers through the purchase of clothing in traditional stores. The Group estimates the average redemption period for cards to be 12 months.

Due to the main distribution channel being retail sales and, to a lesser extent, wholesale, and due to the fact of returns, which the Group assumes in its policy, the Group estimates

the value of liabilities due to returns on goods from customers as at each balance sheet date. This estimate is made according to the percentage of returns determined on the basis of the previous quarter. This value is presented under Refund liabilities.

As at the balance sheet date, the Group estimated the value of unused points, which is presented in the table below under the loyalty program. It results from the value of one point, the number of points available for use at the end of the reporting period, and the probability of their realization estimated on the basis of historical realizations.



The Group recognized the following assets and liabilities under contracts with customers:

PLN m	As at 31 January 2026	As at 31 January 2025
Trade receivables	161	757
Refund asset	85	60
Refund liabilities	103	85
Contract liabilities	36	29
Loyalty program	111	62

9.2. COST OF GOODS SOLD

The table below shows a detailed breakdown of the components of the total cost of goods sold.

Cost of goods sold (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Cost of goods sold and services sold	10,296	9,461
Inventory write-off	-	28
Estimated product returns	-25	-14
Total cost of goods sold	10,267	9,475

9.3. OTHER OPERATING INCOME AND OPERATING COSTS

Accounting policy

Other operating income and expenses include income and expenses from activities that are not part of the Group's core operations, e.g., gains or losses on the disposal of tangible fixed assets, subsidies, penalties and fines, donations, write-offs of assets, etc.

Subsidies are recognized when there is reasonable assurance that they will be received and all related conditions will be met.

Write-offs on assets are recognized at net value as the difference between their recognition and reversal.

Other operating income (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Profit on disposal of non-financial tangible fixed assets	0	0
Subsidies	1	3
Revaluation of assets, including:	0	32
– revaluation write-offs on non-current assets net	0	26
– revaluation write-offs on receivables net	0	6
Other operating income, including:	435	69
– profit on cancellation of contracts measured in accordance with IFRS 16	39	20
– compensations	346	6
Total other operating income	436	104

Other operating costs (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Loss on disposal of non-financial tangible fixed assets	0	0
Revaluation of assets, including:	881	0
– revaluation write-offs on non-current assets net	58	0
– revaluation write-offs on receivables net	823	0
Other operating expenses, including	490	149
– losses in current and non-current assets	466	114
– donations	10	7
Total other operating costs	1,371	149

In the current period, the Group created a write-off on receivables in the amount of PLN 823 million. This amount consists of a write-off on trade receivables from trade agents in the amount of PLN 581 million and a write-off on receivables for the sale of sha-

res in a Russian company in the amount of PLN 242 million. A detailed description of the situation is provided in [notes 13](#) and [21](#).

Another significant item in other operating costs is the cost related to the fire that took



place in June 2025 at the warehouses in Romania leased by LPP Logistics Romania SRL. The Group estimated the value of lost goods and destroyed fixed assets. The value of losses in fixed and current assets was estimated at PLN 342 million and was recognized in operating costs as a write-off of fixed assets in the amount of PLN 49 million and losses in current and non-current assets in the amount of PLN 293 million.

The Group has an active all-risk insurance policy and is also covered by business interruption (BI) insurance. Due to the policy, which fully covers property losses, the Group estimated the value of future compensations for lost property at PLN 342 million, which was presented in other operating income under Compensations

Other operating income, under Other operating income, also includes the value of income related to the sale of shares in Veviera Sp. z o.o. in the amount of PLN 18 million.

9.4. FINANCIAL INCOME AND COSTS

Accounting policy

Financial income and costs include, in particular, interest, revaluation of loans, foreign exchange differences, and dividends.

Interest income and expenses are recognized on an accrual basis, using the effective interest rate method, in relation to the net value of a given financial asset.

Dividends are recognized when the rights of shareholders or partners to receive them are established.

If there are indications of impairment, the Group tests the investment for impairment. Write-offs are made when the tests show a recoverable amount lower than the carrying amount.

Foreign exchange differences are recognized at net value.

Financial income (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Interest, including:	11	22
– on deposits	8	13
– on loans and receivables	3	9
Valuation of units in funds	25	43
Other financial income, including:	2	77
– discount	0	77
Total financial income	38	142

Financial costs (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Interest expenses – bank loans	125	52
Interest expenses – corporate bonds	0	11
Interest expenses – budgetary and other	0	0
Interest expenses – lease liabilities	251	15
Other financial costs, including:	87	93
– revaluation write-off on loans	0	2
– currency translation balance	65	82
– discount	14	0
Total financial costs	463	306

In the period under review, the Group recognized in financial costs a discount of PLN 14 million (2024: financial income of PLN 77 million) related to the sales of Re Trading OOO.



9.5. COSTS BY TYPE

Costs by type (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Amortisation and depreciation	2,075	1,688
Rent and leases	630	623
Store and warehouse operation services	1,127	1,083
Transport	894	788
Consumption of materials and energy	526	582
Payroll and social security costs	2,759	2,271
Other costs by type	1,403	1,224
including: Advertising	632	639
Total costs by type	9,414	8,259

Reconciliation of costs in the comparative and calculation tables below:

Costs by type (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Costs by type, including:	9,414	8,259
Items included in the costs of stores and distribution	8,220	7,129
Items recognised in overheads	1,194	1,130

9.6. COSTS OF DEPRECIATION, EMPLOYEE BENEFITS AND INVENTORY

Items recognised in cost of goods sold (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Measurement of inventory at a purchase price	10,296	9,461
Revaluation write-off on inventory	-	28
Estimated product returns	-25	-14
Total	10,267	9,475

Items recognised in costs of stores and distribution (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Depreciation of property, plant and equipment	798	618
Depreciation of intangible assets	8	6
Depreciation of the right of use	1,161	968
Costs of inventory consumption for advertising purposes	2	1
Costs of employee benefits, including:	2,012	1,635
– payroll	1,749	1,429
– social security costs	263	206
Total	3,981	3,228

Items recognised in overheads (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Depreciation of property, plant and equipment	43	3
Depreciation of intangible assets	37	39
Depreciation of the right of use	28	21
Costs of inventory consumption for advertising purposes	1	1
Costs of employee benefits, including:	747	636
– payroll	635	53
– social security costs	112	98
Total	856	733

Items recognised in other operating costs (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Surplus of inventory deficits over surpluses	105	74
Inventory disposal	350	31
Donations	10	7
Total	465	112



10. INCOME TAX

Accounting policy

Mandatory charges on the financial result include current and deferred income tax that has not been recognized in other comprehensive income or directly in equity.

The current tax expense is calculated on the basis of the tax result for the financial year. Changes in estimates relating to previous years are recognized as an adjustment to the current year's expense. Tax expenses are calculated based on the tax rates applicable in the financial year.

Deferred tax is calculated using the balance sheet method as tax payable or refundable in the future on differences between the carrying amounts of assets and liabilities and their corresponding tax bases used to calculate the tax base.

A deferred tax liability is recognized for all taxable temporary differences, while a deferred tax asset is recognized to the extent that it is probable that future gains will be available against which the recognized temporary differences can be utilized.

The Group offsets deferred tax assets and liabilities and presents their net value in the statement of financial position separately for each company in the Group.

If, in the Group's opinion, it is probable that a particular company's approach to a tax issue or group of tax issues will be accepted by the tax authority, each company determines its taxable income (tax loss), tax base, unused tax losses, unused tax credits, and tax rates, taking into account the approach to taxation planned or applied in its tax return. In assessing this likelihood, the Group assumes that the tax authorities authorized to audit and challenge the tax treatment will conduct such an audit and will have access to all information.

If the Group determines that it is not probable that the tax authority will accept the company's approach to a tax issue or group of tax issues, the company reflects the effects of the uncertainty in its tax accounting in the period in which it made that determination. The Group recognizes income tax

liabilities using one of two methods, depending on which better reflects how the uncertainty is likely to materialize:

- » The company determines the most likely scenario—this is a single base from among the possible outcomes, or
- » The company recognizes the expected value – this is the sum of the probability-weighted bases of the possible outcomes.





Income tax (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Current income tax	664	456
Deferred income tax	-93	48
Total	571	504

As part of the BEPS 2.0 initiative, a global reform of income taxes is being implemented. Its key element is the requirement to pay a top-up tax in situations where the effective tax rate in a given tax jurisdiction is less than 15%.

On 15 November 2024, a law was signed implementing the EU requirements for a global minimum tax, Pillar 2, in Poland. The Polish regulations have been in force since 1 January 2025.

LPP SA, as a member of an international group with annual revenues exceeding EUR 750 million in at least two of the four tax years immediately preceding the tax year under review, is subject to the provisions on compensatory tax in Poland regulated by the Act of 6 November 2024 on the compensatory taxation of units belonging to international and domestic groups (Journal of Laws 2024.1685.)

LPP SA assessed the legal situation in each jurisdiction in which subsidiaries of the entire Group operate and analyzed the appli-

cation of temporary safe harbors based on 2024. The analysis showed that most subsidiaries passed the tests, with the exception of Bulgaria and Belarus.

The company in Bulgaria (a jurisdiction with a tax liability under the QMDTT mechanism) may be required to pay additional tax in the amount of approximately PLN 1.7 million. With regard to the company in Belarus (a jurisdiction without global minimum tax regulations), verification is currently underway as to whether it will be required to pay tax.

The Group took advantage of the option not to recognize deferred income tax assets and liabilities related to Pillar 2 income taxes and not to disclose information about these assets and liabilities.

10.1. EFFECTIVE TAX RATE

The reconciliation of income tax on gross profit before tax at the statutory tax rate with income tax recognized in profit or loss for the periods from 1 February, 2025, to 31 January 2026, and the comparative period is presented in the table below.

Income tax (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Profit (loss) before tax	2,068	2,251
Income tax at a statutory tax rate of 19% applicable in Poland	393	428
Effect of difference in tax rates between countries	93	19
Adjustments relating to current income tax	15	3
Non-taxable fixed costs	153	70
Non-taxable fixed income	-9	-
Zone relief	-	0
Income tax (charge) recognised in profit or loss	571	504

On 25 October 2023, LPP SA signed an agreement with the National Tax Administration (KAS) as part of the Cooperation Program. The target of the Program is to ensure compliance with tax law, with the active support of KAS, taking into account the individual needs and expectations of the Company. This agreement will allow the Company to increase business and tax transparency, improve cooperation with KAS, and decrease the risk of business activity in the area of taxes, thanks to prior agreement of business changes and economic operations with the tax authorities.



Income tax is calculated according to the following tax rates:

0%	Estonia i Latvia	19%	Poland
9%	Hungary	20%	Belarus, Finland, Kazakhstan, Azerbaijan
10%	Bulgaria, Macedonia, Bosnia i Hercegovina, Kosovo	21%	Slovakia, Czech Republic
12%	Moldova	22%	Greece, Slovenia
15%	Serbia, Lithuania, Uzbekistan, Georgia	24%	Italy
16%	United Kingdom, Romania	25%	Spain
18%	Ukraine, Croatia	33%	Germany

10.2. DEFERRED INCOME TAX – FINANCIAL RESULT

Deferred income tax recognized in the financial result for the period from 1 February 2025 to 31 January 2026 and for the comparative period resulted from the following items:

Deferred income tax (PLN m)	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Tangible fixed assets and intangible assets	-28	6
Right of use	-13	-54
Lease liability	36	16
Revaluation of inventory	-28	1
Revaluation of trade receivables	29	-2
Margin on goods unsold outside the Group	13	16
Fee on expenditure sold	0	0
Tax loss	-5	-12
Unpaid remuneration and surcharges	0	2
Provision for goods returned	3	2
Tax credit	66	-8
Estimated return/estimated rent subsidies	3	-14
Other temporary differences	14	-6
Foreign exchange differences from the conversion	3	5
Total	93	-48

10.3. DEFERRED TAX ASSETS AND LIABILITIES

The value of deferred tax assets and liabilities disclosed in the statement of financial position results from the items and values presented in the table below.

Deferred tax assets (PLN m)	As at 31 January 2026	As at 31 January 2025
Tangible fixed assets and intangible assets	-76	-48
Right of use	-390	-377
Lease liability	495	459
Revaluation of inventory	28	56
Revaluation of trade receivables	32	3
Margin on goods unsold outside the Group	63	50
Fee on expenditure sold	4	4
Tax loss	72	77
Unpaid remuneration and surcharges	15	15
Provision for goods returned	10	7
Tax credit	85	19
Estimated return/estimated rent subsidies	0	-3
Other temporary differences	5	-9
Total	343	253

Deferred tax liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Tangible fixed assets and intangible assets	2	2
Other temporary differences	0	0
Total	2	2



As at 31 January 2026, the Group recognized deferred tax assets in connection with tax losses in Group companies in the amount of PLN 72 m (2024: PLN 77 m). The most significant amounts were calculated at PLN 57 m for LPP SA and PLN 11 m for LPP BLR. In accordance with tax regulations in these other countries, there is no limitation on the period for settling tax losses. In the case of LPP SA, the tax loss settlement expires on 31 January 2028.

In addition, the Group disclosed deferred tax assets related to a tax credit for conducting business activity by LPP Logistics Sp. z o.o. in the economic zone in the amount of PLN 85 million (2024: PLN 19 million).

11. EARNINGS PER SHARE

Accounting policy

Basic earnings per share are calculated by dividing the net profit for a given period by the weighted average number of LPP SA shares outstanding during that period.

Diluted earnings per share are calculated by dividing the net profit for a given period by the weighted average number of shares outstanding during the period, underlying the weighted average number of shares that would have been issued upon conversion of all dilutive potential equity instruments into shares.

The calculation of basic and diluted earnings per share is presented below.

Earnings per share	01.02.2025 – 31.01.2026	01.02.2024 – 31.01.2025
Number of shares used as the denominator of the formula		
Weighted average number of shares	1,855,890	1,855,624
Dilutive effect of options convertible to shares	2,818	0
Diluted weighted average number of shares	1,858,708	1,855,624
Earnings per share		
Net profit (loss) attributable to shareholders of the parent company (PLN m)	1,500	1,747
Net profit (loss) on continuing operations (PLN m)	1,497	1,747
Net profit (loss) attributable to shareholders of the parent company per share (PLN)	808.24	941.46
Diluted profit (loss) attributable to shareholders of the dominating entity per share (PLN m)	807.01	941.46
Net profit (loss) from continuing operations amount per share (PLN)	806.62	941.46
Diluted net profit (loss) from continuing operations per share (PLN m)	805.40	941.46

Between the balance sheet date and the date of preparation of these financial statements, there were no other transactions involving shares or potential shares.

12. DIVIDENDS PAID AND OFFERED FOR PAYMENT

Accounting policy

Dividends are recognized when the shareholders' or partners' right to receive them is established.

On 12 July 2025, the GM of LPP SA, by Resolution No. 19, decided to allocate part of the gains generated for the year ended 31 January 2025, to the payment of dividends in the total amount of PLN 1,225 million. The dividend date was set for 10 October 2025, and the payment was made in two parts: an advance payment of PLN 612 million on 28 April 2025, and PLN 612 million on 31 October 2025. The base for calculating the dividend per share was PLN 660.00.

Also in the current financial year, on 30 January 2026, the Management Board of LPP SA decided to pay an advance dividend for the year ending 31 January 2026. The advance payment was approved by the Supervisory Board. The advance payment was set at PLN 742 million, i.e. PLN 400 per share. The date for determining the list of shareholders was set for 23 April 2026, and the date for payment of the advance payment was set for 30 April 2026.

In the comparative period, on 12 July 2024, the GM of LPP SA, by Resolution No. 21, decided to allocate part of the gain generated for the year ended 31 January 2024, to the payment of a dividend in the total amount of PLN 1,132 million. The date for paying dividends was set for 11 October 2024, and the payment was made in two parts: an advance payment of PLN 529 million on 30 April 2024, and PLN 603 million on 30 October 2024. The base for the dividend per share amounted to PLN 610.00.

13. DISCONTINUED OPERATIONS

There were no discontinued operations in the current period.

In 2022, LPP SA sold its subsidiary Re Trading OOO. A detailed description of the transaction is provided in *Note 13 to the Consolidated Annual Report for 2022*.

In accordance with the agreement, the payment date for the sales of the company was deferred in fixed proportions until 2026 at the latest. However, in connection with information received from the shareholders of Re Trading, who purchased shares in the Russian company in 2022, about the risk of loss of financial liquidity of the acquired company, and thus none of the investors or their trade agents being able to repay their liabilities, the Group created a write-off on the entire amount of unpaid receivables and recognized it in other operating costs. The value of the write-off of receivables from investors for the sale of shares in Re Trading amounted to PLN 242 million. The Management Board of LPP SA remains in constant contact with the debtors, regularly requesting information on the financial situation of these entities, and makes every effort to recover as much as possible of the amount of receivables written off in 3Q of 2025 in subsequent periods.

In addition, it should be noted that the buyers of Re Trading have submitted a statement of their lack of desire to exercise the put option provided for in the 2022 sales transaction documentation. The Management Board of LPP SA maintains its position that, regardless of the actions of investors, it does not intend to undertake any activity on the Russian market, and furthermore, it maintains its opinion that in the current legal and political environment, even the submission of declarations of intent to transfer the shares in Re Trading back would not lead to any acquisitions by LPP SA.





14. TANGIBLE FIXED ASSETS

Accounting policy

The initial value of tangible fixed assets is determined at the purchase price plus all costs directly related to the purchase and adaptation of the asset to a usable condition. Costs incurred after the date of commissioning of the asset, such as maintenance and repair costs, are charged to the financial result at the time they are incurred.

As at the balance sheet date, tangible fixed assets are measured at acquisition cost less accumulated depreciation and impairment write-offs.

The Group calculates write-offs using the straight-line method. Fixed assets are written off over their estimated useful lives, which are determined in advance. This period is reviewed annually.

The depreciation rates applied to individual groups of fixed assets are as follows:

Fixed asset class	depreciation rate
Buildings, premises, civil engineering structures, including:	2.5-50%
<i>Expenditure in a third-party facility</i>	10-20%
Technical equipment and machines	2.5-50%
Means of transport	10-25%
Other tangible fixed assets, including:	10-40%
<i>Furniture</i>	10-12.5%

The value of tangible fixed assets is also subject to periodic review for possible impairment as a result of events or changes in the environment or within the Group itself that could cause the value of these assets to fall below their current carrying amount.

When determining depreciation rates for individual tangible fixed assets, the Group determines whether there are any components of the asset whose purchase price is significant in comparison with the purchase price of the entire non-current asset, and whether the useful life of these components differs from the useful life of the other parts of the non-current asset.

Tangible fixed assets under construction – as at the balance sheet date, they are measured at the total costs directly related to their acquisitions or production, less impairment write-offs.

A tangible fixed asset may be removed from the statement of financial position after its disposal or when no economic benefits are expected from its continued use. Gains or losses arising from the sale, liquidation, or discontinuation of use of fixed assets are determined as the difference between the revenues from the sale and the net value of those fixed assets and are recognized in other operating income or operating costs.

Borrowing costs are capitalized as part of the cost of fixed assets and intangible assets. Borrowing costs consist of interest calculated using the effective interest rate method and foreign exchange differences arising in connection with external financing up to the amount corresponding to the adjustment of interest costs.

At the end of each financial year, an impairment test is performed. The principles applied in determining whether a given fixed asset is subject to a write-off are presented in [note 5.2](#).



Changes in tangible fixed assets (by type) in the period from 1 February 2025 to 31 January 2026 (PLN m)	Land	Buildings, premises, civil engineering structures	Technical equipment and machines	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total fixed assets
Opening balance of gross value of tangible fixed assets	249	4,514	1,059	36	1,610	515	26	8,009
Foreign exchange differences from the conversion	0	-46	-4	-	-31	-7	-1	-90
Change in the Group's structure	-38	-202	0	0	0	0	0	-240
Acquisitions	9	153	228	4	300	2,354	190	3,238
Transfer from fixed assets under construction	0	1,005	36	0	250	-1,291	0	0
Sales	0	0	4	1	1	1	0	7
Liquidation	0	67	36	0	37	2	0	142
Other decreases	0	0	16	0	0	4	199	219
Other increases	0	0	0	0	16	54	0	70
Closing balance of tangible fixed assets, gross	220	5,357	1,263	38	2,107	1,618	16	10,619
Opening balance of accumulated depreciation (redemption) at the beginning of the period	0	1,806	543	15	774	0	0	3,138
Foreign exchange differences from the conversion	0	-13	-	-	-8	0	0	-24
Change in the Group's structure	0	-31	0	0	0	0	0	-31
Depreciation for the period	0	539	110	6	186	0	0	841
Sales	0	0	3	1	1	0	0	5
Liquidation	0	60	36	0	35	0	0	131
Other decreases	0	0	16	0	0	0	0	16
Other increases	0	1	0	0	16	0	0	17
Closing balance of accumulated depreciation (redemption) at the end of the period	0	2,242	596	19	932	0	0	3,789
Opening balance of impairment write-offs	0	122	1	0	8	5	0	136
Foreign exchange differences from the conversion	0	-3	0	0	-1	-2	0	-6
Increase	0	14	11	0	5	38	0	68
Usage	0	6	0	0	0	0	0	6
Reversal	0	9	2	0	0	0	0	11
Closing balance of impairment write-offs	0	118	10	0	12	41	0	181
Total net value of tangible fixed assets as at 1 February, 2025	249	2,586	515	21	828	510	26	4,735
Total net value of tangible fixed assets as at 31 January 2026	220	2,997	657	19	1,163	1,577	16	6,649
Impairment loss – items in the statement of comprehensive income								Base
Increase – other operating costs, revaluation of non-financial assets								57
Decrease – other operating income, revaluation of non-financial assets								0



Changes in tangible fixed assets (by type) in the period from 1 February 2024 to 31 January 2025 (PLN m)	Land	Buildings, premises, civil engineering structures	Technical equipment and machines	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total fixed assets
Opening balance of gross value of tangible fixed assets	198	3,805	946	29	1,298	198	6	6,480
Foreign exchange differences from the conversion	0	-85	-10	-1	-37	-4	0	-137
Acquisitions	51	131	138	11	172	1,279	258	2,040
Transfer from fixed assets under construction	0	735	1	0	212	-948	0	0
Sales	0	0	2	3	1	3	0	9
Liquidation	0	75	14	0	34	1	0	124
Other decreases	0	0	2	0	0	7	238	247
Other increases	0	3	2	0	0	1	0	6
Closing balance of tangible fixed assets, gross	249	4,514	1,059	36	1,610	515	26	8,009
Opening balance of accumulated depreciation (redemption) at the beginning of the period	0	1,506	452	13	693	0	0	2,664
Foreign exchange differences from the conversion	0	-38	-	-	-18	0	0	-63
Depreciation for the period	0	407	113	5	129	0	0	654
Sales	0	0	2	2	1	0	0	5
Liquidation	0	70	13	0	30	0	0	113
Other decreases	0	3	1	2	0	0	0	6
Other increases	0	4	0	2	1	0	0	7
Closing balance of accumulated depreciation (redemption) at the end of the period	0	1,806	543	15	774	0	0	3,138
Opening balance of impairment write-offs	0	154	1	0	11	7	0	173
Foreign exchange differences from the conversion	0	-5	0	0	-1	-1	0	-7
Increase	0	6	0	0	0	0	0	6
Usage	0	3	0	0	1	0	0	4
Reversal	0	30	0	0	1	1	0	32
Closing balance of impairment write-offs	0	122	1	0	8	5	0	136
Total net value of tangible fixed assets as at 1 February 2024	198	2,145	493	16	594	191	6	3,643
Total net value of tangible fixed assets as at 31 January 2025	249	2,586	515	21	828	510	26	4,735
Impairment loss – items in the statement of comprehensive income								Base
Increase – other operating costs, revaluation of non-financial assets								0
Decrease – other operating income, revaluation of non-financial assets								26



In the period ended 31 January 2026, the Group recognized impairment write-offs on tangible fixed assets for unprofitable or designated for closure stores in the amount of PLN 19 million (2024: PLN 6 million). In addition, a write-off of PLN 49 million was recognized for fixed assets destroyed as a result of a fire in leased warehouses in Romania.

In the same period, the write-offs recognized were partially utilized due to the closure of stores in the amount of PLN 6 million and partially reversed in the amount of PLN 11 million (2024: utilization in the amount of PLN 4 million and reversal of write-offs in the amount of PLN 32 million).

As at 31 January 2026, the Group had contractual obligations for tangible fixed asset acquisitions in the amount of PLN 643 m (2024: PLN 843 m).

The base consisted of the following liabilities:

- » Liabilities related to the development of LPP brand stores – PLN 65 million;
- » Liabilities under contracts for the expansion of logistics centers – PLN 533 million;
- » Liabilities under contracts for the construction of office buildings – PLN 45 million.

Neither security interests nor declarations of the Company on voluntary submission to enforcement under Article 777 of the Code of Civil Procedure have been established on the tangible assets of LPP SA or the assets of companies from the LPP Group in connection with the agreement concluded by the Company with the Consortium of Banks, described in [note 24](#).

15. LEASING

Accounting policy

At the time of conclusion of the agreement, the Group assesses whether the agreement is a lease or contains a lease. An agreement is a lease or contains a lease if it transfers the right to control the use of an identified asset for a given period in exchange for remuneration.

The Group applies a uniform approach to the recognition and valuation of all leases, except for short-term leases and leases of assets with low worth. At the commencement date of the lease, the Company recognizes right of use assets and lease liabilities.

RIGHT OF USE ASSETS

The Group recognizes right of use assets at the commencement date of the lease. These assets are measured at cost, less total depreciation write-offs and impairment write-offs. The cost of right of use assets includes the base amount of lease liabilities recognized, initial direct costs incurred, and any lease payments made on or before the commencement date, less any lease incentives received.

LEASE LIABILITIES

At the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments remaining to be paid at that date. Lease payments generally comprise fixed lease payments.

When calculating the present value of lease payments, the Group uses the lessee's incremental borrowing rate at the commencement date if the interest rate on the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased by interest and decreased by lease payments made. In addition, the carrying amount of lease liabilities is evaluated again in the event of a change in the lease term and a change in fixed payments.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the exemption from recognizing short-term leases to its short-term lease agreements (i.e., agreements with a lease term of 12 months or less from the commencement date and no purchase option). The Group also applies the exemption from recognizing low-value asset leases for low-value leases. These fees are recognized as expenses when incurred.



LPP SA and its subsidiaries are parties to lease agreements under which they use floor-space for operating a chain of company stores, office and warehouse floorspace, means of transport, and perpetual usufruct rights to land.

The lease term is:

- » For stores – from 5 to 10 years with the possibility of extension;
- » For office and warehouse floorspace – from 3 to 6 years;
- » For cars – from 5 to 10 years;
- » For perpetual usufruct rights – in accordance with the decision of the City Council.

Some lease agreements include options to extend or terminate the lease. The Management Board makes a judgment to determine the period for which it can be reasonably assumed that such agreements will continue.

The Group also has leases for retail floor-space and cars with a lease term of 12 months or less, as well as leases for office equipment and equipment with a low worth. The Group applies the exemption for short-term leases and low-value leases.

The carrying amounts of right of use assets and changes therein during the reporting period are presented below:

Changes in the right of use in the period from 1 February 2025, to 31 January 2026 (PLN m)	Lease of stores	Other leases	Total right of use
Opening balance, gross value of the right of use	6,543	629	7,172
Foreign exchange differences from the conversion	-47	-5	-
Increases (new leases)	1,244	255	1,499
Amendments to lease agreements	675	0	675
Revaluation of lease liabilities*	-124	-214	-338
Closing balance, gross value of the right of use	8,291	665	8,956
Opening balance of accumulated depreciation (redemption) at the beginning of the period	2,918	154	3,072
Foreign exchange differences from the conversion	-15	-2	-
Depreciation for the period	1,097	92	1,189
Amendments to lease agreements	-32	7	-25
Revaluation*	-93	-26	-119
Closing balance of accumulated depreciation (redemption) at the end of the period	3,875	225	4,100
Total net value of the right of use as at 1 February 2025	3,625	475	4,100
Total net value of the right of use as at 31 January 2026	4,416	440	4,856

Changes in the right of use in the period from 1 February 2024 to 31 January 2025 (PLN m)	Lease of stores	Other leases	Total right of use
Opening balance, gross value of the right of use	5,244	303	5,547
Foreign exchange differences from the conversion	-139	-8	-147
Increases (new leases)	1,124	363	1,487
Amendments to lease agreements	475	8	483
Revaluation of lease liabilities*	-161	-37	-198
Closing balance, gross value of the right of use	6,543	629	7,172
Opening balance of accumulated depreciation (redemption) at the beginning of the period	2,212	90	2,302
Foreign exchange differences from the conversion	-56	-1	-57
Depreciation for the period	912	77	989
Amendments to lease agreements	-20	0	-20
Revaluation*	-130	-12	-142
Closing balance of accumulated depreciation (redemption) at the end of the period	2,918	154	3,072
Total net value of the right of use as at 1 February 2024	3,032	213	3,245
Total net value of the right of use as at 31 January 2025	3,625	475	4,100

*The revaluation applies to agreements that were physically terminated due to the termination of the agreement or termination related to the transition to turnover rent.



The carrying amounts of lease liabilities and changes therein during the reporting period are presented below:

Lease liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	4,771	3,907
Increases (new agreements)	1,612	1,622
Amendments to lease agreements	693	525
Revaluation*	-251	-56
Foreign exchange differences	-48	-131
Interest	253	150
Payments	-1,498	-1,246
Closing balance	5,532	4,771
Short-term	1,379	1,248
Long-term	4,153	3,523
Total	5,532	4,771

*The revaluation applies to agreements that were physically terminated due to the termination of the agreement or termination related to the transition to turnover rent.

Amendments to lease agreements resulted from changes in lease periods, changes in lease payments dependent on the rate or index, and from the valuation of values in foreign currencies.

During the reporting period, the Group disclosed the following values in its financial statements for continuing operations:

- » Depreciation of the right of use: PLN 1,189 million (2024: PLN 989 million);
- » Interest expenses: PLN 253 million (2024: PLN 150 million);
- » Rent costs of unmeasured leases in accordance with IFRS 16: PLN 630 million (2024: PLN 623 million).

As at 31 January 2026 and 31 January 2025, the Group presents a breakdown of lease liabilities by maturity in undiscounted values:

Undiscounted lease liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Up to 1 month	127	112
From 1 to 3 months	254	224
From 3 months to 1 year	1,148	1,007
Above 1 year	4,610	3,791
Total	6,139	5,134

16. INTANGIBLE ASSETS

Accounting policy

Intangible assets include patents and licenses, computer software, costs of store concepts, and other intangible assets that meet the recognition criteria set out in IAS 38.

Intangible assets are recognized at the balance sheet date at acquisition price or production cost less amortization and impairment write-offs. Intangible assets with a finite useful life are amortized on a straight-line basis over their economic useful life. The useful lives of individual intangible assets are reviewed annually.

The depreciation rates applied to individual groups of intangible assets are as follows:

Fixed asset class	depreciation rate
Costs of completed store concept works	20%
Acquired concessions, patents, licences and similar assets	10-50%

COSTS OF WORK ON COMPANY STORE CONCEPTS

The Group is engaged in work related to the design and construction of model clothing stores for sales.

Expenditures directly related to this work are recognized as intangible assets.

Expenditures incurred for conceptual work performed as part of a given project are carried forward to the next period if it can be assumed that they will be recovered in the future. Future benefits are assessed on the basis of the principles set out in IAS 36.

After the initial recognition of expenditures on store concept development, the historical cost model is applied, according to which assets are recognized at acquisition price or production cost less accumulated amortisation and accumulated impairment write-offs. Completed work is amortized on a straight-line basis over the expected period of benefits, which is 5 years.



The most significant intangible asset is the House trade mark, which is disclosed in the statement of financial position as a separate item of non-current assets under Trade Mark. Its carrying amount as at 31 January 2026 was PLN 78 million (2024: PLN 78 million).

The useful life of this asset is indefinite.

In the current reporting period, the Group conducted an annual impairment test on this asset (as part of testing cash-generating units to which goodwill is also allocated), which did not indicate the need for a write-off. Details of the test are presented in [Note 17](#).

Other significant intangible assets as at 31 January 2026 were:

- » Online sales platform. The carrying amount as at 31 January 2026 was PLN 47 million (2024: PLN 26 million);
- » Application for product order management. The carrying amount as at 31 January 2026 was PLN 19 million (2024: PLN 15 million);
- » Application for managing goods orders. The carrying amount as at 31 January 2026 was PLN 30 million (2024: PLN 36 million);
- » Mobile sales app for Sinsay. The carrying amount as at 31 January 2026 was PLN 26 million (2024: PLN 23 million);
- » Application for managing goods in brands. The carrying amount as at 31 January 2026 was PLN 6 million (2024: PLN 11 million);
- » Software supporting sales in retail stores in subsidiaries. The carrying amount as at 31 January 2026 was PLN 19 million (2024: PLN 16 million);
- » Employee information workflow platform. The carrying amount as at 31 January 2026 was PLN 19 million (2024: PLN 13 million);

- » Application supporting price management. The carrying amount as of 31 January 2026 was PLN 11 million (2024: PLN 9 million);
- » Application for managing the positioning of e-commerce websites. The balance sheet value as at 31 January 2026 was PLN 6 million (2024: PLN 7 million);
- » An application for self-service cash desks. The carrying amount as at 31 January 2026 was PLN 6 million (2024: PLN 7 million);

- » A system supporting the identification and inventory of goods in stores and warehouses. The carrying amount as at 31 January 2026 was PLN 8 million (2024: PLN 4 million);
- » SAP financial, accounting, HR, and payroll system. The carrying amount as at 31 January 2026, was PLN 7 million (2024: PLN 5 million).

Changes in intangible assets in the period from 1 February 2025, to 31 January 2026 (PLN m)

	Costs of completed concepts	Computer software and licenses	Intangible assets in progress	Total
Opening balance of gross intangible assets at the beginning of the period	4	413	192	609
Foreign exchange differences from the conversion	0	0	0	0
Acquisitions	0	2	153	155
Transfer from intangible assets under development	0	169	-169	0
Liquidation	0	0	0	0
Other increases	0	0	6	6
Other decreases	0	0	0	0
Closing balance of gross intangible assets	4	584	182	770
Opening balance of accumulated depreciation (redemption) at the beginning of the period	2	244	0	246
Foreign exchange differences from the conversion	0	0	0	0
Depreciation for the period	1	44	0	45
Decreases	0	0	0	0
Closing balance of accumulated depreciation (redemption) at the end of the period	3	288	0	291
Opening balance of impairment write-offs	0	0	0	0
Increases	0	1	0	1
Closing balance of impairment write-offs	0	1	0	1
Total net value of intangible assets as at 1 February 2025	2	169	192	363
Total net value of intangible assets as at 31 January 2026	1	295	182	478



Changes in intangible assets in the period from 1 February 2024 to 31 January 2025 (PLN m)	Costs of completed concepts	Computer software and licenses	Intangible assets in progress	Total
Opening balance of gross intangible assets	4	351	117	472
Foreign exchange differences from the conversion	0	0	0	0
Acquisitions	0	0	147	147
Transfer from intangible assets under development	0	62	-62	0
Liquidation	0	0	0	0
Other increases	0	0	2	2
Other decreases	0	0	12	12
Closing balance of gross intangible assets at the end of the year	4	413	192	609
Opening balance of accumulated depreciation (redemption) at the beginning of the period	1	200	0	201
Foreign exchange differences from the conversion	0	0	0	0
Depreciation for the period	1	44	0	45
Decrease	0	0	0	0
Closing balance of accumulated depreciation (redemption) at the end of the period	2	244	0	246
Opening balance of impairment write-offs	0	0	0	0
Decreases	0	0	0	0
Closing balance of impairment write-offs	0	0	0	0
Total net value of intangible assets as at 1 February 2024	3	151	117	271
Total net value of intangible assets as at 31 January 2025	2	169	192	363

During the reporting period ended 31 January 2026, the Group recognized a write-off on intangible assets in the amount of PLN 1 million (2024: none).





17. GOODWILL

Accounting policy

Goodwill is initially recognized at cost and is calculated as the difference between two values:

- » the sum of a consideration for the control of non-controlling interests and the fair value of shareholdings (shares) held in the entity prior to the acquisition date, and
- » the fair value of the identifiable net assets acquired by the entity.

The excess of the sum calculated as described above over the fair value of the identifiable net assets acquired is recognized in the assets of the consolidated statement of financial position as goodwill. Goodwill represents the payments made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified or separately recognized.

As at the reporting date, goodwill is measured at cost less the total amount of accumulated impairment write-offs and any decreases due to the disposal of the shares to which it was previously allocated. Write-offs up to the amount allocated to a particular cash-generating unit (group of units) do not undergo reversal.

Goodwill is tested for impairment before the end of the reporting period in which the merger took place, and then in each subsequent annual reporting period. If there are indications of impairment, an impairment test is performed before the end of each reporting period in which such indications arise.

As at 31 January 2026, the goodwill remained unchanged and amounted to PLN 183 million (2024: PLN 183 million). It arose from the merger of LPP SA with Artman in July 2009.

The table below presents changes in goodwill:

Gross value (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	209	209
Increases	0	0
Decreases	0	0
Closing balance	209	209

Revaluation write-offs (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	26	26
Increases	0	0
Closing balance	26	26

Net value (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	183	183
Closing balance	183	183

In accordance with IAS 36 and the accounting policy, as at 31 January 2026, an impairment test was performed for Artman's goodwill with a carrying amount of PLN 183 million and a trade mark with a worth of PLN 78 million.

The recoverable amount of the cash-generating units to which the value is attributed was determined on the basis of their value in use, using the discounted cash flow (DCF) model.



The detailed assumptions for the estimates are as follows:

The goodwill of Artman and the House trade mark – estimated using the DCF method for cash flows generated by House stores.

The valuation was based on the following assumptions:

- » a period covering estimated cash flows for 5 years (2026-2030), without taking into account the residual value;
- » annual sales of the stores tested – gradual YoY growth at a rate similar to that of 2025;
- » operating costs of the tested stores – gradual YoY growth at a rate similar to that of 2025;
- » the discount rate in the forecast period is variable and calculated on the basis of the sum of 6-month WIBOR plus a risk premium. The discount rate was 12.59% in 2025 (2024: 10.80%) and remains at this level until 2030.

The above parameters are consistent with previous experience (for cost and sales assumptions) and consistent with information from external sources for other variables.

No reasonable change in the assumptions made will necessitate the creation of a write-off of the goodwill and trade mark.

18. OTHER ASSETS

18.1. OTHER FINANCIAL ASSETS

Accounting policy

Other financial assets include items such as security deposits, loans granted, the value of participation units in money market funds, and the positive mark-to-market of forward contracts.

Loans granted are measured at amortized cost using the effective interest rate method. Due to the fact that there is no active market, it was assumed that the carrying amount of loans is identical to their fair value.

The accounting policy for financial assets is presented in [Note 33](#).

Other financial assets (PLN m)	As at 31 January 2026	As at 31 January 2025
<i>Fixed assets</i>		
Other receivables	9	7
Originated loans	0	0
Other long-term financial assets	9	7
<i>Current assets</i>		
Other receivables	6	4
Receivables from payment card operators	117	7
Originated loans	0	0
Forward contract measurement	0	6
Other short-term financial assets	123	84
Total other financial assets	132	91

As at 31 January 2026, the Group had granted loans in PLN worth PLN 2 million, for which a write-off was recognized (2024: PLN 2 million).

The interest rate on PLN loans is ca. 4-6% and the repayment dates fall between 2026 and 2029.

The changes in the carrying amount of loans are as follows:

Changes in the carrying amount (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	0	3
Amount of loans granted in the period	0	0
Interest accrued	0	0
Loans repaid including interest	0	-1
Write-off	0	-2
Closing balance	0	0



18.2. OTHER NON-FINANCIAL ASSETS

Accounting policy

Other non-financial assets include state budget receivables, except for receivables from income tax, which are presented as a separate item in the financial statements, and other benefits that are not treated as

financial instruments. The most significant item is receivables related to goods and services tax. This value may be adjusted by a write-off if such circumstances arise.

Other non-financial assets (PLN m)	As at 31 January 2026	As at 31 January 2025
<i>Current assets:</i>		
State budget receivables	166	132
Other receivables	8	2
Other short-term non-financial assets	174	134
Other non-financial assets, total	174	134

19. DEPOSITS AND MUTUAL FUNDS

Deposits and mutual funds (PLN m)	As at 31 January 2026	As at 31 January 2025
Participation units in funds	792	865
Desposits	19	0
Deposits and mutual funds	811	865

The valuation of the above-mentioned instruments falls within level 2 of the fair value hierarchy with regard to participation units in unlisted funds.

20. INVENTORY

Accounting policy

As at the balance sheet date, they are valued at acquisition prices not higher than their net sales prices.

The following items are classified as inventories:

- » goods,
- » materials (fabrics and sewing accessories) purchased and issued for processing to external contractors,
- » IT consumables related to the operation, maintenance, and development of the computer network,
- » spare parts for equipment in the logistics center that do not constitute tangible fixed assets,
- » advertising materials.

Goods in domestic warehouses are recorded in terms of quantity and value and valued:

- » in the case of imported goods – at acquisition prices, including the purchase price, transport costs abroad and domestically to the first place of unloading in the country, and customs duties; the average FX rate on the day preceding the date of issue of the

invoice is used to convert the value into foreign currency;

- » in the case of goods purchased domestically – at purchase prices; costs related to acquisitions of these goods, due to their insignificant amount, are charged directly to operating costs at the time they are incurred.

The valuation of commercial goods from Reserved, Cropp, House, Mohito, and Sinsay collections is based on weighted average prices.

Commercial goods in customs warehouses are valued at purchase prices, including the purchase price and transport costs for the foreign and domestic sections to the first place of unloading in Poland. The disposal of goods from a customs warehouse (removal to domestic warehouses or direct sales abroad) is valued by means of detailed identification of the goods in relation to specific goods stored in the customs warehouse.

Merchandise in transit via the Parent Company is valued at purchase price plus the costs of foreign and domestic transport



known at the time of preparing the statement of financial position. For imported goods in transit, the average exchange rate of the National Bank of Poland (NBP) as at the balance sheet date is used.

The Group has two regular sales seasons: (1) March-June for the spring/summer collection, (2) September-December for the autumn/winter collection, after which the sell-offs begin.

Inventories that have lost their commercial or useful value are subject to a write-off in accordance with the principle presented in [note 5.2](#).

The value of the write-off for the period is recognized in the cost of goods sold and presented at net value.

The value of the Group's inventories consists mainly of goods. The detailed structure of inventories is presented in the table below.

Inventory – carrying amount (PLN m)	As at	
	31 January 2026	31 January 2025
Materials	18	15
Goods	4,484	4,594
Right of return assets	85	60
Inventory	4,587	4,669

In connection with the valuation of clearance goods, the Group, in accordance with its policy of creating revaluation write-offs on inventory, created appropriate revaluation write-offs in the reporting period, reducing the value of inventory in the statement of financial position.

Changes in its value during the reporting period and the comparative period are presented in the table below.

Revaluation Write-off (PLN m)	As at	
	31 January 2026	31 January 2025
Opening balance	360	343
Write-offs created in the period	0	28
Write-offs reversed in the period	4	0
Foreign exchange rate differences	-6	-11
Closing balance	350	36

In the current period, revaluation write-offs on inventory in the amount of PLN 4 million were reversed due to lower inventory levels from previous seasons.

21. TRADE RECEIVABLES

Accounting policy

The Group applies a simplified approach to trade receivables and measures the write-off for expected credit losses at a base equal to expected credit losses over the entire lifetime using a provision matrix. The Group uses its historical credit loss data, with underlying adjustments for the impact of forward-looking information. Trade receivables are recognized and measured at the bases originally invoiced, taking into account the write-off for expected credit losses over the entire lifetime.

The valuation of short-term receivables is performed at the amount due to be paid due to insignificant discounts.



Detailed information on the structure of the Group's short-term receivables is presented in the table below.

Trade receivables (PLN m)	As at 31 January 2026	As at 31 January 2025
Trade receivables	161	757
Revaluation write-offs on trade receivables	653	72
Trade receivables gross	814	829

Changes in the value of write-offs in the reporting period and the comparative period are presented in the table below.

Revaluation Write-off (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	72	78
Write-offs created in the period	582	18
Write-offs used in the period	0	0
Write-offs reversed in the period	1	24
Foreign exchange differences	0	0
Closing balance	653	72

In the current reporting period, in connection with receiving information from the shareholders of Re Trading, who purchased shares in a Russian company in 2022, about the risk of the acquired company losing its financial liquidity and, consequently, none of the investors or their trade agents being able to repay their financial liabilities, the Group created a write-off on trade receivables in the amount of PLN 581 m.

22. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash in hand and at bank, deposits payable on demand and short-term highly liquid investments (up to 3 months).

The balance of cash and cash equivalents recognised in the statement of cash flows is adjusted for foreign exchange differences arising from the balance sheet valuation of cash in foreign currencies.

The fair value of cash and cash equivalents as at 31 January 2026 is PLN 450 million (2024: PLN 846 million).

Cash (PLN m)	As at 31 January 2026	As at 31 January 2025
Cash in hand and at bank	409	429
Other cash	41	417
Total cash	450	846

For the purposes of preparing the statement of cash flows, the Group classifies cash in the manner adopted for presentation in the statement of financial position. The difference in the value of cash disclosed in the statement of financial position and the statement of cash flows is affected by the following factors:

Cash (PLN m)	As at 31 January 2026	As at 31 January 2025
Cash and cash equivalents in the statement of financial position	450	846
<i>Adjustments:</i>		
Change in foreign exchange differences from balance sheet measurement of cash in foreign currency	-69	-
Cash and cash equivalents recognised in the statement of cash flows	381	774



23. SHARE CAPITAL AND OTHER CAPITALS

Accounting policy

Share capital is disclosed at the nominal value of issued shares, in accordance with the Articles of Association of LPP SA and the entry in the National Court Register.

Shares of the Parent Company acquired and retained reduce equity. Treasury shares are measured at acquisition cost.

Share premium arises from the excess of the issue price over the par value of shares, less issue costs.

Other capitals comprise:

- » supplementary capital,
- » equity from the settlement of the merger transaction,
- » reserve capital.

The value of supplementary capital consists of:

- » amounts of gains from previous years, classified on the basis of decisions of the General Meetings of Shareholders,
- » base amounts of remuneration paid in shares granted in accordance with the incentive program for specific persons.

The equity from the settlement of the merger transaction arose at the time of settlement of the goodwill arising after the acquisition of Artman SA.

23.1. SHARE CAPITAL

As at 31 January 2026, the share capital amounted to PLN 3.7 million and remained unchanged compared to 31 January 2025. It was divided into 1,855,890 shares with a par value of PLN 2 each.

The total number of shares broken down by individual issues is presented in the table below.

Series / issue	Type of shares	Type of preference	Type of restriction on share rights	As of 31 January 2026	As of 31 January 2025
A	bearer	ordinary	none	100	100
B	registered	preferential	none	350,000	350,000
C	bearer	ordinary	none	400,000	400,000
D	bearer	ordinary	none	350,000	350,000
E	bearer	ordinary	none	56,700	56,700
F	bearer	ordinary	none	56,700	56,700
G	bearer	ordinary	none	300,000	300,000
H	bearer	ordinary	none	190,000	190,000
I	bearer	ordinary	none	6,777	6,777
J	bearer	ordinary	none	40,000	40,000
K	bearer	ordinary	none	80,846	80,846
L	bearer	ordinary	none	21,300	21,300
M	bearer	ordinary	none	3,467	3,467
Number of shares, total				1,855,890	1,855,890

All issued shares are fully paid up.

The total 350,000 registered shares held by the Semper Simul Foundation carry preferential voting rights at the General Meeting of Shareholders. Each registered share entitles the holder to 5 votes.



Ownership structure of the Parent Company's equity as at 31 January 2026.

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	1,277,001	68.8%	1,277,001	39.2%	2,554,002
Total	1,855,890	100.0%	3,255,890	100.0%	3,711,780

*The Semper Simul Foundation is closely related to Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

Ownership structure of the Parent Company's equity as at 31 January 2025.

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	1,277,001	68.8%	1,277,001	39.2%	2,554,002
Total	1,855,890	100.0%	3,255,890	100.0%	3,711,780

*The Semper Simul Foundation is closely related to Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

23.2. SHARE PREMIUM

This item represents the separate value of the supplementary capital resulting from the surplus achieved on sales of shares above their nominal value, with a carrying amount of PLN 364 million (2024: PLN 364 million).

23.3. OTHER CAPITALS

The amounts of individual equity are presented in the table below.

Type of capital (PLN m)	As at 31 January 2026	As at 31 January 2025
Supplementary capital	3,131	2,943
Capital from the settlement of the merger transaction	-1	-1
Reserve capital	308	38
Total	3,438	2,980

The supplementary capital presented in this section of equity as at 31 January 2026, was created largely from net gains from previous years and as a result of the valuation of remuneration paid in shares.

In the current reporting period, in accordance with Resolution No. 4 of the Extraordinary General Meeting of LPP SA of 23 January 2026, a reserve capital of PLN 270 million was created for the purposes of a new incentive program, which will be implemented in subsequent reporting periods. The above reserve capital was created from part of the existing supplementary capital.

The structure of the supplementary capital is as follows:

Type of supplementary capital (PLN m)	As at 31 January 2026	As at 31 January 2025
Created under statutory law based on the write-off on the financial result	1	1
Created according to the Articles of Association based on the write-off on the financial result	3,008	2,868
Created from the amount of remuneration paid in shares	122	74
Total	3,131	2,943



24. BANK LOANS, BORROWINGS, AND DEBT SECURITIES

Accounting policy

Upon initial recognition, all bank loans, borrowings and debt securities are recognized at fair value, less costs related to obtaining the loan or borrowing.

After initial recognition, bank loans and borrowings, as well as debt securities, are measured at amortized cost using the effective interest rate method.

Income and expenses are recognized in gains or losses when the liability is removed from the balance sheet and as a result of effective interest rate accounting.

As at 31 January 2026, the indebtedness resulting from bank loans was as follows:

Utilization of bank loans as at 31 January 2026

Bank	PLN m	Currency in million	Cost of bank loans	Repayment date
Syndicated bank loans – Capex portion	1,383	EUR 330 million	EURIBOR + bank margin	19.11.2030
syndicated bank loans – Revolving Credit Facility (RCF) portion	469		WIBOR + bank margin	19.11.2028
Total	1,852			

In 2025, LPP SA signed an agreement with a Consortium of Banks for financing payments for goods deliveries (CR 22/2025). The funds from the financing granted under the above-mentioned Agreement will be used to refinance the outflows related to the LPP Group's investment activities and for the Group's corporate and liquidity targets.

This agreement does not provide for the establishment of collateral on the assets of LPP SA or companies in the LPP Group, nor does it contain a statement by the Company on voluntary submission to enforcement pursuant to Article 777 of the Code of Civil Procedure.

Bank loans in the amount of PLN 1,852 million consisted of:

- » Long-term bank loans in the amount of PLN 1,383 million,
- » Short-term bank loans in the amount of PLN 469 million.

As at 31 January 2025, the indebtedness resulting from bank loans was as follows:

Utilisation of bank loans as at 31 January 2025

Bank	PLN m	Currency in million	Cost of bank loans	Repayment date
Pekao SA	20		wibor 1m+bank's margin	30.09.2025
Pekao SA	24		wibor 1m+bank's margin	31.08.2027
Pekao SA	45		wibor 1m+bank's margin	31.12.2027
PKO BP SA	20		wibor 1m+bank's margin	04.02.2026
PKO BP SA	249		wibor 1m+bank's margin	21.12.2025
PKO BP SA	152		wibor 1m+bank's margin	11.07.2032
BNP Paribas Bank Polska SA	140		wibor 1m+bank's margin	28.02.2025
Citibank Handlowy SA	167		wibor 1m+bank's margin	07.01.2026
Santander Bank Polski SA	1		wibor 1m+bank's margin	17.10.2025
Total	999			



Detailed data on bank loans taken out as at 31 January 2026 are as follows:

Bank	Type of bank loan/line	Amounts and currencies of bank loans granted – PLN m	Currency
Syndicated bank loans – Capex portion	investment loan	505	EUR
syndicated bank loans – Revolving Credit Facility (RCF) portion	working capital loan	2,800	PLN

25. EMPLOYEE BENEFITS

Accounting policy

In accordance with the company remuneration systems, the Group's employees are entitled to retirement and pension benefits, which is paid as a lump sum upon retirement. The amount of the benefits depends on the length of service and the average salary of the employee. The Group creates a provision for future retirement severance pay liabilities in order to allocate costs to the period to which they relate.

The present value of these liabilities is calculated by an independent actuary. The accrued liabilities are equal to the discounted payments that will be made in the future, taking into account employee turnover, and relate to the period up to the

balance sheet date. Demographic information and information on employee turnover are based on historical data. This value is disclosed in the long-term section of the statement of financial position.

The valuation of employee benefits relating to defined benefit plans, including actuarial gains and losses, is recognized in other comprehensive income and is not subsequently reclassified to profit or loss.

The Group also calculates liabilities for unused vacation leave and liabilities for unpaid payroll, which also include bonuses for the current year to be paid in the next reporting period. These liabilities are disclosed in the short-term section.

25.1. RETIREMENT AND DISABILITY BENEFITS

The value of retirement and pension benefits based on actuarial valuation is presented below:

Retirement and pension benefits (PLN m)	As at 31 January 2026	As at 31 January 2025
Opening balance	3	2
Adjustment	0	0
Current employment costs	1	1
Closing balance	4	3

Sensitivity analysis to changes in actuarial assumptions.

Change in the adopted discount rate by 0.5 pp. (PLN m)	Increase	Decrease
As at 31 January 2026		
Retirement severance pay	2.5	2.7
Pension severance pay	0.1	0.1
As of 31 January 2025		
Retirement severance pay	1.8	2
Pension severance pay	0.1	0.1

Change in the remuneration increase rate by 0.5 pp. (PLN m)	Increase	Decrease
As at 31 January 2026		
Retirement severance pay	2.5	2.6
Pension severance pay	0.1	0.1
As of 31 January 2025		
Retirement severance pay	1.9	1.9
Pension severance pay	0.1	0.1



Change in remuneration increase rate by 0.5 pp. (PLN m)	Increase	Decrease
As at 31 January 2026		
Retirement severance pay	2.7	2.5
Pension severance pay	0.1	0.1
As of 31 January 2025		
Retirement severance pay	2.0	1.7
Pension severance pay	0.1	0.1

25.2. OTHER EMPLOYEE BENEFITS

The table below presents a summary of other employee benefits:

Other employee benefits (PLN m)	Unpaid payroll	Unused vacation
As at 1 February, 2025	173	58
– provision created	186	5
– provision utilised	173	0
– provision reversed	0	0
As at 31 January 2026	186	63
As of 1 February 2024	134	47
– provision created	173	11
– provision utilised	134	0
– provision reversed	0	0
As at 31 January 2025	173	58

26. PROVISIONS

Accounting policy

Provisions are created when the Group has an existing obligation resulting from past events, and when it is probable that the fulfillment of this obligation will result in an outflow of economic benefits and a reliable estimate of the base of this obligation can be made. Costs related to a given provision are recognized in the Group's results after deducting any refunds.

The Group calculates the provision for other costs at the level of the costs incurred to date for this type of service.

As at 31 January 2026, the Group did not recognize any provisions (2024: PLN 5 million).

27. TRADE AND OTHER LIABILITIES

Accounting policy

Short-term trade liabilities are recognized at the amount due and treated in accordance with IFRS 9 as financial liabilities measured at amortized cost.

Other financial liabilities mainly relate to negative valuation of forward derivatives measured at fair value at the balance sheet date.

Other non-financial liabilities include, in particular, liabilities to the tax office for goods and services tax. Other non-financial liabilities are recognized at the amount due.



Short-term liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Trade liabilities	1,983	2,144
Reverse factoring liabilities	2,936	3,337
Other financial liabilities (forwards)	50	6
Financial liabilities	4,969	5,487
Liabilities due to taxes and other benefits	295	178
Other non-financial liabilities	0	11
Non-financial liabilities	295	189
Total short-term liabilities	5,264	5,676

As part of its effective financial operations, the Parent Company has signed reverse factoring agreements (known as supply trade finance), under which, upon presentation of an invoice for purchases made, the factor bank repays the trade liabilities to the supplier in accordance with a pre-agreed schedule. If the supplier has opted for automatic repayment, the factor bank repays the trade liabilities to suppliers within 7 business days. If the supplier has not opted for automatic repayment, the factor bank repays the liability to the supplier within 7 days from the date of notification of the supplier's intention to redeem the receivable. The Group repays its trade liabilities to the factor bank within the period originally specified in the invoices – between 90 and 180 days. The Group does not bear the costs of early repayment of trade liabilities to suppliers by

the factor. In the Group's opinion, the nature of these liabilities remains unchanged and their terms and conditions do not differ significantly from other trade liabilities of the Group not covered by reverse factoring. Therefore, they continue to be classified as trade liabilities.

As at 31 January 2026, the Group had domestic and foreign invoices worth US\$ 830 million (2024: US\$ 822 million) with banks providing factoring services.

The Group's reverse factoring limits are as follows:

- » US\$ 425 million – fixed until 30 November 2026;
- » US\$ 762 million – set for an indefinite period;
- » US\$ 200 million – fixed for an indefinite period, renewable on 30 June 2026;

- » US\$ 157 million – fixed for an indefinite period, renewable on 28 February 2027;
- » US\$ 100 million – fixed for an indefinite period, renewable on 31 January 2027.

The limit that the Group could use as at 31 January 2026 was US\$ 1,644 million.

28. ACCRUALS

Accounting policy

In accruals – assets, the Group recognizes prepaid rental costs relating to future reporting periods, including primarily rent.

The item of accruals included in liabilities in the statement of financial position presents payments received from lessors for resold expenditures on store equipment. This applies to lease agreements for which no right of use assets or lease liability were recognized due to the nature of the payments or the short-term nature of the agreement.

The resale of expenditures is a result of the conclusion of a lease agreement and is a form of reimbursement of the costs incurred to adapt the store for sales.





Accruals and deferrals – assets (PLN m)	As at 31 January 2026	As at 31 January 2025
<i>Long-term</i>		
Rents	0	0
Software supervision	1	1
Licence fees, subscriptions, web domains	1	1
Other long-term prepayments	9	3
Total long-term accruals	11	5
<i>Short-term</i>		
Rent	26	8
Insurance	22	14
Real estate tax and other taxes	17	16
Software supervision	4	3
Licence fees, subscriptions, web domains	20	15
Other short-term prepayments	25	25
Total short-term accruals	114	81

Accruals – liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
<i>Long-term</i>		
Remuneration for expenditure resold	27	30
Subsidies	62	6
Total long-term accruals	89	36
<i>Short-term</i>		
Loyalty program	111	62
Remuneration for expenditure resold	18	17
Surcharges on lease agreements	1	1
Other sale	6	2
Total short-term accruals	136	82

29. CONTINGENT LIABILITIES AND ASSETS

Accounting policy

The Group does not recognize contingent liabilities and assets in the statement of financial position which, in the opinion of the LPP SA Group, are unlikely to be fulfilled in the future. The values of guarantees and sureties are treated as contingent liabilities and assets and disclosed in the note below.

In 2025, the companies comprising the LPP Group used bank guarantees to secure rental payments for the lease of floorspace for company stores, office space, and warehouses.

As at 31 January 2026, the total value of bank guarantees issued at the request and responsibility of LPP SA amounted to PLN 393 million, of which:

- » the value of guarantees issued to secure contracts concluded by LPP SA amounted to PLN 94 million,
- » the value of guarantees issued to secure agreements concluded by related parties included in the consolidation amounted to PLN 267 million,
- » the value of guarantees issued to secure warehouse and office floorspace lease agreements concluded by LPP SA amounted to PLN 32 million.

In 2025, the Company also received guarantees securing payments from a contractor. The value of the guarantees received is PLN 21 m.

In the opinion of the Management Board, there is a negligible probability of an outflow of funds disclosed in off-balance sheet/contingent liabilities. In most cases, these liabilities consist of guarantees for payments of rent by entities from the LPP Group.

29.1. LITIGATION

LPP SA is not a party to any proceedings before a court, arbitration body or public administration body concerning liabilities or receivables whose value, individually or in total, would exceed 10% of LPP SA's equity.

LPP SA is a party to administrative proceedings conducted by the Polish Financial Supervision Authority concerning the imposition of an administrative penalty pursuant



to Article 96(1e) of the Act of July 29, 2005, on Public Offering in connection with a suspected violation of Article 56(1) (2)(a) of the Act on Public Offering, through improper performance of the disclosure obligation with regard to periodic information related to the submission of the consolidated annual report for the financial year 2021 and the consolidated annual report for the financial year 2022 to the Polish Financial Supervision Authority, the company operating the regulated market, and to the public. The Company and the members of the Issuer's Management Board are actively participating in the proceedings, presenting their position and arguments behind the decisions taken. At the time of signing the financial statements, the value of potential penalties cannot be estimated.

30. INFORMATION ON THE RELATED ENTITIES

30.1. RELATED PARTY TRANSACTIONS

During the period ending 31 January 2026, the Group entered into transactions with entities related to key personnel. These transactions related to legal support for LPP SA and the letting of premises in centre malls.

Related entities (PLN m)	Liabilities as at 31 January 2026	Receivables as at 31 January 2026	Revenue in the period 01.02.2025-31.01.2026	Purchases in the period 01.02.2025-31.01.2026
Legal services	0.0	0.0	0.0	4.0
Property letting services	0.0	0.0	0.7	5.1
Total	0.0	0.0	0.7	9.1

Related entities (PLN m)	Liabilities as at 31 January 2025	Receivables as at 31 January 2025	Revenue in the period 01.02.2024-31.01.2025	Purchases in the period 01.02.2024-31.01.2025
Legal services	0.0	0.0	0.0	2.0
Property letting services	0.0	0.0	0.4	4.3
Total	0.0	0.0	0.4	6.3





30.2. REMUNERATION OF THE PARENT COMPANY'S MANAGEMENT

The Group considers the members of the Management Board and Supervisory Board of the Parent Company to be key management personnel.

The value of short-term benefits of members of the Management Board of the Parent Company, paid in the period from 1 February, 2025 to 31 January 2026, amounted to PLN 5.7 million (2024: PLN 5.8 million).

The remuneration presented separately for each person classified as key management personnel was as follows:

Surname and first name (PLN m)	Position	As at 31 January 2026	As at 31 January 2025
Marek Piechocki	President of the Management Board	1.7	1.7
Przemysław Lutkiewicz	Management Board Member	0.0	0.7
Marcin Bójko	Management Board Member	1.0	0.2
Sławomir Łoboda	Management Board Member	1.0	1.1
Marcin Piechocki	Management Board Member	1.0	1.1
Mikołaj Wezdecki	Management Board Member	1.0	1.0

The value of short-term benefits of Supervisory Board Members of the Parent Company, paid in the period from 1 February, 2025 to 31 January 2026, amounted to PLN 388 thousand (2024: PLN 129 thousand).

The remuneration presented separately for each member of the Supervisory Board was as follows:

Surname and first name (PLN ths)	Position	As at 31 January 2026	As at 31 January 2025
Miłosz Wiśniewski	Chair of the Supervisory Board	105	40
Alicja Milińska	Supervisory Board Member	64	18
Jagoda Piechocka	Supervisory Board Member	64	18
Piotr Piechocki	Supervisory Board Member	64	25
Grzegorz Słupski	Supervisory Board Member	91	28

30.3. SHARE-BASED REMUNERATION OF KEY MANAGEMENT OFFICERS OF THE PARENT COMPANY

Accounting policy

The Company's Management Board receives awards in the form of shares on the basis of relevant resolutions. The cost of the transaction is measured by reference to the fair value at the date of granting the rights. The value of remuneration for the work of management is determined indirectly by reference to the fair value of the equity instruments granted. The fair value of the options is measured at the date of grant, with non-market conditions for acquisitions, such as the achievement of the assumed financial result, not being taken into account in the estimation of the fair value of the share options.

The cost of payroll and the corresponding increase in equity are recognized based on the best available estimates of the number of options that will vest in a given period. Non-market conditions for acquisitions are taken into account when determining the number of options that will vest. The Company makes adjustments to these estimates if subsequent information indicates that the number of options granted differs from previous estimates. Adjustments to estimates of the number of options granted are recognized in the financial result for the current period – no adjustments are made to previous periods.



In 2023, an Incentive Program for the Management Board of the Parent Company was launched, covering the three consecutive years 2024, 2025, and 2026. The Incentive Program for the aforementioned years is independent of each other, which means that the bonus ratios for individual financial years, their levels, and the number of shares to be acquired will be determined by the Supervisory Board independently for each financial year.

The basis for participation in the Incentive Program is the fulfillment of all conditions specified in the Regulations, i.e.:

- » Working for a full financial year as a member of the Management Board;
- » Remaining on the Management Board until the date of conclusion of the share subscription agreement;
- » Achieving a specified EBIT threshold by the Group.

The settlement period of the Incentive Program, separate for each financial year, should fall within three months from the date of publication of the Consolidated Annual Report by the Company. The issue price of 1 share is equal to the nominal price and amounts to PLN 2. Due to the fulfillment of all conditions specified in the Regulations, the members of the Management Board will receive 2,818 shares with a total fair value of PLN 55 million for the financial year from 1 February, 2025, to 31 January 2026.

For the financial year from 1 February 2024, to 31 January 2025, the members of the Management Board did not receive any shares due to the failure to achieve the target profit.

The number of shares granted under the Incentive Program is as follows:

Surname and first name (number of shares)	Position	As at 31 January 2026	As at 31 January 2025
Marek Piechocki	President of the Management Board	822	0
Marcin Bójko	Management Board Member	499	0
Sławomir Łoboda	Management Board Member	499	0
Marcin Piechocki	Management Board Member	499	0
Mikołaj Wezdecki	Management Board Member	499	0

31. FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of risks related to financial instruments.

The risks to which the Group is exposed include:

- » credit risk,
- » liquidity risk,
- » market risk, including currency and interest rate risk.

The Group's financial risk management is coordinated by LPP SA in close cooperation with the Management Boards and directors of its subsidiaries. The following targets are of paramount importance in the risk management process:

- » securing short-term and medium-term cash flows;
- » stabilizing fluctuations in the Group's financial results;
- » achieving financial forecasts by meeting budget assumptions;
- » achieving a rate of return on long-term investments while obtaining optimal sources of financing for investment activities.

The Parent Company also enters into transactions involving derivative instruments, namely forward currency contracts. The target of these transactions is to manage the currency risk arising in the course of its operations.

The Management Board of the Parent Company reviews and agrees on the rules for managing each type of risk.

In accordance with IFRS 7, LPP SA conducted an analysis of the risks related to financial instruments to which the LPP Group is exposed.



31.1. CREDIT RISK

The maximum credit risk reflects the carrying amount of all receivables and guarantees and sureties granted.

The carrying amounts of the financial assets listed above are presented in the table below.

Positions (PLN m)	As at 31 January 2026	As at 31 January 2025
Loans	0	0
Trade receivables	161	757
Other receivables	15	11
Receivables from payment card operators	117	7
Participation units in funds	792	865
Measurement of forward contracts	0	6
Cash and cash equivalents	450	846
Guarantees and sureties granted	393	350
Total	1,928	2,909

The Group continuously monitors customer and creditor arrears, analyzing credit risk individually or within specific asset classes. In addition, as part of its credit risk management, the Group enters into transactions with counterparties of proven reliability.

The Group considers a default to be a failure by a counterparty to meet its obligations 90 days after the due date of the receivable. The Group takes future information into account in the parameters used in its expected loss estimation model by making an adjustment to the underlying default probability coefficients. Receivables from customers are

non-interest-bearing and usually have market payment terms. As a result, in the opinion of the Parent Company's Management Board, there is no additional credit risk beyond the level specified by the expected credit loss write-off applicable to the Group's trade receivables.

The Group independently monitors its exposure to credit risk related to trade receivables by periodically analyzing the financial situation of its counterparties and setting credit limits. In the opinion of the Management Board of LPP SA, there is no credit risk.

The credit risk related to financial instruments in the form of cash in bank accounts is limited due to the fact that the parties to the transactions are banks with high credit ratings from international rating agencies. The Group does not have a significant concentration of credit risk. The risk is spread across a large number of banks whose services it uses and customers with whom it cooperates. In the opinion of the Mana-

gement Board of LPP SA, the credit risk related to cash and participation units in funds is insignificant.

The value of guarantees and sureties granted is presented in [Note 29](#).

The classification of gross trade receivables by length of overdue period as at 31 January 2026, and the comparative period is presented in the table below.

Gross trade receivables (PLN m)	As at 31 January 2026	As at 31 January 2025
Not overdue	260	503
Overdue up to one year	545	320
Overdue for over one year	9	6
Total	814	829

As at the balance sheet date, the Group recognized receivables allowances in the amount of PLN 653 million. These allowances relate to trade receivables overdue up to one year and overdue for more than 1 year.

LPP SA and its subsidiaries do not use hedging instruments to hedge the above-mentioned financial risks and do not apply hedge accounting.



31.2. LIQUIDITY RISK

The Group's target is to maintain a balance between continuity and flexibility of financing by using such sources of financing as bank overdrafts or investment bank loans, forward derivatives and reverse factoring. The parent company has appointed a special team to monitor cash flows, taking into account the maturities of both investments and financial assets.

As at 31 January 2026, the Group had unused credit facilities of PLN 2.4 billion (2024: PLN 1.4 billion), for which all conditions had been met. As at the balance sheet date, the Group complies with all covenants and other terms of the agreement.

Bank loans (PLN m)*	As at 31 January 2026	As at 31 January 2025
Up to 1 month	162	209
From 1 to 3 months	324	124
From 3 months to 1 year	0	530
Above 1 year	1,438	192
Total	1,925	1,055

*undiscounted values

As at 31 January 2026, the Group had investment bank loans and credit lines. A detailed description of the Group's financial position in terms of bank loans taken out is presented in [Note 24](#).

The Group also uses reverse factoring. A detailed description of this category of financing is provided in [note 27](#), while the values are presented in [note 31.3](#). The payment date for reverse factoring liabilities is the same as the payment date for other trade settlements.

As at the balance sheet date, the Group's financial liabilities fell within the following maturity ranges.

Undiscounted lease liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Up to 1 month	127	112
From 1 to 3 months	254	224
From 3 months to 1 year	1,148	1,007
Above 1 year	4,610	3,791
Total	6,139	5,134

Liabilities related to goods and services purchased should also be indicated as part of liquidity risk.

The classification of gross trade liabilities by length of overdue period as at 31 January 2026 and the comparative period is presented in the table below.

Gross trade liabilities (PLN m)	As at 31 January 2026	As at 31 January 2025
Not overdue	4,866	5,438
Overdue up to one year	52	42
Overdue for over one year	1	1
Total	4,919	5,481

31.3. CURRENCY RISK

The Group is exposed to currency risk arising from transactions it enters into. Such risk arises as a result of the Parent Company making sales or purchases in currencies other than its functional currency. The primary settlement currency for most of the Group's purchases of goods is US\$. Approximately 95% of purchases made by LPP SA are denominated in foreign currencies

other than the reporting currency, while ca. 43% of sales in the Parent Company are denominated in the reporting currency.

In addition to the currency risk related to the settlement currency used for the purchase of goods, there is also a risk related to the fact that rent for floorspace is settled in EUR.



The Group's financial assets and financial liabilities as at 31 January 2026, denominated in two main foreign currencies, converted into PLN at the closing FX rate as at the balance sheet date, which are material to the financial statements, are as follows:

As at 31 January 2026 (PLN m)	Values denominated in US\$	Values denominated in currency	Converted value
Cash	5	45	50
Trade receivables	139	504	643
Investment funds	729	0	729
Trade liabilities	3,234	146	3,380
Lease liabilities	0	1,481	1,481

Due to the fact that the main cost for the Parent Company is the purchase of commercial goods, which are mostly made in US\$, LPP SA, in order to hedge against risks related to exchange rate fluctuations, began to use forward derivative instruments and US\$ deposits for this currency. This allows LPP SA to largely offset negative foreign ex-

change differences that adversely affect the Group's results. As at 31 January 2026, the negative mark-to-market of forward contracts amounted to PLN 50 million (2024: PLN 6 million) and was disclosed as other financial liabilities (*Note 27*) (2024: PLN 6 million negative mark-to-market and PLN 6 million positive mark-to-market).

Negative mark-to-market of forward contracts (PLN m)	As at 31 January 2026	As at 31 January 2025
Velocity	7	5
PEKAO SA	8	0
BNP Paribas Bank Polska SA	7	1
PKO BP SA	16	0
Santander SA	12	0
Total	50	6

Positive mark-to-market of forward contracts (PLN m)	As at 31 January 2026	As at 31 January 2025
Bank Pekao SA	0	6
Total	0	6

The table below presents the sensitivity of profit (loss) to reasonable possible fluctuations in the US\$ and EUR FX rates, assuming that other factors remain unchanged.

Balance sheet items	Increase/decrease in FX rate	Impact on profit/loss/equity
31 January 2026 – US\$	5%	-118
	-5%	118
31 January 2025 – US\$	5%	-106
	-5%	106
31 January 2026 – EUR	5%	-54
	-5%	54
31 January 2025 – EUR	5%	-68
	-5%	68

When analyzing the impact of changes in the US\$ exchange rate in 2025, the forward derivatives and US\$ deposits used by the Parent Company should be taken into account.

31.4. INTEREST RATE RISK

Interest rate risk is related to LPP SA's continuous use of interest-bearing debt financing

based on the variable WIBOR ratio, as well as, to a very small extent and to loans granted. Variable-rate bank loans are subject to cash flow risk. In the opinion of the Parent Company's Management Board, a possible change in interest rates will not have a significant impact on the results achieved by the Group.



The tables below present an analysis of the impact of interest rate changes on the statement of comprehensive income. The analysis concerns the financial components of the Group's statement of financial position as at the balance sheet date.

Balance sheet items (PLN m)	+/- - 75 pb SP		
	Value	Impact on result/equity	Impact on result/equity
Financial assets			
Loans	0	0	0
Cash	450	3	-3
Participation units	811	6	-6
<i>Impact on pre-tax financial assets</i>		9	-9
Tax (19%)		-2	2
<i>Impact on post-tax financial assets</i>		8	-
Financial liabilities			
Bank loans	1,852	-14	14
<i>Impact on pre-tax financial liabilities</i>		-14	14
Tax (19%)		3	-3
<i>Impact on post-tax financial liabilities</i>		-11	11
Total	0	-4	4

As at 31 January 2026, the Group's net profit would be PLN 4 million higher if interest rates in PLN, EUR, and USD were 75 basis points lower, assuming all other parameters remained unchanged. This result is due to the significantly higher level of bank loans taken out than the cash held by the Group.

32. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value is defined as the base at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments for which there is an active market, their fair value is determined based on parameters derived from the active market (sales and purchase price). In the case of financial instruments for which there is no active market, fair value is determined on the basis of valuation techniques,

using variables from active markets (FX rates, interest rates) as model inputs.

In the Group's opinion, the carrying amount of financial assets and financial liabilities is close to their fair value due to their short maturity.

The Group classifies the following items as equity instruments measured at fair value through profit or loss:

- » Participation units in money market funds (*Note 19*);
- » Derivatives such as forward currency contracts (*Note 27*).

Derivatives are recognized as assets when their value is positive and as liabilities when their value is negative.

The fair value of currency forward contracts is determined by reference to current FX rates for contracts with similar maturities.

The Group determines the fair value of financial assets and financial liabilities in such a way as to take into account market factors to the greatest extent possible. Valuations for the fair value have been divided into three groups depending on the origin of the input data for the valuation:

- » level 1 – input data at level 1 are quoted (unadjusted) prices in active markets for

identical assets or liabilities that are available to the unit on the valuation date,

- » level 2 – input data at level 2 are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly,
- » level 3 – input data at level 3 are unobservable inputs for the asset or liability.

All assets and liabilities that are measured at fair value or whose fair value is disclosed in the financial statements (except for participation units in unlisted funds) are classified in the fair value hierarchy based on the lowest level of inputs (Level 1) that is significant to the valuation of funds as a whole.



33. FINANCIAL INSTRUMENTS

Accounting policy

A financial instrument is any contract that gives rise to a financial asset for one party and a financial liability or equity instrument for the other party.

A financial asset or financial liability is recognized in the statement of financial position when the Company becomes a party to the instrument. Standardized purchases and sales of financial assets and financial liabilities are recognized on the transaction date.

A financial asset is derecognized from the statement of financial position when the rights to economic benefits and risks arising from the contract have been realized, have expired, or have been relinquished by the Group.

The Group derecognizes a financial liability from the statement of financial position when the liability has expired, i.e., when the obligation specified in the contract has been fulfilled, canceled, or expired.

CLASSIFICATION AND VALUATION

In accordance with IFRS 9, with the exception of certain trade receivables, upon initial recognition, an entity measures a financial asset at its fair value, which in the case of financial assets not measured at fair value through profit or loss is increased by transaction costs that are directly attributable to the acquisitions of those financial assets.

After initial recognition, a unit measures a financial asset at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. The unit classifies a financial asset based on its business model for managing financial assets and the characteristics of the contractual cash flows for the financial asset (the so-called "SPPI criterion").

As at the date of acquisition, the Group measures financial assets and financial liabilities at fair value, i.e. most often at the fair value of the consideration paid in the case of an asset or the amount received in the case of a financial liability.

As at the balance sheet date, the Group's financial assets and financial liabilities are measured in accordance with IFRS 9 using the principles set out below.

Classification of financial assets

- » measured at amortized cost,
- » measured at fair value through profit or loss,
- » measured at fair value through other comprehensive income.

For valuation purposes after initial recognition, financial assets are classified into one of four categories:

- » Debt instruments measured at amortized cost,
- » Debt instruments measured at fair value through other comprehensive income,

- » Equity instruments measured at fair value through other comprehensive income,
- » Financial assets measured at fair value through profit or loss.

The Group classifies the following items as financial assets measured at amortized cost:

- » Trade receivables and other receivables,
- » Originated loans,
- » Cash and cash equivalents.

A financial asset is measured at amortized cost if both of the following conditions are met:

- » The financial assets are held in accordance with a business model whose target is to hold financial assets in order to collect contractual cash flows, and
- » The terms of the contract relating to the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal amount other than that due.

Financial assets that do not meet the criteria for valuation at amortized cost or at fair value through other comprehensive income are valued at fair value through profit or loss.



The Group classifies the following items as equity instruments measured at fair value through profit or loss:

- » Money market funds,
- » Forward contracts.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

In the case of trade receivables, the Group applies a simplified approach and measures the write-off for expected credit losses at a base amount equal to the expected credit losses over the entire lifetime using a provision matrix. The Group uses its historical credit loss data, with underlying adjustments for the impact of forward-looking information.

For other financial assets, the Group measures the expected credit loss write-off at a base amount equal to the 12-month expected credit losses. If the credit risk related to a given financial instrument has increased significantly since initial recognition, the Group measures the expected credit loss write-off for the financial instrument at a base amount equal to the expected credit losses over the entire lifetime.

DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives used by the Company to hedge against risks related to exchange rate fluctuations are primarily forward currency contracts. Such derivative financial instruments are measured at fair value. Derivatives are recognized as assets

when their value is positive and as liabilities when their value is negative.

Gains and losses arising from changes in the fair value of derivatives that do not meet the hedge accounting criteria are recognized directly in net profit (loss) for the financial year.

The fair value of currency forward contracts is determined by reference to current FX rates for contracts with similar maturities.

FINANCIAL LIABILITIES

Financial liabilities other than hedging derivatives are recognized in the following items of the statement of financial position:

- » bank loans and borrowings,
- » other financial liabilities,
- » trade and other liabilities.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate, except for financial liabilities held for trading or designated as measured at fair value through profit or loss (derivatives other than hedging instruments). Short-term trade liabilities are measured at the amount payable due to the insignificant effects of discounting.

The value of financial assets presented in the consolidated statement of financial position refers to the following categories of financial instruments specified in IFRS 9:

- » measured at amortized cost (AC),
- » measured at fair value through profit or loss (fair value).

<i>As at 31 January 2026</i>		
Non-current assets (PLN m)	AZK	Fair value
Other financial assets	9	0

<i>As at 31 January 2026</i>		
Current assets (PLN m)	AZK	Fair value
Trade receivables	161	0
Other financial assets	123	0
Measurement of forward contracts	0	0
Participation units in funds	0	792
Cash and cash equivalents	450	0

<i>As at 31 January 2025</i>		
Non-current assets (PLN m)	AZK	Fair value
Other financial assets	7	0

<i>As at 31 January 2025</i>		
Current assets (PLN m)	AZK	Fair value
Trade receivables	757	0
Other financial assets	78	0
Measurement of forward contracts	0	6
Participation units in funds	0	865
Cash and cash equivalents	846	0



The value of financial liabilities presented in the statement of financial position refers to the categories of financial instruments defined in IFRS 9 as financial liabilities measured at amortized cost (ACC) and financial liabilities measured at fair value through profit or loss.

As at 31 January 2026

Long-term liabilities (PLN m)	ACM	Fair value	Outside IFRS 9
Bank loans and borrowings	1,383	0	0
Lease liabilities	4,153	0	0

As at 31 January 2026

Short-term liabilities (PLN m)	ZZK	Fair value	Outside IFRS 9
Trade liabilities	4,919	0	0
Lease liabilities	1,379	0	0
Measurement of forward contracts	0	50	0
Other liabilities	0	0	295
Bank loans and borrowings	469	0	0

As at 31 January 2025

Long-term liabilities (PLN m)	ZZK	Fair value	Outside IFRS 9
Bank loans and borrowings	182	0	0
Lease liabilities	3,523	0	0

As at 31 January 2025

Short-term liabilities (PLN m)	ZZK	Fair value	Outside IFRS 9
Trade liabilities	5,481	0	0
Lease liabilities	1,248	0	0
Measurement of forward contracts	0	6	0
Other liabilities	0	0	189
Bank loans and borrowings	817	0	0





34. OPERATING SEGMENTS

Financial results and other information concerning geographical segments for the period from 1 February 2025, to 31 January 2026, and for the comparable period are presented in the tables below.

The breakdown of individual geographical segments is presented in detail in [Note 21](#).

For the year ended 31 January 2026 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Sales revenues	10,159	1,532	3,009	5,299	925	0	2,186	23,109
Operating profit (loss)	1,216	144	327	475	109	0	222	2,493
Profit before tax								2,068
Income tax								571
Net profit (loss)								1,497

For the year ended 31 January 2026 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Values not assigned to segments	Total
Consolidated segment assets	11,163	1,238	1,563	3,093	544	0	1,239	343	19,183
Consolidated segment liabilities	7,187	1,051	1,005	1,630	362	0	485	1,854	13,574

Other disclosures	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Capital expenditure of the segment	1,569	59	248	699	68	0	405	3,048
Segment depreciation	809	205	300	515	109	0	137	2,075
Impairment losses on fixed assets	1	10	2	55	0	0	0	68
Reversal of impairment losses on fixed assets	0	1	5	3	1	0	1	11
Other non-cash expenses	400	11	29	42	5	0	3	490



For the year ended 31 January 2025 (PLN m)	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Sales revenues	8,729	1,236	2,501	4,364	791	787	1,785	20,194
Operating profit (loss)	1,496	-19	199	533	85	-80	201	2,415
Profit before tax								2,251
Income tax								504
Net profit (loss)								1,747

For the year ended 31 January 2025 (PLN m)	Poland	Western Europe (WE)	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Values not assigned to segments	Total
Consolidated segment assets	11,381	1,246	1,173	2,211	436	0	801	253	17,501
Consolidated segment liabilities	7,383	1,123	777	1,251	296	0	368	1,001	12,199

Other disclosures	Poland	Western Europe	Central and Eastern Europe	South-Eastern Europe	Baltics Sea Region	Trade agents	Other	Total
Capital expenditure of the segment	814	103	230	378	60	0	437	2,022
Segment depreciation	692	189	230	403	94	0	80	1,688
Impairment losses on fixed assets	0	1	3	1	1	0	0	6
Reversal of impairment losses on fixed assets	5	2	6	15	0	0	4	32
Other non-cash expenses	74	9	11	39	5	0	11	149



35. EQUITY MANAGEMENT

The Group actively manages its equity in order to ensure its ability to continue as a going concern and to provide the expected rate of return to shareholders and other entities interested in the financial condition of the Group.

The Group's debt servicing capacity is monitored by determining the net debt ratio (i.e., lease liabilities, bank loans and borrowings, and other debt instruments underlying cash and the value of units in funds) to EBITDA (operating profit adjusted for amortisation and depreciation costs). The Group assumes that the net debt to EBITDA ratio will be maintained at a level not exceeding 2.5.

The Group's approach to managing financial ratios is consistent with the requirements imposed by loan agreements, which are detailed in [Note 24](#).

Neither the Group nor the parent company are subject to external capital requirements.

In the reporting period, the net debt to EBIDTA ratio was 1.1 (2024: 0.99).

36. EMPLOYMENT STRUCTURE

The average number of full-time employees in the entire Group in the year ended 31 January 2026 was 28,228 (2024: 22,821).

37. INFORMATION ON THE AUDITOR'S OR AUDIT FIRM'S REMUNERATION

On June 9, 2025, LPP SA signed an agreement for the audit of the annual financial statements of the Company and the LPP Group for the years 2025-2026, the Company's semi-annual financial statements, the LPP Group's semi-annual financial statements, and the certification of sustainability reporting for the above-mentioned years. The entity authorized to audit and review the financial statements of the Company and the LPP Group was selected by the Supervisory Board of LPP SA acting pursuant to paragraph 35 of the Articles of Association of LPP SA.

The entity selected was Grant Thornton Polska Prosta spółka akcyjna with its registered office in Poznań, entered in the register of the National Council of Certified Auditors under No. 4055.

In 2022-2024, LPP SA also used the services of Grant Thornton Polska Prosta spółka akcyjna for the audit and review of the financial statements of the Company and the LPP Group.

The auditor's salary and the salaries of companies belonging to the network for the year ended 31 January 2026, and for the comparative period, broken down by type of service, amounted to:

Remuneration paid or due (PLN ths)	01.02.2025 – 31.01.2026		01.02.2024 – 31.01.2025	
	Network remuneration	including audit firm	Network remuneration	including audit firm
Mandatory audit of the annual financial statements	639	435	618	364
Audit of the interim financial statements	175	175	183	183
Review of the interim financial statements	120	120	104	104
Other services	215	215	170	170
Total	1,149	945	1,075	821



38. EVENTS AFTER THE BALANCE SHEET DATE

At the time of signing the consolidated financial statements, no letter changing the terms of the loan agreement or terminating it had been received, and no other event causing changes in the value of the financial statements had occurred.

On 23 January 2026, the Extraordinary General Meeting of LPP SA, by resolution No. 3, adopted a new incentive program for members of the management board, employees and associates of the LPP Group which will be implemented in one or more subsequent periods, each of which will last no less than 3 years (CR 02/2026).

The detailed terms and conditions for granting participants the right to acquire shares will be specified by the Supervisory Board in the Regulations and will specify, in particular, group or individual financial or non-financial objectives and events that result in the loss of the right to acquire shares.

MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

PRESIDENT OF THE MANAGEMENT BOARD

Marcin Bójko

MANAGEMENT BOARD MEMBER

Sławomir Łoboda

MANAGEMENT BOARD MEMBER

Marcin Piechocki

MANAGEMENT BOARD MEMBER

Mikołaj Wezdecki

MANAGEMENT BOARD MEMBER

GDAŃSK, MARCH 25, 2026





04

Statements Management Board



Statement on the reliability of the financial statements

In accordance with the requirements of the Regulation of the Minister of Finance of 6 June 2025 on current and interim information disclosed by issuers of securities [...] (the Regulation), the Management Board of LPP SA hereby declares that:

- » to the best of its knowledge, the annual consolidated financial statements for the financial year 2025 and the comparative data have been prepared in accordance with applicable accounting standards and give a true, fair and clear view of the financial position of LPP Group and its financial performance for the periods presented;
- » the Management Board's report on the activities of LPP Group, together with the statement on the application of

corporate governance principles for 2025 (taking into account the disclosure requirements for the Parent Company's activity report for the aforementioned period), provides a fair view of the development and profitability of the Group's operations and financial position, as well as the consolidated entities treated as a whole, including a description of the main types of risk and uncertainty;

- » the Management Board's report on the Group's activities includes the Group's sustainability reporting, which has been prepared in accordance with the Accounting Act, the ESRS and Article 8 of Regulation 2020/852 and the delegated acts adopted pursuant to Article 8(4) of that Regulation.

MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

THE CEO

Marcin Bójko

MEMBER OF THE MANAGEMENT BOARD

Sławomir Łoboda

MEMBER OF THE MANAGEMENT BOARD

Marcin Piechocki

MEMBER OF THE MANAGEMENT BOARD

Mikołaj Wezdecki

MEMBER OF THE MANAGEMENT BOARD

GDAŃSK, 25 MARCH 2026



Statement on the entity authorised to audit the financial statements

In accordance with the requirements of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information disclosed by issuers of securities [...] (the Regulation), the Management Board of LPP SA hereby announces, on the basis of a statement by the Supervisory Board of LPP SA, that the entity authorised to audit financial statements, which is conducting the audit of the annual consolidated financial statements of LPP Group and the separate financial statements of LPP SA, as well as the audit of the sustainability statement, has been selected in accordance with the provisions of the law, including those concerning the selection and procedure for selecting an audit firm.

The audit firm Grant Thornton Polska Prosta spółka akcyjna, with its registered office in Poznań, and the members of the audit team met the conditions for the preparation of an impartial and independent audit report on the annual consolidated financial statements and to carry out an assurance engagement on the sustainability report in accordance with applicable regulations, professional standards and rules of professional ethics.

Furthermore, the Management Board of LPP SA hereby informs, on the basis of a statement by the Supervisory Board of LPP SA, that the applicable regulations regarding the rotation of the audit firm and the lead auditor, as well as the mandatory cooling-off periods, are being observed.

LPP SA has a policy regarding the selection of an audit firm to conduct audits of financial statements, including the certification of sustainability reporting in the field of sustainability reporting.

The Company also has a policy regarding the provision to LPP SA by the audit firm or an entity affiliated with the audit firm, or a member of its network, of additional services other than the audit of financial statements and other than certification of sustainability reporting, including services conditionally exempt from the prohibition on provision by an audit firm.

MANAGEMENT BOARD OF LPP SA:

Marek Piechocki

THE CEO

Marcin Bójko

MEMBER OF THE MANAGEMENT BOARD

Sławomir Łoboda

MEMBER OF THE MANAGEMENT BOARD

Marcin Piechocki

MEMBER OF THE MANAGEMENT BOARD

Mikołaj Wezdecki

MEMBER OF THE MANAGEMENT BOARD

GDAŃSK, 25 MARCH 2026

05

Statement and assessment of the Supervisory Board



Statement by the Supervisory Board of LPP SA on the Audit Committee's compliance with statutory requirements

The Supervisory Board of LPP SA, in fulfilment of the obligation provided for in § 72(1)(8) and § 73(1)(8) of the Regulation of the Minister of Finance of 6 June 2025 on current and interim information disclosed by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2025, item 592), hereby declares that:

a) the provisions concerning the appointment, composition and functioning of the Audit Committee of the Supervisory Board of LPP SA are complied with, including: the fulfilment by its members of the independence cri-

teria and the requirements regarding the possession of knowledge and skills in the sector in which LPP SA operates, and in the field of accounting or the auditing of financial statements,

- b) the functions relating to sustainability reporting have been entrusted to the existing Audit Committee,
- c) the Audit Committee of the Supervisory Board of LPP SA, which has also been entrusted with the functions of an audit committee in the area of sustainable development reporting and the certification of such reporting, performed the duties of an audit committee as provided for in the applicable regulations.

SUPERVISORY BOARD OF LPP SA:

Mitosz Wiśniewski

CHAIRMAN OF THE SUPERVISORY BOARD

Alicja Milińska

MEMBER OF THE SUPERVISORY BOARD

Jagoda Piechocka

MEMBER OF THE SUPERVISORY BOARD

Piotr Piechocki

MEMBER OF THE SUPERVISORY BOARD

Grzegorz Stupski

MEMBER OF THE SUPERVISORY BOARD

GDAŃSK, 25 MARCH 2026



Assessment of the Supervisory Board of LPP SA

The Supervisory Board, having reviewed:

- » the financial statements of LPP SA and LPP Group for the financial year 2025;
- » the report of the Management Board of LPP SA on the activities of LPP Group in the financial year 2025 (including the report on the Company's activities during that period and the statement on the sustainable development of LPP Group for the financial year 2025);
- » the auditor's opinion and report on the audit of the Company's financial statements for the financial year 2025;
- » the auditor's opinion and report on the audit of the consolidated set of financial statements of the Company's Group for the financial year 2025;
- » the assurance report on the sustainability reporting of LPP Group for the financial year 2025;

confirms that, in the opinion of the Supervisory Board:

- » the Management Board's report on the activities of LPP Group in the financial year 2025, comprising the Management Board's report on the Company's activities during that period and the statement on the sustainable development of LPP Group for the financial year 2025;
- » the Company's financial statements for the financial year 2025;
- » the consolidated financial statements of LPP Group for the financial year 2025;

are complete, accurate and contain data that comprehensively reflects the financial position of the Company and LPP Group.

The Supervisory Board notes, however, that the Management Board's report on the activities of LPP Group for 2025

also includes the Management Board's report on the Company's activities (as the Parent Company) and the statement on sustainable development of LPP Group for 2025. The combined presentation of the Management Board's report on the activities of the LPP Group for 2025 and the Management Board's report on the Company's activities for that period is permissible under the provisions of Article 55(2a) of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2023, item 120, as amended) and § 71(8) of the Regulation of the Minister of Finance of 6 June 2025 on current and interim information disclosed by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, No. 757). The obligation to include a statement on the sustainable development of LPP Group in the Statement of the Management Board on the activities of LPP

Group is provided for in Article 63x of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2023, item 120, as amended)

The Supervisory Board recommends that the Ordinary General Meeting adopt a resolution approving:

- » the Management Board's report on the activities of the Company's Group and the Company's activities in the financial year 2025 (including the Group's sustainability statement for the financial year 2025);
- » the Company's financial statements for the financial year 2025;
- » the consolidated financial statements of the LPP Group for the financial year 2025.

The Supervisory Board expresses its position based on the results of the analysis of the documents indicated above and the findings of the Audit Committee of the Supervisory Board of LPP SA and the Supervisory Board itself. These activities allow us to conclude that the aforementioned documents are complete, reliable and contain data that comprehensively informs on the situation of the Company and LPP Group.

SUPERVISORY BOARD OF LPP SA:

Miłosz Wiśniewski

CHAIRMAN OF THE SUPERVISORY BOARD

Alicja Milińska

MEMBER OF THE SUPERVISORY BOARD

Jagoda Piechocka

MEMBER OF THE SUPERVISORY BOARD

Piotr Piechocki

MEMBER OF THE SUPERVISORY BOARD

Grzegorz Słupski

MEMBER OF THE SUPERVISORY BOARD

GDAŃSK, 25 MARCH 2026



LPP



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