2Q17 FINANCIAL RESULTS PRESENTATION

WARSAW, 30TH AUGUST 2017

LPP

RESERVED CROPP house MOHITO sinsay

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1 2Q17 financial results

2 Key corporate events

3 2017 outlook

Over PLN 3bn revenues in 1H17

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1,710
STORES

19
COUNTRIES

+7%
m2

+5.5%
LFLs

+104%
E-COMMERCE

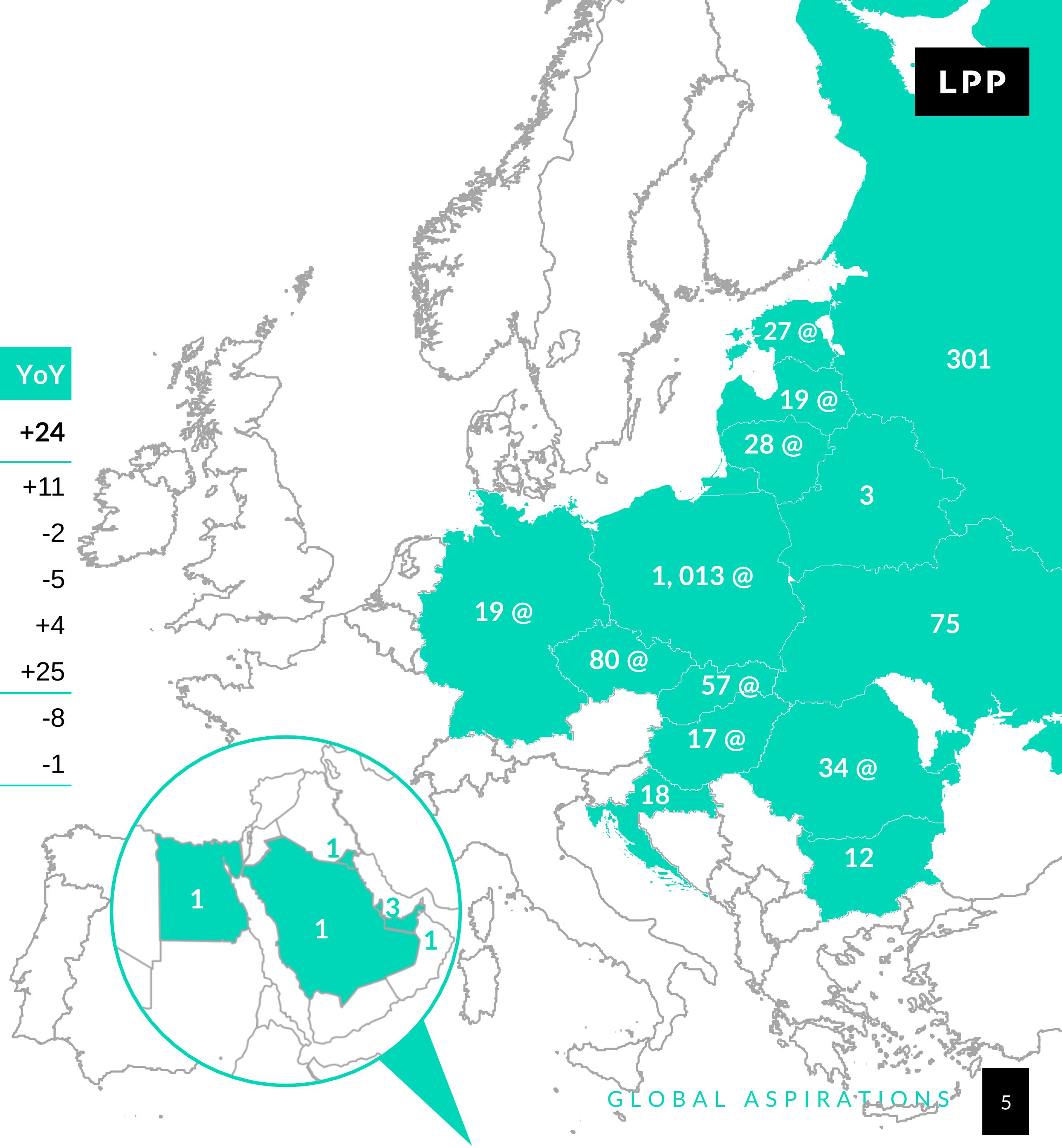
+15%
REVENUES

Over 1,700 stores

30.06.2017	No. stores	YoY
LPP GROUP	**1,710**	**+24**
Reserved	458	+11
Cropp	386	-2
House	338	-5
Mohito	288	+4
Sinsay	204	+25
Tallinder	0	-8
Outlets	36	-1

xx Number of traditional stores

@ Internet store



LFL and e-commerce growth

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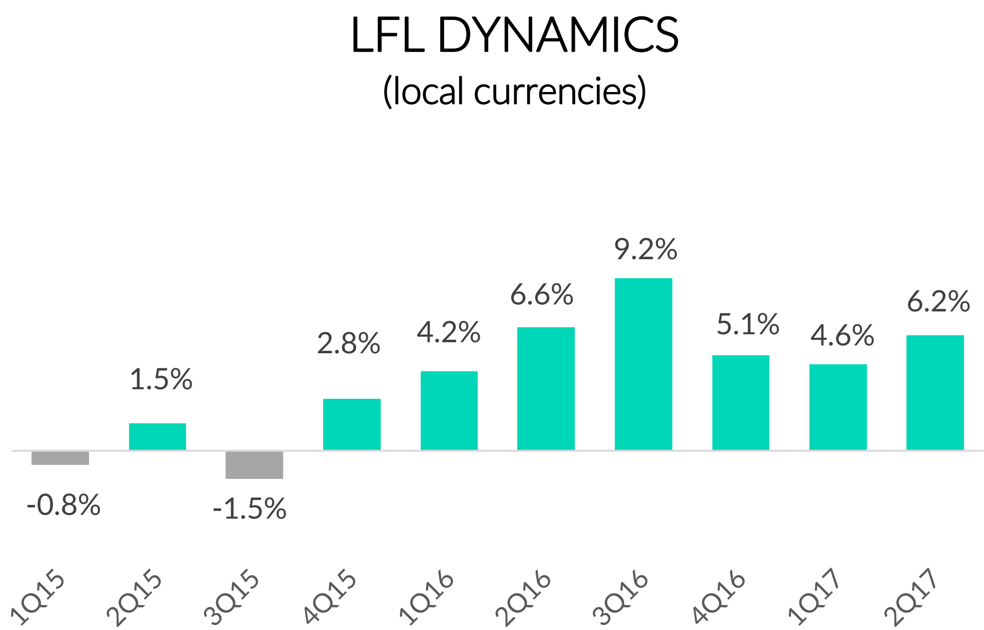

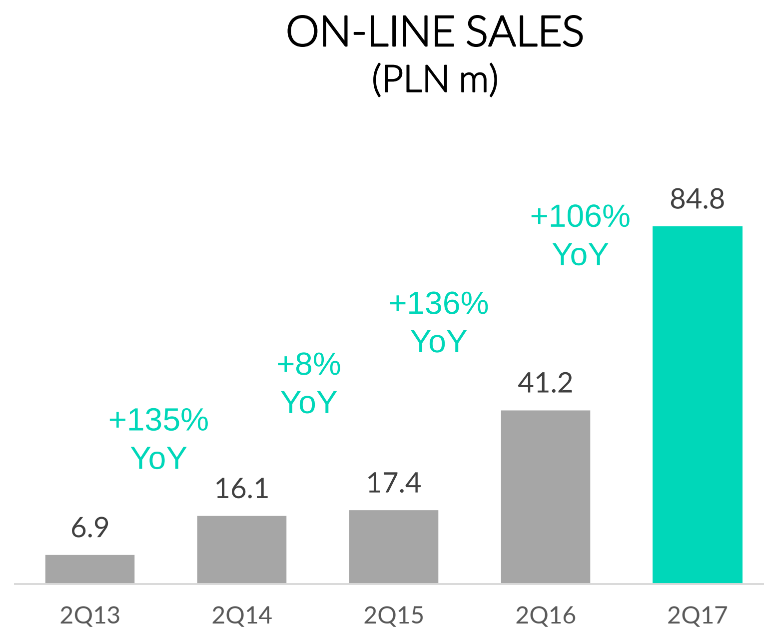

- LFLs were positive in each month in 2Q17. All brands showed positive LFLs in 2Q17, except for House.
- 2Q17 LFLs were in the black in all countries (the highest growth rates were recorded in Bulgaria, Hungary, Romania).
- On-line sales amounted to c.7% revenues in Poland and 5% of group revenues in 2Q17.
- Further e-commerce growth due to investments in internet and mobile stores of all brands and development of e-stores outside Poland.

Floorspace growths in all brands

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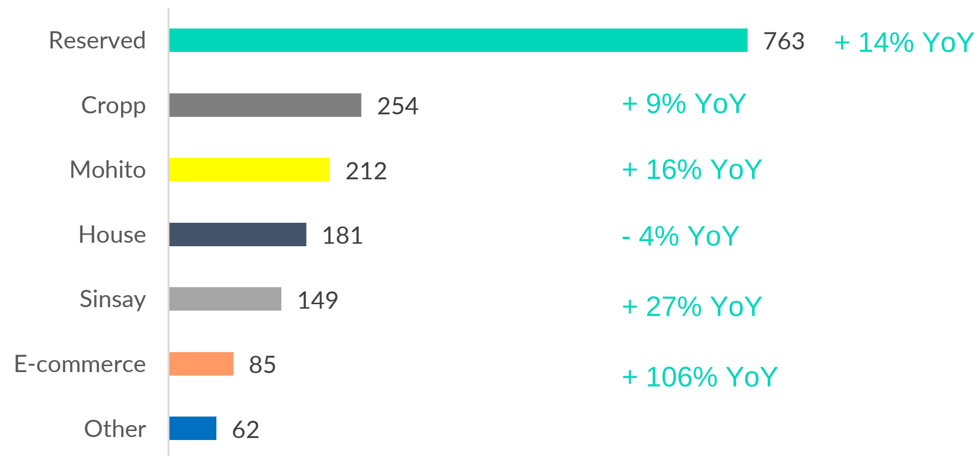
REVENUES BY BRANDS
(PLN m)



2Q17 FLOORSPACE
(by brands)

ths m2	2Q16	2Q17	YoY
LPP GROUP	872.7	933.7	7.0%
Reserved	473.8	520.8	9.9%
Cropp	117.8	121.9	3.5%
House	104.8	106.6	1.7%
Mohito	95.9	99.3	3.6%
Sinsay	63.1	72.5	14.9%
Tallinder	3.7	0.0	-100.0%
Outlets	13.8	12.6	-8.6%

- Dynamic Reserved 2Q17 revenue growth resulted from: floorspace development (especially Germany and Russia) as well as more favourable YoY reception of brand’s collections by customers.
- Double-digit LFLs and revenue growth in Mohito in 2Q17 – the third largest brand by revenues another quarter in a row.
- Sinsay’s floorspace and revenues grew at a higher pace than those of other LPP’s brands, due to development in Poland and abroad.

Growths in key regions

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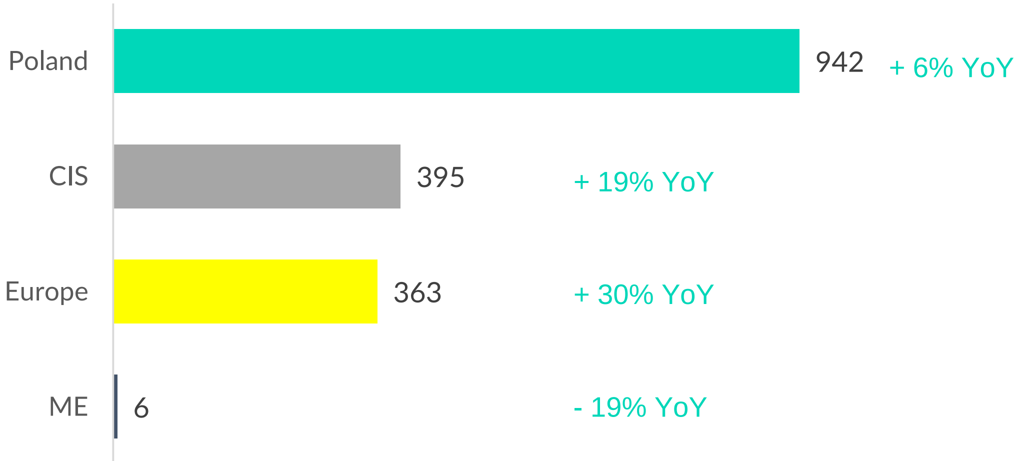
REVENUES BY REGIONS
(PLN m)



2Q17 FLOORSPACE
(by regions)

ths m2	2Q16	2Q17	YoY
LPP GROUP	872.7	933.7	7.0%
Poland	477.4	492.1	3.1%
Europe	190.8	216.9	13.7%
CIS	196.9	216.5	10.0%
ME	7.6	8.2	7.7%

- Revenue growth in Poland higher than floorspace growth due to positive LFLs.
- Dynamic revenue and floorspace growth in Europe in 2Q17 among others due to development in Germany.
- CIS floorspace acceleration continued coupled with favourable impact of rubble appreciation to zloty.
- Among countries, the highest nominal YoY revenue growth was recorded in Russia and Poland.

Acceleration of sales/ m2 growth

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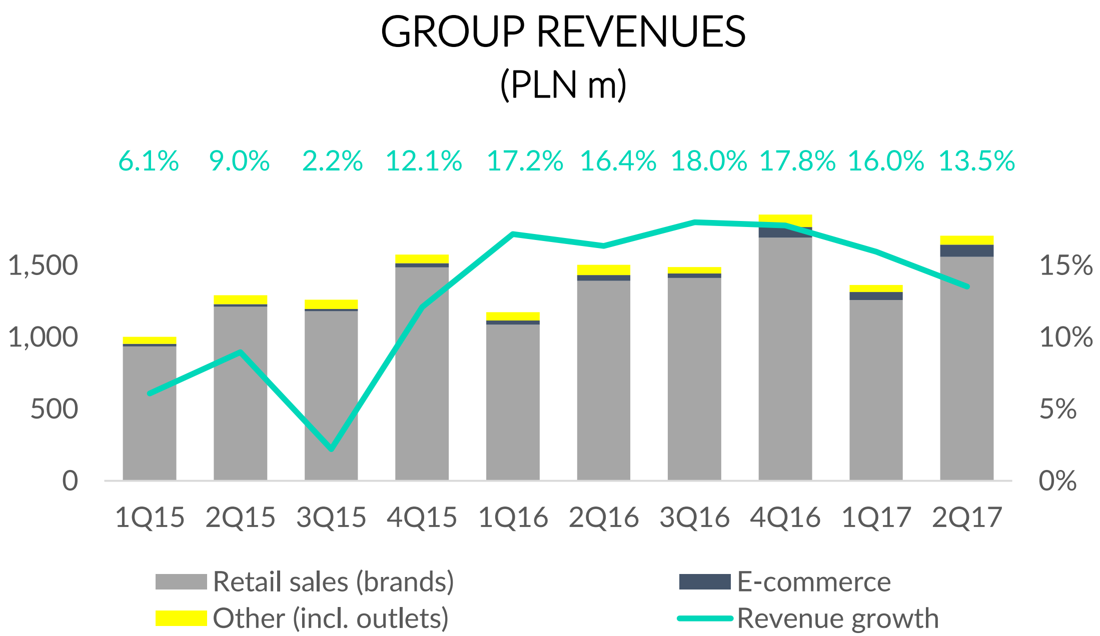

REVENUES/ M2

PLN (monthly)	2Q16	2Q17	YoY
LPP GROUP (retail)	565	603	6.7%
Poland	605	630	4.1%
Europe	494	561	13.5%
CIS	547	589	7.6%
LPP GROUP	580	622	7.1%

- Group revenues grew 13.5% YoY in 2Q17 due to higher floorspace, positive LFLs and high e-commerce growth.
- In 2Q17 both group revenues/ m2 and retail sales/ m2 were higher YoY.
- Double-digit retail sales/ m2 were recorded in 2Q17 in Bulgaria, Czech Republic, Hungary and Slovakia.

Sizeable gross profit margin improvement

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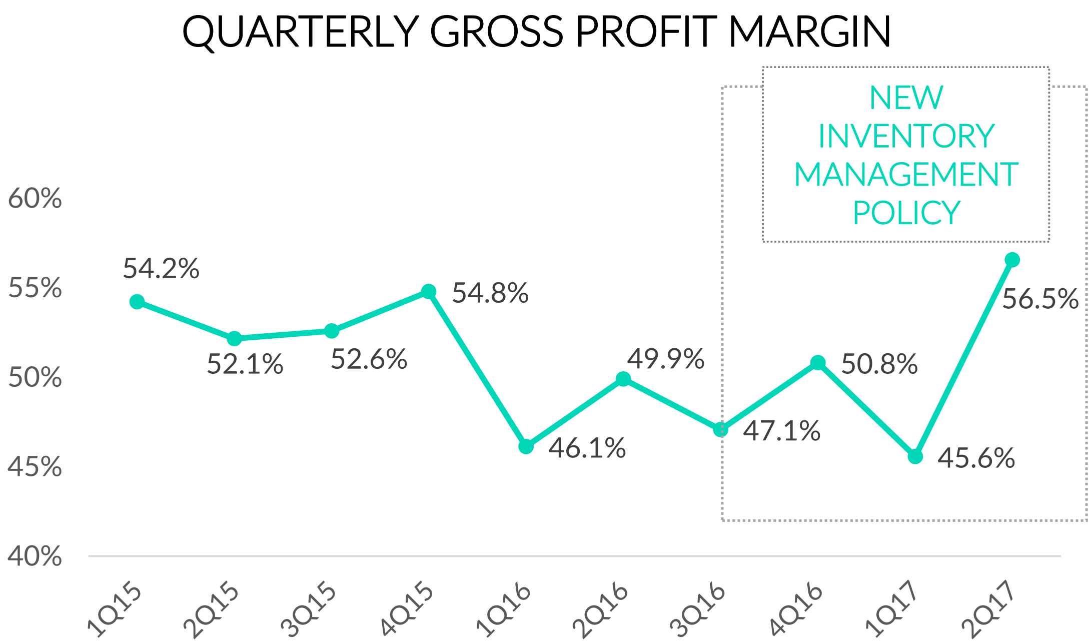
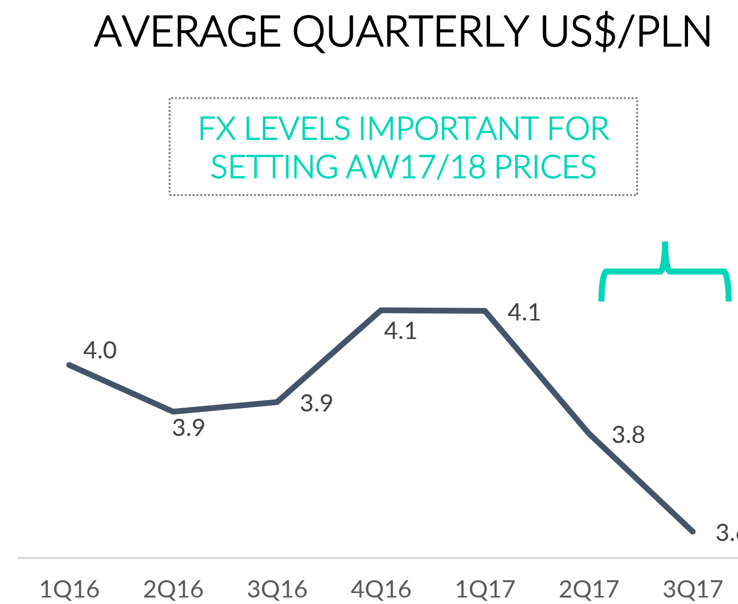
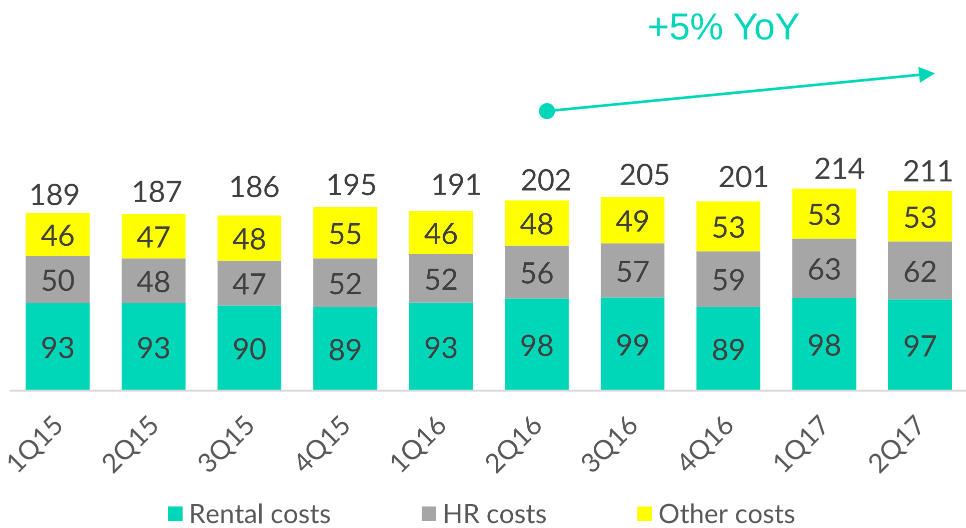




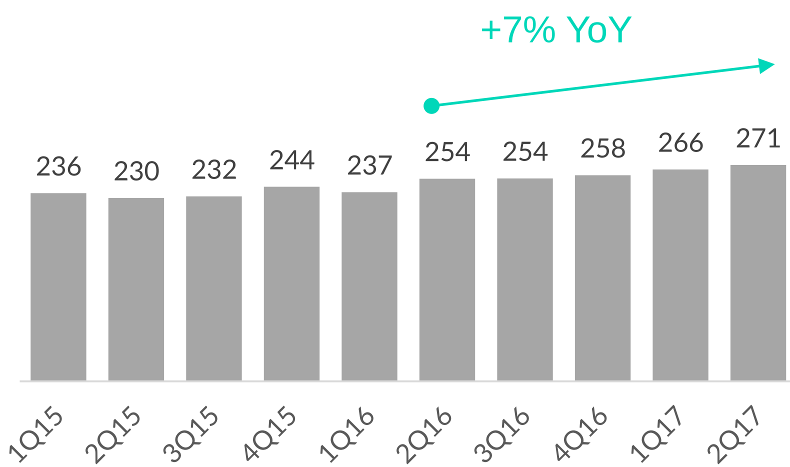
- Sizeable 2Q17 YoY gross profit margin pick-up, due to new inventory management policy and improved collections.
- The aim of the current inventory management policy is to maximise margin in the months when new collection is in stores and sell-off goods to a maximum extent in stores to avoid the costs of their return to post-season warehouse.
- The new policy results in sizeable gross profit margin difference between the sell-off and full margin months: 36% in July 2017 compared to 59% (+8 p.p. YoY) in April, 59% (+6 p.p. YoY) in May and 52% (+5 p.p. YoY) in June.

Higher costs/ m2

COSTS OF OWN STORES/ M2



SG&A COSTS/ M2



- YoY fall in rental charges → appreciation of zloty versus euro and favourable new agreements.
- Pick-up YoY in personnel costs → growth in salaries across all countries.
- Higher YoY other costs of stores → higher usage of materials due to sizeable opening in Germany.
- Growth in SG&A/ m2 YoY → higher costs of headquarters (development of product divisions, further e-commerce development) and higher costs of stores.

Doubling of net income in 2Q17

PLN m	2Q16	2Q17	YoY
Revenues	**1,502.4**	**1,705.4**	**13.5%**
Gross profit margin	49.9%	56.5%	6.6 p.p.
SG&A costs	651.7	743.8	14.1%
EBIT	**86.5**	**207.6**	**140.1%**
EBIT margin	5.8%	12.2%	6.4 p.p.
Net profit	**89.8**	**173.3**	**92.9%**

- Dynamic group revenue growth:
  - positive LFLs and floorspace growth,
  - on-line sales increase.
- Sizeable gross profit margin improvement, due to introduction of new inventory management policy and improved collections.
- SG&A growth comparable to top-line growth.
- Lower net financial gains:
  - lower interest and fees (lower indebtedness),
  - lower FX gains.
- Strong EBIT and net income growths due to operating leverage mechanism.

Triple-digit earnings growth in 1H17

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PLN m	1H16	1H17	YoY
Revenues	**2,677.2**	**3,067.7**	**14.6%**
Gross profit margin	48.2%	51.7%	3.5 p.p.
SG&A costs	1,247.0	1,463.0	17.3%
EBIT	**22.6**	**98.6**	**337.2%**
EBIT margin	0.8%	3.2%	2.4 p.p.
Net profit	**24.2**	**56.2**	**132.1%**

- Dynamic group revenue growth due to favourable developments in both business lines: traditional stores (positive changes in Reserved) and in e-commerce.
- Gross profit margin pick-up, due to new inventory management policy and improved collections.
- SG&A growth higher than sales growth due to low base of 1Q16.
- Other operating line stable YoY despite introduction of new inventory write-off policy.
- Lower net financing costs:
  - lower interest on debt and fees,
  - but lower FX gains.
- Net income growth lower than EBIT growth due to tax liability.

Freeing up working capital even further

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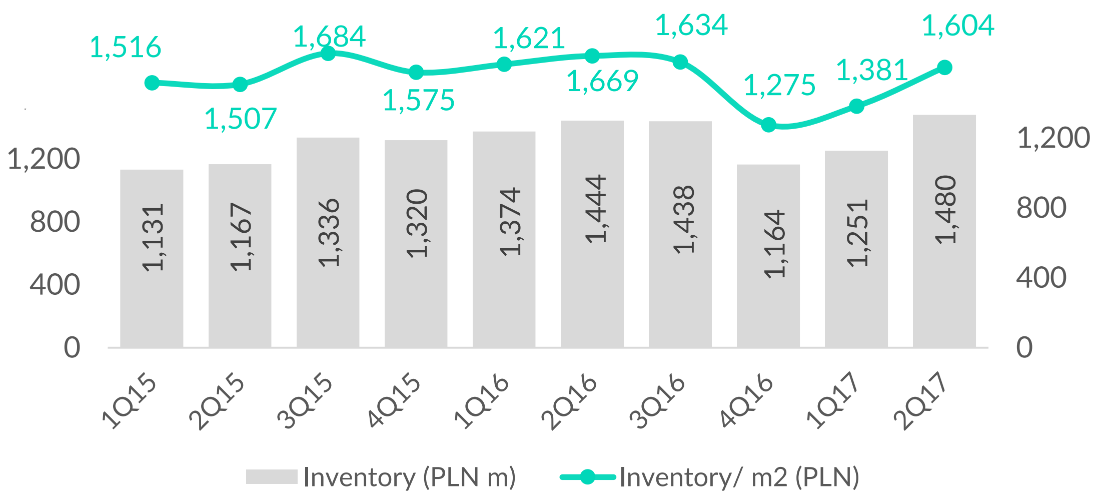
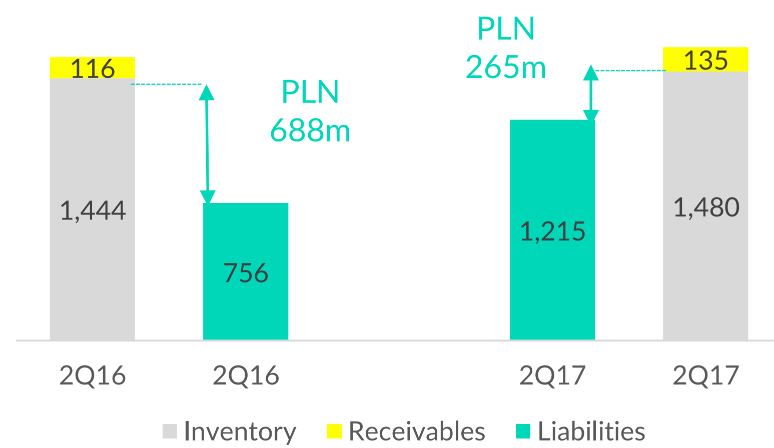
INVENTORY



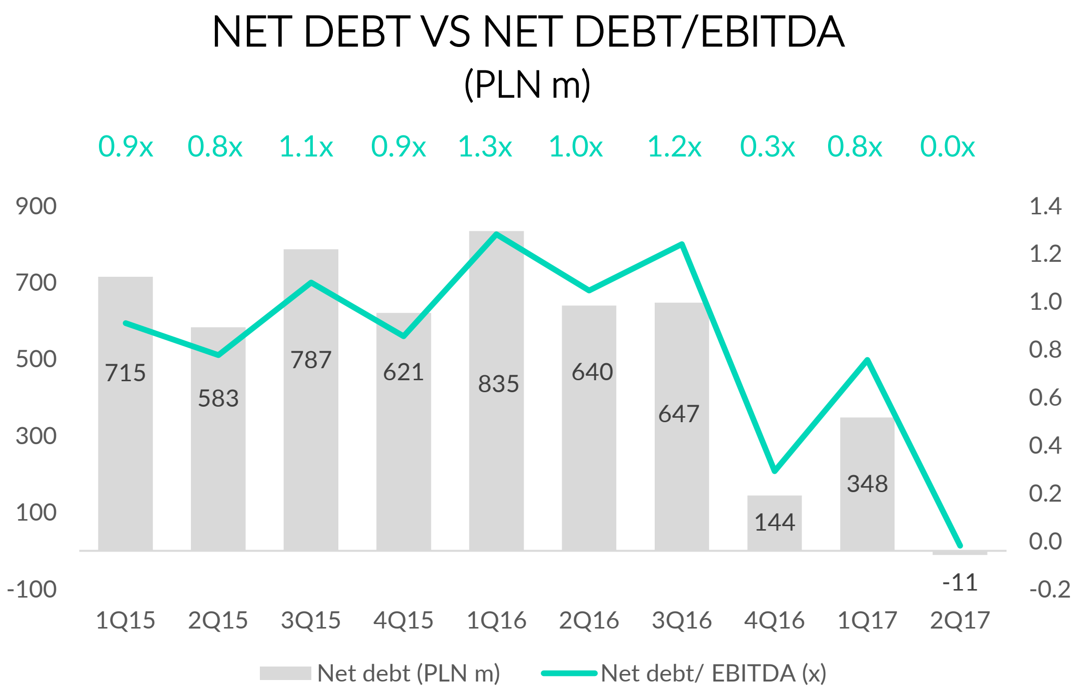
WORKING CAPITAL

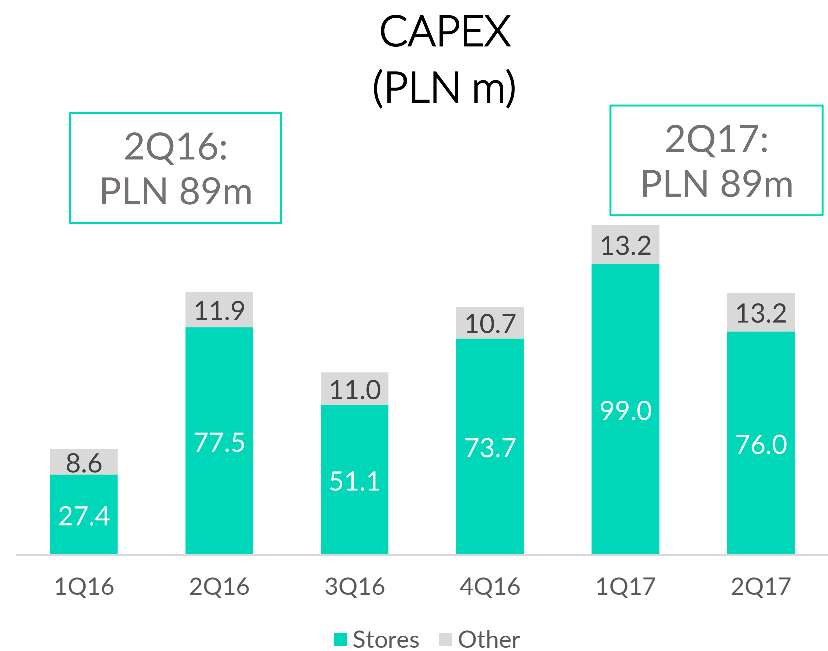
(PLN m)



- A small YoY growth in inventory due to higher level of AW collection. YoY fall in inventory/ m2 due to new inventory management policy and improved reception of collections by customers.
- Higher YoY receivables due to further inventory sell-offs, in line with the new policy.
- PLN 215m additional liabilities due to extension of payment terms for suppliers at the end of 2Q17.
- Our aim is to match liabilities to the inventory level.

From net debt to net cash





- 2Q17 capex was stable YoY. There were no changes within the capex split, with costs of stores dominating the outlays.
- YoY fall in short-term debt due to more favourable operating cash flows in 1H17.
- From net debt to net cash in 2Q17. Our aim is to keep net debt/EBITDA ratio on a safe level between 0-1x.

1H17 executive summary

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1. Continuation of strong e-commerce dynamics.
2. Stores in 19 countries – entry into Belarus.
3. Sizeable gross profit margin pick-up YoY.
4. Net working capital improvement.
5. From net debt to net cash.

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2 Key corporate events

3 2017 outlook

Key corporate events

FIRST STORES IN BELARUS

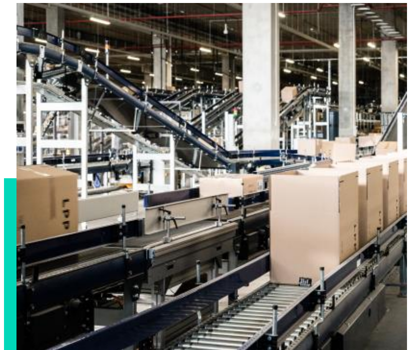
Reserved, Cropp and House franchise stores in Minsk shopping mall.
2,700 m2

April 2017

E-STORES IN THE BALTICS

On-line stores of 5 brands in Lithuania, Latvia and Estonia.

April 2017



ARVATO AGREEMENT

Agreement with Arvato to outsource e-commerce logistics of Reserved, House, Mohito and Sinsay.

April 2017

RESERVED IN BERLIN

19th store in Germany. Flagship in prestigious location.
2,000 m2

May 2017

Outsourcing of e-commerce logistics

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WE AIM TO STREAMLINE E-COMMERCE OPERATIONS

CO-OPERATION DETAILS

Arvato Poland will be responsible for e-commerce logistics of 4 LPP brands: Reserved, House, Mohito and Sinsay.

Outsourcing of key elements (eg. warehouse, packaging, dispatch, returns) from a dedicated Arvato warehouse in the centre of Poland.

WAREHOUSE DETAILS

After signing the contract, Arvato increased its warehouse space by 30 ths m2.

The agreement stipultaes the possibility to expand up to 60 ths m2 in the next 3 years.

Within the first year Arvato will increase headcount by c. 500 people.

OUR BENEFITS

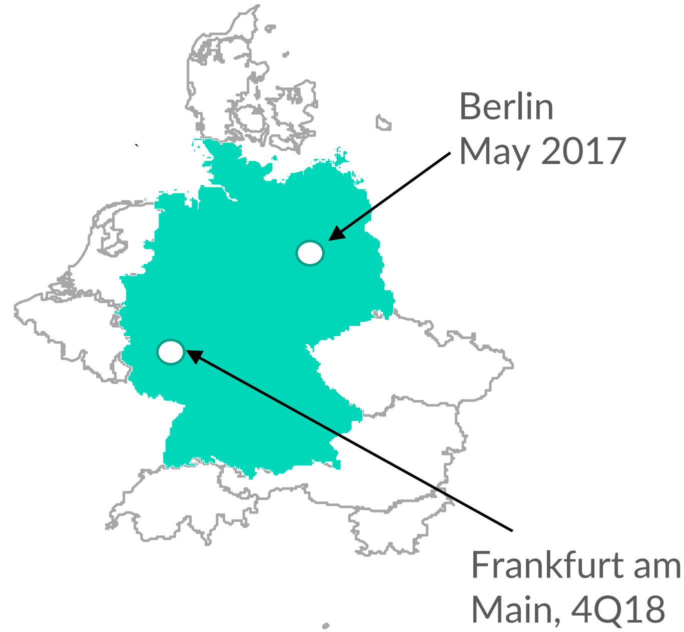
Access to e-commerce logistics know-how.

A more convenient location of the logistics centre.

Faster delivery of products to customers.

Another Reserved flagship in Germany

- In 2Q17 Reserved Berlin flagship was opened. It is our 19th store in Germany.
- Floorspace: 2 000 m2 in *Open to public* concept.
- A prestigious location in the West Berlin Charlottenburg district at Tauentzienstrasse.
- 20th Reserved store in Germany to be opened in Frankfurt am Main in 4Q18.



Germany was LPP's fourth largest market in 2Q17.

Reserved debut in the centre of London

- First Reserved flagship in London, UK, since September 2017.
- A prestigious venue: 252/258 Oxford Street in London, next to Zara and H&M stores.
- Floorspace 3,000 m2.
- Reserved e-store to be opened together with the flagship.
- Kate Moss the face of Reserved in the UK.

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Double-digit 2017 floorspace growth

Floorspace (ths m2)	2016	2017 former target	2017 target	YoY
BY BRANDS				
Reserved	509.1	578.4	565.3	11%
Cropp	120.4	129.0	127.4	6%
House	105.7	112.2	111.7	6%
Mohito	99.1	102.1	103.7	5%
Sinsay	69.8	89.5	86.3	24%
Tallinder	4.1	0.0	0.0	-100%
Outlets	12.6	11.6	14.5	15%
BY REGIONS				
Poland	496.6	513.2	510.1	3%
Europe	209.5	251.0	236.5	13%
CIS	207.0	250.5	255.6	23%
ME	7.6	8.2	6.6	-13%
TOTAL	**920.7**	**1,022.9**	**1,008.8**	**10%**

- 10% YoY floorspace growth in 2017.
- Reserved stores should be in 21 countries at the end of 2017. 4 new countries in 2017 encompass:
  - Serbia and the UK (own stores) – openings in 3Q17,
  - Belarus (since April) and Kazakhstan (franchise stores).
- 2017 targets:
  - CEE development,
  - CIS acceleration,
  - further SEE development (especially in Romania, entry to Serbia),
  - new stores in WE (3 stores in Germany in 1H17 and entry to the UK).
- Planned 2017 capex at c. PLN 375m, up c. 40% YoY due to floorspace growth. Planned store capex at PLN 340m and HQs outlays at PLN 35m.

Triple-digit e-commerce revenue growth in 2017

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2020 TARGET- INTERNET SHOULD CONSTITUTE 7-8% OF GROUP SALES

On-line stores of 5 brands in Poland, Czech Rep., Slovakia, Hungary, Romania, Germany, Lithuania, Latvia and Estonia.

1H17 STATUS

9 COUNTRIES

On-line stores of 5 brands in Russia and Ukraine.

Reserved on-line in the UK (e-store together with flagship launch).

2H17 PLANS

12 COUNTRIES

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First hedging transactions

1

Lowering the level of indebtedness of subsidiaries towards the parent company (conversion of debt into equity of subsidiaries).

2

Increase in self-financing of subsidiaries along with their improved financial standing.

3

Hedging to minimise the level of FX gains/losses in the net financials line (below EBIT).

- Hedging of US$/PLN FX rate.
- Forwards with currency delivery.
- We hedge the period between booking the invoice from the supplier and invoice payment.
- We hedge 70% of payments.
- Hedged amount at US$ 123m end-1H17.

Hedging will not affect gross profit margin.

Logistics centre and HQs enlargement

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2 SOURCES OF INFRASTRUCTURE SPENDING

Another logistics centre

We search for location for our new logistics centre.

Current logistics centre should be sufficient until 2020.

C. PLN 300m of planned capex between 2019-20.

Gdansk HQs expansion

We are constructing another building next to current HQs.

The plot owned is sufficient for construction of 4 new buildings.

The currently constructed first building is to cost c. PLN 90m between 2017-18.

2017 outlook

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2017 TARGETS

- Revenue growth should continue to exceed floorspace growth (positive LFLs at all brands).
- Pick-up in gross profit margin versus 2016 level. Estimated 2017 group gross profit margin at 52-53%.
- Indebtedness at a low level, among others due to further net working capital improvements.

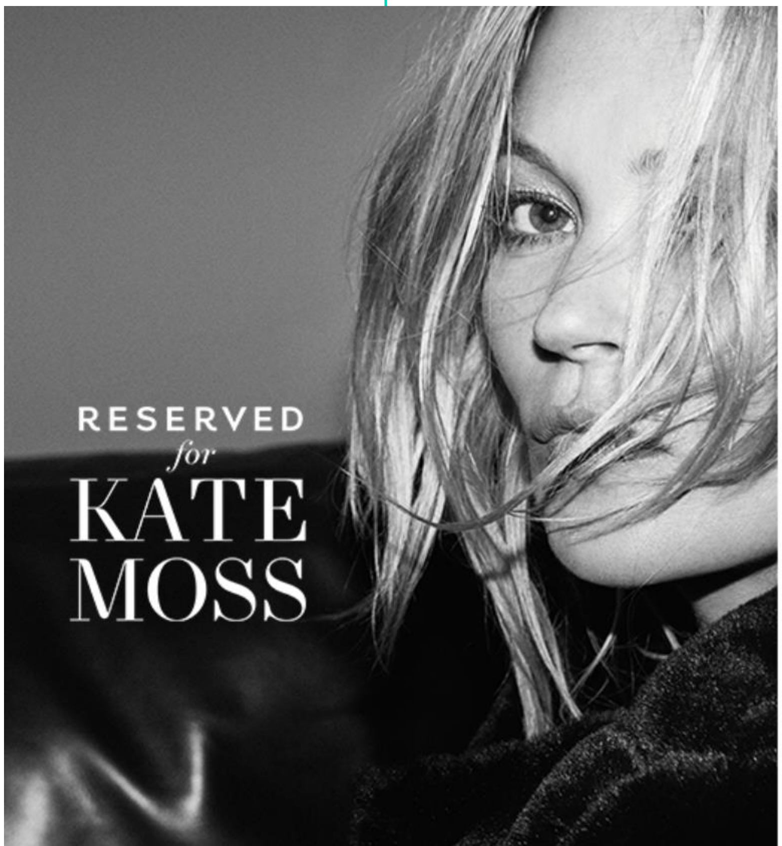
OPPORTUNITIES

- Dynamic e-commerce development.
- LFLs improvement.
- Favourable US$ and EUR trends.

RISKS

- Ban on trade on Sundays.
- Unfavourable RUB to PLN trends.

Investors' Day in London



22 September 2017,
London

Investors' Day

- Meeting with the CEO and CFO
- Visit at the Oxford Street Reserved flagship

Q&A

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Back-up

Network development

Floorspace (ths m2)	30.06.2015	30.09.2015	31.12.2015	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2017	30.06.2017
Reserved	**416.3**	**435.7**	**461.3**	**467.1**	**473.8**	**487.2**	**509.1**	**510.7**	**520.8**
Poland	219.0	223.4	232.5	230.9	235.1	232.0	248.7	245.9	247.4
Europe	95.1	106.5	120.2	124.0	127.2	140.0	144.1	147.7	151.3
CIS	98.3	100.4	103.1	104.6	103.9	107.7	108.7	109.5	114.0
ME	3.9	5.5	5.5	7.6	7.6	7.6	7.6	7.6	8.2
Cropp	**111.5**	**109.1**	**114.5**	**115.4**	**117.8**	**116.7**	**120.4**	**120.1**	**121.9**
Poland	62.8	59.6	63.0	63.6	65.2	63.0	65.3	65.1	66.5
Europe	18.7	19.1	19.8	20.2	20.6	21.0	21.2	21.0	20.8
CIS	30.0	30.4	31.7	31.6	31.9	32.8	34.0	34.0	34.7
House	**96.7**	**95.2**	**99.7**	**100.5**	**104.8**	**103.8**	**105.7**	**102.9**	**106.6**
Poland	62.4	59.3	62.2	62.9	65.4	63.1	64.9	62.4	65.1
Europe	13.2	14.4	15.1	15.5	16.4	16.8	16.4	16.2	16.2
CIS	21.1	21.6	22.4	22.0	23.1	23.9	24.3	24.3	25.4
Mohito	**89.1**	**90.3**	**94.5**	**94.9**	**95.9**	**97.6**	**99.1**	**97.8**	**99.3**
Poland	49.2	49.7	52.1	52.5	51.8	52.4	53.4	51.7	52.6
Europe	14.5	15.2	16.1	16.5	17.7	18.1	18.1	18.1	18.1
CIS	25.4	25.4	26.2	25.9	26.3	27.1	27.7	28.0	28.6
Sinsay	**52.4**	**54.8**	**59.7**	**60.5**	**63.1**	**65.2**	**69.8**	**69.8**	**72.5**
Poland	38.6	40.3	43.5	43.9	44.5	45.5	48.6	48.6	49.0
Europe	6.3	6.6	7.6	8.0	8.8	9.2	9.7	9.7	10.4
CIS	7.6	7.9	8.6	8.6	9.8	10.5	11.5	11.5	13.1
Tallinder (Poland only)	**0.0**	**0.0**	**0.0**	**2.9**	**3.7**	**3.7**	**4.1**	**0.0**	**0.0**
Outlets	12.4	13.6	13.8	13.8	13.8	13.8	12.6	12.6	12.6
Total by regions									
Poland	443.5	443.9	465.0	468.3	477.4	471.2	496.6	485.3	492.1
Europe	147.7	161.7	179.0	184.4	190.8	205.2	209.5	212.8	216.9
CIS	183.2	187.7	193.9	194.7	196.9	204.0	207.0	208.2	216.5
ME	3.9	5.5	5.5	7.6	7.6	7.6	7.6	7.6	8.2
TOTAL	778.4	798.8	843.5	855.0	872.7	888.0	920.7	913.9	933.7

2017 network development details

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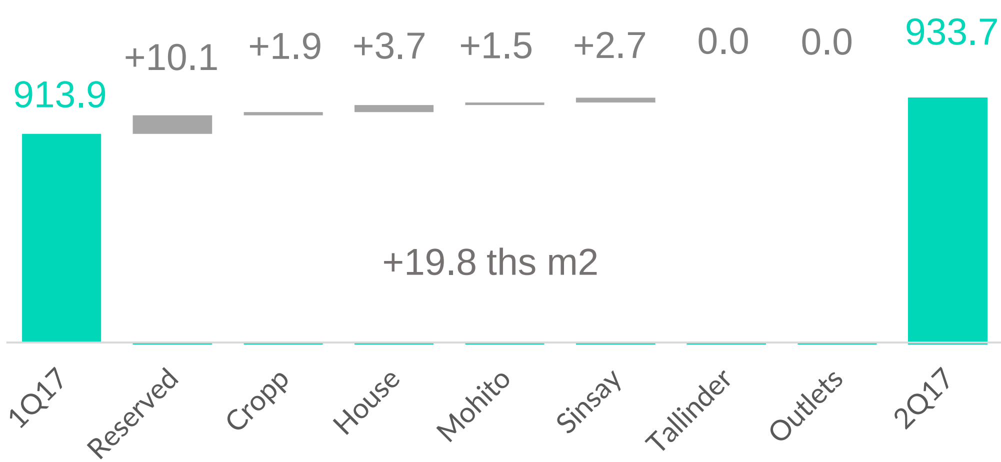
FLOORSPACE (ths m2)	31.12.2016	2017 TARGET	Nom. growth	YoY
Reserved	**509.1**	**565.3**	**56.2**	**11%**
Poland	248.7	263.8	15.2	6%
Europe	144.1	162.6	18.5	13%
CIS	108.7	132.2	23.5	22%
ME	7.6	6.6	-1.0	-13%
Cropp	**120.4**	**127.4**	**7.0**	**6%**
Poland	65.3	65.1	-0.2	0%
Europe	21.2	22.8	1.6	8%
CIS	34.0	39.5	5.6	16%
House	**105.7**	**111.7**	**6.0**	**6%**
Poland	64.9	64.9	0.0	0%
Europe	16.4	17.4	1.1	6%
CIS	24.3	29.3	5.0	20%
Mohito	**99.1**	**103.7**	**4.6**	**5%**
Poland	53.4	52.7	-0.7	-1%
Europe	18.1	20.0	1.9	11%
CIS	27.7	31.1	3.4	12%
Sinsay	**69.8**	**86.3**	**16.5**	**24%**
Poland	48.6	53.2	4.6	9%
Europe	9.7	13.5	3.8	40%
CIS	11.5	19.6	8.0	70%
Tallinder	**4.1**	**0.0**	**-4.1**	**-100%**
Poland	4.1	0.0	-4.1	-100%
Europe	0.0	0.0	0.0	0%
CIS	0.0	0.0	0.0	0%
Outlets	**12.6**	**14.5**	**1.9**	**15%**
Poland	11.6	10.3	-1.3	-11%
Europe	0.2	0.2	0.0	0%
CIS	0.8	4.0	3.2	404%
TOTAL	920.7	1,008.8	88.1	10%

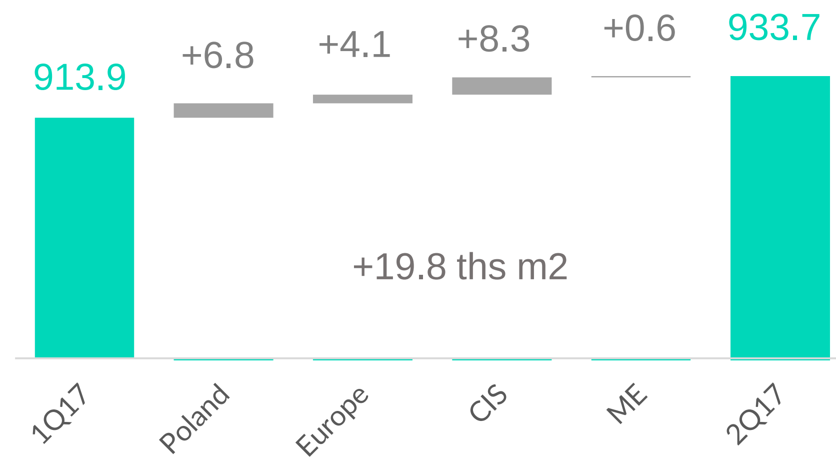
NUMBER OF STORES	31.12.2016	2017 TARGET	Nom. growth	YoY
Reserved	**461**	**466**	**5**	**1%**
Poland	236	228	-8	-3%
Europe	116	119	3	3%
CIS	103	113	10	10%
ME	6	6	0	0%
Cropp	**379**	**379**	**0**	**0%**
Poland	219	208	-11	-5%
Europe	68	69	1	1%
CIS	92	102	10	11%
House	**330**	**335**	**5**	**2%**
Poland	212	205	-7	-3%
Europe	51	52	1	2%
CIS	67	78	11	16%
Mohito	**290**	**293**	**3**	**1%**
Poland	166	158	-8	-5%
Europe	57	54	-3	-5%
CIS	67	81	14	21%
Sinsay	**198**	**238**	**40**	**20%**
Poland	142	152	10	7%
Europe	26	36	10	38%
CIS	30	50	20	67%
Tallinder	**9**	**0**	**-9**	**-100%**
Poland	9	0	-9	-100%
Europe	0	0	0	0%
CIS	0	0	0	0%
Outlets	**36**	**36**	**0**	**0%**
Poland	33	30	-3	-9%
Europe	1	1	0	0%
CIS	2	5	3	150%
TOTAL	1 703	1 747	44	3%

Changes in 2Q17 floorspace

CHANGE IN FLOORSPACE BY BRANDS
(ths m2)



CHANGE IN FLOORSPACE BY REGIONS
(ths m2)

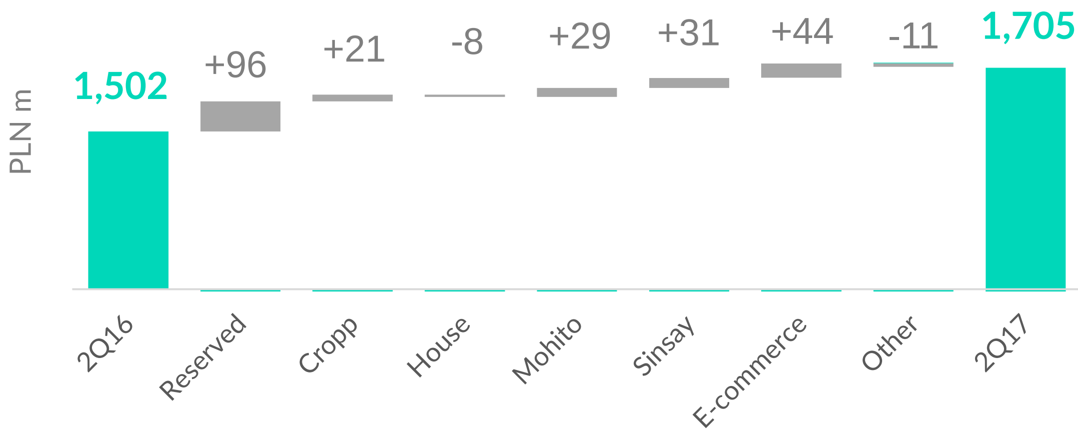


- Reserved development in 2Q17 resulted from: (1) flagship opening in Germany, (2) opening of new larger stores in Poland and Russia and (3) openings of franchise stores in Belarus and Qatar.
- Openings of Cropp and House seasonal stores behind floorspace growth in Poland.
- CIS countries were the leaders of floorspace growth in 2Q17 due to: (1) opening Reserved and Sinsay stores in Russia, (2) return to growths in Ukraine and (3) entry with Reserved, Cropp and House into Belarus.

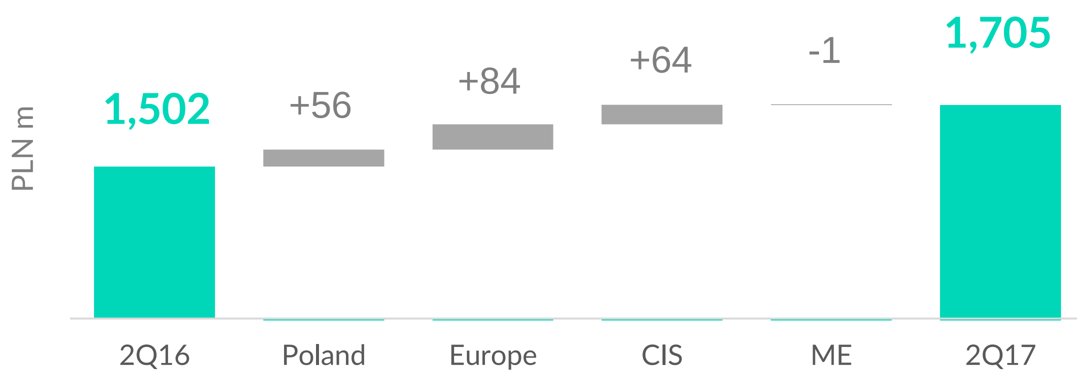
2Q17 revenue growth contributors

LPP

REVENUE GROWTH BY BRANDS



REVENUE GROWTH BY REGIONS

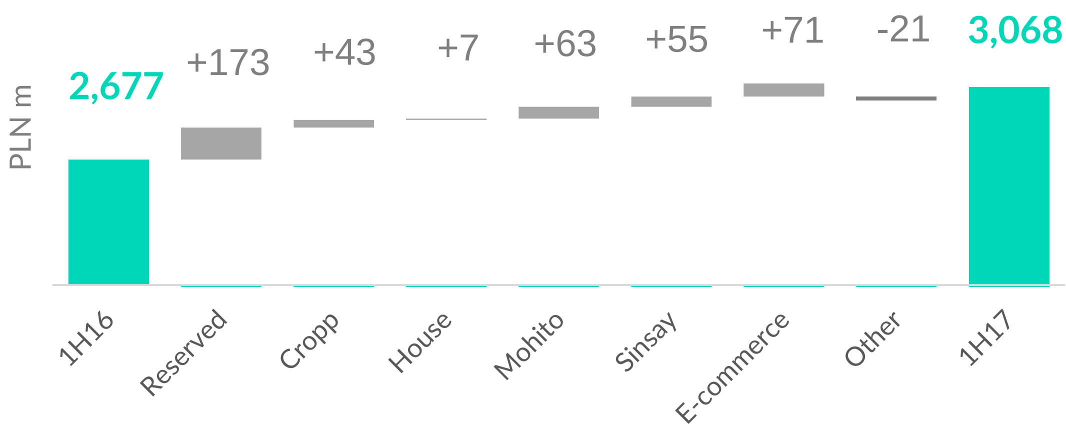


PLN m	2Q16	2Q17	YoY
LPP GROUP	**1,502.4**	**1,705.4**	**13.5%**
Reserved PL	353.6	374.1	5.8%
Reserved EX	312.8	388.5	24.2%
Cropp PL	126.1	130.9	3.8%
Cropp EX	106.2	123.0	15.8%
House PL	126.5	119.0	-5.9%
House EX	62.3	62.0	-0.6%
Mohito PL	101.1	111.5	10.3%
Mohito EX	82.2	100.7	22.4%
Sinsay PL	87.7	106.4	21.4%
Sinsay EX	29.6	42.1	42.0%
E-commerce	41.2	84.8	105.9%
Other	73.1	62.5	-14.5%

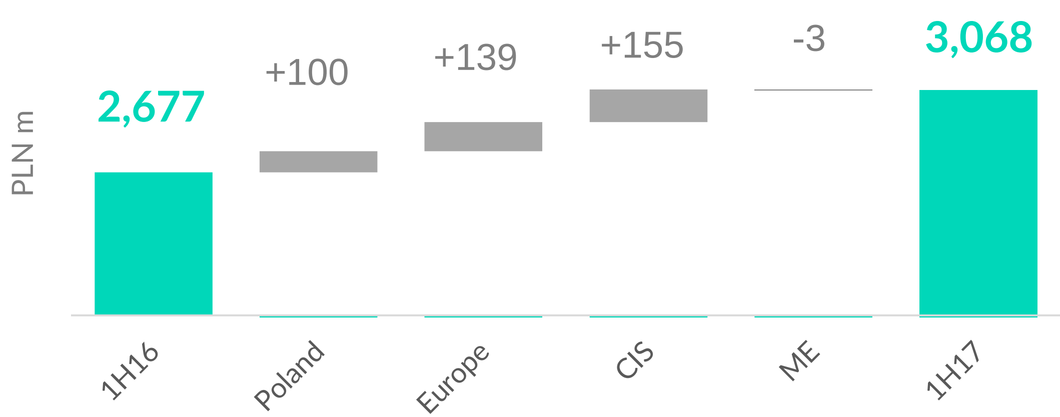
1H17 revenue growth contributors

LPP

REVENUE GROWTH BY BRANDS



REVENUE GROWTH BY REGIONS



PLN m	1H16	1H17	YoY
LPP GROUP	**2,677.2**	**3,067.7**	**14.6%**
Reserved PL	641.7	670.0	4.4%
Reserved EX	562.4	706.9	25.7%
Cropp PL	222.4	224.7	1.1%
Cropp EX	177.4	217.6	22.7%
House PL	227.5	220.6	-3.0%
House EX	105.5	118.9	12.7%
Mohito PL	187.2	206.8	10.4%
Mohito EX	145.7	189.1	29.8%
Sinsay PL	155.9	187.9	20.5%
Sinsay EX	49.6	72.9	46.9%
E-commerce	68.6	139.7	103.6%
Other	160.9	112.7	-29.9%

Shortening production lead time

LPP

WE AIM TO DOUBLE PRODUCTION IN POLAND WITHIN THE NEXT 2 YEARS

MADE IN POLAND

Poland is already 6% of 1H17 production.

We produce selected higher quality models of Reserved and Mohito brand domestically.

We plan to produce 5m of clothing pieces in 2017 in Poland, up 50% YoY.

Retail market trends

Customers expect quicker changes within collections, faster fashion, answering the appearing fades.

Solution

We need to shorten the time we prepare our products and its way to stores (lead time).

Our response

Shorter delivery time of must-haves even to 6 weeks, among others due to increased production in Poland.

Retail market trends

Customers want to buy local products, from their country of origin.

Solution

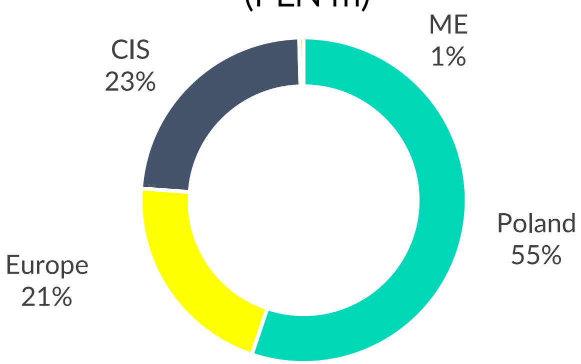
Higher sourcing from the local market.

Our response

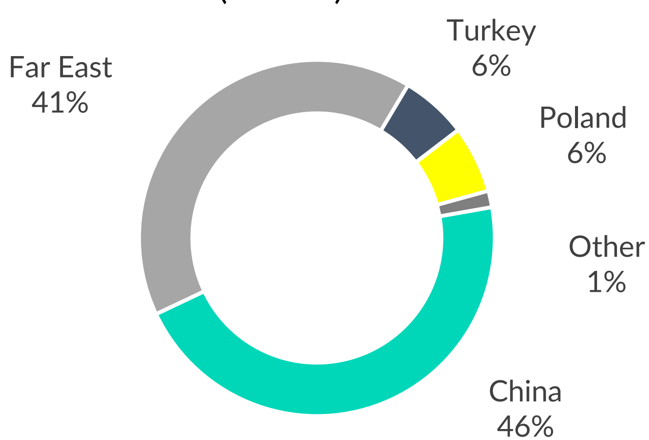
Increased number of production orders in Poland to streamline value chain management.

Revenue and COGS split

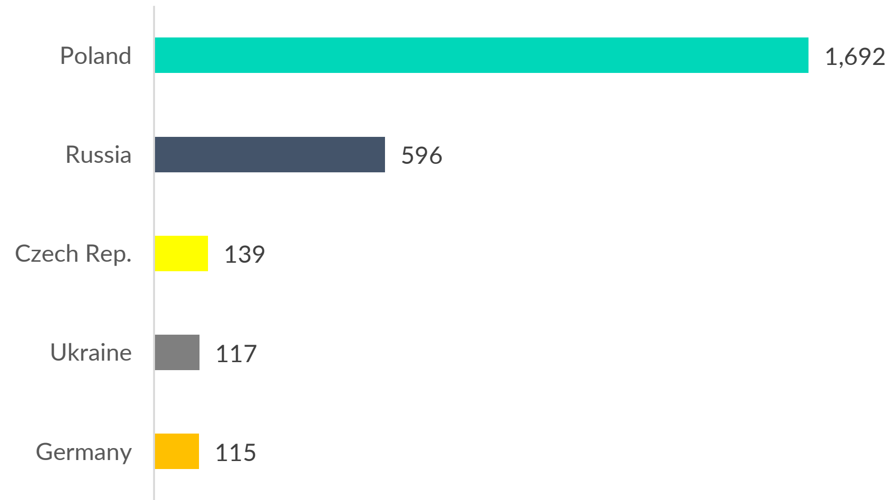
1H17 REVENUES BY REGIONS (PLN m)



1H17 PURCHASES BY REGIONS (PLN m)



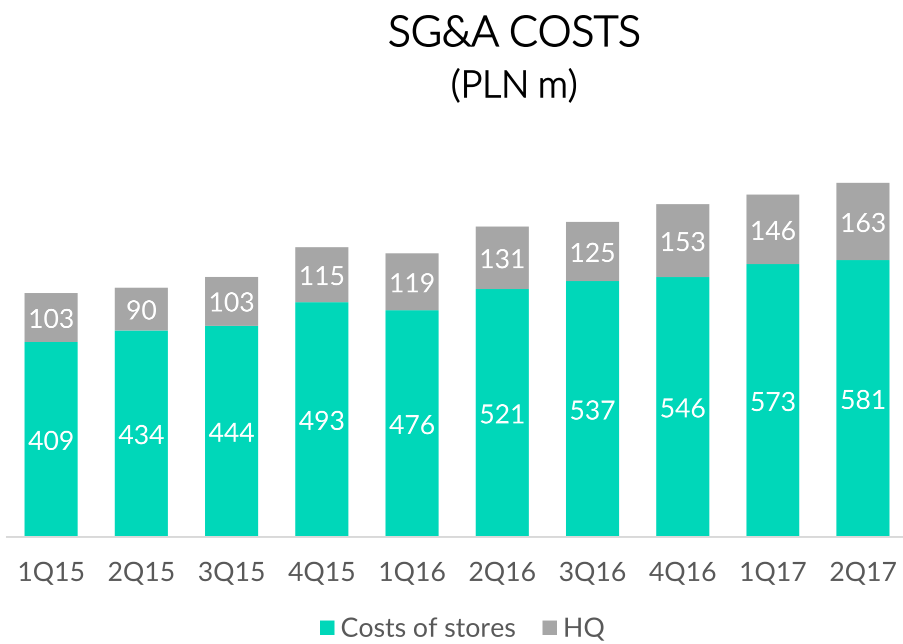
TOP5 REVENUES BY COUNTRIES IN 1H17 (PLN m)

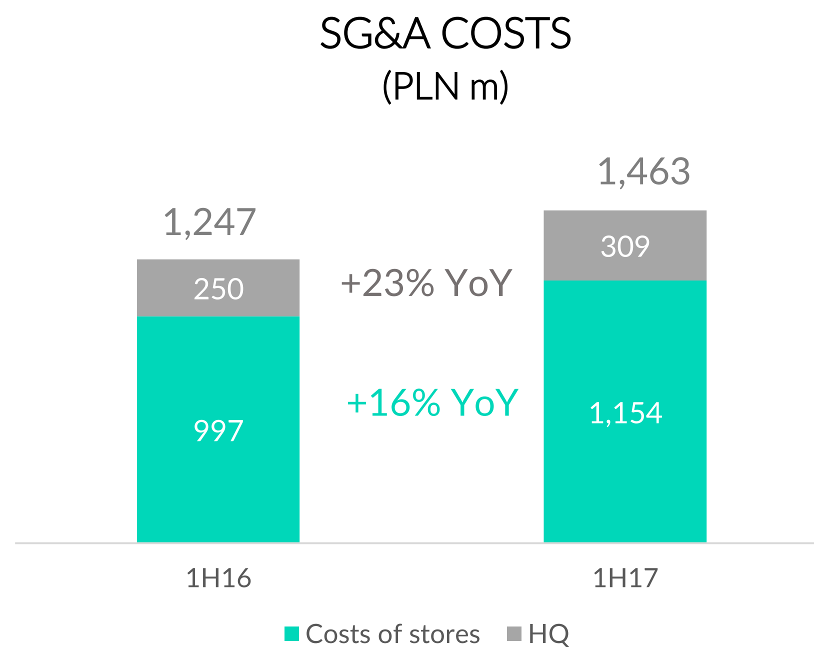


Poland remains our most important market.

Costs of stores and HQs

LPP





- Costs of stores encompass costs of own stores (rentals, personnel and other) as well as costs of franchise stores in Poland. Stores in the Middle East and Belarus do not have any material effect on SG&A costs.
- Costs of stores ➔ YoY growth in 2Q17 due to higher YoY floorspace, appreciation of rubble versus zloty and new store in Germany. Fall in costs of franchise stores in Poland, due to switch to company owned stores.
- HQ costs ➔ YoY growth in 2Q17 due to development of product departments and further e-commerce expansion.

2Q17 other operating and net financial lines

LPP

OTHER OPERATING ACTIVITY

PLN m	2Q16	2Q17
OTHER OPERATING REVENUES	**7.2**	**20.2**
Inventory excess	3.6	2.8
Gain on sale of assets, write-ups	2.9	14.2
OTHER OPERATING COSTS	**18.8**	**33.2**
Write-offs	3.6	11.8
Inventory losses	12.0	16.4
Donations and other	1.8	4.0
OTHER OPERATING ACTIVITY	**-11.6**	**-13.0**

Higher YoY write-ups of assets in 2Q17 compensated by higher inventory losses due to the new write-offs policy (updates every 6 months).

NET FINANCIAL ACTIVITY

PLN m	2Q16	2Q17
FINANCIAL REVENUES	**9.1**	**7.0**
FX gains	8.7	5.1
Interest	0.2	1.6
FINANCIAL COSTS	**6.7**	**5.6**
FX losses	0.0	0.0
Interest	6.1	4.7
Fees and charges	0.6	0.9
NET FINANCING ACTIVITY	**2.4**	**1.4**

PLN 5.1m of FX gains (2Q16: PLN 8.7m gains), out of which PLN 8.6m of losses on rubble and hryvna (2Q16: PLN 13.1m gains), PLN 10.4m gains on US$ (2Q16: PLN 9.4m losses) and PLN 3.3m gains on other currencies (EUR, RON, HUF, CZK).

1H17 other operating and net financial lines

LPP

OTHER OPERATING ACTIVITY

PLN m	1H16	1H17
OTHER OPERATING REVENUES	**13.7**	**28.1**
Inventory excess	8.1	6.4
Gain on sale of assets, write-ups	3.7	18.3
OTHER OPERATING COSTS	**35.6**	**51.4**
Write-offs	7.7	11.8
Inventory losses	21.4	28.3
Donations and other	4.1	7.8
OTHER OPERATING ACTIVITY	**-21.9**	**-23.3**

Higher YoY write-ups of assets in 2Q17 compensated by higher inventory losses due to the new write-offs policy (updates every 6 months).

NET FINANCIAL ACTIVITY

PLN m	1H16	1H17
FINANCIAL REVENUES	**11.3**	**8.7**
FX gains	10.6	5.4
Interest	0.4	2.9
FINANCIAL COSTS	**13.9**	**9.8**
FX losses	0.0	0.0
Interest	11.9	8.1
Fees and charges	2.0	1.7
NET FINANCING ACTIVITY	**-2.6**	**-1.2**

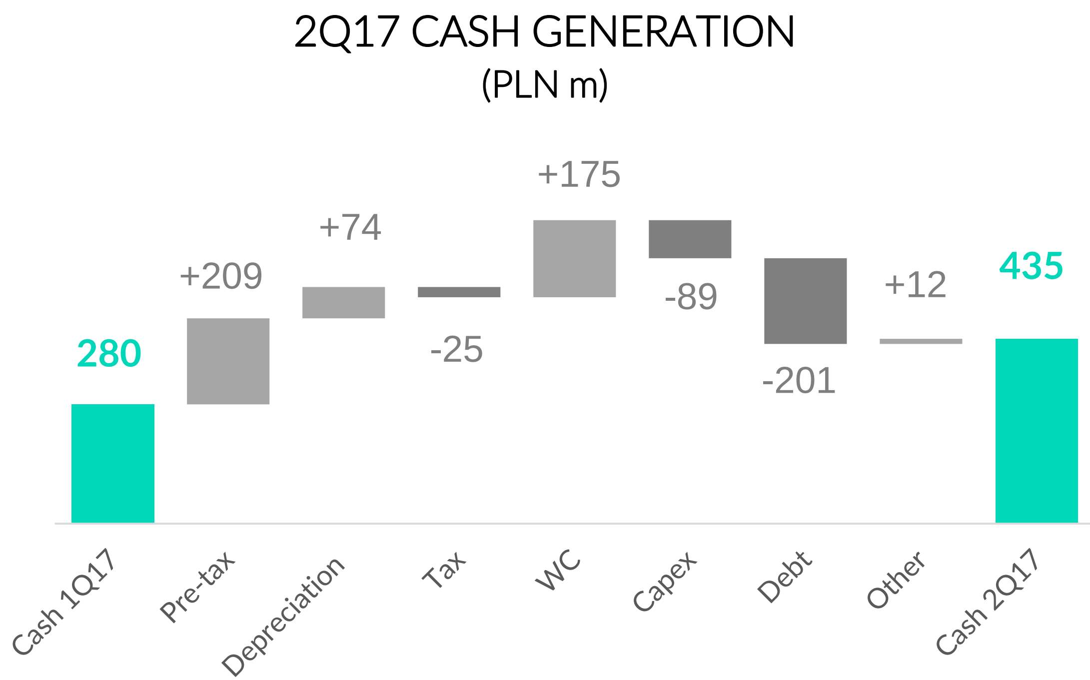
PLN 5.4m of FX gains (1H16: PLN 10.6m gains), out of which PLN 13.7m losses on rubble and hryvna (1H16: PLN 14.5m gains), PLN 27.1m gains on US$ (1H16: PLN 8.3m losses) and PLN 8.0m losses on other currencies (EUR, RON, HUF, CZK).

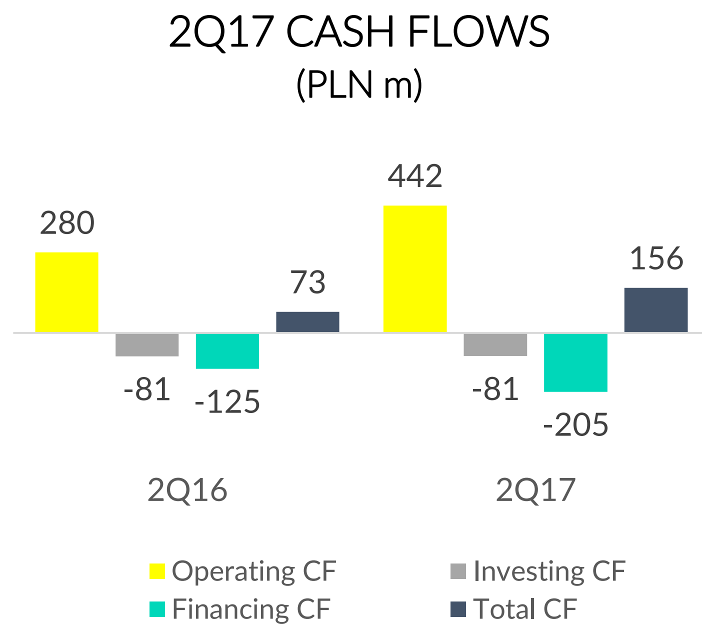
Historical quarterly numbers

LPP

PLN m	3Q15	3Q16	4Q15	4Q16	1Q16	1Q17	2Q16	2Q17	YoY
Revenues	**1,261.5**	**1,488.4**	**1,575.0**	**1,853.4**	**1,174.8**	**1,362.3**	**1,502.4**	**1,705.4**	**13.5%**
Gross profit on sales	663.2	700.6	862.8	941.7	541.8	620.6	749.7	964.4	28.6%
Gross profit margin	52.6%	47.1%	54.8%	50.8%	46.1%	45.6%	49.9%	56.5%	6.6 p.p.
SG&A costs	546.8	662.2	608.9	699.6	595.3	719.2	651.7	743.8	14.1%
Other operating line	-9.6	-33.6	-18.5	-43.0	-10.4	-10.4	-11.6	-13.0	
EBIT	**106.8**	**4.8**	**235.4**	**199.1**	**-63.9**	**-109.0**	**86.5**	**207.6**	**140.1%**
EBIT margin	8.5%	0.3%	14.9%	10.7%	-5.4%	-8.0%	5.8%	12.2%	6.4 p.p.
Net financial activity	-14.4	-8.0	-42.0	-21.7	-5.0	-2.5	2.4	1.4	
Pre-tax profit	92.5	-3.2	193.4	177.4	-68.9	-111.5	88.9	209.0	135.1%
Tax	12.7	3.2	21.0	20.4	-3.4	5.5	-0.9	35.8	
Net income	**79.7**	**-6.5**	**172.3**	**157.0**	**-65.6**	**-117.0**	**89.8**	**173.3**	**92.9%**
Net income margin	6.3%	-0.4%	10.9%	8.5%	-5.6%	-8.6%	6.0%	10.2%	4.2 p.p.

Cash flows





- Operating cash flow → more favourable YoY due to extending the payment terms for suppliers.
- Investing cash flow → stable YoY capex, payments for stores opened in 1H17.
- Financing cash flows → lower usage of debt due to strong operating cash flows.
- PLN 1.7bn in open credit lines used for letters of credits, guarantees and overdrafts.

Balance sheet increasingly strong

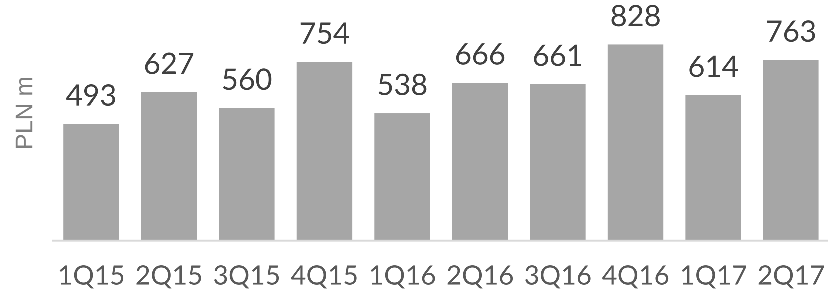
PLN m	30.06.2016	31.12.2016	30.06.2017
Non-current assets	**1,811.7**	**1,838.7**	**1,795.2**
fixed assets	1,266.0	1,291.3	1,248.5
intangibles (inc. goodwill)	326.5	330.6	339.3
Current assets	**1,913.3**	**1,839.3**	**2,145.1**
inventory	1,444.0	1,164.1	1,480.2
trade receivables	116.5	165.4	134.8
cash and equivalents	219.2	365.8	434.9
Total assets	**3,724.9**	**3,677.9**	**3,940.3**
Equity	**1,933.9**	**2,134.7**	**2,063.3**
Long-term liabilities	**303.3**	**267.3**	**245.9**
interest bearing debt	239.6	195.0	168.5
Short-term liabilities	**1,487.8**	**1,275.9**	**1,631.1**
trade liabilities	755.9	881.1	1,215.1
interest bearing debt	619.2	315.1	255.4
Total liabilities	**3,724.9**	**3,677.9**	**3,940.3**

- YoY fall in fixed assets due to network optimisation in Poland.
- Higher YoY intangibles, despite Tallinder brand write-offs, due to investments in concept stores of five brands and IT outlays.
- Small YoY increase in inventory due to introduction of new inventory management policy and higher YoY level of AW collections.
- YoY growth in receivables due to sell-off of inventory to third parties in line with the new policy.
- Pick-up in trade liabilities YoY and YoY fall in short-term debt due to new supply chain financing policy.
- Lower YoY debt, due to more favourable YoY operating cash flows.

RESERVED

CUSTOMER	Women, men and children.
YEAR OF LAUNCH	1998
BRAND CONCEPT	An anchor brand with a broad customer base and wide range of collections.
STORE CONCEPT	Lack of dedicated zones allows for a smooth transition between women, men and children areas. Wide, open and transparent storefront coupled with comfortable, large and spacious fitting rooms
MARKETING	Advertised by international stars (Kate Moss, Georgia May Jagger, Brooklyn Beckham).

REVENUES



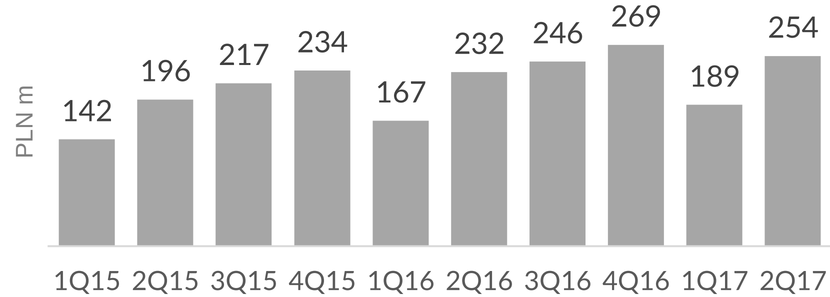
	2Q16	2Q17	YoY
Number of stores	447	458	+ 11
Floorspace (ths m2)	473.8	520.8	10%
Average store space (m2)	1,060	1,137	7%
Average monthly sales (PLN/m2)	479	501	5%

CROPP

LPP

CUSTOMER	Teenagers – boys and girls.
YEAR OF LAUNCH	2004
BRAND CONCEPT	A casual streetwear brand.
STORE CONCEPT	The shopping space is designed in the form of squat, garage and industrial halls. Stores encompass special relax zones with PlayStation and tablets with WiFi. Shop window displays are equipped with modern multimedia.
MARKETING	Partner of events for artists and street art.

REVENUES

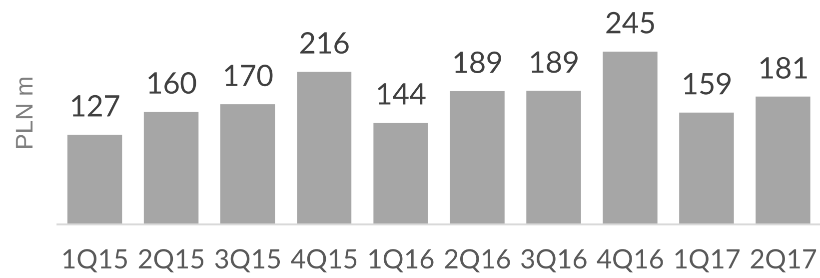


	2Q16	2Q17	YoY
Number of stores	388	386	-2
Floorspace (ths m2)	117.8	121.9	4%
Average store space (m2)	304	316	4%
Average monthly sales (PLN/m2)	669	704	5%

house

CUSTOMER	Teenagers (boys and girls) who like brave fashion choices.
YEAR OF LAUNCH	2001 (in LPP's Group since 4Q08).
BRAND CONCEPT	Urban fashion brand with folk and vintage elements.
STORE CONCEPT	The interior of the store is inspired by music instruments and possesses many music and art related details. A fresh look is obtained by usage of wooden elements and glass & metal lamps.
MARKETING	Participates in multiple artistic events (especially music related). Communication is based on insights and humour.

REVENUES

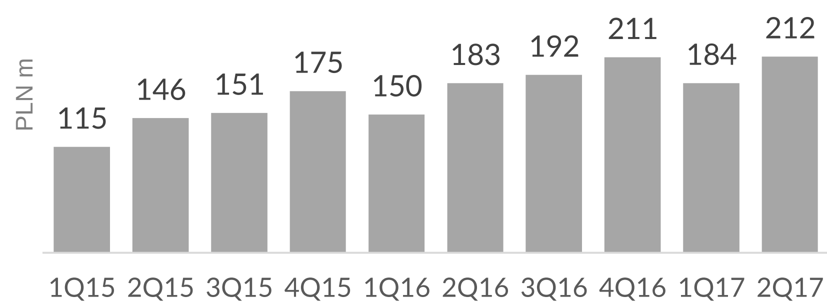


	2Q16	2Q17	YoY
Number of stores	343	338	-5
Floorspace (ths m2)	104.8	106.6	2%
Average store space (m2)	306	315	3%
Average monthly sales (PLN/m2)	618	578	-6%

MOHITO

CUSTOMER	Young women.
YEAR OF LAUNCH	2008 (in LPP's Group since 4Q08)
BRAND CONCEPT	A brand that combines comfort and elegance for business and informal meetings.
STORE CONCEPT	Concept relates to elegance and beauty. The centre of the store is bright and is surrounded by a darker environment.
MARKETING	Anja Rubik created a limited collection for AW2014/15. Zuzanna Bijoch was the face of AW2015/16 collection. Top-model Anna Jagodzińska advertised SS16 collection, while Magdalena Frąckowiak the AW2016/17 collection.

REVENUES



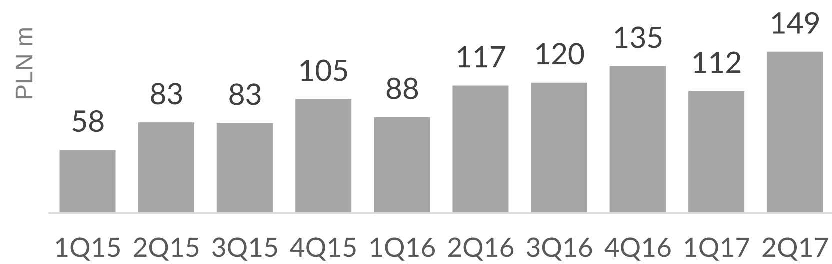
	2Q16	2Q17	YoY
Number of stores	284	288	+ 4
Floorspace (ths m2)	95.9	99.3	4%
Average store space (m2)	338	345	2%
Average monthly sales (PLN/m2)	640	717	12%

sinsay

LPP

CUSTOMER	Teenagers – girls only.
YEAR OF LAUNCH	2013
BRAND CONCEPT	Clothes for every day inspirations and original party outfits. The brand stands out for original T-shirts with extraordinary prints.
STORE CONCEPT	Fresh and edgy interiors yet monochromatic to differentiate from colourful clothes sold. Selling area divided into black and white parts.
MARKETING	Focus on social media. The brand co-operates with young fashion influencers and models. Last year Karolina Pisarek and Aleksandra Kowalska were the brand's faces.

REVENUES



	2Q16	2Q17	YoY
Number of stores	179	204	+ 25
Floorspace (ths m2)	63.1	72.5	15%
Average store space (m2)	352	355	1%
Average monthly sales (PLN/m2)	633	694	10%

Glossary

LPP

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine and from 2017 also Belarus and Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, while from 2017 also Serbia.
WE	Region including Germany and from 2017 also the UK.
ME	Region including: Egypt, Qatar, Kuwait, Saudi Arabia, UAE.
Europe	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/m2	Revenues of segment or brand / average working total floorspace / 3.
Average monthly costs of own stores/m2	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 7% of the working floorspace) / 3.
Average monthly SG&A PLN/m2	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME and Belarus / 3.
Inventory/ m2	End of period group inventory/ total floorspace without franchise stores in ME and Belarus.

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