

LPP

4Q19/20 RESULTS PRESENTATION

GDAŃSK
21st MAY 2020

RESERVED

CROPP

 house

MOHITO

sinsay



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1. 4Q19/20 financial results

2. 1Q20/21 preliminary results

3. 2020/21 outlook

On-line and off-line growth continues

1,746 STORES

+14.4% m2

+3.6% LFL

25 countries

OFF-LINE



ON-LINE



30 countries

+46,3% revenues

39
COUNTRIES

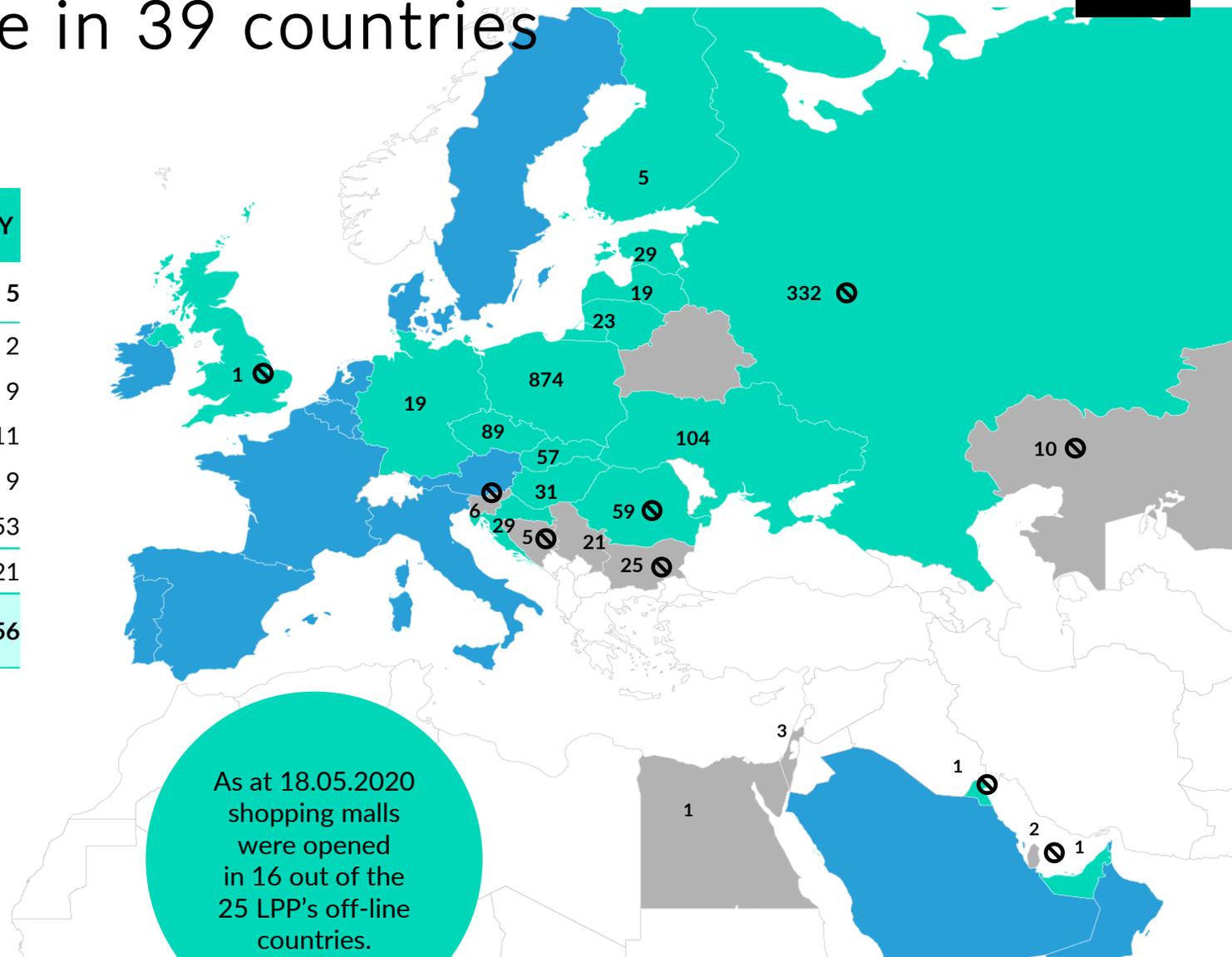
+13.1%
GROUP REVENUES

LPP's presence in 39 countries

31.01.2020	Number of stores	YoY
LPP GROUP	1 746	+ 5
Reserved	454	+ 2
Cropp	360	- 9
House	318	- 11
Mohito	283	- 9
Sinsay	324	+ 53
Outlets	7	- 21
Stores in operations	785	- 956

● on-line + off-line
 ● on-line
 ● off-line

Ⓞ shopping malls closed as at 18.05.2020



As at 18.05.2020 shopping malls were opened in 16 out of the 25 LPP's off-line countries.

A shifted fiscal year

The 4th quarter of the 2019/20 fiscal year was the only 4-month-long quarter. It covered the period from October 2019 till the end of January 2020.

Fiscal year 2019/20 was the only 13-month-long year. It encompassed the period from the beginning of January 2019 till the end of January 2020.

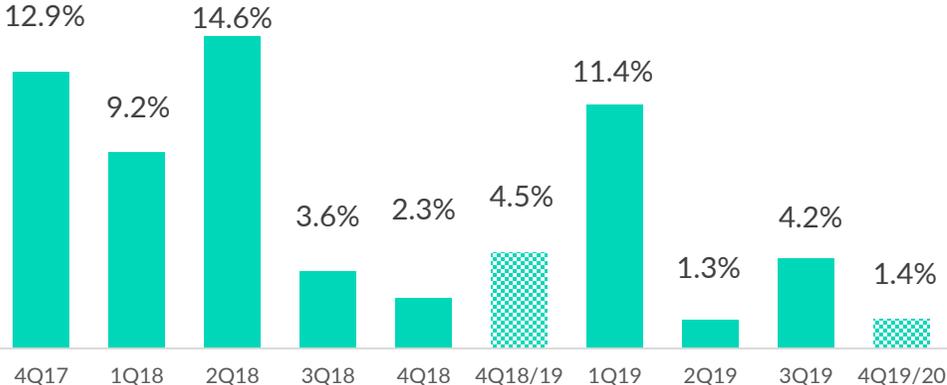
The next quarters will be 3-month-long. We will provide comparable data so that you can easily interpret our operating and financial results.

The YoY dynamics are given in relation to unaudited data for a comparable period. They therefore include data for 4 months and 13 months.

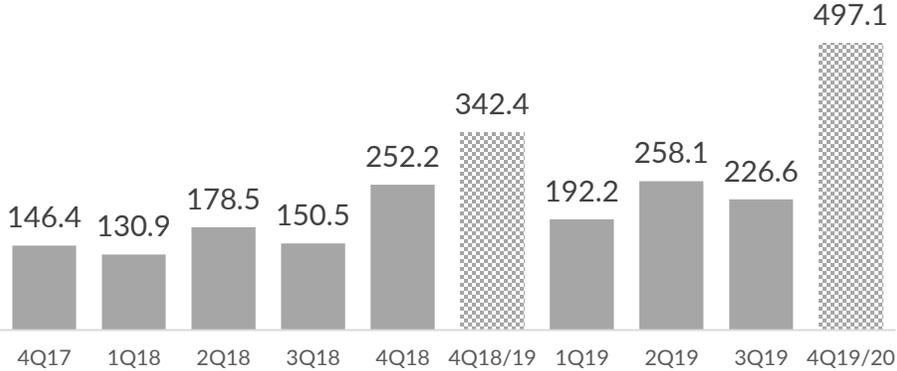


LFL and e-commerce growth

LFL DYNAMICS
(local currencies)



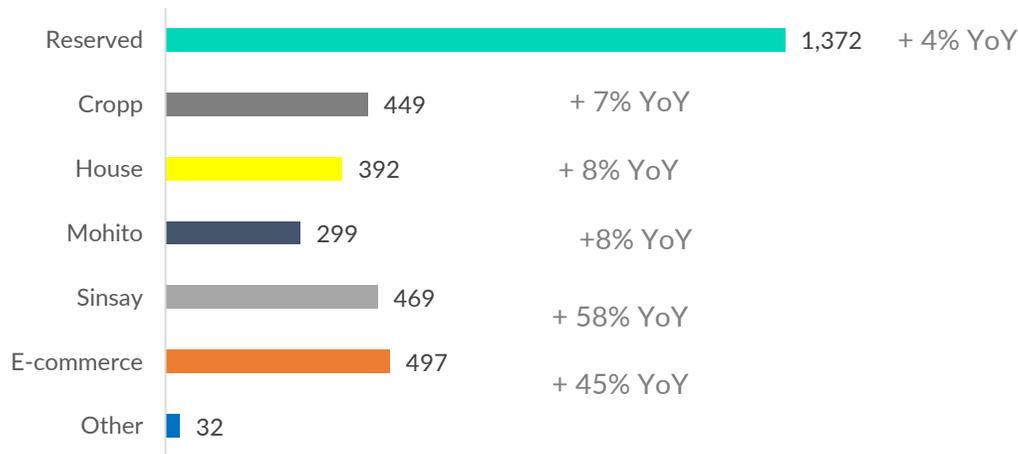
ON-LINE SALES
(PLN m)



- LFLs were positive in each month of 4Q19/20 except for January. Positive LFLs in House, Mohito and Sinsay.
- Positive LFLs in majority of countries in 4Q19/20 (the highest in Israel, Romania, Germany and the UK).
- Double-digit e-commerce growth (+45% YoY) in 4Q19/20 due to development of e-stores outside of Poland, internet marketing outlays and changing customer habits in Poland.
- On-line sales amounted to 15.8% of revenues from Poland and 14.2% group revenues in 4Q19/20. In 4Q19/20 Poland constituted 54% of e-commerce revenues.

Growth in all brands

REVENUES BY BRANDS IN 4Q19/20
(PLN m)



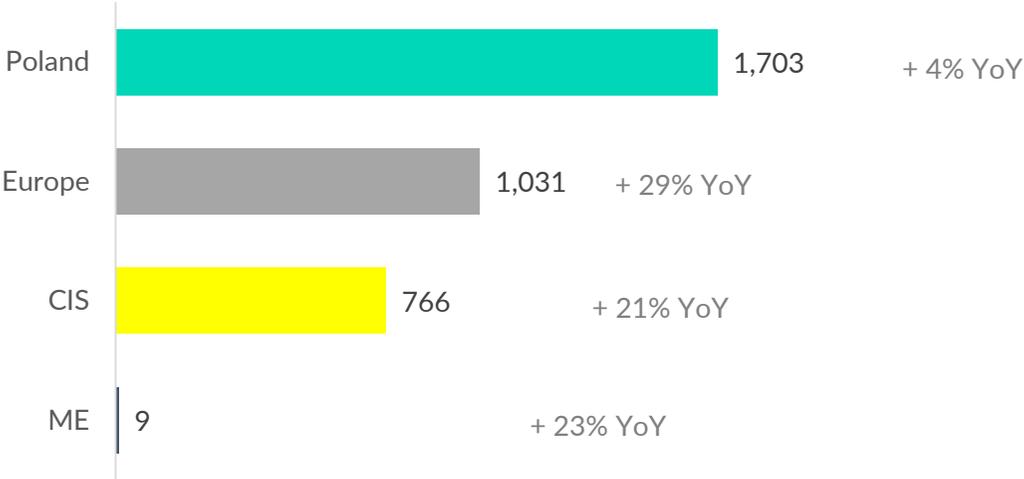
4Q19/20 FLOORSPACE
(by brands)

ths m2	4Q18/19	4Q19/20	YoY
LPP GROUP	1,075.6	1,230.9	14.4%
Reserved	605.0	664.8	9.9%
Cropp	132.8	147.9	11.4%
House	115.2	127.4	10.6%
Mohito	107.9	111.7	3.5%
Sinsay	102.7	173.3	68.7%
Outlets	12.0	5.8	-51.9%

- In 4Q19/20 Reserved, Cropp and Mohito generated more revenues from abroad than from Poland.
- The fastest sales growth was recorded by Sinsay due to successful collections and dynamic network development. Continuation of YoY collection improvements in younger brands, especially Mohito (higher revenues than floorspace growth).
- Reserved revenues grew less dynamically than floorspace – collections were more favourably accepted by customers abroad than in Poland and there was faster migration of selected collections (e.g. kids) to internet – revenues shown relate to traditional stores only.

Foreign revenues exceed Polish ones

REVENUES BY REGIONS
(PLN m)



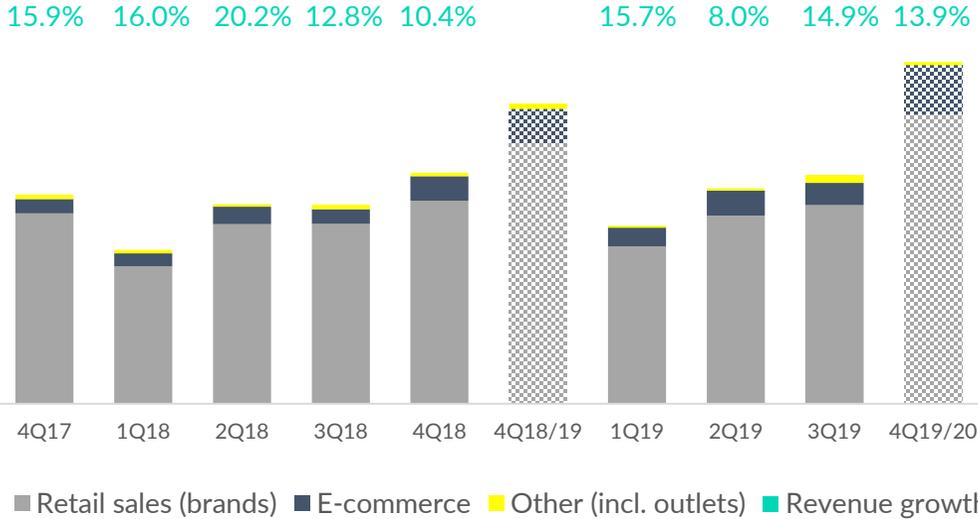
4Q19/20 FLOORSPACE
(by regions)

ths m2	4Q18/19	4Q19/20	YoY
LPP GROUP	1,075.6	1,230.9	14.4%
Poland	523.0	530.0	1.3%
Europe	274.7	370.7	34.9%
CIS	270.9	321.8	18.8%
ME	7.1	8.4	19.3%

- In 4Q19/20 foreign revenues exceeded domestic ones.
- European revenues were positively affected by floorspace development, especially in the SEE region, and strong reception of the collection by clients from Western Europe (especially in Finland).
- Sales growth in CIS countries in 4Q19/20 (especially in Russia, Ukraine). Growth in ME in 4Q19/20 due to development in Israel.
- Among countries, the highest nominal YoY revenue growth was recorded in Russia and Poland.

Double-digit group revenue growth

GROUP REVENUES
(PLN m)



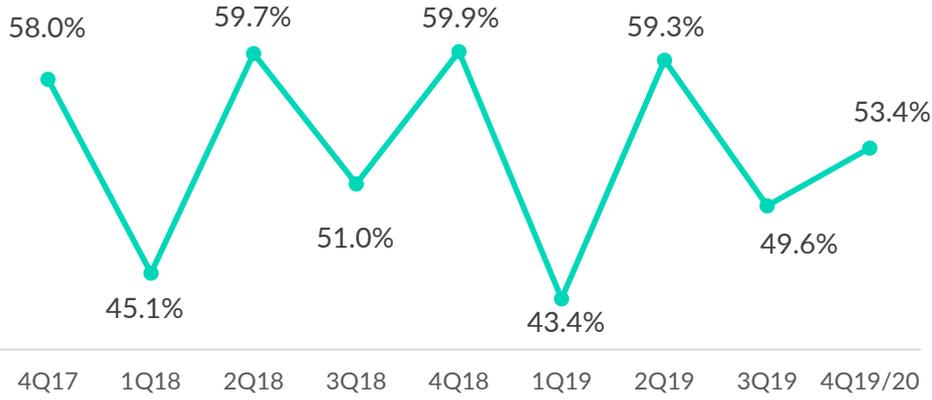
REVENUES/ M2

PLN (monthly)	4Q18/19	4Q19/20	YoY
LPP GROUP retail	635	620	-2,5%
Poland	675	652	-3,4%
Europe	626	596	-4,7%
CIS	567	591	4,2%
LPP GROUP	721	723	0,2%

- Group revenues grew 13.9% YoY in 4Q19/20 due to higher floorspace, strong e-commerce dynamics and positive LFLs.
- YoY stabilisation in group revenues/ m2 in 4Q19/20: larger stores but favourable impact of internet development. A slight fall in retail sales/ m2 due to opening of increasingly large stores and dynamic Sinsay floorspace development.
- Retail sales/ m2 growth in 4Q19/20 in Czech Republic, Slovakia, Ukraine, Slovenia, UK, Germany and Serbia.

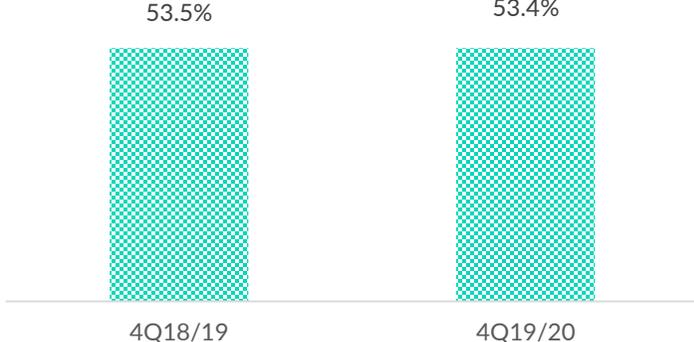
Stable gross profit margin

QUARTERLY GROSS PROFIT MARGIN



4Q19/20 YoY GROSS PROFIT MARGIN

Stable YoY margin on comparable quarters.



- The high level of gross margin in 4Q19/20 is a consequence of good reception of the Autumn/Winter 2019 collection of all brands. Stable margin in 4Q19/20 relative to a comparable base.
- The gross margin in 4Q19/20 was also influenced by: a higher share of the Sinsay brand in sales, inventory management policy and less favorable weather YoY in December 2019.
- 4Q19/20 gross profit margin charged with PLN 54.6m inventory write-off (Autumn/Winter 2019) in line with the inventory write-off policy, applied at the end of each season.

Operating costs under control

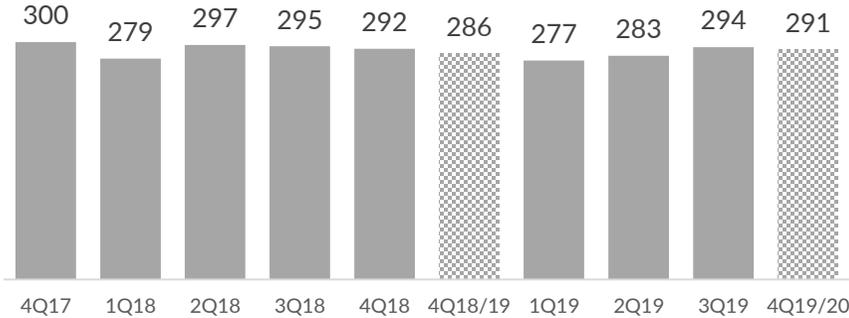
COSTS OF OWN STORES/ M2 (IAS17)

-5% YoY



SG&A COSTS/ M2 (IAS17)

2% YoY



- Lower YoY rental costs → higher average store space lowers average rent/ m2, selective location choices.
- YoY fall in HR costs → lower responsibilities of sales personnel, RFID introduction at Reserved, outsourcing of part of HR functions. Lower other costs of stores.
- Stable YoY SG&A/ m2 → higher costs of HQs and e-commerce due to on-line sales development and resultant higher logistics costs, but stabilisation of SG&A costs per m2 due to floorspace growth.

Double digit YoY growth in 4Q19/20

PLN m	4Q18/19* IAS17	4Q19/20 IAS17	YoY	4Q19/20 IFRS16
Revenues	3,081.9	3,509.3	13.9%	3,509.3
Gross profit margin	53.5%	53.4%	-0.1pp	53.4%
SG&A costs	1,211.5	1,402.9	15.8%	1,386.5
Operating profit	365.0	396.4	8.0%	412.8
EBIT margin	11.8%	11.3%	-0.5pp	11.8%
Financial costs net	-11.3	7.2		-16.0
Net profit	249.6	316.0	26.6%	310.5
EBITDA	533.6	543.9	11.4%	776.4

Continuation of double-digit group sales growth: development of on-line sales, increase in floorspace and positive LFLs.

Stable gross margin YoY: less favorable weather in December 2019, but YoY margin increase in January 2020, despite a larger share of Sinsay.

SG&A costs increase above sales growth due to opening of new stores and costs of e-commerce logistics. PLN 37.2m write-offs for unprofitable stores in other operating costs.

Less favorable net financial activity under IFRS16 than IAS17 due to finance lease expenses.

*Results shown as 3 months under IAS17 and January under IFRS16.

Double-digit EBIT growth in 2019/20

PLN m	2018/19* IAS17	2019/20 IAS17	YoY	2019/20 IFRS16
Revenues	8,755.9	9,899.2	13.1%	9,899.2
Gross profit margin	52.9%	52.0%	-0.9pp	52.0%
SG&A costs	3,822.3	4,212.3	10.2%	4,213.1
Operating profit	688.2	806.4	17.2%	805.7
EBIT margin	7.9%	8.1%	0.2pp	8.1%
Financial costs net	-31.4	-44.7		-140.5
Net profit	442.5	499.2	12.8%	421.0
EBITDA	1,115.2	1,244.4	11.6%	1,899.5

Double-digit group sales growth: positive LFL and floorspace increase, development of online sales (exceeding PLN 1 billion in revenues).

Decrease in gross margin: good acceptance of the SS19 and AW19 collections, but negative impact of weather in May and December, high US\$ as well as a higher Sinsay share in revenues.

Cost efficiency has been maintained.

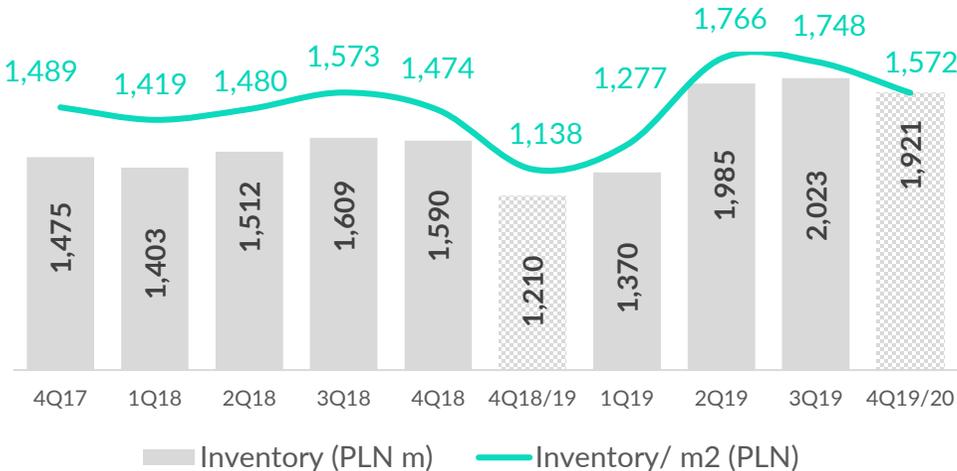
SG&A costs increase below sales growth. Positive effect of operating leverage, but lower gross profit margin and write-offs for unprofitable stores in 2019/20.

Less favorable net financial activity under IFRS16 than IAS17 due to FX losses and interest from IFRS16.

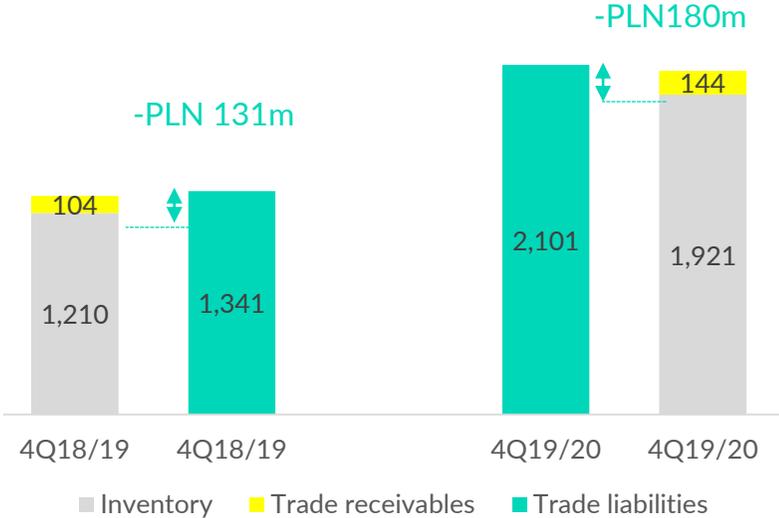
*Results shown as 12 months under IAS17 and January under IFRS16.

Trade liabilities finance inventory

INVENTORY



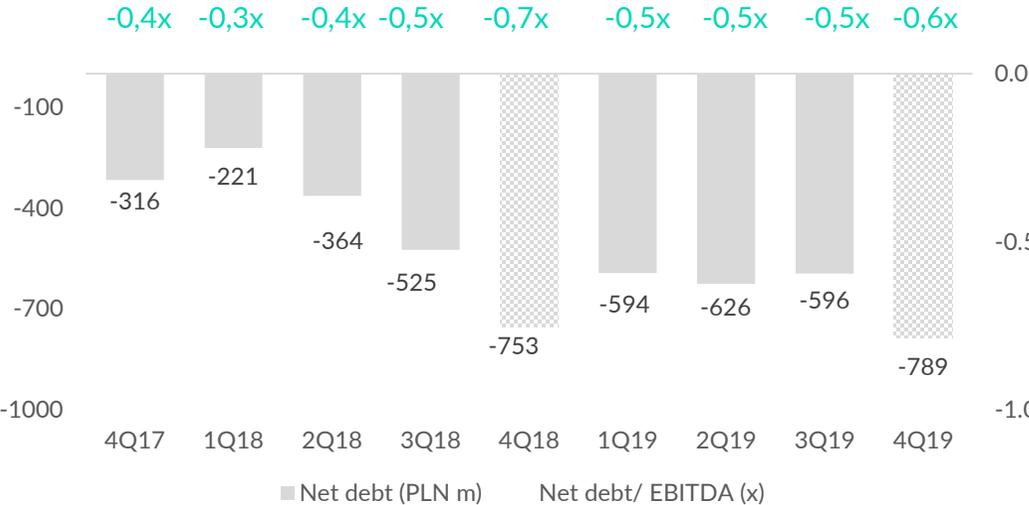
WORKING CAPITAL
(PLN m)



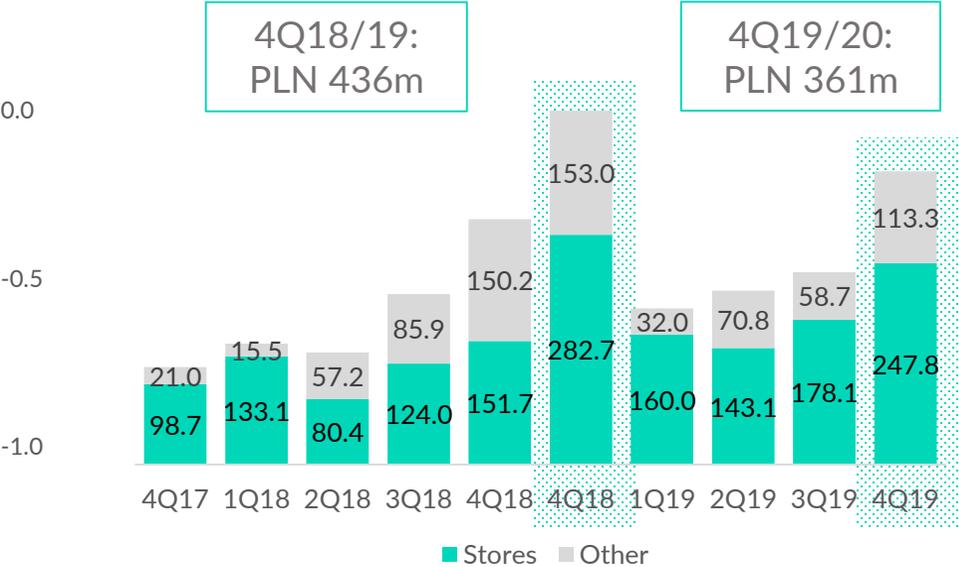
- 59% YoY growth in inventory and 38% YoY pick-up in inventory/ m2 due to continuation of earlier YoY in-takes, inventory for dynamic Sinsay openings (higher inventory/ m2 in the brand) and for e-commerce.
- We are in line with our long-term target of matching liabilities to inventory level.
- Supplier financing programme utilization at PLN 1,135m at the end of 4Q19/20.
- As a result, our cash cycle remained at lower level of to -7 days in 4Q19/20 (negative values) compared to -9 days in 4Q18/19.

Net cash on the balance sheet

NET DEBT AND NET DEBT/ EBITDA
(PLN m, without IFRS16)



CAPEX
(PLN m)



- At the end of 4Q19/20, we had PLN 789m of net cash. In addition, we had PLN c.97m worth of money market funds.
- In 4Q19/20 capex reached PLN 361m, down 17% YoY due to lower outlays for upgrades and opening of stores as well as lower outlays for logistics, offices and IT.
- YoY growth in long-term debt due to issuance of 5-year corporate bonds worth PLN 300m in 4Q19/20.

2019/20 executive summary

- 1 Foreign revenues exceed domestic ones.
- 2 Double-digit on-line sales growth.
- 3 Control of costs of stores.
- 4 Trade liabilities equalled with inventory.
- 5 Financial safety – net cash (IAS17).



sinsay

1. 4Q19/20 financial results

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Preliminary 1Q20/21 results

PLN m	1Q19/20	1Q20/21	YoY
Revenues	1,821	1,190	-35%
Gross profit on sales	999	580	-42%
<i>Gross profit on sales margin</i>	54.9%	48.7%	-6.2 pp.
SG&A costs	913	830	-9%
EBIT	64	-265	N/M
<i>EBIT margin</i>	3.5%	-22.2%	-25.7 pp.

LFLs in traditional stores in 1Q20/21 amounted to -57,3% compared to +9,7% in 1Q19/20. Floorspace up 13% YoY.

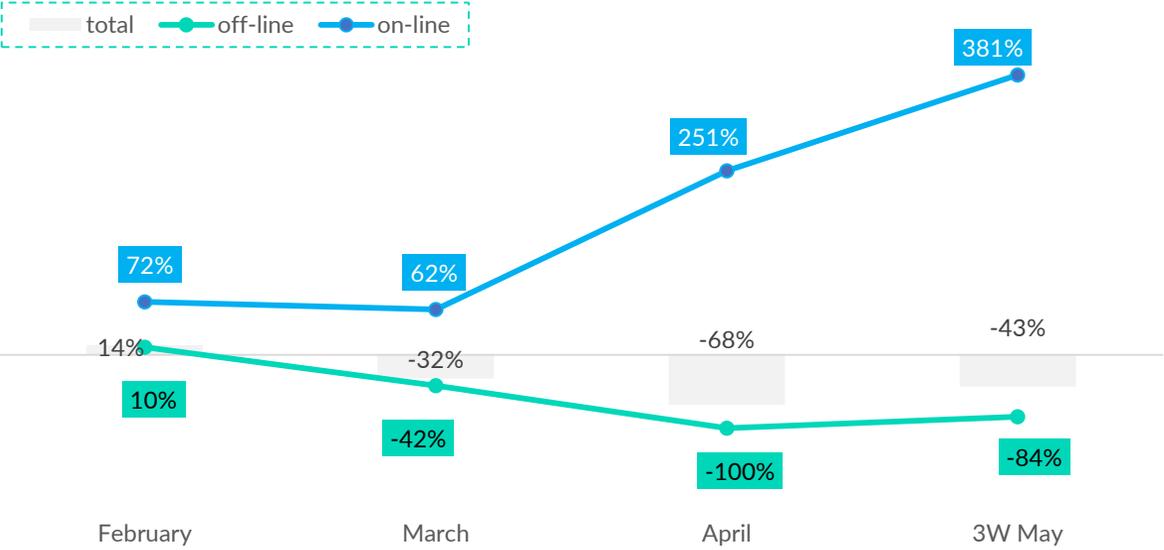
Revenues in traditional stores amounted to PLN 792m (-52% YoY), while e-commerce sales came in at PLN 398m (+129% YoY).

Decrease in gross margin due to stronger YoY on-line advertising.

Fall in costs lower than revenues due to fixed costs. The results do not include rental expenses from Polish stores and domestic support for employee compensations.

Current situation: growth on-line, fall off-line

YoY REVENUE DYNAMICS

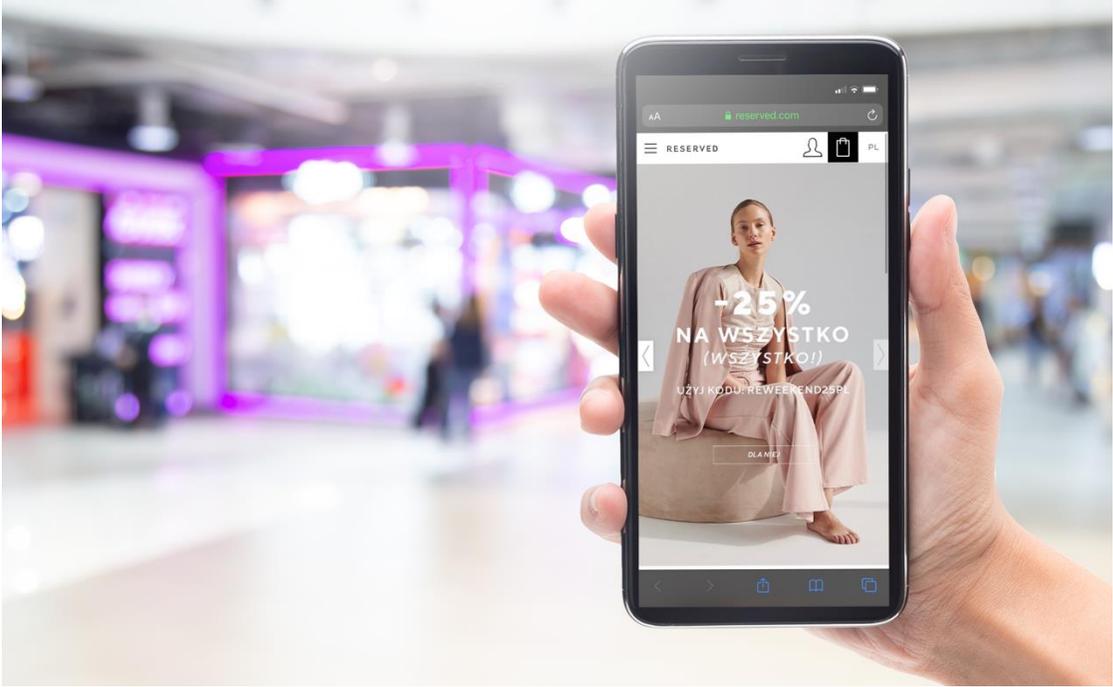


Our e-stores operate and operated without restrictions in 30 countries. As a result we recorded high revenue growth.

Our traditional stores were closed in majority of countries between mid-March and the beginning of May.

Triple-digit on-line dynamics result from strong recognition of LPP's brands.

Actions taken: e-commerce



- ✓ Higher outlays on on-line marketing and brand positioning.
- ✓ Streamlining of distribution centre operations while ensuring the safety of employees.
- ✓ Attractive promotions: -25% for new collections, up to -50% for selected items.

Results: Triple-digit e-commerce growth in recent weeks.

Actions taken: rentals

- ✓ Renegotiation of rental agreements in shopping malls in all countries.
- ✓ After termination of contracts for 30% of the leased space, we changed conditions to more favourable ones at 10% of rented floorspace.
- ✓ Transfer of selected openings to 2021/22 (including entry to Northern Macedonia).
- ✓ Reduction of opening plans for 2020/21 (initial estimate at 8% increase YoY, almost finalised).



Result: using state support and changing rental agreements to more favorable (variable) – an important contributor to improvement of LPP's financial condition.

Actions taken: personnel costs

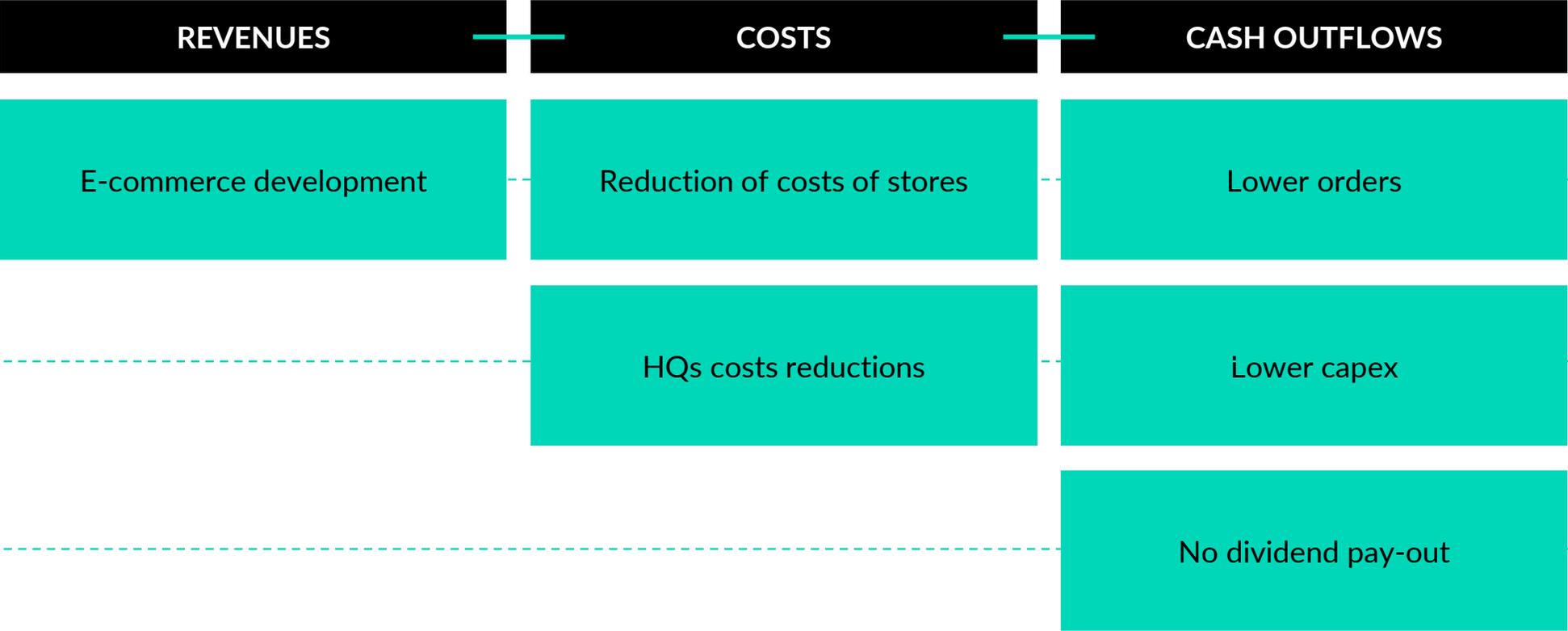
- ✓ Initial stage of pandemic: employees on holidays, this year's and overdue.
- ✓ Cut in remuneration of all employees, including management. Resignation from remuneration by Supervisory Board.
- ✓ Use of so-called 'demurrage' and 'solidarity' support (pay cut by 20%).
- ✓ Use of support in all countries upon availability.
- ✓ No variable pay in stores during time of no sales.

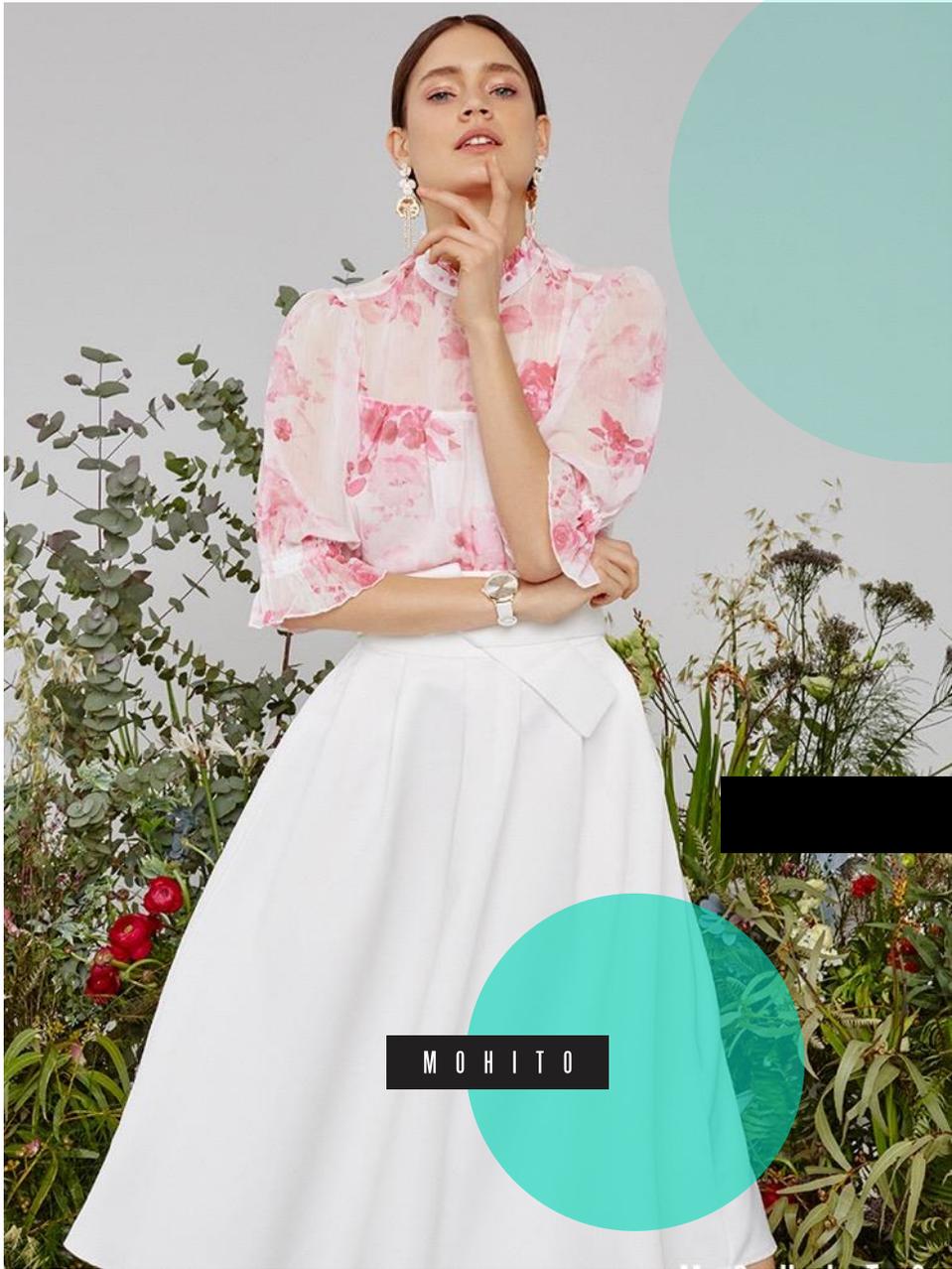


Result: the use of state support and the actions taken will translate into monthly savings of PLN 37m (lower salaries and state support).

Liquidity is the key to a stable situation

ACTIONS TAKEN TO **MAINTAIN A STRONG LIQUIDITY POSITION** OF THE GROUP





MOHITO

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LPP's offer as the answer to new trends

After reopening of shopping malls, we expect customers to:

- pay attention to more affordable brands,
- make more selective purchases focused on basic models,

- pay attention to the environmental impact of clothing, e.g. origin of materials, sustainability of production,
- focus more on homewear.

LPP's brands are positioned in medium price range.

Mohito EUR 15

Cropp EUR 13

Reserved EUR 13

House EUR 12

Sinsay EUR 5

Average price tag in 2019/20

The offer of LPP brands is a good response to these anticipated trends. In upcoming quarters we intend to concentrate our actions on e-commerce and Sinsay brand development.

Acceleration of omnichannel development

E-commerce orders delivered from stores of all brands.

Greater use of RFID for on-line integration.

Further improvements in the use of e-stores.

Floorspace growth in 2021/22.

Development in centers offering fit-outs and turnover-based rentals

Sinsay development to continue.



On-line



Off-line



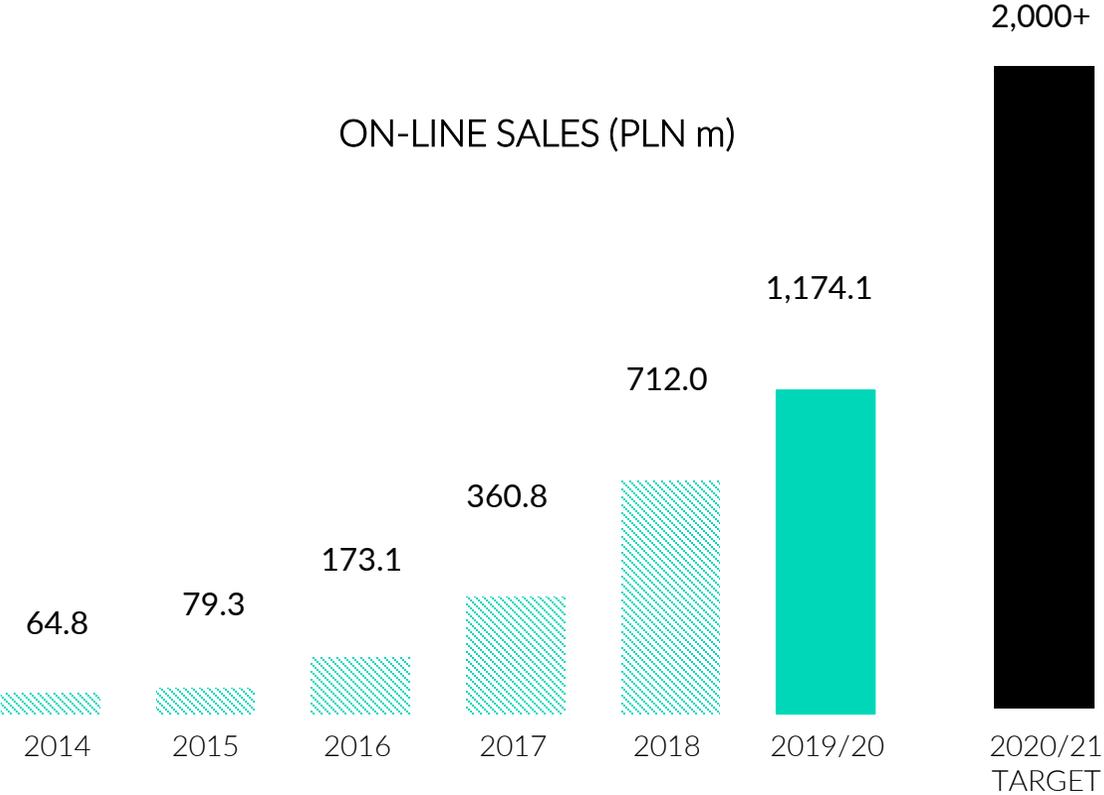
omnichannel

Dynamic on-line sales growth to continue

2020/21 target

over **PLN 2bn**
e-commerce
revenues

doubling of
revenues YoY



Continuation of growths in 2020/21

Floorspace (ths m2)	I.2020	I.2021 former target	I.2021 current target	YoY
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BY BRANDS

Reserved	664.8	685.6	676.6	2%
Cropp	147.9	170.9	161.8	9%
House	127.4	153.9	139.9	10%
Mohito	111.7	115.3	113.3	1%
Sinsay	173.3	301.2	233.5	35%
Outlets	5.8	4.8	5.3	-8%

BY REGIONS

Poland	530.0	552.1	542.9	2%
Europe	370.7	450.3	408.3	10%
CIS	321.8	420.9	369.5	15%
ME	8.4	8.4	9.9	17%
TOTAL	1,230.9	1,431.7	1,330.5	8%

- Continuation of floorspace growths in 2020/21 – 8% YoY (majority rolled-out in 1H2020/21).
- Shift in entry with own stores on a new market – Northern Macedonia in 2021/22.
- At the end of 2020/21 Reserved traditional stores should be present in 25 countries (return to Belarus with own stores).
- 2020/21 targets :
 - emphasis on development of smaller brands: Sinsay, House and Cropp,
 - selective floorspace growth in Europe,
 - acceleration of floorspace development in CIS.
- Planned 2020/21 (12 months) capex at c. PLN 400m. Planned store capex at c. PLN 300m, HQs outlays at PLN 0m, logistics outlays at PLN 50m and IT at PLN 50m.

Reasonable inventory management

Inventories came in at PLN 2,049m at the end of March 2020.
Inventory consists solely of the Spring/Summer 2020 collection.

During the time traditional stores were closed, inventory was sold via e-commerce, the only fully operational sales channel of the Group.

Currently, after reopening of shopping malls, LPP's goal is to effectively sell part of the inventory.

Unsold part of the Spring/Summer 2020 collection will be transferred to Autumn/Winter 2020 or Spring/Summer 2021 collection.

Orders for Autumn/Winter 2020 collection have been reduced by **40%**.

Our goal is to reasonably manage the inventory at hand. In 2020, a reversal of trends in working capital is possible.
Return to normalized NWC relations in 2021.

Opportunities and risks for 2020/21

Risks

- a new model of customer behavior after COVID-19,
- possible second wave of infections,
- changes in economy and purchasing power of customers,
- reduction in store rental expenses,
- sale of goods from Spring/Summer 2020 collection,
- strong USD and EUR exchange rates, weak RUB,
- obtaining financial support (PFR, banks)

Targets

Revenues fall not exceeding 30% YoY.
Gross margin in the range of 47-49%.
Maintaining financial liquidity.



Opportunities

- successful collections of all brands - favorable price-to-quality ratio,
- further e-commerce development on new markets,
- using RFID implementation to support rapid e-commerce development



Targets relate to a comparable 12-month-long period of 2019/20. Key numbers have been presented in the back-up.

Safe financing

Banks

We have PLN 1.4bn in credit lines.

Timely service of current indebtedness.

Bondholders

Timely service of interest payments from bonds issued in 2019 (interest will be paid according to schedule).

We do not plan issuance of new bonds.

Shareholders

The management decided not to recommend dividend payment from 2019 earnings to the AGM.

We do not plan share issuance.

The aim of the Management is to **run the Group through the difficult times.**

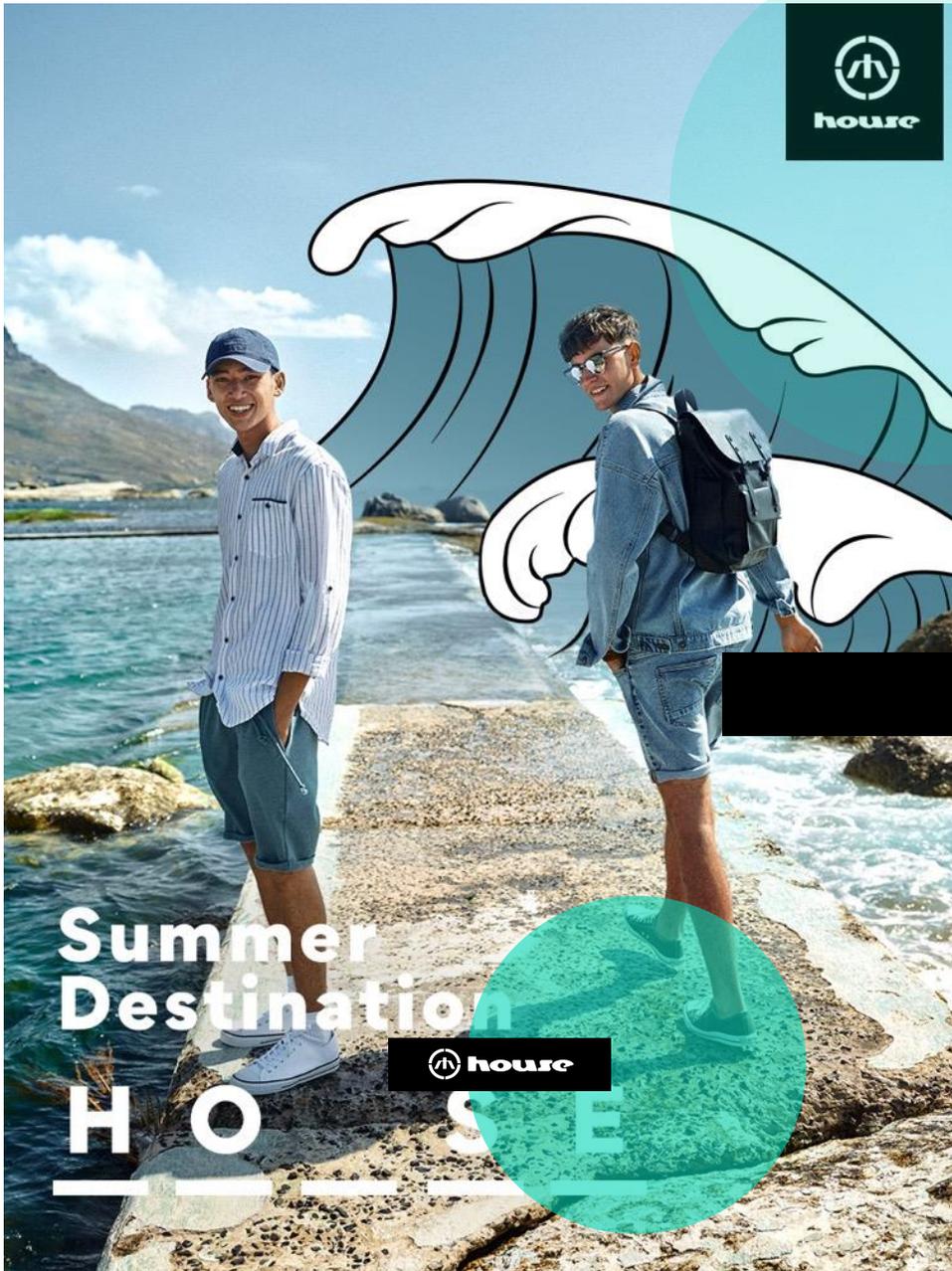
Maintaining a safe balance sheet

LPP is prepared for unfavourable path of revenue increase after COVID-19 and second wave of infections.

The Group is also able to react quickly to a better than expected market situation.

The Group's goal will be to maintain a safe balance sheet and return to development after the crisis.

A medium-term goal for the Group is to increase the share of variable costs.



Q&A



Back-up

CROPP

Network development

Floorspace (ths m2)	30.06.2018	30.09.2018	31.12.2018	31.01.2019	31.03.2019	30.06.2019	30.09.2019	31.12.2019	31.01.2020
Reserved	582.2	584.9	616.7	605.0	609.7	631.6	643.1	673.5	664.8
Poland	264.7	259.3	273.3	268.7	263.3	266.2	270.4	275.2	270.3
Europe	178.1	182.3	191.7	188.0	192.9	215.1	215.3	227.6	225.3
CIS	132.8	136.0	144.6	141.2	146.4	143.2	149.0	162.3	160.8
ME	6.6	7.3	7.1	7.1	7.1	7.1	8.4	8.4	8.4
Cropp	130.1	126.4	134.0	132.8	134.3	141.4	142.1	150.3	147.9
Poland	67.9	64.2	66.5	65.9	64.2	65.0	64.1	64.8	63.0
Europe	22.6	22.8	24.9	24.6	27.0	30.3	31.6	35.4	34.9
CIS	39.6	39.3	42.6	42.3	43.1	46.1	46.4	50.0	50.0
House	113.0	112.4	116.2	115.2	115.0	122.2	123.1	129.9	127.4
Poland	66.8	65.9	67.3	66.9	64.5	66.7	66.6	67.8	65.6
Europe	17.0	17.0	18.9	18.6	21.0	24.9	26.5	30.3	30.1
CIS	29.2	29.4	30.1	29.7	29.5	30.6	30.0	31.7	31.7
Mohito	105.5	106.2	109.4	107.9	108.1	108.8	111.9	114.0	111.7
Poland	53.7	52.9	54.1	53.4	52.3	52.3	53.3	53.0	51.4
Europe	21.2	22.2	23.5	24.8	24.7	26.4	28.0	30.1	29.7
CIS	30.6	31.1	31.8	29.7	31.0	30.1	30.6	30.9	30.5
Sinsay	92.8	94.7	103.0	102.7	107.3	120.0	137.7	173.3	173.3
Poland	56.0	56.4	60.1	59.8	61.3	63.6	69.0	79.7	78.4
Europe	15.9	17.3	20.2	20.2	21.7	30.4	36.4	50.8	50.7
CIS	21.0	21.0	22.7	22.7	24.3	26.1	32.3	42.8	44.2
Tallinder (Poland only)	0.0								
Outlets	10.6	10.8	12.0	12.0	11.0	10.2	10.1	6.0	5.8
Total by regions									
Poland	518.0	507.2	529.5	523.0	513.9	521.2	529.7	542.7	530.0
Europe	254.9	261.8	279.4	274.7	287.4	327.1	337.8	374.2	370.7
CIS	254.7	259.0	275.4	270.9	277.1	278.9	292.1	321.5	321.8
ME	6.6	7.3	7.1	7.1	7.1	7.1	8.4	8.4	8.4
TOTAL	1,034.2	1,035.4	1,091.3	1,075.6	1,085.4	1,134.3	1,168.0	1,246.9	1,230.9

I.2020 network development details

Floorspace (ths m2)	31.01.2019	31.01.2020	Nom. growth.	YoY growth
Reserved	605.0	664.8	59.9	9.9%
Poland	268.7	270.3	1.6	0.6%
Europe	188.0	225.3	37.3	19.8%
CIS	141.2	160.8	19.6	13.9%
ME	7.1	8.4	1.4	19.3%
Cropp	132.8	147.9	15.1	11.4%
Poland	65.9	63.0	-2.9	-4.4%
Europe	24.6	34.9	10.3	41.8%
CIS	42.3	50.0	7.7	18.1%
House	115.2	127.4	12.2	10.6%
Poland	66.9	65.6	-1.3	-2.0%
Europe	18.6	30.1	11.5	61.6%
CIS	29.7	31.7	2.0	6.7%
Mohito	107.9	111.7	3.7	3.5%
Poland	53.4	51.4	-2.0	-3.8%
Europe	24.8	29.7	4.9	19.9%
CIS	29.7	30.5	0.8	2.8%
Sinsay	102.7	173.3	68.7	66.9%
Poland	59.8	78.4	18.6	31.1%
Europe	20.2	50.7	30.5	151.1%
CIS	22.7	44.2	21.4	86.4%
Outlets	12.0	5.8	-6.2	-43%
Poland	8.3	1.1	-6.7	-73%
Europe	0.2	0.0	-0.2	-100%
CIS	3.5	4.6	1.4	30%
TOTAL	1,075.6	1,230.9	155.2	14%

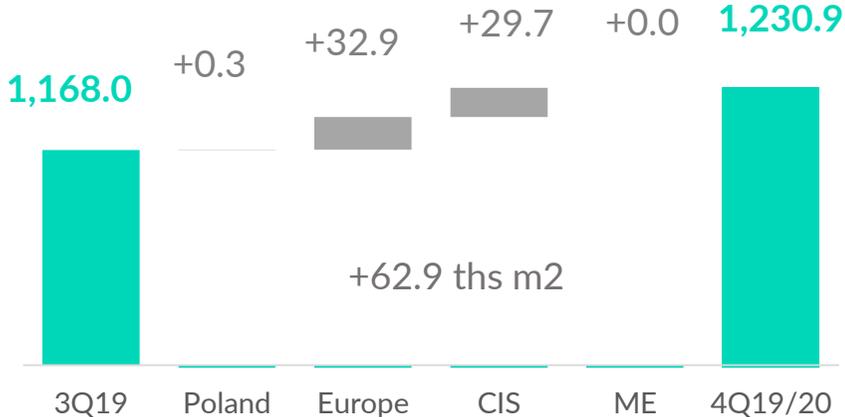
No. of STORES	31.01.2019	31.01.2020	Nom. growth	YoY growth
Reserved	452	454	2	0%
Poland	212	200	-12	-6%
Europe	121	133	12	10%
CIS	112	113	1	1%
ME	7	8	1	14%
Cropp	369	360	-9	-2%
Poland	198	176	-22	-11%
Europe	67	77	10	15%
CIS	104	107	3	3%
House	329	318	-11	-3%
Poland	199	181	-18	-9%
Europe	52	63	11	21%
CIS	78	74	-4	-5%
Mohito	292	283	-9	-3%
Poland	154	142	-12	-8%
Europe	58	66	8	14%
CIS	80	75	-5	-6%
Sinsay	271	324	53	20%
Poland	164	173	9	5%
Europe	50	79	29	58%
CIS	57	72	15	26%
Outlets	28	7	-21	-91%
Poland	22	2	-20	-91%
Europe	1	0	-1	-100%
CIS	5	5	0	0%
TOTAL	1,741	1,746	5	0%

Changes in group 4Q19/20 floorspace

CHANGE IN FLOORSPACE BY BRANDS
(ths m2)



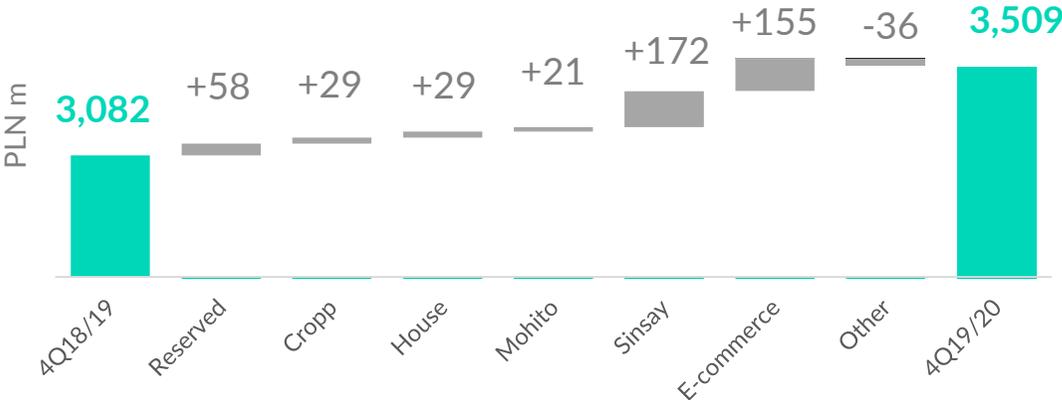
CHANGE IN FLOORSPACE BY REGIONS
(ths m2)



- Dynamic 4Q19/20 floorspace development, especially abroad. Development in Europe resulted mainly from openings in Romania, Czech Republic, Slovakia and Croatia. Stable YoY floorspace in Western Europe due to opening of stores of all brands in Finland.
- CIS development via openings in Russia, Ukraine and Kazakhstan. Stable floorspace in ME.
- In 4Q19 Sinsay added the most floorspace among brands. Reserved ranked second, in nominal terms.

4Q19/20 revenue growth contributors

REVENUE GROWTH BY BRANDS



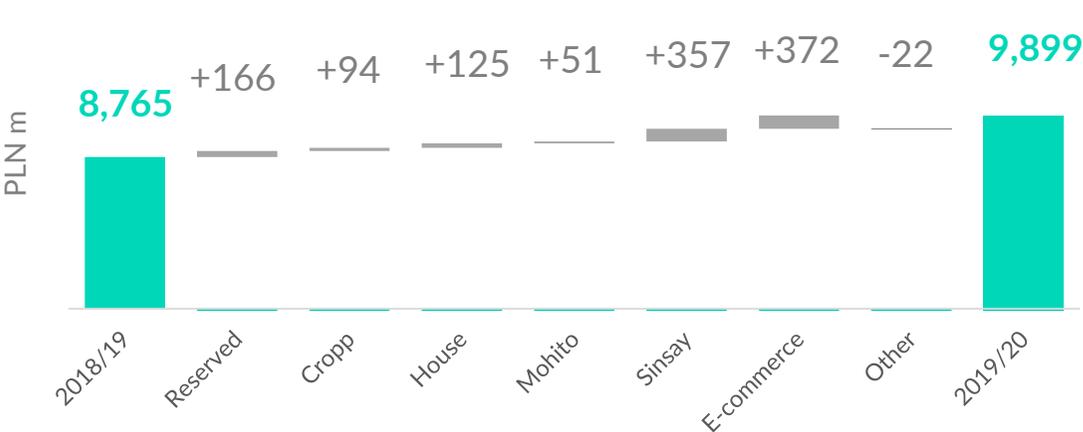
REVENUE GROWTH BY REGIONS



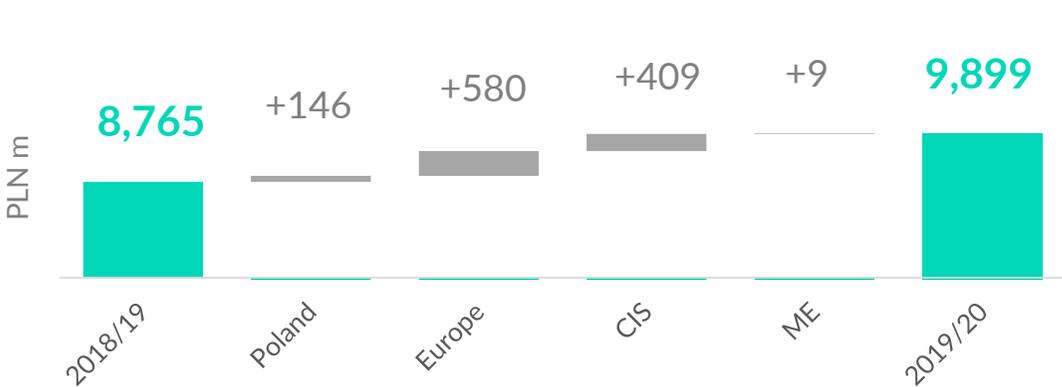
PLN m	4Q18/19	4Q19/20	YoY
LPP GROUP	3,081.9	3,509.3	15.1%
Reserved PL	640.8	594.6	-7.2%
Reserved EX	672.8	776.9	15.5%
Cropp PL	196.1	188.3	-4.0%
Cropp EX	223.8	260.3	16.3%
House PL	226.4	217.2	-4.1%
House EX	136.3	174.5	28.0%
Mohito PL	144.7	147.4	1.8%
Mohito EX	133.2	151.4	13.6%
Sinsay PL	187.1	244.7	30.8%
Sinsay EX	110.4	224.8	103.7%
E-commerce	342.4	497.1	45.2%
Other	67.6	32.1	-52.5%

2019/20 revenue growth contributors

REVENUE GROWTH BY BRANDS



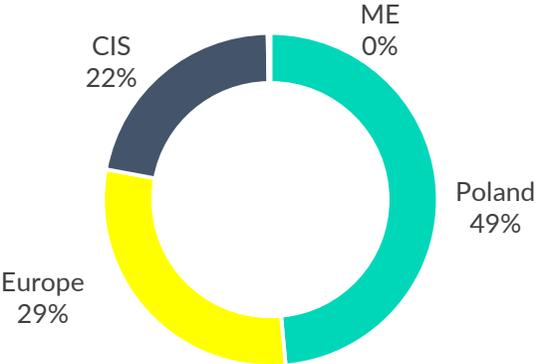
REVENUE GROWTH BY REGIONS



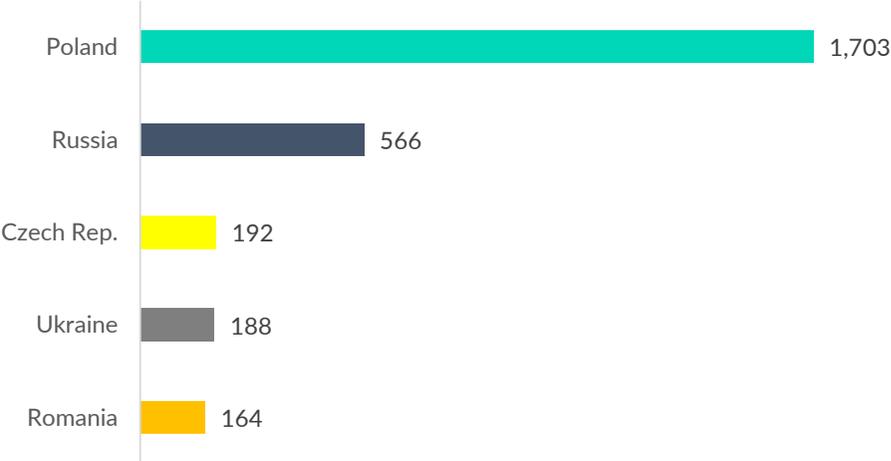
PLN m	2018/19	2019/20	YoY
LPP GROUP	8,755.9	9,899.2	13.5%
Reserved PL	1,883.6	1,769.0	-6.1%
Reserved EX	1,996.9	2,277.8	14.1%
Cropp PL	570.0	554.3	-2.8%
Cropp EX	635.7	745.9	17.3%
House PL	619.3	638.7	3.1%
House EX	373.3	478.6	28.2%
Mohito PL	438.4	437.3	-0.3%
Mohito EX	407.5	459.6	12.8%
Sinsay PL	539.3	656.7	21.8%
Sinsay EX	311.5	551.4	77.0%
E-commerce	802.3	1,174.1	46.3%
Other	178.0	155.9	-12.4%

4Q19/20 revenue and COGS split

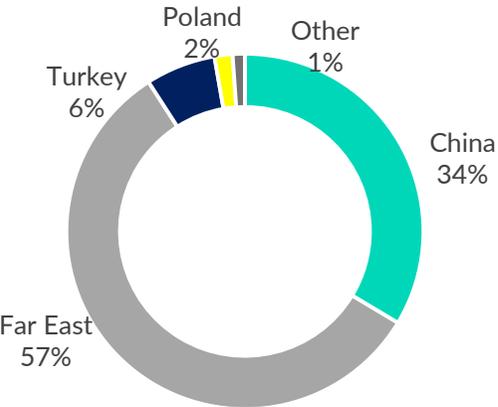
4Q19/20 REVENUES BY REGIONS (PLN m)



TOP5 REVENUES BY COUNTRIES IN 4Q19/20 (PLN m)



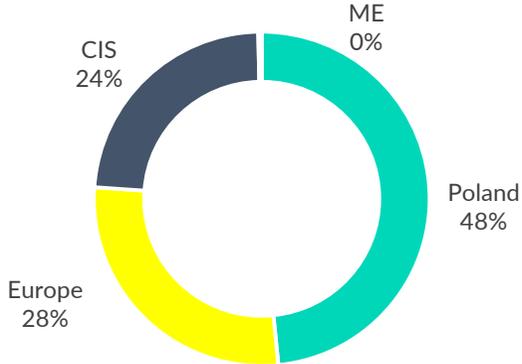
4Q19/20 PURCHASES BY REGION (PLN m)



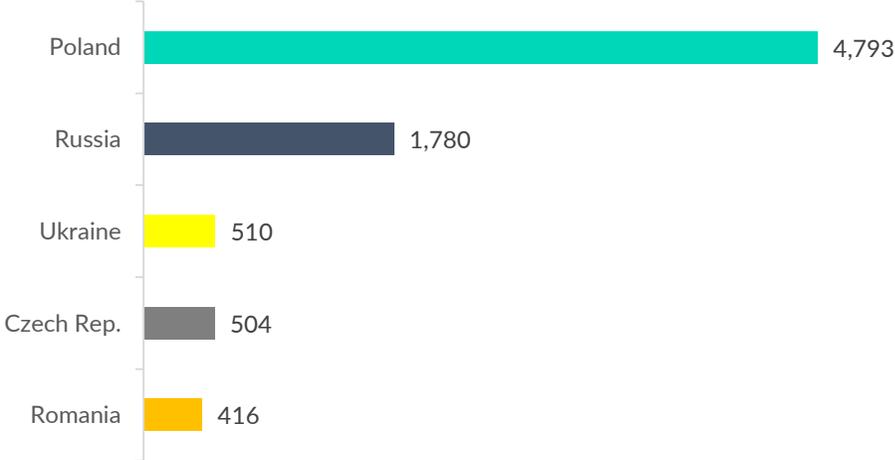
Poland remains our most important market in 4Q19/20.

2019/20 revenue and COGS split

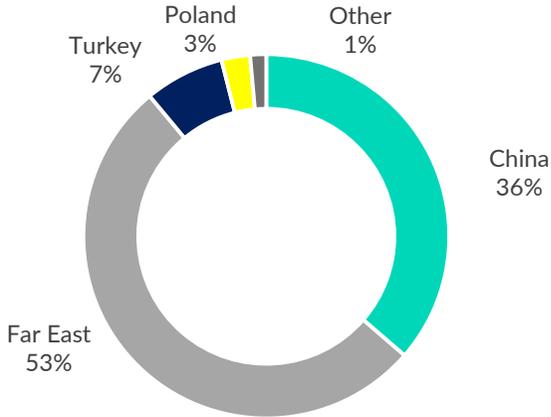
2019/20 REVENUES BY REGIONS (PLN m)



TOP5 REVENUES BY COUNTRIES IN 4Q19/20 (PLN m)



2019/20 PURCHASES BY REGION (PLN m)



Poland remains our most important market in 2019/20.

Supply chain continues to operate

Factories are open/ partially open in:

China - factories work in normal mode

Bangladesh - factories only work partially, a maximum of 40% of the crew

Cambodia - factories returned to normal operations with security measures

Myanmar - factories have returned to normal operations with safety measures

Pakistan - factories resumed operations, but work with less workforce (fewer orders)

India - the situation depends on the province, for example in the north most factories are closed

Supply chain will be modified on an ongoing basis, depending on the evolving situation.

A new breakdown of SG&A costs

Until the end of 2018 we showed selling costs and general & administrative expenses.

Since 2019, instead of selling costs, we have decided to show costs of stores, e-commerce and logistics which are the most important SG&A costs.

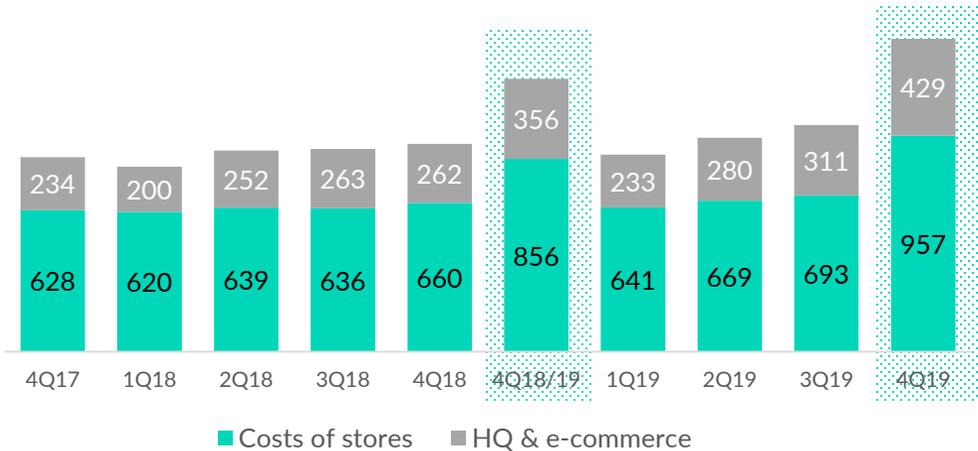
Overheads consists now of marketing costs, back-office, selling and product divisions.

The sum of SG&A costs has not changed.

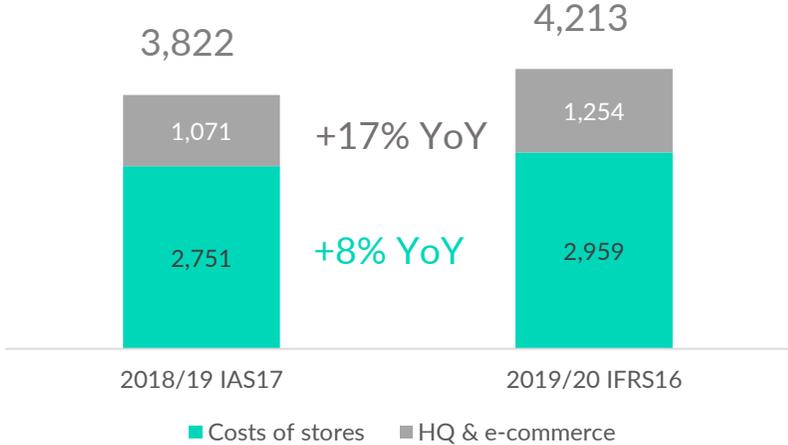
Reasons for change: consistency of cost items in financial statements with those in management reports, superior reflection of the business model, an easier way to show the impact of IFRS16.

Costs of stores and HQs

SG&A COSTS
(PLN m, IFRS16 since 1Q19)



SG&A COSTS
(PLN m)



- 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 → lower growth in 4Q19/20 - higher floorspace, but cost control.
- HQ costs → YoY growth in 4Q19/20 due to e-commerce foreign expansion, higher costs of foreign logistics and growing marketing costs.

4Q19/20 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	4Q18/19	4Q19/20
OTHER OPERATING REVENUES	16.4	-6.0
Inventory excess	4.9	-5.4
Gain on sale of assets, write-ups	1.0	-4.0
OTHER OPERATING COSTS	87.5	70.3
Write-offs	34.2	31.1
Inventory losses	30.5	20.1
Donations and liquidation	2.5	6.0
OTHER OPERATING ACTIVITY	-71.1	-76.3

Change in recognition of revenues from sale of RFID clips from other operating costs to costs of materials used (opex) by lowering these costs (-PLN 13.3m).

NET FINANCIAL ACTIVITY

PLN m	4Q18/19	4Q19/20
FINANCIAL REVENUES	3.9	3.8
FX gains	0.0	0.0
Interest	3.7	3.8
FINANCIAL COSTS	15.2	19.8
FX losses	-0.5	-26.2
Interest	14.3	44.2
Fees and charges	2.0	2.0
NET FINANCIAL ACTIVITY	-11.3	-16.0

PLN 26.2m of FX gains, out of which PLN 7.9m losses on ruble and hryvna, PLN 16.5m of gains on US\$, PLN 3.4m losses on other currencies (EUR, RON, HUF, CZK) and PLN 21.0m gains on FX from IFRS16.

Additional IFRS16 interest amounted to PLN 44.2m in 4Q19/20.

2019/20 other operating and net financial lines

OTHER OPERATING ACTIVITY

PLN m	2018/19	2019/20
OTHER OPERATING REVENUES	25,0	21,5
Inventory excess, inflows from insurance	7,7	0,6
Gain on sale of assets, write-ups	1,7	5,3
OTHER OPERATING COSTS	142,7	148,5
Write-offs	44,7	40,4
Inventory losses	59,5	65,8
Donations and liquidation	13,7	17,2
OTHER OPERATING ACTIVITY	-117,7	-126,9

Lower level of other operating income due to lower inventory excess and lower insurance income. Higher level of inventory losses along with growing scale.

NET FINANCIAL ACTIVITY

PLN m	2018/19	2019/20
FINANCIAL REVENUES	9.2	10.9
FX gains	0.0	0.0
Interest	8.9	10.9
FINANCIAL COSTS	40.7	151.4
FX losses	12.2	6.8
Interest	24.3	138.0
Fees and charges	4.7	3.9
NET FINANCIAL ACTIVITY	-31.4	-140.5

PLN 6.8m on FX losses, including PLN 4.8m gains on ruble and hryvnia, PLN 23.5 losses on US\$, PLN 12.2m losses on other currencies (EUR, RON, HUF, CZK) and PLN 24.1m FX gains from IFRS16.
Additional IFRS16 interest amounted to PLN 119.9m in 2019/20.

IFRS16 impact summary

EBITDA

PLN 216.1m of additional amortisation of right of use asset.

4Q19/20

PLN 655.8m of additional amortisation of right of use asset.

2019/20

EBIT

74% of rentals under IFRS16 (PLN 232.5m). These are replaced with amortisation of right of use asset.

4Q19/20

62% of rentals under IFRS16 (PLN 655m). These are replaced with amortisation of right of use asset.

2019/20

NET INCOME

Financial costs related to the asset (-PLN 44.2m) and FX gains (+PLN 21.0m).

4Q19/20

Financial costs related to the asset (-PLN 119.9m) and FX losses (+PLN 24.1m).

2019/20

IFRS16 impact in 4Q19/20

	4Q19/20 IFRS16	IFRS16 adjustments					4Q19/20 IAS17
		rentals	D&A	interest	FX differences	tax	
Revenues	3,509.3						3,509.3
Gross profit	1,875.6						1,875.6
% gross profit margin	53.4%						53.4%
SG&A costs	1,386.5	232.5	-216.1				1,402.9
Other operating line	-76.3						-76.3
EBIT	412.8	-232.5	216.1	0.0	0.0	0.0	396.4
Net financial activity	-16.0			44.2	-21.0		7.2
Pre-tax profit/ loss	396.8	-232.5	216.1	44.2	-21.0	0.0	403.6
Tax	86.3					1.3	87.6
Net income/ loss	310.5	-232.5	216.1	44.2	-21.0	-1.3	316.0
D&A	363.6		-216.1				147.5
EBITDA	776.4	-232.5	0.0	0.0	0.0	0.0	543.9

IFRS16 impact in 2019/20

	2019/20 IFRS16	IFRS16 adjustments					2019/20 IAS17
		rentals	D&A	interest	FX differences	tax	
Revenues	9,899.2						9,899.2
Gross profit	5,145.7						5,145.7
% gross profit margin	52.0%						52.0%
SG&A costs	4,213.1	655.0	-655.8				4,212.3
Other operating line	-126.9						-126.9
EBIT	805.6	-655.0	655.8	0.0	0.0	0.0	806.4
Net financial activity	-140.5			119.9	-24.1		-44.7
Pre-tax profit/ loss	665.1	-655.0	655.8	119.9	-24.1	0.0	761.7
Tax	244.1					18.4	262.5
Net income/ loss	421.0	-655.0	655.8	119.9	-24.1	-18.4	499.2
D&A	1,093.8		-655.8				438.0
EBITDA	1,899.5	-655.0	0.0	0.0	0.0	0.0	1,244.4

Historical quarterly results (1)

PLN m	1Q18 IAS17	1Q19 IAS17	2Q18 IAS17	2Q19 IAS17	3Q18 IAS17	3Q19 IAS17	4Q18 IAS17	4Q19 IAS17	4Q18/19 IAS17*	4Q19/20 IAS17
Revenues	1,580.4	1,827.7	2,049.7	2,214.1	2,043.9	2,348.2	2,372.7	2,733.2	3,081.9	3,509.3
Gross profit on sales	712.8	793.0	1,224.5	1,312.8	1,043.4	1,164.3	1,420.6	1,604.3	1,647.6	1,875.6
<i>Gross profit margin</i>	45.1%	43.4%	59.7%	59.3%	51.0%	49.6%	59.9%	58.7%	53.5%	53.4%
SG&A costs	820.5	882.7	891.6	929.2	898.8	997.4	921.3	1,055.0	1,211.5	1,402.9
Other operating line	-10.1	-19.1	-21.1	-11.7	-15.4	-19.8	-66.0	-54.2	-71.1	-76.3
EBIT	-117.7	-108.9	311.8	371.8	129.2	147.1	433.3	495.1	365.0	396.4
<i>EBIT margin</i>	-7.4%	-6.0%	15.2%	16.8%	6.3%	6.3%	18.3%	18.1%	11.8%	11.3%
Net financial activity	14.5	-5.0	-15.5	0.8	-19.2	-47.6	-12.7	2.4	-11.3	7.2
Pre-tax profit	-103.2	-113.9	296.3	372.6	110.0	99.5	420.5	497.5	353.7	403.6
Tax	1.6	17.5	90.2	123.0	18.4	34.5	108.3	113.5	104.2	87.6
Net income	-104.8	-131.4	206.1	249.6	91.6	65.0	312.2	383.9	249.6	316.0
<i>Net income margin</i>	-6.6%	-7.2%	10.1%	11.3%	4.5%	2.8%	13.2%	14.0%	8.1%	9.0%

*Results shown as 3 months under IAS17 and January under IFRS16.

Historical quarterly results (2)

PLN m	1Q18 IAS17	1Q19 IFRS16	2Q18 IAS17	2Q19 IFRS16	3Q18 IAS17	3Q19 IFRS16	4Q18 IAS17	4Q19 IFRS16	4Q18/19 IAS17*	4Q19/20 IFRS16
Revenues	1,580.4	1,827.7	2,049.7	2,214.1	2,043.9	2,348.2	2,372.7	2,733.2	3,081.9	3,509.3
Gross profit on sales	712.8	793.0	1,224.5	1,312.8	1,043.4	1,164.3	1,420.6	1,604.3	1,647.6	1,875.6
<i>Gross profit margin</i>	45.1%	43.4%	59.7%	59.3%	51.0%	49.6%	59.9%	58.7%	53.5%	53.4%
SG&A costs	820.5	874.0	891.6	948.6	898.8	1,004.0	921.3	1,062.8	1,211.5	1,386.5
Other operating line	-10.1	-19.1	-21.1	-11.7	-15.4	-19.8	-66.0	-54.2	-71.1	-76.3
EBIT	-117.7	-100.2	311.8	352.5	129.2	140.5	433.3	487.4	365.0	412.8
<i>EBIT margin</i>	-7.4%	-5.5%	15.2%	15.9%	6.3%	6.0%	18.3%	17.8%	11.8%	11.8%
Net financial activity	14.5	-16.6	-15.5	-10.8	-19.2	-97.1	-12.7	1.4	-11.3	-16.0
Pre-tax profit	-103.2	-116.9	296.3	341.8	110.0	43.4	420.5	488.8	353.7	396.8
Tax	1.6	-2.3	90.2	136.3	18.4	23.8	108.3	112.3	104.2	86.3
Net income	-104.8	-114.6	206.1	205.5	91.6	19.6	312.2	376.5	249.6	310.5
<i>Net income margin</i>	-6.6%	-6.3%	10.1%	9.3%	4.5%	0.8%	13.2%	13.8%	8.1%	8.8%

*Results shown as 3 months under IAS17 and January under IFRS16.

Historical quarterly results (3)

PLN m	1Q19/20 IFRS16 (February-April 2019)	2Q19/20 IFRS16 (May-July 2019)	3Q19/20 IFRS16 * (August-October 2019)	4Q19/20 IFRS16 * (November 2019- January 2020)	2019/20 IFRS16 * (February 2019 -January 2020)
Revenues	1,820.7	2,344.8	2,340.0	2,696.3	9,201.8
Gross profit on sales	999.2	1,156.4	1,410.0	1,349.8	4,915.4
<i>Gross profit margin</i>	54.9%	49.3%	60.3%	50.1%	53.4%
SG&A costs	913.2	964.2	1,020.0	1,039.8	3,937.2
Other operating line	-21.9	-6.7	-19.0	-72.0	-119.6
EBIT	64.0	185.5	371.0	238.0	858.5
<i>EBIT margin</i>	3.5%	7.9%	15.9%	8.8%	9.3%
Net financial activity	-27.3	-39.5	-42.0	-37.7	-146.5
Pre-tax profit	36.7	146.0	329.0	200.3	712.0
Tax	13.4	114.2	89.0	65.7	282.3
Net income	23.4	31.8	240.0	134.6	429.8
<i>Net income margin</i>	1.3%	1.4%	10.3%	5.0%	4.7%

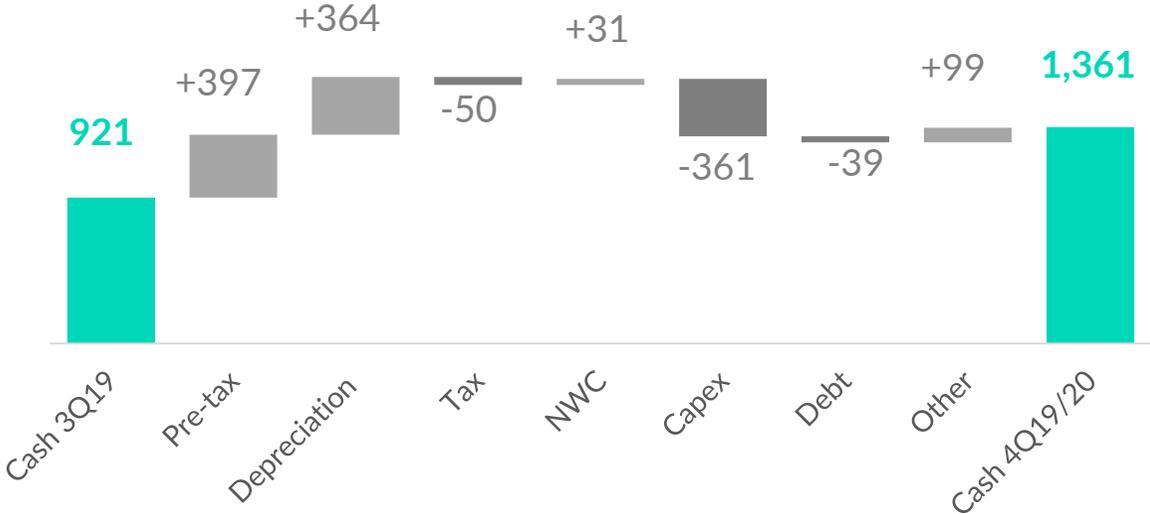
* Preliminary data.

Updated capex plan

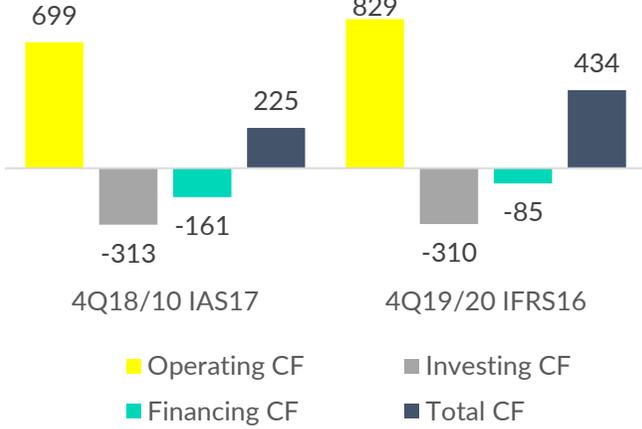
PLN m	2020/21	2021/22	2022/23	2020/21- 2022/23
Stores	300	600	500	1,400
Stores domestically and abroad	300	600	500	1,400
HQs	0	40	140	180
New HQs Gdańsk Łąkowa – Building 2	0	40	0	40
New HQs Gdańsk Łąkowa – Building 3	0	0	140	140
Logistics	50	650	160	860
New DC in Brześć Kujawski	50	650	160	860
IT & other	50	50	50	150
TOTAL	400	1,340	850	2,590

Cash flows

4Q19/20 CASH GENERATION
(PLN m)



4Q19/20 CASH FLOWS
(PLN m)



- Operating cash flow → high positive level, growth YoY due to more favourable net working capital.
- Investing cash flow → lower YoY capex, but stable net cash flows due to higher YoY net sale of money market funds.
- Financing cash flows → issuance of corporate bonds but higher financial lease payments (IFRS16).
- PLN 1.4bn in open credit lines used for letters of credits, guarantees and overdrafts.

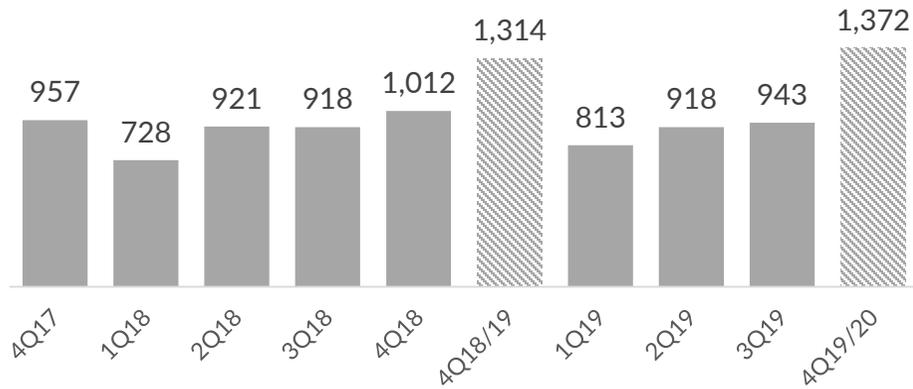
Balance sheet increasingly strong

PLN m	2018	2018/19	2019/20
Non-current assets	2,417.8	5,279.5	5,870.7
fixed assets	1,818.3	1,821.1	2,312.4
intangibles (incl. goodwill)	376.7	379.8	413.3
right of use assets (IFRS16)	0.0	2,894.1	3,000.2
Current assets	2,963.1	2,626.8	3,735.1
inventory	1,590.4	1,210.3	1,921.1
trade receivables	121.7	103.6	143.8
cash and equivalents	1,045.0	1,070.3	1,361.5
Total assets	5,380.8	7,906.3	9,605.9
Equity	2,860.5	2,815.7	3,247.5
Long-term liabilities	346.1	2,634.3	3,159.3
interest bearing debt	88.6	84.1	462.9
financial leases (IFRS16)	0.0	2,439.4	2,568.0
Short-term liabilities	2,174.1	2,456.3	3,199.1
trade liabilities	1,557.4	1,341.1	2,100.8
interest bearing debt	203.2	145.3	109.5
financial leases (IFRS16)	0.0	566.0	680.2
Total liabilities and equity	5,380.8	7,906.3	9,605.9

- IFRS16 impact: change from operating leases to financial ones – creation of right of use assets and finance lease liabilities.
- YoY growth in fixed assets due to network development and investments in logistics and HQs.
- YoY growth in intangibles due to investments in IT.
- Higher YoY inventory due to faster in-take of new collections, dynamic Sinsay development and lower-than-expected December 2019.
- YoY growth in receivables results from downpayments for distribution centre.
- Higher cash due to strong cash generation.
- YoY growth in trade payables due to supplier financing programme.
- YoY growth in long-term debt due to issuance of corporate bonds in 4Q19/20.

RESERVED

REVENUES (PLN m)



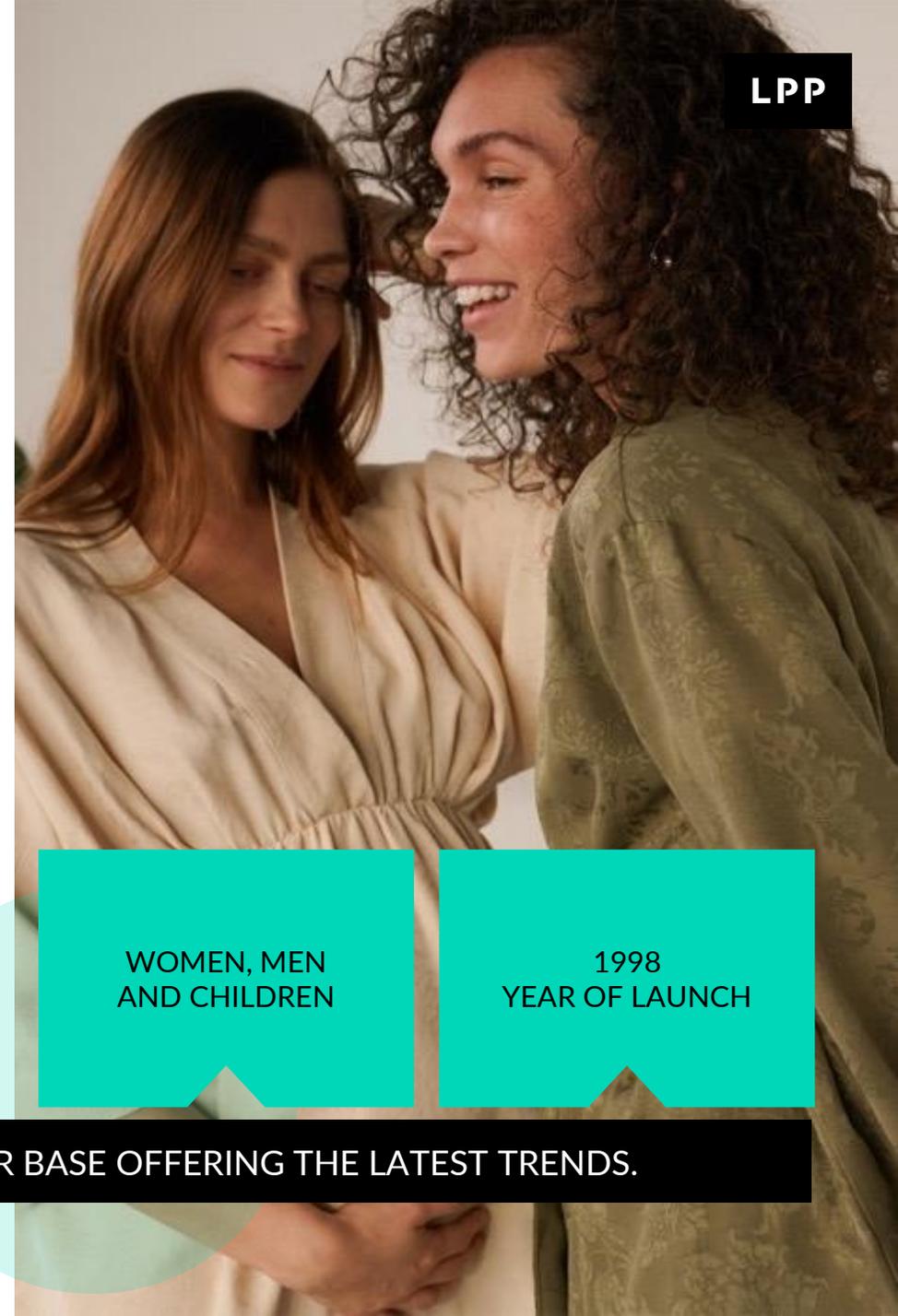
	4Q18/19	4Q19/20	YoY
Number of stores	452	454	+2
Floorspace (ths m2)	605.0	664.8	10%
Average store space (m2)	1,338	1,464	9%

WOMEN, MEN
AND CHILDREN

1998
YEAR OF LAUNCH

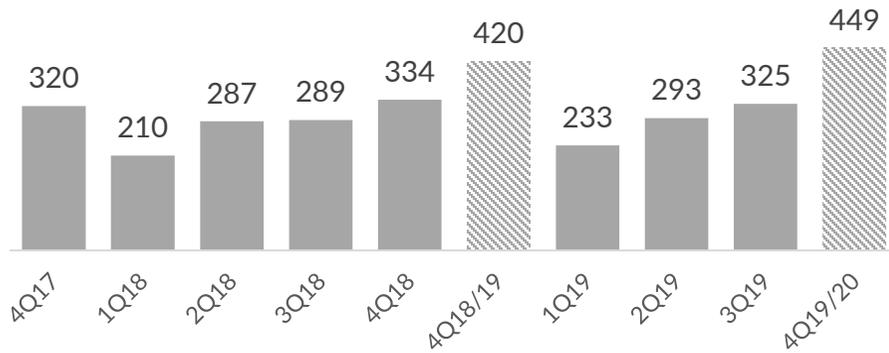
AN ANCHOR BRAND WITH A BROAD CUSTOMER BASE OFFERING THE LATEST TRENDS.

LPP



CROPP

REVENUES (PLN m)



	4Q18/19	4Q19/20	YoY
Number of stores	369	360	-9
Floorspace (ths m2)	132.8	147.9	11%
Average store space (m2)	360	411	14%



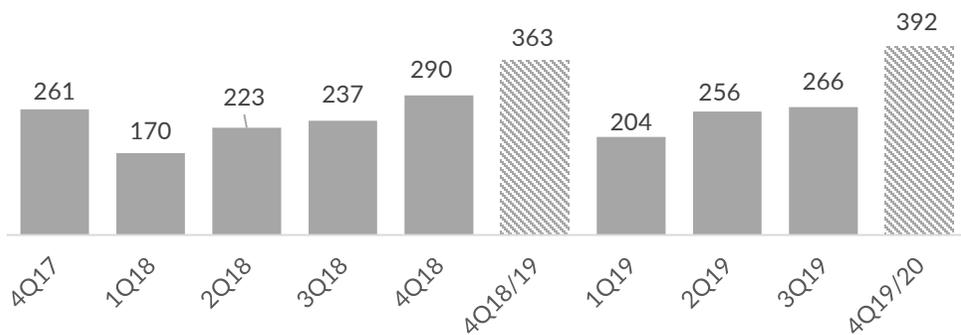
LPP

TEENAGERS – BOYS
AND GIRLS

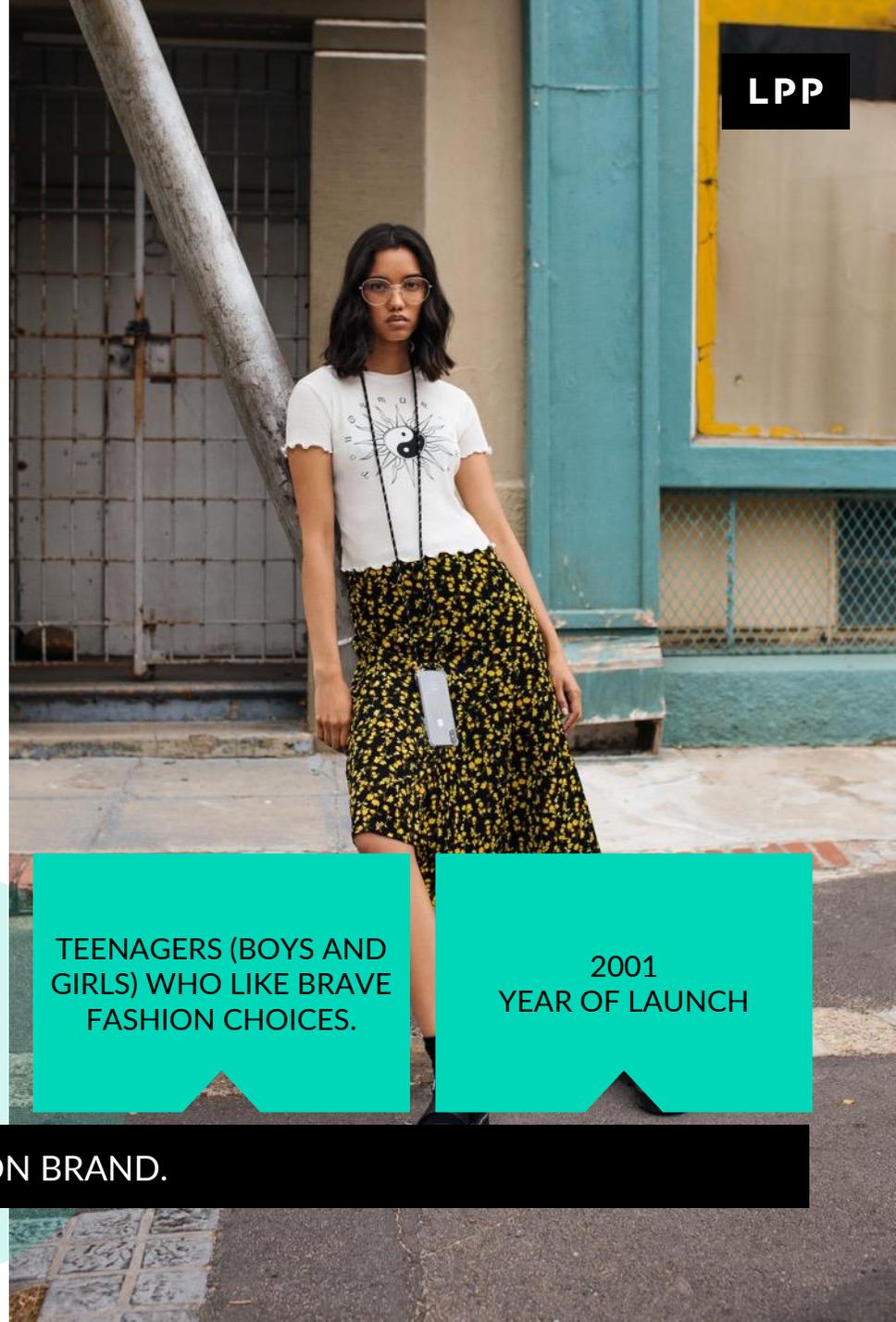
2004
YEAR OF LAUNCH

A STREETWEAR BRAND INSPIRED BY HIP-HOP AND POP-CULTURE.

REVENUES (PLN m)



	4Q18/19	4Q19/20	YoY
Number of stores	329	318	-11
Floorspace (ths m2)	115.2	127.4	11%
Average store space (m2)	350	401	14%



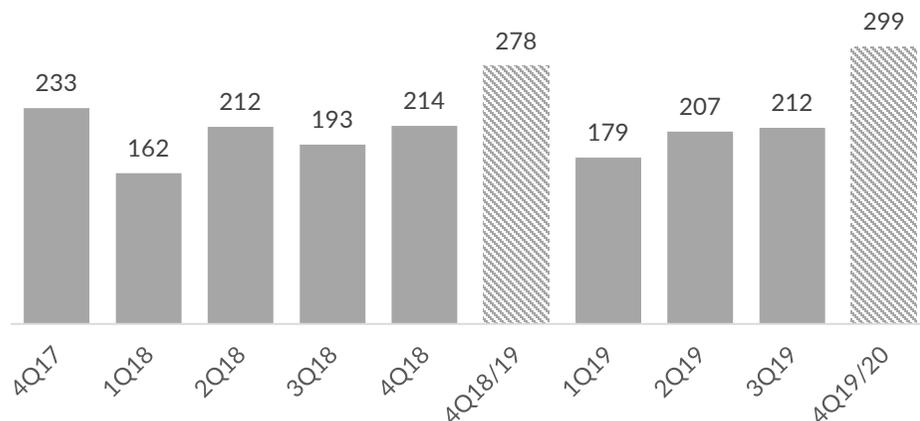
TEENAGERS (BOYS AND GIRLS) WHO LIKE BRAVE FASHION CHOICES.

2001 YEAR OF LAUNCH

OPTIMISTIC FASHION BRAND.

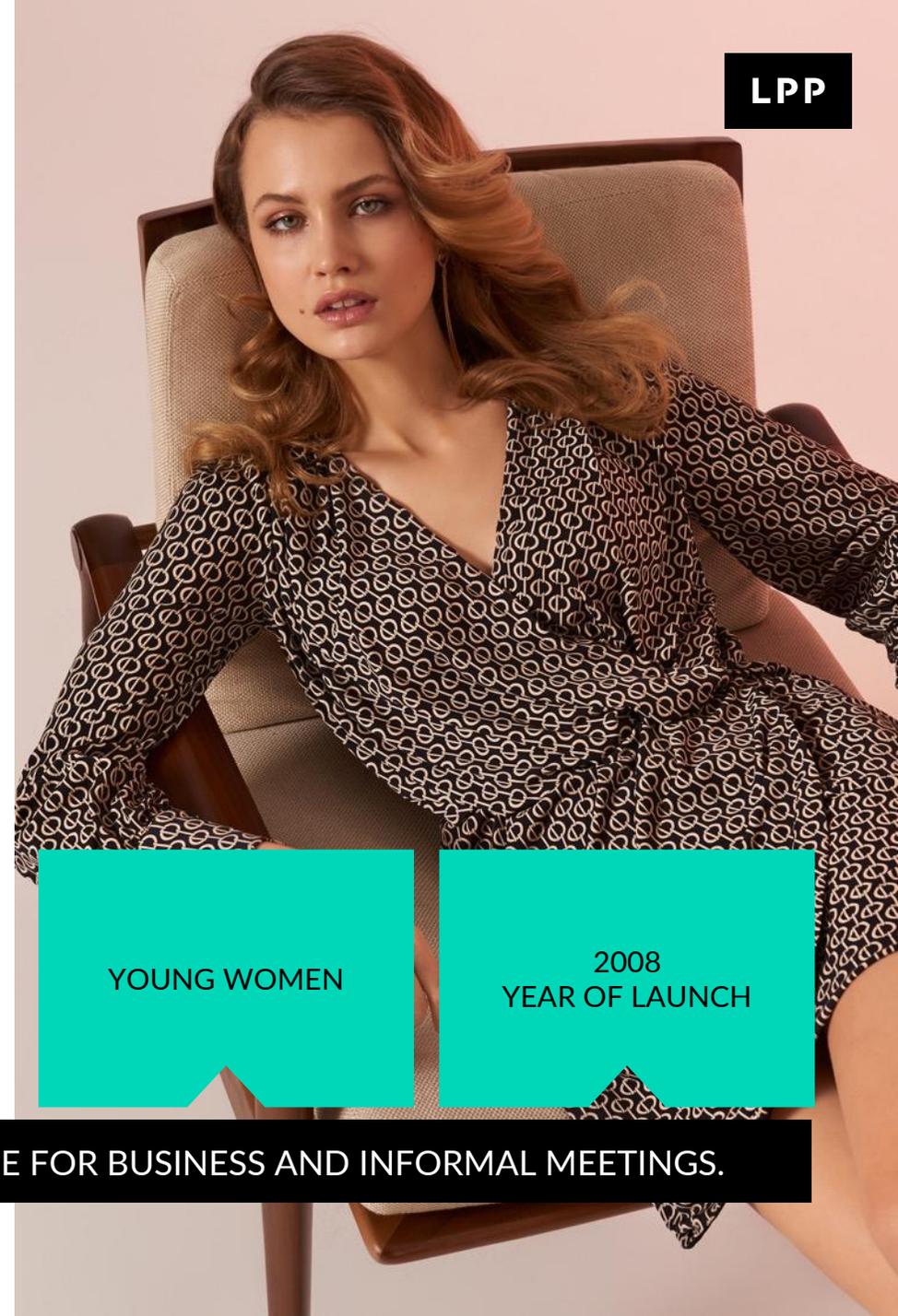
M O H I T O

REVENUES (PLN m)



	4Q18/19	4Q19/20	YoY
Number of stores	292	283	-9
Floorspace (ths m2)	107.9	111.7	3%
Average store space (m2)	370	395	7%

LPP

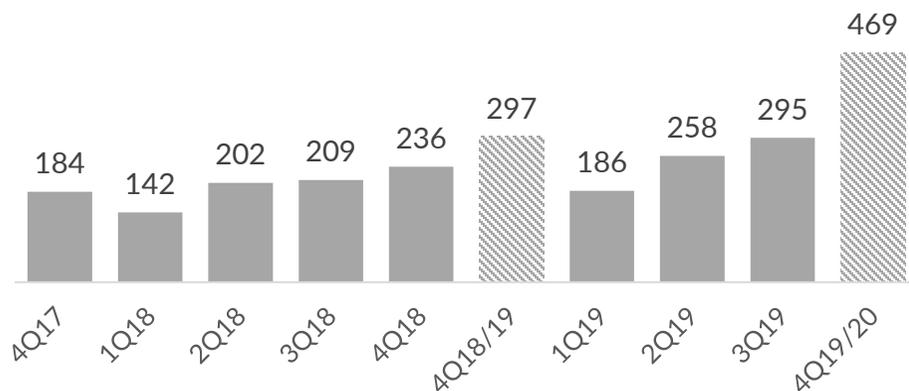


YOUNG WOMEN

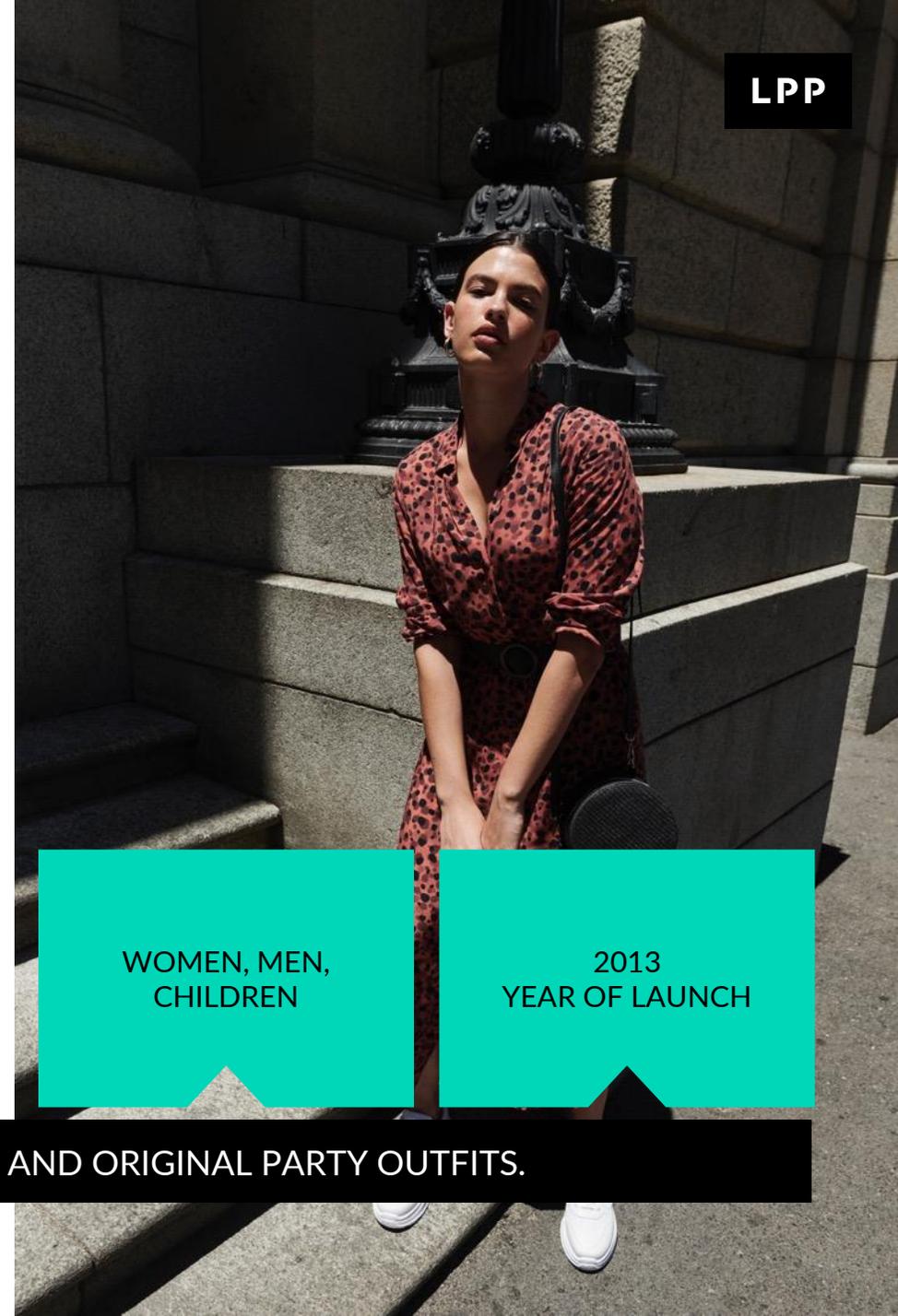
2008
YEAR OF LAUNCH

A BRAND THAT COMBINES COMFORT AND ELEGANCE FOR BUSINESS AND INFORMAL MEETINGS.

REVENUES (PLN m)



	4Q18/19	4Q19/20	YoY
Number of stores	271	324	+ 53
Floorspace (ths m2)	102.7	173.3	69%
Average store space (m2)	379	535	41%



WOMEN, MEN,
CHILDREN

2013
YEAR OF LAUNCH

CLOTHES FOR EVERY DAY INSPIRATIONS AND ORIGINAL PARTY OUTFITS.

Glossary

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, Belarus and from 2018 also Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, Serbia, from 2018 also Slovenia and from 2019 B&H.
WE	Region including Germany and the UK, while from 2019 also Finland.
ME	Region including: Egypt, Qatar, Kuwait, UAE, while from 2018 also Israel. Until mid-2017 the region also encompassed Saudi Arabia.
Europe	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/m ²	Revenues of segment or brand / average working total floorspace / 3.
Average monthly costs of own stores/m ²	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 3.7% of the working floorspace) / 3.
Average monthly SG&A PLN/m ²	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME and Belarus / 3.
Inventory/ m ²	End of period group inventory/ total floorspace without franchise stores in ME and Belarus.
Cash turnover cycle	Receivables (in days) plus inventories (in days) minus liabilities (in days). Calculations on average amounts of receivables, inventories and liabilities.

The LPP logo is displayed in white, bold, sans-serif capital letters on a black rectangular background. The background of the entire page is a photograph of two women walking on a city street, wearing LPP clothing. A large teal circle is overlaid on the left side of the image, containing the contact information.

LPP

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The logo for 'rtv house' features a stylized 'rtv' in a circle followed by the word 'house' in a lowercase, sans-serif font.

The logo for 'MILK I TO' features the words 'MILK I TO' in a stylized, uppercase, sans-serif font.

The logo for 'sinsay' features the word 'sinsay' in a lowercase, sans-serif font.