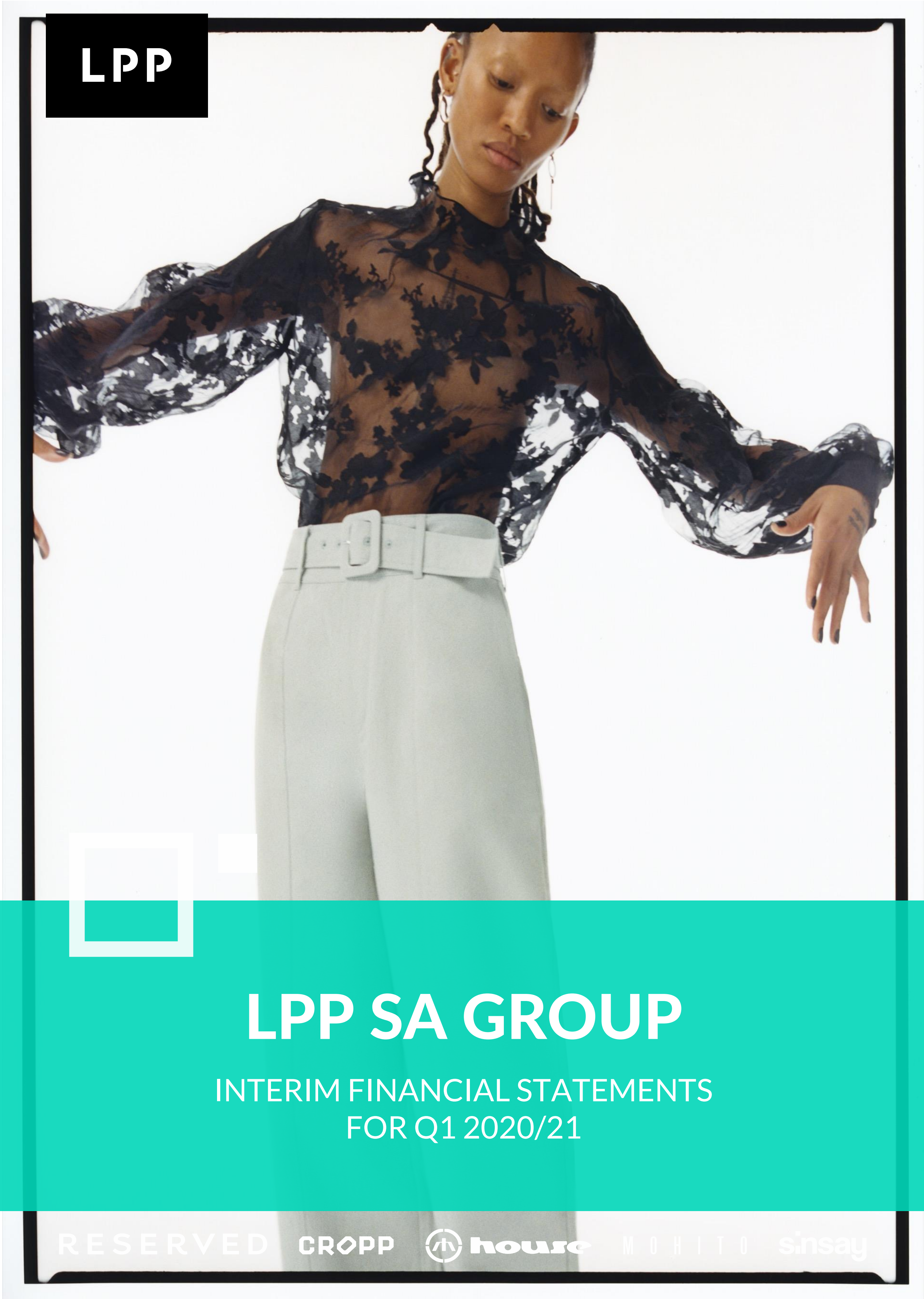

LPP

LPP SA GROUP

INTERIM FINANCIAL STATEMENTS FOR Q1 2020/21

Contents

01

Selected Consolidated Interim Financial Data

for 3 months ended 30 April 2020

Selected consolidated financial data	in PLN thousand			in EUR thousand		
	Cumulatively					
	2020/21	2019/20	2019	2020/21	2019/20	2019
	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03
Revenue	1,178,647	1,820,691	1,827,680	263,285	423,269	425,259
Operating profit (loss)	-260,522	64,016	-100,224	-58,195	14,882	-23,320
Pre-tax profit (loss)	-419,037	36,713	-116,853	-93,604	8,535	-27,189
Net profit (loss)	-361,990	23,297	-114,589	-80,861	5,416	-26,662
Weighted average number of shares	1,834,417	1,833,706	1,833,483	1,834,417	1,833,706	1,833,483
Profit (loss) per share	-197.33	12.70	-62.50	-44.08	2.95	-14.54
Net cash flows from operating activities	-282,977	10,566	121,869	-63,211	2,456	28,356
Net cash flows from investing activities	-104,116	-121,136	-123,657	-23,257	-28,161	-28,772
Net cash flows from financing activities	622,747	-82,671	-56,961	139,108	-19,219	-13,254
Total net cash flows	235,654	-193,241	-58,749	52,640	-44,924	-13,670

Selected consolidated financial data	in PLN		in EUR	
	2020/21	2019/20	2020/21	2019/20
	30.04.2020	31.01.2020	30.04.2020	31.01.2020
Total assets	10,026,100	9,605,862	2,207,225	2,233,402
Long-term liabilities	3,188,982	3,159,266	702,048	734,542
Short-term liabilities	3,960,212	3,199,120	871,833	743,808
Equity	2,876,921	3,247,491	633,348	755,055
Share capital	3,705	3,705	816	861
Weighted average number of shares	1,834,417	1,834,192	1,834,417	1,834,192
Book value per share	1,568.30	1,770.53	345.26	411.66
Declared or paid dividend per share	0.00	60.00	0.00	13.95

02

Consolidated Condensed Interim Statement of Comprehensive Income

for 3 months ended 30 April 2020

Statement of comprehensive income (in PLN thousand)	2020	2019 (unpublished)	2019
	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03
Continuing operations			
Revenue	1,178,647	1,820,691	1,827,680
Cost of goods sold	610,830	821,516	1,034,723
Gross profit (loss) on sales	**567,817**	**999,175**	**792,957**
Costs of stores and distribution	706,998	785,092	758,426
General costs	108,786	127,918	115,620
Other operating income	9,076	6,271	5,630
Other operating costs	21,631	28,420	24,765
Operating profit (loss)	**-260,522**	**64,016**	**-100,224**
Financial income	3,396	3,796	12,327
Financial costs	161,911	31,099	28,956
Pre-tax profit (loss)	**-419,037**	**36,713**	**-116,853**
Income tax	-57,047	13,416	-2,264
Net profit (loss) on continuing operations	**-361,990**	**23,297**	**-114,589**
Net profit attributable to:	0	0	0
Shareholders of the parent company	-361,990	23,297	-114,589
Non-controlling interests	0	0	0
Other comprehensive income			
Items transferred to profit or loss			
Currency translation on foreign operations	-9,674	23,119	40,054
Total comprehensive income	**-371,664**	**46,416**	**-74,535**
Attributable to:			
Shareholders of the parent company	-371,664	46,416	-74,535
Non-controlling interests	0	0	0

03

Consolidated Condensed Interim Statement of Financial Position

as at 30 April 2020

Statement of financial position (in PLN thousand)	As at			
	30.04.2020	31.01.2020	30.04.2019 (unpublished)	31.03.2019
ASSETS				
Non-current assets	**5,961,102**	**5,870,719**	**5,413,439**	**5,320,512**
1. Fixed assets	2,379,744	2,312,386	1,905,982	1,861,889
2. Intangible assets	130,498	126,234	100,540	97,453
3. Right of usufruct	2,960,697	3,000,237	2,938,158	2,888,996
4. Goodwill	209,598	209,598	209,598	209,598
5. Trademark	77,508	77,508	77,508	77,508
6. Other financial assets	7,706	7,965	8,184	8,294
7. Deferred tax assets	193,163	134,795	171,119	173,620
8. Prepayments	2,188	1,996	2,350	3,154
Current assets	**4,064,998**	**3,735,143**	**2,747,913**	**2,750,171**
1. Inventory	1,992,377	1,921,139	1,517,868	1,370,024
2. Trade receivables	155,650	143,783	171,429	177,120
3. Income tax receivables	15,993	7,870	9,066	12,574
4. Other financial assets	179,743	210,968	107,717	131,572
5. Other non-financial assets	62,593	53,017	30,576	39,185
6. Prepayments	19,437	36,892	25,871	27,848
7. Cash and cash equivalents	1,639,205	1,361,474	885,386	991,848
TOTAL assets	10,026,100	9,605,862	8,161,352	8,070,683

Statement of financial position (in PLN thousand)	As at			
	30.04.2020	31.01.2020	30.04.2019 (unpublished)	31.03.2019
EQUITY AND LIABILITIES				
Equity	**2,876,921**	**3,247,491**	**2,862,120**	**2,786,018**
1. Share capital	3,705	3,705	3,705	3,705
2. Treasury shares	-41,115	-41,115	-43,067	-43,067
3. Share premium	284,877	284,877	278,591	278,591
4. Other reserves	2,735,152	2,733,227	2,252,124	2,252,122
5. Currency translation on foreign operations	-172,477	-162,803	-190,696	-191,600
6. Retained earnings	66,779	429,600	561,463	486,267
- profit (loss) from previous years	428,769	8,561	538,166	600,856
- net profit (loss) for the current period	-361,990	421,039	23,297	-114,589
Non-controlling interest capital	**-15**	**-15**	**-15**	**-15**
Long-term liabilities	**3,188,982**	**3,159,266**	**2,681,488**	**2,618,763**
1. Bank loans and borrowings	160,976	171,234	70,786	75,233
2. Lease liabilities	2,596,662	2,567,953	2,496,213	2,432,128
3. Other financial liabilities (bonds)	293,765	291,675	0	0
4. Employee liabilities	1,464	1,463	1,009	1,005
5. Deferred tax liabilities	688	276	310	311
6. Accruals	135,427	126,665	113,170	110,086
7. Other long-term liabilities	0	0	0	0
Short-term liabilities	**3,960,212**	**3,199,120**	**2,617,759**	**2,665,917**
1. Trade and other liabilities	2,117,397	2,053,635	1,527,130	1,517,978
2. Contract liabilities	16,388	19,929	17,802	19,923
3. Customer refund liabilities	32,422	27,207	33,046	28,701
4. Bank loans and borrowings	907,155	109,451	253,629	322,706
5. Lease liabilities	715,756	680,184	595,326	586,484
6. Employee liabilities	52,757	80,483	70,841	72,942
7. Income tax liabilities	67,968	174,363	80,893	78,930
8. Provisions	7,042	9,097	925	986
9. Accruals	43,327	44,771	38,167	37,267
TOTAL equity and liabilities	**10,026,100**	**9,605,862**	**8,161,352**	**8,070,683**


RESERVED

04

Consolidated Condensed Interim Cash Flow Statement

for 3 months ended 30 April 2020

Cash flow statement (in PLN thousand)	01.02 - 30.04.2020	01.02 - 30.04.2019 (unpublished)	01.01 - 31.03.2019
A. Cash flows from operating activities			
I. Pre-tax profit (loss)	-419,037	36,713	-116,853
II. Total adjustments	136,060	-26,147	238,722
1. Amortisation and depreciation	278,106	234,346	232,376
2. Foreign exchange gains (losses)	-40,409	-13,999	-12,652
3. Interest and dividends	41,440	27,166	8,109
4. Profit (loss) on investing activities	-5,201	-4,244	-3,919
5. Income tax paid	-66,171	-169,308	-167,744
6. Change in provisions and employee benefits	-29,347	-43,922	-39,955
7. Change in inventories	-84,674	-360,754	232,421
8. Change in receivables and other assets	-36,133	-78,666	-97,585
9. Change in short-term liabilities, excluding bank loans and borrowings	95,035	376,943	99,166
10. Change in prepayments and accruals	-26,903	8,764	-9,317
11. Other adjustments	10,317	-2,473	-2,178
III. Net cash flows from operating activities	**-282,977**	**10,566**	**121,869**
B. Cash flows from investing activities			
I. Inflows	197,624	130,509	168,277
1. Disposal of intangible and fixed assets	18,776	23,066	15,824
2. From financial assets, including:	1,263	772	412
a) in associates	0	0	0
b) in other entities	1,263	772	412
- repayment of loans	0	30	23
- interest and other inflows from financial assets	1,263	742	389
3. Other investing inflows (investment funds)	177,585	106,671	152,041
II. Outflows	301,740	251,645	291,934
1. Purchase of intangible and fixed assets	191,724	233,038	191,934
2. For financial assets, including:	16	20	0
a) in associates	16	0	0
- loans granted	16	0	0
b) in other entities	0	20	0
- loans granted	0	20	0
3. Other investing outflows	110,000	18,587	100,000
III. Net cash flows from investing activities	**-104,116**	**-121,136**	**-123,657**

Cash flow statement (in PLN thousand)	01.02 - 30.04.2020	01.02 - 30.04.2019 (unpublished)	01.01 - 31.03.2019
C. Cash flows from financing activities			
I. Inflows	890,453	205,433	259,245
1. Proceeds from issuance of shares	0	2	0
2. Bank loans and borrowings	890,453	205,431	259,245
3. Other financial inflows	0	0	0
II. Outflows	267,706	288,104	316,206
1. Cost of maintenance of treasury shares	0	0	0
2. Dividends and other payments to owners	0	0	0
3. Repayment of bank loans and borrowings	100,347	112,553	158,948
4. Financial lease liabilities paid	129,445	147,187	131,632
5. Interest	37,791	28,364	25,626
6. Other financial outflows	123	0	0
III. Net cash flows from financing activities	**622,747**	**-82,671**	**-56,961**
D. Total net cash flows	**235,654**	**-193,241**	**-58,749**
E. Balance sheet change in cash, including:	**277,731**	**-185,034**	**-53,121**
- change in cash due to foreign currency translation	42,077	8,207	5,628
F. Opening balance of cash	**1,348,311**	**1,075,895**	**1,043,947**
G. Closing balance of cash	**1,583,965**	**882,654**	**985,198**


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05

Consolidated Condensed Interim Statement of Changes in Equity

for 3 months ended 30 April 2020

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Profit (loss) from previous years	Profit (loss) for the current period	Equity attributable to the parent company	Minority interests	TOTAL equity
Balance as at 1 February 2020	**3,705**	**-41,115**	**284,877**	**2,733,227**	**-162,803**	**429,600**	**0**	**3,247,491**	**-15**	**3,247,476**
Distribution of profit for 13 months ended 31 January 2020	0	0	0	831	0	-831	0	0	0	0
Remuneration paid in shares	0	0	0	1,094	0	0	0	1,094	0	1,094
Transactions with owners	**0**	**0**	**0**	**1,925**	**0**	**-831**	**0**	**1,094**	**0**	**1,094**
Net loss for Q1 2020	0	0	0	0	0	0	-361,990	-361,990	0	-361,990
Currency translation on foreign operations	0	0	0	0	-9,674	0	0	-9,674	0	-9,674
Balance as at 30 April 2020	**3,705**	**-41,115**	**284,877**	**2,735,152**	**-172,477**	**428,769**	**-361,990**	**2,876,921**	**-15**	**2,876,906**

Statement of changes in equity (in PLN thousand) (unpublished)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Profit (loss) from previous years	Profit (loss) for the current period	Equity attributable to the parent company	Minority interests	TOTAL equity
Balance as at 1 February 2019	**3,705**	**-43,067**	**278,591**	**2,251,623**	**-213,815**	**538,665**	**0**	**2,815,702**	**-15**	**2,815,687**
Distribution of profit for 2018	0	0	0	499	0	-499	0	0	0	0
Subscription to treasury shares	0	0	0	0	0	0	0	0	0	0
Settlement of the incentive programme	0	0	0	2	0	0	0	2	0	2
Transactions with owners	**0**	**0**	**0**	**501**	**0**	**-499**	**0**	**2**	**0**	**2**
Net profit for Q1 2019	0	0	0	0	0	0	23,297	23,297	0	23,297
Currency translation on foreign operations	0	0	0	0	23,119	0	0	23,119	0	23,119
Balance as at 30 April 2019 (unpublished)	**3,705**	**-43,067**	**278,591**	**2,252,124**	**-190,696**	**538,166**	**23,297**	**2,862,120**	**-15**	**2,862,105**

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Profit (loss) from previous years	Profit (loss) for the current period	Equity attributable to the parent company	Minority interests	TOTAL equity
Balance as at 1 January 2019	**3,705**	**-43,067**	**278,591**	**2,251,623**	**-231,654**	**601,355**	**0**	**2,860,553**	**-15**	**2,860,538**
Distribution of profit for 2018	0	0	0	499	0	-499	0	0	0	0
Remuneration paid in shares	0	0	0	0	0	0	0	0	0	0
Subscription to treasury shares	0	0	0	0	0	0	0	0	0	0
Transactions with owners	**0**	**0**	**0**	**499**	**0**	**-499**	**0**	**0**	**0**	**0**
Net loss for Q1 2019	0	0	0	0	0	0	-114,589	-114,589	0	-114,589
Currency translation on foreign operations	0	0	0	0	40,054	0	0	40,054	0	40,054
Balance as at 31 March 2019	**3,705**	**-43,067**	**278,591**	**2,252,122**	**-191,600**	**600,856**	**-114,589**	**2,786,018**	**-15**	**2,786,003**

06

Selected Separate Interim Financial Data

for 3 months ended 30 April 2020

Selected separate financial data	in PLN thousand			in EUR thousand		
	Cumulatively					
	2020/21	2019/20	2019	2020/21	2019/20	2019
	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03
Revenue	1,012,885	1,479,111	1,512,737	226,257	343,859	351,979
Operating profit (loss)	-107,528	-1,517	-64,451	-24,019	-353	-14,996
Pre-tax profit (loss)	-192,759	-15,388	-70,960	-43,058	-3,577	-16,511
Net profit (loss)	-159,809	-24,799	-69,857	-35,698	-5,765	-16,254
Weighted average number of shares	1,834,417	1,833,706	1,833,483	1,834,417	1,833,706	1,833,483
Profit (loss) per share	-87.12	-13.52	-38.10	-19.46	-3.14	-8.87
Net cash flows from operating activities	-410,064	-174,600	-108,672	-91,600	-40,590	-25,285
Net cash flows from investing activities	-141,942	20,994	-13,527	-31,707	4,881	-3,147
Net cash flows from financing activities	600,027	-3,284	115,852	134,033	-763	26,956
Total net cash flows	48,021	-156,890	-6,347	10,727	-36,473	-1,477

Selected separate financial data	in PLN		in EUR	
	2020/21	2019/20	2020/21	2019/20
	30.04.2020	31.01.2020	30.04.2020	31.01.2020
Total assets	7,715,179	7,255,842	1,698,481	1,687,013
Long-term liabilities	1,351,153	1,340,554	297,454	311,684
Short-term liabilities	3,128,854	2,521,401	688,811	586,236
Equity	3,235,172	3,393,887	712,216	789,093
Share capital	3,705	3,705	816	861
Weighted average number of shares	1,834,417	1,834,192	1,834,417	1,834,192
Book value per share	1,763.60	1,850.34	388.25	430.21
Declared or paid dividend per share	0.00	60.00	0.00	13.95

07

Separate Condensed Interim Statement of Comprehensive Income

for 3 months ended 30 April 2020

Statement of comprehensive income (in PLN thousand)	2020	2019 (unpublished)	2019
	01.02 - 30.04	01.02 - 30.04	01.01 - 31.03
Continuing operations			
Revenue	1,012,885	1,479,111	1,512,737
Cost of goods sold	658,923	898,578	1,025,142
Gross profit (loss) on sales	**353,962**	**580,533**	**487,595**
Costs of stores and distribution	343,894	404,830	384,901
General costs	108,489	166,304	157,037
Other operating income	3,790	2,893	2,054
Other operating costs	12,897	13,809	12,162
Operating profit (loss)	**-107,528**	**-1,517**	**-64,451**
Financial income	2,909	3,637	3,680
Financial costs	88,140	17,508	10,189
Pre-tax profit (loss)	**-192,759**	**-15,388**	**-70,960**
Income tax	-32,950	9,411	-1,103
Net profit (loss) on continuing operations	**-159,809**	**-24,799**	**-69,857**
Other comprehensive income			
Total comprehensive income	-159,809	-24,799	-69,857
Weighted average number of ordinary shares	1,834,417	1,833,706	1,833,483
Net profit (loss) per share	**-87.12**	**-13.52**	**-38.10**

08

Separate Condensed Interim Statement of Financial Position

as at 30 April 2020

Statement of financial position (in PLN thousand)	As at			
	30.04.2020	31.01.2020	30.04.2019 (unpublished)	31.03.2019
ASSETS				
Non-current assets	**4,608,431**	**4,432,309**	**4,013,862**	**4,004,933**
1. Fixed assets	1,351,400	1,327,041	1,145,883	1,140,747
2. Intangible assets	127,543	123,179	97,294	94,281
3. Right of usufruct	910,911	938,484	956,231	951,610
4. Goodwill	179,618	179,618	179,618	179,618
5. Investments in subsidiaries	1,956,350	1,814,405	1,564,680	1,564,680
6. Other financial assets	3,165	3,091	1,519	1,630
7. Deferred tax assets	78,784	45,599	67,607	71,361
8. Prepayments	660	892	1,030	1,006
Current assets	**3,106,748**	**2,823,533**	**2,011,265**	**2,117,967**
1. Inventory	1,370,241	1,365,814	1,051,631	933,474
2. Trade receivables	476,165	225,195	315,833	397,901
3. Income tax receivables	0	0	1,503	6,747
4. Other financial assets	158,077	205,011	85,318	97,061
5. Other non-financial assets	370	8,955	1,177	1,898
6. Prepayments	13,069	19,830	14,850	16,752
7. Cash and cash equivalents	1,088,826	998,728	540,953	664,134
TOTAL assets	7,715,179	7,255,842	6,025,127	6,122,900

Statement of financial position (in PLN thousand)	As at			
	30.04.2020	31.01.2020	30.04.2019 (unpublished)	31.03.2019
EQUITY AND LIABILITIES				
Equity	**3,235,172**	**3,393,887**	**3,028,651**	**3,005,285**
1. Share capital	3,705	3,705	3,705	3,705
2. Treasury shares	-41,115	-41,115	-43,067	-43,067
3. Share premium	284,877	284,877	278,591	278,591
4. Other reserves	2,725,817	2,724,723	2,243,620	2,243,618
5. Retained earnings	261,888	421,697	545,802	522,438
- profit (loss) from previous years	421,697	0	570,601	592,295
- net profit (loss) for the current period	-159,809	421,697	-24,799	-69,857
Long-term liabilities	**1,351,153**	**1,340,554**	**956,935**	**960,446**
1. Bank loans and borrowings	160,976	171,234	70,786	75,233
2. Lease liabilities	833,426	824,849	823,720	823,809
3. Other financial liabilities (bonds)	293,766	291,675	0	0
4. Employee liabilities	1,289	1,289	944	944
5. Accruals	61,696	51,507	61,485	60,460
6. Other long-term liabilities	0	0	0	0
Short-term liabilities	**3,128,854**	**2,521,401**	**2,039,541**	**2,157,169**
1. Trade and other liabilities	1,976,619	1,934,036	1,486,329	1,446,825
2. Contract liabilities	14,757	15,624	12,969	13,601
3. Customer refund liabilities	15,814	16,093	25,742	24,340
4. Bank loans and borrowings	734,481	60,162	128,645	284,341
5. Lease liabilities	262,000	249,140	236,329	235,489
6. Employee liabilities	32,397	53,709	47,728	50,729
7. Income tax liabilities	63,525	163,315	78,663	78,663
8. Provisions	7,000	7,000	0	0
9. Accruals	22,261	22,322	23,136	23,181
TOTAL equity and liabilities	**7,715,179**	**7,255,842**	**6,025,127**	**6,122,900**


RESERVED

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Separate Condensed Interim Cash Flow Statement

for 3 months ended 30 April 2020

Cash flow statement (in PLN thousand)	01.02 - 30.04.2020	01.02 - 30.04.2019 (unpublished)	01.01 - 31.03.2019
A. Cash flows from operating activities			
I. Pre-tax profit (loss)	-192,759	-15,388	-70,960
II. Total adjustments	-217,305	-159,212	-37,712
1. Amortisation and depreciation	113,464	101,132	101,142
2. Foreign exchange gains (losses)	-41,209	-15,734	-12,766
3. Interest and dividends	14,073	7,530	8,033
4. Profit (loss) on investing activities	-6,532	-3,875	-4,373
5. Income tax paid	-54,246	-149,438	-146,483
6. Change in provisions and employee benefits	-21,312	-35,985	-31,819
7. Change in inventories	-4,414	-279,262	227,460
8. Change in receivables and other assets	-259,417	-19,746	-304,604
9. Change in short-term liabilities, excluding bank loans and borrowings	67,601	236,849	133,825
10. Change in prepayments and accruals	-26,407	-683	-8,127
11. Other adjustments	1,094	0	0
III. Net cash flows from operating activities	**-410,064**	**-174,600**	**-108,672**
B. Cash flows from investing activities			
I. Inflows	193,314	169,283	216,774
1. Disposal of intangible and fixed assets	7,030	10,509	12,991
2. From financial assets, including:	8,700	52,103	51,742
a) in associates	7,437	51,333	51,333
- dividends	7,437	0	0
- other/repayment of additional capital contributions	0	51,333	51,333
b) in other entities	1,263	770	409
- repayment of loans	13	28	20
- interest and other inflows from financial assets	1,250	742	389
3. Other investing inflows	177,584	106,671	152,041
II. Outflows	335,256	148,289	230,301
1. Purchase of intangible and fixed assets	83,295	87,369	87,987
2. For financial assets, including:	141,961	42,334	42,314
a) in associates	141,945	42,314	42,314
- purchase of shares	141,945	42,314	42,314
b) in other entities	16	20	0
- loans granted	16	20	0
3. Other investing outflows (investment funds)	110,000	18,586	100,000
III. Net cash flows from investing activities	**-141,942**	**20,994**	**-13,527**

Cash flow statement (in PLN thousand)	01.02 - 30.04.2020	01.02 - 30.04.2019 (unpublished)	01.01 - 31.03.2019
C. Cash flows from financing activities			
I. Inflows	673,547	75,690	190,229
1. Proceeds from issuance of shares	0	2	0
2. Bank loans and borrowings	673,547	75,688	190,229
3. Issuance of bonds	0	0	0
II. Outflows	73,520	78,974	74,377
1. Cost of maintenance of treasury shares	0	0	0
2. Dividends and other payments to owners	0	0	0
3. Repayment of bank loans and borrowings	12,161	13,388	9,206
4. Financial lease liabilities paid	50,813	57,144	57,030
5. Interest	10,423	8,442	8,141
6. Other financial outflows	123	0	0
III. Net cash flows from financing activities	**600,027**	**-3,284**	**115,852**
D. Total net cash flows	**48,021**	**-156,890**	**-6,347**
E. Balance sheet change in cash, including:	**90,098**	**-148,683**	**-719**
- change in cash due to foreign currency translation	42,077	8,207	5,628
F. Opening balance of cash	**985,565**	**695,195**	**663,831**
G. Closing balance of cash	**1,033,586**	**538,305**	**657,484**


MOHITO

10

Separate Condensed Interim Statement of Changes in Equity

for 3 months ended 30 April 2020

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Profit (loss) from previous years	Profit (loss) for the current period	TOTAL equity
Balance as at 1 February 2020	**3,705**	**-41,115**	**284,877**	**2,724,723**	**421,697**	**0**	**3,393,887**
Remuneration paid in shares	0	0	0	1,094	0	0	1,094
Transactions with owners	**0**	**0**	**0**	**1,094**	**0**	**0**	**1,094**
Net loss for Q1 2020	0	0	0	0	0	-159,809	-159,809
Balance as at 30 April 2020	**3,705**	**-41,115**	**284,877**	**2,725,817**	**421,697**	**-159,809**	**3,235,172**

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Profit (loss) from previous years	Profit (loss) for the current period	TOTAL equity
Balance as at 1 February 2019	**3,705**	**-43,067**	**278,591**	**2,243,618**	**570,601**	**0**	**3,053,448**
Settlement of the incentive programme	0	0	0	2	0	0	2
Transactions with owners	**0**	**0**	**0**	**2**	**0**	**0**	**2**
Net loss for Q1 2019	0	0	0	0	0	-24,799	-24,799
Balance as at 30 April 2019 (unpublished)	**3,705**	**-43,067**	**278,591**	**2,243,620**	**570,601**	**-24,799**	**3,028,651**

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Profit (loss) from previous years	Profit (loss) for the current period	TOTAL equity
Balance as at 1 January 2019	**3,705**	**-43,067**	**278,591**	**2,243,618**	**592,295**	**0**	**3,075,142**
Net loss for Q1 2019	0	0	0	0	0	-69,857	-69,857
Balance as at 31 March 2019	**3,705**	**-43,067**	**278,591**	**2,243,618**	**592,295**	**-69,857**	**3,005,285**

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Additional Information on the Consolidated Condensed Interim Financial Statements

1. Overview of the LPP SA Group

The LPP SA Group (further referred to as the “Group”, “LPP Group”) is composed of LPP SA (“Parent Company”, “Company”) and its subsidiaries.
The Parent Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court for Gdańsk-North in Gdańsk, 7th Economic Division of the National Court Register, under number KRS 0000000778.
The Parent Company and the Group companies have been established for an unlimited period of time.
The Group’s basic scope of business is:

- retail sale of clothing,
- wholesale of clothing.

During 3 months ended 30 April 2020, there was a change in the composition of the Group compared to 31 January 2020, namely, LPP Logistics Sp. z o.o. with its registered office in Gdańsk was established. The newly established company will be engaged in the warehousing of goods to be resold and handling general logistics issues.

2. Basis for preparation of the consolidated condensed interim financial statements and information on changes in applied accounting principles

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* (”IAS 34”), approved by the European Union.
The consolidated condensed interim financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 January 2020, approved for publishing on 20 May 2020.
The currency of these consolidated condensed interim financial statements is Polish Zloty and, unless provided otherwise, all amounts are expressed in PLN thousand.

In the periods covered by these consolidated condensed financial statements, the following PLN/EUR exchange rates fixed by the National Bank of Poland were applied to convert selected financial data:

- exchange rate as at the last day of the reporting period: 30.04.2020 – PLN/EUR 4.5424, 31.01.2020 – PLN/EUR 4.3010,
- average exchange rate for the period, calculated as an arithmetic average of the rates as at the last day of each month in a given period: 01.02-30.04.2020 – PLN/EUR 4.4767, 01.02.-30.04.2019 - PLN/EUR 4.3015, 01.01.-31.03.2019 - PLN/EUR 4.2978.

The accounting policy applied for preparing these financial statements complies in all material respects with the accounting policy adopted for preparing the annual consolidated financial statements of the LPP SA Group for the financial year 2019/20, in accordance with International Financial Reporting Standards.

These consolidated condensed interim financial statements have been drawn up based on the assumption that the Group consolidated companies remain a going concern in the foreseeable future despite occurrence of circumstances arising from the COVID-19 coronavirus pandemic, affecting the continuation of the Group's operations in the nearest future.
In March 2020, in many countries where LPP SA pursues its operations and has traditional stores of all of its brands, due to the spread of the COVID-19 pandemic, retail and service outlets were closed based on decisions of administrative authorities. Due to restrictions and home stay instructions implemented by governmental authorities, the LPP Group had to halt almost all of its on-site sales. Consequently, abruptly, the LPP Group became temporarily unable to generate revenue in this distribution channel. Therefore, the online store has become the only source of revenue until May i.e. by the time quarantine restrictions started to be gradually alleviated.
To secure financial liquidity and maintain the Company's operations, the Management Board of LPP SA has undertaken numerous activities involving reduction of costs and expenses (including planned investments), increased online sales and the sourcing of governmental financial aid and additional financing from banks.
The Company's Management Board monitors financial liquidity and carries out regular stress tests covering a period of over a dozen of months of business operations i.e. by the end of June 2021. Prognosed cash flows analysed are based on hypothetical cautious assumptions to assess viability of remaining a going concern in the current post-Covid situation on the fashion market in retail trade. These analyses provide for the following: a negative impact on revenue generated from sales in traditional stores, an increase in online sales reported following closure of traditional stores, with this tendency being maintained in this sales channel despite store reopening. Recognition is given also to all activities undertaken by the Management Board to reduce the financial liquidity risk, including limitation of both investing activities (a reduced number of stores, limited outlays on logistics, offices, IT), non-payment of a dividend for the financial year 2019/20 and current operating activities (termination of lease contracts, renegotiation of contracts providing for fixed rates to implement variable ones, reduced remunerations of all Group employees, diminished orders covering purchases of upcoming collections etc.)

3. Achievements of the LPP SA Group in the reported period

Key achievements of the Group in Q1 2020/21

1. Number of stores and retail space

At the end of Q1 2020/21, the LPP SA Group had 1 731 traditional stores, of the total area of 1,242.7 thousand m2, operating in 25 countries.
Abroad, we operated 879 stores (721.1 thousand m2).
Compared with Q1 2019/20, the total retail space increased by 13.3%.
In Q1 020/21, the largest nominal increase in retail space compared to Q1 of the preceding period was recorded by Sinsay (79.9 thousand m2). In the said period, this brand recorded the highest dynamics in retail space development (72.3% y/y).

As at 30.04.2020	Number of stores	Change y/y	Q1 2020/21	Q1 2019/20	Change y/y (%)
			Area in thousand m2	Area in thousand m2	
Reserved	441	-7	657.1	616.6	6.6%
Cropp	356	-7	149.2	134.9	10.6%
House	316	-1	129.8	115.9	12.0%
Mohito	276	-12	110.5	108.0	2.3%
Sinsay	335	57	190.4	110.5	72.3%
Outlet	7	-17	5.8	10.8	-46.6%
Total LPP Group	**1,731**	**13**	**1,242.7**	**1,096.7**	**13.3%**

2. Sale by brand in traditional and online stores

In Q1 2020/21, the total sales of all brands in both channels i.e. in traditional and online stores totalled PLN 1,179 mln, i.e. 35.3% less when compared to the same period last year. Sales decreased y/y due to the adverse impact of the COVID-19 pandemic outspreading in Q1 of this financial year in the countries in which the Group operates.

In Q1 2020/21, brands such as Reserved, Cropp, House and Mohito recorded high two-digit decreases in revenue due to the closure of shopping centres in the majority of countries. The only brand retaining positive sales dynamics y/y was Sinsay as a result of prior network development and the lowest positioning among the Group's brands.

Owing to the consistent development of the sales network abroad and increasing brand recognition, three brands i.e. Reserved, Cropp and Mohito generated in Q1 2020/21 higher revenue abroad than domestically.

Sales of individual brands in both channels i.e. in traditional and online stores in Q1 2020/21 is given in the table below.

	In PLN mln		
	Sales in Q1 2020/21	Sales in Q1 2019/20	Change y/y (%)
Reserved	554	905	-38.7%
Cropp	135	246	-45.4%
House	119	222	-46.3%
Mohito	126	201	-37.6%
Sinsay	231	225	2.7%
Other	14	22	-34.8%
Total	**1,179**	**1,821**	**-35.3%**

3. Sales in LFL stores

In Q1 2020/21, sales revenue in like-for-like (LFL) stores (in local currencies) decreased by 57%. The said decrease in LFL sales was caused by the closure of traditional stores of all LPP brands following decisions of governments in individual countries in which the Group operates. Those decisions were made due to the spread of the COVID-19 pandemic at that time and the need to implement restrictions regarding the operation of shopping centres in which the Group's traditional stores are located.

Although stores were being consecutively closed in the second month of the quarter i.e. since mid-March, the Group recorded a slowdown in demand for clothes in traditional stores already during the first month i.e. in February, with LFLs reaching -1%. Nonetheless, the highest LFL decreases were recorded by the Group in April – by 100% due to the closure of almost all traditional stores of the Group. In the entire Q1, the decrease in LFLs of all brands of the Group was at the similar level. In geographical terms, the lowest decrease in LFLs was recorded in Russia, Kazakhstan and Latvia while the highest decrease in LFLs was recorded in Poland, Bulgaria and Slovenia.

4. Online sales

In Q1 2020/21, revenue from online sales reached PLN 384 mln i.e. 120.5% more than a year ago. The three-digit increases in online sales were recorded due to circumstances arising from the COVID-19 pandemic. By virtue of administrative decisions, shopping centres were closed in countries where the Group has a majority of its traditional stores. Therefore, for many customers, online sales were the only purchase channel available and, consequently, became the main source of revenue for the LPP SA Group in that period.

To adjust to the new situation, after closure of traditional stores, the Group focused decisively on activities aimed at developing online sales. To quickly multiply the capacities of the said channel, the Company adjusted its Distribution Centre in Pruszcz Gdański to the model encompassing orders from online stores (previously, the Distribution Centre handled dispatches to traditional stores only). The Company expanded and implemented new IT tools, integrated WMS with systems used to handle online orders, adjusted a product allocation application to the needs of online sales. Works in the central warehouse were improved also by the RFID technology previously implemented in the Reserved brand and the Store Vision mobile application being developed for several years now and used so far to operate traditional stores.

Additionally, to use the potential of cloud solutions to the maximum with a view to developing online sales, support digital transformation in marketing and ensure the highest quality of customer service i.e. quick, comfortable and safe shopping, the Group started cooperating with Google.

Due to the advantageous situation and prioritised treatment by the Group of the online channel, the online sales in Q1 2020/21 reached 32.6% of the Group's sales and 38.2% of domestic revenue. In that period, the e-commerce customer base was increased with customers who previously preferred shopping in traditional stores while the sale structure of e-commerce goods was changed due to the increased demand for products which, so far, were usually purchased in the traditional channel.

Approx. 53% of online sales were generated by domestic sales.

	Q1 2020/21	Q1 2019/20	Change y/y (%)
Sales in PLN mln	384.0	174.2	120.5%

5. Sales revenues broken down by country and region

In Q1 2020/21, the LPP SA Group recorded sales decreases in all countries and regions where it pursues business activity. Sales decreases were caused by the spread of the COVID-19 pandemic.

The highest nominal sales decreases y/y were recorded by the LPP SA Group in Poland, Russia, the Czech Republic, Germany and Ukraine. Simultaneously, the largest dynamics decreases y/y were recorded in Bulgaria, countries of the Middle East, Estonia, Great Britain, Germany and Poland. In Q1 2020/21, sales in Belarus decreased by 100% due to the change of the business model in that country and ended cooperation with franchise partners before opening own stores.

In Q1 2020/21, sales abroad was higher than domestic sales. Sales abroad reached 54.5%, with domestic sales totalling 45.5% of the Group's sales.
Revenues from traditional and online sales generated by the Group's companies operating in specific countries and regions are given in table below (with the exclusion of intra-Group sales).

Country	Revenue in Q1 2020/21	Revenue in Q1 2019/20	Change y/y (%)
Poland	536,051	911,805	-41.2%
Czech Republic	54,424	86,417	-37.0%
Slovakia	35,244	55,345	-36.3%
Hungary	38,158	48,438	-21.2%
Lithuania	23,111	25,961	-11.0%
Latvia	15,738	21,793	-27.8%
Estonia	14,399	27,736	-48.1%
Russia	221,428	322,049	-31.2%
Ukraine	65,921	88,391	-25.4%
Belarus*	0	4,428	-100.0%
Kazakhstan	4,486	5,472	-18.0%
Bulgaria	9,184	18,973	-51.6%
Romania	65,468	72,770	-10.0%
Croatia	19,514	23,713	-17.7%
Serbia	9,821	10,078	-2.5%
Slovenia	2,479	1,976	25.5%
Bosnia and Hercegovina	2,383	1,767	34.9%
Germany	44,042	74,732	-41.1%
Great Britain	6,483	11,641	-44.3%
Finland	5,759	-	-
Other European countries**	858	-	-
Middle East*	3,698	7,206	-48.7%
Total	**1,178,647**	**1,820,691**	**-35.3%**

*Revenues from the Middle East countries and Belarus are generated by franchise stores.

**Revenues generated by the pan-European online store.

	Revenue in Q1 2020/21	Revenue in Q1 2019/20	Change y/y (%)
Poland	536,051	911,805	-41.2%
Other European countries	347,063	481,339	-27.9%
CIS	291,835	420,341	-30.6%
Middle East*	3,698	7,206	-48.7%
Total	**1,178,647**	**1,820,691**	**-35.3%**

6. Sale by m2

In Q1 2020/21, retail sales per m2 of the LPP Group (in on-site stores) decreased by 58.7% compared to the preceding year. The said decrease was caused by the adverse effects of the COVID-19 pandemic.

	Q1 2020/21	Q1 2019/20	Change y/y (%)
Retail sales per m2/month in PLN*	211	512	-58.7%

* This indicator is calculated as the retail sales in own stores divided by the average working floor space in own stores in a given period.

In Q1 2020/21, total retail sales per m2 of the LPP Group decreased by 43.2% compared to the preceding year. The said decrease was also affected by the negative consequences of the COVID-19 pandemic just like in retail sales. Simultaneously, the decrease in total sales was smaller than the decrease in retail sales due to substantial growth in online sales.

	Q1 2020/21	Q1 2019/20	Change y/y (%)
Total sales per m2/month in PLN*	320	564	-43.2%

* This indicator is calculated as the Group's sales divided by the average total working floor space.

7. Operating costs

The Group's operating costs include costs of own and franchise stores in Poland, distribution costs and general costs. Costs of own stores comprise rental, payroll and other costs while distribution costs comprise the costs of logistics and e-commerce. General costs include marketing costs, back-office costs as well as costs of the sales and product departments.

In Q1 2020/21, the LPP SA Group recorded a decrease in operating costs by 10.6%, mainly due to the circumstances arising from the COVID-19 pandemic i.e. the closure of traditional stores, exemption from the duty to pay rent in shopping centres during the trading ban instituted under the resolution of the Polish government and a decrease in payroll costs.

	Q1 2020/21 (IFRS 16)	Q1 2019/20 (IFRS 16)	Change y/y (%)
Operating costs (in PLN mln)	816	913	-10.6%
Operating costs per m2/month	223	286	-22.0%

8. Capital expenditures

Investments of the LPP SA Group are made in several areas and involve the following: construction and modernisation of traditional stores (in Poland and abroad), construction of distribution centres, expansion and modernisation of head offices as well as e-commerce and IT outlays.

In Q1 2020/21, due to the COVID-19 pandemic, the LPP SA Group reduced the value of capital expenditures compared to those planned before.
Ultimately, in Q1 2020/21, CAPEX amounted to PLN 191.7 mln i.e. 17.7% less compared to Q1 of the preceding year. Lower capital expenditures were related to the reduced development of the sales network due to COVID-19.

9. Inventory

The Group's inventory consists of goods in stores, warehoused goods and merchandise in transit - from the manufacturer to a logistics centre.

The LPP Group strives at minimising inventory and, at the same time, maintaining a sufficient product volume to maximise sales. The inventory level and its optimisation are important elements of working capital management – it is important to observe inventory per m2 over time.

In Q1 2020/21, the inventory level was higher by 31.3% y/y, with inventory level per m2 being higher by 15.3% y/y, due to the circumstances arising from the COVID-19 pandemic and inability to sell collections of all brands in traditional stores in almost entire Q1. The Company's long-term goal was equalling trade liabilities with inventories. That goal was attained in Q3 2019.

	30.04.2020	30.04.2019	Change r/r (%)
Inventory (PLN mln)	1,992	1,518	31.3%
Inventory per m2 in PLN	1,614	1,400	15.3%

10. Debt

LPP has credit lines in banks in the total amount of PLN 1.4 billion, utilised for bank guarantees, letters of credit to finance trade or as a revolving loan. At the end of Q1 2020/21, LPP utilised specific credit line products as follows: PLN 116.5 mln, PLN 188.0 mln (non-balance sheet liabilities), PLN 678.0 mln (shown in short-term loans), respectively.

At the same time, two subsidiaries, i.e. the Russian and Ukrainian companies, utilise credit lines extended by local banks, which, at the end of Q1 2020/21, were utilised, respectively, in the amount of PLN 114.8 mln and PLN 57.8 mln (shown in short-term loans). Additionally, LPP uses a supplier financing programme (reversed factoring). At the end of Q1 2020/21, the relevant limit was utilised in the amount of PLN 1,380 mln (non-balance sheet liabilities).

Furthermore, LPP has a debt arising from investment credit facilities extended to finance the expansion of the Distribution Centre and the head office in Gdańsk. At the end of Q1 2020/21, the said credit facilities totalled PLN 220.6 mln (of which PLN 161.0 mln is the value of long-term loans and PLN 59.6 mln – the value of short-term loans).

At the end of Q1 2020/21, the Group held cash of PLN 1,639 mln, and, having deducted its debt, showed net cash of PLN 268 mln (according to IAS 17) compared to PLN 561 mln year ago.

The following tables show the level of net debt (cash) in PLN thousand (calculated according to IAS 17) and the utilisation of loans as at 30 April 2020.

	As at 30.04.2020	As at 30.04.2019 (unpublished)	Change y/y (%)	As at 31.03.2019
Short-term loans	907,155	253,629	257.7%	322,706
Long-term loans	160,976	70,786	127.4%	75,233
Bonds*	302,575	0	-	0
Cash	1,639,205	885,386	85.1%	991,848
Net debt (net cash)	**-268,499**	**-560,971**	**-52.1%**	**-593,909**

*PLN 302,575 thousand (the discounted value of bonds: PLN 293,765 thousand and interest charged in the amount of PLN 8,810 thousand

	Bank loan utilisation as at 30 April 2020		Bank loan utilisation as at 31 January 2020	
Bank (in PLN thousand)	in PLN thousand	Currency in thousands	in PLN thousand	Currency in thousands
PKO BP SA	59,892	-	61,745	-
PKO BP SA	10,158	-	11,864	-
PKO BP SA	199,608	-	-	-
Pekao SA	49,756	-	52,822	-
Pekao SA	99,821	-	104,630	-
Pekao SA	73,593	-	-	-
BNP Paribas Bank Polska SA	227,446	-	344	-
Citibank Bank Handlowy	57	-	-	-
Raiffeisen Bank Polska SA	175,126	-	-	-
Ukrsibbank	57,874	UAH 373,863	-	-
Citibank Russia	114,800	RUB 2,000,000	49,280	RUB 800,000
Total	**1,068,131**		**280,685**	

Other major events in Q1 2020/21 and in the period preceding publication of this report

FEBRUARY 2020

COMPLETION OF THE EXTENSION OF THE DISTRIBUTION CENTRE IN PRUSZCZ GDAŃSKI

The newly built part of the Distribution Centre comprises 29 additional automatic warehouse lanes, thus offering space for 522 thousand cardboard boxes. Thanks to the new space, it is also possible to carry out, additionally, almost 90 thousand MiniLoad warehouse operations daily, with almost 50 thousand cardboard boxes accepted and dispatched every day.

In the extended part of the Distribution Centre, there are also 10 new RFID tunnels and 10 RFiD stations to identify an individual product in the supply chain, aiming at a thorough control of incoming and outgoing goods. The Centre's warehousing capacity increased in total to almost 1.5 mln cardboard boxes.

Owing to the said investment, the Company gained 21 thousand sq. m. of additional contemporary warehouse space and 4.4 thousand sq. m. of office space.

The value of the said investment is approx. PLN 200 mln. Currently, after the expansion, the Centre's total space is 91.4 thousand sq. m.

MARCH 2020

THE ECO AWARE COLLECTION – PART OF THE SUSTAINABLE DEVELOPMENT STRATEGY

In Reserved, we launched the new Joyful #EcoAware collection of clothes made in 100% of organic and recycled materials. Over 30 models are made of certified textiles and knitted fabrics originating from certified sources and are manufactured in the environmentally friendly way. Owing to innovative production technologies implemented, in clothes labelled Eco Aware, we used materials with fibres originating from consumer waste such as plastic bottles. Apart from synthetic fabrics, the following materials were used to manufacture the Joyful #EcoAware line: organic and recycled cotton, Tencel™Lyocell and Lenzing™ EcoVero™ viscose made of eucalyptus, beech and spruce wood.

Part of revenue from the sale of Eco Aware and Joyful collections of Reserved and Cropp brands has been designated for purchasing equipment and protection means required by hospitals to fight the coronavirus epidemic, such as a compact patient monitor and a defibrillator with the option of performing cardioversion.

MARCH - JUNE 2020

SUPPORTING THE FIGHT AGAINST COVID-19 – COMMUNITY AND CHARITY PROJECTS

LPP designated almost PLN 5.7 mln to support the fight against the COVID-19 pandemic, delivering, among others, one million protection masks to over 300 medical centres throughout Poland. Furthermore, owing to our cooperation with almost 50 organisations, we provided people in greatest need with over 27 thousand cotton masks and 1,660 protective aprons sewn by LPP employees.

APRIL 2020

COMPLETED CONSTRUCTION OF THE OFFICE BUILDING IN CRACOW

In April 2020, the extension and modernisation of the head office of the Group's Cracow branch was completed.
New space has been adjusted to the needs of creative House and Mohito teams working in those brands' design offices located there.
In the building, we implemented sustainable solutions enhancing comfortable working conditions for the 400-people team and power efficiency of the entire building having the area of 9 thousand sq. m.

MAY 2020

PUBLISHING THE NON-FINANCIAL REPORT: *TOWARDS SUSTAINABLE FASHION*

The LPP Group published another non-financial report. The leading topic of the 2019/20 report is sustainable fashion.
The report presents:
- the background of operations of the Group's brands and their direction towards sustainable fashion;
- the Group's economic, environmental and social impact.

MAY 2020

CHOOSING GOOGLE AS DIGITAL PARTNER

LPP chose Google as its strategic digital partner. Owing to the established cooperation, the Company will be able to use the cloud potential to the maximum extent with a view to developing online operations and support digital transformation in marketing.

The established cooperation is focused first of all on implementing advanced solutions such as an analytical platform or data repository, including also implementation of innovations in e-commerce technical infrastructure and product recommendations based on artificial intelligence. As planned by LPP, the Company intends to have e-commerce technical infrastructure kept in Google Cloud by the end of 2020.

4. Factors and events, including those of extraordinary nature, significantly affecting condensed financial statements

In Q1 2020/21, there were events of extraordinary nature affecting the Group's financial result. The said circumstances involved the outbreak and spread of the COVID-19 pandemic in countries where the Group operates its traditional stores.

The pandemic's adverse effect resulted in a decrease in revenue generated by the Group. In Q1 2020/21, revenue decreased by 35.3% compared to the same period last year. The main reason for the said decrease was cessation of sales in traditional stores due to store closure resulting from administrative decisions and restrictions implemented by governments of countries affected by the pandemic.

Due to increased clearance sales y/y, resulting from higher replenishment as a result of the pandemic, and due to increased online sales resulting from promotion events organised in this sales channel, the Group's gross margin was lower by 6.7 p.p. compared to the same period last year.
The pandemic affected also operating costs. In Q1 2020/21, these costs were reduced by 10.6% y/y. The said decrease was caused by the decrease in rental costs owing to the exemption from the duty to pay rent in shopping centres during the trading ban instituted under the resolution of the Polish government and discounts negotiated with owners of shopping centres abroad. Another factor resulting in the decrease of operating costs was reduced remunerations of all employees of the Group.

At the same time, the decrease in operating costs was lower than the decrease in sales due to the fact that fixed costs have a major share in the Group's operating costs structure.

In Q1 2020/21, the LPP Group recorded a less advantageous effect of net financial activity due to higher losses on foreign exchange differences arising from IFRS 16.

Consequently, the LPP Group recorded a net loss of PLN 362.0 mln versus net profit of PLN 23.3 mln, generated a year ago. In the settlement period, the Group's result was substantially affected by extraordinary factors and events related to the COVID-19 pandemic.

Basic figures reflecting the Group's performance and margins gained in Q1 2020/21 are given in tables below.

	2020/21	2019/20	Change y/y (%)	2019
	01.02 - 30.04 (IFRS 16)	01.02 - 30.04 (IFRS 16)		01.01 - 31.03 (IFRS 16)
Revenue	1,178,647	1,820,691	-35.3%	1,827,680
Gross sales profit	567,817	999,175	-43.2%	792,957
Costs of stores and distribution and general costs	815,784	913,010	-10.6%	874,046
EBITDA	17,584	298,362	-94.1%	132,152
Operating profit (loss)	-260,522	64,016	-	-100,224
Net profit (loss)	-361,990	23,297	-	-114,589

	2020/21	2019/20	Change y/y (p.p.)	2019
Margin (%)	01.02 - 30.04	01.02 - 30.04		01.01 - 31.03
Gross sales margin	48.2%	54.9%	-6.7	43.4%
EBITDA	1.5%	16.4%	-14.9	7.2%
Operating	-22.1%	3.5%	-25.6	-5.5%
Net	-30.7%	1.3%	-32.0	-6.3%

5. Explanations of the seasonal or cyclical nature of the LPP SA Group's operations in the reporting period

The seasonal nature of sales is a feature of the entire clothing market both in Poland and abroad. In the fashion sector, February, March and April are months during which new Spring-Summer collections are introduced and goods are sold at regular prices, which usually results in gaining higher gross margins on sales.

6. Information on revaluation write-offs on inventories to a net realisable value and their reversal

Detailed information is provided for in Note 35.1

7. Information on impairment losses on financial assets, fixed and intangible assets or other assets and their reversal

Detailed information is provided for in Note 35.1

8. Information on the creation, increase, utilisation and reversal of provisions

Relevant information is provided for in Note 35.5

9. Information on deferred income tax assets and liabilities

Detailed information is provided for in Note 35.7

10. Information on material transactions involving the purchase and sale of tangible fixed assets

In the reporting period, there were no such events.

11. Information on a material liability arising from the purchase of tangible fixed assets

In the reporting period, there was no such event.

12. Information on material litigation-related settlements

In the reporting period, there were no such events.

13. Specification of adjusted errors from previous periods

In the reporting period, there were no such events.


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14. Information on changes in economic and business conditions substantially affecting the fair value of the Company's financial assets and liabilities

In the reporting period, there were no such events.

15. Information on non-repayment of loans or borrowings or a breach of any material provisions of credit facility or loan agreements

In the reporting period, there were no such events.

16. Information on one or more transactions effected by the Issuer or its subsidiary with associates if executed on terms other than at arm's length basis, with a specification of their value

In the reporting period, there were no such events.

17. Changes in the structure of the Issuer's Capital Group, including those resulting from a merger of entities, acquisition or sale of subsidiaries, long-term investments, division, restructuring or discontinued operations

There were no such events.

18. For financial instruments measured at fair value – information on the change of the method of determining such value

Not applicable.

19. Information on changes in the classification of financial assets due to their changed purpose or utilisation

Not applicable.

20. Division into operating segments – revenue and results attributable to individual segments

The LPP Group pursues one type of business activity (a single branch-specific segment considered basic). Business activity is carried out in two geographical segments: in and outside the European Union. The division into geographical segments is based on the criterion of location of the Group's assets.

Revenue and results attributable to individual segments in Q1 2020/21 and a comparable period are given in Note 35.9.

21. Information on the issuance, redemption and repayment of debt and equity securities

In Q1 2020/21, the Company neither issued nor redeemed or repaid any debt or equity securities. In December 2019, LPP SA issued 300,000 unsecured ordinary five-year bonds of the A series, of the nominal value of PLN 1,000 per bond. As at 30 April 2020, the value of bonds issued totalled PLN 302,575 thousand (the discounted value of bonds: PLN 293,765 thousand and interest charged in the amount of PLN 8,810 thousand).

22. Information on the dividend paid (or declared), in total and per share, broken down by ordinary and other shares

In the reporting period, there were no such events. On 30 March 2020, the Management Board of LPP SA adopted a resolution recommending the Supervisory Board of LPP SA and the General Meeting of Shareholders that no dividend be paid for the financial year ended 31 January 2020.

23. Date of approval of the financial statements for publishing

These financial statements were approved for publishing by the Management Board of the Parent Company on 24 June 2020.

24. Events occurring after the balance sheet date, not disclosed in the financial statements, which may significantly affect future financial results of the LPP SA Group

On 5 June 2020, the Management Board of LPP approved the decision of the governing body of its one-member subsidiary LPP Deutschland GmbH on the intention to undertake activities aimed at improving the said company's standing and its remedial restructuring due to the adverse impact of the COVID-19 pandemic, which involved the closure of stores operating in the territory of Germany and a decrease in sales after their reopening. To that end, on 8 June 2020, the governing body of LPP Deutschland GmbH filed, with a competent court in Hamburg, the application for granting consent for the undertaking by LPP Deutschland GmbH of remedial actions and having the company temporarily protected against its creditors in accordance with section 270b of the Insolvency Law in the territory of Germany. The court issued the decision on the granting of consent for the implementation of remedial actions in the form of a legal procedure encompassing protection against creditors of that subsidiary.

These actions are aimed at improving the standing and remedial restructuring of LPP Deutschland GmbH, which sells goods of the Reserved brand in 19 traditional stores in Germany, employing approx. 500 people, with Germany being, in terms of sales volume, the sixth market for the LPP SA Group.
In the course of the procedure in question, the main goal of LPP Deutschland GmbH is the negotiation with lessors of new terms and conditions of contracts under which the company uses retail premises and, therefore, ensuring profitability of the company's operations. As part of the said procedure, for three months, LPP Deutschland GmbH will be protected against its creditors and pursue operations under the supervision of persons appointed by the court in Hamburg. If, during the three-month period, the German company finally amends contractual terms and conditions, it will be able to reinstate its previous operations. Should the company fail to reach that goal, it might be required to implement further restructuring procedures as provided for in German law, including in particular the insolvency procedure under German law (the so-called preliminary insolvency procedure - vorläufiges Insolvenzverfahren or "full" insolvency procedure - Insolvenzeröffnungsverfahren).

The Company informed of that event on 10 June 2020 in current report CR 16/2020.

On 29 April 2020, the Management Board of LPP decided to renounce specific agreements on the use of retail space, concluded with owners of shopping centres located in the territory of the Republic of Poland. Consequently, the Company initiated the process of formal delivery to individual lessors of relevant statements. The Company renounced agreements on the use of retail space constituting approx. 29.5% of the total number of square metres of retail space used by the LPP SA Group. The Company justified its decision by the occurrence of circumstances arising from the COVID-19 pandemic, expressing at the same time its willingness to hold talks with shopping centres on new agreements incorporating terms and conditions adequate to the new situation.

The Company informed of the above on 30 April 2020 in current report CR 14/2020.
As at the date of preparing this report, negotiations are still in progress and not all stores have yet been opened.

25. Changes in contingent liabilities or assets, subsequent to the end of the previous financial year

In Q1 2020/21, the companies of the LPP SA Group utilised bank guarantees to secure payment of rent for the leased space for brand stores, offices and a warehouse.

As at 30 April 2020, the total value of bank guarantees granted upon request and under responsibility of LPP SA amounted to PLN 280,307 thousand, allocated as follows.

PLN 86,982 thousand	guarantees granted to secure agreements concluded by LPP SA
PLN 191,485 thousand	guarantees granted to secure agreements concluded by consolidated associates
PLN 1,840 thousand	guarantees granted to secure lease agreements concluded by LPP SA for warehouse and office space

In Q1 2020/21, the Company also received guarantees. These guarantees secured payments by a contracting party, and their value as at 30 April 2020 amounted to PLN 18,778 thousand.

26. Estimates concerning future liabilities under lease agreements concluded

The Group companies are parties to agreements on the lease of store, office and warehouse space and a car fleet.

Before adoption of IFRS 16, the Group (as lessee) classified each lease on the date of commencement of the lease term as finance or operating lease. The lease was classified as finance lease if, principally, the entire risk and benefits arising from the possession of a leased object were transferred to the Group. Otherwise, the lease was classified as operating lease. The finance lease was capitalised at fair value of the leased object, determined as at the date of commencement of the lease term or in amounts equalling the current value of the minimum lease payments if it was lower than fair value. Lease payments were distributed as interest (recognised as financial costs) and a decrease in the lease liability. In the operating lease, the leased object was not activated, and lease payments were recognised as lease costs in the statement of comprehensive income, using the straight-line method for the lease term.

Following adoption of IFRS 16, the Group applied a single approach in recognition and measurement of all lease agreements in which it is a lessee, except for short-term and low-value leases. The Group recognised lease liabilities and assets involving the right of use of an underlying asset.

As at 30 April 2020, the Group recognised the following:
- right-of-use assets in the amount of PLN 2,960,697 thousand;
- lease liabilities in the amount of PLN 3,312,418 thousand.

During 3 months ended 30 April 2020, the right-of use asset was depreciated in the amount of PLN 170,070, with lease interest totalling PLN 32,252 thousand.

27. Position of the Management Board on the feasibility of forecasts of annual consolidated results

The Company published no annual result forecasts.

28. Shareholders holding directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders of LPP SA as at the date of report submission, along with the number of shares held by those entities, their percentage share in the share capital, the number of votes attached, and their percentage share in total votes at the General Meeting of Shareholders, and changes in the structure of major shareholdings in LPP SA following submission of the previous periodical report

The shareholding structure of the Parent Company as at the date of submission of the report for Q1 2020/21 is given in the table below.

Shareholder	Number of shares held	Share in the share capital	Number of votes at the GM	Share in total votes at the GM
Semper Simul Foundation*	319,208	17.2%	1,019,208	31.5%
Sky Foundation**	226,338	12.2%	926,338	28.6%
Treasury shares***	18,006	1.0%	0	0.0%
Other shareholders	1,288,871	69.6%	1,288,871	39.9%
Total	**1,852,423**	**100.0%**	**3,234,417**	**100.0%**

*The Semper Simul Foundation is associated with Mr Marek Piechocki (Article 3(1)(26)(d) MAR).

**The Sky Foundation is associated with Mr Jerzy Lubianiec (Article 3(1)(26)(d) MAR and Article 4(15) of the Public Offering Act).

*** Voting rights at the GM, attached to 18 006 shares, may not be exercised as these are treasury shares of LPP SA.

In the period following submission of the previous periodical report (the one for 2019/20), there were no changes in the structure of major shareholdings in LPP SA.

29. Structure of shareholdings in LPP SA or rights attached to shares, held by the Issuer's management and supervisory officers as at the date of submission of a quarterly report, including changes in the shareholding structure following submission of the previous periodical report, broken down by person

The shareholdings in LPP SA, owned by key management and supervisory officers, as at the date of submission of the report for Q1 2020/21, are given in the table below.

Shareholder	Number of shares held	Number of votes at the GM
Marek Piechocki – President of the Management Board	342	342
Przemysław Lutkiewicz - Vice-President of the Management Board	220	220
Jacek Kujawa - Vice-President of the Management Board	373	373
Sławomir Łoboda - Vice-President of the Management Board	312	312
Jerzy Lubianiec – Chairman of the Supervisory Board*	226,338	926,338
Antoni Tymiński - Member of the Supervisory Board	11	11

* shares held indirectly through a subsidiary

After submission of the last periodical report (the one for 2019/20), there were changes in the ownership structure of LPP SA shares held by members of the Issuer's Management and Supervisory Boards. Namely, Mr Piotr Piechocki, member of the Supervisory Board, donated all of his shares in LPP (CR 5/2020) and Mr Jacek Kujawa, Vice-President of the Management Board, acquired 10 shares in LPP (CR 8/2020).

30. Significant proceedings pending before courts and arbitration or public administration authorities in respect of liabilities or receivables of the Issuer or its subsidiary, with the specification of the subject matter of the proceedings, value of the object in dispute, date of commencement of the proceedings, parties thereto and the Issuer's standpoint

Due to the tax audit procedure carried out since 2015 by the Tax and Fiscal Office in Gdynia, of which we informed in preceding quarterly reports, on 3 March 2020, the Company received the results of customs and fiscal audits carried out by the Head of the Customs and Fiscal Office for the Pomeranian voivodeship in Gdynia, initiated to verify declared taxable bases and correctness of calculation and payment of corporate income tax for the years 2011, 2013 and 2016. Following the findings made by relevant authorities, the Company adjusted its tax returns for the above-mentioned years and, simultaneously, paid additional tax liabilities in the amount of PLN 50,817,020, increased with due interest for delay.

The above-mentioned activities finally close tax audits carried out in LPP SA for the years given above.

At the same time, the Company informs that the primary objective of its operations is to maintain full tax transparency in all activities being undertaken. Following that policy, the Company has decided to take action to conclude with the Head of the National Fiscal Administration Authority (Head of NFAA) a cooperation agreement under the provisions of Chapter 2B of the Tax Ordinance. To that end, the Company plans to take action to obtain a positive opinion following a preliminary tax audit, which constitutes one of the conditions for conclusion of the agreement in question. Consequently, all tax activities undertaken by the Company will be performed in agreement with, and upon approval of, the Head of NFAA, thus ensuring full transparency of the Company's operations.

31. Transactions with associates

31.1. Key management officers

The Group recognises members of the Management and Supervisory Boards as key management officers of the Parent Company.

The value of short-term benefits of members of the Management Board of the Parent Company, received between 1 February and 30 April 2020, amounted to PLN 1,221 thousand.

Remunerations shown separately for each key management officer were as follows.

First name and surname (in PLN thousand)	Position	30 April 2020	30 April 2019 (unpublished)	31 March 2019
Marek Piechocki	President of the Management Board	432	644	644
Przemysław Lutkiewicz	Vice-President of the Management Board	263	390	390
Jacek Kujawa	Vice-President of the Management Board	263	390	390
Sławomir Łoboda	Vice-President of the Management Board	263	390	390

The value of short-term benefits of members of the Supervisory Board of the Parent Company, received between 1 February and 30 April 2020, amounted to PLN 0.

Remunerations shown separately for each member of the Supervisory Board were as follows.

First name and surname (in PLN thousand)	Position	30 April 2020	30 April 2019 (unpublished)	31 March 2019
Jerzy Lubianiec	Chairman of the Supervisory Board	0	30	30
Wojciech Olejniczak	Vice-Chairman of the Supervisory Board	0	7	7
Piotr Piechocki	Member of the Supervisory Board	0	7	7
Magdalena Sekuła	Member of the Supervisory Board	0	7	7
Antoni Tymiński	Member of the Supervisory Board	0	7	7
Miłosz Wiśniewski	Member of the Supervisory Board	0	7	7

32. Information on the granting by the Issuer or its subsidiary of credit or loan sureties or guarantees – jointly to a single entity or its subsidiary if the total value of existing sureties or guarantees is significant

In the reporting period, neither the Issuer nor any of its subsidiaries granted any substantial credit or loan sureties or guarantees to a single entity or its subsidiary.

Detailed information on conditional liabilities are provided in Note 25.

33. Other information which may significantly affect the evaluation of the staffing, property and financial standing and the financial result of the LPP SA Group as well as information relevant for evaluating the capacity of the Issuer's Group to perform its liabilities

This report contains basic information essential for evaluating the standing of the Issuer's Group. In the opinion of the Management Board, currently, the performance of the Group's liabilities remains unthreatened.

34. Factors which, according to LPP SA, will affect results gained by the LPP SA Group within at least the next quarter

As assessed by the Company, the following factors will affect results to be achieved by the LPP SA Group in the calendar quarters to come:

a) Situation resulting from the COVID-19 pandemic

The potential second wave of the COVID-19 pandemic may affect the results gained by the Group. Another spread of the epidemic in countries where manufacturing plants of the Group's suppliers are located could cause disturbances in the continuity of the supply chain and, in consequence, delays in supplies of collections or, in the extreme, the absence of such supplies in the event of another closure of sewing plants. In consequence, production in those countries could be halted. Additionally, during the pandemic, there may be logistic problems involving transportation and warehousing of goods. All these elements could adversely affect the Group's product offer and its availability and, consequently, its financial results.
At the same time, the outbreak of the second wave of the pandemic in countries where the Group sells its collections could adversely affect customer demand. The limited mobility of people resulting from the fear of contracting the disease and regulations implemented by governmental authorities to minimise another spread of the pandemic could result in a decrease in shopping in traditional stores or even halt shopping in the event of yet another closure of stores and service facilities.
Although it is difficult to protect oneself against the second wave of the pandemic, the LPP Group strives at minimising negative effects of that factor in several ways.
As regards the purchase of goods, the Group increases its flexibility in terms of searching for new sources of supplies (both in the countries of the Far East as well as European and African countries) and using different modes of transport (e.g. railway transport).
As the Group operates not only in the traditional sales channel and develops also online sales, it will be able to adjust to potential restrictions in shopping centres.

b) Economic and political situation in Poland and countries where the stores of the LPP SA Group are operated

The COVID-19 pandemic caused a global economic crisis. Due to the fact that the Group's revenue and margins depend on the economic situation of households and their consumption inclinations and since the economic crisis may result in a decrease of

consumer spending, including outlays for clothing, the Group's results may be affected by the scale of the crisis and the pace of post-crisis recovery.
At the same time, considering the fact that the Group manages five brands falling within a moderate price range, the adverse effect of economic slowdown on the demand for products offered by the Group is minimised. Additionally, adjusting to the current situation, the Group has successfully developed the concept of the Sinsay brand with the lowest prices in the entire portfolio. Sinsay collections have been supplemented with female, male and children's lines as well as interior decoration products.

c) Fashion trends, attractiveness of collections, consumer behaviour model

The precarious economic situation, a decline in social moods, including consumer attitudes, and a changed lifestyle in the post-pandemic reality may have a bearing on the new consumer behaviour model, a change in preferences as to how people dress and changes in fashion trends.
Due to financial uncertainty, there may be consumers seldom purchasing clothes and thus putting emphasis on timeless classic models of better quality. Furthermore, there may be customers for whom low prices will be a priority. Additionally, due to increasing consumer awareness, there may be more consumers for whom ecological motivation will have decisive importance.
Simultaneously, as a result of lifestyle and mode-of-work changes, dressing principles as well as casual and work style will change. Formal clothes will be in defence while home wear, casual or athleisure (combination of sports and streetwear clothes) will become more and more popular.

The Group's results will be decisively affected by the way in which collections of five brands will be adjusted to currently changing trends. Therefore, the Group puts special emphasis on fashion issues. Design teams of each brand keep abreast with fashion trends which are often related to macroeconomic trends. Designers and persons engaged in the process of preparing collections for the brands of the LPP Group take part in exhibitions, fashion shows and fairs which, at the time of the pandemic, owing to digital advancement, may be attended also online. Owing to technological development and smartphone prevalence, LPP designers get currently inspired by the Internet and social media, being therefore able to quickly react to changing trends.

d) PLN/USD, PLN/EUR and PLN/RUB exchange rates

Due to the fact that over a half of the Group's revenues are denominated in foreign currencies with costs of purchases of goods being denominated in approx. 90% in USD, and SG&A in approx. 60% in EUR (IAS), the USD/PLN and EUR/PLN exchange rates will affect the Group's results. USD exposure is related to the venue of manufacturing and purchasing goods (mainly Asian countries), while EUR exposure is related to payments of rent in brand stores. Considering the fact that Russia is responsible for approx. 18% of the Group's sales, the Company is substantially exposed also to Russian rubble. The LPP Group reports its financial results in PLN. Consequently, the strengthening of PLN versus USD and EUR positively affects our margins, while the weakening of PLN versus key currencies decreases the Group's profitability. At the same time, the model of continuous product supplies throughout the year reduces the risk of purchasing entire collections at exchange rate peaks.
Another factor affecting the Group's financial result is IFRS 16 implemented in 2019, relating to the conversion of lease liabilities (mainly in EUR) based on the current exchange rate.

e) Control of operating costs (SG&A)

In the nearest future, the control of operating costs will affect the Group's financial results. The operating costs of the Group include the costs of own stores and franchise stores in Poland as well as distribution and general costs. The costs of own stores comprise mainly rent and payroll costs, while distribution costs include the costs of logistics and e-commerce. General costs comprise the costs of marketing, back-office as well as sales and products departments.
The Management Board of LPP decided to implement a savings scheme. One of the elements of the said savings scheme is adjusting the value of rent for the lease of retail space to the turnover generated in stores. Negotiations held with owners of shopping centres in which the majority of the Group's traditional stores are located and their outcome will have a bearing on the value of the Group's operating costs and, in consequence, on the Group's financial results.

f) Sourcing additional funds

The Group's financial results will be affected by additional funds sourced from financial aid programmes for companies facing economic hardship due to COVID-19, implemented by the Polish government.
One of such financial aid programmes offers repayable and non-repayable loans. LPP SA has filed a relevant application with the Polish Development Fund. The examination of loan applications submitted by large enterprises is planned for July 2020. At the same time, in May 2020, the Company's subsidiary LPP Printable Sp. z o.o. received financial aid from the Polish Development Fund in the amount of PLN 2.5 mln.
The State Treasury supports enterprises also by providing additional funds for remunerations of employees temporarily receiving a work stoppage benefit as part of the anti-crisis shield scheme. In May and June 2020, LPP SA and its subsidiary LPP Retail Sp. z received financial aid for payroll purposes in the total amount of PLN 34.3 mln.

g) Dynamic e-commerce development

The regularly increasing importance of e-commerce reported even before the pandemic has definitely been on the grow, changing the balance of powers between the two sales channels i.e. the traditional channel (on-site stores) and the online one. Most probably, the change of customers' shopping habits i.e. the transfer of shopping processes to the online channel will last. Adjusting to the current trend, the Group has taken action aimed at further expansion of the said sales channel. The Group plans to develop e-commerce by entering new markets and using in this sales channel the RFID technology implemented in the Reserved brand and by further improvements in logistics. The emphasis put on the development of the said channel as part of the Group's strategy will have a bearing on the results yielded. The Group plans that, owing to these activities, in 2020/21, it will double its revenue on online sales y/y, reaching PLN 2 bln.

h) Development of the chain of traditional stores

The results generated by the Group will be affected by the development of the chain of traditional stores. The Group's goal is to develop the chain of traditional stores of all brands, with simultaneous optimisation of retail space (closing of unprofitable stores and expanding profitable ones).
In 2020/21, the Group plans an increase of 8% y/y, focusing on the development of the following brands: Sinsay, House and Cropp, selective development of retail space in Poland, continuation of growths in Europe, specifically in South-Eastern Europe, and on retail space development in the CIS region. At the same time, the Group's planned entry on new market i.e. North Macedonia has been postponed.

i) Logistics development

Considering the fact that retail trade will be transferred, to the growing extent, to the Internet, and, as regards online orders, apart from collection attractiveness, speedy deliveries, safety and flexibility will be of key importance, the Group will be required to adjust logistics currently focused on handling traditional sales to online sales purposes. Owing to recently made investments in logistics and IT, the Group will be able to quickly adjust to new conditions and customer expectations. Consequently, the investments in question may have a positive impact on the Group's results.

j) Omnichannel

The creation of the omnichannel system will affect results generated by the Group. Owing to the omnichannel system, customers will be able to freely purchase goods in both channels, with both sales channels permeating. Traditional stores support online sales and, therefore, it is necessary to invest in modern stores encouraging customers to pay a visit. Building the omnichannel system, the LPP Group invests in the development of modern stores, logistics and state-of-the-art technology. Investments in such solutions will determine the possibility of adjusting the business model to the new reality, simultaneously enabling the Group to operate in upcoming economic conditions with a potential higher than that of its competitors.

k) CAPEX

The Group's results will be affected by capital expenditures. Due to the COVID-19 pandemic, capital expenditures have been modified i.e. reduced compared to those planned by the Group before. Capital expenditures planned in 2020/21 will amount to PLN 400 mln, comprising the following expenditures: stores - PLN 300 mln, offices – PLN 30, logistics - PLN 20 mln and IT – PLN 50 mln.

All the above-mentioned factors may affect financial results generated by the Group in upcoming calendar quarters. At the same time, the Group expects that its results may be affected predominantly by the effects of the COVID-19 pandemic. Therefore, the Group's previous short-term development plans and goals for the current financial year have been reviewed and modified.
Due to the effects of the COVID-19 pandemic, the Group expects that, in 2020/21, it will decrease its revenue to 30%. Nonetheless, the Groups expects that the decrease in sales will be temporary and, upon expiry of the pandemic, in the years to come, the Group will continue to increase its revenue and develop its operations in line with its long-term strategy.
The effects of COVID-19 will probably affect the Group's gross margin which, in 2020/21, may reach 47-49%.
Simultaneously, the Group's primary goal for 2020/21 will be financial security and maintaining its liquidity.

35. Explanatory notes to the consolidated condensed interim financial statements

35.1. Revaluation write-offs on assets

Values of specific assets, presented in the consolidated financial statements drawn up as at 30 April 2020, were adjusted with revaluation write-offs. Detailed information on revaluation write-offs shown as at the last day of the reporting period and changes in the period are given in the table below.

	in PLN thousand		
	Fixed and intangible assets	Inventory	Receivables, loans and shares
As at 1 February 2020	**48,439**	**142,689**	**38,338**
Increase	1,020	0	4,377
Decrease	1,497	804	1,394
As at 30 April 2020	**47,962**	**141,885**	**41,321**

35.2. Other financial assets

In PLN thousand	30.04.2020	31.01.2020
Non-current assets		
Other receivables	7,649	7,905
Loans granted	57	60
Other long-term financial assets	**7,706**	**7,965**
Current assets		
Other receivables	110,000	0
Receivables from payment card providers	25,218	22,236
Loans granted	61	55
Participation units in funds	28,368	96,877
Valuation of forward contracts	16,096	4,509
Foreign currencies sold	0	87,291
Other short-term financial assets	**179,743**	**210,968**
Other financial assets net	187,449	218,933

In the reporting period, there was a substantial increase in the value of other short-term receivables which, as at 30 April 2020, totalled PLN 110,000 thousand. The said increase results from the security deposit paid in relation to the reverse factoring agreement to Santander Factoring Sp. z o.o..

The Group also acquired participation units in money market funds. The value of such units as at 30 April 2020 amounted to PLN 28,368 thousand, reflecting the value of acquired units on the purchase date. In the cash flow statement, in investing activities, the Group shows the acquisition of participation units in the amount of PLN 110,000 thousand and their redemption in the amount of PLN 177,585 thousand. The value of profit earned from redeemed participation units was PLN 1,249 thousand (the value paid) and was shown in the investing part, in interest and other inflows from financial assets. The valuation of the above-mentioned instruments is at level 1 of the fair value hierarchy as regards participation units in funds quoted on the regulated market and at level 2 of the fair value hierarchy as regards unquoted funds.

35.3. Cash

In order to prepare the cash flow statement, the Group classifies cash in the manner adopted for presenting its financial position. A difference in the value of cash shown in the statement of financial position and in the cash flow statement results from the following:

in PLN thousand	30.04.2020	30.04.2019 (unpublished)	31.03.2019
Cash and cash equivalents in the statement of financial position in bank and at hand	1,639,205	885,386	991,848
Adjustments: Exchange differences from balance sheet valuation of cash in foreign currency	-55,240	-2,732	-6,650
Cash and cash equivalents recognised in the consolidated CF	**1,583,965**	**882,654**	**985,198**

35.4. Employee liabilities

The value of employee liabilities presented in the consolidated financial statements and their changes in the reporting period are given below.

	in PLN thousand		
	Retirement benefits	Unpaid remunerations	Unused holiday leave
Balance as at 1 February 2020	**1,463**	**49,520**	**30,963**
Provisions made	1	0	0
Provisions utilised	0	26,413	0
Provisions reversed	0	0	1,313
Balance as at 30 April 2020	**1,464**	**23,107**	**29,650**

35.5. Provisions

The value of provisions presented in the consolidated financial statements and their changes in the reporting period are given in the table below.

	in PLN thousand	
	Provision for early termination of agreements	Other provisions
Balance as at 1 February 2020	**0**	**9,097**
Provisions made	0	0
Provisions reversed	0	2,055
Balance as at 30 April 2020	**0**	**7,042**

35.6. Income tax

The main components of income tax of the LPP SA Group from 1 January 2020 to 30 April 2020 and in a comparative period are given in the table below.

	in PLN thousand		
	01.02 - 30.04.2020	01.02 - 30.04.2019 (unpublished)	01.01 - 31.03.2019
Current income tax	274	10,836	5,740
Deferred income tax	-57,321	2,580	-8,004
Total	**-57,047**	**13,416**	**-2,264**

35.7. Deferred tax assets and liabilities

The values of deferred tax assets and liabilities were recognised in the consolidated financial statements as at the end of the reporting period.

Detailed information on the components of those figures is given in tables below.

	in PLN thousand	
Deferred tax assets	30.04.2020	31.01.2020
Difference between balance sheet and tax depreciation of fixed assets	-8,594	-293
Difference between balance sheet and tax depreciation of trademarks	0	0
Difference between the right of usufruct and the lease liability	50,539	32,596
Revaluation of inventories	20,514	21,887
Revaluation of trade receivables	4,240	4,720
Margin on goods unsold outside the Group	22,582	19,035
Margin on the sale of outlays	18,373	10,739
Tax loss	68,979	34,414
Unpaid remuneration and surcharges	11,216	12,478
Provision for product returns	1,748	992
Estimated repayment of rent/additional rent payments	4,256	-4,141
Other temporary differences	-690	2,368
Total	**193,163**	**134,795**

Deferred tax liabilities	30.04.2020	31.01.2020
Difference between balance sheet and tax depreciation of intangible and fixed assets	688	276
Total	**688**	**276**

35.8. Foreign exchange differences

In the consolidated statement of comprehensive income, prepared as at 30 April 2020, the value of foreign exchange losses exceeds the value of foreign exchange gains by PLN 120,320 thousand.

35.9. Operating segments

Revenues and financial results relating to geographical segments for the period from 1 February 2020 to 30 April 2020 and for a comparative period are given in tables below.

30 April 2020 (in PLN thousand)	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
	in PLN thousand				
External sales	887,908	290,739	0	0	1,178,647
Inter-segment sales	258,085	5,101	-263,186	0	0
Other operating income	8,437	639	0	0	9,076
Total revenue	**1,154,430**	**296,479**	**-263,186**	**0**	**1,187,723**
Total operating costs, including	1,215,101	321,487	-218,760	108,786	1,426,614
Costs of inter-segment sales	172,972	5,082	-178,054	0	0
Other operating costs	14,693	6,938	0	0	21,631
Segment result	**-75,364**	**-31,946**	**-44,426**	**-108,786**	**-260,522**
Financial income	0	0	0	3,396	3,396
Financial costs	0	0	0	161,911	161,911
Profit/loss before taxation					**-419,037**
Income tax					-57,047
Non-controlling interests					0
Net profit/loss attributable to Shareholders of the Parent Company					**-361,990**

30 April 2019 (in PLN thousand) (unpublished)	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
	in PLN thousand				
External sales	1,392,934	427,757	0	0	1,820,691
Inter-segment sales	272,935	10,710	-283,645	0	0
Other operating income	3,381	2,890	0	0	6,271
Total revenue	**1,669,250**	**441,357**	**-283,645**	**0**	**1,826,962**
Total operating costs, including	1,464,759	398,406	-256,557	127,918	1,734,526
Costs of inter-segment sales	208,321	10,633	-218,954	0	0
Other operating costs	15,702	12,718	0	0	28,420
Segment result	**188,789**	**30,233**	**-27,088**	**-127,918**	**64,016**
Financial income	0	0	0	3,796	3,796
Financial costs	0	0	0	31,099	31,099
Profit/loss before taxation					**36,713**
Income tax					13,416
Non-controlling interests					0
Net profit/loss attributable to Shareholders of the Parent Company					**23,297**

31 March 2019 (in PLN thousand)	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
	in PLN thousand				
External sales	1,400,235	427,445	0	0	1,827,680
Inter-segment sales	290,966	6,817	-297,783	0	0
Other operating income	3,360	2,270	0	0	5,630
Total revenue	**1,694,561**	**436,532**	**-297,783**	**0**	**1,833,310**
Total operating costs, including	1,150,875	819,114	-294,612	233,392	1,908,769
Costs of inter-segment sales	224,711	6,767	-231,478	0	0
Other operating costs	13,747	11,018	0	0	24,765
Segment result	**529,939**	**-393,600**	**-3,171**	**-233,392**	**-100,224**
Financial income	0	0	0	12,327	12,327
Financial costs	0	0	0	28,956	28,956
Profit/loss before taxation					**-116,853**
Income tax					-2,264
Non-controlling interests					0
Net profit/loss attributable to Shareholders of the Parent Company					**-114,589**

Management Board of LPP SA:

Marek Piechocki	Przemysław Lutkiewicz	Jacek Kujawa	Sławomir Łoboda
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board


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