

LPP

1Q21/22



1Q21/22 RESULTS PRESENTATION

GDAŃSK, JUNE 24, 2021

GLOBAL ASPIRATIONS

RESERVED

CROPP

 **house**

M O H I T O

sinsay

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LPP

1Q21/22

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01

1Q21/22 financial results

Impact of pandemics on 1Q20/21 and 1Q21/22

2020

2021

February

Growing uncertainty about epidemiological situation in Europe, delays in supplies from China, revenue dynamics slowing down.

Shopping malls open all month in the country, longer YoY restrictions in countries where LPP has traditional stores.

March

Pandemic situation, lockdown in most countries where LPP has traditional stores, dynamic development of e-commerce.

Increasing restrictions in many countries, return to lockdown in Poland at the end of March.

April

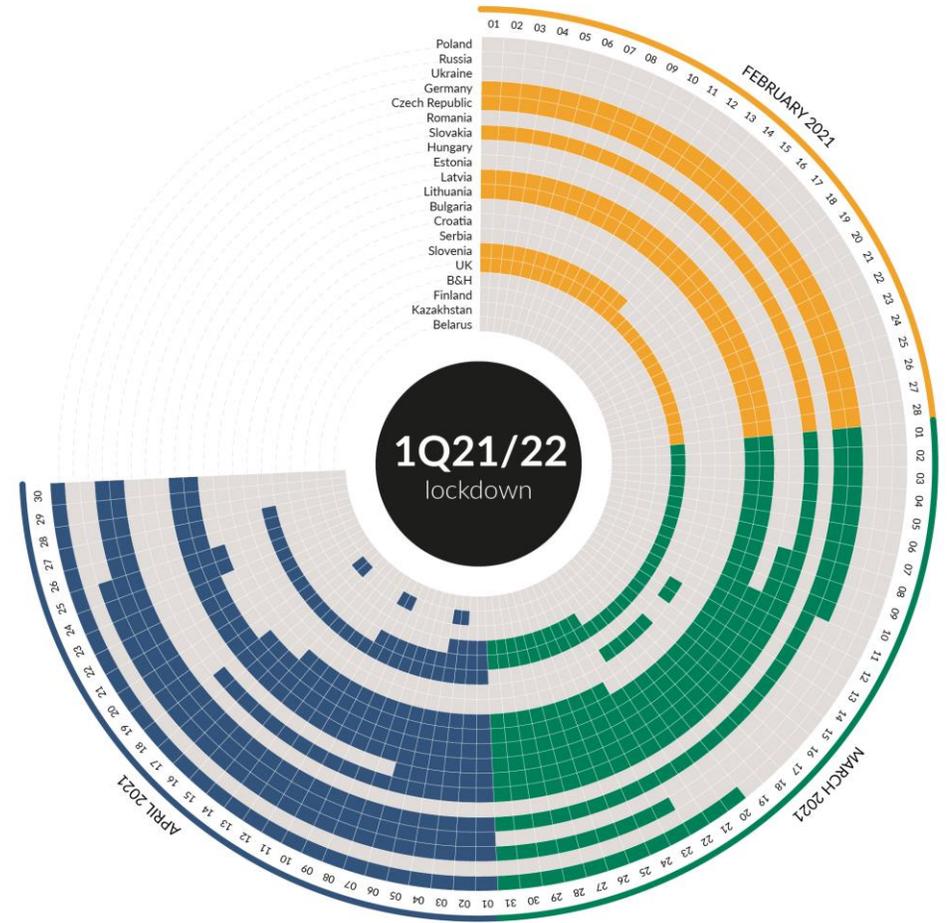
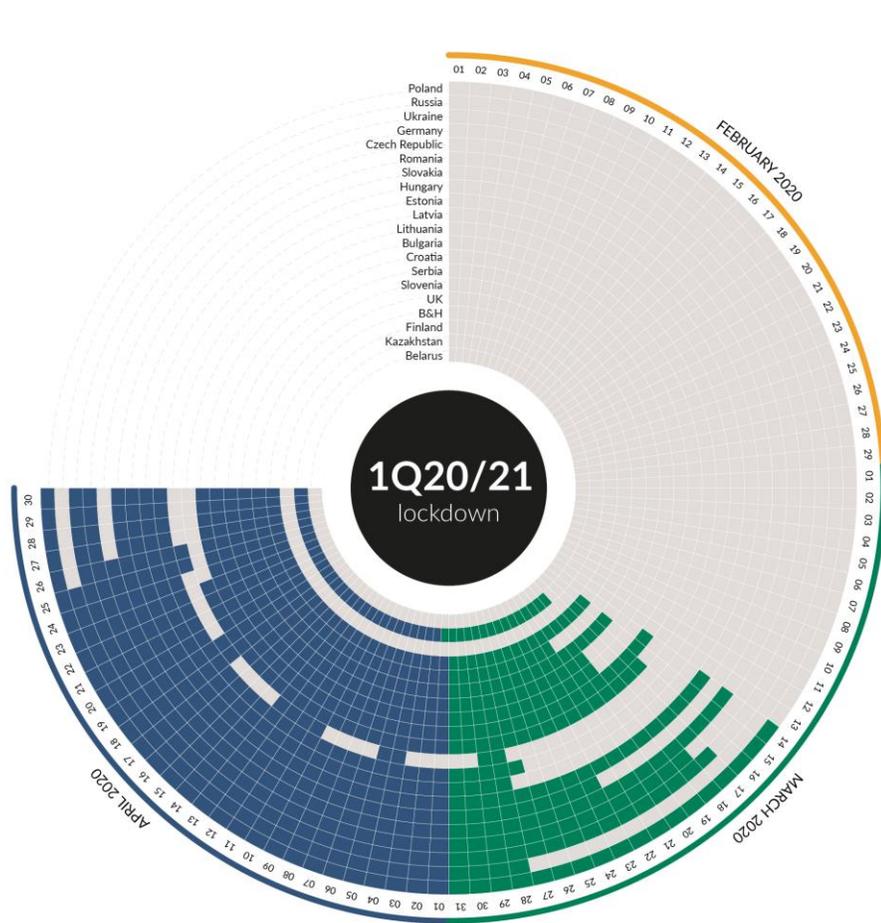
Continuation of lockdowns throughout April (first wave of cases).

Lockdown throughout April in Poland (third wave of cases), restrictions in other countries.

Longer YoY restrictions in 1Q21/22

1Q21/22

5



Towards omnichannel

1Q21/22

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— OFFLINE

1,917
stores

+21.6%
m²

+74.5%
LFLs

25
countries

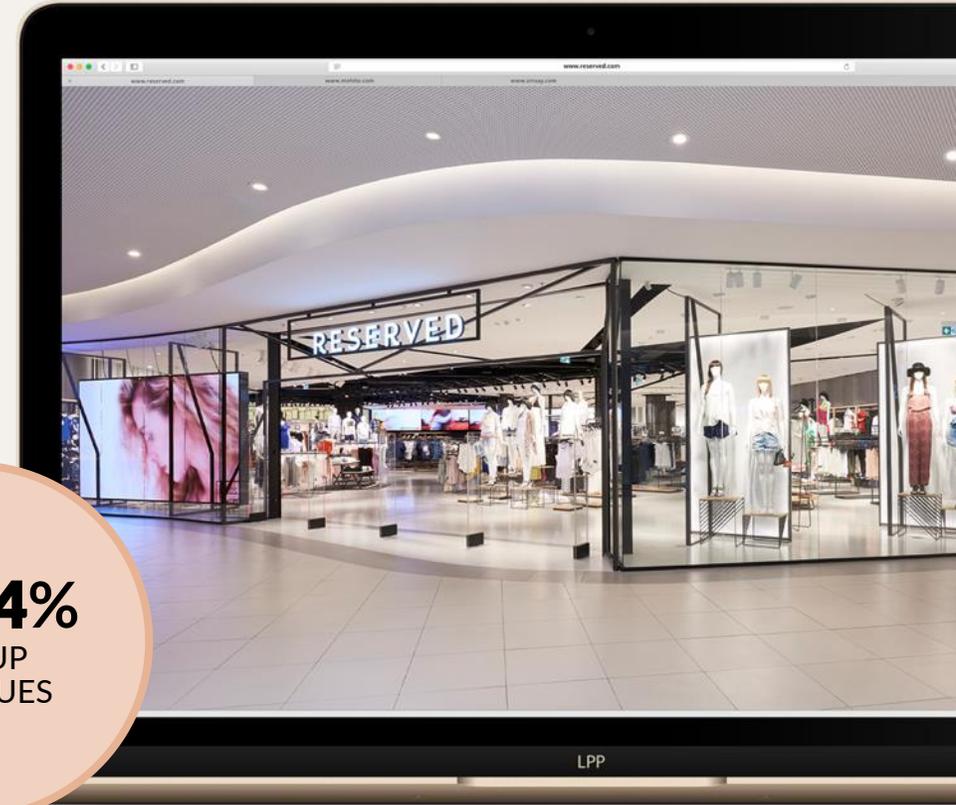
— ONLINE

30
countries

+157.3%
revenues

38
COUNTRIES

+99.4%
GROUP
REVENUES



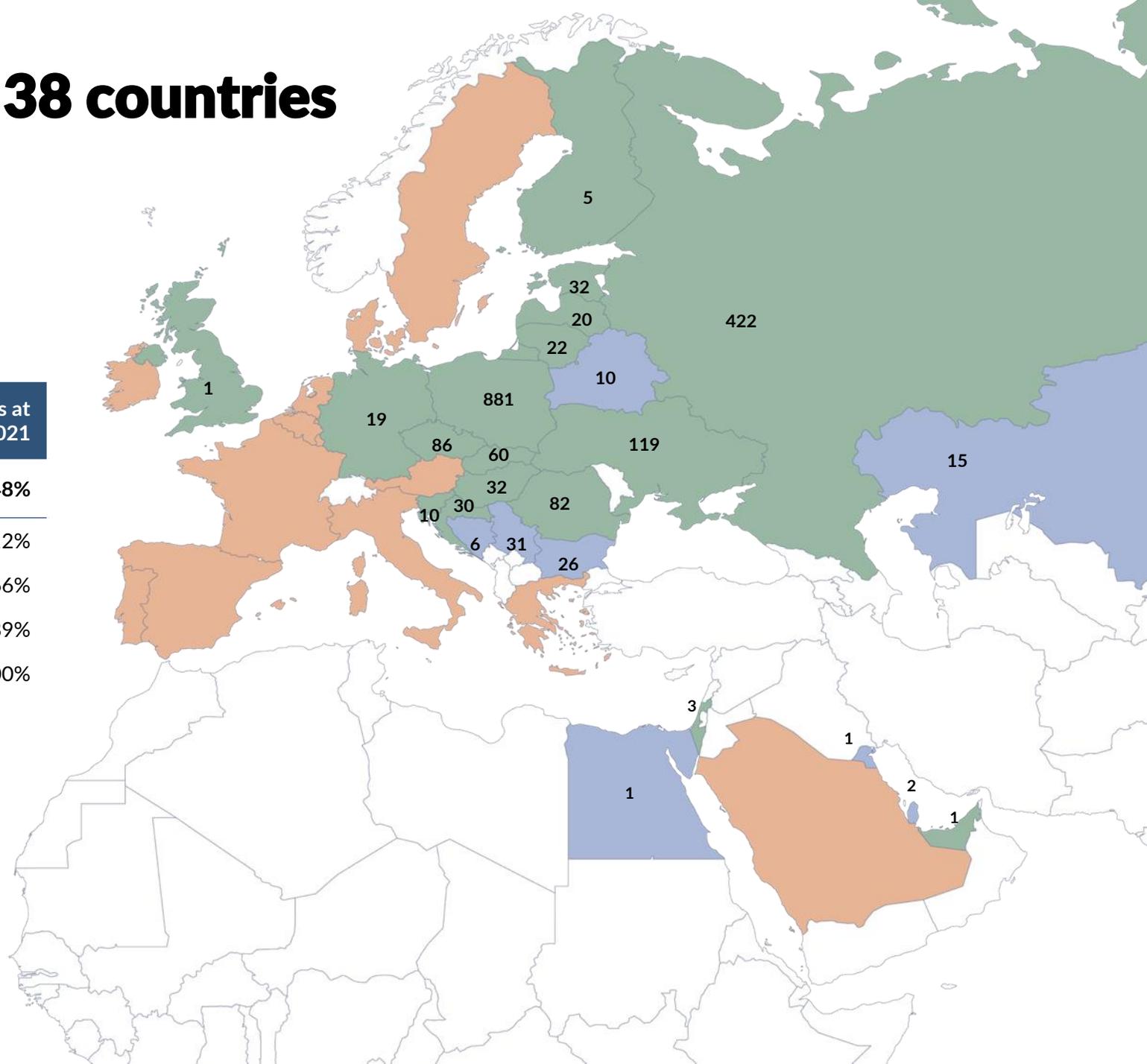
LPP

LPP's presence in 38 countries

1Q21/22

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As at 30.04.2021	No. of stores	YoY	Open as at 30.04.2021
LPP GROUP	1,917	+186	48%
Poland	881	+ 29	12%
Europe	462	+49	66%
CIS	566	+108	89%
ME	8	+0	100%



● online + offline ● online ● offline

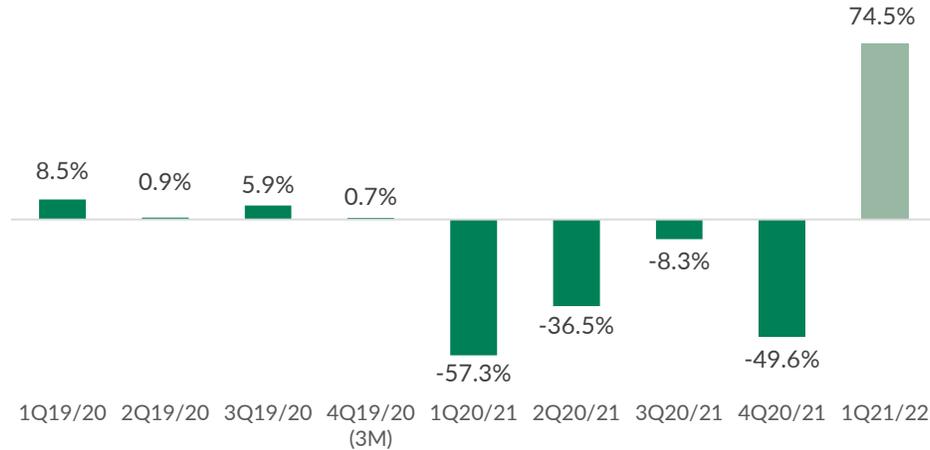
LFLs affected by lockdowns

LFL DYNAMICS

(local currencies)

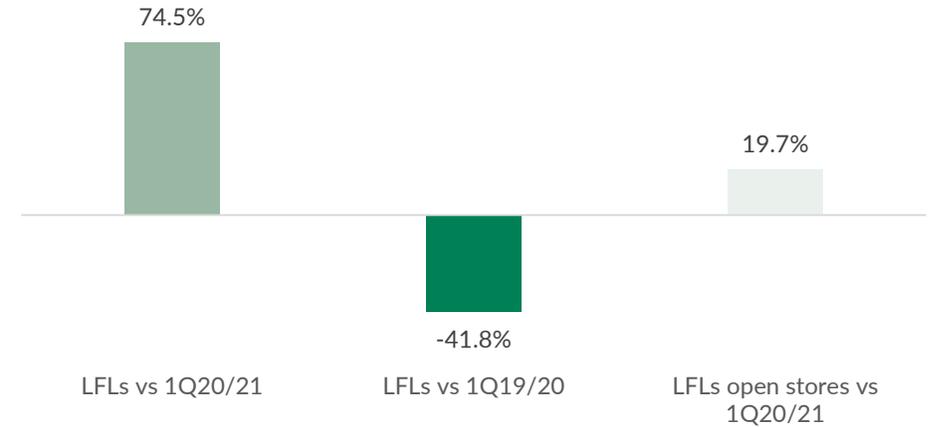
1Q21/22

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1Q21/22 LFL COMPARISON

(local currencies)



- Double-digit negative LFLs in each month of 1Q21/22 (calculations versus 2019/20). Falls recorded by each of the brands.
- Significant differences in LFL between countries in 1Q21/22 (calculations versus 2019/20)– positive in Russia, Kazakhstan and Slovenia, low negative in Serbia, Romania and double-digit negative in Baltic countries, Great Britain and Germany – consequence of different timing of lockdowns.
- Fewer countries in lockdowns and the effect of deferred demand were crucial to LFL growth in traditional stores. High street stores and stores in retail parks remained open.

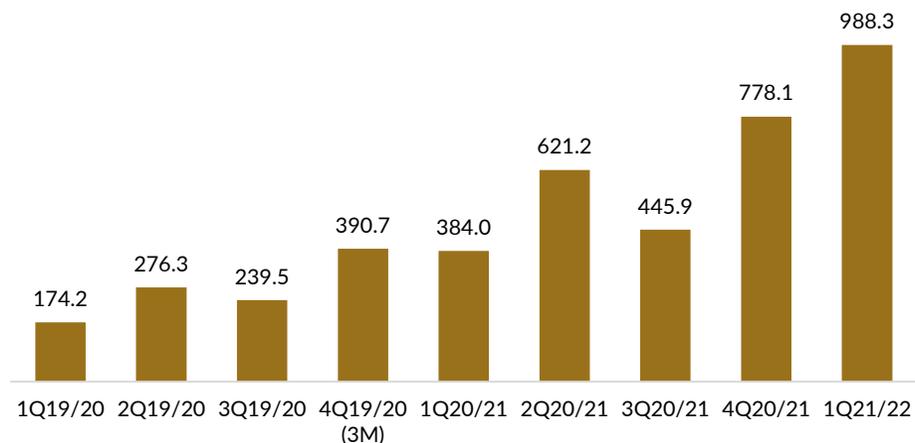
Triple-digit e-commerce growths

ONLINE SALES

(PLN m)

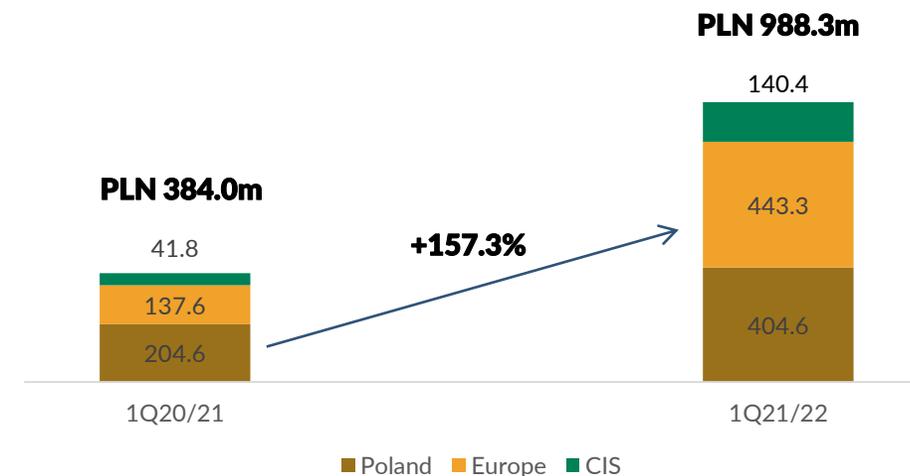
1Q21/22

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ONLINE BY REGIONS

(PLN m)

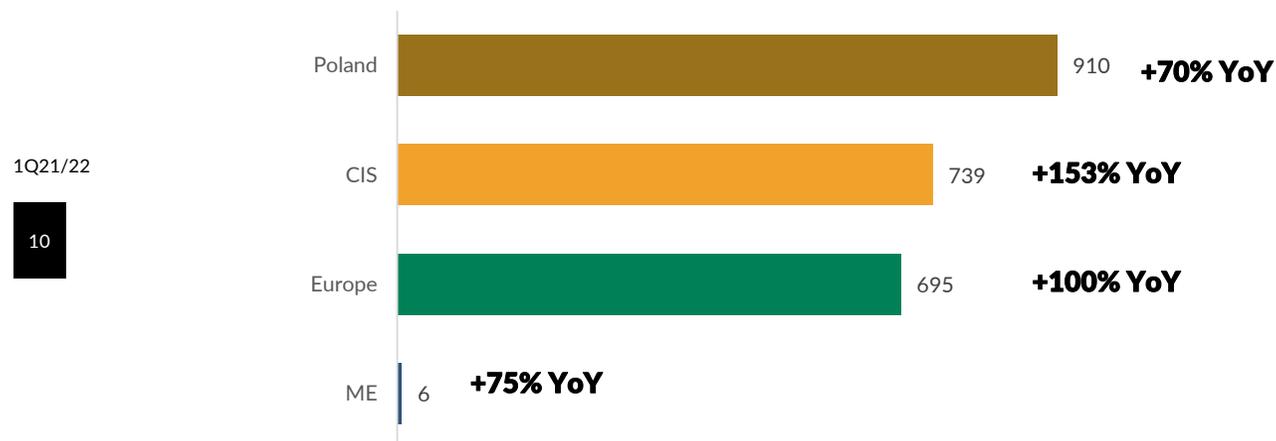


- High triple-digit growth in online sales (157.3% YoY) in 1Q21/22. Triple-digit dynamics of the number of visits to our brands' websites and triple-digit increases in the number of new and returning customers.
- Online sales in 1Q21/22 accounted for 44.4% of revenues from Poland (38.2% in 1Q20/21) and 42.0% of the Group's revenues (32.6% in 1Q20/21). Poland accounted for some 41% of online revenues. Doubling of online sales in Poland YoY.
- The highest YoY increases in 1Q21/22 were visible in the CIS region and on the European market. Middle East countries are not included as sales are made on the partners' external platform.
- In 1Q21/22 84% of visits and 68% of purchases were made via mobile devices.

Foreign revenues exceed Polish ones

REVENUES BY REGIONS IN 1Q21/22

(PLN m)



1Q21/22 FLOORSPACE

(by regions)

ths m ²	1Q20/21	1Q21/22	YoY
LPP GROUP	1.242.7	1.511.7	21.6%
Poland	521.7	584.4	12.0%
CIS	336.8	476.5	41.5%
Europe	375.9	442.0	17.6%
ME	8.4	8.8	4.7%

- Foreign revenues exceeded domestic ones in 1Q21/22. Poland constituted 38.7% revenues.
- Revenues from the CIS region greater than from Europe - a different approach to lockdowns and closing down of traditional stores.
- Sales growth in Europe in 1Q21/22 in all countries, in particular in Romania (favorable impact of logistics development), Slovakia, Latvia and Germany.
- A tenfold increase in sales of pan-European e-store.

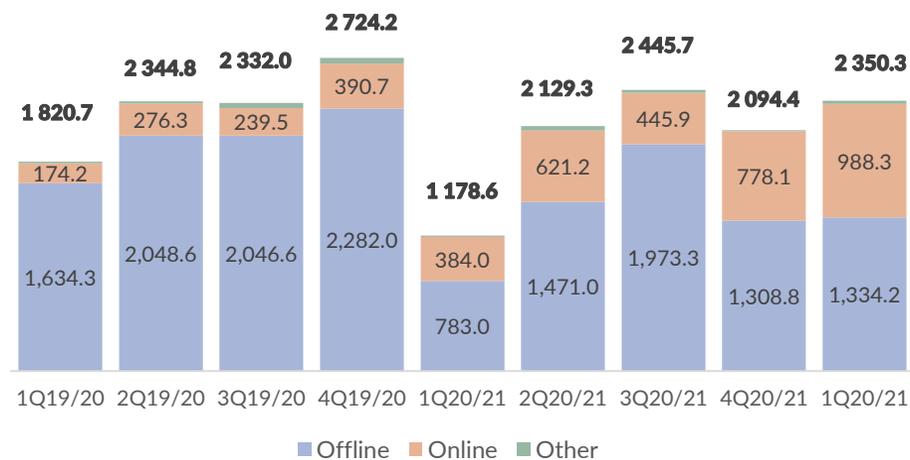
Doubling of Group revenues

GROUP REVENUES

(PLN m)

1Q21/22

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OMNICHANNEL REVENUES

PLN m

	1Q20/21	1Q21/22	YoY
LPP GROUP	1,178.6	2,350.3	99.4%
Reserved	554.2	956.4	72.6%
Cropp	134.5	251.7	87.1%
House	119.0	196.1	64.7%
Mohito	125.6	178.3	41.9%
Sinsay	231.2	739.6	219.9%
Other	14.1	28.3	100.9%

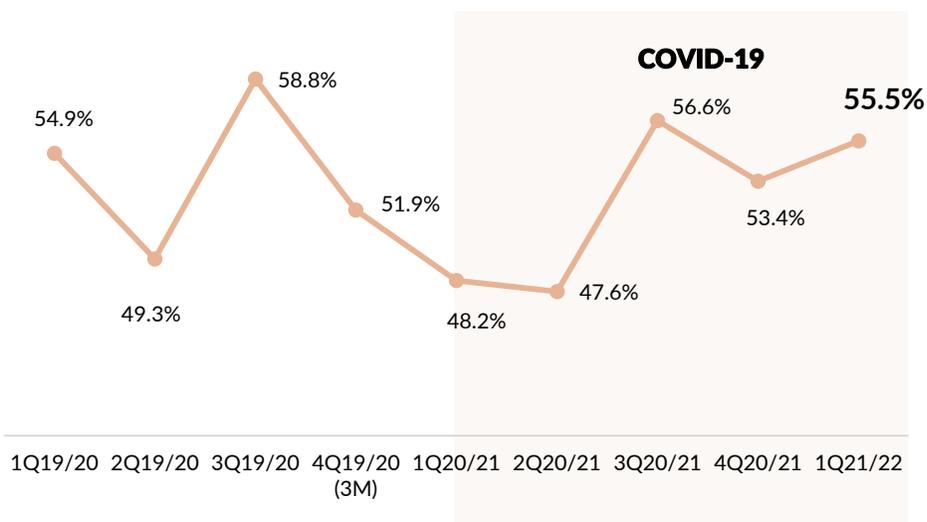
- The Group's total revenues increased by 99.4% YoY in 1Q21/22. Dynamic growth in online sales and rebound in offline revenues. Different lockdown dates in various countries.
- 39.1% YoY decrease in group offline sales/ m² in 1Q21/22 to PLN 293/ m² despite longer restrictions due to COVID-19. 67.1% YoY increase in group sales/ m² to PLN 535/ m² due to higher online and offline sales in 1Q21/22.
- All brands generated more revenues from abroad than from Poland. Sizeable growth in Sinsay due to floorspace expansion.

High and growing gross profit margin

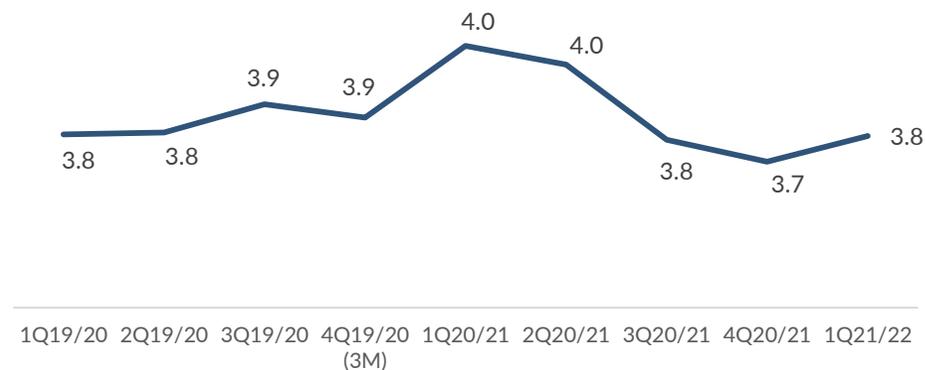
QUARTERLY GROUP GROSS PROFIT MARGIN

1Q21/22

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PLN/US\$

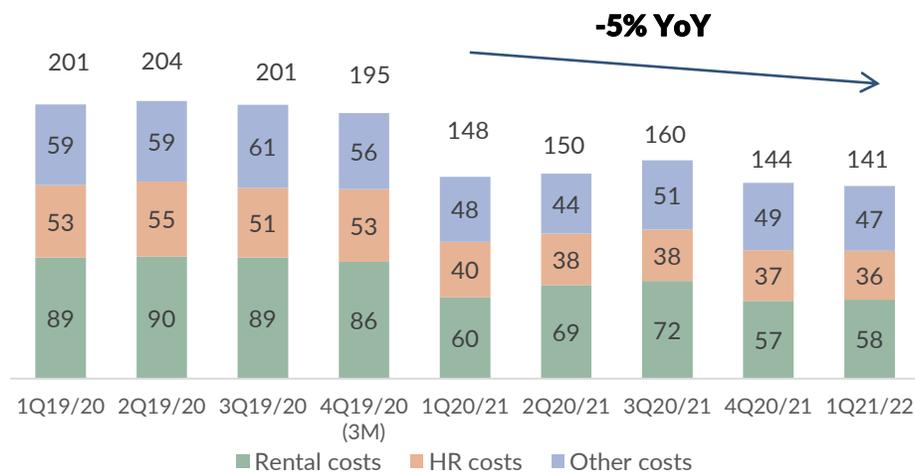


- Gross profit margin in 1Q21/22 was higher YoY due to milder YoY promotions and more favourable PLN/US\$.
- Lower level of inventory/ m2 YoY – no need to conduct sizeable sell-offs.
- Successful adaptation of collection to new market demands.
- Differentiation of pricing policy between online and offline – more attractive promotions in traditional stores.

Growth in costs below revenue dynamics

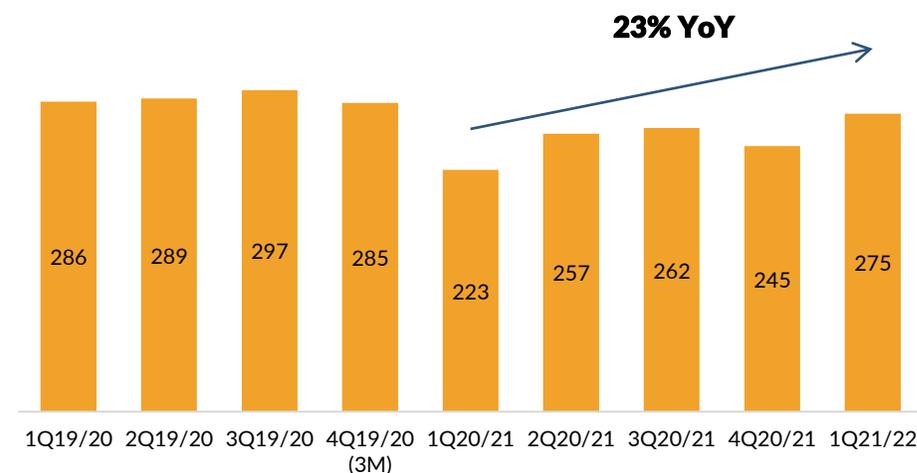
COSTS OF OWN STORES/ M2

(IAS17)



SG&A/ M2

(IFRS16)



- Lower YoY rental costs → renegotiation of rental agreements to new reality in shopping malls, turnover rentals while recognition of rentals during lockdown dependent on negotiations held.
- YoY fall in HR costs → adjusting personnel to new revenue levels, stronger growth in the CIS region.
- Stable YoY other costs → usage of materials and third party services dependent on lockdowns.
- Growth in SG&A/ m2 → higher YoY nominal operating costs, especially e-commerce and logistics. Growth in SG&A costs/ m2 despite higher floorspace due to growing share of online sales.
- SG&A costs as percentage of revenues fell from 69.2% in 1Q20/21 to 51.1% in 1Q21/22.

1Q21/22

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Sizeable YoY earnings improvement

1Q21/22

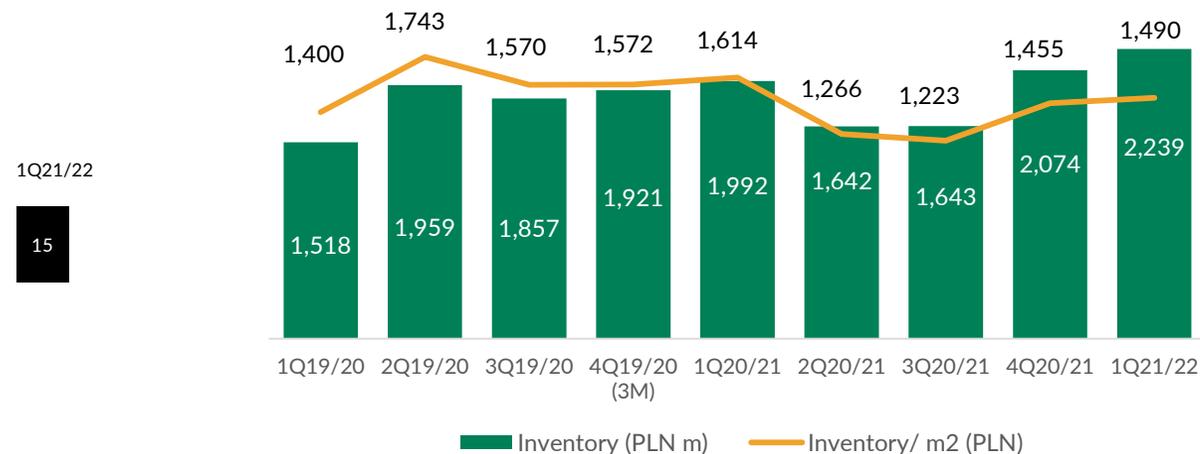
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- Sales doubled YoY despite longer YoY restrictions in relation to traditional stores. Dynamic online sales development.
- Significant YoY increase in gross margin due to milder YoY sell-offs.
- Increase in operating costs significantly below revenue growth due to cost savings conducted.
- One-offs in other operating line in 1Q21/22: PLN 2.1m gain on termination of IFRS16 agreements (PLN 1.4m in 1Q20/21) and PLN 12.4m government grants to salaries (PLN 5.0m grants recognised in 1Q20/21).
- More favorable net financial activity in 1Q21/22 YoY due to much lower YoY FX losses. PLN 10.5m positive one-off on adjustment of IFRS16 lease liability in 1Q21/22.

PLN m. IFRS16	1Q20/21	1Q21/22	YoY
Revenues	1,178.6	2,350.3	99.4%
<i>Gross profit margin on sales</i>	48.2%	55.5%	7.4 pp.
SG&A costs	815.8	1,200.7	47.2%
EBIT	-260.5	87.2	N/M
<i>EBIT margin</i>	-22.1%	3.7%	+25.8 pp.
Net financial activity	-158.5	-38.1	N/M
Net profit	-362.0	21.5	N/M
EBITDA	17.6	344.4	N/M

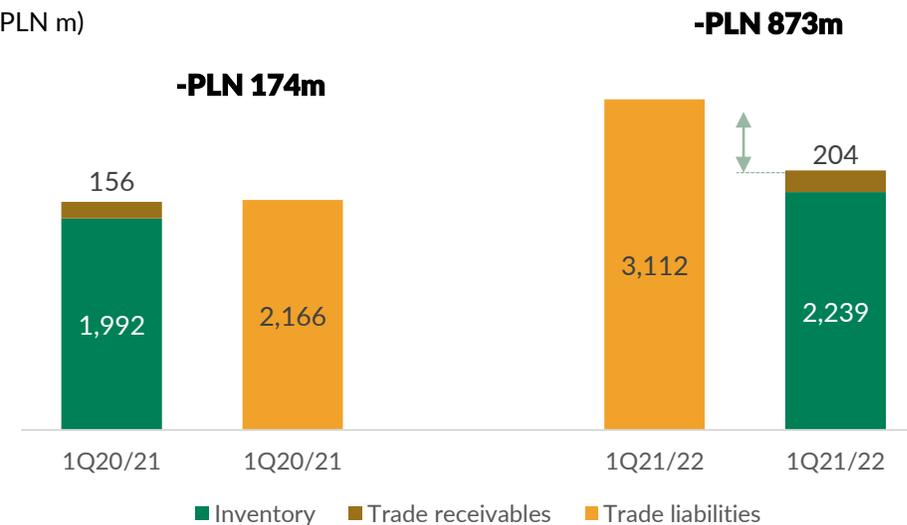
Trade liabilities finance inventory

INVENTORY



WORKING CAPITAL

(PLN m)



- 12.4% YoY growth in inventory due to larger YoY purchases (increase in network). 7.7% YoY fall in inventory/ m2 due to growth in floorspace.
- Liabilities are a source of inventory financing. Supplier financing programme utilization at PLN 1,937m at the end of 1Q21/22. Lengthening of payment terms for suppliers.
- As a result, our cash conversion cycle remained at a low level of - 63 days in 1Q21/22 (-15 days in 1Q20/21).

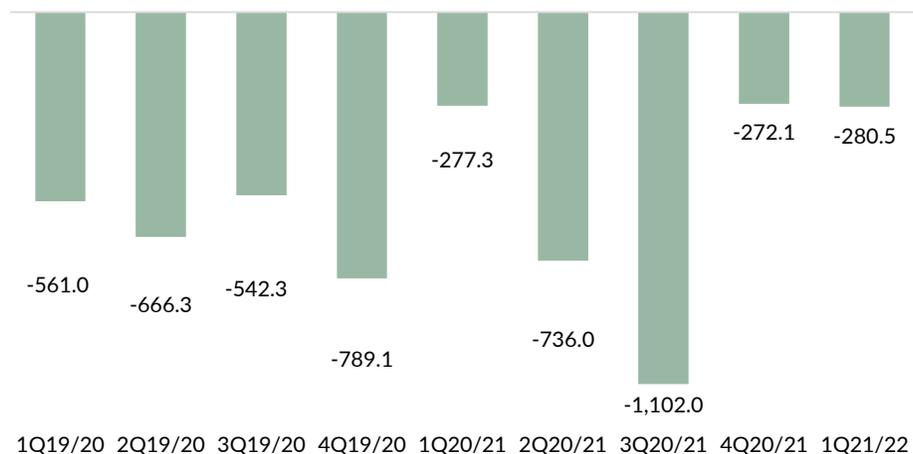
Net cash of the balance sheet (IAS17)

NET DEBT/ (NET CASH)

(PLN m, IAS17)

1Q21/22

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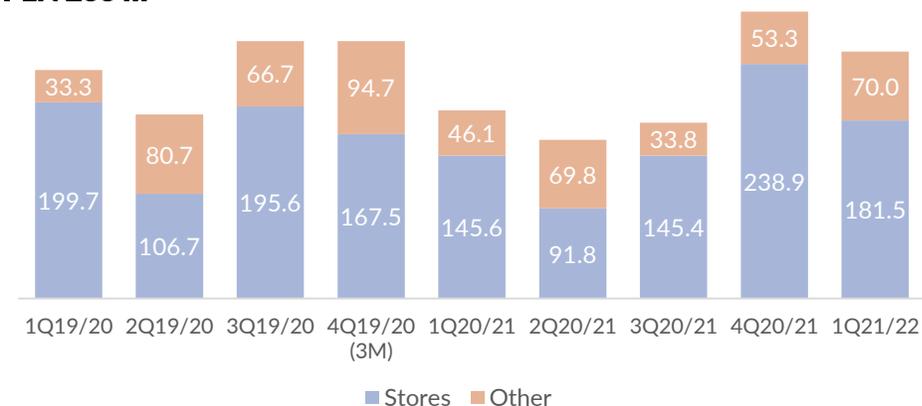
CAPEX

(PLN m)

1Q19/20:
PLN 233 m

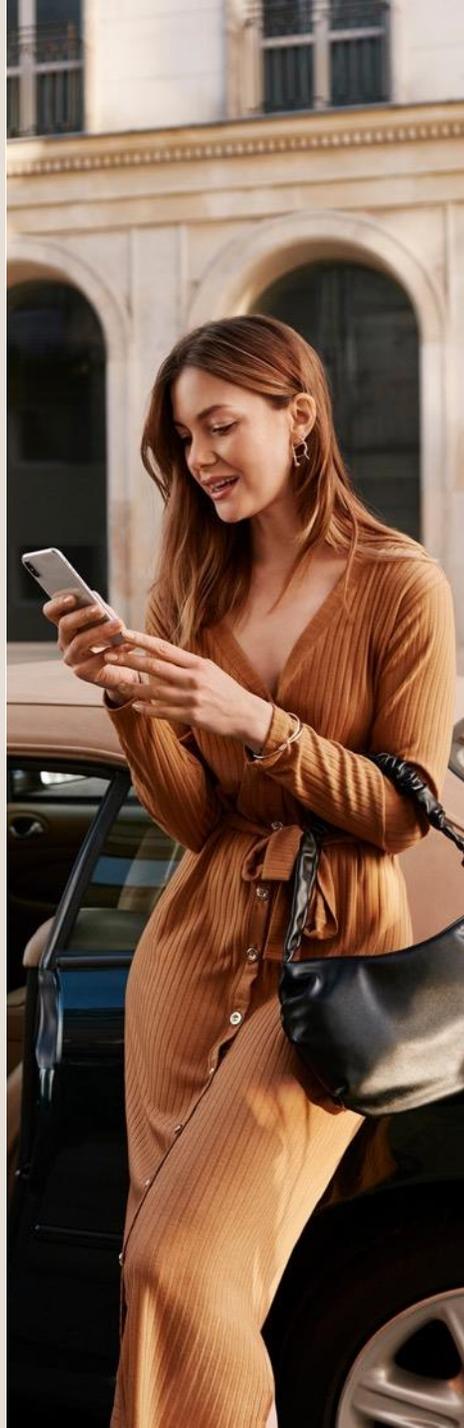
1Q20/21:
PLN 192 m

1Q21/22:
PLN 252 m



- At the end of 1Q21/22, we had PLN 1.2bn of cash. Additionally, PLN 0.94bn cash in: money market funds (PLN 0.43bn) and restricted cash deposits (PLN 0.51bn), not recognised in net debt calculations.
- In 1Q21/22 capex reached PLN 251.5m, up 31.2% YoY due to higher outlays for upgrades and store opening and higher infrastructure outlays along with return to construction of Brześć Kujawski Distribution Centre.
- Long-term debt stable YoY and QoQ due to issuance of 5-year bonds in 4Q19/20. Fall in short-term debt YoY and QoQ due to repayment of additional working capital loans.

Executive summary 1Q21/22



1

Growing offline sales despite the pandemic.

2

Triple-digit online sales growth.

3

Operating margin **improvement**.

4

Trade liabilities exceed inventory.

5

Net cash (IAS17).

LPP

1Q21/22

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02

Key corporate events

Key corporate events

1Q21/22

19



04.21

WE CONNECT GENERATIONS

Cooperation on collections with generation Z.



05.21

PARTNERSHIP WITH CANOPY

Continuation of activities in the field of environmental protection, in particular forests and biodiversity.



05.21

TANGIBLE SUCCESS OF PACKAGING STANDARISATION

Moving towards a circular economy.



06.21

RESERVED APP

Launch of Reserved brand application. More apps in preparation.

RE.DESIGN - THE FIRST RESERVED COLLECTION CREATED IN COOPERATION WITH GENERATION Z IN POLAND

Reserved invited twelve creative representatives of generation Z to create the collection. They took an active part in every stage of creating the collection and finally became its ambassadors.

RE.DESIGN encompasses collection for women and men.

1Q2021

20



- connected with their surroundings,
- aware of the events happening in the world,
- using social media and Internet for activism,
- valuing individuality.

Cooperation with Gen Z

Consistent efforts towards sustainable development

1Q21/22

21



2021

CANOPY

start of cooperation
with Canopy

2020

- joining ZDHC (Zero Discharge of Hazardous Chemicals) and joining the Polish Plastics Pact

2019

- new CSR strategy For People For Our Planet
- joining the New Plastics Economy Global Commitment

2018

- second ACCORD agreement
- start of Eco Aware collection

2017

- increased control of factories in Asia
- commencement of cooperation with SGS audit company

2016

- resignation from use of natural fur

2015

- establishing of offices in Dhaka (Bangladesh)
- update of Code of Conduct for suppliers
- introduction of organic cotton

2014

- establishing of a factory audit department
- resignation from angora

2013

- access to ACCORD agreement

We act to protect the forests

LPP, as the first Polish company, started cooperation with Canopy - an organization whose goal is to develop business practices among entrepreneurs for the sustainable use of forest resources in the world by implementing changes in the area of purchased paper, packaging and cellulose fabrics.

Canopy goals: preserve 30-50% of the world's primeval and endangered forests by 2030.

By joining the international initiative, we undertook, among other, the following obligations:

- to support the idea of forest protection in terms of packaging policy,
- to use cellulose-based materials that are more environmentally friendly.



WHAT WE TARGET:

- stronger control of our supply chain,
- achieving an average content of recycled fibers in paper and packaging of at least 50% within 3 years.





As part of the Control Tower project - a platform that improves supply chain management. LPP implements carton standardization process.

The project will also be implemented in the newly built Distribution Center in Brześć Kujawski.

Goal: recovery at a level of up to 75%.

CARTON STANDARDIZATION - BENEFITS:

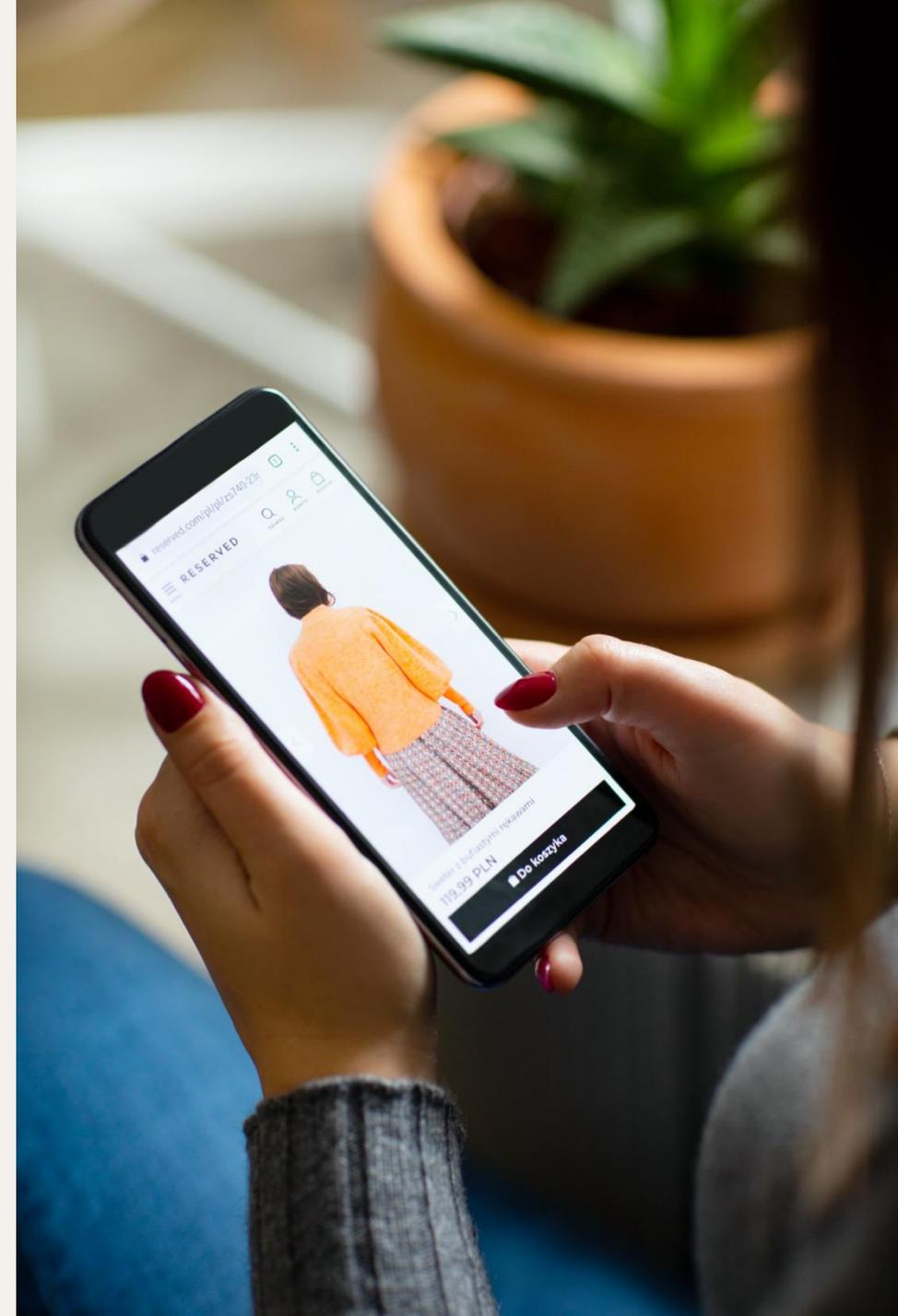
- more effective use of collective packaging in which the ordered goods are sent to LPP's distribution center,
- recovery of collective cartons reaching LPP warehouse from suppliers at the level of 40%,
- optimization of use of warehouse space,
- saving raw materials for production of cardboard boxes,
- optimization of loading space in transport,
- accelerating the process of receiving deliveries,
- tangible environmental savings.

Towards circular economy

Reserved sales app

- Silent go of Reserved sales application at the beginning of June 2021.
- Polish version. More languages will be added in the coming months.

Applications of other brands are under preparation.



LPP

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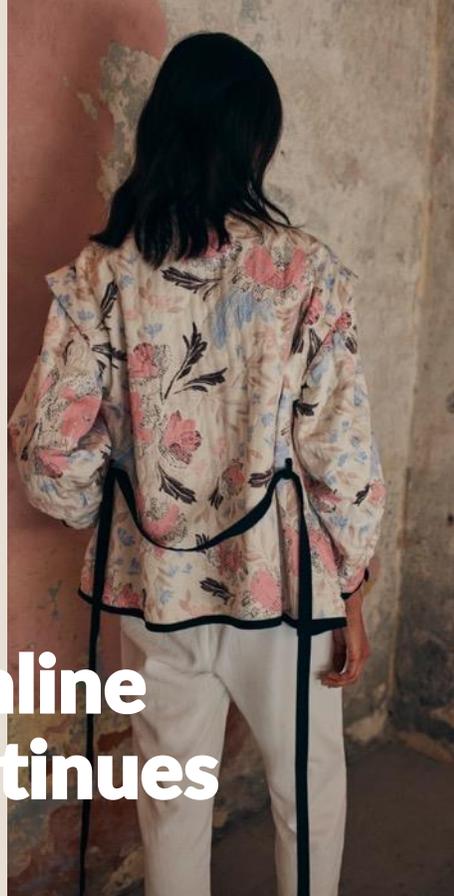


03

GLOBAL ASPIRATIONS

2021/22+ outlook

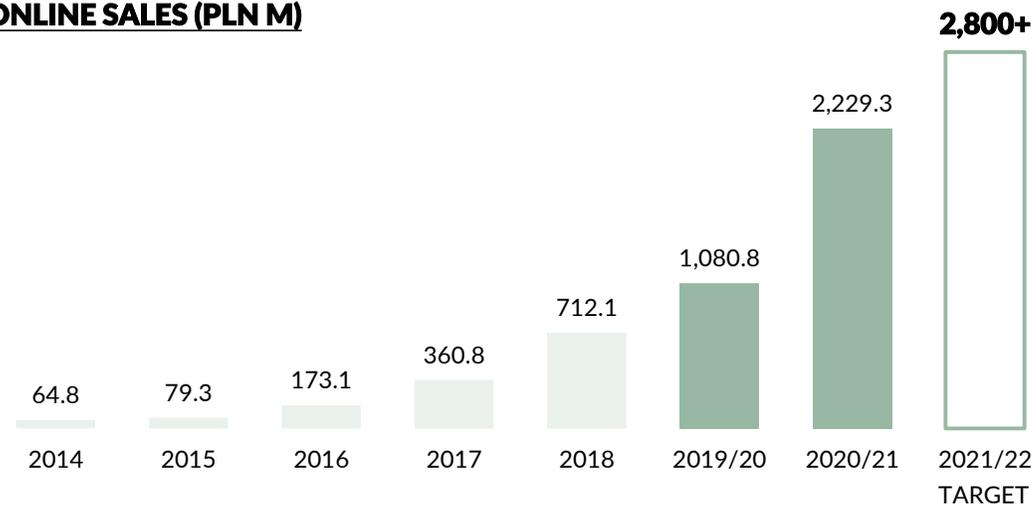
Dynamic online growth continues



2021/22 target:

Double-digit growth of e-commerce revenues.

ONLINE SALES (PLN M)



Acceleration of growth in 2021/22

1Q21/22

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- Continuation of floorspace growths in 2021/22: +25% YoY.
- End-2021/22 Reserved traditional stores should be in 26 countries (entry to Northern Macedonia).
- 2021/22 targets:
 - continuation of floorspace openings in Poland,
 - acceleration of European development,
 - further double-digit floorspace growth in CIS,
 - emphasis on development of younger brands: Cropp, House, Sinsay.
- Key reasons behind floorspace development:
 - stronger entry to smaller towns,
 - opportunity to develop in value-for-money segment,
 - emphasis on omnichannel, of which traditional network is an important part.
- Planned 2021/22 capex at PLN 1.2bn. Planned outlays for stores at c. PLN 950m, for offices at PLN 50m, logistics PLN 150m and PLN 60m for IT.

BY REGIONS

Floorspace (ths m ²)	I.2021	I.2022 former target	I.2022 target	YoY
Poland	566.9	618.0	637.4	12%
CIS	426.1	569.1	600.1	41%
Europe	432.6	529.8	553.7	28%
ME	9.9	10.0	10.0	2%
TOTAL	1,435.4	1,727.0	1,801.3	25%

BY BRANDS

Floorspace (ths. m ²)	I.2021	I.2022 former target	I.2022 target	YoY
Reserved	674.7	707.6	714.6	6%
Cropp	166.1	183.8	190.7	15%
House	146.8	169.1	173.2	18%
Mohito	115.2	123.5	122.3	6%
Sinsay	329.8	540.7	597.5	81%
Outlets	2.8	2.8	2.8	0%



Development in retail parks



	RESERVED	MOHITO	CROPP	house	sinsay
ON-LINE	+	+			
OFF-LINE			+	+	+



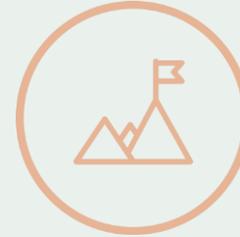
Fast online expansion boosted by omnichannel, selective offline development, shopping malls, big cities



Fast offline growth: retail parks and smaller towns, online expansion boosted by omnichannel



2021/22 targets:



Challenges

- A new model of customer behavior after COVID-19.
- Another wave of infections in 2H21.
- Strong US\$ and EUR exchange rates, weak RUB.
- Rising transport costs and delivery difficulties (limited supply of ships).



Targets

- Continuation of double-digit floorspace growth.
- Dynamic online growth.
- Double-digit YoY revenue growth.
- YoY operating margin improvement.
- Safe liquidity position.



Opportunities

- Successful collections of all brands - favorable price-to-quality ratio.
- Further e-commerce development on new markets.
- Using RFID to support omnichannel growth.



A dividend company

Return to dividend payments after one year since payment suspension:

- covering net loss from profits in upcoming years
- payment of a dividend in the amount of PLN 450 per share by transferring funds from retained earnings.

The Management Board recommended setting the dividend day (i.e. the date on which the list of shareholders entitled to dividend is determined) on July 6, 2021 and payment of dividends in two equal tranches (PLN 225 per share): the first tranche on July 20, 2021, and the second tranche on October 6, 2021.

Our goal is to pay dividend in two tranches per year on a regular basis.

Reasons for paying dividends:

- low interest on deposits,
- negative cash cycle thanks to reverse factoring,
- pandemic proven business model.

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1Q21/22

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04



GLOBAL ASPIRATIONS

Q&A

LPP

1Q21/22

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GLOBAL ASPIRATIONS

Back-up

Network development

1Q21/22

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Floorspace (thś m ²)	31.01.2019	30.04.2019	31.07.2019	31.10.2019	31.01.2020	30.04.2020	31.07.2020	31.10.2020	31.01.2021	30.04.2021
Reserved	605.0	616.6	634.3	655.0	664.8	657.1	669.7	667.8	674.7	683.1
Poland	268.7	263.5	267.6	272.0	270.3	262.9	262.5	264.8	267.7	266.1
Europe	188.0	204.4	215.1	218.4	225.3	223.7	232.2	233.2	223.4	235.3
CIS	141.2	141.6	143.2	156.1	160.8	162.1	166.5	161.5	164.0	172.8
ME	7.1	7.1	8.4	8.4	8.4	8.4	8.4	8.4	9.9	8.8
Cropp	132.8	134.9	140.8	143.2	147.9	149.2	157.3	159.7	166.1	170.8
Poland	65.9	64.6	64.6	64.1	63.0	61.2	64.4	64.2	63.7	64.6
Europe	24.6	28.8	30.1	32.8	34.9	34.8	37.8	39.0	41.2	41.8
CIS	42.3	41.5	46.1	46.4	50.0	53.2	55.1	56.5	61.2	64.4
House	115.2	115.9	121.7	125.5	127.4	129.8	138.4	141.9	146.8	151.9
Poland	66.9	65.8	66.2	67.3	65.6	64.9	69.4	69.4	71.4	72.2
Europe	18.6	22.0	24.9	28.2	30.1	31.9	34.8	36.1	36.1	36.7
CIS	29.7	28.1	30.6	30.0	31.7	33.0	34.3	36.4	39.3	43.0
Mohito	107.9	108.0	108.7	112.5	111.7	110.5	111.8	112.3	115.2	116.4
Poland	53.4	52.1	52.1	53.3	51.4	50.2	49.7	50.2	50.3	49.9
Europe	24.8	26.3	26.4	28.6	29.7	29.2	30.5	31.3	32.4	31.9
CIS	29.7	29.6	30.1	30.6	30.5	31.1	31.6	30.8	32.5	34.7
Sinsay	102.7	110.5	120.7	149.1	173.3	190.4	223.1	265.4	329.8	386.7
Poland	59.8	61.4	63.6	73.2	78.4	81.4	88.0	103.0	113.8	131.6
Europe	20.2	24.8	31.0	41.2	50.7	56.3	68.4	77.8	89.6	96.3
CIS	22.7	24.3	26.1	34.7	44.2	52.8	66.8	84.6	126.3	158.7
Outlets	12.0	10.8	9.7	8.8	5.8	5.8	4.6	4.6	2.8	2.8
Total by regions										
Poland	523.0	515.5	521.0	534.9	530.0	521.7	534.0	551.5	566.9	584.4
Europe	274.7	306.3	327.6	349.2	370.7	375.9	403.6	417.5	432.6	442.0
CIS	270.9	267.8	278.9	301.5	321.8	336.8	358.8	374.4	426.1	476.5
ME	7.1	7.1	8.4	8.4	8.4	8.4	8.4	8.4	9.9	8.8
TOTAL	1,075.6	1,096.7	1,135.8	1,194.1	1,230.9	1,242.7	1,304.9	1,351.8	1,435.4	1,511.7

Network development details at the end of I.2022

1Q21/22

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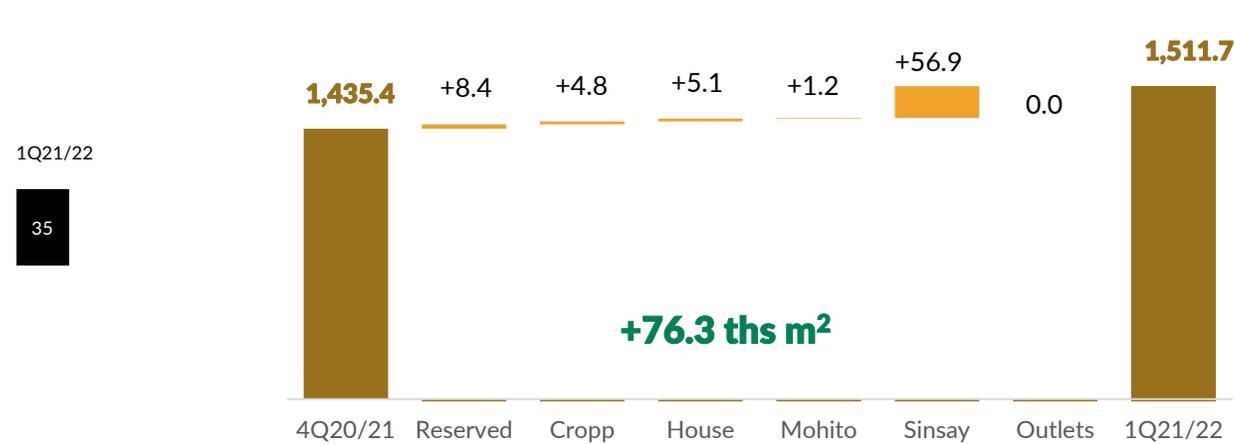
Floorspace (tys m2)	31.01.2021	31.01.2022	Nom. growth	Growth YoY
Reserved	674.7	714.6	40.0	6%
Poland	267.7	272.8	5.2	2%
Europe	233.2	243.4	10.2	4%
CIS	164.0	188.4	24.4	15%
ME	9.9	10.0	0.2	2%
Cropp	166.1	190.7	24.7	15%
Poland	63.7	69.3	5.6	9%
Europe	41.2	47.6	6.4	15%
CIS	61.2	73.8	12.7	21%
House	146.8	173.2	26.4	18%
Poland	71.4	77.1	5.7	8%
Europe	36.1	44.8	8.7	24%
CIS	39.3	51.4	12.1	31%
Mohito	115.2	122.3	7.1	6%
Poland	50.3	50.7	0.4	1%
Europe	32.4	35.1	2.7	8%
CIS	32.5	36.5	4.1	12%
Sinsay	329.8	597.5	267.7	81%
Poland	113.8	167.5	53.8	47%
Europe	89.6	182.8	93.1	104%
CIS	126.3	247.2	120.8	96%
Outlety	2.8	2.8	0.0	0%
Poland	0.0	0.0	0.0	0%
Europe	0.0	0.0	0.0	0%
CIS	2.8	2.8	0.0	0%
TOTAL	1,435.4	1,801.3	365.9	25%

Number of stores	31.01.2021	31.01.2022	Nom. growth	Growth YoY
Reserved	440	450	10	2%
Poland	189	189	0	0%
Europe	131	133	2	2%
CIS	111	119	8	7%
ME	9	9	0	0%
Cropp	369	399	30	8%
Poland	169	176	7	4%
Europe	82	90	8	10%
CIS	118	133	15	13%
House	332	369	37	11%
Poland	182	189	7	4%
Europe	68	81	13	19%
CIS	82	99	17	21%
Mohito	278	287	9	3%
Poland	133	132	-1	-1%
Europe	69	72	3	4%
CIS	76	83	7	9%
Sinsay	434	668	234	54%
Poland	193	239	46	24%
Europe	105	183	78	74%
CIS	136	246	110	81%
Outlets	3	3	0	0%
Poland	0	0	0	0%
Europe	0	0	0	0%
CIS	3	3	0	0%
TOTAL	1,856	2,176	320	17%

Changes in group 1Q21/22 floorspace

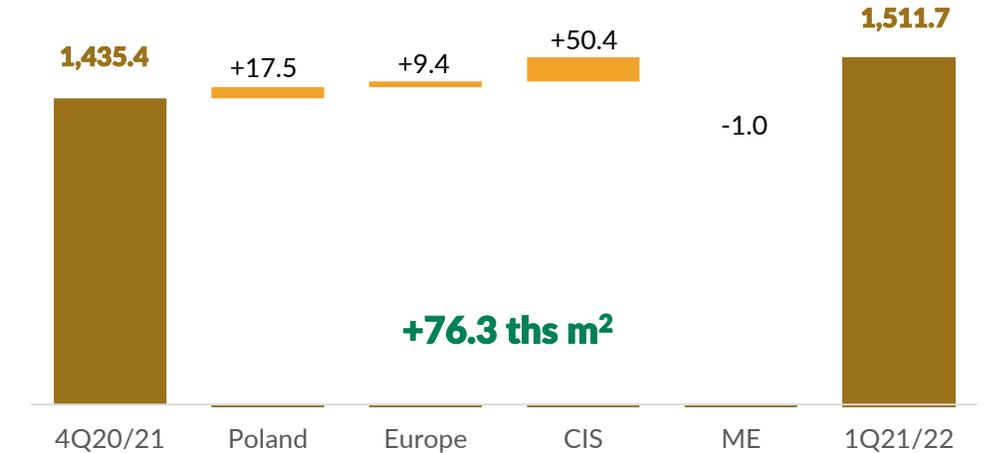
CHANGE IN FLOORSPACE BY BRANDS

(ths. m²)



CHANGE IN FLOORSPACE BY REGIONS

(ths. m²)

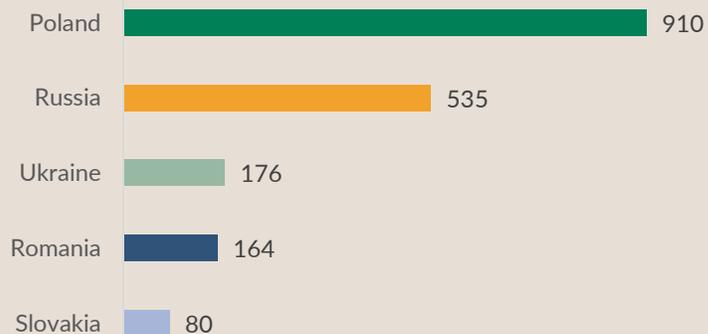


- 1Q21/22 floorspace development both abroad and in Poland. Development in Europe was mainly due to the openings in Romania, Serbia and Slovenia. Floorspace in Western Europe was stable in the quarter.
- Development in the CIS region through openings in most countries in the region, most in Russia. Fall in floorspace in Middle East in the quarter due to the closing down of one store in United Arab Emirates.
- In 1Q21/22, Sinsay brand added the most to floorspace.



TOP 5 COUNTRIES BY REVENUES IN 1Q21/22

(PLN m)



Poland remains our most important market in 1Q21/22.

PLN m	1Q20/21	1Q21/22	YoY
LPP GROUP	1,178.6	2,350.3	99.4%
Reserved PL	232.2	361.7	55.8%
Reserved EX	322.0	594.7	84.7%
Cropp PL	52.5	86.4	64.4%
Cropp EX	82.0	165.3	101.6%
House PL	64.4	97.5	51.5%
House EX	54.7	98.6	80.3%
Mohito PL	62.6	81.4	29.9%
Mohito EX	63.0	96.9	53.8%
Sinsay PL	116.2	265.4	128.3%
Sinsay EX	114.9	474.1	312.6%
Other	14.1	28.3	100.9%

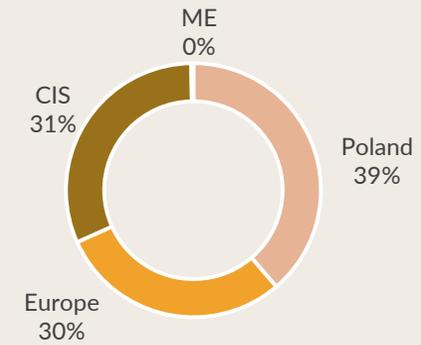
Geographical revenue split in 1Q21/22



Revenue and COGS split

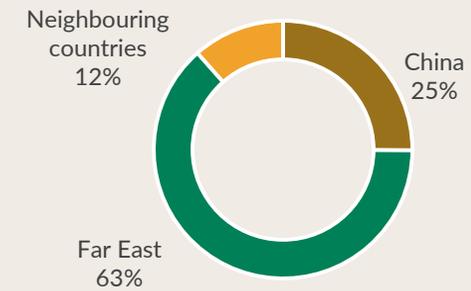
1Q21/22 REVENUES BY REGIONS

(PLN m)



PURCHASES BY REGIONS IN 1Q21/22

(PLN m)



Costs of stores and HQs & e-commerce

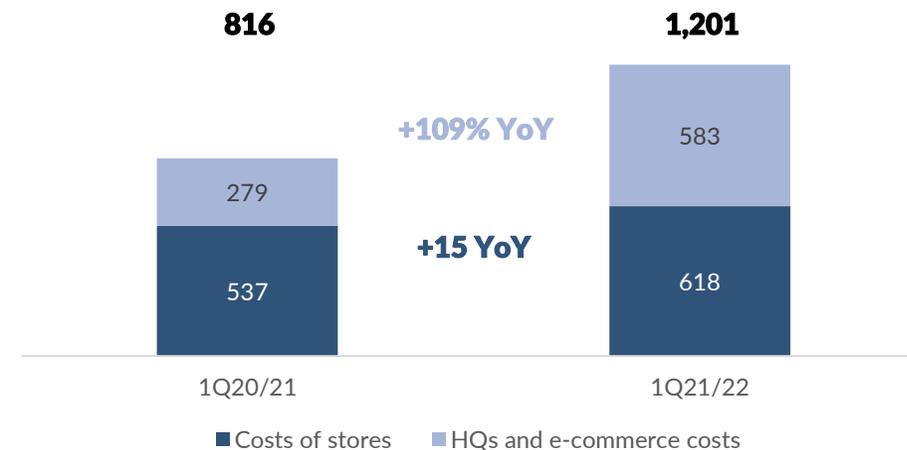
SG&A COSTS

(PLN m, IFRS16)



SG&A COSTS

(PLN m, IFRS16)



- 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 do not have any material effect on SG&A costs.
- Costs of stores → growth due to higher floorspace and growing revenues from traditional stores.
- HQ costs → growth YoY due to higher e-commerce and logistics costs.

IFRS16 impact summary

PLN m	1Q20/21 IAS17	1Q21/22 IAS17	YoY
Revenues	1,178.6	2,350.3	99.4%
<i>Gross profit on sales</i>	48.2%	55.5%	7.4pp.
SG&A costs	813.9	1,191.6	46.4%
EBIT	-259.9	94.2	N/M
<i>EBIT margin</i>	-22.1%	4.0%	26.1pp.
Net financial activity	-30.9	-12.5	N/M
Net profit	-258.1	47.9	N/M
EBITDA	-151.9	211.7	N/M

EBITDA	PLN 139.7m additional amortisation of right of use asset.
1Q21/22	
EBIT	45% rentals under IFRS16 (PLN 130.6m). PLN 2.1m gain on write-offs for stores closed valued under IFRS16.
1Q21/22	
NET PROFIT	Financial costs related to the asset (-32.4 mln PLN) and FX losses (-3.7 mln PLN). PLN 6.2m impact of deferred taxes. PLN 10.5m gain on abolition and reductions of rentals under IFRS16.
1Q21/22	

FX differences details

1Q20/21

PLN 120.3m losses

on FX differences,

including

PLN 18.6m losses on rubble and hryvna,**PLN 11.8m losses** on US\$,**PLN 5.3m gains** on other currencies
(EUR, RON, HUF, CZK)

and

PLN 95.2m FX losses due to IFRS16.

1Q21/22

PLN 10.4m losses

on FX differences,

including

PLN 5.9m gains on rubble and hryvna,**PLN 9.8m losses** on US\$,**PLN 2.8m losses** on other currencies
(EUR, RON, HUF, CZK)

and

PLN 3.7m FX losses due to IFRS16.

1Q21/22

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Historical quarterly results

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)	1Q20/21 IFRS16 (February- April 2020)	2Q20/21 IFRS16 (May-July 2020)	3Q20/21 IFRS16 (August- October 2020)	4Q20/21 IFRS16 (November 2020- January 2021)	2020/21 IFRS16 (February 2020- January 2021)	1Q21/22 IFRS16 (February 2021-April 2021)
Revenues	1,820.7	2,344.8	2,332.0	2,724.2	9,221.7	1,178.6	2,129.3	2,445.7	2,094.4	7,848.1	2,350.3
Gross profit on sales	999.2	1 156.4	1,371.0	1,413.6	4,940.2	567.8	1,013.3	1,384.2	1,118.6	4,083.9	1,305.3
<i>Gross profit margin</i>	54.9%	49.3%	58.8%	51.9%	53.6%	48.2%	47.6%	56.6%	53.4%	52.0%	55.5%
SG&A costs	913.0	964.4	1,020.1	1,039.5	3,937.3	815.8	966.9	1,035.9	1,029.1	3,847.6	1,200.7
Other operating line	-22.1	-6.5	-15.6	-79.7	-123.6	-12.6	-14.2	-47.1	-9.5	-83.3	-17.4
EBIT	64.0	185.6	335.3	294.3	879.2	-260.5	32.3	301.2	80.1	153.0	87.2
<i>EBIT margin</i>	3.5%	7.9%	14.4%	10.8%	9.5%	-22.1%	1.5%	12.3%	3.8%	1.9%	3.7%
Net financial activity	-27.3	-39.5	-41.4	-33.9	-142.1	-158.5	33.7	-60.7	-84.1	-269.5	-38.1
Pre-tax profit	36.7	146.1	293.9	260.4	737.1	-419.0	66.0	240.5	-4.0	-116.5	49.1
Tax	13.4	114.2	57.6	66.0	251.1	-57.0	96.7	-6.4	40.4	73.6	27.6
Net income	23.3	31.9	236.4	194.4	486.0	-362.0	-30.6	246.9	-44.4	-190.1	21.5
<i>Net income margin</i>	1.3%	1.4%	10.1%	7.1%	5.3%	-30.7%	-1.4%	10.1%	-2.1%	-2.4%	0.9%
EBITDA	298.4	423.2	581.3	594.1	1,897.0	17.6	308.1	563.0	337.4	1 226.1	344.4

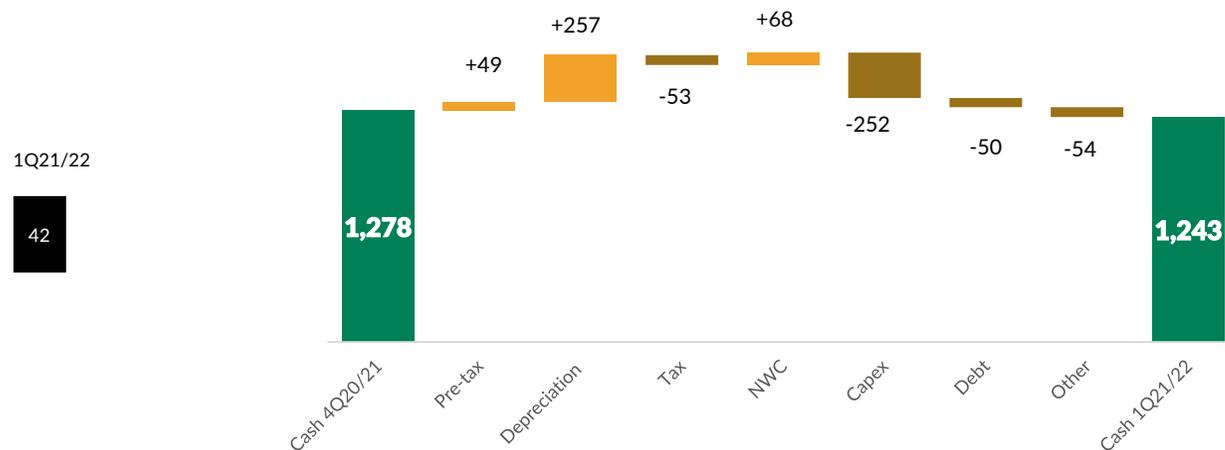
1Q21/22

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Cash flows

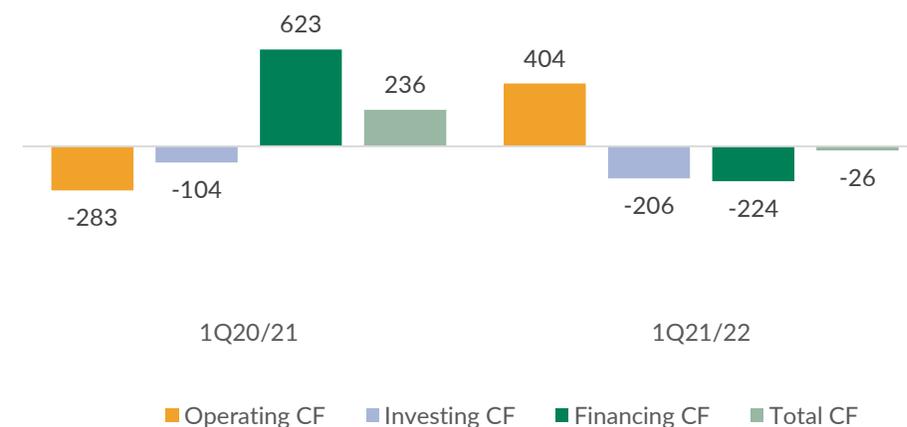
CASH GENERATION IN 1Q21/22

(PLN m)



1Q21/22 CASH FLOWS

(PLN m, IFRS16)



- Operating cash flow → significant YoY increase due to higher level of trade liabilities (partly due to reverse factoring).
- Investment flows → growing YoY level due to higher YoY capital expenditures; lower YoY redemptions of investments in money market funds.
- Financing cash flow → loan repayment due to high operating cash flows.
- PLN 1.2bn in open credit lines used for letters of credit, guarantees and working capital loans.

Strong balance sheet despite pandemics

1Q21/22

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- IFRS16: right-of-use asset and lease finance liability.
- YoY increase in fixed assets due to network development and investments in logistics and headquarters.
- Lower YoY goodwill due to write-off for Slovakian Koba (franchise stores) in 4Q20/21.
- YoY increase in intangibles due to investments in IT.
- Higher YoY inventories due new collections and higher YoY floorspace.
- Lower cash due to transfer of part of it to money market funds (PLN 0.43bn) and deposits/restricted cash (PLN 0.51bn).
- Higher YoY trade payables due to larger scale of operations and reverse factoring.
- YoY decrease in short-term debt due to repayment of new credit lines.
- Stable YoY and QoQ long-term debt.

PLN m	1Q20/21	4Q20/21	1Q21/22
Non-current assets	5,961.1	5,620.6	5,783.1
fixed assets	2,379.7	2,439.8	2,573.4
intangibles (incl. goodwill)	417.6	397.2	399.8
right of use assets (IFRS16)	2,960.7	2,589.1	2,608.6
Current assets	4,065.0	4,733.2	4,952.7
inventory	1,992.4	2,074.4	2,239.3
trade receivables	155.7	158.1	203.5
restricted cash	28.4	953.0	941.8
cash and equivalents	1,639.2	1,277.9	1,243.3
Total assets	10,026.1	10,353.8	10,735.9
Equity	2,876.9	3,068.4	3,103.1
Long-term liabilities	3,189.0	3,114.2	3,134.0
interest bearing debt	454.7	484.7	477.9
financial leases (IFRS16)	2,596.7	2,523.7	2,543.8
Short-term liabilities	3,960.2	4,171.2	4,498.8
trade liabilities	2,166.2	2,837.1	3,111.9
interest bearing debt	907.2	521.1	484.8
financial leases (IFRS16)	715.8	654.0	690.9
Total liabilities and equity	10,026.1	10,353.8	10,735.9

Brands' summary

WE FOCUS ON MAINSTREAM PRICES

RESERVED

CROPP

 house

M O H I T O

sinsay

1Q21/22

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	RESERVED	CROPP	 house	M O H I T O	sinsay
BRAND DESCRIPTION	An anchor brand with a broad customer base offering the latest trends	A streetwear brand inspired by hip-hop and pop-culture	Optimistic fashion brand	A brand that combines comfort and elegance for business and informal meetings	Clothes for everyday inspirations and original party outfits
TARGET CUSTOMER	Women, men, children	Teenagers (boys and girls)	Teenagers (boys and girls)	Women	Women, men, teenagers and children
DATE OF LAUNCH	1998	2004	2001 (at LPP since 4Q08)	2008 (at LPP since 4Q08)	2013
REGIONS	CEE, SEE, Baltic, CIS, WE, ME	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, SEE, Baltic, CIS, WE (Finland)
# STORES 1Q21/22	440	373	340	278	483
REVENUES 1Q21/22	PLN 956m	PLN 252m	PLN 196m	PLN 178m	PLN 740m

Note: the total area of the brands does not add up to Group's floorspace, as at the end of 1Q21/22 we had 3 outlets.

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 2019/20 B&H, while from 2021/22 Northern Macedonia.
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/m2	Revenues of segment or brand / average working total floorspace / 3.
Average monthly costs of own stores/m2	Quarterly costs of own stores / average working floorspace of own stores (ie. excluding all franchise stores which represent c. 2.6% of the working floorspace) / 3.
Average monthly SG&A PLN/m2	Quarterly SG&A costs/ average working total floorspace excluding stores located in ME/ 3.
Inventory/ m2	End of period group inventory/ total floorspace without foreign franchise stores.
Cash turnover cycle	Receivables (in days) plus inventories (in days) minus liabilities (in days). Calculations on average amounts of receivables, inventories and liabilities.

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