



**LPP**

**LPP SA GROUP**

CONSOLIDATED CONDENSED  
INTERIM REPORT  
FOR Q3 2021/22

RESERVED

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**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

# INTRODUCTION

We hereby approve the consolidated condensed interim financial statements of the LPP SA Group for 9 months ended 31 October 2021, comprising the consolidated condensed interim statement of comprehensive income, with comprehensive income totalling PLN 1,232,600 thousand, the consolidated condensed interim statement of financial position, with assets and liabilities totalling PLN 13,000,042 thousand, the consolidated condensed interim statement of cash flows, showing an increase in net cash by PLN 393,935 thousand, the consolidated condensed interim statement of changes in equity, showing an increase in equity by PLN 408,953 thousand, as well as additional notes.

## MANAGEMENT BOARD OF LPP SA:

**Marek Piechocki**  
President of the Management  
Board

**Przemysław Lutkiewicz**  
Vice-President of  
the Management Board

**Jacek Kujawa**  
Vice-President of  
the Management Board

**Sławomir Łoboda**  
Vice-President of  
the Management Board

**Marcin Piechocki**  
Vice-President of  
the Management Board

## **SELECTED CONSOLIDATED INTERIM FINANCIAL DATA**

for 9 months ended 31 October 2021

<b>Selected consolidated financial data</b>	in PLN thousand		in EUR thousand	
	Cumulatively			
	2021/22	2020/21	2021/22	2020/21
	01.02 - 31.10	01.02 - 31.10	01.02 - 31.10	01.02 - 31.10
Revenue	9,906,900	5,753,661	2,171,947	1,285,045
Operating profit (loss)	1,499,533	72,963	328,751	16,296
Pre-tax profit (loss)	1,397,482	-112,523	306,378	-25,131
Net profit (loss)	1,108,224	-145,759	242,962	-32,554
Weighted average number of shares	1,838,066	1,834,417	1,838,066	1,834,417
Profit (loss) per share	602.93	-79.46	132.18	-17.75
Net cash flows from operating activities	2,655,956	1,158,001	582,280	258,632
Net cash flows from investing activities	-839,549	-363,249	-184,059	-81,129
Net cash flows from financing activities	-1,422,472	-121,838	-311,857	-27,212
Total net cash flows	393,935	672,914	86,365	150,291

<b>Selected consolidated financial data</b>	in PLN thousand		in EUR thousand	
	2021/22	2020/21	2021/22	2020/21
	31.10.2021	31.01.2021	31.10.2021	31.01.2021
Total assets	13,000,042	10,353,768	2,813,375	2,281,319
Long-term liabilities	3,521,300	3,114,193	762,054	686,172
Short-term liabilities	6,001,413	4,171,199	1,298,782	919,070
Equity	3,477,344	3,068,391	752,542	676,080
Share capital	3,705	3,705	802	816
Weighted average number of shares	1,838,066	1,838,066	1,838,066	1,838,066
Book value per share	1,891.85	1,669.36	409.42	367.82
Declared or paid dividend per share	450.00	0.00	97.39	0.00





## **CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

for 9 months ended 31 October 2021

<b>Statement of comprehensive income (in PLN thousand)</b>	CUMULATIVELY		Q3	
	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Continuing operations				
Revenue	9,906,900	5,753,661	3,913,420	2,445,717
Cost of goods sold	4,299,391	2,788,332	1,631,106	1,061,541
<b>Gross profit (loss) on sales</b>	<b>5,607,509</b>	<b>2,965,329</b>	<b>2,282,314</b>	<b>1,384,176</b>
Costs of stores and distribution	3,575,367	2,455,594	1,289,271	918,329
General costs	455,290	362,914	168,357	117,537
Other operating income	59,742	89,742	14,140	23,723
Other operating costs	137,061	163,600	21,495	70,849
<b>Operating profit (loss)</b>	<b>1,499,533</b>	<b>72,963</b>	<b>817,331</b>	<b>301,184</b>
Financial income	26,206	126,874	7,487	57,501
Financial expenses	128,257	312,360	45,486	118,183
<b>Pre-tax profit (loss)</b>	<b>1,397,482</b>	<b>-112,523</b>	<b>779,332</b>	<b>240,502</b>
Income tax	289,258	33,236	151,751	-6,368
<b>Net profit (loss) on continuing operations</b>	<b>1,108,224</b>	<b>-145,759</b>	<b>627,581</b>	<b>246,870</b>
<b>Net profit attributable to:</b>				
Shareholders of the parent company	1,108,224	-145,759	627,581	246,870
Non-controlling interests	0	0	0	0
Other comprehensive income				
<b>Items transferred to profit or loss</b>				
Currency translation on foreign operations	124,376	-80,972	64,525	17,127
<b>Total comprehensive income</b>	<b>1,232,600</b>	<b>-226,731</b>	<b>692,106</b>	<b>263,997</b>
<b>Attributable to:</b>				
Shareholders of the parent company	1,232,600	-226,731	692,106	263,997
Non-controlling interests	0	0	0	0
Average weighted number of shares	1,838,066	1,834,417	1,838,066	1,834,417
Diluted number of shares	1,839,884	1,834,417	1,839,884	1,834,417
Profit (loss) per share	602.93	-79.46	341.44	134.58
Diluted profit (loss) per share	602.33	-79.46	341.10	134.58



## **CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

as at 31 October 2021

<b>Statement of financial position (in PLN thousand)</b>	AS AT		
	31.10.2021	31.01.2021	31.10.2020
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>6,761,640</b>	<b>5,620,568</b>	<b>5,538,688</b>
1. Property, plant and equipment	3,038,860	2,439,778	2,406,999
2. Intangible assets	134,173	136,453	131,653
3. Right of usufruct	3,017,158	2,589,063	2,526,386
4. Goodwill	183,203	183,203	209,598
5. Trademark	77,508	77,508	77,508
6. Deferred tax assets	286,722	178,864	168,262
7. Prepayments	2,943	2,187	1,843
8. Other financial assets	21,073	13,512	16,439
<b>Current assets</b>	<b>6,238,402</b>	<b>4,733,200</b>	<b>4,467,473</b>
1. Inventory	2,961,578	2,074,447	1,643,422
2. Trade receivables	224,063	158,055	189,170
3. Income tax receivables	10,840	102,726	80,767
4. Other non-financial assets	193,640	63,722	84,657
5. Prepayments	30,361	32,249	18,546
6. Other financial assets	134,199	71,131	393,547
7. Deposits and investment funds	991,199	953,016	1,999
8. Cash and cash equivalents	1,692,522	1,277,854	2,055,365
<b>TOTAL assets</b>	<b>13,000,042</b>	<b>10,353,768</b>	<b>10,006,161</b>



	AS AT		
<b>Statement of financial position (in PLN thousand)</b>	31.10.2021	31.01.2021	31.10.2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3,477,344</b>	<b>3,068,391</b>	<b>3,021,856</b>
1. Share capital	3,705	3,705	3,705
2. Treasury shares	0	0	-41,115
3. Share premium	364,315	364,315	284,877
4. Other reserves	2,333,647	3,155,123	3,156,952
5. Currency translation on foreign operations	-140,862	-265,238	-243,775
6. Retained earnings	916,539	-189,514	-138,788
<b>Non-controlling interest capital</b>	<b>-15</b>	<b>-15</b>	<b>-15</b>
<b>Long-term liabilities</b>	<b>3,521,300</b>	<b>3,114,193</b>	<b>2,970,314</b>
1. Bank loans and borrowings	150,867	190,596	202,939
2. Lease liabilities	2,946,144	2,523,669	2,361,349
3. Other financial liabilities (bonds)	295,579	294,104	293,853
4. Employee liabilities	1,820	1,818	1,465
5. Deferred tax liabilities	222	22	662
6. Accruals	126,668	103,984	107,549
7. Other long-term liabilities	0	0	2,497
<b>Short-term liabilities</b>	<b>6,001,413</b>	<b>4,171,199</b>	<b>4,014,006</b>
1. Trade and other liabilities	4,261,781	2,775,815	2,758,965
2. Contract liabilities	12,026	18,566	13,586
3. Customer refund liabilities	67,770	42,711	30,183
4. Bank loans and borrowings	538,070	521,097	456,586
5. Lease liabilities	779,292	654,010	651,019
6. Employee liabilities	62,008	33,676	49,954
7. Income tax liabilities	216,561	67,664	7,662
8. Provisions	15,327	1,384	1,320
9. Accruals	48,578	56,276	44,731
<b>TOTAL equity and liabilities</b>	<b>13,000,042</b>	<b>10,353,768</b>	<b>10,006,161</b>

## **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**

for 9 months ended 31 October 2021

<b>Cash flow statement (in PLN thousand)</b>	CUMULATIVELY		Q3	
	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
<b>A. Cash flows from operating activities</b>				
I. Pre-tax profit (loss)	1,397,482	-112,523	779,332	240,502
II. Total adjustments	1,258,474	1,270,524	93,847	444,715
1. Amortisation and depreciation	820,924	815,724	295,016	261,793
2. Foreign exchange (gains) losses	-47,239	-8,548	-38,679	-57,207
3. Interest and dividends	115,407	108,136	50,264	30,540
4. (Profit) loss on investing activities	87,209	86,528	11,949	46,843
5. Income tax paid	-263,434	-282,906	-123,051	-69,497
6. Change in provisions and employee benefits	40,526	-36,126	-5,054	14,359
7. Change in inventories	-792,933	215,439	-589,351	-3,215
8. Change in receivables and other assets	-509,913	-369,669	-229,657	-357,909
9. Change in short-term liabilities, excluding bank loans and borrowings	1,431,875	723,818	683,884	531,261
10. Change in prepayments and accruals	9,559	-763	29,067	16,745
11. Other adjustments	366,493	18,891	9,459	31,002
<b>III. Net cash flows from operating activities</b>	<b>2,655,956</b>	<b>1,158,001</b>	<b>873,179</b>	<b>685,217</b>
<b>B. Cash flows from investing activities</b>				
I. Inflows	192,972	281,438	60,148	39,885
1. Disposal of intangible assets and PPE	93,192	74,599	41,837	39,837
2. Repayment of loans	128	74	34	47
3. Interest and other inflows from financial assets	207	1,309	3	1
4. Other investing inflows (investment funds)	99,445	205,456	18,274	0
II. Outflows	1,032,521	644,687	434,274	181,326
1. Purchase of intangible assets and PPE	946,773	532,567	409,900	179,222
2. Loans granted	300	120	0	104
3. Other investing outflows (investment funds)	85,448	112,000	24,374	2,000
<b>III. Net cash flows from investing activities</b>	<b>-839,549</b>	<b>-363,249</b>	<b>-374,126</b>	<b>-141,441</b>
<b>C. Cash flows from financing activities</b>				
I. Inflows	510,916	750,088	290,271	81,710
1. Proceeds from issuance of shares	0	2	0	2
2. Bank loans and borrowings	510,916	750,086	290,271	81,708



3. Other financial inflows	0	0	0	0
<b>II. Outflows</b>	<b>1,933,388</b>	<b>871,926</b>	<b>720,399</b>	<b>397,151</b>
1. Dividends and other payments to owners	833,590	0	416,795	0
2. Repayment of bank loans and borrowings	563,030	354,185	94,565	165,464
3. Financial lease liabilities paid	418,496	416,846	164,978	208,563
4. Interest	118,272	100,772	44,061	23,124
5. Other financial outflows	0	123	0	0
<b>III. Net cash flows from financing activities</b>	<b>-1,422,472</b>	<b>-121,838</b>	<b>-430,128</b>	<b>-315,441</b>
<b>D. Total net cash flows</b>	<b>393,935</b>	<b>672,914</b>	<b>68,925</b>	<b>228,335</b>
<b>E. Balance sheet change in cash, including:</b>	<b>414,668</b>	<b>693,890</b>	<b>97,629</b>	<b>291,856</b>
- change in cash due to foreign currency translation	20,733	20,976	28,704	63,521
<b>F. Opening balance of cash</b>	<b>1,276,243</b>	<b>1,348,311</b>	<b>1,601,253</b>	<b>1,792,890</b>
<b>G. Closing balance of cash</b>	<b>1,670,178</b>	<b>2,021,225</b>	<b>1,670,178</b>	<b>2,021,225</b>

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for 9 months ended 31 October 2021

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Retained earnings	Equity attributable to the parent company	Non-controlling interest capital	TOTAL
Balance as at 1 February 2021	3,705	0	364,315	3,155,123	-265,238	-189,514	3,068,391	-15	3,068,376
Division of profit for 12 months ended 31.01.2021	0	0	0	2,171	0	-2,171	0	0	0
Dividend paid	0	0	0	-833,590	0	0	-833,590	0	-833,590
Remuneration paid in shares	0	0	0	9,943	0	0	9,943	0	9,943
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-821,476</b>	<b>0</b>	<b>-2,171</b>	<b>-823,647</b>	<b>0</b>	<b>-823,647</b>
Net profit for 9 months 2021 ended 31 October 2021	0	0	0	0	0	1,108,224	1,108,224	0	1,108,224
Currency translation on foreign operations	0	0	0	0	124,376	0	124,376	0	124,376
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124,376</b>	<b>1,108,224</b>	<b>1,232,600</b>	<b>0</b>	<b>1,232,600</b>
Balance as at 31 October 2021	3,705	0	364,315	2,333,647	-140,862	916,539	3,477,344	-15	3,477,329
Balance as at 1 February 2020	3,705	-41,115	284,877	2,733,227	-162,803	429,600	3,247,491	-15	3,247,476
Division of profit for 2019	0	0	0	422,629	0	-422,629	0	0	0
Reconciliation of the incentive scheme	0	0	0	2	0	0	2	0	2
Remuneration paid in shares	0	0	0	1,094	0	0	1,094	0	1,094
<b>Transaction with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>423,725</b>	<b>0</b>	<b>-422,629</b>	<b>1,096</b>	<b>0</b>	<b>1,096</b>
Net loss for 9 months 2020 ended 31 October 2020	0	0	0	0	0	-145,759	-145,759	0	-145,759
Currency translation on foreign operations	0	0	0	0	-80,972	0	-80,972	0	-80,972
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-80,972</b>	<b>-145,759</b>	<b>-226,731</b>	<b>0</b>	<b>-226,731</b>
Balance as at 31 October 2020	3,705	-41,115	284,877	3,156,952	-243,775	-138,788	3,021,856	-15	3,021,841





02

ADDITIONAL INFORMATION

# ABOUT US

## **WHO WE ARE**

LPP is a Polish family-run company engaged in the design, manufacturing and distribution of clothing. We have almost 30-year experience in the clothing sector. Our sales network covers entire Poland, the countries of Central, Eastern and Western Europe, the Balkans and the Middle East. Customers visiting our traditional stores and shopping online are offered apparel, accessories and footwear under our five brands: Reserved, Cropp, House, Mohito and Sinsay. Each of those brands, differing in character, is targeted at a different customer group.

Although we operate on 39 markets, our brand concepts are developed, all our collections are created and all strategic decisions are made in Poland. The heart of our organisation is the head office in Gdańsk, where the Company's history has begun. Our offices are located also in Cracow, Warsaw, Shanghai and Dhaka.

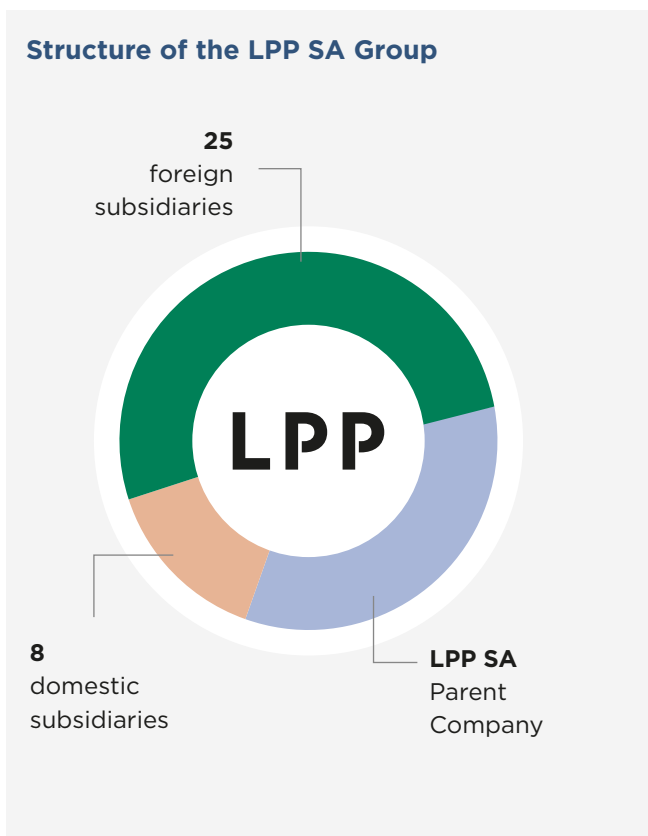
## **HOW WE OPERATE AS A GROUP**

The LPP SA Group is composed of the Parent Company with its registered office in Poland, 8 domestic companies and 25 foreign companies. The Group's foreign subsidiaries are, to a major extent, engaged in the distribution of products of our brands outside Poland. Polish subsidiaries are engaged in the following activities: store operation services in the territory of Poland (LPP Retail Sp. z o.o.), sale of promotional clothing (Printable Sp. z o.o.), logistics services (LPP Logistics Sp. z o.o.), construction works in logistics centres (Veviera Investments Sp. z o.o.), management of IT projects for the Group (Silky Coders Sp. z o.o. and Dock IT Sp. z o.o.) and activities involving rental of real property in Poland, where our brand stores are located (DP&SL Sp. z o.o., IL&DL Sp. z o.o.).

In Q3 2021, there was a change in the Group's structure as we established Veviera Investments Sp. z o.o..

The consolidated financial statements of the Group, covering the period from 1 February 2021 and 31 October 2021, include the separate results of LPP SA as well as the results of foreign subsidiaries and six Polish subsidiaries. The remaining two Polish subsidiaries (engaged in the lease of real properties in Poland) were not consolidated due to irrelevance of data.





## **OUR SHAREHOLDERS**

Shares in LPP SA have been quoted on the main market of the Warsaw Stock Exchange (WSE) since 2001 as part of domestic indices such as among others WIG, WIG Poland, WIG20, WIG30, WIG Clothes, WIG ESG) and foreign ones including MSCI Poland Index, CECE Index and FTSE Russell Index. Additionally, the Company has been qualified as member of the segment of family-run companies quoted on the WSE, launched in 2021.

On the debut date, the price of the Company's shares was PLN 48.00. The highest value was recorded in September 2021: PLN 15,200.00

The Group's share capital, being at the same time the share capital of the Parent Company, comprises 1,852,423 share of the nominal value of PLN 2 per share. As at the balance sheet date, its value was PLN 3,704,846, with no change since the publishing of the last report.

The table below presents shareholders holding, as at the date of publishing this report, directly or indirectly, at least 5% of the general number of votes at the GM of LPP. The above is equivalent with the balance as at the balance sheet date. In the period following the publishing of the previous report (for H1 2021/22), there were no changes in any major LPP shareholdings.

Shareholder	Number of shares held	Shareholding	Number of votes at the GM	Share in the total number of votes at the GM
Semper Simul Foundation*	578,889	31.3%	1,978,889	60.8%
Sky Foundation**	227,898	12.3%	227,898	7.0%
Other shareholders	1,045,636	56.4%	1,045,636	32.2%
<b>Total</b>	<b>1,852,423</b>	<b>100.0%</b>	<b>3,252,423</b>	<b>100.0%</b>

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

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



## **OUR MANAGEMENT AND SUPERVISORY BOARDS**

### **AS AT 31 OCTOBER 2021, THE MANAGEMENT BOARD OF LPP WAS COMPOSED OF:**

- Marek Piechocki - President of LPP's Management Board
- Jacek Kujawa - Vice-President of LPP's Management Board
- Przemysław Lutkiewicz - Vice-President of LPP's Management Board
- Sławomir Łoboda - Vice-President of LPP's Management Board
- Marcin Piechocki - Vice-President of LPP's Management Board

### **AS AT 31 OCTOBER 2021, THE SUPERVISORY BOARD OF LPP WAS COMPOSED OF:**

- Miłosz Wiśniewski - independent Chairman of LPP's Supervisory Board
- Wojciech Olejniczak - Vice-Chairman of LPP's Supervisory Board
- Piotr Piechocki - Member of LPP's Supervisory Board
- Magdalena Sekuła - independent Member of LPP's Supervisory Board
- Grzegorz Maria Słupski - independent Member of LPP's Supervisory Board

The table below presents the LPP shareholdings of management officers as at the date of publishing this report. In the period following the publishing of the previous report (for H1 2021/22), there was a change in the LPP shareholdings of management officers, resulting from the purchase of shares in LPP by the Company's President (CR 30/2021).

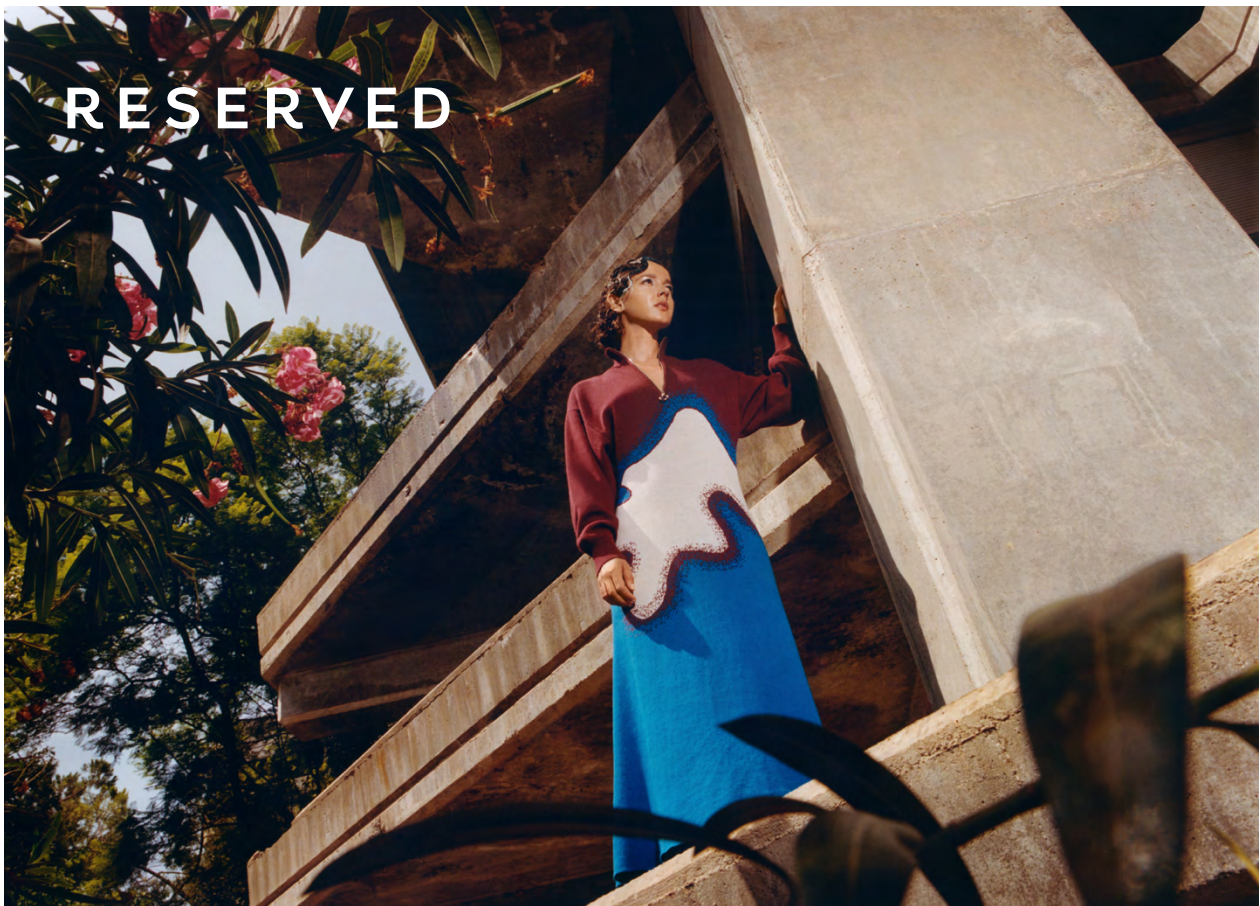
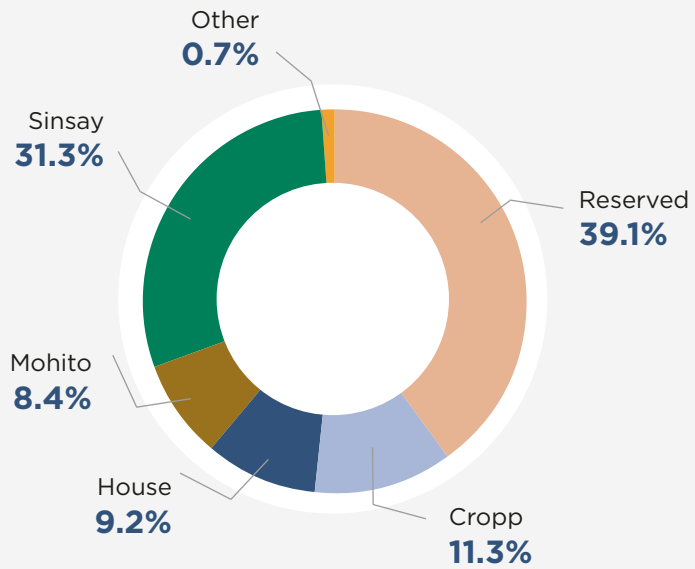
Shareholder	Number of shares held	Number of votes at the GM
Marek Piechocki - President of the Management Board	907	907
Przemysław Lutkiewicz - Vice-President of the Management Board	415	415
Jacek Kujawa - Vice-President of the Management Board	618	618
Sławomir Łoboda - Vice-President of the Management Board	507	507
Marcin Piechocki - Vice-President of the Management Board	77	77



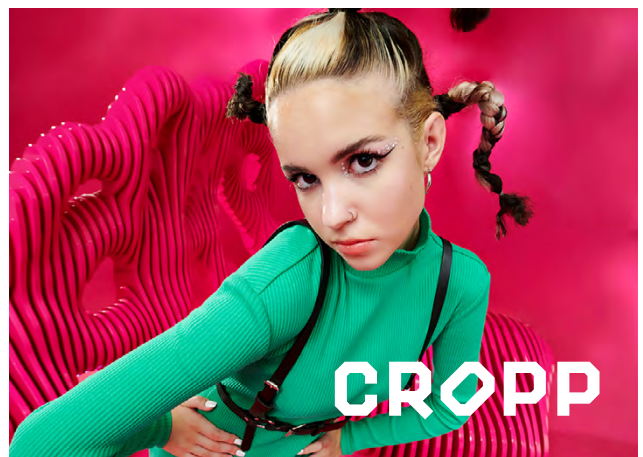
## **OUR PORTFOLIO**

We own five recognisable brands: Reserved, Mohito, Cropp, House and Sinsay. Each of them is dedicated to a different group of customers representing various lifestyles, having different needs and expressing themselves in their own way.

Percentage share in sales of specific brands 9M21





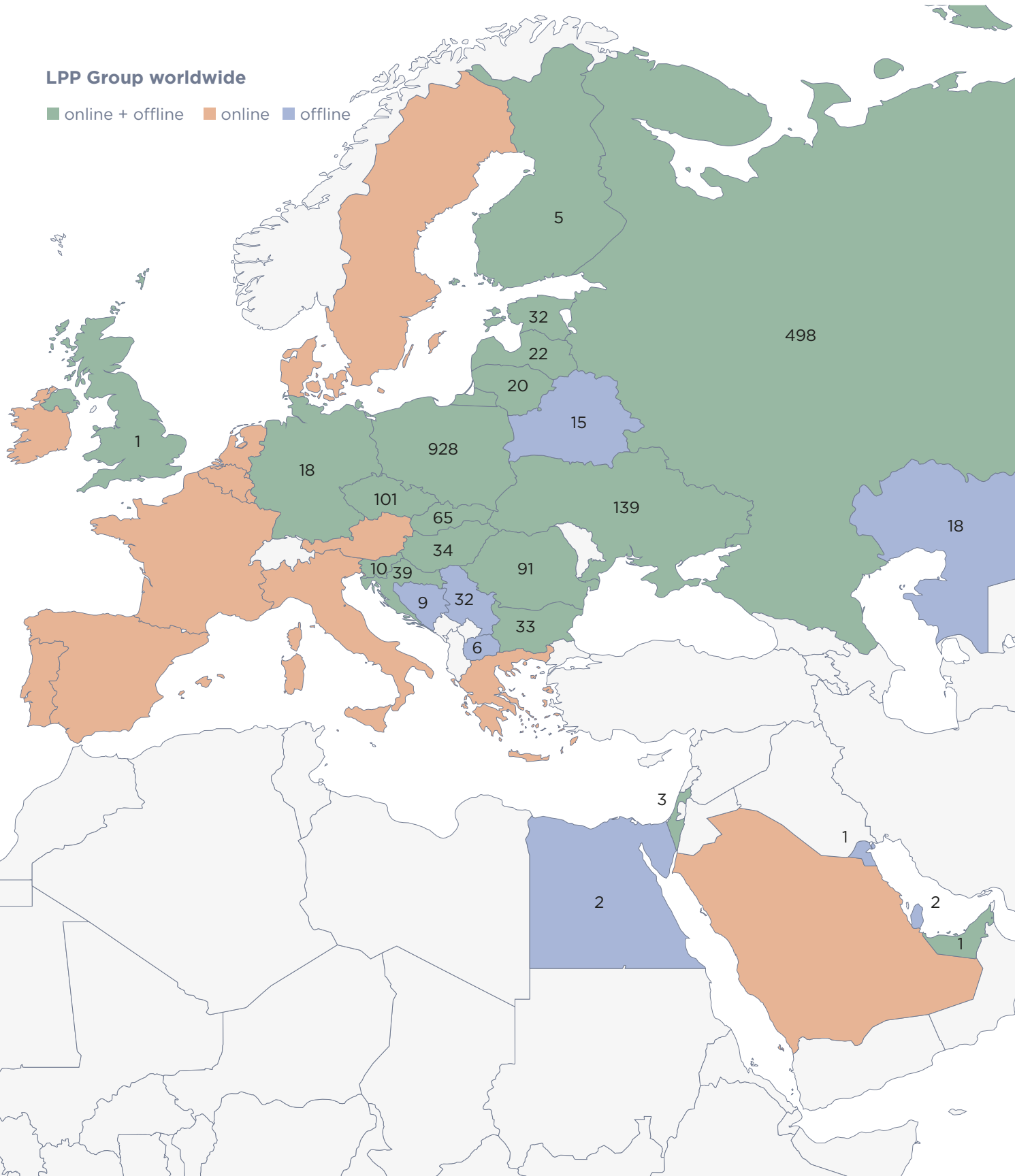


## **OUR MARKET PRESENCE**

We offer our products to customers in on-site and online stores jointly in 39 countries on 3 continents.

Our on-site store chain comprises 2,125 stores of the total area of 1,750.4 thousand m2 in 26 countries.

We are present online on 31 markets.





# BASIC FIGURES PRESENTING THE EFFECTS OF THE LPP SA GROUP'S OPERATIONS IN THE REPORTED PERIOD

## **1. NUMBER OF STORES**

<b>As at 31.10.2021</b>	<b>Number of stores</b>
Reserved	448
Cropp	388
House	360
Mohito	289
Sinsay	638
Outlet	2
<b>Total LPP Group</b>	<b>2,125</b>

## **2. SALES BROKEN DOWN BY BRAND**

<b>in PLN mln</b>	<b>Sales in Q1-3 2021/22</b>	<b>Sales in Q1-3 2020/21</b>
Reserved	3,878	2,562
Cropp	1,115	713
House	912	627
Mohito	829	521
Sinsay	3,103	1,252
Other	70	80
<b>Total</b>	<b>9,907</b>	<b>5,754</b>

in PLN mln	Sales in Q3 2021/22	Sales in Q3 2020/21
Reserved	1,482	1,069
Cropp	415	321
House	334	271
Mohito	338	213
Sinsay	1,330	543
Other	14	28
<b>Total</b>	<b>3,913</b>	<b>2,446</b>

### **3. ONLINE SALES**

	Q1-3 2021/22	Q1-3 2020/21	Q3 2021/22	Q3 2020/21
Sales in PLN mln	2,688	1,451	907	446

### **4. REVENUE BROKEN DOWN BY REGION**

Country	Q1-3 2021/22	Q1-3 2020/21	Q3 2021/22	Q3 2020/21
Poland	3,922	2,568	1,524	1,070
Other European countries	3,143	1,820	1,283	736
CIS	2,821	1,353	1,095	634
Middle East*	21	13	11	6
<b>Total</b>	<b>9,907</b>	<b>5,754</b>	<b>3,913</b>	<b>2,446</b>

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

### **5. OPERATING EXPENSES**

	Q1-3 2021/22 (MSSF16)	Q1-3 2020/21 (MSSF16)	Q3 2021/22 (MSSF16)	Q3 2020/21 (MSSF16)
Operating expenses (in PLN mln)	4,031	2,819	1,458	1,036
Operating expenses per m2/month	287	248	292	262

## **6. CAPITAL EXPENDITURES**

In Q3 2021/22, CAPEX amounted to PLN 409.9 mln i.e. by approx. 129% more compared to Q3 of the preceding year. Cumulatively Q1-3 PLN 946,8 mln i.e. by approx. 78% more compared to r/r.

## **7. INVENTORY**

	31.10.2021	31.10.2020
Inventory (PLN mln)	2,962	1,643
Inventory per m2 in PLN	1,702	1,223

## **8. DEBT**

<b>Data (without IFRS 16)</b>	As at 31.10.2021	As at 31.10.2020
Short-term loans	538,070	456,586
Long-term loans	150,867	202,939
Bonds	295,579	293,853
Cash	1,692,522	2,055,365
<b>Net debt (net cash)</b>	<b>-708,006</b>	<b>-1,101,987</b>

## **9. FACTORS AND EVENTS, INCLUDING THOSE OF EXTRAORDINARY NATURE, SIGNIFICANTLY AFFECTING THE CONDENSED FINANCIAL STATEMENTS**

In Q3 2021/22, the Group's revenue reached almost PLN 4 bln compared to PLN 2.4 bln earned in the same period a year ago. Revenue higher by 60% y/y was generated owing to several factors: customers keeping returning to on-site stores after the lockdown, the so-called postponed demand effect, a sustained tendency of preferred online shopping, successful collections in all brands, expansion of the Group's retail space and logistics adjustments.

In the reporting period, approx. 57% of the Group's revenue was yielded abroad while domestic revenue constituted approx. 43% of the Group's sales. The largest foreign sales performance was recorded in Russia, Ukraine, Romania and the Czech Republic. The highest sales dynamics were generated in the Czech Republic, Bulgaria, Croatia, Slovenia as well as Bosnia and Hercegovina.

With on-site store demand being high in Q3 2021/22, the Group doubled online sales y/y reaching PLN 907 mln i.e. approx. 23% of the Group's revenue.

Owing to the sales of collections at original prices, opportune purchase prices, escalated sale prices and growing foreign sales, the Group reached a gross margin of 58.3% i.e. by 1.7 p.p. higher than a year ago.

In Q3 2021, the Group's operating expenses were higher by 40.7% y/y due to the development of the on-site store chain and the online channel. At the same time, the increase in operating expenses was lower than the sales increase due to cost savings made during the pandemic.

In Q3 2021/22, the Group recorded a more advantageous effect of operating activities y/y.

A factor affecting these financial statements was more opportune net financing operations y/y (PLN 3.2 mln – positive foreign exchange differences, PLN 7.6 – reduced and abolished rents).



Owing to the above-mentioned factors, in the reporting period, the LPP Group recorded profit of PLN 628 mln compared to PLN 247 generated a year ago.

Basic figures reflecting the Group's performance and margins gained in Q1-3 and Q3 2021/22 itself are given in tables below.

	Q1-3 2021/22	Q1-3 2020/21	Change y/y (%)	Q3 2021/22	Q3 2020/21	Change y/y (%)
Revenue	9,906,900	5,753,661	72.2%	3,913,420	2,445,717	60.0%
Gross profit on sales	5,607,509	2,965,329	89.1%	2,282,314	1,384,176	64.9%
Costs of stores and distribution and general costs	4,030,657	2,818,508	43.0%	1,457,628	1,035,866	40.7%
EBITDA	2,320,457	888,687	161.1%	1,112,347	562,977	97.6%
Operating profit (loss)	1,499,533	72,963	n/m	817,331	301,184	171.4%
Net profit (loss)	1,108,224	-145,759	n/m	627,581	246,870	154.2%

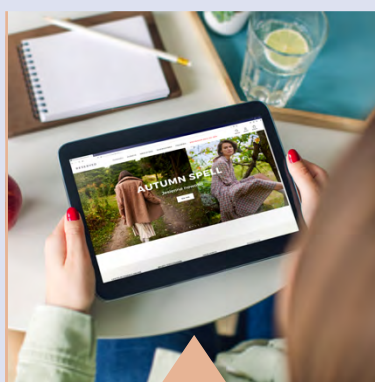
<b>Margin (%)</b>	Q1-3 2021/22	Q1-3 2020/21	Change y/y (p.p.)	Q3 2021/22	Q3 2020/21	Change y/y (p.p.)
Gross sales margin	56.6%	51.5%	5.1	58.3%	56.6%	1.7
EBITDA	23.4%	15.4%	8.0	28.4%	23.0%	5.4
Operating	15.1%	1.3%	13.9	20.9%	12.3%	8.6
Net	11.2%	-2.5%	13.7	16.0%	10.1%	5.9

**10. OTHER MAJOR EVENTS IN  
Q3 2021/22 AND IN THE PERIOD  
PRECEDING PUBLICATION OF THIS  
REPORT**



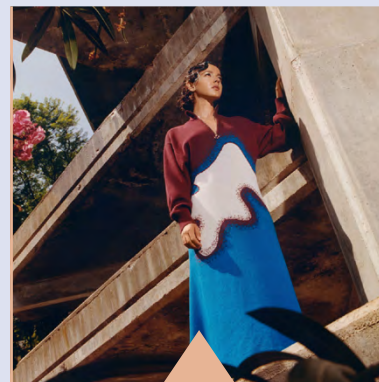
SEPTEMBER

**RES ENERGY SUPPLY  
CONTRACT WITH FIGENE**



SEPTEMBER

**DEBUT OF  
THE ONLINE STORE  
ON THE BULGARIAN  
MARKET**



SEPTEMBER

**BRODKA X RESERVED  
LIMITED COLLECTION**



SEPTEMBER

**INSTALLATION  
OF 4 THOUSAND  
PHOTOVOLTAIC ARRAYS  
ON THE ROOF OF LPP'S  
DISTRIBUTION CENTRE  
IN BRZEŚĆ KUJAWSKI**



SEPTEMBER

**ENTERING  
THE MACEDONIAN  
MARKET**



OCTOBER

**FIRST AWARD IN  
THE OFFICE SUPERSTAR  
CONTEST IN THE "BEST  
TRICITY OFFICE"  
CATEGORY FOR LPP'S  
FASHION LAB2 BUILDING  
IN GDAŃSK**



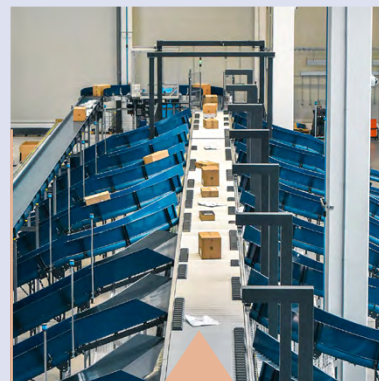
OCTOBER

**BREEAM CERTIFICATE  
(ASSESSING  
BUILDINGS IN TERMS  
OF ENVIRONMENTAL  
STANDARDS) FOR  
THE HEAD OFFICE OF  
LPP'S CRACOW BRANCH**



NOVEMBER

**COMPLETION OF  
CONSTRUCTION  
WORKS IN THE NEW  
DISTRIBUTION CENTRE  
IN BRZEŚĆ KUJAWSKI**



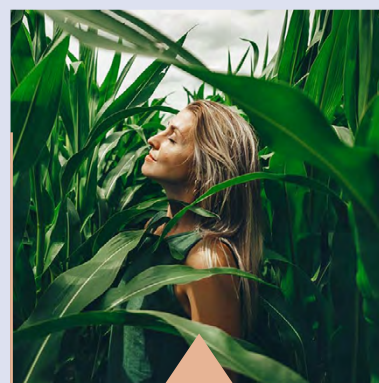
NOVEMBER

**LAUNCHING OF  
THE AUTOMATED  
SORTING SYSTEM  
IN THE SLOVAKIAN  
FULFILLMENT CENTRE**



OCTOBER

**RENTAL CONTRACT FOR  
A NEW FULFILLMENT  
CENTRE IN PRUSZCZ  
GDAŃSKI, LOCATED  
IN PANATTONI PARK  
TRICITY SOUTH II**



NOVEMBER

**LPP RANKED SECOND  
IN THE GROUP OF  
WIG 20 AND MWIG  
40 COMPANIES BEST  
REPORTING CLIMATE  
ISSUES**

# **FACTORS WHICH MAY AFFECT RESULTS GAINED BY THE LPP GROUP WITHIN AT LEAST THE NEXT QUARTER**

In the next several quarters, the Group's financial results may be affected by the following:

- Situation resulting from the COVID-19 pandemic and prospective restrictions stemming from the next pandemic wave,
- Economic and social situation in Poland and countries where the Group's stores are operated,
- Fashion trends, attractiveness of collections offered by the Company and a consumer behaviour model,
- PLN/USD, PLN/EUR and PLN/RUB exchange rates,
- Increased costs of maritime transport and prospective supply delays resulting from the situation on the maritime transport market,
- Planned tax changes following implementation of the New Polish Order Scheme,
- Control of the Group's operating expenses (SG&A),
- Dynamic e-commerce development by the Group,
- Development of the Group's on-site store chain,
- Development of the logistics network,
- Development of the organisation's omnichannel model,
- The Group's CAPEX (targets for 2021/22: PLN 1.35 bln, for 2022/23: PLN 1.25 bln).

In financial years 2021/22 and 2022/23 the Group expects to yield two-digit growths in revenue y/y, improve its operating margin y/y in 2021/22 and maintain level of operating margin in 2023/23. The Group plans safe liquidity position, dynamic growth its online performance (2021/22: PLN 4 bln i.e. +80% y/y, 2022/23: +40% y/y at the minimum), continue double-digit space growths (2021/22: +29% y/y, 2022/23: +25% y/y) and enter a new Albanian market (in 2022/23).



# BASIS FOR PREPARATION AND INFORMATION ON CHANGES IN KEY ACCOUNTING PRINCIPLES APPLIED AS WELL AS NOTES

## **1. PREPARATION BASIS**

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 2021, approved for publishing on 27 April 2021.

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: 31.10.2021 - PLN/EUR 4,6208, 31.01.2021 - PLN/EUR 4,5385,
- 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: 01.02-31.10.2021 - PLN/EUR 4,5613, 01.02.-31.10.2020 - PLN/EUR 4,4774.

These consolidated condensed interim financial statements were prepared based on the assumption that the Group would remain a going concern in the foreseeable future despite occurrence of the following circumstances affecting the Company's remaining a going concern in the nearest future.

In the period from February to October 2021, in many countries including Poland, due to the COVID-19 pandemic, commercial and service facilities were closed following decisions made by administrative authorities. However, the situation differed depending on the country in which the Group has its companies. In February, the lockdown was implemented in 14% of stores in 6 countries, in

March: in 62% of stores in 13 countries, in April: in 59% of stores in 12 countries and, in May, in 13% of stores in 3 countries. From June to half-October, all stores remained open, being engaged in regular retail activity. In the 2nd half of October, the lockdown affected all LPP stores in Latvia and 50% of stores in Russia.

Owing to actions taken in 2020 i.e. increasing online sales, reducing costs, optimising logistics solutions and focusing on maintaining financial liquidity, the Group has been generating positive cash flows and should remain a going concern in foreseeable future.

Consequently, the enclosed consolidated condensed interim financial statements have been prepared based on the assumption that the Group remains a going concern and do not incorporate any adjustments concerning various methods of valuation and classification of assets and liabilities, which would be deemed required should the Group be unable to continue its operations in foreseeable future.

## **2. CHANGES IN ESTIMATES AND ASSUMPTIONS**

In the current reporting period, there were no changes in estimates or assumptions compared to those adopted and disclosed in the separate financial statements for the financial year ended 31 January 2021, approved on 27 April 2021.

## **3. ERROR CORRECTIONS AND A CHANGE IN ACCOUNTING PRINCIPLES**

The consolidated condensed interim financial statements comprise neither corrections of errors from previous years nor a change in accounting principles.

## **4. SEASONALITY OF OPERATIONS**

Seasonality in sales is a characteristic feature of the entire clothing market both in Poland and abroad. Typically, the gross margin achieved in periods of selling new collections at regular prices

is higher than the one recorded during clearance sales. This results in disproportions in the value of margins generated in individual calendar quarters (with the highest margins in Q2 and Q4 and the lowest in Q1 and Q3). To avoid significant differences in margins between calendar quarters, the Company changed its financial year by adjusting it to the collection calendar and, therefore, alleviated the impact of clearance sales and seasonality on margins of individual calendar quarters.

## **5. OPERATING SEGMENTS**

The LPP SA Group conducts one type of activity (one business segment considered as basic). A division into two geographical segments was applied: activity within and outside the European Union. The division into geographical segments was based on the criterion of location of the Group's assets.

Revenues and financial results regarding geographical segments for the period from 1 February 2021 to 31 October 2021 and for a comparable period are given in tables below.

<b>01.02 - 31.10.2021</b> <b>(in PLN thousand)</b>	EU coun- tries	Other co- untries	Consolida- tion adjust- ments	Values not attributed to seg- ments	Total
External sales	6,979,712	2,927,188	0	0	9,906,900
Intersegment sales	1,785,458	0	-1,785,458	0	0
Other operating income	37,058	22,684	0	0	59,742
<b>Total revenue</b>	<b>8,802,228</b>	<b>2,949,872</b>	<b>-1,785,458</b>	<b>0</b>	<b>9,966,642</b>
Total operating expenses, including	6,728,863	2,354,849	-1,208,954	455,290	8,330,048
Cost of sale of goods between segments	1,385,750	0	-1,385,750	0	0
Other operating expenses	71,657	65,404	0	0	137,061
<b>Operating profit (loss)</b>	<b>2,001,708</b>	<b>529,619</b>	<b>-576,504</b>	<b>-455,290</b>	<b>1,499,533</b>
Financial income	0	0	0	0	26,206
Financial expenses	0	0	0	0	128,257
<b>Pre-tax profit (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,397,482</b>
Income tax	0	0	0	0	289,258
<b>Net profit (loss) on continuing operations</b>	<b>2,001,708</b>	<b>529,619</b>	<b>-576,504</b>	<b>-455,290</b>	<b>1,108,224</b>

<b>01.02 - 31.10.2020</b> <b>(in PLN thousand)</b>	EU coun- tries	Other co- untries	Consolida- tion adjust- ments	Values not attributed to seg- ments	Total
External sales	4,354,387	1,399,274	0	0	5,753,661
Intersegment sales	901,767	0	-901,767	0	0
Other operating income	81,168	8,574	0	0	89,742
<b>Total revenue</b>	<b>5,337,322</b>	<b>1,407,848</b>	<b>-901,767</b>	<b>0</b>	<b>5,843,403</b>
Total operating expenses, including	4,983,689	967,427	-707,190	362,914	5,606,840
Cost of sale of goods between segments	694,520	0	-694,520	0	0
Other operating expenses	121,469	42,131	0	0	163,600
<b>Operating profit (loss)</b>	<b>232,164</b>	<b>398,290</b>	<b>-194,577</b>	<b>-362,914</b>	<b>72,963</b>
Financial income	0	0	0	0	126,874
Financial expenses	0	0	0	0	312,360
<b>Pre-tax profit (loss)</b>	<b>232,164</b>	<b>398,290</b>	<b>-194,577</b>	<b>-362,914</b>	<b>-112,523</b>
Income tax	0	0	0	0	33,236
<b>Net profit (loss) on continuing operations</b>	<b>232,164</b>	<b>398,290</b>	<b>-194,577</b>	<b>-362,914</b>	<b>-145,759</b>

## **6. REVENUE FROM CUSTOMER CONTRACTS**

The table below presents revenue on customer contracts, broken down by categories reflecting the manner in which economic factors affect the nature, amount, payment date as well as revenue and cash flow uncertainty.

<b>(in PLN thousand)</b>	CUMULATIVELY		Q3	
	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
<b>Type of sale</b>				
Sale of goods, including:	9,906,465	5,752,637	3,913,165	2,445,652
<i>E-commerce</i>	2,688,317	1,451,144	906,840	445,901
Sale of services	435	1,024	255	65
<b>Total</b>	<b>9,906,900</b>	<b>5,753,661</b>	<b>3,913,420</b>	<b>2,445,717</b>
<b>Brand</b>				
Reserved	3,878,236	2,562,111	1,482,261	1,069,034
Cropp	1,115,227	712,560	415,121	321,398
House	911,790	627,056	333,828	271,477
Mohito	828,886	520,542	338,326	212,992
Sinsay	3,103,217	1,251,699	1,329,740	542,972
Other	69,544	79,693	14,144	27,844
<b>Total</b>	<b>9,906,900</b>	<b>5,753,661</b>	<b>3,913,420</b>	<b>2,445,717</b>

### **Trade and other receivables**

The LPP Group sells clothes and accessories to end customers in its own on-site stores and online in Poland and abroad, with payments made in cash or by credit/debit cards. Due to this business model, the balance of receivables is relatively low. Trade receivables comprise wholesale settlements.

### **Revaluation write-offs**

During 9 months ended 31 October 2021, the Group recognised changes in revaluation write-offs on receivables in respect of all receivables or assets under consumer contracts.

Changes made both in the current period and the comparative one are given in the table below.

<b>Revaluation write-offs (in PLN thousand)</b>	2021	2020
	01.02 - 31.10	01.02 - 31.10
Opening balance	38,334	38,309
Write-offs made in the period	8,638	23,432
Write-offs reversed in the period	15,688	13,386
Currency translation differences	399	142
<b>Closing balance</b>	<b>31,683</b>	<b>48,497</b>



## **7. OTHER OPERATING INCOME AND EXPENSES**

In other operating income, the Groups shows, among others: PLN 42,202 thousand (in Q3 2021: PLN 8,225 thousand) – subsidies obtained in the reporting period as additional financing of payroll and social security contributions charged on remunerations (in 9 months ended 31 October 2020: PLN 65,410 thousand and in Q3 2020: PLN 10,619 thousand) and PLN 7,163 thousand (in Q3 2021: PLN 1,884 thousand) – earnings on the annulment of contracts under IFSR 16 (in 9 months ended 31 October 2020: PLN 14,599 thousand and in Q3 2020: PLN 8,131 thousand).

In other operating expenses, the highest values are losses in non-current and current assets, totalling PLN 74,878 thousand (in Q3 2021: PLN 24,599 thousand) and the surplus of write-offs established over their reversed value for unprofitable stores is shown in other operating expenses, in the amount of PLN 50,207 thousand (in Q3 2021: decreasing by PLN 3,824 thousand).

## **8. FINANCIAL INCOME AND EXPENSES**

<b>Financial income (in PLN thousand)</b>	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Interest	2,539	5,894	450	1,879
Measurement of participation units in funds	-365	-115	-521	0
Dividends	6	0	0	0
Other financial income, including:	24,026	121,095	7,558	55,622
- currency translation balance	0	0	0	0
- adjustment of the lease liability	24,026	120,980	7,558	55,527
<b>Total financial income</b>	<b>26,206</b>	<b>126,874</b>	<b>7,487</b>	<b>57,501</b>

During 9 months ended 31 October 2021, the Company renegotiated retail space lease agreements. Rent discounts obtained for the period from February 2021 to October 2021 were recognised as adjustment of the lease liability, adjusting financial income accordingly as shown in the table above, in item “adjustment of the lease liability”.

<b>Financial expenses (in PLN thousand)</b>	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Interest expenses – bank loans	15,417	20,780	5,939	10,619
Interest expenses – bonds	3,494	4,347	1,475	0
Interest expenses – budgetary and other	4,218	123	4,330	66
Interest expenses – lease liabilities	101,679	96,193	35,969	29,045
Bank commissions	2,722	4,415	1,159	1,016
Other financial expenses, including:	727	186,502	-3,386	77,437
- currency translation balance	727	186,502	-3,218	77,437
<b>Total financial expenses</b>	<b>128,257</b>	<b>312,360</b>	<b>45,486</b>	<b>118,183</b>

## **9. INCOME TAX**

The main components of the income tax liability of the Group for the period from 1 February 2021 to 31 October 2021 and for a comparative period are given in the table below.

<b>Income tax (in PLN thousand)</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Current income tax	359,586	41,283	196,925	22,671
Taxation of foreign controlled companies	30,372	26,128	2,104	4,537
Deferred income tax	-100,700	-34,175	-47,278	-33,576
<b>Total</b>	<b>289,258</b>	<b>33,236</b>	<b>151,751</b>	<b>-6,368</b>

## **10. PROPERTY, PLANT AND EQUIPMENT**

### **PURCHASE AND SALE**

During 9 months ended 31 October 2021, the Group purchased PPE of PLN 1,002,582 thousand (during 9 months ended 31 October 2020: PLN 549,820 thousand). Those were mainly investments involving the construction of new stores, expansion of the logistics centre in Pruszcz Gdański and offices in Gdańsk.

In 9 months ended 31 October 2021, the Group sold PPE of a net value of PLN 995 thousand (in 9 months ended 31 October 2020: PLN 640 thousand), generating a net loss on sales of PLN 548 thousand (2020: profit of PLN 157 thousand).

### **IMPAIRMENT WRITE-OFFS**

In the period ended 31 October 2021, the Group recognised an additional impairment write-off on fixed assets, totalling PLN 55,940 thousand (in 9 months ended 31 October 2020: PLN 40,885 thousand). At the same time, in 2021, the impairment write-off was reversed through its partial use it in the amount of PLN 2,360 thousand and its reversal in the amount of PLN 5,733 thousand due to the absence of relevant prerequisites (in 9 months ended 31 October 2020, an impairment write-off was also utilised in the amount of PLN 1,060 thousand and reversed in the amount of PLN 2,151 thousand due to the absence of relevant prerequisites). In the statement of comprehensive income, the surplus of write-offs established

over their reversed value is shown in item "Other operating expenses", in the amount of PLN 50,207 thousand.

## **11. INVENTORY**

In 9 months ended 31 October 2021, the Group established revaluation write-offs on inventory in the amount of PLN 159,224 thousand, whereas in Q3 2021 in the amount of PLN 9,533 thousand (in 9 months ended 31 October 2020, the Group reversed the write-off in the amount of PLN 4,318 thousand, whereas in Q3 2020 in the amount of PLN 2,938 thousand). The said amount was recognised in item "Cost of goods sold". In 2021, the value of write-offs results, first of all, from pandemic-related delivery delays due to which the majority of inventory will be sold below the purchase price.

The inventory comprises primarily trade commodities. A detailed inventory structure is given in the table below.

Inventory - balance sheet value (in PLN thousand)	31.10.2021	31.01.2021
Materials	35,391	22,958
Goods	2,896,204	2,031,337
Customer refund assets	29,983	20,152
<b>Total</b>	<b>2,961,578</b>	<b>2,074,447</b>

## **12. DEPOSITS**

Deposits and investment funds (in PLN thousand)	31.10.2021	31.01.2021
Participation units in funds	448,420	440,919
Security deposits	100,000	100,000
Collateral	442,779	412,097
<b>Deposits and investment funds</b>	<b>991,199</b>	<b>953,016</b>

In the reporting period, the Group amortised participation units in money market funds. In the cash flow statement, in investing activities, the Group reports an acquisition in the amount of PLN 99,445 thousand and the amortisation of funds in the amount of PLN 85,448 thousand. The value of profit earned from amortised units amounted to PLN 199 thousand and was reported in investing activities, in item "Interest and other inflows from financial assets". The measurement of the above-mentioned instruments is at level 2 of the fair value hierarchy in respect of participation units in unquoted funds.

With reference to factoring contracts described in detail in note 14, LPP SA paid a security deposit of PLN 100 mln to secure the factor's claims and deposited a collateral of PLN 443 mln.

## **13. OTHER FINANCIAL ASSETS**

In PLN thousand	31.10.2021	31.01.2021
<b>Non-current assets</b>		
Other receivables	20,894	13,446
Loans granted	179	66
<b>Other long-term financial assets</b>	<b>21,073</b>	<b>13,512</b>
<b>Current assets</b>		
Other receivables	0	1,137
Receivables payable by payment card operators	87,782	32,909
Loans granted	146	85
Forward contract valuation	46,271	0
Foreign currency sold	0	37,000
<b>Other short-term financial assets</b>	<b>134,199</b>	<b>71,131</b>
<b>Other financial assets in total</b>	<b>155,272</b>	<b>84,643</b>

The measurement of the above-mentioned instruments is at level 2 of the fair value hierarchy.

#### **14. BANK LOANS AND BORROWINGS**

As at 31 October 2021, LPP SA had credit lines in 5 banks, in the total amount of PLN 1.1 bln utilised for bank guarantees, letters of credit or a revolving loan. Apart from the above-mentioned bank loans extended to LPP (the Parent Company), three subsidiaries, i.e. the Russian, Ukrainian and Kazakh companies, utilised credit lines extended by local banks, which, at the end of October 2021, were utilised in the total amount of PLN 314 mln.

Furthermore, LPP SA has taken up investment credit facilities for the extension of Distribution Centre and the head office in Gdańsk. At the end of Q3 2021/22, the total value of such credit facilities was PLN 180 mln.

Additionally, LPP has 300 thousand 5-year bearer A series bonds issued in 2019, of the total historical value of PLN 300 mln.

As at the balance sheet date i.e. 31 October 2021, the liabilities, including trade payables, totalled PLN 4,261,781 thousand and their value increased by 54% compared to the balance as at 31 January 2021. The said increase results primarily from increased product orders placed by the Company owing to higher post-pandemic customer demand in both sales channels (online and on-site stores). Increased purchases made by the Company result also from the requirement to replenish new stores.

As at 31 October 2021, the Group had trade liabilities (denominated both in PLN and foreign currencies, mainly USD) totalling PLN 2,784,739 thousand, owed to HSBC Polska SA, Santander Polska SA and BNP Paribas under the supplier financing scheme i.e. reversed factoring. As part of reversed factoring, after presenting a purchase invoice, the bank factor repays liabilities owed to the supplier in line with a previously agreed time schedule. The Group's total reversed factoring limits in the above-mentioned banks amount to PLN 1 bln and USD 520 mln (established indefinitely) and USD 107 mln (established by 30.06.2022). Due to the increase in factoring limits in 2020, LPP SA paid a security deposit of PLN 100 mln to secure claims of a factor and deposited a collateral of PLN 443 mln on another factor's bank account. Any prospective release from, or a reduction of, the collateral or the security deposit will be equivalent to a decrease of the limit set

forth in the reversed factoring agreement and require liabilities to be paid in the same amount.

#### **15. DIVIDENDS PAID AND OFFERED FOR PAYMENT**

On 29 June 2021, by resolution no 17, the General Meeting of LPP SA decided to allocate part of profit from previous years for dividend payment in the amount of PLN 833,590,350. The dividend date was set for 6 July 2021, with payment to be made in two instalments: on 20 July 2021 and 6 October 2021. The dividend per share was PLN 450.00.

In the comparative period, on 18 September 2020, the General Meeting of LPP SA adopted a resolution on non-payment of a dividend from profit earned in 13 months, i.e. from 1 January 2019 to 31 January 2020.

#### **16. CONTINGENT ASSETS AND LIABILITIES**

In Q3 2021, the LPP SA Group companies utilised bank guarantees to secure payment of rent for the leased premises designated for brand stores, offices and warehouse space.

As at 31 October 2021, the total value of bank guarantees issued upon request and at the responsibility of LPP SA amounted to approx. PLN 273,911 thousand, of which:

- guarantees issued to secure agreements concluded by LPP SA amounted to PLN 88,287 thousand,
- guarantees issued to secure agreements concluded by consolidated associates amounted to PLN 176,756 thousand,
- guarantees issued to secure warehouse and office space lease agreements concluded by LPP SA amounted to PLN 8,868 thousand.

From February to October 2021, the Company also received guarantees as collateral for payments from a contracting party. As at 31 October 2021, the value of the said guarantees was PLN 12,291 thousand. On 31 October 2021, the value of sureties granted by the Parent Company was PLN 196,587 thousand. In the opinion of the Management Board, any outflow of funds recognised in off-balance sheet/contingent liabilities is very unlikely. The majority of these liabilities involve guarantees securing payment of rent by the LPP



SA Group companies. In the reporting period, neither Issuer nor its subsidiary granted any sureties for bank loans or credits or any guarantees, jointly to a single entity or such entity's subsidiary, of a value exceeding 10.0% of the Issuer's equity.

## **17. TRANSACTIONS WITH ASSOCIATES**

The Group's associates include:

- key management officers of the LPP SA Group and their close family members;
- entities controlled or significantly influenced by key management officers or their close family members within the meaning provided for in IAS 24.

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

From 1 February to 31 October 2021, short-term benefits of members of the Parent Company's Management Board amounted to PLN 3,526 thousand.

From 1 February to 31 October 2021, short-term benefits of members of the Parent Company's Supervisory Board amounted to PLN 135 thousand.

## **18. LITIGATION**

LPP SA is not a party to any court, arbitration or administrative proceedings involving any obligations or liabilities exceeding, in total, jointly or separately, 10% of its equity.

Furthermore, in the reporting period, there were no significant court case settlements.

## **19. EVENTS AFTER THE BALANCE SHEET DATE**

By the date of publishing the enclosed financial statements, there were no events after the balance sheet date, requiring any additional disclosures.

## **20. SUPPLEMENTARY INFORMATION**

In the reporting period, neither debt nor equity securities were issued, redeemed or repaid.



03

SEPARATE CONDENSED INTERIM  
FINANCIAL STATEMENTS

# INTRODUCTION

We hereby approve the separate condensed interim financial statements of the LPP SA for 9 months ended 31 October 2021, comprising the separate condensed interim statement of comprehensive income, with comprehensive income totalling PLN 706,813 thousand, the separate condensed interim statement of financial position, with assets and liabilities totalling PLN 9,460,981 thousand, the separate condensed interim statement of cash flows, showing a decrease in net cash by PLN 55,704 thousand, the separate condensed interim statement of changes in equity, showing a decrease in equity by PLN 116,834 thousand, as well as additional information.

## MANAGEMENT BOARD OF LPP SA:

**Marek Piechocki**  
President of the Management Board

**Przemysław Lutkiewicz**  
Vice-President of the Management Board

**Jacek Kujawa**  
Vice-President of the Management Board

**Sławomir Łoboda**  
Vice-President of the Management Board

**Marcin Piechocki**  
Vice-President of the Management Board



## **SELECTED SEPARATE CONDENSED INTERIM FINANCIAL DATA**

for 9 months ended 31 October 2021

<b>Selected separate financial data</b>	in PLN thousand		in EUR thousand	
	Cumulatively			
	2021/22	2020/21	2021/22	2020/21
	01.02-31.10	01.02-31.10	01.02-31.10	01.02-31.10
Revenue	7,588,281	4,526,301	1,663,622	1,010,922
Operating profit (loss)	895,885	241,282	196,410	53,889
Pre-tax profit (loss)	900,343	32,523	197,387	7,264
Net profit (loss)	706,813	-17,207	154,959	-3,843
Weighted average number of shares	1,838,066	1,834,417	1,838,066	1,834,417
Profit (loss) per share	384.54	-9.38	84.31	-2.09
Net cash flows from operating activities	1,481,012	692,211	324,691	154,601
Net cash flows from investing activities	-262,695	-389,438	-57,592	-86,979
Net cash flows from financing activities	-1,274,021	111,470	-279,311	24,896
Total net cash flows	-55,704	414,243	-12,212	92,519

<b>Selected separate financial data</b>	in PLN thousand		in EUR thousand	
	2021/22	2020/21	2021/22	2020/21
	31.10	31.01	31.10	31.01
Total assets	9,460,981	8,325,804	2,047,477	1,834,484
Long-term liabilities	1,534,281	1,561,418	332,038	344,038
Short-term liabilities	4,602,768	3,323,620	996,098	732,317
Equity	3,323,932	3,440,766	719,341	758,128
Share capital	3,705	3,705	802	816
Weighted average number of ordinary shares	1,838,066	1,838,066	1,838,066	1,838,066
Book value per share	1,808.39	1,871.95	391.36	412.46
Declared or paid dividend per share	450.00	-	97.39	-





## **SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

for 9 months ended 31 October 2021

<b>Comprehensive income statement (in PLN thousand)</b>	CUMULATIVELY		Q3	
	2021	2020	2021	2020
	01.02 - 31.10	01.02 - 31.10 transformed	01.08 - 31.10	01.08 - 31.10 transformed
Continuing operations				
Revenue	7,588,281	4,526,301	3,176,892	1,887,553
Cost of goods sold	4,453,205	2,767,833	1,703,468	1,150,784
<b>Gross profit (loss) on sales</b>	<b>3,135,076</b>	<b>1,758,468</b>	<b>1,473,424</b>	<b>736,769</b>
Costs of stores and distribution	1,880,749	1,227,467	652,156	491,078
General costs	354,400	270,006	125,016	95,066
Other operating income	12,940	26,665	5,527	2,910
Other operating expenses	16,982	46,378	6,995	16,693
<b>Operating profit (loss)</b>	<b>895,885</b>	<b>241,282</b>	<b>694,784</b>	<b>136,842</b>
Financial income	68,555	62,763	46,119	25,569
Financial expenses	64,097	271,522	15,082	74,087
<b>Pre-tax profit (loss)</b>	<b>900,343</b>	<b>32,523</b>	<b>725,821</b>	<b>88,324</b>
Income tax	193,530	49,730	132,945	18,812
<b>Net profit (loss)</b>	<b>706,813</b>	<b>-17,207</b>	<b>592,876</b>	<b>69,512</b>
<b>Total comprehensive income</b>	<b>706,813</b>	<b>-17,207</b>	<b>592,876</b>	<b>69,512</b>
Other comprehensive income				
<b>Total comprehensive income</b>	<b>706,813</b>	<b>-17,207</b>	<b>592,876</b>	<b>69,512</b>
Weighted average number of shares	1,838,066	1,834,417	1,838,066	1,834,417
Diluted number of shares	1,839,884	1,834,417	1,839,884	1,834,417
<b>Profit (loss) per share</b>	<b>384.54</b>	<b>-9.38</b>	<b>322.55</b>	<b>38.00</b>
<b>Diluted net profit (loss) per share</b>	<b>384.16</b>	<b>-9.38</b>	<b>322.24</b>	<b>37.89</b>

## **SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

as at 31 October 2021

	AS		
<b>Statement of financial position (in PLN thousand)</b>	31.10.2021	31.01.2021 transformed	31.10.2020 transformed
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>4,996,319</b>	<b>4,701,540</b>	<b>4,735,329</b>
1. Property, plant and equipment	1,468,648	1,403,167	1,402,805
2. Intangible assets	139,145	135,611	130,787
3. Right-of-use assets	981,966	965,038	953,280
4. Goodwill	179,618	179,618	179,618
5. Trademark	77,508	77,508	77,508
6. Investments in subsidiaries	1,970,279	1,739,999	1,930,806
7. Deferred tax assets	101,432	66,166	51,451
8. Prepayments	1,706	265	297
9. Other financial assets	76,017	134,168	8,777
<b>Current assets</b>	<b>4,464,662</b>	<b>3,624,264</b>	<b>3,321,258</b>
1. Inventories	2,008,938	1,590,682	1,093,042
2. Trade receivables	713,065	204,953	354,245
3. Income tax receivables	0	98,962	68,269
4. Other non-financial assets	991	19,760	1,928
5. Prepayments	17,725	19,372	9,282
6. Other financial assets	81,999	43,380	358,546
7. Deposits and investment funds	966,056	936,296	1,999
8. Cash and cash equivalents	675,888	710,859	1,433,947
<b>TOTAL assets</b>	<b>9,460,981</b>	<b>8,325,804</b>	<b>8,056,587</b>

	AS AT		
<b>Statement of financial position (in PLN thousand)</b>	31.10.2021	31.01.2021 transformed	31.10.2020 transformed
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3,323,932</b>	<b>3,440,766</b>	<b>3,464,940</b>
1. Share capital	3,705	3,705	3,705
2. Treasury shares	0	0	-41,115
3. Share premium	364,315	364,315	284,877
4. Other reserves	2,323,269	3,146,916	3,155,123
5. Retained earnings	632,643	-74,170	62,350
<b>Non-current liabilities</b>	<b>1,534,281</b>	<b>1,561,418</b>	<b>1,500,774</b>
1. Bank loans and borrowings	150,867	190,596	202,939
2. Lease liabilities	1,043,403	1,024,526	952,814
3. Other financial liabilities (bonds)	295,579	294,104	293,853
4. Employee liabilities	1,592	1,592	1,289
5. Accruals	42,840	50,600	49,879
<b>Current liabilities</b>	<b>4,602,768</b>	<b>3,323,620</b>	<b>3,090,873</b>
1. Trade and other liabilities	3,818,000	2,522,363	2,411,468
2. Contract liabilities	9,448	14,214	9,519
3. Customer refund liabilities	22,836	17,106	8,136
4. Bank loans and borrowings	229,345	421,252	356,041
5. Lease liabilities	313,907	267,796	224,851
6. Employee liabilities	24,479	10,565	32,336
7. Income tax liabilities	154,070	49,633	26,346
8. Provisions	10,000	29	21
9. Accruals	20,683	20,662	22,155
<b>TOTAL equity and liabilities</b>	<b>9,460,981</b>	<b>8,325,804</b>	<b>8,056,587</b>



## **SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS**

for 9 months ended 31 October 2021

Cash flow statement (in PLN thousand)	CUMULATIVELY		Q3	
	2021	2020 transformed	2021	2020 transformed
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
<b>A. Cash flows from operating activities - indirect method</b>				
I. Pre-tax profit (loss)	900,343	32,523	725,821	88,324
II. Total adjustments	580,669	659,688	52,294	602,050
1. Amortisation and depreciation	317,636	337,934	111,463	110,613
2. Foreign exchange losses (gains)	-50,462	-21,204	-42,103	-63,768
3. Interest and dividends	-32,052	35,040	-34,500	9,359
4. (Profit) loss on investing activities	20,219	108,945	7,573	4,014
5. Income tax paid	-135,415	-264,393	-77,705	-63,991
6. Change in provisions and employee benefits	23,914	-28,373	-4,447	19,716
7. Change in inventories	-417,454	273,355	-412,588	127,461
8. Change in receivables and other assets	-467,477	-365,647	-340,120	-165,244
9. Change in short-term liabilities, excluding bank loans and borrowings	1,319,364	572,388	850,041	623,027
10. Change in prepayments and accruals	-7,548	10,549	-5,321	863
11. Other adjustments	9,944	1,094	1	0
<b>III. Net cash flows from operating activities</b>	<b>1,481,012</b>	<b>692,211</b>	<b>778,115</b>	<b>690,374</b>
<b>B. Cash flows from investing activities</b>				
I. Inflows	315,934	256,582	81,610	24,699
1. Disposal of intangible and PPE assets	53,427	41,979	23,694	24,324
2. From financial assets, including:	212,706	9,147	57,916	375
a) in associates	212,385	7,770	57,879	333
- dividends	65,872	7,437	56,953	0
- repayment of loans granted	131,675	0	790	0
- interest	2,557	333	136	333
- other (refund of additional contributions)	12,281	0	0	0
b) in other entities	321	1,377	37	42
- repayment of loans granted	114	68	34	41
- interest and other inflows from financial assets	207	1,309	3	1
3. Other investing inflows	49,801	205,456	0	0
II. Outflows	578,629	646,020	169,965	228,453

1. Purchase of intangible and PPE assets	239,029	232,592	83,545	69,317
2. For financial assets, including:	309,600	303,428	86,420	159,136
a) in associates	309,300	303,377	86,420	159,101
- purchase of shares	242,561	141,945	27,607	0
- loans granted	66,739	161,432	58,813	159,101
b) in other entities	300	51	0	35
- loans granted	300	51	0	35
3. Other investing outflows	30,000	110,000	0	0
<b>III. Net cash flows from investing activities</b>	<b>-262,695</b>	<b>-389,438</b>	<b>-88,355</b>	<b>-203,754</b>
<b>C. Cash flows from financing activities</b>				
I. Inflows	0	370,066	0	2
1. Proceeds from issuance of shares	0	2	0	2
2. Loans and borrowings	0	370,064	0	0
3. Other financial inflows	0	0	0	0
II. Outflows	1,274,021	258,596	609,995	135,726
1. Dividends and other payments to owners	833,590	0	416,795	0
2. Repayment of loans and borrowings	232,115	41,210	113,205	37,609
3. Lease liabilities paid	174,110	181,793	68,355	88,380
4. Interest	34,206	35,470	11,640	9,737
5. Other financial outflows	0	123	0	0
<b>III. Net cash flows from financing activities</b>	<b>-1,274,021</b>	<b>111,470</b>	<b>-609,995</b>	<b>-135,724</b>
<b>D. Total net cash flows</b>	<b>-55,704</b>	<b>414,243</b>	<b>79,765</b>	<b>350,896</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-34,971</b>	<b>435,219</b>	<b>108,469</b>	<b>414,417</b>
- change in cash due to foreign currency translation	20,733	20,976	28,704	63,521
<b>F. Opening balance of cash</b>	<b>709,247</b>	<b>1,009,497</b>	<b>573,778</b>	<b>1,072,844</b>
<b>G. Closing balance of cash</b>	<b>653,543</b>	<b>1,423,740</b>	<b>653,543</b>	<b>1,423,740</b>

## **SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

for 9 months ended 31 October 2021

<b>Statement of changes in equity (in PLN thousand)</b>	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	TOTAL equity
Balance as at 1 February 2021 (transformed)	3,705	0	364,315	3,146,916	-74,170	3,440,766
Remuneration paid in shares	0	0	0	9,943	0	9,943
Dividend payment	0	0	0	-833,590	0	-833,590
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-823,647</b>	<b>0</b>	<b>-823,647</b>
Net profit for 9 months ended 31 October 2021	0	0	0	0	706,813	706,813
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>706,813</b>	<b>706,813</b>
Balance as at 31 October 2021	3,705	0	364,315	2,323,269	632,643	3,323,932
Balance as at 1 February 2020 (transformed)	3,705	-41,115	284,877	2,732,330	501,254	3,481,051
Remuneration paid in shares	0	0	0	1,094	0	1,094
Partial settlement of the incentive scheme	0	0	0	2	0	2
Division of profit for 2019	0	0	0	421,697	-421,697	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>422,793</b>	<b>-421,697</b>	<b>1,096</b>
Net loss for 9 months ended 31 October 2020	0	0	0	0	-17,207	-17,207
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,207</b>	<b>-17,207</b>
Balance as at 31 October 2020 (transformed)	3,705	-41,115	284,877	3,155,123	62,350	3,464,940



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