



**LPP**

**LPP SA GROUP**

CONSOLIDATED CONDENSED  
INTERIM REPORT  
FOR Q1 2022/23

RESERVED

CROPP



house

MO HITO

sinsay

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CONSOLIDATED INTERIM REPORT  
ON THE OPERATIONS  
OF THE LPP GROUP

# ABOUT US

## **WHO WE ARE**

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

Although we operate on nearly forty markets, it is Poland where our brand concepts are developed, all our collections are created and all our strategic decisions are made. 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.

Our staff consists of approx. 32 thousand people employed in our offices as well as sales and distribution units in Poland and European and Asian countries. Openness, diversity, responsibility for our development and mutual respect are the cornerstones of LPP's culture.

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

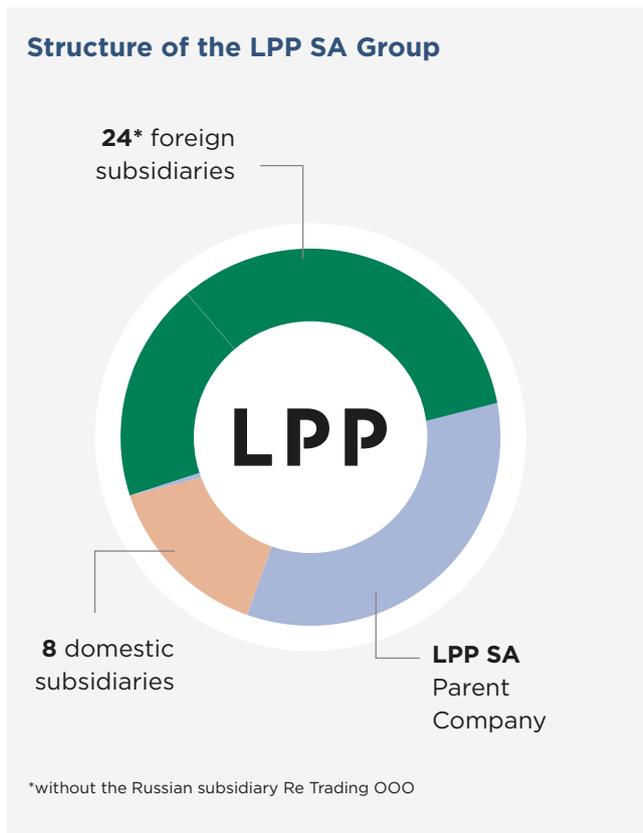
The LPP Group is composed of the Parent Company with its registered office in Poland, 8 domestic companies and 24 foreign companies (without the Russian subsidiary Re Trading OOO). The Group's foreign subsidiaries are, to a major extent, engaged in the distribution of products of all our brands outside Poland. Our Polish companies are engaged in the following business areas: the handling of brand stores in Poland (LPP Retail Sp. z o.o.), sales of promotional clothing (Printable Sp.

z o.o.), logistics services (LPP Logistics Sp. z o.o.), construction works involving 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 business activities covering the lease of real property in Poland, in locations where our brand stores are located (DP&SL Sp. z o.o., IL&DL Sp. z o.o.).

In Q1 2022, there were no changes in the Group's structure. However, on 28 April 2022, the Management Board of LPP SA published a notice on the Company's decision to sell Re Trading OOO to an external contracting party. Consequently, the assets and liabilities of the Russian company, measured as at 30 April 2022, were classified as designated for sale. Furthermore, statements of comprehensive income and cash flow statements for the period from February to April 2022 and for a comparative period have been divided into continued operations and operations held for sale.

Financial data related to operations to be sold were shown in note 1.14. of Additional Information.

The consolidated financial statements of the Group, covering the period between 1 February 2022 and 30 April 2022, include separate results of LPP SA, the results of foreign subsidiaries (with Re Trading OOO) 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. Shares are constituents of domestic stock exchange indices such as WIG, WIG Poland, WIG20, WIG30, WIG140, WIG Clothes, WIG ESG and foreign ones: MSCI Poland Index, CECE Index, FTSE Russell Index. Additionally, the Company has joined the segment of family companies quoted on the WSE, launched in 2021.

On the debut date, the price of the Company's shares was PLN 48.00. The lowest value of the Company's shares in the history of listings was recorded by LPP SA on 18 May 2001: PLN 47.00, and the highest value was recorded on 12 January 2022: PLN 18,770.00.

The Group's share capital (being at the same time the share capital of the Parent Company) is composed of 1,852,423 shares of the nominal value of PLN 2 per share. As at the balance sheet date, it amounted to PLN 3,704,846, with no change following publication of the last interim report i.e. the one for 2021/22.

The table below presents shareholders with at least 5% of the total number of votes of the GM (directly and indirectly) as at the date of publishing this report. Following publication of the previous report (for 2021/22), there was a change in the key shareholdings owned indirectly by the Semper Simul Foundation, consisting in the transfer of 25,495 shares in LPP by the subsidiary Semper Simul SARL and the direct acquisition of the same number of shares by the Semper Simul Foundation (CR 23/2022, CR 24/2022, adjusted CR 24/2022).

Shareholder	Number of shares held	Proportion of the share capital	Number of votes at the GM	Proportion of the total number of votes at the GM	Nominal value of shares
Semper Simul Foundation*	578,889	31.3%	1,978,889	60.8%	1,157,778
Sky Foundation**	227,898	12.3%	227,898	7.0%	455,796
Other shareholders	1,045,636	56.4%	1,045,636	32.2%	2,091,272
<b>Total</b>	<b>1,852,423</b>	<b>100.0%</b>	<b>3,252,423</b>	<b>100.0%</b>	<b>3,704,846</b>

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

\*\*The Sky Foundation is associated with Mr Jerzy Lubianiec - the co-founder of LPP

## **OUR MANAGEMENT AND SUPERVISORY BOARDS**

As at 30 April 2022, the Management Board of LPP was composed of:

- 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

As at 30 April 2022, the Supervisory LPP was composed of:

- Miłosz Wiśniewski, Independent Chairman of the Supervisory Board of LPP
- Wojciech Olejniczak, Vice-Chairman of the Supervisory Board of
- Piotr Piechocki, Member of the Supervisory Board of LPP
- Magdalena Sekuła, Independent Member of the Supervisory Board of LPP
- Grzegorz Maria Słupski, Independent Member of the Supervisory Board of LPP

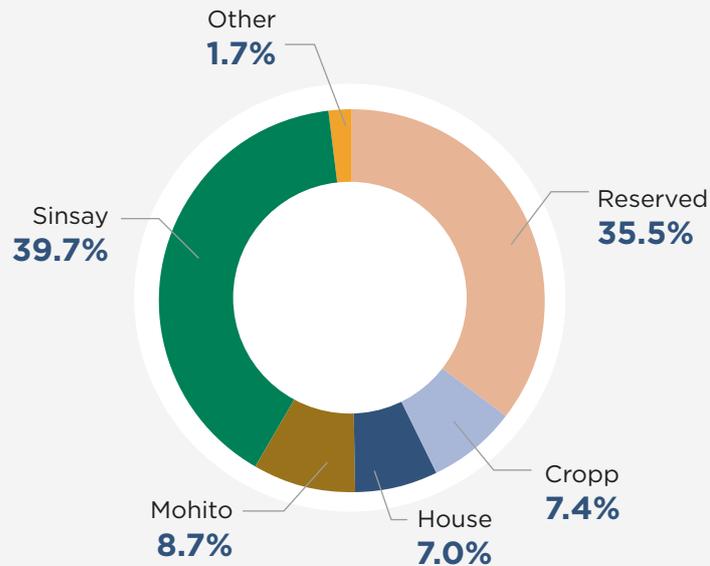
Following publication of the previous report (for the financial year 2021/22), there were changes in LPP shareholdings of key management officers due to acquisition of shares in LPP by two Members of the Management Board: Mr Jacek Kujawa 30 shares (CR 10/2022) and Mr Marcin Piechocki 169 shares (CR 11/2022).

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	200	200
Jacek Kujawa, Vice-President of the Management Board	648	648
Sławomir Łoboda, Vice-President of the Management Board	507	507
Marcin Piechocki, Vice-President of the Management Board	246	246

## **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 in 1Q 2022/23





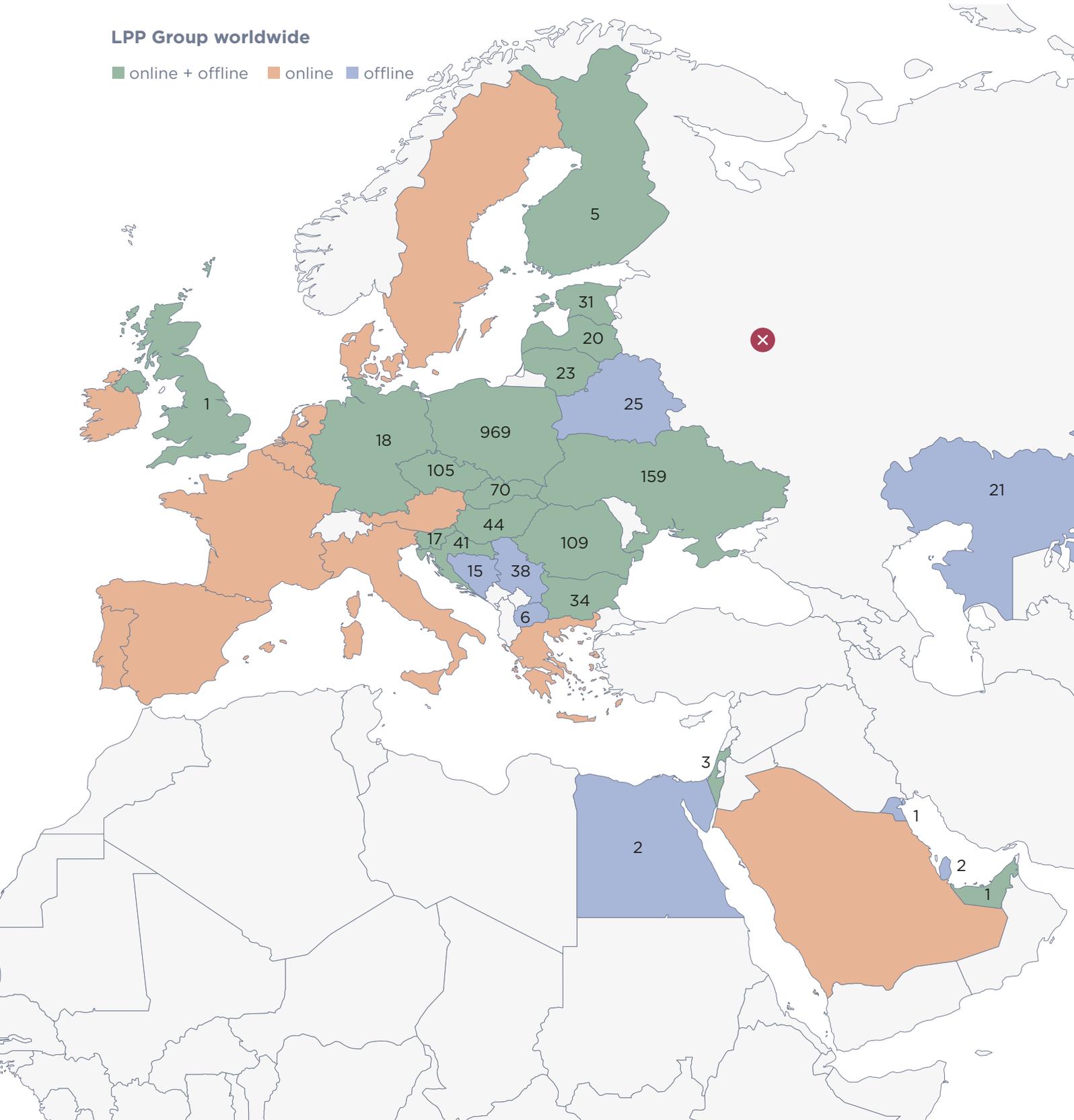
## **OUR MARKET PRESENCE**

We operate in 38 countries on 3 continents, offering our products to customers in traditional and online stores.

Our chain of traditional stores (without stores in Russia) comprises 1,760 retail stores in 25 countries, of the total area of 1,458 thousand m<sup>2</sup>.

### **LPP Group worldwide**

■ online + offline ■ online ■ offline



# BASIC FIGURES REFLECTING THE GROUP'S PERFORMANCE FROM 01.02.2022 TO 30.04.2022

(Historical data for the comparative period i.e. Q1 2021/22 are given in two versions: 1) before restated - results published in the financial statements for Q1 2021/22 and 2) following restated - the Russian company as operations held for sale.)

## **NUMBER OF STORES**

As at 30.04.2022 (the number of stores as at 30.04.2022 does not include brand stores in Russia, sold in Q2 2022/23)	Number of stores
Reserved	358
Cropp	321
House	316
Mohito	218
Sinsay	545
Outlet	2
<b>Total LPP Group</b>	<b>1,760</b>

## **SALES BY BRAND**

In PLN mln	Sales in Q1 2022/23	Sales in Q1 2021/22 before restated	Sales in Q1 2021/22 after restated
Reserved	1,078	956	779
Cropp	223	252	162
House	213	196	152
Mohito	263	178	139
Sinsay	1,203	740	579
Outlet	53	28	5
<b>Total</b>	<b>3,034</b>	<b>2,350</b>	<b>1,815</b>

## **ONLINE SALES**

	Q1 2022/23	Q1 2021/22 before restated	Q1 2021/22 after restated
Sales in PLN mln	998	998	934

## **REVENUE BROKEN DOWN BY REGION**

Country/Region	Q1 2022/23	Q1 2021/22 before restated	Q1 2021/22 after restated
Poland	1,459	910	910
Europe	1,377	695	695
Other regions*	198	745	210
<b>Total</b>	<b>3,034</b>	<b>2,350</b>	<b>1,815</b>

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

## **OPERATING EXPENSES**

	Q1 2022/23 (IFRS16)	Q1 2021/22 before restated (IFRS16)	Q1 2021/22 after restated (IFRS16)
Operating expenses (in PLN mln)	1,419	1,201	1,043
Operating expenses per m <sup>2</sup> /month	338	275	307

## **CAPITAL EXPENDITURES**

In Q1 2022/23, capital expenditures (CAPEX) amounted to approx. PLN 263 mln (including PLN 189 mln allocated for brand store expenses, PLN 57 mln for infrastructure and PLN 17 mln for IT). Compared to Q1 of the preceding year (not restated), capital expenditures were 5% higher.

## **INVENTORY**

	30.04.2022	30.04.2021	Change y/y (%)
Inventory (PLN mln)	3,663	2,239	63.6%
Inventory per m <sup>2</sup> in PLN	2,529	1,490	69.7%

## **DEBT**

<b>Debt</b>	30.04.2022	30.04.2021	Change y/y (%)
Long-term loans	137,614	178,485	-22.9%
Short-term loans	683,647	484,841	41.0%
Bonds	299,877	299,458	0.1%
Financial leases	3,277,650	3,234,649	1.3%
Cash	1,129,381	1,243,252	-9.2%
<b>Net debt</b>	<b>3,269,407</b>	<b>2,954,181</b>	<b>10.7%</b>

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

In Q1 2022/23, the Group's financial results were substantially and, at the same time, untypically affected by the situation involving the outbreak of the war in Ukraine. The Group's online and on-site stores in Ukraine were closed in February due to war operations. As regards Russia, the Management Board of LPP decided that the Group would close its sales on the Russian market in March.

Until the outbreak of the war, both markets were significant for the Group in terms of revenue, and the lack of sales in these markets due to war operations, affected the Group's revenue reached in Q1 2022/23.

However, despite the limited sales in these countries, the Group's revenue reached over PLN 3 billion compared to PLN 2.4 billion in the same period last year and was approximately 29% higher. The highest sales were recorded by Sinsay, which confirms the growing interest in clothing from the value-for-money segment.

The Internet channel generated revenue of over PLN 1 billion, which accounted for approximately 33% of the Group's total sales and demonstrates the continuing popularity of this sales channel.

At the same time, due to limited ability to sell goods on the Ukrainian and Russian markets, the inventory increased y/y causing the need to make more extensive clearance sales of the SS collections, which, in consequence, affected the gross margin on sale reaching 53.3% i.e. 2.2 p.p. less than a year ago.

Operating expenses incurred by the Group in Q1 2022 were higher by 18.1% y/y, which resulted from

the development of the traditional sales network and the online sales channel. Simultaneously, the increase in operating expenses was lower than the increase in sales due to the continued cost savings policy initiated during the pandemic.

At the same time, on 28 April 2022, the Management Board of LPP decided to sell the Russian subsidiary to an external contracting party. Thus, the said company's assets and liabilities measured as at 30 April 2022 were reclassified as to be sold whereas the statement of comprehensive income and the cash flow statement for the period from February to April 2022 and a comparative period were divided into continuing operations and operations to be sold.

Due to the above-mentioned factors which were mainly untypical, in the reporting period, the LPP Group generated net profit on continuing operations in the amount of PLN 96.9 mln compared to PLN 21.5 mln a year ago. Furthermore, the net profit on operations held for sale reached PLN 171 mln, with one of the factors having a bearing on the said figure was the reversal of write-offs in the amount of PLN 287 mln (more details are given in note 1.4. in the additional information).

Basic figures reflecting the Group's performance and margins gained in Q1 2022/23 are given in the table below.

Item	Q1 2022/23	Q1 2021/22 before restated	Q1 2021/22 after restated
Revenue	3,034,230	2,350,339	1,815,296
Gross sales profit	1,617,509	1,305,302	990,878
Costs of stores and distribution and general costs	1,418,546	1,200,720	1,042,612
EBITDA	438,204	344,354	153,596
Operating profit (loss)	186,638	87,192	-62,439
Net profit (loss) on continuing operations	96,929	21,548	-79,921

Margin (%)	Q1 2022/23	Q1 2021/22 before restated	Q1 2021/22 after restated
Gross sales margin	53.3%	55.5%	54.6%
EBITDA	14.4%	14.7%	8.5%
Operating	6.2%	3.7%	-3.4%
Net on continuing operations	3.2%	0.9%	-4.4%



## **OTHER MAJOR EVENTS IN Q1 2022/23 AND IN THE PERIOD PRECEDING THE PUBLICATION OF THIS REPORT**



### **AID FOR UKRAINE**

LPP and the LPP Foundation organised aid for people affected by the war in Ukraine. The value of such aid (both financial and material) reached about PLN 20 mln. These financial resources were designated for meeting the most pressing needs of refugees arriving in Poland and persons still remaining in the country at war.



### **CAPITAL MARKET AWARDS**

LPP was awarded the honourable title of the 2021 best listed company in the ranking of Puls Biznesu editorial office, evaluating companies of the Warsaw Stock Exchange, and the title of the WIG20 Index Company of the Year in the ranking of Parkiet editorial office for outstanding achievements on the Warsaw Stock Exchange, including one of the highest share increases and high market capitalisation in 2021.



### **CLOSURE OF ALL BRAND STORES IN RUSSIA**

LPP ceased its operating activities required for closing brand stores on the Russian market and, consequently, closed all of its brand stores in Russia.



### **PUBLISHING A NEW EDITION OF THE SUSTAINABLE REPORT**

LPP published a sustainable report for 2021/22 entitled "With ESG at the Forefront", with this year's formula comprised in three documents: the Sustainable Development Report, the ESG Fact Sheet (a listing of the most important numerical data) and the Climate Report prepared applying TCFD recommendations.



### **SALE OF THE RUSSIAN SUBSIDIARY**

In view of the remaining uncertain situation and unpredictability of the armed conflict in the East, the Management Board of LPP decided to sell RE TRADING OOO, its subsidiary registered in Russia, to an external partner. Consequently, the LPP Group ceased its business operations after a 20-year presence on the said market.



MAY

### NEW E-COMMERCE WAREHOUSE OF LPP IN JESIONKA NEAR RZESZÓW, THE PODKARPACIE VOIVODESHIP

Construction of Company's new warehouse dedicated to handling online orders – a project aimed at enhancing performance of the Group's logistics network by increasing its operational efficiency and enlarging the current warehouse space of LPP by 69 thousand sq.m.



MAY

### LPP DISTRIBUTION CENTRE IN BRZEŚĆ KUJAWSKI

The warehouse, a logistics investment launched in January last year, started its operations. The facility with a storage capacity of up to 40 million items has been equipped with automation solutions to handle up to 1,000 brand stores at the same time. Sustainable building standards were applied in the Distribution Centre, which underwent BREEAM certification.



MAY

### SBTi – JOINING THE SCIENCE BASED TARGETS INITIATIVE

Having joined SBTi, a scientific initiative supporting business in decarbonisation activities, LPP will undertake to develop greenhouse gas emission reduction targets subject to scientific assessment. This is the first stage of a procedure in which the Company will prepare its long-term decarbonisation strategy.

dbaj o ubranie

dbajoubranie.pl



JUNE

### EDUCATIONAL CAMPAIGN ON CLOTHING CARE

The “Take care of your clothes” campaign is LPP's response to the need to promote the conscious use of clothes in a way that extends their life and thus has a measurable environmental impact.

<https://dbajoubranie.pl>

ZŁOTY LISTEK  
CSR POLITYKI

NAGRODA ZA STRATEGICZNE  
PODEJŚCIE DO ZRÓWNOWAŻONEGO  
ROZWOJU



JUNE

### DISTINCTION FOR SUSTAINABLE DEVELOPMENT AND ESG ACTIVITIES IN THE CSR LEAF COMPETITION

Once again, LPP was awarded in the CSR Leaf competition organised by Polityka weekly, this year receiving as many as two distinctions - the Golden List for its overall actions from the environmental, social and corporate governance perspective and the Green List, awarded for the first time to companies for which the reduction of the negative climate impact is a key element of their business activities.



APRIL – JUNE

### EXPANSION OF SINSAY

Launching of Sinsay online stores in Greece, Italy and Spain (April) and the in-house Sinsay app (June).

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

The following factors may affect financial results to be achieved by the LPP SA Group in the calendar quarters to come:

- Economic and political situation in Poland and countries where the stores of the LPP SA Group are operated, arising from:
  - the inflation pressure,
  - the ongoing war in Ukraine exacerbating the factors detrimental to the economic growth in European countries,
  - increased prices of energy raw materials,
  - rising interest rates on loans,
- Possible decline in household purchasing power and simultaneous lower propensity to buy clothes when disposable income is diminished,
- Change in the consumer behaviour model and increasing inclination to purchase clothes in the value-for-money segment,
- Fashion trends, attractiveness of collections offered by the Company,
- PLN/USD and PLN/EUR exchange rates,
- Costs of maritime transport and prospective disturbances in the supply chain,
- Prospective tax law amendments in Poland and countries in which the Group is present,
- Control of the Group's operating expenses (SG&A),
- E-commerce development, also on the Group's new markets (Greece, Italy and Spain),
- Development of the Group's on-site store chain in new countries (Greece, Italy and Spain),
- Development of the logistics network,
- Development of the organisation's omnichannel model,
- The Group's CAPEX.

As stems from the sales plans for the financial year 2022/23 (excluding the Ukrainian and Russian markets), sales may reach PLN 16 bln i.e, approx. 13% more y/y, of which the level of PLN 5 bln could be

exceeded in online sales.

At the same time, given the current geopolitical situation in Eastern Europe, the level of uncertainty and economic instability in all markets, and rising inflation with the ever-increasing cost pressure on the market, the Group expects that its retail and operating margins should decline in 2022/23.

Nonetheless, the Group plans to maintain its investment commitment for 2022/23 at PLN 1.0 bln, including approx. PLN 630 mln for the development of its network of on-site stores, which at the same time will decrease by about 4% y/y in the current year due to the suspension of development in the Eastern region. In the coming years, the Group expects to rebuild its retail space and keep enlarging it.





02

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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 3 months ended 30 April 2022, comprising the consolidated condensed interim statement of comprehensive income, with comprehensive income totalling PLN 352,879 thousand, the consolidated condensed interim statement of financial position, with assets and liabilities totalling PLN 15,637,464 thousand, the consolidated condensed interim statement of cash flows, showing a decrease in net cash by PLN 183,814 thousand, the consolidated condensed interim statement of changes in equity, showing an increase in equity by PLN 352,879 thousand, as well as additional information describing significant accounting principles and other explanatory data.

## 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 3 months ended 30 April 2022

<b>Selected consolidated financial data</b>	in PLN thousand		in EUR thousand	
	Cumulatively			
	2022/23	2021/22	2022/23	2021/22
	01.02 - 30.04	01.02 - 30.04	01.02 - 30.04	01.02 - 30.04
Revenue	3,034,230	1,815,296	650,118	397,917
Operating profit (loss)	186,638	-62,439	39,989	-13,687
Pre-tax profit (loss)	144,273	-91,191	30,912	-19,989
Net profit (loss)	267,970	21,548	57,416	4,723
Weighted average number of shares	1,838,066	1,838,066	1,838,066	1,838,066
Profit (loss) per share	145.79	11.72	31.24	2.57
Net cash flows from operating activities	-220,156	372,744	-47,171	81,706
Net cash flows from investing activities	-179,208	-134,053	-38,397	-29,385
Net cash flows from financing activities	250,152	-267,809	53,598	-58,704
Total net cash flows	-183,814	-26,056	-39,384	-5,712

<b>Selected consolidated financial data</b>	in PLN thousand		in EUR thousand	
	2022/23	2021/22	2022/23	2021/22
	30.04.2022	31.01.2022	30.04.2022	31.01.2022
Total assets	15,637,464	14,135,248	3,356,976	3,074,083
Long-term liabilities	3,124,301	3,983,219	670,710	866,256
Short-term liabilities	7,162,714	6,879,932	1,537,657	1,496,223
Equity	3,624,976	3,272,097	778,192	711,604
Share capital	3,705	3,705	795	806
Weighted average number of shares	1,838,066	1,838,066	1,838,066	1,838,066
Book value per share	1,972.17	1,780.18	423.38	387.15
Declared or paid dividend per share	350.00	450.00	75.14	97.86

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

for 3 months ended 30 April 2022

	Q1	
	2022	2021
<b>Statement of comprehensive income (in PLN thousand)</b>	01.02 - 30.04	01.02 - 30.04 restated
<b>Continuing operations</b>		
Revenue	3,034,230	1,815,296
Cost of goods sold	1,416,721	824,418
<b>Gross profit (loss) on sales</b>	<b>1,617,509</b>	<b>990,878</b>
Costs of stores and distribution	1,256,237	923,017
General costs	162,309	119,595
Other operating income	11,450	16,046
Other operating expenses	23,775	26,751
<b>Operating profit (loss)</b>	<b>186,638</b>	<b>-62,439</b>
Financial income	2,761	8,873
Financial costs	45,126	37,625
<b>Pre-tax profit (loss)</b>	<b>144,273</b>	<b>-91,191</b>
Income tax	47,344	-11,270
<b>Net profit (loss) on continuing operations</b>	<b>96,929</b>	<b>-79,921</b>
<b>Net profit (loss) on operations held for sale</b>	<b>171,041</b>	<b>101,469</b>
<b>Total net profit/loss</b>	<b>267,970</b>	<b>21,548</b>
<b>Net profit attributable to:</b>		
Shareholders of the parent company	267,970	21,548
Non-controlling interests	0	0
<b>Other comprehensive income</b>		
<b>Items transferred to profit or loss</b>		
Currency translation on foreign operations	84,909	13,192
<b>Total comprehensive income</b>	<b>352,879</b>	<b>34,740</b>
<b>Attributable to:</b>		
Shareholders of the parent company	352,879	34,740
Non-controlling interests	0	0

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

as at 30 April 2022

Statement of financial position (in PLN thousand)	30.04.2022	31.01.2022	30.04.2021
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>5,885,294</b>	<b>7,027,715</b>	<b>5,783,130</b>
1. Property, plant and equipment	2,641,657	2,760,486	2,573,352
2. Right-of-usufruct assets	2,583,327	3,412,312	2,608,620
3. Intangible assets	146,046	144,431	139,098
4. Goodwill	183,203	183,203	183,203
5. Trademark	77,508	77,508	77,508
6. Deferred tax assets	242,659	425,405	184,291
7. Prepayments	5,034	5,756	3,275
8. Other financial assets	5,860	18,614	13,783
<b>Current assets</b>	<b>6,750,645</b>	<b>7,107,533</b>	<b>4,952,736</b>
1. Inventory	3,663,416	3,864,113	2,239,336
2. Trade receivables	210,069	246,077	203,517
3. Income tax receivables	10,910	33,929	133,776
4. Other non-financial assets	87,326	196,016	98,764
5. Prepayments	56,230	49,243	28,429
6. Other financial assets	263,024	60,570	63,829
7. Deposits and investment funds	1,330,289	1,302,694	941,833
8. Cash and cash equivalents	1,129,381	1,354,891	1,243,252
<b>Assets held for sale</b>	<b>3,001,525</b>	<b>0</b>	<b>0</b>
<b>TOTAL assets</b>	<b>15,637,464</b>	<b>14,135,248</b>	<b>10,735,866</b>

<b>Statement of financial position (in PLN thousand)</b>	<b>30.04.2022</b>	<b>31.01.2022</b>	<b>30.04.2021</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3,624,976</b>	<b>3,272,097</b>	<b>3,103,116</b>
1. Share capital	3,705	3,705	3,705
2. Share premium	364,315	364,315	364,315
3. Other reserves	2,345,104	2,345,104	3,156,886
4. Currency translation on foreign operations	-119,740	-204,649	-252,046
5. Retained earnings	1,031,607	763,637	-169,729
6. Non-controlling interest capital	-15	-15	-15
<b>Long-term liabilities</b>	<b>3,124,301</b>	<b>3,983,219</b>	<b>3,133,964</b>
1. Bank loans and borrowings	137,614	144,174	178,485
2. Lease liabilities	2,580,738	3,428,223	2,543,760
3. Other financial liabilities (bonds)	295,815	294,665	299,458
4. Employee liabilities	1,411	1,409	1,818
5. Deferred tax liabilities	694	627	22
6. Accruals	108,029	114,121	110,421
<b>Short-term liabilities</b>	<b>7,162,714</b>	<b>6,879,932</b>	<b>4,498,786</b>
1. Trade and other liabilities	5,321,703	4,970,841	3,051,630
2. Contract liabilities	18,479	20,547	15,557
3. Customer refund liabilities	80,685	76,308	44,676
4. Bank loans and borrowings	683,647	535,036	484,841
5. Lease liabilities	696,912	749,069	690,889
6. Employee liabilities	110,472	149,672	62,194
7. Income tax liabilities	214,824	311,178	77,654
8. Provisions	1,951	10,669	25,467
9. Accruals	34,041	56,612	45,878
<b>Liabilities held for sale</b>	<b>1,725,473</b>	<b>0</b>	<b>0</b>
<b>TOTAL equity and liabilities</b>	<b>15,637,464</b>	<b>14,135,248</b>	<b>10,735,866</b>

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

for 3 months ended 30 April 2022

<b>Cash flow statement (in PLN thousand)</b>	Q1	
	2022	2021
	01.02 - 30.04	01.02 - 30.04 restated
<b>A. Cash flows from operating activities - indirect method</b>		
I. Pre-tax profit (loss)	144,273	-91,191
II. Total adjustments	-364,429	463,935
1. Amortisation and depreciation	251,566	216,035
2. Foreign exchange (gains) losses	-98,696	-1,436
3. Interest and dividends	21,451	26,740
4. (Profit) loss on investing activities	-3,872	-5,954
5. Income tax paid	-49,896	-37,588
6. Change in provisions and employee benefits	-5,586	52,340
7. Change in inventory	-494,801	31,854
8. Change in receivables and other assets	-256,147	-5,617
9. Change in short-term liabilities, excluding bank loans and borrowings	300,411	187,595
10. Change in prepayments and accruals	-28,859	-1,111
11. Other adjustments	0	1,077
<b>III. Net cash flows from operating activities</b>	<b>-220,156</b>	<b>372,744</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	84,423	94,227
1. Disposal of intangible assets and PPE	31,581	27,449
2. Repayment of loans granted	4	47
3. Interest and other inflows from financial assets	0	201
4. Other investing inflows (investment funds)	52,838	66,530
II. Outflows	263,631	228,280
1. Purchase of intangible assets and PPE	263,364	178,401
2. Loans granted	0	300
3. Other investing outflows (investment funds)	267	49,579
<b>III. Net cash flows from investing activities</b>	<b>-179,208</b>	<b>-134,053</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	438,975	20,647
1. Proceeds from issuance of shares	0	0
2. Bank loans and borrowings	438,975	20,647
3. Other financial inflows	0	0

II. Outflows	188,823	288,456
1. Dividends and other payments to owners	0	0
2. Repayment of bank loans and borrowings	0	150,617
3. Financial lease liabilities paid	164,568	112,581
4. Interest	24,255	25,258
5. Other financial outflows	0	0
<b>III. Net cash flows from financing activities</b>	<b>250,152</b>	<b>-267,809</b>
<b>D. Total net cash flows on continuing operations</b>	<b>-149,212</b>	<b>-29,118</b>
<b>E. Net cash flows on operations held for sale</b>	<b>-34,602</b>	<b>3,062</b>
<b>F. Total net cash flows</b>	<b>-183,814</b>	<b>-26,056</b>
<b>G. Balance sheet change in cash, including:</b>	<b>-124,652</b>	<b>-34,603</b>
- change in cash due to foreign currency translation	<b>59,162</b>	<b>-8,547</b>
<b>H. Opening balance of cash</b>	<b>1,316,969</b>	<b>1,276,243</b>
<b>I. Closing balance of cash</b>	<b>1,133,155</b>	<b>1,250,187</b>

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

for 3 months ended 30 April 2022

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium
<b>Balance as at 1 February 2022</b>	<b>3,705</b>	<b>0</b>	<b>364,315</b>
Net profit for Q1 2022 ended 30 April 2022	0	0	0
Currency translation on foreign operations	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 30 April 2022</b>	<b>3,705</b>	<b>0</b>	<b>364,315</b>
<b>Balance as at 1 February 2021</b>	<b>3,705</b>	<b>0</b>	<b>364,315</b>
Division of profit for 12 months ended 31 January 2021	0	0	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net profit for Q1 2021 ended 30 April 2021	0	0	0
Currency translation on foreign operations	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 30 April 2021</b>	<b>3,705</b>	<b>0</b>	<b>364,315</b>

Other reserves	Currency translation on foreign operations	Retained earnings	Equity attributable to the parent company	Minority interests	TOTAL equity
<b>2,345,104</b>	<b>-204,649</b>	<b>763,637</b>	<b>3,272,112</b>	<b>-15</b>	<b>3,272,097</b>
0	0	267,970	267,970	0	267,970
0	84,909	0	84,909	0	84,909
<b>0</b>	<b>84,909</b>	<b>267,970</b>	<b>352,879</b>	<b>0</b>	<b>352,879</b>
<b>2,345,104</b>	<b>-119,740</b>	<b>1,031,607</b>	<b>3,624,991</b>	<b>-15</b>	<b>3,624,976</b>
<b>3,155,123</b>	<b>-265,238</b>	<b>-189,514</b>	<b>3,068,391</b>	<b>-15</b>	<b>3,068,376</b>
1,763	0	-1,763	0	0	0
<b>1,763</b>	<b>0</b>	<b>-1,763</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	21,548	21,548	0	21,548
0	13,192	0	13,192	0	13,192
<b>0</b>	<b>13,192</b>	<b>21,548</b>	<b>34,740</b>	<b>0</b>	<b>34,740</b>
<b>3,156,886</b>	<b>-252,046</b>	<b>-169,729</b>	<b>3,103,131</b>	<b>-15</b>	<b>3,103,116</b>



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ADDITIONAL INFORMATION ON THE  
CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS

## **1. BASIS FOR PREPARATION OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS, INFORMATION ON CHANGES IN APPLIED ACCOUNTING PRINCIPLES AND NOTES**

### **1.1. BASIS FOR PREPARATION**

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 2022, approved for publishing on 20 April 2022.

The currency of these consolidated condensed interim financial statements is Polish Zloty and all amounts are denominated in PLN thousand unless given otherwise.

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

- exchange rate as at the last day of the reporting period: 30.04.2022 - PLN/EUR 4.6582, 31.01.2022 - PLN/EUR 4.5982,
- average exchange rate for the period, calculated as an arithmetic average of the rates as at the last day of each month in a given period: 01.02-30.04.2022 - PLN 4.6672, 01.02.-30.04.2021 - PLN/EUR 4.5620.

These consolidated condensed interim financial statements have been drawn up based on the assumption that the Group remains a going concern in the foreseeable future and include no adjustments for different methods of measuring and classifying assets and liabilities that might be deemed necessary should the Group be unable to continue as a going concern in the foreseeable future.

### **1.2. 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 2022, approved on 20 April 2022.

### **1.3. ERROR CORRECTIONS AND CHANGE IN ACCOUNTING PRINCIPLES**

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

### **1.4 OPERATIONS HELD FOR SALE**

The note present financial data and comparative data generated as part of business activity of Re Trading OOO, classified as operations held for sale.

The table below provides financial data on operations to be sold:

	Q1 2022	Q1 2021
<b>Consolidated statement of comprehensive income (in PLN thousand)</b>	<b>01/02/2022 30/04/2022</b>	<b>01/02/2021 30/04/2021</b>
Revenue	346,864	535,043
Cost of goods sold	154,912	220,619
<b>Gross profit (loss) on sales</b>	<b>191,952</b>	<b>314,424</b>
Costs of stores and distribution	184,759	136,919
General costs	12,960	21,189
Other operating income	287,210	2,390
Other operating expenses	10,328	9,075
<b>Operating profit (loss)</b>	<b>271,115</b>	<b>149,631</b>
Financial income	2,542	2,090
Financial costs	25,740	11,424
Pre-tax profit (loss)	247,917	140,297
Income tax	76,876	38,828
<b>Net profit (loss) on operations held for sale</b>	<b>171,041</b>	<b>101,469</b>

In Q1 2022, the company Re Trading reversed revaluation write-offs on non-current assets. The said decision stemmed from the notice made by the Management Board on the company's sale which, from the point of view of Re Trading, has

resulted in the opening of brand stores and their continuation of sales. Due to the disappearance of the prerequisite for the write-off, it was reversed in the amount of PLN 287 mln. The said value is given in other operating income.

<b>Consolidated cash flow statement</b>	<b>01/02/2022 30/04/2022</b>	<b>01/02/2021 30/04/2021</b>
<b>A. Cash flow statement from operating activities - indirect method</b>		
I. Pre-tax profit (loss)	247,917	140,295
II. Total adjustments	-227,641	-108,786
1. Amortisation and depreciation	58,430	41,127
2. Foreign exchange gains (losses)	0	0
3. Interest and dividends	26,266	12,527
4. Profit (loss) on investing activities	-287,148	1,265
5. Income tax paid	-6,649	-15,806
6. Change in provisions and employee benefits	-1,465	-159
7. Change in inventory	-60,162	-188,112
8. Change in receivables and other assets	-75,784	-117,320
9. Change in short-term liabilities, excluding bank loans and borrowings	119,650	159,821
10. Change in prepayments and accruals	-779	-2,129

11. Other adjustments	0	
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>20,276</b>	<b>31,509</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	0	935
1. Disposal of intangible assets and property, plant and equipment	0	935
II. Outflows	67,517	73,059
1. Purchase of intangible assets and property, plant and equipment	67,517	73,059
<b>III. Net cash flows from investing activities (I-II)</b>	<b>-67,517</b>	<b>-72,124</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	58,336	181,762
1. Bank loans and borrowings	58,336	181,762
II. Outflows	45,697	138,085
1. Repayment of bank loans and borrowings	0	101,600
2. Lease liabilities paid	19,431	23,959
3. Interest	26,266	12,526
<b>III. Net cash flows from financing activities (I-II)</b>	<b>12,639</b>	<b>43,677</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>-34,602</b>	<b>3,062</b>

Balance sheet items reclassified as to be sold result from the items given below:

### Consolidated statement of financial position

As at  
30/04/2022

#### ASSETS

<b>Non-current (long-term) assets</b>	<b>1,814,649</b>
1. Property, plant and equipment	748,224
2. Intangible assets	209
3. Right-of-use assets	963,108
4. Deferred tax assets	87,829
5. Prepayments	586
6. Other financial assets	14,693
<b>Current (short-term) assets</b>	<b>1,186,876</b>
1. Inventory	799,395
2. Trade receivables	57,597
3. Income tax receivables	34,541
4. Other non-financial assets	188,257
5. Prepayments	1,091
6. Other financial assets	5,147
7. Cash and cash equivalents	100,848
<b>TOTAL assets</b>	<b>3,001,525</b>

## LIABILITIES

<b>Short-term liabilities</b>	<b>805,614</b>
1. Trade and other liabilities	176,858
2. Bank loans and borrowings	412,359
3. Lease liabilities	182,633
4. Employee liabilities	18,424
5. Income tax liabilities	8,358
6. Accruals	6,982
<b>TOTAL equity and liabilities</b>	<b>1,725,473</b>

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### 1.5. 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 the financial year by adjusting it to the collection calendar and, therefore, alleviated the impact of clearance sales and seasonality on margins in individual calendar quarters.

### 1.6. OPERATING SEGMENTS

The LPP SA Group conducts one type of activity (one business segment considered 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

Revenue and financial results regarding geographical segments for the period from 1 February 2022 to 30 April 2022 and for a comparative period are given in the tables below.

<b>01.02 - 30.04.2022 in PLN thousand</b>	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
External sales	2,792,920	241,310			3,034,230
Inter-segment sales	88,203		-88,203		0
Other operating income	7,606	3,844			11,450
<b>Total revenue</b>	<b>2,888,729</b>	<b>245,154</b>	<b>-88,203</b>	<b>0</b>	<b>3,045,680</b>
Total operating expenses, including	2,466,717	273,277	-67,036	162,309	2,835,267
Costs of inter-segment sales	68,592		-68,592		0
Other operating expenses	23,248	527			23,775
<b>Profit (loss) on operating activities</b>	<b>398,764</b>	<b>-28,650</b>	<b>-21,167</b>	<b>-162,309</b>	<b>186,638</b>
Financial income				2,761	2,761
Financial costs				45,126	45,126
<b>Profit (loss) before taxation</b>					<b>144,273</b>
Income tax					47,344
Net profit on continuing operations					96,929
Net profit on operations to be sold					171,041
<b>Net profit attributable to Shareholders of the Parent Company</b>					<b>267,970</b>

<b>01.02 - 30.04.2021 (transformed) in PLN thousand</b>	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
External sales	1,656,840	158,456			1,815,296
Inter-segment sales	87,758	0	-87,758		0
Other operating income	15,007	1,039			16,046
<b>Total revenue</b>	<b>1,759,605</b>	<b>159,495</b>	<b>-87,758</b>	<b>0</b>	<b>1,831,342</b>
Total operating expenses, including	1,579,275	212,196	-44,036	119,595	1,867,030
Costs of inter-segment sales	73,860		-73,860		0
Other operating expenses	25,532	1,219			26,751
<b>Profit (loss) on operating activities</b>	<b>154,798</b>	<b>-53,920</b>	<b>-43,722</b>	<b>-119,595</b>	<b>-62,439</b>
Financial income				8,873	8,873
Financial costs				37,625	37,625
<b>Profit (loss) before taxation</b>					<b>-91,191</b>
Income tax					-11,270
Non-controlling interests					0
Net profit on continuing operations					-79,921
Net profit on operations to be sold					101,469
<b>Net profit attributable to Shareholders of the Parent Company</b>					<b>21,548</b>



## 1.7. REVENUE ON CUSTOMER CONTRACTS

The table below shows revenue from customer contracts broken down by categories reflecting the manner in which economic factors affect the type, amount, payment date as well as uncertainty of revenue and cash flows.

In PLN thousand	Q1	
	2022	2021
	01.02 - 30.04	01.02 - 30.04
<b>Type of sale</b>		
Sale of goods, including	2,687,177	1,815,116
<i>E-commerce</i>	<i>988,140</i>	<i>988,280</i>
Sale of services	189	180
Sale of goods reclassified as held for sale	346,864	535,043
<b>Total</b>	<b>3,034,230</b>	<b>2,350,339</b>
<b>Brand</b>		
Reserved	1,078,110	956,409
Cropp	223,114	251,698
House	212,801	196,116
Mohito	263,417	178,268
Sinsay	1,203,293	739,552
Other	53,495	28,295
<b>Total</b>	<b>3,034,230</b>	<b>2,350,339</b>

### Trade and other receivables

The LPP Group sells clothes and accessories to customers in its own 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

Within 3 months ended 30 April 2022, the Group recognised changes in revaluation write-offs on receivables covering all receivables or assets involving customer contracts.

Changes in the value of revaluation write-offs in the reporting period and a comparative period are given in the table below.

<b>Revaluation write-offs on receivables (in PLN thousands)</b>	2022	2021 restated
	01.02 - 30.04.2022	01.02 - 30.04.2021
Opening balance	24,051	38,309
Write-offs made in the period	4,580	1,950
Write-offs classified as to be sold	15	106
Write-offs reversed in the period	14	6,350
Foreign exchange differences	64	103
<b>Closing balance</b>	<b>28,696</b>	<b>34,118</b>

## 1.8. OTHER OPERATING INCOME AND COSTS

In other operating income, the Groups shows, among others: PLN 2,254 thousand – subsidies obtained in the reporting period as additional financing of payroll and social security contributions (in 3 months ended 30 April 2021: PLN 12,405 thousand).

<b>Other operating income (in PLN thousand)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Profit on sales of non-financial non-current assets	0	313
Subsidies	2,254	12,405
Other operating income, including:	9,196	3,328
- profit on cancellation of contracts valued according to IFRS 16	0	341
- compensations	307	343
- reversal of revaluation write-offs on non-current assets net	430	410
- reversal of revaluation write-offs on receivables net	0	0
<b>Other operating income, in total</b>	<b>11,450</b>	<b>16,046</b>

In other operating expenses, the highest values are losses in non-current and current assets, totalling PLN 7,085 thousand (in 3 months ended 30 April 2021: PLN 22,993 thousand), and donations mainly connected with the situation in Ukraine, totalling PLN 7,420 thousand (in 3 months ended 30 April 2021: PLN 274 thousand).

<b>Other operating expenses (in PLN thousands)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Loss on sales of non-financial non-current assets	20	0
Revaluation of assets, including:	4,595	2,056
- revaluation write-offs on non-current assets net	0	0
- revaluation write-offs on receivables net	4,595	2,056
Other operating expenses, including:	19,160	24,695
- losses on current and non-current assets	7,085	22,993
- losses on cancellation of contracts valued according to IFRS 16	3,609	0
- donations	7,420	274
<b>Other operating expenses, in total</b>	<b>23,775</b>	<b>26,751</b>

## 1.9. FINANCIAL INCOME AND COSTS

<b>Financial income (in PLN thousand)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Interest	235	252
Measurement of participation units in funds	2,526	44
Dividend	0	0
Other financial income including	0	8,577
- balance of foreign exchange differences	0	0
- adjustment of the lease liability	0	8,577
<b>Total financial income</b>	<b>2,761</b>	<b>8,873</b>

Last year, within 3 months ended 30 April 2021, the Group renegotiated lease agreements for retail space. Rent reductions received for the period from February to April 2021, the Group recognised as an adjustment to the lease liability secondarily adjusting financial income, which is shown in the table above under adjustment of lease liability.

<b>Financial costs (in PLN thousand)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Interest costs – bank loans	8,164	3,833
Interest costs – bonds	0	0
Interest costs – state budget and other	5,048	192

<b>Financial costs (in PLN thousand)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Interest costs – lease liabilities	18,179	22,577
Bank commissions	636	733
Other financial costs including:	13,099	10,290
– balance of foreign exchange differences	7,697	10,290
<b>Total financial costs</b>	<b>45,126</b>	<b>37,625</b>

## 1.10. INCOME TAX

Key components of the Group's income tax for the period from 01.02.2022 to 30.04.2022 and a comparative period are given in the table below.

<b>Income tax (in PLN thousand)</b>	2022	2021 restated
	01.02 - 30.04	01.02 - 30.04
Current income tax	32,700	14,040
Deferred income tax	14,644	-25,310
<b>Total income tax</b>	<b>47,344</b>	<b>-11,270</b>

## 1.11. PROPERTY, PLANT AND EQUIPMENT

### Purchase and sale

In 3 months ended 30 April 2022, the Group purchased PPE of the value of PLN 451,401 thousand (in 3 months ended 30 April 2021: PLN 464,252 thousand), encompassing primarily investments regarding the construction of new stores.

In 3 months ended 30 April 2022, the Group sold PPE of the net value of PLN 1,040 thousand (in 3 months ended 30 April 2021: PLN 3,705 thousand), generating a net loss on sales, totalling PLN 20 thousand (2021: profit of PLN 313 thousand).

### Impairment write-offs

In the period ended 30 April 2022, the Group recognised no impairment write-off on non-current assets (in 3 months ended 30 April 2021: PLN 0). At the same time, in 2022, an impairment write-off was reversed in the amount of PLN 478 thousand due to the absence of relevant prerequisites (in 3

months ended 30 April 2021, a write-off was reversed in the amount of PLN 428 thousand for the same reason). In the statement of comprehensive income, the surplus of write-offs established over their reversed value is shown in other operating expenses, in the amount of PLN 430 thousand (in 3 months ended 30 April 2021: PLN 410 thousand).

In Q1 2022, Re Trading reversed revaluation write-offs on non-current assets following a notice made by the management board on the sale of the company, which, from the perspective of Re Trading, would result in the opening of stores and continuation of sales. Due to the absence of the relevant prerequisite, the said write-off was reversed in the amount of PLN 287 mln. The said value is recognised in the part reclassified as to be sold.

## 1.12. INVENTORY

Following the principles adopted by the Group, revaluation write-offs on inventory are recognised twice a year. In Q1, the Group makes no such write-offs.

The key item in inventory is trade commodities. A detailed inventory structure is given in the table below.

Inventory (in PLN thousand)	30.04.2022	31.01.2022
Materials	24,442	31,726
Goods	3,600,463	3,784,283
Product return assets	38,511	48,104
<b>Total</b>	<b>3,663,416</b>	<b>3,864,113</b>

## 1.13. DEPOSITS

Deposits and investment funds (in PLN thousand)	30.04.2022	31.01.2022
Participation units in funds	645,392	649,999
Security deposits	200,000	200,000
Collateral	484,897	452,695
<b>Deposits and investment funds</b>	<b>1,330,289</b>	<b>1,302,694</b>

In the reporting period, the Group acquired participation units in money market funds. In the cash flow statement, in investing activities, the Company reports the acquisition in the amount of PLN 267 thousand and the redemption of funds in the amount of PLN 53,838 thousand. The Group generated no profit in the said sale. 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 signed factoring contracts described in detail in note 1.15, LPP SA paid a security deposit of PLN 200 mln to secure the factor's claims, acquired participation units in a money market fund, totalling PLN 642 mln, and deposited a collateral of PLN 485 mln.

## 1.14. OTHER FINANCIAL ASSETS

In PLN thousand	30.04.2022	31.01.2022
<b>Non-current assets</b>		
Other receivables	5,766	18,494
Loans granted	94	120
<b>Other non-current financial assets</b>	<b>5,860</b>	<b>18,614</b>

In PLN thousand	30.04.2022	31.01.2022
<b>Current assets</b>		
Other receivables	1,639	0
Receivables payable by payment card operators	106,647	36,875
Loans granted	223	155
Forward contract valuation	154,515	23,540
<b>Other current financial assets</b>	<b>263,024</b>	<b>60,570</b>
<b>Other financial assets in total</b>	<b>268,884</b>	<b>79,184</b>

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

### 1.15. BANK LOANS

As at 30 April 2022, LPP had credit lines in 4 banks, in the total amount of PLN 1,501 mln, utilised for bank guarantees, letters of credit to finance trade and for overdraft purposes. Apart from credit lines held by the Parent Company, the Russian subsidiary utilised credit lines extended by local banks, which were used at the end of April 2022 in the total amount of PLN 412 mln. However, in the statement of financial position, the said value was reclassified as to be sold.

Furthermore, LPP has taken out investment loans to expand its Distribution Centre and the head office in Gdańsk. At the end of Q1 2022, the total value of investment loans was PLN 166 mln.

Additionally, the Company has 300 thousand unsecured ordinary 5-year bearer bonds of the A series, issued in 2019. Their total historic value is PLN 300 mln.

As at the balance sheet date i.e. 30 April 2022, the value of liabilities, including commercial liabilities, was PLN 5,321,703 thousand, having increased by 7% compared to the balance as at 31 January 2022.

As at 30 April 2022, the Group had commercial liabilities (denominated both in PLN and foreign currencies, mainly USD) totalling PLN 3,804,241 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 pays 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 890 mln and USD 50 mln - established

by 30.06.2022, PLN 250 mln - established by 17.08.2022 and USD 647,5 mln - established indefinitely, renewable on 30.06.2022, as part of a credit committee. The said factoring limits have been secured with a security deposit of PLN 200 mln, deposited on the factor's bank account, participation units in a money market fund, totalling PLN 642 mln, and a collateral of PLN 485 mln, deposited 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 in the limit set forth in the reversed factoring agreement and the requirement to pay liabilities in the same amount.

### 1.16. DIVIDENDS PAID AND OFFERED FOR PAYMENT

On 20 May 2022, by resolution no 18, the General Meeting of LPP SA decided to allocate part of profit from previous years for dividend payment in the amount of PLN 648,348,050. The dividend date was set for 30 May 2022, with payment to be made in two instalments: on 6 June 2022 and 30 August 2022. The dividend per share was PLN 350,00.

In the comparative period, 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.

### 1.17. CONTINGENT ASSETS AND LIABILITIES

In Q1 2022, 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 30 April 2022, the total value of bank guarantees issued upon request and at the responsibility of LPP SA amounted to approx. PLN 358,717 thousand, of which:

- guarantees issued to secure agreements concluded by LPP SA amounted to PLN 92,235 thousand,
- guarantees issued to secure agreements concluded by consolidated associates amounted to PLN 252,379 thousand,
- guarantees issued to secure warehouse and office space lease agreements concluded by LPP SA amounted to PLN 14,103 thousand

From February to April 2022, the Company also received guarantees as collateral for payments from a contracting party. As at 30 April 2022, the value of the said guarantees was PLN 14,103 thousand. On 30 April 2022, the value of sureties granted by the Parent Company was PLN 267,401 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.

### 1.18. 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 Board and the Supervisory Board as key management officers.

In the period from 1 February to 30 April 2022, short-term benefits of members of the Parent Company's Management Board amounted to PLN 1,460 thousand.

In the period from 1 February to 30 April 2022, short-term benefits of members of the Parent Company's Supervisory Board amounted to PLN 48 thousand.

### 1.19. 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 the Company's equity.

In the reporting period, there were no major settlements arising from any litigation whatsoever.

### 1.20. EVENTS AFTER THE BALANCE SHEET DATE

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

### 1.21. ADDITIONAL INFORMATION

In the reporting period, there was no issuance, redemption or repayment of any debt or equity securities.



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**SEPARATE CONDENSED INTERIM  
FINANCIAL STATEMENTS**

# INTRODUCTION

We hereby approve the separate condensed interim financial statements of the LPP SA for 3 months ended 30 April 2022, comprising the separate condensed interim statement of comprehensive income, with comprehensive income totalling PLN 123,798 thousand, the separate condensed interim statement of financial position, with assets and liabilities totalling PLN 12,275,825 thousand, the separate condensed interim statement of cash flows, showing a decrease in net cash by PLN 148,579 thousand, the separate condensed interim statement of changes in equity, showing an increase in equity by PLN 123,798 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 3 months ended 30 April 2022

<b>Selected separate financial data</b>	in PLN thousand		in EUR thousand	
	Cumulatively			
	2022/23	2021/22	2022/23	2021/22
	01.02-30.04	01.02 - 30.04	01.02-30.04	01.02 - 30.04
Revenue	2,730,348	1,793,490	585,008	393,137
Operating profit (loss)	130,844	-77,177	28,035	-16,917
Pre-tax profit (loss)	151,988	-102,999	32,565	-22,578
Net profit (loss)	123,798	-84,084	26,525	-18,431
Weighted average number of shares	1,838,066	1,838,066	1,838,066	1,838,066
Profit (loss) per share	67.35	-45.75	14.43	-10.03
Net cash flows from operating activities	-485,705	120,465	-104,068	26,406
Net cash flows from investing activities	-132,326	-36,909	-28,352	-8,091
Net cash flows from financing activities	469,452	-203,484	100,585	-44,604
Total net cash flows	-148,579	-119,928	-31,835	-26,288

<b>Selected separate financial data</b>	in PLN thousand		in EUR thousand	
	2022/23	2021/22	2022/23	2021/22
	30.04.2022	31.01.2022	30.04.2022	31.01.2022
Total assets	12,275,825	11,236,699	2,635,315	2,443,717
Long-term liabilities	1,754,052	1,633,128	376,551	355,167
Short-term liabilities	6,336,106	5,541,702	1,360,205	1,205,189
Equity	4,185,667	4,061,869	898,559	883,361
Share capital	3,705	3,705	795	806
Weighted average number of shares	1,838,066	1,838,066	1,838,066	1,838,066
Book value per share	2,277	2,210	489	481
Declared or paid dividend per share	350	450	75	98

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

for 3 months ended 30 April 2022

	Q1	
	2022	2021
<b>Comprehensive income statement (in PLN thousand)</b>	01.02 - 30.04	01.02 - 30.04 restated
<i>Continuing operations</i>		
Revenue	2,730,348	1,793,490
Cost of goods sold	1,650,890	1,167,311
<b>Gross profit (loss) on sales</b>	<b>1,079,458</b>	<b>626,179</b>
Costs of stores and distribution	775,840	593,228
General costs	162,605	109,480
Other operating income	7,169	4,298
Other operating expenses	17,338	4,946
<b>Operating profit (loss)</b>	<b>130,844</b>	<b>-77,177</b>
Financial income	41,942	1,416
Financial costs	20,798	27,238
<b>Pre-tax profit (loss)</b>	<b>151,988</b>	<b>-102,999</b>
Income tax	28,190	-18,915
<b>Net profit (loss) on continuing operations</b>	<b>123,798</b>	<b>-84,084</b>
<b>Total comprehensive income</b>	<b>123,798</b>	<b>-84,084</b>
Other comprehensive income		
<b>Total comprehensive income</b>	<b>123,798</b>	<b>-84,084</b>
Weighted average number of shares	1,838,066	1,838,066
Diluted number of shares	1,839,884	1,838,066
<b>Profit (loss) per share</b>	<b>67.35</b>	<b>-45.75</b>
<b>Diluted net profit (loss) per share</b>	<b>67.29</b>	<b>-45.75</b>

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

as at 30 April 2022

<b>Statement of financial position (in PLN thousand)</b>	<b>30.04.2022</b>	<b>31.01.2022</b>	<b>30.04.2021 restated</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>4,439,022</b>	<b>5,237,251</b>	<b>4,709,711</b>
1. Property, plant and equipment	1,525,296	1,508,059	1,418,792
2. Right-of-use assets	1,091,147	1,068,509	934,384
3. Intangible assets	141,489	141,505	136,871
4. Goodwill	179,618	179,618	179,618
5. Trademark	77,508	77,508	77,508
6. Investments in subsidiaries	1,230,477	2,078,666	1,854,953
7. Deferred tax assets	99,603	104,137	85,186
8. Prepayments	1,529	1,762	375
9. Other financial assets	92,355	77,487	22,024
<b>Current assets</b>	<b>6,923,804</b>	<b>5,999,448</b>	<b>3,589,647</b>
1. Inventory	3,185,075	2,799,900	1,553,369
2. Trade receivables	1,642,416	1,228,974	366,853
3. Income tax receivables	0	0	129,669
4. Other non-financial assets	2,315	517	3,999
5. Prepayments	24,462	29,072	18,512
6. Other financial assets	197,037	26,682	12,618
7. Deposits and investment funds	1,327,314	1,279,702	922,243
8. Cash and cash equivalents	545,185	634,601	582,384
<b>Assets held for sale</b>	<b>912,999</b>	<b>0</b>	<b>0</b>
<b>TOTAL assets</b>	<b>12,275,825</b>	<b>11,236,699</b>	<b>8,299,358</b>

<b>Statement of financial position (in PLN thousand)</b>	30.04.2022	31.01.2022	30.04.2021 restated
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>4,185,667</b>	<b>4,061,869</b>	<b>3,356,682</b>
1. Share capital	3,705	3,705	3,705
2. Share premium	364,315	364,315	364,315
3. Other reserves	2,336,526	2,336,526	3,146,916
4. Retained earnings	1,481,121	1,357,323	-158,254
<b>Non-current liabilities</b>	<b>1,754,052</b>	<b>1,633,128</b>	<b>1,521,470</b>
1. Bank loans and borrowings	137,614	144,174	178,485
2. Lease liabilities	1,166,735	1,153,676	994,471
3. Bonds	295,815	294,665	299,458
4. Other financial liabilities	116,471	0	0
5. Employee liabilities	1,230	1,230	1,592
6. Accruals	36,187	39,383	47,464
<b>Current liabilities</b>	<b>6,336,106</b>	<b>5,541,702</b>	<b>3,421,206</b>
1. Trade and other liabilities	4,936,633	4,603,458	2,682,492
2. Contract liabilities	14,408	15,858	11,279
3. Refund liabilities	42,431	39,332	12,603
4. Bank loans and borrowings	683,570	228,800	299,471
5. Lease liabilities	337,589	314,213	284,269
6. Employee liabilities	35,273	39,144	36,576
7. Income tax liabilities	266,890	281,093	50,190
8. Provisions	0	0	25,007
9. Accruals	19,312	19,804	19,319
<b>TOTAL equity and liabilities</b>	<b>12,275,825</b>	<b>11,236,699</b>	<b>8,299,358</b>

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

for 3 months ended 30 April 2022

Q1

<b>Cash flow statement (in PLN thousand)</b>	Q1	
	2021 01.02-30.04	2020 01.02-30.04 restated
<b>A. Cash flows from operating activities – indirect method</b>		
I. Pre-tax profit (loss)	151,988	-102,999
II. Total adjustments	-637,693	223,464
1. Amortisation and depreciation	118,864	100,784
2. Foreign exchange losses (gains)	-99,872	-1,191
3. Interest and dividends	4,940	12,388
4. (Profit) loss on investing activities	4,429	-5,723
5. Income tax paid	-37,859	-30,605
6. Change in provisions and employee benefits	-3,730	51,011
7. Change in inventory	-384,985	37,386
8. Change in receivables and other assets	-622,579	-116,024
9. Change in current liabilities, excluding bank loans and borrowings	381,943	174,700
10. Change in prepayments and accruals	1,156	738
11. Other adjustments	0	0
<b>III. Net cash flows from operating activities</b>	<b>-485,705</b>	<b>120,465</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	50,794	194,897
1. Disposal of intangible assets and PPE	15,155	16,593
2. From financial assets, including:	9,884	128,503
a) in associates	9,884	128,262
- dividends	9,263	0
- repayment of loans granted	564	126,105
- interest	57	2,157
- other (refund of additional contributions)	0	0
b) in other entities	0	241
- repayment of loans granted	0	40
- interest and other inflows from financial assets	0	201
3. Other investing inflows	25,755	49,801
II. Outflows	183,120	231,806
1. Purchase of intangible assets and PPE	99,258	78,626
2. For financial assets, including:	83,595	123,180

a) in associates	83,595	122,880
- purchase of shares	68,216	114,954
- loans granted	15,379	7,926
b) in other entities	0	300
- loans granted	0	300
3. Other investing outflows	267	30,000
<b>III. Net cash flows from investing activities</b>	<b>-132,326</b>	<b>-36,909</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	564,155	0
1. Proceeds from issuance of shares	0	0
2. Loans and borrowings	564,155	0
3. Issue of bonds	0	0
II. Outflows	94,703	203,484
1. Cost of treasury shares	0	0
2. Dividends and other payments to owners	0	0
3. Repayment of loans and borrowings	0	134,058
4. Lease liabilities paid	82,090	56,370
5. Interest	12,613	3,869
6. Other financial outflows	0	9,187
<b>III. Net cash flows from financing activities</b>	<b>469,452</b>	<b>-203,484</b>
<b>D. Total net cash flows</b>	<b>-148,579</b>	<b>-119,928</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-89,416</b>	<b>-128,475</b>
- change in cash due to foreign currency translation	59,163	-8,547
<b>F. Opening balance of cash</b>	<b>596,680</b>	<b>709,247</b>
<b>G. Closing balance of cash</b>	<b>448,101</b>	<b>589,319</b>

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

for 3 months ended 30 April 2022

<b>Statement of changes in equity (in PLN thousand)</b>	Share capital	Treasury shares
Balance as at 1 February 2022 (transformed)	3,705	0
Net profit for 3 months ended 30 April 2022	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>
Balance as at 30 April 2022	3,705	0
Balance as at 1 February 2021 (transformed)	3,705	0
Net loss for 3 months ended 30 April 2021	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>
Balance as at 30 April 2021 (transformed)	3,705	0

Share premium	Other reserves	Retained earnings	TOTAL equity
364,315	2,336,526	1,357,323	4,061,869
0	0	123,798	123,798
<b>0</b>	<b>0</b>	<b>123,798</b>	<b>123,798</b>
364,315	2,336,526	1,481,121	4,185,667
364,315	3,146,916	-74,170	3,440,766
0	0	-84,084	-84,084
<b>0</b>	<b>0</b>	<b>-84,084</b>	<b>-84,084</b>
364,315	3,146,916	-158,254	3,356,682



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