



LPP

LPP SA GROUP
CONSOLIDATED CONDENSED
INTERIM REPORT
FOR Q3 2022/23

RESERVED

CROPP



house

MOHITO

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, 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 almost 40 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, Dhaka and Barcelona.

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

HOW WE OPERATE AS A GROUP

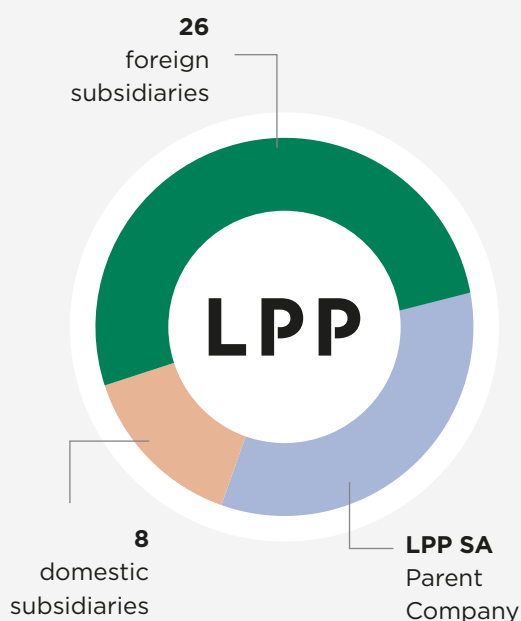
The LPP SA Group is composed of the Parent Company with its registered office in Poland, 8 domestic companies and 26 foreign companies. The Group's foreign subsidiaries are, to a major extent, engaged in the distribution of products of our brands outside Poland. Polish subsidiaries are engaged in the 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 2022/23, there were changes in the Group's structure as we formed two foreign companies: LPP Clothing Retail Spain S.L. with its registered office in Spain (Madrid) and LPP Greece Single Member Private Company with its registered office in Greece (Athens) and we closed IPMS Management Services FZE with its registered office in the United Arab Emirates.

The consolidated financial statements of the Group, covering the period from 1 August 2022 and 31 October 2022, 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.

Structure of the LPP SA Group



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 WIG, WIG Poland, WIG20, WIG30, WIG140, 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 lowest share value in the Company's history was recorded on 18 May 2001: PLN 47.00. 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, comprises 1,854,241 share of the nominal value of PLN 2 per share. As at the balance sheet date, its value was PLN 3,704,482, with no change since the publishing of the last report i.e. the one for H1 2022/23.

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. In the period following the publishing of the previous report (for H1 2022/23), 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	Nominal value of shares
Semper Simul Foundation *	578,889	31.2%	1,978,889	60.8%	1,157,778
Sky Foundation**	227,898	12.3%	227,898	7.0%	455,796
Other shareholders	1,047,454	56.5%	1,047,454	32.3%	2,094,908
Total	1,854,241	100.0%	3,254,241	100.0%	3,708,482

*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, co-founder of LPP SA.



OUR MANAGEMENT AND SUPERVISORY BOARDS

AS AT 31 OCTOBER 2022, 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 2022, 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

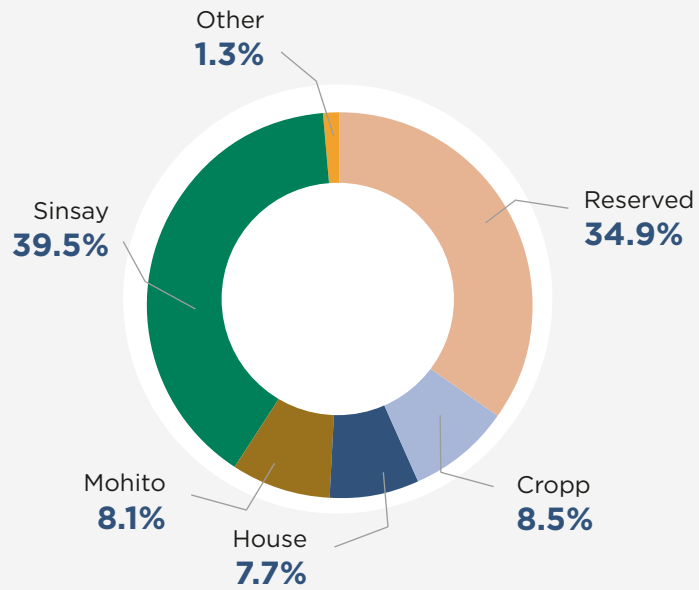
The table below presents the LPP shareholdings of management officers as at the date of publishing this report. In the period following the publishing of the previous report (for H1 2022/23), there were no changes in the LPP shareholdings of management officers. At the same time, the Company's supervisory officers hold no shares in LPP.

Shareholder	Number of shares held	Number of votes at the GM
Marek Piechocki - President of the Management Board	1,429	1,429
Przemysław Lutkiewicz - Vice-President of the Management Board	524	524
Jacek Kujawa - Vice-President of the Management Board	972	972
Sławomir Łoboda - Vice-President of the Management Board	831	831
Marcin Piechocki - Vice-President of the Management Board	570	570

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 9M22/23



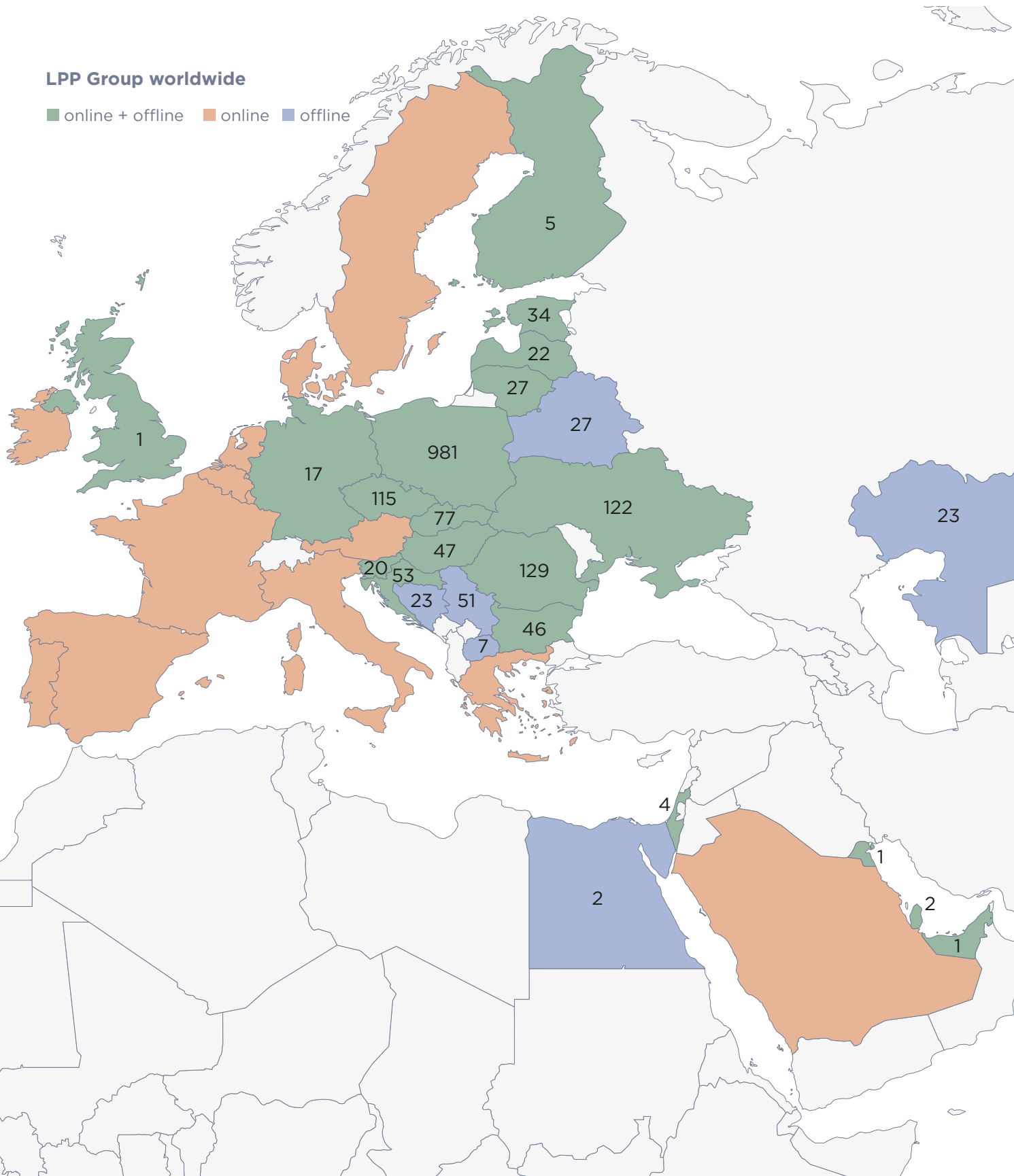


OUR MARKET PRESENCE

We offer our products to customers in on-site and online stores jointly in 38 countries on 3 continents.

Our on-site store chain comprises 1,837 stores of the total area of 1,550 thousand m² in 25 countries.

We are present online on 32 markets.



BASIC FIGURES PRESENTING THE EFFECTS OF THE LPP SA GROUP'S OPERATIONS FROM 01.08.2022 TO 31.10.2022 AND CUMULATIVELY FOR 9 MONTHS

1. NUMBER OF STORES

As at 31.10.2022	Number of stores
Reserved	353
Cropp	315
House	317
Mohito	216
Sinsay	636
Total LPP Group	1,837

2. SALES BROKEN DOWN BY BRAND

in PLN mln	Sales in Q1-3 2022/23	Sales in Q1-3 2021/22 before restatement	Sales in Q1-3 2021/22 restated
Reserved	4,096	3,878	3,268
Cropp	995	1,115	797
House	910	912	739
Mohito	952	829	687
Sinsay	4,634	3,103	2,393
Other	154	70	57
Total	11,742	9,907	7,940

in PLN mln	Sales in Q3 2022/23	Sales in Q3 2021/22 before restatement	Sales in Q3 2021/22 restated
Reserved	1,436	1,482	1,249
Cropp	382	415	300
House	343	334	266
Mohito	380	338	284
Sinsay	1,745	1,330	1,022
Other	81	14	12
Total	4,367	3,913	3,134

3. ONLINE SALES

	Q1-3 2022/23	Q1-3 2021/22 before restatement	Q1-3 2021/22 restated
Sales in PLN mln	3,245	2,688	2,520

	Q3 2022/23	Q3 2021/22 before restatement	Q3 2021/22 restated
Sales in PLN mln	1,032	907	838

4. REVENUE BROKEN DOWN BY REGION

in PLN mln	Q1-3 2022/23	Q1-3 2021/22 before restatement	Q1-3 2021/22 restated
Poland	5,084	3,922	3,922
Foreign countries	6,658	5,986	4,018
Total	11,742	9,907	7,940

in PLN mln	Q3 2022/23	Q3 2021/22 before restatement	Q3 2021/22 restated
Poland	1,759	1,524	1,524
Foreign countries	2,608	2,389	1,610
Total	4,367	3,913	3,134

5. OPERATING EXPENSES

	Q1-3 2022/23 (IFRS16)	Q1-3 2021/22 (IFRS16) before restatement	Q1-3 2021/22 (IFRS16) restated
Operating expenses (in PLN mln)	5,038	4,031	3,424
Operating expenses per m ² /month	380	287	318

	Q3 2022/23 (IFRS16)	Q3 2021/22 (IFRS16) before restatement	Q3 2021/22 (IFRS16) resta- ted
Operating expenses (in PLN mln)	1,811	1,458	1,213
Operating expenses per m ² /month	393	292	321

6. CAPITAL EXPENDITURES

in PLN mln	Q1-3 2022/23	Q1-3 2021/22 before restate- ment	Q1-3 2021/22 restated
Brand stores	507.3	648.4	403.2
Infrastructure	282.4	256.1	256.1
IT	49.9	42.3	42.3
Total	839.6	946.8	701.6

in PLN mln	Q3 2022/23	Q3 2021/22 before restate- ment	Q3 2021/22 restated
Brand stores	182.2	275.7	182.1
Infrastructure	143.5	120.6	120.6
IT	21.3	13.6	13.6
Total	347.0	409.9	316.3

7. INVENTORY

	31.10.2022	31.10.2021	Change y/y (%)
Inventory (in PLN mln)	3,479	2,962	17.5%
Inventory per m ² in PLN	2,259	1,702	32.7%

8. DEBT

Debt	As at 31.10.2022	As at 31.10.2021	Change y/y (%)
Short-term loans	302,353	150,867	100.4%
Long-term loans	1,069,369	538,070	98.7%
Bonds	297,462	295,579	0.6%
Financial lease	3,440,090	3,725,436	-7.7%
Cash	646,158	1,692,522	-61.8%
Net debt	4,463,116	3,017,430	47.9%
Net debt/ EBITDA (4Q)	2.1	1.1	90.9%

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

In Q3 2022/23, the Group's revenue reached PLN 4.4 bln, i.e. it generated an increase of 39% y/y (compared to data on continuing operations). The Group's revenue increased owing to increased sales in each brand. The highest revenue dynamics and, simultaneously, the highest sales value (PLN 1.7 bln, approx. 40% of the entire sales) were reached by Sinsay owing to a large quantity of newly opened stores, operations launched on new markets in the online channel and the lasting popularity of shopping in the value-for-money segment.

High revenue dynamics were recorded also by Mohito thanks to tailoring the collection to the tastes and needs of female customers (jumpers, outerwear). However, Reserved ranked second after Sinsay in terms of sales volume generated in Q3 owing, among others, to improvements made in the male collection (a higher proportion of classic models, their adequately selected colours and quantity).

The increase in the Group's revenue in Q3 was also affected by the sale generated by traditional and online stores. In the online channel, the Group yielded revenue exceeding PLN 1.0 bln which accounted for approx. 24% of the Group's entire sales. The two-digit increase in sales, i.e. 23,3% y/y in Q3, was yielded owing to the development of online stores on new markets, increased marketing activities undertaken by the Group and the growing use of mobile apps by female and male customers.

In Q3 2022/23, the Group generated a gross margin of 51.2% i.e. lower y/y by 7.1 p.p. due to several factors. One of them was the high base of Q3 of the previous year, supported by deferred demand after the pandemic and collection purchase prices favourable for the Company. An additional factor diluting the gross margin in Q3 III kwartale 2022/23 was the growing share of Sinsay in the Group's sales. Sinsay is characterised by the lowest margin among the entire portfolio of LPP brands. Furthermore, more extensive y/y promotions of products initially designated for Eastern markets and a less advantageous USD/PLN exchange rate had an impact on the lower y/y trade margin.

At the same time, owing to advantageous sales trends and more extensive promotion events, the Group reduced the inventory in Q3 2022/23 compared to the earlier quarter by 21.8% i.e. by PLN 1 bln. Due to the early import of the entire 2022/23 Autumn/Winter collection in fear of supply chain disturbances, the Group recorded a 17.5% increase in inventory y/y (on an unrevised basis).

The Group's financial statements for Q3 2022/23 were affected also by operating expenses incurred by the Group, which were 49.3% higher y/y. The Group's operating expenses increased due to the development of the traditional and online store chains. The expenses related to the traditional sales increased due to a higher share of turnover-based rents (with increased turnover y/y), the weakening of PLN versus EUR (with rents denominated in EUR) and the effect of inflationary indexation of rents. Additionally, the y/y increase of minimum wages and adjustment of the number of staff employed to the sales level caused an increase in payroll costs. At the same time, higher power supply costs and the inflationary increase of third-party services resulted in the y/y increase in other store operation costs.

Operating expenses higher y/y were affected also by increased outlays on online marketing and higher logistics costs resulting from the higher inventory volume.

In Q3 2022/3, the Group's results in terms of other operating income were affected also by a one-off event involving the reversal of the impairment loss on over 100 stores in Ukraine, totalling PLN 102 mln, due to the resumption of their business operations.

As a result of the above, considering specific untypical factors in the reporting period, the LPP Group generated operating profit of PLN 512 mln compared to PLN 621 mln a year ago (comparing data on continuing operations). The Group's operating profitability (EBIT margin) reached 11.7% (compared to last year's 19.8%).

In Q3 2022/23, the Group recorded a negative net balance of financing activities primarily due to the cost of interest charged on loans and bonds as well as foreign exchange losses (PLN 2 mln).

In consequence, in Q3 2022/23, the LPP Group generated net profit on continuing operations, totalling PLN 396 mln compared to PLN 486 mln a year ago, with net profitability of 9.1% (compared to last year's 15.5%).

Basic figures reflecting the Group's performance and margins gained in Q3 2022/23 and cumulatively for 9 months are given in tables below.

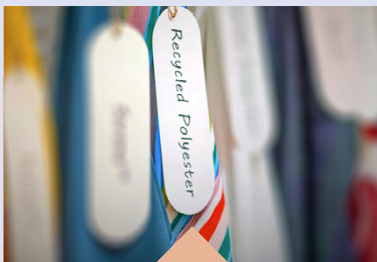
	Q1-3 2022/23	Q1-3 2021/22 before restatement	Q1-3 2021/22 restated
Revenue	11,741,546	9,906,900	7,939,527
Gross sales profit	6,038,980	5,607,509	4,434,553
Costs of stores and distribution and general costs	5,037,656	4,030,657	3,423,887
EBITDA	1,833,627	2,320,457	1,654,957
Operating profit (loss)	1,024,191	1,499,533	973,688
Profit (loss) in continuing operations	960,370	1,108,224	712,998

	Q3 2022/23	Q3 2021/22 before restatement	Q3 2021/22 restated
Revenue	4,366,750	3,913,420	3,134,000
Gross sales profit	2,235,269	2,282,314	1,827,879
Costs of stores and distribution and general costs	1,811,292	1,457,628	1,212,630
EBITDA	797,970	1,112,347	861,845
Operating profit (loss)	511,830	817,331	620,416
Profit (loss) in continuing operations	395,527	627,581	486,130

Margin (%)	Q1-3 2022/23	Q1-3 2021/22 before restatement	Q1-3 2021/22 restated
Gross sales margin	51.4%	56.6%	55.9%
EBITDA	15.6%	23.4%	20.8%
Operating	8.7%	15.1%	12.3%
Net on continuing operations	8.2%	11.2%	9.0%

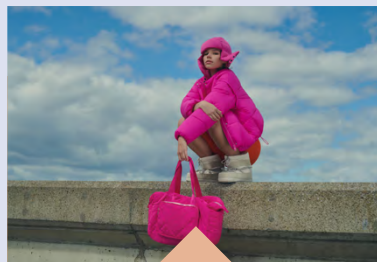
Margin (%)	Q3 2022/23	Q3 2021/22 before restatement	Q3 2021/22restated
Gross sales margin	51.2%	58.3%	58.3%
EBITDA	18.3%	28.4%	27.5%
Operating	11.7%	20.9%	19.8%
Net margin on continuing operations	9.1%	16.0%	15.5%

**10. OTHER MAJOR EVENTS IN
Q3 2022/23 AND IN THE PERIOD
PRECEDING PUBLICATION OF THIS
REPORT**



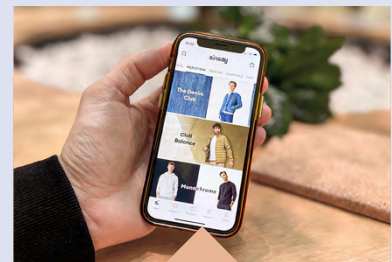
SEPTEMBER

STARTING COOPERATION WITH A POLISH START-UP TO DEVELOP AN INNOVATIVE TECHNOLOGY FOR PRODUCING YARN FROM TEXTILE WASTE



OCTOBER

OPENING OF A SINSAY DESIGN OFFICE IN BARCELONA



NOVEMBER

DEBUT OF SINSAY AND RESERVED APPS IN ROMANIA AND THE RESERVED APP IN GERMANY



OCTOBER

BLANCA MIRÓ X RESERVED - A CAPSULE COLLECTION IN COOPERATION WITH A SPANISH FASHION INFLUENCER



NOVEMBER

SIGNING CONTRACTS FOR 3 NEW LOCATIONS OF RESERVED STORES IN GREAT BRITAIN (LONDON) AND 2 LOCATIONS IN ITALY (MILAN)



NOVEMBER

LAUNCHING ONLINE STORES OF ALL BRANDS IN SERBIA

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 several factors which may be considered, simultaneously, as risks and opportunities for the Company. On one hand, potential threats may adversely affect the Group's results, yet, on the other hand, prospective opportunities taken advantage of may have a positive impact on the Group's financial performance. These factors may be either external, being independent of the Company, or internal which may be influenced by the Company.

THREATS

- Deterioration of the economic and social environment in Poland and countries in which the Group's stores are operated, caused by the following: inflation pressure, the war ongoing in Ukraine, exacerbating factors restraining the economic growth in European countries, increased prices of energy resources and, in consequence, customers' lower disposable in-

come and consequent diminished inclination to purchase clothes.

- Possible disturbances in the supply chain, caused by the situation in Asia.
- Risk of tax changes in Poland and countries in which the Company's is present.
- Limitation by the Company of outlays for online marketing - in consequence, less dynamical revenue increases.
- PLN depreciation versus USD/EUR, affecting gross margins and operating expenses (rents).
- Requirement to make larger clearance sales resulting from the inventory volume.

OPPORTUNITIES

- Change in the customer behaviour model and increased inclination to buy value-for-money clothing (Sinsay).
- Greater negotiating power with suppliers of goods to the Company as a result of the situation

- in the clothing sector.
- Lower maritime transport costs.
 - Fashion trends, attractiveness of collections offered by the Company.
 - Higher collection prices adapted to a level acceptable by female and male customers.
 - Control of the Group's operating expenses (SG&A).
 - Development of business operations on new European markets, specifically in the Sinsay brand, i.e. in Greece, Italy and Spain.
 - Development of Sinsay and Reserved mobile apps on new markets.
 - Development of the logistics network (the launching of operations of the new Fulfilment Centre in the Subcarpathia region).

The Group's sales plans for the financial year 2022/23 (despite the exclusion of the Russian market) entail the possibility of reaching sales of PLN 16 bln, i.e. approx. 40% (continuing operations) more y/y, with e-commerce sales of approx. PLN 4.5 bln.

Simultaneously, considering the present geopolitical situation in Eastern Europe, the level of insecurity and the economic instability on all markets as well as increased inflation correlated with increasing cost pressure, in the financial year 2022/23, the Group expects a decrease in its trade margin and its operating margin: 8-9% y/y.

Nonetheless, in 2022/23, the Group plans to maintain investment commitment of PLN 1.1 bln, including approx. PLN 700 mln to be appropriated for brand stores, PLN 330 mln for the infrastructure and PLN 70 mln for IT.

At the same time, due to suspended development in the Eastern region, retail space will decrease this year to 1,671 thousand m² and the number of stores decreased to 1,960.

In the years to come, the Group expects to restore its retail space and return to its growth. Already in the financial year 2023/24, the Group expects that its retail space will increase 18% y/y (prioritised development of Sinsay stores). At the same time, in the same period, owing to the development of the omnichannel organisation, the Group expects to reach two-digit dynamics in revenue increase and increased gross and operating margins y/y, with planned CAPEX of PLN 1,05 bln (including PLN 800 mln for brand stores, PLN 170 mln for infrastructure and PLN 80 mln for IT).



**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 2022, comprising the consolidated condensed interim statement of comprehensive income, with comprehensive income totalling PLN 1,154,717 thousand, the consolidated condensed interim statement of financial position, with assets and liabilities totalling PLN 13,521,791 thousand, the consolidated condensed interim statement of cash flows, showing a decrease in net cash by PLN 773,061 thousand, the consolidated condensed interim statement of changes in equity, showing an increase in equity by PLN 506,372 thousand, as well as additional notes comprising a description of relevant accounting principles and other clarifications.

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

Gdańsk, 14 December 2022

SELECTED CONSOLIDATED INTERIM FINANCIAL DATA

for 9 months ended 31 October 2022

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	Cumulatively			
	2022/23	2021/22	2022/23	2021/22
	01.02 - 31.10	01.02 - 31.10	01.02 - 31.10	01.02 - 31.10
Revenue	11,741,546	7,939,527	2,498,042	1,740,628
Operating profit (loss)	1,024,191	973,688	217,899	213,467
Pre-tax profit (loss)	1,131,225	907,465	240,671	198,949
Net profit (loss)	960,370	712,998	204,321	156,315
Weighted average number of shares	1,838,870	1,838,066	1,838,870	1,838,066
Profit (loss) per share	522.26	387.91	111.11	85.04
Net cash flows from operating activities	149,398	2,176,885	31,785	477,251
Net cash flows from investing activities	-608,195	-597,431	-129,395	-130,978
Net cash flows from financing activities	-271,743	-1,473,903	-57,814	-323,132
Total net cash flows	-730,540	105,551	-155,424	23,141

Wybrane skonsolidowane dane finansowe	in PLN thousand		in EUR thousand	
	2022/23	2021/22	2022/23	2021/22
	31.10.2022	31.01.2022	31.10.2022	31.01.2022
	Total assets	13,521,791	14,135,248	2,871,539
Non-current liabilities	3,348,387	3,983,219	711,076	866,256
Current liabilities	6,394,935	6,879,932	1,358,053	1,496,223
Equity	3,778,469	3,272,097	802,410	711,604
Share capital	3,708	3,705	787	806
Weighted average number of shares	1,838,870	1,838,066	1,838,870	1,838,066
Book value per share	2,054.78	1,780.18	436.36	387.15
Declared or paid dividend per share	350.00	450.00	74.33	97.86

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for 9 months ended 31 October 2022

Statement of comprehensive income (in PLN thousand)	CUMULATIVELY		Q3	
	2022/23	2021/22	2022/23	2021/22
	01.02 - 31.10	01.02 - 31.10 restated	01.08 - 31.10	01.08 - 31.10 restated
Continuing operations				
Revenue	11,741,546	7,939,527	4,366,750	3,134,000
Cost of goods sold	5,702,566	3,504,974	2,131,481	1,306,121
Gross profit (loss) on sales	6,038,980	4,434,553	2,235,269	1,827,879
Costs of stores and distribution	4,509,455	3,053,128	1,666,721	1,067,906
General costs	528,201	370,759	144,571	144,724
Other operating income	144,172	39,791	114,988	12,901
Other operating expenses	121,305	76,769	27,135	7,734
Operating profit (loss)	1,024,191	973,688	511,830	620,416
Financial income	248,978	20,354	10,170	7,201
Financial expenses	141,944	86,577	63,547	28,003
Pre-tax profit (loss)	1,131,225	907,465	458,453	599,614
Income tax	170,855	194,467	62,926	113,484
Net profit (loss) on continuing operations	960,370	712,998	395,527	486,130
Net profit (loss) on discontinued operations	-50,681	395,226	0	141,451
Total net profit (loss)	909,689	1,108,224	395,527	627,581
Net profit attributable to:				
Shareholders of the parent company	909,689	1,108,224	395,527	627,581
Non-controlling interests	0	0	0	0
Other comprehensive income				
Items transferred to profit or loss				
Currency translation on foreign operations	245,028	124,376	-15,884	64,525
Total comprehensive income	1,154,717	1,232,600	379,643	692,106
Attributable to:				
Shareholders of the parent company	1,154,717	1,232,600	379,643	692,106
Non-controlling interests	0	0	0	0
Average weighted number of shares	1,838,870	1,838,066	1,838,870	1,838,066
Diluted number of shares	1,838,870	1,839,884	1,838,870	1,839,884
Profit (loss) per share	522.26	387.91	215.09	264.48
Diluted profit (loss) per share	522.26	387.52	215.09	264.22

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 October 2022

Statement of financial position (in PLN thousand)	AS AT		
	31.10.2022	31.01.2022	31.10.2021
ASSETS			
Non-current assets	6,844,945	7,027,715	6,761,640
1. Property, plant and equipment	3,121,415	2,760,486	3,038,860
2. Right of use assets	2,647,634	3,412,312	3,017,158
3. Intangible of use assets	154,056	144,431	134,173
4. Goodwill	183,203	183,203	183,203
5. Trademark	77,508	77,508	77,508
6. Non-current receivables	343,031	0	0
7. Deferred tax assets	303,274	425,405	286,722
8. Prepayments	7,025	5,756	2,943
9. Other financial assets	7,799	18,614	21,073
Current assets	6,676,846	7,107,533	6,238,402
1. Inventory	3,479,029	3,864,113	2,961,578
2. Trade receivables	1,104,640	246,077	224,063
3. Income tax receivables	8,946	33,929	10,840
4. Other non-financial assets	136,977	196,016	193,640
5. Prepayments	46,347	49,243	30,361
6. Other financial assets	267,169	60,570	134,199
7. Deposits and investment funds	987,580	1,302,694	991,199
8. Cash and cash equivalents	646,158	1,354,891	1,692,522
TOTAL assets	13,521,791	14,135,248	13,000,042

AS AT

Statement of financial position (in PLN thousand)	31.10.2022	31.01.2022	31.10.2021
EQUITY AND LIABILITIES			
Equity	3,778,469	3,272,097	3,477,329
1. Share capital	3,708	3,705	3,705
2. Share premium	364,315	364,315	364,315
3. Other reserves	2,718,275	2,345,104	2,333,647
4. Currency translation on foreign operations	40,379	-204,649	-140,862
5. Retained earnings	651,807	763,637	916,539
6. Non-controlling interest capital	-15	-15	-15
Non-current liabilities	3,348,387	3,983,219	3,521,300
1. Bank loans and borrowings	302,353	144,174	150,867
2. Lease liabilities	2,638,259	3,428,223	2,946,144
3. Bonds	297,462	294,665	295,579
4. Employee liabilities	1,433	1,409	1,820
5. Deferred tax liabilities	2,481	627	222
6. Accruals	106,399	114,121	126,668
Current liabilities	6,394,935	6,879,932	6,001,413
1. Trade and other liabilities	4,247,830	4,970,841	4,261,781
2. Contract liabilities	16,468	20,547	12,026
3. Customer refund liabilities	79,272	76,308	67,770
4. Bank loans and borrowings	1,069,369	535,036	538,070
5. Lease liabilities	801,831	749,069	779,292
6. Employee liabilities	39,019	149,672	62,008
7. Income tax liabilities	102,770	311,178	216,561
8. Provisions	8,671	10,669	15,327
9. Accruals	29,705	56,612	48,578
TOTAL equity and liabilities	13,521,791	14,135,248	13,000,042

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

for 9 months ended 31 October 2022

Cash flow statement (in PLN thousand)	CUMULATIVELY		Q3	
	2022/23	2021/22	2022/23	2021/22
	01.02 - 31.10	01.02 - 31.10 restated	01.08 - 31.10	01.08 - 31.10 restated
A. Cash flows from operating activities - indirect method				
I. Pre-tax profit (loss)	1,131,225	907,465	458,453	599,614
II. Total adjustments	-981,827	1,269,420	213,629	288,210
1. Amortisation and depreciation	809,436	681,269	286,140	241,429
2. Foreign exchange (gains) losses	-176,589	-47,239	-5,660	-38,679
3. Interest and dividends	138,261	72,741	62,617	33,274
4. (Profit) loss on investing activities	-162,679	85,096	-94,143	19,303
5. Income tax paid	-359,746	-176,779	-22,800	-96,663
6. Change in provisions and employee benefits	-41,958	35,461	-3,869	-5,594
7. Change in inventory	570,040	-470,351	973,599	-458,172
8. Change in receivables and other assets	-345,207	-351,683	555,263	-146,157
9. Change in current liabilities, excluding bank loans and borrowings	-2,268,339	1,065,022	-1,544,132	703,474
10. Change in prepayments and accruals	47,105	9,390	6,614	26,536
11. Other adjustments	807,849	366,493	0	9,459
III. Net cash flows from operating activities	149,398	2,176,885	672,082	887,824
B. Cash flows from investing activities				
I. Inflows	232,437	189,884	125,471	60,090
1. Disposal of intangible assets and PPE	78,068	90,104	27,028	41,779
2. Repayment of loans	108	128	38	34
3. Interest and other inflows from financial assets	12	207	1	3
4. Other investing inflows (investment funds)	154,249	99,445	98,404	18,274
II. Outflows	840,632	787,315	347,161	340,676
1. Purchase of intangible assets and PPE	839,605	701,567	347,021	316,302
2. Loans granted	760	300	140	0
3. Other investing outflows (investment funds)	267	85,448	0	24,374
III. Net cash flows from investing activities	-608,195	-597,431	-221,690	-280,586
C. Cash flows from financing activities				
I. Inflows	1,242,643	46,854	245,455	0
1. Proceeds from issuance of shares	4	0	4	0

2. Bank loans and borrowings	1,242,639	46,854	245,451	0
3. Other financial inflows	0	0	0	0
II. Outflows	1,514,386	1,520,757	774,681	679,268
1. Dividends and other payments to owners	648,348	833,590	322,217	416,795
2. Repayment of bank loans and borrowings	241,203	237,763	228,040	87,146
3. Financial lease liabilities paid	514,409	373,798	175,097	148,256
4. Interest	110,426	75,606	49,327	27,071
5. Other financial outflows	0	0	0	0
III. Net cash flows from financing activities	-271,743	-1,473,903	-529,226	-679,268
D. Net cash flows from continuing operations	-730,540	105,551	-78,834	-72,030
E. Net cash flows from discontinued operations	-42,521	288,384	0	140,955
F. Total net cash flows	-773,061	393,935	-78,834	68,925
G. Balance sheet change in cash, including:	-708,733	414,668	-91,927	97,629
- change in cash due to foreign currency translation	64,328	20,733	-13,093	28,704
F. Opening balance of cash	1,316,969	1,276,243	622,742	1,601,253
G. Closing balance of cash	543,908	1,670,178	543,908	1,670,178

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for 9 months ended 31 October 2022

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium
Balance as at 1 February 2022	3,705	0	364,315
Division of profit for 12 months ended 31.01.2022	0	0	0
Dividend paid	0	0	0
Remuneration paid in shares	3	0	0
Transaction with owners	3	0	0
Net profit for 9 months ended 31 October 2022	0	0	0
Currency translation on foreign operations	0	0	0
Total comprehensive income	0	0	0
Balance as at 31 October 2022	3,708	0	364,315
Balance as at 1 February 2021	3,705	0	364,315
Division of profit for 12 months ended 31.01.2021	0	0	0
Dividend paid	0	0	0
Remuneration paid in shares	0	0	0
Transaction with owners	0	0	0
Net profit for 9 months ended 31 October 2021	0	0	0
Currency translation on foreign operations	0	0	0
Total comprehensive income	0	0	0
Balance as at 31 October 2021	3,705	0	364,315

Other reserves	Currency translation on foreign operations	Retained earnings	Equity attributable to the parent company	Non-controlling interests	TOTAL equity
2,345,104	-204,649	763,637	3,272,112	-15	3,272,097
373,171	0	-373,171	0	0	0
0		-648,348	-648,348	0	-648,348
0	0	0	3	0	3
373,171	0	-1,021,519	-648,345	0	-648,345
0	0	909,689	909,689	0	909,689
0	245,028	0	245,028	0	245,028
0	245,028	909,689	1,154,717	0	1,154,717
2,718,275	40,379	651,807	3,778,484	-15	3,778,469
3,155,123	-265,238	-189,514	3,068,391	-15	3,068,376
2,171	0	-2,171	0	0	0
-833,590	0	0	-833,590	0	-833,590
9,943	0	0	9,943	0	9,943
-821,476	0	-2,171	-823,647	0	-823,647
0	0	1,108,224	1,108,224	0	1,108,224
0	124,376	0	124,376	0	124,376
0	124,376	1,108,224	1,232,600	0	1,232,600
2,333,647	-140,862	916,539	3,477,344	-15	3,477,329



03

ADDITIONAL NOTES TO
THE CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS

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 2022, approved for publishing on 20 April 2022.

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: 31.10.2022 – PLN/EUR 4.7089, 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: 01.02-31.10.2022 – PLN/EUR 4.7003, 01.02.-31.10.2021 – PLN/EUR 4.5613.

These consolidated condensed interim financial statements were prepared based on the assumption that the Group would remain a going concern and incorporate no adjustments concerning various methods of measurement and classification of assets and liabilities, which could be deemed required should the Group be unable to remain a going concern in the 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 2022, approved on 20 April 2022.

3. ERROR CORRECTIONS AND A CHANGE IN ACCOUNTING PRINCIPLES

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

4. DISCONTINUED OPERATIONS

Due to Russia's aggression resulting in a war in Ukraine in February 2022, LPP SA has decided to suspend its operations in Russia and sell its business in that country as described in detail in note 6 of the consolidated condensed interim report for H1 2022. Consequently, in the statement of comprehensive income in the consolidated report, there is a new item "Discontinued operations" comprising the results related to the operations of the Russian company when owned by LPP SA, i.e. in H1 2022.

Revenue, expenses and results generated by the discontinued operations:

Statement of comprehensive income (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Operating income	943,213	1,987,324	-	780,659
Other operating income (revaluation write-off on stores)	402,840	-	-	-
Operating expenses	994,738	1,461,479	-	583,744
Net financial expenses	31,823	35,828	-	17,197
Pre-tax profit (loss) on sales	319,492	490,017	-	179,718
Income tax	34,964	94,791	-	38,267
Net profit (loss)	284,528	395,226	-	141,451
Profit (loss) on the sale of discontinued operations	-335,209	-	-	-
Net profit (loss) on discontinued operations	-50,681	395,226	-	141,451

Cash flows on discontinued operations

Cash flow statement	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Cash flows on operating activities	125,241	479,071	-	-14,645
Cash flows on investing activities	-105,549	-242,118	-	-93,540
Cash flows on financing activities	-62,213	51,431	-	249,140
Change in net cash from discontinued operations	-42,521	288,384	-	140,955

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 its financial year by adjusting it to the collection calendar and, therefore, mitigated the impact of clearance sales and seasonality on margins of individual calendar quarters.

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: operations 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 performance in geographical segments for the period from 1 February 2022 to 31 October 2022 and for the comparable period are given in tables below.

01.02 - 31.10.2021 (in PLN thousand)	EU coun-tries	Other co-untries	Consolida-tion adjust-ments	Values not attributed to seg-ments	Total
External sales	10,831,637	909,909	0	0	11,741,546
Intersegment sales	463,358		-463,358	0	0
Other operating income	33,477	110,695		0	144,172
Total income	11,328,472	1,020,604	-463,358	0	11,885,718
Total operating expenses including	9,720,231	891,853	-400,063	528,201	10,740,222
Cost of sale of goods between segments	383,104		-383,104		0
Other operating expenses	106,552	14,753			121,305
Operating profit (loss)	1,501,689	113,998	-63,295	-528,201	1,024,191
Financial income				0	248,978
Financial expenses				0	141,944
Pre-tax profit (loss)					1,131,225
Income tax					170,855
Net profit on continuing operations					960,370
Net profit (loss) on discontinued operations					-50,681
Net profit (loss) attributable to shareholders of the Parent Company					909,689

01.02 - 31.10.2021 (restated) (in PLN thousand)	EU coun-tries	Other co-untries	Consolida-tion adjust-ments	Values not attributed to seg-ments	Total
External sales	6,979,712	959,815	0	0	7,939,527
Intersegment sales	383,925	0	-383,925	0	0
Other operating income	37,058	2,733		0	39,791
Total income	7,400,695	962,548	-383,925	0	7,979,318
Total operating expenses including	5,629,313	1,038,193	-109,404	370,759	6,928,861
Cost of sale of goods between segments	286,200		-286,200		0
Other operating expenses	71,657	5,112			76,769
Operating profit (loss)	1,699,725	-80,757	-274,521	-370,759	973,688
Financial income				0	20,354
Financial expenses				0	86,577
Pre-tax profit (loss)					907,465
Income tax					194,467
Net profit on continuing operations					712,998
Net profit (loss) on discontinued operations					395,226
Net profit (loss) attributable to shareholders of the Parent Company					1,108,224

7. REVENUE ON CUSTOMER CONTRACTS

the manner in which economic factors affect the nature, amount, payment date as well as revenue and cash flow uncertainty.

The table below presents revenue on customer contracts broken down by categories reflecting

(in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08 - 31.10	01.08 - 31.10 restated
Type of sale				
Sale of goods, including:	11,740,308	7,939,092	4,366,068	3,133,745
<i>E-commerce</i>	3,245,164	2,519,517	1,032,402	837,579
Sale of services	1,238	435	682	255
Total	11,741,546	7,939,527	4,366,750	3,134,000
Brand				
Reserved	4,096,290	3,268,069	1,435,855	1,249,294
Cropp	995,344	796,622	382,260	299,846
House	909,956	738,690	342,921	266,352
Mohito	952,421	686,840	379,835	284,415
Sinsay	4,633,660	2,392,701	1,745,115	1,022,233
Other	153,875	56,605	80,764	11,860
Total	11,741,546	7,939,527	4,366,750	3,134,000

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. Trade receivables comprise wholesale settlements.

Non-current receivables comprise PLN 343,0 mln resulting from a discounted receivable generated by the sale of the Russian company. In the current quarter, this receivable was increased by PLN 6.1 mln shown in financial revenue following the revaluation of receivables and reduction of a discount due to the lapse of time and the shortening of the period for the final repayment of receivables.

REVALUATION WRITE-OFFS

During 9 months ended 31 October 2022, 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.

	CUMULATIVELY		Q3	
	2022	2021	2022	2021
Revaluation write-offs on receivables (in PLN thousand)	01.02-31.10	01.02-31.10	01.08-31.10	01.08-31.10
Opening balance	24,051	38,334	75,066	30,420
Write-offs made in the period	76,703	8,638	20,745	3,253
Write-offs reversed in the period	34,279	3,983	29,315	2,059
Write-offs used in the period	252	11,705	-36	107
Currency translation differences	278	399	-31	176
Closing balance	66,501	31,683	66,501	31,683

8. OTHER OPERATING INCOME AND EXPENSES

In other operating income, the most important item is the amount of PLN 105,496 thousand reflecting the reversal of revaluation write-offs on fixed assets. The reversal of the said write-offs applies primarily to the Ukrainian company as, in Ukraine, part of brand stores has become operational again.

Other operating income (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08 - 31.10	01.08 - 31.10 restated
Profit on sale of non-financial fixed assets	0	0	0	0
Subsidies	5,532	25,768	2,435	7,916
Other operating income including:	138,640	14,023	112,553	4,985
- profit on the annulment of contracts under IFRS16	12,445	4,457	4,200	1,122
- compensations	908	852	211	391
- reversal of revaluation write-offs on net fixed assets	105,496	0	101,550	0
- reversal of revaluation write-offs on net receivables	0	0	0	0
Other operating income in total	144,172	39,791	114,988	12,901

In other operating expenses, the key values comprise losses on non-current and current assets, totalling PLN 45,763 thousand (in 9 months ended 31 October 2021: PLN 18,408 thousand) and dona-

tions involving mainly the aid for Ukraine, totalling PLN 17,849 thousand (in 9 months ended 31 October 2021: PLN 605 thousand).

Other operating expenses (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08 - 31.10	01.08 - 31.10 restated
Loss on sale of non-financial fixed assets	3,262	548	-83	-91
Revaluation of non-financial assets, including:	42,424	54,061	-8,570	-2,495
- revaluation write-offs on net fixed assets	0	49,406	0	-3,689
- revaluation write-offs on net receivables	42,424	4,655	-8,570	1,194
Other operating expenses including:	75,619	22,160	35,788	10,320
- losses on non-current and current assets	45,763	18,408	22,803	10,018
- donations	17,849	605	9,641	196
Other operating expenses in total	121,305	76,769	27,135	7,734

9. FINANCIAL INCOME AND EXPENSES

Financial income (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08-31.10	01.08-31.10 restated
Interest	6,430	2,539	1,626	704
Measurement of participation units in funds	7,936	-365	4,115	-521
Dividends	10	6	0	6
Other financial income including:	234,602	18,174	4,429	7,012
- currency translation balance	227,647	0	-1,642	0
- discount	6,089	0	6,089	0
- adjustment of the lease liability	806	18,174	-33	7,018
Total financial income	248,978	20,354	10,170	7,201

As part of financial income, the Group shows the Discount item in the amount of PLN 6,089 thousand in connection with the re-evaluation of receivables from the sale of shares in Re Trading.

Last year, in 9 months ended 31 October 2021, the Group renegotiated retail space lease

agreements. Rent discounts obtained for the period from February 2021 to October 2021 were recognised by the Group as adjustment of the lease liability, adjusting financial income accordingly as shown in the table above, in item "adjustment of the lease liability".

Financial expenses (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08-31.10	01.08-31.10 restated
Interest expenses – bank loans	53,578	6,978	27,366	1,832
Interest expenses – bonds	15,115	3,494	11,009	1,475
Interest expenses – budgetary and other	16,758	4,649	5,395	4,054
Interest expenses – lease liabilities	54,551	68,609	18,770	23,395
Bank commissions	1,942	2,551	1,007	988
Other financial expenses, including:	0	296	0	-3,741
- currency translation balance	0	296	0	-3,741
Total financial expenses	141,944	86,577	63,547	28,003

10. INCOME TAX

The main components of the income tax liability of the Group for the period from 1 February 2022 to 31 October 2022 and for the comparative period are given in the table below.

Income tax (in PLN thousand)	2022	2021	2022	2021
	01.02 - 31.10	01.02 - 31.10 restated	01.08-31.10	01.08-31.10 restated
Current income tax	151,318	287,969	30,207	171,147
Taxation of foreign controlled companies	0	30,372	0	2,104
Deferred income tax	19,537	-123,874	32,719	-59,767
Total	170,855	194,467	62,926	113,484

11. PROPERTY, PLANT AND EQUIPMENT

PURCHASE AND SALE

During 9 months ended 31 October 2022, the Group purchased PPE of PLN 849,184 thousand (during 9 months ended 31 October 2021: PLN 1,002,582 thousand). Those were mainly investments involving the development of new stores.

In 9 months ended 31 October 2022, the Group sold PPE of a net value of PLN 499 thousand (in 9 months ended 31 October 2021: PLN 995 thousand), generating a net loss on sales, totalling PLN 3,262 thousand (in 9 months ended 31 October 2021: a loss of PLN 548 thousand).

IMPAIRMENT WRITE-OFFS

In the period ended 31 October 2022, the Group recognised an additional impairment loss on fixed assets, totalling PLN 485 thousand (in 9 months ended 31 October 2021: PLN 55,940 thousand). At the same time, in 2022, the said impairment loss was reversed in the amount of PLN 105,981 thousand in the absence of relevant prerequisites

(in 9 months ended 31 October 2021: PLN 5,733 thousand). The above-mentioned reversal resulted primarily from the decision to reopen brand stores in Ukraine. In the statement of comprehensive income, the surplus of impairment losses established over their reversed value is shown in item "other operating expenses", in the amount of PLN 105,496 thousand (in 9 months ended 31 October 2021: PLN 49,406 thousand in item "other operating expenses" as a surplus of impairment losses established over their reversed value).

12. INVENTORY

According to the rules adopted by the Group, revaluation write-offs on inventory are recognised twice a year. In Q3, the Group made no revaluation write-offs.

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

Inventory (in PLN thousand)	31.10.2022	31.01.2022
Materials	18,695	31,726
Goods	3,425,673	3,784,283
Product return assets	34,661	48,104
Total	3,479,029	3,864,113

13. DEPOSITS

Deposits and investment funds (in PLN thousand)	31.10.2022	31.01.2022
Participation units in funds	608,369	649,999
Security deposits	0	200,000
Collateral	379,211	452,695
Total	987,580	1,302,694

In the reporting period, the Group purchased participation units in money market funds. In the cash flow statement, in investing activities, the Company shows the acquisition in the amount of PLN 267 thousand and the redemption of funds in the amount of PLN 154,249 thousand. The Group gained no profit on the above-mentioned 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-zmiana numeracji, LPP SA acquired participation units in a money market fund in the amount of PLN 600 mln and deposited a collateral of PLN 379 mln.

14. OTHER FINANCIAL ASSETS

In PLN thousand	31.10.2022	31.01.2022
Non-current assets		
Other receivables	7,657	18,494
Loans granted	142	120
Other non-current financial assets	7,799	18,614
Current assets		
Other receivables	136,166	0
Receivables payable by payment card operators	104,028	36,875
Loans granted	768	155
Forward contract measurement	26,207	23,540
Other current financial assets	267,169	60,570
Total	274,968	79,184

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

15. BANK LOANS AND BORROWINGS

The LPP Group has credit lines in 4 banks, utilised for bank guarantees, letters of credit for trade financing or a revolving loan. As at 31 October 2022, the total value of the said credit lines was PLN 1.1 bln.

Furthermore, the Company has taken up investment credit facilities for the development and extension of logistics centres and the head office in Gdańsk. At the end of Q3 2022, the total value of such credit facilities was PLN 300 mln.

Additionally, LPP has 300 thousand 5-year bonds issued in 2019, of the total nominal value of PLN 300 mln. As at the balance sheet date, their value was PLN 308 mln.

As at the balance sheet date, i.e. 31 October 2022, the Group's consolidate trade and other liabilities totalled PLN 4.2 bln and their value decreased by approx. 15% compared to the balance as at 31 January 2022.

Also, the Group uses reversed factoring schemes offered by HSBC Polska SA, Santander Polska SA, Bank Pekao SA and BNP Paribas. As part of reversed factoring, after presenting purchase invoices, banks factors pay liabilities owed to the suppliers in line with previously agreed time schedules. As at 31 October 2022, the Company's total trade liabilities arising from the above amounted to PLN 2.6 bln (the total factoring limit of PLN 4.4 bln). The above-mentioned factoring limits were secured with participation units in a money market fund in the amount of PLN 600 mln and a collateral deposited in the amount of PLN 379 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 the requirement to pay liabilities in the same amount.

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, the General Meeting of LPP SA adopted a resolution on the allocation of 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.

17. CONTINGENT ASSETS AND LIABILITIES

In Q3 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 31 October 2022, the total value of bank guarantees issued upon request and at the responsibility of LPP SA amounted to approx. PLN 306,321 thousand, of which:

- guarantees issued to secure agreements concluded by LPP SA amounted to PLN 92,931 thousand,
- guarantees issued to secure agreements concluded by consolidated associates amounted to PLN 193,147 thousand,
- guarantees issued to secure warehouse and office space lease agreements concluded by LPP SA amounted to PLN 20,243 thousand.

From February to October 2022, the Company also received guarantees as collateral for payments from a contracting party. As at 31 October 2022, the value of the said guarantees was PLN 17,516 thousand. On 31 October 2022, the value of sureties granted by the Parent Company was PLN 92,931 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 borrowings or any guarantees, jointly to a single entity or such entity's subsidiary, of a value exceeding 10.0% of the Issuer's equity.

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 and Supervisory Boards as key management officers.

From 1 February to 31 October 2022, short-term benefits of members of the Parent Company's Management Board amounted to PLN 4,395 thousand.

From 1 February to 31 October 2021, short-term benefits of members of the Parent Company's Supervisory Board amounted to PLN 104 thousand.

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 its equity.

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

20. 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, apart from those specified in this report.

21. SUPPLEMENTARY INFORMATION

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



04

**SEPARATE CONDENSED INTERIM
FINANCIAL STATEMENTS**

INTRODUCTION

We hereby approve the separate condensed interim financial statements of the LPP SA for the period of 9 months ended 31 October 2022, comprising the separate condensed interim statement of comprehensive income, with comprehensive income totalling PLN 400,548 thousand, the separate condensed interim statement of financial position, with assets and liabilities totalling PLN 11,112,221 thousand, the separate condensed interim statement of cash flows, showing a decrease in net cash by PLN 400,306 thousand, the separate condensed interim statement of changes in equity, showing a decrease in equity by PLN 247,797 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

Gdańsk, 14 December 2022

SELECTED SEPARATE CONDENSED INTERIM FINANCIAL DATA

for 9 months ended 31 October 2022

Selected separate financial data	in PLN thousand		in EUR thousand	
	Cumulatively			
	2022/23	2021/22	2022/23	2021/22
	01.02-31.10	01.02 - 31.10	01.02-31.10	01.02 - 31.10
Revenue	10,038,266	7,588,281	2,135,665	1,663,622
Operating profit (loss)	17,092	895,885	3,636	196,410
Pre-tax profit (loss)	463,744	900,343	98,663	197,387
Net profit (loss)	400,548	706,813	85,218	154,959
Weighted average number of shares	1,838,870	1,838,066	1,838,870	1,838,066
Profit (loss) per share	217.82	384.54	46.34	84.31
Net cash flows from operating activities	32,371	1,481,012	6,887	324,691
Net cash flows from investing activities	-474,004	-274,976	-100,845	-60,285
Net cash flows from financing activities	41,327	-1,274,021	8,792	-279,311
Total net cash flows	-400,306	-67,985	-85,166	-14,905

Selected separate financial data	in PLN thousand		in EUR thousand	
	2022/23	2021/22	2022/23	2021/22
	31.10.2022	31.01.2022	31.10.2022	31.01.2022
Total assets	11,112,221	11,236,699	2,359,834	2,443,717
Non-current liabilities	1,667,955	1,633,128	354,213	355,167
Current liabilities	5,630,194	5,541,702	1,195,650	1,205,189
Equity	3,814,072	4,061,869	809,971	883,361
Share capital	3,708	3,705	787	806
Weighted average number of ordinary shares	1,838,870	1,838,066	1,838,870	1,838,066
Book value per share	2,074.14	2,209.86	440.47	480.59
Declared or paid dividend per share	350	450	74.33	97.86



SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for 9 months ended 31 October 2022

Comprehensive income statement (in PLN thousand)	CUMULATIVELY		Q3	
	2022/23	2021/22	2022/23	2021/22
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
Continuing operations				
Revenue	10,038,266	7,588,281	3,709,682	3,176,892
Cost of goods sold	6,089,177	4,453,205	2,371,760	1,703,468
Gross profit (loss) on sales	3,949,089	3,135,076	1,337,922	1,473,424
Costs of stores and distribution	2,730,916	1,880,749	990,326	652,156
General costs	531,802	354,400	199,001	125,016
Other operating income	24,451	12,940	6,834	5,527
Other operating expenses	87,631	16,982	4,832	6,995
Profit/loss on the sale of subsidiaries (+/-)	-606,099	0	0	0
Operating profit (loss)	17,092	895,885	150,597	694,784
Financial income	532,783	68,555	22,532	46,119
Financial expenses	86,131	64,097	41,424	15,082
Pre-tax profit (loss)	463,744	900,343	131,705	725,821
Income tax	63,196	193,530	20,962	132,945
Net profit (loss)	400,548	706,813	110,743	592,876
Other comprehensive income	400,548	706,813	110,743	592,876
Total comprehensive income				
Total comprehensive income	400,548	706,813	110,743	592,876
Weighted average number of shares	1,838,870	1,838,066	1,838,870	1,838,066
Diluted number of shares	1,838,870	1,839,884	1,838,870	1,839,884
Profit (loss) per share	217.82	384.54	60.22	322.55
Diluted net profit (loss) per share	217.82	384.16	60.22	322.24

SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 October 2022

	AS AT:		
Statement of financial position (in PLN thousand)	31.10.2022	31.01.2022	31.10.2021
ASSETS			
Non-current assets	5,139,712	5,237,251	4,996,319
1. Property, plant and equipment	993,581	1,508,059	1,468,648
2. Right-of-use assets	958,454	1,068,509	981,966
3. Intangible assets	114,028	141,505	139,145
4. Goodwill	179,618	179,618	179,618
5. Trademark	77,508	77,508	77,508
6. Investments in subsidiaries	1,808,911	2,078,666	1,970,279
7. Non-current receivables	343,031	0	0
8. Deferred tax assets	141,703	104,137	101,432
9. Prepayments	3,241	1,762	1,706
10. Other financial assets	519,637	77,487	76,017
Current assets	5,972,509	5,999,448	4,464,662
1. Inventories	2,734,373	2,799,900	2,008,938
2. Trade receivables	1,718,976	1,228,974	713,065
3. Other non-financial assets	712	517	991
4. Prepayments	22,784	29,072	17,725
5. Other financial assets	217,466	26,682	81,999
6. Deposits and investment funds	979,575	1,279,702	966,056
7. Cash and cash equivalents	298,623	634,601	675,888
TOTAL assets	11,112,221	11,236,699	9,460,981

AS AT:

Statement of financial position (in PLN thousand)	31.10.2022	31.01.2022	31.10.2021
EQUITY AND LIABILITIES			
Equity	3,814,072	4,061,869	3,323,932
1. Share capital	3,708	3,705	3,705
3. Share premium	364,315	364,315	364,315
4. Other reserves	2,709,697	2,336,526	2,323,269
5. Retained earnings	736,352	1,357,323	632,643
Non-current liabilities	1,667,955	1,633,128	1,534,281
1. Bank loans and borrowings	321,919	144,174	150,867
2. Lease liabilities	1,023,596	1,153,676	1,043,403
3. Bonds	297,462	294,665	295,579
4. Employee liabilities	1,161	1,230	1,592
5. Accruals	23,817	39,383	42,840
Current liabilities	5,630,194	5,541,702	4,602,768
1. Trade and other liabilities	4,100,242	4,603,458	3,818,000
2. Contract liabilities	13,023	15,858	9,448
3. Refund liabilities	35,798	39,332	22,836
4. Bank loans and borrowings	1,047,667	228,800	229,345
5. Lease liabilities	334,143	314,213	313,907
6. Employee liabilities	11,436	39,144	24,479
7. Income tax liabilities	71,950	281,093	154,070
8. Provisions	0	0	10,000
9. Accruals	15,935	19,804	20,683
TOTAL equity and liabilities	11,112,221	11,236,699	9,460,981

SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS

for 9 months ended 31 October 2022

Cash flow statement (in PLN thousand)	CUMULATIVELY		Q3	
	2022/23	2021/22	2022/23	2021/22
	01.02 - 31.10	01.02 - 31.10	01.08 - 31.10	01.08 - 31.10
A. Cash flows from operating activities - indirect method				
I. Pre-tax profit (loss)	463,744	900,343	131,705	725,821
II. Total adjustments	-431,373	580,669	652,736	52,294
1. Amortisation and depreciation	354,483	317,636	110,566	111,463
2. Foreign exchange losses (gains)	-142,350	-50,462	16,713	-42,103
3. Interest and dividends	-71,121	-32,052	29,471	-34,500
4. (Profit) loss on investing activities	306,002	20,219	1,934	7,573
5. Income tax paid	-309,905	-135,415	-10,176	-77,705
6. Change in provisions and employee benefits	-27,636	23,914	-2,166	-4,447
7. Change in inventory	66,128	-417,454	1,254,277	-412,588
8. Change in receivables and other assets	-104,757	-467,477	454,970	-340,120
9. Change in current liabilities, excluding bank loans and borrowings	-682,704	1,319,364	-1,388,368	850,041
10. Change in prepayments and accruals	-14,574	-7,548	-9,546	-5,321
11. Other adjustments	195,061	9,944	195,061	1
III. Net cash flows from operating activities	32,371	1,481,012	784,441	778,115
B. Cash flows from investing activities				
I. Inflows	306,181	303,653	129,585	81,610
1. Disposal of intangible and PPE assets	46,119	53,427	18,860	23,694
2. From financial assets, including:	135,895	200,425	12,313	57,916
a) in associates	135,788	200,104	12,281	57,879
- sale of the company	14,036	0	0	0
- dividends	115,728	65,872	7,689	56,953
- repayment of loans granted	4,416	131,675	3,426	790
- interest	1,608	2,557	1,166	136
b) in other entities	107	321	32	37
- repayment of loans granted	95	114	31	34
- interest and other inflows from financial assets	12	207	1	3
3. Other investing inflows	124,167	49,801	98,412	0
II. Outflows	780,185	578,629	322,443	169,965
1. Purchase of intangible and PPE assets	218,075	239,029	57,901	83,545

2. For financial assets, including:	561,843	309,600	264,542	86,420
a) in associates	561,223	309,300	264,542	86,420
- purchase of shares	112,771	242,561	9,595	27,607
- loans granted	448,452	66,739	254,947	58,813
b) in other entities	620	300	0	0
- loans granted	620	300	0	0
3. Other investing outflows	267	30,000	0	0
III. Net cash flows from investing activities	-474,004	-274,976	-192,858	-88,355
C. Cash flows from financing activities				
I. Inflows	1,440,016	0	266,225	0
1. Proceeds from issuance of shares	4	0	0	0
2. Bank loans and borrowings	1,440,012	0	266,225	0
3. Other financial inflows	0	0	0	0
II. Outflows	1,398,689	1,274,021	850,335	609,995
1. Dividends and other payments to owners	648,348	833,590	322,217	416,795
2. Repayment of bank loans and borrowings	433,944	232,115	420,781	113,205
3. Lease liabilities paid	246,447	174,110	75,934	68,355
4. Interest	69,950	34,206	31,403	11,640
5. Other financial outflows	0	0	0	0
III. Net cash flows from financing activities	41,327	-1,274,021	-584,110	-609,995
D. Total net cash flows	-400,306	-67,985	7,473	79,765
E. Balance sheet change in cash, including:	-335,978	-47,252	-5,620	107,469
- change in cash due to foreign currency translation	64,328	20,733	-13,093	27,704
F. Opening balance of cash	596,680	709,247	188,901	573,778
G. Closing balance of cash	196,374	641,262	196,374	653,543

SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for 9 months ended 31 October 2022

Statement of changes in equity (in PLN thousand)	Share capital	Share premium	Other reserves	Retained earnings	TOTAL equity
Balance as at 1 February 2022	3,705	364,315	2,336,526	1,357,323	4,061,869
Division of profit for 12 months ended 31.01.2022	0	0	373,171	-373,171	0
Dividend payment	0	0	0	-648,348	-648,348
Remuneration paid in shares	3	0	0	0	3
Transactions with owners	3	0	373,171	-1,021,519	-648,345
Net profit for 9 months ended 31 October 2022	0	0	0	400,548	400,548
Total comprehensive income	0	0	0	400,548	400,548
Balance as at 31 October 2022	3,708	364,315	2,709,697	736,352	3,814,072
Balance as at 1 February 2021	3,705	364,315	3,146,916	-74,170	3,440,766
Dividend payment	0	0	-833,590	0	-833,590
Remuneration paid in shares	0	0	9,943	0	9,943
Transactions with owners	0	0	-823,647	0	-823,647
Net profit for 9 months ended 31 October 2021	0	0	0	706,813	706,813
Total comprehensive income	0	0	0	706,813	706,813
Balance as at 31 October 2021	3,705	364,315	2,323,269	632,643	3,323,932



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