



LPP
Factbook

2024

RESERVED

CROPP

HOUSE

MOHITO

sinsay



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01

Group overview

A GLOBAL BRAND, A POLISH COMPANY

We are an international retail company based in Gdańsk with over 30 years of experience in designing and selling clothes and accessories.

WE OWN FIVE FASHION BRANDS:

sinsay RESERVED CROPP HOUSE MOHITO



40 countries

offline + online

PLN 20.2 bn

revenues

2,847

stores

c. 54,000

employees

e-commerce

27%

of revenues



Cee

POLAND 1,196

Sinsay	515
Reserved	173
Cropp	189
House	201
Mohito	118

CZECH REPUBLIC 184

Sinsay	90
Reserved	20
Cropp	31
House	26
Mohito	17

SLOVAKIA 127

Sinsay	68
Reserved	15
Cropp	15
House	18
Mohito	11

HUNGARY 103

Sinsay	49
Reserved	15
Cropp	13
House	15
Mohito	11

See

BULGARIA 93

Sinsay	60
Reserved	9
Cropp	11
House	8
Mohito	5

CROATIA 90

Sinsay	53
Reserved	7
Cropp	10
House	12
Mohito	8

SLOVENIA 32

Sinsay	16
Reserved	3
Cropp	5
House	3
Mohito	5

NORTH MACEDONIA 30

Sinsay	21
Reserved	3
Cropp	2
House	2
Mohito	2

ROMANIA 245

Sinsay	160
Reserved	21
Cropp	27
House	23
Mohito	14

SERBIA 102

Sinsay	73
Reserved	7
Cropp	9
House	7
Mohito	6

BOSNIA & HERZEGOVINA 57

Sinsay	48
Reserved	1
Cropp	3
House	4
Mohito	1

GREECE 25

Sinsay	25
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Baltic

LITHUANIA 42

Sinsay	23
Reserved	6
Cropp	4
House	4
Mohito	5

LATVIA 37

Sinsay	20
Reserved	5
Cropp	4
House	4
Mohito	4

ESTONIA 39

Sinsay	19
Reserved	4
Cropp	7
House	5
Mohito	4

We

FINLAND 27

Sinsay	12
Reserved	2
Cropp	7
House	5
Mohito	1

GERMANY 17

Reserved	17
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UNITED KINGDOM 5

Reserved	5
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ITALY 31

Sinsay	25
Reserved	4
Mohito	2

East

UKRAINE 299

Sinsay	205
Reserved	24
Cropp	30
House	28
Mohito	12

BELARUS 28

Sinsay	15
Reserved	3
Cropp	4
House	4
Mohito	2

KAZAKHSTAN 24

Sinsay	15
Reserved	3
Cropp	2
House	2
Mohito	2

Me

EGYPT 2

Reserved	2
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QATAR 1

Reserved	1
----------	---

ISRAEL 5

Reserved	5
----------	---

KUWAIT 2

Reserved	2
----------	---

UAE 2

Reserved	2
----------	---

SAUDI ARABIA 1

Reserved	1
----------	---

BAHRAIN 1

Reserved	1
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02

History

1991

CREATION OF MISTRAL COMPANY BY:

MAREK PIECHOCKI, CEO & CO-FOUNDER

Present in the retail business since **1989** CEO of LPP since **2000**
The Best-Performing CEO according to Harvard Business Review (2013)

JERZY LUBIANIEC, CO-FOUNDER

1991-1997 ran Mistral company as a sole trader (LPP's predecessor)
1995-2000 CEO of LPP,
2000-2020 President of the Supervisory Board

1993

Sale of goods imported from Asia.

1994

First designed clothes.

1995

Mistral transformed into LPP.

1997

Opening of office in Shanghai.

1998

Launch of Reserved first retail store opened.

2001

IPO on the Warsaw Stock Exchange (debut at PLN 48.4 share price).

2002-03

Start of international expansion (Russia, Czech Republic, Estonia, Hungary, Latvia).

2003

Further international expansion (Lithuania, Ukraine, Slovakia).

2004

Launch of Cropp brand.

2005

Creation of Esotiq brand.

2008

Launch of the modern Distribution Centre in Pruszcz Gdański.
Acquisition of Artman, owner of House and Mohito brands.
Further international expansion (Romania, Bulgaria).

2010

Payment of first dividend.

2010

Divesture of Esotiq brand.
Start of e-commerce store (Poland).

2013

Launch of Sinsay brand.
Joining the ACCORD alliance.



2014

Entry into MSCI and WIG20 indices.

New countries:
Germany (also online),
Croatia.

2015

Middle East entry
(Egypt, Qatar, Kuwait,
Saudi Arabia).

Launch of online stores
in Czech Republic,
Slovakia and Romania.

2016

Launch of Tallinder
brand (closed down
in 2017).

New country in ME:
United Arab Emirates.
Opening online store
in Hungary.

2017

Opening of Reserved London
flagship (Oxford Street)
campaign with Kate Moss.

Entry to Belarus and Serbia.
Launch e-commerce stores in
Lithuania, Latvia, Estonia, Great
Britain, Russia.

Start first Fulfillment Center
(Stryków near Łódź) dedicated
for e-commerce sales.

2018

LPP a family company
after changes in
shareholder structure.

LPP entered Slovenia, Israel
and Kazakhstan.

Entry to ME online via
franchise partner.

2019

Start of online sales in Croatia and Ukraine.

Launch of pan-European e-store.

Debut in Bosnia&Herzegovina and Finland.

Start of Fulfillment Center in Romania
(near Bucharest).

Strategic change of Sinsay brand.

2020

- Opening of Reserved store in Dubai, in the world's largest shopping center, Dubai Mall.
- Launch of e-store in Slovenia and Israel.
- Acquisition of a controlling interest in LPP by Semper Simul Foundation. Securing the family character of the company and guarantee of strategy implementation.
- Launch Fulfillment Center in Slovakia.

2021

- Launch of e-store operations in Bulgaria.
- Entry with offline stores to North Macedonia and Qatar (via franchise partner).
- Launch of Reserved application in Polish language version.

2022

- Closing of operations in Russia (decision about selling the subsidiary registered in Russia)
- Launch of Distribution Centre in Brześć Kujawski.
- Start of online store in Serbia and Liban.
- Debut of Sinsay application.
- Opening of first Sinsay store in Italy.
- Launch of the new Fulfillment Centers: in Jasionka near Rzeszów.
- Signing of a contract for the lease of the first Distribution Centre abroad i.e. in Romania (near Bucharest).
- Debut of Sinsay in Greece.

2023

- LPP decarbonisation plan approved by SBTi.
- Debiut Reserved in Italy
- Launch of Mohito mobile app.
- Changes in the shareholders of LPP – decreasing the treshold below 5.0% of votes.
- Opening of online store in Bosnia&Herzegovina.

2024

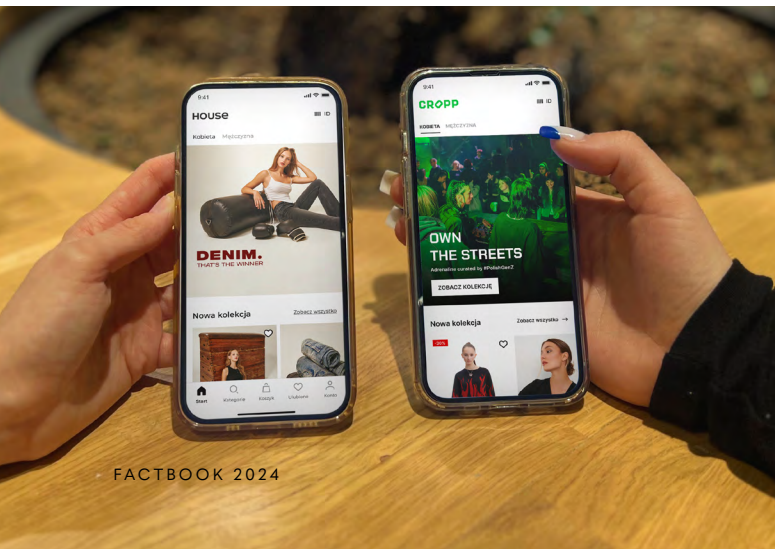
Debut of Mohito in Italy and Reserved in Bahrain.

Launch of Cropp and House apps.

Opening online stores in North Macedonia.

Creating an office in Türkiye.

Implementation of first robotic solutions at the Fulfillment Centre.





Strategy

Our Group's goal is to develop on an on-going basis, improve its offer, adapt it to changing customer expectations, increase the availability of collections by expanding the network of traditional stores and online stores, develop in line with the omnichannel concept so that customers have full access to products regardless of the sales channel.

In order to pursue such a development plan for the coming years, we have based our strategy on three pillars: the omnichannel model, the technological transformation and sustainability.



3.1. OMNICHANNEL ORGANISATION

LPP is an omnichannel organisation where traditional and online sales are fully integrated. We are committed to providing our customers with the best possible shopping experience, whether they choose to purchase collections in traditional stores or in online stores. Therefore, the Company concurrently develops both these channels taking care of a consistent presentation of our offer.

OUR PRIORITY IS:

- Changing the retail landscape in small towns, with the Group focusing on developing the family apparel segment offering year-round, aesthetically pleasing clothing for the whole family at a reasonable price. This will materialise through the intensive expansion of the retail network and online availability of Sinsay brand, whose clothing range is complemented by home furnishings, pet accessories, a line of make-up and grooming cosmetics and sports accessories. The unique nature of this concept is determined by its omnichannel nature, attractiveness in terms of price and proximity to the customer regardless of where they live.
- At the same time, the aim is to maintain the current position of Reserved, Cropp, House and Mohito brands dedicated to different target groups and to ensure the availability of their assortment through the strong and location attractive stationary retail network and a broad online offer. In this way, we want to provide our customers with contact with the brands, where, when and how they want, thanks to integrated sales channels.

3.1.1. EXPANSION THROUGH BRANDS

We focus on attracting new customers and increasing the satisfaction of existing customers. We started building its portfolio with Reserved brand which opened its first store in 1998. At present, it already manages five brands, each dedicated to different target groups. The offer includes collections for men and women (Reserved, Mohito and Sinsay), but also clothing for children (part of Reserved and Sinsay brands) and teenagers (Cropp, House, Sinsay).

Reserved, Cropp, House and Mohito fall within a moderate price range while Sinsay offers products in the Design&Value segment.

At present, we do not plan to create new brands. Our activities are focused on the development of brands currently in our portfolio, with particular emphasis on Sinsay. Initially dedicated to teenage girls, the brand gained a new expanded concept in 2019, complemented by a clothing range for the whole family, as well as home furnishings and a make-up and skincare line. Market's positive response to the new Sinsay concept and the accompanying intensive development of its traditional network, mainly in small towns, will have an impact on a regular increase of the brand's share in LPP portfolio in the consecutive years.

1998

RESERVED

2004

CROPP

2005

ESOTIQ

(divested in 2010/2011)

2008

HOUSE

MOHITO

(both brands acquired due to the acquisition of Artman)

2013

sinsay

2016

TALLINDER

(brand closed in 2017)

2019

Strategic change of Sinsay brand.

3.1.2. EXPANSION INTO NEW MARKETS AND INCREASING THE PRESENCE IN SMALL TOWNS

The development through brands would not be complete if it is not accompanied by the expansion of the sales network, both traditional and online. Our goal is to diversify the Group's revenues, i.e. to maintain the current position on the domestic market but also to increase the share of overseas sales, especially in region of Southern and Central Europe. Today, apart from Poland, we are present in six geographic territories, each of them having different development outlook:

Poland is our domestic and simultaneously most important market generating the major part of the Group's revenue. Due to its high maturity and dense sales network in larger cities, we focus here on maintaining the existing position of its brands, as well as expanding Sinsay brand's traditional sales network in smaller towns.

Central and Eastern Europe (CEE) comprises countries such as: the Czech Republic, Slovakia and Hungary. Just like in Poland, we focus mainly on developing the traditional store chain in smaller towns where the development potential for Sinsay brand is identified. It is expanding its traditional network mainly based on retail parks.

Baltic Sea Region (BSR) countries where our brands are present are: Lithuania, Latvia and Estonia. All these three countries are considered as mature, with emphasis put mainly on developing brands especially in smaller agglomerations, in retail spaces such as retail parks.

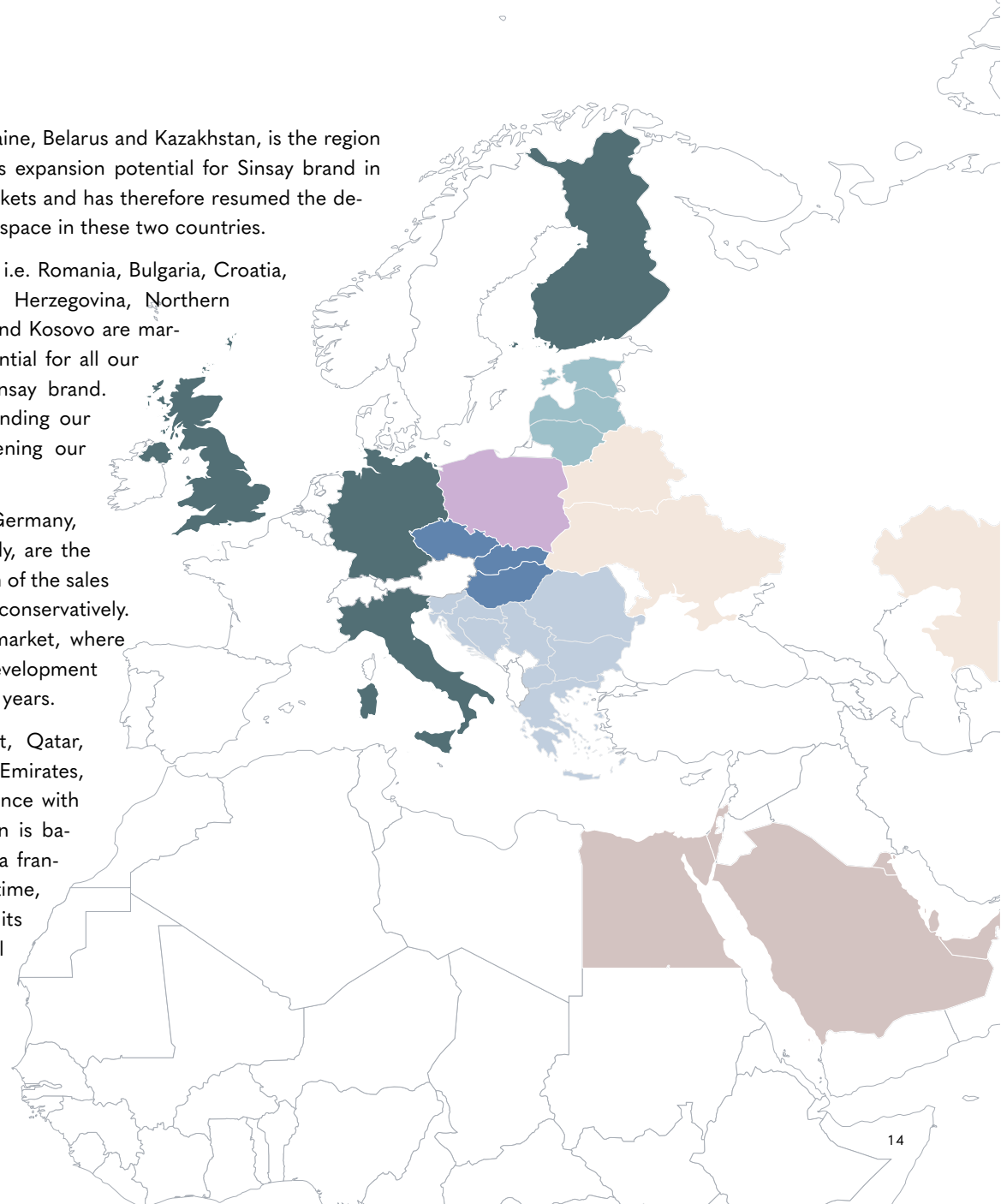
● Poland ● CEE ● BSR ● EE ● SEE ● WE ● ME

Eastern Europe (EE), i.e. Ukraine, Belarus and Kazakhstan, is the region where the Company identifies expansion potential for Sinsay brand in the Ukrainian and Kazakh markets and has therefore resumed the development of the brand's floorspace in these two countries.

South Eastern Europe (SEE), i.e. Romania, Bulgaria, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Northern Macedonia Greece, Albania and Kosovo are markets with a large growth potential for all our brands, but especially for Sinsay brand. There, we are gradually expanding our stationary network, strengthening our presence in the Balkans.

Western Europe (WE), i.e. Germany, Great Britain, Finland and Italy, are the countries where the expansion of the sales network will be carried out conservatively. The exception is the Italian market, where we expect to accelerate the development of Sinsay brand in the coming years.

Middle East (ME) i.e. Egypt, Qatar, Kuwait, the United Arab Emirates, Israel and Bahrain. Our presence with Reserved brand in that region is based on the cooperation with a franchise partner. At the same time, the Company continues its online sale through external sales platforms.



In response to changing customer preferences and behaviour as well as the omnipresent digitalisation and retail trade transformation, the omnichannel strategy assumes a holistic approach to both sales channels, i.e. the traditional and the online channel. As a result of the circumstances surrounding the outbreak of the COVID-19 pandemic, the qualitative and quantitative development of the online channel became a priority for

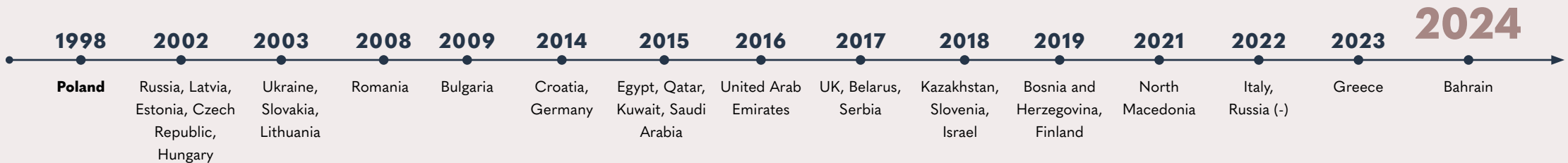
LPP. We have focused on the development of the availability of the online offer for customers through mobile applications of our brands, which we want to develop in other markets. It also plans to enhance it successively by adding further functionalities which will aim to increase the sales potential of brands, their recognition in the country and abroad, but also to improve the user-experience, including, among other things, more

effective personalisation of communication with a customer and recommendation of product offers.

At the end of 2024, the offer of the Group's brands was available in a total of 40 markets, including offline in 29 countries and online in 35 countries.

EXPANSION BY COUNTRIES

OFFLINE

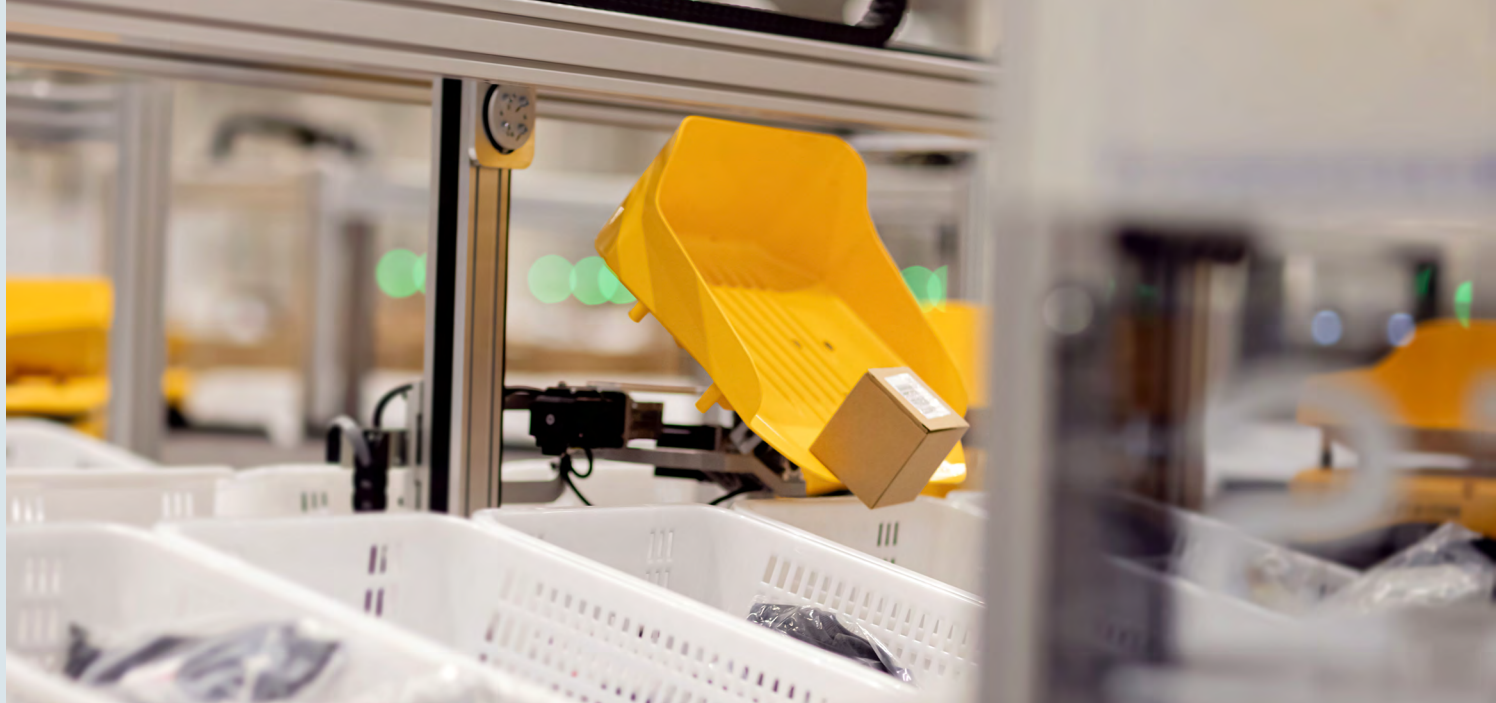


ONLINE



3.2. TECHNOLOGICAL TRANSFORMATION OF THE ORGANISATION

We operate in the fashion sector, but at the same time, in response to the revolution observed in the fashion industry, it is a technology company. We create IT solutions tailored to our format ourselves, but we also use ready-made innovative solutions that we adapt to our needs. We implement modern technologies, the so-called Fashion Tech, throughout the entire value chain, from product to logistics and sales. We have our own analytical resources that allow us to understand mega trends and customer expectations. Thanks to this, we can flexibly and quickly respond to changes in shopping preferences and design collections tailored to the current needs of our customers, accelerate the process of delivering e-commerce orders or shorten the path of communication with the customer. Without the technological transformation of the organisation, the implementation of LPP's business strategy would not be possible.



As part of our Fashion Tech activities, we focus on utilizing modern technology with the aim of:

- continuous refinement of collections according to customers' expectations,
- expanding its range of sales and after-sales services in line with global retail trends,
- increasing the flexibility and efficiency of the distribution network,
- full integration of the traditional and online channels reflecting the omnichannel strategy.

The implementation of Artificial Intelligence solutions and the automation of key logistics processes have become an integral part of supporting the Group's growth, which

determines increased efficiency in both online and traditional channel sales. For this reason, we focus our activities on the simultaneous expansion of its distribution network (distribution centres and warehouses dedicated to e-commerce services, i.e. fulfilment centres) in Poland and abroad, as well as on the successive increase in the share of innovative solutions, including those in the area of AI. In the near future, we plan to increase investment in the development of robotisation and automation of logistics processes based on the goods-to-person model, with the aim of making the distribution process more agile, providing better comfort for warehouse employees, but also optimising the use of storage space in its facilities.

3.3.

SUSTAINABLE DEVELOPMENT

In the era of increasing awareness of the importance of responsible business, our strategy reflects the care for the environment and humans. The Company's development is based on sustainable rules governing all its processes.

Our sustainable development strategy is founded on responsible fashion i.e. thinking of the collections not only in terms of designing clothing, its manufacturing, distribution and utilisation but also in terms of extending clothes' life when no longer used by customers.

Such a comprehensive approach is a response to current climate and social challenges. Each year, we want to limit efficiently its adverse environmental impact and also educate its customers and business partners how to join efforts in taking care of our planet both for our sake and for the sake of future generations.

In 2019, the Company announced the second LPP Sustainable Development Strategy „For People For Our Planet“ scheduled for implementation in 2020-2025, based on four pillars: design and production, elimination of plastics, chemical safety as well as infrastructure and buildings. It is a programme of activities and goals that the

Group has set for the near future, but also a manifestation of its responsibility for its environment.

At the same time, in 2023, we were the first Polish clothing company to obtain positive verification of our plan to reduce greenhouse gas emissions by 2030 in categories that are most responsible for our carbon footprint. Among other things, the adopted plan will seek to reduce Scope 1 and Scope 2 greenhouse gas emissions by 42 per cent by 2030 compared to a base year of 2021. At the same time, we plan to reduce emissions from the purchase of goods and services in Scope 3 by 51.6% during this period, calculated per product unit purchased (compared to 2021).

Sustainable development also means the company's pro-social activities, the vast majority of which are implemented through our LPP Foundation established in 2017. It helps disadvantaged children and young people and the sick. It also supports medical facilities and organisations caring for people at risk of social exclusion. At the same time, we do not forget about our supply chain and due diligence for the respect of human rights and workers' rights, which is why we will gradually increase the number of our local branches, which will allow us to better monitor the conditions of our suppliers, more effectively carry out auditing activities and stay closer to the challenges faced by our business partners and their employees.



04

Brands

Our brands are our value and we put a lot of effort not only in creating but also in developing them. Each of our five brands stands out from the others, offering not only different types of clothes, but different stores and shopping experience.

TWO PILLARS:

DESIGN&VALUE BRAND (SINSAY)

MAINSTREAM-PRICED BRANDS (RESERVED, CROPP, HOUSE, MOHITO)

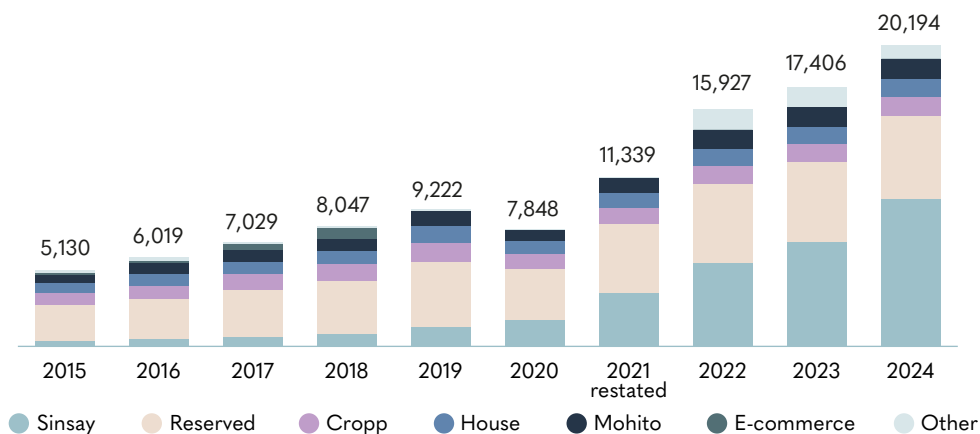
	sinsay	RESERVED	CROPP	HOUSE	MOHITO
KEY BRAND FEATURES	The latest trends in affordable prices.	The global leading trends (formal and casual styles).	Casual, urban, sporty style inspired by the hip-hop and pop culture.	Style inspired by the pop culture (music, films, art and sport).	Comfort and elegance for business and informal meetings.
TARGET CUSTOMERS	Women, men, teenagers, children, newborn	Women, men, children, newborn	Teenagers (boys and girls)	Teenagers (boys and girls)	Women
YEAR OF LAUNCH	2013	1998	2004	2001 (at LPP since 4Q08)	2008 (at LPP since 4Q08)
# STORES/ FLOORSPACE	1,512 1,366.6 ths m ²	361 613.6 ths m ²	373 183.4 ths m ²	371 181.9 ths m ²	230 103.1 ths m ²
AVERAGE STORE SIZE	904 m ²	1,700 m ²	492 m ²	490 m ²	448 m ²

REVENUES BY BRANDS

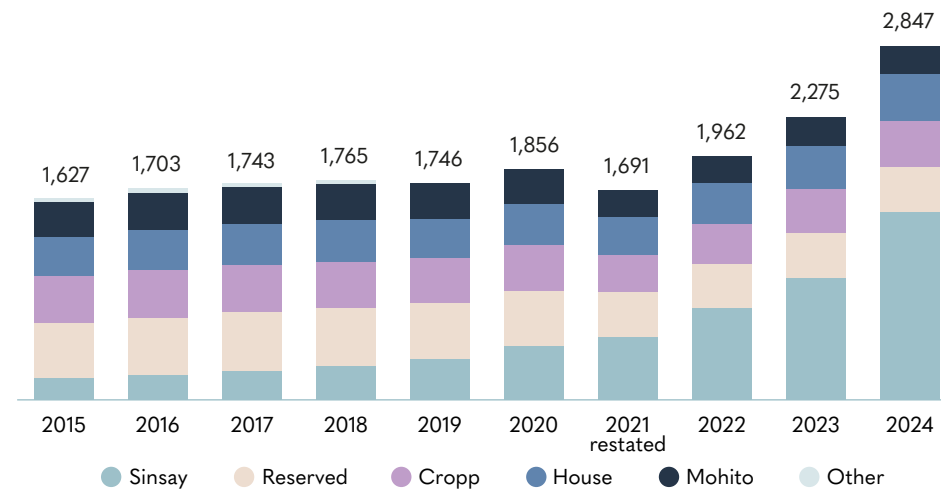
PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	5,130	6,019	7,029	8,047	8,756	9,899	9,222	7,848	14,030	11,339	15,927	17,406	20,194
Sinsay	329	461	610	789	851	1,208	1,282	1,738	4,587	3,579	5,610	6,995	9,875
Reserved	2,434	2,693	3,160	3,578	3,881	4,047	4,370	3,467	5,386	4,574	5,261	5,342	5,587
Cropp	790	915	1,064	1,120	1,206	1,300	1,289	972	1,526	1,103	1,193	1,247	1,239
House	673	767	805	920	993	1,117	1,135	875	1,295	1,053	1,194	1,137	1,230
Mohito	586	737	829	782	846	897	987	708	1,144	957	1,266	1,304	1,357
E-commerce	79	173	361	712	802	1,174	-	-	-	-	-	-	-
Other	239	261	200	146	178	156	159	88	92	72	1,403	1,380	906
Tallinder	-	12	1	-	-	-	-	-	-	-	-	-	-
Floorspace (m²)	843,473	920,724	1,000,611	1,091,320	1,075,639	1,230,860	1,230,860	1,435,402	1,888,149	1,888,149	1,673,360	1,993,664	2,448,676

2019 (13m) represents 13-month long audited data, 2019 represents 12-month long data created for comparison purposes. Since 2019 there was a change in data presentation. E-commerce revenues are now allocated among brands. 2021 data restated (excludes Russia). Other sales in 2022 – 2024 includes sales to trade agents.

REVENUES BY BRANDS (PLN M)



STORES BY BRANDS





**the latest
trends
in affordable
prices**

4.1. SINSAY

Sinsay is the youngest brand in the LPP Group's portfolio. It debuted with its first shops in Poland on 1 March 2013. Originally targeted at teenagers. At present, the brand's offer also includes comfortable and functional clothing for women, men as well as products and accessories for children. Sinsay's offer is complemented by home and interior design products, pet accessories and a line of make-up and beauty products.

Sinsay is the Design&Value brand where price is one of the key determinants in the shopping process. It operates on the basis of an extensive traditional sales network of 1,512 traditional stores located in 20 countries, mainly in small towns in retail park formats. The brand's operation is based on an omnichannel model. Its widespread accessibility in the online channel is a factor distinguishing Sinsay from its competitors in this segment. Its current revenue of ca 51% accounts for the highest share of the Group's total portfolio.

18
#online markets

20
#offline markets

1,512
#stores

PLN 9.9 bn
revenues

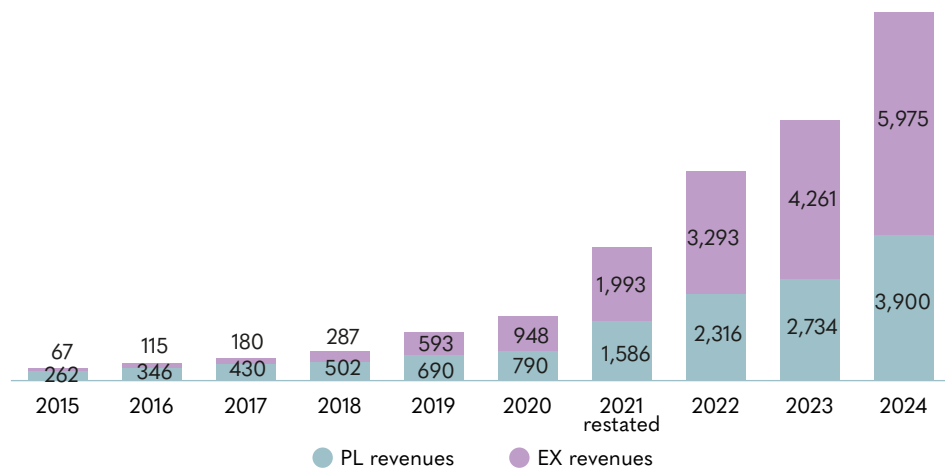
2013
year of launch

1,367 ths m²
floorspace

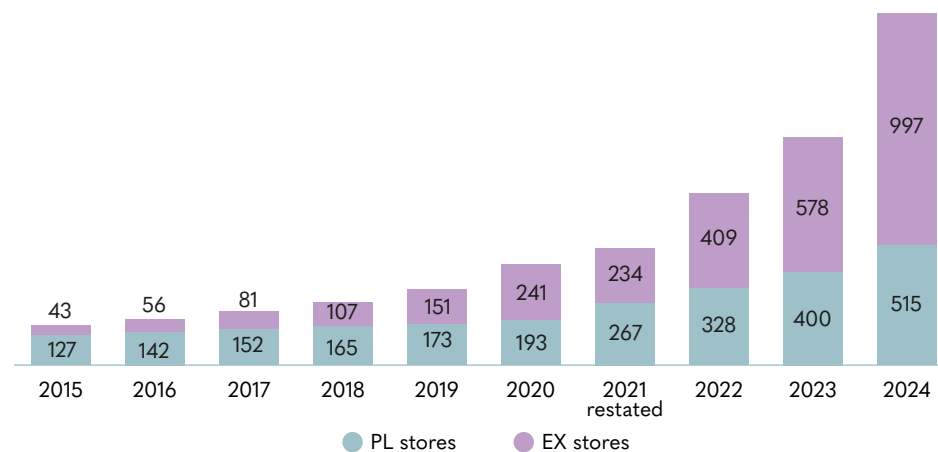
SINSAY – BASIC FIGURES

PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	329	461	610	789	851	1,282	1,738	4,587	3,579	5,610	6,995	9,875
No. of stores	170	198	233	272	271	324	434	743	501	737	978	1,512
Store size (m ²)	351	352	363	379	379	535	760	927	879	949	976	904
Floorspace (eop, ths m ²)	60	70	85	103	103	173	330	689	440	700	955	1,367
Sales/ m ² monthly	531	607	690	719	709	728	615	790	912	841	711	742
% of floorspace in PL	73%	70%	63%	58%	58%	45%	35%	30%	47%	39%	37%	33%
No. of countries offline	11	11	13	15	15	17	18	19	18	20	20	20
No. of countries online	1	6	10	10	10	12	13	14	13	17	18	18

SINSAY – REVENUES (PLN M)



SINSAY – STORES





**the global
leading trends**

4.2. RESERVED

The Group's first brand, launched in 1998 and over the years operating as the flagship brand in the LPP portfolio. Its network of traditional stores currently comprises 361 stores located in 28 countries, especially in Europe, but also in Africa and Asia, mainly in large cities, shopping centers and along the streets of fashion capital cities.

In addition to the traditional network, the brand's assortment is also available online, where sale in selected markets is supported by, among others, a mobile application. Reserved collections represent the global leading trends. The brand's offer comprises both assortment dedicated to formal and casual styles. Although Reserved's customer is a more demanding client who appreciates fashionable collections, the brand's proposals fall into the middle price range. In addition to its own fashion collections, Reserved is also known for establishing cooperation with external designers or craftsmen, forming limited edition capsules. Its collections are dedicated to women, men and children.

Reserved's share in LPP's portfolio amounts to ca 29%, ranking it the second brand in terms of revenue generated in the Group.

35
#online markets

28
#offline markets

361
#stores

PLN 5.6 bn
revenues

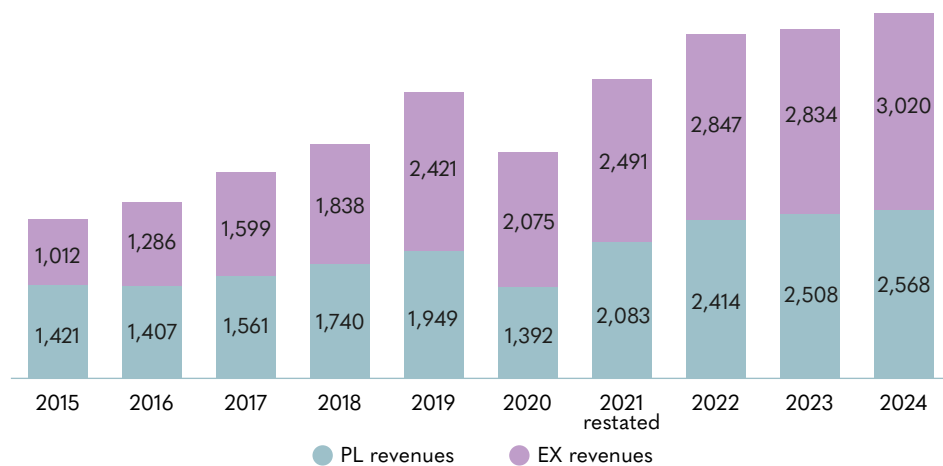
1998
year of launch

614 ths m²
floorspace

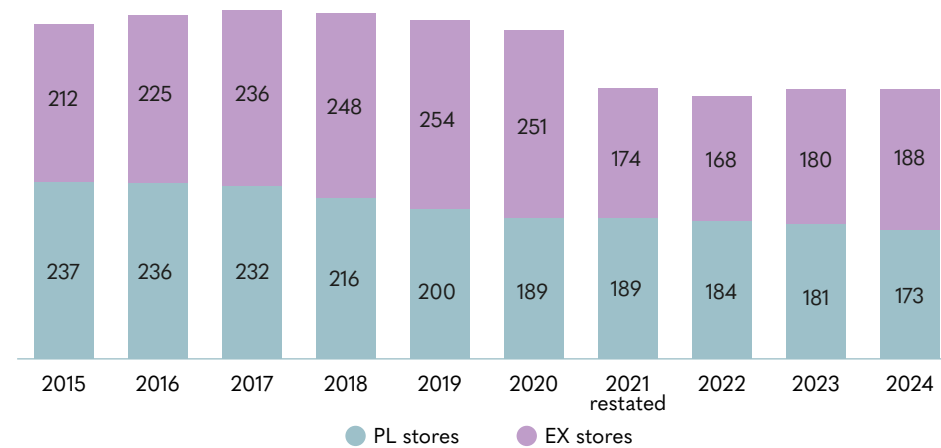
RESERVED – BASIC FIGURES

PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	2,434	2,693	3,160	3,578	3,881	4,370	3,467	5,386	4,574	5,261	5,342	5,587
No. of stores	449	461	468	464	452	454	440	447	363	352	361	361
Store size (m ²)	1,027	1,104	1,201	1,329	1,338	1,464	1,533	1,589	1,608	1,618	1,647	1,700
Floorspace (eop, ths m ²)	461	509	562	617	605	665	675	710	584	570	595	614
Sales/ m ² monthly	483	475	514	527	525	500	441	657	666	773	780	786
% of floorspace in PL	50%	49%	47%	44%	44%	41%	40%	38%	46%	47%	46%	44%
No. of countries offline	17	18	20	23	23	25	25	26	25	25	27	28
No. of countries online	5	6	11	16	16	30	30	33	32	34	34	35

RESERVED – REVENUES (PLN M)



RESERVED – STORES





4.3. CROPP

The brand designs clothing, shoes and accessories targeted mainly at teenagers. It represents a casual, urban, sporty style inspired by the hip-hop and pop culture. It also learns from trends visible in the streets. It frequently relies on the street art style, broadly reflected in original graphics, which represent the brand's distinctive feature.

Cropp was created in 2004 as the second brand in the LPP Group's portfolio, following Reserved. Its retail network currently comprises 373 stores located in 18 European markets.

It accounts for ca 6% of the Group's revenue.

**casual, urban,
sporty style
inspired
by the hip-hop
and pop culture**

19
#online markets

18
#offline markets

373
#stores

PLN 1.2 bn
revenues

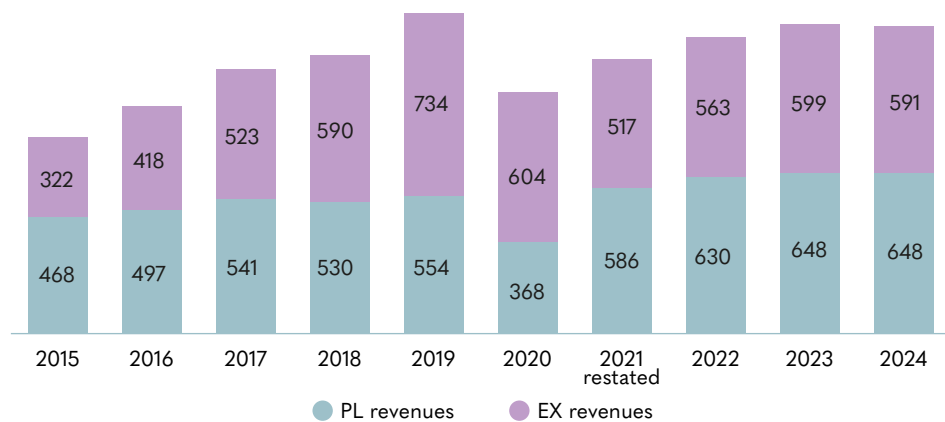
2004
year of launch

183 ths m²
floorspace

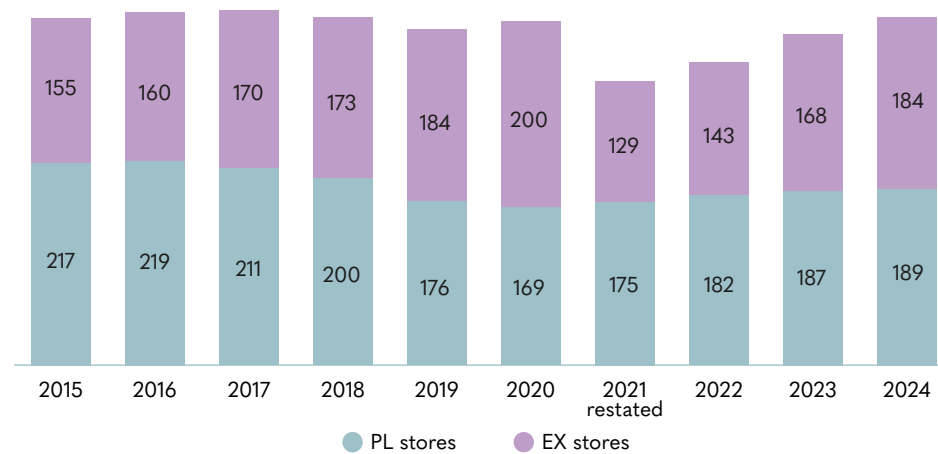
CROPP – BASIC FIGURES

PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	790	915	1,064	1,120	1,206	1,289	972	1,526	1,103	1,193	1,247	1,239
No. of stores	372	379	381	373	369	360	369	398	304	325	355	373
Store size (m ²)	308	318	334	359	360	411	450	481	459	472	485	492
Floorspace (eop, ths m ²)	114	120	127	134	133	148	166	191	140	153	172	183
Sales/ m ² monthly	591	653	732	729	723	717	517	712	671	666	623	571
% of floorspace in PL	55%	54%	52%	50%	50%	43%	38%	36%	50%	50%	47%	46%
No. of countries offline	12	12	13	15	15	17	17	19	18	18	18	18
No. of countries online	1	6	9	10	10	12	13	14	13	17	18	19

CROPP – REVENUES (PLN M)



CROPP – STORES





the style
inspired
by the pop
culture

4.4. HOUSE

The brand's range includes clothing, shoes and accessories for men and women. It is inspired by the world of pop culture, including music, films, TV series, art and sport. House designs are also based on mainstream trends in the centre of young people's interests, mainly via social media, but also on styles inspired by new technologies.

The brand was launched in 2001. It became part of the LPP Group's portfolio in 2008 following the acquisition of House from the Artman company established in Cracow.

The brand operates through the omnichannel model with a traditional offer available in 371 stores, in 18 European countries. The brand accounts for 6% of the Group's revenue.

18
#online markets

19
#offline markets

371
#stores

PLN 1.2 bn
revenues

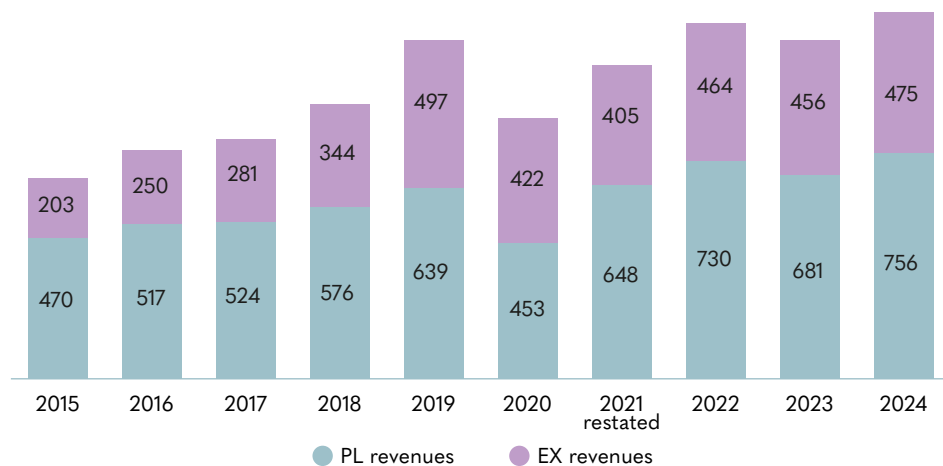
2001
(at LPP since 4Q08) year of launch

182 ths m²
floorspace

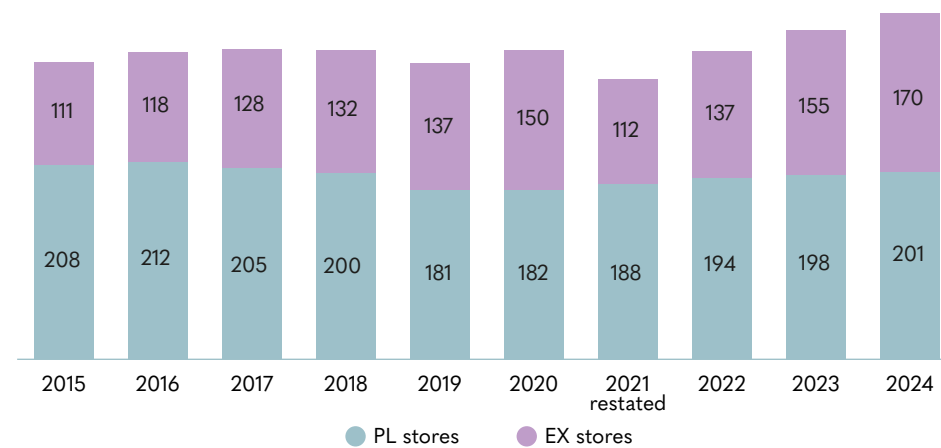
HOUSE – BASIC FIGURES

PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	673	767	805	920	993	1,135	875	1,295	1,053	1,194	1,137	1,230
No. of stores	319	330	333	332	329	318	332	368	300	331	353	371
Store size (m ²)	313	320	332	350	350	401	442	471	461	472	485	490
Floorspace (eop, ths m ²)	100	106	111	116	115	127	147	173	138	156	171	182
Sales/ m ² monthly	579	621	639	689	684	715	535	673	641	664	568	571
% of floorspace in PL	62%	61%	59%	58%	58%	51%	49%	45%	56%	53%	51%	50%
No. of countries offline	12	12	13	15	15	17	17	19	18	18	18	18
No. of countries online	1	6	10	10	10	12	13	14	13	17	18	19

HOUSE – REVENUES (PLN M)



HOUSE – STORES





**comfort and elegance
for business and
informal meetings**

4.5. MOHITO

Mohito, like the House brand, has been included in the Group's portfolio since 2008, as a result of LPP's merger with Artman.

The brand dedicates its collections exclusively to women, underlining an energetic look in line with global fashion trends. The Mohito range includes items of both women's apparel and accessories, with the key product items including dresses, women's suits and blouses.

It is the brand representing the highest mid-price ratio of the Group's entire portfolio. It offers its collection through the offline channel, but also online, ranking among the top LPP brands in terms of its share of e-commerce sale. Its traditional stores are present in 230 stores in 19 European countries.

It accounts for 7% of the Group's revenue.

20
#online markets

19
#offline markets

230
#stores

PLN 1.4 bn
revenues

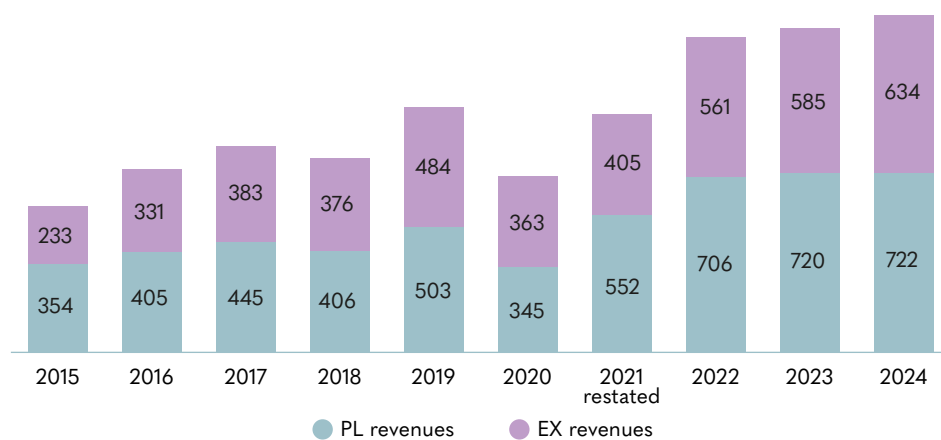
2008
(at LPP since 4Q08) year of launch

103 ths m²
floorspace

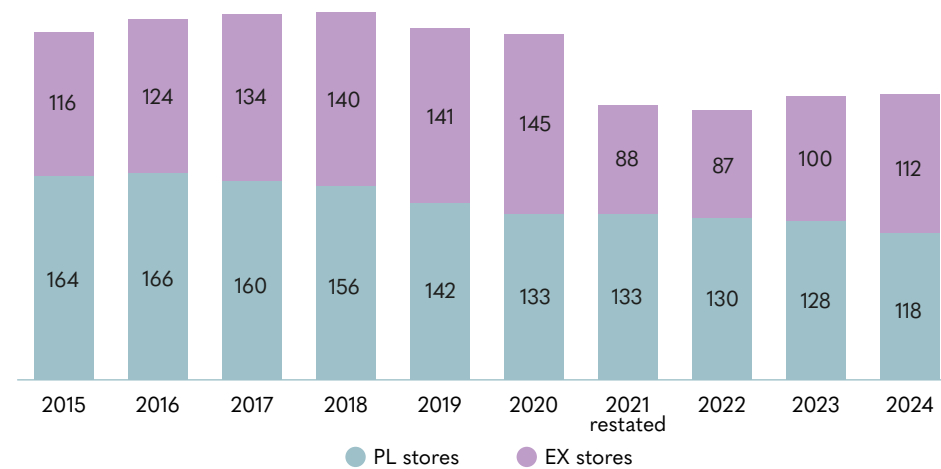
MOHITO – BASIC FIGURES

PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated	2022	2023	2024
Revenues	586	737	829	782	846	987	708	1,144	957	1,266	1,304	1,357
No. of stores	280	290	294	296	292	283	278	286	221	217	228	230
Store size (m ²)	337	342	353	370	370	395	414	428	427	435	442	448
Floorspace (eop, ths m ²)	94	99	104	109	108	112	115	123	94	94	101	103
Sales/ m ² monthly	549	636	696	620	619	631	523	801	943	1,122	1,102	1,095
% of floorspace in PL	55%	54%	51%	49%	50%	46%	44%	42%	54%	54%	51%	47%
No. of countries offline	12	12	13	15	15	17	18	19	18	18	18	19
No. of countries online	1	6	10	10	10	12	13	15	14	17	19	20

MOHITO – REVENUES (PLN M)



MOHITO – STORES



05

Value chain

We create value for our customers by offering them interesting designs matching their tastes at attractive prices and in high quality stores.

The value chain is managed by a calendar which points when works on collection should start and when the goods should hit the stores.

DESIGN

5 different brands
Almost **400** designers



PRODUCTION

ca **94%** goods sourced from Asia
2,200+ suppliers



LOGISTICS

644 ths m² of warehousing space
Almost **54m** e-commerce orders handled



STORES

2,847 stores
3 continents: Europe, Asia, Africa



CUSTOMERS

40 countries offline and online
687m clothing items sold annually





5.1. DESIGN

Our added value lies in designing the clothes that we sell. We have almost 400-strong team of designers while the total number of people creating collections exceeds 1,000. They originate mostly from various art schools in Poland, among other from Gdańsk, Warsaw, Poznań, Cracow or Łódź. We run three designing centres in Poland, one in Gdańsk (in our headquarters, responsible for Reserved, Cropp, Sinsay), one in Cracow (responsible for House and Mohito) and third centre in Warsaw (a back-up design centre for Reserved). We search for the most talented people, co-operate with design schools and run employer branding projects, in order to find most creative and suited individuals.

The designing process is quite a complex one and starts several months before the clothes hit the stores. Our designers look for inspirations in all possible places.



FASHION FAIRS

by participating in numerous fashion fairs and closely watching the catwalks, mostly abroad but also domestically.



MARKET RESEARCH

conducted on selected groups in order to improve customer understanding, monitoring fashion-devoted internet portals, blogs and highstreets.



STREET FASHION

we take inspiration also from the streets of the most fashionable cities, as this is where trends are often born. Our designers not only visit London, Paris and Milan but Tokio and Seul as well.



FASHION CATALOGUES AND LOOKBOOKS

studying publications aiming to predict the main trends in upcoming seasons.



SALES ANALYSIS

the top-quality IT systems enable to capture trends and show what types of garments customers of all five brands prefer (fabric, texture, colour and style).



SOCIAL MEDIA

another place where trends are born and popularised are social media which we follow to know which trends are being accepted by stars and by the general public.

DESIGN CENTRES IN DIVERSE LOCATIONS

GDAŃSK

- LPP's largest design centre.
- The centre is responsible for Reserved, Cropp and Sinsay brands.

WARSAW

- Design centre responsible for Reserved (special collection).

CRACOW

- Design centre for House and Mohito brands.



Individual ideas of designers are summed up and collection books are prepared by combined forces of designers, purchase department, product managers and heads of departments. As a result, a detailed documentation of each planned model is created, which not only takes the design but also available fabrics into account.

Once a piece of clothing has been designed, a sample garment has to be created. Once all the samples have been obtained, a so called Mile Stone Meeting (MSM) is organised with all interested parties and the samples are judged. This encompasses checking whether they fit the design, whether the cut is a proper one and assessing the quality of fabrics and the usefulness of the design in real life. The samples are prepared in various sizes and these are also verified. After the MSM, comments are sent to suppliers.

We prepare two main collections for all our brands: Spring/ Summer (SS) and Autumn/ Winter (AW) and each season consists of two phases. Phases are then split into intakes, whose number depends on the brand (usually one month – one intake). The collections are structured so as to incorporate: a base (a set of universal clothing), core (a mix of latest trends with types of garment that customers want to wear) and directional (must-haves, most fashionable items). It is the degree of these trends that differs depending on the brand.

PREPARATION OF PROJECT MODELS AND SENDING DOCUMENTATION TO SUPPLIERS

1

Analysis of previous seasons and determination of demand

2

Inspirational meeting

3

Preparation of projects

4

Projects sent to suppliers



PLACING ORDERS FOR MODELS (PRICE, DATES, QUALITY, QUANTITY)

5

Evaluation of designs prepared by suppliers

6

MSM (meeting to decide on orders)

7

Placing orders and negotiating terms of a contract

8

Sending comments to suppliers



COORDINATION OF PRODUCTION

9

Production monitoring



SHIPPING, DISPLAY AND SALE OF MODELS

10

Allocation, organization of delivery and transportation

11

Visual merchandising

12

Sale and customer service

13

Replenishment



INTRODUCTION OF SELL-OFFS AND WITHDRAWAL OF UNSOLD PRODUCTS

14

Competition price survey

15

Price adjustments in seasonal selloffs

16

Changing seasons and withdrawal of the end of line products



5.2. PRODUCTION

China constitutes 33% and Bangladesh 29% of our supplies while the remaining Far East countries 37%. These are Myanmar, India, Pakistan, Cambodia. 5% of our production is sourced from Turkey. We will continue to look for favourable new sourcing countries.

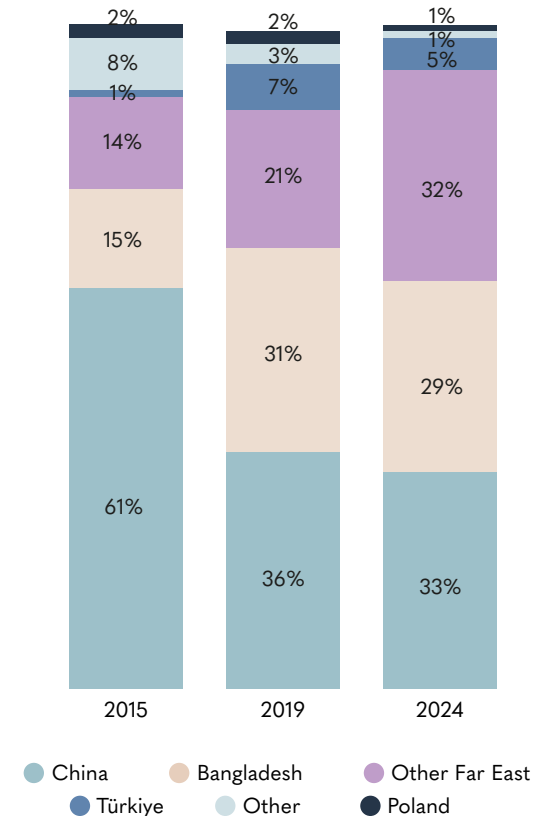
Sourcing in the Far East is supervised by our offices in Shanghai (China, opened in 1997) and in Dhaka (Bangladesh, opened in 2015). Shanghai office is run by natives mostly and employs over 100 people. The office is responsible for quality checks, finding new suppliers, supporting production and negotiating contracts. Our office in Dhaka currently deals with quality checks among Bangladesh suppliers, conducts audits of workers safety and working conditions of the factories, in which LPP's clothes are produced.

The production process is dependent on the outcome of the designing process. Once designs have been approved, an Ordering Application is created in LPP's IT system. It indicates

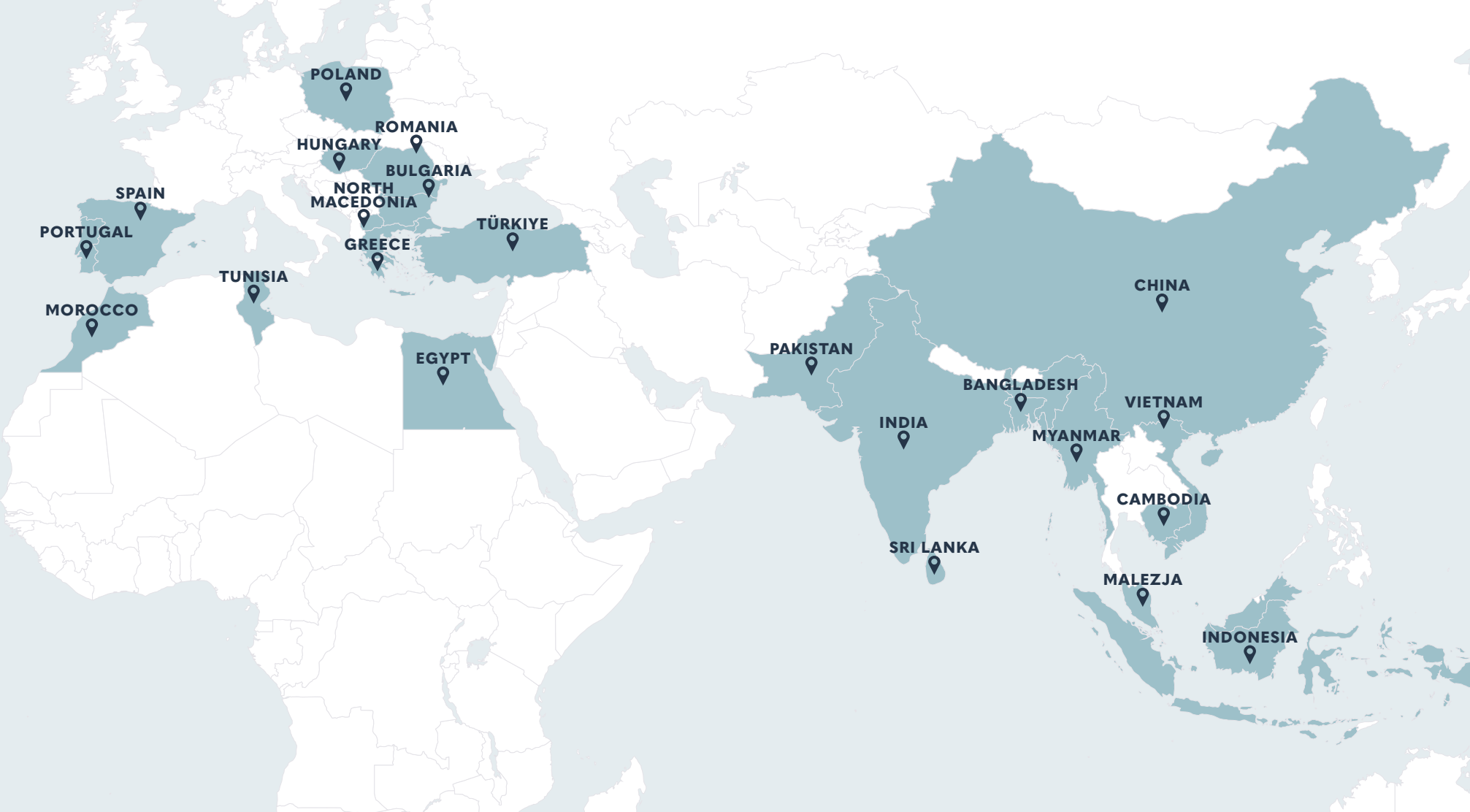
the amount of pieces to be produced for each model, in which stores the clothing is to be sold as well as the required delivery dates. These are sent to the purchasing department which is responsible: 1) for negotiating the best prices for these parameters and 2) for confirmation of delivery dates. After this, orders are sent to suppliers which need to confirm their receipt and terms via a sales confirmation document. Only then, can the production process begin.

Before producing the garments, the supplier needs to obtain the fabrics, from which the clothes are to be produced. At this stage final product documentation is confirmed. Once the production has been completed, the supplier files for a quality control. Production lead time is much shorter if European countries are the sourcing partners. In such situations the cycle takes even as little as 30 days. It usually refers to must-have collections.

CHANGES IN PRODUCTION SPLIT



SOURCING COUNTRIES



RESPONSIBLE PRODUCTION

Responsible fashion begins at the stage of choosing the materials from which we sew our collections. We carefully monitor the raw materials market. We focus on ethical and sustainable sourcing of raw materials within our supply chain. One example of this is our partnership with Cotton Made in Africa – the standard for sustainable cotton cultivation in Africa. This, in turn, enables us to support local communities in Africa in addition to sourcing raw material. Certified and more environmentally friendly materials are also gradually introduced into our offer, for example: Lenzing, Ecovero, recycled wool, organic cotton. Above all, we look for solutions that reduce the environmental impact of the fabrics and materials we use most often.

The condition for cooperation with suppliers is their compliance with the rules of safety, care for the environment, as well as the provisions of the conventions of the International Labour Organisation and the Universal Declaration of Human Rights. "The LPP Code of Conduct" is a document taking into account the provisions of the International Labour Organisation conventions and the Universal Declaration of Human Rights and defining the conditions our suppliers are strictly obliged to observe in order to do business with LPP.

In addition to the need to comply with the LPP Code of Conduct, we control the working conditions of our suppliers by subjecting them to regular audits carried out by representatives of our offices, as well as independent auditing companies.





5.3. LOGISTICS

Once the goods are produced, they need to be delivered to us. We have two kind of logistics centres where our collections are stored: Distribution Centres (DCs) – responsible for the traditional stores and Fulfillment Centres (FCs) – dedicated e-commerce stores. The suppliers ship them (majority of goods; journey takes between 30 to 50 days) or use road or air transport. The goods are sent directly to our Distribution Centres in Poland (located in Pruszcz Gdański, Gdańsk, Brześć Kujawski) and in Romania (located near Bucharest). On average the goods spent some two weeks in Distribution Centre where they are repacked and sent to stores or Fulfillment Centre (FC). Deliveries to stores take place every day, yet a store obtains new goods on average every 2 to 3 days. We do not own transportation vehicles. The logistics process is outsourced to couriers.

Over the years we started changing our logistics process to make it more aligned to growing e-commerce part of our business. We launched Fulfillment Centres (FCs) – logistics centres dedicated for e-commerce stores. First FC was launched in Poland, but along with growing online sales abroad, we have decided to open FCs outside Poland. Now, we have two in Romania and one in Slovakia. Each is responsible for deliveries to e-commerce client in the region.

Due to expending in SEE region we also decided to open Distribution Centre abroad. We signed a contract for the lease of the

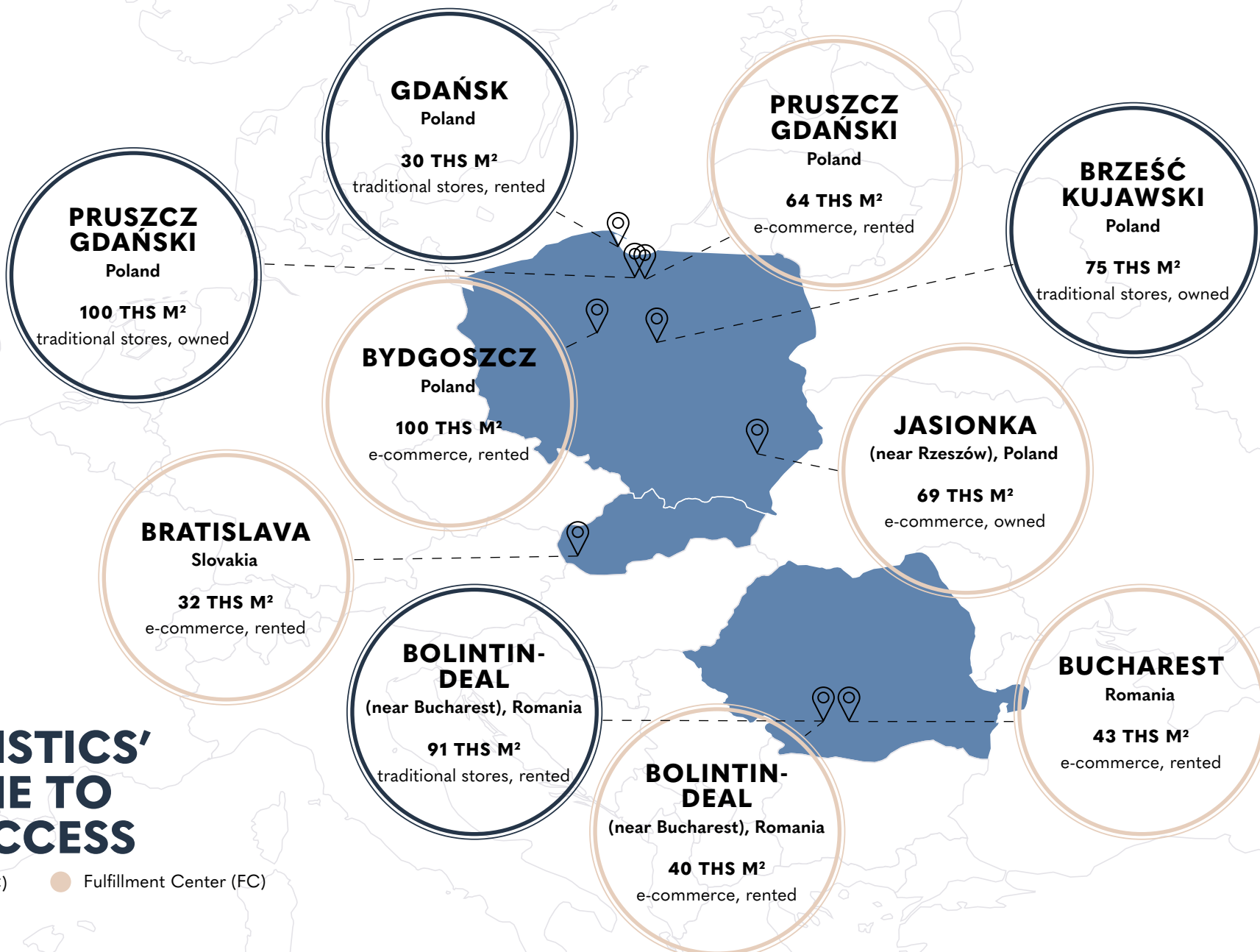
first Distribution Centre in Romania (50 km from Bucharest). Thus the transport of part our collections from Asia is organized directly to Constanta port. Thanks to this we shorten delivery time our collections dedicated for this region and additionally to save the costs of transport.

The changes that have taken place in the retail industry in recent years have shown that efficient and comprehensive logistics facilities are the answer to the dynamically changing market environment. Due to this fact, LPP took the decision to establish a separate logistics operator – LPP Logistics (subsidiary of LPP). Another step was expanding the scope of LPP Logistics operations outside of Poland and creation of two foreign subsidiaries of LPP Logistics: LPP Logistics Romania and LPP Logistics Slovakia.

Due to our expansion plan of Sinsay brand, we focus on the simultaneous expansion of the warehouse space (in Poland and abroad) and the gradual increase in the share of innovative solutions, including AI. We increase expenditures on the development of robotization and automation of logistics processes to increase the agility of the distribution process and optimize the use of warehouse space in our facilities. These investments will allow for handling higher volumes and efficient management of deliveries to increasing number of stores and online stores customers.

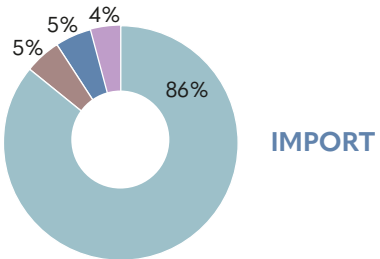
OUR LOGISTICS' BACKBONE TO DRIVE SUCCESS

● Distribution Center (DC) ● Fulfillment Center (FC)

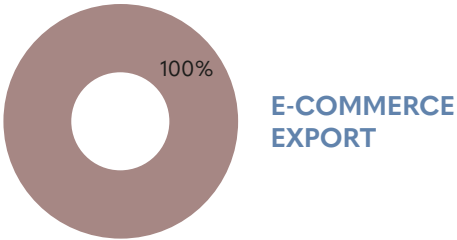


SHARE OF DIFFERENT MODES OF TRANSPORTATION IN 2024

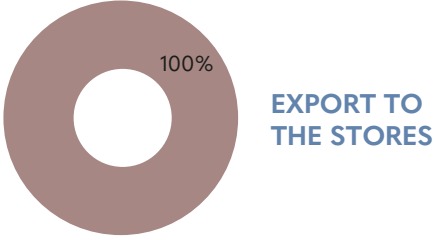
(by the number of items shipped)



IMPORT



E-COMMERCE EXPORT



EXPORT TO THE STORES

- Roads
- Aviation
- Maritime transport
- Rail



5.4. SELLING

STORES

We invest in modern stores, inviting customers to enter them.

INTERNET

We invest in modern logistics, increasing the pace of obtaining purchases and in IT, increasing online purchases comfort.

OMNICHANNEL

We believe that the future belongs to omnichannel and stores support online sales.

**we focus
on modern
store
concept**

TRENDS



sinsay



RESERVED



SHOES

ACCESSORIES

CROPP

FACTBOOK 2024



House

FACTBOOK 2024

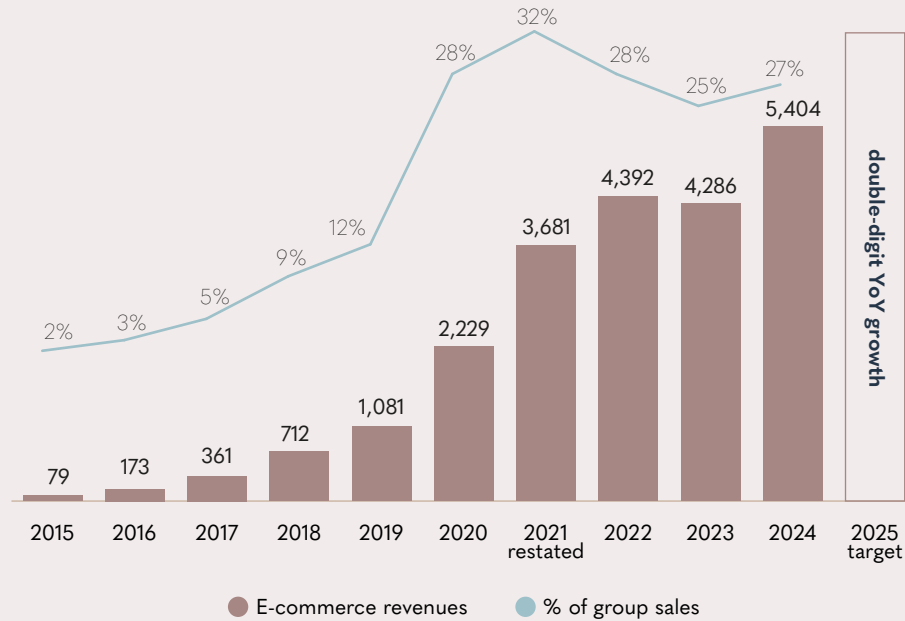


M O H I T O

F A C T O R Y K O O Q 2 4

ALMOST 1/3 OF REVENUES ONLINE

E-COMMERCE REVENUES (PLN M)



DEVELOPMENT THROUGH OWN E-STORES GIVES US

- direct access to retail customers,
- control over inventory and pricing policy,
- stability (no intermediaries, continuation of contact).





ALL BRANDS WITH OWN MOBILE APPS

At the end of April 2024, apps were available for:

RESERVED

-  Poland
-  Germany
-  Romania
-  Czech Republic
-  Slovakia
-  Hungary
-  Ukraine
-  Croatia

sinsay

-  Poland
-  Romania
-  Czech Republic
-  Slovakia
-  Hungary
-  Bulgaria
-  Croatia
-  Ukraine
-  Germany
-  Greece
-  Italy

M O H I T O

-  Poland
-  Romania
-  Czech Republic

CROPP

-  Poland

HOUSE

-  Poland

SINSAY APP GENERATES CA 70% OF SALES IN MARKETS WHERE IT IS AVAILABLE. OTHER APPS ARE ALSO RAPIDLY GAINING HIGH SHARES IN SALES



5.5. ADVERTISING

We aim to attract as many customers as possible, as traffic and brand recognition are the key to our success and growth in value. Growing conversion rates and average ticket sales are what we strive for at all our brands in traditional stores but also in e-commerce. Due to diversity of our brands, people in all ages are our customers and target customers. As a result, we use various types of advertising to communicate with our customers: internet, social media, co-operations with influencers or stars. Our marketing activities have changed over the years, from traditional marketing to performance marketing. Also today, our mobile apps and loyalty program for Sin-say brand play a huge role in marketing activities. Mobile apps support not only online sales but also traditional stores, strengthening ROPO effect (research online, purchase offline). Apps allow to personalize offer for customers, help us to build brand recognition.

VARIOUS TYPES OF ADVERTISING



INTERNET AND SOCIAL MEDIA



STAR COLLECTIONS AND COLLABORATION



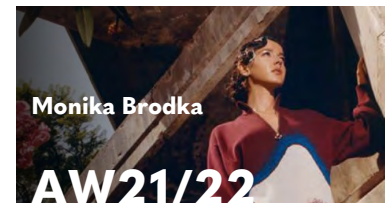
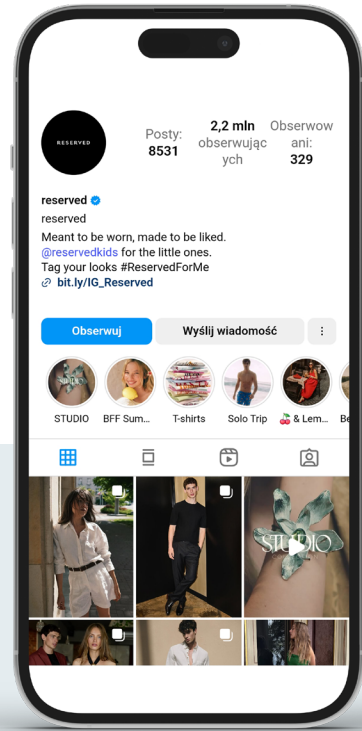
FASHION INFLUENCERS



SPONSORSHIP

STAR COLLECTIONS AND COLLABORATION

Our brands special Reserved and Mohito cooperate with top model and celebrities. Reserved collections were advertised by Kate Moss, Kendall Jenner, Cindy Crawford. Also brands cooperate with external designers or craftsmen, forming joint limited edition capsules.



INTERNET AND SOCIAL MEDIA

We are present on the most important fashion blogs. All our brands have dedicated profiles on Instagram, TikTok, Facebook and YouTube. All our brands have mobile app.



FASHION INFLUENCERS

We promote our clothes by co-operating with fashion influencers who show our collections on their social media.



SPONSORSHIP

Brands take part in projects that could increase their recognition (eg. fashion fairs, artistic projects, Cropp BalticGames).



06

Business model

Below we present an in-depth description of our business model and details on how our financial results are generated. Please note that three important changes took place in the way we present our financials. The first one encompassed a change in our fiscal year which moved away from calendar year. 2019 was the only 13-month-long year in our history (from 1 January 2019 to 31 January 2020). Data shown from 2020 include 12-months of audited financials. The second change encompassed introduction of IFRS16 from January 1, 2019, which replaced IAS17. As a result, majority of our operating leases were reclassified into finance leases. The third one encompassed divesting the Russian operations following the Russian invasion on Ukraine.

Fiscal year 2019 was the only 13-month-long year.

From 2020, fiscal year were 12-month-long.

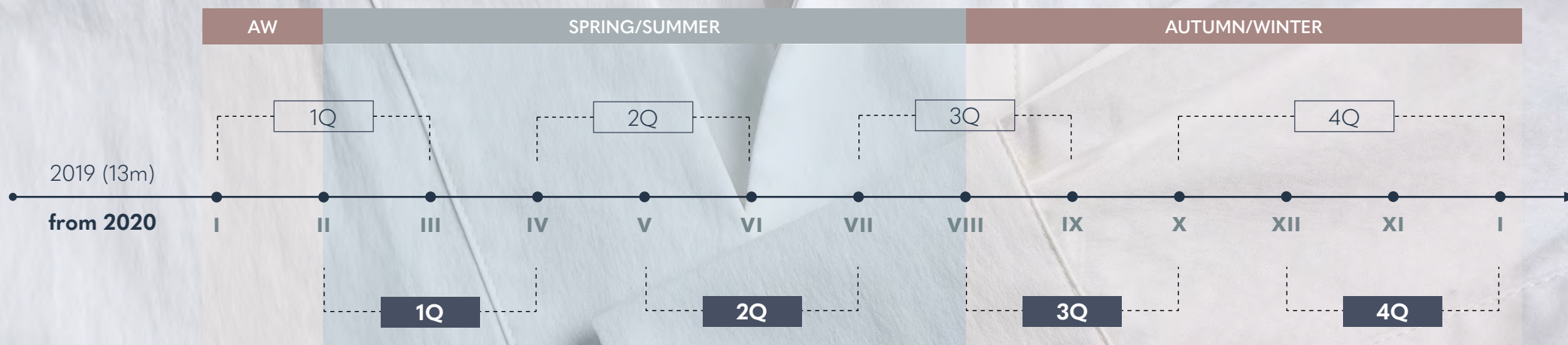
In 2022 disposal of the Russian business.

It encompassed the period from the beginning of January 2019 till the end of January 2020.

We present 12 month-long data for 2018 and 2019 for comparison purposes.

In 2Q22 Russian operations are treated as discontinued operations as a result data for 2021 has been restated.

CHANGE IN THE FISCAL YEAR FROM 2019



The aim behind the fiscal year change was to align the fiscal year with fashion seasons (collection assessment, lower seasonality).

The fiscal year in 2019 was 13-month-long and 4Q19 was 4-month-long. These were marked as 2019 (13m) and 4Q19 (4m).

The first 12-month financial year after the fiscal year change started February 1, 2020.

6.1. REVENUES

The revenues we generate are made up of two parts: the retail (majority) and the wholesale one. The retail portion is generated in our traditional and online stores. The wholesale part is made up of sales to franchisees, sale of promotional clothing and sale to trade agents (2022-2024). The retail part of our revenues continues to grow strongly not only due to traditional stores but also e-commerce development. Below we present the retail line split into: store revenues and e-commerce.

6.1.1. STORE REVENUES

Store revenues encompass revenues of our five brands: Sinsay, Reserved, Cropp, House and Mohito. The scale of store revenues depends on: (1) the scale of the retail network and (2) average sales per m² recorded.

NETWORK SIZE

The network size is a derivative of number of stores and their average floorspace. For forecasting purposes the scale of the network is better to be looked at from the perspective of square meters of floorspace than number of stores, as the square meters decide on the level of selected costs of stores. The network size is generated by multiplying the number of stores by average store size. We look at our floorspace through the perspective of brands possessed, as these differ in terms of store size. Due to Sinsay's expansion, the network of this brand dominates in terms of scale.

SALES PER SQM

Sales per square meter are best calculated on average floorspace and looked at on an average monthly basis. This indicator shows the average performance of all LPP's stores opened

in the reporting period, both the mature and the new ones. Typically, it takes a new store up to 36 months to mature and start generating target turnover levels of a mature store. Due to stronger brand awareness maturity is easier to reach domestically than abroad. In times of fast floorspace expansion, the sales per sqm ratio may be falling. Then, the performance of the network is judged by LFLs (like-for-like, same store sales).

LFLs are the key indicator of our traditional store business' success. We measure these at stores that have been the same as a year before (i.e. have not changed their floorspace, have not undergone upgrades) and have been in operation for the past 12 months (without a break longer than 7 days). Calculations are conducted in local currencies, i.e. without taking into account changes in currencies in countries in which LPP's stores are run. LFLs are dependent on many factors, both internal and

GROUP REVENUES

PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2022	2023	2024
Revenues (PLN m)	5,130	6,019	7,029	8,047	8,756	9,899	7,848	14,030	11,339	15,927	17,406	20,194
YoY growth	8%	17%	17%	14%	-	13%	-21%	79%	44%	40%	9%	16%
Revenues/ m² monthly (PLN)	536	575	628	662	657	671	500	715	758	809	737	742
YoY growth	-9%	7%	9%	5%	-	2%	-25%	43%	52%	7%	-9%	1%
Store revenues	4,937	5,703	6,571	7,235	7,776	8,569	5,531	9,977	7,587	10,131	11,741	13,885
YoY growth	8%	16%	15%	10%	-	10%	-35%	80%	37%	34%	16%	18%
E-commerce	79	173	361	712	802	1,174	2,229	3,961	3,681	4,392	4,286	5,404
YoY growth	22%	118%	108%	97%	-	46%	90%	78%	65%	19%	-2%	26%
Wholesale revenues	114	143	97	100	178	156	88	92	72	1,403	1,380	906
YoY growth	-22%	26%	-32%	2%	-	-12%	-43%	4%	-18%	1,849%	-2%	-34%

external ones. Internal factors include: the quality of collections and the degree to which these suit the customers' tastes, the pricing policy and price to quality ratio but also the proximity of other stores in the neighbourhood (cannibalization) and the amount of customers switching to internet purchases. External factors include traffic to shopping centres or retail parks and stores, average ticket sales, number of pieces purchased by customers. We actively work on LFLs levels.

The actions that we undertake include: (1) increasing the number of types of items within collections, (2) working to have the must-haves in the stores, (3) constantly upgrading the quality of floorspace (new store concepts), (4) investing in technology, and (5) conducting well-thought promotions.

6.1.2. E-COMMERCE

A fast growing part of our operations is the e-commerce business. This is related to: (1) the number of brands in e-commerce, (2) the number of countries where we offer internet purchases, (3) the quality of our e-stores and

as well as mobile applications, (4) enlarging offer of products dedicated to online, (5) time of delivery and (5) payment modes. We are in the process of developing omnichannel which supports both our store and online operations. This has been strengthened by the pandemics.

6.1.3. WHOLESALE

Our revenues not only comprise of retail but also from wholesale. The two most important sources of wholesale revenues are: (1) franchise revenues – sales to our Middle East franchisees; from 2017 this number also encompasses sales to Belarus (only until end of 2019, we replaced franchised stores with own ones) and from 2018 Israel and (2) Promostars – offer for business customers with promotional clothes (includes T-shirts, sweaters, trousers, jackets, hats etc). The latter has been separated to a different entity, as its operations substantially differed from other our businesses. From 2022 till 2024 we had also third source of wholesale revenues – revenue from trade agents. This was connected with disposal Russian business.



GROUP LFLS

PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2022	2023	2024
LFLs	0.6%	6.4%	10.1%	7.2%	7.8%	3.6%	-38.0%	55.8%	17.0%	1.1%	4.7%

6.2. GROSS PROFIT ON SALES MARGIN

Gross profit is the amount of money that remains in the company after taking into account the costs of goods sold. These include production costs, customs duties and shipping the goods to our distribution centres. Also, since 2017 the line includes inventory write-offs.

The largest cost is the cost of suppliers. We do not own factories and thus look for the most attractive sources of clothes and accessories among third parties. Such an approach gives us flexibility to react to changing macroeconomic conditions and lowers cash outflows (no construction capex needed). China has been our most important supplier since the company's inception. However, we have not produced in the same place over the years. Our office in Shanghai, supervising the production, is constantly on the lookout for new suppliers or better offers, taking the growing production quantities into account. Over the past years, we have been diversifying our production sourcing into other Far East countries. In 2021 Bangladesh sourcing exceeded this from China. The key reason is growing prices in China and its orientation on more sophisticated and value added production (e.g. we do not source simple T-shirts from China). Other countries that we produce in are: Cambodia, Myanmar, Pakistan, India. Overall, the Far East constituted c. 94% of our supplies. The rest is almost entirely split between Turkey and Poland.

The production countries are important as some of them bear exports duties on textiles, aimed at protecting the EU markets.

The customs duty reaches 12% from China, Cambodia, Thailand and almost 10% from India, Indonesia and Vietnam. There are none relating to Bangladesh, Myanmar and Pakistan. Details can be found in the table below. Once manufactured, goods are transported to our distribution centres. Please note that customs duties are also important while selling goods abroad, e.g. to Ukraine.

The geographical divergence exposes us not only to customs duties but also to FX risks. The purchases from the Far East are denominated in US\$ mostly, while our revenues are linked to zloty and euro in majority. We do not hedge the purchases and try to include any changes in PLN/US\$ in prices for the end customers. Appreciation of zloty to US\$ is thus favourable for us and we can split the benefit with our customers. However, depreciation of zloty versus US\$ increases our costs of purchase and we try to at least partially transfer this additional cost onto the end customer.

Due to the lead time from the Far East, the PLN/US\$ exchange rate lagged by two quarters is a good proxy of our gross profit margin trends. That is because prices of goods sourced in the Far East are set up while ordering them based on our FX rates forecasts. Price tags are printed in the Far East. Thus, changing price tags requires manual re-labelling of all the goods affected. That is conducted only in rare cases of strong currency movements in our distribution centre.

Although historically, the costs of freight have not been a sizeable component of the gross profit margin, their importance is on the rise. We have started experiencing sizeable growth in freight costs as well as their availability since 2Q21, followed by disturbances in supply chains from Asia.



2024 CUSTOMS DUTIES BY COUNTRIES

Bangladesh	0%	Myanmar	0%
Cambodia	12%	Pakistan	0%
China	12%	Morocco	0%
India	9.6%	Vietnam	10%
Indonesia	9.6%	Turkey	0%

The gross profit margin is affected not only by the US\$/PLN relationship, but also by competitive pressure (the decisions of competitors), the affluence of customers and their propensity to consume, by the collections (whether or not they meet the needs of the customers) as well as a growing share of Sinsay in revenues (the brand bears lower margins than other brands).

The gross profit margin varies between calendar quarters. We used to have high margins in the second and the fourth quarter when we sell our collections in full prices. That has now changed with the shifted fiscal year. In 2H16 we introduced a new inventory management policy. As a result, we tend to minimise the number and scale of sell-offs after the arrival of new collections, but tend to maximise the amount of goods sold during the sell-off months. Post-season inventory is sold to third parties and does not return to our stores. In December 2016 we sold off obsolete inventory to improve our

cash flows and lower inventory levels. Without this transaction, 2016 gross profit margin would come in at 50.8%. In 2017 our gross profit margin increased to 53.0% along with successful Reserved brand restructuring, while in 2018 it reached the level of 54.7%. In 2019 gross profit margin came in at 52.0%, down 0.9 pp. YoY. Decrease in gross margin despite good acceptance of the SS19 and AW19 collections, was due to negative impact of weather in May and December 2019, high US\$ as well as a higher Sinsay share in revenues (gross margin lower than at other brands). 2020 gross profit margin has been affected by pandemics, while in 2021 we have recorded sizeable gross profit margin growth due to, among others, delayed demand and favourable purchase prices. 2022 gross profit margin decreased YoY due to the incapacity to sell goods in Russia and limited sales in Ukraine (markets with relatively higher trade margins). Having already purchased collections, the Group had

to organize larger Spring/Summer promotion actions for all brands. This action affected the gross margin on sales, which, in 2022 reached 51.1%, i.e. 6.2 pp. lower than a year ago (on continuing operations).

Despite the higher share of the Sinsay brand with lower margins diluting the total gross margin, in 2023 and 2024, the Group generated a higher YoY gross profit margin on sales reaching accordingly 51.5% and 53.1%. Higher margin resulted from: lower YoY collection purchase costs, favorable US\$/PLN currency and the sale of larger parts of collections at full prices due to lower YoY promotional campaigns.

For analytical purposes, apart from percentage margin, the gross profit should also be looked at in nominal per square meter level. This ratio is superior to sales per square meter as it takes also the pricing and discount policy into account.

GROSS PROFIT MARGIN

PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Gross profit (PLN m)	2,743	2,934	3,727	4,401	4,628	5,146	4,084	8,107	6,491	6,491	8,131	8,013	8,967	10,719
YoY growth	-1.8%	7.0%	27.0%	18.1%	-	11.2%	-20.6%	98.5%	58.9%	58.9%	25.3%	23.5%	11.9%	19.5%
Gross profit/ m ² monthly (PLN)	293	280	333	358	347	349	260	413	434	434	442	437	407	410
YoY growth	-18%	-4%	19%	8%	-	0%	-26%	58.5%	66.9%	66.9%	1.8%	0.7%	-6.9%	0.7%
Gross profit margin	53.5%	48.7%	53.0%	54.7%	52.9%	52.0%	52.0%	57.8%	57.2%	57.2%	51.1%	50.3%	51.5%	53.1%
US\$/PLN average rate	3.77	3.94	3.78	3.61	3.62	3.84	3.89	3.89	3.89	3.89	4.49	4.49	4.17	3.99

PFSA – the Polish Financial Supervision Authority

In connection with the PFSA's recommendation, a change took place with regard to write-offs related to: (1) tangible fixed assets in Russia, (2) tangible fixed assets in Ukraine, (3) inventories in Ukrainian stores. The amount of write-offs does not change, but the timing of their recognition. Due to the PFSA recommendation, the figures for 2021 and 2022 have been restated.

6.3. SG&A COSTS

Apart from COGS our costs also comprise of SG&A costs (selling and general administration costs). However, we believe that our business model is easier to understand if we split the operating costs into costs of stores and costs of headquarters. For managerial purposes we look at costs at the per sqm basis and ratio: the share of SG&A costs in the Group's revenues. Due to growing share of online in our revenues we gradually switch from SG&A/ m² approach to calculating SG&A as percentage of revenues. It is our ambitious aim to keep this ratio max 40%. Due to expansion strategy 2025-2027 the ratio is expected in the range of 40%-42%. For years costs of stores dominate over costs of headquarters, while in 2022 SG&A costs were divided into 50% costs of stores and 50% of HQ. This was result of e-commerce expansion.

One of the characteristics of our business is a high operating leverage. ca 30% of our SG&A costs are variable while as much as ca 70% are fixed (IAS17), i.e. this portion of operating costs does not change along with changes in revenues. The high operating leverage is favourable for us in moments of positive LFLs and growing sales, as the positive effect on EBIT is more than proportional. However, in times of slowdown and falling LFLs the operating leverage is working against us, requiring cost reductions to maintain EBIT levels.

COSTS OF STORES

(under IAS17) comprise of two elements: costs of own stores and costs of franchise stores. Costs of franchise stores are constituted by the proportion of turnover that is paid by us to franchisees to cover for their costs. Costs of own stores are best looked at per sqm per month basis. The costs of own stores can be divided into three parts: rental costs, HR costs and other costs of own stores.

RENTAL COSTS

(35% in 2024 costs of own stores) are typically denominated in EUR (86%), however other currencies also appear: 4% in PLN and 10% in other currencies. The rental formulas tend to be complex and include a fixed and a floating element. The contracts we sign tend to have a fixed floor value which is paid until a certain level of store revenue is reached. Once the stipulated threshold is crossed, a certain percentage of turnover is paid to the landlord. As a result, we share to a larger extent with our landlord in times of economic prosperity, yet we have to cope with fixed cost in times of slowdown. We continuously work on more favourable rental levels, both domestically and abroad. Additionally, Sinsay brand, due to openings in smaller towns (mainly retail parks), has the lowest rental costs compared to other brands. Increasing its share in the brand portfolio results in lower rental costs for the Group.

SG&A COSTS

PLN m	IFRS16											
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2022	2023	2024
SG&A costs (PLN m)	2,192	2,609	3,100	3,532	3,822	4,213	3,848	5,961	5,058	6,702	6,565	8,259
YoY growth	2%	19%	19%	14%	-	10%	-2%	55%	31%	33%	-2%	26%
SG&A/ m ² monthly (PLN)	234	237	280	291	287	289	247	305	341	368	300	318
YoY growth	-14%	1%	11%	4%	-	1%	-15%	23%	38%	8%	-18%	6%
% of sales	43%	43%	44%	44%	44%	43%	42%	42%	45%	42%	38%	41%
Costs of stores (PLN m)	1,780	2,080	2,377	2,555	2,751	2,959	2,355	3,158	2,503	3,371	3,748	4,539
YoY growth	2%	17%	14%	7%	-	8%	25%	34%	6%	35%	11%	21%
Costs of headquarters (PLN m)	411	528	723	977	1,071	1,254	1,492	2,803	2,555	3,331	2,817	3,720
YoY growth	2%	28%	37%	35%	-	17%	-14%	88%	71%	30%	-15%	32%



HR COSTS

(34% in 2024 costs of own stores) are costs of employees working in our stores, both domestically and abroad. We try to optimize the working hours and number of employees per store. Although this differs from brand to brand (large Reserved and Sinsay stores versus medium size of other brands) on average there are 9.8 people per store. Their remuneration consists of a fixed and a variable portion (depending on the revenues of the store). We often recruit students to our stores for whom this is the first job.

OTHER COSTS OF STORES

(31% in 2024) include many items like costs of media and electricity, security of the stores, materials (security clips, labels RFID, hangers), payment card commission, depreciation (the largest part). Capex for the stores is depreciated over time of lease agreement (max 10-year period).

COSTS OF HEADQUARTERS

are all other costs not related directly to costs of stores. These include distribution and overheads costs. Distribution costs

comprised the costs of logistics and e-commerce, i.e. the cost of shipping the goods from the distribution centres to stores. Overheads costs include costs of marketing (majority digital marketing), back-office as well as the sales and product departments i.e. the costs of the head office in Gdańsk, offices in Cracow and Warsaw and offices of foreign subsidiaries.

While showing the number of group employees, we take into account: 1) employees of the Gdańsk headquarters, Cracow and Warsaw offices; 2) employees of Distribution Centers and Fulfillment Centers in Poland; 3) the personnel of Polish stores; 4) employees of our foreign subsidiaries (foreign offices including Shanghai and foreign stores personnel). Due to further expansion, we experienced YoY growth in HQs costs.

Group's HR costs also include the costs of stock option programs for the management. These are based on shares and aim to align the goals of shareholders (growth in value) with the goals of the management. There have been several of these since LPP's inception. Cost of stock option programme recognition has been minimal over the past years compared to the level of earnings recorded.

EMPLOYEES DATA

	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2022	2023	2024
No. of group employees	21,563	25,106	25,635	25,174	24,588	24,447	21,977	31,808	29,930	33,556	54,379
Employees in Poland	13,894	16,239	14,736	14,294	13,827	14,061	11,578	15,144	16,686	17,428	19,803
– office & warehouse	2,200	2,708	3,320	3,347	3,414	3,776	3,486	3,101	4,363	4,469	5,557
– stores	11,694	13,531	11,416	10,947	10,413	10,285	8,092	12,043	12,323	12,959	14,246
Employees abroad	7,669	8,867	10,899	10,880	10,761	10,386	10,399	16,664	13,244	16,128	34,576

6.4. EBIT

EBIT is generated by the difference between gross profit per sqm and SG&A costs per sqm. Thus, maximization of this amount is our key focus. We do it by: 1) aiming to maximize gross profit on sales per sqm and 2) minimizing costs per sqm. However, the operating profit also needs to be adjusted for the other operating line, which has been and is going to remain a negative contributor. The key reason behind the negative result are the inventory losses (thefts and damages of goods in the stores). Until 2017 annual numbers, the other operating line included write-offs for unsold inventory, yet these have been moved to the gross profit line.

6.5. NET FINANCIALS LINE

There are two key elements influencing the net financials line, interest paid on debt, interest obtained on cash held and

foreign exchange differences. Since 2019 the line also includes IFRS16 lease interest payments.

6.5.1. INTEREST PAYMENTS

The interest payments are a consequence of the level of debt and net interest payments depend on the scale of net debt. Over the past years we have used different sources of funding, including bank loans as well as convertible bonds. While at the end of 2019 we issued PLN 300m worth corporate bonds which were repaid in December 2024. Currently, bank loans are used. The level of short-term debt, used to finance ongoing operations, the long-term indebtedness largely consists of loans taken to finance distribution centre and headquarters expansion. Financial costs line also includes provisions and fees for the banks as well as finance lease charges from January 1, 2019 along with IFRS16 application.

6.5.2. FX DIFFERENCES

We calculate FX differences at each balance sheet date, i.e. their level changes every quarter. There are two areas of FX

differences in our net financial line: (1) FX differences resulting from balance sheet items (mostly liabilities which constitute payments for goods ordered) and (2) receivables from subsidiaries to be paid to the parent company (a way of financing foreign subsidiaries). Historically, we did not hedge, yet we changed our approach from 2H17 and introduced hedging of invoices from our suppliers. This lowered the variability of the net financials line. We hedge the invoice value at the moment it is sent to us by our supplier. We use delivery forwards. As the transactions do not constitute hedge accounting, the impact is visible in the net financials line only. The situation changed in 2019 along with introduction of IFRS16. As the majority of our rental agreements and thus liabilities are in foreign currencies, we have a sizeable FX exposure due to translation risk. This sizeable liability is recalculated to PLN at each balance sheet date resulting in a large scale of FX gains or losses.

EBIT

PLN m	IFRS16													
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
EBIT (PLN m)	503	226	578	757	688	806	153	1,479	1,128	1,403	1,460	1,184	2,284	2,415
YoY growth	-17%	-55%	155%	31%	-	17%	-83%	866%	637%	817%	29%	-16%	93%	6%
EBIT margin	10%	4%	8%	9%	8%	8%	2%	11%	10%	12%	9%	7%	13%	12%

NET FINANCIALS

PLN m	IFRS16												
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2022	2023	2024	
Net financials (PLN m)	-88	-32	-15	-33	-31	-140	-270	-247	-190	-97	-236	-164	
Financial income	2	1	5	8	9	11	72	26	26	127	98	142	
Financial costs	90	34	20	41	41	151	341	273	216	224	334	306	

6.6. TAXES

Taxes in the income statement consist of current and deferred taxation. Current taxation is the amount of income taxes payable for the period. It consists of sum of taxes paid by all the subsidiaries of LPP group. It is important to note that the tax bases are not cumulated and tax is paid in each of the countries present. Thus, a loss in one country does not offset income earned in another country.

Deferred taxation is an accounting adjustment aimed to match the tax effect of transactions to the relevant accounting period. Thus, deferred taxes line estimates future tax consequences of transactions and events recognised in the financial statements of current and previous periods. We have both permanent and temporary differences between the accounting and tax treatment. Permanent differences result from some types of the costs not being allowed by tax office (e.g. entertainment, penalties and fines) and temporary ones (different methods of depreciation of assets for the purpose of financial statements and tax accounting).

However, it should be noted that there are differences between the tax in financial statements and tax paid (visible in cash flow). The key reason is the simplified method of taxes paid, chosen by us in 2005. The normal tax advances method requires calculation of advances based on monthly earnings. The simplified method allows to pay monthly advances based on T-2 audited earnings and an equal monthly instalment is paid each month. The difference is then corrected in March next year and paid to the tax office.

On 25 October 2023, LPP signed the agreement with the National Revenue Administration (NRA) under the Co-operation Programme. The aim of the Programme is to ensure the compliance with the tax law, with an active support of the NRA. The agreement will allow the Company to increase business and tax transparency and reduce the risk of business activities in terms of taxes, by agreeing business changes and operations with the tax authorities in advance.

2024 TAX RATES BY COUNTRIES

0%	Estonia, Latvia
9%	Hungary
10%	Bulgaria, North Macedonia, B&H, Kosovo
15%	Serbia, Lithuania
16%	UK, Romania
18%	Ukraine, Croatia
19%	Poland

20%	Belarus, Finland, Kazakhstan
21%	Slovakia, Czech Rep.
22%	Greece, Slovenia
24%	Italy
25%	Spain
33%	Germany

TAXES

PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Taxes	63	19	123	219	214	244	74	278	212	212	219	219	435	504
Current taxation	56	27	135	231	235	212	121	518	447	447	248	248	403	456
Deferred taxation	7	-7	-12	-12	-21	32	-47	-240	-235	-235	-30	-30	32	48
<i>Effective tax rate</i>	15%	10%	22%	30%	33%	37%	-63%	23%	23%	18%	16%	20%	21%	22%

6.7. NET PROFIT

The level of net profit is a derivative of all the actions described above. On top, historically we recorded a small level of minorities which had to be taken out from the group net income. This resulted from the parent company not having a 100% stake in some small subsidiaries.

6.8. CASH CYCLE

The net working capital and the cash conversion cycle are important cash flow elements that show the performance and characteristics of our business model.

Net working capital is defined as trade receivables plus inventories minus trade liabilities. Once these are translated into days, the formula defines a cash conversion cycle. Please note that in calculations we use a 365 day year and average values of inventory, receivables and liabilities. Due to a long lead time

of production in the Far East, the net working capital used to take away from our operating cash flows. This was because we sold the inventory slower than we paid our liabilities. This has changed since 2016 when we started introducing supply chain financing, which has been growing YoY.

Trade receivables include receivables from our clients. As a vast majority of our clients are retail customers, the related receivables turnover is very short, ranging up to 2 days maximum if credit card not cash is used as a payment mode. However, the trade receivables line also includes receivables related to the wholesale business. These are responsible for the receivables days ratio ranging below 10 days. As we do not use pre-payments while ordering goods from the Far East, these do not affect the trade receivables line.

Inventory consists of three elements: (1) goods in transit – from factories to the final port (FOB, i.e. Free on Board, method used), (2) goods in the warehouse, (3) goods in stores. The

nominal level of inventory has been growing and may continue to do so. This results from ongoing network expansion – each new store increases the demand for working capital as more goods need to be ordered.

Thus, it is more practical to look at inventory from a per square meter perspective, though at the end of 2022 of revenues came from online and fast growing internet operations are blurring the per sqm picture. For analysis we use end-of-period group floorspace with exception of the ME and Belarus franchise stores (Belarus until the end of 2019).

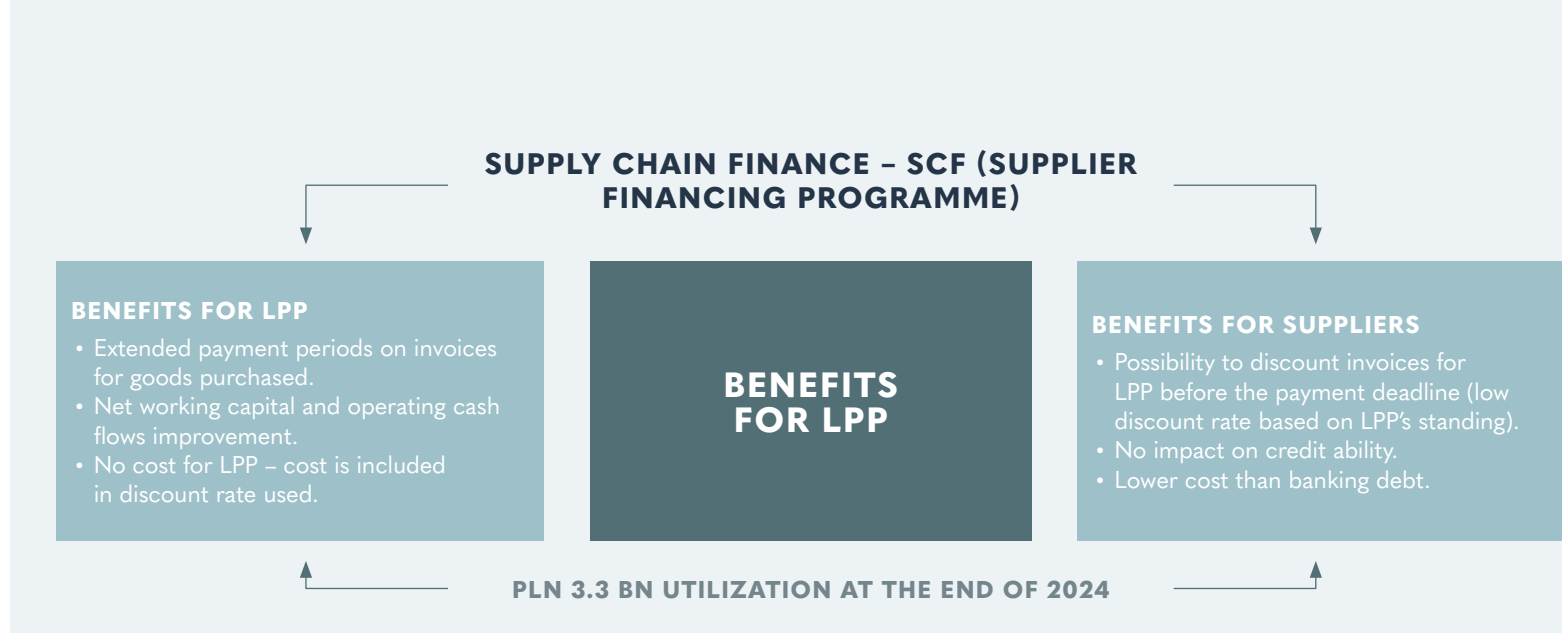
Appreciating US\$ versus zloty puts a pressure on working capital and increases the value of inventory held and inventory ratios.

The level of liabilities depends on Far East purchases. We rarely use letter of credits or bank transfers now and mostly concentrate on supply chain financing. Goods are ordered 3-4 months in advance of their shipment and the latter takes up to 30-50 days to Poland.

NET INCOME

PLN m	IFRS16													
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Total net income	351	175	441	505	442	421	-190	954	954	1,562	1,094	485	1,612	1,747
Result from discontinued operations	-	-	-	-	-	-	-	-	228	561	-51	-384	-	-
Net income on continuing operations	351	175	441	505	442	421	-190	954	725	1,001	1,144	869	1,612	1,747
YoY growth	-27%	-50%	152%	15%	-	-5%	N/M	N/M	N/M	N/M	58%	-13%	86%	8%
Net margin on continuing operations	7%	3%	6%	6%	5%	4%	-2%	7%	6%	9%	7%	5%	9%	9%

Please also note that the cash cycle ratio underwent changes between 2016-18. At the end of 2016 we disposed off obsolete inventory which improved the inventory days. We have also started implementing the supplier financing programme which expanded in 2017 and we continue to use this financial instrument. We have expanded our trade liabilities period by using supply chain financing and offering our suppliers the possibility to discount their invoices at the banking platform with the use of LPP's discount rate. We have reached our aim to finance inventory with trade liabilities.



CASH CYCLE

PLN m	IFRS16												
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Net working capital (PLN m)	713	448	350	155	-27	-36	-605	-958	-840	1,133	1,133	-138	-389
Receivables	115	165	200	122	104	144	158	246	246	944	944	810	757
Inventory	1,320	1,164	1,473	1,590	1,210	1,921	2,074	3,864	3,982	3,353	3,353	3,040	4,669
Liabilities	721	881	1,323	1,557	1,341	2,101	2,837	5,068	5,068	3,164	3,164	3,988	5,815
PLN m	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Cash cycle (days)	84	61	33	16	11	-1	-34	-56	-63	-10	-7	-5	-26
Receivables (days)	10	9	9	7	7	5	7	5	7	14	14	18	14
Inventory (days)	176	147	145	153	129	146	194	183	228	169	169	138	148
Liabilities (days)	102	95	122	144	125	152	235	244	298	193	190	161	189

Note: In calculations we use a 365 day year and average values of inventory, trade receivables and liabilities.

6.9. CAPEX

SPLIT OF CAPEX

Apart from net working capital, capex is our most important cash outflow. Capital expenditure incurred can be divided into three areas:

CAPEX ON STORES: Outlays include costs of setting up new stores in shopping malls, retail parks and high streets as well as costs of refurbishing and upgrades. The majority of outlays is conducted for new stores. Maintenance capex (understood as rebuilds and extensions) constitutes c. 10% of all store capex spending. Our capex spending is reduced by fit-outs from shopping mall developers. Our target capex is now PLN 2,000/m² for Sinsay and PLN 3,700/m² for other our brands. It should also be noted that capex per sqm meter is calculated not on net additions (difference in end-of-period values) but on gross floorspace additions.

CAPEX ON LOGISTICS: Historically, this capex line was oriented on the Pruszcz Gdański Distribution Centre. There were two waves of the outlays. The first when the new Distribution Centre was built. The second one, when the distribution centre was expanded (finished in 2Q15). Construction cost PLN 120m, while expansion PLN 177m. The DC was also expanded in 2019. We have decided to locate the next distribution centre in Brześć Kujawski and

fulfilment centre near Rzeszów, which are now operational. The construction of DC lasted from March till November 2021, adding to capex PLN 240m and the construction of FC from 3Q21 till 4Q22, adding to capex PLN 250m.

OTHER CAPEX: The latter includes, among others, spending for refurbishing of headquarters and IT. E-commerce outlays are an increasingly important contributor to this line.

FIT-OUTS

Fits-outs are a form of compensation for investment in stores given to us by shopping mall operators and developers. In general these constitute a reduction of capex and should be looked at combined with the capex levels shown as outflow in the investing cash flow.

The treatment of fit-outs has changed over the years. Since 2019 recognition of fit-outs in the financial statements depends on whether rental expenses related to them are recognised under IFRS16 or not. If the rental agreement is recognised along with IFRS16, then the fit-out value lowers the right-of-use asset, which is then amortised in the lower value. If the rental agreement is not under IFRS16, then the whole value of fit-out lowers rental expenses in SG&A costs proportionally to the length of the agreement.

Still, a portion of fit-outs is booked as a cash inflow in the investing cash flow and comes

back to us in cash. Historically the treatment of fit-outs was different. Until the end of 2014 this gain constituted part of other operating income. From 2015 the accounting treatment changed, and the gain was depreciated over the useful life of the store (7 years) and treated as a reduction in rentals. Another change took place in 2018 with the whole value of fit-out reducing the level of rentals, proportionally to the length of the agreement.

HEADQUARTERS

Our headquarters have not changed since the company's inception. These are located in Gdańsk at Łąkowa street. On top, we rent some additional floorspace in Gdańsk to accommodate all personnel. In Poland, we also have offices in Pruszcz Gdański, Cracow and Warsaw.

Our Gdańsk headquarters have been expanded and revitalised. The project was initiated mid-2013 while finalised in September 2015. The refurbished space includes a restaurant for employees as well as a fitness gym, showers and changing rooms for those commuting by bicycles.

Further expansion was needed and contrary to the old building, new ones are built from scratch on a nearby plot of land. The construction of first building was completed in 2021, while the other in 2024.



CAPEX

PLN m	IFRS16											
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2022	2023	2024
Capex (PLN m)	491	272	442	799	932	1,004	825	1,325	960	1,157	1,090	1,818
Stores	392	230	376	489	620	729	622	912	547	736	930	1,191
Logistics	31	5	5	181	180	133	71	275	275	268	25	410
Other	67	37	61	129	132	142	132	138	138	153	135	217
YoY growth	-11%	-45%	62%	81%	-	8%	-13%	61%	16%	21%	-6%	67%
% of sales	10%	5%	6%	10%	11%	10%	9%	9%	8%	7%	6%	9%



INFRASTRUCTURE
SPENDING

CAPEX

PLN m	2024
Stores	2,300
Logistics	1,000
Other	200
TOTAL	3,500

6.10. NET DEBT VERSUS DIVIDEND

We use debt in financing our growth in order to: 1) speed-up our development, 2) increase ROE and 3) lower WACC (weighted average cost of capital). Short-term debt is used to finance net working capital charges and store openings. Long-term debt is related to longer tenure projects, mostly financing of distribution centre expansion and refurbishing of the headquarters and financing new store openings. Historically, debt was also used to acquire our competitor Artman. Currently, we use bank debt and do not have any corporate bonds. Our banking exposure is split into several large banks in Poland. Debt is taken at the parent company level (centralisation). Exemption is made for Ukraine subsidiary. Due to cash generation of the business in 2017 we

have moved from net debt to net cash and we have doubled the net cash position in 2019 versus 2017 levels. From 2019 the net cash position changed into net debt due to application of IFRS16 instead of IAS17 accounting standard. Usage of debt and fast floorspace growth have not stopped us from dividend payments. The first dividend was paid from 2009 earnings in 2010.

Dividend per share has grown at a 2010 – 14 CAGR of 17%, picking up from PLN 50 to PLN 93.6. The external turbulences in 2014 – 16 have led us to the decision to cut the dividend payment in 2015 (DPS of PLN 32 from 2014 earnings) and in 2016 (DPS of PLN 33 from 2015 earnings). Since then dividends have been on the rise, reaching PLN 60 per share and PLN 110.1m from 2018 earnings, paid out in June 2019. No dividend was paid from 2019 earnings due to negative impact of COVID-19. PLN 834m dividend from retained earnings was approved by AGM in June 2021. The first of equal tranches was paid in July

2021. The second was paid in October 2021. We continued dividend payments in tranches in next years: 2022, 2023, 2024.

Annual General Meeting of Shareholders adopted Dividend Policy for the following years 2023, 2024, 2025.

LPP's dividend policy goals are:

- ensuring shareholders' regular participation in net profit generated by the Company,
- effective management of the Group's capital,
- maintaining financial safety – the minimum equity/assets ratio 30% (without IFRS16).

Dividend payment amounting to:

- at least 50% of separate net profit from the preceding year,
- no more than 70% of the Group's consolidated net profit.

NET DEBT

IAS17/IFRS16	IAS17					IFRS16					
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2022	2023	2024
Net debt (PLN m)	621	144	-316	-753	-841	2,459	2,906	3,796	4,849	3,680	4,059
Cash	224	366	515	1,045	1,070	1,361	1,278	1,355	465	1,077	846
Deposits and mutual funds	-	-	-	-	-	-	-	-	-	-	865
Long-term debt	284	195	142	89	84	463	485	439	845	490	182
Short-term debt	561	315	56	203	145	109	521	535	806	359	817
Finance leases						3,248	3,248	4,177	3,663	3,908	4,771
Net debt/ EBITDA (x)	0.9	0.3	-0.4	-0.7	-0.7	1.3	2.4	1.4	1.9	1.0	1.0
Dividends (PLN m)	58	60	66	73	73	110	-	834	649	798	1,132
YoY growth	-66%	3%	9%	12%	-	-	N/M	N/M	-22%	23%	42%

Note: Dividends are shown under the year paid.

6.11. GOODWILL

The goodwill and trademark values recognized on our balance sheet relate to acquisitions of Artman SA (majority) and Slovak franchisee (Koba AS). As purchase of Artman SA in 2008 encompassed taking private a WSE-listed competitor, a controlling premium had to be offered to minority investors to de-list the target. Given the sizeable scale of cost synergies generated from acquisition of two additional brands (House and Mohito), the value allocated to goodwill and trademark has not changed over the years, even though an impairment test had been conducted annually. We do not see risk of write-offs in the foreseeable future. Should we cancel goodwill out, our tangible equity still remains sizably in the black.



GOODWILL

PLN m	IFRS16											
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated PFSA	2022	2023	2024
Intangible assets	37	44	64	90	93	126	136	144	144	186	272	363
Goodwill	210	210	210	210	210	210	183	183	183	183	183	183
Trademark	78	78	78	78	78	78	78	78	78	78	78	78
Equity	1,890	2,135	2,443	2,861	2,816	3,247	3,068	3,272	3,881	3,984	4,717	5,302
Tangible equity	1,565	1,804	2,092	2,484	2,436	2,834	2,671	2,867	3,475	3,538	4,185	4,678
Assets	3,565	3,678	4,207	5,381	7,906	9,606	10,354	14,135	14,744	12,921	13,802	17,501

Note: Tangible equity is calculated as total consolidated equity minus all intangibles.

Financials

CONSOLIDATED INCOME STATEMENT

PLN m	IFRS16													
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Revenues	5,130	6,019	7,029	8,047	8,756	9,899	7,848	14,030	11,339	11,339	15,927	15,927	17,406	20,194
COGS	2,388	3,085	3,302	3,645	4,128	4,754	3,764	5,922	4,848	4,848	7,796	7,913	8,440	9,475
Gross profit	2,743	2,934	3,727	4,401	4,628	5,146	4,084	8,107	6,491	6,491	8,131	8,013	8,967	10,719
SG&A costs	2,192	2,609	3,100	3,532	3,822	4,213	3,848	5,961	5,058	5,058	6,702	6,702	6,565	8,259
Other operating line	-48	-99	-42	-113	-118	-127	-83	-667	-305	-29	31	-126	-118	-45
EBIT	503	226	578	757	688	806	153	1,479	1,128	1,403	1,460	1,184	2,284	2,415
Net financials	-88	-32	-15	-33	-31	-140	-270	-247	-190	-190	-97	-97	-236	-164
Taxes	63	19	123	219	214	244	74	278	212	212	219	219	435	504
Minorities	0	0	0	0	0	0	0	0	0	0	-2	-2	5	0
Net income on continuing operations	351	175	441	505	442	421	-190	954	725	1,001	1,144	869	1,612	1,747
Result from discontinued operations	0	0	0	0	0	0	0	0	228	561	-51	-384	0	0
Total net income	351	175	441	505	442	421	-190	954	954	1,562	1,094	485	1,612	1,747
Amortisation & depreciation	224	267	293	349	427	1,094	1,073	1,148	943	943	1,129	1,129	1,383	1,689
EBITDA	726	494	872	1,106	1,115	1,899	1,171	2,627	2,072	2,347	2,589	2,314	3,666	4,104

PFSA – the Polish Financial Supervision Authority

In connection with the PFSA's recommendation, a change took place with regard to write-offs related to: (1) tangible fixed assets in Russia, (2) tangible fixed assets in Ukraine, (3) inventories in Ukrainian stores. The amount of write-offs does not change, but the timing of their recognition. Due to the PFSA recommendation, the figures for 2021 and 2022 have been restated.

CONSOLIDATED INCOME STATEMENT, YOY DYNAMICS

PLN m	IFRS16													
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Revenues	8%	17%	17%	14%	-	13%	-21%	79%	44%	44%	40%	40%	9%	16%
COGS	21%	29%	7%	10%	-	15%	-21%	57%	29%	29%	61%	63%	7%	12%
Gross profit	-2%	7%	27%	18%	-	11%	N/M	99%	59%	59%	25%	23%	12%	20%
SG&A costs	2%	19%	19%	14%	-	10%	-2%	55%	31%	31%	33%	33%	-2%	26%
Costs of sales	4%	20%	14%	11%	-	8%	-34%	701%	N/M	N/M	N/M	N/M	N/M	N/M
EBIT	-17%	-55%	155%	31%	-	17%	-83%	866%	637%	817%	29%	-16%	93%	6%
Net financials	-41%	-63%	-54%	123%	-	347%	92%	-8%	N/M	N/M	N/M	N/M	N/M	N/M
Taxes	-387%	-69%	537%	78%	-	14%	-70%	278%	189%	189%	3%	3%	99%	16%
Minorities	-100%	-	-	-	-	-	-	-	-	-	N/M	N/M	N/M	-100%
Net income on continuing operations	-27%	-50%	152%	15%	-	-5%	N/M	N/M	N/M	N/M	58%	-13%	86%	8%
Result from discontinued operations	0%	0%	0%	0%	-	0%	0%	0%	N/M	N/M	N/M	N/M	N/M	N/M
Net income	-27%	-50%	152%	15%	-	-5%	N/M	N/M	N/M	N/M	15%	-69%	232%	8%
Amortisation & depreciation	15%	20%	10%	19%	-	156%	-7%	13%	-12%	12%	20%	20%	22%	22%
EBITDA	-10%	-32%	77%	27%	-	70%	-38%	124%	69%	91%	25%	-1%	58%	12%

CONSOLIDATED BALANCE SHEET

PLN m	IFRS16											
	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated PFSA	2022	2023	2024
Non-current assets	1,797	1,839	1,920	2,418	5,280	5,871	5,621	7,028	7,518	7,352	7,973	9,872
Tangible fixed assets	1,259	1,291	1,348	1,818	1,821	2,312	2,440	2,760	3,251	3,336	3,643	4,735
Right-of-use assets	0	0	0	0	2,894	3,000	2,589	3,412	3,412	2,888	3,245	4,100
Intangible assets	37	44	64	90	93	126	136	144	144	186	272	363
Goodwill	210	210	210	210	210	210	183	183	183	183	183	183
Trademark	78	78	78	78	78	78	78	78	78	78	78	78
Other investments	2	0	0	0	0	0	0	0	0	0	0	0
Receivables and loans	6	6	5	8	8	8	14	19	19	8	9	7
Long-term receivables	0	0	0	0	0	0	0	0	0	315	229	148
Deferred tax assets	139	144	159	164	173	135	179	425	425	351	306	253
Pre-payments	67	67	57	51	4	2	2	6	6	8	9	5
Current assets	1,768	1,839	2,287	2,963	2,627	3,735	4,733	7,108	7,225	5,569	5,829	7,629
Inventory	1,320	1,164	1,473	1,590	1,210	1,921	2,074	3,864	3,982	3,353	3,040	4,669
Trade receivables	115	165	200	122	104	144	158	246	246	944	810	757
Receivables from income tax	47	75	6	0	1	8	103	34	34	8	36	15
Other receivables	35	0	0	0	0	0	0	0	0	50	90	178
Other non-financial assets	0	29	48	38	45	53	64	196	196	53	66	134
Pre-payments	27	38	44	33	26	37	32	49	49	79	82	81
Other financial assets	0	0	2	100	170	114	71	61	61	59	68	84
Deposits and investment funds	0	0	0	0	0	97	953	1,303	1,303	557	561	865
Cash and cash equivalents	224	366	515	1,045	1,070	1,361	1,278	1,355	1,355	465	1,077	846
Total assets	3,565	3,678	4,207	5,381	7,906	9,606	10,354	14,135	14,744	12,921	13,802	17,501

CONSOLIDATED BALANCE SHEET

PLN m	IFRS16											
	2015	2016	2017	2018	2018 (13m)	2019	2020	2021	2021 restated PFSA	2022	2023	2024
Equity	1,890	2,135	2,443	2,861	2,816	3,247	3,068	3,272	3,881	3,984	4,717	5,302
Share capital	4	4	4	4	4	4	4	4	4	4	4	4
Treasury shares	-43	-43	-43	-43	-43	-41	0	0	0	0	0	0
Additional paid-in capital	235	251	278	279	279	285	364	364	364	364	364	364
Other capital	1,324	1,608	1,823	2,252	2,252	2,733	3,155	2,345	2,345	2,720	2,466	2,980
Foreign exchange differences from subsidiaries	-229	-115	-208	-232	-214	-163	-265	-205	-205	58	-33	-66
Retained earnings	599	430	590	601	539	430	-190	764	1,372	840	1,913	2,017
Profit (loss) from previous years	248	255	149	96	96	9	0	-190	-190	-254	301	270
Net profit (loss) for the current period	351	175	441	505	442	421	-190	954	1,562	1,094	1,612	1,747
Minority interest	0	0	0	0	0	0	0	0	0	-2	3	3
Long-term liabilities	344	267	233	346	2,634	3,159	3,114	3,983	3,983	3,723	3,431	3,746
Bank loans	284	195	142	89	84	171	191	144	144	538	490	182
Other financial liabilities	0	0	0	0	0	292	294	295	295	307	0	0
Finance lease (IFRS16)	0	0	0	0	2,439	2,568	2,524	3,428	3,428	2,760	2,892	3,523
Provisions for employee benefits	2	3	1	1	1	1	2	1	1	2	2	3
Provision for deferred income tax	7	4	7	1	0	0	0	1	1	2	2	2
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Accruals	51	66	83	256	109	127	104	114	114	114	46	36
Short-term liabilities	1,331	1,276	1,530	2,174	2,456	3,199	4,171	6,880	6,880	5,214	5,654	8,453
Trade and other liabilities	721	881	1,323	1,557	1,341	2,101	2,837	5,068	5,068	3,164	4,298	5,815
Income tax liabilities	3	7	53	234	236	174	68	311	311	155	53	255
Bank loans	561	315	56	203	145	109	521	535	535	806	49	817
Other financial liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Finance lease (IFRS16)	0	0	0	0	566	680	654	749	749	902	1,016	1,248
Provisions	18	38	54	107	132	90	35	160	160	153	188	236
Special funds	0	0	0	0	0	0	0	0	0	0	0	0
Accruals	28	34	44	72	36	45	56	57	57	33	51	82
Total liabilities	3,565	3,678	4,207	5,381	7,906	9,606	10,354	14,135	14,744	12,921	13,802	17,501

CONSOLIDATED CASH FLOW STATEMENT

PLN m	IFRS16													
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Pre-tax profit (loss)	414	194	564	724	657	665	-117	1,232	938	1,213	1,363	1,087	2,047	2,251
Total adjustments	-160	524	330	488	943	1,183	1,191	1,772	1,277	1,001	-740	-465	2,296	1,770
Amortisation and depreciation	224	267	293	349	427	1,094	1,073	1,148	943	943	1,129	1,129	1,383	1,689
Income tax paid	-128	-59	-92	-42	-45	-296	-327	-320	-220	-220	-402	-402	-532	-232
Net working capital	-223	256	101	125	469	269	113	145	253	136	-2,293	-2,175	1,238	-15
– Change in inventories	-382	212	-354	-133	330	-315	-218	-1,998	-1,404	-1,521	698	816	239	-1,667
– Change in receivables	7	-36	-39	4	52	-66	-579	-661	-426	-426	387	387	272	-176
– Change in liabilities	152	80	494	254	87	650	911	2,804	2,083	2,083	-3,378	-3,378	726	1,828
Change in provisions	-1	16	15	61	78	-22	-53	87	80	80	-21	-22	24	35
Other adjustments	-31	44	12	-4	14	139	384	712	219	62	847	1,004	184	293
Net operating cash flow	254	718	893	1,212	1,600	1,848	1,075	3,004	2,214	2,214	622	622	4,343	4,021
Investing inflows	75	91	58	635	639	480	374	287	279	279	279	279	127	110
Capex	-491	-272	-442	-799	-932	-1,004	-825	-1,325	-960	-960	-1,157	-1,157	-1,090	-1,818
Other investing outflows	0	0	0	-540	-640	-338	-556	-290	-290	-290	-19	-19	-20	-257
Investing cash flow	-416	-181	-384	-704	-933	-861	-1,007	-1,328	-971	-971	-897	-897	-984	-1,965
Financing inflows	365	16	26	369	390	949	1,325	7	318	318	1,243	1,243	0	507
Interest bearing debt	365	16	26	369	390	949	1,213	7	318	318	1,243	1,243	0	507
Other	0	0	0	0	0	0	112	0	0	0	0	0	0	0
Financing outflows	-164	-410	-386	-348	-497	-1,632	1,465	1,642	1,692	1,692	1,852	1,852	2,750	2,789
Treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	-58	-60	-66	-73	-73	-110	0	-834	-834	-834	-648	-648	-798	-1,132
Interest bearing debt	-87	-329	-309	-261	-349	-664	768	56	238	238	296	296	806	48
Interest and finance lease	-19	-22	-17	-14	-75	-858	696	753	621	621	908	908	1,146	1,609
Financing cash flow	201	-394	-360	21	-106	-682	-140	-1,635	-1,374	-1,374	-609	-609	-2,750	-2,282

CONSOLIDATED RATIOS

PLN m	IFRS17					IFRS16								
	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2021 restated	2021 restated PFSA	2022	2022 restated PFSA	2023	2024
Gross profit margin	53.5%	48.7%	53.0%	54.7%	52.9%	52.0%	52.0%	57.8%	57.2%	57.2%	51.1%	50.3%	51.5%	53.1%
EBITDA margin	14.2%	8.2%	12.4%	13.7%	12.7%	19.2%	14.9%	18.7%	18.3%	20.7%	16.3%	14.5%	21.1%	20.3%
EBIT margin	9.8%	3.8%	8.2%	9.4%	7.9%	8.1%	1.9%	10.5%	9.9%	12.4%	9.2%	7.4%	13.1%	12.0%
Net income margin on continuing operations	6.8%	2.9%	6.3%	6.3%	5.1%	4.3%	-2.4%	6.8%	6.4%	8.8%	7.2%	5.5%	9.3%	8.7%
ROE	30.6%	19.9%	8.7%	19.3%	16.8%	13.9%	-6.0%	30.1%	22.9%	31.6%	31.5%	23.9%	37.1%	34.9%
Cash cycle (days)	84	61	33	16	11	-1	-34	-56	-68	-63	-10	-7	-5	-26
– receivables	10	9	9	7	7	5	7	5	7	7	14	14	18	14
– inventory	176	147	145	153	129	146	194	183	224	228	169	169	138	148
– liabilities	102	95	122	144	125	152	235	244	298	298	193	190	161	189
Net debt/ EBITDA (IAS17/ IFRS16)	0.9	0.3	-0.4	-0.7	-0.7	1.3	2.4	1.4	1.3	1.3	1.9	1.9	1.0	1.0
Net debt/ equity (IAS17/ IFRS16)	0.3	0.1	-0.1	-0.3	-0.3	0.8	0.9	1.2	1.2	1.0	1.2	1.2	0.8	0.8



Outlook

In the coming years, we plan to strengthen its sale through the omnichannel model which, by combining online with traditional stores, offers a possibility of achieving the best profitability. We also perceive great opportunities in our diversified business model, combining Design&Value segment (Sinsay brand) with the lifestyle brand segment (other Group brands) and a strong online channel for both these segments. We see opportunities for further growth of the traditional sales network especially in Sinsay brand. We believe that its locations in smaller towns, where Sinsay offers brand products in affordable prices, modern shopping experience, proximity of physical stores and additional online store made this brand as a unique category on the market. Sinsay is highly scalable concept with market potential for 6,000 stores in 3 years. In the years 2025-2027, we will focus on the expansion of this brand in Poland, Southern

and Central and Eastern Europe, while the development in Western Europe will be carried out conservatively. The target for 2025 is to open 1,500 Sinsay stores and 100 stores of the other brands and thus increase the floorspace by ca 35-40% YoY. In terms of online, we will continue to focus on own e-stores, we will strengthen the online presence mainly by increasing the geographical coverage of our mobile apps and expanding their functionality. Our aim is to improve growth and profitability in this channel.

Our investment plans for the nearest financial year assume the amount of PLN 3.5 bn, including ca PLN 2.3 bn for the development of the network of traditional stores and PLN 1.0 bn for logistics projects.





GUIDANCE 2025-2027

LPP	2024	2025-2027
Revenues (PLN bn)	19.4	~ 40.0
No. of stores (year end)	2,847	~ 7,500 in 2027
Floorspace (year end, ths m ²)	2,449	~ 25% CAGR

Sinsay	2024	2025-2027
Revenues (PLN bn)	9.9	35%-40% CAGR
No. of stores (year end)	1,512	~ 6,000 in 2027
Floorspace (year end, ths m ²)	1,367	30%-35% CAGR

**AT THE END OF 2027
WE WILL REACH
7,500 STORES**

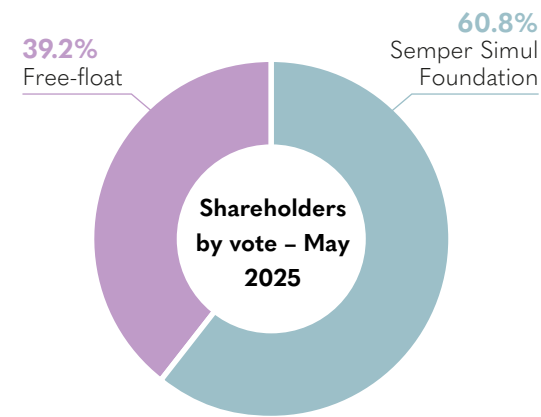
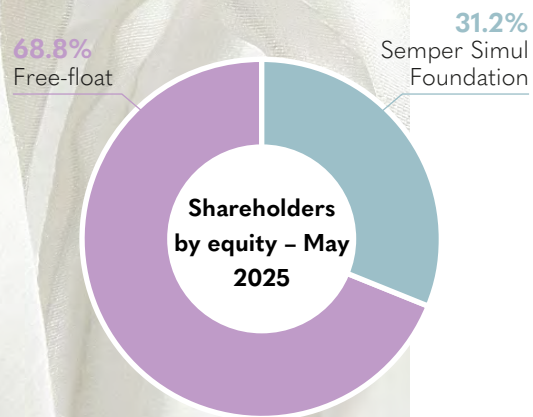
Poland CEE BSR EE SEE WE Planned new countries in 2025-2026 (i.e. Albania, Kosovo, Moldavia, Azerbaijan, Georgia, Armenia, Uzbekistan)

Presence on Warsaw Stock Exchange

LPP has been listed on the WSE since 2001. Within those years, due to our consistent and well-executed growth strategy, we have advanced from a mid-cap company to a WIG20 blue-chip, attracting not only Polish but also international investors.

9.1. SHAREHOLDER STRUCTURE

LPP's shareholder structure underwent sizeable changes in the past years. The founders Marek Piechocki and Jerzy Lubianiec have transferred their shares to foundations in order to: protect the company against fragmentation of capital in the future, ensure the family status of the company and maintain the current culture and longevity of the company. The CEO, Marek Piechocki, transferred shares to the Semper Simul Foundation, which currently holds 31.2% of equity and 60.8% of votes. Both ordinary and privileged shares (1 to 5 in votes) are deposited in this foundation. Co-founder, Jerzy Lubianiec, transferred his shares to the Sky Foundation and then in 2023 reduced exposure below the threshold of 5% of the total number of votes at the General Meeting of Shareholders. LPP has a sizeable 68.8% free-float. The company no longer holds treasury shares. These were sold to the market in December 2020.



LPP's stock performance shows the success story of the company since its debut on the Warsaw Stock Exchange (WSE).

In 2001 a successful IPO of G series shares took place. New investors subscribed for 300,000 shares, each for PLN 48 issue price. In 2003 the company issued new H series shares. The

investors subscribed for 190,000 shares at issuing price of PLN 265. The funds gathered from both issuances were used to develop the network of Reserved stores and investments in IT systems. The highest LPP share price on WSE was PLN 18,900 in February 2024.

TICKERS		PERFORMANCE AS OF 31.01.2025	
WSE	LPP	1Y	+6%
BLOOMBERG	LPP PW	3Y	+4%
REUTERS	LPPP:WA	5Y	+94%

LPP'S SHARE PRICE: FROM IPO UNTIL 31.01.2025



LPP'S SHARE PRICE SUMMARY

PLN m	2015	2016	2017	2018	2018 (13m)	2019 (13m)	2020	2021	2022	2023	2024
Share price eop	5,555	5,674	8,910	7,850	8,370	8,465	7,690	15,890	10,120	15,570	16,460
Min cob	5,230	3,820	5,090	7,535	7,535	6,945	4,450	7,680	7,360	9,145	11,450
Max cob	8,099	6,210	9,063	10,170	10,170	9,125	8,680	18,770	16,000	16,730	18,900
EPS basic	193.87	96.19	241.36	275.53	241.34	229.55	-103.44	518.76	590.79	866.27	941.46
DPS	32.0	33.0	35.7	40.0	40.0	60.0	0.0	350.0	430.0	610.0	660.0
Dividend yield	0.6%	0.6%	0.4%	0.5%	0.5%	0.7%	0.0%	2.2%	4.2%	3.9%	4.0%
Payout ratio	12%	17%	37%	22%	-	22%	0%	172%	68.1%	73.0%	70.1%
Weighted average number of shares	1,812,145	1,816,932	1,826,537	1,833,483	1,833,489	1,834,192	1,838,066	1,838,066	1,853,738	1,855,190	1,855,624

Note: Prices from infostrefa.com. Cob stands for close of business. Dividends shown under the year in which they were paid.

9.2. INDEX PRESENCE

LPP's successful business model has been reflected in increased interest of foreign institutional shareholders in the stock. Along with rising earnings and growing share price, the liquidity of the shares has also augmented. Domestically, LPP is a member of WIG20, WIG30, WIG140, WIG ODZIEŻ and WIG. Additionally, the Company was qualified as member of the index of family-run companies listed on the WSE, launched in 2021.

Apart from domestic indices, LPP is also a member of important foreign indices. Firstly, since August 2014 LPP has been a member of MSCI Poland index, the key benchmark index for foreign financial institutions investing in Poland. LPP's shares are also present in three FTSE indices: All-World Index, Emerging Index and Global-Style Index (FTSE indices are tracked e.g. by ETFs), and also in CECE Index and STOXX Europe 600.

POLISH INDICES

WIG20

- The most important index of the WSE
- Member since March 2014
- c. 6.8% LPP's weight

WIG30

- WIG30 index of the 30 most liquid companies on the WSE, launched September 2013
- Member since index inception
- c. 6.5% LPP's weight

On top LPP's shares belong also to WIG-Poland (index of solely Polish companies), WIG-ODZIEŻ (a sector index), WIG20TR and WIG30TR (TR indices show total return).

Since August 2021 LPP also belongs to a segment of family companies.

WIG

- The broadest index of the WSE
- c. 4.8% LPP's weight
- One of the largest clothing retailers in the index

WIG140

- WIG140 index of the 140 most liquid companies on the WSE, launched December 2021
- Member since index inception
- c. 4.9% LPP's weight

INTERNATIONAL INDICES

MSCI POLAND

- Key index for international institutions investing in Poland
- Encompasses 20+ companies from WSE
- LPP member since August 2014

FTSE RUSSEL INDEX

- Poland is a developed market for FTSE from 24 September 2018. LPP is part of FTSE Developed Index (Medium Classification)
- LPP member of All-World Index

STOXX EUROPE 600

- index representing large, medium and small companies from 17 countries of the EU
- index is a part of Deutsche Boerse Group – LPP has been included since September 2018

CECE

- Created by the Vienna Stock Exchange, the index comprises of companies from Poland, Czech Republic and Hungary
- LPP re-entered the index mid-September 2017

10

Governance

Corporate governance and transparency are of key importance for us. There are three levels on which corporate governance is exercised, the General Shareholders' Meeting, the Supervisory Board and the Management Board.

The General Shareholders' meeting takes place at least once a year. It appoints the Supervisory and Management Board of the company, approves the consolidated and separate financial statements as well as grants discharge to the actions of Management and Supervisory Board Members.

According to our bylaws, the Supervisory Board consists of between 5 to 6 members. It is appointed for a 5-year term. The board supervises the actions of the Management Board. Within the Supervisory Board there is an Audit Committee. The Audit Committee performs several functions: reviews the financial statements, assesses the financial standing of the company and

the group, supervises the internal audit department and evaluates the development strategy of LPP.

The bylaws also define the role and responsibilities of the Management Board. The latter can consist of between 2 to 6 members. The Management Board Members are appointed concurrently for a joint 5-year term. The CEO can represent the company by himself. Contracts binding for the company can also be signed by two Management Board Members and one Management Board Member and one legal representative.

GENERAL SHAREHOLDER MEETING	SUPERVISORY BOARD	MANAGEMENT BOARD
<ul style="list-style-type: none"> • appoints Supervisory and Management Board members • approves annual financial statements • grants discharge to the Management and Supervisory Board members 	<ul style="list-style-type: none"> • consists of 5 to 6 members • appointed for a 5 year term 	<ul style="list-style-type: none"> • consists of 2 to 6 members • appointed for a 5 year term • CEO can represent the company by himself • additionally two management board members as well as management board member and legal representative can sign binding agreements
	<p style="text-align: center;">AUDIT COMMITTEE</p>	

10.1. SUPERVISORY BOARD

MIŁOSZ WIŚNIEWSKI

Independent the Chair of the Supervisory Board

- a graduate of the Mikołaj Kopernik University in Toruń and Executive M.B.A. École Nationale des Ponts et Chaussées in Paris
- experience in finance and management

PIOTR PIECHOCKI

Member of the Supervisory Board

- a graduate of the Warsaw School of Economics and IE Business School in Madrid
- co-created and managed the e-commerce department in LPP SA (responsible for the entire sales in this channel and for the launching of online stores on new markets: Germany, the Czech Republic, Slovakia, Romania, Hungary)
- connected with Semper Simul Foundation, as a beneficiary of the foundation

JAGODA PIECHOCKA

Member of the Supervisory Board

- a graduate of the Warsaw University of Technology and HEC Paris in Paris
- experienced in the IT sector
- connected with Semper Simul Foundation, as a beneficiary of the foundation

GRZEGORZ MARIA SŁUPSKI

Independent Member of the Supervisory Board

- an entrepreneur and a manager
- experienced at a housing cooperative, including multiple years as a leader or of Management Board and as a Chair of the Supervisory board

ALICJA MILIŃSKA

Member of the Supervisory Board

- a graduate of the University of Gdańsk
- experienced accountant
- employed at LPP SA (as the Chief Accountant and Member of the Management Board of LPP SA)

LPP'S SUPERVISORY BOARD

	Function	Independent	Audit Committee Member
Miłosz Wiśniewski	Chair of the Supervisory Board	✓	✓
Alicja Milińska	Member of the Supervisory Board	×	×
Jagoda Piechocka	Member of the Supervisory Board	×	×
Piotr Piechocki	Member of the Supervisory Board	×	✓
Grzegorz Maria Słupski	Member of the Supervisory Board, Chair of Audit Committee	✓	✓

SUPERVISORY BOARD AS AT THE DATE OF PUBLICATION.

MEMBERS OF THE MANAGEMENT BOARD, INCLUDING THEIR AREAS OF RESPONSIBILITY

MAREK PIECHOCKI

CEO & Founder

- Reserved, Cropp – development and omnichannel sales
- HR People and Culture
- ESG and Purchase
- Sales operations
- Logistics
- Investments
- Administration

MARCIN BÓJKO

Management Board Member, CFO

- Reporting
- Controlling
- Human Resources, Payroll and Accounting
- Investor relations
- Internal control and risk management
- Central Purchasing
- Treasury

SŁAWOMIR ŁOBODA

Management Board Member

- Reserved, Cropp, House, Mohito – rental and expansion
- Legal services
- Market analyses
- Management of foreign subsidiaries

MARCIN PIECHOCKI

Management Board Member

- Sinsay, Mohito – brand and product development and omnichannel sales
- Sinsay – Rental and expansion
- Internal communication
- Social Media
- Employer Branding
- Relations with community

MIKOŁAJ WEZDECKI

Management Board Member

- Contact Center
- Data Science
- IT Operations
- IT Core
- Business Value Services IT

10.2. MANAGEMENT BOARD

MAREK PIECHOCKI

CEO & Founder

- Since 1989 in the retail business.
- Founded LPP's predecessor in 1991. CEO of LPP since 2000.
- Responsible for LPP's strategy and development of brands: Reserved, Cropp, House.

MARCIN BÓJKO

Management Board Member, CFO

- Co-operated with LPP since 2023.
- Appointed: 15 November 2024.
- Initially responsible for the controlling and finance area and developing management reporting optimising the cost and profitability area. Since June 2024, he has also been managing the accounting and reporting teams.

SŁAWOMIR ŁOBODA

Management Board Member

- Co-operated with LPP since 1997.
- Appointed: 14 October 2015.
- Responsible for legal issues, new retail space and store expansion.

MARCIN PIECHOCKI

Management Board Member

- Co-operated with LPP since 2017.
- Appointed: 29 June 2021.
- Responsible for Mohito and Sinsay brands, internal communication and external relations.

MIKOŁAJ WEZDECKI

Management Board Member

- Co-operated with LPP since 2022.
- Appointed: 17 November 2023.
- Responsible for contact center, data science, IT operations, IT core, business value services IT.

10.3. RISK MANAGEMENT

In the Group, enterprise risk management (ERM), i.e. day-to-day risk identification and mitigation, is the responsibility of Internal Control & Risk Management Department. Risk management in the Company is supervised by the Management Board of LPP, whereas the Supervisory Board of LPP exercises control over the above-mentioned Department. Internal Control & Risk Management Department is the author of the Risk Management Procedure which incorporates a detailed description of the risk management process, specifies a desirable risk culture, stages of the risk management process and its participants. Furthermore, the procedure in question defines the scope of responsibility and tools to be used.

Along with the Procedure, the Risk Log was created, dividing risks into the following main categories:

- strategic;
- operational;
- regulatory and compliance;
- financial;
- reputational.

Parallel to the enterprise risk management, the Group manages climate risks. Both climate risks and risks identified as part of the ERM process are analysed in terms of their impact on the implementation of LPP Group's strategy.



KEY RISKS FOR LPP AND ACTIONS MITIGATING THEM

RISK	RISK MITIGATION MEASURES
<p>MACROECONOMIC RISK</p> <p>Due to its presence on numerous markets, the Group is exposed to changes in the economic, regulatory, social and political environment, which may affect consumer demand, hinder its operations or reduce its profitability. LPP is aware of the increase in household costs affected by the growing inflation or high energy costs.</p> <p>The Group's revenues and margins depend on the economic position of households. An economic growth or downturn in countries where our brand stores are located may translate into an increase or decrease in consumers' spending, including clothing expenses. Analogically, an economic growth or downturn in countries where our goods are manufactured may translate into an increase, decrease or stabilisation of manufacturing costs. In addition, the continuing energy crisis may result in an increase in energy prices in Poland and Europe, affecting an increase in store maintenance costs and other areas of the LPP Group's operations.</p>	<p>The Group mitigates the risk in several ways:</p> <p>Sale of goods:</p> <ul style="list-style-type: none"> • presence in multiple European markets – diversification of risk across a number of countries with a diverse macroeconomic situation, • sale of goods under several brands addressed to various groups of customers in order to spread the risk into several age groups, • offering goods at a wide range of prices – from cheap and easily accessible to more expensive ones. <p>Purchase of goods:</p> <ul style="list-style-type: none"> • outsourcing the production of goods to multiple manufacturers in more than a dozen countries, • long-term cooperation with selected suppliers, which allows the negotiation of advantageous product prices. <p>Operating costs:</p> <ul style="list-style-type: none"> • strict control of the company's operating costs (cost budgeting, analysis of work processes and their optimisation). <p>Investment in renewable energy sources</p> <p>In 2021, the Group signed the agreement for the supply of green energy with FIGENE Energia, under which, starting from 1 January 2023, for 10 subsequent years, it will consume green energy in the majority of its office buildings across Poland and in the Distribution Centres in Pruszcz Gdański and Brześć Kujawski. Through this agreement, the Company will avoid high costs of conventional energy. Furthermore, the Group has technologically advanced systems for managing energy consumption in its warehouses. Energy consumption in offices is monitored and remote metering in all the Group's brand stores, for both energy and water consumption allows to detect inefficient consumption points.</p>
<p>FASHION TREND AND SALES RISK</p> <p>The LPP Group operates on a highly competitive, demanding and changing fashion market and variable customer tastes.</p> <p>In the LPP's sales model, a natural element is the cyclical nature of changing seasons, requiring the change of collections. A lack of customers' demand as a result of a mismatch between the collection and their tastes and demand may require the Group to introduce additional discounts and promotions, which will negatively affect the Group's gross margin, performance and financial stability.</p>	<p>The Group's design teams constantly look at global fashion trends, monitor market trends on an ongoing basis through participation in shows, fairs and fashion events, as well as through access to the latest global fashion publications (the so-called internet catalogues). Several teams of designers, separate for each brand, work on the clothing designs, and their work is organised so as to minimise the influence of one designer on the entire collections.</p> <p>Designers undergo constant assessment including, among others, margins they generate.</p> <p>At the same time, the Visual Merchandising and Omnichannel departments continuously monitor changing shopping trends and the pricing policies of major competitors.</p> <p>Strengthening the Group's presence in the digital area is also an important factor in mitigating the risk – on the one hand, promoting the Group's brands in social media and collaboration with influencers, and on the other hand, designers using inspiration from fashion trends present in those media.</p> <p>In addition, the risk is also mitigated by targeting products at different age groups of end users (mainly through separate brands addressed to different target groups).</p>

RISK	RISK MITIGATION MEASURES
<p>COMPETITION RISK</p> <p>Many players are active in the clothing market in Poland and in the European countries, including the world's leading companies from this sector. At the same time, the rise in popularity of online shopping has resulted in a global trend of sales migrating from traditional to online stores. On the one hand, this has created more sales opportunities, but on the other hand it has increased the share of competition. New players (including those from the value-for-money segment) have emerged in the e-commerce market, posing threat to the Group.</p> <p>The competition risk does not only affect the attractiveness and matching of the collection, but also the prices of the collection. If the Company increases prices of its products, a risk of losing competitiveness arises, especially in Sinsay brand, where the low price plays a key role for the brand's customers.</p>	<p>The Company's employees attend fashion fairs and shows and have access to publications and websites dedicated to the latest fashion trends. This reduces the risk of misguided and less competitive collections.</p> <p>The Company is successively developing organically by opening new stores and online stores, entering new markets in Europe and saturating its network of existing stores. By doing so, it builds recognition of its brands and becomes more competitive in the region.</p> <p>The success in each market depends on the collections and their acceptance by the customer. It is therefore important to identify the customers' habits, the response time to their needs and the quality of the so-called "customer experience" offered.</p> <p>By investing in the cutting-edge technologies, e.g. the implementation of brands' mobile apps, the Group gains increased customer satisfaction, thus enhancing its competitiveness.</p> <p>LPP focuses on competing with other players by offering fashion products at affordable prices and, in Sinsay brand, at competitively low prices. Therefore, the Company analyses the activities of its competitors by monitoring the market or comparing the commodity offers and price levels of its competitors.</p>
<p>GEOPOLITICAL RISK</p> <p>The occurrence of an armed conflict or even a war in the territory of countries where the Group has its sales and distribution networks but also in the areas where factories or our suppliers are located, may adversely affect the Group's operations.</p> <p>Therefore, the Group is exposed to the risk of imposition of an embargo or import or export restrictions on goods (services), the risk of appropriation of trade commodities, nationalisation of assets and, in consequence, the risk of losing such trade commodities or assets. The risk may also relate both to the ban on sales of goods in the territory of countries affected by an armed conflict as well as economic and financial sanctions imposed by external organisations on countries in conflict, where the Group pursues its business activity.</p> <p>Such actions may affect the continuity of our sales and the supply chain, hinder the transfer of cash and cause payment backlogs, which, in consequence, may affect the Group's liquidity. In extreme situations, there is the risk that the Group would have to cease operations in conflict territories.</p> <p>The Group recognizes the risk involving negative impact on its corporate image in cases where it conducts its business activity in the territory of a country that has initiated a conflict.</p>	<p>The elevated geopolitical risk increases the scale of challenges in business operations, however, in such circumstances, a flexible response to market changes and the safeguarding of the supply chains may create a significant competitive advantage. The risks associated with restrictions caused by the occurrence of political and economic crisis situations are difficult to mitigate due to the unpredictability of conflict situation development and consequential decisions made by institutions and international organisations.</p> <p>The Group takes proactive measures to mitigate the following risks:</p> <ul style="list-style-type: none"> • operations on numerous markets (the Group operates in 40 countries and, therefore, it is possible to limit the consequences of occurrence of disturbances on specific territories); • limiting the Group's exposure to a given country (a share in a single country's sales may not exceed 20% of the Group's total sales, except Poland); • regular monitoring of the balance of financial settlements in the Group and exercising control so as to avoid excessive liabilities/receivables which might adversely affect the Group's liquidity; • monitoring the current political and economic situation and, following a comprehensive analysis, making by the Company's Management Board of decisions on a day-to-day basis; • selling goods through two independent distribution challenges, such as traditional stores and online sales.

RISK	RISK MITIGATION MEASURES
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RISK OF DISRUPTED SUPPLY CHAINS	
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The Group outsources the production of its goods to independent external producers located most often in Asia. Goods are transported by sea or railway from Asia to Europe and are then distributed in Europe from its own logistics centres.

The risk of disrupted supply chains negatively affects the possibility of the smooth supply of goods from manufacturers through warehouses to stores and, finally, to consumers.

The pandemic, political disturbances and decreased competitiveness on the transportation market may result in increased congestions and delays in transportation, specifically from the Far East.

At the end of 2023, due to the events in the Red Sea (Huti attacks), there was a sudden global shift in maritime transport. Due to the threat in the region, ships have been diverted to a route around the Cape of Good Hope. As a consequence, sea transport times have increased by ca 10-12 days, and the problems encountered with container availability and ship space, as well as the longer transport route, have led shipowners to introduce freight surcharges. The effect of this situation may have a negative impact on the Group's gross margin.

LPP responds to the risk of supply chain disruption by:

- diversifying supplier countries, including shifting some production from Asia to Europe or Africa;
- diversifying transportation means: guarantee of maritime, air, rail transport;
- implementing a new ordering strategy that takes into account current delays in the supply chain and accelerated orders of parts (specific models) or whole collections – in such a way, the Company has partially neutralised the delays associated with the events in the Red Sea;
- investments in the expansion of logistics facilities and technologies, including IT which allow for effective processing of supplies and reducing the impact of any delays;
- diversification of countries where LPP has its logistics centres, e.g. the launch of a distribution centre in Romania enabling direct deliveries from manufacturers to the port of Constanta, thus optimising costs and reducing the so-called 'last mile' in deliveries to stores located in southern European markets;
- cooperation under long-term contracts with shipowners – any significant disruption in the global supply chain translates into container prices and the availability of space on ships, due to long-standing cooperation with logistics partners the Company is able to adequately secure both of these issues.

RISK RELATED TO DISSEMINATION OF FALSE INFORMATION BY THIRD PARTIES	
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As a result of actions taken by third parties deliberately targeting the reputation of the Company, a risk of a negative perception of the Company's image by stakeholders such as investors, lenders, business partners, customers, employees, regulators and the general public exists, which may result in loss of reputation and economic losses. The impact of such an event may have an immediate effect such as a drop in the Company share price, and may also be visible in the long-term and be reflected in difficulties in obtaining financing, an outflow of customers and reluctance on the part of business partners to enter into cooperation. The Company is aware of the multidimensional nature of the effects following the publication of false information about the Company.

In order to manage the risk adequately and mitigate the impact in the event of its materialisation, the Company cooperates with specialised media market monitoring companies to acquire information about an imminent image crisis at the earliest possible stage of its occurrence.

In March 2024, the Company experienced an attack on its image as a result of a third party publishing a report containing a series of false information about the Company referring to the sale of business in Russia.

Faced with this threat, the Company published three exchange announcements and took preventive measures:

- publication of statements on the Company's website on its position regarding the allegations, as well as sending a message to the Warsaw Stock Exchange (WSE);
- submission of notices to the public prosecutor's office on suspicion of committing a crime to the detriment of LPP SA and its shareholders;
- organising a conference of the President of the Management Board of the Company and the CFO with investors and journalists;
- convening a meeting of the Supervisory Board.

11

Towards sustainable fashion

2011

Joining the ACCORD alliance.

2014

Establishing of factory audit division.

Resignation from angora.

2015

Setting up offices in Dhaka (Bangladesh).
Update of Code of Conduct for suppliers.

Introduction of organic cotton.

2016

Resignation from natural furs.

2017

Stronger supervision over factories in Asia.

Start of cooperation with SGS auditing company.

2018

Second ACCORD agreement.

Launch of the Eco Aware collection.





2019

New CSR strategy For People For Our Planet.

Joining the New Plastics Economy Global Commitment.

2020

Joining ZDHC (Zero Discharge of Hazardous Chemicals).

Joining the Polish Plastic Pact.

2021

Joining the Canopy: Joining Cotton made in Africa.

2022

Joining amfori BSCI. Submitting to SBTi the Target Submission Form.

2023

Joining ACCORD Pakistan. Membership of Euro Cham Myanmar. Collaboration with BRAC (international NGO in Bangladesh) working for labour market.

Decarbonisation targets validated by SBTi.

2024

Extension of collaboration with Use Waste start-up on textile waste recycling technology.

11.1. OUR STAKEHOLDER RELATIONS

Each year, LPP identifies key stakeholders, analyses their needs and updates their map to ensure effective communication.

The process is accompanied by ongoing dialogue and the annual consultation session, in accordance with the AA1000SES international standard. In 2024 LPP explored stakeholder perspectives and update the results of double materiality analyses as required by the ESRS.

Communicating with stakeholders and providing them with appropriate channels to contact us is a part of the due diligence process.

STAKEHOLDER GROUPS

COMMUNICATION CHANNELS



CUSTOMERS

- Store customers.
- Customers of online stores.
- Internet services of brands.
- Customer Service Office.
- Instant messengers (WhatsApp, Messenger).
- E-mail.
- Contact forms.
- Social Media.
- Newsletters.
- Stores.



EMPLOYEES

- HQ employees.
- Employees of distribution centres.
- Employees of sales network.
- Mailing.
- Dedicated groups on the Viva Engage platform.
- At a workplace (screens, walls, information boards).
- Face-to-face meetings, so-called *town hall meetings*.
- Special events.
- Training and webinars.
- Surveys and opinion polls.
- Microsoft Teams application.
- Activities application.
- SharePoint platform.
- HR Quick Peek application.



BUSINESS ENVIRONMENT

- Suppliers in Poland and abroad.
- Lessors of stores in key locations.
- Franchisees.
- Banks.
- Industry organisations.
- Financial institutions.
- Journalists.
- Mailing.
- Regular performance conferences.
- Electronic press office box.
- Company website.
- Dedicated channel on LinkedIn.
- Webinars.
- Face-to-face meetings.
- Events and special publications.
- Events for selected target groups, e.g. stakeholder panel.
- Dedicated channels of communication for members of the Union of Polish Retail and Services Employers.
- Surveys and opinion polls.
- ESG Newsletter.



STAKEHOLDER GROUPS

COMMUNICATION CHANNELS



SOCIAL ENVIRONMENT

- Industry organisations.
- Consumer organisations.
- Social organisations supported by LPP.
- Universities and schools cooperating with LPP.
- Local authorities.
- Influencers.

- Mailing.
- Social media.
- Media.
- Face-to-face meetings.
- Events for selected target groups, e.g. stakeholder panel.
- Activities carried out with the support of local authorities.
- Activities carried out in cooperation with partners.
- Questionnaire surveys and opinion polls.
- Microsoft Teams application.
- Website.



INVESTORS AND RELATED STAKEHOLDERS

- Polish and foreign investors.
- Analysts from Poland and abroad.
- Individual investors.
- Stock Exchange.
- Polish Financial Supervision Authority.

- Quarterly performance teleconferences with a member of the Management Board, with a live QA session.
- Annual on-site conferences with the participation of the Company's CEO.
- Cyclical investor conferences organised by investment banks as well as Polish and foreign brokerage houses.
- Road show with the participation of a member of the Management Board and the Investor Relations Department.
- Investor Days organised by the Company.
- General Meeting of Shareholders.
- Bilingual investor relations service as part of the company website.
- Mailing.
- Business media.
- Electronic investor relations contact box.
- Investor materials such as *Factbook*, *Equity Story* and *Databook*.
- Quarterly, annual financial and non-financial (sustainability) reports.
- Electronic System for the Transmission of Information (ESPI) to submit current and periodic reports in the performance of disclosure obligations.
- Electronic Information Base (EIB) to provide reports on corporate governance application.
- ESG surveys and ratings.

11.2. ESG IS HIGH ON OUR AGENDA

To handle the potential threats and opportunities faced by the LPP Group in an effective manner, we have been consistently developing the structure of our corporate governance. We have worked out reporting schemes and assigned responsibility for areas related to environmental matters, including the ones related to climate change, in the entire value change. LPP’s oversight of climate-related risks and opportunities is embedded at the highest level of our organisation.

The graph provided below presents the LPP units responsible for management of climate risks and cyclical reporting to the Supervisory Board of LPP.



DESCRIPTION OF RESPONSIBILITY FOR CLIMATE ISSUES

Management Board of LPP	The role of the Management Board is to implement the business strategy, in which sustainable development is one of the three pillars. The scope of duties also includes the long-term shaping of LPP Group's development strategy.
Chief Financial Officer (CFO)	The key area of responsibility of the CFO is financial planning, fiscal management and financing arrangement, and the strictly related assessment of threats, including climate risks, which may influence the short-, medium and long-term business activity of the Company. The CFO reports directly to the President of the Management Board.
Procurement and ESG Director	The role of the Procurement and ESG Director is to shape and implement sustainable development strategy and to analyse and plan ESG risk mitigation, including environmental and climate risks, in cooperation with the CFO. Combination of these two functions seeks to ensure effective management of implementation of the KPIs for own activity and for the supply chain, which are based largely on environmental initiatives, such as improved energy efficiency, development of logistics processes, consumption of energy from renewable sources, as well as transformation towards circular economy. The Procurement and ESG Director is obliged to prepare quarterly reports to the CFO on the status of the sustainable development strategy implementation as well as twice-a-year reports to the Management Board of the Company. The Procurement and ESG Director presides over the ESG Committee.
The ESG Committee	The Procurement and ESG Director holds the function of the ESG Committee chair; the Committee gathers brand management directors, as well as directors of key functional areas of the Company. The role of the ESG Committee is to perform the advisory function for the Management Board of LPP and the executive function in relation to ESG and sustainable development issues, related to activity of LPP and the LPP Group. The Committee makes decisions on the implementation of ESG tasks upon their approval by the Management Board and supports the Management Board of LPP in maintaining a prominent position of the company among the leaders of ESG and sustainable development practices. The Committee's work aims to strengthen the interdisciplinary approach to the management of ESG and sustainability issues at LPP and to strengthen the good cooperation practices of key organisational units of LPP in this area.

Sustainable Development Department	The Sustainable Development Department is responsible for the implementation of the sustainability strategy, control and implementation of tasks related to security in the LPP production area. They implement initiatives that are translated into goals defined in the strategic documents. These goals serve as a basis for further works of the ESG Committee. The team consists of auditors and experts, who are tasked with advising departments and units responsible for implementation of the key strategy components. It is the so-called (lateral) control of the strategy implementation by the ESG Committee. The team also provides support for environmental activities and initiatives of LPP. It includes such areas as emission calculation, company level and product level decarbonization, as well as energy and supply chain management.
Internal Control and Risk Management Department	The key area of responsibility for the Internal control and risk management department is continuous identification and analysis of risks and opportunities faced by the Company, in strict cooperation with the CFO. The scope of duties also includes prioritization of key risks and opportunities in the ESG area, including environmental and climate factors, in cooperation with the ESG Committee and the Procurement and ESG Director who is the chair of the Committee.
Sustainable Reporting and Social Relations Team	The team composition includes the President of the LPP Foundation, the Social Issues Specialist, the Diversity and Community Relations Expert. The unit is tasked with carrying out a human and labour rights due diligence process involving the identification and assessment of key risks, the implementation and monitoring of the effectiveness of appropriate remedial and corrective actions, and the communication of actions taken with stakeholders.

11.3. SIGNIFICANT ESG RISKS AND MITIGATING ACTIONS

Along with enterprise risk management, the Group manages ESG risks. In terms of merits, this process is fully integrated with the course of the enterprise risk management procedure. Both ESG risks and those identified as part of the ERM process are analysed in terms of their impact on the execution of the strategy of the LPP Group.

MATERIAL ESG RISKS	RISK RESPONSE
Risk of mismatching collections due to unpredictable weather changes	Analysing and recognising customer's behaviour in relation to changing weather conditions, and consequently making a purchasing decision, allows the appropriate range of products to be tailored to the customer's needs. If a faster delivery of the assortment is required, it is possible to change the transport mode from sea to air. Due to the trend of changing weather patterns, the Group revises its collection model through a higher share of multi-seasonal or transitional models. This provides the opportunity to sell the product in the subsequent season.
Risk of limited availability of raw materials for textile manufacturing and their increasing price as a consequence of progressing climate change	The LPP Group has introduced constant monitoring of prices and availability of critical raw materials used in the production of the collection in order to react quickly to market fluctuations. It is also increasing the share of preferred materials characterized by more sustainable acquisition or processing processes and investing in the development of the market for preferred materials from recycling, including cooperation with a start-up dealing with modern technologies, such as polyester recycling. In addition, LPP is building long-term partnerships with suppliers of preferred materials to increase the stability of their supply and control costs in the long term.
Risk of disruption to production processes due to extreme weather events.	The Group's activities focus on diversifying production markets by moving clothing production from countries with a higher risk of ongoing climate change to countries with a lower level of risk. In addition, LPP takes actions aimed at increasing the distribution of a given product group in various markets.

Talent acquisition and retention risks	Maintenance of key personnel shall be provided by a rational but also market-based remuneration policy, motivation system developed by the LPP Group, investing in employees through training, setting career paths and enabling promotion within LPP structures. A regular review of salaries is also performed. A new Employer Branding strategy has been introduced in the Company with the aim of attracting a wide range of employee candidates.
Risk of greenwashing	The Group, building lasting relationships with the Client and strengthening the sense of belonging, continues responsible communication, which enables further development and increasing revenues. In order to minimize risk, Good Anti-Greenwashing Practices have been developed, and quarterly training sessions for employees are held dedicated to responsible marketing messages. Additionally, cooperation with the Compliance Department and ongoing support offered by the consulting company allow for monitoring the marketing message and verifying the authenticity of activities.
Risk of non-compliance with normatively required procedures	The Compliance Department operates in LPP with the task is to monitor normative changes and implement documents prepared by the Legal Department. This allows to adapt internal procedures to changing legal requirements on an ongoing basis and mitigate the risk of sanctions.
Cybersecurity risk	The LPP Group has implemented and is developing technical and organisational solutions based on leading standards in the areas of information security and personal data protection. The Group also has specialised organizational units responsible for management and supervision of the information security area which strive to ensure the LPP Group's compliance with national and community regulations, including GDPR, as well as standards resulting from international norms, among others ISO 27001 or the PCI DSS standard. The Group has procedures in place in the areas of information security and data protection, as well as IT security solutions.
Risk of human rights and/or work ethics violations in the supply chain and other areas of activity	The risk is mitigated by implementing appropriate policies and participating in international initiatives concerning human rights and ethics. The Group has a Human Rights Policy, which is a commitment and a guide for the activities of LPP and companies from the LPP Group in the field of respect for human rights, understood in accordance with the UN Guiding Principles on Business and Human Rights. Another important document is the LPP Group's Policy on diversity management, equal treatment and building a culture of inclusion (DEI Policy), which is a commitment to respect the human rights of all persons providing work for LPP and a clear declaration of opposition to any manifestation of violations of human rights, including discrimination on any basis. LPP mitigates the risk of human rights violations, among other things, by familiarizing employees at the onboarding process stage with the principles contained in such documents as codes, principles and guidelines.

11.4. DIVERSITY, EQUALITY AND INCLUSION

Our company is a multinational, multilingual and multireligious community. Our community members differ in terms of skin colour, gender, age, psychosexual orientation and gender identity. They are in different life roles, have different communication styles, and live in different time zones.

They have different values, culture, individual sensitivity, physical and mental health. LPP does not tolerate any form of discrimination against gender, ethnical or national origin, religion, disability, age, psychosexual orientation, gender identity or invisible features. We aim at providing the atmosphere of acceptance, where diversity is a value on its own as a factor favouring development and cooperation.

Since 2019 we have been a signatory of the Diversity Charter. In 2022 we have implemented the „LPP Diversity, equity and inclusion policy“ (DE&I Policy).

By implementing the principles of the DE&I Policy, we appreciate diversity of our team and commit ourselves to create a friendly workplace that is free of discrimination and ensures equal treatment.

The DE&I Policy is our commitment to obey human rights and our clear declaration against any signs of the violation of those rights or discrimination. It lays down the most important directions of our company's development in the management of diversity. It applies to all Polish and foreign subsidiaries, including their employees, members, stakeholders, business partners,

and customers. It is consistent with other regulations being in force in LPP Group, including, without limitation, the „LPP Rules“ (Code of ethics) and the „LPP Human rights policy“. All members of LPP Group must obey this Policy.

PREVENTING DISCRIMINATION

LPP does not tolerate any forms of discrimination and mobbing. All incidents can be safely and anonymously reported and the reporting persons will not be exposed to any negative professional consequences or retaliation. If discrimination is confirmed or there are any doubts, we implement corrective action plans. Our corrective actions are adjusted to a specific case and needs of the aggrieved people. They include a number of actions aimed at repairing the damages, as well as preventing similar incidents in future.

WAGES

We are committed to transparent and fair remuneration rules. Each employee must be sure that they are treated fairly. Wages should be dependent on skills, experience and performance and not on gender or other personal features. We exclude discrimination. We aim at eliminating all differences in wages of women and men performing the same job.

In 2024 the gender pay gap was 5.8% (LPP SA) and 13.3% (Group). The ratio was calculated as the difference between the average gross hourly rate of women and men divided by the average gross hourly rate of male employees.

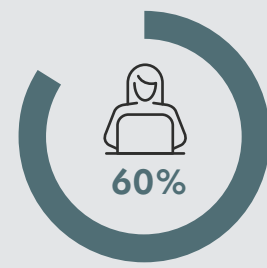




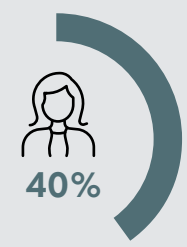
SELECTED ISSUES OF DE&I POLICY



of employees at LPP Group are women



of employees among senior managers at LPP Group are women



of the Supervisory Board members are women



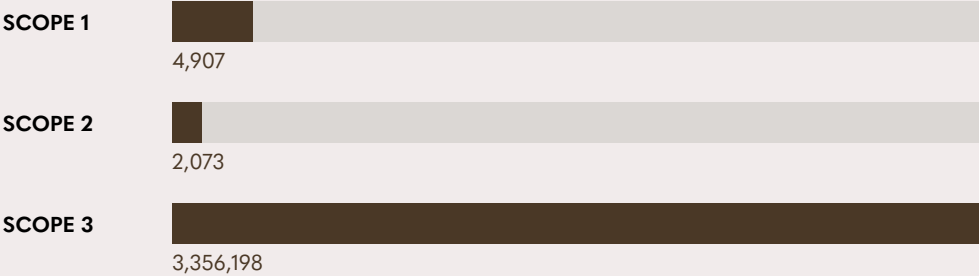
of the Management Board members are men

11.5. WE MEASURE OUR CARBON FOOTPRINT

Just like every other organisation, LPP has an impact on the climate. In the process of our operations, greenhouse gases are emitted to the atmosphere by vehicles as a result of fuel combustion, electricity is used to power our offices, stores and distribution centres, and – most importantly – to produce materials and garments, ship them and while they are used, that is throughout their lifecycle. To measure our impact on the climate, we have been evaluating our carbon footprint, that is our greenhouse gas (GHG) emissions. Our carbon footprint was calculated in accordance with the GHG Protocol A Corporate Accounting and Reporting Standard. We chose 2019 as the base year – the reference point for the subsequent years. Our key corporate environmental impact comes from Scope 3 of GHG emissions.

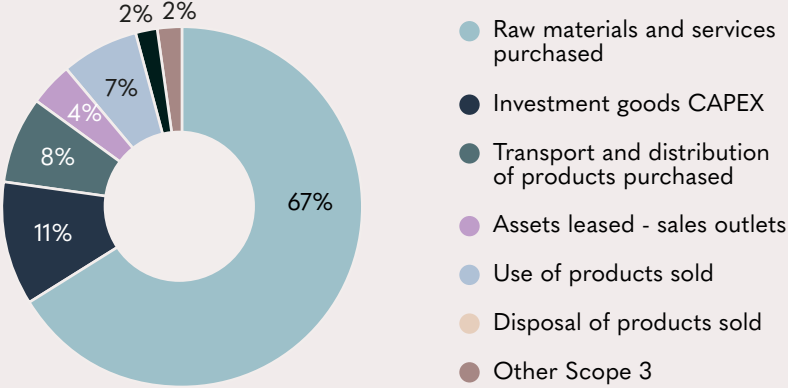
GHG CALCULATIONS CONDUCTED IN LINE WITH INTERNATIONALLY RECOGNISED GHG PROTOCOL.

LPP GROUP GHG EMISSIONS IN TONNES OF CO₂E, 2024



In 2024, the GHG emission intensity of LPP Group per unit of revenue was 166.54 [t CO₂e/M PLN]

SCOPE 3 GHG EMISSIONS OF LPP GROUP BY SOURCES



11.6. SBTi

In 2022, we joined SBTi – the global Science Based Targets initiative, which supports the private sector its efforts to combat global warming.

In July 2023, LPP became the first Polish apparel company with the decarbonisation plan approved by this organization.

Our commitments comprise a plan to reduce greenhouse gas emissions by 2030 in the categories that are responsible for our carbon footprint to the most extent. The certification obtained by LPP confirms that the targets set by the company are in line with the Paris Agreement and are part of the efforts to halt the 1.5°C increase in global warming.

	SCOPE 1&2	SCOPE 3
TARGET	42% reduction of greenhouse gas emissions by 2030 (2021 as base year).	1) 51.6% reduction of greenhouse gas emissions resulting from purchased goods and services per unit of product purchased by 2030 (2021 as base year). 2) Engagement and cooperation with business partners responsible for 21% of emissions covering upstream transportation and leased assets in developing their own reduction targets by 2027.
ACTIVITIES	Increasing the share of electricity from RES, reduction in energy consumption, increasing the share of electric and hybrid vehicles in the company's own vehicle fleet.	<p>Goods and services purchased:</p> 1) higher share of materials with a lower carbon footprint e.g. Cotton made in Africa, recycled polyester, certified viscose e.g. Lenzing, 2) selection of factories and production markets with a more favourable energy mix.
		<p>Leased assets (stores, warehouses, offices): cooperation with landlords e.g. electricity from renewable sources in stores and warehouses, telemetry.</p> <p>Transport and distribution from supplier to warehouse: alternative energy sources in transport (mainly by sea) – engagement of shipowners.</p>



2025 – COMMITMENT TO REVIEW THE TARGETS

11.7. SUSTAINABLE DEVELOPMENT STRATEGY



DESIGNING AND MANUFACTURING

we design products with a longer life cycle to reduce the quantity of textile waste and we carry out more sustainable production, guided by the principle of minimising environmental impact.



CHEMICAL SAFETY IN MANUFACTURING

refers to commitments and activities relating to managing the impacts of chemicals used in production processes on the environment, human health and the entire supply chain.



PLASTICS UNDER CONTROL

means our commitment to eliminate plastic packaging that is not reusable, recyclable or compostable from both our production processes and the products we offer.



SUSTAINABLE DEVELOPMENT IN THE BUILDINGS OF HEADQUARTERS AND SALES NETWORK

refers to the measures we take to minimize the environmental impact of our infrastructure, simultaneously caring for buildings' energy efficiency, employee comfort and introducing innovative solutions in the scope of sustainable construction.

WE REPORT USING INTERNATIONAL STANDARDS AND FRAMEWORKS



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

WE ARE PART OF ESG INDICES



OUR DECARBONISATION PLAN APPROVED BY:



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

WE ARE RATED BY:



S&P Global Ratings



CHRB Corporate Human Rights Benchmark

WE ARE MEMBER:



Glossary

Poland	Retail sales in Poland and other sales of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary and Poland (if not stated otherwise).
Baltic	Region including: Lithuania, Latvia, Estonia.
East	Region including: Ukraine, Belarus and Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, Serbia (from 2017), Slovenia (from 2018), Bosnia & Herzegovina (from 2019), North Macedonia (from 2021) and Greece (from 2022).
WE	Region including Germany, the UK (from 2017), Finland (from 2019) and Italy (from 2022).
ME	Region including: Egypt, Qatar, Kuwait, UAE, Israel (from 2018) and Bahrain (from 2024). Until mid-2017 the region included also Saudi Arabia.
Europe	Region including: CEE, Baltic, SEE and WE.
EBITDA	EBIT + depreciation from cash flow statement.
Average monthly revenues/ m²	Revenues of segment or brand/ average working total floorspace/ 12.
Average monthly costs of own stores/ m²	Costs of own stores/ average working floorspace of own stores (ie. excluding all franchise stores which represent c. 2.5% of the working floorspace)/ 12.
Average monthly SG&A PLN/ m²	SG&A costs/ average working total floorspace excluding stores located in ME and Belarus (until 2020)/ 12.
Inventory/ m²	End of period group inventory/ total floorspace without franchise stores in ME and Belarus (until 2020).
Inventory days	Average inventory/ group COGS * 365 days.
Receivables days	Average receivables/ group revenues * 365 days.
Liabilities days	Average short-term liabilities/ group COGS * 365 days.
Cash conversion cycle	Inventory days + receivables days – liabilities days.
PFSA	The Polish Financial Supervision Authority.

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