

LPP SA'S DIVIDEND POLICY FOR 2027–2029

OBJECTIVE

The overarching target of the business strategy of LPP S.A. (“LPP”, “the Company”) and the LPP Group (“the Group”) is the sustainable, stable and long-term growth in the Company’s value for its shareholders.

The achievement of this target is based on three key pillars.

A) Focus on growth

The Company intends to ensure value growth through development in the following areas:

- further expansion of the offline store chain (with particular emphasis on the Sinsay brand) in key markets and the opening of new stores;
- investing in the development, scalability and profitability of the *e-commerce* channel and the integration of the *omnichannel* model;
- continuing technological transformation, including the use of artificial intelligence-based solutions;
- developing logistics and operational capabilities to enhance the efficiency and resilience of the supply chain;
- implementing a sustainable development strategy.

B) Maintaining financial discipline

At the same time, the Company intends to base its growth on:

- maintaining an efficient operating model and cost control;
- maintaining a safe level of liquidity and indebtedness;
- maintaining adequate liquidity buffers to enable the financing of operations, growth and investment across the various phases of the business cycle.

C) Dividend paid

The Company regards the return of gains to shareholders as one of the key elements of equity allocation. Therefore, from the perspective of shareholders as the Company’s stakeholders, it intends to:

- ensure a predictable and regular share of gains for shareholders, whilst maintaining the ability to finance the Group’s growth.

DIVIDEND AMOUNT

The Company's Management Board will recommend to the General Meetings of the Company approving the financial statements for the years 2026–2028 that a dividend be paid in the amount of:

- representing at least 50% of the Company's net gains for the preceding financial year,
- plus available funds representing retained gains from previous years or distributable equity,

provided that the dividend amount does not exceed 70% of the Group's consolidated net profit for the relevant financial year.

FACTORS AFFECTING THE RECOMMENDATION

Main considerations

When drawing up its recommendation on the distribution of gains, the Management Board takes into account, in particular, the following:

- the financial results of the Company and the Group,
- the level of free cash flow (FCF) generated,
- the liquidity position and level of indebtedness,
- planned and necessary capital expenditure (CAPEX),
- growth prospects and market and macroeconomic conditions,
- restrictions arising from financial agreements (covenants),
- applicable legislation.

The key factor in deciding on a recommendation regarding the allocation of gains and the dividend paid is the level of free cash flow (FCF).

Adjustments for one-offs

When determining its recommendation, the Management Board may make adjustments to the net profit for one-offs, in particular:

- write-offs that do not have a direct impact on the operations of the Company or the Group,
- extraordinary events,
- non-cash accounting events.

The target is to determine the level of dividends on the basis of the recurring ability to generate gains and cash flows.

Possibility of deviations

The Company allows for a dividend to be paid that exceeds the thresholds indicated above, provided that all of the following conditions are met:

- above-average cash flows,
- none of the material investment needs, or full provision for their implementation,
- maintenance of safe levels of indebtedness and liquidity ratios.

In such circumstances, the amount of the dividend will be determined on a case-by-case basis, taking into account the current financial situation and market conditions.

In justified cases, the Management Board may also recommend that a dividend be paid below the thresholds indicated above, if this is based on its assessment of risks, the financial situation, investment needs or market conditions.

INTERIM DIVIDENDS

The Company provides for the possibility of paying a dividend in the form of an interim dividend.

In 2H of the financial year, the Company's Management Board assesses the feasibility of such a payment. Subject to the approval of the Supervisory Board:

- the interim dividend may be paid in the first half of the next half year (preferred period: April–May),
- its amount should not exceed 60% of the projected annual dividend.

An interim dividend may be paid if:

- the Group's financial results and liquidity position justify it,
- it is possible to make a reliable estimate of the annual result.

If none of the interim dividends are paid, the other provisions of the policy remain unchanged.

PAYMENT DATES

Preferred payment schedule:

- interim dividends: April – May,
- final dividend: October–November.

The date of payment of the interim dividend is set by the Management Board, with the approval of the Supervisory Board. The date of payment of the final dividend is set by the Company's Annual General Meeting approving the financial statements for the previous financial year.

FINAL PROVISIONS

The dividend policy is subject to periodic review by the Management Board and the Supervisory Board, in particular in the event of:

- material changes in the macroeconomic environment,
- changes to the Group's strategy,
- the occurrence of material events affecting the Company's financial position.

This document applies to dividends for the financial years:

- from 1 February 2026 to 31 January 2027,
- from 1 February 2027 to 31 January 2028,
- from 1 February 2028 to 31 January 2029.