

**LPP**

2020/21



GLOBAL ASPIRATIONS

# LPP EQUITY STORY

AUGUST 2021

RESERVED

CROPP

 **house**

M O H I T O

**sinsay**

# Disclaimer

2020/21

2

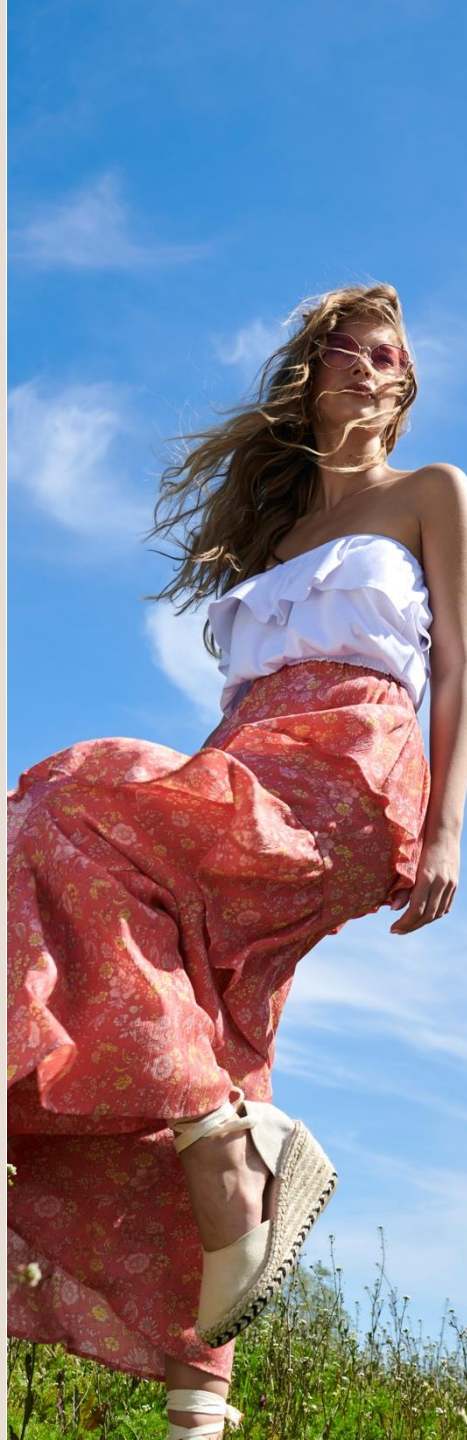
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# Changes in fiscal years

**2017 and  
2018**

calendar years equal to fiscal years,  
audited numbers

**2019/20  
(13M)**

13-month-long fiscal year, from  
January 1, 2019 to January 31, 2020,  
audited numbers

**2018/19  
and  
2019/20**

12-month-long fiscal years, created  
for the purpose of comparison,  
starting from February 1 of respective  
years, unaudited numbers

**2020/21**

12-month-long fiscal year, from  
February 1, 2020 until January 31,  
2021

2020/21

4

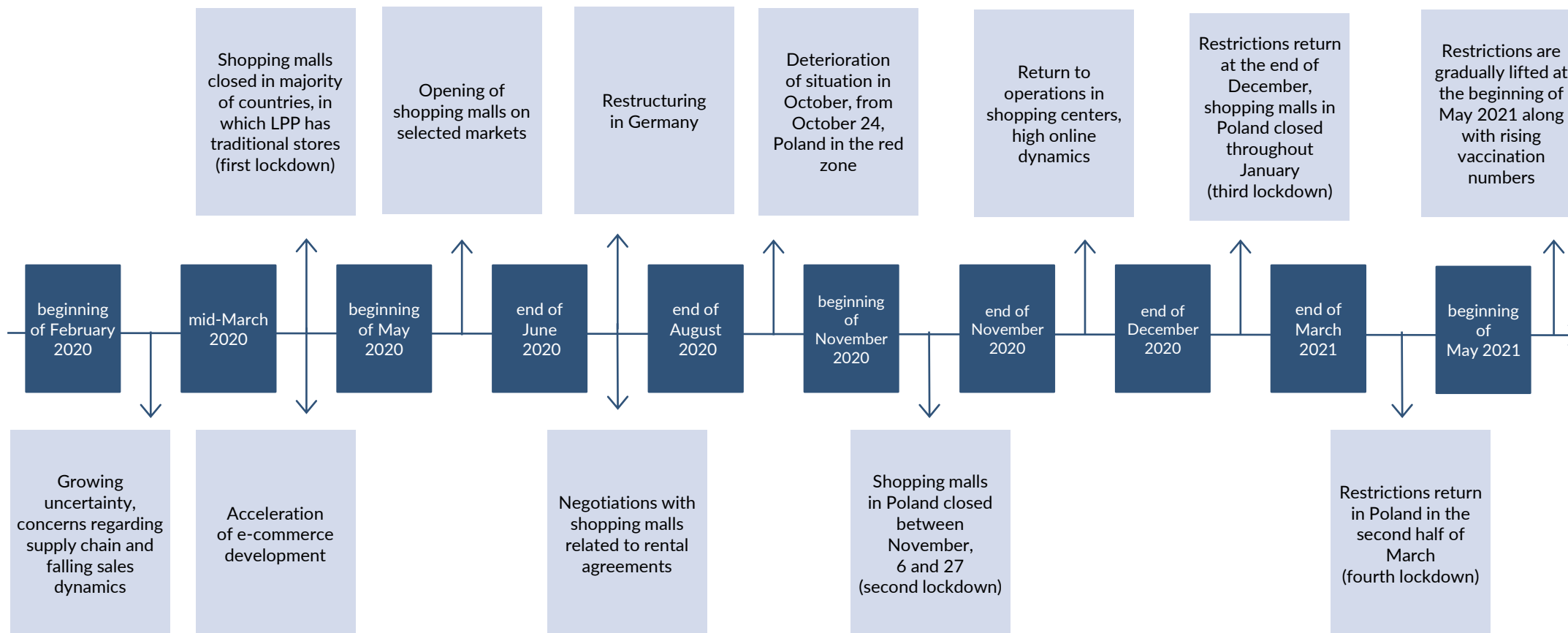




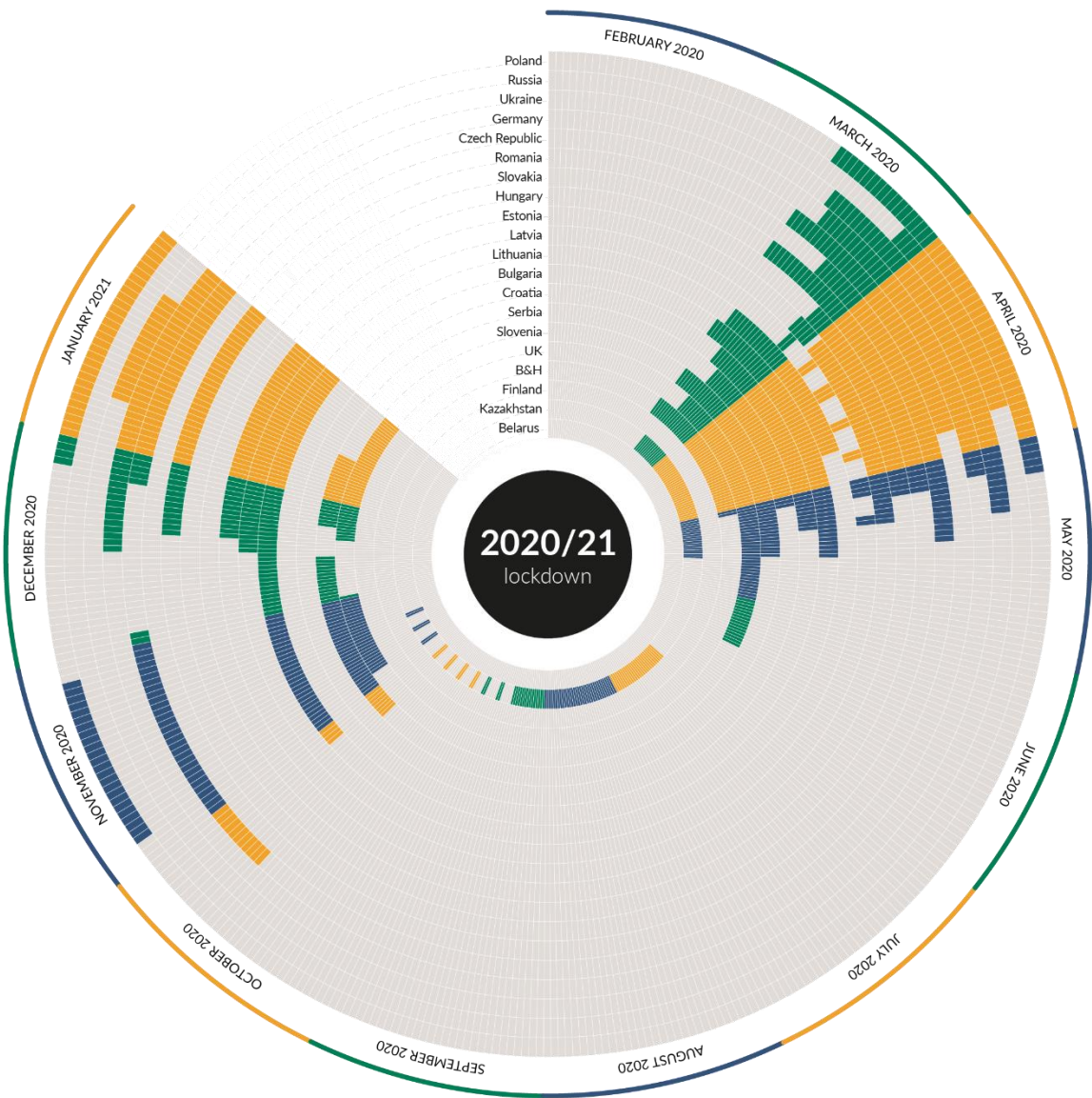
# Year affected by COVID-19

2020/21

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# Impact of COVID-19 on 2020/21





LPP

2020/21

7

01

# Overview

GLOBAL ASPIRATIONS

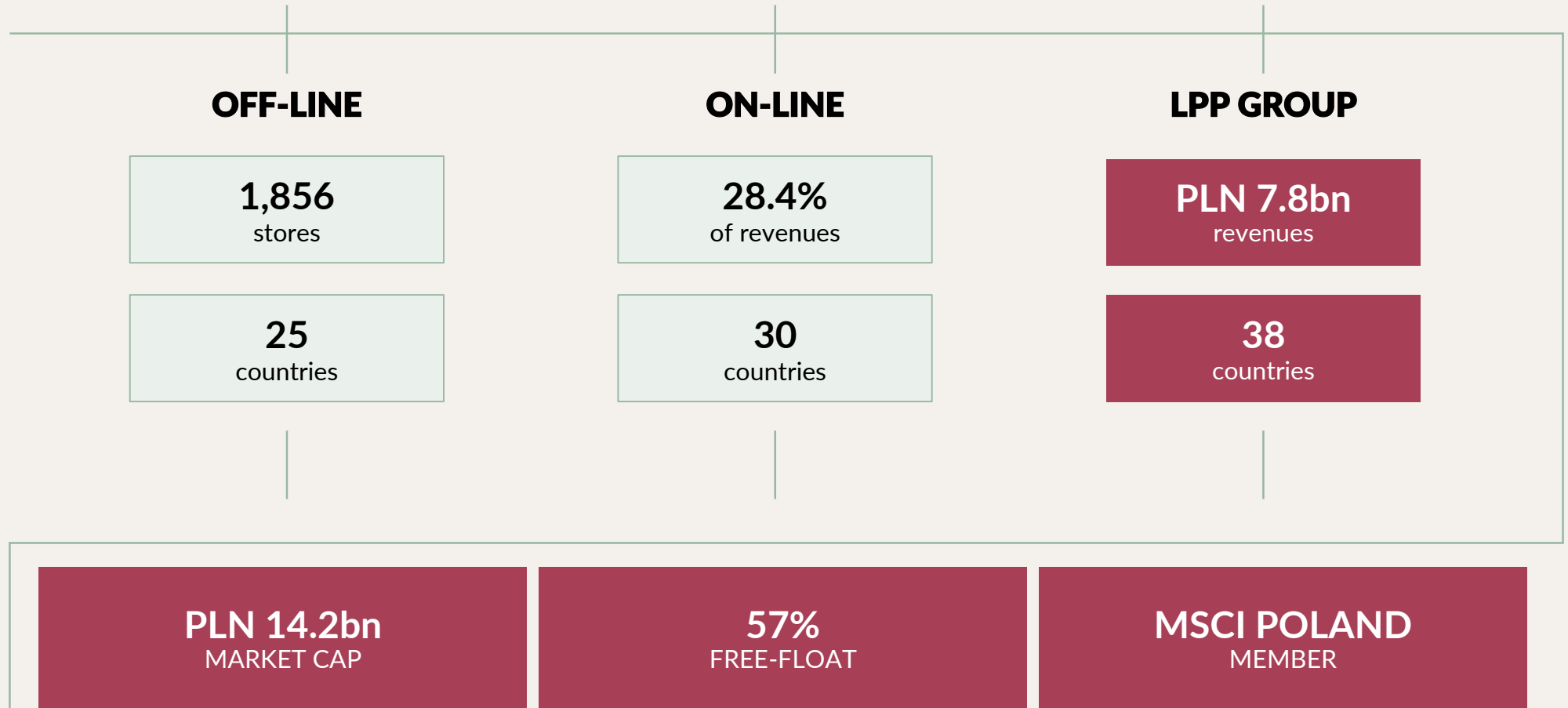




# One of the largest clothing retailers on WSE

2020/21

8

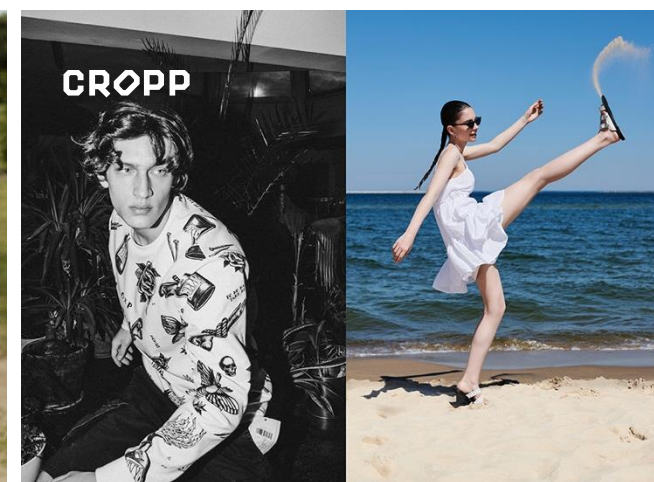


Data as of 31.01.2021

# A diversified brand portfolio ...

2020/21

9





# ...with varied but modern store concepts

2020/21


10





# Portfolio of 5 mainstream brands

WE FOCUS ON MAINSTREAM-PRICED BRANDS

	RESERVED	CROPP	 house	M O H I T O	sinsay
KEY BRAND FEATURES	Anchor brand with broad customer base	Streetwear brand influenced by contemporary culture and music	An optimistic fashion brand	Comfort and elegance for business and informal meetings	Clothes for every day inspirations and original party outfits
TARGET CUSTOMERS	Women, men, children	Teenagers (boys and girls)	Teenagers (boys and girls)	Young women	Women, men, teenagers, children
YEAR OF LAUNCH	1998	2004	2001 (at LPP since 4Q08)	2008 (at LPP since 4Q08)	2013
COUNTRIES/ REGIONS PRESENT	CEE, SEE, Baltic, CIS, WE, ME	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, SEE, Baltic, CIS, WE (Finland)	CEE, Baltic, CIS, SEE, WE (Finland)
# STORES/ FLOORSPACE 2020/21	440 674.7 ths m2	369 166.1 ths m2	332 146.8 ths m2	278 115.2 ths m2	434 329.8 ths m2
AVERAGE STORE SIZE	1,533 m2	450 m2	442 m2	414 m2	760 m2

Note: sum of brands' stores and floorspace does not equal group floorspace as on top we had 2.8 ths m2 of outlets at the end of 2020/21.

2020/21

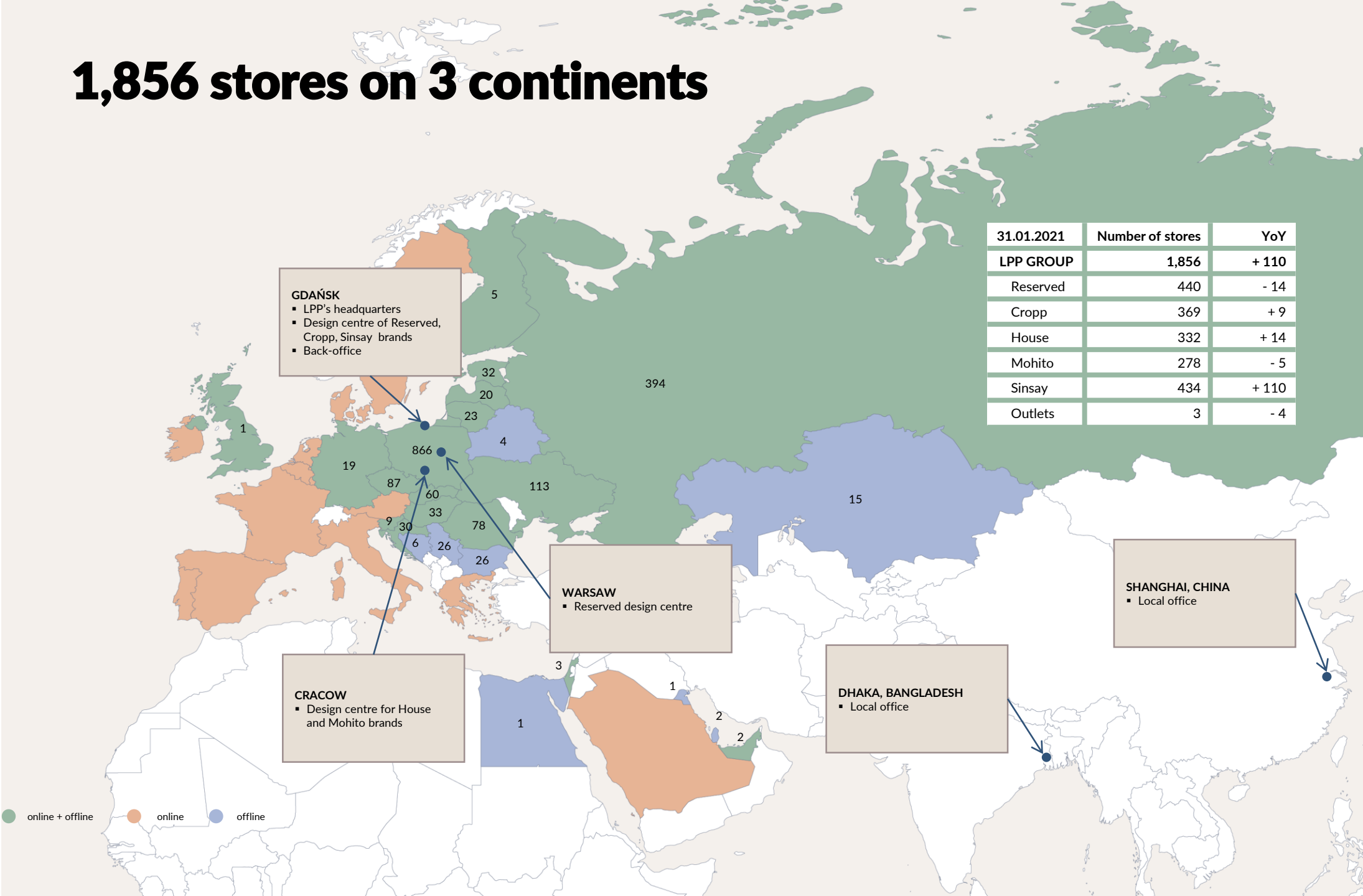
11

# 1,856 stores on 3 continents

2020/21

12

GLOBAL ASPIRATIONS



# Operations in six geographic regions

2020/21

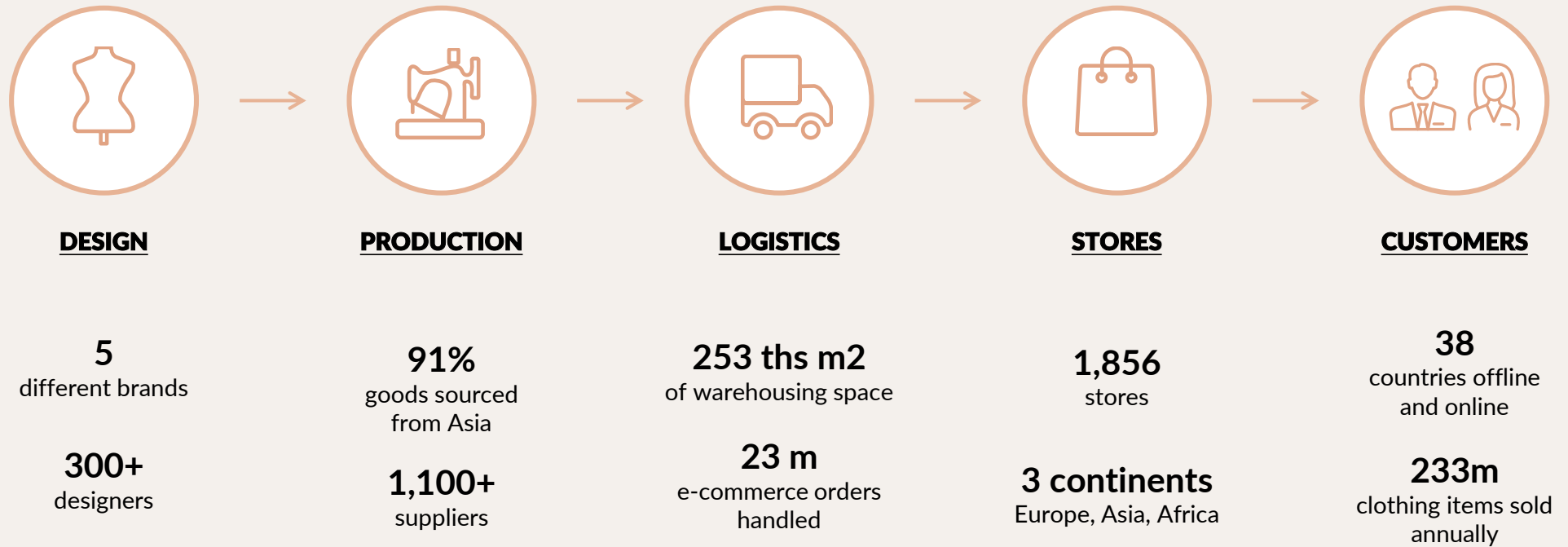
DEVELOPMENT STAGE	MATURITY		DEVELOPING		EARLY STAGE	
	CEE	BALTIC	SEE	CIS	WE	ME
COUNTRIES PRESENT OFFLINE	Poland, Czech Republic, Hungary, Slovakia	Lithuania, Latvia, Estonia	Bulgaria, Romania, Croatia, Serbia, Slovenia, B&H	Russia, Ukraine, Belarus, Kazakhstan	Germany, UK, Finland	Egypt, Kuwait, Qatar, UAE, Israel
# COUNTRIES PRESENT	4	3	6	4	3	5
BRANDS	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved, Cropp, House, Mohito, Sinsay	Reserved (all countries), Cropp, House, Mohito, Sinsay (4 brands in Finland only)	Reserved
# STORES 2020/21	1,046	75	175	526	25	9
TYPE OF STORES	Own (majority), franchise	Own	Own	Own	Own	Franchise
FLOORSPACE 2020/21	712.3 ths m2	62.0 ths m2	169.7 ths m2	426.1 ths m2	55.5 ths m2	9.9 ths m2



# A lean customer focused business model

2020/21

14

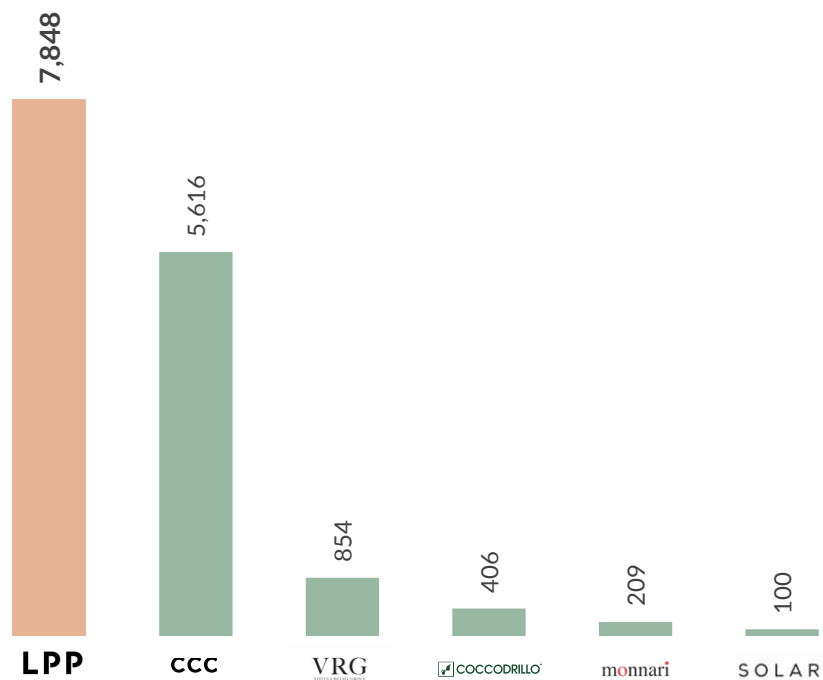


Time of implementation from design to stores: up to 30 days for the most fashionable items. The rest of the collection is manufactured in approx. 90-100 days.

# Eyeing the international giants

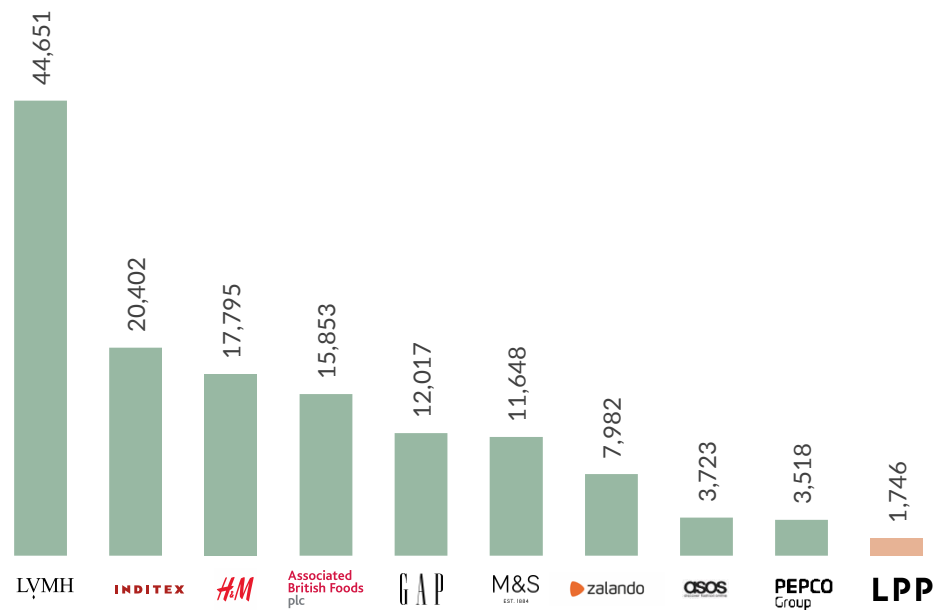
## LEADER ON THE DOMESTIC RETAIL MARKET

REVENUES (PLN m)



## AMBITIONS TO BE AMONG THE INTERNATIONAL LEADERS

REVENUES (EUR m)



Note: data for LPP for 2020/21, for CCC for 13-month-long fiscal year, while for other companies for comparable fiscal years. Values calculated at average exchange rates for the period.

**LPP**

2020/21

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**02**

## **Investment case**





1

## **DYNAMIC FLOORSPACE DEVELOPMENT**

25% YoY floorspace growth targeted for 2021/22

2

## **DEVELOPING OMNICHANNEL**

Double-digit e-commerce revenue growth in 2021/22

3

## **EFFICIENT BUSINESS MODEL**

Lean and cost cautious business model

4

## **RETURN TO DIVIDEND PAYMENTS**

PLN 834m to be paid in dividends from 2020/21 earnings due to strong financial standing

5

## **A RESPONSIBLE COMPANY**

2020-2025 Sustainable Development Strategy with ambitious targets



# Investment case



1

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## Dynamic floorspace development

25% YOY FLOORSPEC GROWTH  
TARGETED FOR 2021/22

# Acceleration of floorspace growth

## FLOORSPACE GROWTH TARGETS

(ths m2)



## FLOORSPACE TARGETS BY REGIONS

ths m2	I.2021	I.2022	YoY
<b>LPP GROUP</b>	<b>1,435.4</b>	<b>1,801.3</b>	<b>25%</b>
Poland	566.9	637.4	12%
Europe	426.1	600.1	41%
CIS	432.6	553.7	28%
ME	9.9	10.0	2%

- Dynamic floorspace growth in the past resulted from: (1) enlarging stores of all brands and (2) entering new countries.
- Continuation of dynamic floorspace growths in 2021/22 – 25% YoY.
- Reasons behind further floorspace growth: (1) stronger entry to smaller towns, also via retail parks, (2) opportunity to develop value-for-money segment, (3) emphasis on omnichannel, of which traditional network is an important part.
- At the end of 2021/22 Reserved traditional stores should be present in 26 countries.





# Faster offline growth in smaller brands

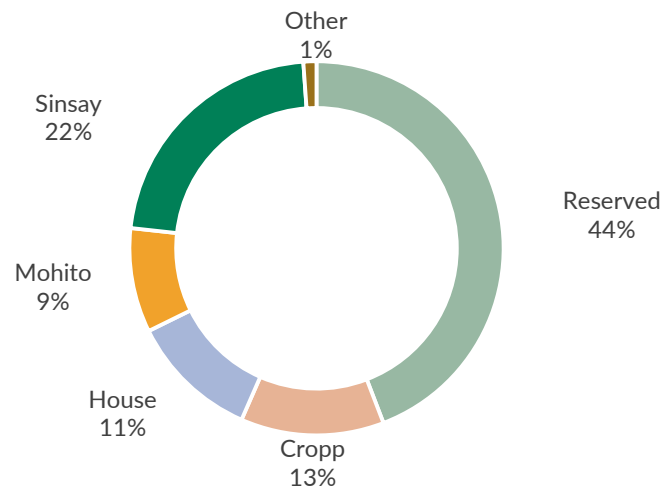




# Reserved remains our most important brand

## GROUP REVENUES BY BRANDS

(PLN m)



## GROUP REVENUES BY BRANDS

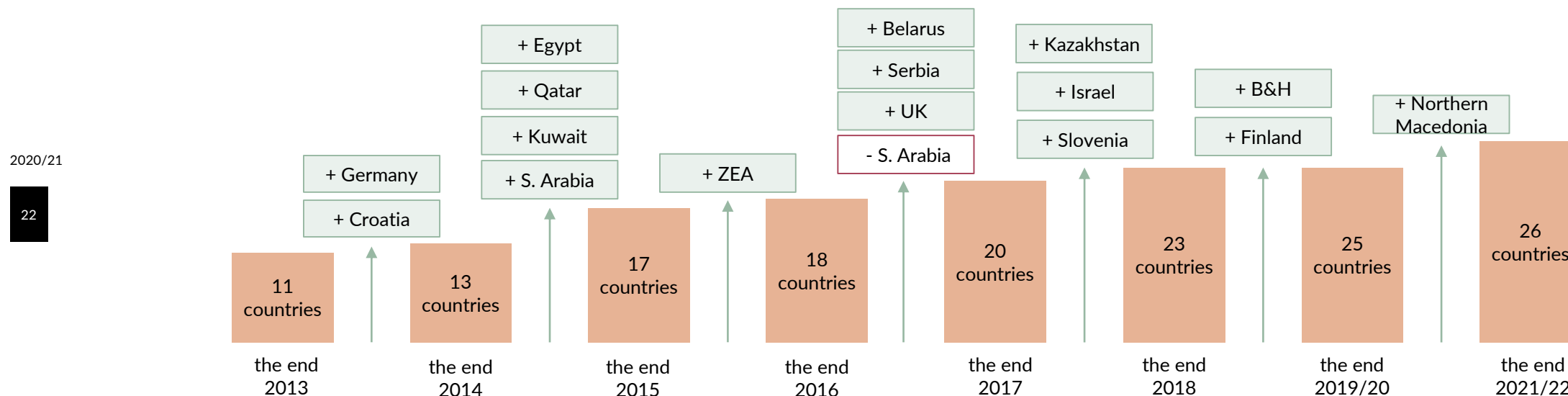
PLN m	2017	2018	2018/19	2019/20	2020/21
<b>LPP GROUP</b>	<b>7,029</b>	<b>8,047</b>	<b>8,756</b>	<b>9,222</b>	<b>7,848</b>
Reserved	3,160	3,578	3,881	4,370	3,467
Cropp	1,064	1,120	1,206	1,289	972
House	805	920	993	1,135	875
Mohito	829	782	846	987	708
Sinsay	610	789	851	1,282	1,738
E-commerce	361	712	802	0	0
Other	201	146	178	159	88

Change in data presentation, from 2019/20 e-commerce is included in the brand revenues.

- Reserved remains our key and anchor brand. We continue to develop other brands to minimise fashion risk and benefit from economies of scale.
- The priority in new markets' expansion is given to Reserved brand (CIS, SEE, Western Europe, Middle East).
- In upcoming quarters, development will be focused on younger brands: Cropp, House, Sinsay. The latter brand value-for-money segment offers significant upside potential.

# New countries broaden our offline presence

## EXPANSION BY COUNTRIES

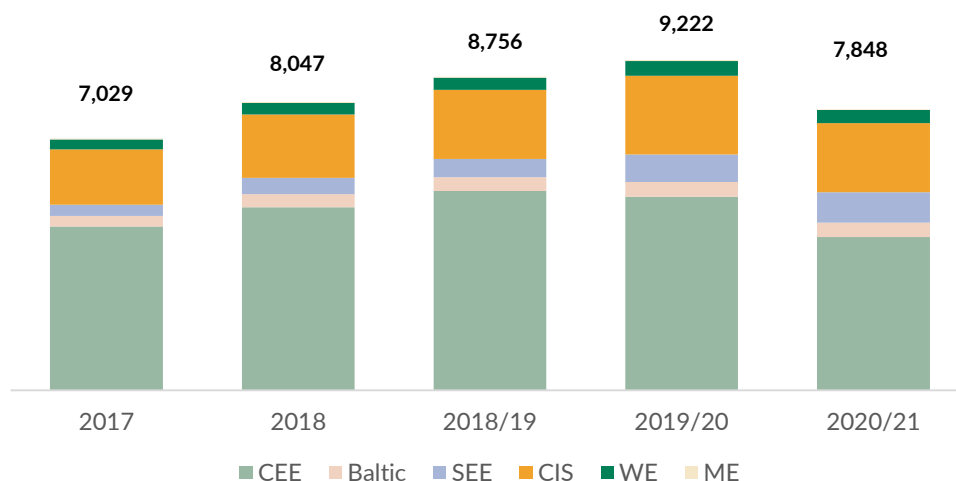


- Entry to new countries with all five brands continues to be a means of our floorspace development.
- In 2017, we entered 3 new markets: Belarus (with franchise stores, in 2020/21 changed to own stores), Serbia and the UK (both markets with own stores).
- In 2018, we entered 3 new countries: Kazakhstan (own stores), Israel (franchise stores, first opened in August 2018) and Slovenia (own stores).
- In 2019, we opened our first own stores in Bosnia & Hercegovina, while we entered Finland in 2H19.
- In 2021/22, we plan to enter Northern Macedonia (entry delayed due to COVID-19).

# New countries fuel revenue growth

## GROUP REVENUES BY REGIONS

(PLN m)

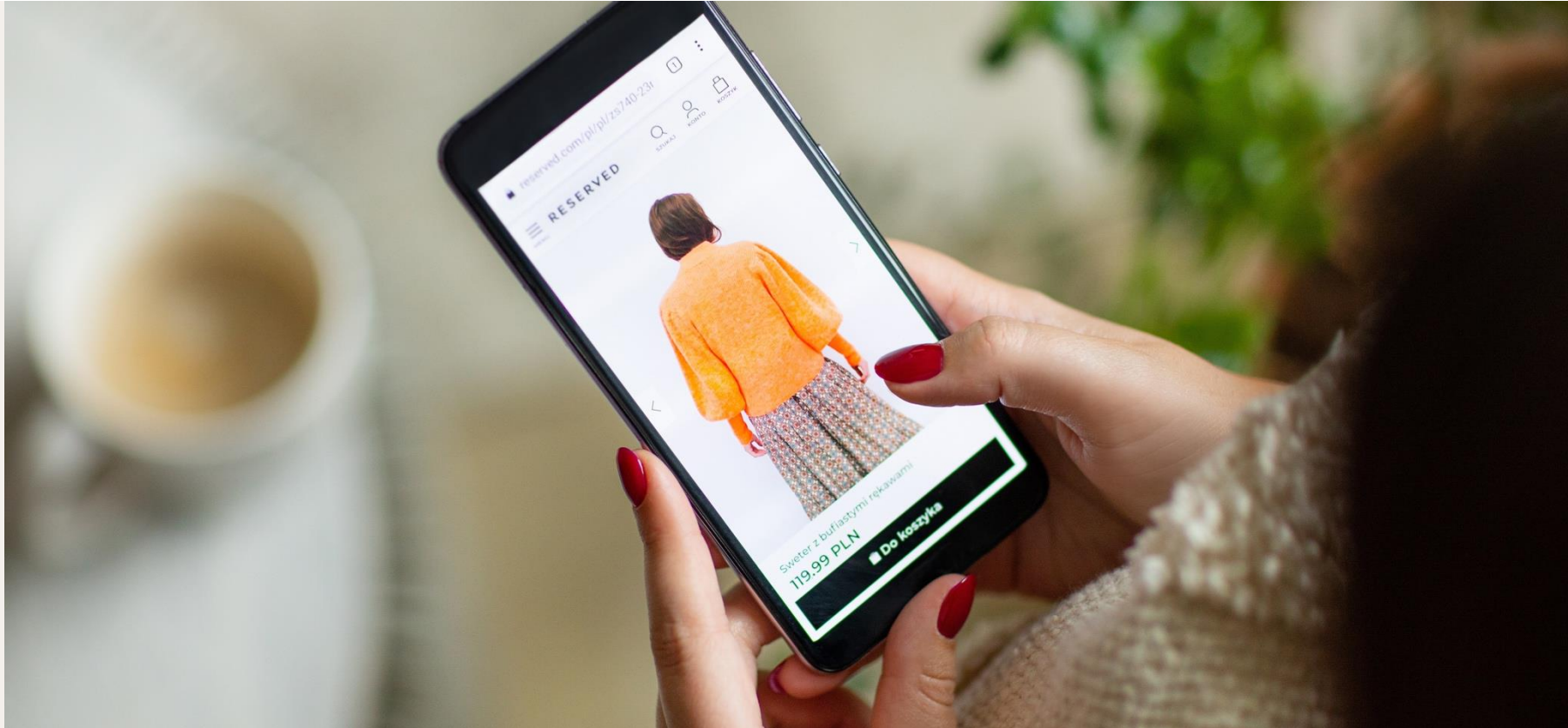


## GROUP REVENUES BY REGIONS

PLN m	2017	2018	2018/19	2019/20	2020/21
LPP GROUP	7,029	8,047	8,756	9,222	7,848
CEE	4,572	5,115	5,562	5,403	4,280
Baltic	295	358	388	417	402
SEE	317	463	513	762	851
CIS	1,542	1,770	1,924	2,199	1,929
WE	279	320	345	410	370
ME	24	22	24	30	17

- CEE: these are mature countries for us. We will focus on network quality and omnichannel implementation. Floorspace growth prospects are still visible, mostly in the value-for-money segment. SEE countries offer much greater growth potential than the Baltic countries.
- CIS: we see long-term potential in each of four countries present, though the largest in Russia. We changed the form of our presence in Belarus from franchise to company-owned stores.
- WE: we await BEP in Germany after restructuring and in the UK, yet are optimistic on Finland. ME: similar to the WE is an early stage region for us, though we develop it with our franchise partner. We see potential in Israel.





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## Developing omnichannel

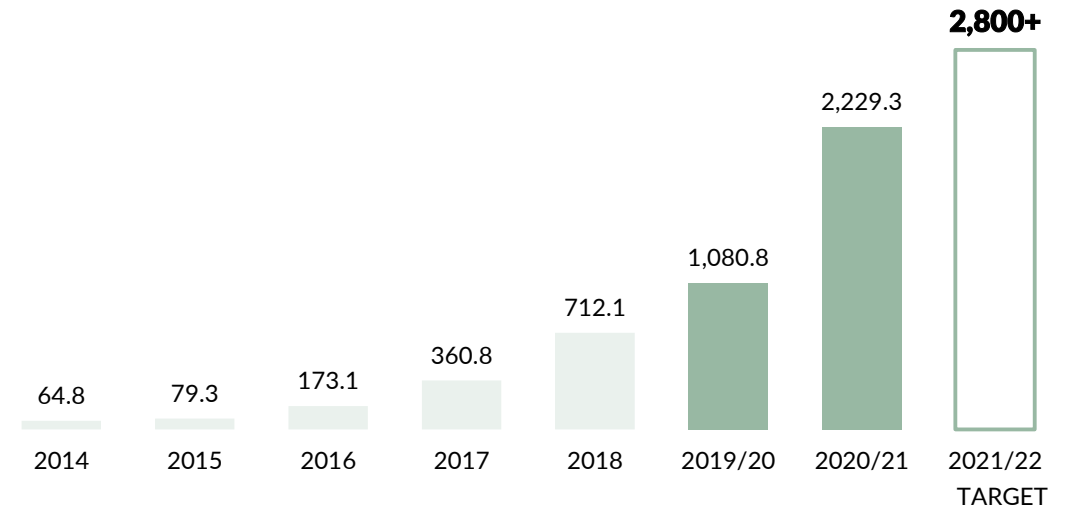
**DOUBLE-DIGIT E-COMMERCE  
REVENUE GROWTH IN 2021/22**

## Dynamic online sales growth to continue

### 2021/22 TARGET:


- some PLN 2.8bn e-commerce revenues,
- double-digit YoY online revenue growth,
- revenue growth supported by infrastructure and logistics processes improved during COVID-19.

### ONLINE SALES (PLN MLN)



30 countries online

RESERVED  
CROPP  
MONITO

 **house**  
sinsay

POLAND  
online store

2011

RESERVED

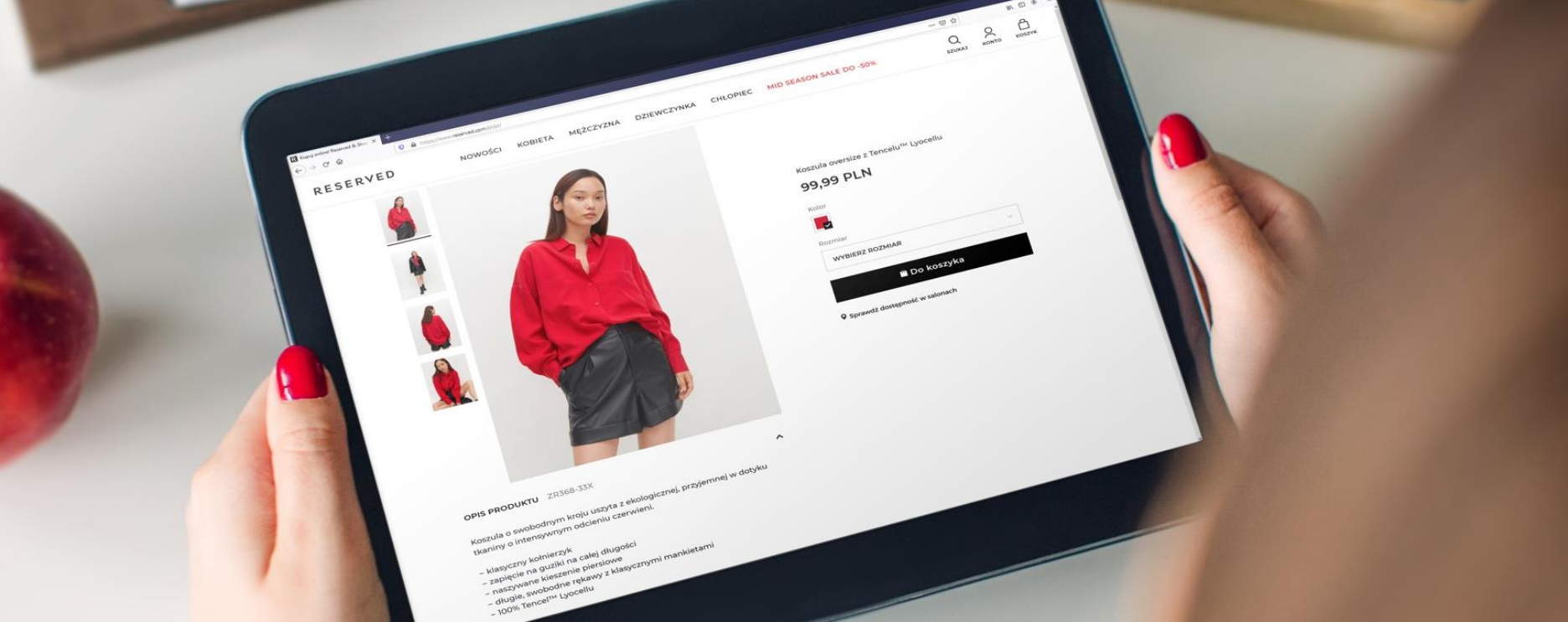
GERMANY  
online store

07.2014

05.2015

RESERVED

CZECH REPUBLIC  
online store



RESERVED

SLOVAKIA  
online store

10.2015

11.2015

RESERVED

ROMANIA  
online store

 TALLINDER

POLAND  
online store

02.2016

03.2016

RESERVED

HUNGARY  
online store

CROPP  
MONITO

 **house**  
sinsay

CZECH REP.,  
HUNGARY, ROMANIA,  
SLOVAKIA, GERMANY  
online store

12.2016

04.2017

RESERVED  
CROPP  
MONITO

 **house**  
sinsay


LITHUANIA, LATVIA,  
ESTONIA  
online store

RESERVED

UK  
online store

09.2017

10.2017

RESERVED  
 **house**  
MONITO  
sinsay

RUSSIA  
online store

RESERVED  
CROPP  
MONITO


 **house**  
sinsay

RUSSIA (CROPP),  
5 ME COUNTRIES (RESERVED  
VIA FRANCHISE PARTNER)  
online store

2018

2019

RESERVED  
CROPP  
MONITO

 **house**  
sinsay

UKRAINE, CROATIA  
online stores  
PAN EUROPEAN  
online store


RESERVED

ISRAEL  
online via a franchise partner

2020

2020

RESERVED  
CROPP  
MONITO

 **house**  
sinsay

SLOVENIA  
online store



# Development by own e-stores

## **GOALS BEHIND THE LAUNCH OF PAN-EUROPEAN E-STORE:**

- online sales growth,
- learning the tastes of Western European customers,
- identification of potential new markets for traditional stores.

## **DEVELOPMENT THROUGH OWN E-STORES GIVES US:**

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

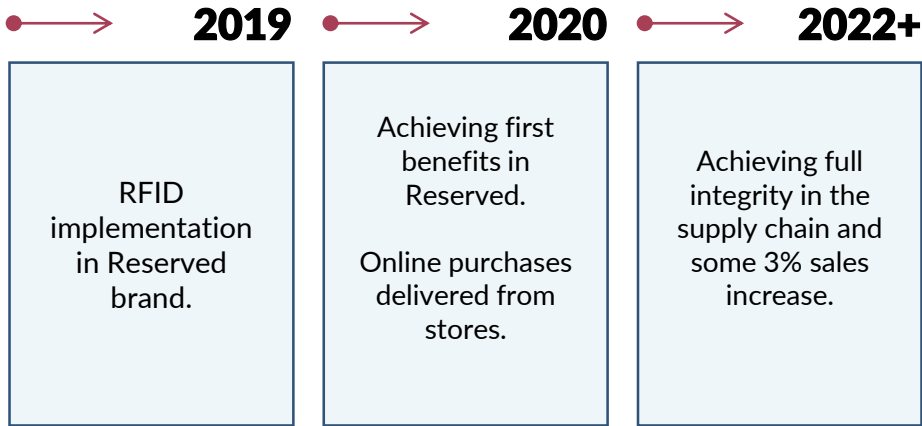
Another step towards  
realisation of our goal:  
omnichannel.

3 largest markets  
(by revenues): Italy, Austria,  
France.



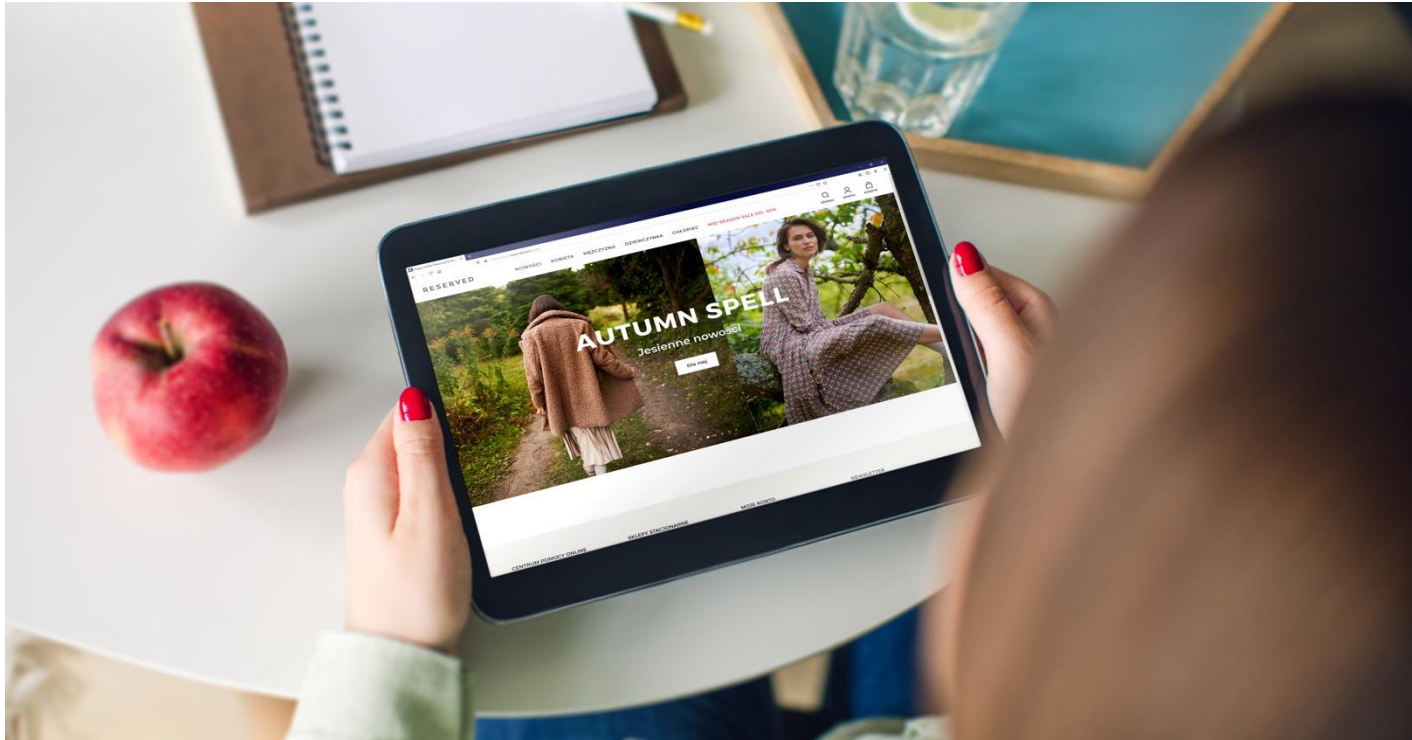


# RFID to support omnichannel

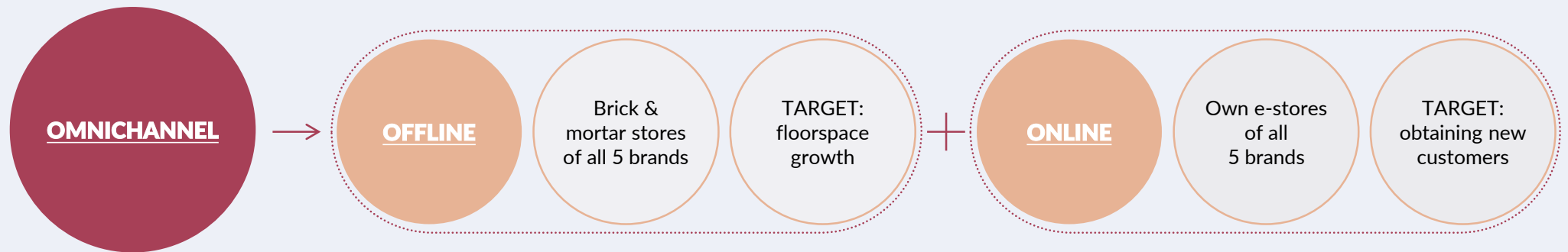


RFID - greater return on electronic tag design than we have assumed.

<b>3%</b> revenue increase	<b>&gt;99%</b> product availability	<b>60%</b> faster receipt of goods	<b>13 pp.</b> goods availability improvement for customers	<b>70%</b> faster registration of cash register operations	<b>&gt;99%</b> stock accuracy
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## Omnichannel – the key to retail of the future





# Omnichannel organisation



## PRODUCT

- consistent product communication regardless of channel used,
- consistent product presentation regardless of the channel,
- focus on online advertising.



## SALES

- merging of online and offline sales departments,
- customer service process supported by RFID,
- customers having access to product, regardless of the form of purchase.



## LOGISTICS

- inventory available for both online and offline,
- integration of logistics systems of both channels, as a result,
- as a result, flexibility in goods management.

2020/21

30





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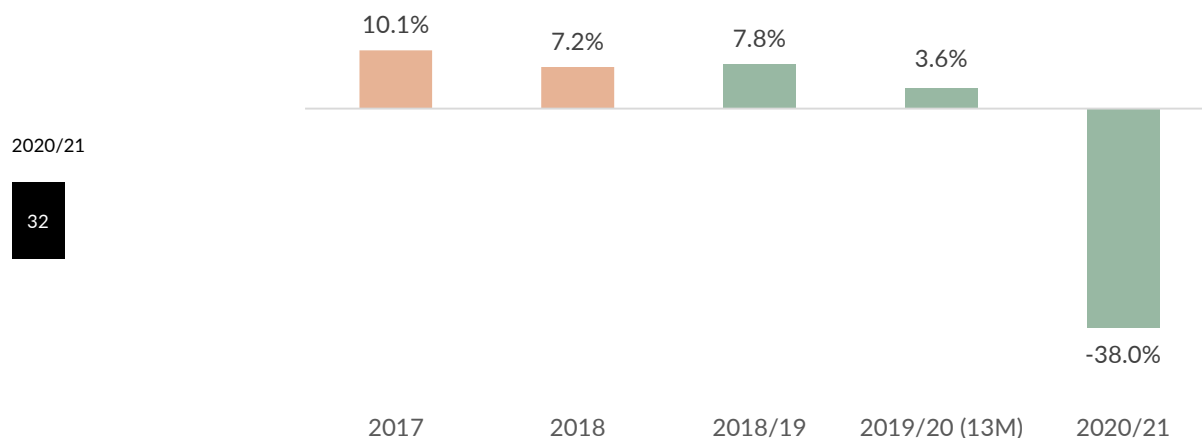
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## Efficient business model

LEAN AND COST-CAUTIOUS BUSINESS  
MODEL

# LFLs and revenues/m2 affected by COVID-19

## LFLS (LOCAL CURRENCIES)



## AVERAGE MONTHLY REVENUES/ M2

PLN m	2017	2018	2018/19	2019/20 (13M)	2020/21
<b>LPP GROUP</b>	<b>628</b>	<b>662</b>	<b>657</b>	<b>671</b>	<b>500</b>
Poland	654	693	692	697	528
Export	593	619	617	639	487
Reserved	514	527	525	500	441
Cropp	732	729	723	717	517
House	639	689	684	715	535
Mohito	696	620	619	631	523
Sinsay	690	719	709	728	615

- LFLs show the strength of our collections across our brands in our traditional stores. LFLs are supported by RFID introduction: faster delivery receipt, faster transfer of product from storage to sales room (already in place at Reserved). COVID-19 period was responsible for LFLs falls.
- Level of sales/ m2 at brands is influenced by the size of their stores. Reserved has the largest stores and thus records lower sales/ m2 than the younger and brands with smaller stores.
- Difference between sales/ m2 in Poland and abroad narrowed in 2017-20/21 due to stronger recognition of younger brands abroad, more favourable FX trends and introduction of a new replenishment system abroad. Level of sales/ m2 in 2020/21 depends on different impact and approach to lockdowns in various countries in which LPP's traditional stores are present.

# Gross profit margin on high levels

2020/21

33

## KEY FACTORS INFLUENCING GROSS PROFIT MARGIN

**FX** – some 90% of purchases are made in the Far East and indexed to US\$. Appreciation of zloty to US\$ decreases costs of purchases from Asia.

**Inventory management policy** – current inventory management policy is aimed at selling goods to a maximum extent in stores to avoid the costs of their return and transport to post-season warehouse.

**Meeting customer expectations**  
– we have introduced far reaching changes within our design departments so as to better meet the customers' expectations. We have also managed to introduce more casual and more eco-friendly clothing since the start of the pandemics.

**Cost of freight** – historically cost of freight had a minor impact on our gross profit margin. However, we are now noticing very strong growth in costs of freight and the availability of freight. We thus expect these to affect gross profit margin from 2H21/22.

% Gross profit margin					
	2017	2018	2018/19	2019/20	2020/21
LPP GROUP	53.0%	54.7%	52.9%	53.6%	52.0%

In 2020/21, COVID-19 pandemics and resultant stronger YoY sell-offs sizeably impacted the gross profit margin.



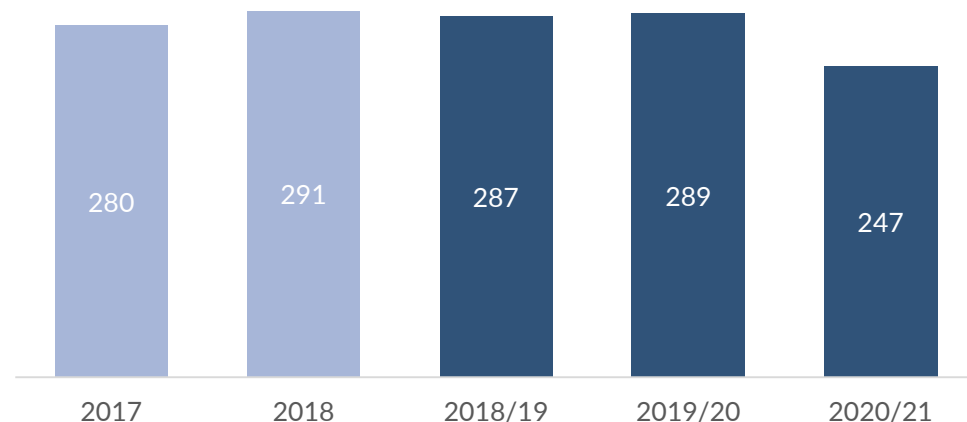
# High operating leverage business

## AVERAGE MONTHLY SG&A COSTS/ M2

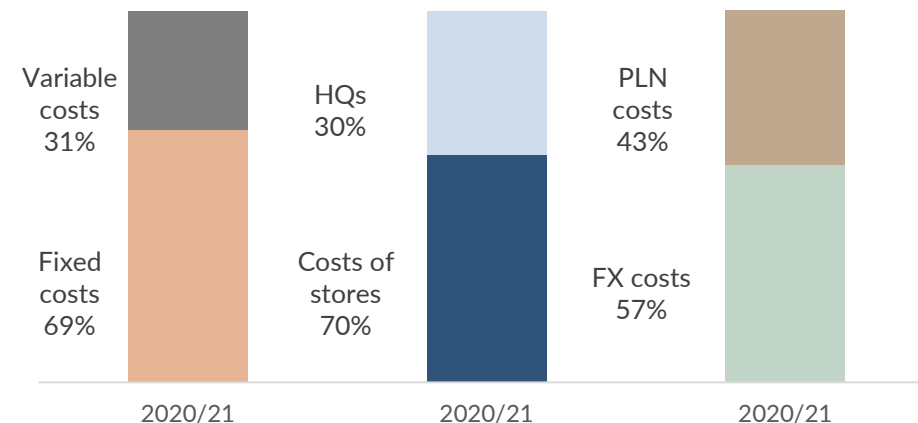
(PLN, from 2019/20 IFRS16)

2020/21

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## SG&A COSTS (IAS17)



Note: SG&A relations based on group 2020/21 data.

- Some 70% of our SG&A costs are fixed, which implies a high operating leverage.
- Almost 60% of SG&A costs are linked to foreign currencies → PLN appreciation is favourable for EBIT (IAS17).
- Stable SG&A/ m2 over 2017-19/20 → optimisation of costs of stores and headquarters.
- Fall in SG&A/ m2 in 2020/21 due to actions taken to maintain our cost cautiousness during COVID-19 pandemics: further rental renegotiation and benefiting from anti-crisis packages introduced by various states, headcount reductions and benefiting from state support in terms of salaries, RFiD introduction, constant work on automation of processes, especially in the logistics field.



## 2021/22 targets:



### Challenges

- A new model of customer behavior after COVID-19.
- Changes in economy and purchasing power of customers.
- Strong US\$ and EUR exchange rates, weak RUB.
- Rising transport costs and delivery difficulties (limited supply of ships).



### Targets

- Continuation of double-digit floorspace growth.
- Dynamic online growth.
- Double-digit YoY revenue growth.
- YoY operating margin improvement.
- Safe liquidity position.



### Opportunities

- Successful collections of all brands - favorable price-to-quality ratio.
- Further e-commerce development on new markets.
- Using RFID to support omnichannel growth.



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## Return to dividend payments

**PLN 834M DIVIDENDS TO BE PAID  
FROM 2020/21 EARNINGS DUE TO  
STRONG FINANCIAL STANDING**

# Positive FCFF despite pandemics

## FCFF GENERATION

PLN m	2017	2018	2018/19	2019/20	2020/21
FCFF	405	204	438	749	441
NOPAT	452	528	474	628	79
D&A	293	349	427	1,018	1,073
Capex	-442	-799	-932	-945	-825
NWC	101	125	469	48	113

## STRONG AND POSITIVE 2017 – 2020/21 FCFF (FREE CASH FLOW TO FIRM) EVEN DESPITE PANDEMICS.

### NOPAT

- Positive NOPAT despite pandemics.
- Sizeable online growth due to efficient logistics.
- Cost reductions were necessary due to lockdowns of traditional stores.

### CAPEX & D&A

- We commit capex to be able to grow, both offline and online.
- Offline development was withheld during the first phases of pandemics. Acceleration since 2H20/21 due to opportunities visible especially in the value-for-money segment.
- Logistics capex to streamline online operations.

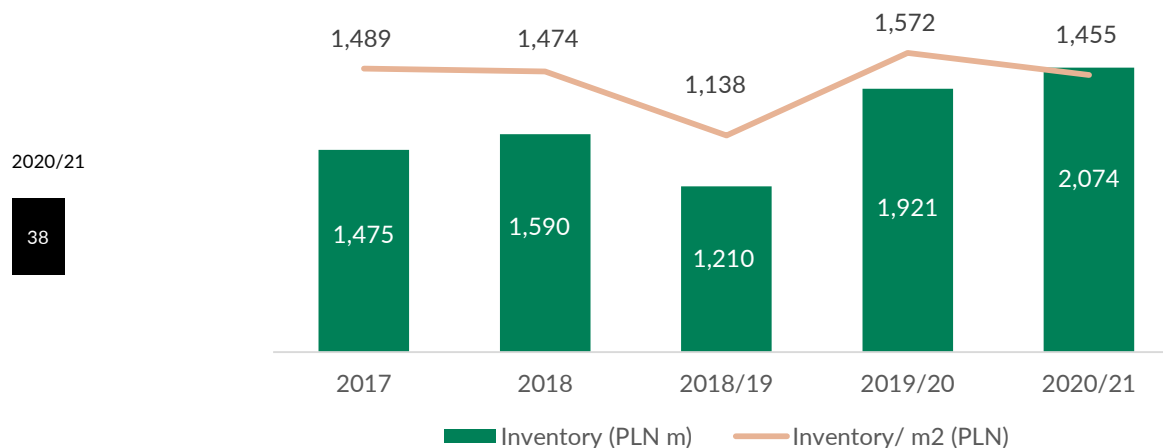
### NWC

- We have achieved our target of matching liabilities to the level of inventory.
- We use supply chain financing for our suppliers.
- We search for the optimal inventory/ m2 level.



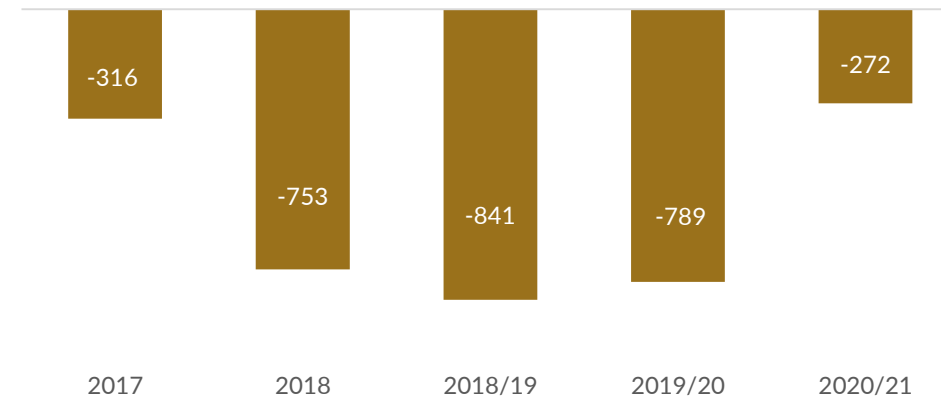
# Safe net cash situation

## INVENTORY



## NET DEBT

(PLN m, IAS17)



- Inventory is an important part of net working capital. Despite COVID-19 LPP did not have excessive and obsolete inventory.
- Liabilities are a source of inventory financing. Supplier financing programme utilization at PLN 1,572m at the end of 2020/21. Lengthening of payment terms for suppliers.
- Despite COVID-19, LPP maintained a safe net cash situation under IAS17. Additionally, PLN 0.95bn cash in: money market funds (PLN 0.45bn) and restricted cash deposits (PLN 0.5bn), not recognised in net debt calculations at the end of 2020/21.

## Return to dividend payments

Return to dividend payments after one year since suspension of payments (suspension due to COVID-19 impact):

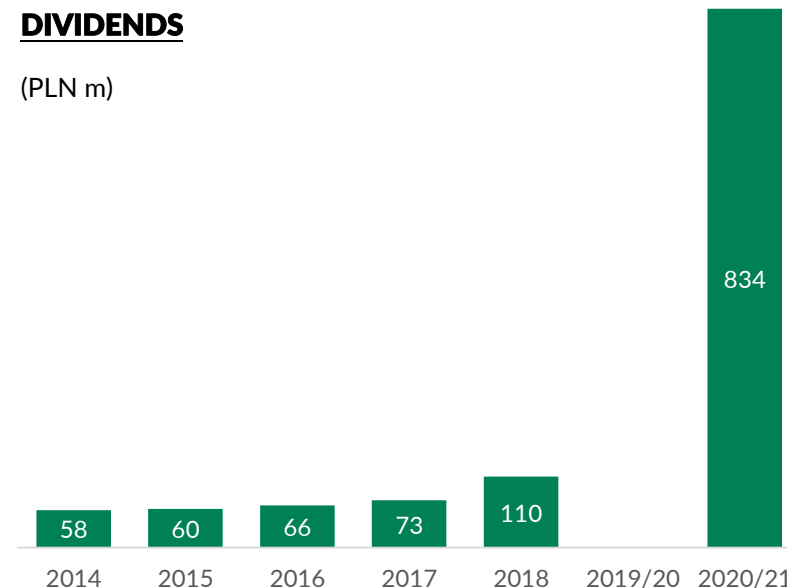
- covering net loss from profits in upcoming years
- payment of a dividend in the amount of PLN 450 per share by transferring funds from retained earnings.

The General Shareholder Meeting set the dividend day (i.e. the date on which the list of shareholders entitled to dividend is determined) on July 6, 2021 and the payment of dividends in two equal tranches (PLN 225 per share): the first tranche on July 20, 2021, and the second tranche on October 6, 2021.

**The goal is to pay dividends in two tranches per year on a regular basis.**

### DIVIDENDS

(PLN m)



Dividends under the year from which they were paid.

Reasons for paying dividends:

- low interest on deposits,
- negative cash cycle thanks to supply chain financing,
- pandemic proven business model.



1

2

3

4

5

## A responsible company

2020-2025 SUSTAINABLE  
DEVELOPMENT STRATEGY WITH  
AMBITIOUS TARGETS

# Sustainable development strategy 2020-2025

## //4 strategic pillars

ECO AWARE -  
PRODUCT AND PRODUCTION

CHEMICAL SAFETY  
IN PRODUCTION

PACKAGING AWARE -  
PLASTIC UNDER CONTROL

SUSTAINABLE DEVELOPMENT IN HQs  
AND SALES NETWORK

// 2025

50% of Reserved garments in Eco  
Aware collection.  
CO2 reduction by 15%.

Full compliance with ZDHC  
standards (Zero Discharge of  
Hazardous Chemicals).

100% of plastic  
in packaging suitable  
for re-use, recyclable  
or biodegradable.

100% of stores covered by Eco  
Aware STORES programme.

**Continuation of production audits, social and employee-oriented actions.**







## We focus on material sustainability topics



### Human rights

- Code of Conduct for suppliers – sourcing only from those suppliers who have signed it,
- audits conducted by LPP's employees and SGS,
- diverse employees and senior management



### Climate & environment

- 19% of collections are EcoAware,
- inclusion of climate risks (transition and physical ones) into decision making at the board level,
- 2.2% reduction in GHG emissions in tonnes of CO2e per item sold



## We continued to help during COVID-19

**PLN 353 ths**

Worth of support for local community and projects counteracting social exclusion granted by LPP Foundation.

**1M**

purchased masks worth  
**PLN 5.4M**

**#LPPpomaga**

Record high support action in LPP's history. We granted over 300 of medical facilities and other entities in-kind and financial support worth **PLN 6.9m.**

In 2020/21, overall **PLN 9m** donated to over 500 NGOs, medical and non-medical institutions as well as foundations.

**105 ths pieces of clothing**  
Donated to 136 organisations in 2020.

**27.2 ths**  
masks sewn by LPP's employees

**100**  
computers for children in orphanages

**115**  
employees sewing masks

# We are rated in ESG topics

## WE REPORT USING INTERNATIONAL STANDARDS AND FRAMEWORKS



## WE ARE RATED IN ESG INDICES

**WIG ESG**

**MSCI**





# LPP

2020/21

45

GLOBAL ASPIRATIONS



## LPP – an investment opportunity

- Company with both offline and online expansion.
- Stock benefiting from liquidity and recognition from WIG20 and MSCI Poland membership. A leader in ESG reporting in Poland.
- High quality growth company with a successful track record.





**LPP**

2020/21

46

**03**

**Back-up**

GLOBAL ASPIRATIONS



# LPP

2020/21

47

## 440

stores

## 1,533 m<sup>2</sup>

store size

## 30

markets online

## 25

markets offline

# RESERVED



### KEY BRAND FEATURES

Anchor brand with broad customer base

### TARGET CUSTOMERS

Women, men, children

### YEAR OF LAUNCH

1998

### ADVERTISING

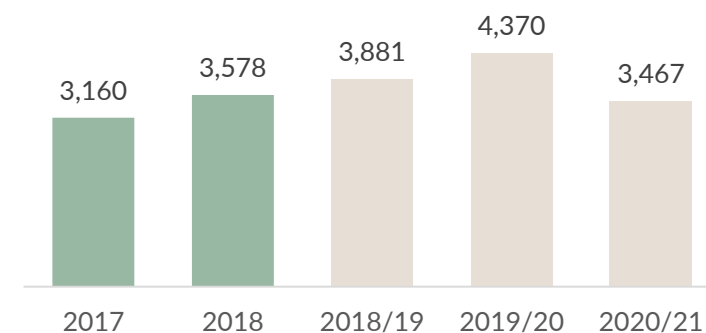
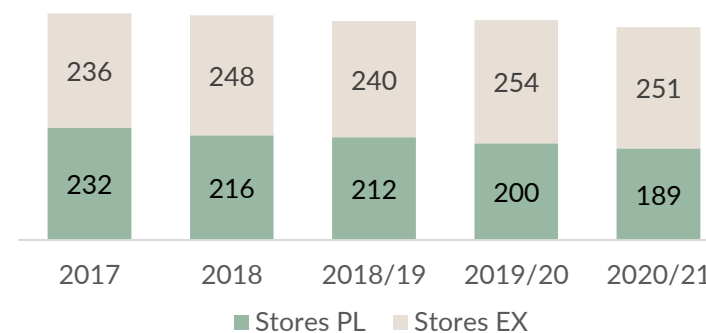
International stars like Cindy Crawford, Kate Moss, Georgia May Jagger, Kendall Jenner and Polish stars like Joanna Kulig. Cooperation with influencers and bloggers.

Key data	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	3,159.5	3,578.4	3,880.5	4,369.7	3,466.7
No. of stores	468	464	452	454	440
Store size (m2)	1,202	1,329	1,338	1,464	1,533
Floorspace (ths, m2)	562.3	616.7	605.0	664.8	674.7
Sales/ m2 monthly	514	527	525	500	441
% of floorspace in PL	47%	44%	44%	41%	40%

YoY growth	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	17%	13%	-	13%	-21%
No. of stores	2%	-1%	-	0%	-3%
Store size (m2)	9%	11%	-	9%	5%
Floorspace (eop, m2)	10%	10%	-	10%	1%
Sales/ m2 monthly	8%	2%	-	-5%	-12%
% of floorspace in PL	-2pp	-3pp	-	-3pp	-1ppt

**REVENUES**

(PLN m)

**STORES**



# LPP

2020/21

49

## 369

stores

## 450 m<sup>2</sup>

store size

## 13

markets online

## 17

markets offline

# CROPP



### KEY BRAND FEATURES

Streetwear brand influenced by contemporary culture and music

### TARGET CUSTOMERS

Teenagers (boys and girls)

### YEAR OF LAUNCH

2004

### ADVERTISING

Partner of artistic and street art events

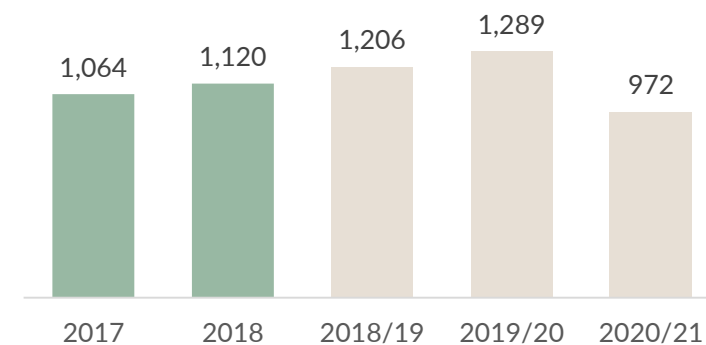
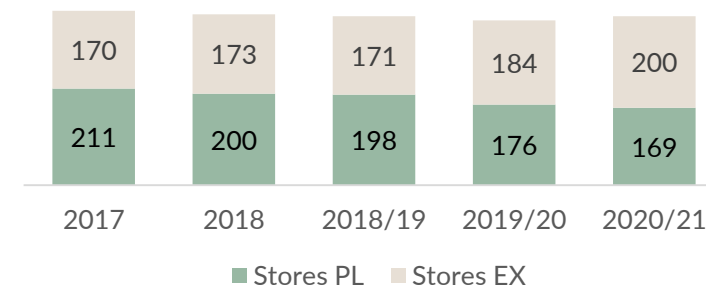


Key data	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	1,063.9	1,119.9	1,205.7	1,288.7	972.3
No. of stores	381	373	369	360	369
Store size (m2)	334	359	360	411	450
Floorspace (ths, m2)	127.2	134.0	132.8	147.9	166.1
Sales/ m2 monthly	732	729	723	717	517
% of floorspace in PL	52%	50%	50%	43%	38%

YoY growth	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	16%	5%	-	7%	-25%
No. of stores	1%	-2%	-	-2%	2%
Store size (m2)	5%	8%	-	14%	10%
Floorspace (eop, m2)	6%	5%	-	11%	12%
Sales/ m2 monthly	12%	0%	-	-1%	-28%
% of floorspace in PL	-2pp	-2pp	-	-7pp	-5ppt

**REVENUES**

(PLN m)

**STORES**

# LPP

2020/21

51

## 332

stores

## 442 m<sup>2</sup>

store size

## 13

markets online

## 17

markets offline



### KEY BRAND FEATURES

An optimistic fashion brand

### TARGET CUSTOMERS

Teenagers (boys and girls)

### YEAR OF LAUNCH

2001 (at LPP since 4Q08)

### ADVERTISING

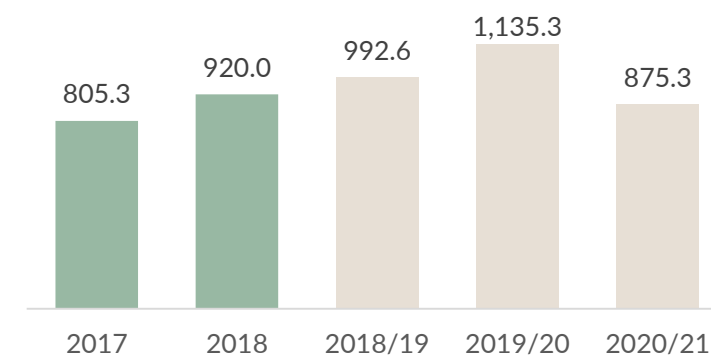
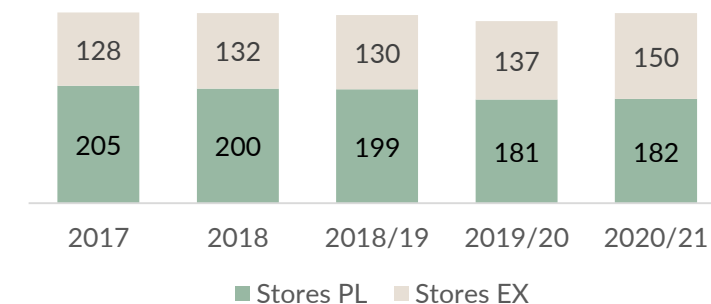
Artistic events partner and music sponsor

Key data	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	805.3	920.0	992.6	1,135.3	875.3
No. of stores	333	332	329	318	332
Store size (m2)	332	350	350	401	442
Floorspace (ths, m2)	110.6	116.2	115.2	127.4	146.8
Sales/ m2 monthly	639	689	684	715	535
% of floorspace in PL	59%	58%	58%	51%	49%

YoY growth	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	5%	14%	-	14%	-23%
No. of stores	1%	0%	-	-3%	4%
Store size (m2)	4%	5%	-	14%	17%
Floorspace (eop, m2)	5%	5%	-	11%	19%
Sales/ m2 monthly	3%	8%	-	4%	-25%
% of floorspace in PL	-2pp	-1pp	-	-7pp	-2ppt

**REVENUES**

(PLN m)

**STORES**

# LPP

2020/21

53

## 278

stores

## 414 m<sup>2</sup>

store size

## 13

markets online

## 18

markets offline

# M O H I T O



### KEY BRAND FEATURES

Comfort and elegance; business and casual

### TARGET CUSTOMERS

Young women

### YEAR OF LAUNCH

2008 (at LPP since 4Q08)

### ADVERTISING

Super models (Anna Jagodzińska, Anja Rubik, Zuzanna Bijoch)

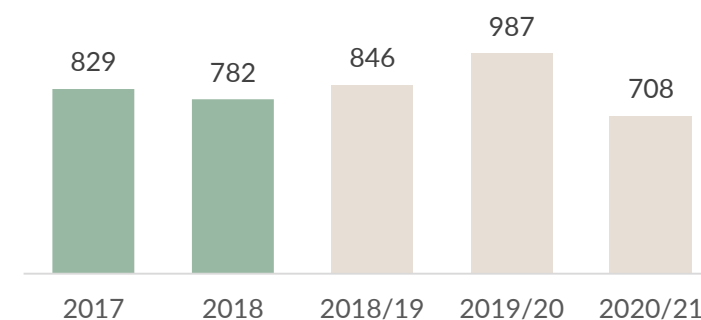
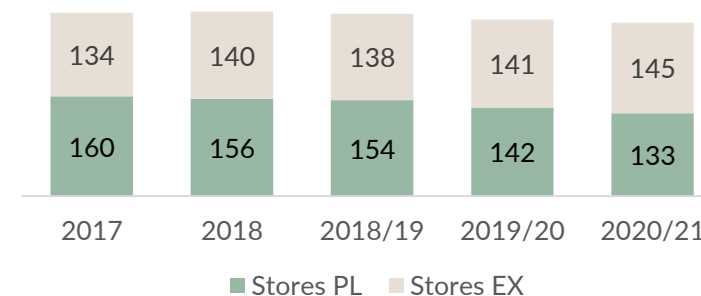


Key data	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	828.6	781.6	846.0	986.9	707.7
No. of stores	294	296	292	283	278
Store size (m2)	353	370	370	395	414
Floorspace (ths, m2)	103.8	109.4	107.9	111.7	115.2
Sales/ m2 monthly	696	620	619	631	523
% of floorspace in PL	51%	49%	50%	46%	44%

YoY growth	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	12%	-6%	-	17%	-28%
No. of stores	1%	1%	-	-3%	-2%
Store size (m2)	3%	5%	-	7%	5%
Floorspace (eop, m2)	5%	5%	-	3%	3%
Sales/ m2 monthly	10%	-11%	-	2%	-17%
% of floorspace in PL	-3pp	-2pp	-	-4pp	-2ppt

**REVENUES**

(PLN m)

**STORES**

# LPP

2020/21

55

## 434

stores

## 760 m<sup>2</sup>

store size

## 13

markets online

## 18

markets offline

# sinsay



### KEY BRAND FEATURES

Every day clothes and original party outfits

### TARGET CUSTOMERS

Women, men, teenagers, children

### YEAR OF LAUNCH

2013

### ADVERTISING

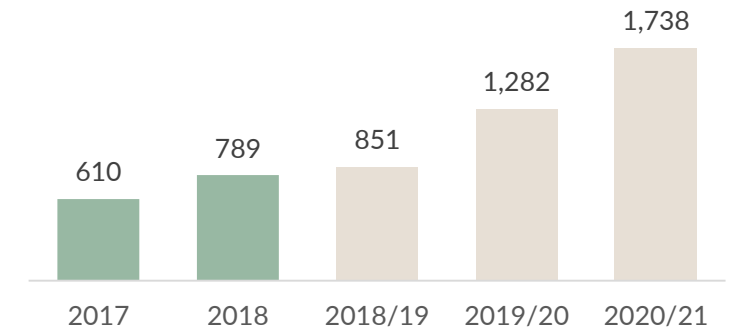
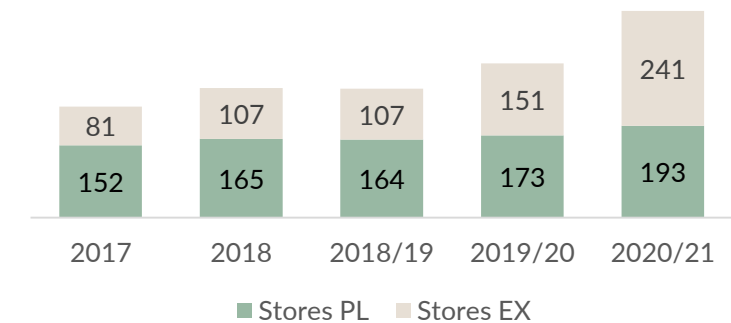
Social media

Key data	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	610.2	788.9	850.8	1,282.5	1,737.8
No. of stores	233	272	271	324	434
Store size (m2)	363	379	379	535	760
Floorspace (ths, m2)	84.6	103.0	102.7	173.3	329,8
Sales/ m2 monthly	690	719	709	728	615
% of floorspace in PL	63%	58%	58%	45%	35%

YoY growth	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	32%	29%	-	51%	36%
No. of stores	18%	17%	-	20%	34%
Store size (m2)	3%	4%	-	41%	42%
Floorspace (eop, m2)	21%	22%	-	69%	90%
Sales/ m2 monthly	14%	4%	-	3%	-15%
% of floorspace in PL	-7pp	-5pp	-	-13pp	-10ppt

**REVENUES**

(PLN m)

**STORES**



# LFLs under pressure due to COVID-19

## LFLs DEFINITION

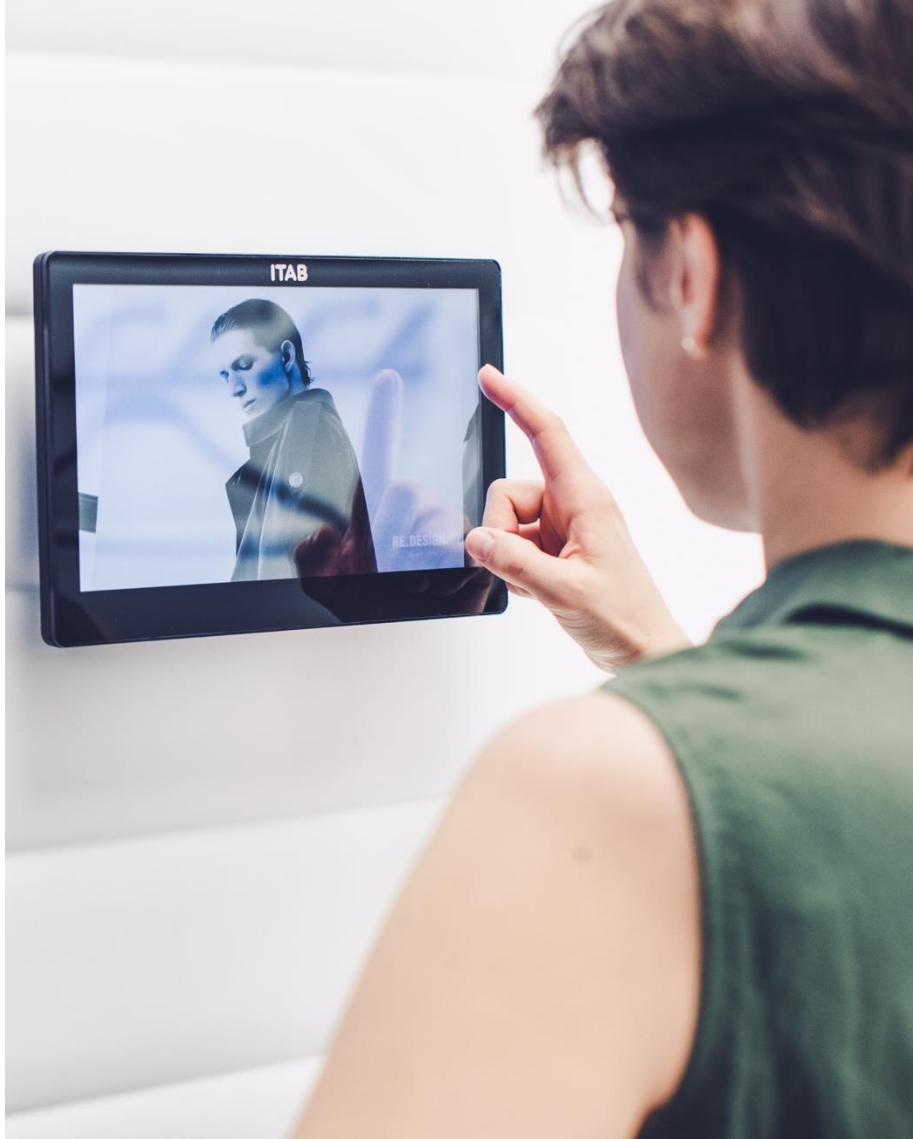
- Stores that:
  - have been the same as a year before (have not changed their floorspace, have not undergone upgrades) and
  - have been in operation for the past 12 months (without a break longer than 7 days).
- Calculations are conducted without taking into account changes in currencies in countries in which LPP's stores are run, i.e. in local currencies.

## LFLs IN LOCAL CURRENCIES

2017	2018	2018/19	2019/20	2020/21
10.1%	7.2%	7.8%	3.6%	-38.0%

In 2020/21 LFLs in open stores were a more important parameter to look at due lockdowns in traditional stores.  
LFLs of open stores in 2020/21 came in at -9%.





# RFID to support LFLs

## HOW STORES BENEFIT?

60% faster delivery receipt

70% shorter time of product registration at the counter

Faster transfer of goods from the storage room to the sales room (availability of 99% of models and sizes)

## COSTS

PLN 60m annually - cost of electronic tags circulating between stores and suppliers.

Additional costs: IT department work time, purchase of new IT tools, investments in stores and distribution centers.

From AW2022 we will introduce single use soft tags.

# International stars promote our brands

2020/21

59



**GEORGIA MAY JAGGER**



**KATE MOSS**



**CINDY CRAWFORD**



**ANJA RUBIK**



**ANNA JAGODZIŃSKA**



**ZUZANNA BIJOCH**



**JOANNA KULIG**



**KENDALL JENNER**



# We focus on flagships

**RESERVED IN MOSCOW, RUSSIA**



**RESERVED IN MUNICH, GERMANY**



**RESERVED IN BELGRADE, SERBIA**



**RESERVED IN HELSINKI, FINLAND**



**RESERVED IN LONDON, UK**



**RESERVED IN WARSAW, POLAND**



# Network development (shifted year)

2020/21

61

Floorspace (ths m2)	31.01.2019	30.04.2019	31.07.2019	30.10.2019	31.01.2020	30.04.2020	31.07.2021	30.10.2020	31.01.2021
<b>Reserved</b>	<b>605.0</b>	<b>616.6</b>	<b>634.3</b>	<b>655.0</b>	<b>664.8</b>	<b>657.1</b>	<b>669.7</b>	<b>667.8</b>	<b>674.7</b>
Poland	268.7	263.5	267.6	272.0	270.3	262.9	262.5	264.8	267.7
Europe	188.0	204.4	215.1	218.4	225.3	223.7	232.2	233.2	223.4
CIS	141.2	141.6	143.2	156.1	160.8	162.1	166.5	161.5	164.0
ME	7.1	7.1	8.4	8.4	8.4	8.4	8.4	8.4	9.9
<b>Cropp</b>	<b>132.8</b>	<b>134.9</b>	<b>140.8</b>	<b>143.2</b>	<b>147.9</b>	<b>149.2</b>	<b>157.3</b>	<b>159.7</b>	<b>166.1</b>
Poland	65.9	64.6	64.6	64.1	63.0	61.2	64.4	64.2	63.7
Europe	24.6	28.8	30.1	32.8	34.9	34.8	37.8	39.0	41.2
CIS	42.3	41.5	46.1	46.4	50.0	53.2	55.1	56.5	61.2
<b>House</b>	<b>115.2</b>	<b>115.9</b>	<b>121.7</b>	<b>125.5</b>	<b>127.4</b>	<b>129.8</b>	<b>138.4</b>	<b>141.9</b>	<b>146.8</b>
Poland	66.9	65.8	66.2	67.3	65.6	64.9	69.4	69.4	71.4
Europe	18.6	22.0	24.9	28.2	30.1	31.9	34.8	36.1	36.1
CIS	29.7	28.1	30.6	30.0	31.7	33.0	34.3	36.4	39.3
<b>Mohito</b>	<b>107.9</b>	<b>108.0</b>	<b>108.7</b>	<b>112.5</b>	<b>111.7</b>	<b>110.5</b>	<b>111.8</b>	<b>112.3</b>	<b>115.2</b>
Poland	53.4	52.1	52.1	53.3	51.4	50.2	49.7	50.2	50.3
Europe	24.8	26.3	26.4	28.6	29.7	29.2	30.5	31.3	32.4
CIS	29.7	29.6	30.1	30.6	30.5	31.1	31.6	30.8	32.5
<b>Sinsay</b>	<b>102.7</b>	<b>110.5</b>	<b>120.7</b>	<b>149.1</b>	<b>173.3</b>	<b>190.4</b>	<b>223.1</b>	<b>265.4</b>	<b>329.8</b>
Poland	59.8	61.4	63.6	73.2	78.4	81.4	88.0	103.0	113.8
Europe	20.2	24.8	31.0	41.2	50.7	56.3	68.4	77.8	89.6
CIS	22.7	24.3	26.1	34.7	44.2	52.8	66.8	84.6	126.3
<b>Outlets</b>	<b>12.0</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>5.8</b>	<b>5.8</b>	<b>4.6</b>	<b>4.6</b>	<b>2.8</b>
<b>Total by regions</b>									
Poland	523.0	515.5	521.0	534.9	530.0	521.7	534.0	551.5	566.9
Europe	274.7	306.3	327.6	349.2	370.7	375.9	403.6	417.5	432.6
CIS	270.9	267.8	278.9	301.5	321.8	336.8	358.8	374.4	426.1
ME	7.1	7.1	8.4	8.4	8.4	8.4	8.4	8.4	9.9
<b>TOTAL</b>	<b>1,075.6</b>	<b>1,096.7</b>	<b>1,135.8</b>	<b>1,194.1</b>	<b>1,230.9</b>	<b>1,242.7</b>	<b>1,304.9</b>	<b>1,351.8</b>	<b>1,435.4</b>



# Network development details at the end of I.2022

1Q21/22

62

Floorspace (tys m2)	31.01.2021	31.01.2022	Nom. growth	Growth YoY
<b>Reserved</b>	<b>674.7</b>	<b>714.6</b>	<b>40.0</b>	<b>6%</b>
Poland	267.7	272.8	5.2	2%
Europe	233.2	243.4	10.2	4%
CIS	164.0	188.4	24.4	15%
ME	9.9	10.0	0.2	2%
<b>Cropp</b>	<b>166.1</b>	<b>190.7</b>	<b>24.7</b>	<b>15%</b>
Poland	63.7	69.3	5.6	9%
Europe	41.2	47.6	6.4	15%
CIS	61.2	73.8	12.7	21%
<b>House</b>	<b>146.8</b>	<b>173.2</b>	<b>26.4</b>	<b>18%</b>
Poland	71.4	77.1	5.7	8%
Europe	36.1	44.8	8.7	24%
CIS	39.3	51.4	12.1	31%
<b>Mohito</b>	<b>115.2</b>	<b>122.3</b>	<b>7.1</b>	<b>6%</b>
Poland	50.3	50.7	0.4	1%
Europe	32.4	35.1	2.7	8%
CIS	32.5	36.5	4.1	12%
<b>Sinsay</b>	<b>329.8</b>	<b>597.5</b>	<b>267.7</b>	<b>81%</b>
Poland	113.8	167.5	53.8	47%
Europe	89.6	182.8	93.1	104%
CIS	126.3	247.2	120.8	96%
<b>Outlety</b>	<b>2.8</b>	<b>2.8</b>	<b>0.0</b>	<b>0%</b>
Poland	0.0	0.0	0.0	0%
Europe	0.0	0.0	0.0	0%
CIS	2.8	2.8	0.0	0%
<b>TOTAL</b>	<b>1,435.4</b>	<b>1,801.3</b>	<b>365.9</b>	<b>25%</b>

Number of stores	31.01.2021	31.01.2022	Nom. growth	Growth YoY
<b>Reserved</b>	<b>440</b>	<b>450</b>	<b>10</b>	<b>2%</b>
Poland	189	189	0	0%
Europe	131	133	2	2%
CIS	111	119	8	7%
ME	9	9	0	0%
<b>Cropp</b>	<b>369</b>	<b>399</b>	<b>30</b>	<b>8%</b>
Poland	169	176	7	4%
Europe	82	90	8	10%
CIS	118	133	15	13%
<b>House</b>	<b>332</b>	<b>369</b>	<b>37</b>	<b>11%</b>
Poland	182	189	7	4%
Europe	68	81	13	19%
CIS	82	99	17	21%
<b>Mohito</b>	<b>278</b>	<b>287</b>	<b>9</b>	<b>3%</b>
Poland	133	132	-1	-1%
Europe	69	72	3	4%
CIS	76	83	7	9%
<b>Sinsay</b>	<b>434</b>	<b>668</b>	<b>234</b>	<b>54%</b>
Poland	193	239	46	24%
Europe	105	183	78	74%
CIS	136	246	110	81%
<b>Outlets</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>
Poland	0	0	0	0%
Europe	0	0	0	0%
CIS	3	3	0	0%
<b>TOTAL</b>	<b>1,856</b>	<b>2,176</b>	<b>320</b>	<b>17%</b>

# Continuation of growths in 2021/22

2020/21

63

- Continuation of floorspace growths in 2021/22: +25% YoY.
- End-2021/22 Reserved traditional stores should be in 26 countries (entry to Northern Macedonia).
- 2021/22 targets:
  - acceleration of floorspace openings in Poland,
  - continuation of European development,
  - further double-digit floorspace growth in CIS,
  - emphasis on development of younger brands: Cropp, House, Sinsay.
- Key reasons behind floorspace development:
  - stronger entry to smaller towns,
  - opportunity to develop in value-for-money segment,
  - emphasis on omnichannel of which traditional network is an important part.
- Planned 2021/22 capex at PLN 1.2bn. Planned outlays for store capex at c. PLN 950m, for offices at PLN 50m, logistics PLN 150m and PLN 60m for IT.

Floorspace (ths m2)	I.2021	I.2022 target	YoY
<b>BY BRANDS</b>			
Reserved	674.7	714.6	6%
Cropp	166.1	190.7	15%
House	146.8	173.2	18%
Mohito	115.2	122.3	6%
Sinsay	329.8	597.5	81%
Outlets	2.8	2.8	0%
<b>BY REGIONS</b>			
Poland	566.9	637.4	12%
Europe	426.1	600.1	41%
CIS	432.6	553.7	28%
ME	9.9	10.0	2%
<b>TOTAL</b>	<b>1,435.4</b>	<b>1,801.3</b>	<b>25%</b>

## CEE region

### COUNTRIES PRESENT OFFLINE

Poland, Czech Republic, Slovakia, Hungary

### GROWTH STAGE

Maturity

### TRADITIONAL STORES

Reserved, Cropp, House, Mohito, Sinsay in all countries

### ONLINE STORES

Reserved, Cropp, House, Mohito, Sinsay in all countries

### TYPE OF STORES

Own (majority), franchise

### CENTRAL EASTERN EUROPE



**1,046**  
stores

**712.3 ths m<sup>2</sup>**  
floorspace

# Established position domestically

2020/21

65

- Poland is LPP's largest market, generating 43% of group revenues in 2020/21.
- As development of company-owned stores was initiated domestically, Poland is the market where sales/ m2 are higher than average abroad due to stronger brand recognition (apart from 2020/21 due to lockdowns).
- Currently, stores of all brands are present in Poland in best shopping malls and high-streets. However, we are increasingly active in opening stores in retail parks.
- We focus on omnichannel implementation and floorspace growth of younger brands, especially in value-for-money segment.

## **FOCUS SET ON OMNICHANNEL DEVELOPMENT.**

Key data Poland	2017	2018	2018/19	2019/20	2021/22
Revenues (PLN m)	3,906	4,274	4,647	4,419	3,398
% of group revenues	56%	53%	53%	48%	43%
No. of stores	990	959	949	874	866
Floorspace (ths m2)	514.0	529.5	523.0	530.0	566.9

No. of stores	2017	2018	2018/19	2019/20	2021/22
<b>Poland</b>	<b>990</b>	<b>959</b>	<b>949</b>	<b>874</b>	<b>866</b>
Reserved	232	216	212	200	189
Cropp	211	200	198	176	169
House	205	200	199	181	182
Mohito	160	156	154	142	133
Sinsay	152	165	164	173	193
Outlets	30	22	22	2	0



# Strong presence in other CEE countries

2020/21

66

- All five mainstream brands are now in Czech Republic and maturity has been reached.
- Hungary remains the least saturated CEE market, despite 2015 introduction of House and Sinsay brands.
- After taking over the Slovak franchise stores (April 2014), we still see some development potential.
- Focus on omnichannel.

## STRONG PRESENCE IN OTHER CEE COUNTRIES.

Key data other CEE	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	666	840	915	984	882
% of group revenues	9%	10%	10%	11%	11%
No. of stores	159	163	160	177	180
Floorspace (ths, m2)	88.1	105.9	103.5	133.5	145.4

No. of stores	2017	2018	2018/19	2019/20	2020/21
Other CEE countries	159	163	160	177	180
Czech Republic	83	82	79	89	87
Slovakia	57	56	25	31	60
Hungary	19	25	56	57	33

# Baltic region

## COUNTRIES PRESENT OFFLINE

Lithuania, Latvia, Estonia

## GROWTH STAGE

Maturity

## TRADITIONAL STORES

Reserved, Cropp, House, Mohito, Sinsay

## ONLINE STORES

Reserved, Cropp, House, Mohito, Sinsay

## TYPE OF STORES

Own

## BALTIC COUNTRIES



75  
stores

62.0 ths m<sup>2</sup>  
floorspace

# Strong presence in Baltic countries

2020/21

68

- Five mainstream brands present in Lithuania, Latvia and Estonia.
- Emphasis on efficiency improvement in traditional stores.
- Focus on online sales. Online stores of all brands launched in April 2017.
- Modernisation of traditional network to fully implement omnichannel.

## A DEVELOPED REGION.

Key data Baltic	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	295	358	388	417	402
% of group revenues	4%	4%	4%	5%	5%
No. of stores	79	75	71	71	75
Floorspace (ths, m2)	43.0	43.5	41.1	51.0	62.0

No. of stores	2017	2018	2018/19	2019/20	2019/20
Baltic countries	79	75	71	71	75
Lithuania	28	23	20	23	23
Latvia	19	19	18	19	20
Estonia	32	33	33	29	32

## SEE region

### COUNTRIES PRESENT OFFLINE

Bulgaria, Romania, Croatia, Serbia, Slovenia, B&H

### GROWTH STAGE

Developing

### TRADITIONAL STORES

Reserved, Cropp, House, Mohito, Sinsay

### ONLINE STORES

Reserved, Cropp, House, Mohito, Sinsay in Romania, Croatia and Slovenia

### TYPE OF STORES

Own

### SOUTH EASTERN EUROPE



**175**  
stores

**169.7 ths m<sup>2</sup>**  
floorspace



# Developing presence in SEE countries

- Late SEE entry (2008) due to: 1) priority given to CIS and 2) limited appropriate infrastructure in the region.
- Along with softer macro environment, in 2014 we stepped up our development, opening more stores in Romania and Bulgaria and entering Croatia.
- We see medium-term development potential. First store in Serbia was opened in August 2017.
- In 2018 we entered Slovenia. In 1H19 we opened first stores in B&H.
- Strong logistics development with FC in Romania.
- Entry to Northern Macedonia planned for 2021/22.

**WE SEE DEVELOPMENT POTENTIAL IN THE SEE REGION.**

Key data SEE	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	317	463	513	762	851
% of group revenues	4%	5%	5%	7%	9%
No. of stores	69	98	98	145	175
Floorspace (ths, m2)	53.1	81.0	81.0	130.7	169.7

No. of stores	2017	2018	2018/19	2019/20	2020/21
SEE countries	69	98	98	145	175
Romania	35	41	41	59	78
Bulgaria	13	18	18	25	26
Croatia	18	24	24	29	30
Serbia	3	14	14	21	26
Slovenia	0	1	1	6	9
B&H	0	0	0	5	6

# CIS region

- COUNTRIES PRESENT OFFLINE**  
Russia, Ukraine, Belarus, Kazakhstan
- GROWTH STAGE**  
Developing
- TRADITIONAL STORES**  
Reserved, Cropp, House, Mohito, Sinsay
- ONLINE STORES**  
Reserved, Cropp, House, Mohito, Sinsay in Russia and Ukraine
- TYPE OF STORES**  
Own

## CIS REGION



526  
stores

426.1 ths m<sup>2</sup>  
floorspace

# More opportunities in the CIS region

- CIS is the second most important market after Poland, responsible for 25% of group sales in 2020/21.
- Following the geopolitical issues from 2014, we have withheld new Russian and Ukrainian openings. From 2017 we accelerated development in Russia and Ukraine, where we continue to see growth potential.
- First franchise stores in Belarus were opened in 2017. These have been changed into company-owned stores.
- Own stores in Kazakhstan were successfully opened in 2018 and expansion continues.
- We continue to improve our logistics potential in Russia, to meet the needs of current and future stores and e-stores.

## WE SEE LONG-TERM GROWTH POTENTIAL.

Key data CIS	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	1,542	1,770	1,924	2,218	1,929
% of group revenues	22%	22%	22%	24%	25%
No. of stores	420	443	436	446	526
Floorspace (ths, m2)	247.3	275.4	270.9	321.8	426.1

No. of stores	2017	2018	2018/19	2019/20	2020/21
<b>CIS countries</b>	<b>420</b>	<b>443</b>	<b>436</b>	<b>446</b>	<b>526</b>
Russia	327	336	333	332	394
Ukraine	88	93	89	104	113
Belarus	5	8	8	0	4
Kazakhstan	0	6	6	10	15

# Western Europe

## COUNTRIES PRESENT OFFLINE

Germany, the UK, Finland

## GROWTH STAGE

Early stage

## TRADITIONAL STORES

Reserved (in all countries), Cropp, House, Mohito, Sinsay (four brands in Finland only)

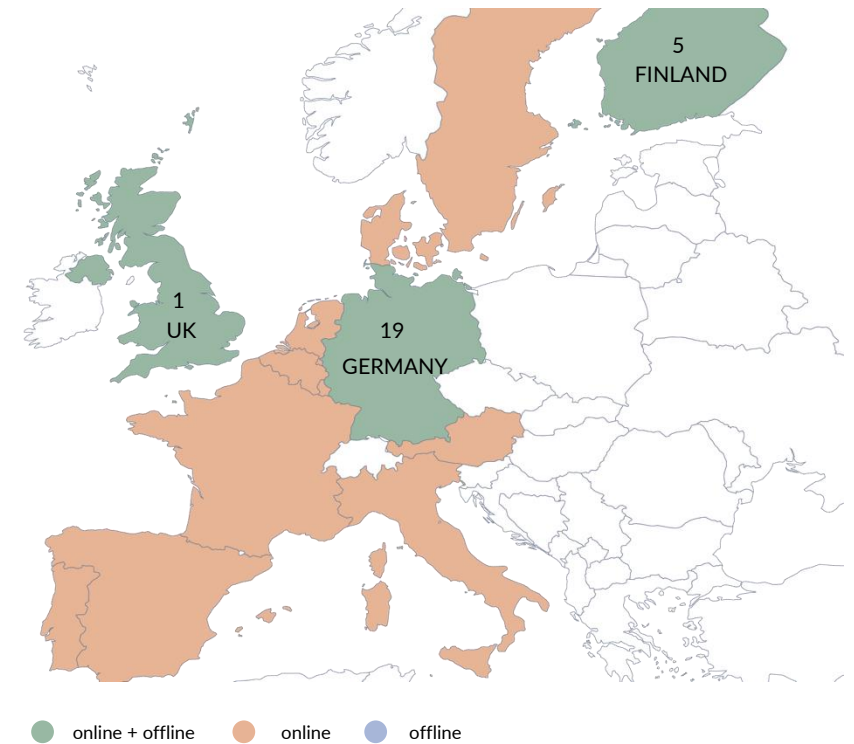
## ONLINE STORES

Reserved, Cropp, House, Mohito, Sinsay in Germany, Reserved on-line in UK and Finland; pan-European online store

## TYPE OF STORES

Own

## WESTERN EUROPE



25  
stores

55.5 ths m<sup>2</sup>  
floorspace



# Western Europe at early stage of development

- Germany was the first Western European country entered. In July 2014 we launched Reserved online store, while first shop followed in September 2014.
- Our target: 19 stores in Germany by the end of 2018 has been reached. In 2020/21, our stores in Germany were under restructuring, due to impact of COVID-19. We have successfully renegotiated rental agreements making a BEP possible.
- Our first store in the UK, in the centre of London, was opened in September 2017. The store's operations have been severely hit by COVID-19.
- First own stores in Finland opened in 2019.
- Pan-European e-store opened in 2H19.

**WE HAVE SUCCESSFULLY  
RESTRUCTURED OUR GERMAN  
OPERATIONS.**

Key data WE	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	279	320	345	433	370
% of group revenues	4%	4%	4%	4%	5%
No. of stores	20	20	20	25	25
Floorspace (ths, m2)	48.5	49.0	49.0	55.5	55.5

No. of stores	2017	2018	2018/19	2019/20	2020/21
WE countries	20	20	20	25	25
Germany	19	19	19	19	19
UK	1	1	1	1	1
Finland	0	0	0	5	5

# Middle East

## COUNTRIES PRESENT OFFLINE

Egypt, Kuwait, Qatar, UAE, Israel

## GROWTH STAGE

Early stage

## TRADITIONAL STORES

Reserved

## ONLINE STORES

No own stores; Reserved on Namshi.com from July 2018;  
separate partner for Israel e-commerce

## TYPE OF STORES

Franchise

## MIDDLE EAST



9  
stores

9.9 ths m<sup>2</sup>  
floorspace

# ME – foothold on the third continent

- Development via franchise stores opened by franchisee Azadea since 1Q15.
- Franchise stores require no capex, yet bear no retail margin.
- Now, only Reserved stores are developed within the region.
- New country – Israel – was opened in August 2018 in a shopping mall in Tel Aviv. Further stores followed.
- Reserved products are available on online platform Namshi.com (decision of our franchise partner, July 2018).
- In 2020/21 a new store was opened in Dubai, in the largest shopping mall in the world.
- Reserved present on online platform in Israel via our franchise partner.

## WE DEVELOP ME VIA FRANCHISE STORES.

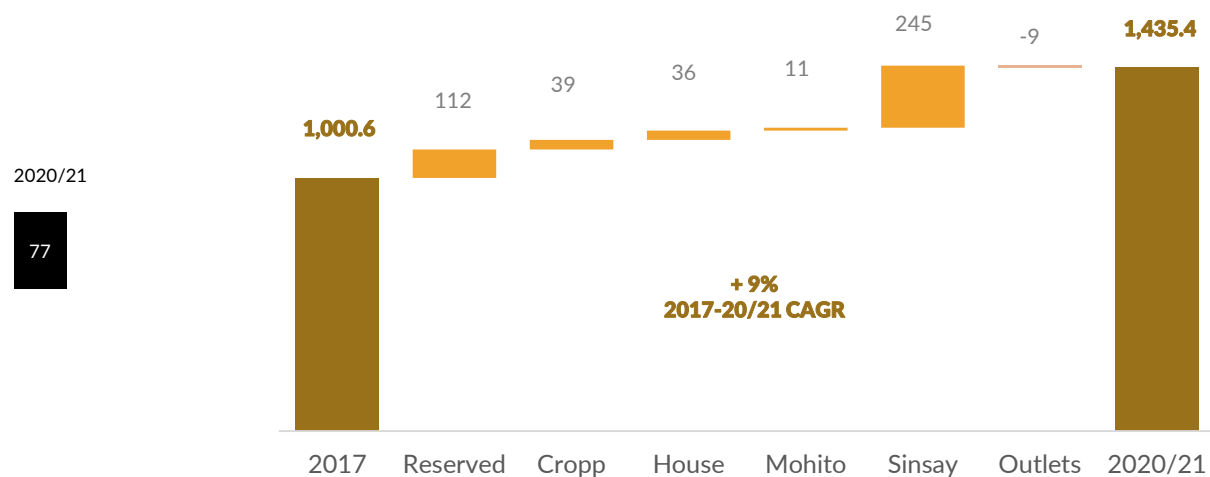
Key data Poland	2017	2018	2018/19	2019/20	2020/21
Revenues (PLN m)	24	22	24	33	17
% of group revenues	0%	0%	0%	0%	0%
No. of stores	6	7	7	8	8
Floorspace (ths, m2)	6.6	7.1	7.1	8.4	9.9

No. of stores	2017	2018	2018/19	2019/20	2020/21
<b>ME countries</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>9</b>
Egypt	1	1	1	1	1
Kuwait	1	1	1	1	1
Qatar	3	2	2	2	2
Saudi Arabia	0	0	0	0	0
UAE	1	1	1	1	2
Israel	0	2	2	3	3

# Reserved dominated floorspace growth

## FLOORSPACE GROWTH BY BRANDS

ths m2



## FLOORSPACE BY BRANDS

ths m2	2017	2018	2018/19	2019/20	2020/21
<b>LPP GROUP</b>	<b>1,000.6</b>	<b>1,091.3</b>	<b>1,075.6</b>	<b>1,230.9</b>	<b>1,435.4</b>
Reserved PL	266.8	273.3	268.7	270.3	267.7
Reserved EX	295.5	343.4	336.3	394.5	407.0
Cropp PL	65.7	66.5	65.9	63.0	63.7
Cropp EX	61.6	67.5	66.9	84.9	102.4
House PL	65.0	67.3	66.9	65.6	71.4
House EX	45.7	49.0	48.3	61.8	75.4
Mohito PL	53.0	54.1	53.4	51.4	50.3
Mohito EX	50.7	55.3	54.5	60.2	64.9
Sinsay PL	53.2	60.1	59.8	78.4	113.8
Sinsay EX	31.4	42.9	42.9	94.8	216.0
Outlets	12.1	12.0	12.0	5.8	2.8

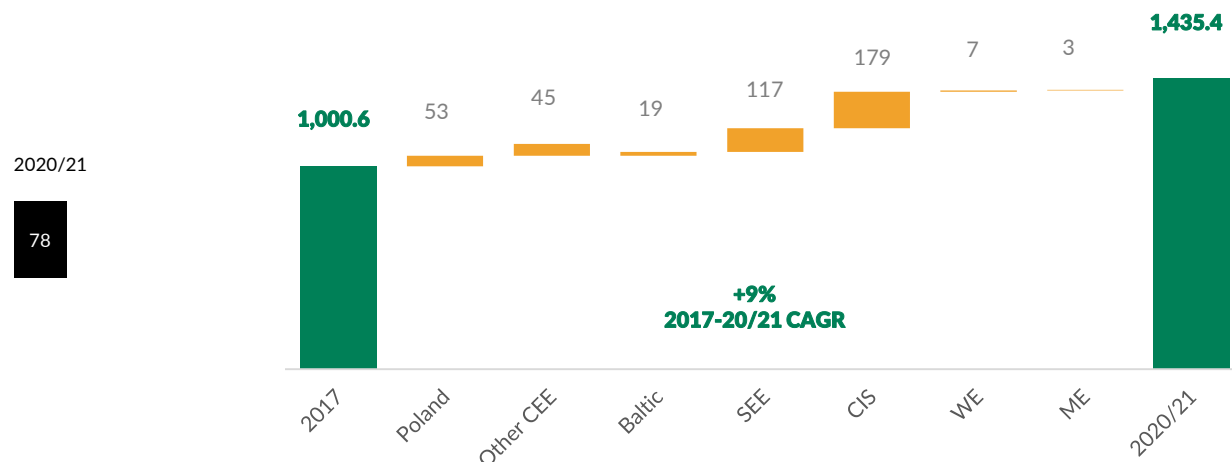
- In 2017-20/21, Reserved was the second largest contributor to floorspace openings due to entry into new countries.
- Sinsay was the largest contributor to floorspace growth even though it was launched in 2013.
- Cropp contributed similarly to floorspace as House in 2017-20/21.
- Foreign expansion of the brands was the key driver behind floorspace growth.



# New regions fuel floorspace growth

## FLOORSPACE GROWTH BY REGIONS

ths m2



## FLOORSPACE BY REGIONS

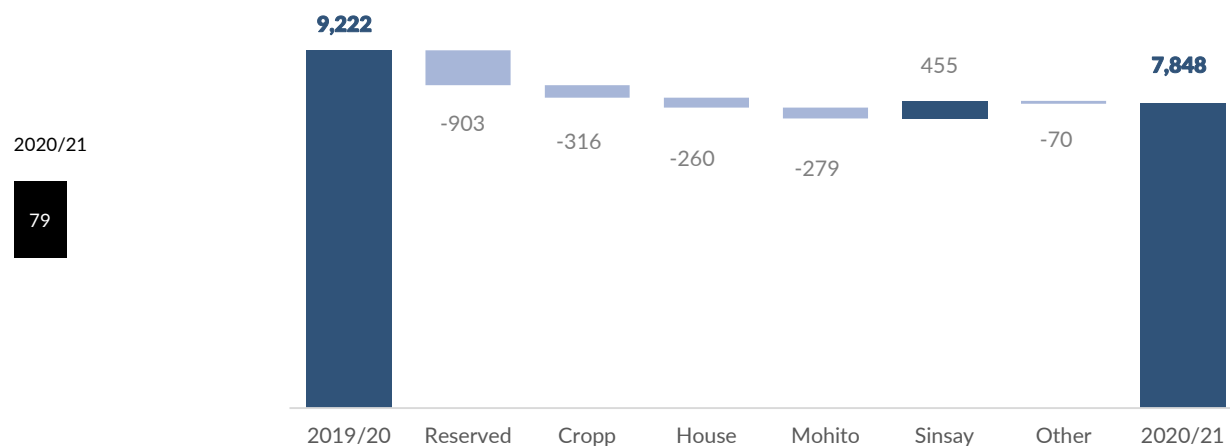
ths m2	2017	2018	2018/19	2019/20	2020/21
<b>LPP GROUP</b>	<b>1,000.6</b>	<b>1,091.3</b>	<b>1,075.6</b>	<b>1,230.9</b>	<b>1,435.4</b>
CEE	602.1	635.4	626.6	663.5	712.3
Poland	514.0	529.5	523.0	530.0	566.9
Other CEE	88.1	105.9	103.5	133.5	145.4
Baltic	43.0	43.5	41.1	51.0	62.0
SEE	53.1	81.0	81.0	130.7	169.7
CIS	247.3	275.4	270.9	321.8	426.1
WE	48.5	49.0	49.0	55.5	55.5
ME	6.6	7.1	7.1	8.4	9.9

- The CEE region was a mature market, especially Poland. Similar situation took place in the Baltics in 2017-20/21.
- The CIS region was the largest contributor as more high quality mall space was available and new countries were entered into (Belarus and Kazakhstan).
- SEE floorspace growth was much higher than that of CEE (Poland and other countries) in 2017-20/21 due to acceleration of expansion and entry to new countries.

# Reserved and Sinsay key revenue contributors

## REVENUES BY BRANDS

PLN m



## REVENUES BY BRANDS

PLN m	2017	2018	2018/19	2019/20	2020/21
<b>LPP GROUP</b>	<b>7,029.4</b>	<b>8,046.8</b>	<b>8 755.9</b>	<b>9,221.7</b>	<b>7,848.1</b>
Reserved PL	1,560.5	1,740.1	1,883.6	1,949.2	1,391.7
Reserved EX	1,599.0	1,838.3	1,996.9	2,420.6	2,075.0
Cropp PL	540.5	529.8	570.0	552.3	368.3
Cropp EX	523.4	590.1	635.7	736.4	604.0
House PL	524.3	575.6	619.3	653.9	452.8
House EX	281.0	344.4	373.3	481.5	422.4
Mohito PL	445.4	406.0	438.4	503.3	345.1
Mohito EX	383.1	375.6	407.5	483.6	362.6
Sinsay PL	430.4	502.0	539.3	689.9	790.1
Sinsay EX	179.8	287.0	311.5	592.6	947.7
Other	560.7	858.0	937.1	158.5	88.3

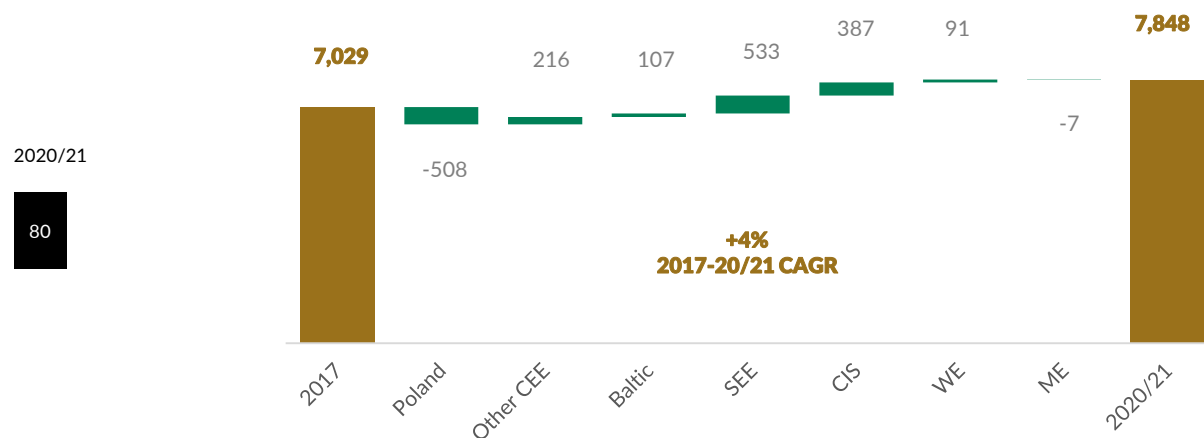
Change in data presentation, from 2019/20 e-commerce is included in the brand revenues.

- All brands were affected by the pandemics in 2020.
- Despite its scale in Poland, Reserved was the largest revenue contributor in 2016-19/20 compared to other brands.
- Sinsay proved to be a successful concept, growing domestically and abroad, also during COVID-19 pandemics.
- Cropp and House were similar revenue contributors. Mohito was lagging behind due to changes in collections.
- E-commerce development was another source of growth.

# New regions fuel revenue growth

## REVENUE GROWTH BY REGIONS

PLN m



## REVENUES BY REGIONS

PLN m	2017	2018	2018/19	2019/20	2020/21
<b>LPP GROUP</b>	<b>7,029.4</b>	<b>8,046.8</b>	<b>8,755.9</b>	<b>9,221.7</b>	<b>7,848.1</b>
CEE	4,572.1	5,114.6	5,562.4	5,402.5	4,279.8
Poland	3,906.0	4,274.5	4,647.4	4,418.7	3,397.7
Other CEE	666.1	840.1	915.1	983.9	882.1
Baltic	294.7	358.0	387.7	417.3	401.8
SEE	317.4	462.6	513.3	761.7	850.7
CIS	1,542.4	1,770.1	1,923.7	2,199.5	1,929.3
WE	278.6	319.7	344.7	410.3	369.7
ME	24.1	21.7	24.2	32.8	16.8

- The CEE dominated in terms of revenue contribution largely due to the core Polish market. Revenues from Poland in 2020/21 were strongly affected by pandemics and scale of lockdowns affecting traditional stores.
- Floorspace expansion in Russia translated into CIS being the second largest revenue addition.
- Expansion into SEE was the most important to top-line growth – entry to new countries and strengthening presence in Romania via FC.
- WE was visible on our top-line – Finland is our most successful Western European market. Since 2015 we have been developing in the Middle East.

# Three design centres

2020/21

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## Gdansk HQs

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

## Design centres

### CRACOW

- Design centre for House and Mohito brands.
- Cooperation with designing schools.

### WARSAW

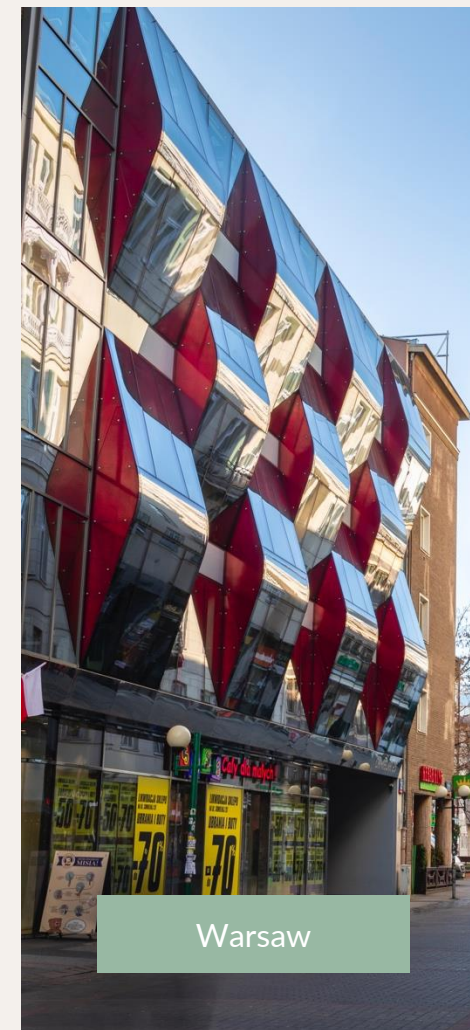
- Design centre responsible for Reserved (support for Gdańsk design centre, special occasion projects).



Gdansk HQs

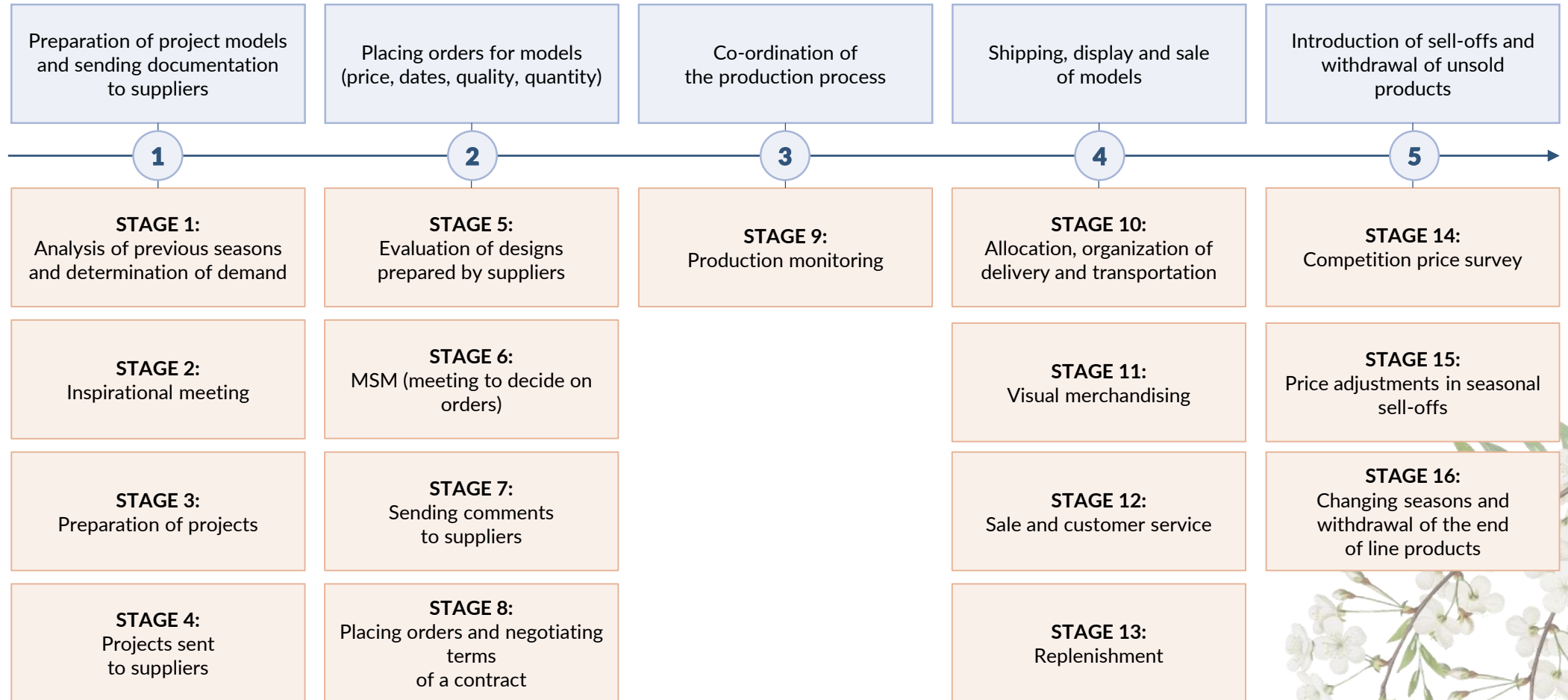


Cracow



Warsaw

# Stages of the designing and supply process



2020/21

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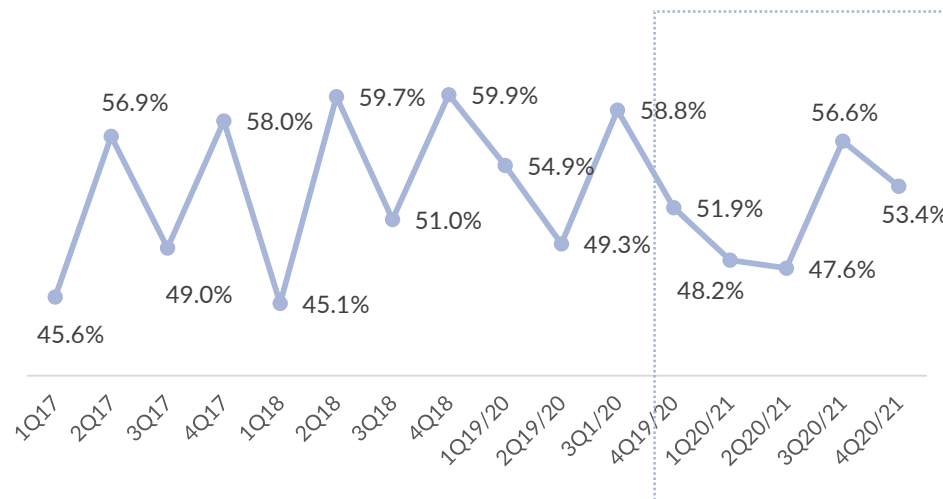




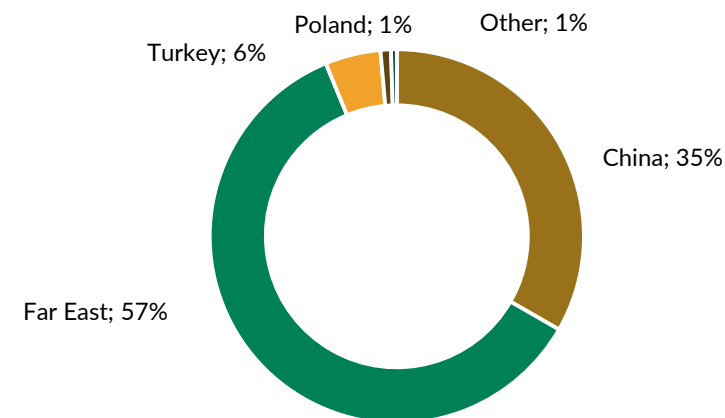
# Gross profit margin follows collections quality

## QUARTERLY GROSS PROFIT MARGIN

COVID-19



## 2020/21 PURCHASES BY REGION

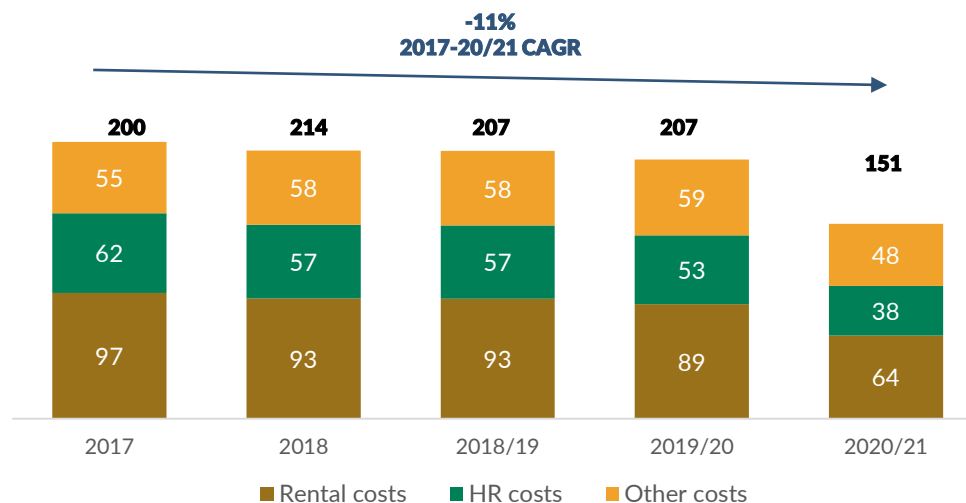


- Gross margin in 2020/21 came in at 52.0%, down 1.5 pp. The YoY decrease was due to a higher share of online channel, in which customers more effectively search for promotions, and inability to translate unfavorable exchange rates into prices in selected quarters.
- Before the impact of COVID-19, gross profit margin was favourably affected over the last quarters by the new inventory policy, especially the system allocating goods to stores, which allows for individual allotment of inventory to each store.
- Since 2Q18 write-offs for inventory are shown in gross profit margin and not other operating line.

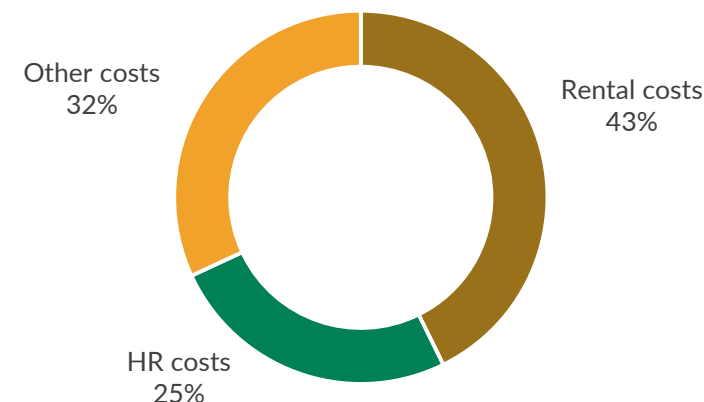
# Costs of own stores depend on rentals

## COSTS OF OWN STORES/ M2

(PLN monthly, IAS17)



## 2020/21 COSTS OF OWN STORES SPLIT



- Rental charges → successful rental renegotiations in the past (reopened after COVID-19); level paid depends on EUR/PLN exchange rate; focus on turnover-based rentals.
- Personnel costs → adjusting headcount and salaries to the COVID-19 reality, limited benefits from state support in various countries where traditional stores are present.
- Other costs of stores → depreciation constitutes half of other costs of stores (under IAS17); other costs: energy, provisions, security.

2020/21

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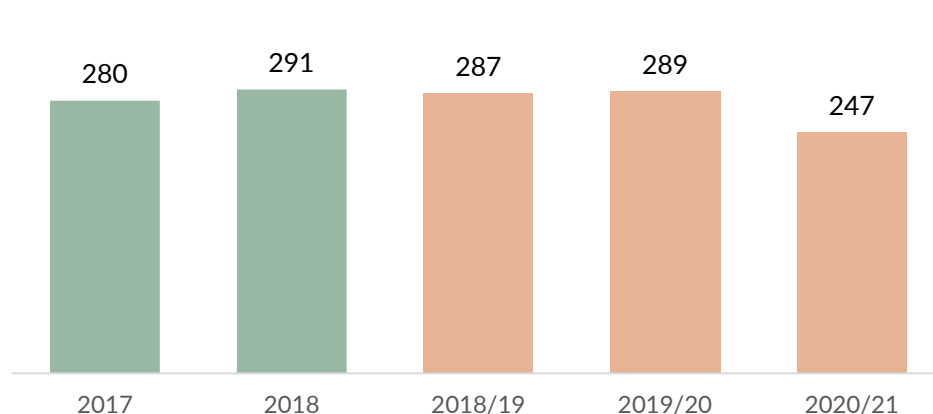
# We control SG&A/ m2

## SG&A/ M2

(PLN monthly, from 2019/20 IFRS16)

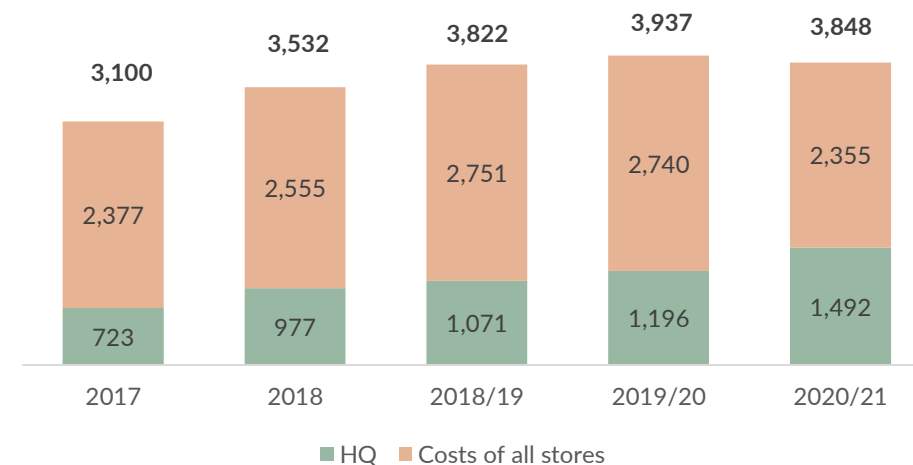
2020/21

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## SG&A COSTS

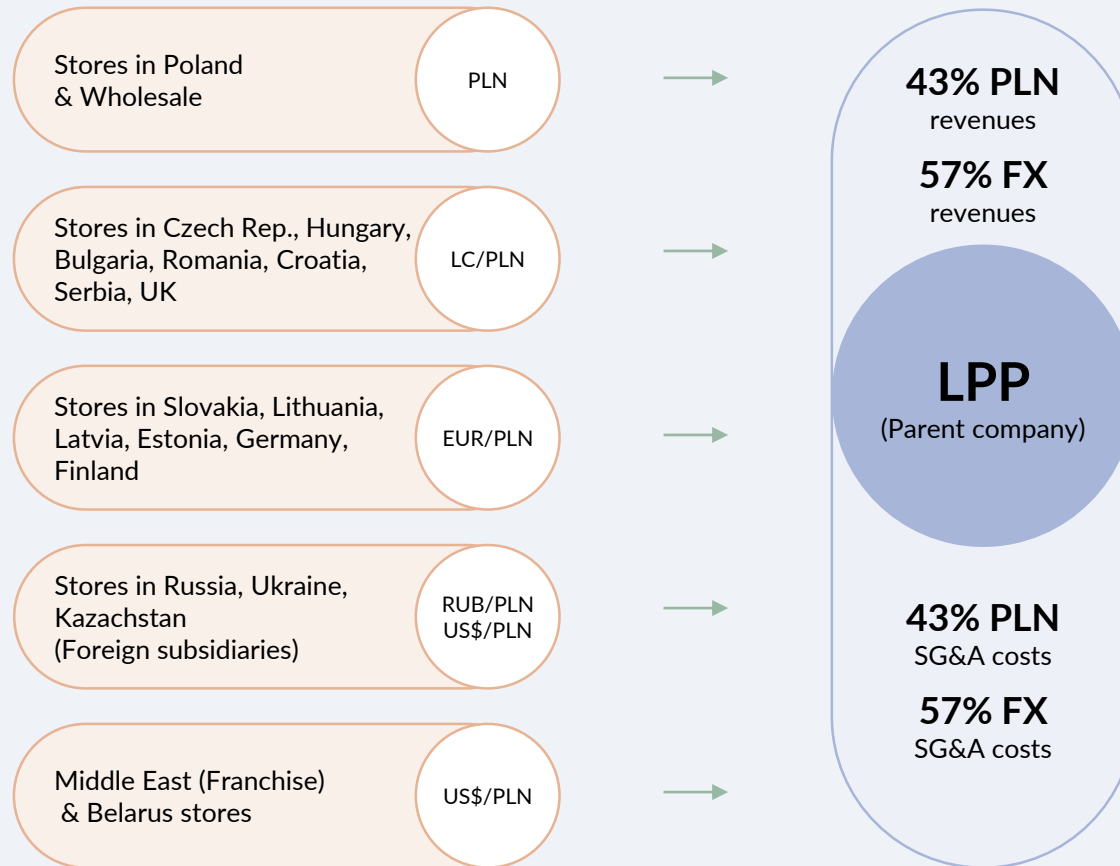
(PLN m, from 2019/20 IFRS16)



- Costs of stores encompass costs of own stores (rentals, personnel and other) as well as costs of franchise stores in Poland. Stores in Middle East and Belarus (the latter until end of 2019) do not have any material effect on SG&A costs.
- Costs of stores → YoY growth in 2017-19/20 due to higher YoY floorspace, FX relations and other costs of stores. Fall in costs of franchise stores in Poland, due to switch to company owned stores. 2020/21 brought reduction, yet lower than revenues fall, due to sizeable portion of the cost being fixed.
- HQ costs → YoY growth in 2017-2020/21 due to investments in product departments, e-commerce expansion, higher costs of foreign logistics and growing marketing costs.

# Group FX exposure (excluding IFRS16)

## REVENUES



## COSTS

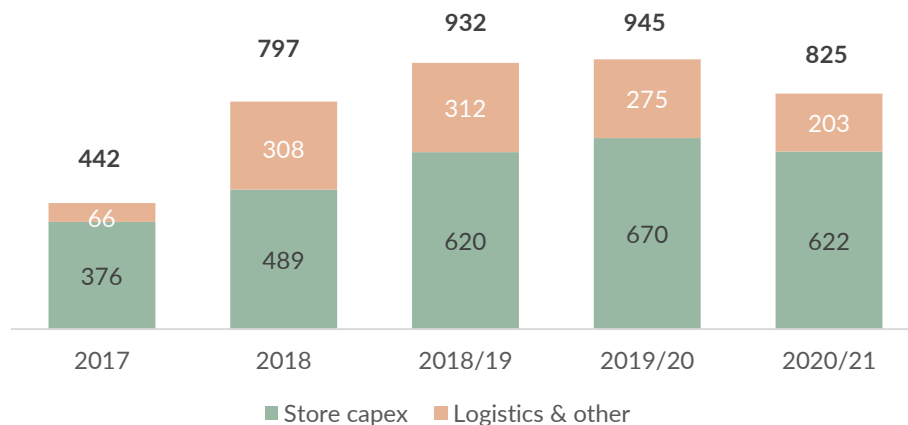


Note: LC stands for local currency. Calculations based on 2020/21 numbers and IAS17 data.

# Capex supports LPP's development

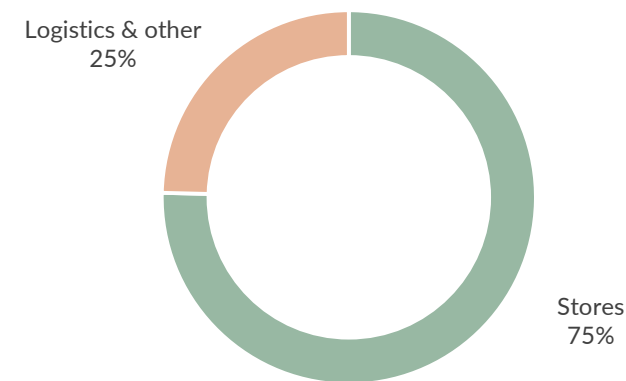
## CAPEX SPLIT

(PLN m)



## 2020/21 CAPEX SPLIT

(PLN m)



- Our store capex encompasses outlays for new stores as well as modernisations of existing ones. We are in the process of modernising our network – opening larger stores that will support us in full omnichannel integration and stores in retail parks.
- Logistics capex includes outlays for our distribution centres. We are continuing capex for Brześć Kujawski DC.
- We are in the process of modernisation and expansion of our Gdansk headquarters. In 2020/21 we finalised expansion of our Cracow offices.

2020/21

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# Further logistics development

## FULFILLMENT CENTRES



## DISTRIBUTION CENTRES

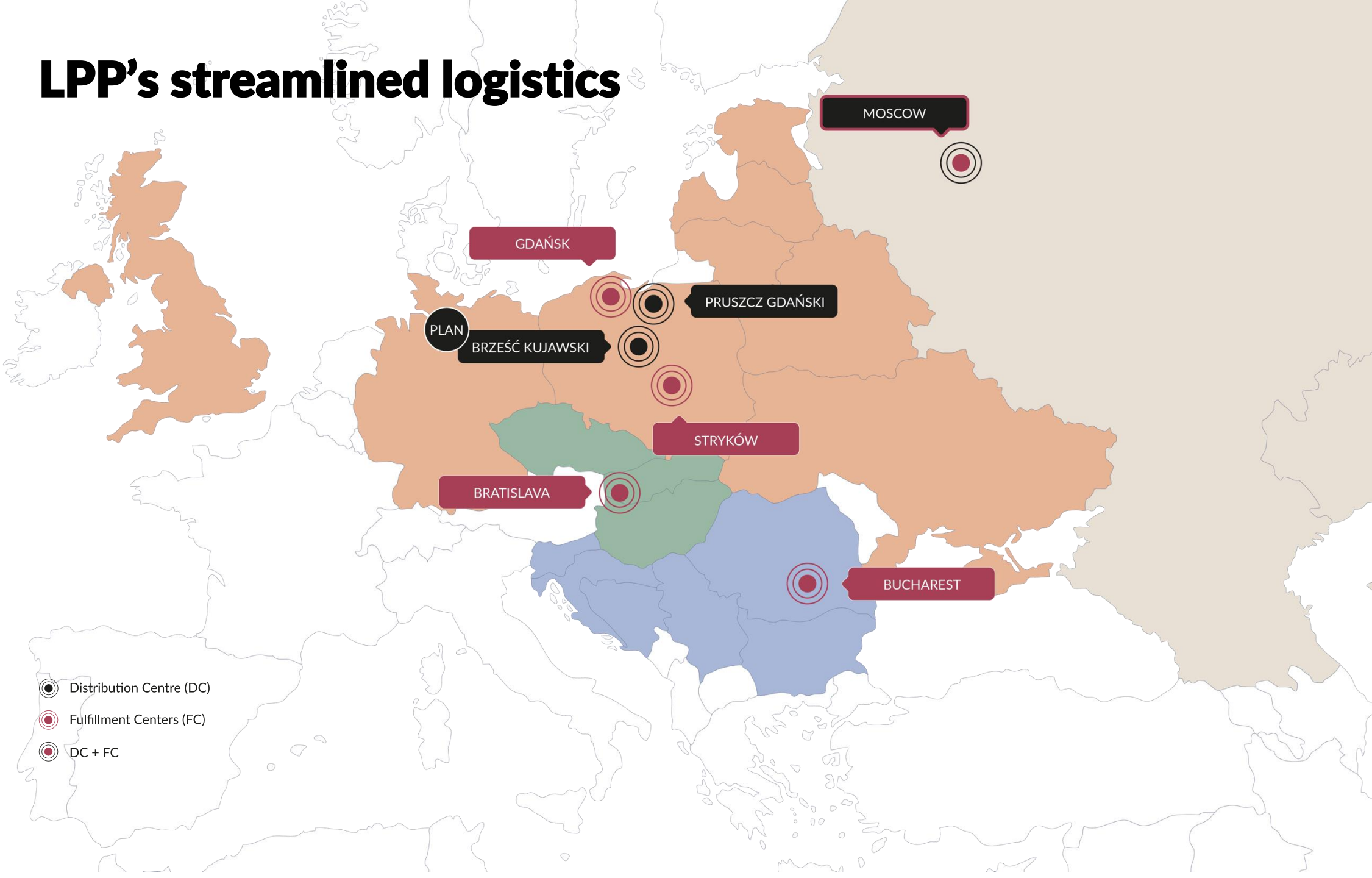


# LPP LPP's streamlined logistics

2020/21

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GLOBAL ASPIRATIONS



# Modern Pruszcz Gdański distribution centre

We have the largest and most modern clothing distribution centre in Central and Eastern Europe (100,000 m<sup>2</sup> after expansion).

We ship up to 2.2 million pieces of clothing a day. Transportation of clothes and accessories of Reserved, Cropp, House, Mohito and Sinsay brands to all countries.



## LOGISTICS

**10 m**  
pieces shipped  
weekly  
(up to 2.2m daily)

**212 ths**  
cartons sent  
weekly

**320**  
containers  
admitted weekly

**1,000**  
employees in  
distribution centre

## MINILOAD

**1,177 ths**  
storage positions  
for boxes

**18m**  
high warehouse

**57 alleys**  
120 and 83 meters  
long

**7,500**  
operations per  
hour



## Capex for online and offline operations

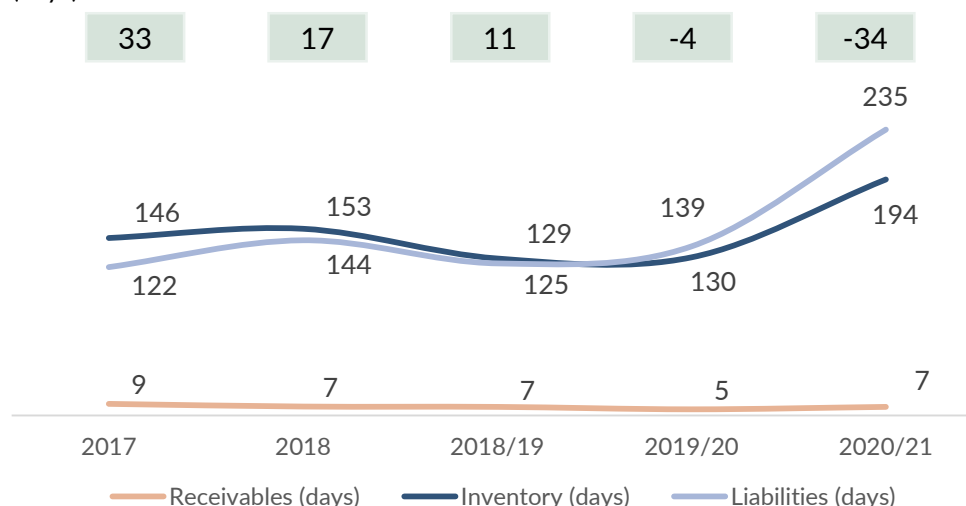
PLN m	2021/22	2022/23	2020/21-2022/23
<b>Stores</b>	<b>950</b>	<b>850</b>	<b>1,800</b>
Stores domestically and abroad	950	850	1,800
<b>Offices</b>	<b>50</b>	<b>50</b>	<b>100</b>
New HQs Gdańsk Łąkowa – Building 2	50	0	50
New HQs Gdańsk Łąkowa – Building 3	0	50	50
<b>Logistics</b>	<b>150</b>	<b>40</b>	<b>190</b>
New DC in Brześć Kujawski	150	40	190
<b>IT &amp; other</b>	<b>60</b>	<b>60</b>	<b>120</b>
<b>TOTAL</b>	<b>1,210</b>	<b>1,000</b>	<b>2,210</b>



# Freeing up working capital

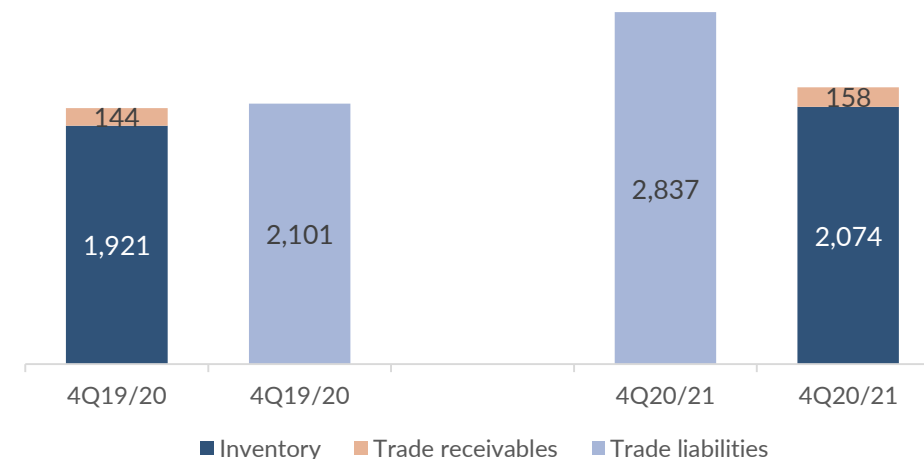
## CASH CYCLE

(days)



## WORKING CAPITAL

(PLN m)



- 8% YoY growth in inventory in 2020/21 due to goods from new collections on the balance sheet (72% of inventory value), despite effective Autumn/Winter 2020/21 sell-offs. 7% YoY fall in inventory/ m2 due to growth in shopping floorspace.
- Liabilities are a source of inventory financing. Supplier financing programme utilization at PLN 1,572m at the end of 2020/21.
- Benefits of supplier financing for LPP: extended payment periods on invoices for goods purchased and net working capital and operating cash flows improvement. Benefits for suppliers: possibility to discount invoices for LPP before the payment deadline (low discount rate based on LPP's standing) and no impact on credit ability.
- As a result, our cash conversion cycle remained at a low level of - 34 days in 2020/21 (-4 days in 2019/20).

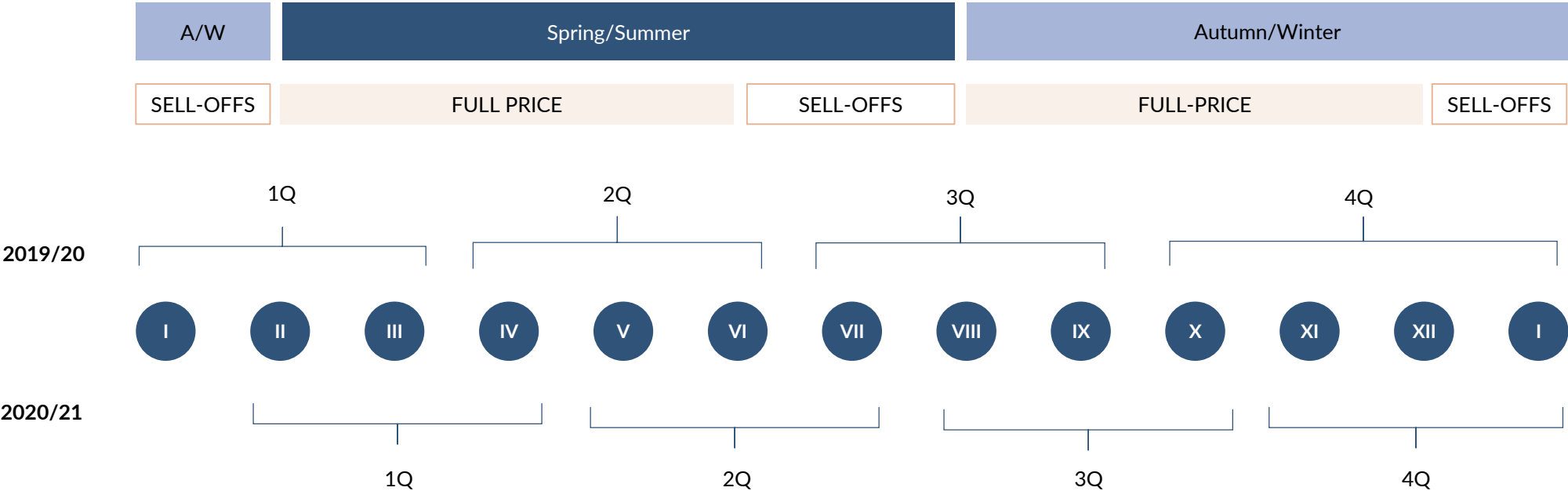
2020/21

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# Change in the fiscal year from 2019

2020/21



The aim behind the fiscal year change is to align the fiscal year with the 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 2019/20 and 4Q19/20.

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



## IFRS16 impact summary on 2020/21 numbers

### EBITDA

PLN 617.2m of additional amortisation of right of use asset.

### EBIT

55% of rentals under IFRS16 (PLN 389.2m).  
PLN 29.6m write-offs for stores closed valued under IFRS16.

### NET INCOME

Financial costs related to the asset (-PLN 130.6m) and FX losses (-PLN 102.5m).  
PLN 58.7m impact of deferred taxes.  
PLN 66.5m gain on abolition and reductions of rentals.

# Consistent growth in operating line

2020/21

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PLN m	2016 IAS17	2017 IAS17	2018 IAS17	2018/19 IAS17	2019/20 (13M) IFRS16	2019/20 IFRS16	2020/21 IFRS16	YoY
<b>Revenues</b>	<b>6,019.0</b>	<b>7,029.4</b>	<b>8,046.8</b>	<b>8,755.9</b>	<b>9,899.2</b>	<b>9,221.7</b>	<b>7,848.1</b>	<b>-14.9%</b>
Gross profit on sales	2,933.8	3,727.1	4,401.3	4,628.3	5,145.7	4,940.2	4,083.9	-17.3%
Gross profit margin	48.7%	53.0%	54.7%	52.9%	52.0%	53.6%	52.0%	-1.5pp
SG&A costs	2,608.8	3,099.9	3,532.2	3,822.3	4,213.1	3,937.3	3,847.6	-2.3%
Other operating line	-98.6	-48.7	-112.5	-117.7	-126.9	-123.6	-83.3	N/M
<b>EBIT</b>	<b>226.4</b>	<b>578.4</b>	<b>756.6</b>	<b>688.2</b>	<b>805.7</b>	<b>879.2</b>	<b>153.0</b>	<b>-82.6%</b>
EBIT margin	3.8%	8.2%	9.4%	7.9%	8.1%	9.5%	1.9%	-7.6pp.
Net financial activity	-32.3	-14.8	-32.9	-31.4	-140.5	-142.1	-269.5	N/M
Pre-tax profit	194.1	563.7	723.7	656.8	665.2	737.1	-116.5	N/M
Tax	19.3	122.9	218.5	214.3	244.2	251.1	73.6	-70.7%
Minorities	0.0	0.1	0.0	0.0	0.0	0.0	0.0	N/M
<b>Net income</b>	<b>174.8</b>	<b>440.9</b>	<b>505.2</b>	<b>442.5</b>	<b>421.0</b>	<b>486.0</b>	<b>-190.1</b>	<b>N/M</b>
Net income margin	2.9%	6.3%	6.3%	5.1%	4.3%	5.3%	-2.4%	-7.7pp

# Balance sheet strong even during the pandemics

2020/21

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PLN m	31.12.2016 IAS17	31.12.2017 IAS17	31.12.2018 IAS17	31.01.2019 IFRS16	31.01.2020 IFRS16	31.01.2021 IFRS16
<b>Non-current assets</b>	<b>1,838.7</b>	<b>2,041.4</b>	<b>2,417.8</b>	<b>5,279.5</b>	<b>5,870.7</b>	<b>5,620.6</b>
fixed assets	1,291.3	1,478.2	1,818.3	1,821.1	2,312.4	2,439.8
intangibles (inc. goodwill)	330.6	351.2	376.7	379.8	413.3	397.2
right-of-use asset	0.0	0.0	0.0	2,894.1	3,000.2	2,589.1
<b>Current assets</b>	<b>1,839.3</b>	<b>2,289.5</b>	<b>2,963.1</b>	<b>2,626.8</b>	<b>3,735.1</b>	<b>4,733.2</b>
inventory	1,164.1	1,475.2	1,590.4	1,210.3	1,921.1	2,074.4
trade receivables	165.4	199.6	156.3	103.6	143.8	158.1
cash and equivalents	365.8	514.8	1,045.0	1,070.3	1,361.5	1,277.9
<b>Total assets</b>	<b>3,677.9</b>	<b>4,330.8</b>	<b>5,380.8</b>	<b>7,906.3</b>	<b>9,605.9</b>	<b>10,353.8</b>
<b>Equity</b>	<b>2,134.7</b>	<b>2,443.4</b>	<b>2,860.5</b>	<b>2,815.7</b>	<b>3,247.5</b>	<b>3,068.4</b>
<b>Long-term liabilities</b>	<b>267.3</b>	<b>324.4</b>	<b>346.1</b>	<b>2,634.3</b>	<b>3,159.3</b>	<b>3,114.2</b>
interest bearing debt	195.0	141.8	88.6	84.1	462.9	484.7
finance lease (IFRS16)	0.0	0.0	0.0	2,439.4	2,568.0	2,523.7
<b>Short-term liabilities</b>	<b>1,275.9</b>	<b>1,563.0</b>	<b>2,174.1</b>	<b>2,456.3</b>	<b>3,199.1</b>	<b>4,171.2</b>
trade liabilities	881.1	1,325.3	1,557.4	1,341.1	2,100.8	2,837.1
interest bearing debt	315.1	56.5	203.2	145.3	109.5	521.1
finance lease (IFRS16)	0.0	0.0	0.0	566.0	680.2	654.0
<b>Total liabilities</b>	<b>3,677.9</b>	<b>4,330.8</b>	<b>5,380.8</b>	<b>7,906.3</b>	<b>9,605.9</b>	<b>10,353.8</b>

# Strong operating cash flows

2020/21

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PLN m	2016 IAS17	2017 IAS17	2018 IAS17	2018/19 IAS17	2019/20 (13M) IFRS16	2019/20 IFRS16	2020/21 IFRS16
<b>Pre-tax profit</b>	<b>194.1</b>	<b>563.7</b>	<b>723.7</b>	<b>656.8</b>	<b>665.2</b>	<b>737.1</b>	<b>-116.5</b>
D&A	267.4	293.4	349.2	426.9	1,093.8	1,017.2	1,073.0
NWC	255.9	101.3	125.2	469.1	268.8	48.0	113.2
<b>Operating CF</b>	<b>718.2</b>	<b>893.2</b>	<b>1,212.0</b>	<b>1,600.0</b>	<b>1,848.3</b>	<b>1,572.6</b>	<b>1,074.5</b>
Capex	-271.8	-441.6	-798.9	-931.8	-1,003.8	-944.9	-824.8
<b>Investing CF</b>	<b>-181.4</b>	<b>-383.9</b>	<b>-704.4</b>	<b>-933.0</b>	<b>-861.5</b>	<b>-753.1</b>	<b>-1,007.1</b>
Interest bearing debt	-328.7	-309.0	108.5	41.7	-14.3	54.3	444.5
Dividends	-59.9	-65.5	-73.3	73.3	-110.1	-110.1	0.0
Finance lease (IFRS16)	0.0	0.0	0.0	47.5	-721.1	-663.3	-538.6
Interest	-21.6	-11.6	-14.3	-27.4	-137.0	-127.7	-157.7
<b>Financing CF</b>	<b>-393.8</b>	<b>-359.9</b>	<b>20.9</b>	<b>-106.5</b>	<b>-682.5</b>	<b>-547.0</b>	<b>-139.5</b>
<b>Total CF</b>	<b>143.0</b>	<b>149.4</b>	<b>528.5</b>	<b>560.5</b>	<b>304.4</b>	<b>272.4</b>	<b>-72.1</b>





## LPP's success story

No. of stores

10

**1991** Creation of Mistral company by Marek Piechocki and Jerzy Lubianiec

**1995** Mistral transformed into LPP

**1997** Opening offices in Shanghai

**1998** Launch of Reserved – first retail store opened

50

**2001** IPO on the Warsaw Stock Exchange

**2002** Start of international expansion (Russia, Czech Rep., Estonia, Hungary, Latvia)

100

**2003** Further international expansion (Lithuania, Ukraine, Slovakia)

**2004** Launch of Cropp brand

**2008** Acquisition of Artman, owner of House and Mohito brands

400

**2008** Launch of the modern distribution center; expansion into Romania and Bulgaria

**2010** Payment of first dividend

**2013** Launch of Sinsay brand

500

**2014** New countries: Germany, Croatia; entry into MSCI Poland and WIG20 indices

**2015** Middle East entry: Egypt, Kuwait, Qatar, Saudi Arabia

**2016** Launch of Tallinder brand and decision to abandon it; entry into UAE

1,000

**2017** Entry into Belarus, Serbia and the UK; closing down Tallinder brand

**2018** Publication of first integrated report, entry into Israel, Slovenia, Kazakhstan

>1,700

**2019** Entry into B&H and Finland, new CSR strategy

**2020** Expansion of Pruszcz Gdański distribution centre, modernisation of Cracow offices, completion of restructuring in Germany, acquisition of controlling interest by Semper Simul Foundation

# Key corporate events of 2020/21 (1)

2020/21

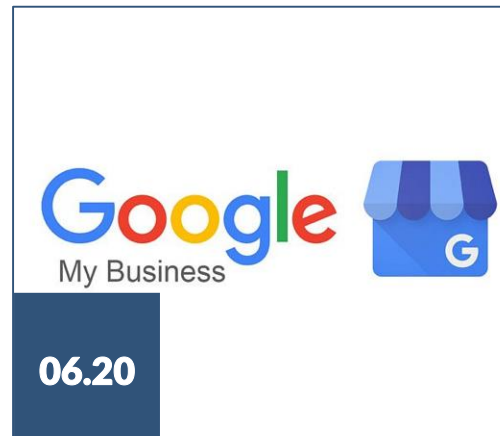
99



02.20



04.20



06.20



08.20

## **PRUSZCZ GDAŃSKI EXPANSION**

Finalising expansion of Pruszcz Gdański distribution centre. Total floorspace:

**100,000 m2**

## **NEW OFFICES IN CRACOW**

Finishing construction of new offices in Cracow, where design centres for House and Mohito are located.

**9,000 m2**

## **LPP & CLOUD**

Google chosen as a strategic digital partner. Decision to accelerate migration to cloud solutions.

## **FINALISATION OF NEGOTIATIONS WITH LANDLORDS**

At the end of August, we completed negotiations with landlords. These concerned 30% of LPP's floorspace, in relation to which agreements were terminated.

# Key corporate events of 2020/21 (2)

2020/21

100



## **COMPLETION OF RESTRUCTURING IN GERMANY**

Completion of reorganization proceedings and restoration of normal operations after negotiating new terms and conditions with the landlords.

## **RETURN TO BUILDING DC IN BRZEŚĆ KUJAWSKI**

Decision to return to the investment in DC in Brześć Kujawski. Start of the project in a modified shape in 1Q21.

## **STORE IN DUBAI**

Opening of Reserved store in Dubai, in the world's largest shopping center, Dubai Mall.

**1,430 m<sup>2</sup>**

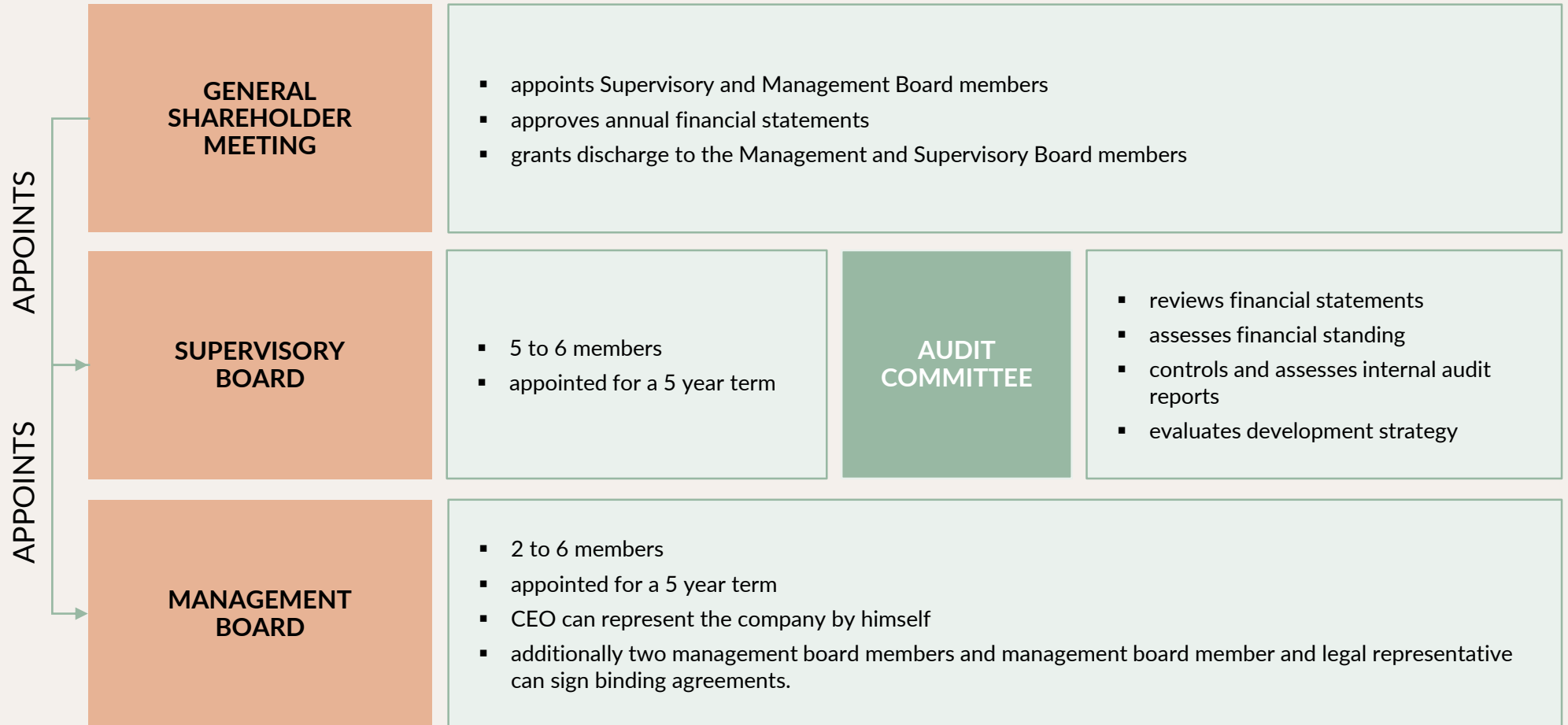
## **LPP A FAMILY COMPANY**

Acquisition of a controlling stake in LPP by Semper Simul Foundation. Securing the family character of the company and guarantee of strategy implementation.

# Corporate governance

2020/21

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# Two LPP's founders

## LPP's FOUNDERS

### **Marek Piechocki**

Chief Executive Officer

- Present in the retail business since 1989.
- In 1991 together with Jerzy Lubianiec, founded Mistral company, activities of which in 1995 were transferred into LPP.
- CEO of LPP since 2000.
- The Best-Performing CEO according to Harvard Business Review (2013).

### **Jerzy Lubianiec**

President of Supervisory Board until the end of 2020

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



# Management with long-term vision

**Marek Piechocki (60)**  
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 all brands.

**Przemysław Lutkiewicz (50)**  
CFO

- At LPP since 2008. Since 2015 LPP's CFO (Chief Financial Officer).
- Responsible for finance, controlling, internal audit, investor relations, as well as supervision over foreign companies belonging to the LPP Group.
- 1995-2007 manager at First Data Poland.

**Jacek Kujawa (47)**  
Board Member

- At LPP since 2004. Initially IT Director.
- Appointed: 25 November 2009. Responsible for logistics, administration and IT.
- 1999-2004 at Wirtualna Polska.

**Sławomir Łoboda (56)**  
Board Member

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

**Marcin Piechocki (32)**  
Board Member

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



# Independent Chair of the Supervisory Board

2020/21

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**Miłosz Wiśniewski (57)**  
Chair of the Supervisory Board, Independent

- An MBA graduate (Paris). Since 2016 CEO of Robod SA.
- 2012-15 CFO of Boryszew SA. Earlier CFO and CEE & SEE Director at CPW.

**Wojciech Olejniczak (65)**  
Deputy

- Since 1999 member of the Supervisory Board of LPP.
- 1996 – 1997 LPP Management Board member. 1991 – 1996 partner at Mistral company (LPP's predecessor).

**Piotr Piechocki (34)**  
Member

- Graduated from Warsaw School of Economics and IE Business School in Madrid.
- 2012-2017 manager at LPP, responsible for creation and development of e-commerce.

**Magdalena Sekuła (46)**  
Independent Member

- Graduated from Gdansk University and University of Toulouse and Orleans.
- CEO of Gdansk-Sopot sports hall. Earlier, among other, responsible for promotional and informational actions related to the sports hall.

**Grzegorz Maria Słupski (62)**  
Independent Member

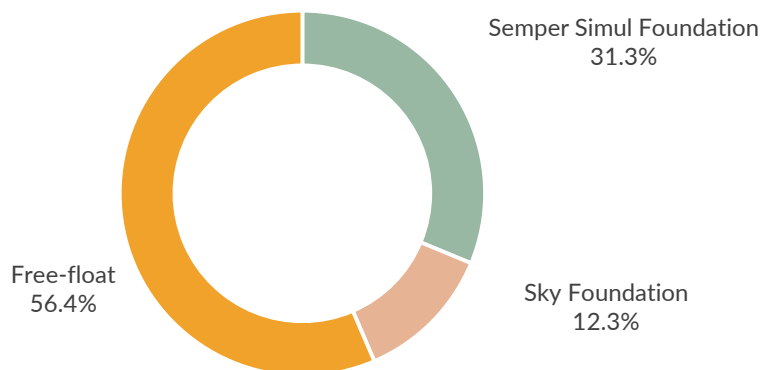
- Appointed: 29 June 2021.
- Entrepreneur, manager, academic teacher at University of Gdańsk, with over 20 years of experience.



# A family company controlled by its founders

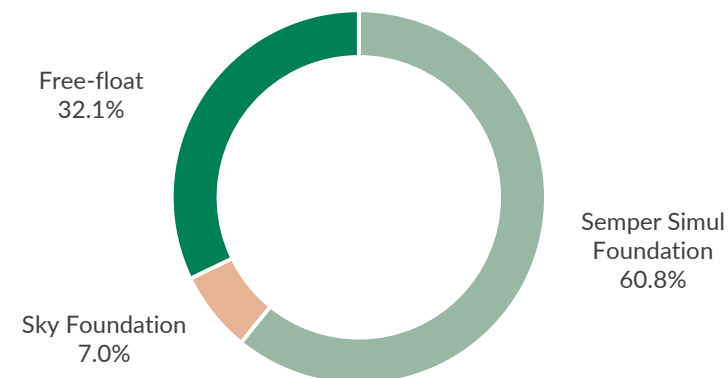
## SHAREHOLDERS BY EQUITY (AUGUST 2021)

total no. of shares: 1,852,423



## SHAREHOLDERS BY VOTES (AUGUST 2021)

total no. of votes: 3,252,423



- Founders' shares have been deposited in foundations. Effectively, they control 43.6% of equity and 67.9% of votes.
- The CEO, Marek Piechocki, transferred shares to the Semper Simul Foundation (always together), which currently holds 31.3% of equity and 60.8% of votes. Jerzy Lubianiec, the co-founder, transferred his shares to the Sky Foundation, which currently holds 12.3% of capital and 7.0% of votes. All LPP's privileged shares (1 to 5 in votes) are held by Semper Simul Foundation after changes in shareholder structure.
- Currently, LPP has no treasury shares. 18,978 of treasury shares were sold to the market in December 2020 along with changes in shareholder structure. Earlier, treasury shares were partially used for the purpose of stock option plan. These were purchased in 2008, between 13<sup>th</sup> March and 4<sup>th</sup> June.



## A Polish socially responsible company



### **FAMILY-RUN COMPANY**

- Created by Polish entrepreneurs–partners from student years
- Managed by one of the Founders and controlling shareholder
- A family capital and determination to preserve status quo
- Stability and long-term vision matched with large investments is at the heart of our development instead of profit consumption
- The well-being of the company and its employees is more important than short-term profits



### **POLISH COMPANY**

- Our roots are in Poland
- All strategic decisions are taken in Poland
- All our concepts are designed in Poland
- We pay all due taxes in Poland



### **SOCIALLY RESPONSIBLE COMPANY**

- Ethical
- Responsible production
- Caring for workplaces
- Supporting its employees and partners
- Environmentally friendly

# A history of sustainable actions

2020/21

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**2021****CANOPY**

start of cooperation  
with Canopy

**2020**

- joining ZDHC (Zero Discharge of Hazardous Chemicals) and joining the Polish Plastics Pact

**2019**

- new CSR For People For Our Planet strategy
- joining the New Plastics Economy Global Commitment

**2018**

- second ACCORD agreement
- start of Eco Aware collection

**2017**

- increased control of factories in Asia
- commencement of cooperation with the audit company SGS

**2016**

- resignation from use of natural fur

**2015**

- establishing of offices in Dhaka (Bangladesh)
- update of Code of Conduct for suppliers
- introduction of organic cotton

**2014**

- establishing of a factory audit department
- resignation from angora

**2013**

- accession to ACCORD agreement



## Climate is high on LPP's board agenda (1)



CEO & Founder of the company is responsible for sustainability issues

We have a sustainability department in place and trained personnel in key departments

Chief Sustainability Officer (CSO) in LPP's structure named Head of Sustainability, who is also Purchasing Director is reporting directly to CEO.

Sustainable Manager in LPP's structure named Sustainability Expert is reporting directly to CFO in climate matters.

At least annual assessment of climate risks and opportunities

**SUSTAINABILITY STRATEGY IS LINKED WITH THE BUSINESS STRATEGY**

# Climate is high on LPP's board agenda (2)

2020/21

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## TRANSITION RISKS

**LEGAL RISKS:** We anticipate implementation of many new legal requirements, primarily related to the European Green Deal. Therefore, we are constantly monitoring the introduction of new regulations to ensure our compliance (risk of noncompliance).

**TECHNOLOGY RISKS:** New technologies and the availability of existing solutions are of interest to us in terms of their use by our suppliers. One of the risks we identify is reputational risk and therefore we need to reduce GHG emissions. The greatest potential for reducing emissions is with our suppliers. The second area related to technology is textile recycling. We are looking for solutions in this area because customers are interested in products made of recycled materials which have lower carbon footprint.

**MARKET RISKS:** One of the growing market requirements is the production of clothes from organic and recycled materials, which reduces their carbon footprint. Therefore, one of the elements of our strategy is the Eco Aware Production program, in which we are committed to increasing the use of organic, recycled materials and production in factories that use energy and water more efficiently and meet the requirements of the Zero Discharge of Hazardous Chemicals initiative. All of these actions will cause reduction of GHG emissions.

**REPUTATIONAL RISK:** We are aware that our impact on the climate and the actions taken in this area may create climate-related risks and opportunities. One of the risks is reputational risk, especially in the eyes of our clients and investors. We have a 2020-25 sustainability strategy which we are committed to follow.

## PHYSICAL RISKS

**ACUTE RISKS:** Most of our products are manufactured in Asia and from there they are transported mainly by sea to Europe. Extreme weather phenomena resulting from climate change may cause more frequent and stronger storms, and thus make it difficult to transport goods, make it difficult to predict delivery times or increase the costs of transport.

**CHRONIC RISKS:** Our activity uses raw materials obtained as a result of cultivation. During the growth of plants, they require appropriate temperatures and access to water. Climate change can raise the average global temperature, which can cause unfavourable growing conditions and lead to drought. This may result in difficulties with access to raw materials and an increase in their prices.

Some of our producers are located in Dhaka, Bangladesh. The city is located in hypsometrical depression. As a result of climate change, sea levels may rise and, consequently, flooding of Dhaka, and thus the cessation of production in this area.

**We factor in both transition and physical risks into our decision making.**

2020/21

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**ACCORD CONTROL RESULTS:**

- 97% of factories had their electrical installations modernised or replaced,
- 91% of factories installed additional anti-fire alarms and installations,
- 88% of factories had their constructions strengthened. In many cases the production was transferred to other venues.

**LPP'S CODE OF CONDUCT REQUIRES FROM OUR SUPPLIERS:**

- payroll policies and formal conditions of employment,
- total ban for child labour and regulations regarding young employees,
- unforced labour,
- freedom of association,
- equal treatment of employees,
- occupational safety and hygiene,
- supplier ecological commitments.

**PLN 3.8m**

LPP's outlays to increase safety in suppliers' factories in 2020/21.

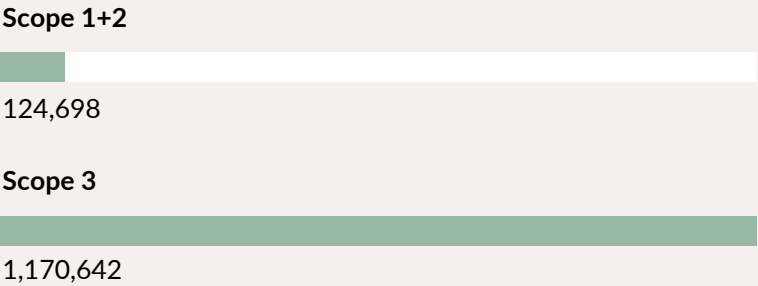
**PLN 29.3m**

outlays to increase safety in suppliers' factories since 2013.

# We control our supply chain

# We measure our carbon footprint

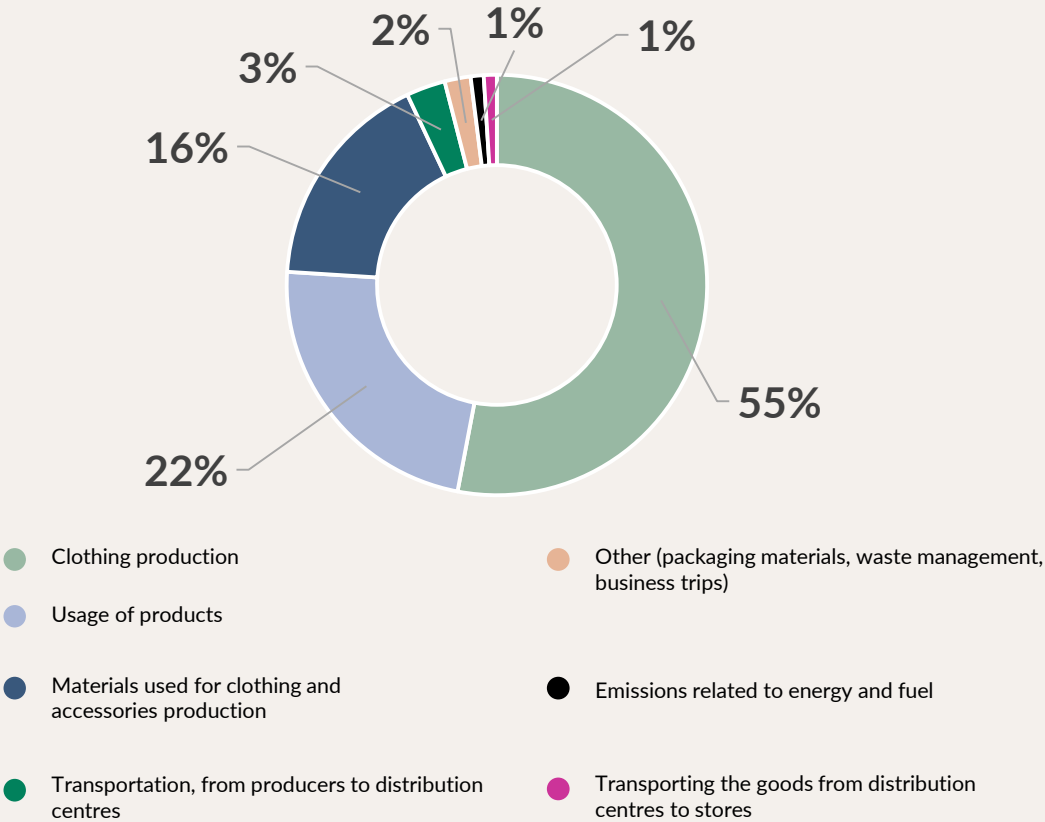
LPP Group GHG emissions in tonnes of CO<sub>2</sub>e, 2020/21



Total LPP Group GHG emissions per item sold in kilos of CO<sub>2</sub>e



Scope 3 GHG emissions of LPP Group by sources





As part of the Control Tower project - a platform that improves supply chain management, LPP implements carton standardization process.

The project will also be implemented in the newly built Distribution Center in Brześć Kujawski.

Goal: recovery at a level of up to 75%.

## **CARTON STANDARDIZATION - BENEFITS:**

- more effective use of collective packaging in which the ordered goods are sent to LPP's distribution center,
- recovery of collective cartons reaching LPP warehouse from suppliers at the level of 40%,
- optimization of use of warehouse space,
- saving raw materials for the production of cardboard boxes,
- optimization of loading space in transport,
- accelerating the process of receiving deliveries,
- tangible environmental savings.

# Towards circular economy



## EcoAware clothes increasingly more popular

**32.4%**  
for Reserved

**18.6%**  
of our collections



### ECO AWARE LABEL:

- products with a more environmentally friendly composition,
- confirms that a given model contains an appropriate proportion of certified eco-friendly materials,
- composition of the model can be found at the back of the label.

### ECO AWARE PRODUCTION LABEL:

- clothes that have been produced in a more environmentally friendly process,
- confirms that the model was produced in a factory qualified by our audit department to the group of factories properly implementing production rules and methods aimed at reducing environmental impact,
- icon symbolizing the factory at the back of the label.

### MATERIALS COMPATIBLE WITH ECO AWARE STANDARD:

- organic cotton,
- fabrics based on wood cellulose, such as TENCEL™ (LYOCELL), LENZING™, ECOVERO™ and TENCEL™ (MODAL),
- recycled fibres,
- organic fibres.

# Sustainable development strategy

2020/21

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	2020	2021	2023	2025
<b>ECO AWARE – PRODUCT AND PRODUCTION</b>	<ul style="list-style-type: none"> <li>Implementing Eco Aware Production programme in the areas of water management and energy sourcing</li> </ul>	<ul style="list-style-type: none"> <li>25% of clothes produced by LPP are Eco Aware collections</li> <li>30% of factories in Southern Asia covered by Eco Aware Production programme</li> </ul>	<ul style="list-style-type: none"> <li>100% of denim production factories covered by Eco Aware Production programme</li> <li>Used garments collection system in 100% of stores</li> <li>PLN 1m on investment in new technologies allowing for textile waste utilisation</li> </ul>	<ul style="list-style-type: none"> <li>50% of Reserved garments in Eco Aware collection</li> <li>CO<sub>2</sub> reduction by 15%</li> </ul>
<b>CHEMICAL SAFETY IN PRODUCTION</b>	<ul style="list-style-type: none"> <li>ZDHC membership</li> </ul>	<ul style="list-style-type: none"> <li>100% of products containing wool or down will have RDS/RWS certificate</li> </ul>		<ul style="list-style-type: none"> <li>Full compliance with ZDHC standards</li> </ul>
<b>PACKAGING AWARE – PLASTIC UNDER CONTROL</b>	<ul style="list-style-type: none"> <li>100% of online orders packaging of MO and RE without single use plastic</li> <li>100% of film for HO, CR and SI online orders shipment recycled</li> <li>Limiting single-use film for commercial samples packaging by 50%</li> </ul>	<ul style="list-style-type: none"> <li>100% of price tags film-free</li> </ul>	<ul style="list-style-type: none"> <li>100% of cardboard boxes with FSC certificate or recycled</li> <li>100% of store packaging recycled</li> </ul>	<ul style="list-style-type: none"> <li>100% of plastic in packaging suitable for re-use, recyclable or biodegradable</li> </ul>
<b>SUSTAINABLE DEVELOPMENT IN HQ BUILDINGS AND SALES NETWORK</b>	<ul style="list-style-type: none"> <li>Implementing Eco Aware STORES programme</li> </ul>	<ul style="list-style-type: none"> <li>100% of green energy powering our servers and online stores</li> </ul>	<ul style="list-style-type: none"> <li>All new buildings with environmental certification (BREEAM/LEED)</li> </ul>	<ul style="list-style-type: none"> <li>100% of stores covered by Eco Aware STORES programme</li> </ul>

# Company regularly awarded for its actions

2020/21

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Most effective CEO  
(2013)



Index of Success awarded  
by Deloitte and  
Rzeczpospolita newswire  
in 2016 for the last  
10-year performance



Top Investor Relations  
by Parkiet  
(2017, 2018, 2019,  
2020)



Top Listed Company  
of the Year by Puls  
Biznesu (2017, 2018)



Polish President's  
Award, National  
Success Category  
(2019)



Winner of the Digital  
Excellence Contest  
(2020)



Laureate of the 14th  
edition of the Competition  
of Social Reports (2020)



Silver CSR Leaf  
(2021)

Since IPO, top-ranked  
management for the quality  
of investor relations in  
surveys among investment  
professionals.

# Presence in key indices

## POLISH INDICES

### WIG20

- The most important index of the WSE
- Member since March 2014
- c. 4.1% LPP's weight
- The sole clothing retailer in the index

### WIG30

- WIG30 index of the 30 most liquid companies on the WSE, launched September 2013
- Member since index inception
- c. 3.8% LPP's weight

### WIG

- The broadest index of the WSE
- c. 2.6% LPP's weight
- One of the largest clothing retailers in the index

### WIG ESG

- The index comprises of WIG20 and mWIG40 companies, published since September 2019
- Weight in the index is among others based on ESG standing
- c. 4.7% share

## 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

### 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

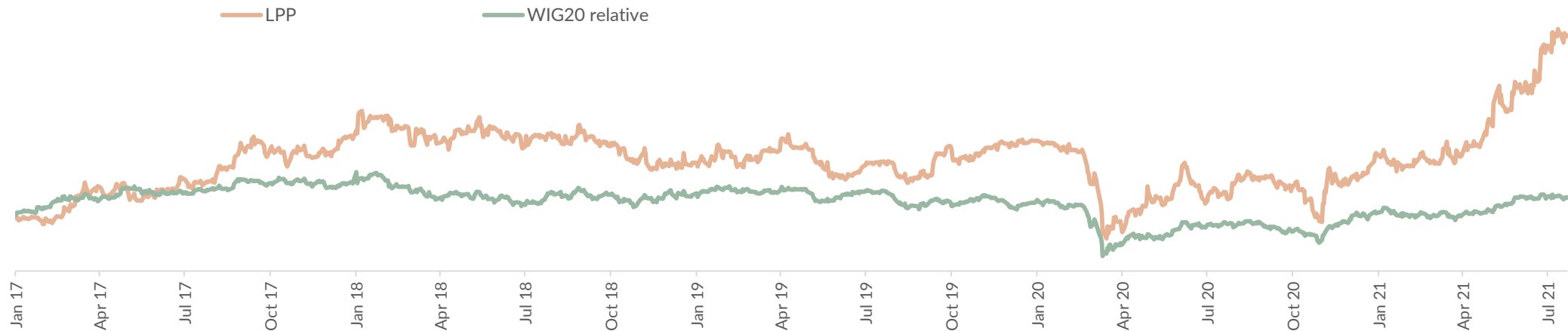
On top LPP's shares belong also to WIG-Poland (index of solely Polish companies), WIG-ODZIEŻ (a sector index), WIG20TR and WIG30TR (TR indices show total return).

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

LPP

Double-digit share price growth

LPP'S SHARE PRICE RELATIVE TO WIG 20 INDEX



2020/21

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GLOBAL ASPIRATIONS

TICKERS	
WSE	LPP
Bloomberg	LPP PW
Reuters	LPPP.WA

PERFORMANCE	
1Y	-7%
3Y	-22%
5Y	+42%

MARKET DATA	
Price (31.01.21)	PLN 7,690
Min 1Y	PLN 4,450
Max 1Y	PLN 8,680



# Broad analytical coverage

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## 2021 KEY DATES

**6.10**

2Q20/21 results  
publication

**9.12**

3Q20/21 results  
publication

**April  
2022**

4Q20/21 results  
publication

**June  
2022**

1Q21/22 results  
publication

# Glossary

Poland	Retail sales in Poland and other revenues of LPP SA.
CEE	Region including: Czech Republic, Slovakia, Hungary and Poland unless otherwise stated.
Baltic	Region including: Lithuania, Latvia, Estonia.
CIS	Region including: Russia, Ukraine, from 2017 Belarus and from 2018 also Kazakhstan.
SEE	Region including: Bulgaria, Romania, Croatia, from 2017 Serbia, from 2018 Slovenia and from 2019 B&H.
WE	Region including Germany, from 2017 the UK and from 2019 Finland.
ME	Region including: Egypt, Qatar, Kuwait and UAE. In 2017 the region included Saudi Arabia while in 2018 it encompasses Israel.
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. 3.0% of the working floorspace) / 12.
Average monthly SG&A PLN/m2	SG&A costs/ average working total floorspace excluding franchise stores located in ME and Belarus / 12.
Inventory/ m2	End of period group inventory/ total floorspace without franchise stores in ME and Belarus.
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.



LPP

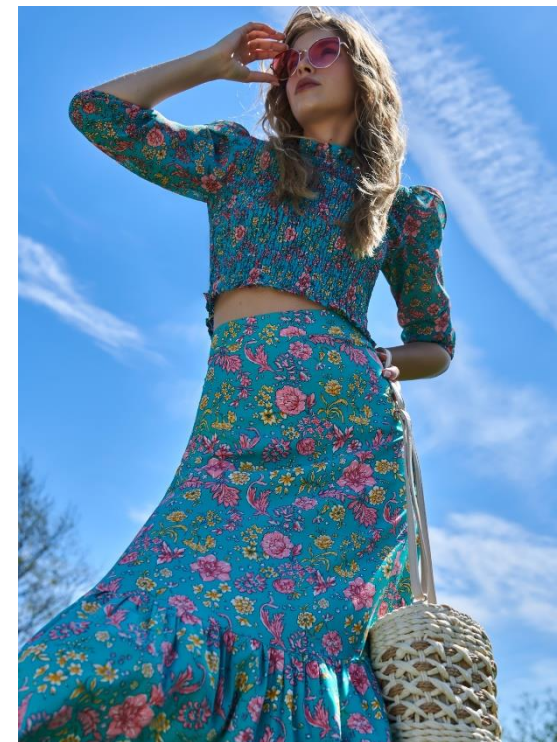
RESERVED

CROPP

 house

MOHITO

sinsay





# LPP



discoverlpp



company/lpp-sa



discoverlpp



discoverlpp



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