



Revenues from sales generated by LPP SA Capital Group in December 2016

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The Management Board of LPP SA hereby informs that consolidated revenues from sales of LPP SA Capital Group generated in December 2016 totaled about PLN 737 million and were higher about 13% in comparison with the revenues generated in December 2015.

Estimated gross margin on sales would be 51% and was similar to gross margin on sales achieved in December in the previous year.

At the same time, the Company informs that the results for December 2016 will be influenced by a one-off operation involving the wholesale of old collections on stock from both Polish and foreign warehouses to an external recipient. Taking into account the said operation in the December results, the sales in the last month of 2016 will reach approx. PLN 756 mln (increase by 16% y/y). Consequently, a gross margin on the December sales will be decreased to approx. 36%. The decision on the wholesale of old collections on stock (encompassing mainly goods from AW15 and SS16 seasons) is caused by a change in the product management policy and care for the image of LPP brands. A new approach to clearance sales entails the abandonment of reintroduction to stores of old-season models of clothes for the period of clearance sales.

In the period between January and December 2016 consolidated revenue from sales (including a one-off operation involving the wholesale of old collections) totaled about PLN 6 021 mln and were higher about 17% as compared with the revenue generated in the corresponding period in the previous year.

The E-commerce revenues from sales in December 2016 totaled about PLN 26 mln and were higher about 130% in comparison to December 2015. In the period January – December 2016 the E-Commerce revenues from sales totaled about 173 mln PLN and were higher by 118% year over year.

The commercial area at the end of December 2016 was about 919 thousand of square meters and was about 9% higher as compared to the end of December 2015.

Art. 17 item 1 of MAR - confidential information

Signatures: Przemysław Lutkiewicz – Vice President of the Management Board

Jacek Kujawa - Vice President of the Management Board