

LPP

Information on the impact of the COVID-19 virus outbreak on the operations of the LPP SA CG

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Following the recommendation published by the European Securities and Markets Authority (ESMA) of 12 March 2020, the Management Board of LPP SA (the Issuer) informs of the impact of the COVID-19 outbreak on the Issuer's operations, its financial results and prospects.

According to the assessment made on 15 March 2020, the Issuer expects that the effects of the COVID-19 virus will substantially affect (to the extent that may not be assessed as at the date of drafting this communication) the future results and operations of the LPP SA Group (the Group).

In particular, the Issuer draws attention to the following two basic areas of operation.

Supply chain risk recognised by the Issuer as low

Due to the fact that suppliers from China have recommenced production, Chinese ports and railways as well as plants in other Asian countries pursue standard operations, warehouses in Poland, Russia and Romania accept deliveries and dispatch goods, the entire Spring-Summer 2020 collection is either stored in, or on its way to, the Company's warehouses.

Sales risk recognised by the Issuer as very high

Following the decisions made by governments of Poland, the Czech Republic, Slovakia, Bulgaria, Kazakhstan, Lithuania, Slovenia, Bosnia and Hercegovina on the closure of shopping centres, the Management Board of LPP was required to close all of its brand stores in those countries. Online stores only have remained in operation.

At the same time, in certain countries where the Issuer operates, authorities have introduced restrictions regarding the operation of shopping centres e.g. in Romania, the opening hours of shopping centres have been shortened.

Furthermore, in other countries where the Issuer conducts its business activity, due to the virus dissemination and recommendations issued to restrict movement, the Company has recorded a

significant decrease in sales in traditional stores of all brands and recognised the risk of closure of shopping centres.

The implemented restrictions on the opening hours of commercial facilities will adversely affect the Group's financial results.

Considering the fact that, simultaneously, the Group expects an increase in online sales, the Issuer will be continuing, and further developing, its e-commerce sales which, in 2019, reached approx. 12% of the Group's sales.

The Management Board of LPP SA informs that, due to a dynamically changing situation, as at the date of publishing this report, it is difficult to foresee in how many countries where the Issuer operates the operation of shopping centres will be restricted and for how long stores will remain closed.

Furthermore, the Issuer draws attention to the fact that the above-mentioned assessment has been made to the best knowledge of the Company's Management Board as at the date of this current report and that the overall impact of the COVID-19 epidemics on the operations of the LPP SA Group remains unknown and is impossible to assess, being dependent on factors beyond the Issuer's control or influence.

On a day-to-day basis, the Company's Management Board will be analysing the Group's situation in connection with dissemination of the COVID-19 epidemics.

Any new circumstances substantially affecting the Issuer's financial results and economic standing will be communicated without delay in separate current reports.

Article 17(1) MAR – Inside Information

Signatures:	Przemysław Lutkiewicz – Vice-President of the Management Board Sławomir Łoboda - Vice-President of the Management Board
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