

# LPP

## Updated information on the consequences of the armed conflict in Ukraine on the operations of the LPP Group and initial selected consolidated financial data of the LPP Group for the year 2021/22

Following a formal notice from the Financial Supervision Office on the increased reporting transparency in times of uncertainty on the markets, resulting from the situation in Ukraine, the Company informs that, being driven by the highest level of caution and prevention, it has decided to make the following write-offs:

- the write-off on the assets of LPP Ukraina - in the amount of approx. PLN 270 mln,
- the additional write-off on the assets in Russia (potentially unprofitable stores) – on the amount of approx. PLN 250 mln.

Therefore, the initial financial results for 2021/22, recognising the said write-offs, will be as follows:

Group's consolidated results	Initial results	Write-offs	Results after				
	for 2021/22	Ukraine and	write-offs	YR20	%	YR19	%
	YR21	Russia	YR21	YR21			
<b>Revenue</b>	<b>14,200</b>		<b>14,200</b>	<b>7,848</b>	<b>81%</b>	<b>9,899</b>	<b>43%</b>
<b>Gross margin</b>	<b>7,970</b>		<b>7,970</b>	<b>4,084</b>	<b>95%</b>	<b>5,146</b>	<b>54.8%</b>
% GM	56.1%		56.1%	52.0%		51.2%	
Operating expenses	5,820		5,820	3,848	51%	4,213	38%
Other operating expenses	-150	-520	-670	-83		-127	
<b>Operating income (EBIT)</b>	<b>2,000</b>	<b>-520</b>	<b>1,480</b>	<b>153</b>	<b>867%</b>	<b>806</b>	<b>84%</b>
% EBIT	14.1%		10.4%	1.9%		8.1%	
Financial expenses	-250		-250	-270		-141	
Tax	370	-100	270	74		244	
<b>Net profit (loss)</b>	<b>1,380</b>		<b>960</b>	<b>-190</b>		<b>421</b>	<b>128%</b>
Profitability	9.7%		6.8%	-2.4%		4.3%	

Simultaneously, the Management Board informs that the Company's financial position remains stable. LPP has PLN 2.3 bln in cash, including own funds amounting to PLN 1.6 bln and PLN 0.7 bln available in the form of credit lines.

At the same time, the Company informs that it plans to further dynamically develop the Sinsay brand by opening 400 stores in the territory of the European Union in 2022, for which lease agreements have already been signed.

As stems from sales plans for 2022 (excluding the Ukrainian and Russian markets), LPP has the possibility of reaching sales exceeding PLN 16 bln, which gives an increase of 13% y/y, including online sales which should exceed PLN 5 bln. The quick development in the European Union of both the store chain and eCommerce (reaching a share exceeding 30% of sales in Q4 2021/22) is a measure to ensure

further dynamic expansion of the LPP Group regardless of any operations taking place across the Eastern border.