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BYTOM
SZTUKA KRAWIECTWA OD 1945

VISTULA



VRG
VISTULA RETAIL GROUP

3Q20 RESULTS PRESENTATION

NOVEMBER 10, 2020

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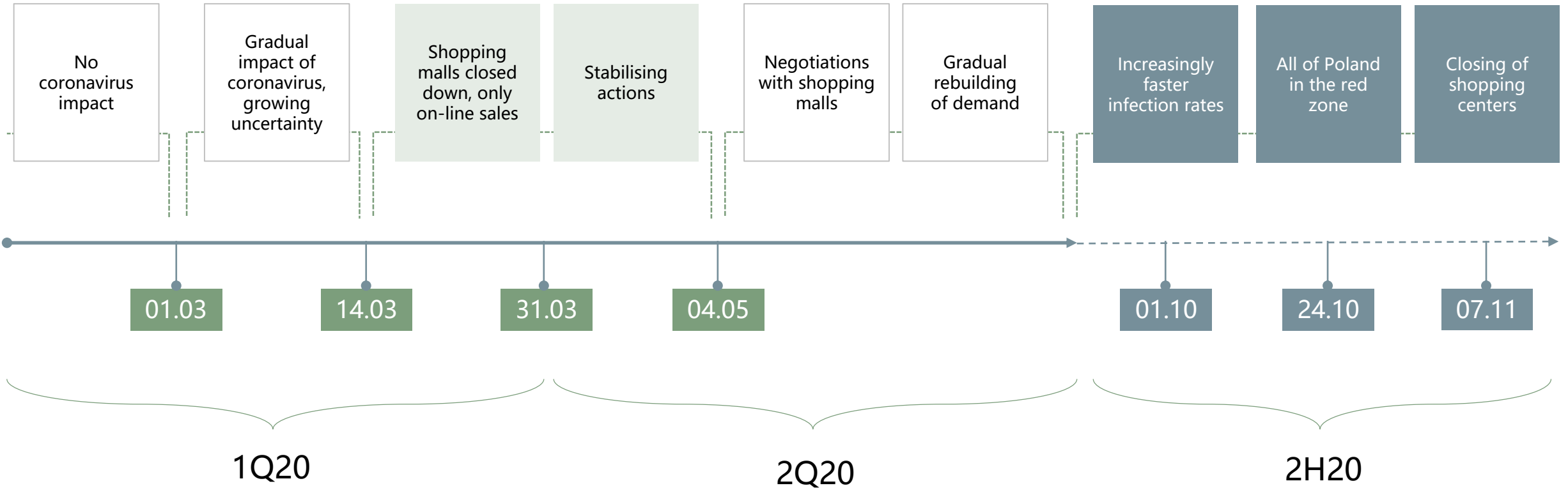
INTRODUCTION



VRG
VISTULA RETAIL GROUP

KEY EVENT: COVID-19

IMPACT OF PANDEMIC ON VRG GROUP



GROUP FLOORSPACE OPTIMISATION

NUMBER OF STORES EOP 3Q20 YoY

VISTULA	147	-5
BYTOM <small>SZTUKA KRAWIECTWA OD 1945</small>	117	-9
WÓLCZANKA	130	-12
DENICLER <small>MILANO</small>	32	+1
W.KRUK <small>1 8 4 0</small>	140	+5
VRG <small>VISTULA RETAIL GROUP</small>	566	- 20



I STRONG RESULT OF THE JEWELLERY SEGMENT IN 3Q20

APPAREL SEGMENT

success of introducing new collections and new products

development of casual offer

growing on-line share

JEWELLERY SEGMENT

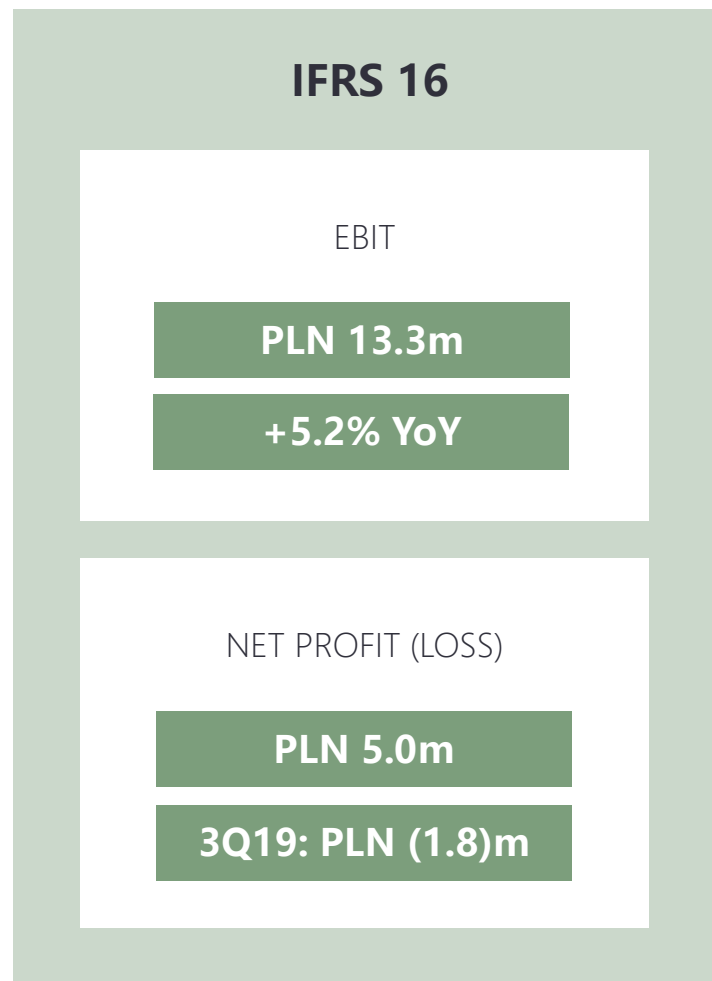
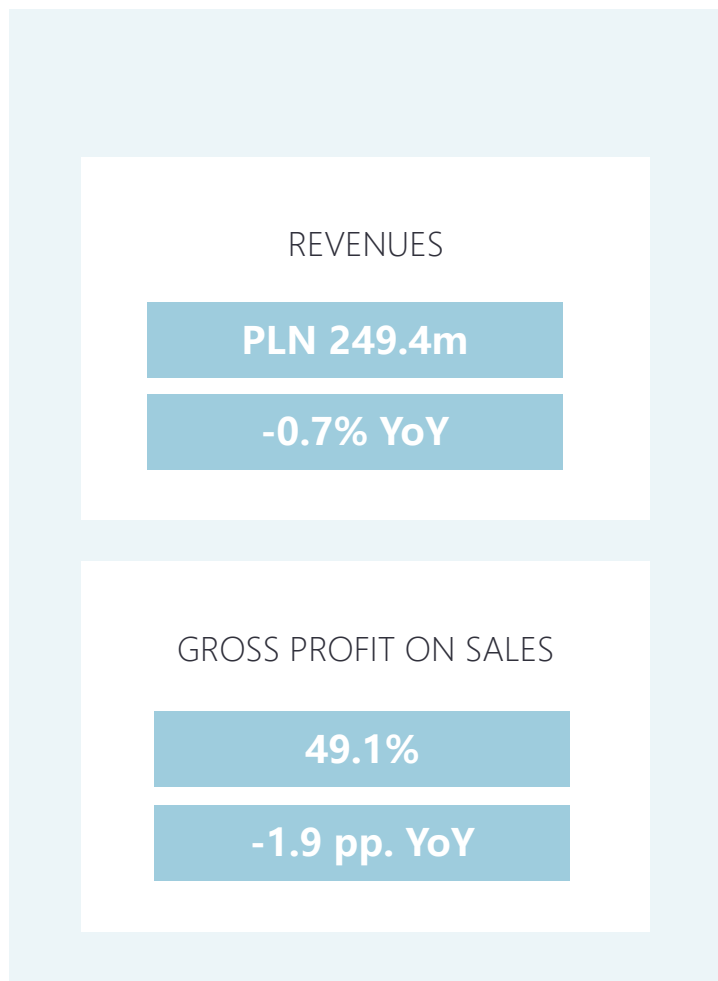
strong on-line and off-line

sales increases in gold jewellery and watches

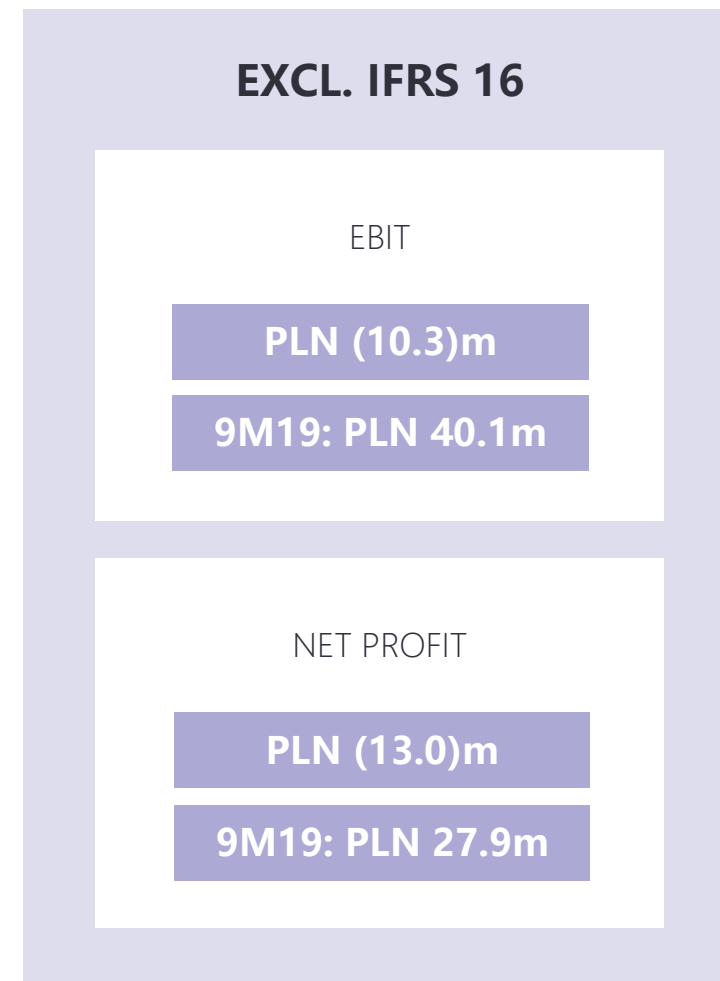
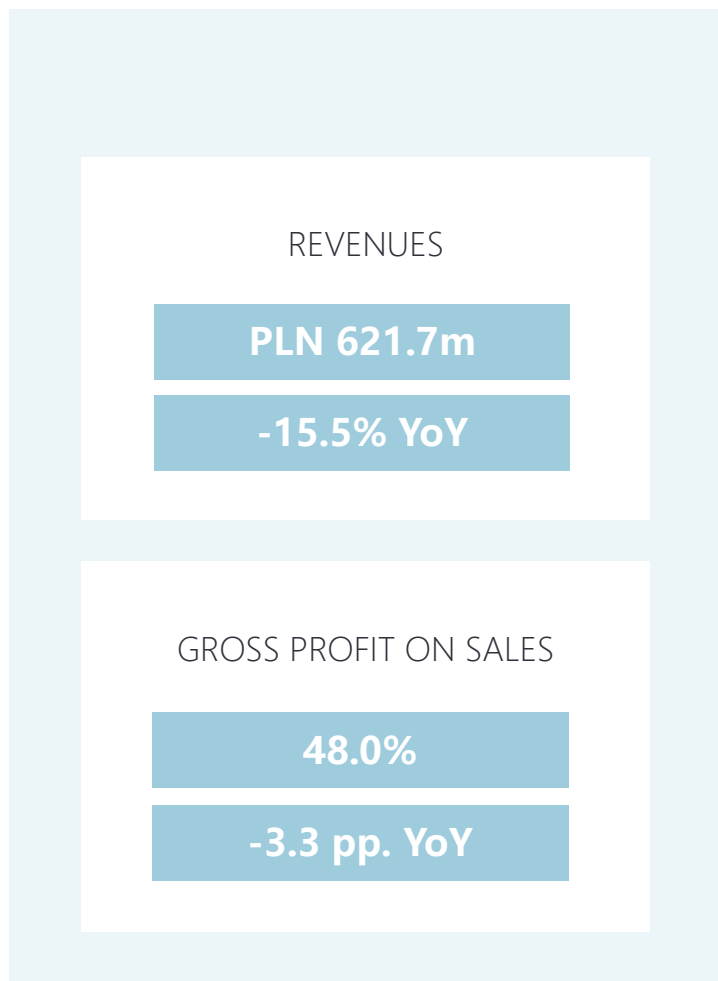
impact of new collections



| GROWING EARNINGS IN 3Q20 DESPITE PANDEMIC



IMPACT OF COVID-19 ON 9M20 RESULTS



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PERFORMANCE
BY BRANDS





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EXECUTIVE
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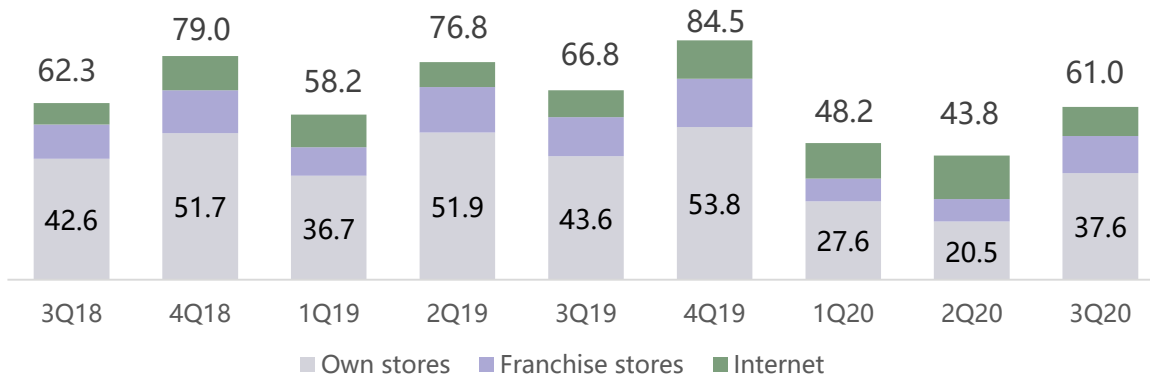
VISTULA: GROWING ON-LINE SHARE

Vistula brand network

	3Q19	3Q20	r/r
Number of stores	152	147	-5
incl. franchise	60	62	+ 2
Floorspace (m2)	19,058	18,508	-3%
incl. franchise	6,065	6,311	4%
Internet % sales	14.2%	16.9%	2.7 pp.

- Vistula brand floorspace fell 3% YoY at the end of 3Q20, due to closing down of unprofitable stores. Sales network contracted by 5 stores net YoY.
- Both franchise floorspace and number of stores grew YoY at the end of 3Q20, as franchise stores were less affected than own stores by COVID-19.
- Vistula brand revenues reached PLN 61.0m in 3Q20 (down 8.7% YoY) along with demand rebuilding in shopping malls.

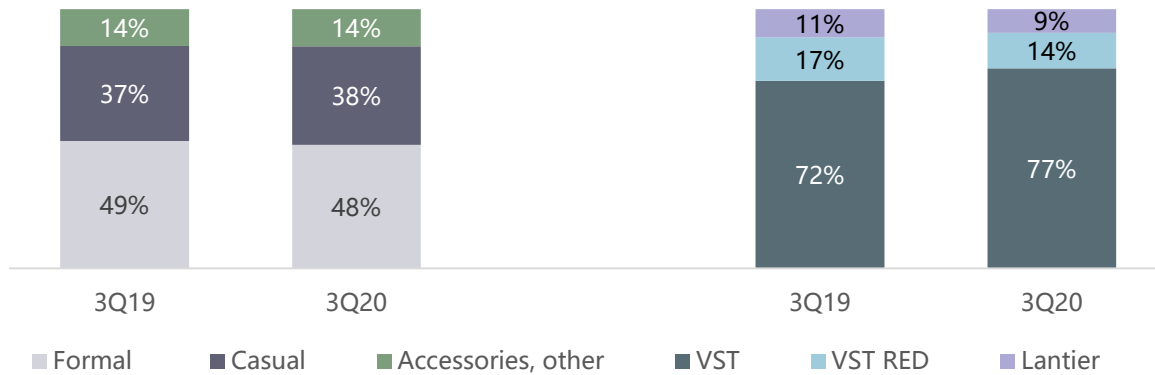
Vistula brand revenues (PLN m)



- Franchise revenues reached PLN 13.1m in 3Q20 (-4.5% YoY).
- Share of franchise in revenues fell from 20.6% in 3Q19 to 21.5% in 3Q20.
- Internet revenues amounted to PLN 10.3m in 3Q20, up 8.4% YoY.
- Share of internet in revenues reached 16.9% in 3Q20 compared to 14.2% in 3Q19 – growth due to changes in shopping habits after pandemic.

VISTULA: STABLE GROSS PROFIT ON SALES

Vistula brand revenue split



- YoY stabilization of the share of formal clothing in sales in 3Q20 - favorable impact of weddings on sales of suits.
- Increase in share in sales of the main Vistula line at the expense of the modern Vistula Red and the higher positioned Lantier line. Delays and reductions in the delivery of collections from the Lantier and Vistula Red lines.

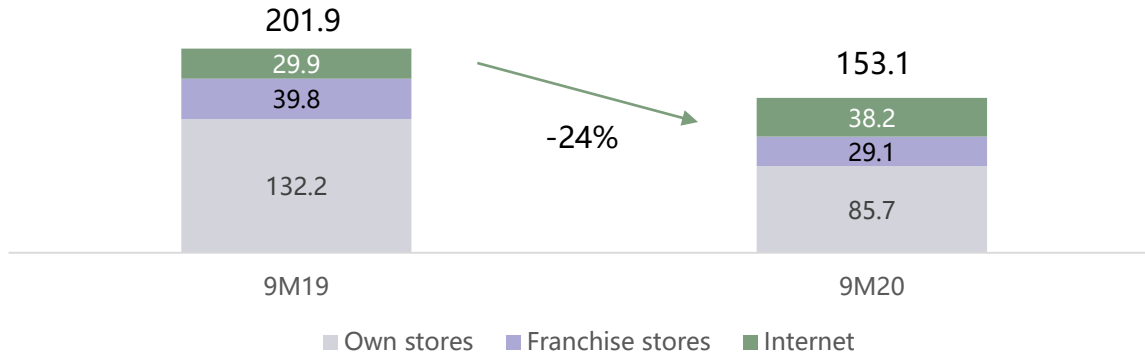
Vistula brand efficiency

	3Q19	3Q20	YoY
Revenues (PLN/m2 per month)	1,163	1,099	-5.5%
Gross profit margin (%)	50.8%	50.9%	0.1pp.
Cost of stores (PLN/m2 per month)	437	417	-4.6%
Store EBIT (PLN m)	8.8	7.9	-10.5%

- YoY fall in revenues/ m2, due to lower revenues in own and franchise stores due to COVID-19.
- Stable YoY gross profit margin – rational promotional policy together with synergies from merger with Bytom – higher initiation margins on Fall/Winter 2020 collection.
- Fall in costs of stores/ m2 in line with fall in revenues/ m2 due to lower YoY rentals.

VISTULA: 1/4 OF REVENUES IS ON-LINE

Vistula brand revenues
(PLN m)



- Vistula brand revenues reached PLN 153.1m in 9M20, falling 24% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 29.1m in 9M20, down 27% YoY. Share of franchise in revenues fell from 19.7% in 9M19 to 19.0% in 9M20.
- Internet revenues amounted to PLN 38.2m in 9M20, up 28% YoY. Share of internet in revenues in 9M20 came in at 25.0% compared to 14.8% in 9M19.

Vistula brand efficiency

	9M19	9M20	YoY
Revenues (PLN/m2 per month)	1,193	912	-23.6%
Gross profit margin (%)	51.6%	49.1%	-2.5pp.
Cost of stores (PLN/m2 per month)	438	363	-17.2%
Store EBIT (PLN m)	30.0	14.3	-52.3%

- YoY fall in revenues/ m2 – negative impact of own and franchise stores closed down due to COVID-19 was only partially offset by dynamic growth of internet.
- Gross profit margin lower by 2.5 pp. due to stronger YoY promotions in key months.
- Double-digit fall in costs of stores/ m2 lower than fall in revenues/ m2 due to lower YoY rentals and lower commissions to franchisees.



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EXECUTIVE SUMMARY

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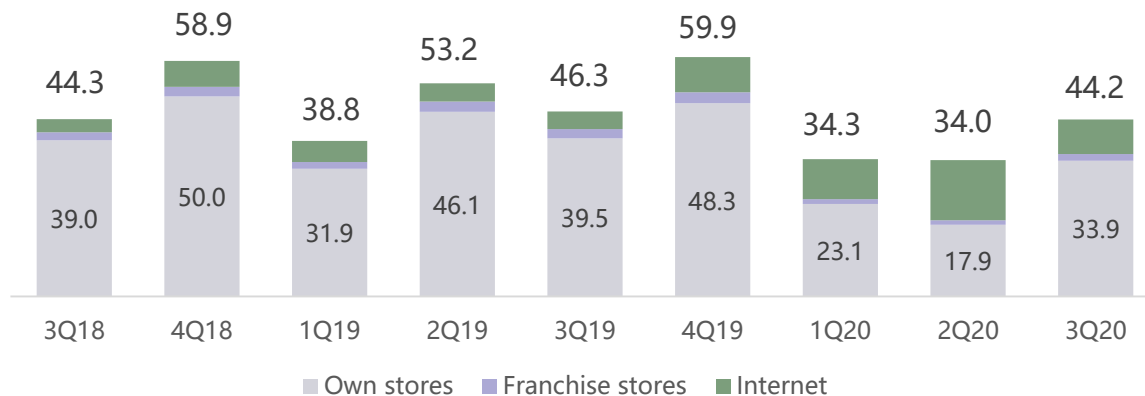
BYTOM: DOUBLING OF ON-LINE SALES

Bytom brand network

	3Q19	3Q20	r/r
Number of stores	126	117	-9
incl. franchise	9	8	-1
Floorspace (m2)	16,402	15,634	-5%
incl. franchise	1,011	859	-15%
Internet % sales	9.6%	19.4%	9.8 pp.

- Bytom's network contracted YoY by 9 stores net, while number of franchise stores fell by 1.
- Brand's floorspace fell 5% YoY. Changes in floorspace took place at the level of franchise stores.
- Bytom brand retail revenues reached PLN 44.2m in 3Q20 (down 4% YoY).

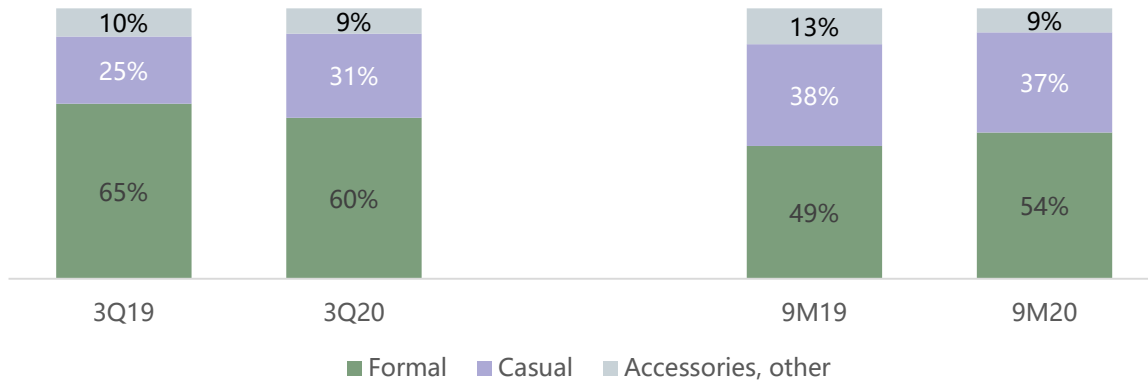
Bytom brand retail revenues (PLN m)



- Internet revenues amounted to PLN 8.6m in 3Q20 (+93% YoY), accounting for 19.4% of revenues.
- Favourable on-line dynamics resulted from higher YoY promotions and higher on-line marketing outlays.
- Franchise revenues reached PLN 1.7m in 3Q20 (down 25.8% YoY).
- Share of franchise in revenues fell from 5.0% in 3Q19 to 3.9% in 3Q20.

BYTOM: A GROWING SHARE OF CASUAL

Bytom brand revenue split



- A growing share of casual in 3Q20 revenues, in line with market tendencies and increased interest due to remote.
- A stable share of accessories in sales split in 3Q20.

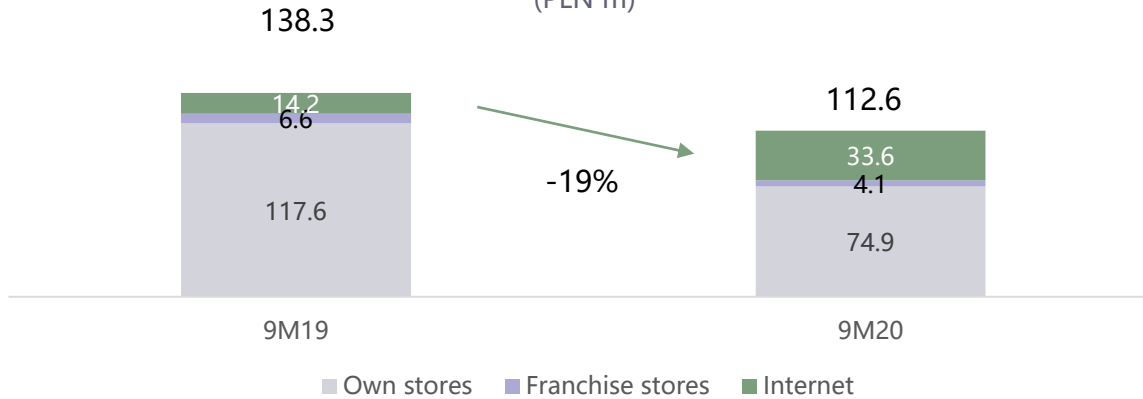
Bytom brand efficiency

	3Q19	3Q20	YoY
Revenues (PLN/m2 per month)	944	931	-1.4%
Gross profit margin (%)	51.8%	47.6%	-4.2pp.
Cost of stores (PLN/m2 per month)	421	410	-2.6%
Store EBIT (PLN m)	3.3	1.6	-52.9%

- Stable revenues/ m2 – higher internet sales and higher share of casual partially mitigated falls in own stores.
- Lower YoY gross profit margin due higher share of on-line.
- Fall in costs of stores/ m2 stronger than that of revenues/ m2 – lower rentals and commissions for franchisees.

BYTOM: ON-LINE ALREADY AT 30% OF SALES

Bytom brand retail revenues
(PLN m)



- Bytom brand revenues reached PLN 112.6m in 9M20, falling 19% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 4.1m in 9M20, fall by 37% YoY. Share of franchise in revenues fell from 4.7% in 9M19 to 3.7% in 9M20.
- Internet revenues amounted to PLN 33.6m in 9M20, up 136% YoY. Share of internet in revenues in 9M20 came in at 29.8% compared to 10.3% in 9M19.

Bytom brand efficiency

	9M19	9M20	YoY
Revenues (PLN/m2 per month)	958	772	-19.4%
Gross profit margin (%)	52.4%	47.1%	-5.3pp.
Cost of stores (PLN/m2 per month)	419	357	-14.7%
Store EBIT (PLN m)	12.0	1.0	-91.8%

- Lower revenues/ m2 due to unfavourable impact of pandemic and resultant lower demand for formal clothing.
- Lower YoY gross profit margin due to stronger YoY promotions both on-line and off-line.
- Fall in costs of stores/ m2 lower than revenues/ m2 due to a sizeable portion of fixed costs.
- EBIT in the black despite a higher YoY loss in 1Q20.



WÓLCZANKA

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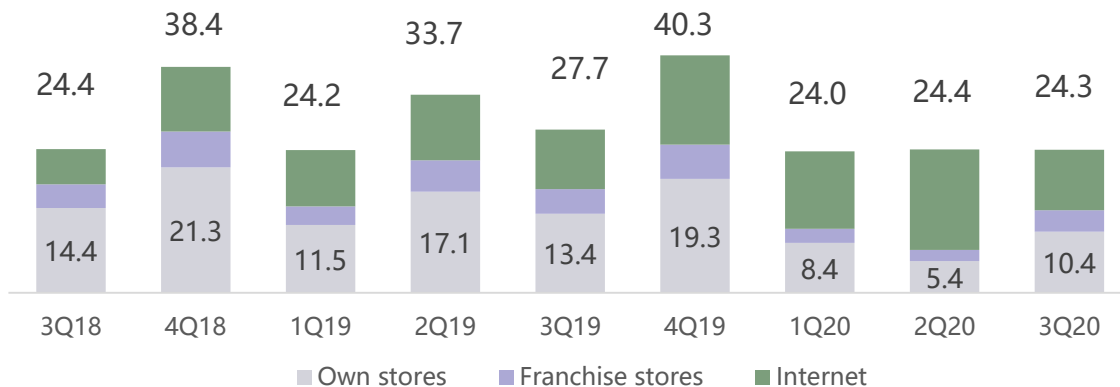
WÓLCZANKA: AN ON-LINE BRAND

Wólczanka brand network

	3Q19	3Q20	r/r
Number of stores	142	130	-12
incl. franchise	51	50	-1
Floorspace (m2)	4,985	4,685	-6%
incl. franchise	1,546	1,530	-1%
Internet % sales	36.5%	42.4%	5.9 pp.

- Wólczanka network contracted by 12 stores net YoY. Optimisation affected mostly own stores – there were 1 fewer of these YoY.
- Brand's floorspace fell 6% YoY, in similar proportions to fall in franchise store floorspace which contracted by 1% YoY.
- Wólczanka revenues reached PLN 24.3m in 3Q20 (-12% YoY), yet stable QoQ, due to delays in delivery of Fall/Winter 2020 collection.

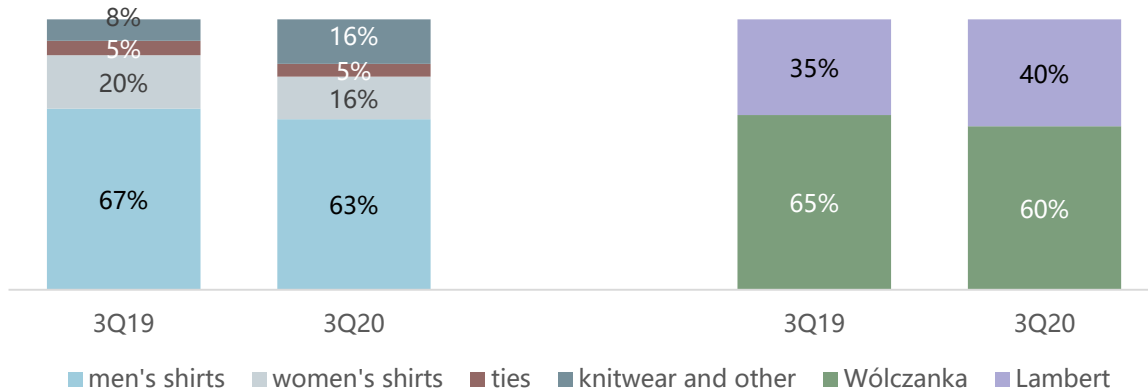
Wólczanka brand revenues (PLN m)



- Franchise revenues reached PLN 3.7m in 3Q20 (down 13% YoY).
- Share of franchise in revenues came in at 15.0% in 3Q20, stable YoY.
- Internet revenues amounted to PLN 10.3m in 3Q20 (up 2% YoY), constituting as much as 42.4% of revenues.

A GROWING SHARE OF NEW ASSORTMENTS

Wólczanka brand revenue split



- A higher share of knitwear due to extended assortment via chinos trousers for men and women, polo and T-shirts.
- Fall in share of men and women shirts due to new assortment groups and impact of pandemic and remote work.
- Relatively stable YoY structure by brands (Lambert and Wólczanka brands).

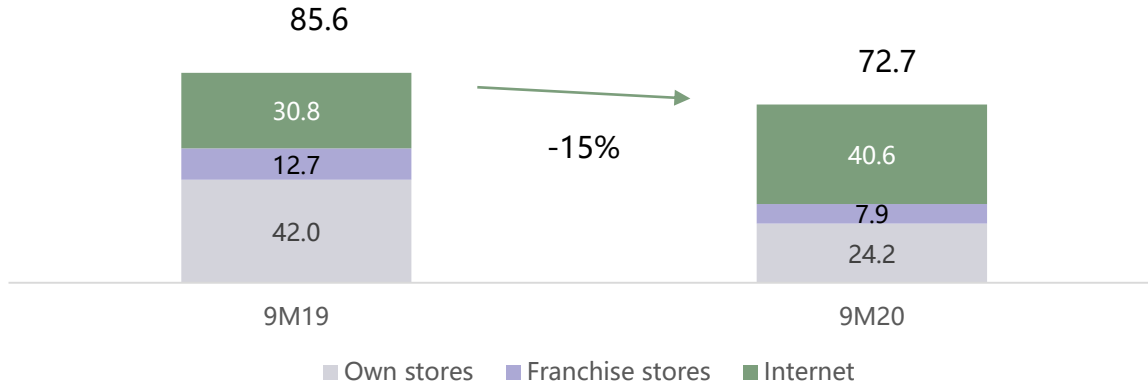
Wólczanka brand efficiency

	3Q19	3Q20	YoY
Revenues (PLN/m2 per month)	1,854	1,708	-7.8%
Gross profit margin (%)	52.8%	49.6%	-3.2pp.
Cost of stores (PLN/m2 per month)	753	743	-1.4%
Store EBIT (PLN m)	3.4	1.5	-55.9%

- Fall in revenues/ m2 despite a sizeable share of internet due to lower revenues in traditional stores.
- Lower gross profit margin due to stronger YoY promotions both on-line and off-line and higher share of internet.
- Stable costs/ m2 due to cost reductions made. Lower fall than in revenues/ m2 due to dynamic on-line development.

BEST REVENUE DYNAMICS AMONG APPAREL IN 9M20

Wólczanka brand revenues
(PLN m)



- Wólczanka brand revenues reached PLN 72.7m in 9M20, falling 15.1% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 7.9m in 9M20, down 38% YoY. Share of franchise in revenues fell from 14.8% in 9M19 to 10.9% in 9M20.
- Internet revenues amounted to PLN 40.6m in 9M20, up 32% YoY. Share of internet in revenues in 9M20 came in at 55.8% compared to 36.0% in 9M19.

Wólczanka brand efficiency

	9M19	9M20	YoY
Revenues (PLN/m2 per month)	1,923	1,672	-13.0%
Gross profit margin (%)	53.2%	47.2%	-5.9pp.
Cost of stores (PLN/m2 per month)	755	678	-10.2%
Store EBIT (PLN m)	11.9	4.8	-59.2%

- Less favourable dynamics in revenues/ m2 in 9M20 than 3Q20 due stronger trends in 2Q20.
- Lower YoY gross profit margin due to stronger YoY promotions, especially in 2Q20.
- Fall in costs of stores/ m2 comparable to that of revenues/ m2 due to a high share of e-commerce and thus variable costs.



DENI CLER
MILANO



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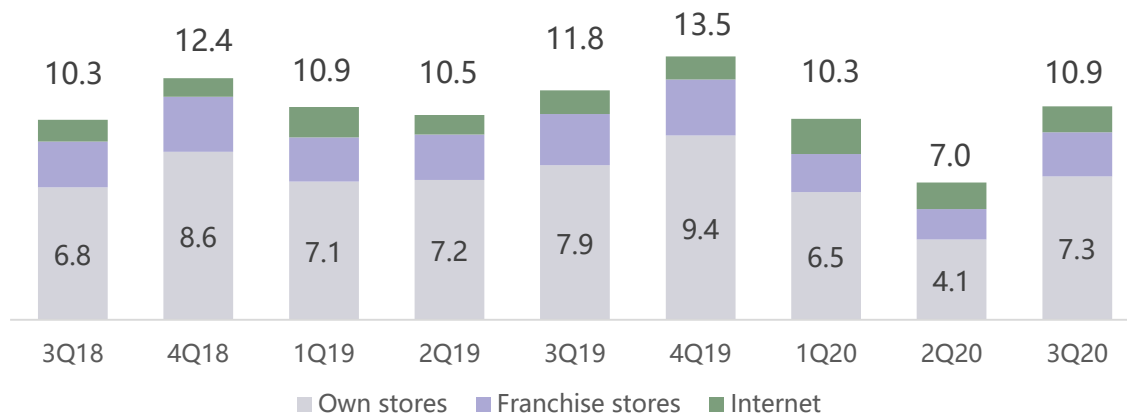
DENI CLER: STABLE NETWORK, SHOP-IN-SHOP DEVELOPMENT

Deni Cler brand network

	3Q19	3Q20	YoY
Number of stores	31	32	+ 1
incl. franchise	9	9	0
Floorspace (m2)	3,017	3,064	2%
incl. franchise	700	669	-4%
Internet % sales	10.4%	12.1%	1.7pp.

- Deni Cler network encompasses 32 monobrand stores (both own and franchise) in top shopping malls in Poland.
- Development of shop-in-shop concept. Deni Cler collections available at selected partners running multibrand stores in 15 towns in the country (12 at the end of 2Q20).
- Overall, a total number of 47 points of sales all over the country.

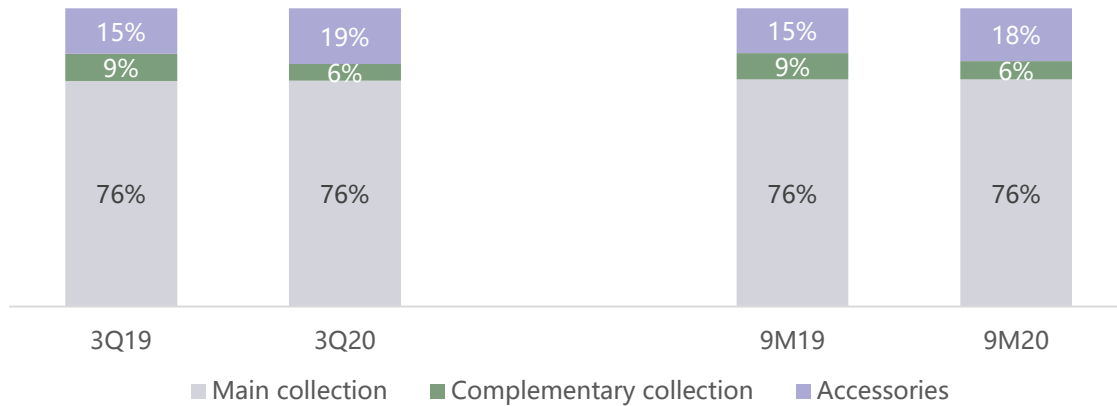
Deni Cler brand revenues
(PLN m)



- In 3Q20 Deni Cler revenues reached PLN 10.9m and were 7% lower YoY.
- Franchise revenues reached PLN 2.3m in 3Q20 (down 13.5% YoY). Franchise constituted some 21% of revenues in 3Q20.
- Internet generated PLN 1.3m of revenues in 3Q20 (up 9% YoY) and amounted to 12.1% of brand's revenues.

DENI CLER: A GROWING SHARE OF ACCESSORIES

Deni Cler brand revenue split



Deni Cler brand efficiency

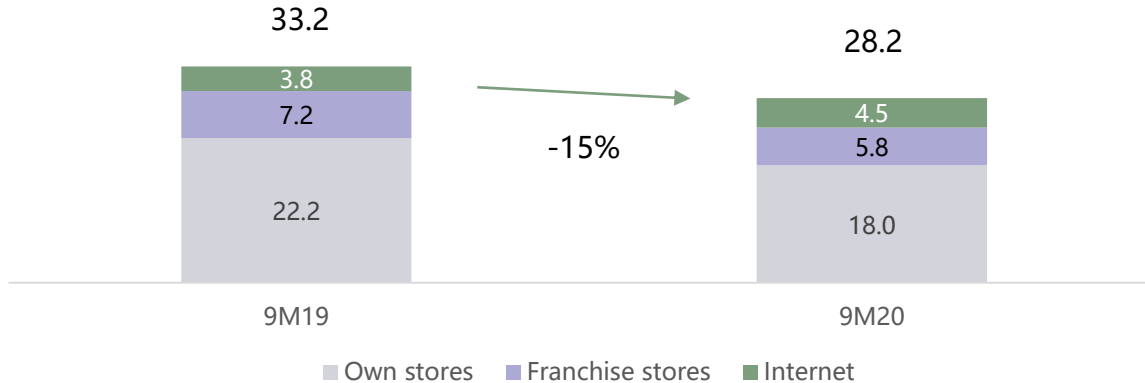
	3Q19	3Q20	YoY
Revenues (PLN/m2 per month)	1,299	1,182	-9.0%
Gross profit margin (%)	57.5%	48.8%	-8.7pp.
Cost of stores (PLN/m2 per month)	495	460	-7.0%
Store EBIT (PLN m)	2.3	1.1	-52.8%

- Emphasis on capsule collections. A growing share of accessories at the cost of supplementary collection.
- Fall in sales/ m2 due to impact of shopping malls being closed down both on own and multibrand stores (shop-in-shop concept).
- Growth of e-commerce share in revenues, yet the level is below other brands from the apparel segment due to the character of the brand and target group.

- Fall in gross profit margin due to higher YoY promotions both on-line and off-line of Spring/Summer 2020 collection.
- YoY fall in costs/ m2 similar to that of revenues/ m2.
- As a result, maintenance of positive store EBIT.

DENI CLER: POSITIVE STORE EBIT

Deni Cler brand revenues
(PLN m)



- Deni Cler brand revenues reached PLN 28.2m in 9M20, falling 15% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 5.8m in 9M20, down 20% YoY. Share of franchise in revenues fell from 21.7% in 9M19 to 20.4% in 9M20.
- Internet revenues amounted to PLN 4.5m in 9M20, up 19% YoY. Share of internet in revenues in 9M20 came in at 15.9% compared to 11.4% in 9M19.

Deni Cler brand efficiency

	9M19	9M20	YoY
Revenues (PLN/m2 per month)	1,213	1,033	-14.9%
Gross profit margin (%)	58.0%	50.2%	-7.7pp.
Cost of stores (PLN/m2 per month)	470	419	-10.9%
Store EBIT (PLN m)	6.4	2.7	-57.1%

- Sales/ m2 decreased less YoY in 9M20 than sales of formal brands due to a growing share of casual and strong 1Q20.
- YoY decline in gross margin in 9M20 despite favorable margin in 1Q20 due to promotions in 2Q20 and 3Q20.
- Fall in costs/ m2 lower than sales / m2 due to commissions from multi-brand stores (especially in 1Q20).



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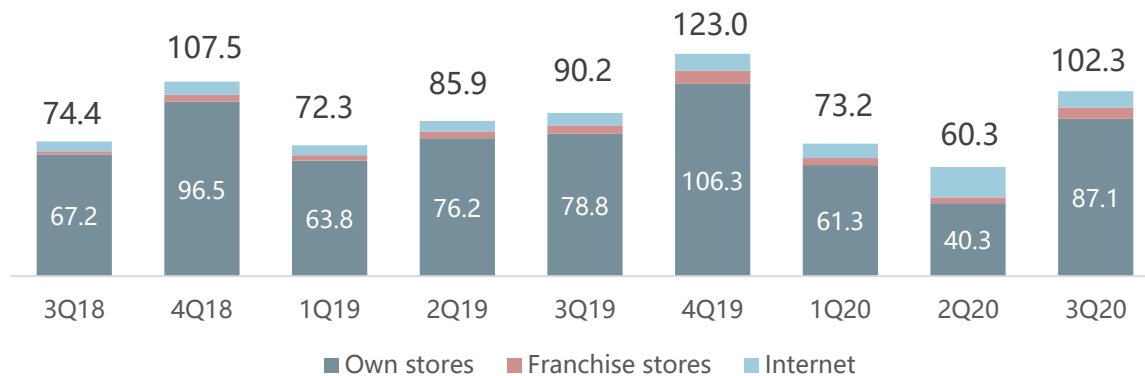
W.KRUK: LEADER OF GROWTH IN REVENUES

W.KRUK brand network

	3Q19	3Q20	YoY
Number of stores	135	140	+ 5
incl. franchise	13	16	+ 3
Floorspace (m2)	10,347	10,756	4%
incl. franchise	802	965	20%
Internet % sales	7.7%	8.9%	1.2 pp.

- Continuation of W.KRUK brand development. Opening of 5 stores net translated into a 4% YoY increase in brand's floorspace.
- The brand had 16 franchise stores at the end of 3Q20, 3 more YoY.
- W.KRUK retail revenues in 3Q20 reached PLN 102.3m (up 13.3% YoY).

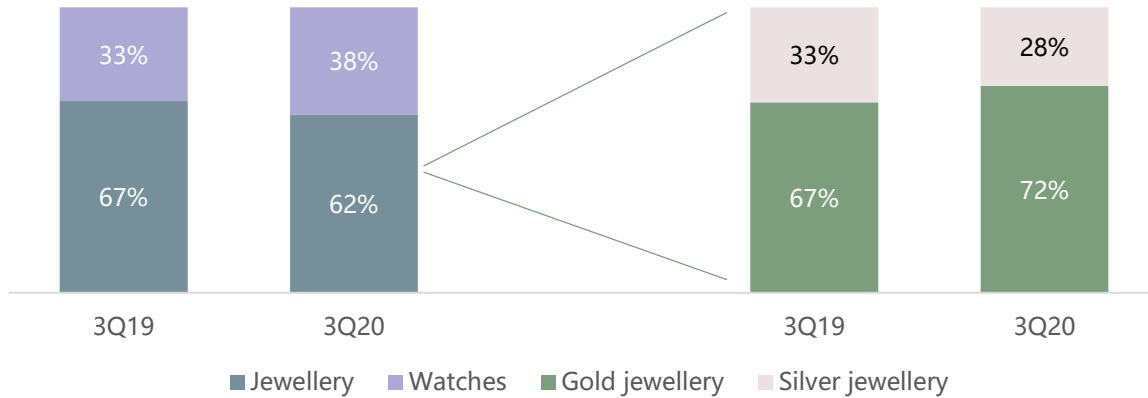
W.KRUK brand retail revenues (PLN m)



- Retail revenues of W.KRUK brand reached PLN 87.1m in 3Q20 (down 10.6% YoY).
- Franchise revenues amounted to PLN 6.1m in 3Q20, while internet sales reached PLN 9.1m in 3Q20 (up 31% YoY).
- Internet constituted PLN 9.1m revenues, up 31% YoY. Internet constituted 8.9% of revenues in 3Q20 versus 7.7% in 3Q19.

W.KRUK: A GROWING STORE EBIT

W.KRUK brand revenue split



- Changes in revenue structure – a growing share of watches versus jewellery.
- Within jewellery, there was a growing YoY share of gold jewellery over higher-margin silver in 3Q20 sales.
- Launch of the Freedom Unlimited collection by Martyna Wojciechowska in the second half of September 2020.

W.KRUK brand efficiency

	3Q19	3Q20	YoY
Revenues (PLN/m2 per month)	2,918	3,169	8.6%
Gross profit margin (%)	52.0%	51.7%	-0.3pp.
Cost of stores (PLN/m2 per month)	895	840	-6.1%
Store EBIT (PLN m)	19.3	25.8	33.7%

- Growth in sales/ m2 in the quarter due to high demand for gold jewellery and watches.
- Stable YoY gross profit margin despite a growing share of watches in sales due to a stable margin policy and lower YoY promotions.
- Fall in costs/ m2 in line with sales/ m2 growth due to lower costs of rentals and HR.

W.KRUK: BEST REVENUE AND GROSS MARGIN CHANGE

W.KRUK brand retail revenues
(PLN m)



- W.KRUK brand revenues reached PLN 235.7m in 9M20, falling 5% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 13.2m in 9M20, up 6.5% YoY. Share of franchise in revenues fell from 4.5% in 9M19 to 5.6% in 9M20.
- Internet revenues amounted to PLN 33.8m in 9M20, up 84% YoY. Share of internet in revenues in 9M20 came in at 14.4% compared to 7.4% in 9M19.

W.KRUK brand efficiency

	9M19	9M20	YoY
Revenues (PLN/m2 per month)	2,743	2,439	-11.1%
Gross profit margin (%)	52.3%	50.5%	-1.8pp.
Cost of stores (PLN/m2 per month)	853	738	-13.5%
Store EBIT (PLN m)	52.7	47.8	-9.4%

- Fall in sales/ m2 in 9M20 more favourable than at formal brands e.g. Vistula and Bytom.
- A lower fall in gross profit margin than at apparel brands due to higher demand for jewellery than clothing.
- Fall in costs/ m2 below sales/ m2 growth due to cost reductions undertaken.

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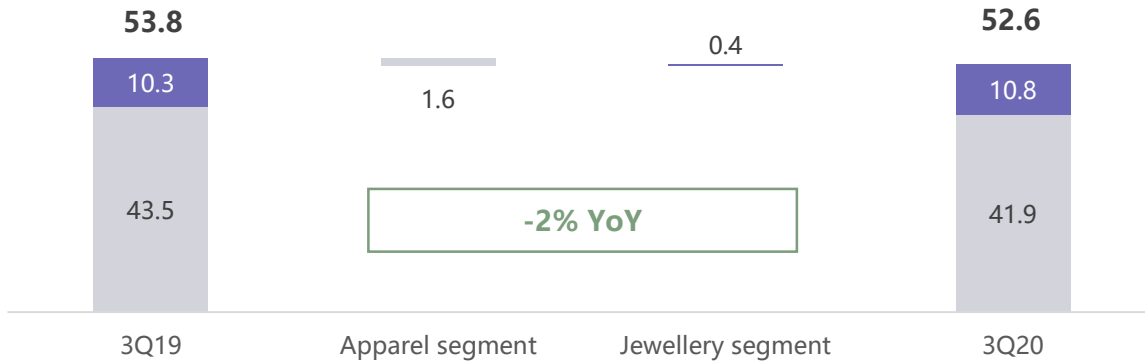
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GROUP RESULTS



STABLE GROUP FLOORSPACE

Group floorspace change YoY
(ths m2)



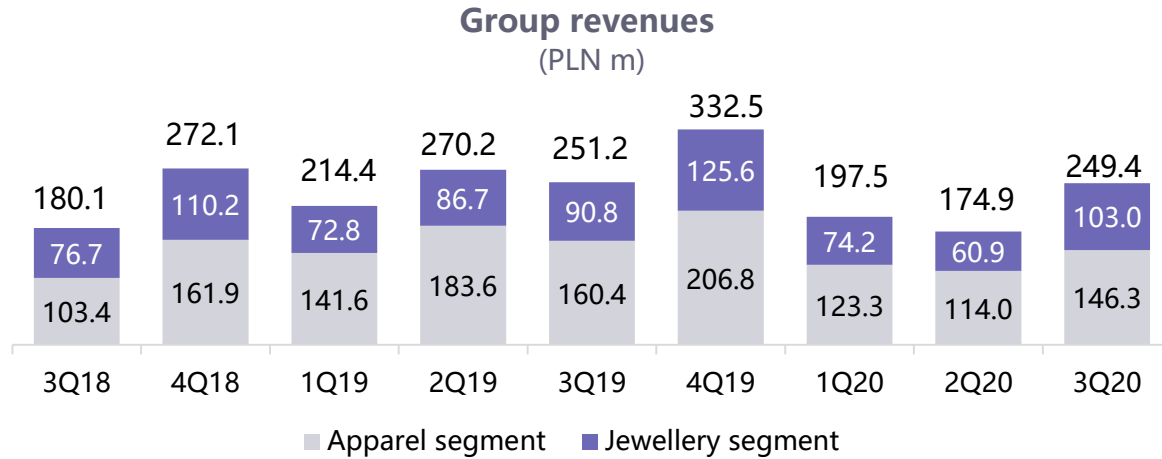
- Group floorspace reached 52.6 ths m2 at the end of 3Q20, down 2% YoY.
- The apparel segment floorspace fell 1.6 ths m2, down 4% YoY, due to closing down of unprofitable stores.
- The jewellery segment floorspace grew 0.4 ths m2 net to group floorspace, growing 4% YoY, due to development of own and franchise stores.

Group floorspace change YoY
(ths m2)

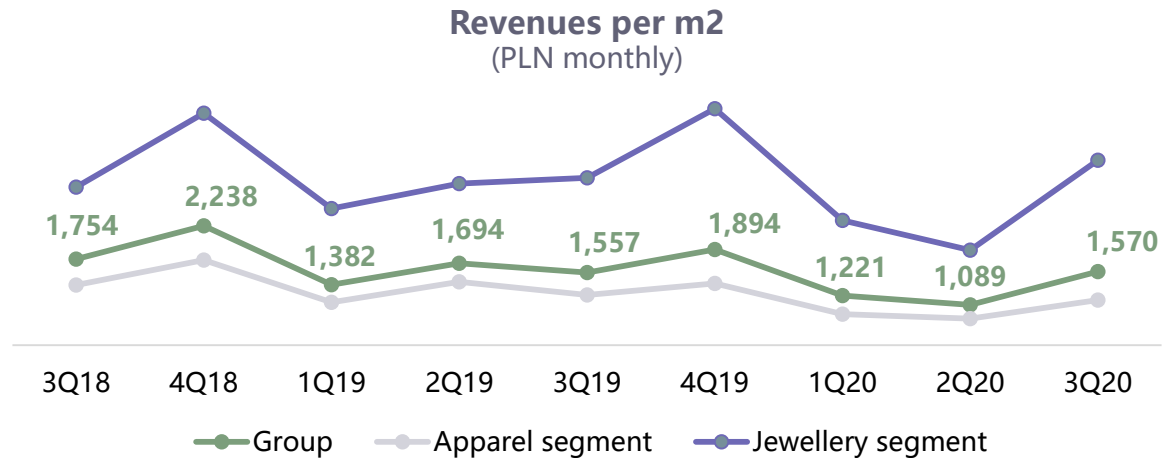


- Own stores were closed while franchise stores were opened in 3Q20.
- Own stores floorspace fell by 1.6 ths m2, down 2% YoY.
- Growth in franchise floorspace amounted to 0.4 ths m2, +4% YoY.

STABLE YOY REVENUES

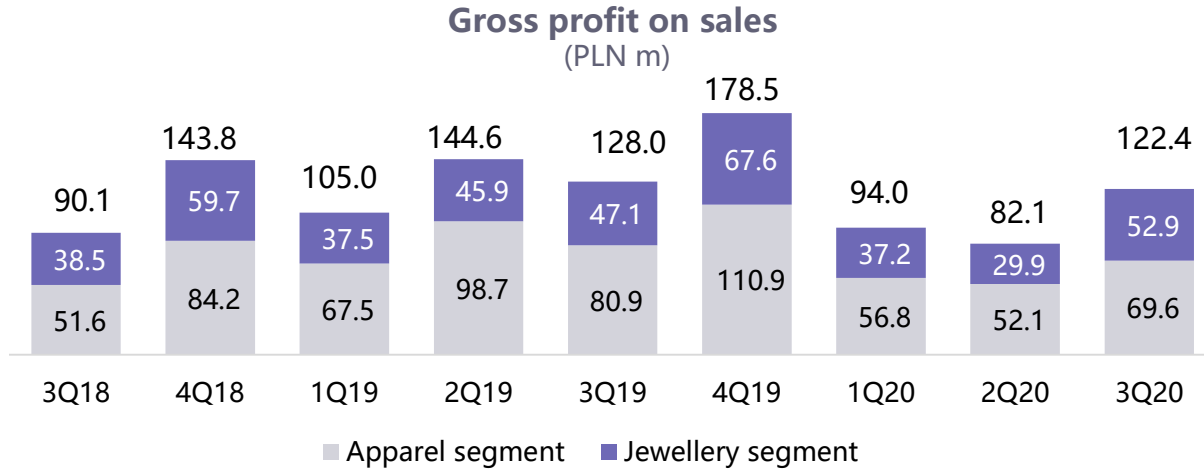


- Group revenues reached PLN 249.4m in 3Q20 (down 1% YoY).
- Apparel segment revenues fell 9% YoY, reaching PLN 146.4m, in 3Q20.
- Jewellery segment revenues amounted to PLN 103.0m, up 13% YoY in 3Q20. Growing share of this segment in revenues from 36.2% in 3Q19 to 41.3% in 3Q20.

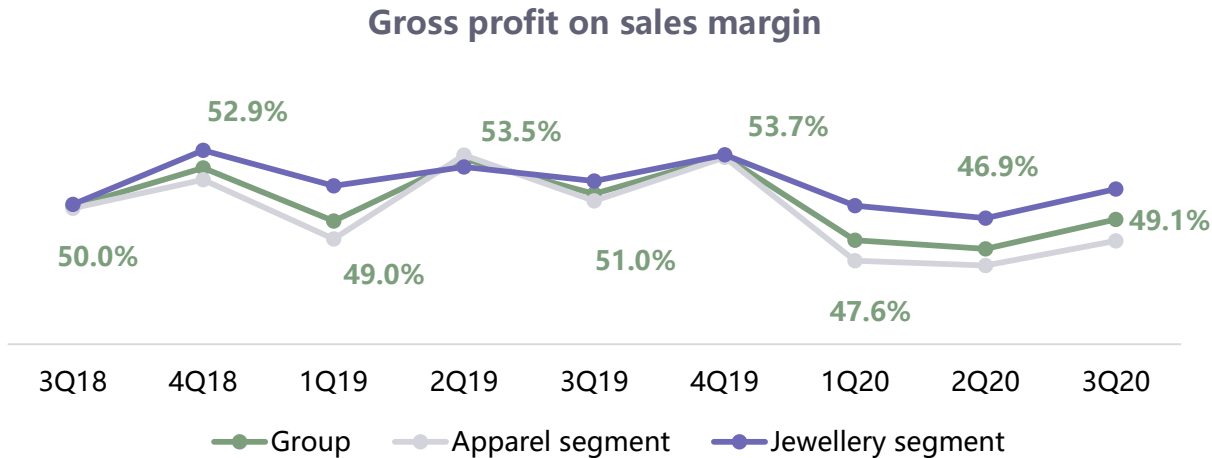


- In 3Q20 group sales/ m2 reached PLN 1,570, +1% YoY.
- Revenues/ m2 for the apparel segment amounted to PLN 1,157 in 3Q20, down 5.9% YoY.
- Jewellery segment revenues/ m2 reached PLN 3,193 in 3Q20, up 8.7% YoY.

GROWING GROSS PROFIT IN JEWELLERY SEGMENT



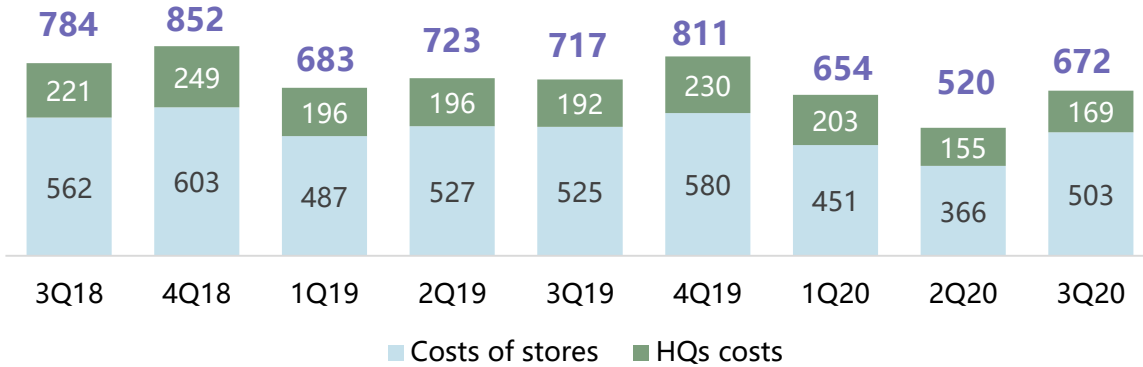
- Group gross profit on sales amounted to PLN 122.4m in 3Q20 (down 4.4% YoY).
- In 3Q20 gross profit on sales of the apparel segment reached PLN 69.6m, down 14% YoY.
- Gross profit on sales of the jewellery segment amounted to PLN 52.9m, +12% YoY.



- Group gross profit margin reached 49.1% in 3Q20, down 1.9 pp. YoY.
- The apparel segment gross profit margin fell 2.9 pp. YoY to 47.5% in 3Q20, due to higher share of internet and stronger promotions to attract customers on-line and off-line.
- The jewellery segment noted a 0.6 pp. YoY fall in 3Q20 gross profit margin, to 51.3% level, due to a higher share of wholesale in sales.

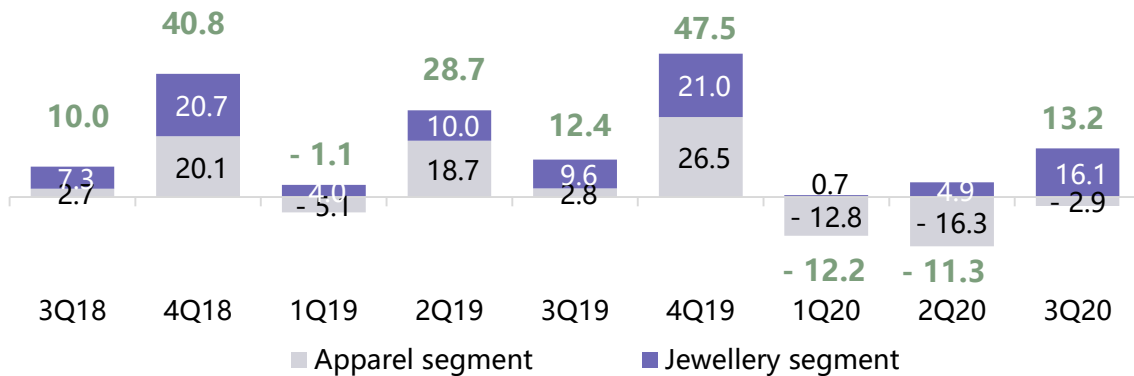
FALL IN OPERATING COSTS/ M2

Monthly operating costs per m2
(PLN, excl. IFRS16)



- Group operating costs/ m2 (IAS17) reached PLN 672/ m2 monthly and fell 6.3% YoY in 3Q20 due to lower rentals and cost reductions conducted.
- Costs of stores/ m2 reached 503 PLN/m2 (down 4% YoY) and HQs costs/ m2 came in at PLN 169, down 12% YoY (IAS17).
- Under IAS17, the apparel segment costs reached PLN 559/m2 in 3Q20, down 6% YoY, while the jewellery segment costs amounted to PLN 1 113/m2 per month, down 9% YoY in 3Q20.

Operating profit
(PLN m, excl. IFRS16)



- Group operating loss reached PLN 13.2m in 3Q20 under IAS17, up 6.1% YoY.
- 3Q20 EBIT loss of the apparel segment amounted to PLN 2.9m excl. IFRS16 (PLN 3.0m under IFRS16) compared to PLN 2.8m income in 3Q19.
- Operating profit of the jewellery segment reached PLN 16.1m in 3Q20 (PLN 16.2m under IFRS16), up 68% YoY.

VERY STRONG 3Q20 RESULTS UNDER IFRS16

PLN m	3Q19 IFRS16	3Q20 IFRS16	YoY
Revenues	251.2	249.4	-0.7%
Gross profit on sales	128.0	122.4	-4.4%
<i>Gross profit on sales margin</i>	<i>51.0%</i>	<i>49.1%</i>	<i>-1.9pp.</i>
SG&A costs	115.5	106.8	-7.6%
EBIT	12.6	13,3	5.2%
<i>EBIT margin</i>	<i>5.0%</i>	<i>5,3%</i>	<i>0.3pp.</i>
Net financial activity	-12.4	-6,2	
Net profit	-1.8	5,0	N/M
<i>Net margin</i>	<i>-0.7%</i>	<i>2,0%</i>	<i>2.7pp.</i>

EBITDA	40.9	39.8	-2.7%
<i>EBITDA margin</i>	<i>16.3%</i>	<i>16.0%</i>	<i>-0.3pp.</i>

- Stable YoY revenues due to a stronger impact of COVID-19 pandemic on the apparel than jewellery segment.
- Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions in selected apparel brands.
- Results comparable YoY – application of IFRS16 since 1Q19.
- A more negative YoY impact of other operating activity – lower other operating revenues.

- A less unfavourable impact of financial activity – PLN 3.3m of FX losses on IFRS16 and PLN 8.0m of FX losses in 3Q19.
- IFRS16 interest amounted to PLN 1.1m in 3Q20 (flat YoY).
- PLN 5m of net income in 3Q20 compared to 3Q19 loss.

GROWTHS IN 3Q20 EXCL. IFRS16

PLN m	3Q19 IAS17	3Q20 IAS17	YoY
Revenues	251.2	249.4	-0.7%
Gross profit on sales	128.0	122.4	-4.4%
<i>Gross profit on sales margin</i>	<i>51.0%</i>	<i>49.1%</i>	<i>-1.9pp.</i>
SG&A costs	115.6	106.7	-7.8%
EBIT	12.4	13.2	6.1%
<i>EBIT margin</i>	<i>4.9%</i>	<i>5.3%</i>	<i>0.3pp.</i>
Net financial activity	-3.3	-1.8	
Net profit	7.1	9.3	30.8%
<i>Net margin</i>	<i>2.8%</i>	<i>3.7%</i>	<i>0.9%</i>

EBITDA	18.4	18.9	3.2%
<i>Marża EBITDA</i>	<i>7.3%</i>	<i>7.6%</i>	<i>0.3pp.</i>

- Stable YoY revenues due to a stronger impact of COVID-19 pandemic on the apparel than jewellery segment.
- Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions in selected apparel brands.
- A more negative YoY impact of other operating activity – lower other operating revenues.

- No FX differences in 3Q20 compared to PLN 2.5m of FX losses on balance sheet items in 3Q19.
- Other financial costs at PLN 1.7m (mainly interest) in 3Q20 compared to PLN 0.8m PLN in 3Q19.
- As a result, double-digit YoY growth in net income.

9M20 RESULTS IFRS16, EXECUTIVE SUMMARY

PLN m	9M19 IFRS16	9M20 IFRS16	YoY
Revenues	735.8	621.7	-15.5%
Gross profit on sales	377.6	298.5	-21.0%
<i>Gross profit on sales margin</i>	<i>51.3%</i>	<i>48.0%</i>	<i>-3.3pp.</i>
SG&A costs	337.1	295.0	-12.5%
EBIT	39.9	-9.0	N/M
<i>EBIT margin</i>	<i>5.4%</i>	<i>-1.5%</i>	<i>-6.9pp.</i>
Net financial activity	-14.4	-22.3	
Net profit	19.6	-29.3	N/M
<i>Net margin</i>	<i>2.7%</i>	<i>-4.7%</i>	<i>-7.4pp.</i>

EBITDA	122.4	75.6	-38.2%
<i>Marża EBITDA</i>	<i>16.6%</i>	<i>12.2%</i>	<i>-4.4pp.</i>

- YoY fall in revenues in both segments due to impact of COVID-19 pandemic.
- Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions.
- Results comparable YoY – application of IFRS16 since 1Q19. Lower YoY costs (no rentals between March 14 and May 4, 2020).
- A more negative impact of other operating activity – inventory write-off (PLN 13.9m) higher than government subsidies for salaries (PLN 7.8m) in 2Q20.

- Negative impact of net financial activity – PLN 14.5m of FX losses on IFRS16 in 9M20 and PLN 5.0m of FX losses in 9M19.
- IFRS16 interest amounted to PLN 3.2m in 9M20, stable YoY.
- PLN 1.7m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).
- Net loss in 9M20 mainly resulted from COVID-19 impact and inventory write-off in 2Q20.

9M20 RESULTS EXCL. IFRS16, EXECUTIVE SUMMARY

PLN m	9M19 IAS17	9M20 IAS17	YoY
Revenues	735.8	621,7	-15.5%
Gross profit on sales	377.6	298,5	-21.0%
<i>Gross profit on sales margin</i>	<i>51.3%</i>	<i>48,0%</i>	<i>-3.3pp.</i>
SG&A costs	336.9	296,0	-12.1%
EBIT	40.1	-10,3	N/M
<i>EBIT margin</i>	<i>5,4%</i>	<i>-1,7%</i>	<i>-7.1pp.</i>
Net financial activity	-6,3	-4,7	
Net profit	27,9	-13,0	N/M
<i>Net margin</i>	<i>3,8%</i>	<i>-2,1%</i>	<i>-5.9pp.</i>

EBITDA	57.8	7.1	-87.8%
<i>Marża EBITDA</i>	<i>7.8%</i>	<i>1.1%</i>	<i>-6.7pp.</i>

- YoY fall in revenues in both segments due to impact of COVID-19 pandemic.
- Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions.
- A more negative impact of other operating activity – inventory write-off (PLN 13.9m) higher than government subsidies for salaries (PLN 7.8m) in 2Q20.

- PLN 1.8m of FX losses on balance sheet items in 9M20, stable YoY.
- Fall in interest from PLN 4.5m to PLN 3.0m in 9M20.
- PLN 1.7m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).
- Net loss in 9M20 mainly resulted from COVID-19 impact and inventory write-off in 2Q20.

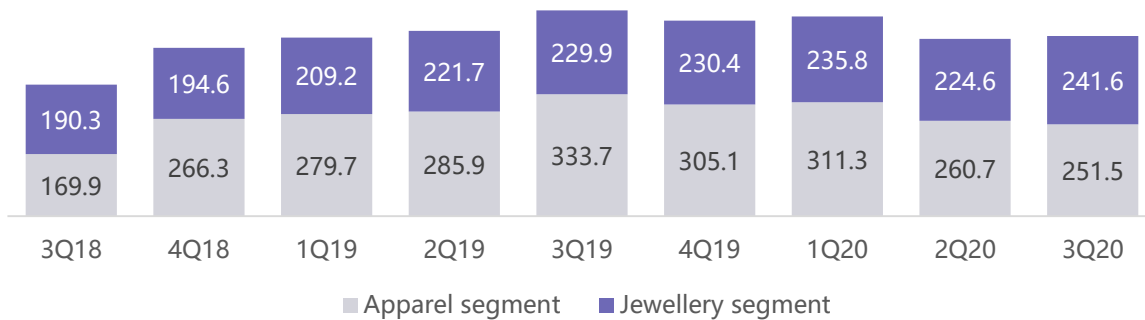
REDUCTION IN INVENTORIES

Change in inventories
(PLN m)



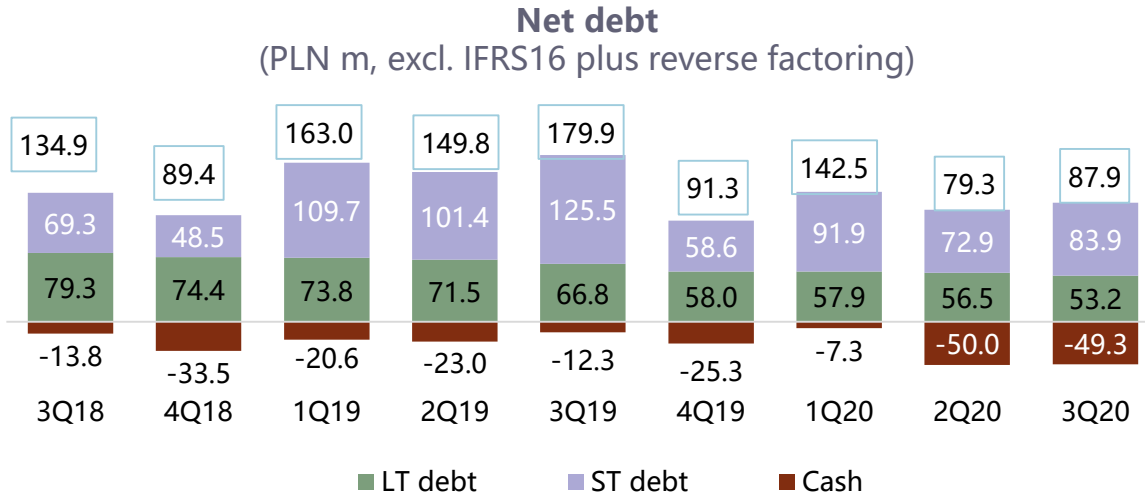
- Inventory down 12.5% YoY to PLN 493.1m in 3Q20 due to conducted sell-offs, write-offs for inventory and lower YoY orders for the SS2020 season in apparel segment.
- Apparel segment inventory fell 25% YoY.
- Inventory of the jewellery segment grew 5% YoY.

Inventory by segments
(PLN m)

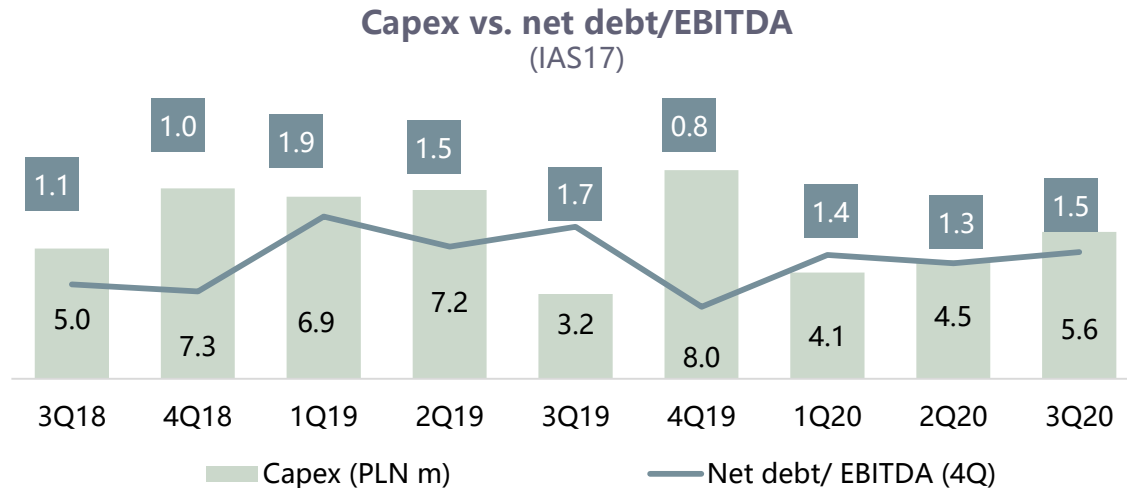


- Group inventory/ m2 reached PLN 10,172 at the end of 3Q20, down 3% YoY.
- Apparel segment inventory per m2 reached PLN 6,004, down 22% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 22,459, up 1% YoY.
- Shifts in goods orders, especially in apparel segment resulted in lower share of new collections in inventory.

NET DEBT CONTINUES TO FALL



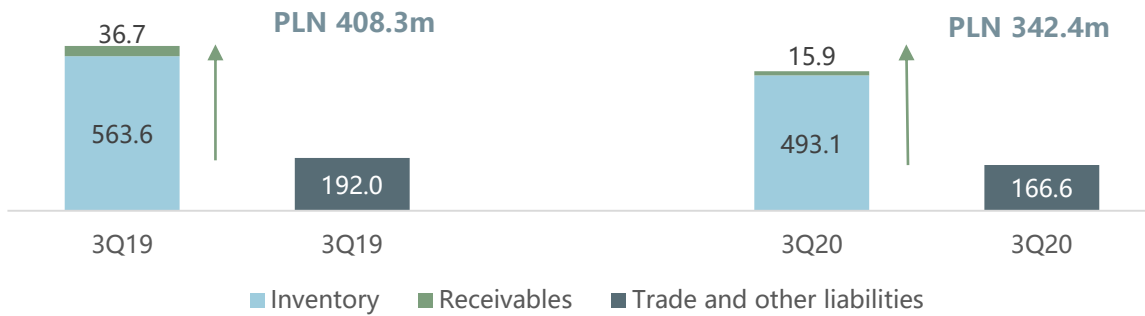
- Long-term and short-term indebtedness shown together with reverse factoring and financial leases, yet excluding the leases from IFRS16. Financial leases under IFRS16 at PLN 306.8m in 3Q20.
- Usage of reverse factoring for supply chain financing reached PLN 24.9m at the end of 3Q20.
- Group's net debt under IAS17 came in at PLN 87.9m at the end of 3Q20, down by half YoY. The level was lower than at the end of 4Q19.



- Net debt/ EBITDA (4Q, IAS17) at 1.5x - lower YoY despite fall in revenues due to safety measures undertaken.
- Excluding reverse factoring, the ratio would come at 1.0x.
- Higher YoY capex in 3Q20 due to modernisations of own stores, especially W.KRUK.

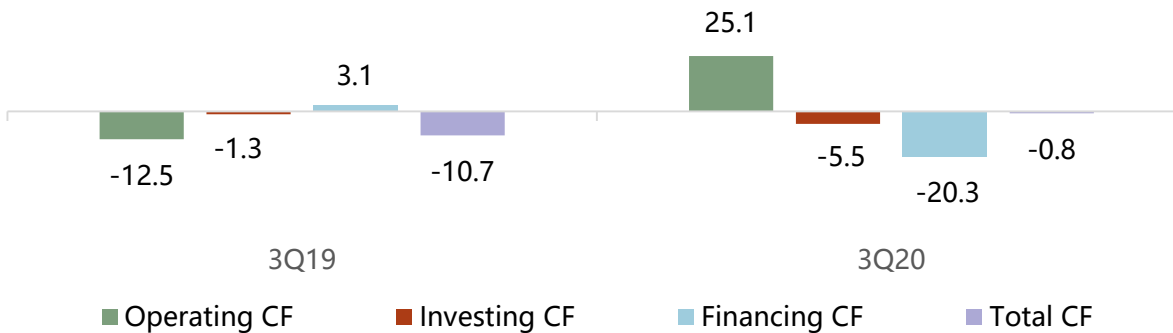
STRONG OPERATING CASH FLOWS

Net working capital
(PLN m)



- A YoY decrease in inventories by PLN 70.5m and a release of inventories in the quarter due to higher YoY promotions (a consequence of pandemic) and shifts in the delivery of collections.
- YoY decrease in receivables by PLN 20.8 million due to lower prepayments for goods purchased on Asian markets (using reverse factoring).
- Decrease in liabilities YoY by PLN 25.4m due to lower inventories YoY.

Quarterly cash flows
(PLN m)



- More favorable YoY operating cash flows due to the reduction in inventories and an increase in trade liabilities.
- Higher YoY level of net capital expenditure - modernization of stores of selected brands.
- Financial flows show lower YoY debt utilization due to obtaining cash from working capital.

VISTULA

BYTOM

WÓLCZANKA

DENICLER

WKRUK

SZTUKA KRAPIECWA OD 1945

MILANO

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2020 AND 2021 OUTLOOK



GROUP PREPARED FOR 4Q20 AND LOCK-DOWN



New products on offer, sets tailored to the current realities

Extended group of customers - elements of women's wardrobe on offer

Brand logistics prepared for Black Friday and the Christmas season

APPAREL SEGMENT

JEWELLERY SEGMENT



The new collection of Martyna Wojciechowska

Opening of the Patek Philippe salon in Warsaw at the Raffles Hotel (second decade of November)

Logistics prepared for Black Friday and the Christmas season

CHRISTMAS SEASON IS IMPORTANT FOR THE GROUP'S RESULTS

ACTIONS RELATED TO LOCK-DOWN

Actions taken by the management:

Revenues

- intensification of on-line marketing,
- early start of the promotion,
- increasing the logistic potential,

Cost reduction

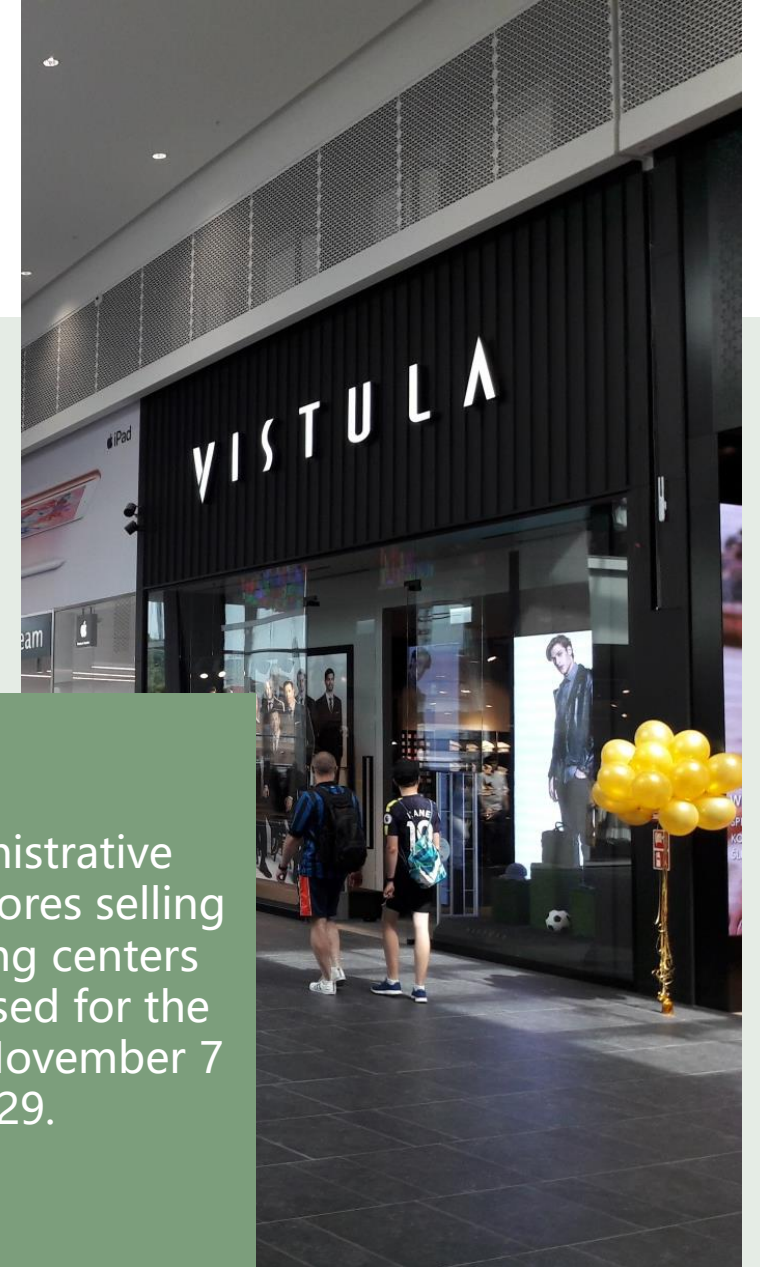
- reducing the working time of employees by 20%,
- a 20% reduction in the salary of the management board,
- negotiating rents with shopping centers.

Rekompensaty:

We count for:

- suspension of rent payments,
- support in personnel costs.

By administrative decision, stores selling in shopping centers will be closed for the period of November 7 to 29.



I REDUCTION OF ORDERS

The goal is to maintain a safe liquidity position of the Group



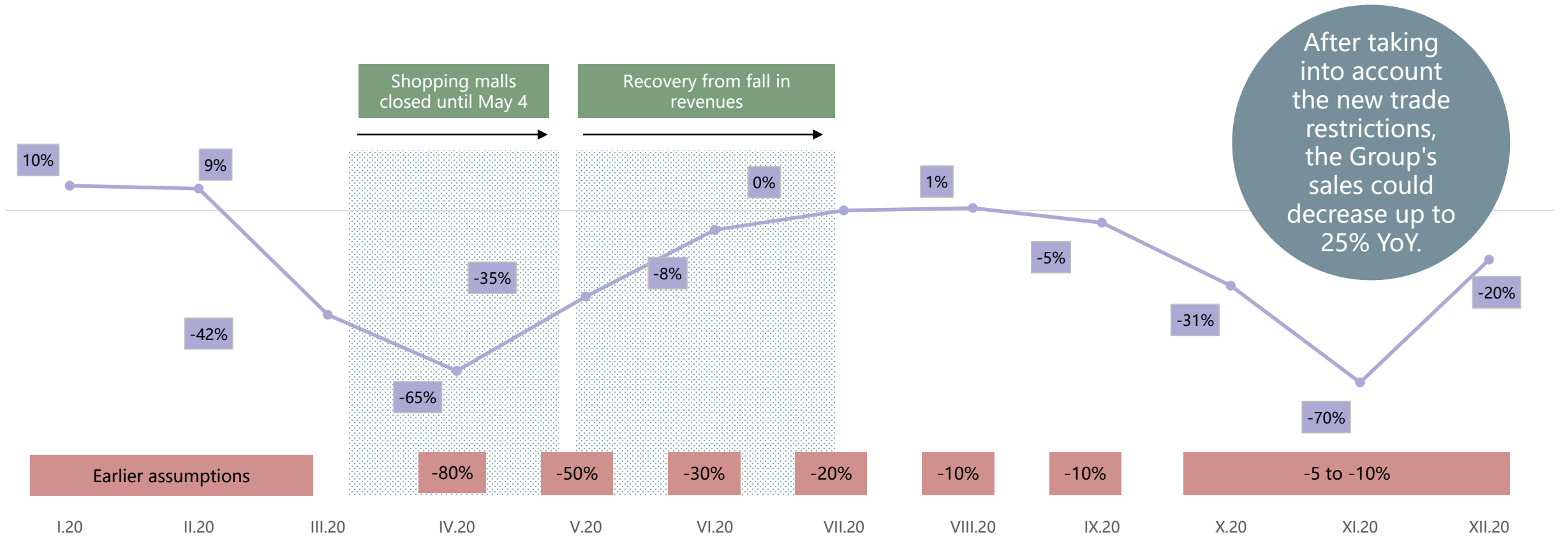
Actions taken earlier:

- postponed payment dates for the Fall/Winter 2020 collection are in 1Q21.

Further actions:

- reduction of orders for the Spring/Summer 2021 collection by 15-20%,
- shifts in the basic collection deliveries from AW2020 to SS2021,
- maintaining existing credit lines

BASE SCENARIO UPDATED



SALES BETWEEN 1-7 NOVEMBER AT -16% YoY.

2020 FLOORSPACE DOWN YOY

		2019	2020 former target	2020 target	YoY
APPAREL SEGMENT	stores	451	426	424	-27
	m2	43,731	42,017	41,900	-4%
VISTULA	stores	154	149	149	-5
	m2	19,320	18,731	18,725	-3%
WÓLCZANKA	stores	140	129	128	-12
	m2	4,954	4,644	4,658	-6%
BYTOM	stores	126	117	116	-10
	m2	16,421	15,607	15,531	-5%
DENI CLER	stores	31	31	31	0
	m2	3,037	3,035	2,986	-2%
JEWELLEY SEGMENT	stores	139	142	143	4
	m2	10,647	10,970	11,030	4%
TOTAL	stores	590	568	567	-23
	m2	54,378	52,987	52,930	-3%

In 2020 floorspace will be lower YoY due to closing down of unprofitable stores.

Franchise store floorspace should reach some 11.0 ths m2 at the end of 2020.

2020 capex should not exceed PLN 18m (modernisation, development).

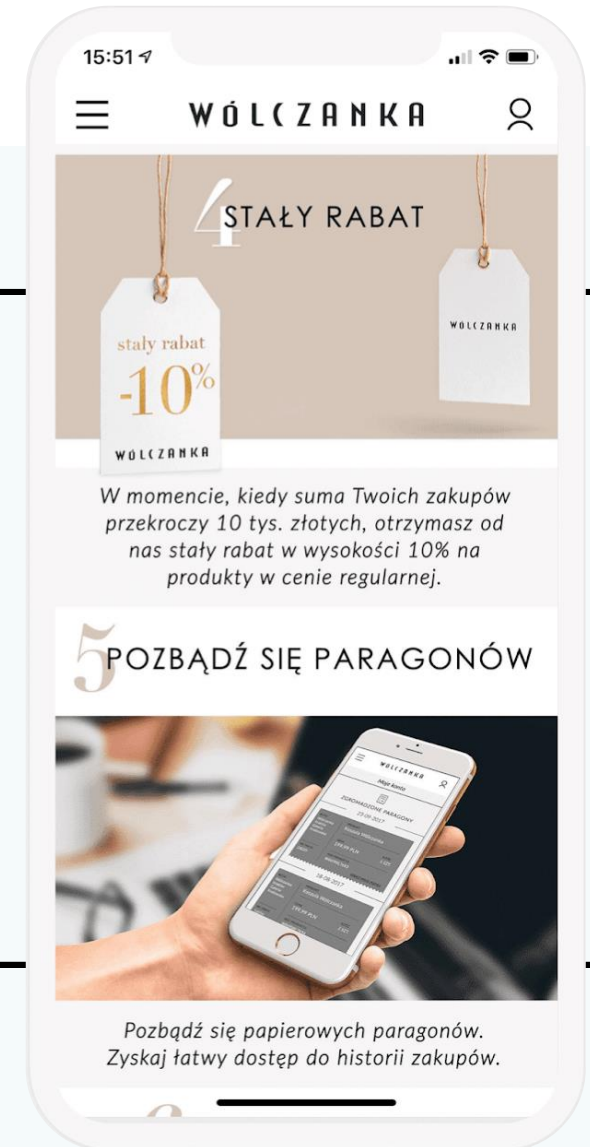
| SUPPORT FOR ON-LINE

2020 target:
up to **30%** share of
e-commerce in revenues.

Launch of the sales
application of Wólczanka
brand (November 2020).

Functionality of sales application:

- possibility to purchase directly from the application,
- opportunity to see new brand collections,
- opportunity to see promotional offers, dedicated promotions,
- contact with the customer,
- current information about promotions.



| TARGETS FOR 2020



REVENUES

- Loss of up to 25% of revenues in base case scenario.
- Share of internet growing from 14% to some 30% in revenues.

EBITDA

- EBITDA under IAS17 above zero.

LIQUIDITY

- Maintaining liquidity.
- Stable YoY debt at the end of 2020.

RISKS

Prolonging the current restrictions on shopping malls.

OPPORTUNITIES

Dynamic on-line growths, strong financial position versus entities selling formalwear.

STABLE FLOORSPACE IN 2021

		2020 target	2021 target	YoY
APPAREL SEGMENT	stores	424	411	-13
	m2	41,900	41,262	-2%
VISTULA	stores	149	149	0
	m2	18,725	18,807	0%
WÓLCZANKA	stores	128	120	-8
	m2	4,658	4,667	0%
BYTOM	stores	116	112	-4
	m2	15,531	14,877	-4%
DENI CLER	stores	31	30	-1
	m2	2,986	2,911	-3%
JEWELLEY SEGMENT	stores	143	149	6
	m2	11,030	11,753	7%
TOTAL	stores	567	560	-7
	m2	52,930	53,015	0%

In 2021, floorspace of traditional stores should be stable YoY.

Floorspace of franchise stores at the end of 2021 should amount to 11.5 ths m2.

Capex should reach PLN 17m in 2021.

| 2021 – TOWARDS OMNICHANNEL

TRADITIONAL STORES

—
stable floorspace,
the best locations

+

INTERNET STORES

—
further development
of functionality and
logistics,
sales app for each
brand

=

OMNICHANNEL

—
standardized contact with the
client,
consistent marketing and
promotions,
using traditional stores to
support on-line,
personal pickup in stores for
on-line orders,
on-line returns handled in stores



VISTULA

BYTOM
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER
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Q&A



VISTULA

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WÓLCZANKA

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BACK-UP



VRG
VISTULA RETAIL GROUP

VISTULA: EXECUTIVE SUMMARY

VISTULA (MENSWEAR, ELEMENTS OF LADIES COLLECTION)

- VISTULA is a brand that combines traditional tailoring and global trends, inspiring customers looking for a modern, original and individual style.
- Within the VISTULA brand, we distinguish VISTULA, VISTULA RED, and LANTIER collections. The collection includes lines such as line for active MOVE and capsule collections.
- "Made to Measure": personalised service dedicated to the most demanding customers. Available in selected brand's stores.

AUTUMN/WINTER 2020 COLLECTION

- VISTULA brand started the third quarter with a contest for customers for the most interesting photo organized in social media. This action built awareness of the #vistulamusic line of music t-shirts with a stylist referring to the 1970s. The contest was promoted on brand's channels by a music journalist and influencer Gabi Drzewiecka.
- In 3Q20, Vistula with Passion project was continued, and another ambassador, Krystian Kowalewski, who was training parkour, was announced. Photos and videos taken as part of the session showed the VISTULA MOVE line, the first line for active people in the history of the brand.
- After the summer holiday season, VISTULA started selling the Autumn / Winter collection. With the launch of the collection, a media campaign was launched and the brand values were communicated - equality, respect, tolerance (EQUALITY, RESPECT, TOLERANCE). Models of clothing for him and her, which are part of the VISTULA RED collection, have been launched.

NETWORK DEVELOPMENT

- In 3Q20, the number of the brand's stores increased by 2 net stores - they were franchise stores.



VISTULA

| BYTOM: EXECUTIVE SUMMARY

BYTOM (MENSWEAR)

- Bytom – a Polish brand with origin dating back to 1945.
- The brand offers men's formalwear and smart casual and casual assortment.
- "Made to Measure" – personalised men's tailoring offered in selected stores.

AUTUMN/WINTER 2020 COLLECTION

- The RETRO FUTURE collection represents eclecticism in fashion, combines fabric patterns from the past years, presenting them in a modern tailor's edition: new formal and new casual. The brand's new advertising campaign was carried out in the interiors of one of the most beautiful museums in Poland - the National Museum in Warsaw. The stately interiors of the museum juxtaposed with modern stylizations, in which we combine formal with casual or streetwear, plus the charisma of a world-class model - created a poetic, very contemporary image.
- For the 75th anniversary of the BYTOM brand, an original pattern referring to the letter B was created. With this motif in the MONOGRAM collection we can find a number of unique products, from t-shirts, through sweaters, shirts, jackets, suits and even tracksuits.
- A limited collection dedicated to the most outstanding Polish composer and pianist Fryderyk Chopin. The assumption for the creation of the collection was to present an icon of classical music and a piano master in a contemporary interpretation, so that his figure would be close to everyone, regardless of age and musical preferences. For this purpose, a series of products was created consisting of cotton sweatshirts and t-shirts with graphics inspired by various fields of art and musical genres. The BYTOM ICONS OF CULTURE - CHOPIN collection is a continuation of the brand's project, which aims to remind outstanding figures of Polish culture and art and encourage people to learn about their work.

NETWORK DEVELOPMENT

- In 3Q20 the number of stores decreased by 3 net, they were own stores.



BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA: EXECUTIVE SUMMARY

WÓLCZANKA (FASHION FOR MEN AND WOMEN)

- Wólczanka runs a network of own and franchise boutiques in Poland with shirts for men and women, knitwear and accessories. The brand has two lines: Wólczanka and Lambert.

AUTUMN/WINTER 2020 COLLECTION

- In 3Q20, the brand launched new assortment groups, including women's and men's sweatshirts, t-shirts, men's trousers: corduroys and five-pocket trousers. The premiere of new products was always accompanied by image lookbooks, both in the form of photos and videos.
- The basis of the Fall/Winter 2020 collection is a wide range of business shirts. Original micro patterns, stripes and a fine check will allow you to emphasize the unique style even within the formal attire. The collection has been enriched with shirts in darker colors, such as black and gray.
- Despite non-standard shades, these shirts are very elegant, adding style to many styles. Also within them there is a check, grille, stripes and contrasting stripes, which are a strong distinguishing feature of the collection. Following the trends, Wólczanka took the grating into the workshop and gave it a new face. The rich palette of colors, from navy blue, through green and shades of gray, to vivid violet and deep red, will meet the tastes of even the most demanding customers.

NETWORK DEVELOPMENT

- In 3Q20 the number of boutiques decreased by 2 net QoQ, of which 3 net were closed own boutiques, and 1 net franchise boutique was opened.



WÓLCZANKA

| DENI CLER: EXECUTIVE SUMMARY

DENI CLER (WOMEN'S FASHION)

- Women's fashion brand with Italian origin, established in Italy in 1971.
- A network of stores for women over 35 years of age who value high quality and elegance.
- Collections created from highest quality fabrics with superior accessories and designer cut.

AUTUMN/WINTER 2020 COLLECTION

- Modern Art is a collection for women who prefer harmony with their surroundings and the natural environment to the hustle and bustle of modern civilization, and who approach fashion with deliberation. It is emphasized by the highest-quality natural fabrics used in the collection and perfect styles of clothes, creating universal, but in line with the latest trends, styles.
- The collection alludes to the great tailoring of the 1950s and 1960s, as well as to the contemporary lifestyle where comfort is as important as appearance. Thanks to this, Modern Art is an ideal proposition for women who need classics, but with a non-obvious, less formal character.
- Modern Art is the highest quality fabrics: sheep wool that hugs the body, luxurious cashmere, as well as velor and silk, complemented in the less formal part of the collection with noble flannel and denim. The colors are dominated by the classic palette of elegant grays, bottle green, deep navy blue and black. Diversified with accents of fresh lime, warm beige and caramel, it is toned with white and cool shades of blue. In line with the inspirations, modern cuts and forms prevail.

NETWORK DEVELOPMENT

- The number of own stores increased by 2 net QoQ. 3 multi-brand points were also opened.



DENI CLER
MILANO

W.KRUK: EXECUTIVE SUMMARY

THE OLDEST JEWELRY BRAND IN POLAND

- The jewellery offer includes gold and silver jewellery, diamonds, precious stones and original collections.
- W.KRUK's offer also includes global watches brands, such as Rolex (sole distributor in Poland), Cartier, Jaeger-LeCoultre, Hublot, Panerai, Chopard, Breitling, Girard-Perregaux, Omega, Tudor, Tag Heuer, Longines, Rado, Swatch and many more. W.KRUK offer also includes perfumes and a collection of accessories with the brand's logo: leather handbags, silk scarves, leather accessories.

180TH ANNIVERSARY OF W.KRUK BRAND

- The premiere of the jubilee advertising campaign #Show with Femininity took place on February 28, 2020 with the presentation of the collection of silver and gold jewelry Glow. The star of the Blask campaign is actress Joanna Kulig, and she is accompanied by other exceptional ambassadors: writer Joanna Bator, sportswoman Joanna Fiodorow, teacher Zyta Czechowska, model Angelika Wierzbicka and Aleksandra Drozdowska, director of the W.KRUK salon. The brand has planned the next installments of the campaign.
- In September this year. W.KRUK presented the latest, third installment of the best-selling Freedom Unlimited jewelry collection, created in cooperation with Martyna Wojciechowska. A novelty in the collection made of silver are beads that can be combined in an infinite number of ways with other jewelry elements, such as bracelets, necklaces, earrings. The on-line premiere took place on September 21, and since October the collection has been available in the chain of stores.
- Also in September, a number of new products from the most famous Swiss watch brands were presented. W.KRUK customers could see new offers from brands such as Rolex, Tudor, Breitling.

NETWORK DEVELOPMENT

- In 3Q20, the number of the brand's stores remained stable QoQ. 1 own store was closed and 1 net franchise store was opened.



W.KRUK
1 8 4 0

| SUMMARY OF BRANDS 3Q20 RESULTS

V I S T U L A

A GROWING SHARE
OF CASUAL.

W Ó L C Z A N K A

THE HIGHEST SHARE
OF INTERNET.

W. KRUK
1 8 4 0

FLOORSPACE GROWTH.
A GROWING SHARE
OF GOLD IN REVENUES.

BYTOM

SZTUKA KRAWIECTWA OD 1945

A GROWING SHARE
OF INTERNET.

DENI CLER
MILANO

MULTIBRAND STORES
DEVELOPMENT.



GROUP STRUCTURE

VRG

COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENTS FOR 2Q20

JEWELLERY SEGMENT

W.KRUK S.A.

Jewellery, watches, accessories

APPAREL SEGMENT

VRG S.A.
parent company

Vistula, Wólczanka, Bytom brands,
trademark *

November 30, 2018 **Vistula Group S.A.**
parent company merged with **Bytom S.A.**,
creating **VRG S.A.**

DCG S.A.

Deni Cler brand

OTHER ACTIVITY

WSM sp. z o.o. ,VG Property sp. z o.o.

Production, real estate

*July 1st, 2019 BTM 2 sp. z o.o. was merged
with VRG S.A.

OPTIMISATION OF NUMBER OF STORES

NUMBER OF STORES

		3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
APPAREL SEGMENT	total	304	440	443	452	451	451	440	427	426
	franchise	100	117	120	126	129	132	126	126	129
VISTULA	total	141	148	152	154	152	154	148	145	147
	franchise	50	56	58	60	60	62	59	60	62
WÓLCZANKA	total	133	139	139	142	142	140	137	132	130
	franchise	42	47	48	50	51	52	50	49	50
BYTOM	total	-	122	121	125	126	126	125	120	117
	franchise	-	6	6	8	9	9	8	8	8
DENI CLER	total	30	31	31	31	31	31	30	30	32
	franchise	8	8	8	8	9	9	9	9	9
JEWELLERY SEGMENT	total	126	128	132	134	135	139	140	140	140
	franchise	6	10	11	11	13	14	14	15	16
TOTAL	total	430	568	575	586	586	590	580	567	566
	franchise	106	127	131	137	142	146	140	141	145

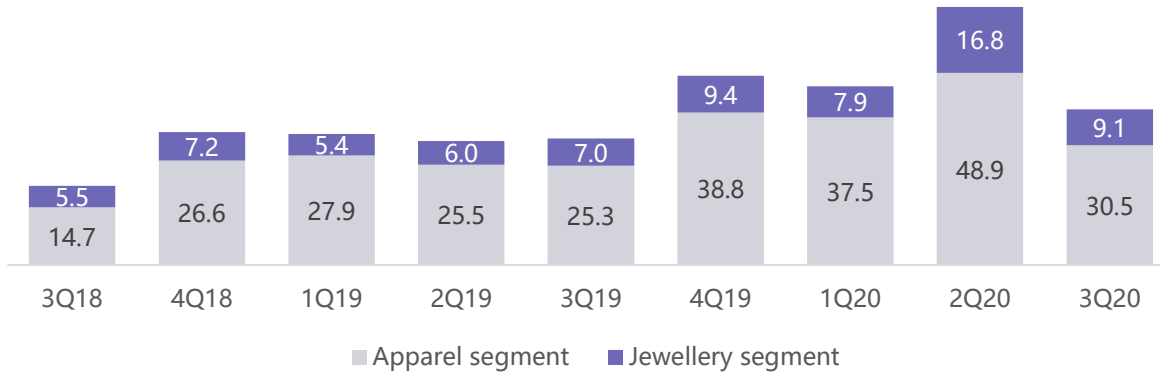
STABLE YOY FLOORSPACE

M2 OF FLOORSPACE

		3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
APPAREL SEGMENT	total	25,163	42,072	42,429	43,207	43,461	43,731	42,962	41,953	41,891
	franchise	6,820	8,394	8,621	9,223	9,322	9,590	9,123	9,195	9,368
VISTULA	total	17,429	18,230	18,727	19,007	19,058	19,320	18,650	18,291	18,508
	franchise	4,925	5,581	5,818	6,084	6,065	6,283	5,991	6,094	6,311
WÓLCZANKA	total	4,753	4,979	4,894	4,978	4,985	4,954	4,877	4,716	4,685
	franchise	1,295	1,489	1,479	1,528	1,546	1,576	1,504	1,473	1,530
BYTOM	total	-	15,816	15,761	16,175	16,402	16,421	16,487	16,000	15,634
	franchise	-	723	723	1,011	1,011	1,011	908	908	859
DENI CLER	total	2,981	3,047	3,047	3,047	3,017	3,037	2,947	2,947	3,064
	franchise	600	600	600	600	700	720	720	720	669
JEWELLERY SEGMENT	total	9,449	9,554	9,992	10,215	10,347	10,647	10,732	10,749	10,756
	franchise	371	630	680	680	802	856	856	896	965
TOTAL	total	34,611	51,626	52,421	53,422	53,809	54,378	53,693	52,702	52,647
	franchise	7,190	9,024	9,301	9,903	10,124	10,446	9,979	10,091	10,333

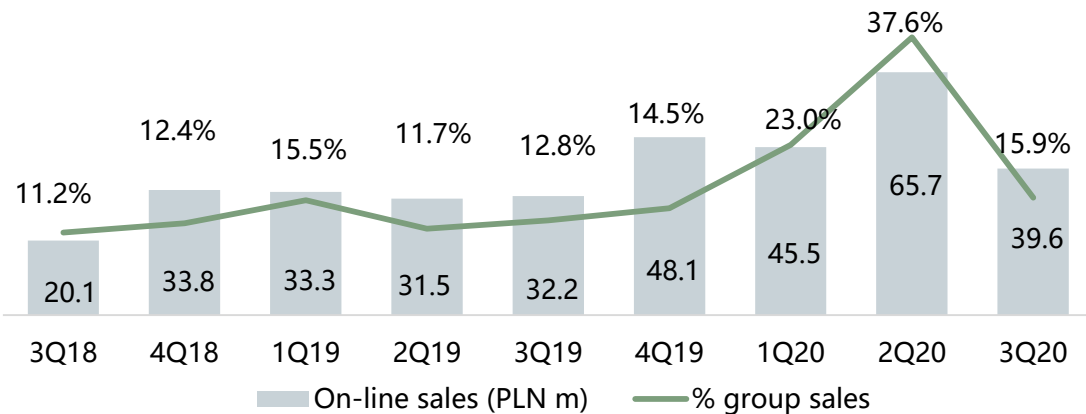
OWN E-STORES OF FIVE BRANDS

On-line sales by segments
(PLN m)



- We have own e-stores for all five retail brands.
- Our aim is to develop on-line stores of own brands (monoshops).
- Revenues and costs of on-line stores are allocated directly to the brands.
- E-commerce logistics for Bytom brand is conducted from the same distribution centre as this of Vistula and Wólczanka brands.

Group on-line sales



- In 3Q20 on-line sales amounted to PLN 39.6m, up 23% YoY.
- Share of internet in revenues increased from 12.8% in 3Q19 to 15.9% in 3Q20, due to changes in customers' shopping habits.
- In 9M20 on-line sales amounted to PLN 150.8m, up 55% YoY.
- Share of internet in revenues grew from 13.2% in 9M19 to 24.3% in 9M20.

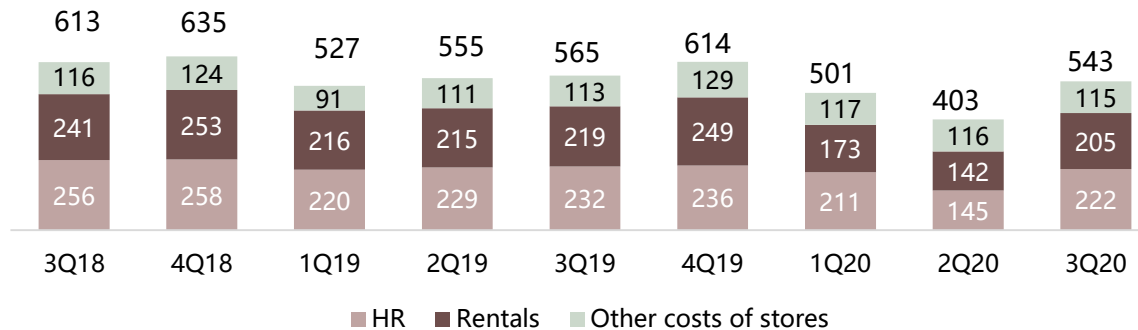
FALL IN COSTS/ M2

Operating costs per month/ m2
(PLN, excl. IFRS16)



- Differences in SG&A costs/ m2 between segments result from different business models.
- The jewellery segment is characterised by higher revenues and costs/ m2 than these of the apparel segment.
- Segmental costs/ m2 are calculated based on average working floorspace for each segment. Bytom brand's costs are included since XII 2018.

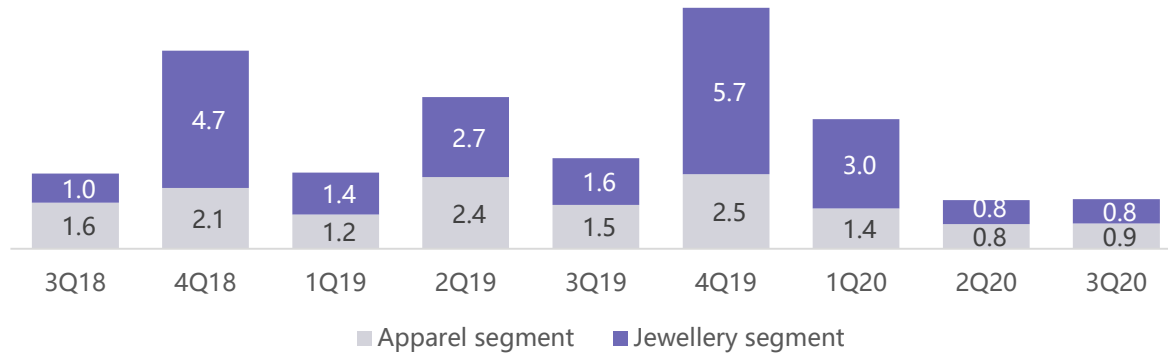
Costs of own stores/ m2
(PLN, excl. IFRS16)



- Costs of stores encompass costs of own and franchise stores.
- Costs of own stores include rental costs, HR costs and other costs of own stores.
- Costs of own stores/ m2 are calculated based on average working floorspace of own stores.
- Costs of franchise stores equal to commission for franchisees.

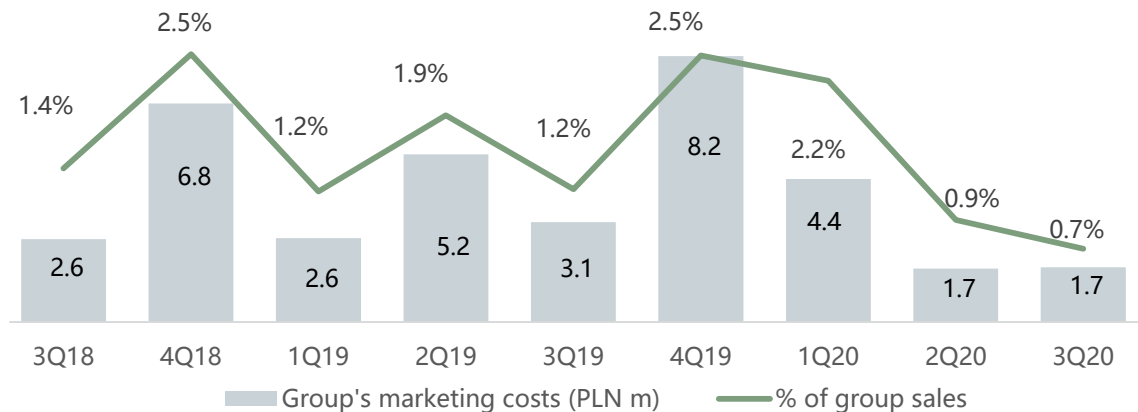
OFF-LINE MARKETING: 180TH JUBILEE OF W.KRUK

Off-line marketing costs by segments
(PLN m)



- Marketing costs are part of group selling costs.
- These encompass: recurring advertising spending (catalogues, photoshoots) and nationwide marketing campaigns in editorial, internet and TV with celebrities.
- In 1Q20 marketing outlays reached PLN 4.4m, up 70% YoY, due to W.KRUK's 180th jubilee campaign.
- In 2Q20 off-line marketing costs amounted to PLN 1.7m, down 68% YoY, due to transfer of marketing costs to on-line.

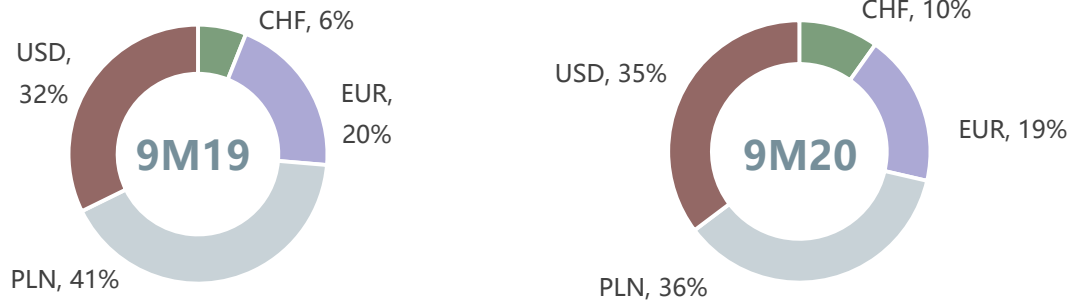
Group off-line marketing costs



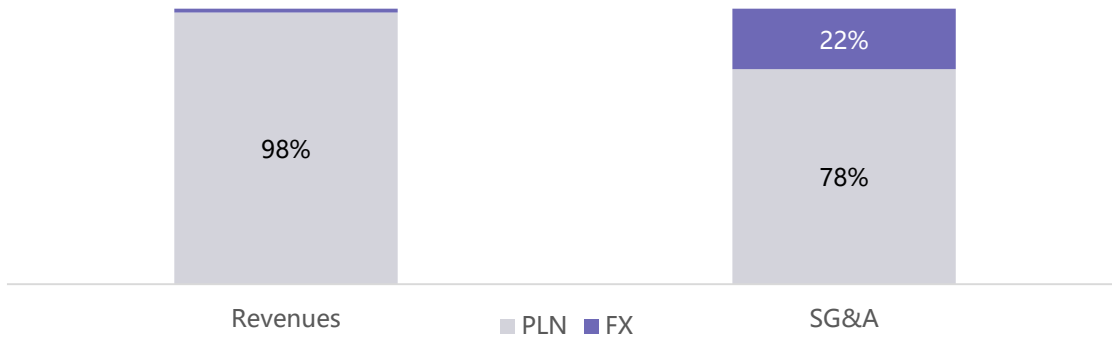
- In 3Q20 the marketing outlays amounted to PLN 1.7m, fall by 45% YoY.
- The apparel segment: marketing outlays are related to campaigns, which typically cumulate in the second and fourth quarter. W 2018 Bytom's marketing costs were shown only for XII.
- Marketing costs within the jewellery segment cumulate in 4Q (seasonally best), before Christmas.

FX RISK EXPOSURE

Purchases by currencies
(PLN m)



9M20 revenues and SG&A costs by currencies
(excl. IFRS16)



- FX risk is sizeable for the capital group, thus it is being hedged since 2Q16.
- The group is a beneficiary of strengthening of zloty versus foreign currencies.
- YoY shift in purchases structure due to changes in sourcing.

- Depreciation of zloty to main currencies (USD, EUR and CHF) may unfavourably impact the gross profit (higher COGS) and operating margin (higher rental costs, excl. IFRS16).
- The Company uses currency derivatives (currency forwards) to hedge future cash flows against currency risk.

HISTORICAL QUARTERLY RESULTS

PLN m	1Q19 IFRS16	1Q20 IFRS16	YoY	2Q19 IFRS16	2Q20 IFRS16	YoY	3Q19 IFRS16	3Q20 IFRS16	YoY
Revenues	214.4	197.5	-7.9%	270.2	174.9	-35.3%	251.2	249.4	-0.7%
Gross profit on sales	105.0	94.0	-10.5%	144.6	82.1	-43.2%	128.0	122.4	-4.4%
Gross profit on sales margin	49.0%	47.6%	-1.4pp.	53.5%	46.9%	-6.6pp.	51.0%	49.1%	-1.9pp.
SG&A costs	106.2	105.5	-0.6%	115.5	82.7	-28.4%	115.5	106.8	-7.6%
Net other operating line	-0.1	-0.3		-0.5	-9.8		0.1	-2.4	
EBIT	-1.2	-11.9	N/M	28.6	-10.4	N/M	12.6	13.3	5.2%
EBIT margin	-0.6%	-6.0%	-5.4pp.	10.6%	-5.9%	-16.5pp.	5.0%	5.3%	0.3pp.
Net financial line	-2.7	-23.2		0.7	7.1		-12.4	-6.2	
Pre-tax profit	-4.0	-35.1	N/M	29.3	-3.3	N/M	0.2	7.0	N/M
Taxes	-1.6	-3.1		5.4	-1.0		2.0	2.0	
Net income	-2.4	-32.0	N/M	23.9	-2.3	N/M	-1.8	5.0	N/M
Net margin	-1.1%	-16.2%	-15.1pp.	8.8%	-1.3%	-10.2pp.	-0.7%	2.0%	2.7pp.
EBITDA	24.8	17.4	-29.8%	56.7	18.4	-67.5%	40.9	20.1	-50.8%
EBITDA margin	11.6%	8.8%	-2,8pp.	21.0%	10.5%	-10,5pp.	16,3%	8,1%	-8,2pp.

A SAFE INDEBTEDNESS LEVEL

PLN m	3Q19	4Q19	3Q20
Long-term debt	66.8	58.0	53.2
Bank loans	64.2	55.9	51.7
Finance leases	2.6	2.2	1.5
Short-term debt	125.5	58.6	83.9
Bank loan	99.6	35.6	57.5
Finance leases	1.8	1.9	1.5
Reverse factoring	24.2	21.1	24.9
Cash	12.3	25.3	49.3
Net debt	179.9	91.3	87.9
Finance leases IFRS16	285.7	268.3	306.8
Net debt IFRS16	465.7	359.7	394.6

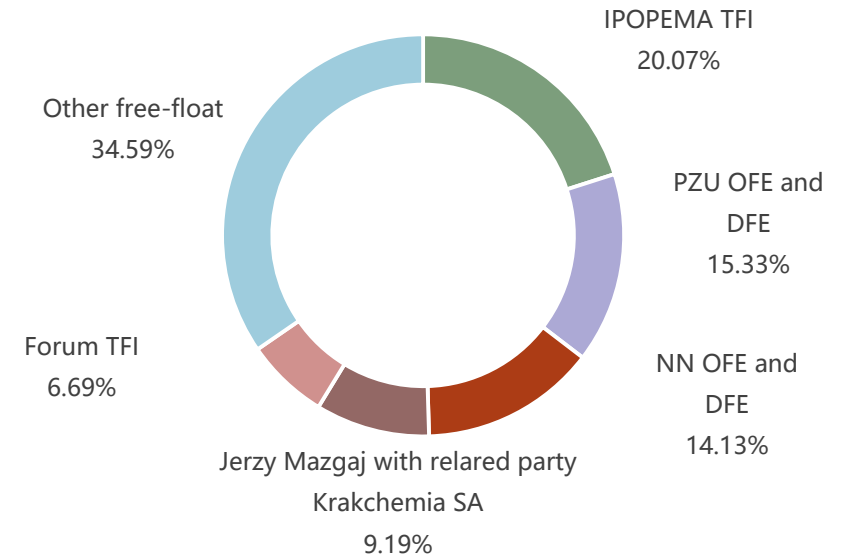
- Interest bearing indebtedness includes: bank loans, finance leases and reverse factoring (taken over with Bytom S.A. merger).
- Bank loans include: overdrafts and investment bank loans. Bank loan collateral comprises of: a floating charge on inventory, a fixed charge on "Vistula", "Wólczanka", "Intermoda", "Bytom" trademarks and a fixed charge on W.KRUK and DCG shares.

- Consistent YoY reduction in long-term debt.
- A growing level of cash resources due to a cautious payments policy.
- PLN 24.9m of reverse factoring used for supplier financing.
- PLN 306.8m of IFRS16 liabilities (finance leases).

SHAREHOLDER STRUCTURE

Shareholder structure as at 9.11.2020 (share in equity and votes)

	Number of shares/votes	% share
1. IPOPEMA TFI	47,047,277	20.07%
2. PZU OFE and DFE	35,950,000	15.33%
3. NN OFE and DFE	33,119,487	14.13%
4. Jerzy Mazgaj with related party Krakchemia SA	21,550,000	9.19%
5. FORUM TFI	15,680,800	6.69%
6. Other free-float	81,108,276	34.59%
Total	234,455,840	



Sources of information on VRG S.A. shareholders

1. information provided in accordance with the notification received by the Company pursuant to Art. 69 sec. 1 point 1 and art. 87 sec. 1 point 2 of the Act of July 29, 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies, applies to the Company's shares held jointly by all funds managed by IPOPEMA TFI S.A. According to the information in the Company's possession, the Ipopema 2 FIZ Non-Public Assets fund managed by IPOPEMA TFI S.A. at the Ordinary General Meeting on June 29, 2020, he held 20,414,000 shares of the Company, which constituted 8.71% of the share capital of the Company and gave 20,414,000 votes, representing 8.71% of the total number of votes at the General Meeting of the Company. According to the information possessed by the Company, the Ipopema 21 FIZ Assets Niepublicznych fund, managed by IPOPEMA TFI SA, holds 26,633,277 shares of the Company, which constitutes 11.36% of the share capital of the Company and gives 26,633,277 votes, constituting 11.36% of the total number of votes at the General Meeting of the Company.

2. information provided on the basis of the number of shares registered jointly by the Open Pension Fund PZU "Złota Jesień" and the PZU Voluntary Pension Fund at the Company's Ordinary General Meeting on June 29, 2020. At the Company's Ordinary General Meeting on June 29, 2020 Open Pension Fund PZU "Złota Jesień"

independently held 35,100,000 shares of the Company, representing 14.97% of the share capital of the Company and was entitled to 35,100,000 votes at the Company's General Meeting, which constituted 14.97% of the total number of votes at the Company's General Meeting.

3. information provided on the basis of the number of shares registered jointly by Nationale-Nederlanden Open Pension Fund and Nationale-Nederlanden Voluntary Pension Fund at the Company's Ordinary General Meeting on June 29, 2020. At the Company's Ordinary General Meeting on June 29, 2020, Nationale-Nederlanden Open Pension Fund held independently 32,750,487 shares of the Company, which constitutes 13.97% of the share capital of the Company and was entitled to 32,750,487 votes at the Company's General Meeting, which is 13.97% of the total number of votes at the Company's General Meeting.

4. information on the number of shares provided in accordance with the notifications received by the Company pursuant to Art. 69 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, and in accordance with the notifications received by the Company pursuant to Art. 19 MAR. According to the information possessed by the Company, Mr. Jerzy Mazgaj independently holds

20,550,000 shares of the Company, which constitutes 8.76% of the share capital of the Company and is entitled to 20,550,000 votes at the Company's General Meeting, which constitutes 8.76% of the total number of votes at the Company's General Meeting.

5. information on the number of shares provided in accordance with the notification received by the Company pursuant to Art. 69 sec. 1 point 2 in connection with art. 87 sec. 1 point 2 lit. a) the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, and pursuant to the notification received by the Company pursuant to Art. 19 MAR., Applies to shares held jointly by the following funds managed by Forum TFI SA: (i) Forum X Closed-end Fund holding 8,429,760 shares of the Company constituting 3.60% of the share capital of the Company and entitling to 8,429,760 votes at the Company's General Meeting, constituting 3.60% of the total number of votes in the Company and (ii) Forum XXIII Closed-end Investment Fund holding 7,251,040 shares of the Company, representing 3.09% of the share capital of the Company and entitling to 7,251,040 votes at the Company's General Meeting, representing 3.09% of the total number of votes in the Company.

| GLOSSARY

APPAREL SEGMENT

Revenues from brands: Vistula, Wólczanka, Bytom (from XII 2018), Deni Cler and wholesale segment, B2B and processing.

REVENUES (PLN/M2 PER MONTH)

Quarterly revenues of segment or brand (stores and internet)/ average working floorspace / 3. In terms of Deni Cler brand it includes multibrand store revenues yet not their floorspace.

STORE EBIT (PLN M)

Store operating profit calculated as gross profit on sales for stores minus store costs.

FORMAL

Revenues from sale of formalwear, including suits and shirts

JEWELLERY SEGMENT

Retail revenues of W.KRUK brand and other revenues (including B2B).

COSTS OF STORES (IAS17)

Operating costs of stores including among others rental expenses, HR costs, depreciation, commissions for franchise stores and logistics.

OPERATING COSTS (SG&A)/M2 (PLN PER MONTH)

Quarterly group SG&A / average total working floorspace / 3.

EBITDA

Operating profit plus depreciation and amortisation from cash flow statement.

CASUAL

Revenues including the following assortment: jackets, trousers, coats, knitwear.

COSTS OF (OWN) STORES/ M2 (PLN PER MONTH)

Quarterly costs of stores (own stores)/ average working floorspace (of own stores) / 3.

INVENTORY/M2

Inventory end of period / group's floorspace end of period.

VRG
VISTULA RETAIL GROUP

THANK YOU

VRG S.A.
Pilotów 10 St.
31-462 Cracow

