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SZTUKA KRAWIECTWA OD 1945

VISTULA



VRG  
VISTULA RETAIL GROUP

# 4Q20 RESULTS PRESENTATION

APRIL 19, 2021

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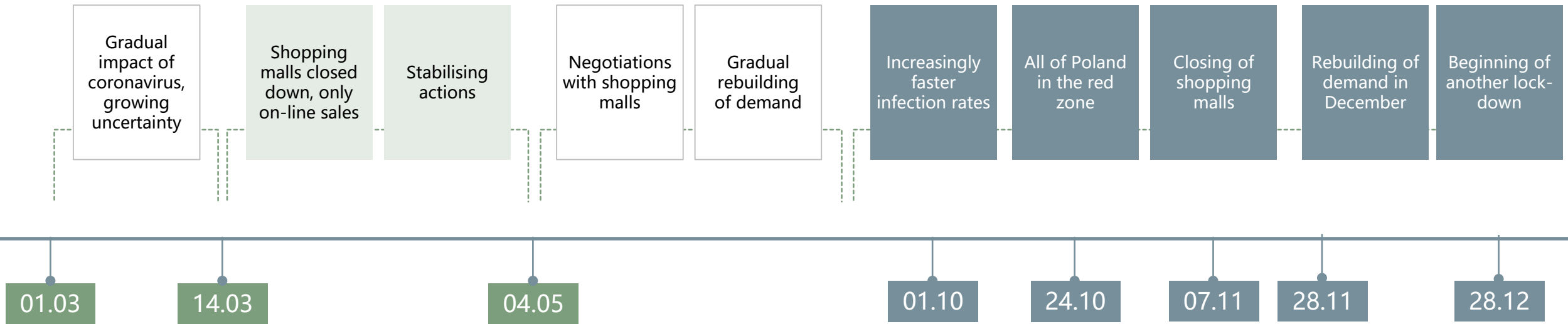
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# 2020 EXECUTIVE SUMMARY

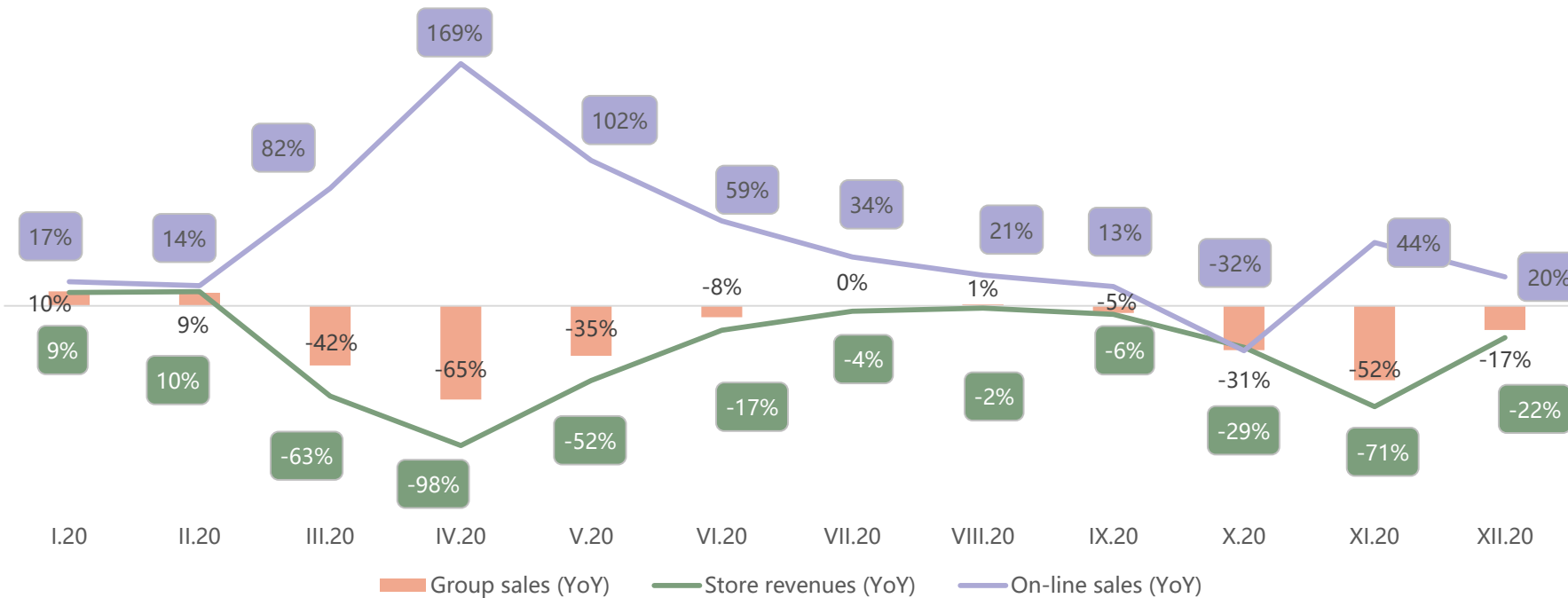


# KEY 2020 EVENT: COVID-19

## IMPACT OF PANDEMIC ON VRG GROUP



# GROWTHS ON-LINE, FALLS OFF-LINE



## 1 E-stores

Maintaining the high pace of online growth both in the months with lock-down and opening of shopping malls.

## 2 Traditional stores

Sales in traditional stores under the influence of a lock-down in March, April, November and December. The retail space at the end of 2020 at 53.0 ths. m2, - 2.4% YoY.

## 3 Group

As a result, a 20.1% decrease in the Group's revenues in 2020.

# NETWORK OPTIMISATION, GROWING INTERNET

## NUMBER OF STORES EOP 4Q20 YoY

<b>VISTULA</b>	<b>149</b>	<b>-5</b>
<b>BYTOM</b> <small>SZTUKA KRAWIECTWA OD 1945</small>	<b>117</b>	<b>-9</b>
<b>WÓLCZANKA</b>	<b>129</b>	<b>-11</b>
<b>DENICLER</b> <small>MILANO</small>	<b>32</b>	<b>+1</b>
<b>W.KRUK</b> <small>1 8 4 0</small>	<b>143</b>	<b>+4</b>
<b>VRG</b> <small>VISTULA RETAIL GROUP</small>	<b>570</b>	<b>- 20</b>



# | STRONG JEWELLERY SEGMENT RESULTS IN 4Q20 AND 2020

## APPAREL SEGMENT

success of introducing new collections and new products

development of the casual offer

growing on-line share

## JEWELLERY SEGMENT

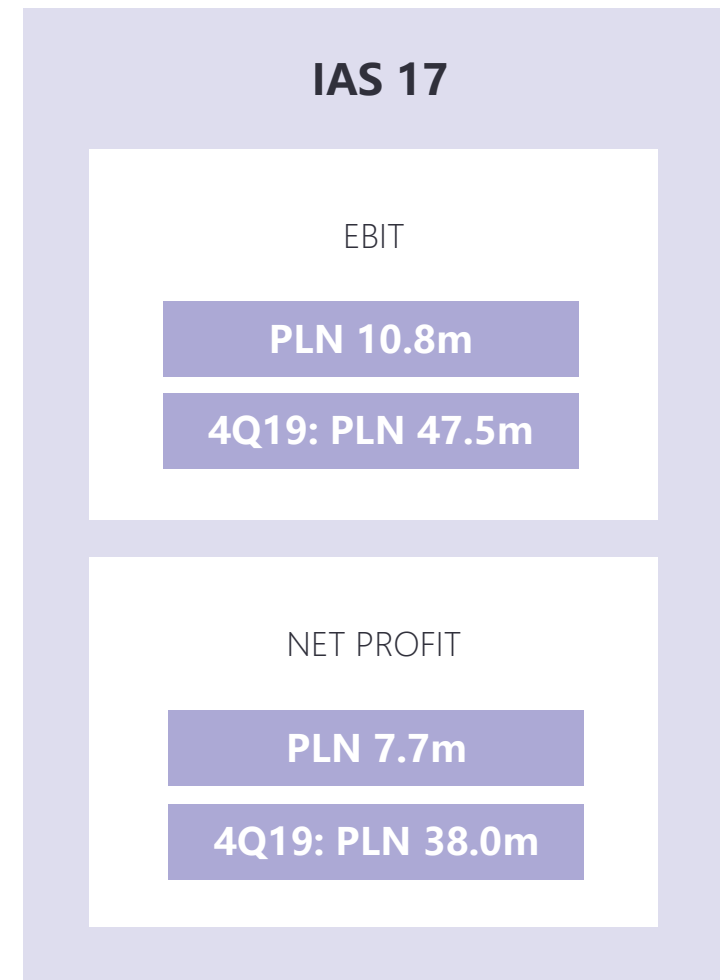
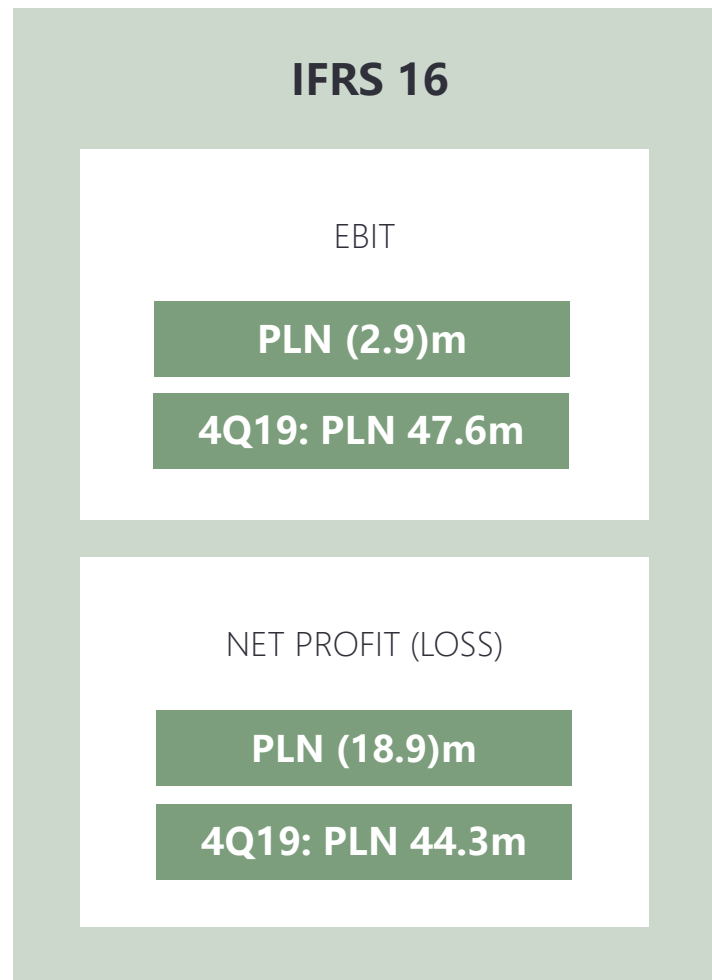
strong on-line and off-line sales

favorable trends in the sale of watches

gold and silver jewellery in demand

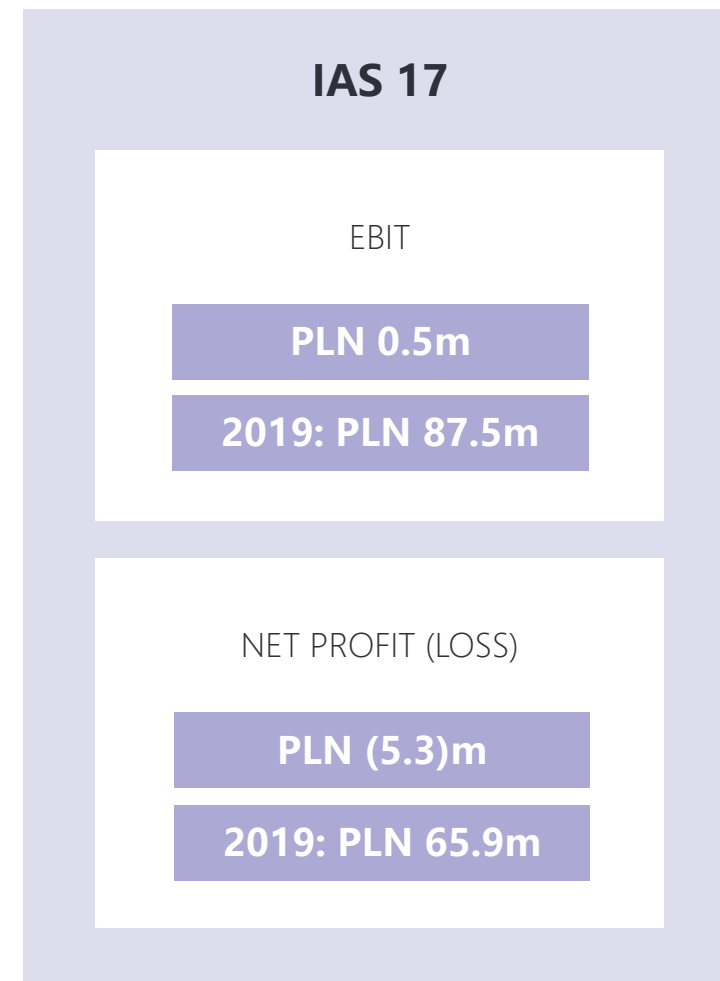
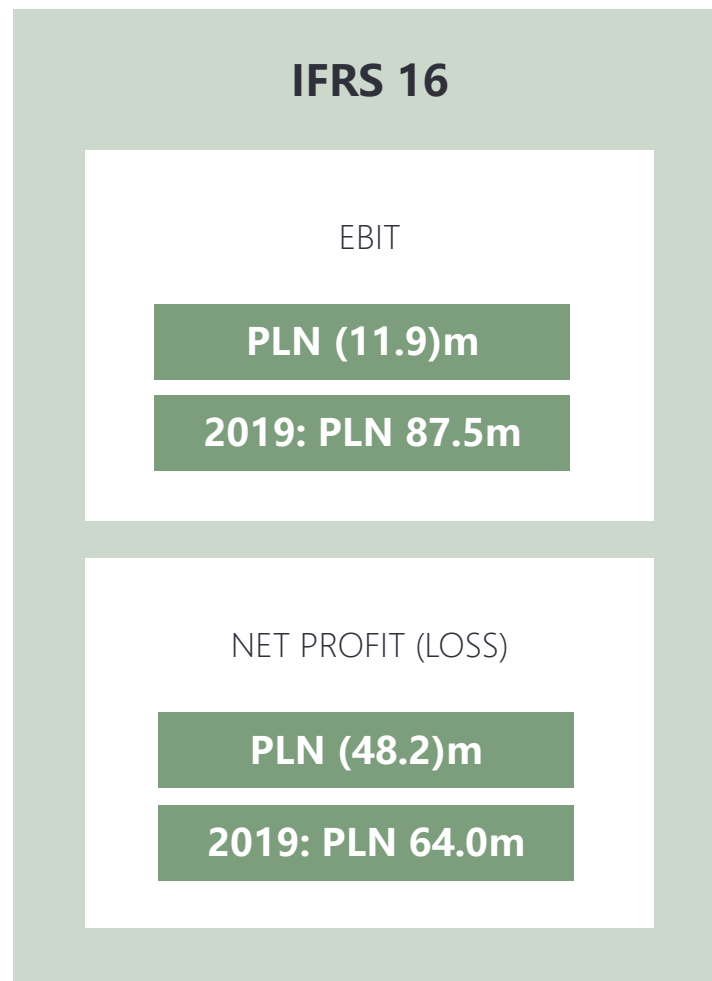
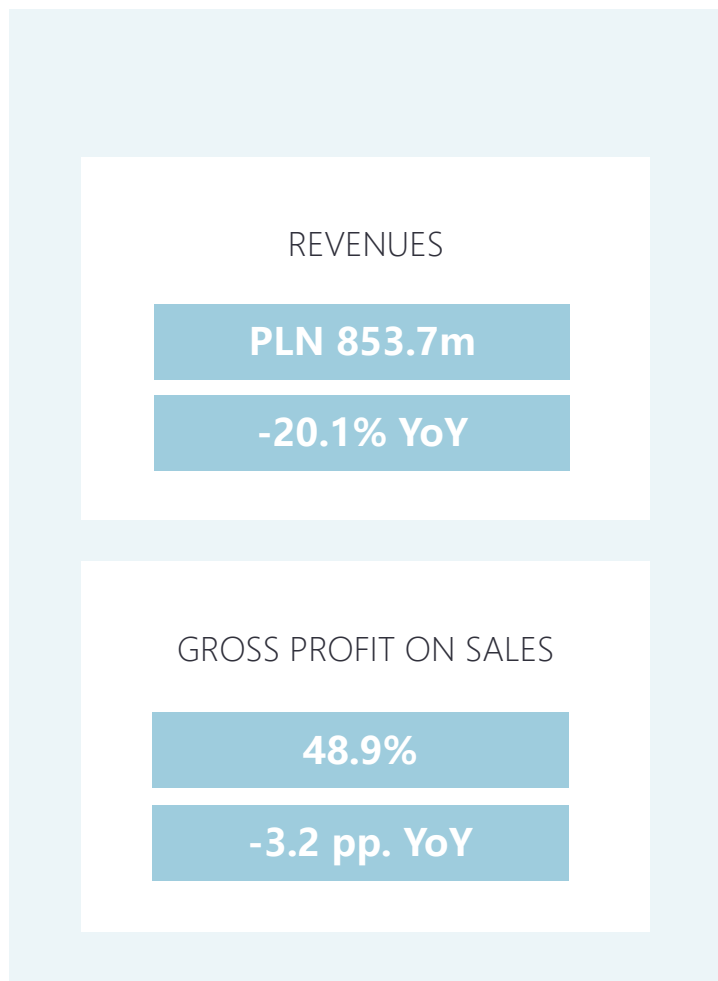


# | 4Q20 RESULTS AFFECTED BY PANDEMIC





# IMPACT OF COVID-19 ON 2020 RESULTS



# | 2020 TARGETS ACHIEVED

## REVENUES

Loss of up to 25% of revenues in base case scenario

Share of internet growing from 14% to some 30% in revenues

3% floorspace reduction

ACHIEVEMENTS



**-20.1%**



**24.3%**



**-2.4%**

## EBITDA

EBITDA under IAS17 above zero.

**PLN 23.4m**

## LIQUIDITY

Maintaining liquidity.

**Lower** YoY debt at the end of 2020 (IAS17).



# | STRENGTHENING OF THE BOARD



## CURRENT MANAGEMENT OF VRG S.A.

**Andrzej Jaworski**  
President of the Management Board

**Radosław Jakociuk**  
Executive Vice-President  
of the Management Board

**Michał Zimnicki**  
Executive Vice-President  
of the Management Board responsible  
for Finance

**Ernest Podgórski**  
Management Board Member

**Olga Lipińska-Długosz**  
Management Board Member

Addition of Mr. Mateusz Kolański to the Supervisory Board was confirmed by the decision of the Extraordinary General Shareholder Meeting of March 17, 2021.

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PERFORMANCE  
BY BRANDS





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# VISTULA: GROWING ON-LINE SHARE

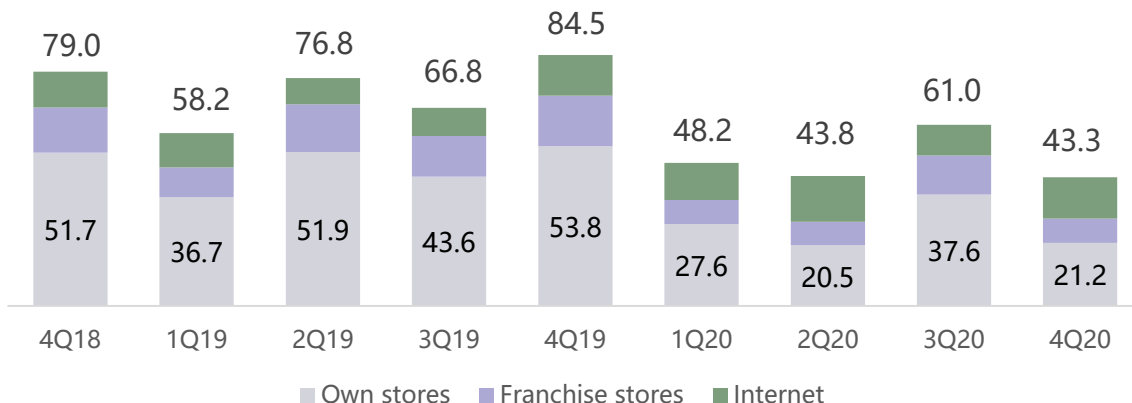
## Vistula brand network

	4Q19	4Q20	YoY
<b>Number of stores</b>	<b>154</b>	<b>149</b>	<b>-5</b>
incl. franchise	62	65	+ 3
<b>Floorspace (m2)</b>	<b>19,320</b>	<b>18,695</b>	<b>-3%</b>
incl. franchise	6,283	6,633	6%
<b>Internet % sales</b>	<b>16.1%</b>	<b>32.1%</b>	<b>16.0pp.</b>

- Vistula brand floorspace fell 3% YoY at the end of 4Q20, 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 4Q20, as franchise stores were less affected than own stores by COVID-19.
- Vistula brand revenues reached PLN 43.3m in 4Q20 (down 48.7% YoY) along with shopping malls being closed in November and December 2020.

## Vistula brand revenues

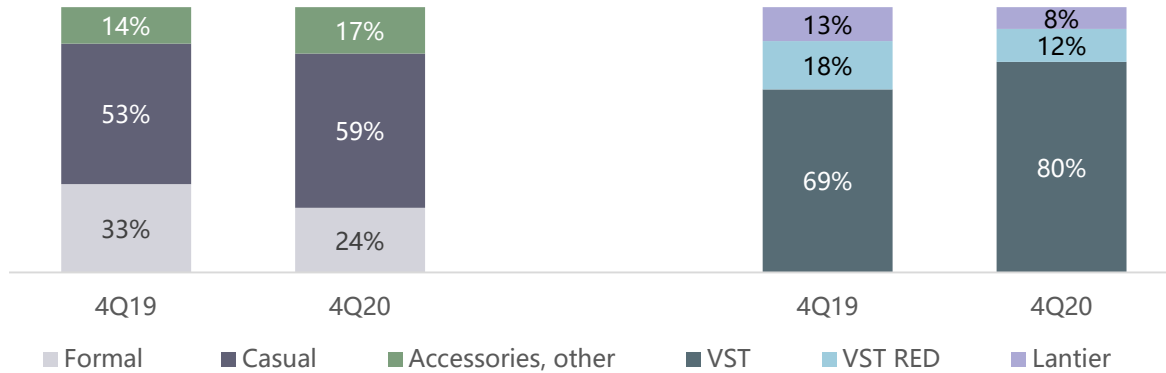
(PLN m)



- Internet revenues amounted to PLN 13.9m in 4Q20, up 2.2% YoY, with simultaneous growth in gross profit margin.
- Share of internet in revenues reached 32.1% in 4Q20 compared to 16.1% in 4Q19 – growth due to changes in shopping habits during pandemic and development of on-line sales.
- Franchise revenues reached PLN 8.2m in 4Q20 (-51.9% YoY).
- Share of franchise in revenues fell from 20.2% in 4Q19 to 18.9% in 4Q20.

# VISTULA: POSITIVE STORE EBIT IN QUARTER

Vistula brand revenue split



- Significant increase in the share of casual in 4Q20 with the continuation of the pandemic and lower demand for formal clothing.
- Growing share of accessories in sales.
- Increase in the share of the main Vistula line in sales at the expense of the modern Vistula Red and the higher positioned Lantier line.

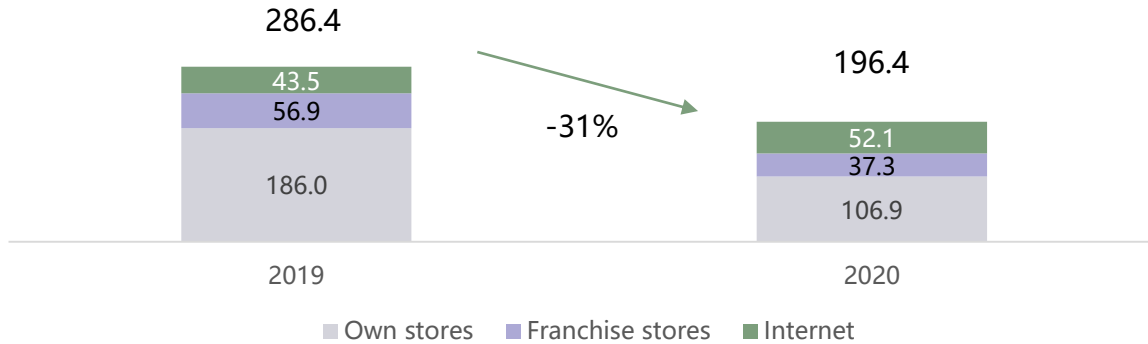
Vistula brand efficiency

	4Q19	4Q20	YoY
Revenues (PLN/m2 per month)	1,460	772	-47.1%
Gross profit margin (%)	52.8%	50.9%	-1.9pp.
Cost of stores (PLN/m2 per month)	463	346	-25.3%
Store EBIT (PLN m)	17.8	2.6	-85.1%

- YoY fall in revenues/ m2, due to lower revenues in own and franchise stores due to COVID-19 pandemics.
- YoY fall in gross profit margin – higher YoY promotions due to lockdown in November 2020 and at the end of December 2020 and traditional stores being closed.
- Fall in store costs / m2 lower than fall in sales/ m2 - lower salaries YoY, but rentals were charged for November and December, despite temporary closings of stores.
- Positive store EBIT, despite unfavourable external circumstances.

# VISTULA: OVER ¼ 2020 REVENUES FROM ON-LINE

Vistula brand revenues  
(PLN m)



- Vistula brand revenues reached PLN 196.4m in 2020, falling 31% YoY. Brand stores in shopping malls were closed for almost 3 months due to COVID-19.
- Internet revenues amounted to PLN 52.1m in 2020, up 20% YoY. Share of internet in revenues in 2020 came in at 26.6% compared to 15.2% in 2019.
- Franchise revenues amounted to PLN 37.3m in 2020, down 34% YoY. Share of franchise in revenues fell from 19.9% in 2019 to 19.0% in 2020.

Vistula brand efficiency

	2019	2020	YoY
Revenues (PLN/m2 per month)	1,261	877	-30.5%
Gross profit margin (%)	52.0%	49.5%	-2.5pp.
Cost of stores (PLN/m2 per month)	445	359	-19.4%
Store EBIT (PLN m)	47.8	17.0	-64.5%

- 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 for initial margin.
- Double-digit fall in costs of stores/ m2 lower than fall in revenues/ m2 due to lower YoY rentals, HR costs and lower commissions to franchisees.





# BYTOM

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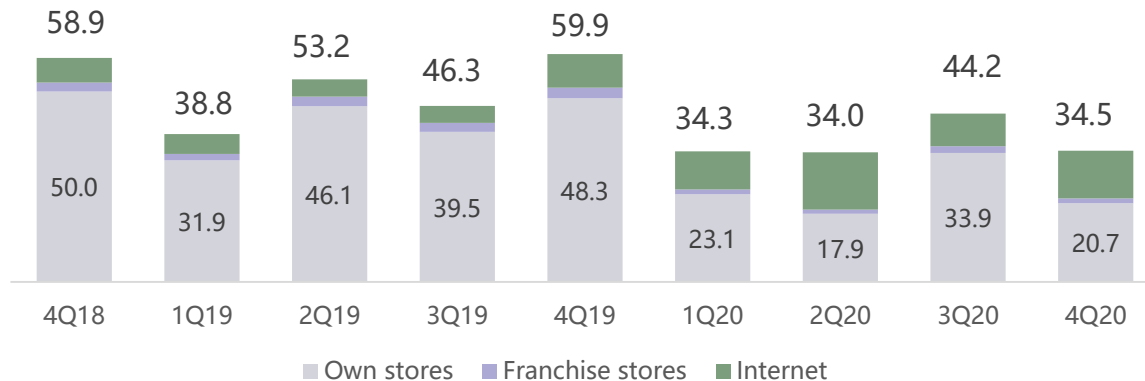
# BYTOM: HIGH ON-LINE SALES GROWTH

## Bytom brand network

	4Q19	4Q20	YoY
<b>Number of stores</b>	<b>126</b>	<b>117</b>	<b>-9</b>
incl. franchise	9	9	0
<b>Floorspace (m2)</b>	<b>16,421</b>	<b>15,604</b>	<b>-5%</b>
incl. franchise	1,011	954	-6%
<b>Internet % sales</b>	<b>14.7%</b>	<b>36.4%</b>	<b>21.7pp.</b>

- Bytom's network contracted YoY by 9 stores net, while number of franchise was stable YoY.
- Brand's floorspace fell 5% YoY. Changes in floorspace took place at the level of franchise stores.
- Bytom brand retail revenues reached PLN 34.5m in 4Q20 (down 42.3% YoY).

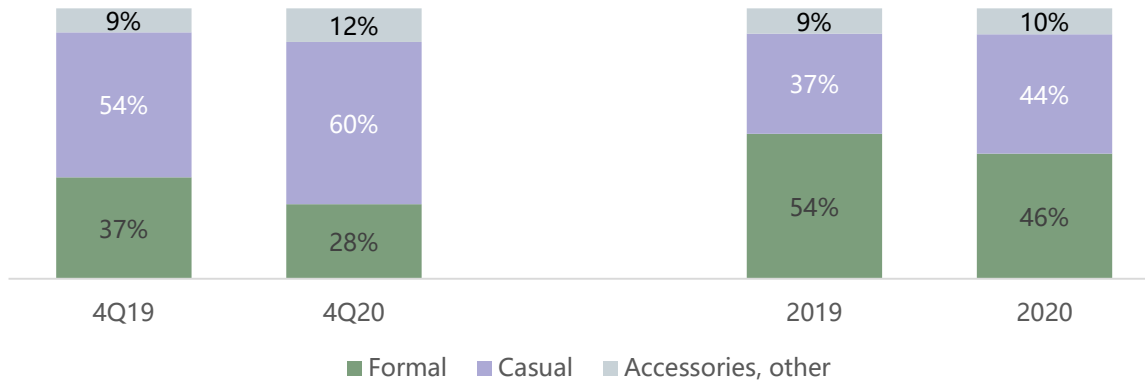
## Bytom brand retail revenues (PLN m)



- Internet revenues amounted to PLN 12.6m in 4Q20 (+42.7% YoY), accounting for 36.4% of revenues.
- Favourable on-line dynamics resulted from higher YoY promotions, higher on-line marketing outlays and traditional stores being closed due to lock-down.
- Franchise revenues reached PLN 1.2m in 4Q20 (down 54.7% YoY).
- Share of franchise in revenues fell from 4.6% in 4Q19 to 3.6% in 4Q20.

# BYTOM: A GROWING SHARE OF CASUAL

Bytom brand revenue split



- A growing share of casual in 4Q20 revenues, in line with market tendencies and increased interest due to remote work.
- Dynamic growth in sales of casual collections on-line.
- A growing share of accessories in sales split in 4Q20 at the expense of formal clothing.

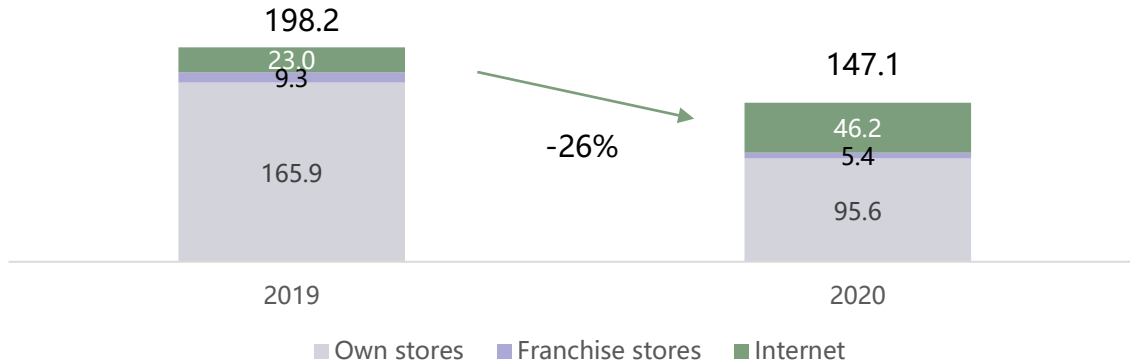
Bytom brand efficiency

	4Q19	4Q20	YoY
Revenues (PLN/m2 per month)	1,216	737	-39.4%
Gross profit margin (%)	53.1%	50.4%	-2.7pp.
Cost of stores (PLN/m2 per month)	421	388	-7.9%
Store EBIT (PLN m)	11.1	-0.7	N/M

- Falling revenues/ m2 – higher internet sales and higher share of casual did not mitigate falls in own stores.
- Lower YoY gross profit margin due higher share of on-line.
- Fall in costs of stores/ m2 lower than that of revenues/ m2: lower remuneration and lower commissions for franchisees (a lower share than at Vistula brand), but growing on-line logistics costs and high on-line marketing costs (a low base of 4Q19).

# BYTOM: ON-LINE ALREADY AT 30% OF SALES

**Bytom brand retail revenues**  
(PLN m)



- Bytom brand revenues reached PLN 147.1m in 2020, falling 26% YoY. Brand stores in shopping malls were closed for almost 3 months due to COVID-19 pandemic.
- Internet revenues amounted to PLN 46.2m in 2020, up 100.6% YoY. Share of internet in revenues in 2020 came in at 31.4% compared to 11.6% in 2019.
- Franchise revenues amounted to PLN 5.4m in 2020, fall by 42.4% YoY. Share of franchise in revenues fell from 4.7% in 2019 to 3.7% in 2020.

**Bytom brand efficiency**

	2019	2020	YoY
Revenues (PLN/m2 per month)	1,024	764	-25.4%
Gross profit margin (%)	52.6%	47.9%	-4.7pp.
Cost of stores (PLN/m2 per month)	419	365	-13.1%
Store EBIT (PLN m)	23.1	0.2	-99.0%

- 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.



WÓLCZANKA

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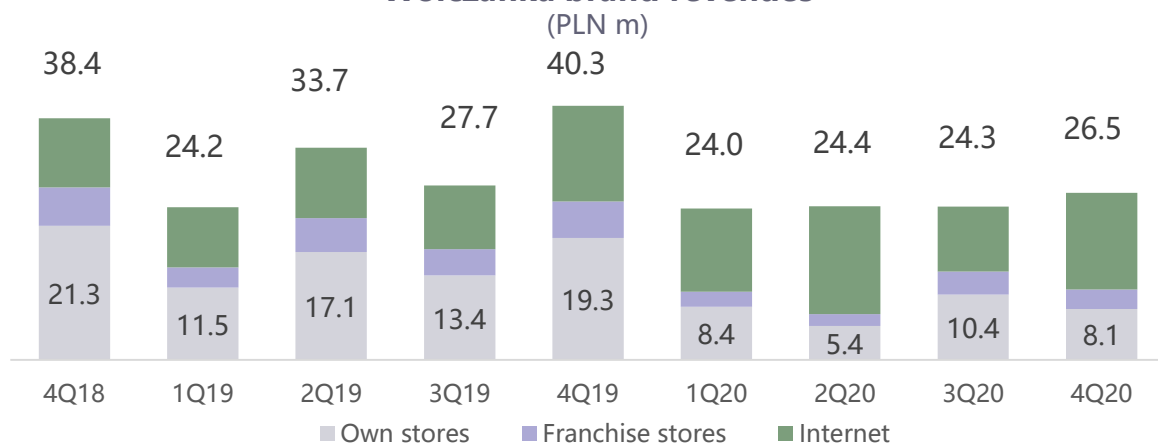
# WÓLCZANKA: AN ON-LINE BRAND

## Wólczanka brand network

	4Q19	4Q20	YoY
<b>Number of stores</b>	<b>140</b>	<b>129</b>	<b>-11</b>
incl. franchise	52	53	+ 1
<b>Floorspace (m2)</b>	<b>4,954</b>	<b>4,658</b>	<b>-6%</b>
incl. franchise	1,576	1,626	3%
<b>Internet % sales</b>	<b>37.6%</b>	<b>57.9%</b>	<b>20.2%</b>

- Wólczanka network contracted by 11 stores net YoY. Optimisation affected mostly own stores – there was 1 more franchise store YoY.
- Brand's floorspace fell 6% YoY, while franchise store floorspace grew by 3% YoY.
- Wólczanka revenues reached PLN 26.5m in 4Q20 (-34,3% YoY), growing QoQ, due to a sizeable share of on-line in sales.

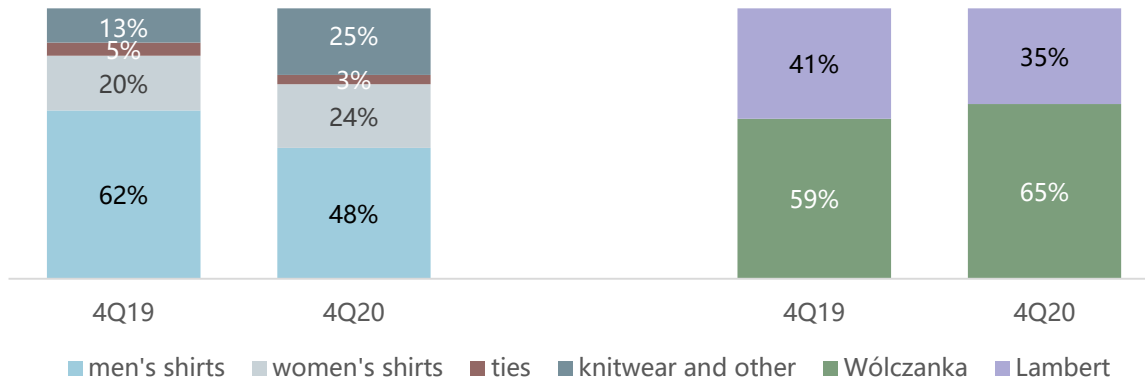
## Wólczanka brand revenues



- Franchise revenues reached PLN 3.1m in 4Q20 (down 47.0% YoY).
- Share of franchise in revenues came in at 11.7% in 4Q20, down 2,8 pp. YoY.
- Internet revenues amounted to PLN 15.3m in 4Q20 (up 1.1% YoY), constituting already 58% 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.
- Increase in the share of the Wólczanka brand compared to the more formal Lambert brand.

Wólczanka brand efficiency

	4Q19	4Q20	YoY
Revenues (PLN/m2 per month)	2,699	1,885	-30.2%
Gross profit margin (%)	54.8%	52.2%	-2.6pp.
Cost of stores (PLN/m2 per month)	831	736	-11.4%
Store EBIT (PLN m)	9.7	3.5	-64.1%

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

# HIGHEST SHARE OF ON-LINE

**Wólczanka brand revenues**  
(PLN m)



- Wólczanka brand revenues reached PLN 99.2m in 2020, falling 21.1% YoY. Brand stores in shopping malls were closed for almost 3 months due to COVID-19.
- Internet revenues amounted to PLN 55.9m in 2020, up 21.6% YoY. Share of internet in revenues in 2020 came in at 56.4% compared to 36.5% in 2019.
- Franchise revenues amounted to PLN 11.0m in 2020, down 40.6% YoY. Share of franchise in revenues fell from 14.8% in 2019 to 11.1% in 2020.

**Wólczanka brand efficiency**

	2019	2020	YoY
Revenues (PLN/m2 per month)	2,118	1,724	-18.6%
Gross profit margin (%)	53.7%	48.6%	-5.1pp.
Cost of stores (PLN/m2 per month)	774	692	-10.6%
Store EBIT (PLN m)	21.6	8.3	-61.4%

- YoY fall in revenues/ m2 in 2020 lower than in 4Q20 due two lock-downs in 4Q20.
- A sizeable YoY gross profit margin due to stronger YoY promotions, especially in 2Q20.
- Double-digit fall in costs of stores/ m2 lower than that of revenues/ m2 due to a high share of e-commerce and thus variable costs (logistics).





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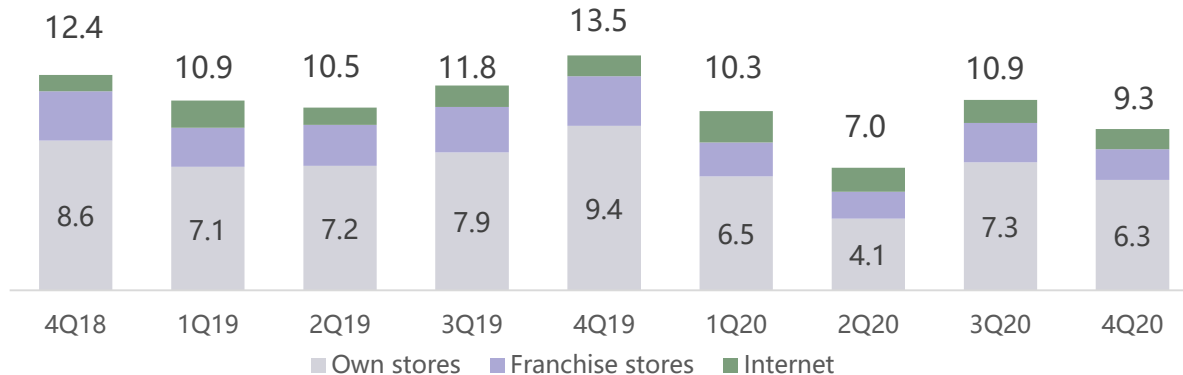
# DENI CLER: STABLE NETWORK, SHOP-IN-SHOP DEVELOPMENT

## Deni Cler brand network

	4Q19	4Q20	YoY
<b>Number of stores</b>	<b>31</b>	<b>32</b>	<b>+ 1</b>
incl. franchise	9	9	0
<b>Floorspace (m2)</b>	<b>3,037</b>	<b>3,064</b>	<b>1%</b>
incl. franchise	720	669	-7%
<b>Internet % sales</b>	<b>8.8%</b>	<b>12.4%</b>	<b>3.6pp.</b>

- 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 multiband stores in 16 towns in the country (+1 QoQ).
- Overall, a total number of 48 points of sales all over the country.

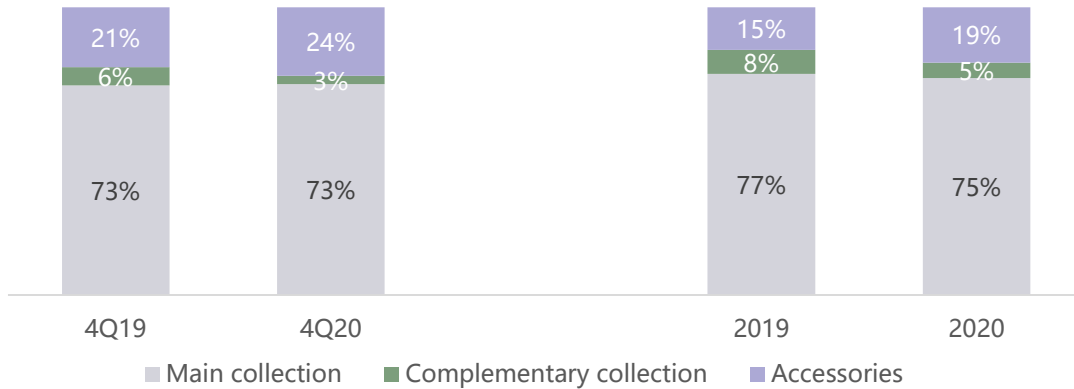
## Deni Cler brand revenues (PLN m)



- In 4Q20 Deni Cler revenues reached PLN 9.3m and were 31.3% lower YoY.
- Internet generated PLN 1.1m of revenues in 4Q20 (down 2.9% YoY) and amounted to 12.4% of brand's revenues. Lower revenues but growth in on-line channel gross profit margin.
- Franchise revenues reached PLN 1.8m in 4Q20 (down 37.9% YoY). Franchise constituted some 19% of revenues in 4Q20.

# DENI CLER: THE HIGHEST GROSS PROFIT MARGIN

Deni Cler brand revenue split



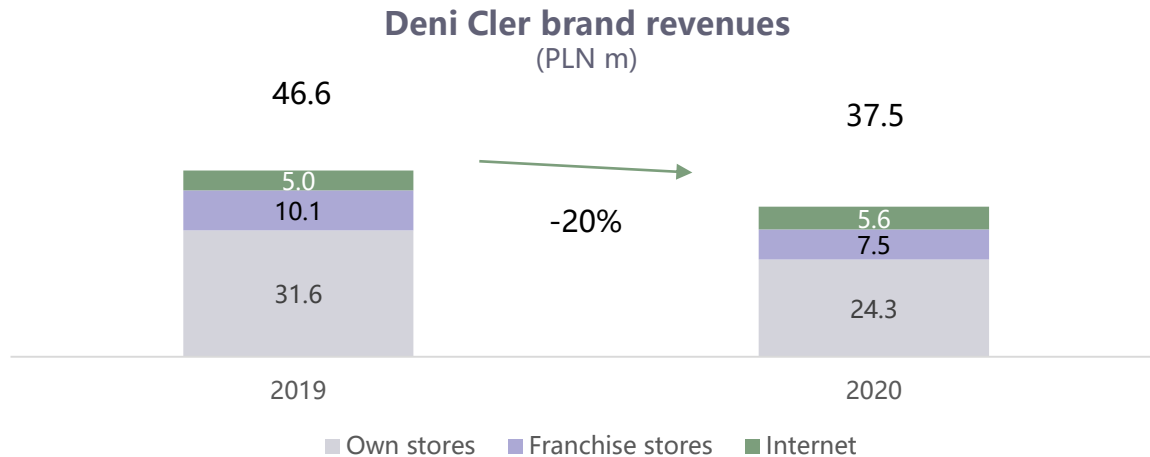
- Emphasis on capsule collections. A growing share of accessories at the cost of supplementary collection (e.g. New Year's Eve collection).
- Fall in sales/ m2 due to impact of shopping malls being closed down both on own and multibrand stores (shop-in-shop concept).
- Growth of e-commerce share in revenues,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

Deni Cler brand efficiency

	4Q19	4Q20	r/r
Revenues (PLN/m2 per month)	1,481	1,008	-31.9%
Gross profit margin (%)	63.5%	62.6%	-0.9pp.
Cost of stores (PLN/m2 per month)	513	411	-19.8%
Store EBIT (PLN m)	3.9	2.0	-48.3%

- Relatively stable gross profit margin, highest among brands.
- Double-digit YoY fall in costs/ m2 lower than these of revenues/ m2.
- As a result, maintenance of positive store EBIT, though lower YoY.

# DENI CLER: POSITIVE STORE EBIT



- Deni Cler brand revenues reached PLN 37.5m in 2020, falling 20% YoY. Brand stores in shopping malls were closed for almost 3 month due to COVID-19.
- Internet revenues amounted to PLN 5.6m in 2020, up 13.5% YoY. Share of internet in revenues in 2020 came in at 15.0% compared to 10.7% in 2019.
- Franchise revenues amounted to PLN 7.5m in 2020, down 25,0% YoY. Share of franchise in revenues fell from 21.6% in 2019 to 20.1% in 2020.

## Deni Cler brand efficiency

	2019	2020	YoY
Revenues (PLN/m2 per month)	1,280	1,027	-19.8%
Gross profit margin (%)	59.6%	53.3%	-6.3pp.
Cost of stores (PLN/m2 per month)	481	417	-13.3%
Store EBIT (PLN m)	10.3	4.7	-53.8%

- Sales/ m2 decreased less YoY than in 4Q20 due to unfavourable trends in the last quarter.
- YoY decline in gross margin in 2020 despite favorable margin in 4Q20 due to promotions in 2Q20 and 3Q20.
- Double-digit fall in costs/ m2 comparable to sales / m2 due to reductions on most of the cost lines.



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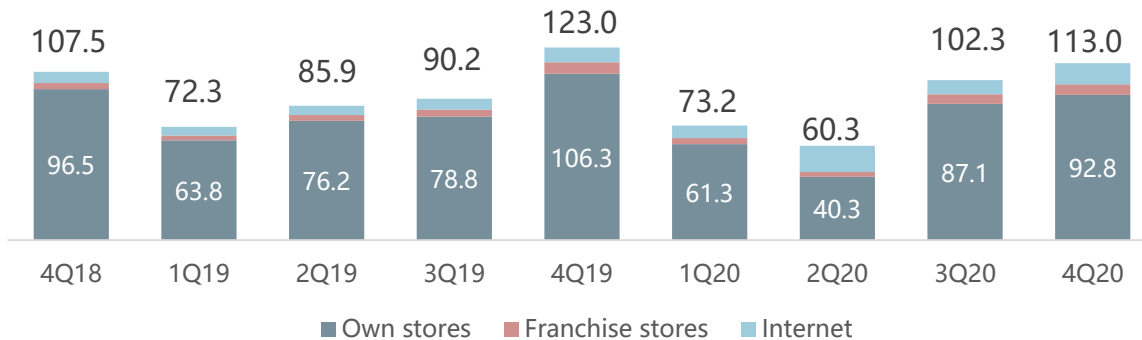
# W.KRUK: BRAND IMMUNE TO PANDEMIC

## W.KRUK brand network

	4Q19	4Q20	YoY
<b>Number of stores</b>	<b>139</b>	<b>143</b>	<b>+ 4</b>
incl. franchise	14	18	+ 4
<b>Floorspace (m2)</b>	<b>10,647</b>	<b>11,027</b>	<b>4%</b>
incl. franchise	856	1,121	31%
<b>Internet % sales</b>	<b>7.6%</b>	<b>11.9%</b>	<b>4.2 pp.</b>

- Continuation of W.KRUK brand development. Opening of 4 stores net translated into a 4% YoY increase in brand's floorspace.
- The brand had 18 franchise stores at the end of 4Q20, 4 more YoY.
- W.KRUK retail revenues in 4Q20 reached PLN 113.0m (fall by 8.2% YoY).

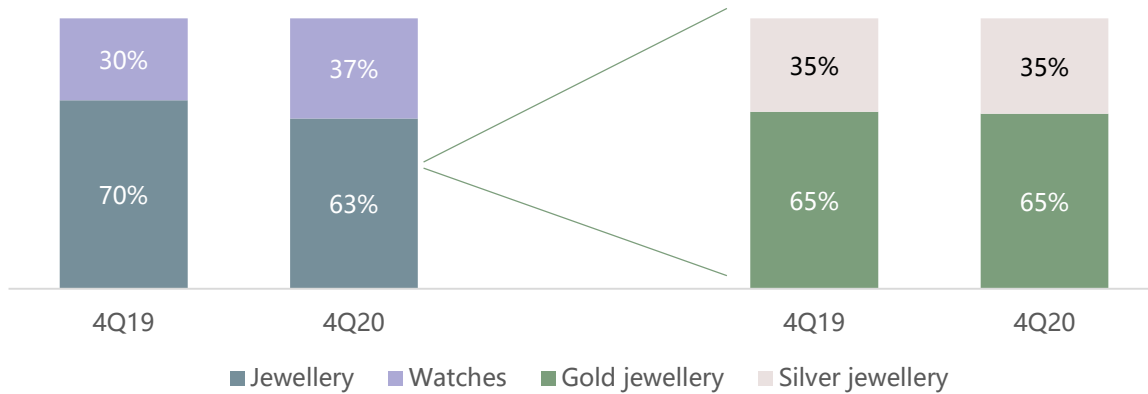
## W.KRUK brand retail revenues (PLN m)



- Traditional store revenues of W.KRUK brand reached PLN 92.8m in 4Q20 (down 12.7% YoY).
- Internet constituted PLN 13.4m revenues, up 42.8% YoY. Internet constituted 11.9% of revenues in 4Q20 versus 7.6% in 4Q19.
- Franchise revenues amounted to PLN 6.8m in 4Q20, fall by 8.0% YoY, while their share in sales remained stable YoY at 6.0%.

# W.KRUK: A HIGH AND STABLE STORE EBIT

W.KRUK brand revenue split



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

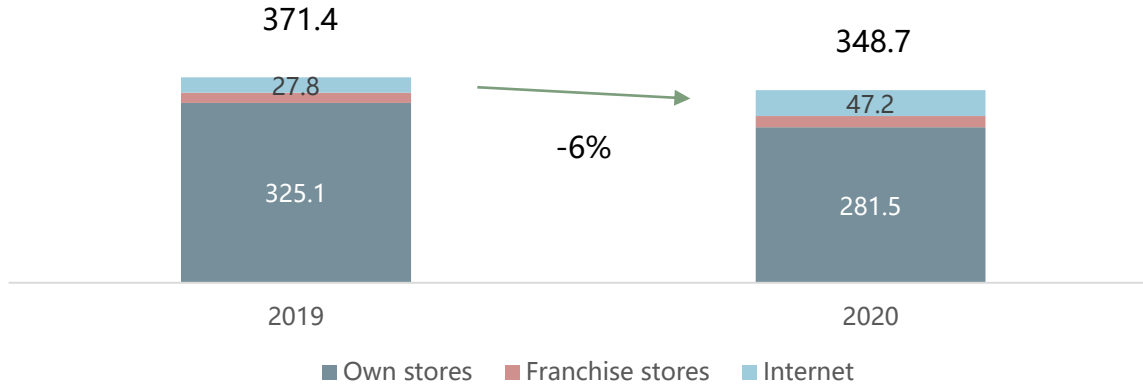
W.KRUK brand efficiency

	4Q19	4Q20	YoY
Revenues (PLN/m2 per month)	3,862	3,439	-10.9%
Gross profit margin (%)	53.7%	53.7%	0.0pp.
Cost of stores (PLN/m2 per month)	1,096	940	-14.2%
Store EBIT (PLN m)	31.1	29.8	-4.3%

- The lowest YoY fall in sales/ m2 in the quarter out of all brands due to high demand for 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 retail revenues reached PLN 281.5m in 2020, falling 13.4% YoY. Brand stores in shopping malls were closed for almost 3 months due to COVID-19.
- Internet revenues amounted to PLN 47.2m in 2020, up 70.0% YoY. Share of internet in revenues in 2020 came in at 13.5% compared to 7.5% in 2019.
- Franchise revenues amounted to PLN 19.9m in 2020, up 7.6% YoY. Share of franchise in revenues fell from 5.0% in 2019 to 5.7% in 2020.

W.KRUK brand efficiency

	2019	2020	YoY
Revenues (PLN/m2 per month)	3,034	2,693	-11.3%
Gross profit margin (%)	52.8%	51.6%	-1.2pp.
Cost of stores (PLN/m2 per month)	916	790	-13.8%
Store EBIT (PLN m)	83.8	77.5	-7.5%

- Fall in sales/ m2 in 2020 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 above sales/ m2 growth due to cost reductions undertaken.



VISTULA

WÓLCZANKA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

W.KRUK  
1 9 4 0

DENICLER  
MILANO

03

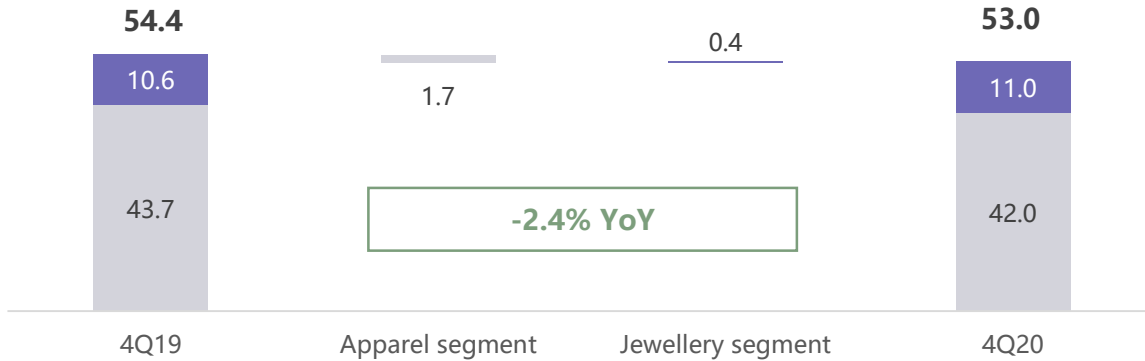
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GROUP RESULTS



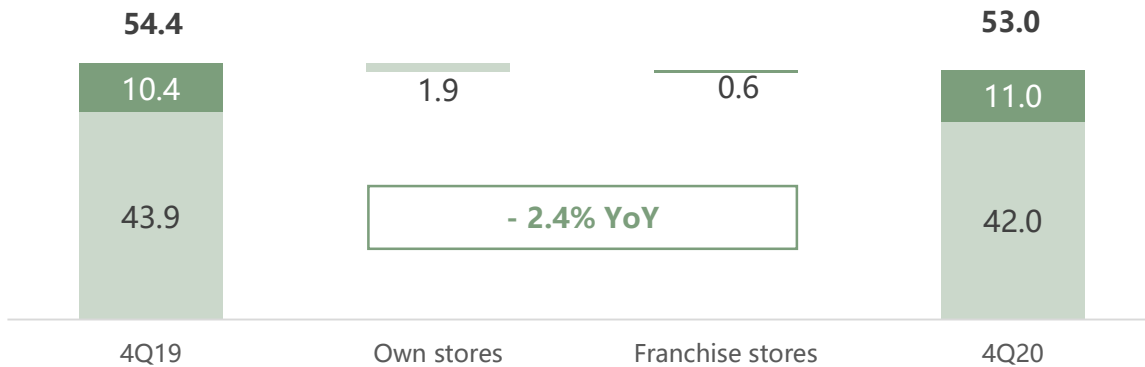
# STABLE GROUP FLOORSPACE

Group floorspace change YoY  
(ths m2)



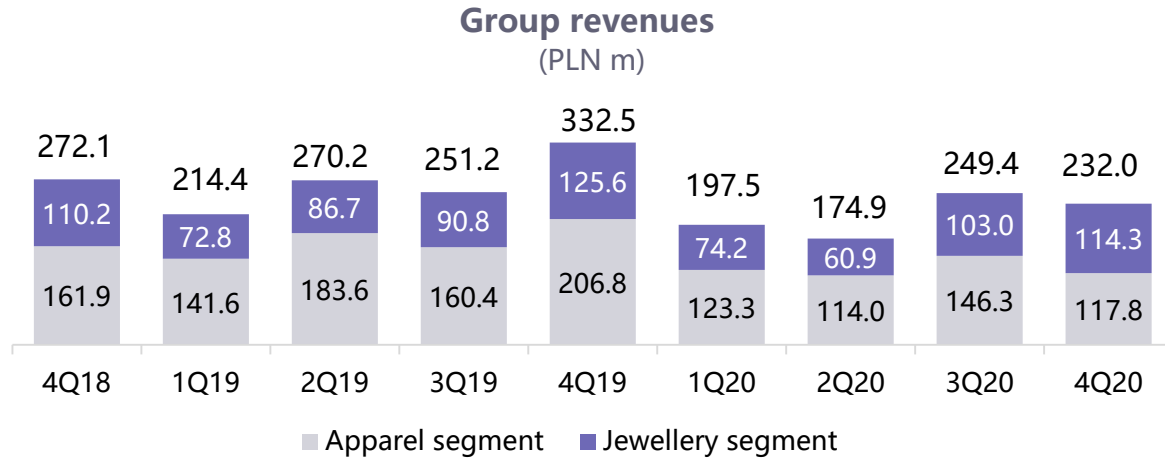
- Group floorspace reached 53.0 ths m2 at the end of 4Q20, down 2.4% YoY.
- The apparel segment floorspace fell 1.7 ths m2, down 3.9% YoY, due to closing down of unprofitable stores.
- The jewellery segment floorspace grew 0.4 ths m2 net to group floorspace, growing 3.6% YoY, due to development of own and franchise stores.

Group floorspace change YoY  
(ths m2)

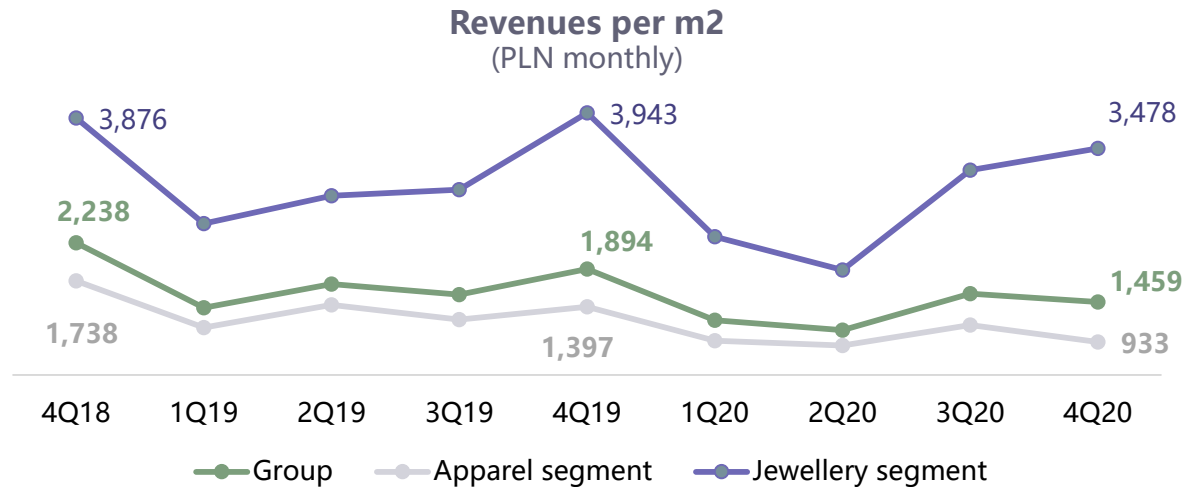


- Own stores were closed while franchise stores were opened in 4Q20.
- Own stores floorspace fell by 1.9 ths m2, down 4.3% YoY.
- Growth in franchise floorspace amounted to 0.6 ths m2, down 5.3% YoY.

# JEWELLERY SEGMENT MORE IMMUNE TO PANDEMIC

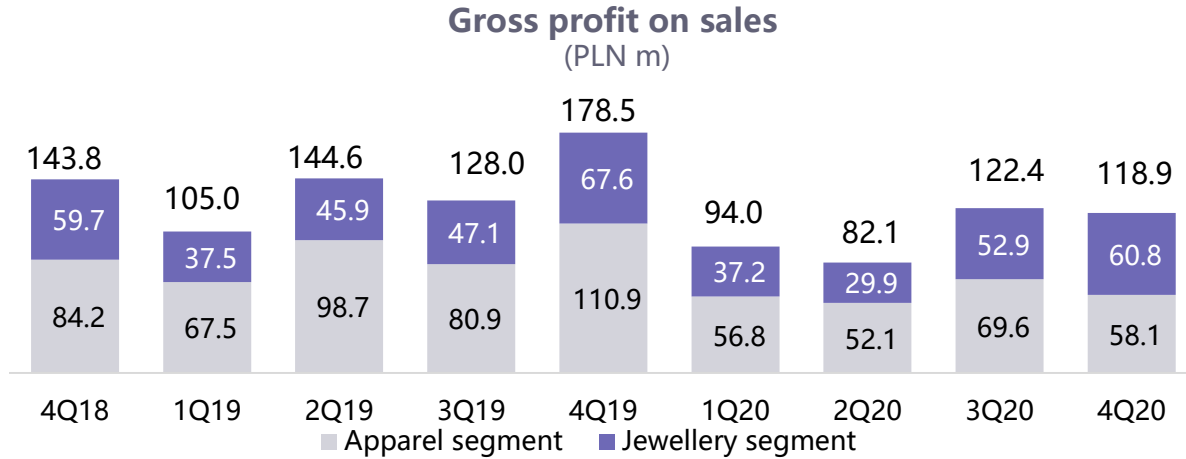


- Group revenues reached PLN 232.4m in 4Q20 (down 30.2% YoY), below 3Q20 values due to shopping malls being closed in November and after the Christmas season.
- Apparel segment revenues fell 43,1% YoY, reaching PLN 117.8m, in 4Q20.
- Jewellery segment revenues amounted to PLN 114.3m, down 9.1% YoY in 4Q20. Growth in share of this segment in revenues from 37.8% in 4Q19 to 49.2% in 4Q20.

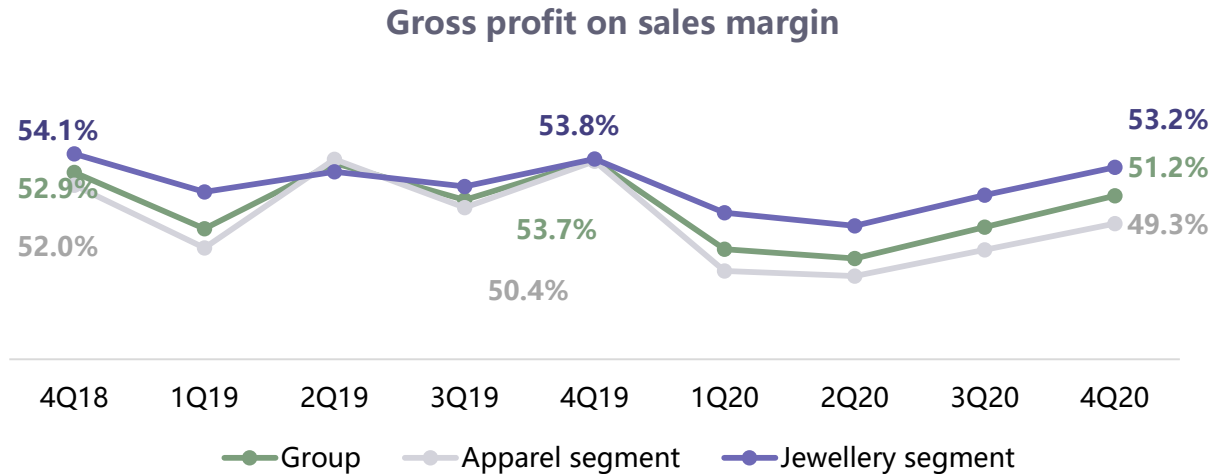


- In 4Q20 group sales/ m2 reached PLN 1,459, down 23,0% YoY.
- Revenues/ m2 for the apparel segment amounted to PLN 933 in 4Q20, down 33.2% YoY.
- Jewellery segment revenues/ m2 reached PLN 3,478 in 4Q20, down 11.8% YoY.

# MORE FAVOURABLE TRENDS IN THE JEWELLERY SEGMENT



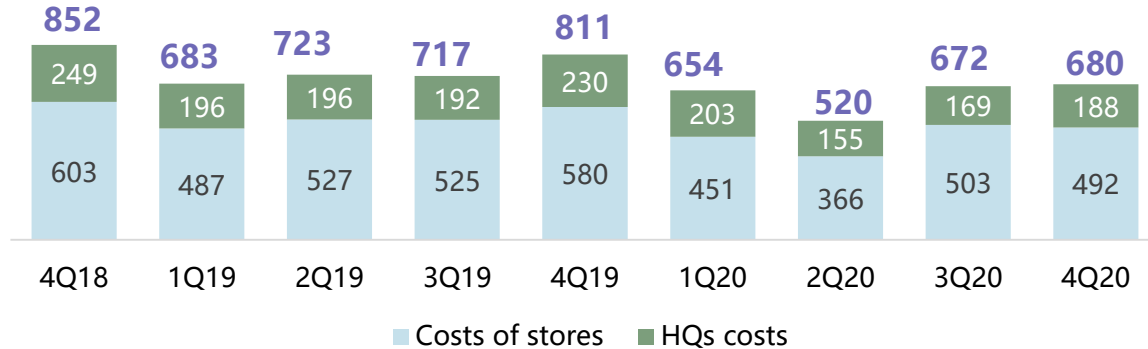
- Group gross profit on sales amounted to PLN 118.9m in 4Q20 (down 33.4% YoY).
- In 4Q20 gross profit on sales of the apparel segment reached PLN 58.1m, down 47.6% YoY.
- Gross profit on sales of the jewellery segment amounted to PLN 60.8m, -10.1% YoY.



- Group gross profit margin reached 51.2% in 4Q20, down 2.5 pp. YoY.
- The apparel segment gross profit margin fell 4.3 pp. YoY to 49.3% in 4Q20, due to higher share of internet and stronger promotions to attract customers on-line, while traditional stores were closed.
- The jewellery segment noted a 0.6 pp. YoY fall in 4Q20 gross profit margin, to 53.2% level, due to a higher share of wholesale in sales.

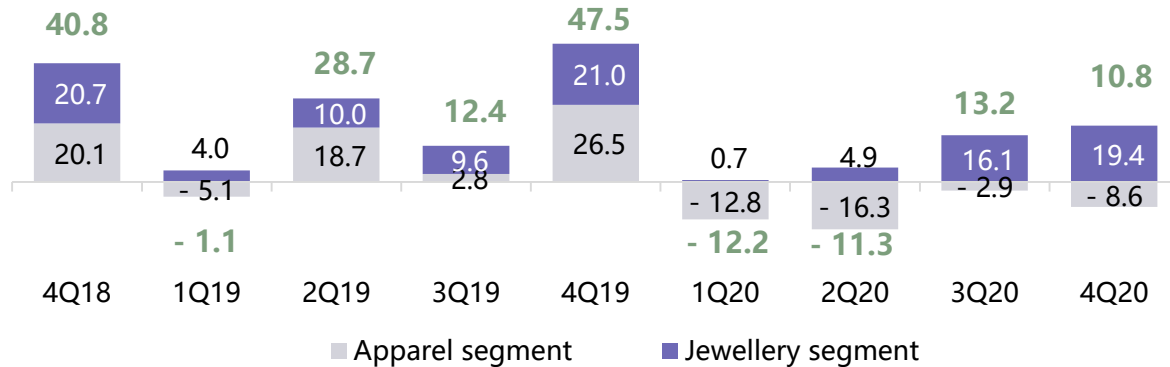
# FALL IN OPERATING COSTS/ M2

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



- Group operating costs/ m2 (IAS17) reached PLN 680/ m2 monthly and fell 16.1% YoY in 4Q20 due to cost reductions conducted (rentals, HR costs).
- Costs of stores at PLN 492/ m2 (-15.2% YoY), while HQs costs / m2 at PLN 188/ m2, -18,2% YoY (under IAS17).
- Under IAS17, the apparel segment costs reached PLN 532/m2 in 4Q20, down 17% YoY, while the jewellery segment costs amounted to PLN 1 248/m2 per month, down 16% YoY in 4Q20.

Operating profit  
(PLN m, excl. IFRS16)



- Group operating profit reached PLN 10.8m in 4Q20 under IAS17, down 77.2% YoY. Loss under IFRS16 amounted to PLN 2.9m.
- 4Q20 EBIT loss of the apparel segment amounted to PLN 8.6m under IAS17 (PLN 18.6m loss under IFRS16) compared to PLN 26.6m income in 4Q19.
- Operating profit of the jewellery segment reached PLN 19.4m in 4Q20 (PLN 15.8m under IFRS16), down 7.6% YoY.

# 4Q20 RESULTS UNDER IFRS16 IMPACTED BY LOCK-DOWN

PLN m, IFRS16	4Q19	4Q20	YoY
<b>Revenues</b>	<b>332.5</b>	<b>232.0</b>	<b>-30.2%</b>
Gross profit on sales	178.5	118.9	-33.4%
<i>Gross profit on sales margin</i>	<i>53.7%</i>	<i>51.2%</i>	<i>-2.5pp.</i>
SG&A costs	132.1	121.9	-7.7%
<b>EBIT</b>	<b>47.6</b>	<b>-2.9</b>	<b>N/M</b>
<i>EBIT margin</i>	<i>14.3%</i>	<i>-1.2%</i>	<i>-15.5pp.</i>
Net financial activity	6.3	-13.8	
<b>Net profit</b>	<b>44.3</b>	<b>-18.9</b>	<b>N/M</b>
<i>Net margin</i>	<i>13.3%</i>	<i>-8.1%</i>	<i>-21.4pp.</i>

<b>EBITDA</b>	<b>76.1</b>	<b>22.8</b>	<b>-70.0%</b>
<i>EBITDA margin</i>	<i>22.9%</i>	<i>9.8%</i>	<i>-13.1pp.</i>

<b>EBIT Internet</b>	<b>14.0</b>	<b>16.6</b>	<b>19.1%</b>
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- Lower 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 less favourable YoY impact of other operating activity – higher other operating costs.

- Growing operating result from the Internet due to higher on-line scale. Off-line operating result under pressure from traditional stores being closed during lock-down.
- A more unfavourable impact of financial activity – PLN 10.8m of FX losses on IFRS16 in 4Q20 versus PLN 7.3m of FX gains in 4Q19.
- IFRS16 interest amounted to PLN 2.1m in 4Q20, compared to PLN 1.1m in 4Q19.
- Net loss of PLN 18.9m in 4Q20 compared to a record net profit of PLN 44.3m in 4Q19.

# A MORE FAVOURABLE 4Q20 RESULT UNDER IAS17

PLN m, IAS17	4Q19	4Q20	YoY
<b>Revenues</b>	<b>332.5</b>	<b>232.0</b>	<b>-30.2%</b>
Gross profit on sales	178.5	118.9	-33.4%
<i>Gross profit on sales margin</i>	<i>53.7%</i>	<i>51.2%</i>	<i>-2.5pp.</i>
SG&A costs	132.2	108.2	-18.2%
<b>EBIT</b>	<b>47.5</b>	<b>10.8</b>	<b>-77.2%</b>
<i>EBIT margin</i>	<i>14.3%</i>	<i>4.7%</i>	<i>-9.6pp.</i>
Net financial activity	0.1	-1.0	
<b>Net profit</b>	<b>38.0</b>	<b>7.7</b>	<b>-79.8%</b>
<i>Net margin</i>	<i>11.4%</i>	<i>3.3%</i>	<i>-8.1pp.</i>

<b>EBITDA</b>	<b>53.4</b>	<b>16.4</b>	<b>-69.3%</b>
<i>EBITDA margin</i>	<i>16.1%</i>	<i>7.1%</i>	<i>-9.0pp.</i>

- YoY fall in 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.
- Double-digit fall in operating costs/ m2 among others due to salary reductions - the effect of booking invoices correcting rentals.
- The difference between the result in IFRS16 and IAS17 results from recognition of rents - reduced rental rates under IAS17 and linear amortization of rental discounts under IFRS16.

- Less favorable YoY impact from other operating activity due to higher other operating costs.
- Lower FX gains of PLN 0.5m in 4Q20 compared to PLN 1.9m in 4Q19.
- Other financial costs are mostly interest from loans, which fell from PLN 1.2m in 4Q20 compared to PLN 0.5m PLN in 4Q19.
- As a result, net income in IAS17.

# 2020 RESULTS IFRS16, EXECUTIVE SUMMARY

PLN m, IFRS16	2019	2020	YoY
<b>Revenues</b>	<b>1,068.3</b>	<b>853.7</b>	<b>-20.1%</b>
Gross profit on sales	556.1	417.3	-24.9%
<i>Gross profit on sales margin</i>	<i>52.1%</i>	<i>48.9%</i>	<i>-3.2pp.</i>
SG&A costs	469.2	416.8	-11.2%
<b>EBIT</b>	<b>87.5</b>	<b>-11.9</b>	<b>N/M</b>
<i>EBIT margin</i>	<i>8.2%</i>	<i>-1.4%</i>	<i>-9.6pp.</i>
Net financial activity	-8.1	-36.2	
<b>Net profit</b>	<b>64.0</b>	<b>-48.2</b>	<b>N/M</b>
<i>Net margin</i>	<i>6.0%</i>	<i>-5.6%</i>	<i>-11.6pp.</i>

<b>EBITDA</b>	<b>198.5</b>	<b>98.4</b>	<b>-50.4%</b>
<i>EBITDA margin</i>	<i>18.6%</i>	<i>11.5%</i>	<i>-7.1pp.</i>

<b>EBIT Internet</b>	<b>38.0</b>	<b>49.1</b>	<b>29.5%</b>
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- 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) while rental charges during lock-down in November and December.
  - A less favourable impact of other operating activity – inventory write-off (PLN 13.9m) higher than government subsidies for salaries (PLN 7.8m) in 2Q20.
- 
- Sizeable on-line EBIT growths, off-line under pressure due to lock-down.
  - Negative impact of net financial activity – PLN 25.2m of FX losses on IFRS16 in 2020 and PLN 2.3m of FX gains in 2019.
  - IFRS16 interest amounted to PLN 5.2m in 2020, stable YoY versus 4.2m in 2019. PLN 1.3m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).



# 2020 RESULTS IAS17, EXECUTIVE SUMMARY

PLN m, IAS17	2019	2020	YoY
<b>Revenues</b>	<b>1,068.3</b>	<b>853.7</b>	<b>-20.1%</b>
Gross profit on sales	556.1	417.3	-24.9%
<i>Gross profit on sales margin</i>	<i>52.1%</i>	<i>48.9%</i>	<i>-3.2pp.</i>
SG&A costs	469.1	404.2	-13.8%
<b>EBIT</b>	<b>87.5</b>	<b>0.5</b>	<b>-99.5%</b>
<i>EBIT margin</i>	<i>8.2%</i>	<i>0.1%</i>	<i>-8.1pp.</i>
Net financial activity	-6.2	-5.7	
<b>Net profit</b>	<b>65.9</b>	<b>-5.3</b>	<b>N/M</b>
<i>Net margin</i>	<i>3.8%</i>	<i>-0.6%</i>	<i>-4.2pp.</i>

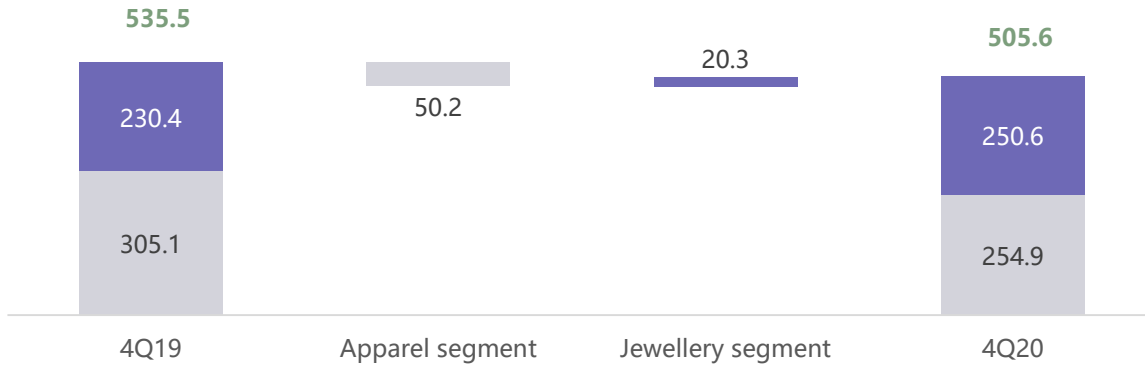
<b>EBITDA</b>	<b>111.1</b>	<b>23.4</b>	<b>-78.9%</b>
<i>EBITDA margin</i>	<i>10.4%</i>	<i>2.7%</i>	<i>-7.7pp.</i>

- 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 2020 compared to no FX impact under IAS17 in 2019.
- Fall in interest from PLN 4.7m to PLN 2.6m in 2020.
- PLN 1.3m on gain on revaluation of bank loan under amortised cost (consequence of fall in interest rates).
- Net loss in 2020 mainly resulted from COVID-19 impact and inventory write-off in 2Q20.

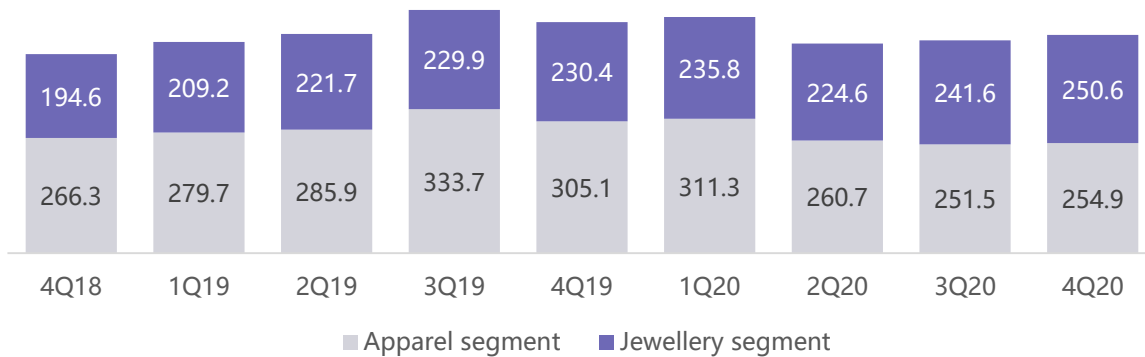
# REDUCTION IN INVENTORIES

Change in inventories  
(PLN m)



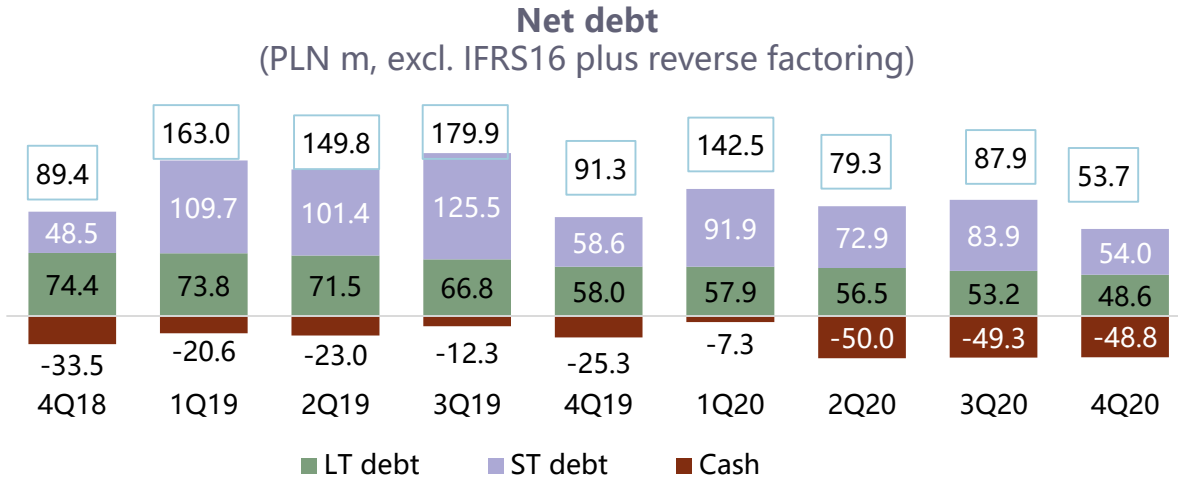
- Inventory down 5.6% YoY to PLN 505.6m in 4Q20 due to conducted sell-offs, write-offs for inventory and lower YoY orders for the AW2020 season in apparel segment.
- Apparel segment inventory fell 16.5% YoY, due to lower orders and conducted promotions/ sell-offs.
- Inventory of the jewellery segment grew 8.8% YoY, due to opening of stores with watches.

Inventory by segments  
(PLN m)

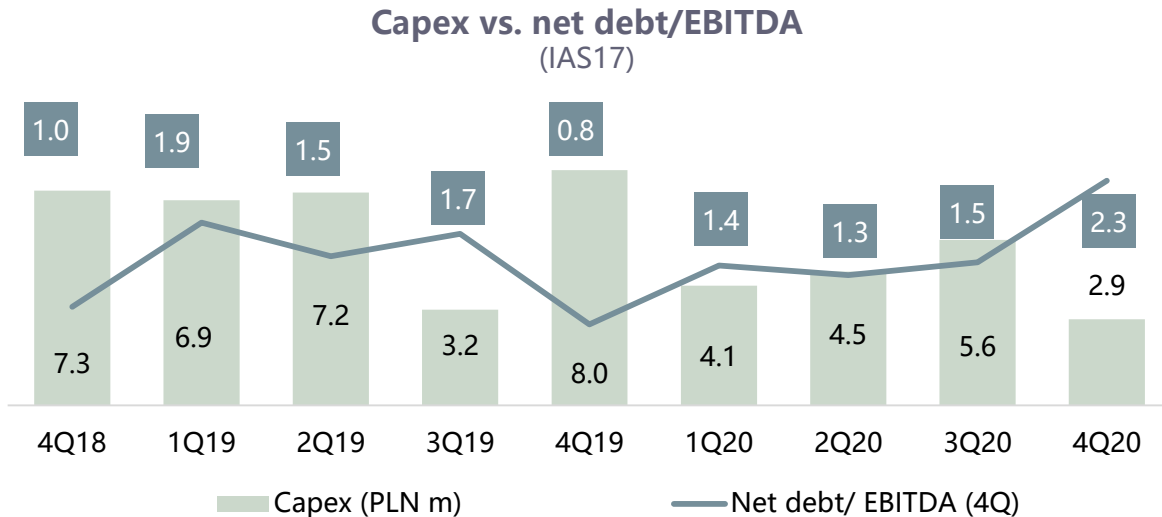


- Group inventory/ m2 reached PLN 9,531 at the end of 4Q20, down 3,2% YoY.
- Apparel segment inventory per m2 reached PLN 6,067, down 13.1% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 22,731, up 5.0% YoY.

# NET DEBT CONTINUES TO FALL



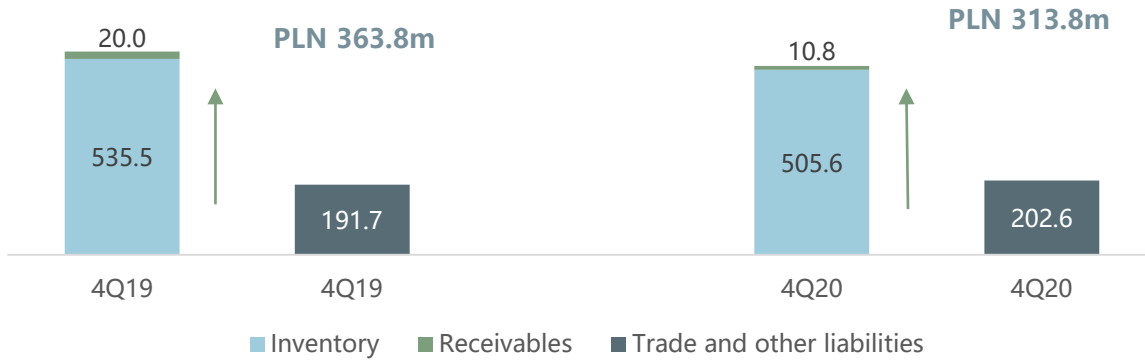
- Long-term and short-term indebtedness shown together with reverse factoring and financial leases, yet excluding leases from IFRS16. Financial leases under IFRS16 at PLN 354.5m in 4Q20.
- Planned reduction of long-term debt. Usage of reverse factoring for supply chain financing reached PLN 28.3m at the end of 3Q20.
- Group's net debt under IAS17 came in at PLN 53.7m at the end of 4Q20, down by 41.2% YoY. The level was lower than at the end of 4Q19.



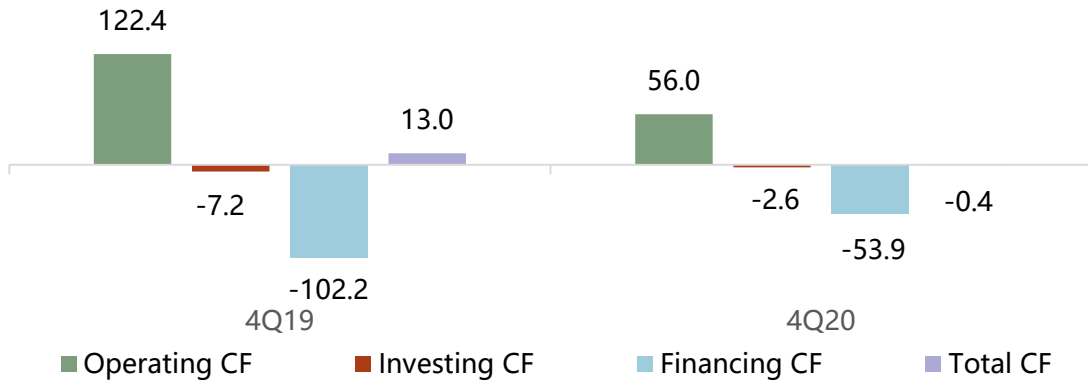
- Net debt/EBITDA (4Q, IAS17) at 2.3x – higher YoY due to a severe negative impact of lockdown, especially in key 4Q20.
- Excluding reverse factoring, the ratio would come at 1.1x.
- Lower YoY capex in 4Q20 due to optimisation of own stores network.

# HIGH POSITIVE OPERATING CASH FLOWS

Net working capital  
(PLN m)



Quarterly cash flows  
(PLN m)



- A YoY decline in inventories and a release of inventories in the quarter due to higher YoY promotions (a consequence of the pandemic) and reductions in collection orders.
- Decrease in receivables by half YoY due to lower prepayments for goods purchased on Asian markets (usage reverse factoring).
- A stable YoY level of liabilities is a derivative of extension of payment terms.

- Positive, but lower YoY operating cash flows. Decrease in receivables, but lower YoY pre-tax profit.
- Lower YoY level of net capital expenditure – YoY reduction of capex due to network optimization.
- Financial flows show lower YoY debt utilization due to working capital financing.

VISTULA

BYTOM  
SZTUKA KRAMIECTWA OD 1945

WÓLCZANKA

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2021 OUTLOOK

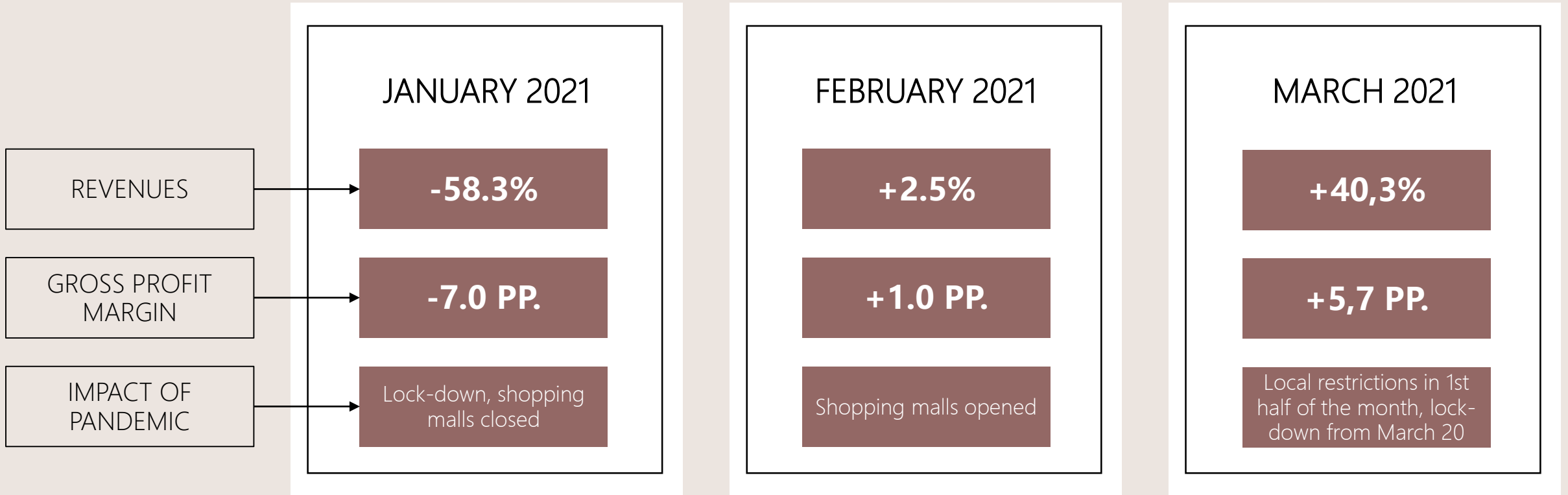


# | 1Q21 IMPACTED BY PANDEMIC

	1Q20	1Q21
JANUARY	Information from China about the virus, increasing uncertainty about the supply chain	Shopping malls closed all month
FEBRUARY	Growing uncertainty about the situation in Poland, delays in suppliers from China	Shopping malls open all month
MARCH	Pandemic situation, lock-down from March 14 to March 31	Local restrictions, closed shopping malls in selected provinces, and from March 20 throughout the country



# | 2021 REVENUES IMPACTED BY COVID-19



# INITIAL 1Q21 REVENUE AND MARGIN RESULTS

PLN m	1Q20	1Q21	YoY
Revenues	197.5	171.5	-13.1%
- apparel segment (retail)	123.3	85.6	-30.6%
- jewellery segment (retail)	74.2	86.0	15.9%
% on-line sales	23.0%	31.6%	8.5 pp.
Gross profit margin	47.6%	47.7%	0.1 pp.

Double-digit YoY declines due to lock-down in January and March 2021 (only in March 2020). More favorable sales trends in the jewellery segment than in the apparel segment.

Effective e-commerce logistics coupled with earlier investments in engine and functionality of e-stores contributed to higher share of e-commerce in 1Q21.

Significant YoY increase in gross margin in March 2021 due to the introduction of new collections and a low base. Stabilization of gross margin in 1Q21 YoY.

THE JEWELLERY SEGMENT WAS MORE IMMUNE TO PANDEMIC IN 1Q21.



# STABLE FLOORSPACE IN 2021

		2020	2021 target	YoY
APPAREL SEGMENT	stores	427	411	-16
	m2	42,021	41,262	-2%
VISTULA	stores	149	149	0
	m2	18,695	18,807	1%
WÓLCZANKA	stores	129	120	-9
	m2	4,658	4,667	0%
BYTOM	stores	117	112	-5
	m2	15,604	14,877	-5%
DENI CLER	stores	32	30	-2
	m2	3,064	2,911	-5%
JEWELLEY SEGMENT	stores	143	149	+ 6
	m2	11,027	11,753	7%
TOTAL	stores	570	560	-10
	m2	53,048	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 18m in 2021 (higher outlays for IT).

# | NEW LINES IN VISTULA BRAND



We focus on strengthening Vistula BLACK line - formal and casual clothing

Stronger emphasis on sports line - Vistula MOVE

Vistula RED line is limited to very fashionable stylizations



# | NEW WÓLCZANKA FORMAT

**New larger stores** - modern traditional stores up to 150 m2 versus current average of 36 m2. The first store in Bonarka in Cracow. 4 stores by the end of 2021

**Broader assortment** - expanding the assortment with new products for both women and men

**More casual** - jeans, sweatpants, dresses, jackets, T-shirts now in the offer



**Ecological solutions** - natural finishing materials, floor coverings in fitting rooms dyed with natural dyes, use of plywood made of renewable materials

# FURTHER ON-LINE GROWTH IN 2021

1

Sales application in each of the brands.

2

Consistent on-line and off-line marketing and promotions.

3

A modern engine and supporting functions.

4

Further logistics development.

5

Deferred on-line payments for customers since May 2021



# OUR PRODUCTS ON EXTERNAL E-PLATFORMS

**MODIVO**  
by eobuwie.pl

 **zalando**

Vistula on  
**Modivo** platform

Deni Cler enters  
**Zalando** platform



Advantages for VRG brands:

Broadening of target group

Another channel to communicate with customers

Broadening our reach

Work on entry of further brands on e-platforms

One of omnichannel elements

# I 2021 TARGETS



YoY growth in revenues, both off-line and on-line.

Gross profit margin higher YoY, despite inventory reduction.

Maintaining cost efficiency.

E-commerce share at 20% +.

Sizeably better YoY financial results.

Maintenance of safe liquidity position.

# I RISK AND POSSIBILITIES FOR 2021

## POSSIBILITIES

new collections with a broader casual offer, development of jewellery offer  
on-line growth  
further working capital improvements



## RISK

another wave of COVID-19 and stronger sanitary restrictions  
lowering consumer demand  
disturbances in supply chain  
volatility of FX

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

WKURK  
1 8 4 0

05

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Q&A



VRG  
VISTULA RETAIL GROUP



VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

WKRUK  
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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. Collection includes lines such as active MOVE and capsule collections.
- "Made to Measure": personalised service dedicated to the most demanding customers. Available in selected brand's stores.

## SPRING/SUMMER 2021 COLLECTION

- The new collection includes suits and jackets, both formal and more casual. Not only men looking for classics, but also fans of urban style and activity will find the perfect proposition for themselves. Selected products are also dedicated to women.
- Inspired by landscape and colors of the desert, the Safari line is rich in classic proposals, such as jackets, suits, shirts and sweaters in colors similar to the earth's palette. It also includes numerous offers of casual jackets, trousers, sweatshirts or t-shirts with a clear, characteristic of the line graphic theme.
- Another casual proposition is the monogram line, among products with a visible V letter there are sweatshirts, t-shirts, pants and jackets. VISTULA MOVE, i.e. the line for active people, in the Spring/Summer 2021 season is divided into two versions: the minimalist one, consisting of t-shirts, sweatshirts, jackets, pants and a bold in color and print DIGITAL CROWD capsule inspired by graphics with a digital blurry crowd .

## NETWORK DEVELOPMENT

- In 4Q20 number of stores increased by 2 net – those 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.

## SPRING/SUMMER 2021 COLLECTION

- The latest offer of the brand is a continuation of the RETRO FUTURE style. We have transferred fabric patterns from the 80's to present them in a contemporary style. The styles are full of eclectic combinations - formal style is intertwined with casual. Pastel colors, subtle color combinations, delicate washes in combination with natural fabrics such as linen and cotton are the essence of the color of the collection.
- For several years, BYTOM has been building its vision of smart casual. Products previously associated as formal, such as suits, jackets or sweaters, are becoming more and more casual, among others thanks to their use of structural seersucker fabrics or comfortable knitted fabrics. The summer collection includes, among others: linen, airy suits, trousers, shorts and shirts.
- Designs by the creators of the Polish School of Posters will appear in the Spring/Summer collection of t-shirts and sweatshirts. This season, we will also find capsule collections - WITKACY or DON PEDRO. The first one is a re-edition of Stanisław Ignacy Witkiewicz's work on oversize sweatshirts and t-shirts, inspired by portraits made in the pastel technique and innovative for those times - photo self-portraits. The Summer edition of the DON PEDRO capsule collection consists of new graphics of the iconic Don Pedro character in delicate shades of blue, khaki, gray and off-white.

## NETWORK DEVELOPMENT

- In 4Q20 number of stores was stable QoQ.



# BYTOM

SZTUKA KRAWIECTWA OD 1945

# WÓLCZANKA: EXECUTIVE SUMMARY

## WÓLCZANKA (FASHION FOR MEN AND WOMEN)

- Wólczanka runs a chain of its own and franchise boutiques with women's and men's clothing in Poland. The offer includes, among others shirts, sweaters, pants, dresses, t-shirts, jackets and accessories. Wólczanka also owns the Lambert brand, offering high-quality formal shirts and accessories.

## SPRING/SUMMER 2021 COLLECTION

- In the new season, Wólczanka focuses on a total look, enriching its offer with new assortments. Wólczanka starts the season with a collection inspired by the nautical style, built around a classic, well-known color combination. White, red, navy blue and blue in Marina take us naturally to places where the waves rustle, a pleasant wind blows and the sun is always shining. The Marina collection includes comfortable t-shirts, polo shirts, sweatshirts and trousers made of natural fabrics, shirts with prints referring to the marine theme - with shells, anchors and indispensable, characteristic stripes. Pleasant cotton sweaters, comfortable dresses, short shorts, but also casual jackets, adding a touch of elegance to summer stylizations.
- Another part of the collection is based on summer pastels, in which the range of Summer colors is the basis for t-shirts, soft linen and cotton sweaters, knitted dresses with frills and shirts with various patterns. Denim is also of great importance in the collection - several timeless models of trousers and classic denim jackets in light and dark wash.
- The collection will be continued and supplemented by smaller projects, incl. Polish Flowers, drawing attention to the beauty of Polish nature, and Aloha - a collection of shirts inspired by Hawaiian models.

## NETWORK DEVELOPMENT

- In 4Q20 number of boutiques fell by 1 QoQ, despite openings of franchise stores.



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.

## JUBILEE YEAR – 50th ANNIVERSARY SINCE CREATION, 30th ANNIVERSARY OF PRESENCE ON POLISH MARKET

- The birthday collection of Deni Cler is inspired by nature, consisting of six groups - gradually launched capsules. The offer for Spring and Summer is based on natural fabrics. These are noble, light wools of the highest quality from renowned Italian manufacturers, including cashmere, alpaca and baby wool.
- In addition to more formal suits, costumes and coats, the "Gardens of the World" collection debuts as a weekend line consisting of T-shirts, tracksuits, jeans and comfortable knitted fabrics, which, due to their convenience, have been enjoying exceptional popularity in recent months.
- The latest collection by Deni Cler reflects respect for the natural environment. The brand's philosophy is to offer beautiful but durable clothes that will never go out of fashion, and combined with various accessories will change their face each time, this is a fundamental feature of responsible fashion. Therefore, this season, the brand introduces an ecological line with clothes made of special biodegradable fabrics.

## NETWORK DEVELOPMENT

- The number of own stores remained stable QoQ, and the number of multi-brand stores increased by 1 QoQ.



**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 and Patek Philippe (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

## NEW ELEMENTS IN COLLECTIONS

- W.KRUK welcomes Spring with a collection inspired by the hummingbird motif. The original Preludium collection is a combination of jewellery craftsmanship with the latest trends and the freshness of the upcoming season. Preludium jewellery made of silver is decorated with colorful cubic zirconia, and selected elements are covered with precious pink gold. A beautiful gradation of navy blue, green, pink and white stones gives a unique depth of color. The unusual play of light and shadows makes the jewellery come to life, and the multicolored hummingbird delights with every movement and shines with a beautiful glow.
- W.KRUK introduces a new version of the brand's accessories. Also in this collection, in the original silk scarves, created by the brand's designers, consumers will find beautiful hummingbirds. Both the scarves and leather bags of the brand were prepared in Spring pastel colors.
- In the first half of the year, W.KRUK will offer its customers a number of other attractive novelties, both jewellery and Swiss watches.

## NETWORK DEVELOPMENT

- In 4Q20, the number of the brand's stores increased by 3 QoQ, including 2 franchise stores. Own store has been opened at the Raffles Europejski Hotel in Warsaw.



**W.KRUK**  
1 8 4 0

# | SUMMARY OF BRANDS' 4Q20 RESULTS

V I S T U L A

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GROWING SHARE OF  
INTERNET.

W Ó L C Z A N K A

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THE HIGHEST SHARE  
OF INTERNET.

W. KRUK  
1 8 4 0

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STABLE STORE EBIT.

BYTOM  
SZTUKA KRAWIECTWA OD 1945

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GROWTH OF  
ON-LINE SALES.

DENI CLER  
MILANO

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THE HIGHEST GROSS  
PROFIT MARGIN.



# GROUP STRUCTURE

## VRG

COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENTS FOR 4Q20

### 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

		4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
APPAREL SEGMENT	total	440	443	452	451	451	440	427	426	427
	franchise	117	120	126	129	132	126	126	129	136
VISTULA	total	148	152	154	152	154	148	145	147	149
	franchise	56	58	60	60	62	59	60	62	65
WÓLCZANKA	total	139	139	142	142	140	137	132	130	129
	franchise	47	48	50	51	52	50	49	50	53
BYTOM	total	122	121	125	126	126	125	120	117	117
	franchise	6	6	8	9	9	8	8	8	9
DENI CLER	total	31	31	31	31	31	30	30	32	32
	franchise	8	8	8	9	9	9	9	9	9
JEWELLERY SEGMENT	total	128	132	134	135	139	140	140	140	143
	franchise	10	11	11	13	14	14	15	16	18
TOTAL	total	568	575	586	586	590	580	567	566	570
	franchise	127	131	137	142	146	140	141	145	154

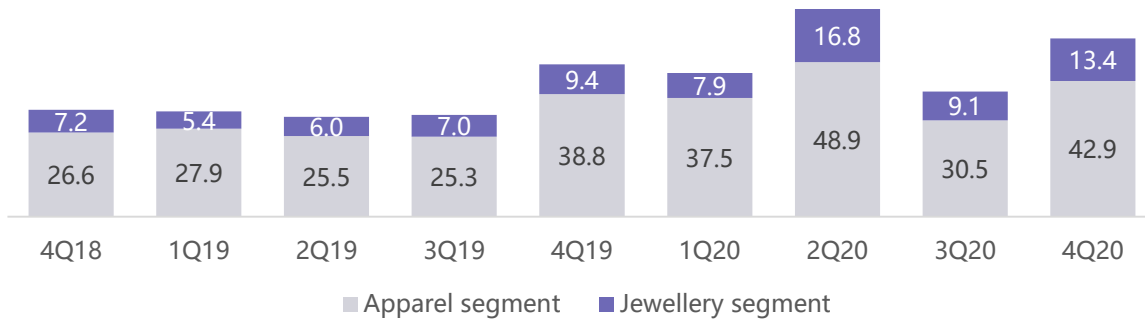
# STABLE YOY FLOORSPACE

## M2 OF FLOORSPACE

		4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
APPAREL SEGMENT	total	42,072	42,429	43,207	43,461	43,731	42,962	41,953	41,891	42,021
	franchise	8,394	8,621	9,223	9,322	9,590	9,123	9,195	9,368	9,882
VISTULA	total	18,230	18,727	19,007	19,058	19,320	18,650	18,291	18,508	18,695
	franchise	5,581	5,818	6,084	6,065	6,283	5,991	6,094	6,311	6,633
WÓLCZANKA	total	4,979	4,894	4,978	4,985	4,954	4,877	4,716	4,685	4,658
	franchise	1,489	1,479	1,528	1,546	1,576	1,504	1,473	1,530	1,626
BYTOM	total	15,816	15,761	16,175	16,402	16,421	16,487	16,000	15,634	15,604
	franchise	723	723	1,011	1,011	1,011	908	908	859	954
DENI CLER	total	3,047	3,047	3,047	3,017	3,037	2,947	2,947	3,064	3,064
	franchise	600	600	600	700	720	720	720	669	669
JEWELLERY SEGMENT	total	9,554	9,992	10,215	10,347	10,647	10,732	10,749	10,756	11,027
	franchise	630	680	680	802	856	856	896	965	1,121
TOTAL	total	51,626	52,421	53,422	53,809	54,378	53,693	52,702	52,647	53,048
	franchise	9,024	9,301	9,903	10,124	10,446	9,979	10,091	10,333	11,003

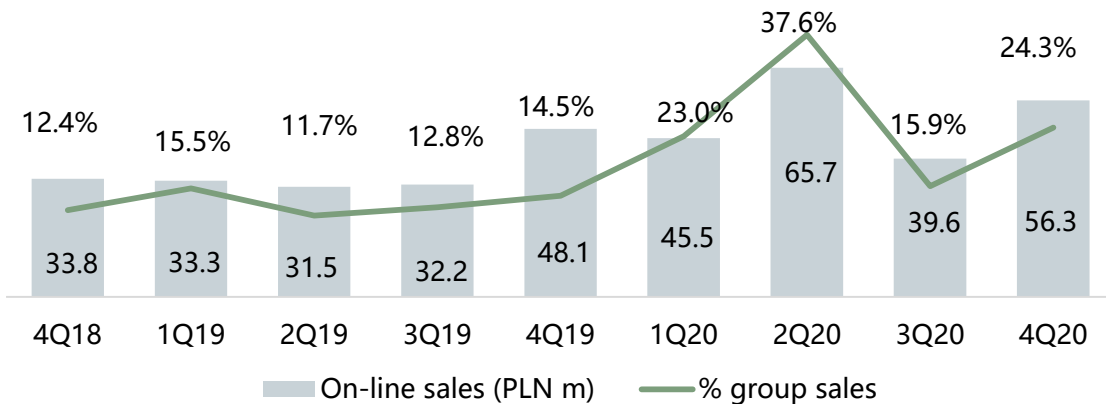
# OWN E-STORES OF FIVE BRANDS

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).
- Selected products of Vistula available on multibrand platform eObuwie, while Deni Cler products enter Zalando platform.
- 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.

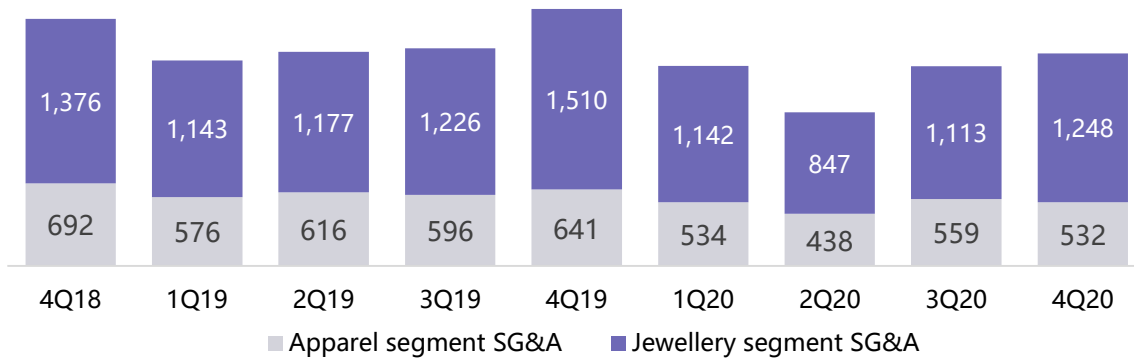
Group on-line sales



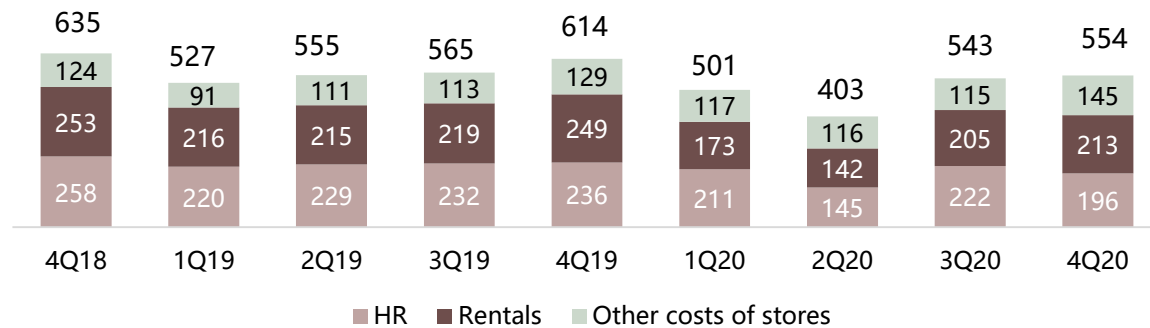
- In 4Q20 on-line sales amounted to PLN 56.3m, up 17% YoY.
- Share of internet in revenues increased from 14.5% in 4Q19 to 24.3% in 4Q20, due to changes in customers' shopping habits and favourable impact of lock-downs.
- In 2020 on-line sales amounted to PLN 207.1m, up 42.6% YoY.
- Share of internet in revenues grew from 13.6% in 2019 to 24.3% in 2020.

# FALL IN COSTS/ M2

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



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

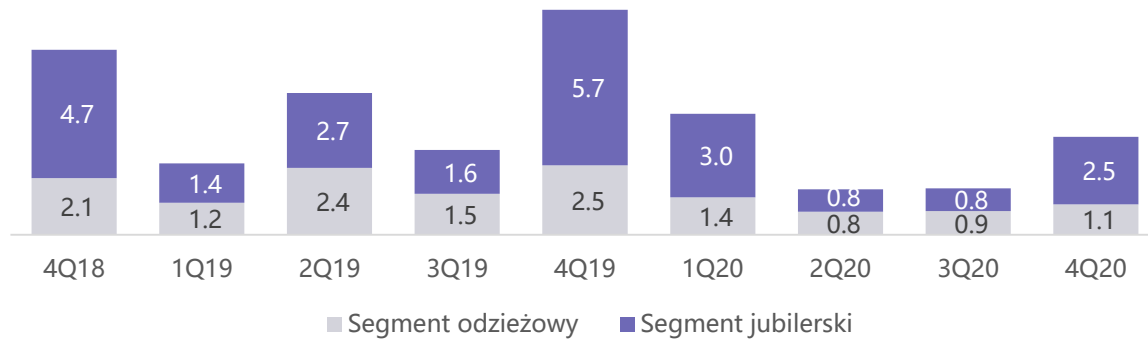


- Differences in SG&A costs/ m2 between segments result from different business models.
- The jewellery segment is characterised by higher revenues and costs/ m2 than these of the apparel segment.
- Segmental costs/ m2 are calculated based on average working floorspace for each segment. Bytom brand's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

- Costs of 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.

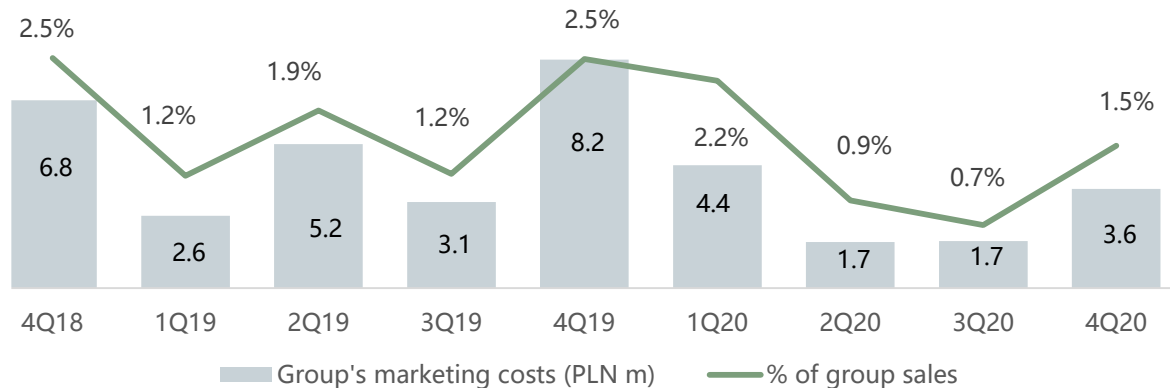
# OFF-LINE MARKETING REPLACED BY ON-LINE

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 4Q20 off-line marketing costs amounted to PLN 3.6m, down 56.6% YoY, due to transfer of marketing costs to on-line.

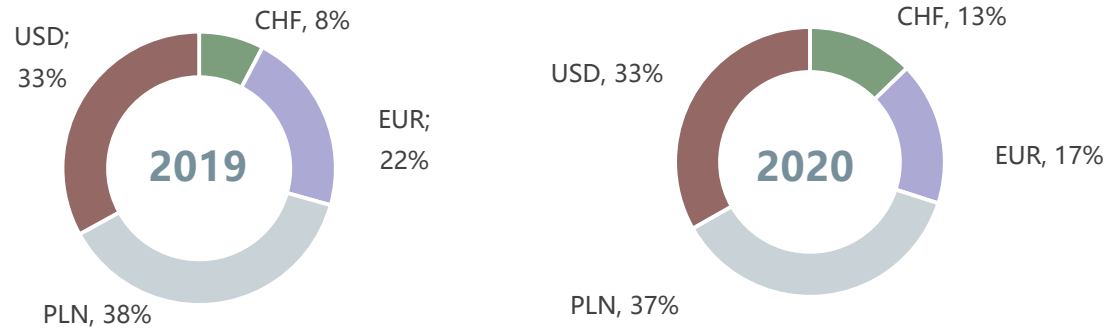
Group off-line marketing costs



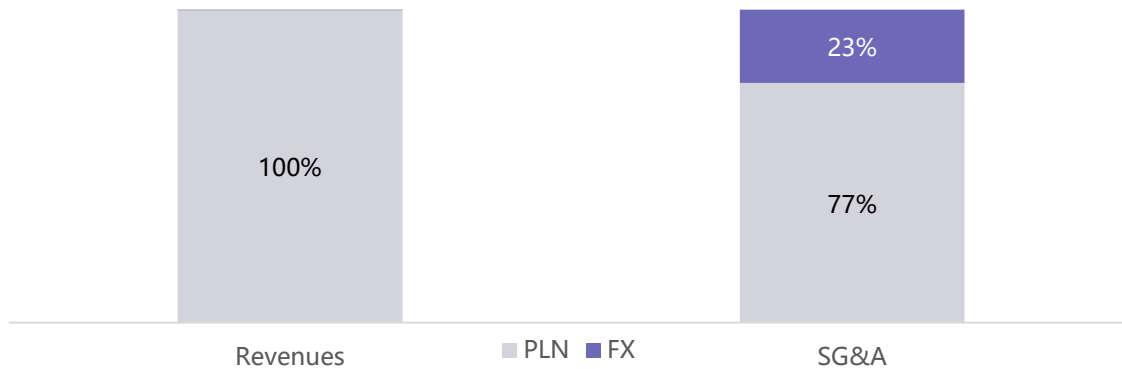
- In 2020 the marketing outlays amounted to PLN 11.3m, fall by 40.6% YoY.
- The apparel segment: marketing outlays are related to campaigns, which typically cumulate in the second and fourth quarter. W 2018 Bytom's marketing costs were shown only for XII.
- Marketing costs within the jewellery segment cumulate in 4Q (seasonally best), before Christmas.

# FX RISK EXPOSURE

**Purchases by currencies**  
(PLN m)



**2020 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), operating margin (higher rental costs, IAS17) and lower net margin (FX losses on IFRS16 liability).
- The Company uses currency derivatives (currency forwards) to hedge future cash flows against currency risk.

# HISTORICAL QUARTERLY RESULTS, IFRS16

PLN m	1Q19	1Q20	YoY	2Q19	2Q20	YoY	3Q19	3Q20	YoY	4Q19	4Q20	YoY
<b>Revenues</b>	<b>214.4</b>	<b>197.5</b>	<b>-7.9%</b>	<b>270.2</b>	<b>174.9</b>	<b>-35.3%</b>	<b>251.2</b>	<b>249.4</b>	<b>-0.7%</b>	<b>332.5</b>	<b>232.0</b>	<b>-30.2%</b>
Gross profit on sales	105.0	94.0	-10.5%	144.6	82.1	-43.2%	128.0	122.4	-4.4%	178.5	118.9	-33.4%
Gross profit on sales margin	<i>49.0%</i>	<i>47.6%</i>	<i>-1.4pp.</i>	<i>53.5%</i>	<i>46.9%</i>	<i>-6.6pp.</i>	<i>51.0%</i>	<i>49.1%</i>	<i>-1.9pp.</i>	<i>53.7%</i>	<i>51.2%</i>	<i>-2.5pp.</i>
SG&A costs	106.2	105.5	-0.6%	115.5	82.7	-28.4%	115.5	106.8	-7.6%	132.1	121.9	-7.7%
Net other operating line	-0.1	-0.3		-0.5	-9.8		0.1	-2.4		1.4	0.1	
<b>EBIT</b>	<b>-1.2</b>	<b>-11.9</b>	<b>N/M</b>	<b>28.6</b>	<b>-10.4</b>	<b>N/M</b>	<b>12.6</b>	<b>13.3</b>	<b>5.2%</b>	<b>47.6</b>	<b>-2.9</b>	<b>N/M</b>
EBIT margin	<i>-0.6%</i>	<i>-6.0%</i>	<i>-5.4pp.</i>	<i>10.6%</i>	<i>-5.9%</i>	<i>-16.5pp.</i>	<i>5.0%</i>	<i>5.3%</i>	<i>0.3pp.</i>	<i>14.3%</i>	<i>-1.2%</i>	<i>-15.5pp.</i>
Net financial line	-2.7	-23.2		0.7	7.1		-12.4	-6.2		6.3	-13.8	
Pre-tax profit	-4.0	-35.1	N/M	29.3	-3.3	N/M	0.2	7.0	N/M	53.9	-16.7	N/M
Taxes	-1.6	-3.1		5.4	-1.0		2.0	2.0		9.5	2.2	
<b>Net income</b>	<b>-2.4</b>	<b>-32.0</b>	<b>N/M</b>	<b>23.9</b>	<b>-2.3</b>	<b>N/M</b>	<b>-1.8</b>	<b>5.0</b>	<b>N/M</b>	<b>44.3</b>	<b>-18.9</b>	<b>N/M</b>
Net margin	<i>-1.1%</i>	<i>-16.2%</i>	<i>-15.1pp.</i>	<i>8.8%</i>	<i>-1.3%</i>	<i>-10.2pp.</i>	<i>-0.7%</i>	<i>2.0%</i>	<i>2.7pp.</i>	<i>13.3%</i>	<i>-8.1%</i>	<i>-21.4pp.</i>
<b>EBITDA</b>	<b>24.8</b>	<b>17.4</b>	<b>-29.8%</b>	<b>56.7</b>	<b>18.4</b>	<b>-67.5%</b>	<b>40.9</b>	<b>20.1</b>	<b>-50.8%</b>	<b>76.1</b>	<b>22.8</b>	<b>-70.0%</b>
EBITDA margin	<i>11.6%</i>	<i>8.8%</i>	<i>-2.8pp.</i>	<i>21.0%</i>	<i>10.5%</i>	<i>-10.5pp.</i>	<i>16.3%</i>	<i>8.1%</i>	<i>-8.2pp.</i>	<i>22.9%</i>	<i>9.8%</i>	<i>-13.1pp.</i>

# A SAFE INDEBTEDNESS LEVEL

PLN m	4Q19	2Q20	4Q20
<b>Long-term debt</b>	<b>58.0</b>	<b>56.5</b>	<b>48.6</b>
Bank loans	55.9	54.6	47.2
Finance leases	2.2	1.8	1.4
<b>Short-term debt</b>	<b>58.6</b>	<b>72.9</b>	<b>54.0</b>
Bank loan	35.6	57.5	24.4
Finance leases	1.9	1.8	1.3
Reverse factoring	21.1	13.6	28.3
<b>Cash</b>	<b>25.3</b>	<b>50.0</b>	<b>48.8</b>
<b>Net debt</b>	<b>91.3</b>	<b>79.3</b>	<b>53.7</b>
<b>Finance leases IFRS16</b>	<b>268.3</b>	<b>322.6</b>	<b>354.4</b>
<b>Net debt IFRS16</b>	<b>359.7</b>	<b>401.9</b>	<b>408.2</b>

- 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.

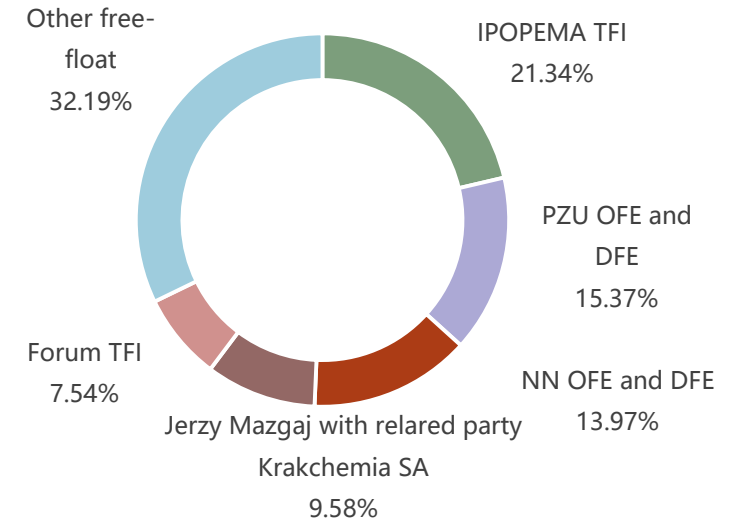
- Consistent YoY reduction in long-term debt.
- A growing level of cash resources due to a cautious payments policy.
- PLN 28.3m of reverse factoring used for supplier financing.
- PLN 354.5m of IFRS16 liabilities (finance leases).



# SHAREHOLDER STRUCTURE

Shareholder structure as at 16.04.2021 (share in equity and votes)

	Number of shares/votes	% share
1. IPOPEMA TFI	50,034,306	21.34%
2. PZU OFE and DFE	36,042,345	15.37%
3. NN OFE and DFE	32,750,000	13.97%
4. Jerzy Mazgaj with related party Krakchemia SA	22,465,760	9.58%
5. FORUM TFI	17,680,800	7.54%
6. Other free-float	75,533,106	32.19%
<b>Total</b>	<b>234,455,840</b>	



## Sources of information on VRG S.A. shareholders

1. information based on the number of shares registered jointly by the Ipopema 2 FIZ Non-public Assets Fund and Ipopema 21 FIZ Non-Public Assets managed by IPOPEMA TFI S.A. Ipopema 2 FIZ Non-public Assets Fund at the Extraordinary General Shareholder Meeting of March 17, 2021 held 20,289,000 shares of the Company, which constituted 8.65% of the share capital of the Company entitled to 20,289,000 votes representing 8.65% of the total number of votes at the General Meeting of Shareholders The Meeting of the Company. Fund Ipopema 21 FIZ Non-public Assets at the Extraordinary General Meeting on March 17, 2021, held 29,745,306 shares of the Company, which constituted 12.69% of the share capital of the Company and entitled to 29,745,306 votes, representing 12.69% of the total number of votes at the General Shareholder Meeting of the Company.

2. information on the number of shares provided in accordance with the notification received by the Company on behalf of the Open Pension Fund PZU "Złota Jesień" pursuant to Art. 69 sec. 1 point 1 of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies and on the basis of the number of shares registered by the PZU Voluntary Pension Fund at the Extraordinary General Shareholder Meeting of the Company on March 17, 2021. According to the notification received by the

Company, the Open Pension Fund PZU "Złota Jesień" independently holds 35,175,632 shares of the Company, which constitutes 15.003% of the share capital of the Company and entitles to votes, 35,175,632 representing 15.003% of the total number of votes at the General Shareholder Meeting of the Company.

3. information provided on the basis of the number of shares registered by Nationale-Nederlanden Open Pension Fund at the Extraordinary General Meeting of the Company on 17/03/2021. At the Extraordinary General Shareholder Meeting of the Company on March 17, 2021, Nationale-Nederlanden Open Pension Fund held 32,750,000 shares of the Company, which constituted 13.97% of the share capital of the Company and entitled to 32,750,000 votes, representing 13.97% of the total number of votes at the General Shareholder Meeting of the Company.

4. information provided on the basis of the number of shares registered jointly by Mr. Jerzy Mazgaj with a related entity Krakchemia S.A. at the Extraordinary General Meeting of the Company on March 17, 2021. At the Extraordinary General Meeting of the Company on March 17, 2021, Mr. Jerzy Mazgaj independently held 21,465,760 shares of the Company, which constituted 9.16% of the share capital of

the Company and entitled to 21,465,760 votes at the General Shareholder Meeting of the Company, which is 9.16% in general number of votes at the General Shareholder Meeting of the Company.

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 in accordance with 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 Investment 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 General Shareholder Meeting of the Company, constituting 3.60% of the total number of votes in the Company and (ii) Forum XXIII Closed-end Investment Fund holding 9,251,040 shares of the Company, constituting 3.95% of the share capital of the Company and entitling to 9,251,040 votes at the General Shareholder Meeting of the Company, constituting 3.95% 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

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