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SZTUKA KRAWIECTWA OD 1945

VISTULA



VRG  
VISTULA RETAIL GROUP

# 3Q22 RESULTS PRESENTATION

NOVEMBER 17, 2022

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INTRODUCTION





# | 3Q22 KEY CORPORATE EVENTS



## Dividend payment

PLN 39.9m dividend payment  
on July 29, 2022.  
Dividend per share at PLN 0.17.

## Stores in new format

Vistula store in Westfield Arkadia  
in Warsaw in a refreshed concept  
(235 m<sup>2</sup>). New large-format Wólczanka  
store in Wrocław at Magnolia Park  
(125 m<sup>2</sup>).

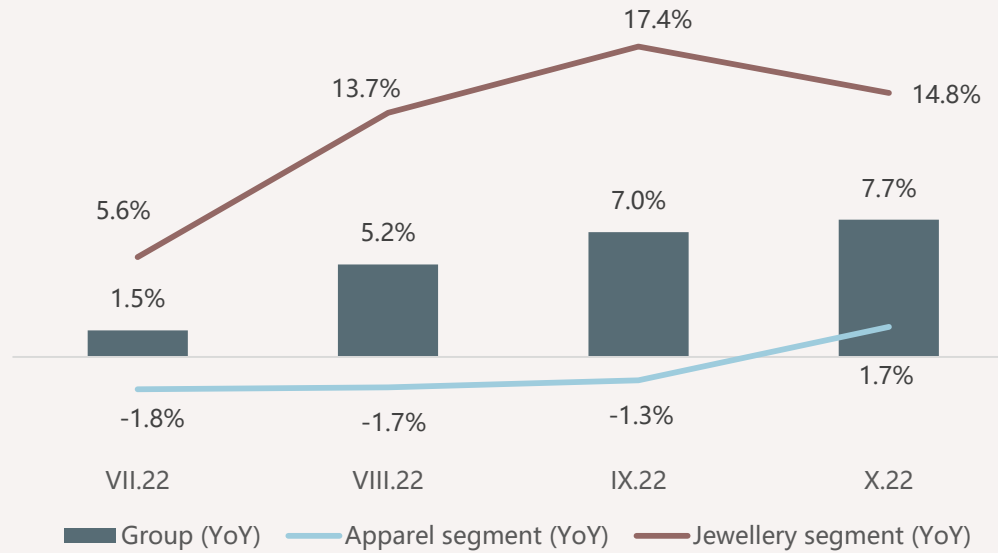
## W.KRUK new collection

Longplay collection, created by Natalia  
Kukulska and Michał Dąbrówka, in  
W.KRUK's off-line and on-line stores  
from September.

# IMPROVING GROUP SALES DYNAMICS



Revenue dynamics (PLN m)



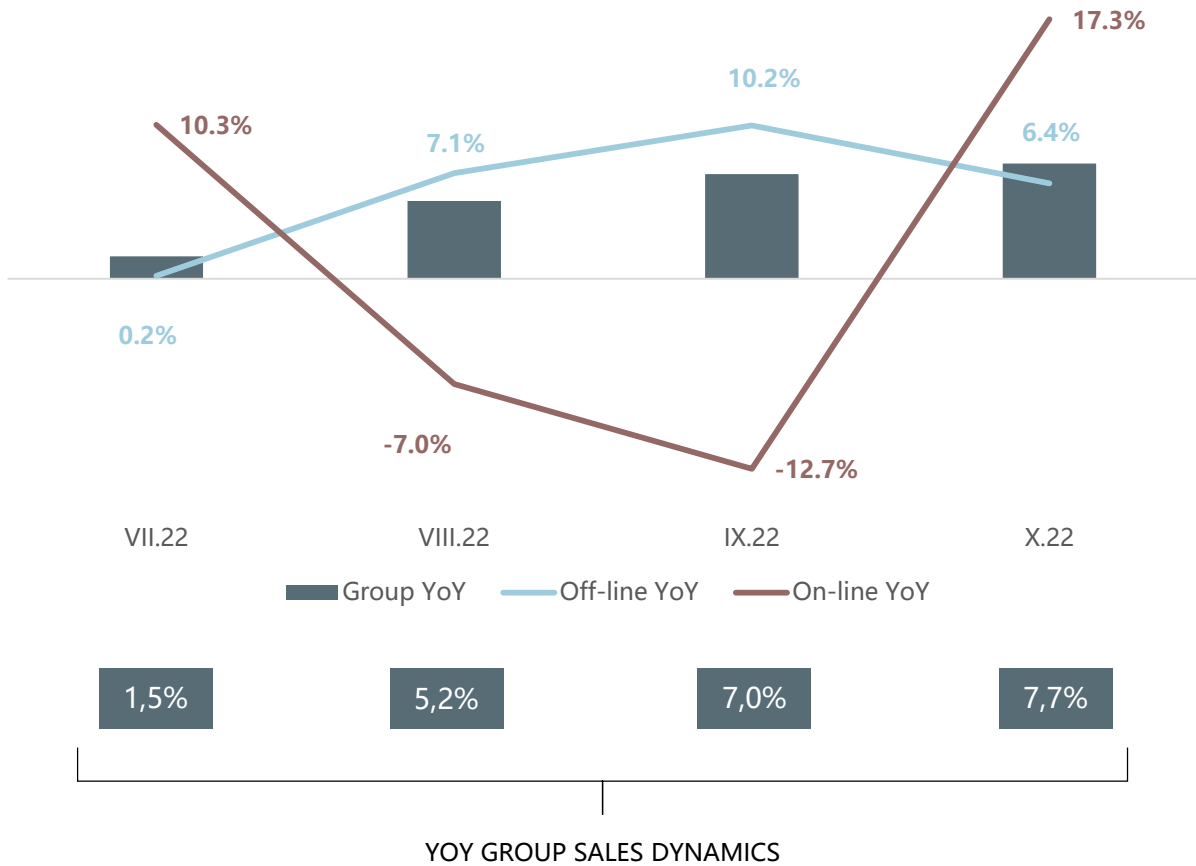
The jewellery segment showed strong dynamics, regardless of the pandemic and the war. Double-digit increases seen in every month from August to October.

Group sales increases in each month of 3Q22. Month on month higher YoY Group sales growth in 3Q22, highest in October 2022.

Strong off-season sell-offs after a very good second quarter. Positive YoY dynamics with the start of Autumn/Winter 2022/23 collection. Favorable YoY dynamics in segment revenues in October.

# GROWING STORE SALES

Revenues dynamics (PLN m)



## 1 Group

Growing Group's sales dynamics, in particular due to customers returning to traditional stores.

## 2 Stores

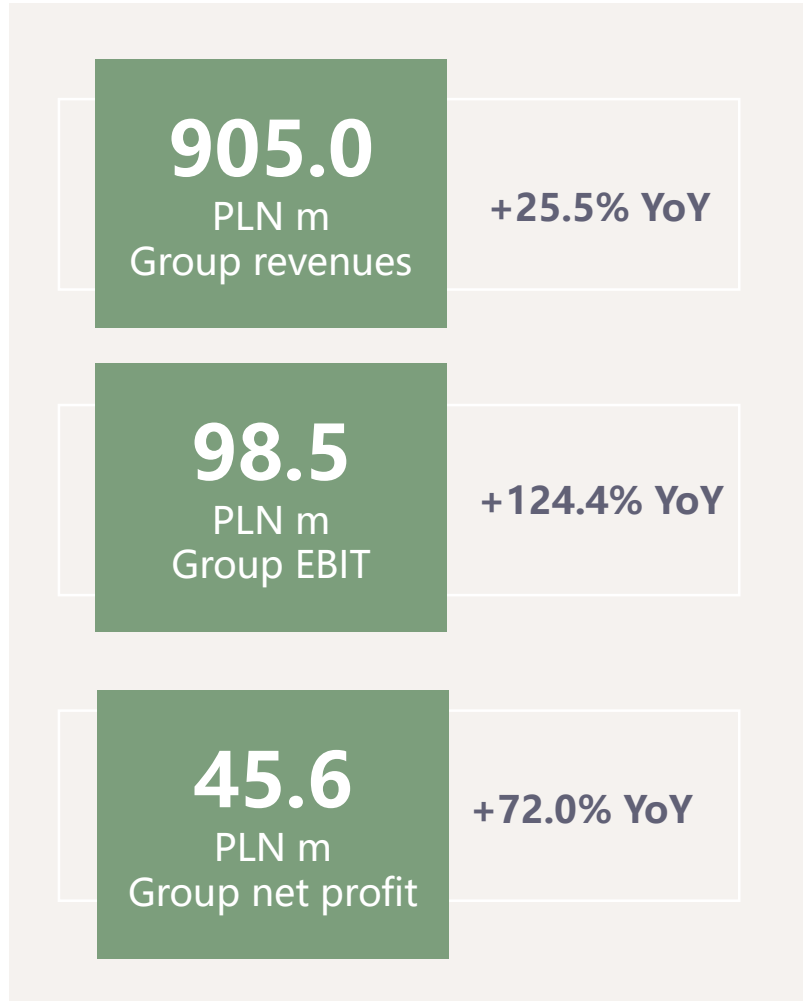
Positive sales dynamics in traditional stores from July to October.

## 3 E-stores

On-line sales influenced by strong sales recovery in traditional stores and a high base.



# STRONG 9 MONTHS 2022 WITH STABLE FLOORSPACE



Consistent delivery of 2022 targets.





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PERFORMANCE  
BY BRANDS



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# KEY TRENDS IMPACTING BRAND PERFORMANCE IN 3Q22

## New inventory management policy in the apparel segment

The aim of the policy is to maintain the highest possible share of the latest collection items in stock:

- stronger YoY promotions during sell-off seasons to sell out the inventory,
- in other periods, promotions will be limited,

to maximise the gross profit margin on sales.



## Impact of COVID-19 rental settlements on 3Q21

In accordance with the so-called Covid Law, companies with stores in shopping centers with a floorspace of more than 2,000 m<sup>2</sup> were beneficiaries of rental reductions for the period of forced closing downs in 1Q21 and 2Q21.

These exemptions were settled with a delay by the shopping centers and therefore reduced rentals in 3Q21 by PLN 11.0m, increasing the results under IAS17.



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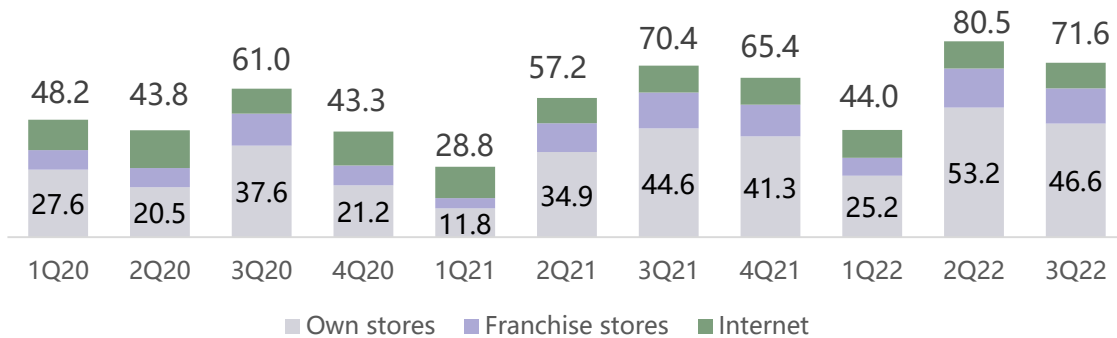
# VISTULA: OFF-LINE GROWTH

## Vistula brand network

	3Q21	3Q22	YoY
<b>Number of stores</b>	<b>146</b>	<b>142</b>	<b>-4</b>
incl. franchise	63	61	-2
<b>Floorspace (m2)</b>	<b>18,390</b>	<b>18,118</b>	<b>-1%</b>
incl. franchise	6,435	6,256	-3%
<b>Internet % sales</b>	<b>15.6%</b>	<b>14.6%</b>	<b>-1.0pp.</b>

- Vistula brand floorspace was stable YoY at the end of 3Q22, while the number of stores of the brand fell by 4 net YoY, including net loss of 2 franchise stores.
- Store floorspace decreased by 1% YoY and franchise floorspace by 3% YoY.
- Vistula brand revenues reached PLN 71.6m in 3Q22 (+1.6% YoY) due to higher conversion, but lower traffic in traditional stores.

## Vistula brand revenues (PLN m)

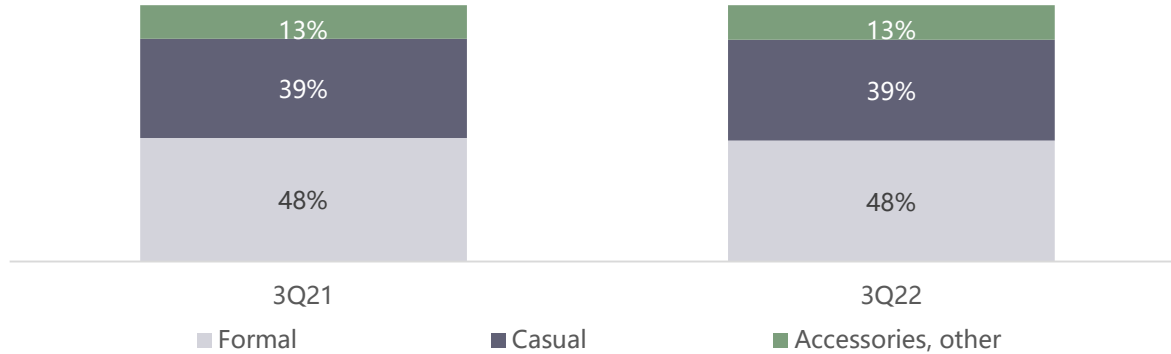


- Store revenues amounted to PLN 46.6m, +4.4% YoY, in 3Q22, as customers returned to shopping malls.
- Franchise revenues reached PLN 14.6m in 3Q22 (-1.7% YoY), while the share of franchise fell from 21.0% in 3Q21 to 20.3% in 3Q22.
- Internet revenues amounted to PLN 10.4m in 3Q22, down 5.2% YoY, partly due to delays in delivery of supplies (casual collection). Share of internet in sales at 14.6% in 3Q22, drop by 1.0 pp.



# VISTULA: STABLE SALES STRUCTURE

Vistula brand revenue split



- Positive revenue dynamics in casual, accessories and other categories.
- Stable share of formal due to return to offices and celebrations.
- YoY growth in sales/m2 due to higher conversion in traditional stores and floorspace optimisation.

Vistula brand efficiency

	3Q21	3Q22	YoY
Revenues (PLN/m2 per month)	1,269	1,301	+2.5%
Gross profit margin (%)	57.0%	52.9%	-4.1pp.
Cost of stores (PLN/m2 per month)	395	520	+31.5%
Store EBIT (PLN m)	18.2	9.3	-49.2%

- YoY decrease in gross margin - higher YoY promotions, especially in the sell-out months and lower YoY share of new collection due to delays in delivery of high-margin merchandise.
- Higher store costs/m2 due to rising rentals (low 3Q21 base due to post-lockdown rental adjustments) and salaries as well as depreciation.
- As a result, a decrease in store EBIT.



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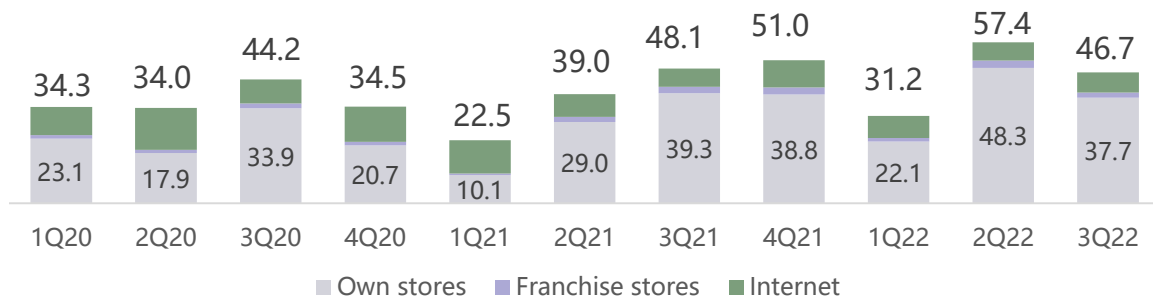
# BYTOM: DOUBLE-DIGIT ON-LINE REVENUE GROWTH

## Bytom brand network

	3Q21	3Q22	YoY
<b>Number of stores</b>	<b>115</b>	<b>106</b>	<b>-9</b>
incl. franchise	11	9	-2
<b>Floorspace (m2)</b>	<b>15,267</b>	<b>14,293</b>	<b>-6%</b>
incl. franchise	1,135	968	-15%
<b>Internet % sales</b>	<b>13.5%</b>	<b>15.4%</b>	<b>+1.9pp.</b>

- Number of Bytom stores decreased by 9 net YoY, while the number of franchise stores fell by 2 net YoY.
- Floorspace of Bytom stores decreased by 6% YoY, while franchise floorspace fell by 15% YoY.
- Retail revenues of Bytom brand amounted to PLN 46.7m in 3Q22 (-3.0% YoY).

## Bytom brand revenues (PLN m)

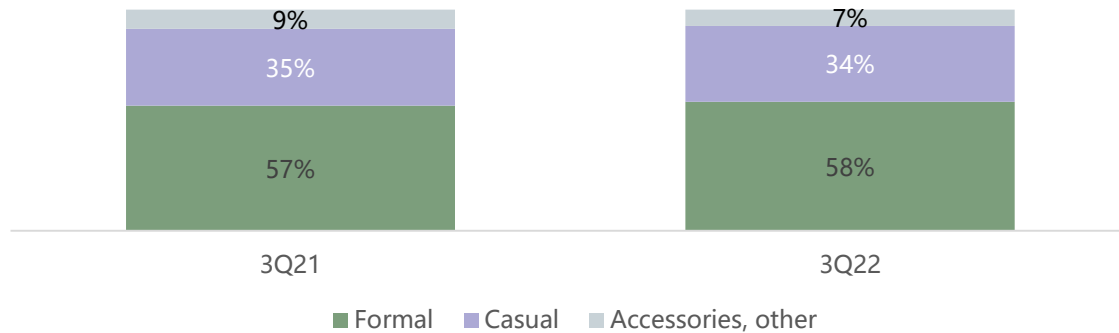


- Traditional store revenues amounted to PLN 37.7m, -4.3% YoY, in 3Q22, due to optimised number of stores and resultant reduced traffic.
- Franchise revenues amounted to PLN 1.8m in 3Q22 (-20.4% YoY), while its share in overall sales fell from 4.7% in 3Q21 to 3.9% in 3Q22.
- Internet revenues amounted to PLN 7.2m in 3Q22 (+10.7% YoY), accounting for 15.4% of 3Q22 sales, 1.9 pp. increase YoY.



# BYTOM: GROWING SALES PER M2

Bytom brand revenue split



- Three revenue categories: formal, casual, accessories and other.
- Stable share of formal and casual in sales due to return to office work and celebrations.
- Increase in sales/ m2 - improved off-line sales, demand for formal collection and lower YoY restrictions.

Bytom brand efficiency

	3Q21	3Q22	YoY
Revenues (PLN/m2 per month)	1,044	1,086	+4.1%
Gross profit margin (%)	56.0%	55.5%	-0.5pp.
Cost of stores (PLN/m2 per month)	366	498	+36.1%
Store EBIT (PLN m)	10.1	4.5	-55.3%

- Stable YoY gross margin despite increased promotions in the sell-off season.
- Store costs/ m2 increase above sales/ m2 growth due to higher rental costs (low base in 3Q21 due to post lock-down rental adjustments) and salaries.
- YoY decline in store EBIT.



WÓLCZANKA



**EXECUTIVE  
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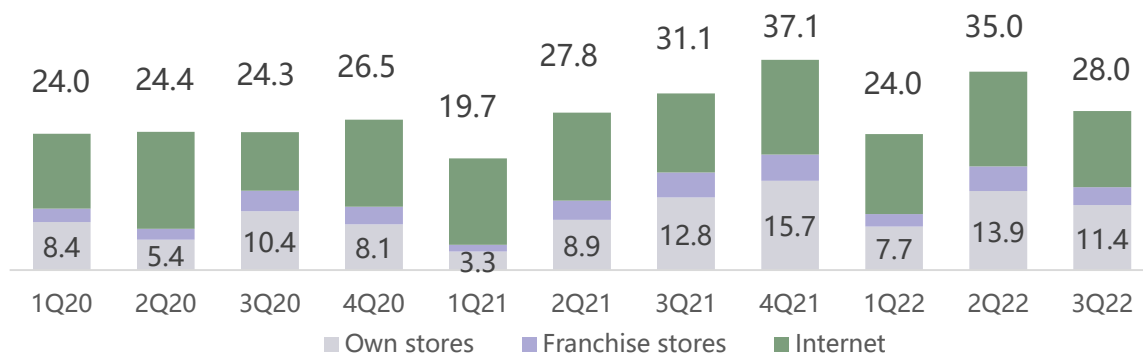
# WÓLCZANKA: BALANCE BETWEEN ON-LINE AND OFF-LINE

## Wólczanka brand network

	3Q21	3Q22	YoY
<b>Number of stores</b>	<b>119</b>	<b>107</b>	<b>-12</b>
incl. franchise	51	43	-8
<b>Floorspace (m2)</b>	<b>4,371</b>	<b>4,567</b>	<b>+ 4%</b>
incl. franchise	1,567	1,355	-14%
<b>Internet % sales</b>	<b>44.7%</b>	<b>47.9%</b>	<b>+3.2pp.</b>

- Floorspace increased by 4% YoY due to new-concept store openings, while franchise floorspace decreased by 14% YoY.
- Wólczanka network decreased by 12 stores net YoY. The close downs concerned both own boutiques - the number of stores dropped by 4 net YoY, and franchise stores – decrease by 8 YoY.
- Wólczanka revenues reached PLN 28.0m in 3Q22 (-9.9% YoY), due to a balanced share of on-line and off-line in sales.

## Wólczanka brand revenues (PLN m)



- Traditional store revenues amounted to PLN 11.4m, -10.7% YoY, in 3Q22. Sales dynamics were affected by a smaller YoY network of franchise stores.
- Franchise revenues reached PLN 3.2m in 3Q22 (-28.0% YoY). Share of franchise came in at 11.3% in 3Q22, -2.8 pp. YoY.
- Internet revenues amounted to PLN 13.4m in 3Q22 (-3.4% YoY), constituting 47.9% of sales vs 44.7% in 3Q21.



# WÓLCZANKA: A GROWING SHARE OF NEW ASSORTMENT

Wólczanka brand revenue split



- Growing share of women's collection results from successful introduction of the extended brand assortment for female customers.
- Stable share of shirts and knitwear in sales structure. Shirt sales affected by delivery delays.
- Decrease in revenue/ m2 - new large-format store concepts have not reached maturity yet.

Wólczanka brand efficiency

	3Q21	3Q22	YoY
Revenues (PLN/m2 per month)	2,374	2,028	-14.6%
Gross profit margin (%)	55.0%	52.8%	-2.3pp.
Cost of stores (PLN/m2 per month)	804	907	+12.8%
Store EBIT (PLN m)	6.6	2.3	-65.8%

- Lower YoY gross margin due to higher YoY promotions and increased share of on-line sales.
- Increase in costs/ m2 due to higher rental costs (low base in 3Q21 due to post lock-down rental adjustments) and higher depreciation.
- YoY drop in store EBIT.



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# DENI CLER: STRONG GROWTH IN GROSS MARGIN ON SALES

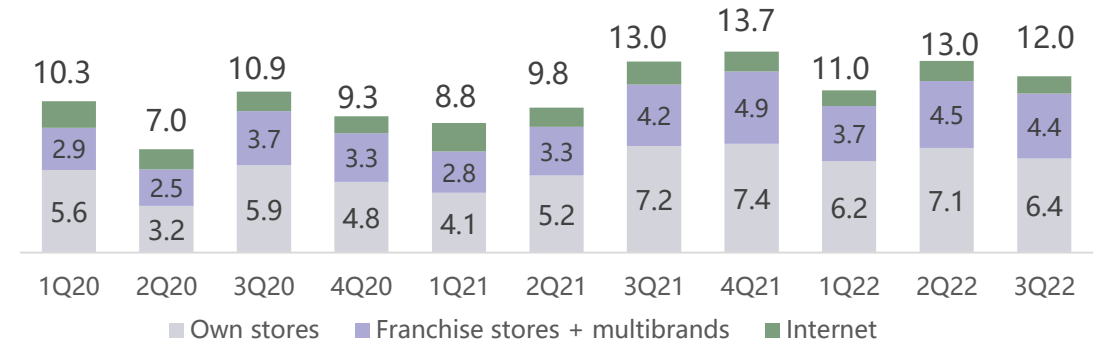
## Deni Cler brand network

	3Q21	3Q22	YoY
<b>Number of stores</b>	<b>29</b>	<b>28</b>	<b>-1</b>
incl. franchise	6	6	0
<b>Floorspace (m2)</b>	<b>2,835</b>	<b>2,799</b>	<b>-1%</b>
incl. franchise	440	440	0%
<b>Internet % sales</b>	<b>12.0%</b>	<b>9.8%</b>	<b>-2.2pp.</b>

## Deni Cler brand efficiency (PLN m)

	3Q21	3Q22	YoY
Revenues (PLN/m2 per month)	1,516	1,428	-5.8%
Gross profit margin (%)	54.3%	61.7%	+7.4pp.
Cost of stores (PLN/m2 per month)	538	601	+11,7%
Store EBIT (PLN m)	2.4	2.4	-3.7%

## Deni Cler brand revenues (PLN m)



- In 3Q22, Deni Cler brand revenues decreased by 7.7% YoY. Internet generated PLN 1.2m of revenue in 3Q22 (-24.5% YoY).
- Franchise revenues amounted to PLN 4.4m in 3Q22 (+5.6% YoY), supported by multibrand growth.
- YoY gross margin increase due to lower YoY promotions. The highest gross margin in the Group. Increase in costs/ m2 due to rising rents (low base in 3Q21 due to post lock-down rental adjustments) and commissions.
- As a result, stable store EBIT.





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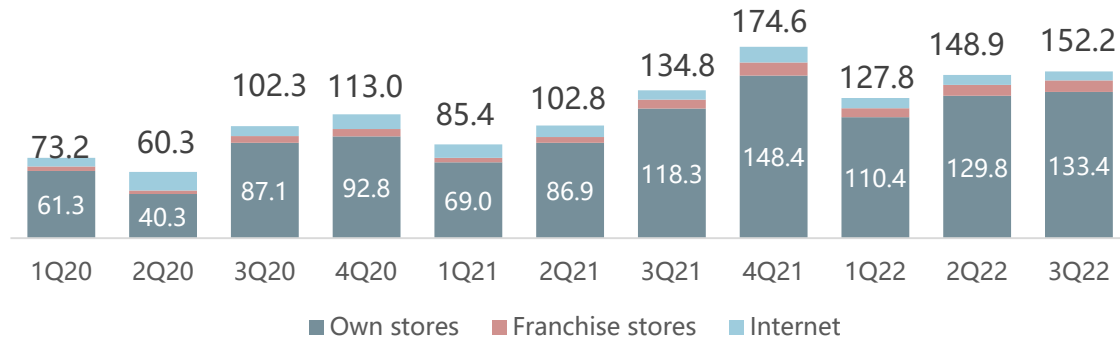
# W.KRUK: DEVELOPMENT OF THE BRAND'S FLOORSPACE

W.KRUK brand network

	3Q21	3Q22	YoY
<b>Number of stores</b>	<b>143</b>	<b>152</b>	<b>+ 9</b>
incl. franchise	21	25	+ 4
<b>Floorspace (m2)</b>	<b>11,173</b>	<b>12,262</b>	<b>+ 10%</b>
incl. franchise	1,368	1,623	+ 19%
<b>Internet % sales</b>	<b>6.1%</b>	<b>5.5%</b>	<b>-0.7pp.</b>

- Continuation of W.KRUK brand development YoY. Growth in number of stores by 9 YoY and 10% YoY increase in brand's floorspace.
- The brand already had 25 franchise stores at the end of 3Q22, 4 more YoY. Franchise store floorspace increased by 19% YoY.
- W.KRUK retail revenues in 3Q22 reached PLN 152.2m (up 12.9% YoY).

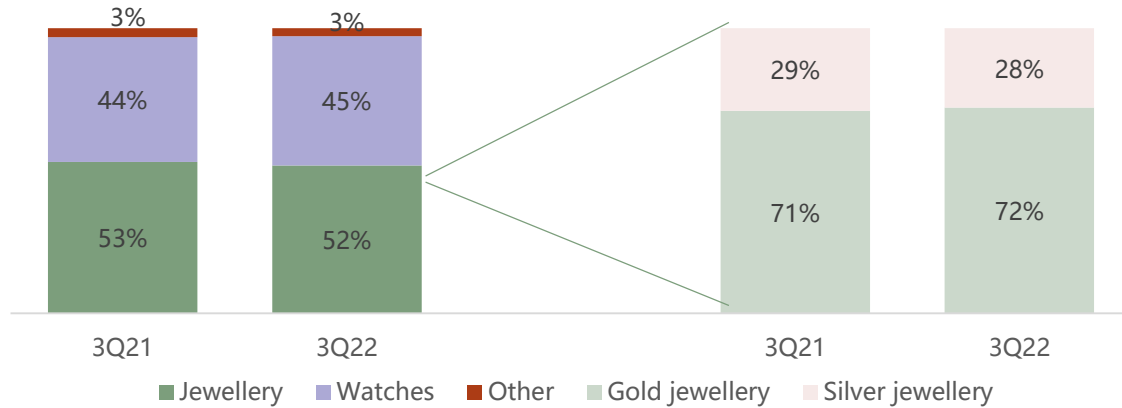
W.KRUK brand retail revenues  
(PLN m)



- Revenues from W.KRUK brand traditional stores in 3Q22 amounted to PLN 133.4m (12.8% YoY increase).
- Franchise revenues amounted to PLN 10.4m in 3Q22, an increase of 27.0% YoY, and their share in 3Q22 sales amounted to 6.8%, +0.8pp. YoY.
- Internet revenues amounted to PLN 8.3m, stable YoY. In 3Q22, internet accounted for 5.5% of sales compared to 6.1% in 3Q21.

# W.KRUK: STABLE STORE EBIT

W.KRUK brand revenue split



- Stable YoY share of watches in sales - favourable impact of expanded luxury watches offering.
- In the jewellery section in 3Q22, higher sales growth of gold jewellery than silver jewellery, favourable impact of new arrivals.
- High sales/ m2 growth in the quarter due to continued strong demand.

W.KRUK brand efficiency  
(PLN m)

	3Q21	3Q22	YoY
Revenues (PLN/m2 per month)	4,047	4,220	+4.3%
Gross profit margin (%)	52,6%	52.2%	-0.4pp.
Cost of stores (PLN/m2 per month)	876	1,049	+19.9%
Store EBIT (PLN m)	41.7	41.5	-0.4%

- Stable gross margin due to the fixed margin policy.
- Growth in costs/ m2 higher than revenue/ m2: increase in rental costs (low base in 3Q21 due to post lock-down rental adjustments), commissions and salaries.
- As a result, stable store EBIT.



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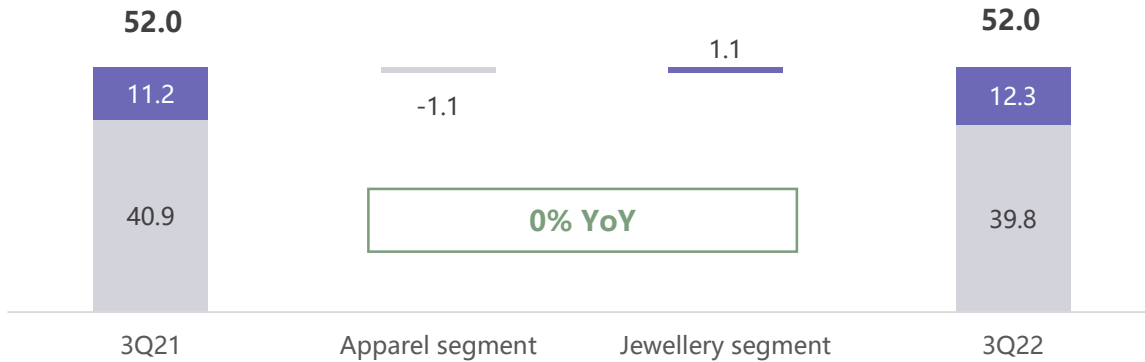
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GROUP RESULTS



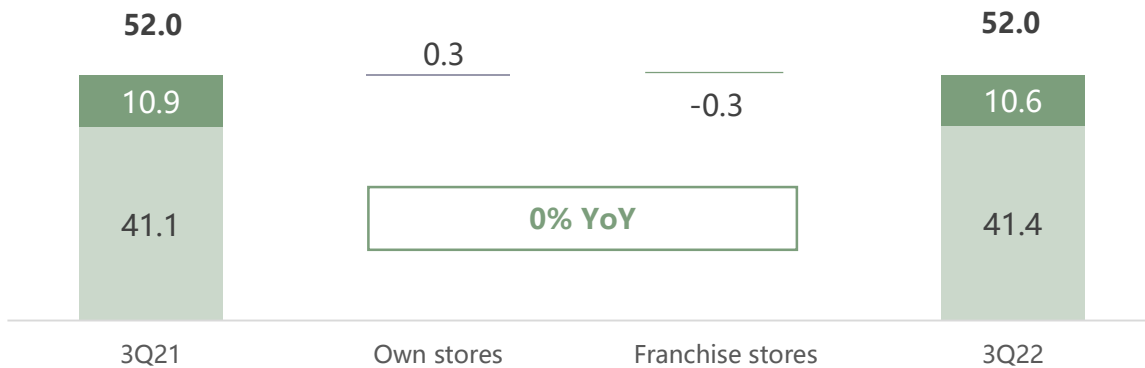
# STABLE GROUP FLOORSPACE AFTER 9 MONTHS

Group floorspace change YoY  
(ths m2)



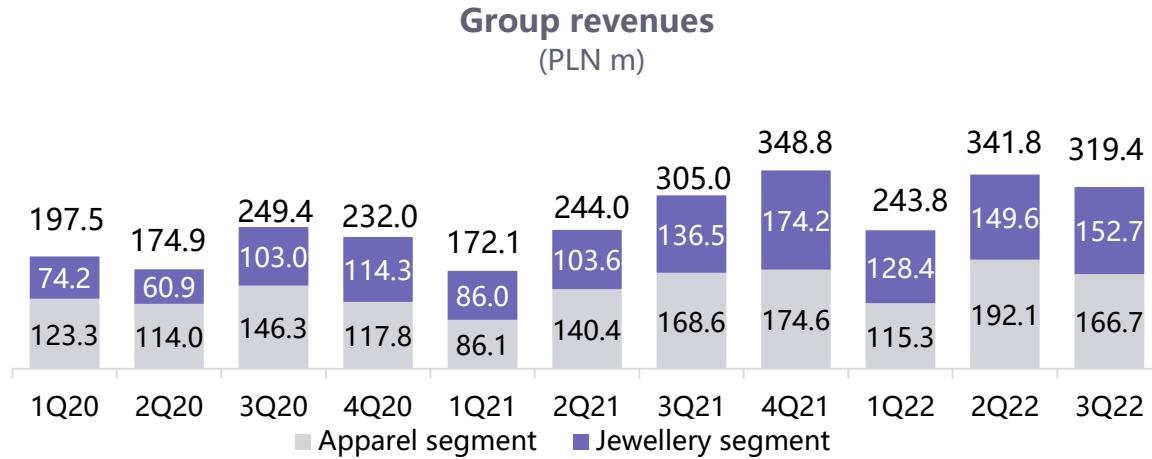
- Group floorspace reached 52.0 ths m2 at the end of 3Q22, stable YoY.
- The apparel segment floorspace fell net by 1.1 ths m2, i.e. 2.7% YoY, due to closing down of unprofitable stores.
- The jewellery segment floorspace grew 1.1 ths m2 net, up 9.7% YoY, due to development of own and franchise stores.

Group floorspace change YoY  
(ths m2)

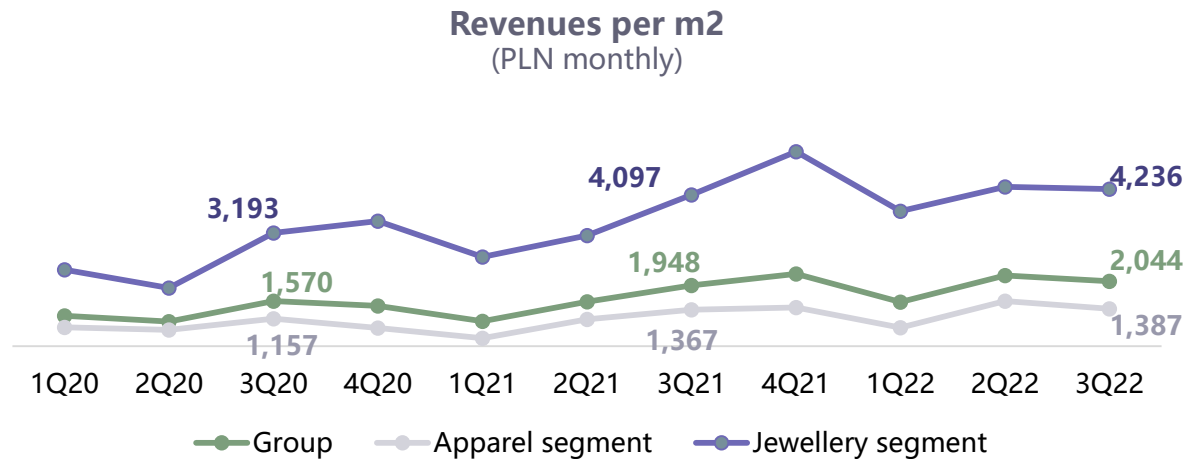


- Throughout the year, own stores floorspace increased while the franchise floorspace slightly decreased.
- Own stores floorspace reached 41.4 ths m2, 0.7% increase YoY.
- Franchise stores floorspace dropped by 0.3 ths m2 to 10.6 ths m2, i.e. by 2.8% YoY.

# FAVOURABLE TRENDS IN REVENUES/M2



- Group revenues reached PLN 319.4m in 3Q22 (+4.7% YoY), due to sales rebound in traditional stores.
- Apparel segment revenues dropped by 1.1% YoY, reaching PLN 166.7m, in 3Q22.
- Jewellery segment revenues in 3Q22 amounted to PLN 152.7m, up 11.9% YoY. Growth in share of jewellery segment from 44.7% in 3Q21 to 47.8% in 3Q22.

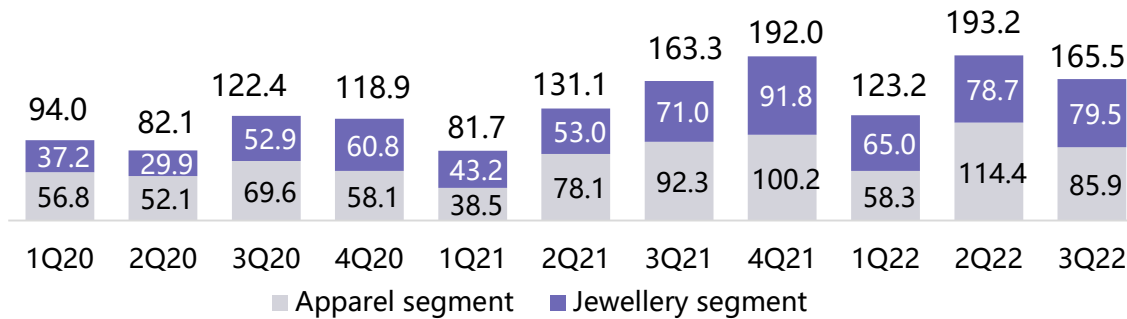


- In 3Q22 group sales/ m2 reached PLN 2,044, +4.9% YoY.
- Revenues/ m2 for the apparel segment amounted to PLN 1,387 in 3Q22, +1.4% YoY.
- Jewellery segment revenues/ m2 reached PLN 4,236 in 3Q22, up 3.4% YoY.



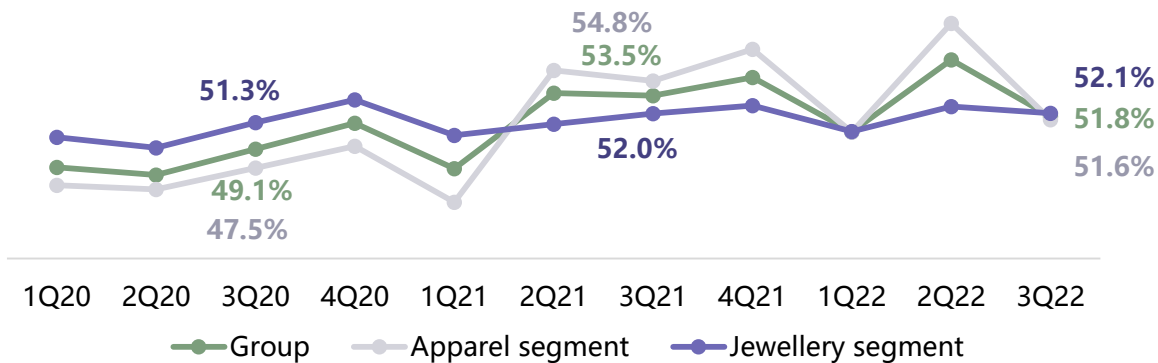
# STABLE GROSS PROFIT ON SALES

Gross profit on sales  
(PLN m)



- Group gross profit on sales amounted to PLN 165.5m in 3Q22 (+1.3% YoY).
- In 3Q22 gross profit on sales in apparel segment reached PLN 85.9m, drop by 6.9% YoY due to increased sell-offs of older collections during the holiday season.
- Gross profit on sales of the jewellery segment in 3Q22 amounted to PLN 79.5m, +12.0% YoY.

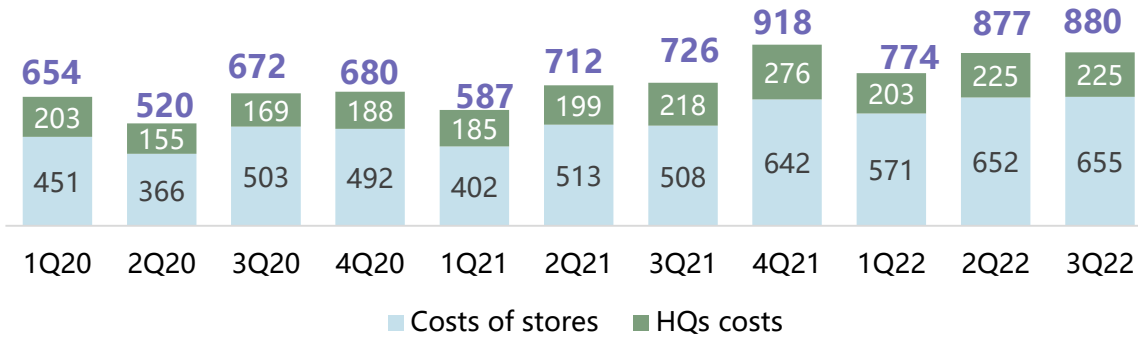
Gross profit on sales margin



- Group gross profit margin reached 51.8% in 3Q22, -1.7pp. YoY, due to stronger sell-offs in the apparel segment.
- The apparel segment gross profit margin decreased by 3.2pp. YoY to 51.6% in 3Q22, due to higher YoY sell-out of older collections.
- The jewellery segment in 3Q22 noted a stable YoY gross profit margin, at 52.1% level, due to a fixed margin policy.

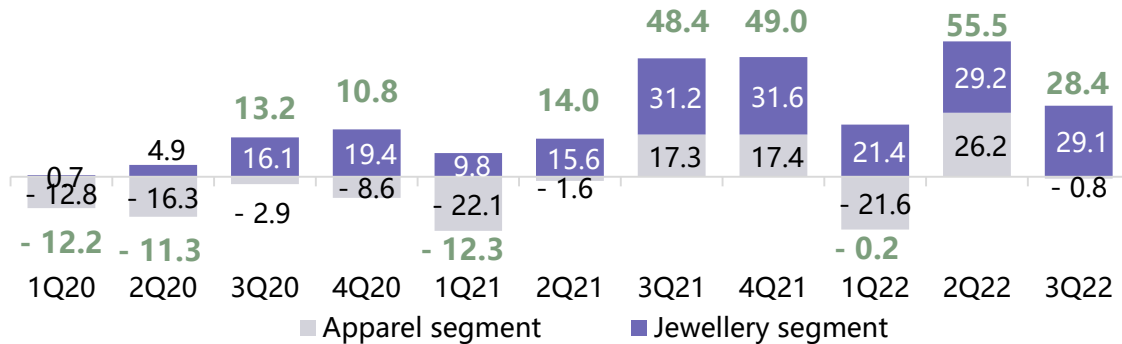
# SG&A/M2 QOQ COSTS STABILIZATION

Monthly operating costs per m2  
(PLN, IAS17)



- Group operating costs/m2 (IAS17) reached in 3Q22 PLN 880/m2 per month, up 21.3% YoY.
- Costs of stores at PLN 655/m2 (+28.9% YoY), while HQs costs/m2 at PLN 225/m2, +3.4% YoY (under IAS17).
- Under IAS17, the apparel segment costs reached PLN 726/m2 in 3Q22, up 21.2% YoY, while the jewellery segment costs in 3Q22 amounted to PLN 1,395/m2 per month, up 16.6% YoY.

Operating profit  
(PLN m, IAS17)



- EBIT profit reached PLN 28.4m in 3Q22 under IAS17. 41.4% YoY drop is primarily due to the apparel segment and favorable impact of PLN 11.0m of rental reductions under IAS17 (PLN 7.6m in the apparel segment) on 3Q21 results.
- 3Q22 EBIT loss of the apparel segment amounted to PLN 0.8m under IAS17 (PLN 2.6m EBIT profit under IFRS16) compared to PLN 17.3m EBIT in 3Q21.
- Operating profit of the jewellery segment under IAS17 reached PLN 29.1m in 3Q22, -6.6% YoY (PLN 30.8m under IFRS16).

# SIGNIFICANT IMPACT OF FX LOSSES ON 3Q22

PLN m, IFRS16	3Q21	3Q22	YoY
<b>Revenues</b>	<b>305.0</b>	<b>319.4</b>	<b>4.7%</b>
Gross profit on sales	163.3	165.5	1.3%
<i>Gross profit on sales margin</i>	<i>53.5%</i>	<i>51.8%</i>	<i>-1.7pp.</i>
SG&A costs	119.2	132.6	11.3%
<b>EBIT</b>	<b>43.0</b>	<b>33.3</b>	<b>-22.5%</b>
<i>EBIT margin</i>	<i>14.1%</i>	<i>10.4%</i>	<i>-3.7pp.</i>
Net financial activity	-13.2	-21.6	
<b>Net profit</b>	<b>23.7</b>	<b>9.2</b>	<b>-61.2%</b>
<i>Net margin</i>	<i>7.8%</i>	<i>2.9%</i>	<i>-4.9pp.</i>
<b>EBITDA</b>	<b>67.7</b>	<b>60.6</b>	<b>-10.4%</b>
<i>EBITDA margin</i>	<i>22.2%</i>	<i>19.0%</i>	<i>-3.2pp.</i>
PLN m, IAS17	3Q21	3Q22	YoY
SG&A costs	113.7	137.5	20.9%
<b>EBIT</b>	<b>48.4</b>	<b>28.4</b>	<b>-41.4%</b>
<b>Net profit</b>	<b>36.1</b>	<b>16.3</b>	<b>-54.9%</b>
<b>EBITDA</b>	<b>53.7</b>	<b>33.6</b>	<b>-37.4%</b>

- Revenues higher YoY due to favorable trends in both segments.
- Gross margin impacted by higher YoY sell-offs in the apparel segment.
- More favorable YoY balance of other operating activities due to PLN 2.1m reversal of write-downs on inventories in 3Q22.
- Difference between the result under IFRS16 and IAS17 results from rental recognition - straight-line depreciation under IFRS16. Favorable impact of PLN 11.0m rental reductions (including PLN 7.6m in the apparel segment) under IAS17 in 3Q21.
- Less favorable YoY balance of net financing activities:
  - IFRS16: PLN 12.5m FX losses in 3Q22 vs. PLN 8.3m in 3Q21,
  - IAS17: PLN 6.7m FX losses in 3Q22 vs. PLN 1.9m FX losses in 3Q21,
  - IFRS16 interest amounted to PLN 1.3m in 3Q22 vs. PLN 1.4m in 3Q21.



# HIGH GROWTH AT ALL PROFIT LEVELS

PLN m, IFRS16	9M21	9M22	YoY
<b>Revenues</b>	<b>721.1</b>	<b>905.0</b>	<b>25.5%</b>
Gross profit on sales	376.2	481.9	28.1%
<i>Gross profit on sales margin</i>	<i>52.2%</i>	<i>53.2%</i>	<i>1.1pp.</i>
SG&A costs	325.0	382.8	17.8%
<b>EBIT</b>	<b>43.9</b>	<b>98.5</b>	<b>124.4%</b>
<i>EBIT margin</i>	<i>6.1%</i>	<i>10.9%</i>	<i>4.8pp.</i>
Net financial activity	-9.9	-40.6	
<b>Net profit</b>	<b>26.5</b>	<b>45.6</b>	<b>72.0%</b>
<i>Net margin</i>	<i>3.7%</i>	<i>5.0%</i>	<i>1.4pp.</i>

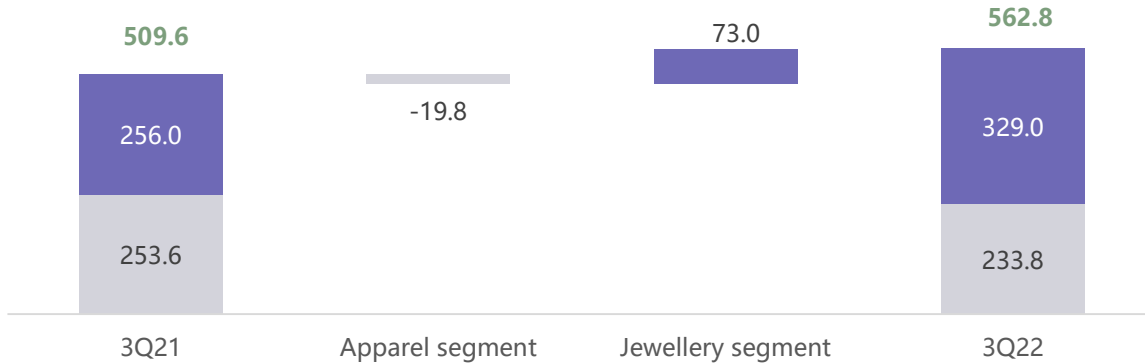
<b>EBITDA</b>	<b>121.9</b>	<b>180.2</b>	<b>47.8%</b>
<i>EBITDA margin</i>	<i>16.9%</i>	<i>19.9%</i>	<i>3.0pp.</i>

PLN m, IAS17	9M21	9M22	YoY
SG&A costs	318.5	396.8	24.6%
<b>EBIT</b>	<b>50.1</b>	<b>83.6</b>	<b>67.0%</b>
<b>Net profit</b>	<b>35.7</b>	<b>51.2</b>	<b>43.7%</b>
<b>EBITDA</b>	<b>66.0</b>	<b>99.8</b>	<b>51.2%</b>

- Sales and gross sales margin higher YoY due to favorable trends in both segments.
- More favorable YoY balance of other operating activities:
  - PLN 9.4m write-down on inventories in 9M21 as compared to PLN 3.3m reversal of write-downs on inventories in 9M22,
  - PLN 8.8m salaries' subsidy from Social Security Fund (ZUS) in 9M21 as compared to PLN 0m subsidies from the Guaranteed Employee Benefits Fund in other operating income in 9M22.
- Difference between the result under IFRS16 and IAS17 results from rental recognition - straight-line depreciation under IFRS16 and the impact of rental reductions on 9M21.
- Unfavorable YoY balance of net financing activities:
  - IFRS16: PLN 18.1m FX losses in 9M22 vs. PLN 0.8m losses in 9M21,
  - IAS17: FX losses of PLN 12.7m in 9M22 vs. PLN 0.7m losses in 9M21,
  - IFRS16 interest was PLN 3.7m in 9M22 vs. PLN 4.2m in 9M21,
  - negative loan valuation at amortised cost was PLN 2.4m in 9M22 vs. PLN 0.4m in 9M21 (increase in interest rates).
- Significant YoY improvement in net profit.

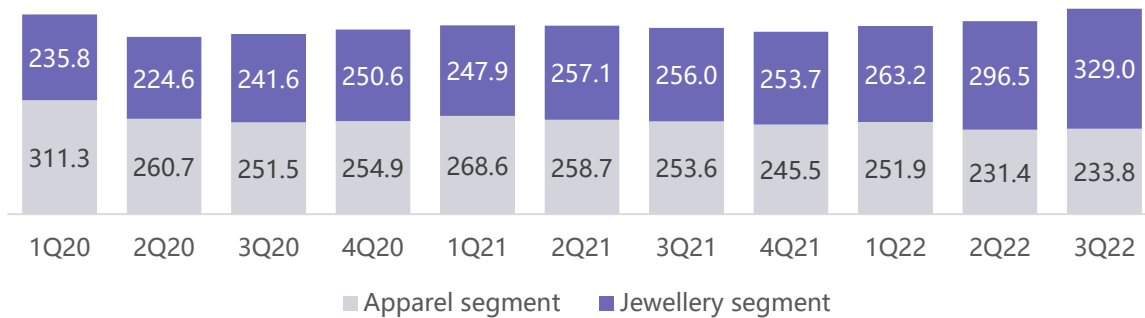
# INVENTORY INCREASE FOR AN EXPECTED STRONG 4Q22

Change in inventories  
(PLN m)



- Increase in inventories by 10.4% YoY to PLN 562.8m in 3Q22 due to preparations for a strong 4Q22.
- Apparel segment inventory declines continued - a 7.8% YoY decrease in 3Q22 due to order optimisation and stronger YoY holiday season sell-offs.
- Jewellery segment inventories increased 28.5% YoY due to accomplished and planned network expansion and increased cost of purchase.

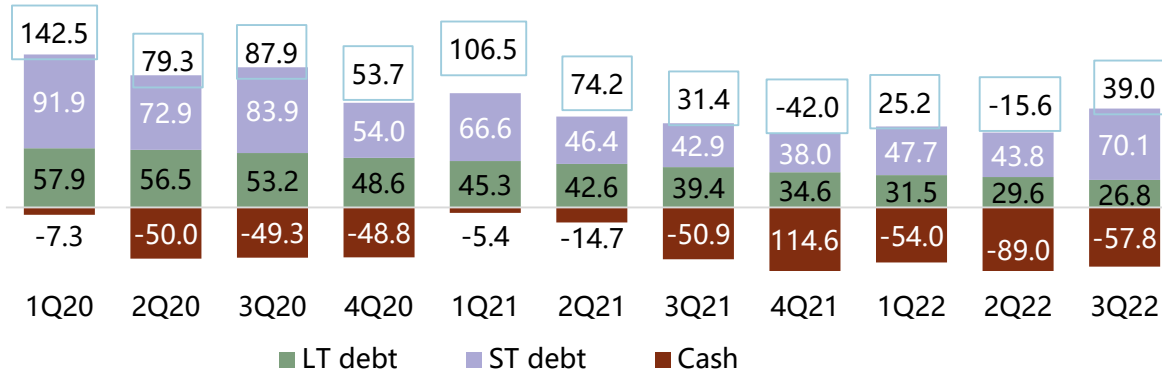
Inventory by segments  
(PLN m)



- Group inventory/ m2 reached PLN 10,815 at the end of 3Q22, +10.4% YoY.
- Apparel segment inventory per m2 reached PLN 5,877, down 5.3% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 26,835, up 17.1% YoY (rising prices, stocking up for openings in 4Q22).

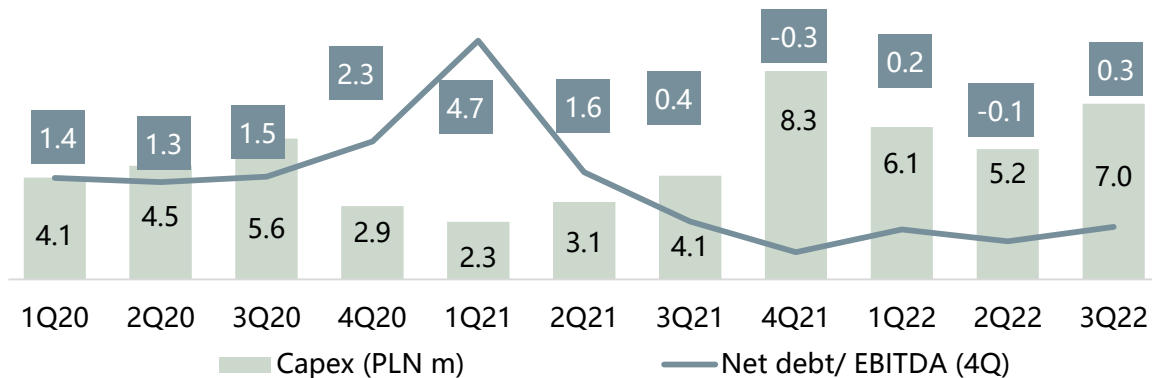
# SAFE DEBT LEVEL

**Net debt / (net cash)**  
(PLN m, IAS17 plus reverse factoring)



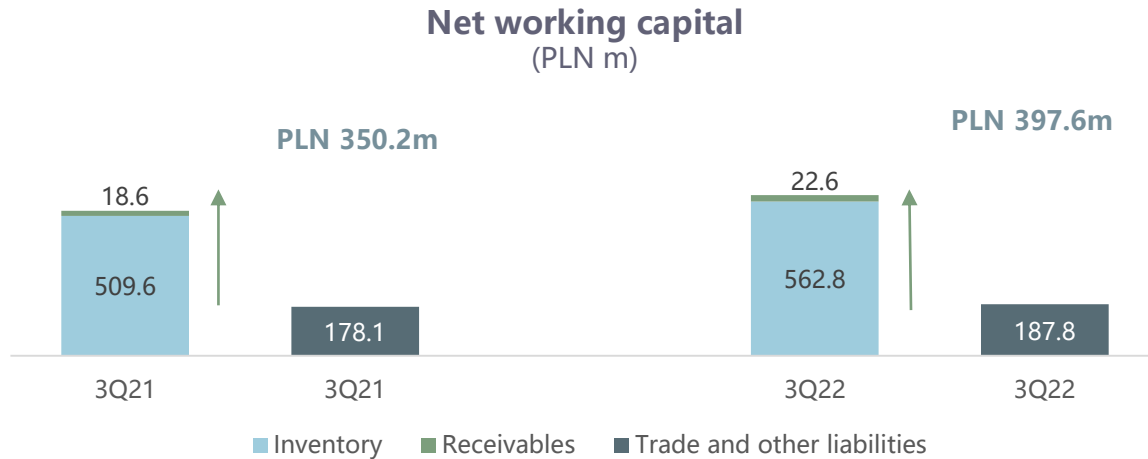
- Long-term and short-term indebtedness shown together with reverse factoring and financial leases, yet excluding leases from IFRS16. Financial leases under IFRS16 at PLN 328.8m in 3Q22.
- Planned reduction of long-term debt. Usage of reverse factoring for supply chain financing reached PLN 22.8m in 3Q22.
- Group's net debt under IAS17 came in at PLN 39.0m at the end of 3Q22, +24.4% YoY.

**Capex vs. net debt/EBITDA**  
(IAS17)

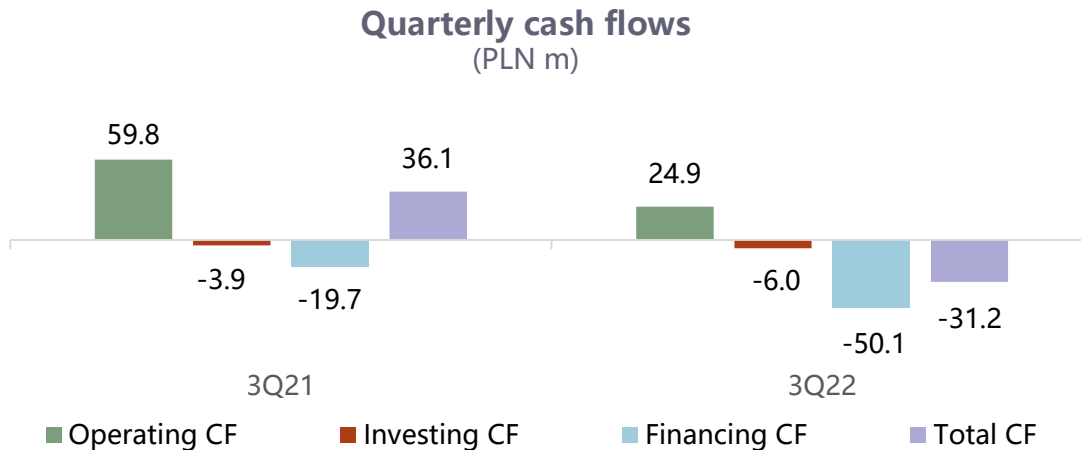


- Net debt/EBITDA (4Q, IAS17) at 0.3x – stable YoY due to increasing EBITDA and long-term debt reduction.
- Excluding reverse factoring, the Group's net cash ratio would come at 0.1x.
- Higher YoY capital expenditure in 3Q22, due to carried out renovations and openings of new own stores (new concepts in the apparel segment, new W.KRUK stores).

# CASH FLOW INFLUENCED BY DIVIDEND



- Inventories increasing YoY: decrease in the apparel segment, growth in the jewellery segment (preparation for key 4Q22).
- YoY increase in receivables due to higher YoY prepayments (Autumn/Winter collection orders).
- Slightly higher YoY liabilities due to increased inventory levels in the jewellery segment.



- Operating cash flow in 3Q22 lower YoY due to lower gross profit and higher YoY inventory.
- Higher YoY net capital expenditure - in 3Q21 YoY reduction in expenditure due to network optimisation and lock-down, 3Q22 return to modernisation and openings.
- Financing cash flows reflect payment of first dividend in years (PLN 39.9m paid in July 2022).



VISTULA

BYTOM  
SZTUKA KRAMIĘCTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

WKURK  
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2022+ OUTLOOK



# | STRONG YEAR-END EXPECTED

10.22

- Group sales increased to PLN 89.9m, +7.7% YoY
- revenues of the apparel segment at PLN 46.1m, +1.7% YoY
- revenues of the jewellery segment at PLN 43.8m, +14.8% YoY

11.22

- Black Friday and Cyber Monday crucial for November results
- on-line and off-line stores prepared for increased traffic
- market-attractive discount offer for customers

12.22

- key events: Feast of Saint Nicholas, Christmas and New Year's Eve
- apparel segment supported by celebrations, reinforced communication aimed at these celebrations
- traditionally the best month for W.KRUK, both in jewellery and watches sales





# | VISTULA - OFFICIAL TAILOR OF THE REPRESENTATION



Vistula brand, an official partner of the Polish Football Association, designed and made the formal attire for the Polish national football team for the World Cup in Qatar.

A minimalist, modern navy-blue suit paired with a shirt in the same color and sporty shoes available in traditional and on-line stores from 26<sup>th</sup> October.

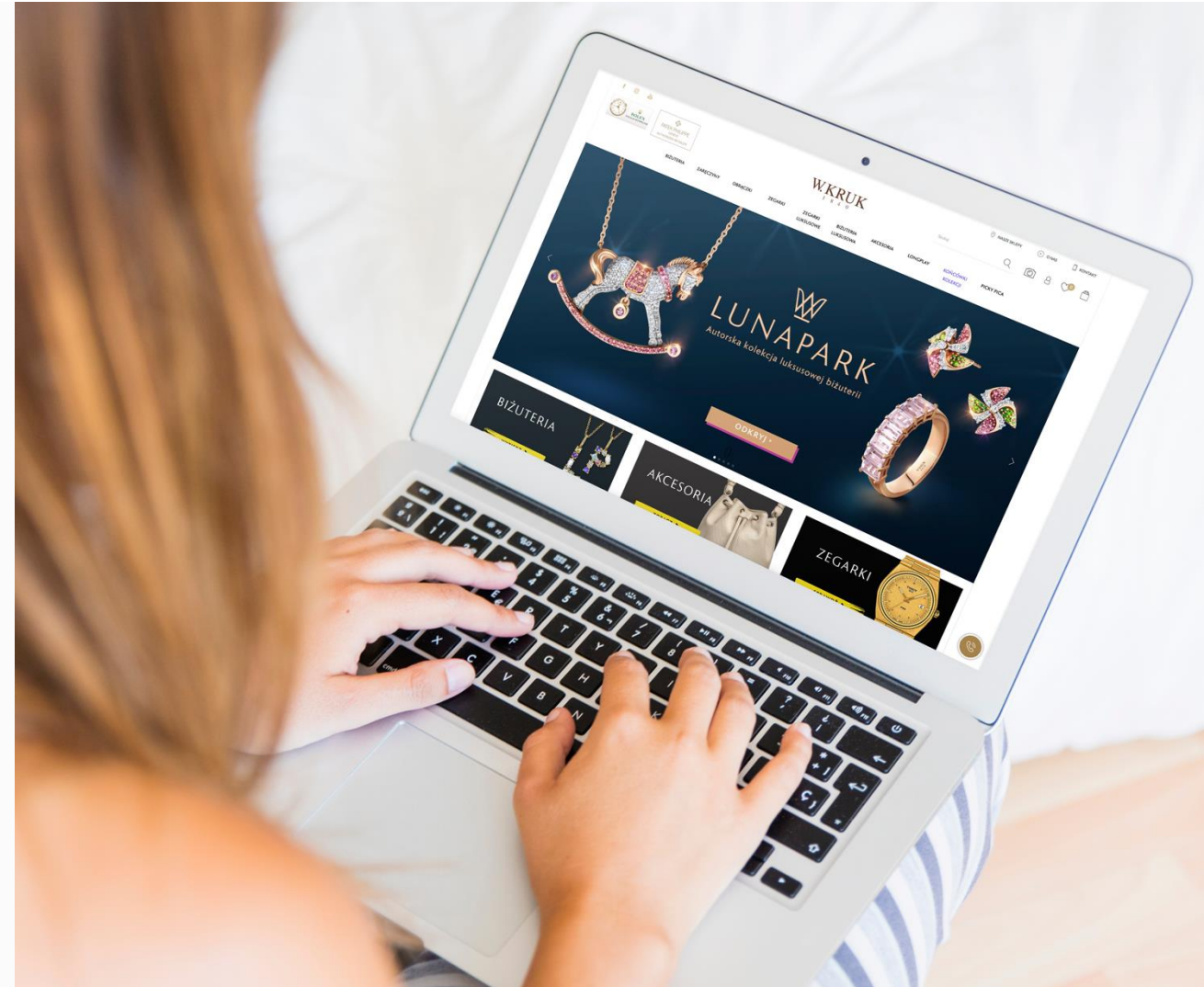
The brand also offers a special line of products inspired by the official World Cup monolook.

# | FOCUS ON CUSTOMER CONVENIENCE

Omnichannel solution implementation:  
ability to pick up and return on-line  
purchases in off-line stores.

Preparation for the high season: express  
deliveries on offer, particularly before  
public holidays.

Improved website functionality and  
enhanced sales applications.





# PREPARATIONS FOR DECEMBER IN THE JEWELLERY SEGMENT

## JEWELLERY



The new LONGPLAY ambassador collection created by Natalia Kukulska and Michal Dabrowka. The collection features jewellery inspired by musical symbols made of silver, gilded and embellished with black enamel for men and women, as well as timeless accessories.

In addition, first-ever designer collection of gemstone-embellished luxury jewellery – Lunapark – completes the brand's diamond range.

## ACCESSORIES



W.KRUK accessories are made with the highest precision in Polish manufacturing facilities. These are distinguished by selection of the highest quality Italian leather and materials.

Among accessories, customers will find bags, wallets and cases as well as silk scarves and neckerchiefs and W.KRUK's signature perfumes.

## WATCHES



A wide range of watches from different price levels. Continued development of the luxury watches segment.

Development of the luxury jewellery offer in W.KRUK network: Birks, Recarlo, Pasquale Bruni, Marco Bicego and Hulchi Belluni.

Introduction of insurance for watches, a unique offer for W.KRUK customers, for each price segment.

# | 2022 TARGETS MAINTAINED

1

Continuation of double-digit Group sales growth.

2

YoY improvement in gross margin - more effective discount policy.

3

Increase in operating margin due to the positive effect of operating leverage.

4

YoY improvement of Capital Group results.

5

Safe liquidity position.



# GROWTH OF FLOORSPACE IN BOTH SEGMENTS IN 2023

		2021	2022 target	2023 target	YoY
APPAREL SEGMENT	stores	404	384	376	- 8
	m2	40,930	39,999	41,259	+ 3%
JEWELLERY SEGMENT	stores	146	153	160	+ 7
	m2	11,394	12,336	13,014	+ 6%
TOTAL	stores	550	537	536	- 1
	m2	52,324	52,334	54,273	+ 4%

Return to floorspace growth in the apparel segment in 2023. Continued growth in the jewellery segment. New gross floorspace (c. 2,200 m2 in 2023) will replace closed unprofitable Group stores.

Planned capex in 2023 at around PLN 42m (mainly for modernisation of stores, delayed in Covid years) compared to PLN 33m planned for 2022.

Growth through own stores. Floorspace of franchise stores targeted at 10.7 ths m2 at the end of 2023 (10.6 ths m2 at the end of 2022, stable YoY).





# | PLANS FOR 2023

## Diversified capital group

VRG's Management Board is continuously monitoring the sales and margin performance of all brands and will flexibly adapt its actions to the market situation.

## 2023 targets

- continuing revenue growth in both segments
- work on gross margin improvement in an inflationary environment
- safe financial position



Growth drivers

Apparel segment:  
new formal and  
casual collections,  
new store formats

Jewellery  
segment:  
new jewellery  
collections,  
accessories, wide  
range of watches

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

WKRUK  
1 9 4 0

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Q&A





VISTULA

BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER

MILANO

WKURK

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BACK-UP



# | NEW COLLECTIONS IN ALL BRANDS IN 3Q22

V I S T U L A

INCREASED SALES  
IN TRADITIONAL  
STORES.

BYTOM

SZTUKA KRAWIECTWA OD 1945

GROWING SHARE  
OF INTERNET  
IN SALES.

WÓLCZANKA

HIGHEST SHARE OF  
THE INTERNET.



W. KRUK  
1 8 4 0

FASTEST GROWTH IN  
FLOORSPACE.

DENI CLER  
MILANO

HIGHEST GROSS  
MARGIN.



# VISTULA: EXECUTIVE SUMMARY

## AUTUMN/WINTER COLLECTION 2022/23

- The campaign under the slogan VISTULA ON THE GO. Find what defines you. encourages customers to explore and define their style. The campaign is conducted on-line and in the press.
- In the Autumn/Winter season, the brand focuses on layered silhouettes complemented by warm outer garments. Vistula encourages clients to play with structure and create tonal contrasts. In the formal collection, both women and men will find various pieces of elegant clothing that have been created from high-quality materials.
- Vistula, as the official tailor of the national team and partner of the Polish Football Association, has created formal attire for the Polish national football team for the World Cup in Qatar. Fans will be able to purchase a replica of this kit in traditional and on-line stores from 26<sup>th</sup> October. The brand also offers a special line of products inspired by the official World Cup monolook.
- At the end of August, the latest Vistula brand store in a new concept with a floorspace of 235 m2 was launched at Westfield Arkadia in Warsaw. The new concept is distinguished by modified display (assortment presented on one level, at the customer's eyesight) and spaces separated for the women's collection and accessories.

## VISTULA (FASHION FOR MEN AND WOMEN)

- Traditional tailoring and global trends – modern, original and individual style
- Men's collection: VISTULA, and women's: VISTULA WOMAN
- „Made to Measure”service available in selected brand's stores

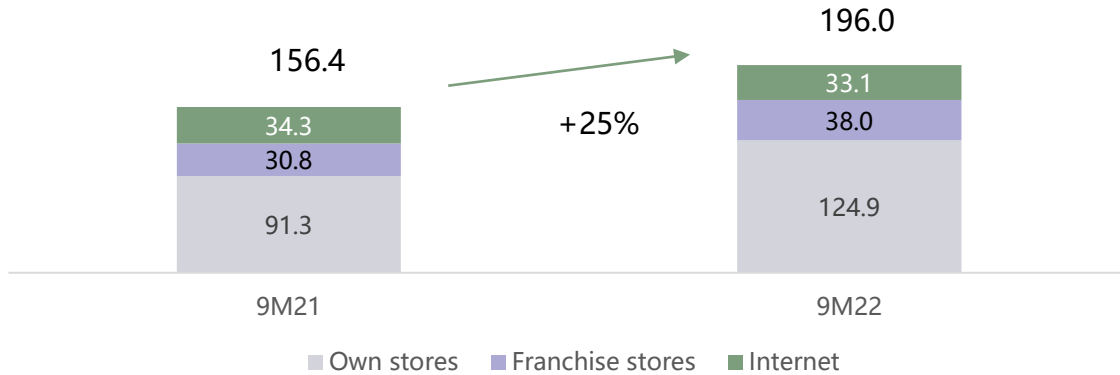
## NETWORK DEVELOPMENT

- In 3Q22, the net number of the brand's stores fell by 2 QoQ (1 own store and 1 franchise store net).



# VISTULA: DOUBLE-DIGIT INCREASES IN STORE EBIT

Vistula brand revenues  
(PLN m)



- Vistula brand revenues amounted to PLN 196.0m in 9M22, growing by 25.3% YoY. The brand's stores generated PLN 124.9m, +36.9% YoY, due to demand recovery in shopping centers.
- Franchise revenues amounted to PLN 38.0m in 9M22, +23.4% YoY. The share of franchise was 19.4% in 9M22, relatively stable YoY.
- Internet revenues amounted to PLN 33.1m in 9M22, -3.6% YoY. Internet's share of 9M22 sales was 16.9%, compared to 22.0% in 9M21.

Vistula brand efficiency

	9M21	9M22	YoY
Revenues (PLN/m2 per month)	938	1,182	26.0%
Gross profit margin (%)	55.5%	56.8%	1.3pp.
Cost of stores (PLN/m2 per month)	362	486	34.5%
Store EBIT (PLN m)	26.5	30.7	16.0%

- YoY sales/ m2 increase due to stronger rebound in traditional stores.
- YoY increase in gross margin due to lower YoY promotions, especially in 1H22.
- Increase in store costs/ m2 above sales/ m2 growth: rising rentals (low base of 3Q21 alone due to post-lockdown rent adjustments), commissions and salaries.



# | BYTOM: EXECUTIVE SUMMARY

## AUTUMN/WINTER COLLECTION 2022/23

- The brand's new campaign under the slogan Woven Stories is a nod to art, culture and history. The inspiration and leitmotif of the campaign is the artisanal world of weaving - the Wawel Castle tapestries, which intermingles with the world of artisanal tailoring of the Bytom brand. The campaign was created in the interiors of the Wawel Royal Castle.
- The limited BYTOM x BEKSIŃSKI collection is a continuation of presentation of selected and characteristic works of the master of Polish painting: Zdzisław Beksiński. This time, the essence of the collection is the full image transferred onto a t-shirt or sweatshirt, sometimes complemented by the original signature of the artist.
- The BYTOM x Wawel Royal Castle limited edition is a collection depicting the unique collection of arrasés of King Zygmunt August, in the form of prints on t-shirts and sweatshirts.
- In 3Q22, there was a change to the loyalty programme regarding privileges and facilities - a new club application was introduced, making it easier to make purchases.

## BYTOM (FASHION FOR MEN)

- A Polish brand with a tradition of tailoring craftsmanship dating back to 1945
- "Made to Measure" service available in selected brand stores, fostering the traditional values of the brand
- Men's formal fashion and smart casual

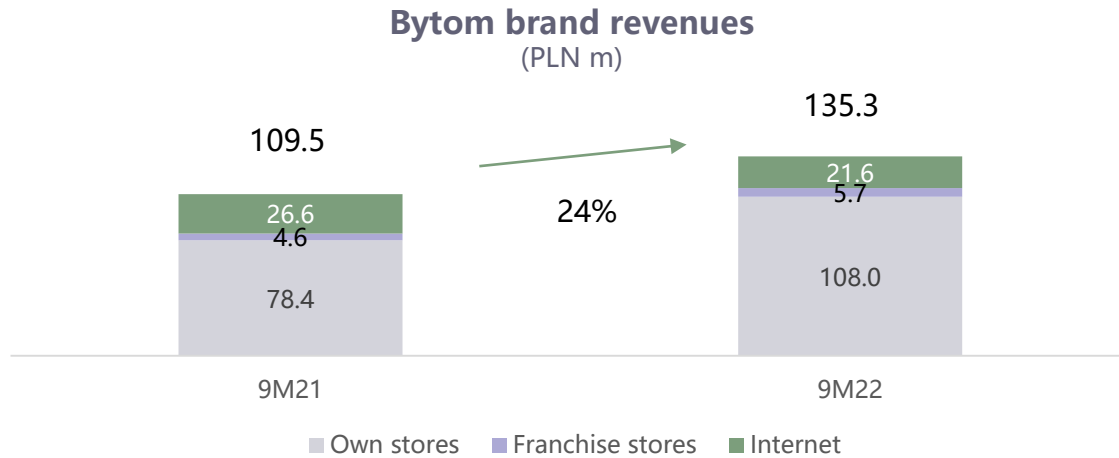
## NETWORK DEVELOPMENT

- In 3Q22, the number of stores fell by 3 stores net QoQ, including closings of own stores (2 stores net) and franchise (1 store net).





# BYTOM: HIGH DOUBLE-DIGIT GROWTH IN STORE EBIT



- Bytom brand revenues amounted to PLN 135.3m in 9M22, growing by 23.5% YoY. The brand's stores generated PLN 108.0m, +37.8% YoY.
- Franchise revenues amounted to PLN 5.7m in 9M22, +23.6% YoY. The franchise share amounted to 4.2%, stable YoY.
- Internet revenues amounted to PLN 21.6m in 9M22, -18.7% YoY. Internet's share in 9M22 sales was 16.0% compared to 24.2% in 9M21.

## Bytom brand efficiency

	9M21	9M22	YoY
Revenues (PLN/m2 per month)	791	1,022	29.3%
Gross profit margin (%)	53.4%	57.5%	4.1pp.
Cost of stores (PLN/m2 per month)	368	482	30.9%
Store EBIT (PLN m)	7.5	14.0	86.8%

- High, double-digit sales/m2 growth due to extended collections and lower COVID-19 restrictions.
- Significantly higher YoY gross margin due to lower YoY promotions in both online and offline channels, particularly in 1H22.
- Increase in store costs/ m2 similar to sales/ m2 growth: rising rent (low base of 3Q21 alone due to post lock-down rental adjustments), commission and salaries, but lower depreciation.
- Significant increase in store EBIT.

# | WÓLCZANKA: EXECUTIVE SUMMARY

## AUTUMN/WINTER COLLECTION 2022/23:

- The new collection's leitmotif is the energy of the city and the surrounding nature.
- Comfortable clothes are essential in the city. Urban styling by WÓLCZANKA enables the creation of an elegant, but at the same time modern total look with a touch of naturalness enriched with nonchalance.
- The brand's proposals include classic and minimalist outfits that will be suitable in any situation - as business casual both for work and outside of the office.
- In the Autumn/Winter 2022/23 season, in addition to classic shirts, there is a wide range of knitwear, outerwear, dresses, skirts and accessories. Classic trench coats and coats, jackets, colourful jumpers and cardigans are the base for Autumn styling. The brand relies on expressive and dynamic shades of blue and navy, which perfectly match beige.
- In 3Q22, a new large-format Wólczanka store opened in Wrocław in Magnolia Park. The store with 125 m<sup>2</sup> of floorspace is the first store in the new concept in Wrocław, and the 6<sup>th</sup> in Poland. The store features a separate display of women's and men's clothing.

## WÓLCZANKA (FASHION FOR MEN AND WOMEN)

- Polish chain of own and franchise stores with women's and men's clothing (total look)
- The offer includes: shirts, sweaters, pants, dresses, skirts, polos and t-shirts, jackets and accessories
- Lambert brand - high-quality formal shirts and accessories.

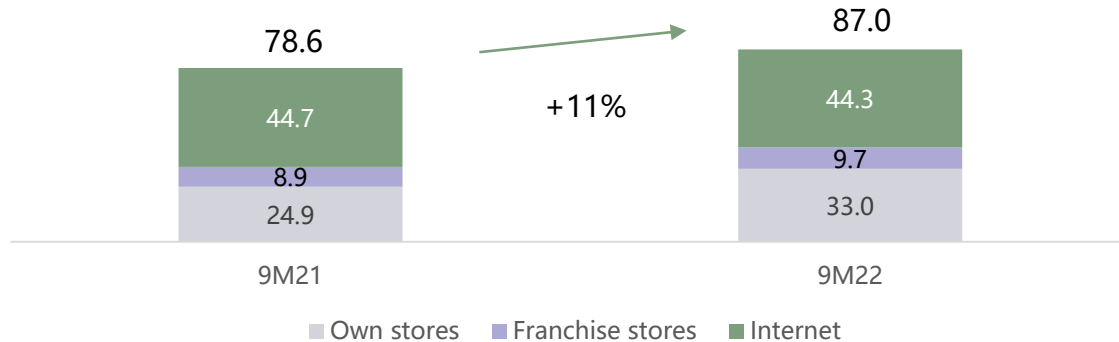
## NETWORK DEVELOPMENT

- Net decrease of store number in 3Q22 by 3 QoQ, including net decrease by 1 own store and 2 franchise stores.



# WÓLCZANKA: HIGHEST SHARE OF ON-LINE

Wólczanka brand revenues  
(PLN m)



- Wólczanka brand revenues amounted to PLN 87.0m in 9M22, growing by 10.7% YoY. The brand's stores generated PLN 33.0m, +32.3% YoY.
- Franchise revenues amounted to PLN 9.7m in 9M22, up 8.7% YoY. The franchise share was stable YoY in 9M22 at 11.2%.
- Internet revenues amounted to PLN 44.3m in 9M22, stable YoY. Internet's share of 9M22 sales was 50.9% compared to 56.9% in 9M21.

Wólczanka brand efficiency

	9M21	9M22	YoY
Revenues (PLN/m2 per month)	1,948	2,086	7.1%
Gross profit margin (%)	53.7%	55.2%	1.5pp.
Cost of stores (PLN/m2 per month)	731	902	23.4%
Store EBIT (PLN m)	12.7	10.4	-18.4%

- Increase in revenue/m2 due to, among other things, lower covid restrictions and reduced store floorspace.
- Higher gross margin on sales in both online and offline channels, particularly in 1Q and 2Q.
- Increase in costs/ m2 above the increase in sales/ m2: increase in rentals (low base of 3Q21 alone due to post-lockdown rent adjustments), depreciation and salaries.
- Store EBIT lower YoY due to YoY weaker 3Q22.

# | DENI CLER: EXECUTIVE SUMMARY

## AUTUMN/WINTER 2022 „Viaggio in città”

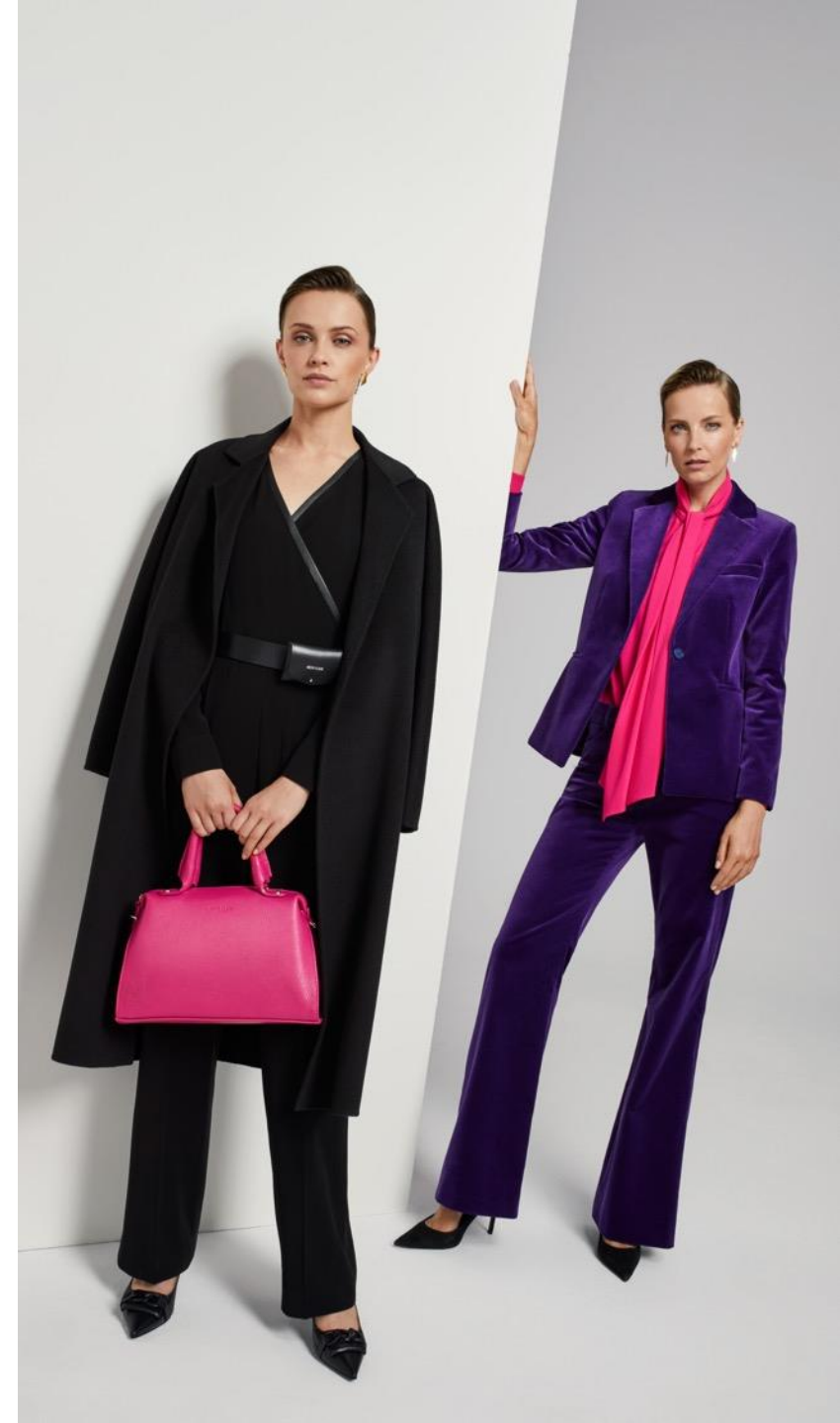
- The latest collection is inspired by a journey through different capitals of the world. The first capsule collection is Tokyo, followed by New York, Rome, then London, Milan and Paris.
- Deni Cler Sport is the first sportswear line signed by a brand with Italian roots. The collection consists of, among others, tops, T-shirts, leggings, sweatshirts and jackets, in line with the athleisure trend, i.e. sportswear for everyday life.
- On September 1, 2022, Deni Cler's Autumn/Winter 2022 collection show took place at the Warsaw Stock Exchange.

## DENI CLER (WOMEN'S FASHION)

- Women's fashion brand established in Italy in 1971
- Addressed to women over 35 who value high quality and elegance
- Superior quality fabrics with superior accessories and designer cut
- The brand cooperates with selected manufacturers and suppliers of fabrics from renowned Italian manufactories
- Fashion Excellence 2021 of the Twój Styl monthly in the Jubilee category for activities related to the double jubilee: 50 years of the brand and 30 years of presence on the Polish market.

## NETWORK DEVELOPMENT

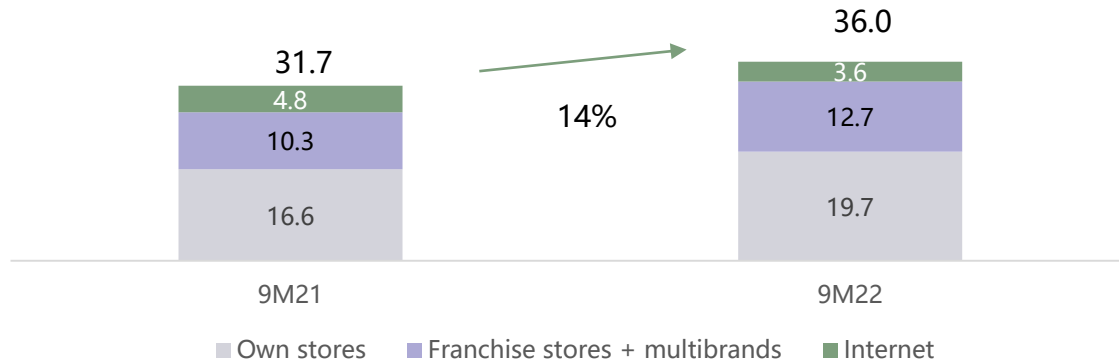
- The number of own and franchise stores remained stable in 3Q22. At the end of 3Q22, the brand had 22 multibrand stores, 1 more QoQ.





# DENI CLER: CONTINUED GROSS MARGIN GROWTH

Deni Cler brand revenues  
(PLN m)



- Deni Cler brand revenues amounted to PLN 36.0m in 9M22, growing by 13.8% YoY. The brand's stores generated PLN 19.7m, +19.2% YoY.
- Franchise and multibrand revenues amounted to PLN 12.7m in 9M22, up 23.1% YoY. The franchise share increased from 32.6% in 9M21 to 35.2% in 9M22.
- Internet revenues amounted to PLN 3.6m in 9M22, -24.6% YoY. Internet's share of 9M22 sales was 10.0%, compared to 15.1% in 9M21.

Deni Cler brand efficiency

	9M21	9M22	YoY
Revenues (PLN/m2 per month)	1.210	1,436	18.6%
Gross profit margin (%)	56.2%	62.2%	6.1pp.
Cost of stores (PLN/m2 per month)	457	584	27.9%
Store EBIT (PLN m)	5.8	7.8	33.1%

- Double-digit increases in sales/ m2 due to a rebound in traditional stores and dynamic growth through multibrand stores.
- YoY increase in gross margin in 9M22 due to lower promotions and sell-outs and improved margins in the on-line channel.
- Increase in cost/ m2 exceeded increase in sales/ m2: higher rentals (low base of 3Q21 alone due to post-lockdown rent adjustments), salaries and commissions, but decrease in depreciation.
- As a result, high YoY growth in store operating profit.



# W.KRUK: EXECUTIVE SUMMARY

## NOVELTIES IN THE COLLECTIONS

- 3Q22 highlight was the Autumn premiere of the latest ambassador collection by W.KRUK, created by life partners - Natalia Kukulska and Michał Dąbrowka.
- LONGPLAY is a contemporary story about talent, passion for music and great love. The collection features jewellery for men and women inspired by musical symbols made of silver, gilded and decorated with black enamel, as well as timeless accessories.
- The last quarter of the year will be marked by novelties at W.KRUK - in the exclusive jewellery segment, W.KRUK has prepared the first ever signature collection of luxury jewellery – Lunapark – with gemstones, which complements the brand's diamond offer.
- In the regular segment, there will also be new proposals in the own collections by the end of the year as well as premieres from the Picky Pica line. Among accessories, customers will find a range of classic and Longplay-inspired bags, silk scarves and accessories.
- In the watches portfolio, W.KRUK has prepared a wide selection of brands and models for Christmas as well as a new unique on the market service of insuring watches alongside purchases in W.KRUK stores.

## THE OLDEST JEWELLERY BRAND IN POLAND

- The jewellery offer includes gold and silver jewellery, diamonds, gemstones and original collections.
- W.KRUK's offer also includes global watch brands, such as Rolex, Patek Philippe (sole distributor in Poland), Cartier, Jaeger-LeCoultre, Hublot, Panerai, Chopard, Omega, Tudor, Tag Heuer, Longines, Rado, Tissot, Certina and many more.
- W.KRUK offer also includes perfumes and a collection of own label accessories: leather handbags, silk scarves, leather accessories.

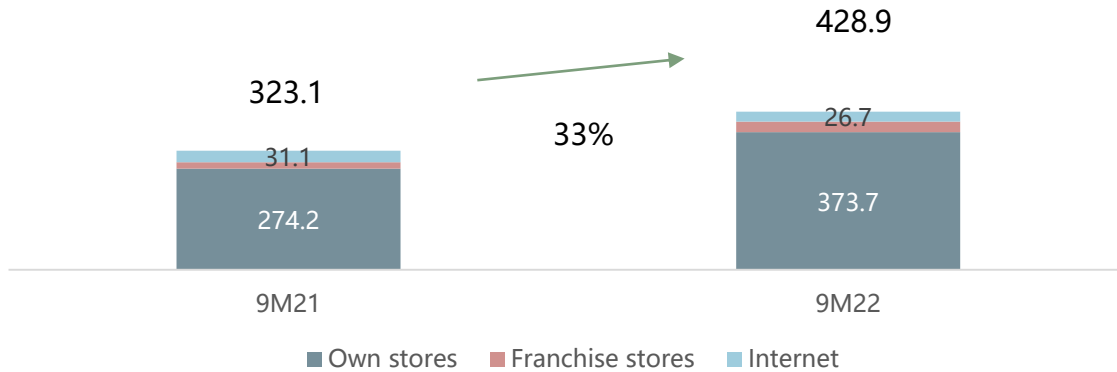
## NETWORK DEVELOPMENT

- The number of net brand stores increased in 3Q22 by 4 stores QoQ. The number of own stores increased by 5 stores net in the quarter while net number of franchise stores decreased by 1 in the quarter.



# W.KRUK: DOUBLE-DIGIT INCREASES IN STORE EBIT

W.KRUK brand revenues  
(PLN m)



- Retail revenues of the W.KRUK brand amounted to PLN 428.9m in 9M22, growing by 32.8% YoY. The brand's stores generated PLN 373.7m in revenue, +36.3% YoY.
- Franchise revenues amounted to PLN 28.4m in 9M22, up 60.9% YoY. The franchise share was 6.6%, compared to 5.5% in 9M21.
- Internet revenues amounted to PLN 26.7m in 9M22, -14.2% YoY. Internet contributed 6.2% to 9M22 sales, compared to 9.6% in 9M21.

W.KRUK brand efficiency

	9M21	9M22	YoY
Revenues (PLN/m2 per month)	3,258	4,064	24.8%
Gross profit margin (%)	51.6%	52.0%	0.4pp.
Cost of stores (PLN/m2 per month)	831	1,031	24.1%
Store EBIT (PLN m)	84.3	114.0	35.2%

- Double-digit growth in sales/m2 in 9M22 due to strong demand for watches and jewellery.
- Stable gross margin due to fixed margin policy.
- Costs/ m2 growth comparable to sales/ m2 growth: increase in commissions, rentals (low base of 3Q21 alone due to post-lockdown rental adjustments) and salaries.

# STABLE GROUP STRUCTURE

VRG

COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENTS FOR 3Q22

## JEWELLERY SEGMENT

**W.KRUK S.A.**

Jewellery, watches, accessories

## SEGMENT ODZIEŻOWY

**VRG S.A.**  
parent company

Vistula, Wólczanka, Bytom brands,  
trademark

**DCG S.A.**

Deni Cler brand

## OTHER ACTIVITY

**WSM Factory sp. z o.o.**  
(formerly WSM Sp. z o.o.),  
**VG Property sp. z o.o.**

Production, real estate

# CONTINUED OPTIMISATION OF THE NUMBER OF STORES

## NUMBER OF STORES

		1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
APPAREL SEGMENT	total	440	427	426	427	421	415	409	404	398	391	383
	franchise	126	126	129	136	135	135	131	127	126	123	119
VISTULA	total	148	145	147	149	148	148	146	145	145	144	142
	franchise	59	60	62	65	64	64	63	61	62	62	61
WÓLCZANKA	total	137	132	130	129	127	121	119	116	113	110	107
	franchise	50	49	50	53	53	53	51	48	47	45	43
BYTOM	total	125	120	117	117	115	116	115	114	112	109	106
	franchise	8	8	8	9	10	11	11	12	11	10	9
DENI CLER	total	30	30	32	32	31	30	29	29	28	28	28
	franchise	9	9	9	9	8	7	6	6	6	6	6
JEWELLERY SEGMENT	total	140	140	140	143	140	142	143	146	148	148	152
	franchise	14	15	16	18	18	20	21	23	23	26	25
TOTAL	total	580	567	566	570	561	557	552	550	546	539	535
	franchise	140	141	145	154	153	155	152	150	149	149	144



# STABLE YOY FLOORSPACE

## M2 OF FLOORSPACE

		1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
APPAREL SEGMENT	total	42,962	41,953	41,891	42,021	41,564	41,337	40,864	40,930	40,891	40,385	39,778
	franchise	9,123	9,195	9,368	9,882	9,789	9,794	9,577	31,468	9,425	9,236	9,019
VISTULA	total	18,650	18,291	18,508	18,695	18,586	18,593	18,390	18,531	18,509	18,404	18,118
	franchise	5,991	6,094	6,311	6,633	6,525	6,532	6,435	6,298	6,374	6,341	6,256
WÓLCZANKA	total	4,877	4,716	4,685	4,658	4,662	4,430	4,371	4,399	4,643	4,544	4,567
	franchise	1,504	1,473	1,530	1,626	1,625	1,625	1,567	1,499	1,459	1,392	1,355
BYTOM	total	16,487	16,000	15,634	15,604	15,327	15,417	15,267	15,165	14,946	14,638	14,293
	franchise	908	908	859	954	1,045	1,135	1,135	1,225	1,153	1,063	968
DENI CLER	total	2,947	2,947	3,064	3,064	2,989	2,897	2,835	2,835	2,792	2,799	2,799
	franchise	720	720	669	669	594	502	440	440	440	440	440
JEWELLERY SEGMENT	total	10,732	10,749	10,756	11,027	10,918	11,060	11,173	11,394	11,650	11,630	12,262
	franchise	856	896	965	1,121	1,113	1,255	1,368	1,511	1,511	1,645	1,623
TOTAL	total	53,693	52,702	52,647	53,048	52,482	52,397	52,038	52,324	52,541	52,016	52,039
	franchise	9,979	10,091	10,333	11,003	10,902	11,049	10,945	10,973	10,936	10,882	10,642

# STABILISATION OF THE GROUP'S FLOORSPACE IN 2022

		2021	2022 target	YoY
<b>APPAREL SEGMENT</b>	<b>stores</b>	<b>404</b>	<b>384</b>	<b>-20</b>
	<b>m2</b>	<b>40,930</b>	<b>39,999</b>	<b>-2%</b>
<b>VISTULA</b>	stores	145	143	-2
	m2	18,531	18,214	-2%
<b>BYTOM</b>	stores	114	107	-7
	m2	15,165	14,415	-5%
<b>WÓLCZANKA</b>	stores	116	106	-10
	m2	4,399	4,571	4%
<b>DENI CLER</b>	stores	29	28	-1
	m2	2,835	2,799	-1%
<b>JEWELLERY SEGMENT</b>	<b>stores</b>	<b>146</b>	<b>153</b>	<b>+ 7</b>
	<b>m2</b>	<b>11,394</b>	<b>12,336</b>	<b>8%</b>
<b>TOTAL</b>	<b>stores</b>	<b>550</b>	<b>537</b>	<b>-13</b>
	<b>m2</b>	<b>52,324</b>	<b>52,334</b>	<b>0%</b>

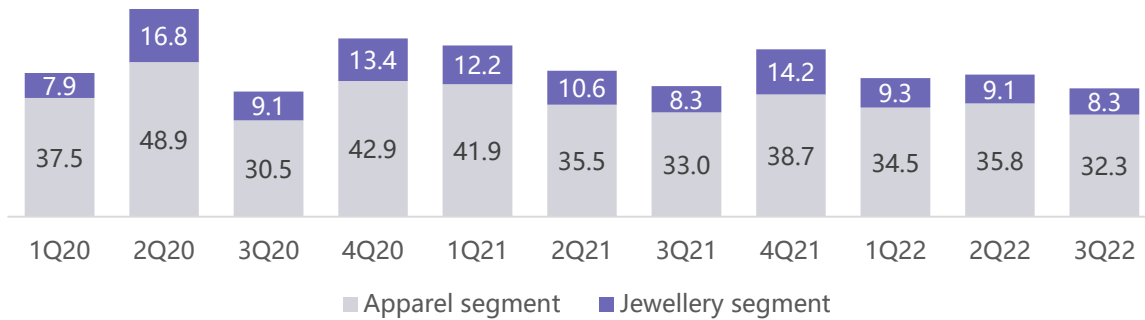
Stabilization of floorspace in the apparel segment - changes to stores, introduction of new concepts adequate to the expanded collections.

Planned capital expenditure in 2022 at c. PLN 33m (the amount also includes IT expenditure). Planned floorspace of franchise stores is 10.6 ths m2.

Growth in the jewellery segment: new locations for own and franchise stores.

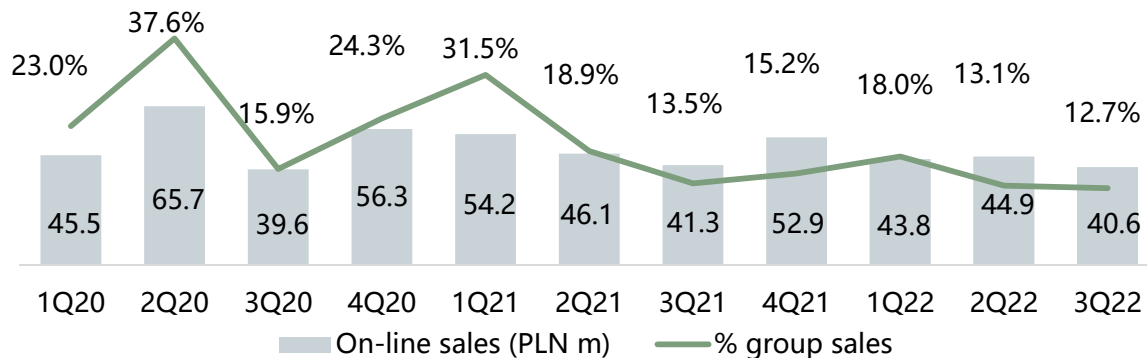
# OWN E-STORES OF FIVE BRANDS

On-line sales by segments  
(PLN m)



- We have own e-stores for all five retail brands. Our aim is to develop online 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. W.KRUK has its own logistics warehouse.

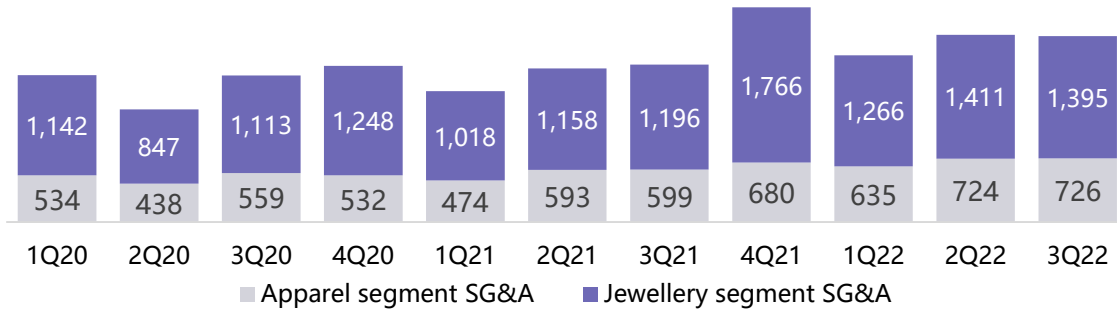
Group on-line sales



- In 3Q22, on-line sales amounted to PLN 40.6m, decreasing 1.7% YoY due to a sales rebound in traditional stores.
- Internet share fell from 13.5% in 3Q21 to 12.7% in 3Q22, due to, among others, a high base and a weaker YoY macroeconomic environment in 3Q22.
- In addition to its own e-stores, the Group is developing cooperation of individual brands with external marketplaces, in particular Zalando.

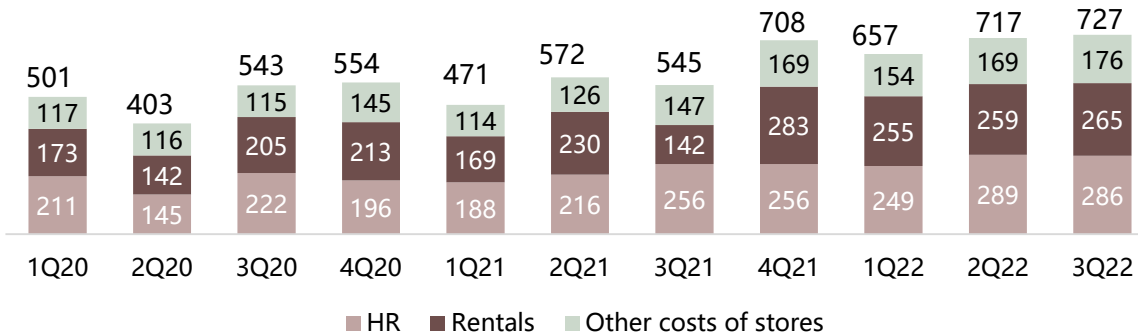
# COSTS/ M2 UNDER CONTROL

**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

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

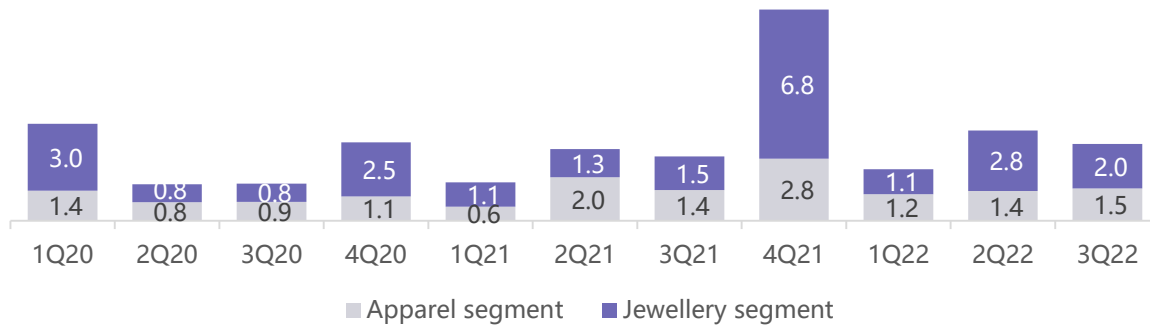


- Costs of stores encompass costs of own and franchise stores.
- Costs of own stores include rental costs, wages and other costs of own stores.
- Costs of own stores/ m2 are calculated based on average working floorspace of own stores.
- Costs of franchise stores equal to commission for franchisees.



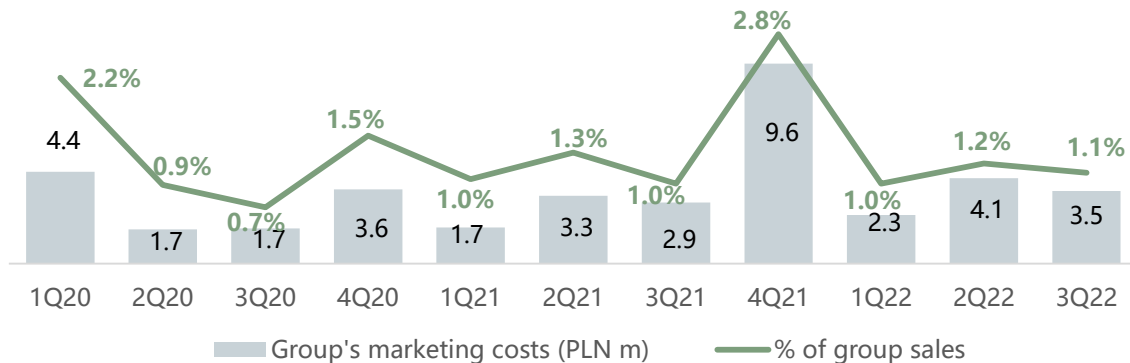
# INCREASE IN OFF-LINE MARKETING EXPENSES

Off-line marketing costs by segments  
(PLN m)



- Off-line 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 3Q22, marketing expenses amounted to PLN 3.5m, an increase of 19.1% YoY due to increase in jewellery segment

Group off-line marketing costs



- In 9M22, offline marketing expenses amounted to PLN 10.0m, up 25.4% YoY.
- The apparel segment: off-line marketing outlays are related to campaigns, which typically cumulate in the second and/or fourth quarter.
- Off-line marketing costs within the jewellery segment historically cumulated in 4Q (seasonally best), before Christmas.

# HISTORICAL QUARTERLY RESULTS, IFRS16

PLN m	4Q20	4Q21	YoY	1Q21	1Q22	YoY	2Q21	2Q22	YoY	3Q21	3Q22	YoY
<b>Revenues</b>	<b>232.0</b>	<b>348.8</b>	<b>50.3%</b>	<b>172.1</b>	<b>243.8</b>	<b>41.6%</b>	<b>244.0</b>	<b>341.8</b>	<b>40.1%</b>	<b>305.0</b>	<b>319.4</b>	<b>4.7%</b>
Gross profit on sales	118.9	192.0	61.5%	81.7	123.2	50.8%	131.1	193.2	47.3%	163.3	165.5	1.3%
Gross profit on sales margin	<i>51.2%</i>	<i>55.1%</i>	<i>3.8pp.</i>	<i>47.5%</i>	<i>50.5%</i>	<i>3.1pp.</i>	<i>53.7%</i>	<i>56.5%</i>	<i>2.8pp.</i>	<i>53.5%</i>	<i>51.8%</i>	<i>-1.7pp.</i>
SG&A costs	121.9	139.4	14.4%	96.1	117.4	22.1%	109.7	132.8	21.0%	119.2	132.6	11.3%
Net other operating line	0.1	1.0		-1.4	-0.8		-4.7	-0.2		-1.1	0.5	
<b>EBIT</b>	<b>-2.9</b>	<b>53.6</b>	<b>N/M</b>	<b>-15.8</b>	<b>5.0</b>	<b>N/M</b>	<b>16.7</b>	<b>60.2</b>	<b>260.1%</b>	<b>43.0</b>	<b>33.3</b>	<b>-22.5%</b>
EBIT margin	<i>-1.2%</i>	<i>15.4%</i>	<i>16.6%</i>	<i>-9.2%</i>	<i>2.1%</i>	<i>11.2pp.</i>	<i>6.9%</i>	<i>17.6%</i>	<i>10.8pp.</i>	<i>14.1%</i>	<i>10.4%</i>	<i>-3.7pp.</i>
Net financial line	-13.8	-4.0		-6.7	-8.7		10.1	-10.2		-13.2	-21.6	
Pre-tax profit	-16.7	49.6	N/M	-22.6	-3.7	N/M	26.8	50.0	86.7%	29.8	11.7	-60.7%
Taxes	-2.8	9.8		-4.0	-0.8		-5.3	-10.7		-6.1	-2.5	
<b>Net income</b>	<b>-13.9</b>	<b>39.8</b>	<b>N/M</b>	<b>-18.6</b>	<b>-2.9</b>	<b>N/M</b>	<b>21.4</b>	<b>39.3</b>	<b>83.5%</b>	<b>23.7</b>	<b>9.2</b>	<b>-61.2%</b>
Net margin	<i>-6.0%</i>	<i>11.4%</i>	<i>17.4pp.</i>	<i>-10.8%</i>	<i>-1.2%</i>	<i>9.6pp.</i>	<i>8.8%</i>	<i>11.5%</i>	<i>2.7pp.</i>	<i>7.8%</i>	<i>2.9%</i>	<i>-4.9pp.</i>
<b>EBITDA</b>	<b>22.8</b>	<b>79.7</b>	<b>249.4%</b>	<b>10.7</b>	<b>32.6</b>	<b>203.7%</b>	<b>43.5</b>	<b>87.0</b>	<b>100.2%</b>	<b>67.7</b>	<b>60.6</b>	<b>-10.4%</b>
EBITDA margin	<i>9.8%</i>	<i>22.8%</i>	<i>13.0pp.</i>	<i>6.2%</i>	<i>13.4%</i>	<i>7.1pp.</i>	<i>17.8%</i>	<i>25.5%</i>	<i>7.6pp.</i>	<i>22.2%</i>	<i>19.0%</i>	<i>-3.2pp.</i>

# RESULTS UNDER IAS17

PLN m, IAS17	3Q21	3Q22	YoY
<b>Revenues</b>	<b>305.0</b>	<b>319.4</b>	<b>4.7%</b>
Gross profit on sales	163.3	165.5	1.3%
<i>Gross profit on sales margin</i>	<i>53.5%</i>	<i>51.8%</i>	<i>-1.7pp.</i>
SG&A costs	113.7	137.5	20.9%
<b>EBIT</b>	<b>48.4</b>	<b>28.4</b>	<b>-41.4%</b>
<i>EBIT margin</i>	<i>15.9%</i>	<i>8.9%</i>	<i>-7.0pp.</i>
Net financial line	-3.5	-7.9	
<b>Net income</b>	<b>36.1</b>	<b>16.3</b>	<b>-54.9%</b>
<i>Net margin</i>	<i>11.8%</i>	<i>5.1%</i>	<i>-6.7pp.</i>

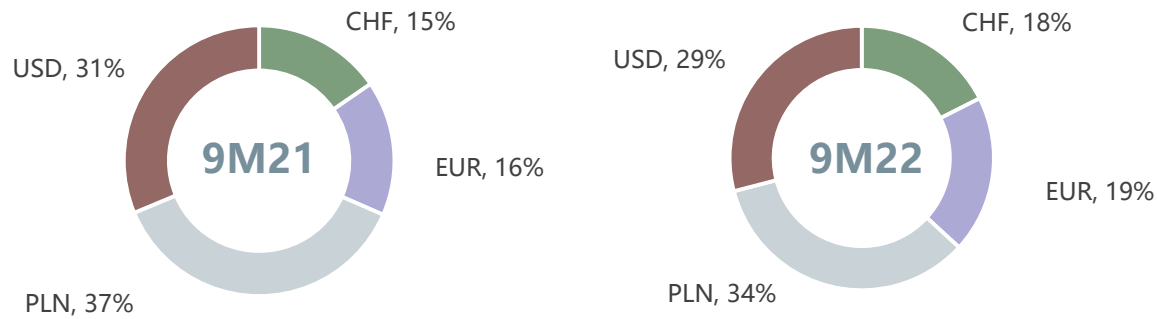
<b>EBITDA</b>	<b>53.7</b>	<b>33.6</b>	<b>-37.4%</b>
<i>EBITDA margin</i>	<i>17.6%</i>	<i>10.5%</i>	<i>-7.1pp.</i>

PLN m, IAS17	9M21	9M22	YoY
<b>Revenues</b>	<b>721.1</b>	<b>905.0</b>	<b>25.5%</b>
Gross profit on sales	376.2	481.9	28.1%
<i>Gross profit on sales margin</i>	<i>52.2%</i>	<i>53.2%</i>	<i>1.1pp.</i>
SG&A costs	318.5	396.8	24.6%
<b>EBIT</b>	<b>50.1</b>	<b>83.6</b>	<b>67.0%</b>
<i>EBIT margin</i>	<i>6.9%</i>	<i>9.2%</i>	<i>2.3pp.</i>
Net financial line	-5.0	-18.7	
<b>Net income</b>	<b>35.7</b>	<b>51.2</b>	<b>43.7%</b>
<i>Net margin</i>	<i>4.9%</i>	<i>5.7%</i>	<i>0.7pp.</i>

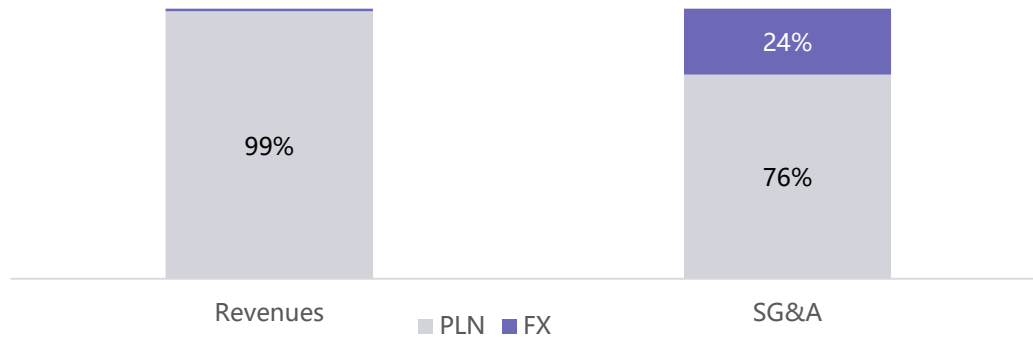
<b>EBITDA</b>	<b>66.0</b>	<b>99.8</b>	<b>51.2%</b>
<i>EBITDA margin</i>	<i>9.2%</i>	<i>11.0%</i>	<i>1.9pp.</i>

# FX RISK EXPOSURE

**Purchases by currencies**  
(PLN m)



**9M22 revenues and SG&A costs by currencies**  
(excl. IFRS16)



- FX risk is sizeable for the capital group, thus it is being hedged since 2Q16. Hedging only relates to the apparel segment.
- 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 (PLN) 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.



# SAFE DEBT LEVEL

PLN m	3Q21	4Q21	3Q22
<b>Long-term debt</b>	<b>39.4</b>	<b>34.6</b>	<b>26.8</b>
Bank loans	38.1	33.7	25.8
Finance leases	1.3	0.9	1.0
<b>Short-term debt</b>	<b>42.9</b>	<b>38.0</b>	<b>70.1</b>
Bank loan	20.3	20.6	46.7
Finance leases	0.9	0.7	0.6
Reverse factoring	21.6	16.7	22.8
<b>Cash</b>	<b>50.9</b>	<b>114.6</b>	<b>57.8</b>
<b>Net debt</b>	<b>31.4</b>	<b>-42.0</b>	<b>39.0</b>
<b>Finance leases IFRS16</b>	<b>355.2</b>	<b>332.9</b>	<b>328.8</b>
<b>Net debt IFRS16</b>	<b>386.6</b>	<b>290.9</b>	<b>367.8</b>

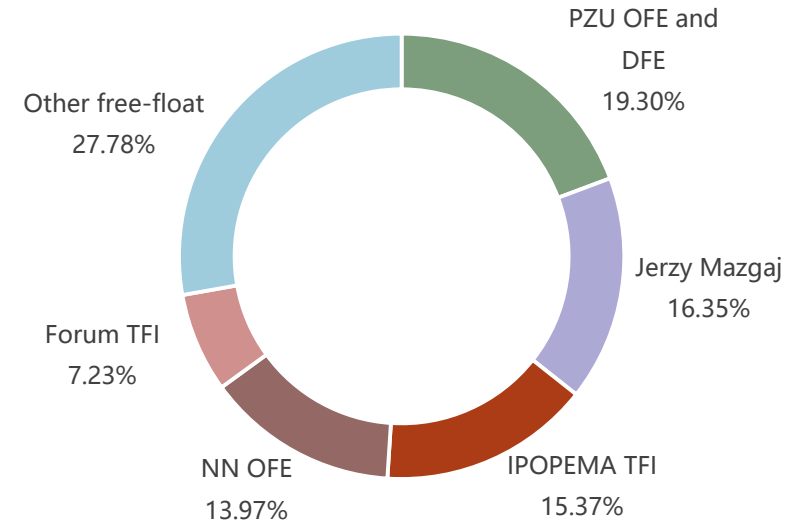
- Interest bearing indebtedness includes: bank loans, finance leases and reverse factoring (taken over with Bytom S.A. merger).
- Bank loans include: overdrafts and investment bank loans. Bank loan collateral comprises of: a floating charge on inventory, a fixed charge on "Vistula", "Wólczanka", "Bytom",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

- Consistent YoY reduction in long-term debt.
- Higher YoY level of cash and equivalents despite increase in inventory and dividend payment.
- PLN 22.8m of reverse factoring used for supplier financing as at the end of 3Q22.
- PLN 328.8m of IFRS16 liabilities (finance leases) at the end of 3Q22.

# SHAREHOLDER STRUCTURE

## Shareholder structure as at 16.11.2022 (share in equity and votes)

	Number of shares/votes	% share
1. PZU OFE and DFE	45,251,894	19.30%
2. Jerzy Mazgaj	38,332,632	16.35%
3. IPOPEMA TFI	36,038,137	15.37%
4. NN OFE	32,750,487	13.97%
5. FORUM TFI	16,946,800	7.23%
6. Other free-float	65,135,890	27.78%
<b>Total</b>	<b>234,455,840</b>	



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

1. Information based on the notification received by the Company pursuant to art. 69.1.1 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies relates to the Company's shares held jointly by funds PZU "Złota Jesień" Open Pension Fund and PZU Voluntary Pension Fund managed by Powszechnie Towarzystwo Emerytalne PZU S.A. According to the information held by the Company, PZU "Złota Jesień" Open Pension Fund held independently 44,199,785 shares in the Company, which represented 18.85% of the Company's share capital and entitled to 44,199,785, representing 18.85% of the total number of votes at the Company's General Shareholder Meeting. According to the information available to the Company, PZU Voluntary Pension Fund independently held 1,052,109 shares of the Company, which represented 0.45% of the Company's share capital and entitled to 1,052,109 votes, representing 0.45% in the total number of votes at the General Shareholder Meeting of the Company.

2. Information based on the notification received by the Company pursuant to art. 69.1.1 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

3. Information based on a notification received by the Company pursuant to Article 69.1.2 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies and concerns shares in the Company held jointly by all funds managed by IPOPEMA TFI S.A. According to the information in the Company's possession, Ipopema 21 FIZ Non-Public Assets managed by IPOPEMA TFI S.A. held 35,431,872 shares in the Company at the Annual General Meeting on 21.06.2022, which represented 15.11% of the Company's share capital and entitled to 35,431,872 votes representing 15.11% of the total number of votes at the Company's General Shareholder Meeting.

4. Information given on the basis of the number of shares held by Nationale-Nederlanden Open Pension Fund at the Annual General Meeting on 21.06.2022.

5. information given on the number of shares held jointly by the funds Forum X Closed-end Fund and Forum XXIII Closed-end Fund managed by Forum TFI S.A. at the Annual General Shareholder Meeting on 21.06.2022. According to the information held by the Company, Forum X Closed-end Fund held 6,951,760 shares

in the Company at the Annual General Shareholder Meeting on 21.06.2022, which represented 2.97% of the Company's share capital and entitled to 6,951,760 votes representing 2.97% of the total number of votes at the Company's General Shareholder Meeting. According to the information available to the Company, Forum XXIII Closed-end Investment Fund held 9,995,040 shares of the Company at the Annual General Shareholder Meeting on 21.06.2022, which represented 4.26% of the Company's share capital and entitled to 9,995,040 votes, representing 4.26% in the total number of votes at the General Shareholder Meeting of 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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