

DENICLER
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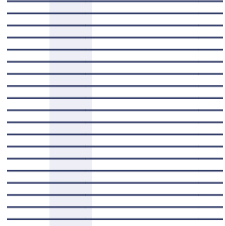
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WÓLCZANKA

VISTULA

1Q19 RESULTS PRESENTATION

MAY 21, 2019



VRG

VISTULA RETAIL GROUP



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01

EXECUTIVE SUMMARY



VRG

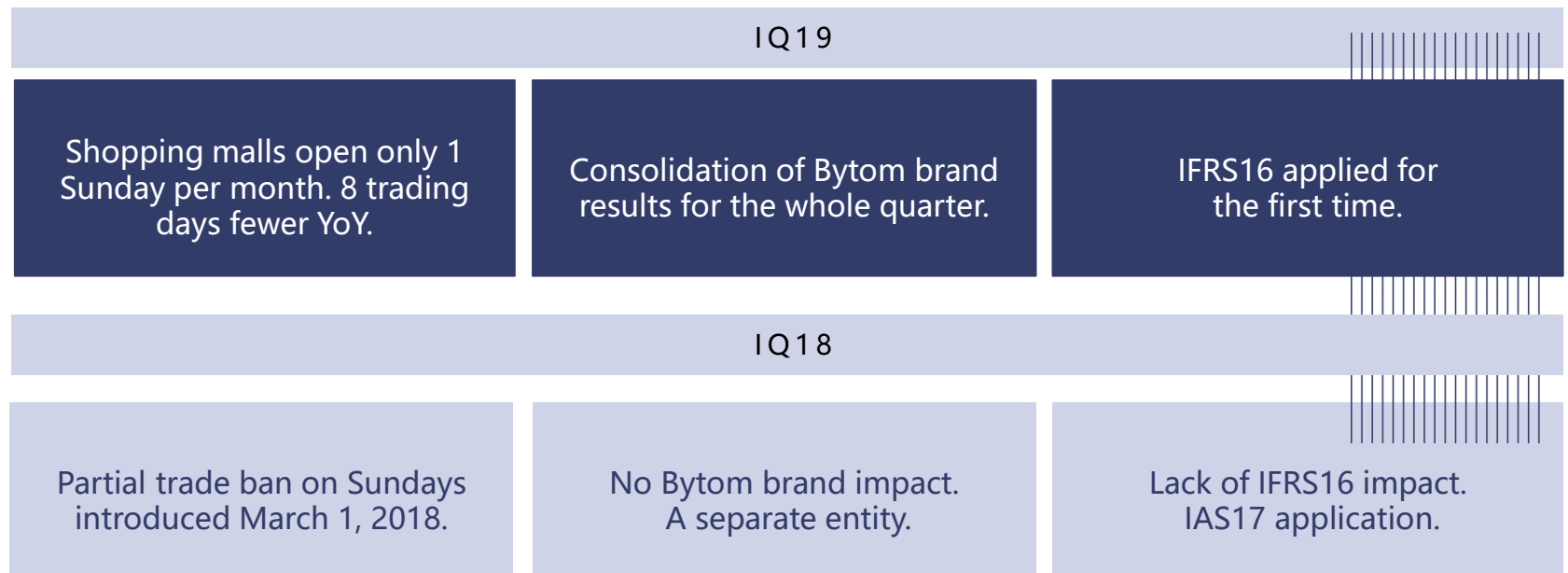
VISTULA RETAIL GROUP

Three key events influencing 1Q19

SUNDAYS

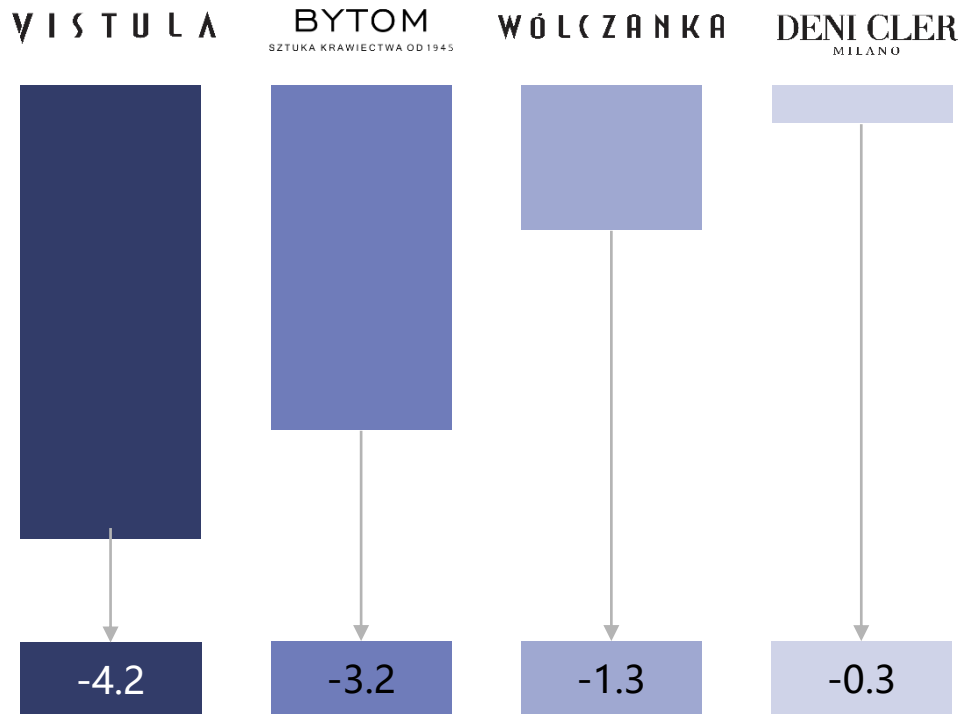
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IFRS16



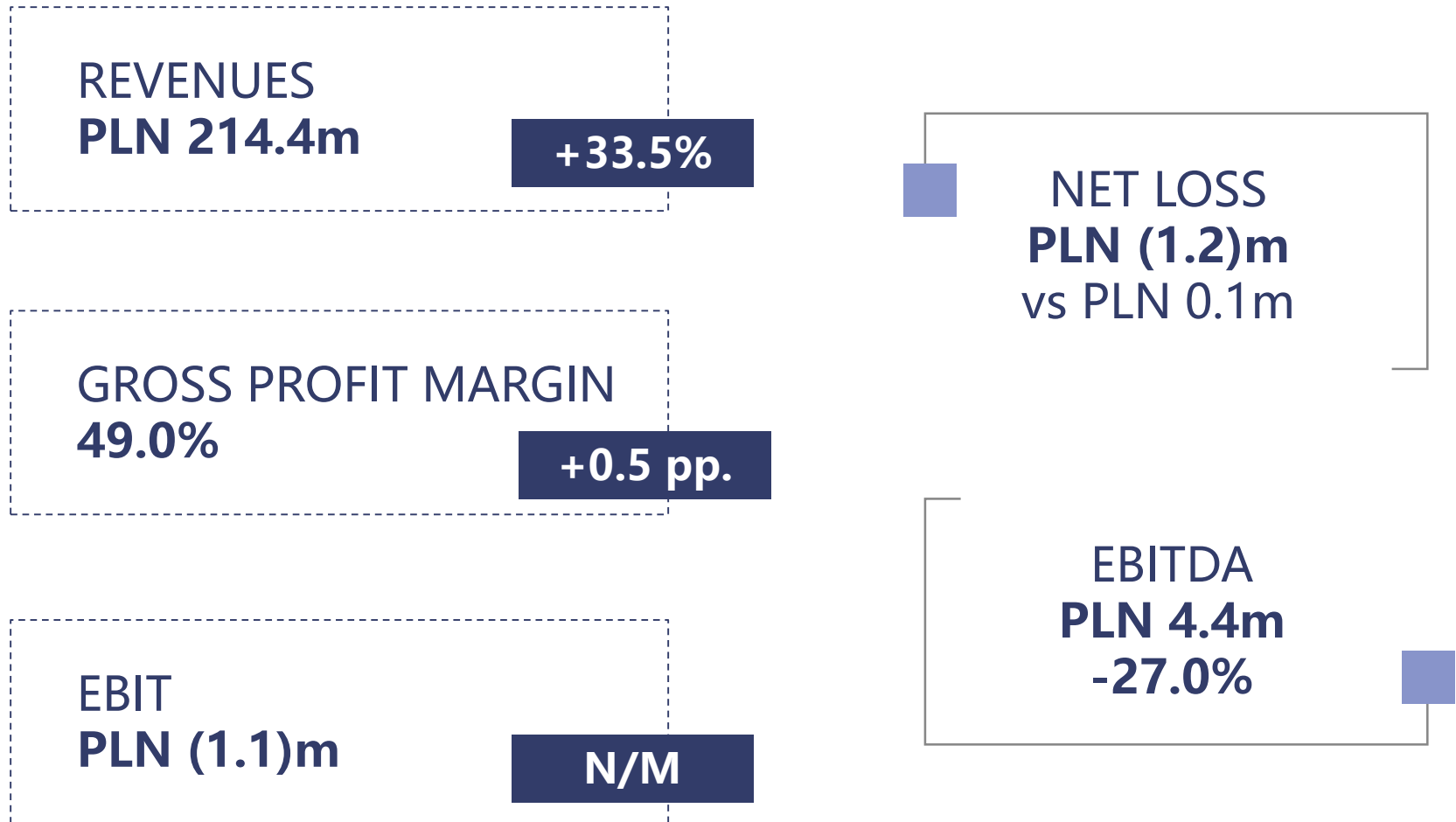
Sunday trade ban affects revenues

YOY DIFFERENCE IN LFL SALES IN INDIVIDUAL BRANDS ON SUNDAYS IN 1Q19
(PLN M)



8 trading days fewer
in 1Q19 vs 1Q18
resulted in sizeable
falls in LFL stores.

1Q19 excluding IFRS16



1Q19 under IFRS16

REVENUES
PLN 214.4m

+33.5%

GROSS PROFIT MARGIN
49.0%

+0.5 pp.

EBIT
PLN (1.2)m

N/M

NET LOSS
PLN (2.4)m
vs PLN 0.1m

EBITDA
PLN 24.8m
+307.3%

Group development continues

NUMBER OF STORES EOP 1Q19

VISTULA	152	+16
WÓLCZANKA	139	+8
DENI CLER MILANO	31	-1
W.KRUK 1840	132	+15
BYTOM SZTUKA KRAWIECTWA OD 1945	121	+121
VRG VISTULA RETAIL GROUP	575	+159
Organic growth		+43



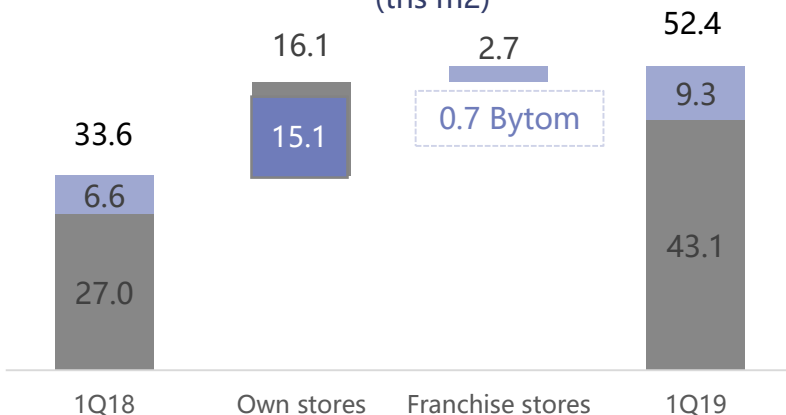
Further dynamic group floorspace growth

Group floorspace growth YoY
(ths m2)



- Group floorspace reached 52.4 ths m2 at the end of 1Q19, up 56% YoY.
- Excluding Bytom brand floorspace grew 9% YoY.
- The apparel segment added 17.6 ths m2. Excluding Bytom floorspace grew by 1.8 ths m2, up 7% YoY.
- The jewellery segment added 1.2 ths m2 net to group floorspace, growing 14% YoY.

Group floorspace growth YoY
(ths m2)



- There were more openings of own stores than franchise due to merger with Bytom.
- Bytom added c.15 ths m2 of own stores. Excluding Bytom floorspace of own stores grew 4% YoY.
- Growth in franchise floorspace resulted mostly from development of franchise stores of Vistula, Wólczanka and W.KRUK brands. Bytom added 0.7 ths m2 of franchise floorspace.



EXECUTIVE SUMMARY

VISTULA

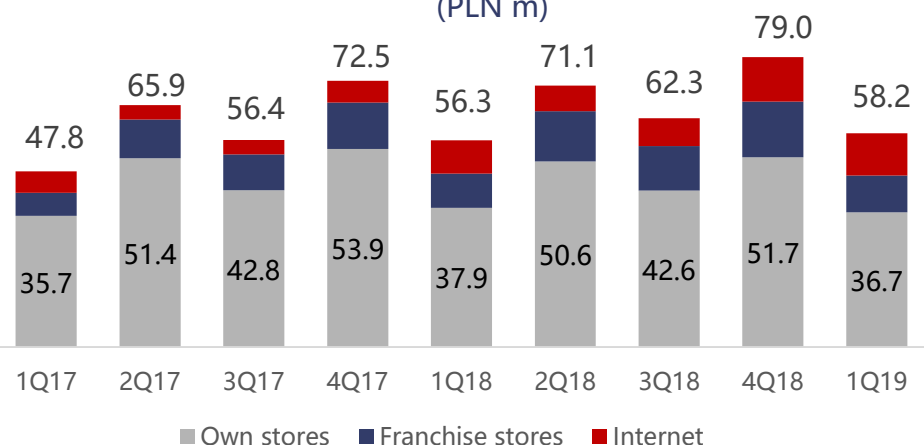
Vistula: 1/5 of revenues on-line

Vistula brand network

	1Q18	1Q19	YoY
Number of stores	136	152	+ 16
incl. franchise	46	58	+ 12
Floorspace (m2)	16,855	18,727	11%
incl. franchise	4,580	5,818	27%
Internet % revenues	16.1%	19.8%	3.7pp.

- Vistula brand floorspace grew 11% YoY at the end of 1Q19, while the sales network expanded by 14 stores net.
- Dynamic franchise development continued: 12 new franchise stores net and 27% YoY franchise floorspace growth.
- Vistula brand revenues reached PLN 58.2m in 1Q19 (up 3% YoY).

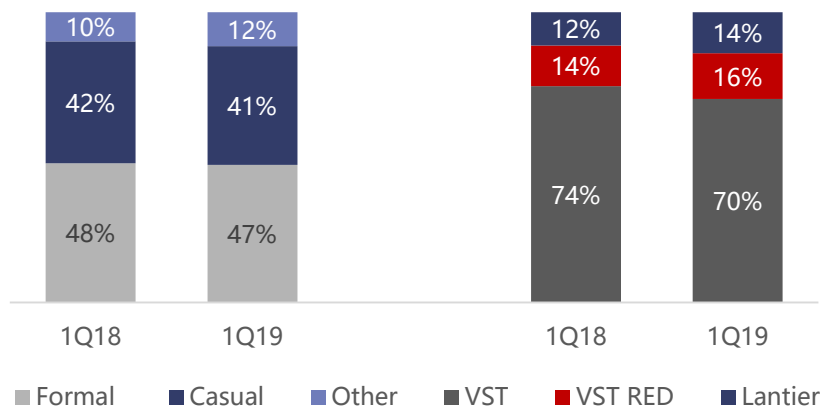
Vistula brand revenues (PLN m)



- Franchise revenues reached PLN 15.2m in 1Q19 (+7% YoY).
- Share of franchise in revenues increased from 16.6% in 1Q18 to 17.2% in 1Q19.
- Internet revenues amounted to PLN 11.5m in 1Q19, up 27% YoY.
- Share of internet in revenues was as high as 19.8% in 1Q19.

Vistula: stable share of casual in revenues

Vistula brand revenue split



- Higher share of Vistula Red and Lantier sub-lines.
- Lower share of the main line in revenues due to reduction in occasional lines.
- Stable YoY share of casual clothing in 1Q19.

Vistula brand efficiency

	1Q18	1Q19	YoY
Revenues (PLN/m2 per month)	1,137	1,061	-6.7%
Gross profit margin (%)	47.1%	47.5%	0.4pp.
Costs of stores (PLN/m2 per month)	407	414	1.7%
Store EBIT (PLN m)	6.4	4.9	-22.6%

- Fall in revenues/ m2 YoY due to a lower number of trading days in 1Q19.
- Stable YoY gross profit margin despite growth of on-line sales.
- A low YoY growth in costs of stores/ m2.
- As a result, lower YoY store EBIT.

1Q19 excluding IFRS16 impact.



WÓLCZANKA

EXECUTIVE SUMMARY

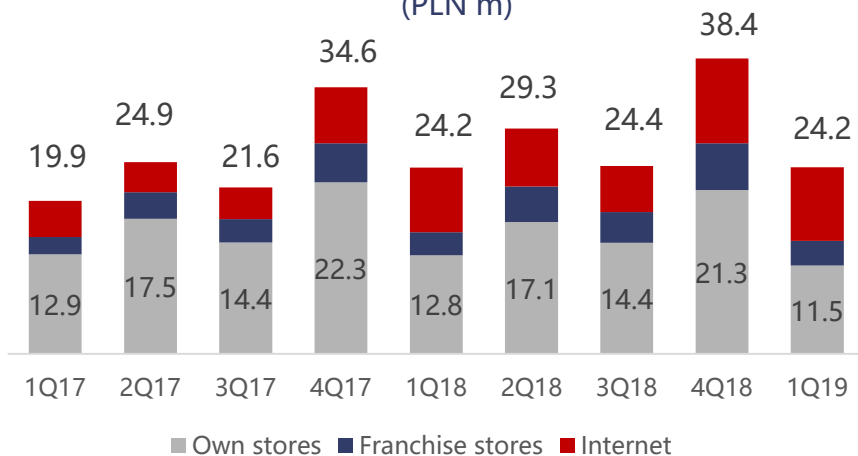
Wólczanka: a high internet share

Wólczanka brand network

	1Q18	1Q19	YoY
Number of stores	131	139	+ 8
incl. franchise	39	48	+ 9
Floorspace (m2)	4,676	4,894	5%
incl. franchise	1,209	1,479	22%
Internet % revenues	34.7%	39.5%	4.8 pp.

- Wólczanka network grew by 8 stores net YoY (9 are franchise stores).
- Brand's floorspace increased 5% YoY versus 22% YoY growth in franchise store floorspace.
- Wólczanka revenues reached 24.2m in 1Q19 (stable YoY).

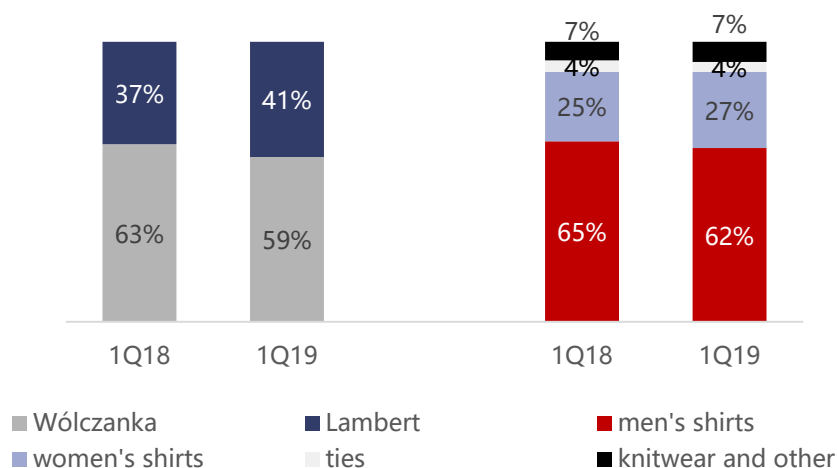
Wólczanka brand revenues (PLN m)



- Franchise revenues reached PLN 3.2m in 1Q19 (up 7% YoY).
- Franchise share in revenues increased from 12.3% in 1Q18 to 13.2% in 1Q19.
- Internet revenues amounted to PLN 9.6m in 1Q19 (up 14% YoY), constituting almost 40% of revenues.

Wólczanka: growth in women collection

Wólczanka brand revenue split



- Return to growths in Lambert brand due to favourable sale of women collection.
- 1Q19 revenues/ m2 lower YoY due to less favourable trends in men's collections.

Wólczanka brand efficiency

	1Q18	1Q19	YoY
Revenues (PLN/m2 per month)	1,747	1,651	-5.5%
Gross profit margin (%)	51.0%	52.1%	0.9pp.
Costs of stores (PLN/m2 per month)	700	714	2.1%
Store EBIT (PLN m)	2.7	2.1	-19.8%

- Higher gross profit margin due to higher YoY in-take margin.
- Costs/ m2 under control. A low YoY dynamics due to a growing share of internet and related to it variable costs of product delivery.
- As a result, a lower YoY store EBIT.

1Q19 excluding IFRS16 impact.

1Q19 presentation



EXECUTIVE SUMMARY

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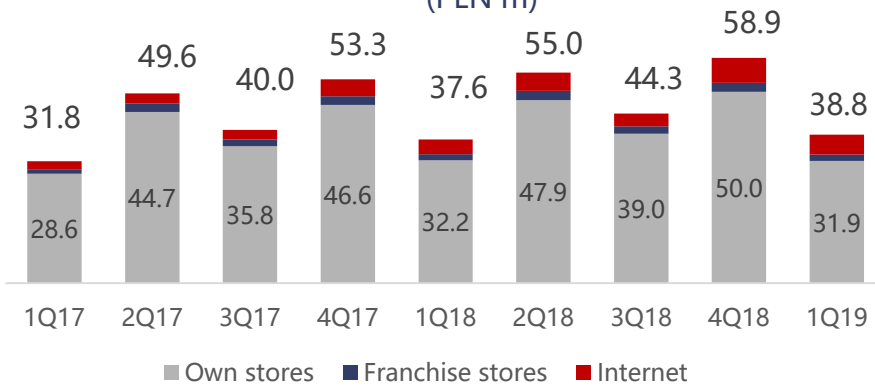
Bytom: development of own stores

Bytom brand network

	1Q18	1Q19	YoY
Number of stores	116	121	+ 5
incl. franchise	6	6	0
Floorspace (m2)	14,406	15,761	9%
incl. franchise	723	723	0%
Internet % revenues	10.2%	13.5%	3.3 pp.

- Bytom's network grew YoY by 5 stores net. All new stores were own stores.
- Brand's floorspace grew 9% YoY due to opening of increasingly large stores and expansions of existing stores.
- Bytom brand retail revenues reached PLN 38.8m in 1Q19 (up 3% YoY).

Bytom brand retail revenues (PLN m)

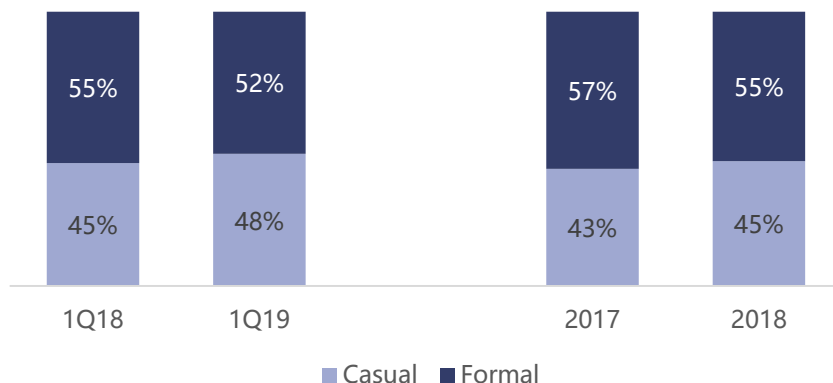


Bytom brand's data shown for comparison purposes according to VRG methodology. Impact on results from December 1, 2018.

- Internet revenues amounted to PLN 5.2m in 1Q19 (up 36% YoY), accounting for 13.5% of revenues.
- Franchise revenues reached PLN 1.7m in 1Q19 (up 6.5% YoY).
- A stable share of franchise in revenues at 4.3% in 1Q19.

Bytom: a growing share of casual

Bytom brand revenue split



- A growing YoY share of smart casual clothing in 1Q19.
- Share of casual clothing in revenues was higher in 1Q19 than in the whole 2018.
- Knitwear and coats were behind a higher share of casual in 1Q19.

Bytom brand efficiency

	1Q18	1Q19	YoY
Revenues (PLN/m2 per month)	873	823	-5.7%
Gross profit margin (%)	50.8%	49.1%	-1.7pp.
Costs of stores (PLN/m2 per month)	416	410	-1.5%
Store EBIT (PLN m)	1.1	-0.3	N/M

Bytom brand's data shown for comparison purposes according to VRG methodology. Impact on results from December 1, 2018.

- Lower revenues/ m2 due to a lower number of trading days.
- Gross profit margin lower YoY due to stronger YoY sell-offs and higher share of internet.
- Lower YoY costs/ m2 due to fall in HR/ m2 (consequence of lower revenues).
- As a result, a small store EBIT loss due to operating leverage effect.



EXECUTIVE SUMMARY

DENI CLER
MILANO

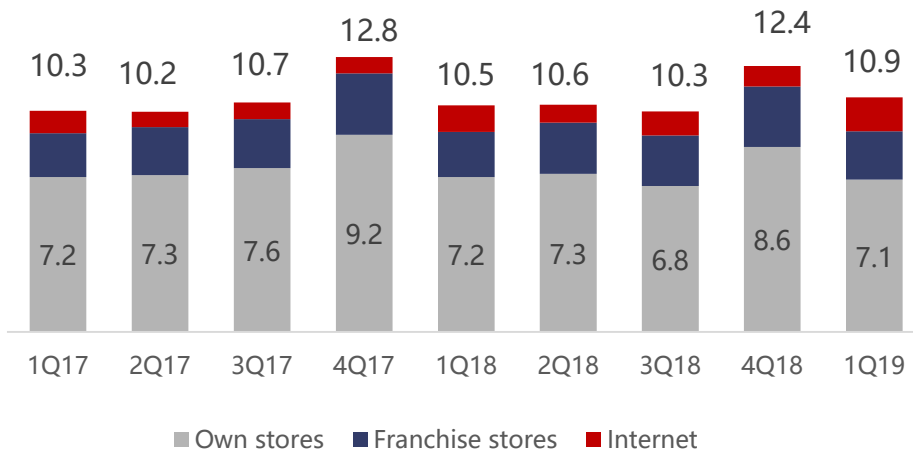
Deni Cler: development of shop-in-shop concept

Deni Cler brand network

	1Q18	1Q19	YoY
Number of stores	32	31	-1
incl. franchise	8	8	0
Floorspace (m2)	3,291	3,047	-7%
incl. franchise	600	600	0%
Internet % revenues	11.6%	14.4%	2.8 pp.

- Deni Cler network encompasses 31 stores in top shopping malls in Poland.
- There are 8 franchise stores in the network.
- Development of shop-in-shop concept. Deni Cler collections available at selected partners running multiband stores.

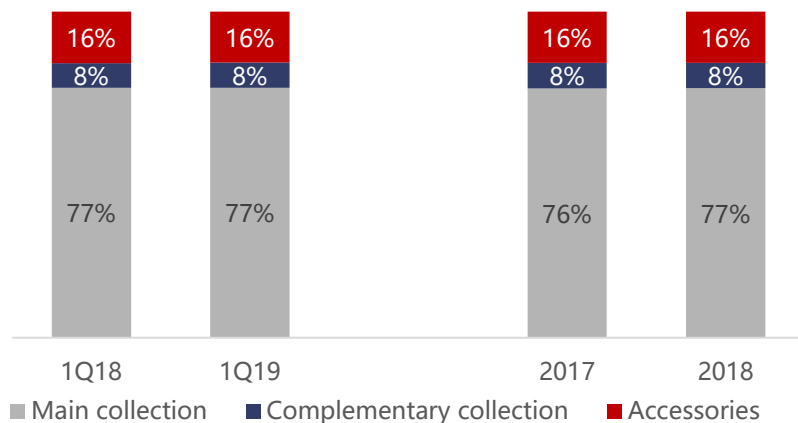
Deni Cler brand revenues (PLN m)



- In 1Q19 Deni Cler revenues reached PLN 10.9m and were 4% lower YoY.
- Franchise revenues reached PLN 2.3m in 1Q19 (up 7% YoY). Franchise constituted some 21% of revenues in 1Q19.
- Internet generated PLN 1.6m of revenues in 1Q19 (up 28% YoY) and amounted to 14.4% of brand's revenues.

Deni Cler: high sales/ m2 growth

Deni Cler brand revenue split



- Main collection encompasses coats, suits, jackets and trousers, while complementary collection is among others made up of blouses, dresses and T-shirts.
- Emphasis on capsule collections.
- Growth in sales/ m2 shows the success of the strategy to gradually increase the casual offering and multibrand revenues development.

Deni Cler brand efficiency

	1Q18	1Q19	YoY
Revenues (PLN/m2 per month)	1,067	1,193	11.8%
Gross profit margin (%)	52.2%	53.1%	1.0 pp.
Costs of stores (PLN/m2 per month)	392	454	15.8%
Store EBIT (PLN m)	1.6	1.6	1.1%

- The highest level of gross profit margin among brands. YoY growth due to higher in-take margin.
- Higher YoY rental expenses, HR costs/ m2 and other costs of stores resulted in costs/ m2 growth.
- As a result, a stable YoY store EBIT.



EXECUTIVE SUMMARY

W. KRUK
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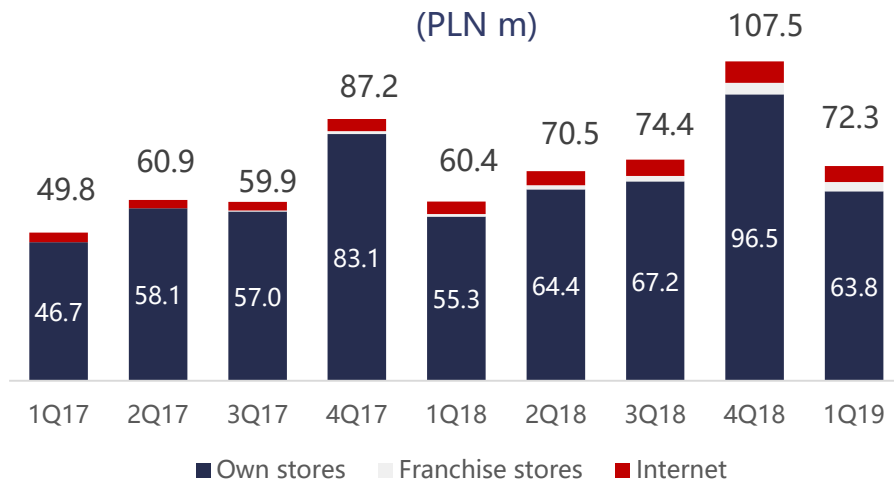
W.KRUK: franchise development continues

W.KRUK brand network

	1Q18	1Q19	YoY
Number of stores	117	132	+ 15
incl. franchise	4	11	+ 7
Floorspace (m2)	8,769	9,992	14%
incl. franchise	245	680	178%
Internet % revenues	7.1%	7.5%	0.4 pp.

- Dynamic YoY growth in W.KRUK brand stores.
- Opening of 15 stores net translated into a 14% YoY increase in brand's floorspace.
- The brand had 11 franchise stores at the end of 1Q19, 7 more YoY.

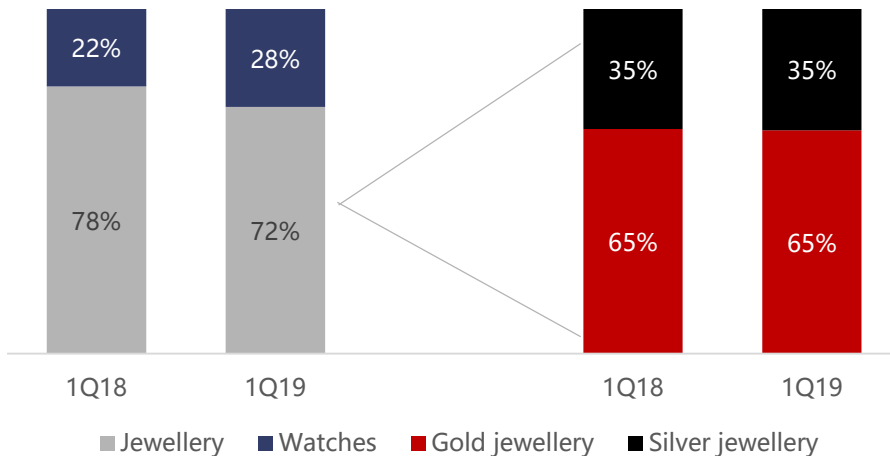
W.KRUK brand retail revenues (PLN m)



- Retail revenues of W.KRUK brand reached PLN 72.3m in 1Q19 (up 20% YoY).
- Franchise revenues amounted to PLN 3.0m in 1Q19, while internet sales reached PLN 5.4m in 1Q19 (up 28% YoY).
- Internet constituted 7.5% of revenues in 1Q19 versus 7.1% in 1Q18.

W.KRUK: dynamic EBIT growth

W.KRUK brand revenue split



- Watches continued to increase their share in revenues.
- Stable jewellery revenue structure in 1Q19.
- Strong reception of a new OHELO collection by Ewa Chodakowska both in traditional and on-line stores.
- Sales of watches reached PLN 20.1m, up 56% YoY in 1Q19.

W.KRUK brand efficiency

	1Q18	1Q19	YoY
Revenues (PLN/m2 per month)	2,276	2,471	8.6%
Gross profit margin (%)	52.3%	51.7%	-0.6pp.
Costs of stores (PLN/m2 per month)	780	808	3.7%
Store EBIT (PLN m)	10.7	13.7	28.9%

- High single-digit sales/ m2 growth in the quarter.
- A small YoY contraction in gross profit margin despite a sizeable growth of watches in revenue split.
- Growth in costs/ m2 below sales growth. Higher HR/ m2 and commissions for franchisees (a low base of 1Q18).
- High store EBIT growth in 1Q19, due to operating leverage.

1Q19 brand's results summary



RESULTS INFLUENCED BY
SUNDAY TRADE BAN.



STRONG SALES
in W.KRUK and
Deni Cler brands.

FORMAL BRANDS
dynamic growth
in on-line sales.

STORE EBIT
YoY growth in store EBIT.

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02

GROUP RESULTS



VRG
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Comparable periods

LIMITED YOY COMPARABILITY

1Q18

The results encompass only VRG Group, i.e. they do not include Bytom S.A.

They show the Group as it was last year. They have not been restated.

There was no restatement for IFRS16, the results are under IAS17.

1Q19 reported

The results include VRG Group with Bytom – the brand's impact took place for the whole quarter.

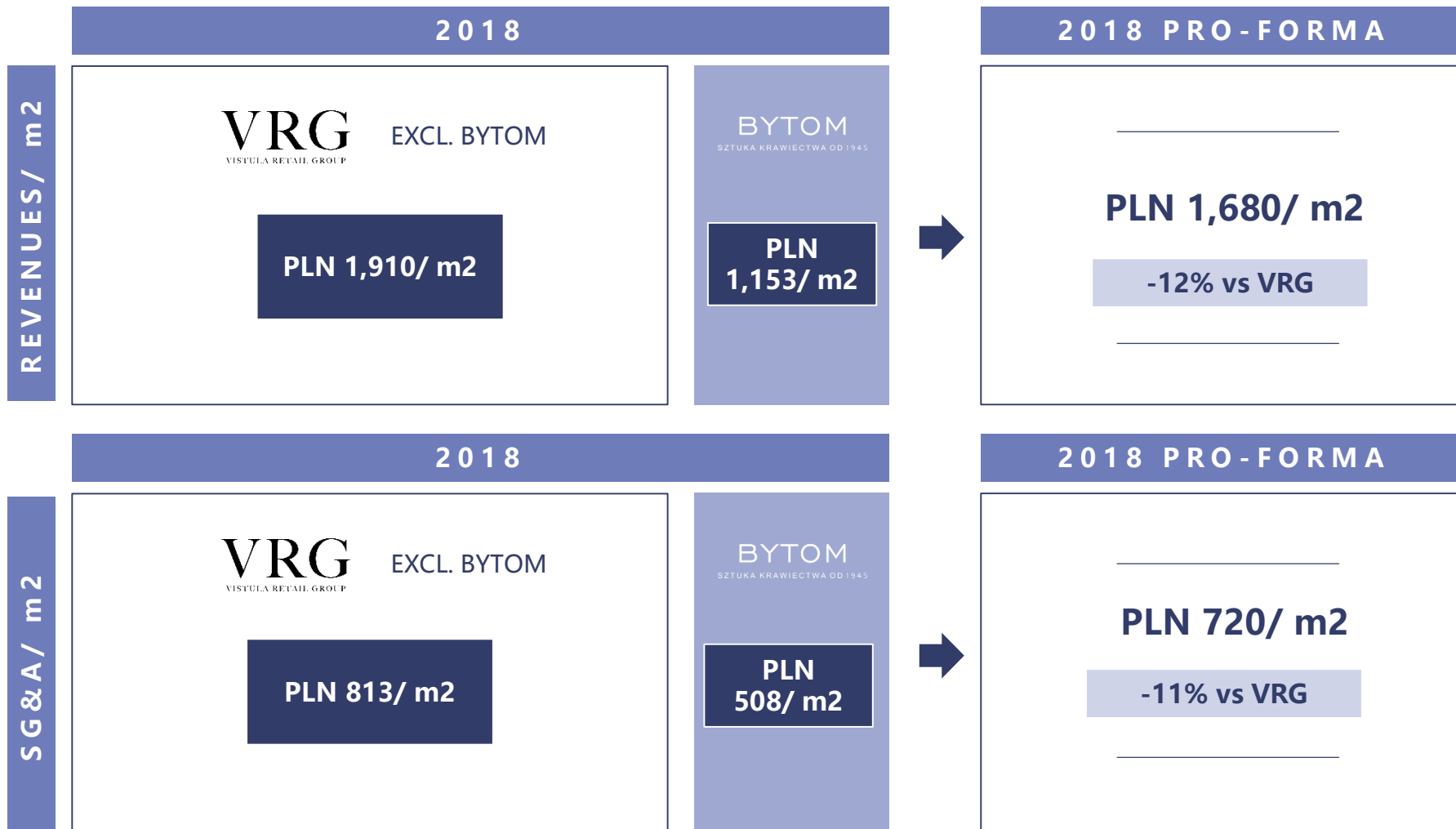
Additionally, the results were reported under IFRS16 (for the first time).

1Q19 excl. IFRS16

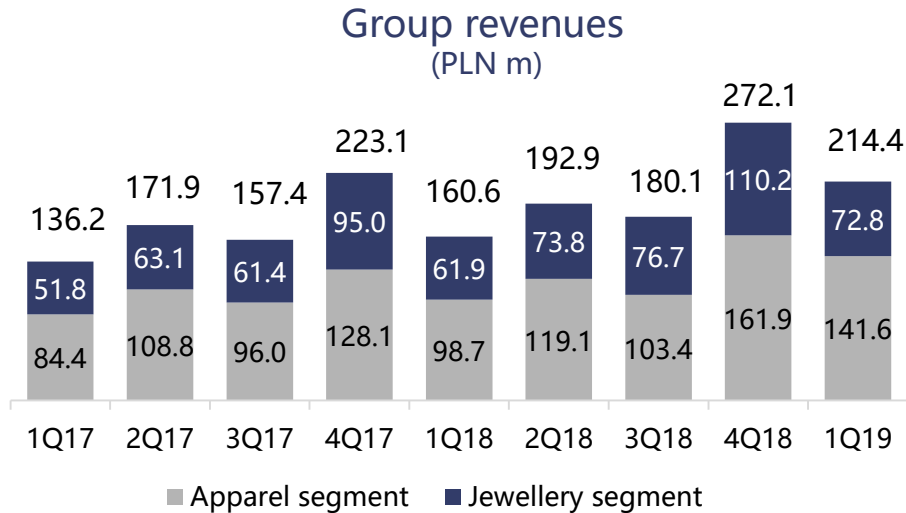
The results include VRG Group with Bytom – the brand's impact took place for the whole quarter.

The results have been restated to show the picture under IAS17 not under IFRS16.

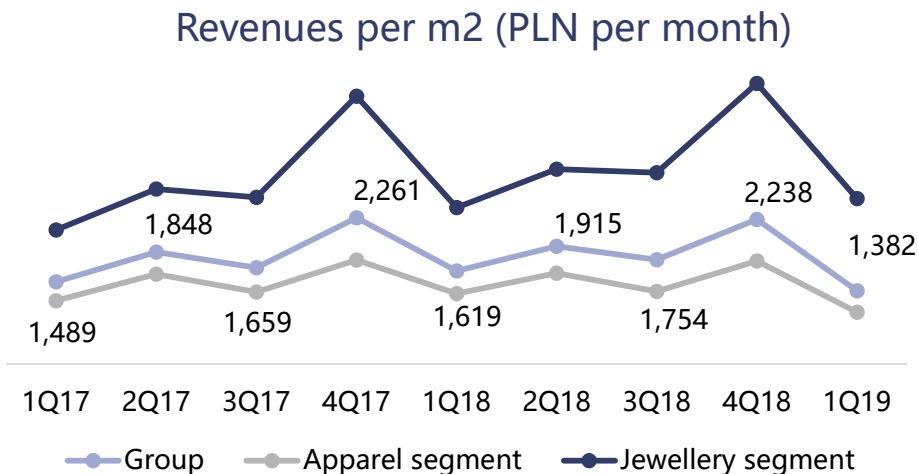
Dynamics/ m2 explained



Higher revenues in both segments



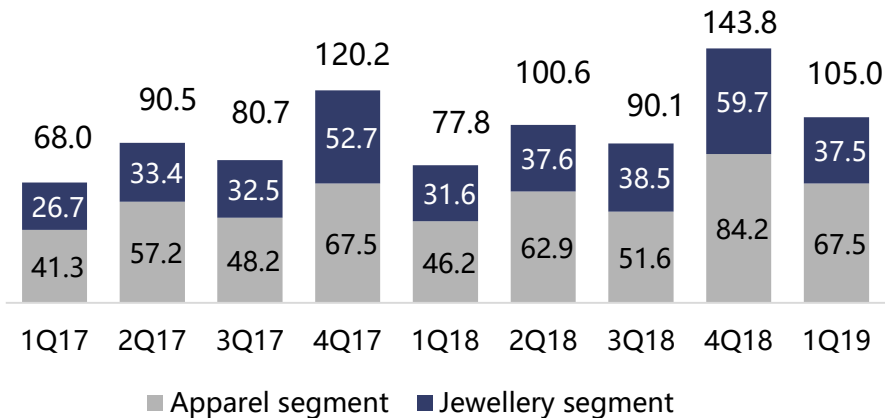
- Group revenues reached PLN 214.4m in 1Q19 (up 33.5% YoY).
- Bytom added PLN 41.1m to revenues for 1Q19. There would be 8% YoY growth excluding Bytom.
- Apparel segment revenues increased 43.5% YoY, reaching PLN 141.6m. Excluding Bytom these would reach respectively PLN 100.5m, up 2%.
- Jewellery segment revenues amounted to PLN 72.8m, up 18% YoY.



- In 1Q19 group sales per m2 reached PLN 1,382, down 15% YoY, due to consolidation of Bytom for 1Q19.
- Revenues per m2 for the apparel segment amounted to PLN 1,124 in 1Q19, down 16% YoY.
- Jewellery segment revenues per m2 reached PLN 2,490 in 1Q19, up 4.5% YoY, due to dynamic growth in watches sales.

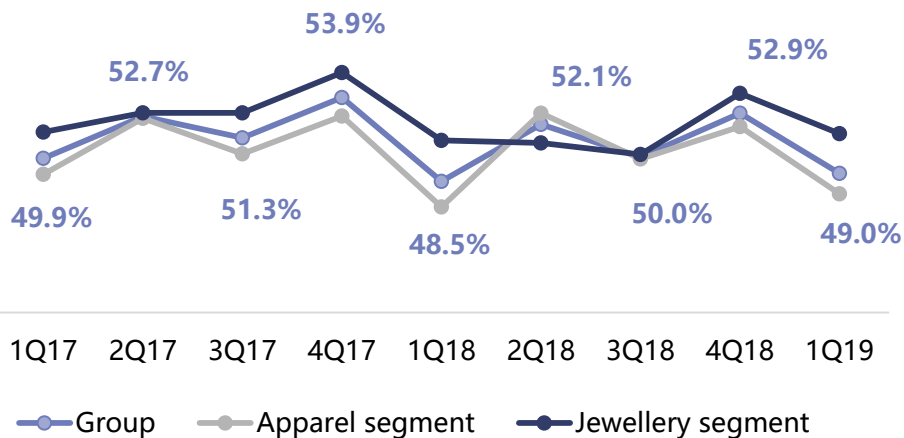
Higher YoY gross margin in both segments

Gross profit on sales
(PLN m)



- Group gross profit on sales amounted to PLN 105.0m in 1Q19 (up 35% YoY).
- In 1Q19 gross profit on sales of the apparel segment reached PLN 67.5m, up 46% YoY.
- Gross profit on sales of the jewellery segment amounted to PLN 37.5m, up 19% YoY.

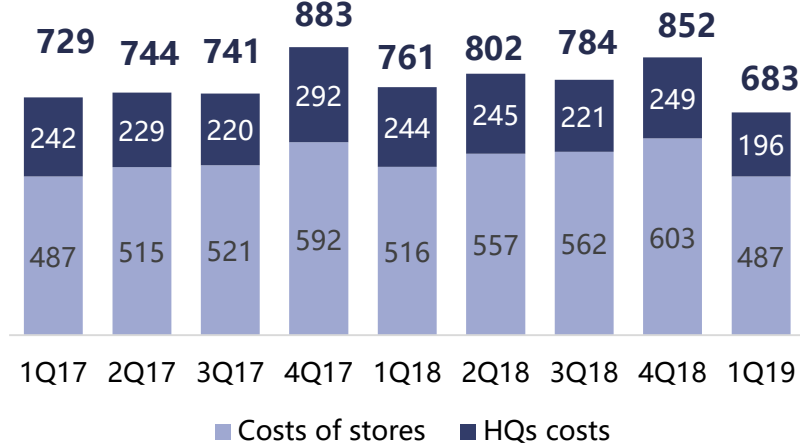
Gross profit on sales margin



- Group gross profit margin reached 49.0% in 1Q19, +0.5 pp. YoY, due to a higher margin in both segments.
- The apparel segment gross profit margin grew 0.9 pp. YoY to 47.7% in 1Q19, due to higher in-take margins on most of the brands' from the segment.
- The jewellery segment noted a 0.4 pp. YoY increase in 1Q19 gross profit margin, to 51.5% level, due to a lower share of B2B sales in revenues.

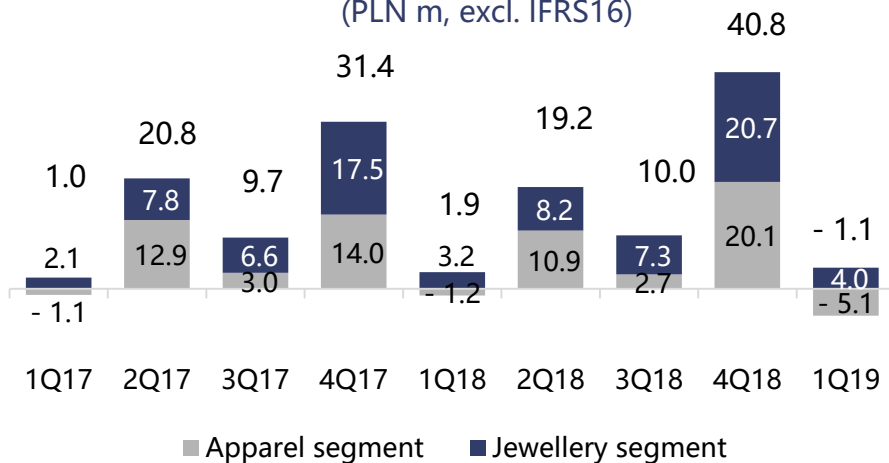
Fall in costs/ m2

Operating costs, monthly per m2
(PLN m, excl. IFRS16)



- Group operating costs/ m2 fell 10% YoY in 1Q19 to PLN 683/m2 per month.
- Lower costs of stores/ m2 (down 6% YoY) and fall in HQs costs/ m2 (down 20% YoY), impact of merger with Bytom (excl. IFRS16).
- The apparel segment costs reached PLN 576/m2 in 1Q19, down 10% YoY, while the jewellery segment costs amounted to PLN 1,143/m2 per month, +4% YoY in 1Q19 (excl. IFRS16).

Operating profit
(PLN m, excl. IFRS16)



- SG&A costs under IFRS16 came at PLN 684/m2 monthly.
- Group operating loss reached PLN 1.1m in 1Q19 (vs PLN 1.2m under IFRS16).
- Operating loss of the apparel segment amounted to PLN 5.1m in 1Q19 excl. IFRS16 (PLN 5.2m under IFRS16).
- Operating profit of the jewellery segment reached PLN 4.0m in 1Q19, up 26% YoY (excl. IFRS16).

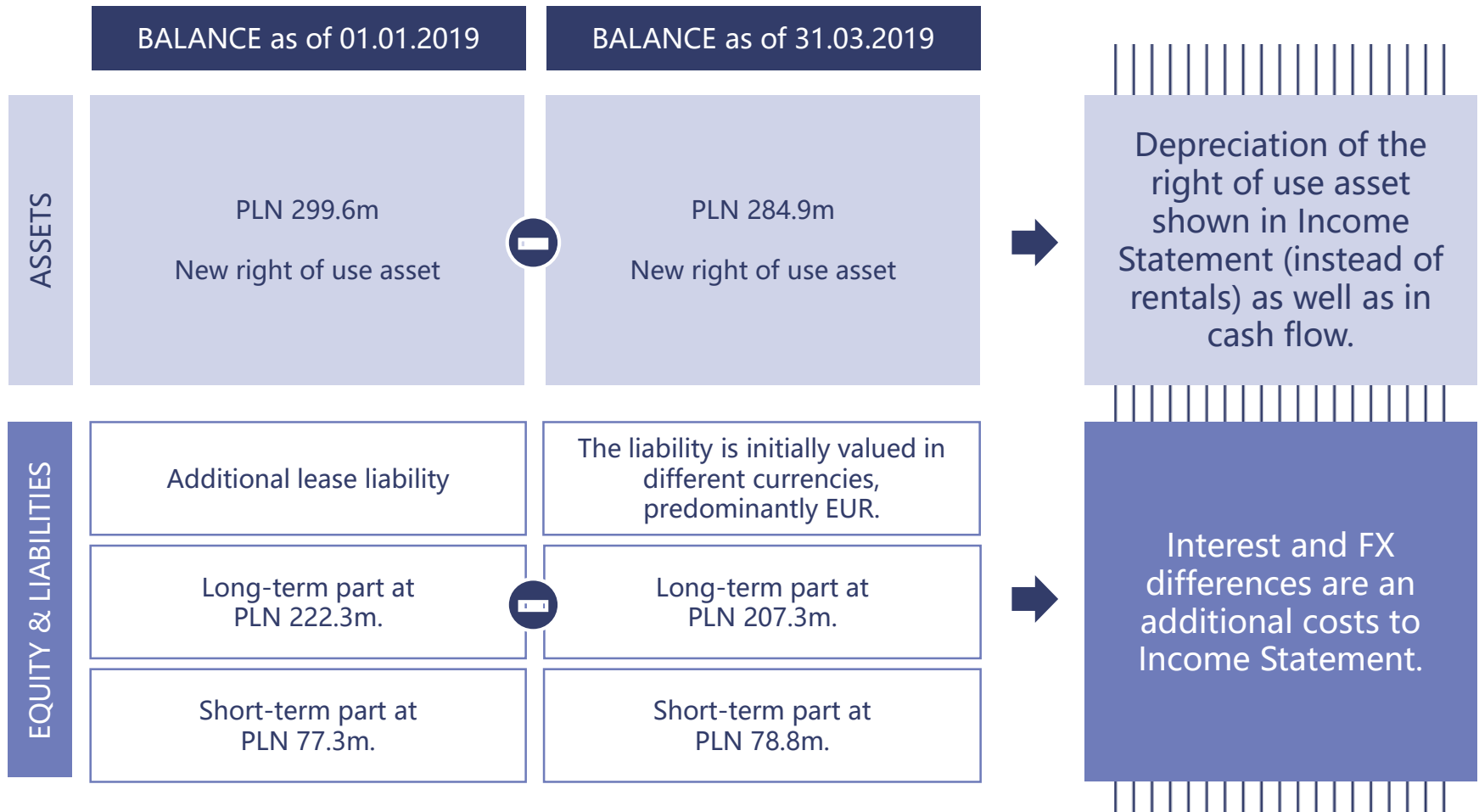
1Q19 results under IFRS16

PLN m	1Q18	1Q19 IFRS16	YoY	1Q19 IAS17
Revenues	160.6	214.4	33.5%	214.4
Gross profit on sales	77.8	105.0	35.0%	105.0
<i>Gross profit margin</i>	<i>48.5%</i>	<i>49.0%</i>	<i>0.5pp.</i>	<i>49.0%</i>
Operating costs	75.5	106.2	40.7%	106.0
EBIT	1.9	-1.2	N/M	-1.1
<i>EBIT margin</i>	<i>1.2%</i>	<i>-0.6%</i>	<i>-1.8pp.</i>	<i>-0.5%</i>
Net financial activity	-1.5	-2.7		-1.7
Net profit	0.1	-2.4	N/M	-1.2
<i>Net margin</i>	<i>0.1%</i>	<i>-1.1%</i>	<i>-1.2pp.</i>	<i>-0.6%</i>
EBITDA	6.1	24.8	307.3%	4.4
<i>EBITDA margin</i>	<i>3.8%</i>	<i>11.6%</i>	<i>7.8pp.</i>	<i>2.1%</i>

- Revenue growth above floorspace growth.
- Higher YoY gross profit margin due to favourable trends in both segments.
- Seasonal EBIT loss due to a sizeable portion of fixed costs.
- IFRS16 applied for the first time in 1Q19 – rental costs replaced by depreciation of the right of use asset. A small impact of the new standard on EBIT but a sizeable one on EBITDA.

- A less favourable YoY impact of other financial line. PLN 1m of additional finance costs (PLN 0.9m, interest expense) and FX differences (PLN 0.1m) from IFRS16.
- A seasonal loss in the first quarter.
- A lower net loss excluding IFRS16 (i.e. under IAS17) results from higher financial charges under IFRS16.

Impact of IFRS16 on 1Q19



Stable inventory/ m2

Change in inventory



- Inventory up 55% YoY due to network development, opening of new stores and merger with Bytom brand (PLN 93.8m impact).
- Apparel segment inventory increased 76% YoY, but 17% YoY excluding Bytom.
- Inventory of the jewellery segment grew 34% YoY due to preparation for a strong 2Q19.

Inventory by segments

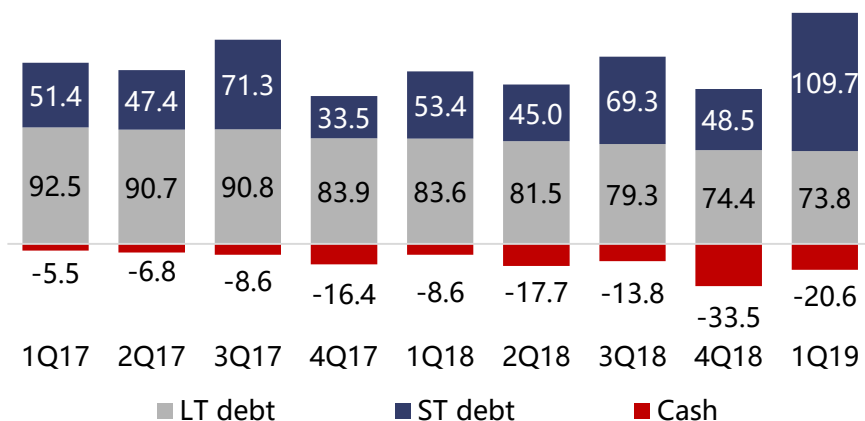
(PLN m)



- Group inventory per m2 reached PLN 9,327 at the end of 1Q19, down 0.6% YoY.
- Apparel segment inventory per m2 reached PLN 6,592, up 3% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 20,939, up 17% YoY.

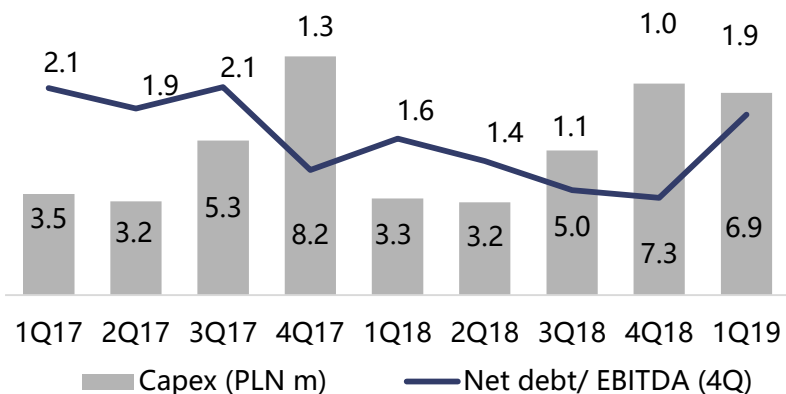
Safe indebtedness levels

Net debt
(PLN m, excl. IFRS16)



- Consistent YoY long-term debt reduction.
- Long-term and short-term indebtedness shown together with financial leases, yet excluding the leases from IFRS16. Financial leases under IFRS16 at PLN286.1m.
- Usage of reverse factoring for supply chain financing reached PLN 16.6m at the end of 1Q19 (part of short-term debt, zero in 1Q18).

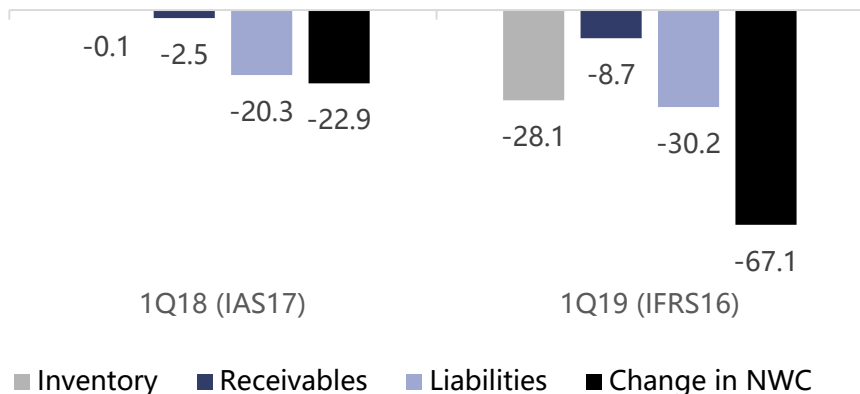
Capex vs. net debt/EBITDA
(excl. IFRS16)



- Net debt/EBITDA (4Q) at 1.9x, higher YoY. The growth results from taking over Bytom (higher impact on debt than EBITDA in 1Q19). Bytom's indebtedness reached PLN 29.3m at the end of 1Q18.
- Excluding reverse factoring, the ratio would come at 1.7x.
- Higher YoY capex in 1Q19 due to payments for own stores opened in 4Q18 and 1Q19 (five brands).

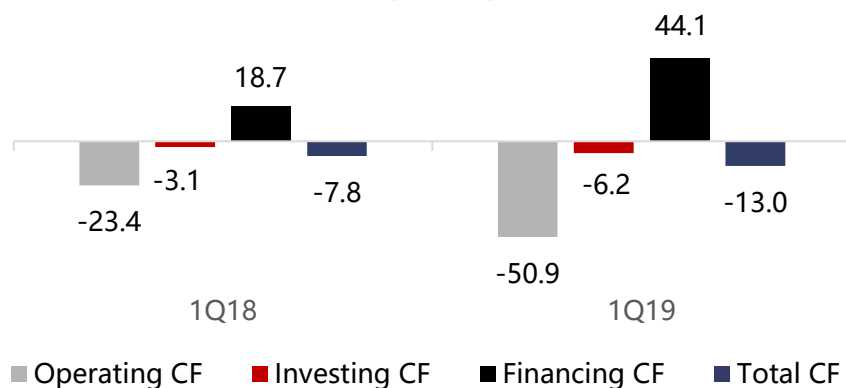
Seasonal usage of cash

Change in net working capital (PLN m)



- Data for 1Q18 shows VRG Group excluding Bytom, while 1Q19 results include Bytom.
- Engagement of cash into inventories results mainly from higher inventory in jewellery segment and growth in scale.
- Higher receivables result from growth in group's scale (higher downpayments for goods) and taking over the wholesale business of Bytom. Lower tax liabilities.
- Impact of IFRS16 on operating cash flows at +PLN 20.8m.

Quarterly cash flows (PLN m)



- Operating cash flows lower YoY. Higher D&A YoY due to IFRS16 compensated by higher YoY working capital engagement.
- Capex shows organic growth – openings and upgrades of stores in both segments.
- Financing cash flows show a seasonal increase in short-term debt in the quarter.

VISTULA

WÓLCZANKA

BYTOM
SZTUKA KRAWIECTWA OD 1945

W.KRUK
1 8 4 0

DENI CLER
MILANO

03

DEVELOPMENT PLANS



VRG
VISTULA RETAIL GROUP

Growth to continue in 2019

VRG		2018	2019 target	YoY
APPAREL SEGMENT	stores	440	467	27
	m2	42,072	44,753	6%
VISTULA	stores	148	159	11
	m2	18,230	19,596	7%
WÓLCZANKA	stores	139	147	8
	m2	4,979	5,180	4%
BYTOM	stores	122	129	7
	m2	15,816	16,878	7%
DENI CLER	stores	31	32	1
	m2	3,047	3,100	2%
JEWELLERY SEGMENT	stores	128	140	12
	m2	9,554	10,953	15%
TOTAL	stores	568	607	39
	m2	51,626	55,707	8%

2019 should be another year of dynamic organic group floorspace growth (c. 8% YoY).

Franchise store floorspace should reach some 11 ths m2 at the end of 2019.

2019 capex should amount to some PLN 25m.

Merged entity growth to continue

Group YoY floorspace development
(ths m2)



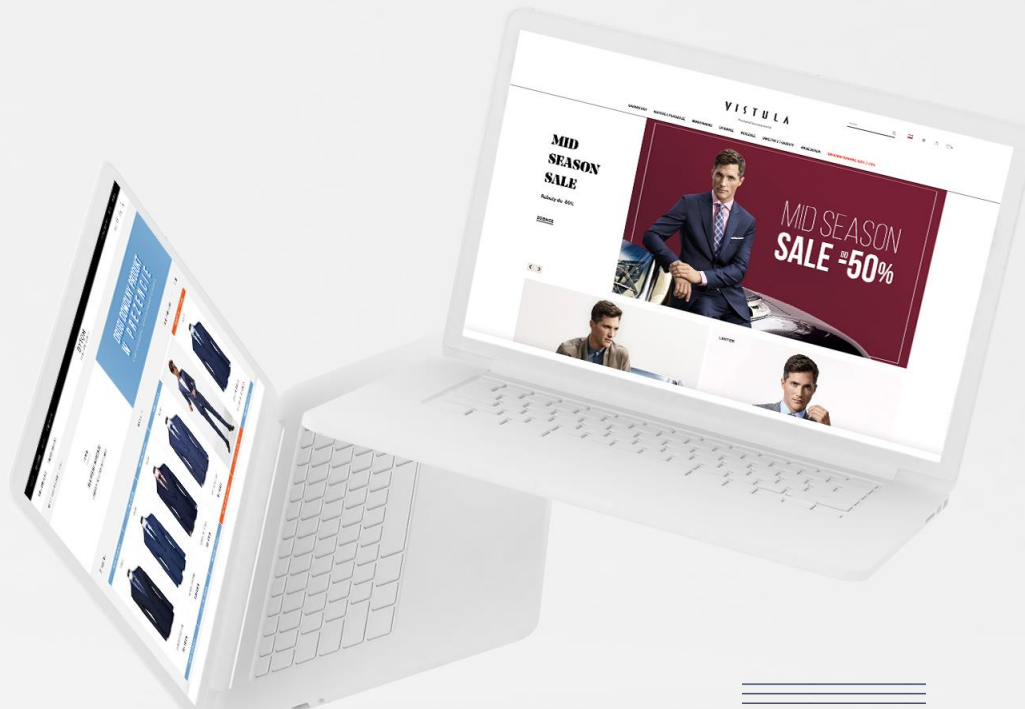
- Merged entity's floorspace should reach 55.7 ths m2 at the end of 2019, up 8% YoY.
- The apparel segment should add 2.7 ths m2 net, growing 6% YoY.
- The jewellery segment should contribute 1.4 ths m2 net, i.e. up 15% YoY.

Group YoY floorspace development
(ths m2)



- A balanced opening structure between own and franchise store openings.
- Openings of own stores should increase floorspace of these stores by 5% YoY.
- Dynamic openings of Vistula, Wólczanka, Bytom and W.KRUK branded franchise stores should increase their floorspace by 22% YoY in 2019.

Continuation of e-commerce growth



DYNAMIC GROWTH

Our aim is a further 50% YoY growth in 2019 of e-commerce revenues.

HIGH SHARE

Our aim is for e-commerce to exceed some 14% share in 2019 revenues.

Development of product offering in 2019

VISTULA

PROSTO.

COOPERATION OF TWO RETAIL BRANDS men's formalwear with a streetwear brand.



VISTULA

A growing share of casual, modern textiles in suits.

BYTOM

SZTUKA KRAWIECTWA OD 1945

A growing share of casual.

W. KRUK
1 8 4 0

Star collections, new products in jewellery, a broader offer of watches.

DENI CLER
MILANO

A growing share of casual, new pieces in collections.

WÓLCZANKA

A broader offer for men – chinos trousers from SS2019.

2019 targets

REVENUES	EBIT	NET PROFIT	RISKS
<p>Continuation of double-digit revenue growth.</p> <p>Floorspace development and improvement of sales/ m2 of each brand.</p>	<p>1pp. higher gross profit margin due to first margin synergies.</p> <p>SG&A costs/ m2 discipline.</p>	<p>Further YoY group results improvement.</p> <p>Our aim is to obtain higher net profit than revenue dynamics.</p>	<p>Further restrictions on Sunday trade.</p> <hr/> <p>OPPORTUNITIES</p> <hr/> <p>Social programs supporting consumption.</p>

Retail sales tax

A risk that the tax will be introduced since 2020 – a possible cost of c. PLN 4m.

A tax free amount – PLN 17m monthly.

Revenues taxed at 0.8% between PLN 17m to PLN 170m monthly.

Revenues taxed at 1.4% above PLN 170m monthly in traditional stores in Poland.

Does not apply to internet sales.

VISTULA

WÓLCZANKA

BYTOM
SZTUKA KRAWIECTWA OD 1945

W.KRUK
1 8 4 0

DENI CLER
MILANO

04

SYNERGY



VRG
VISTULA RETAIL GROUP

Synergies in progress

REVENUE/MARGIN

Our aim is to increase revenues and improve gross profit margin of the combined group through more favourable purchasing terms and improved market segmentation.

TARGET

Target: some PLN 8 – 10m of margin synergies i.e. gross profit margin improvement of Vistula, Wólczanka and Bytom brands.

OPERATING COSTS

Our aim is to benefit from the combined management experience to lower SG&A costs.

TARGET

Target: some PLN 2m of cost synergies (at the level of SG&A costs).

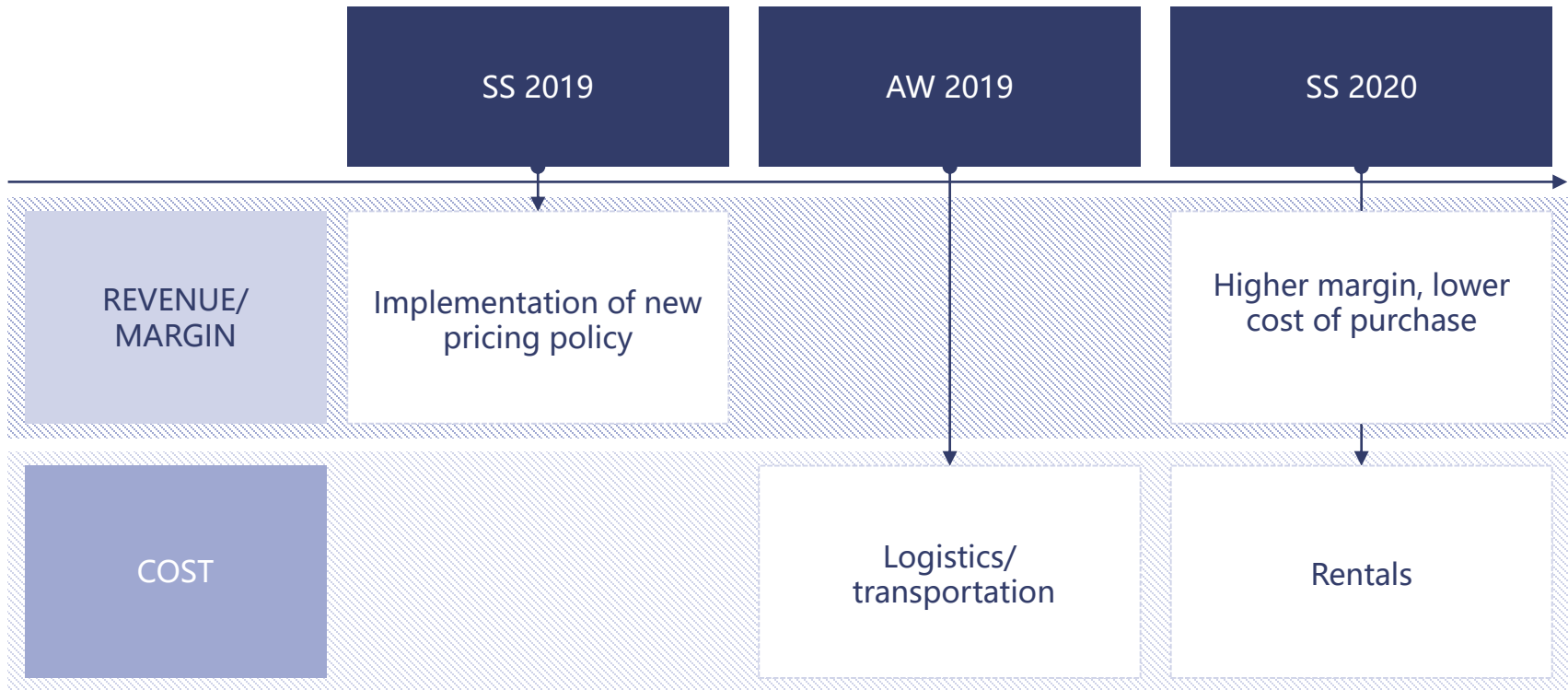
Revenue/ margin synergies

	Identified	In progress	Completed
PURCHASES			
Development of a common policy for strategic fabrics suppliers	✓	✓	
Creation of a list of strategic suppliers - complementary goods: pants, shirts, knitwear, accessories	✓	✓	
Development of an approach to optimise costs of transporting raw materials and commercial goods	✓	✓	
PRODUCTION			
Preparation of joint production plans for Vistula and Bytom brands for Fall / Winter 2019	✓	✓	
PRICE MANAGEMENT			
Higher in-take margin	✓	✓	

Cost synergies

	Identified	In progress	Completed
LOGISTICS/ TRANSPORTATION			
Lower rates for courier parcels	☑	☑	
No more minimum transportation quotas	☑	☑	
RENTALS			
Renegotiation of rental rates	☑	☑	
Renting stores with a larger area for several brands	☑	☑	
STORES			
Consolidation of packaging suppliers	☑		
Unification of suppliers of other services for stores	☑		

Synergies – time horizon



VISTULA

WÓLCZANKA

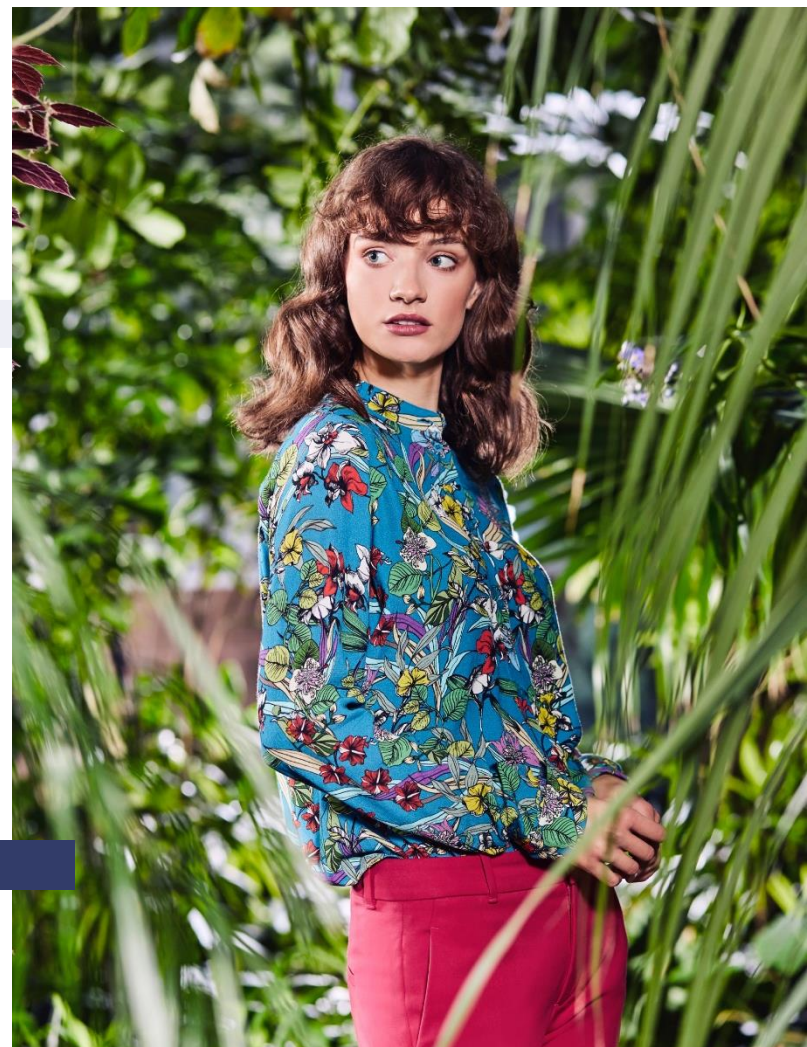
BYTOM
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W.KRUK
1 8 4 0

DENI CLER
MILANO

06

Q&A



VRG
VISTULA RETAIL GROUP

VISTULA

WÓLCZANKA

BYTOM
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DENI CLER
MILANO

07

BACK-UP



VRG
VISTULA RETAIL GROUP

Vistula: executive summary



VISTULA

Vistula (menswear)

- Vistula brand is characterised by the highest quality of products and a fresh approach to men's fashion.
- There are 3 stylistic lines in Vistula brand collections: Vistula – modern classical clothes, Vistula RED – the latest trends, brave colours, Lantier – reference to traditional tailoring, formalwear.
- "Made to Measure": personalised service dedicated to the most demanding customers. Available in selected brand's stores.

Spring/Summer 2019 collection

- New collection combines attractive patterns, a wide range of colours and modern, fashionable silhouettes.
- The offer comprises a wide range of formal and casual proposals. For special occasions we offer timeless suits and shirts inspired by pop - art.
- World-class model Ollie Edwards is the face of the collection.
- The team of ambassadors of *Vistula with Passion* now includes also Karol Kłos (volleyball player) and Przemysław Świercz (captain of Polish Representation in AMP Football).

Network development

- There were 4 net stores opened in 1Q19, 2 own stores in Rumia and Gliwice and 2 net franchise stores (Przemyśl and Drawsko Pomorskie).

Wólczanka: executive summary



WÓLCZANKA

1Q19 presentation

Wólczanka (fashion for men and women)

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

Spring/Summer 2019 collection

- Men's collection mostly encompasses classic shirts models in shades of white, blue and navy blue, revived with microstructures, delicate stripes and more pronounced grid and strips.
- The men's collection also includes shirts with a more nonchalant and even extravagant character, i.e. multicolored checked prints and expressive floral prints.
- In women's collection, we focus on motifs taken from nature. Apart from flowers, shirts also contain leaves and other colorful plants. On the so-called after-hours situations we present shirts decorated with an original interpretation of classic grid and pastels.
- A wide selection of shirts is complemented by high-quality accessories, such as silk ties, flies and petticoats, steel clips. Since 1Q19 the brand's collections were expanded by chinos trousers for men.

Network development

- The number of boutiques was stable QoQ. In 1Q19 one own store was closed, while 1 franchise boutique was opened (Drawsko Pomorskie).

Bytom: executive summary



Bytom (menswear)

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

Spring/Summer 2019 collection

- Continuation of the leading motif of brand's communication from previous quarters: always close to Polish culture and art. The campaign's motto is "Bytom - at the crossing point of music and acting".
- Cooperation with another Polish artists: Tomek Lipiński (musician) and Dawid Ogrodnik (actor, musician by education).
- Collection Spring / Summer 2019 in vintage style (stylistics of the 80s and stage extravagance of jazz musicians).
- Suits collection created from the highest quality fabrics, sewn in Polish manufacturing facilities.
- Additionally, the collection is complemented by a series of T-shirts with prints of paintings by Polish and world painters.

Network development

- In 1Q19 a new own store was opened in Gliwice. The number of brand's stores was reduced by 1 QoQ due to store closings.

Deni Cler: executive summary



DENI CLER
MILANO

Deni Cler (women's fashion)

- Women's fashion brand with Italian origin, established in Italy in 1972.
- A network of stores for women over 35 year of age who value high quality and elegance.
- Collections created from highest quality fabrics with superior accessories and designer cut.

Emphasis on casual in Spring/Summer 2019

- Development and changes within Deni Cler's collections: a gradual shift from formal style to casual elegance. An example, among others, are jeans with spectacular rubs.
- The new collection is the revival of trends from the 70s redefined in a new fresh form.
- The entire collection is divided into smaller lines – capsule collections with separate aspirations.
- The current Spring/Summer collection is a journey between everyday city life and free time spent outside the city.
- Success of new marketing campaigns (especially on YouTube).

Network development

- No new openings in 1Q19.

W.KRUK: executive summary



W. KRUK
1 8 4 0

The oldest jewellery brand in Poland

- The jewellery offer includes gold, silver and platinum jewellery, diamonds, precious stones and original collections.
- W.KRUK's offer also includes global watches brands, such as Rolex (exclusivity), Hublot, Omega, Longines, TAG Heuer, Tissot, Certina and many more. W.KRUK offer also includes a constantly growing collection of accessories: leather handbags, silk scarves, sunglasses and leather accessories with the brand's logo.

New brand ambassador – Ewa Chodakowska

- Spring/Summer 2019 marks the debut of the ambassador collection designed with Ewa Chodakowska. Modern jewellery made of gold, silver and brass is a composition of motifs typical of volcanic OHELO berry, the emblem of the collection. Patterns symbolize the possibility of change and perseverance in pursuit of dreams, even in the most difficult conditions.
- Another novelty in W.KRUK's offer are Charmsy's Lovely Beads, while on Mother's Day the brand introduces a collection of secretaries.

Network development

- In 1Q19 there were 4 stores net opened, out of which 3 were own stores in Zabrze, Kalisz and Grudziądz, while 1 was a franchise store (Kołobrzeg).

Summary of brands' 1Q19 results

V I S T U L A

DYNAMIC NETWORK
DEVELOPMENT.

W Ó L C Z A N K A

HIGH INTERNET
SHARE.

W. KRUK
1 8 4 0

SUCCESS OF STAR
COLLECTION. FURTHER
GROWTH IN SALES OF
WATCHES.

BYTOM

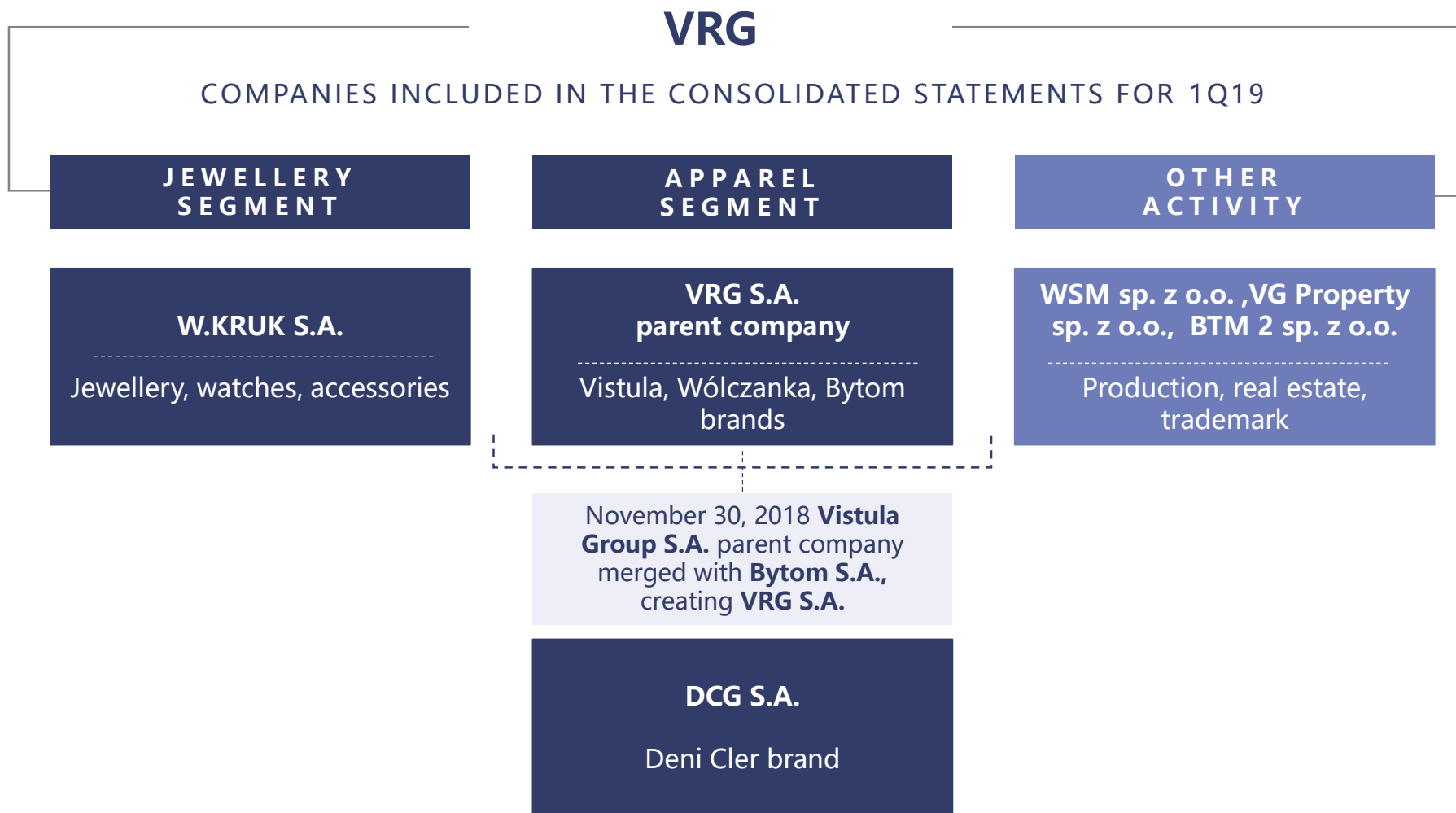
SZTUKA KRAWIECTWA OD 1945

CASUAL OFFER
DEVELOPMENT.

DENI CLER
MILANO

HIGHEST SALES/ M2
GROWTH.

Group's structure



Growing number of stores

NUMBER OF STORES

		1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
APPAREL SEGMENT	total	265	274	281	295	299	300	304	440	443
	franchise	65	71	76	88	93	94	100	117	120
VISTULA	total	117	122	126	134	136	138	141	148	152
	franchise	30	33	35	42	46	47	50	56	58
WÓLCZANKA	total	116	119	122	129	131	132	133	139	139
	franchise	27	30	33	38	39	39	42	47	48
BYTOM	total	-	-	-	-	-	-	-	122	121
	franchise	-	-	-	-	-	-	-	6	6
DENI CLER	total	32	33	33	32	32	30	30	31	31
	franchise	8	8	8	8	8	8	8	8	8
JEWELLERY SEGMENT	total	104	105	108	115	117	121	126	128	132
	franchise	0	0	1	3	4	6	6	10	11
TOTAL	total	369	379	389	410	416	421	430	568	575
	franchise	65	71	77	91	97	100	106	127	131

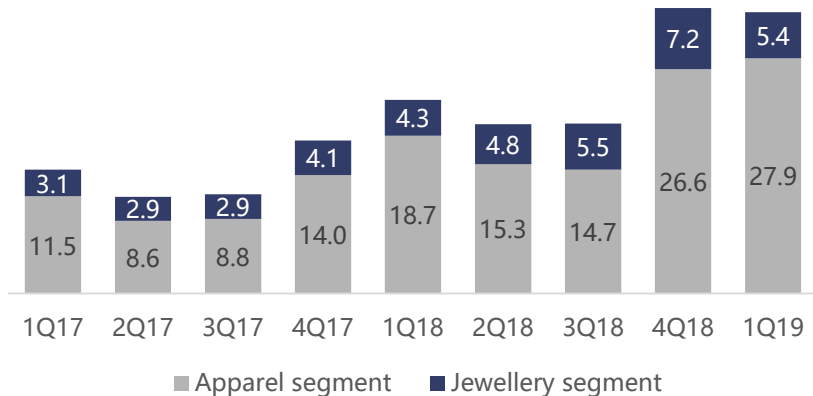
Higher floorspace

FLOORSPACE (M2)

		1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
APPAREL SEGMENT	total	22,433	23,179	23,721	24,613	24,822	24,864	25,163	42,072	42,429
	franchise	4,600	4,957	5,226	6,006	6,389	6,487	6,820	8,394	8,621
VISTULA	total	14,899	15,503	15,963	16,719	16,855	17,176	17,429	18,230	18,727
	franchise	3,169	3,447	3,623	4,235	4,580	4,686	4,925	5,581	5,818
WÓLCZANKA	total	4,251	4,302	4,362	4,604	4,676	4,707	4,753	4,979	4,894
	franchise	793	911	1,004	1,171	1,209	1,201	1,295	1,489	1,479
BYTOM	total	-	-	-	-	-	-	-	15,816	15,761
	franchise	-	-	-	-	-	-	-	723	723
DENI CLER	total	3,283	3,374	3,397	3,291	3,291	2,981	2,981	3,047	3,047
	franchise	638	599	600	600	600	600	600	600	600
JEWELLERY SEGMENT	total	8,037	8,094	8,152	8,688	8,769	9,048	9,449	9,554	9,992
	franchise	0	0	59	187	245	371	371	630	680
TOTAL	total	30,470	31,273	31,873	33,301	33,592	33,912	34,611	51,626	52,421
	franchise	4,600	4,957	5,285	6,192	6,633	6,858	7,190	9,024	9,301

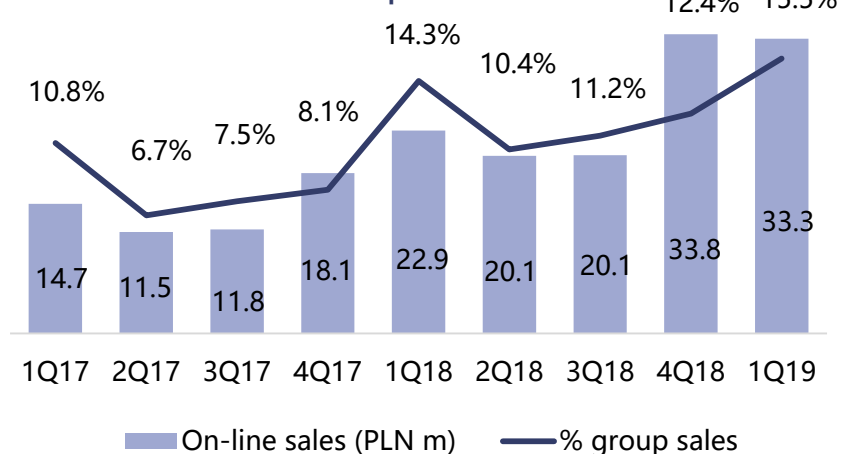
Own e-stores of five brands

On-line sales by segments
(PLN m)



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

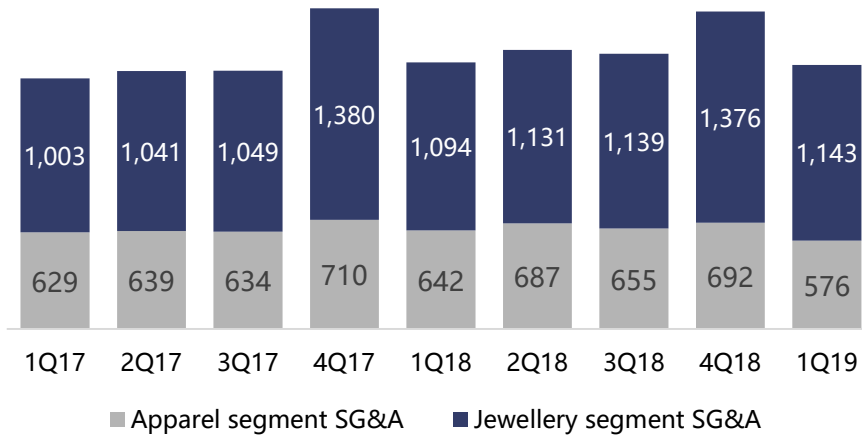
Group on-line sales



- On-line sales reached PLN 33.3m in 1Q19, up 45% YoY.
- Share of internet in revenues increased from 14.3% in 1Q18 to 15.5% in 1Q19.
- On-line sales amounted to PLN 97m in 2018, up 73% YoY.
- Share of internet in revenues grew from 8.1% in 2017 to 12.0% in 2018.

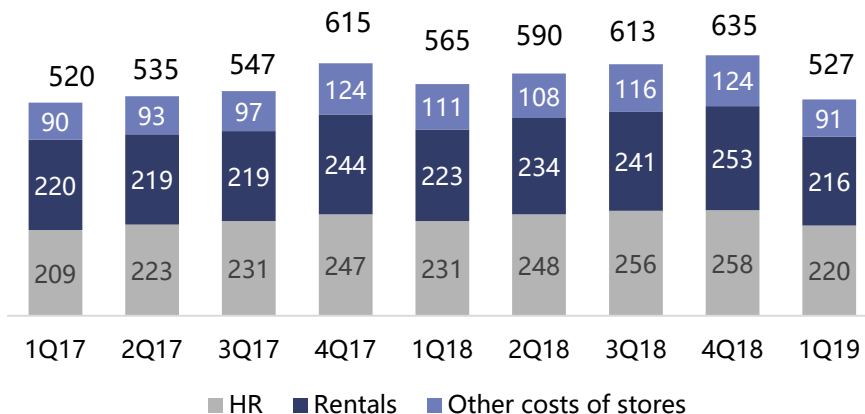
Costs of own stores under control

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



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

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



- Costs of store 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 the franchisees.

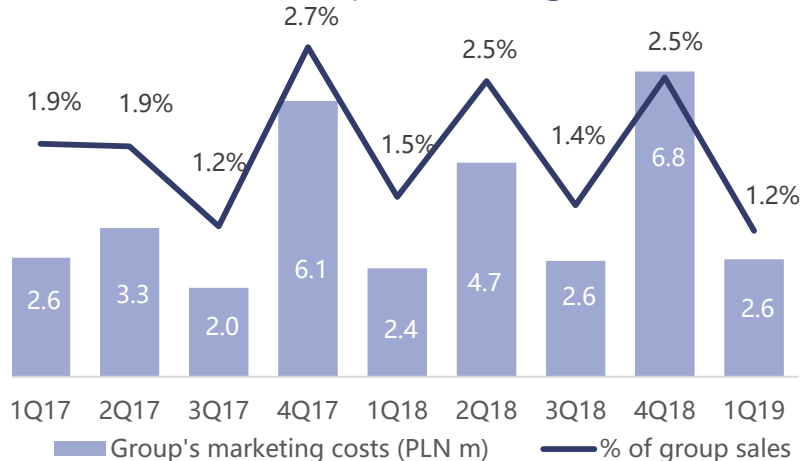
Discipline in marketing costs

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.
- Marketing outlays amounted to PLN 2.6m in 1Q19, up 8% YoY.
- 4Q is the most important quarter.

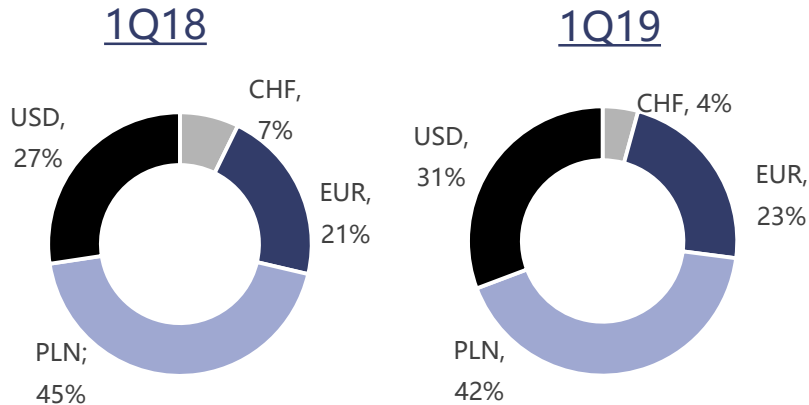
Group marketing costs



- The apparel segment: marketing outlays are related to campaigns. Pick-up in 2018 spending (especially in 1H18) was related to media campaign with Robert Lewandowski and players of the National Polish Football Team in World Football Championships in 2018.
- Marketing costs within the jewellery segment cumulate in 4Q (seasonally best), before Christmas.

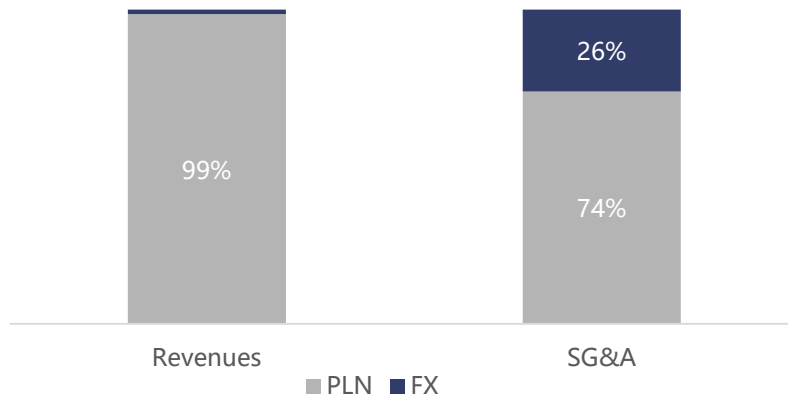
FX risk exposure

Purchases by currencies
(PLN m)



- 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.
- Higher YoY share of CHF in 2018 purchases due to a growing share of watches in revenues. YoY fall in 1Q19 due to consolidation of Bytom.

2018 revenues and SG&A costs by currencies



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

Historical quarterly results

PLN m	2Q17	2Q18	3Q17	3Q18	4Q17	4Q18	1Q18	1Q19 IFRS16	r/r	1Q19 IAS17
Revenues	171.9	192.9	157.4	180.1	223.1	272.1	160.6	214.4	33.5%	214.4
Gross profit on sales	90.5	100.6	80.7	90.1	120.2	143.8	77.8	105.0	35.0%	105.0
Gross profit margin	52.7%	52.1%	51.3%	50.0%	53.9%	52.9%	48.5%	49.0%	0.5pp	49.0%
SG&A costs	69.2	80.8	70.3	80.5	87.2	103.4	75.5	106.2	40.7%	106.0
Other operating activity	-0.6	-0.6	-0.8	0.4	-1.6	0.9	-0.4	-0.1		-0.1
EBIT	20.8	19.2	9.7	10.0	31.4	40.8	1.9	-1.2	N/M	-1.1
EBIT margin	12.1%	9.9%	6.1%	5.6%	14.1%	15.0%	1.2%	-0.6%	-1.8pp	-0.5%
Net financial activity	-3.3	-1.6	-1.6	-1.2	-1.6	-1.9	-1.5	-2.7		-1.7
Pre-tax profit	17.5	17.6	8.0	8.8	29.8	38.9	0.4	-4.0	N/M	-2.8
Tax	3.5	3.5	1.7	1.9	6.1	6.4	0.3	-1.6		-1.6
Net profit	14.0	14.1	6.3	6.9	23.7	32.4	0.1	-2.4	N/M	-1.2
Net margin	8.2%	7.3%	4.0%	3.8%	10.6%	11.9%	0.1%	-1.1%	-1.2pp	-0.6%
EBITDA	24.5	23.6	13.4	14.0	35.6	45.6	6.1	24.8	307.3%	4.4
EBITDA margin	14.3%	12.2%	8.5%	7.8%	16.0%	16.8%	3.8%	11.6%	7.8pp	2.1%

Safe indebtedness level

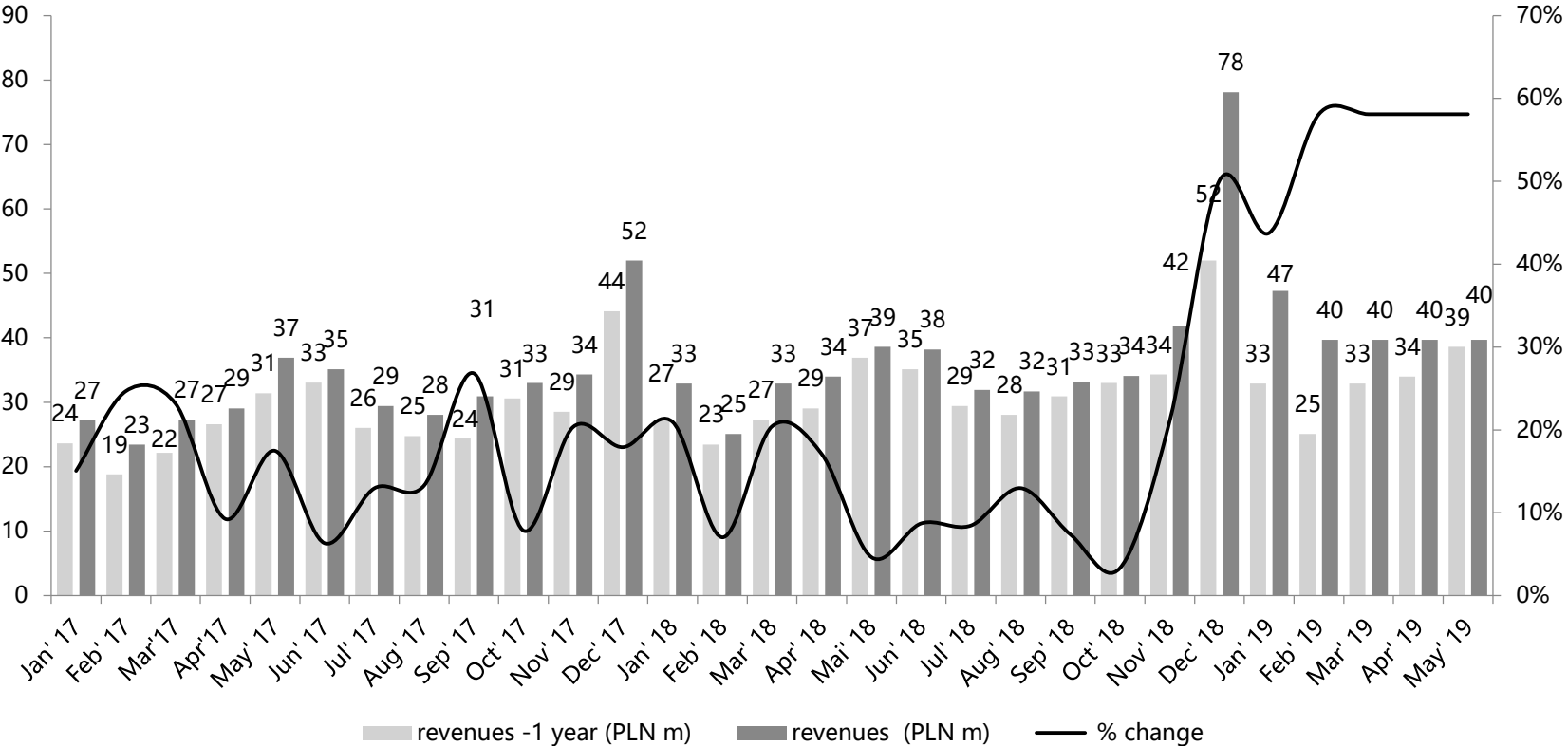
PLN m	1Q18	4Q18	1Q19
Long-term debt	83.6	74.4	73.8
Bank loans	82.0	70.8	70.5
Financial leases	1.7	3.6	3.2
Short-term debt	53.4	48.5	109.7
Bank loans	52.8	25.9	91.7
Financial leases	0.5	1.7	1.4
Reverse factoring	0.0	20.9	16.6
Cash	8.6	33.5	20.6
Net debt	128.4	89.4	163.0
Financial leases IFRS16	0.0	0.0	286.1
Net debt under IFRS16	128.4	89.4	449.1

- 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 comprises of: a floating charge on inventory, a fixed charge on "Vistula", "Wólczanka", "Intermoda" trademarks and a fixed charge on W.KRUK and DCG shares.

- There is room to further finance the group's development from bank debt.
- Consistent YoY reduction in long-term debt.
- A safer and more diversified financing structure after merger with Bytom.
- PLN 16.6m of reverse factoring used for financing of Bytom brand's suppliers.
- PLN 286.1m of IFRS16 liabilities (finance leases).

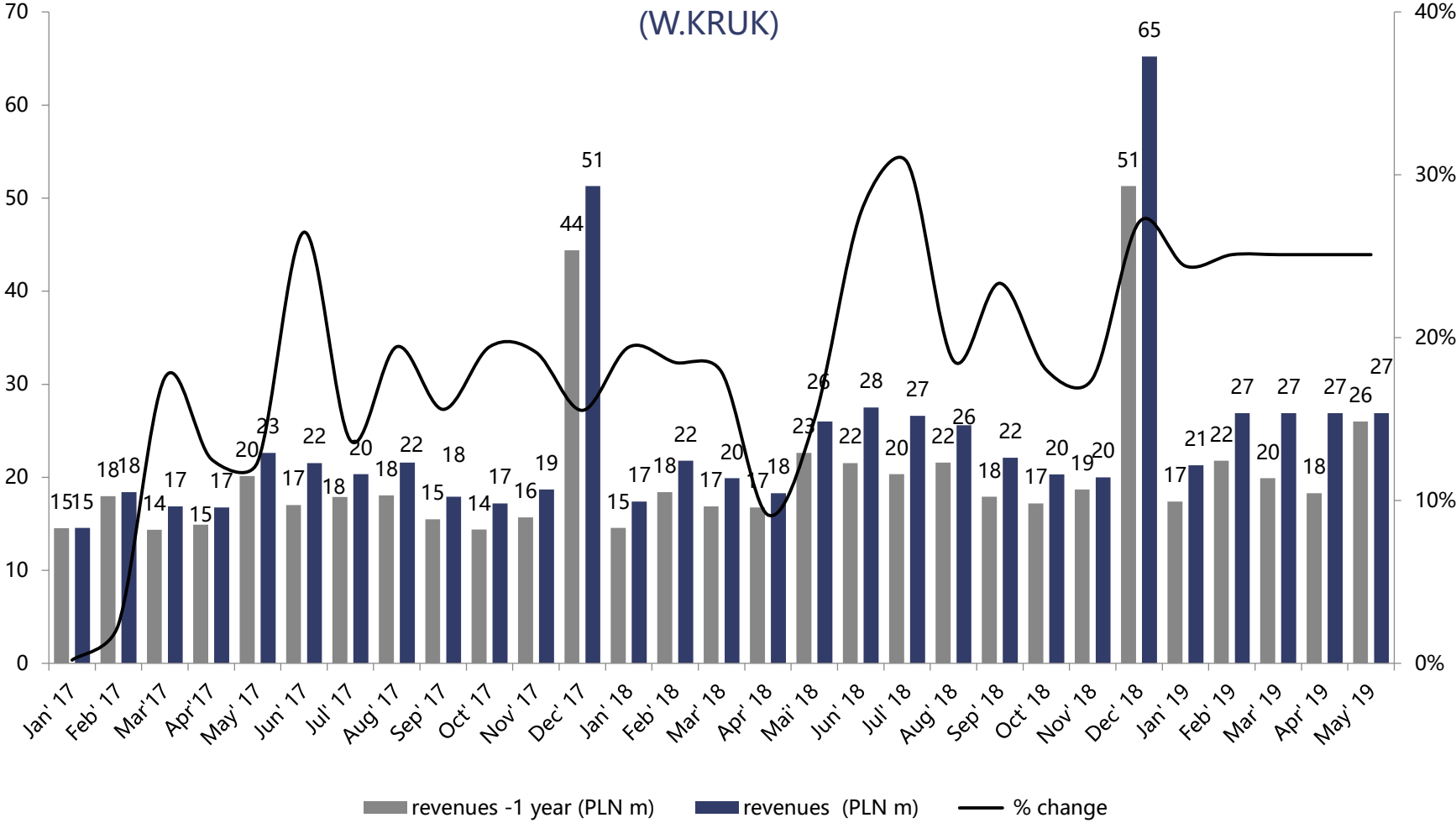
Monthly sales data

APPAREL SEGMENT REVENUES
(VISTULA, WÓLCZANKA, DENI CLER,
BYTOM from XII 2018)



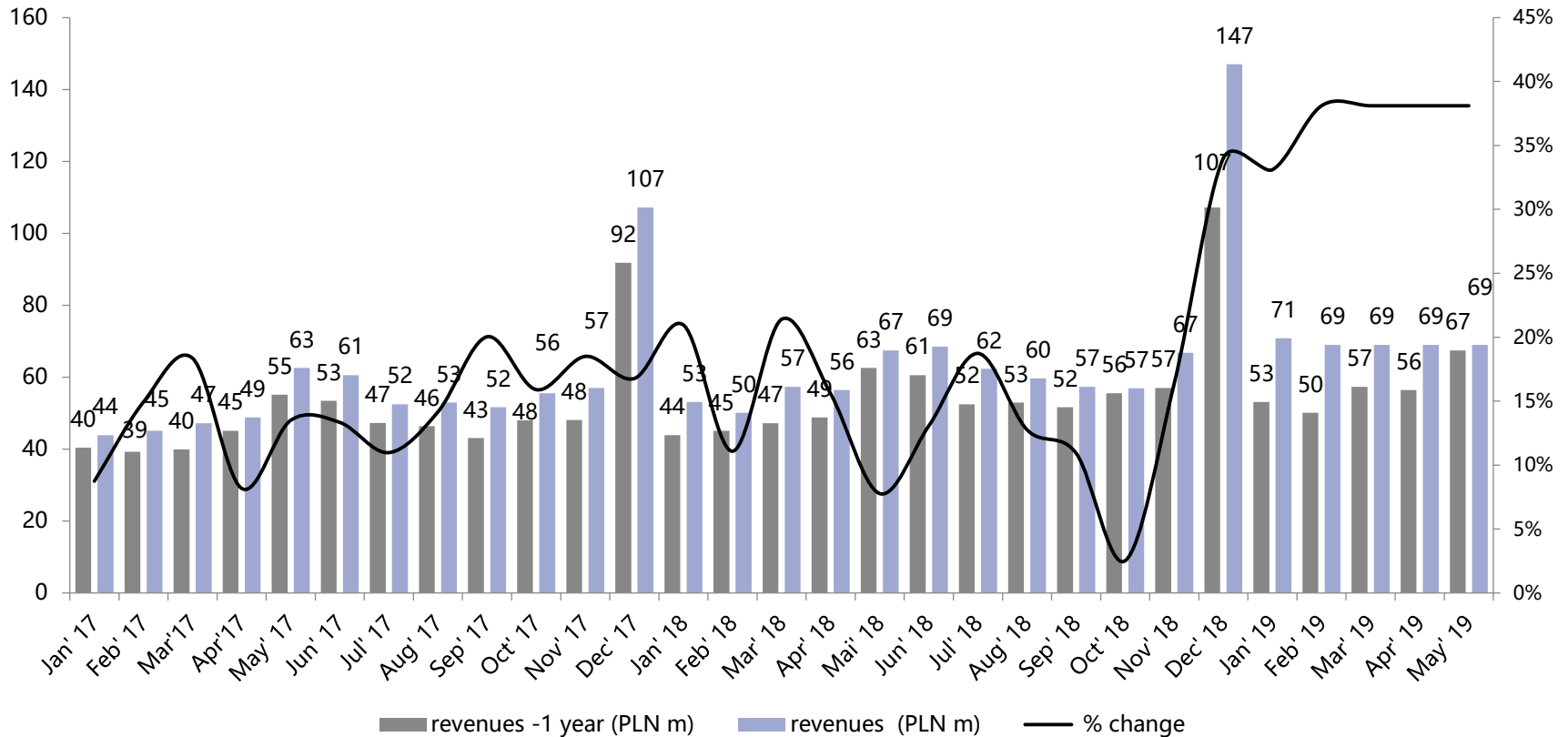
Monthly sales data

JEWELLERY SEGMENT REVENUES (W.KRUK)



Monthly sales data

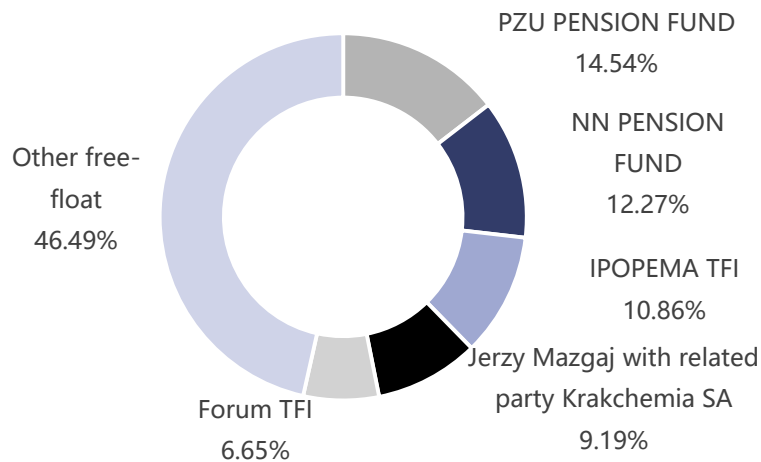
REVENUES OF THE CAPITAL GROUP



Shareholder structure

Shareholder structure as of 1Q19 publication (share in equity and votes)

	Number of shares/votes	% stake
1. PZU „Złota Jesień” Pension Fund	34,093,568	14.54%
2. Nationale-Nederlanden Pension Fund	28,777,370	12.27%
3. IPOPEMA TFI	25,455,558	10.86%
4. Jerzy Mazgaj with related party	21,544,333	9.19%
5. FORUM TFI	15,580,800	6.64%
6. Other free-float	109,004,211	46.50%
Total	234,455,840	



Sources of information regarding holdings of VRG S.A. shares

1. Information on the number of shares given in accordance with the notification received by the Company pursuant to art. 69 par. 1 point 2, para. 2 point 1 lit. a) and art. 69a paragraph 1 point 1 of the Act of July 29, 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies

2. information on the number of shares given in accordance with the notification received by the Company pursuant to art. 69 par. 2 point 1a and art. 87 par. 1 point 5 of the Act of 29 July 2005 on public offer and conditions for introducing financial instruments to organized trading system and on public companies, concerns shares held jointly by Nationale-Nederlanden Open Pension Fund and Nationale-Nederlanden Voluntary Pension Fund. According to the above Nationale-Nederlanden's Open Pension Fund alone holds 28,408,370 shares of the Company, which constitutes 12.117% of the Company's share capital and is entitled to 28,408,380 votes at the Company's General Shareholder Meeting, which constitutes 12.117% of the total number of votes at the Company's General Shareholder Meeting.

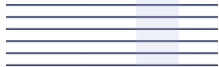
3. information on the number of shares given in accordance with the notification received by the Company pursuant to art. 69 par. 1 point 1, art. 69a paragraph 1 point 1 and art. 87 par. 1 point 2 of the Act of July 29, 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies, applies to shares held jointly by all funds managed by IPOPEMA TFI S.A. In accordance with the notification received by the Company on 6/12/2018 from IPOPEMA TFI S.A. drawn up on the basis of art. 69 par. 1 point 2, art. 69a paragraph 1 point 1 and art. 87 par. 1 point 2 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, managed by IPOPEMA TFI S.A. the IPOPEMA 2 FIZ Aktywów Niepublicznych fund had 21,177,000 shares of the Company, which constituted 9.02% of the Company's share capital and gave 21,137,000 votes and represented 9.02% of the total number of votes at the Company's General Shareholder Meeting. According to the notification received by the Company on May 17, 2019 based on art. 19 MAR The IPOPEMA 2 FIZ Fund of Non-Public Assets divested 2,500,000 of the Company's shares.

4. Information on the number of shares given in accordance with the notifications received by the Company pursuant to art. 69 of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies and in accordance with notifications received by the Company pursuant to art. 19 MAR. According to the information possessed by the Company, Mr. Jerzy Mazgaj owns 17,544,333 shares of the Company independently, which constitutes 7.48% of the Company's share capital and is entitled to 17,544,333 votes at the General Meeting of the Company, which constitutes 7.48% of the total number of votes at the General Meeting The company's assembly.

5. Information on the number of shares given in accordance with the notification received by the Company pursuant to art. 69 par. 1 point 2 in conjunction from art. 87 par. 1 point 2 lit. a) The Act of July 29, 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies, 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 in the Company representing 3.59% of the Company's share capital and entitling to 8,429,760 votes at the General Meeting of the Company, representing 3.59% of the total number of votes in the Company; and (ii) Forum XXIII Closed Investment Fund holding 7,145,040 shares of the Company constituting 3.05% of the Company's share capital and entitling to 7,151,040 votes at the Company's General Shareholder Meeting, constituting 3.05% 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.
Jewellery segment	Retail revenues of W.KRUK brand and other revenues (including B2B).
Casual	Revenues including the following assortment: jackets, trousers, coats, knitwear.
Formal	Revenues from sale of formalwear, including suits and shirts.
Revenues (PLN/m ² per month)	Quarterly revenues of segment or brand (stores and internet)/ average working floorspace / 3.
Costs of stores	Operating costs of stores including among others rental expenses, HR costs, depreciation, commissions for franchise stores and logistics.
Costs of stores (own) /m ² (PLN per month)	Quarterly costs of stores (own stores)/ average working floorspace (of own stores) / 3.
EBITDA	Operating profit plus depreciation and amortisation from cash flow statement.
Store EBIT (PLN m)	Store operating profit calculated as gross profit on sales for stores minus store costs.
Operating costs (SG&A)/m ² (PLN per month)	Quarterly group SG&A / average total working floorspace / 3.
Inventory/ m ²	Inventory end of period / group's floorspace end of period.



VRG

VISTULA RETAIL GROUP

THANK YOU

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VISTULA

WÓLCZANKA

BYTOM

SZTUKA KRAWIECTWA OD 1945

W.KRUK

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DENI CLER

MILANO