

W. KRUK
1 8 4 0

BYTOM
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

VISTULA

DENICLER
MILANO



VRG
VISTULA RETAIL GROUP

2Q20 RESULTS PRESENTATION

AUGUST 26, 2020

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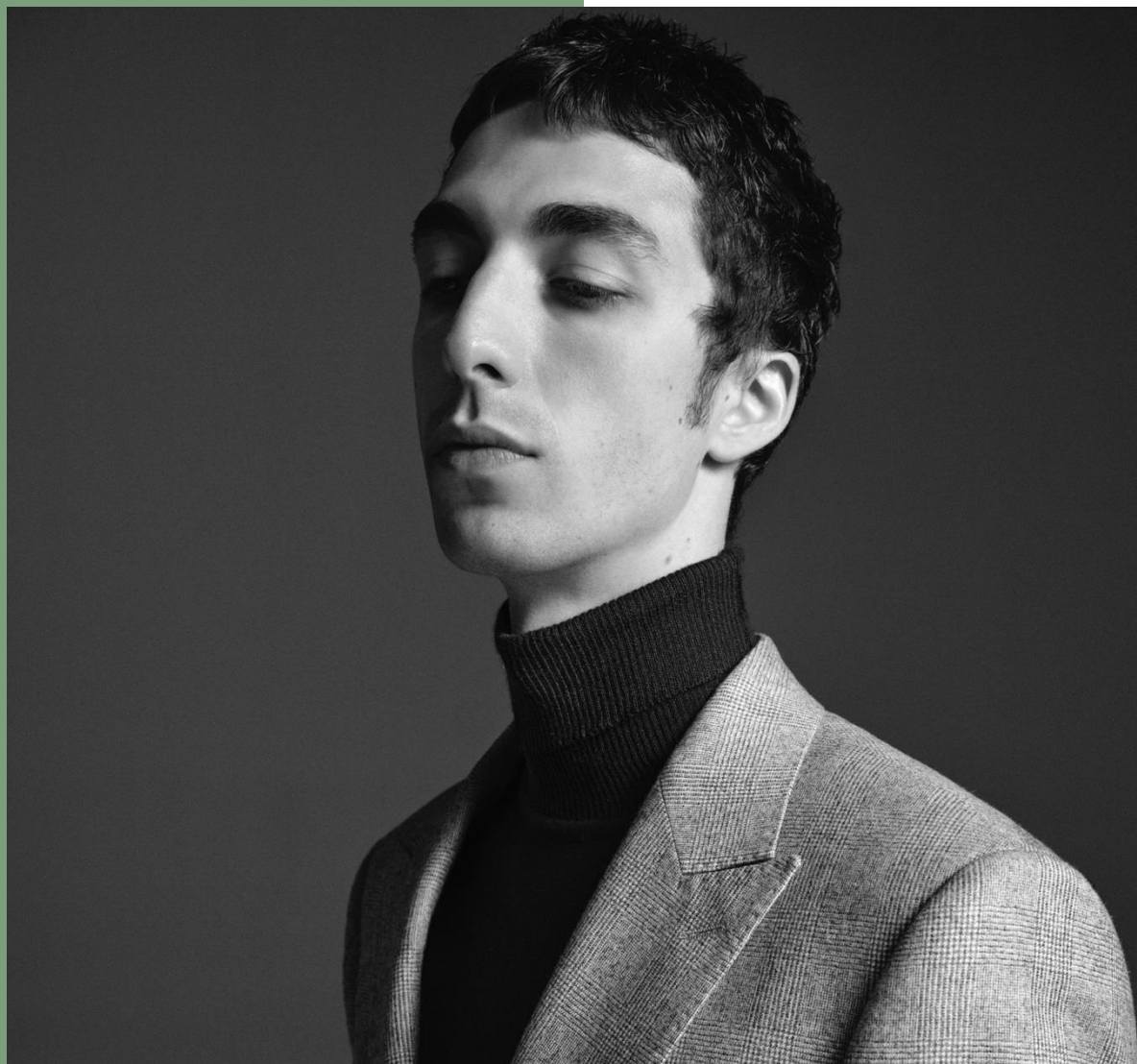
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01

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INTRODUCTION



| KEY CORPORATE EVENTS



COVID-19 IMPACT

- Change in Group's functioning
- Necessity to take actions to stabilise the Group's situation
- Changing customer habits (short- and long-term changes)

CHANGES IN MANAGEMENT BOARD

- New persons on the Company's Management Board
- Resultant changes on the management board of W.KRUK subsidiary
- New ideas, solutions and competences

KEY EVENT OF 2Q20: COVID-19

IMPACT OF PANDEMIC ON 1st HALF OF 2020



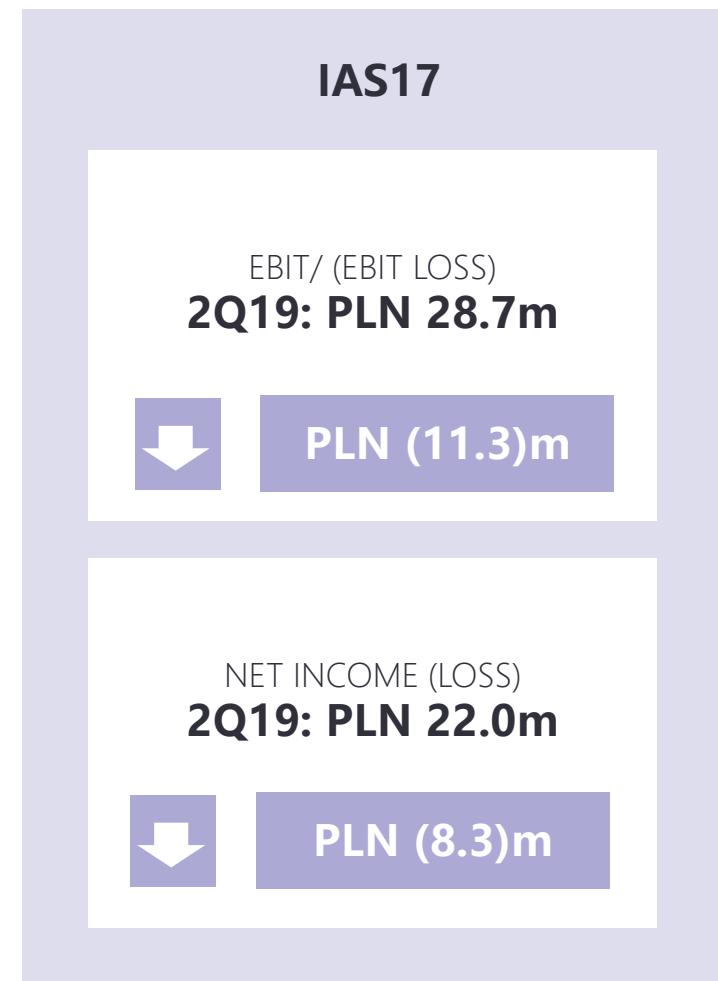
GROUP FLOORSPACE OPTIMISATION

NUMBER OF STORES EOP 2Q20 YoY

VISTULA	145	-9
BYTOM <small>SZTUKA KRAWIECTWA OD 1945</small>	120	-5
WÓLCZANKA	132	-10
DENICLER <small>MILANO</small>	30	-1
W.KRUK <small>1 8 4 0</small>	140	+6
VRG <small>VISTULA RETAIL GROUP</small>	567	- 19



KEY 2Q20 NUMBERS IMPACTED BY COVID-19



IMPACT OF COVID-19 ON 1H20 NUMBERS

REVENUES
PLN 372.3m



GROSS PROFIT MARGIN ON SALES
47.3%



IFRS 16

EBIT/ (EBIT LOSS)
1H19: PLN 27.3m



NET INCOME (LOSS)
1H19: PLN 21.5m



IAS 17

EBIT/ (EBIT LOSS)
1H19: PLN 27.7m



NET INCOME (LOSS)
1H19: PLN 20.8m



CHANGES IN GROUP'S BOARD

As Radosław Jakociuk became Executive Vice-President of VRG S.A., changes had to be made on W.KRUK Management Board.

Łukasz Bernacki
President of W.KRUK S.A.
Management Board

Iwona Kossmann
President of DENI CLER S.A.
Management Board

The aim of VRG S.A. Management Board is to act in the interest of all shareholders.

VRG S.A. MANAGEMENT BOARD

Andrzej Jaworski
President of the Management Board

Radosław Jakociuk
Executive Vice-President of the Management Board

Ernest Podgórski
Supervisory Board Member temporary delegated to act as Executive Vice-President responsible for financial matters

Erwin Bakalarz
Management Board Member

Michał Zimnicki
Executive Vice-President responsible for financial matters since 1.IX.2020

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02

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PERFORMANCE
BY BRANDS





VISTULA



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VISTULA: ON-LINE AT 35% OF REVENUES

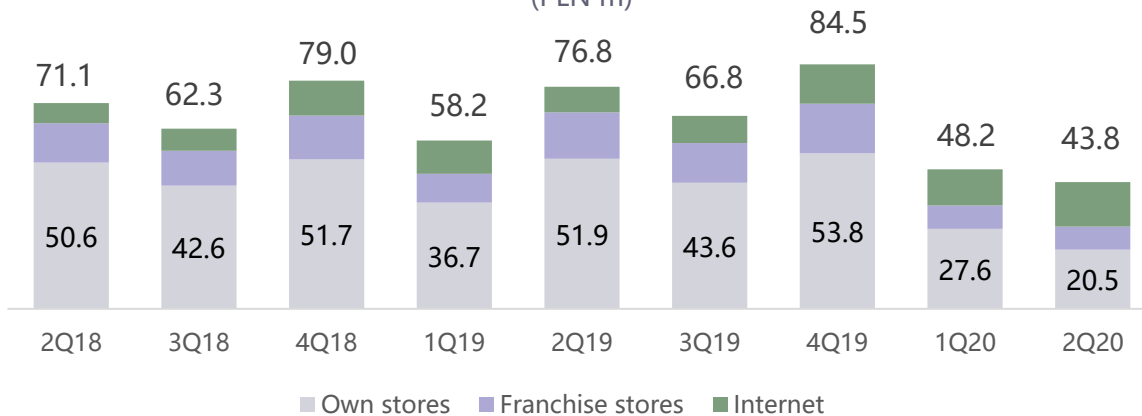
Vistula brand network

	2Q19	2Q20	YoY
Number of stores	154	145	-9
incl. franchise	60	60	0
Floorspace (m2)	19,007	18,291	-4%
incl. franchise	6,084	6,094	0%
Internet % sales	11.5%	35.2%	23.7 pp.

- Vistula brand floorspace fell 4% YoY at the end of 2Q20, due to closing down of unprofitable stores. Sales network contracted by 9 stores net.
- Both franchise floorspace and number of stores was flat YoY at the end of 2Q20, as franchise stores were less affected than own stores by COVID-19.
- Vistula brand revenues reached PLN 43.8m in 2Q20 (down 43% YoY). The fall resulted from shopping malls being closed down in April 2020.

Vistula brand revenues

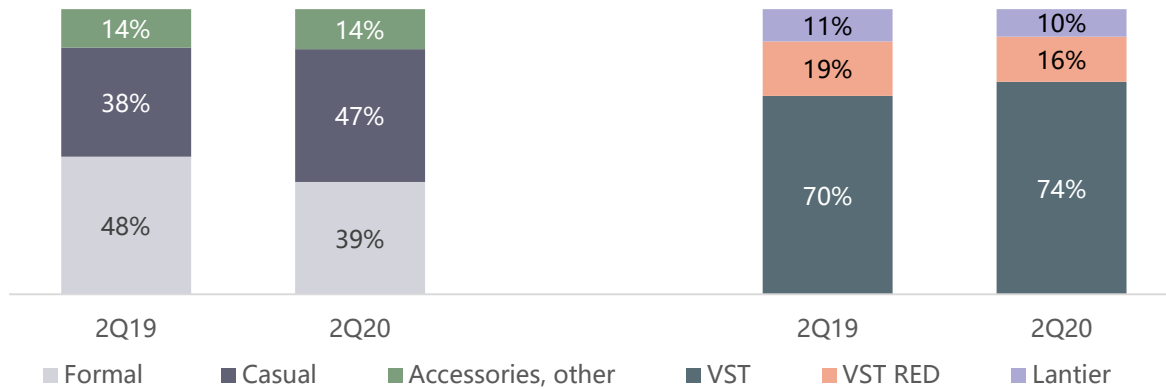
(PLN m)



- Franchise revenues reached PLN 7.9m in 2Q20 (-51% YoY).
- Share of franchise in revenues fell from 20.9% in 2Q19 to 18.0% in 2Q20.
- Internet revenues amounted to PLN 15.4m in 2Q20, up 74% YoY.
- Share of internet in revenues reached 35.2% in 2Q20 – dynamic development during the time shopping malls were closed down.

VISTULA: A GROWING SHARE OF CASUAL

Vistula brand revenue split



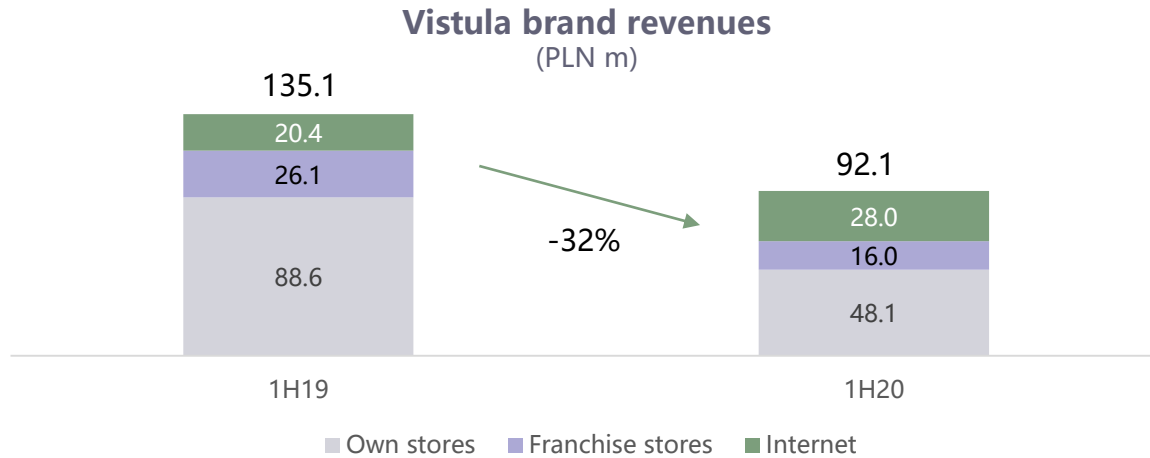
- Growth of Vistula Red share in revenues at the expense of modern Vistula Red and higher priced Lantier lines.
- Further YoY growth of casual clothing share in 2Q20 revenues – trend accelerated by impact of COVID-19 and forced transfer to remote work.

Vistula brand efficiency

	2Q19	2Q20	YoY
Revenues (PLN/m2 per month)	1,350	788	-41.6%
Gross profit margin (%)	55.5%	48.3%	-7.2pp.
Cost of stores (PLN/m2 per month)	463	280	-39.5%
Store EBIT (PLN m)	16.3	5.6	-65.6%

- YoY fall in revenues/ m2, due to lower revenues in own and franchise stores due to COVID-19. Dynamic growth in on-line sales was not sufficient to cover for the fall in revenues in traditional stores in April 2020.
- Gross profit margin lower by 7.2 pp. due to attractive promotions in traditional stores after their opening and higher share of internet.
- Fall in costs of stores/ m2 in line with fall in revenues/ m2 due to cost reductions undertaken.

VISTULA: HIGHER SHARE OF ON-LINE SALES



- Vistula brand revenues reached PLN 92.1m in 1H20, falling 32% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 16.0m in 1H20, down 39% YoY. Share of franchise in revenues fell from 19.3% in 1H19 to 17.4% in 1H20.
- Internet revenues amounted to PLN 28.0m in 1H20, up 37% YoY. Share of internet in revenues in 1H20 came in at 30.4% compared to 15.1% in 1H19.

Vistula brand efficiency

	1H19	1H20	YoY
Revenues (PLN/m2 per month)	1,208	819	-32,2%
Gross profit margin (%)	52.0%	48.0%	-4.0pp.
Cost of stores (PLN/m2 per month)	439	336	-23.4%
Store EBIT (PLN m)	21.2	6.4	-69.7%

- YoY fall in revenues/ m2 – negative impact of own and franchise stores closed down due to COVID-19 was only partially offset by dynamic growth of internet.
- Gross profit margin lower by 4 pp. due to stronger YoY promotions in key months, in which typically first margin was obtained.
- Fall in costs of stores/ m2 lower than fall in revenues/ m2 due to a high share of fixed costs.



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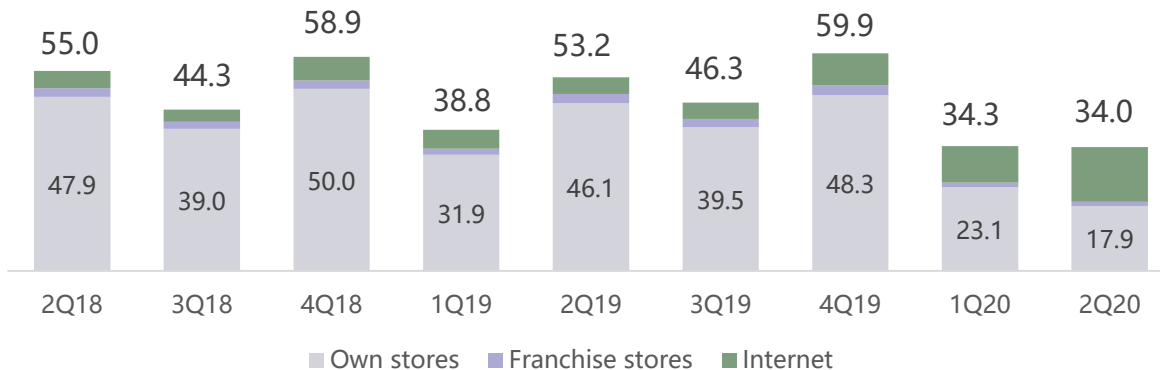
BYTOM: TRIPLING OF ON-LINE SALES

Bytom brand network

	2Q19	2Q20	YoY
Number of stores	125	120	- 5
incl. franchise	8	8	0
Floorspace (m2)	16,175	16,000	-1%
incl. franchise	1,011	908	-10%
Internet % sales	8.5%	44.1%	35.5 pp.

- Bytom's network contracted YoY by 5 stores net, while number of franchise stores remained stable.
- Brand's floorspace was stable YoY (-1%). Changes in floorspace took place at the level of franchise stores.
- Bytom brand retail revenues reached PLN 34.0m in 2Q20 (down 36% YoY).

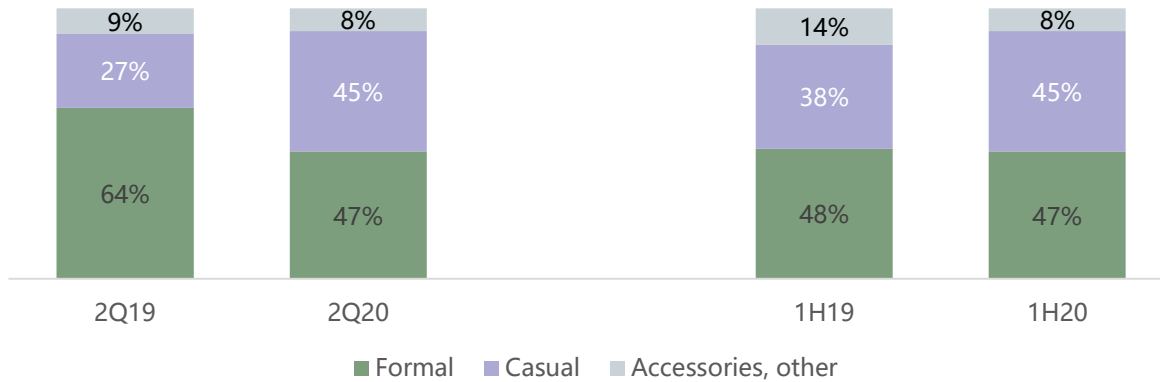
Bytom brand retail revenues (PLN m)



- Internet revenues amounted to PLN 15.0m in 2Q20 (+230% YoY), accounting for 44.1% of revenues.
- Favourable on-line dynamics resulted from higher YoY promotions and higher on-line marketing outlays.
- Franchise revenues reached PLN 1.1m in 2Q20 (down 54.9% YoY).
- Share of franchise in revenues fell from 4.8% in 2Q19 to 3.4% in 2Q20.

BYTOM: A GROWING SHARE OF CASUAL

Bytom brand revenue split



- A growing share of casual in 2Q20 revenues, in line with market tendencies and increased interest due to remote work during lockdown.
- A stable share of accessories in sales split in 2Q20.

Bytom brand efficiency

	2Q19	2Q20	YoY
Revenues (PLN/m2 per month)	1,105	694	-37.2%
Gross profit margin (%)	55.3%	47.7%	-7.6pp.
Cost of stores (PLN/m2 per month)	425	266	-37.3%
Store EBIT (PLN m)	9.0	3.2	-64.4%

- Lower revenues/ m2 due to unfavourable impact of COVID-19 on own and franchise stores. A sizeable improvement in on-line sales and a growing share of casual mitigated the negative impact of coronavirus on revenues/ m2.
- Lower YoY gross profit margin due to stronger YoY promotions both on-line and off-line.
- Fall in costs of stores/ m2 similar to that of revenues/ m2 due to cost reductions made.

BYTOM: PICK-UP IN ON-LINE SALES

Bytom brand retail revenues
(PLN m)



- Bytom brand revenues reached PLN 68.4m in 1H20, falling 26% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 2.4m in 1H20, down 44% YoY. Share of franchise in revenues fell from 4.6% in 1H19 to 3.5% in 1H20.
- Internet revenues amounted to PLN 25.0m in 1H20, up 156% YoY. Share of internet in revenues in 1H20 came in at 36.6% compared to 10.6% in 1H19.

Bytom brand efficiency

	1H19	1H20	YoY
Revenues (PLN/m2 per month)	965	696	-27.9%
Gross profit margin (%)	52.7%	46.8%	-5.9pp.
Cost of stores (PLN/m2 per month)	417	331	-20.6%
Store EBIT (PLN m)	8.7	-0.6	N/M

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



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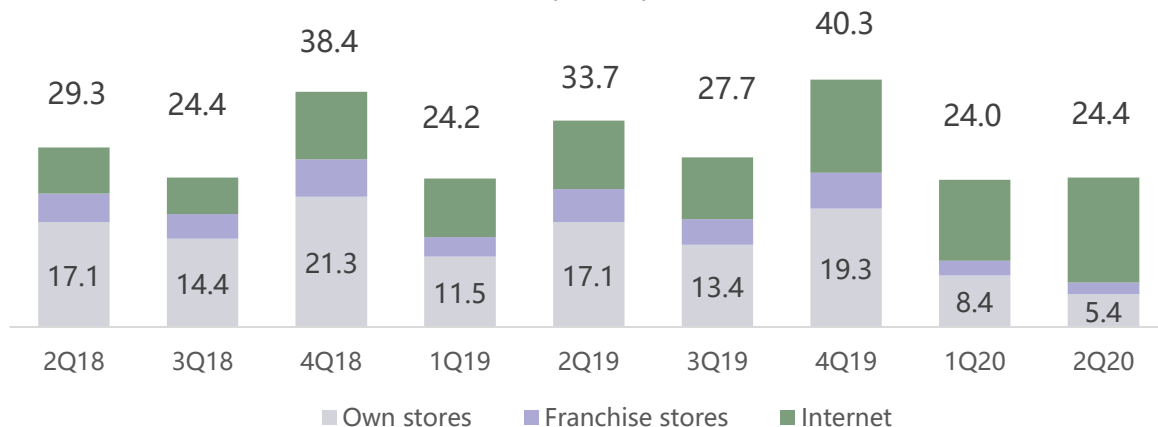
WÓLCZANKA: AN ON-LINE BRAND

Wólczanka brand network

	2Q19	2Q20	YoY
Number of stores	142	132	-10
incl. franchise	50	49	-1
Floorspace (m2)	4,978	4,716	-5%
incl. franchise	1,528	1,473	-4%
Internet % sales	33.1%	70.2%	37.1 pp.

- Wólczanka network contracted by 10 stores net YoY. Optimisation affected mostly own stores – there were 1 fewer of these YoY.
- Brand's floorspace fell 5% YoY, in similar proportions to fall in franchise store floorspace which contracted by 4% YoY.
- Wólczanka revenues reached PLN 24.4m in 2Q20 (-28% YoY), yet stable QoQ.

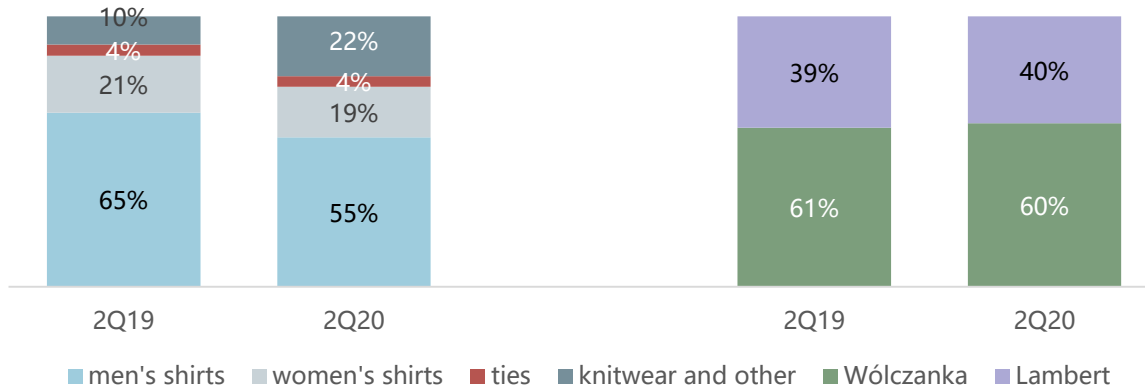
Wólczanka brand revenues (PLN m)



- Franchise revenues reached PLN 1.9m in 2Q20 (down 65% YoY).
- Share of franchise in revenues came in at 7.7% in 2Q20 versus 16.0% in 2Q19.
- Internet revenues amounted to PLN 17.1m in 2Q20 (up 54% YoY), constituting as much as 70.2% of revenues.

A GROWING SHARE OF NEW ASSORTMENTS

Wólczanka brand revenue split



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

Wólczanka brand efficiency

	2Q19	2Q20	YoY
Revenues (PLN/m2 per month)	2,259	1,672	-26.0%
Gross profit margin (%)	54.3%	43.0%	-11.3pp.
Cost of stores (PLN/m2 per month)	797	563	-29.4%
Store EBIT (PLN m)	6.4	2.3	-64.4%

- Fall in revenues/ m2 despite a sizeable share of internet due to strong price cuts.
- Lower gross profit margin due to stronger YoY promotions both on-line and off-line and higher share of internet.
- Fall in costs/ m2 despite higher YoY e-commerce share, due to cost reductions made.

MOST FAVOURABLE APPAREL REVENUE DYNAMICS IN 1H20

Wólczanka brand revenues
(PLN m)



- Wólczanka brand revenues reached PLN 48.4m in 1H20, falling 16% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 4.3m in 1H20, down 50% YoY. Share of franchise in revenues fell from 14.8% in 1H19 to 8.9% in 1H20.
- Internet revenues amounted to PLN 30.3m in 1H20, up 46% YoY. Share of internet in revenues in 1H20 came in at 62.6% compared to 35.8% in 1H19.

Wólczanka brand efficiency

	1H19	1H20	YoY
Revenues (PLN/m2 per month)	1,957	1,655	-15.5%
Gross profit margin (%)	53.4%	46.1%	-7.3pp.
Cost of stores (PLN/m2 per month)	756	647	-14.4%
Store EBIT (PLN m)	8.5	3.4	-60.5%

- More favourable dynamics in revenues/ m2 in 1H20 than 2Q20 due stronger trends in 1Q20.
- Lower YoY gross profit margin due to stronger YoY promotions, especially in 2Q20.
- Fall in costs of stores/ m2 comparable to that of revenues/ m2 due to a high share of e-commerce and thus variable costs.



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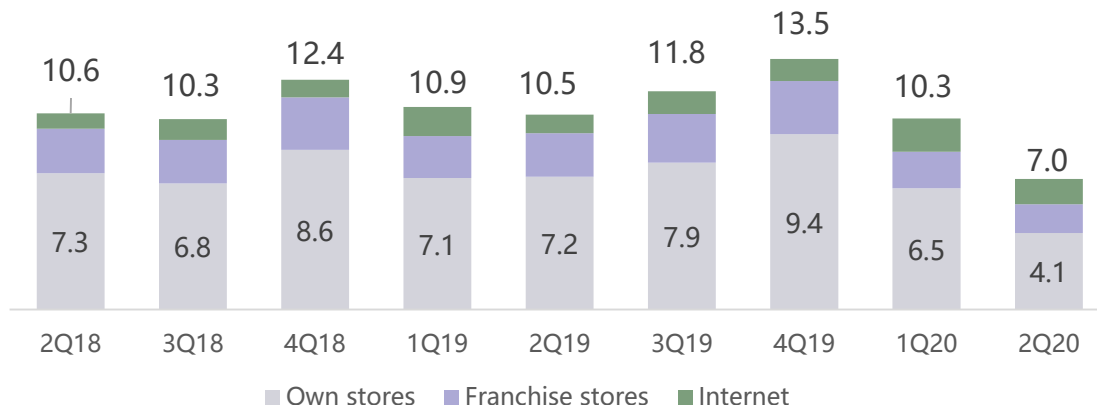
DENI CLER: STABLE NETWORK, SHOP-IN-SHOP DEVELOPMENT

Deni Cler brand network

	2Q19	2Q20	YoY
Number of stores	31	30	1
incl. franchise	8	9	+ 1
Floorspace (m2)	3,047	2,947	-3%
incl. franchise	600	720	20%
Internet % sales	9.5%	19.4%	9.9pp.

- Deni Cler network encompasses 30 stores in top shopping malls in Poland.
- There are 9 franchise stores in the network.
- Development of shop-in-shop concept. Deni Cler collections available at selected partners running multiband stores in 12 towns in the country (7 at the end of 1Q20).

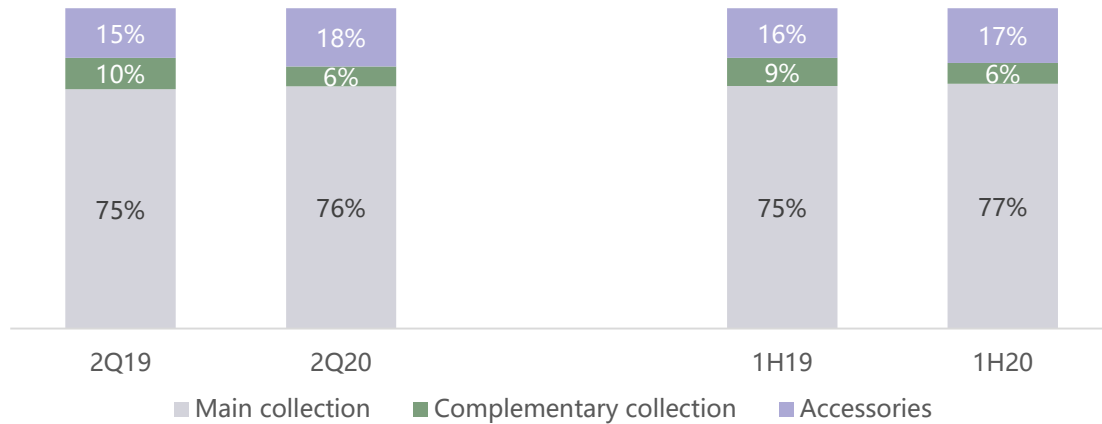
Deni Cler brand revenues
(PLN m)



- In 2Q20 Deni Cler revenues reached PLN 7.0m and were 33% lower YoY.
- Franchise revenues reached PLN 1.5m in 2Q20 (down 34% YoY). Franchise constituted some 22% of revenues in 2Q20.
- Internet generated PLN 1.4m of revenues in 2Q20 (up 36% YoY) and amounted to 19.4% of brand's revenues.

DENI CLER: A GROWING SHARE OF ACCESSORIES

Deni Cler brand revenue split



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

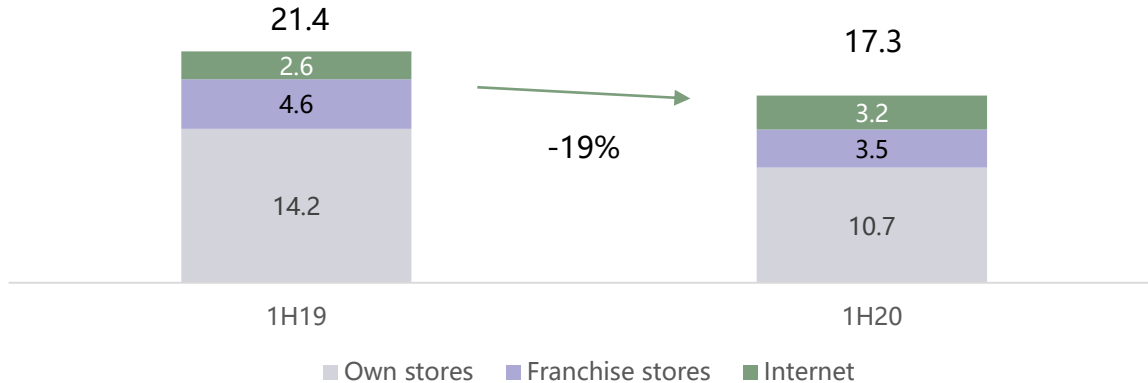
Deni Cler brand efficiency

	2Q19	2Q20	YoY
Revenues (PLN/m2 per month)	1,148	773	-32.7%
Gross profit margin (%)	63.6%	52.0%	-11.6pp.
Cost of stores (PLN/m2 per month)	463	324	-30.0%
Store EBIT (PLN m)	2.4	0.7	-70.9%

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

DENI CLER: POSITIVE STORE EBIT

Deni Cler brand revenues
(PLN m)



- Deni Cler brand revenues reached PLN 17.3m in 1H20, falling 19% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 3.5m in 1H20, down 24% YoY. Share of franchise in revenues fell from 21.4% in 1H19 to 20.2% in 1H20.
- Internet revenues amounted to PLN 3.2m in 1H20, up 23% YoY. Share of internet in revenues in 1H20 came in at 18.3% compared to 12.0% in 1H19.

Deni Cler brand efficiency

	1H19	1H20	YoY
Revenues (PLN/m2 per month)	1,171	957	-18.3%
Gross profit margin (%)	58.2%	51.2%	-7.0pp.
Cost of stores (PLN/m2 per month)	458	398	-13.2%
Store EBIT (PLN m)	4.1	1.7	-59.5%

- Sales/ m2 decreased less YoY in 1H20 than sales of formal brands due to a growing share of casual and strong 1Q20.
- YoY decline in gross margin in 1H20 despite favorable margin in 1Q20 due to promotions in 2Q20.
- Fall in costs/ m2 lower than sales / m2 due to commissions from multi-brand stores (especially in 1Q20).



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W.KRUK: LEADER OF FLOORSPACE GROWTH

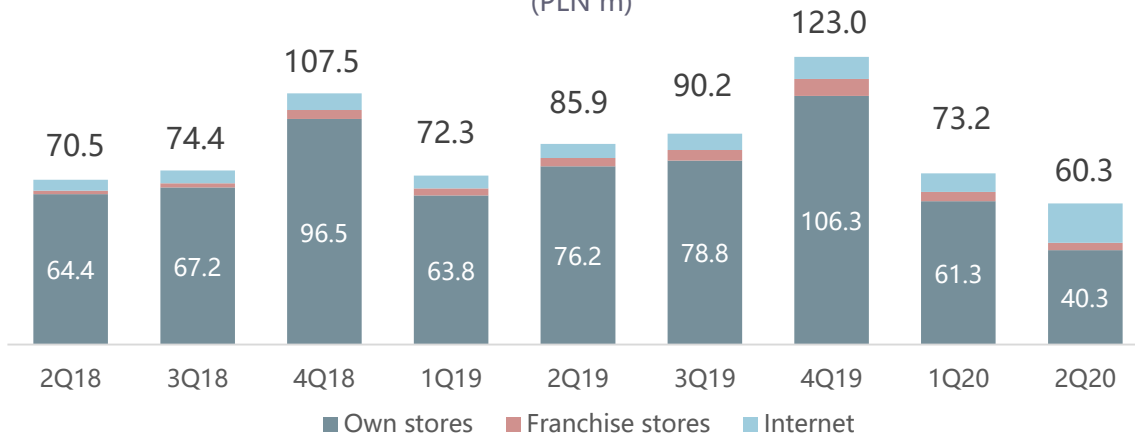
W.KRUK brand network

	2Q19	2Q20	YoY
Number of stores	134	140	+ 6
incl. franchise	11	15	+ 4
Floorspace (m2)	10,215	10,749	5%
incl. franchise	680	896	32%
Internet % sales	7.0%	27.9%	20.9 pp.

- Continuation of W.KRUK brand development. Opening of 6 stores net translated into a 5% YoY increase in brand's floorspace.
- The brand had 15 franchise stores at the end of 2Q20, 4 more YoY.
- Introduction of new products: lab-grown diamonds (New Diamond by W.KRUK), a collection of perfumes and Shine jewellery (Polish: Blask).

W.KRUK brand retail revenues

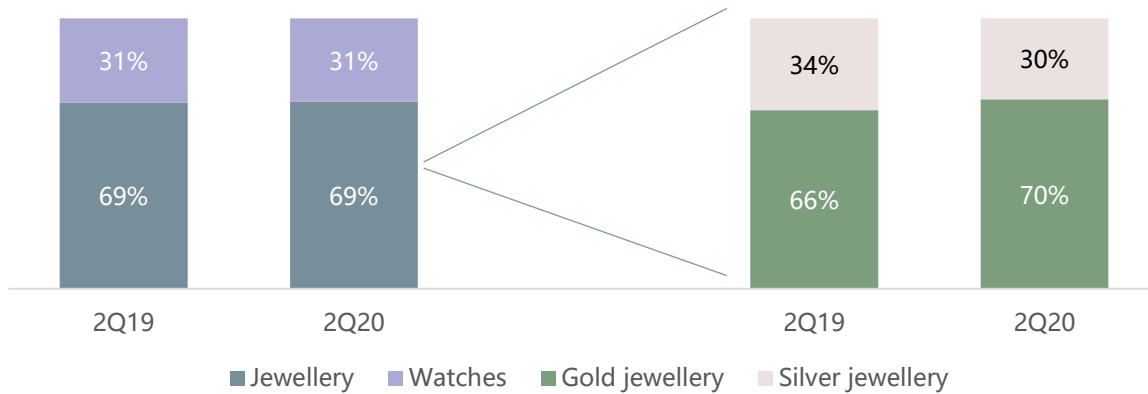
(PLN m)



- Retail revenues of W.KRUK brand reached PLN 60.3m in 2Q20 (down 30% YoY).
- Franchise revenues amounted to PLN 3.2m in 2Q20, while internet sales reached PLN 16.8m in 2Q20 (up 180% YoY).
- Internet constituted 27.9% of revenues in 2Q20 versus 7.0% in 2Q19.

W.KRUK: A GROWING SHARE OF GOLD JEWELLERY

W.KRUK brand revenue split



- Closing down of shopping malls has not altered the sales split – a stable share of jewellery and watches.
- Within jewellery, there was a growing YoY share of gold jewellery over higher-margin silver in 2Q20 sales.
- Introduction of the Shine jubilee collection to market at the end of February 2020.

W.KRUK brand efficiency

	2Q19	2Q20	YoY
Revenues (PLN/m2 per month)	2,827	1,864	-34.1%
Gross profit margin (%)	53.2%	49.1%	-4.1pp.
Cost of stores (PLN/m2 per month)	854	559	-34.6%
Store EBIT (PLN m)	19.7	11.5	-41.7%

- Fall in sales/ m2 in the quarter lower than at formal brands due to high demand for gold jewellery.
- A YoY fall in gross profit margin despite a stable share of watches in sales due to a lower share of high-margin silver jewellery in sales and earlier sell-offs.
- Fall in costs/ m2 in line with sales/ m2 growth due to cost reductions undertaken.

W.KRUK: MOST FAVOURABLE GROSS MARGIN CHANGE

W.KRUK brand retail revenues
(PLN m)



- W.KRUK brand revenues reached PLN 133.5m in 1H20, falling 16% YoY. Brand stores in shopping malls were closed for over 1.5 month due to COVID-19.
- Franchise revenues amounted to PLN 7.1m in 1H20, up 6.5% YoY. Share of franchise in revenues fell from 4.2% in 1H19 to 5.3% in 1H20.
- Internet revenues amounted to PLN 24.7m in 1H20, up 116% YoY. Share of internet in revenues in 1H20 came in at 18.5% compared to 7.2% in 1H19.

W.KRUK brand efficiency

	1H19	1H20	YoY
Revenues (PLN/m2 per month)	2,653	2,073	-21.9%
Gross profit margin (%)	52.5%	49.6%	-2.9pp.
Cost of stores (PLN/m2 per month)	832	688	-17.3%
Store EBIT (PLN m)	33.4	22.0	-34.2%

- Fall in sales/ m2 in 1H20 more favourable than at formal brands e.g. Vistula and Bytom.
- A lower fall in gross profit margin than at apparel brands due to higher demand for jewellery than clothing.
- Fall in costs/ m2 below sales/ m2 growth due to cost reductions undertaken.

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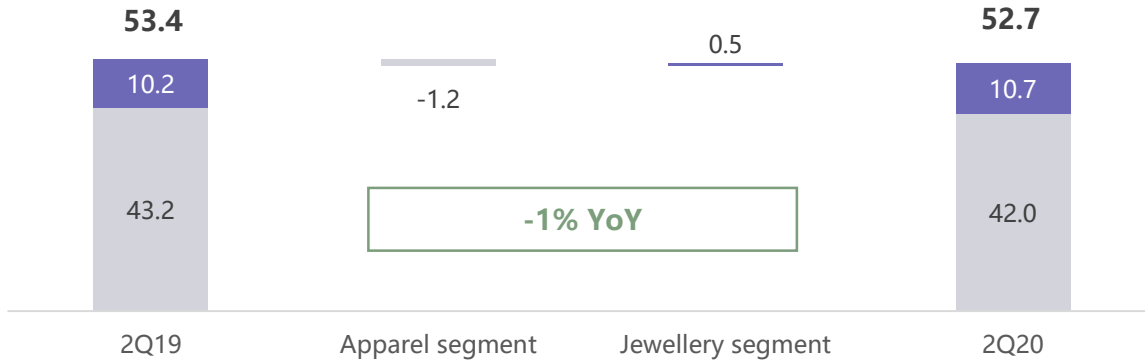
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GROUP RESULTS



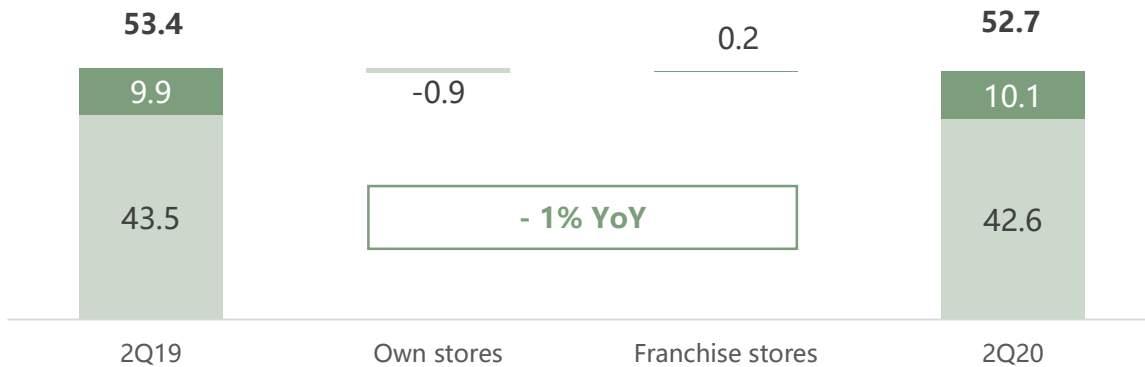
STABLE GROUP FLOORSPACE

Group floorspace change YoY
(ths m2)



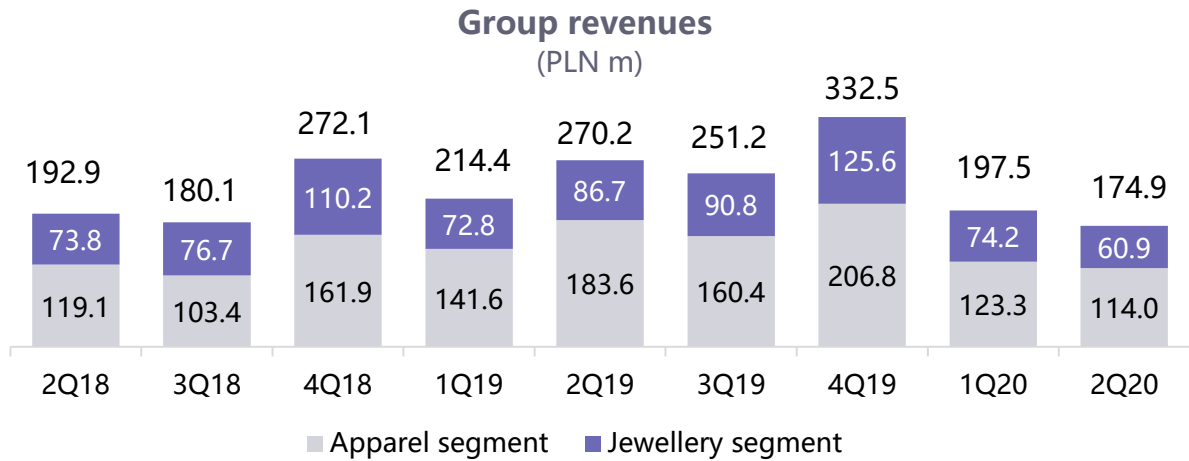
- Group floorspace reached 52.7 ths m2 at the end of 2Q20, down 1% YoY.
- The apparel segment floorspace fell 1.2 ths m2, down 3% YoY.
- The jewellery segment floorspace grew 0.5 ths m2 net to group floorspace, growing 5% YoY.

Group floorspace change YoY
(ths m2)

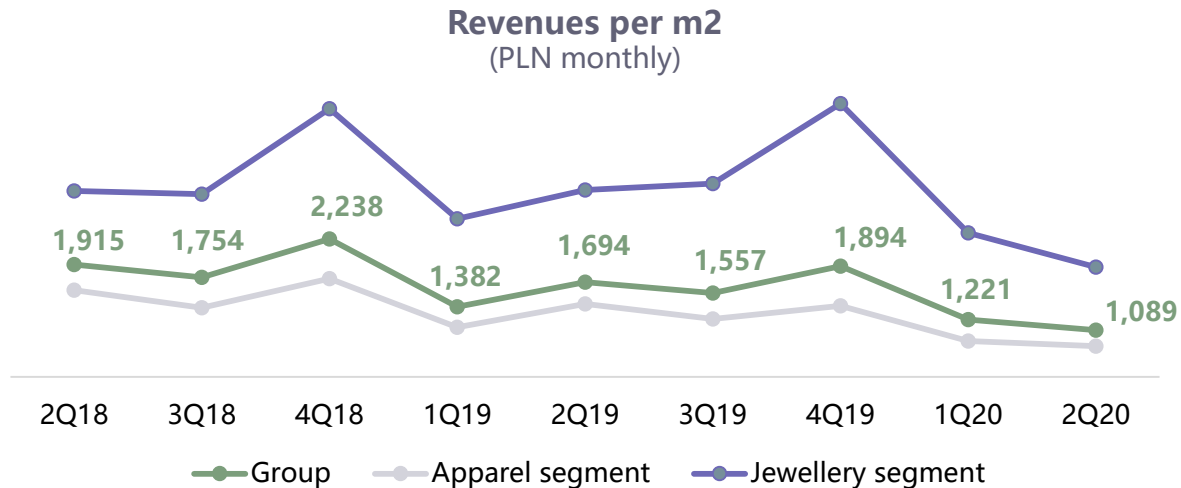


- Own stores were closed while franchise stores were opened in 2Q20.
- Own stores floorspace fell by 0.9 ths m2, down 2% YoY.
- Growth in franchise floorspace amounted to 0.2 ths m2, +2% YoY.

REVENUES IMPACTED BY COVID-19



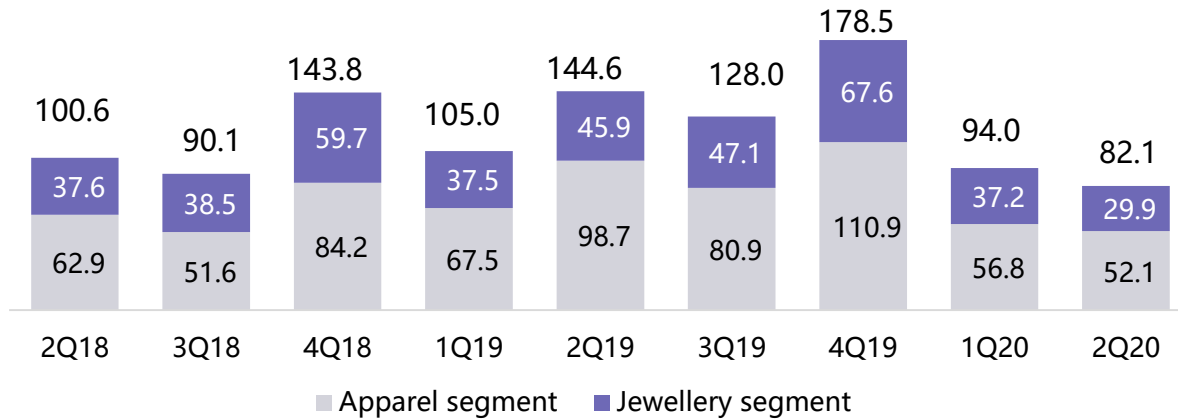
- Group revenues reached PLN 174.9m in 2Q20 (down 35% YoY).
- Apparel segment revenues fell 38% YoY, reaching PLN 114.0m, in 2Q20.
- Jewellery segment revenues amounted to PLN 60.9m, down 30% YoY in 2Q20.



- In 2Q20 group sales/ m2 reached PLN 1,089, down 36% YoY, due to falls in both segments.
- Revenues/ m2 for the apparel segment amounted to PLN 889 in 2Q20, down 37.5% YoY.
- Jewellery segment revenues/ m2 reached PLN 1,885 in 2Q20, down 34% YoY.

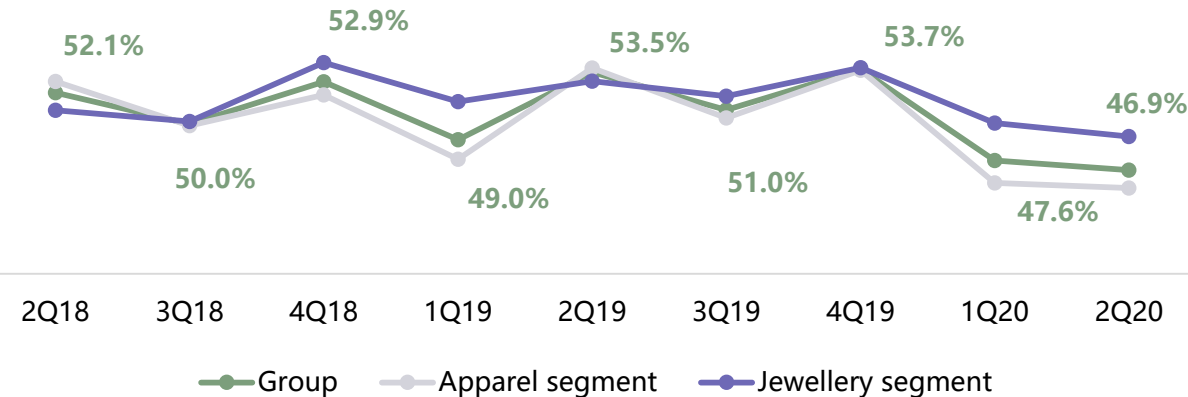
LOWER GROSS PROFIT IN BOTH SEGMENTS

Gross profit on sales
(PLN m)



- Group gross profit on sales amounted to PLN 82.1m in 2Q20 (down 43% YoY).
- In 2Q20 gross profit on sales of the apparel segment reached PLN 52.1m, down 47% YoY.
- Gross profit on sales of the jewellery segment amounted to PLN 29.9m, down 35% YoY.

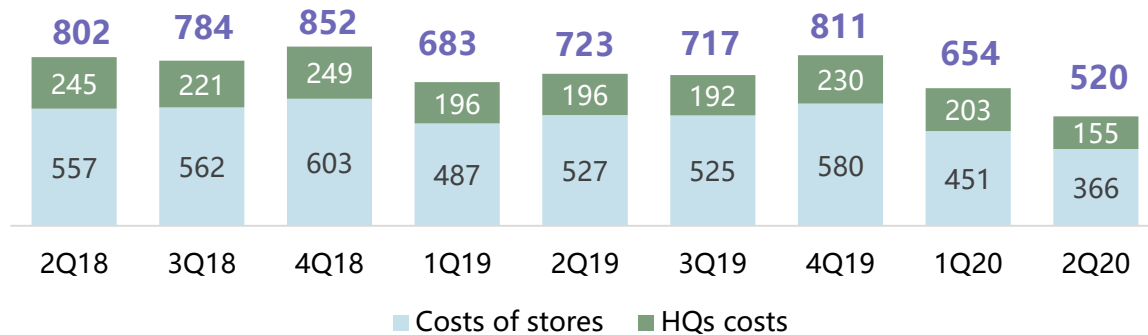
Gross profit on sales margin



- Group gross profit margin reached 46.9% in 2Q20, down 6.6 pp. YoY.
- The apparel segment gross profit margin fell 8.0 pp. YoY to 45.7% in 2Q20, due to higher share of internet and stronger promotions to attract customers on-line and off-line.
- The jewellery segment noted a 3.7 pp. YoY fall in 2Q20 gross profit margin, to 49.2% level, due to a higher share of watches and higher share of internet in sales.

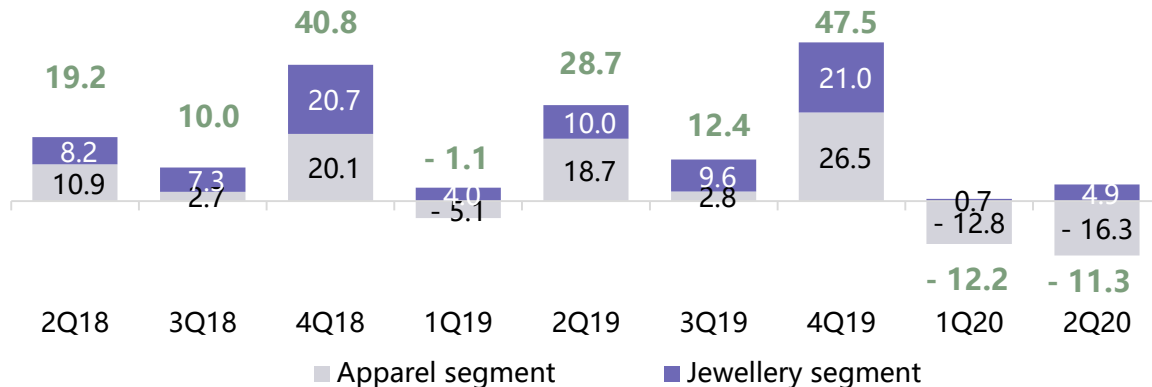
FALL IN OPERATING COSTS/ M2

Monthly operating costs per m2
(PLN, IAS17)



- Group operating costs/ m2 (IAS17) reached PLN 520/ m2 monthly and fell 28% YoY in 2Q20 due to lack of rentals in April 2020 and cost reductions conducted.
- Costs of stores/ m2 reached 366 PLN/m2 (down 31% YoY) and HQs costs/ m2 came in at PLN 155, down 21% YoY (IAS17).
- Under IAS17, the apparel segment costs reached PLN 438/m2 in 2Q20, down 29% YoY, while the jewellery segment costs amounted to PLN 847/m2 per month, down 28% YoY.

Operating profit
(PLN m, IAS17)



- Group operating loss reached PLN 11.3m in 2Q20 under IAS17 (PLN 10.4m loss under IFRS16).
- 2Q20 EBIT loss of the apparel segment amounted to PLN 16.3m excl. IFRS16 (PLN 15.6m under IFRS16). It was impacted by PLN 13.4m of inventory write-offs and PLN 4.2m government support for employees' salaries.
- Operating profit of the jewellery segment reached PLN 4.9m in 2Q20 (PLN 5.2m under IFRS16). PLN 3.6m government grant impact and PLN 0.5m impact of write-offs for inventory.

| OTHER OPERATING LINE



PLN 13.9m

write-offs
in other operating
line in 2Q20

PLN 7.8m

favourable impact of government subsidies (all in 2Q20)
on other operating revenues

PLN 6.4m

Write-offs for
collections older
than SS2020

Reason: lower realised prices after sizeable promotions in 1H20; the majority of write-offs relates to the apparel segment, only PLN 0.5m to W.KRUK

PLN 6.2m

Write-offs for
wholesale

Reason: taking the decision to cease wholesale operations (Vesari line in Vistula brand and Intermoda line in Bytom).

PLN 1.3m

Fabrics, raw
materials

Reason: ends of raw materials and fabrics purchased for earlier collections

2Q20 RESULTS IFRS16, EXECUTIVE SUMMARY

PLN m	2Q19 IFRS16	2Q20 IFRS16	YoY
Revenues	270.2	174.9	-35.3%
Gross profit on sales	144.6	82.1	-43.2%
<i>Gross profit on sales margin</i>	<i>53.5%</i>	<i>46.9%</i>	<i>-6.6pp.</i>
SG&A costs	115.5	82.7	-28.4%
EBIT	28.6	-10.4	N/M
<i>EBIT margin</i>	<i>10.6%</i>	<i>-5.9%</i>	<i>-16.5pp.</i>
Net financial activity	0.7	7.1	
Net profit	23.9	-2.3	N/M
<i>Net margin</i>	<i>8.8%</i>	<i>-1.3%</i>	<i>-10.2pp.</i>

EBITDA	56.7	18.4	-67.5%
<i>EBITDA margin</i>	<i>21.0%</i>	<i>10.5%</i>	<i>-10.5pp.</i>

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

- A favourable impact of financial activity – PLN 6.1m of FX gains on IFRS16 and PLN 2.2m of FX on balance sheet items (IAS17).
- IFRS16 interest amounted to PLN 1.1m in 2Q20 (flat YoY), fall in other interest from PLN 1.1m to PLN 0.7m in 2Q20.
- PLN 1.7m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).
- Despite tax asset recognition, the Group incurred a net loss in 2Q20.

2Q20 RESULTS IAS17, EXECUTIVE SUMMARY

PLN m	2Q19 IAS17	2Q20 IAS17	YoY
Revenues	270.2	174.9	-35.3%
Gross profit on sales	144.6	82.1	-43.2%
<i>Gross profit on sales margin</i>	<i>53.5%</i>	<i>46.9%</i>	<i>-6.6pp.</i>
SG&A costs	115.3	83.6	-27.5%
EBIT	28.7	-11.3	N/M
<i>EBIT margin</i>	<i>10.6%</i>	<i>-6.5%</i>	<i>-17.1pp.</i>
Net financial activity	-1.3	2.1	
Net profit	22.0	-8.3	N/M
<i>Net margin</i>	<i>8.1%</i>	<i>-4.8%</i>	<i>-12.9pp.</i>

EBITDA	34.8	-5.7	N/M
<i>EBITDA margin</i>	<i>12.9%</i>	<i>-3.2%</i>	<i>-16.1pp.</i>

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

- PLN 2.2m of FX gains on balance sheet items.
- Fall in interest from PLN 1.1m to PLN 0.7m in 2Q20.
- PLN 1.7m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).
- Despite tax asset recognition, the Group incurred a net loss in 2Q20.

1H20 RESULTS IFRS16, EXECUTIVE SUMMARY

PLN m	1H19 IFRS16	1H20 IFRS16	YoY
Revenues	484.6	372.3	-23.2%
Gross profit on sales	249.6	176.0	-29.5%
<i>Gross profit on sales margin</i>	<i>51.5%</i>	<i>47.3%</i>	<i>-4.2pp.</i>
SG&A costs	221.6	188.2	-15.1%
EBIT	27.3	-22.3	N/M
<i>EBIT margin</i>	<i>5.6%</i>	<i>-6.0%</i>	<i>-11.6pp.</i>
Net financial activity	-2.0	-16.1	
Net profit	21.5	-34.3	N/M
<i>Net margin</i>	<i>4.4%</i>	<i>-9.2%</i>	<i>-13.6pp.</i>

EBITDA	81.5	35.8	-56.0%
<i>Marża EBITDA</i>	<i>16.8%</i>	<i>9.6%</i>	<i>-7.2pp.</i>

- YoY fall in revenues in both segments due to impact of COVID-19 pandemic.
 - Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions.
 - Results comparable YoY – application of IFRS16 since 1Q19. Lower YoY costs (no rentals between March 14 and May 4, 2020).
 - A more negative impact of other operating activity – inventory write-off (PLN 13.9m) higher than government subsidies for salaries (PLN 7.8m).
-
- A negative impact of net financial activity – PLN 11.2m of FX losses on IFRS16 and PLN 2.2m of FX losses on balance sheet items (IAS17).
 - IFRS16 interest amounted to PLN 2m in 1H20 (flat YoY), fall in other interest from PLN 2.3m to PLN 1.6m in 1H20.
 - PLN 1.7m on gain on revaluation of bank loan under amortised cost in 2Q20 (consequence of fall in interest rates).
 - Net loss in 1H20 mainly resulted from COVID-19 impact and inventory write-off.

1H20 RESULTS IAS17, EXECUTIVE SUMMARY

PLN m	1H19 IAS17	1H20 IAS17	YoY
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SG&A costs	221,3	189,4	-14,4%
EBIT	27,7	-23,5	N/M
<i>EBIT margin</i>	<i>5,7%</i>	<i>-6,3%</i>	<i>-12,0pp.</i>
Net financial activity	-3,0	-2,9	
Net profit	20,8	-22,3	N/M
<i>Net margin</i>	<i>4,3%</i>	<i>-6,0%</i>	<i>-10,3pp.</i>

EBITDA	39,4	-11,9	N/M
<i>Marża EBITDA</i>	<i>8,1%</i>	<i>-3,2%</i>	<i>-11,3pp.</i>

- YoY fall in revenues in both segments due to impact of COVID-19 pandemic.
- Lower YoY gross profit margin due to higher share of on-line and stronger YoY promotions.
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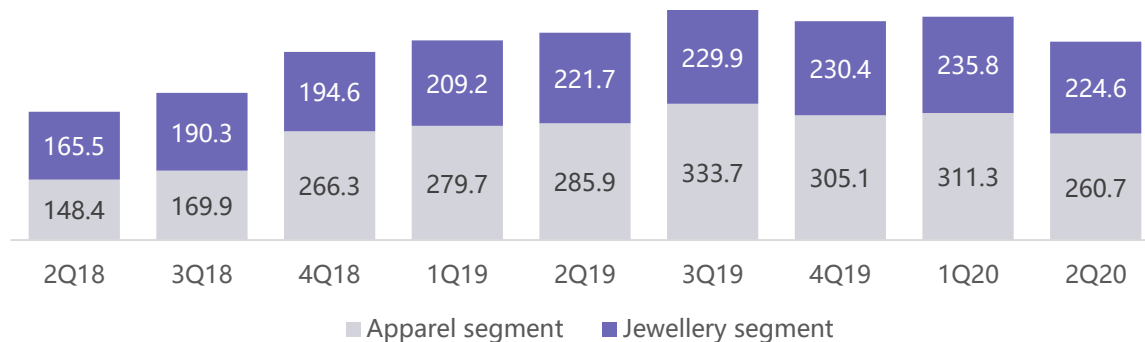
REDUCTION IN INVENTORIES

Change in inventories
(PLN m)



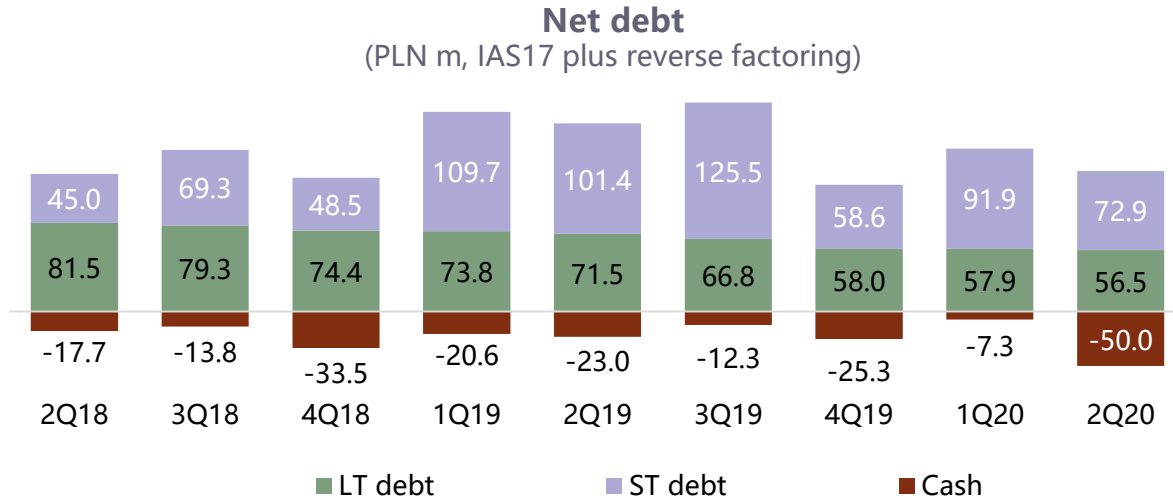
- Inventory down 4% YoY to PLN 485.3m in 2Q20 due to conducted sell-offs, write-offs for inventory and lower YoY orders for the SS2020 season.
- Apparel segment inventory fell 9% YoY.
- Inventory of the jewellery segment grew 1% YoY.

Inventory by segments
(PLN m)

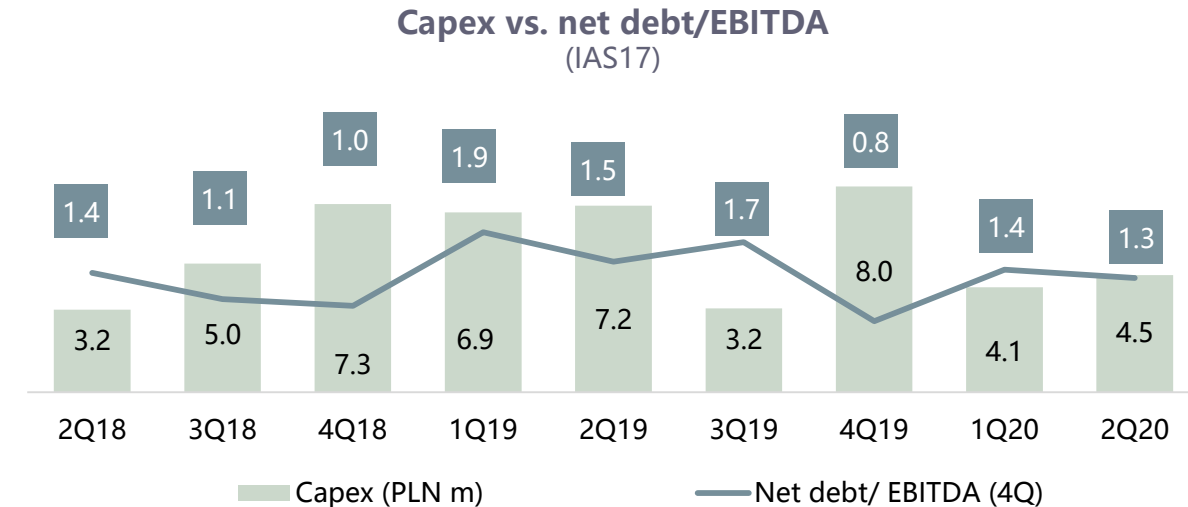


- Group inventory/ m2 reached PLN 9,209 at the end of 2Q20, down 3% YoY.
- Apparel segment inventory per m2 reached PLN 6,215, down 6% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 20,896, down 4% YoY.
- Shifts in goods orders, especially in apparel segment resulted in lower share of new collections in July and August revenues.

NET DEBT CONTINUES TO FALL



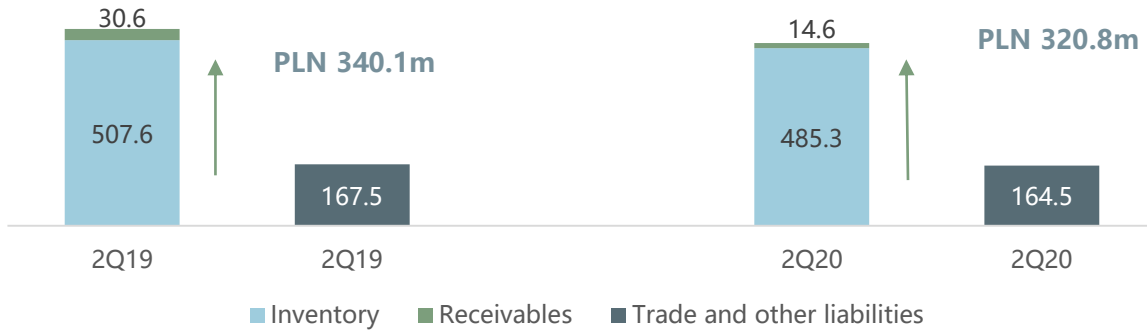
- Long-term and short-term indebtedness shown together with reverse factoring and financial leases, yet excluding the leases from IFRS16. Financial leases under IFRS16 at PLN 322.6m in 2Q20.
- Usage of reverse factoring for supply chain financing reached PLN 13.6m at the end of 2Q20.
- Group's net debt under IAS17 came in at PLN 79.3m at the end of 2Q20, down by almost half YoY. The level was lower than at the end of 4Q19.



- Net debt/ EBITDA (4Q, IAS17) at 1.3x - lower YoY despite fall in revenues due to safety measures undertaken.
- Excluding reverse factoring, the ratio would come at 1.1x.
- Lower YoY capex in 2Q20 due to limits on own store development; it only includes own stores modernisation.

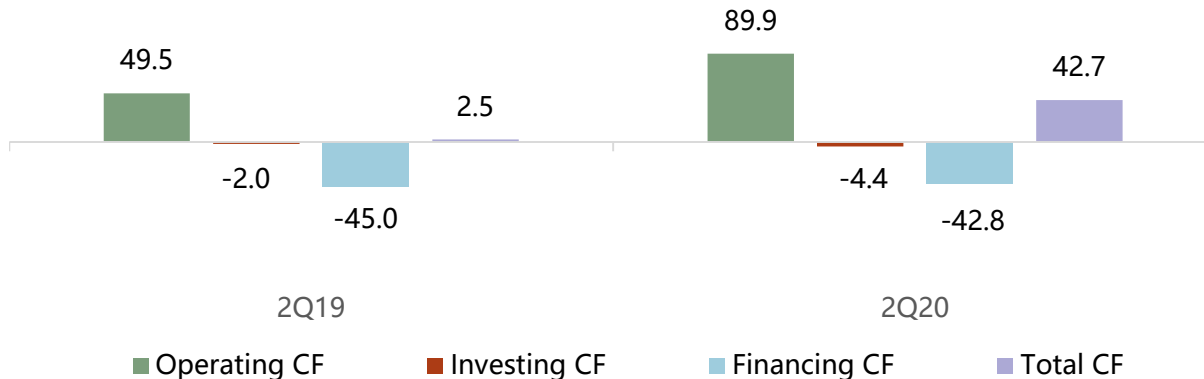
STRONG OPERATING CASH FLOWS

Net working capital
(PLN m)



- Lower YoY inventories and liquidation of inventory due to stronger YoY promotions (consequence of pandemic), inventory write-off and shifts in collection orders.
- Lower YoY receivables due to fall in prepayments for goods purchased on Asian markets (usage of reverse factoring).
- A slight YoY and QoQ fall in liabilities due to lower inventory.

Quarterly cash flows
(PLN m)



- More favourable YoY operating cash flows due to a sizeable reduction in inventory (stronger than liabilities reduction).
- Lower YoY capex – limits on openings of own stores, but modernisation capex.
- Financing cash flows show lower usage of debt due to cash from inventory.

VISTULA

WÓLCZANKA

BYTOM
SZTUKA KRAWIECTWA OD 1945

W.KRUK
1 8 4 0

DENI CLER
MILANO

04

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2020 OUTLOOK



NEW PRODUCTS IN APPAREL BRANDS' OFFERING

VISTULA

new version of ECO
LINE

VISTULA MOVE – a line
inspired by sports

elements of women
collection in VISTULA
RED



WÓLCZANKA

sweatshirts for women
and men

new trouser and
knitwear styles

additional accessories,
both for ladies and
gentlemen

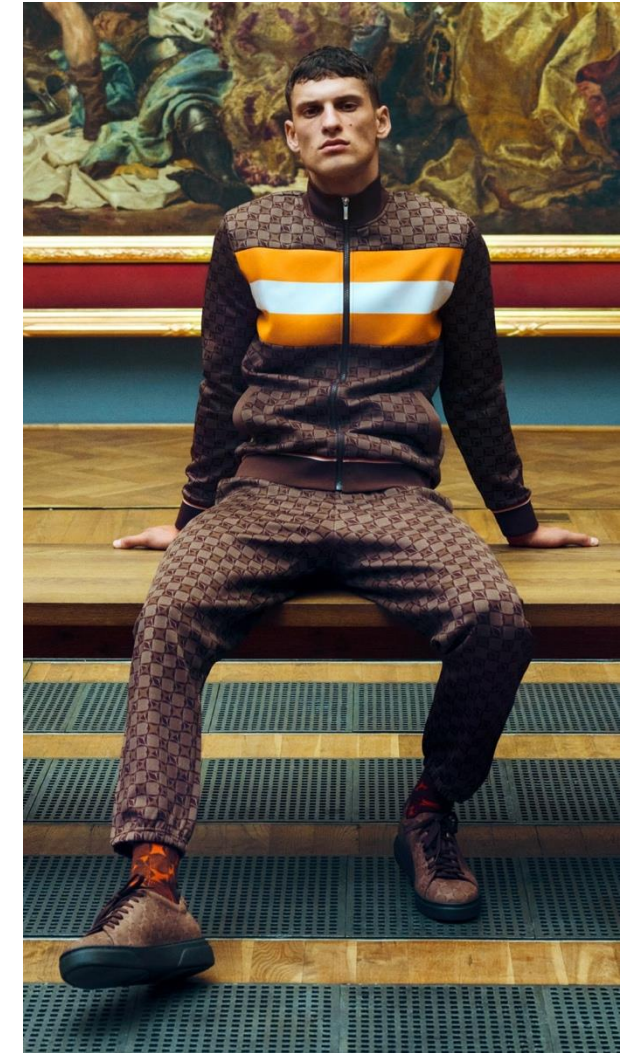


BYTOM

SZTUKA KRAWIECTWA OD 1945

For the 75th anniversary
of the BYTOM brand,
an original pattern
referring to the letter B
was created.

With this motif, the
MONOGRAM collection
includes a number of
products, including
streetwear.



| SUPPORT FOR ON-LINE

2020 target:
25% share
of e-commerce
in revenues.

Launch of sales
application. Salonet
development.

Higher outlays for
on-line traffic.

Streamlining of
on-line logistics.



2020 FLOORSPACE DOWN YOY

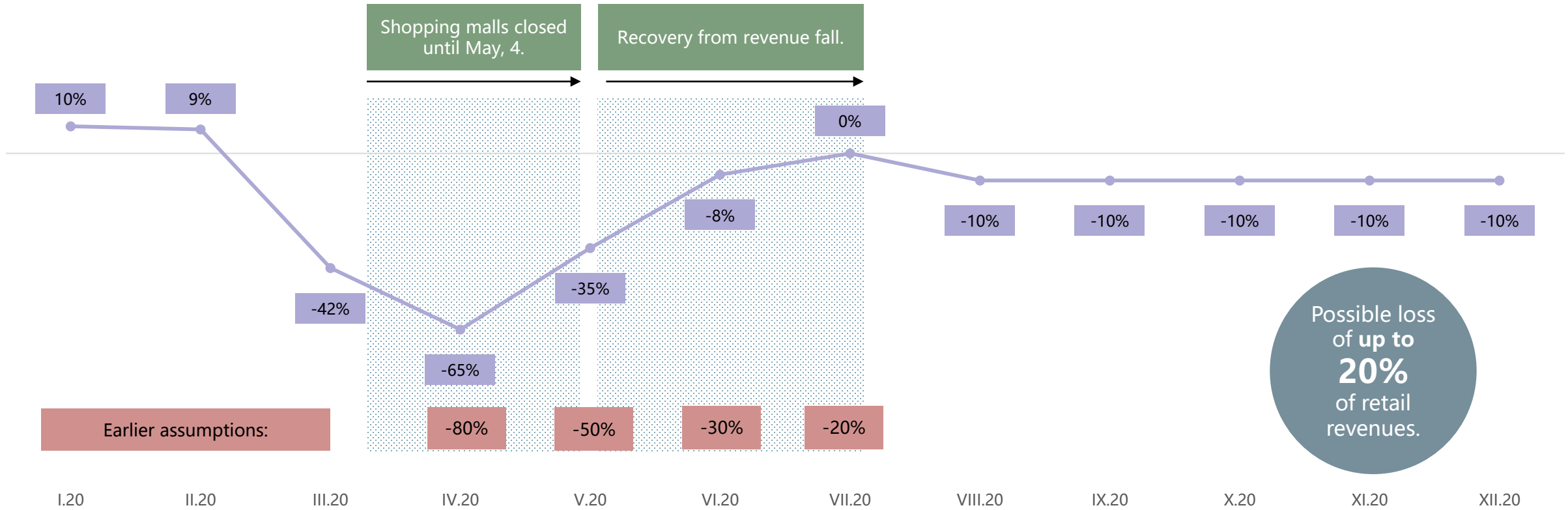
		2019	2020 former target	2020 target	YoY
APPAREL SEGMENT	stores	451	413	426	-25
	m2	43,731	40,813	42,017	-4%
VISTULA	stores	154	140	149	-5
	m2	19,320	17,787	18,731	-3%
WÓLCZANKA	stores	140	126	129	-11
	m2	4,954	4,528	4,644	-6%
BYTOM	stores	126	116	117	-9
	m2	16,421	15,468	15,607	-5%
DENI CLER	stores	31	31	31	0
	m2	3,037	3,031	3,035	0%
JEWELLEY SEGMENT	stores	139	142	142	3
	m2	10,647	10,970	10,970	3%
TOTAL	stores	590	555	568	-22
	m2	54,378	51,783	52,987	-3%

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

Franchise store floorspace should reach some 11.2 ths m2 at the end of 2020.

2020 capex should not exceed PLN 15m (upgrades, IT infrastructure).

BASE CASE SCENARIO MAINTAINED



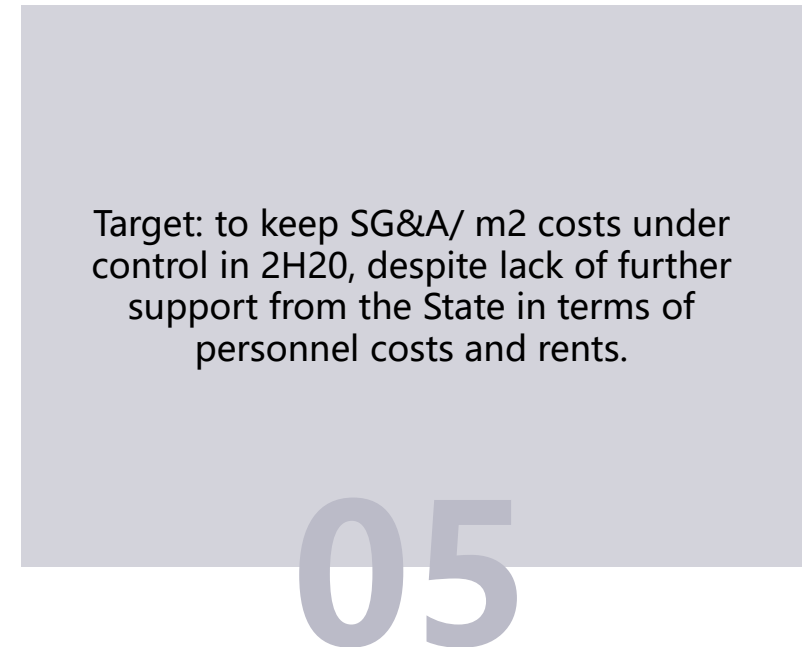
-3% REVENUE FALL BETWEEN 1st and 23rd AUGUST.

| COSTS/ M2 DERIVE FROM REVENUES/ M2

COSTS OF STORES AND HQs




SG&A/M2




| WORKING CAPITAL IMPROVEMENTS

APPAREL SEGMENT


 Some 30% Autumn/Winter 2020 order reduction.


 Lengthening of payment terms.


 Usage of supply chain financing.

TARGET: 15% YoY lower inventories at the end of 2020.

JEWELLERY SEGMENT

 Some 20% order reduction.

 Lengthening of payment terms.

 Limiting the watches distribution in the lower price segment.

TARGET: 5% YoY lower inventories at the end of 2020.

| TARGETS FOR 2020

RISKS

Second wave of COVID-19, another lock-down or stronger sanitary regime in stores.

OPPORTUNITIES

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

REVENUES

- Loss of up to 20% of revenues in base case scenario.
- Share of internet growing from 14% to some 25% in revenues.

EBITDA

- EBITDA under IAS17 above zero.

LIQUIDITY

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



VISTULA

WÓLCZANKA

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W.KRUK
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MILANO

05

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Q&A



VISTULA

WÓLCZANKA

BYTOM
SZTUKA KRAWIECTWA OD 1945

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DENI CLER
MILANO

06

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BACK-UP



VISTULA: EXECUTIVE SUMMARY

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.

AUTUMN/WINTER 2020 COLLECTION

- VISTULA offers customers a wide range of formal and casual clothing. There will be classic suits, jackets and coats, but a large part of the collection will be less formal clothing. British fashion is a visible inspiration - suits, coats, sweaters and trousers in a subdued color palette are combined with check or houndstooth pattern, complemented with minimalist details.
- In addition, the ECO LINE line has been permanently introduced in VISTULA from the Spring / Summer 2020 season, which will now appear in every season. Also new are denim jackets and trousers, T-shirts, sweatshirts with a characteristic motif inspired by the ethno climate. A novelty will be a minimalist sports line, dedicated to men who like to spend time actively - VISTULA MOVE.
- VISTULA RED's proposals will be a real surprise, because for the first time in the history of the brand, VISTULA will prepare proposals for women. In addition to formal women's suits, VISTULA RED will introduce unisex products to its offer. Communication of the VISTULA RED collection will be based on the values of equality, respect and tolerance.

NETWORK DEVELOPMENT

- In 2Q20, the number of the brand's stores decreased by 3 stores net - 4 stores net were closed and 1 net franchise store was opened.



VISTULA

BYTOM: EXECUTIVE SUMMARY

BYTOM (MENSWEAR)

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

AUTUMN/WINTER 2020 COLLECTION

- The essence of the new BYTOM collection is the RETRO FUTURE line, where tradition and design of the 1960s meet a modern cut and purity of form. Maintained in an eclectic spirit, it is characterized by surprising color combinations, fabric patterns from the past years and details. The styling proposals are also eclectic, in which formal is mixed with casual and even streetwear tracksuits and sweatshirts, creating an extremely current male silhouette in line with global trends.
- For the 75th anniversary of the BYTOM brand, an original pattern referring to the letter B was created. With this motif in the MONOGRAM collection, we can find a number of unique products from t-shirts, through sweaters, shirts, jackets, suits and even tracksuits.
- The RETRO FUTURE collection includes characteristic winter quilted jackets made of fabrics printed in a traditional checkered pattern. New products are made of raw denim in several shades. There were also clothes made of corduroy, which is currently experiencing a renaissance. Corduroy, soft shirts, suits and jackets perfectly fit into the RETRO FUTURE style. Following the spirit of modernity, most of the jackets in the collection are soft-sewn with modern, ultra-light and soft fillings, thanks to which the jackets adapt better to the figure. This season sweaters amaze with their design, checks, micro-patterns and herringbone patterns in a variety of colors blend in perfectly with other garments.

NETWORK DEVELOPMENT

- In 2Q20, the number of stores decreased by 5 net, they were own stores.



BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA: EXECUTIVE SUMMARY

WÓLCZANKA (FASHION FOR MEN AND WOMEN)

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

AUTUMN/WINTER 2020 COLLECTION

- The new season is an opportunity for Wólczanka to present additional product groups. In addition to the brand's business and casual shirts, the offer will also include women's and men's sweatshirts, t-shirts, new trouser and knitwear styles as well as additional accessories for both men and women. Changes will also be reflected in the mini-collection based on the brand's new MONOGRAM.
- The basis of the offer is a wide range of business shirts. Original micro patterns, stripes and a fine check will allow you to emphasize the unique style even within the formal attire. The collection has been enriched with shirts in darker colors, such as black and gray. Despite non-standard shades, these shirts are very elegant, adding style to many styles. Also within them there is a check, grille, stripes and contrasting stripes, which are a strong distinguishing feature of the collection.
- Following the trends, Wólczanka works with checked pattern and gives it a new face. The rich palette of colors, from navy blue, through green and shades of gray, to vivid purple and deep red, will meet the tastes of even the most demanding customers.

NETWORK DEVELOPMENT

- In 2Q20, the number of boutiques decreased by 5 net QoQ, of which 4 net of own boutiques.



WÓLCZANKA

| DENI CLER: EXECUTIVE SUMMARY

DENI CLER (WOMEN'S FASHION)

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

AUTUMN/WINTER 2020 COLLECTION

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

NETWORK DEVELOPMENT

- Number of stores was stable QoQ.



DENI CLER
MILANO

W.KRUK: EXECUTIVE SUMMARY

THE OLDEST JEWELRY BRAND IN POLAND

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

180TH ANNIVERSARY OF W.KRUK BRAND

- The premiere of the jubilee advertising campaign #Shine with Femininity took place on February 28, 2020 with the presentation of silver and gold jewellery Glow collection.
- The star of the Glow campaign is actress Joanna Kulig, and she is accompanied by other exceptional ambassadors: writer Joanna Bator, sportswoman Joanna Fiodorow, teacher Zyta Czechowska, model Angelika Wierzbicka and Aleksandra Drozdowska, director of the W.KRUK salon. The brand has planned the next parts of the campaign.
- In the second half of 2020, the W.KRUK brand will present customers with a number of attractive jewellery novelties. In line with the brand's philosophy, the lines planned for fall and winter will constitute a unique jewellery proposal and complement the current offer of W.KRUK's original collections. Jewellery novelties in silver and gold, accessories signed with the brand's logo, perfumes and new items in the watch portfolio will build the brand's rich offer.

NETWORK DEVELOPMENT

- In 2Q20, the number of the brand's stores remained stable QoQ. 1 own store was closed and 1 net franchise store was opened.



W. KRUK
1 8 4 0

| SUMMARY OF BRANDS 2Q20 RESULTS

VISTULA

A GROWING SHARE
OF CASUAL.

WÓLCZANKA

THE HIGHEST SHARE
OF INTERNET.

W. KRUK
1 8 4 0

FLOORSPACE GROWTH.
A GROWING SHARE
OF GOLD IN REVENUES.

BYTOM
SZTUKA KRAWIECTWA OD 1945

A GROWING SHARE
OF INTERNET.

DENI CLER
MILANO

A STABLE NETWORK
OF STORES.



GROUP STRUCTURE

VRG

COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENTS FOR 2Q20

JEWELLERY SEGMENT

W.KRUK S.A.

Jewellery, watches, accessories

APPAREL SEGMENT

VRG S.A.
parent company

Vistula, Wólczanka, Bytom brands,
trademark *

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

DCG S.A.

Deni Cler brand

OTHER ACTIVITY

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

Production, real estate

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

OPTIMISATION OF NUMBER OF STORES

NUMBER OF STORES

		2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
APPAREL SEGMENT	total	300	304	440	443	452	451	451	440	427
	franchise	94	100	117	120	126	129	132	126	126
VISTULA	total	138	141	148	152	154	152	154	148	145
	franchise	47	50	56	58	60	60	62	59	60
WÓLCZANKA	total	132	133	139	139	142	142	140	137	132
	franchise	39	42	47	48	50	51	52	50	49
BYTOM	total	-	-	122	121	125	126	126	125	120
	franchise	-	-	6	6	8	9	9	8	8
DENI CLER	total	30	30	31	31	31	31	31	30	30
	franchise	8	8	8	8	8	9	9	9	9
JEWELLERY SEGMENT	total	121	126	128	132	134	135	139	140	140
	franchise	6	6	10	11	11	13	14	14	15
TOTAL	total	421	430	568	575	586	586	590	580	567
	franchise	100	106	127	131	137	142	146	140	141

STABLE YOY FLOORSPACE

M2 OF FLOORSPACE

		2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
APPAREL SEGMENT	total	24,864	25,163	42,072	42,429	43,207	43,461	43,731	42,962	41,953
	franchise	6,487	6,820	8,394	8,621	9,223	9,322	9,590	9,123	9,195
VISTULA	total	17,176	17,429	18,230	18,727	19,007	19,058	19,320	18,650	18,291
	franchise	4,686	4,925	5,581	5,818	6,084	6,065	6,283	5,991	6,094
WÓLCZANKA	total	4,707	4,753	4,979	4,894	4,978	4,985	4,954	4,877	4,716
	franchise	1,201	1,295	1,489	1,479	1,528	1,546	1,576	1,504	1,473
BYTOM	total	-	-	15,816	15,761	16,175	16,402	16,421	16,487	16,000
	franchise	-	-	723	723	1,011	1,011	1,011	908	908
DENI CLER	total	2,981	2,981	3,047	3,047	3,047	3,017	3,037	2,947	2,947
	franchise	600	600	600	600	600	700	720	720	720
JEWELLERY SEGMENT	total	9,048	9,449	9,554	9,992	10,215	10,347	10,647	10,732	10,749
	franchise	371	371	630	680	680	802	856	856	896
TOTAL	total	33,912	34,611	51,626	52,421	53,422	53,809	54,378	53,693	52,702
	franchise	6,858	7,190	9,024	9,301	9,903	10,124	10,446	9,979	10,091

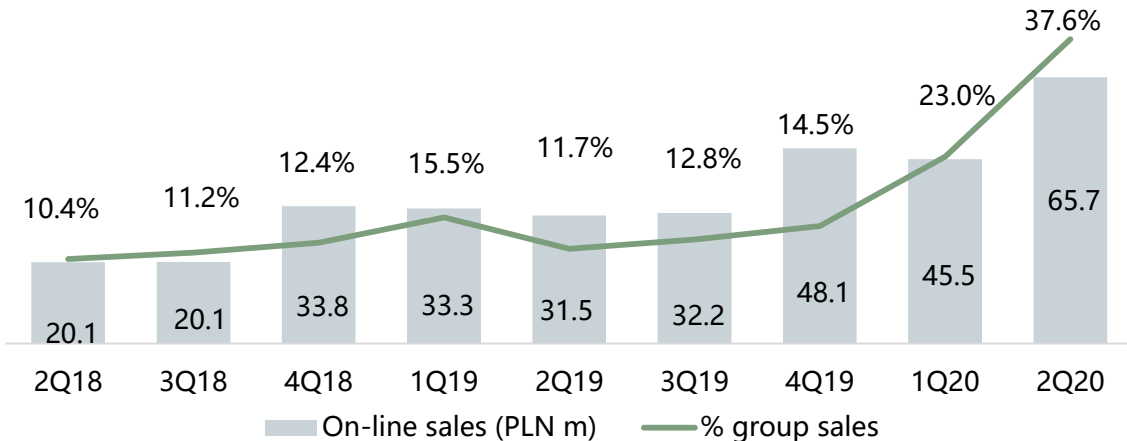
OWN E-STORES OF FIVE BRANDS

On-line sales by segments
(PLN m)



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

Group on-line sales



- In 2Q20 on-line sales amounted to PLN 65.7m, up 108% YoY.
- Share of internet in revenues increased from 11.7% in 2Q19 to 37.6% in 2Q20, due to closing down of shopping malls through April 2020.
- In 1H20 on-line sales amounted to PLN 111.2m, up 71% YoY.
- Share of internet in revenues grew from 13.4% in 1H19 to 29.9% in 1H20.

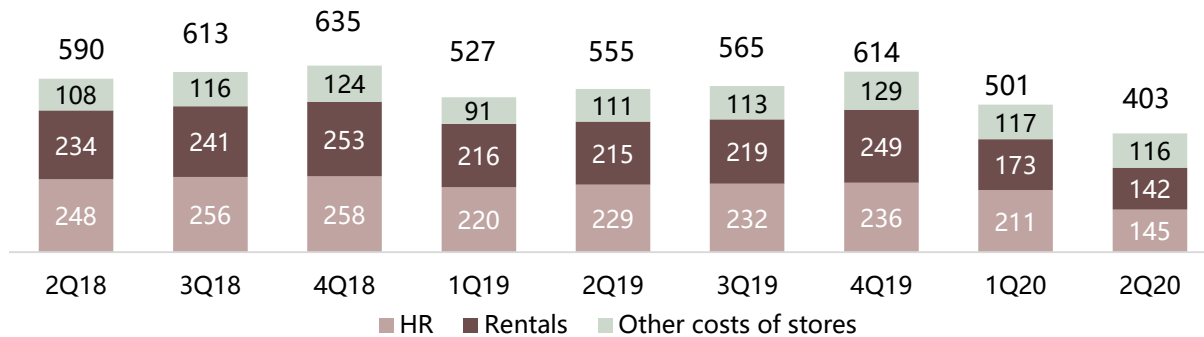
FALL IN COSTS/ M2

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



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

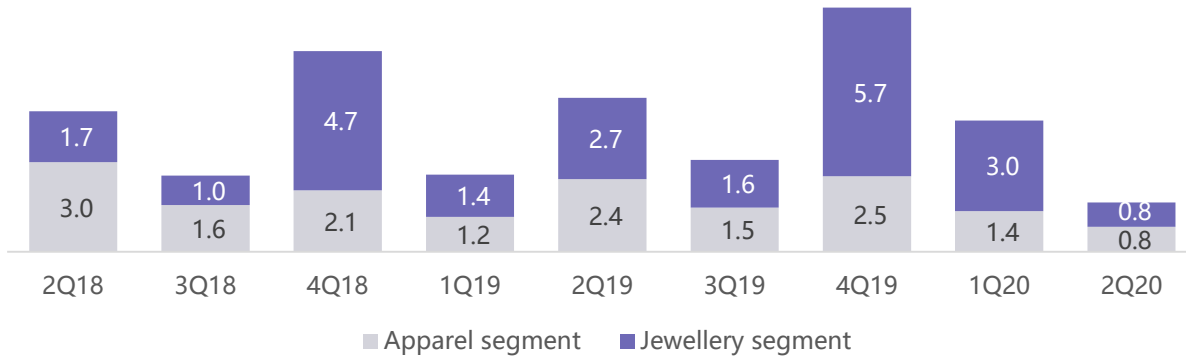
Costs of own stores/ m2
(PLN, excl. IFRS16)



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

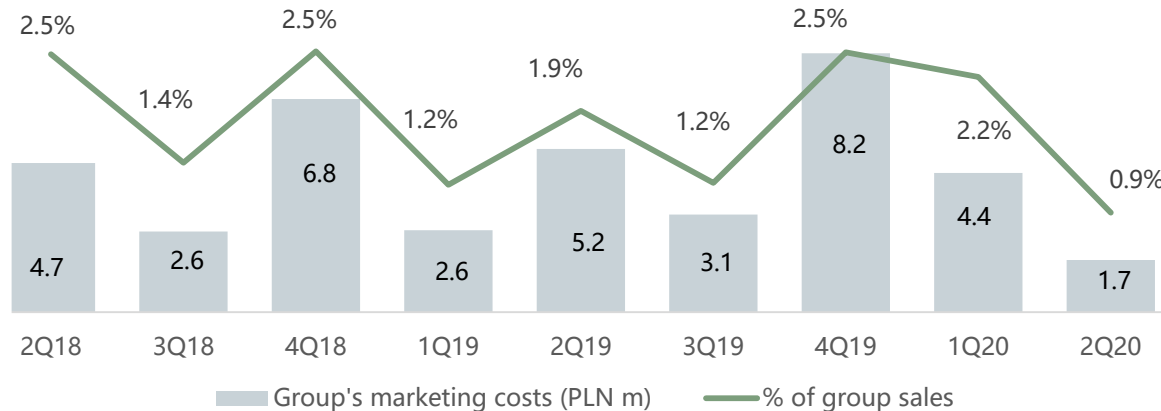
OFF-LINE MARKETING: 180TH JUBILEE OF W.KRUK

Off-line marketing costs by segments
(PLN m)



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

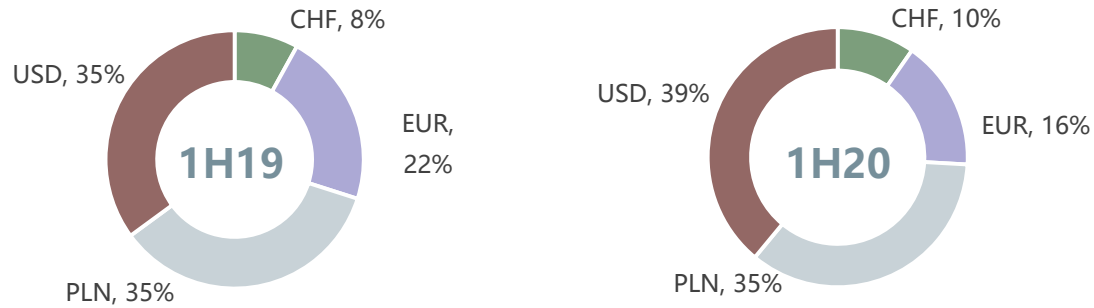
Group off-line marketing costs



- In 2019 marketing outlays reached PLN 19.1m, up 16% YoY.
- The apparel segment: marketing outlays are related to campaigns, which typically cumulate in the second and fourth quarter. W 2018 Bytom's marketing costs were shown only for XII.
- Marketing costs within the jewellery segment cumulate in 4Q (seasonally best), before Christmas.

FX RISK EXPOSURE

Purchases by currencies
(PLN m)



1H20 revenues and SG&A costs by currencies
(excl. IFRS16)



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

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

HISTORICAL QUARTERLY RESULTS

PLN m	1Q19 IFRS16	1Q20 IFRS16	YoY	2Q19 IFRS16	2Q20 IFRS16	YoY	1H19 IFRS16	1H20 IFRS16	YoY
Revenues	214.4	197.5	-7.9%	270.2	174.9	-35.3%	484.6	372.3	-23.2%
Gross profit on sales	105.0	94.0	-10.5%	144.6	82.1	-43.2%	249.6	176.0	-29.5%
Gross profit on sales margin	<i>49.0%</i>	<i>47.6%</i>	<i>-1.4pp.</i>	<i>53.5%</i>	<i>46.9%</i>	<i>-6.6pp.</i>	<i>51.5%</i>	<i>47.3%</i>	<i>-4.2pp.</i>
SG&A costs	106.2	105.5	-0.6%	115.5	82.7	-28.4%	221.6	188.2	-15.1%
Net other operating line	-0.1	-0.3		-0.5	-9.8		-0.6	-10.1	
EBIT	-1.2	-11.9	N/M	28.6	-10.4	N/M	27.3	-22.3	N/M
EBIT margin	<i>-0.6%</i>	<i>-6.0%</i>	<i>-5.4pp.</i>	<i>10.6%</i>	<i>-5.9%</i>	<i>-16.5pp.</i>	<i>5.6%</i>	<i>-6.0%</i>	<i>-11.6pp.</i>
Net financial line	-2.7	-23.2		0.7	7.1		-2.0	-16.1	
Pre-tax profit	-4.0	-35.1	N/M	29.3	-3.3	N/M	25.3	-38.4	N/M
Taxes	-1.6	-3.1		5.4	-1.0		3.8	-4.1	
Net income	-2.4	-32.0	N/M	23.9	-2.3	N/M	21.5	-34.3	N/M
Net margin	<i>-1.1%</i>	<i>-16.2%</i>	<i>-15.1pp.</i>	<i>8.8%</i>	<i>-1.3%</i>	<i>-10.2pp.</i>	<i>4.4%</i>	<i>-9.2%</i>	<i>-13.6pp.</i>
EBITDA	24.8	17.4	-29.8%	56.7	18.4	-67.5%	81.5	35.8	-56.0%
EBITDA margin	<i>11.6%</i>	<i>8.8%</i>	<i>-2.8pp.</i>	<i>21.0%</i>	<i>10.5%</i>	<i>-10.5pp.</i>	<i>16.8%</i>	<i>9.6%</i>	<i>-7.2pp.</i>

A SAFE INDEBTEDNESS LEVEL

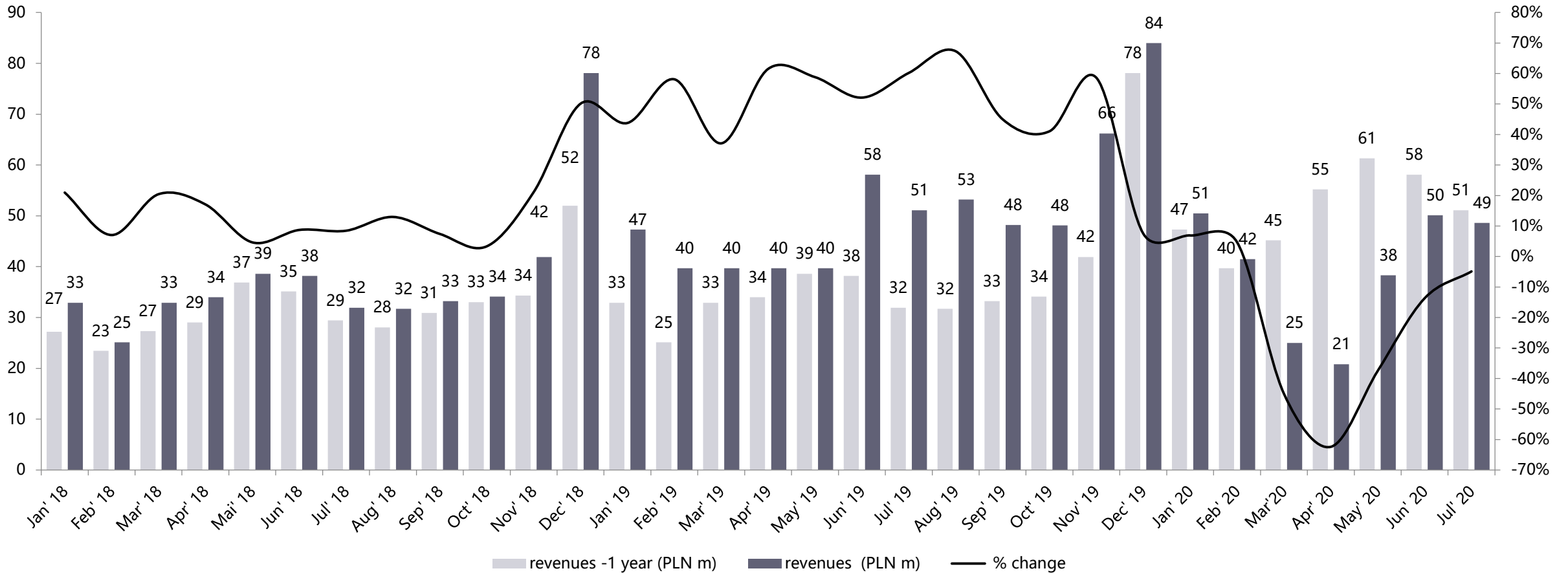
PLN m	2Q19	4Q19	2Q20
Long-term debt	71.5	58.0	56.5
Bank loans	68.3	55.9	54.6
Finance leases	3.1	2.2	1.8
Short-term debt	101.4	58.6	72.9
Bank loan	76.0	35.6	57.5
Finance leases	1.6	1.9	1.8
Reverse factoring	23.8	21.1	13.6
Cash	23.0	25.3	50.0
Net debt	149.8	91.3	79.3
Finance leases IFRS16	286.6	268.3	322.6
Net debt IFRS16	436.4	359.7	401.9

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

- Consistent YoY reduction in long-term debt.
- A growing level of cash resources due to a cautious payments policy.
- PLN 13.6m of reverse factoring used for supplier financing.
- PLN 322.6m of IFRS16 liabilities (finance leases).

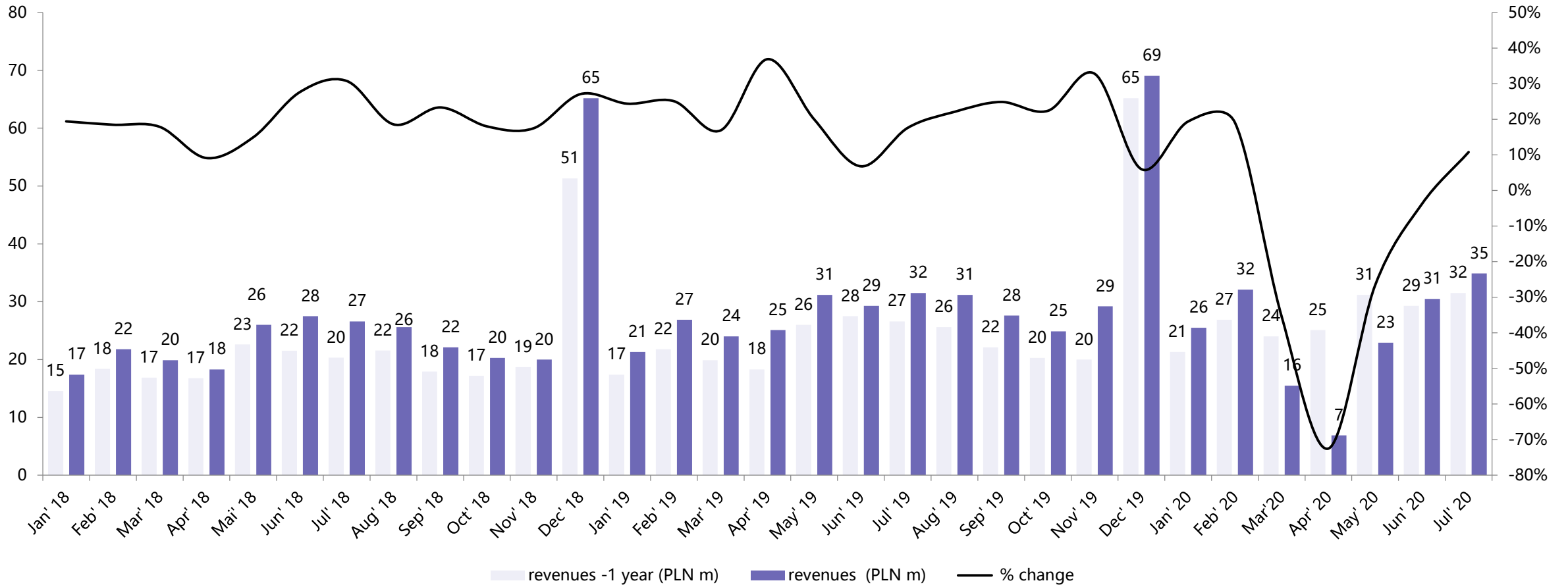
MONTHLY SALES DATA

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



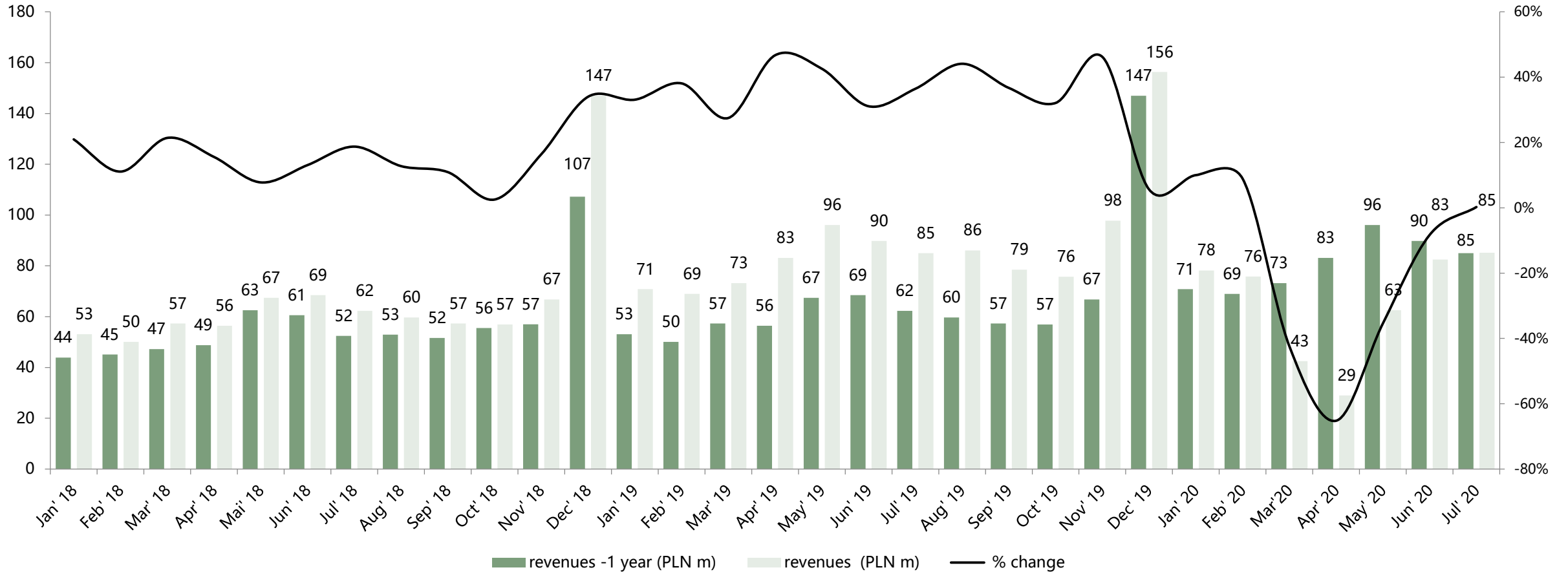
MONTHLY SALES DATA

JEWELLERY SEGMENT REVENUES
(W.KRUK)



MONTHLY SALES DATA

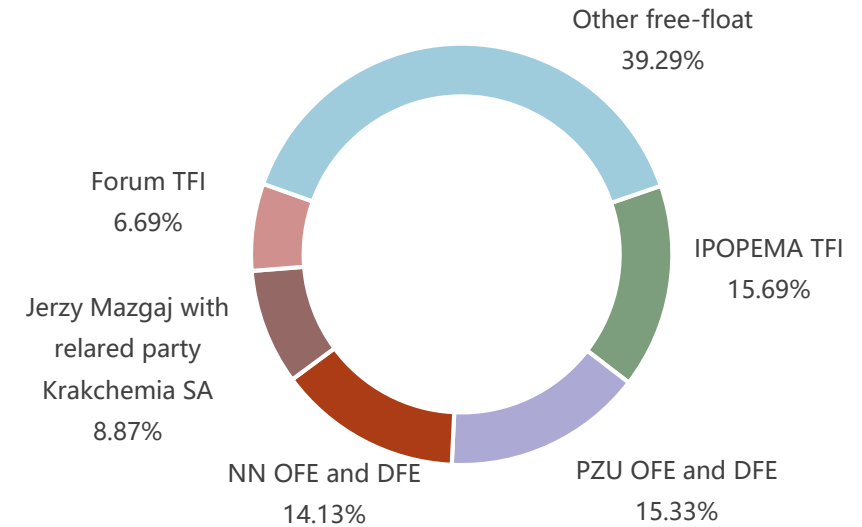
GROUP REVENUES



SHAREHOLDER STRUCTURE

Shareholder structure as at 25.08.2020 (share in equity and votes)

	Number of shares/votes	% share
1. IPOPEMA TFI	36,797,423	15.69%
2. PZU OFE and DFE	35,950,000	15.33%
3. NN OFE and DFE	33,119,487	14.13%
4. Jerzy Mazgaj with related party Krakchemia SA	20,800,000	8.87%
5. FORUM TFI	15,680,800	6.69%
6. Other free-float	92,108,130	39.29%
Total	234,455,840	



Sources of information on VRG S.A. shareholders

1. information provided on the basis of number of shares registered jointly by funds Ipopema 2 FIZ Non-Public Assets and Ipopema 21 FIZ Non-Public Assets managed by IPOPEMA TFI S.A. at the Company's Ordinary General Meeting on June 29, 2020. At the Company's Ordinary General Meeting on June 29, 2020, the Ipopema 2 FIZ Non-Public Assets fund held 20,414,000 shares of the Company, which accounted for 8.71% of the Company's share capital and gave 20,414,000 votes, representing 8.71% of the total number of votes at the Company's General Meeting. At the Ordinary General Meeting of the Company on June 29, 2020, the Ipopema 21 FIZ Non-Public Assets fund held 16,383,423 shares of the Company, representing 6.99% of the Company's share capital and giving 16,383,423 votes, representing 6.99% of the total number of votes for the Company's General Meeting.

2. information provided on the basis of the number of shares registered jointly by the Open Pension Fund PZU "Złota Jesień" and the PZU Voluntary Pension Fund at the Company's Ordinary General Meeting on June 29, 2020. At the Company's Ordinary General Meeting on June 29, 2020 Open Pension Fund PZU "Złota Jesień" independently held 35,100,000 shares of the Company, representing 14.97% of the share capital of the Company and was entitled to 35,100,000 votes at the

Company's General Meeting, which constituted 14.97% of the total number of votes at the Company's General Meeting.

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

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

19,800,000 shares of the Company, which constitutes 8.45% of the share capital of the Company and is entitled to 19,800,000 votes at the Company's General Meeting, which constitutes 8.45% of the total number of votes at the Company's General Meeting.

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

GLOSSARY

APPAREL SEGMENT

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

REVENUES (PLN/M2 PER MONTH)

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

STORE EBIT (PLN M)

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

FORMAL

Revenues from sale of formalwear, including suits and shirts

JEWELLERY SEGMENT

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

COSTS OF STORES (IAS17)

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

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

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

EBITDA

Operating profit plus depreciation and amortisation from cash flow statement.

CASUAL

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

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

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

INVENTORY/M2

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

VRG
VISTULA RETAIL GROUP

THANK YOU

VRG S.A.
Pilotów 10 St.
31-462 Cracow

