

W. KRUK
1 8 4 0

DENICLER
MILANO

WÓLCZANKA

BYTOM
SZTUKA KRAWIECTWA OD 1945

VISTULA



VRG
VISTULA RETAIL GROUP

PRELIMINARY 4Q20 RESULTS AND INFORMATION FOR EGM

JANUARY 7, 2021

| DISCLAIMER

This presentation (the "Presentation") was prepared by VRG S.A. (the "Company") with a due care. Still, it may contain certain inconsistencies or omissions. The Presentation does not contain a complete or thorough financial analysis of the Company and the Capital Group and does not present its standing or prospects in a comprehensive or in-depth manner. Therefore, anyone who intends to make an investment decision with respect to the Company should rely on the information disclosed in the official reports of the Company, published in accordance with the laws applicable to the Company. This Presentation was prepared for information purposes only and does not constitute an offer to buy or to sell any financial instruments.

The Presentation may contain 'forward-looking statements'. However, such statements cannot be treated as assurances or projections of any expected future results of the Company and the Capital Group. Any statements concerning expectations of future financial results cannot be understood as guarantees that any such results will actually be achieved in future. The expectations of the Management Board are based on their current knowledge and depend on many factors due to which the actual results

achieved by the Company may differ materially from the results presented in this document. Many of those factors are beyond the awareness and control of the Company and the Capital Group or the Company's and Group's ability to foresee them.

Neither the Company, nor its directors, officers, advisors, nor representatives of any such persons are liable on account of any reason resulting from any use of this Presentation. Additionally, no information contained in this Presentation constitutes any representation or warranty of the Company, its officers or directors, advisors or representatives of any of the above persons. The Presentation and the forward-looking statements speak only as at the date of this Presentation. These may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review, to confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Presentation.

VISTULA

BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER

MILANO

WKRUK

1 9 4 0

01

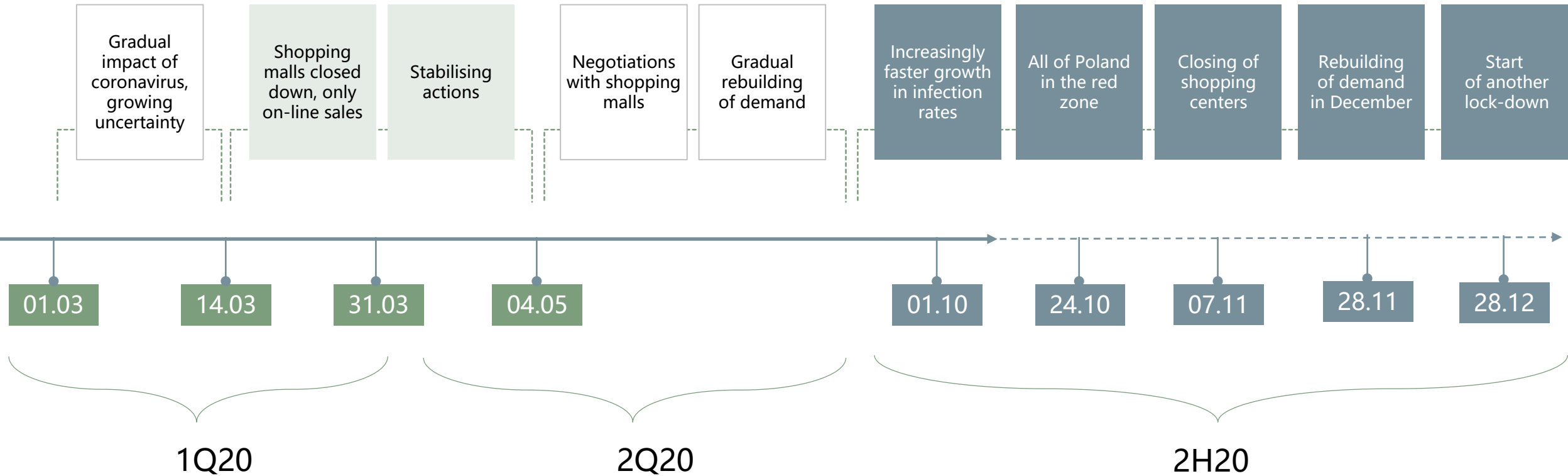
—

2020
EXECUTIVE
SUMMARY



KEY EVENT OF 2020: COVID-19

IMPACT OF PANDEMIC ON VRG GROUP



| GROUP STRENGTHENED AFTER COVID-19

COVID-19 accelerated in 2020 changes in the Group, contributing to its greater stability in the long term.



Dynamic on-line growth

Logistics optimisation

E-stores improvements

Changes in assortment, more casual

Restructuring of traditional network

| STABILISATION OF MANAGEMENT BOARD

MANAGEMENT BOARD OF VRG S.A.

Andrzej Jaworski
President of the
Management Board

Radosław Jakociuk
Executive Vice-President
of the Management Board

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

Erwin Bakalarz
Management Board
Member



Acting in the
interest of all
shareholders

VISTULA

BYTOM

WÓLCZANKA

DENICLER

WKURK

SZTUKA KRAMIĘCTWA OD 1945

MILANO

1 9 4 9

02

—

PRELIMINARY SALES RESULTS



DECEMBER: THE BEST MONTH OF THE FOURTH QUARTER

OCTOBER

NOVEMBER

DECEMBER

APPAREL
SEGMENT

Worsening sentiment;
risk of another
lock-down
revenues: -42.3% YoY

Closing of shopping
malls between
November 7 and 27
revenues: -57.3%

Rebuilding of demand
before Christmas;
post-Christmas sell-offs
only on-line
revenues: -32.0%

JEWELLERY
SEGMENT

This segment was more
resistant to a slowdown
in demand
revenues: -4.9% YoY

Lesser impact of closed
shopping malls, open
high-street stores, incl.
Patek Philippe
revenues: -40.4%

Stronger rebuilding of
demand, high on-line
dynamics, significant
impact of pre-Christmas
season
revenues: +3.6%



REBUILDING OF DEMAND IN DECEMBER

DECEMBER 2020

Key trends

- faster rebuilding of demand before Christmas in the jewellery segment than in the apparel segment,
- in the apparel segment, favorable dynamics in casual collections, in particular knitwear (sweaters) and new assortments,
- stronger YoY demand for watches, stable YoY demand for jewellery,
- impact of another lock-down on sell-offs at the end of December 2020 in both segments,
- share of on-line at c. 20% of sales, an increase from c. 14% a year earlier.

Group revenues
PLN 130.7m

-17.1% YoY

Apparel segment
revenues (retail)

PLN 57.0m

-32.0% YoY

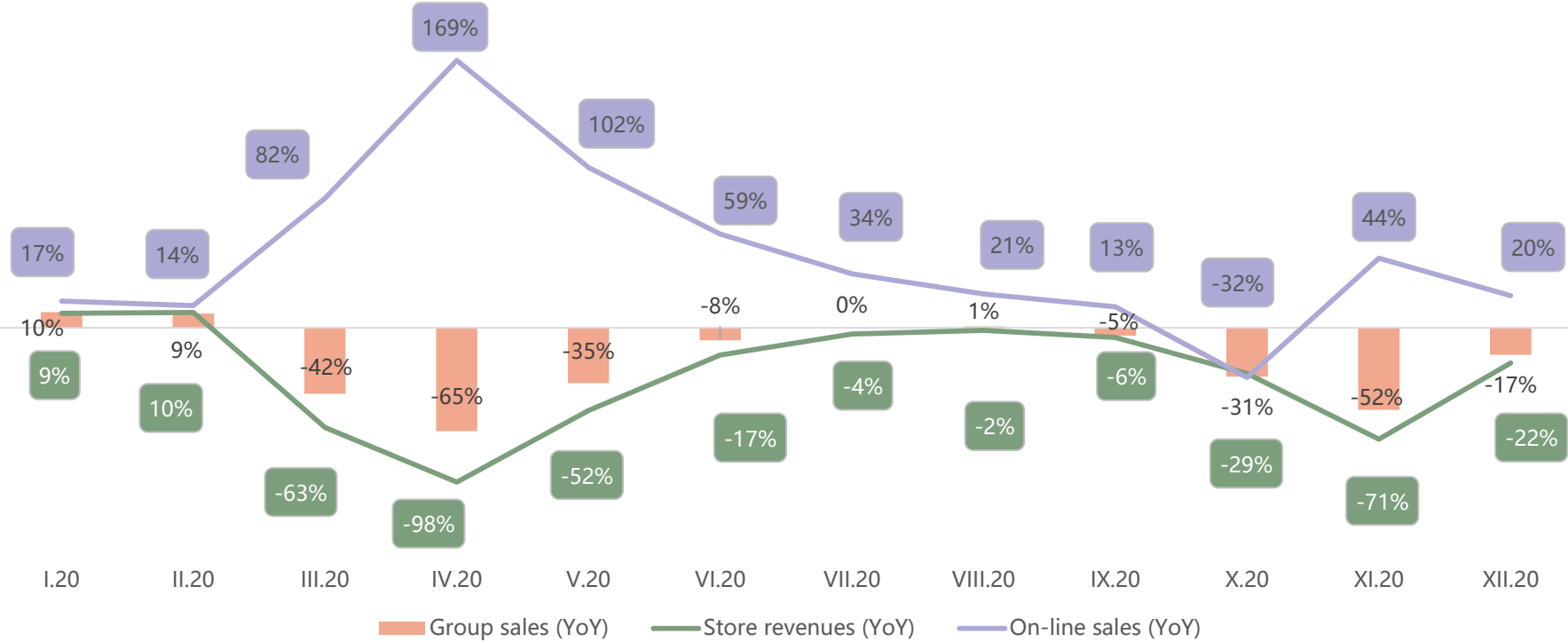
Jewellery segment
revenues (retail)

PLN 71.6m

3.6% YoY



GROWTH ON-LINE, FALLS OFF-LINE



1 E-stores

Maintaining double-digit on-line growth in 4Q20.

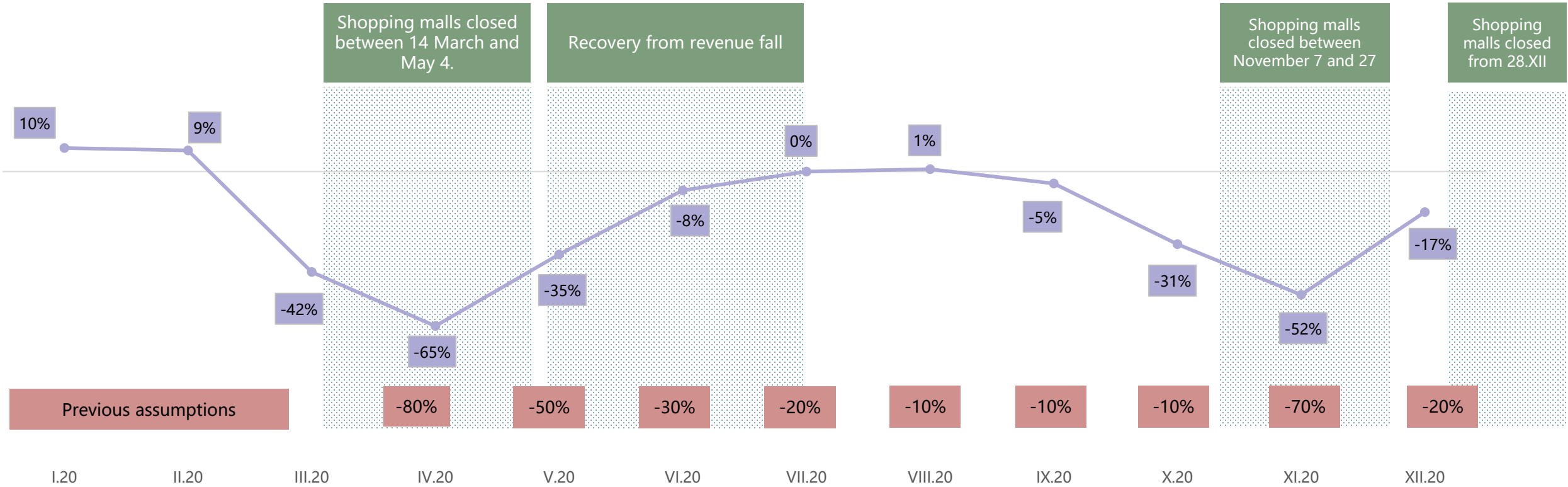
2 Stores

Sales in traditional stores affected by lock-down in November and December. Floorspace at the end of 2020 at 53.0 ths m², down 2.4% YoY.

3 Group

Group's sales dynamics in December were the most favourable of all 4Q20 months.

BASE CASE SCENARIO FULLFILLED



REVENUES IN 2020 AT AROUND -20% YoY, IN LINE WITH BASE CASE SCENARIO (MAX 25% YoY FALL).

VISTULA

BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER

MILANO

WKRUK

1 9 4 0

03

—

PRELIMINARY 4Q20 RESULTS



| HIGH GROSS PROFIT MARGIN

OBTAINING A **FAVOURABLE GROSS PROFIT MARGIN** DESPITE PANDEMIC.

OCTOBER 2020

55.2%

+ 1.1 PP

NOVEMBER 2020

49.3%

- 3.3 PP

DECEMBER 2020

52.8%

- 1.3 PP



PRELIMINARY REVENUE AND MARGIN NUMBERS FOR 4Q20

PLN m	4Q19	4Q20	YoY
Revenues	332.5	231.6	-30.3%
- apparel segment (retail)	198.2	113.6	-42.7%
- jewellery segment (retail)	123.0	113.1	-8.1%
Gross profit on sales	178.5	121.4	-32.0%
Gross profit margin	53.7%	52.4%	-1.3pp.



High double-digit YoY declines in the Group's preliminary revenues in 4Q20 despite high dynamics in e-commerce due to significant impact of renewed restrictions in shopping centers.

More favorable sales dynamics in the jewellery segment than in the apparel segment, in particular in the key December period.

A slight decrease in preliminary gross margin in 4Q20. More favorable purchase prices for collections due to changes in supply sources, but a higher on-line share.

Data for 4Q20 presented as 2020 numbers minus 9M20 numbers from financial reports.

PRELIMINARY REVENUE AND MARGIN NUMBERS FOR 2020

PLN m	2019	2020	YoY
Revenues	1,068.3	853.4	-20.1%
- apparel segment (retail)	657.1	480.2	-26.9%
- jewellery segment (retail)	371.4	348.8	-6.1%
Gross profit on sales	556.1	419.8	-24.5%
Gross profit margin	52.1%	49.2%	-2.9pp.

Double-digit declines in the Group's preliminary revenues due to the strong impact of COVID-19 in March-April and October-November 2020.

More favorable sales dynamics in the jewellery segment than in the apparel segment.

A decrease in preliminary gross margin in 2020 due to higher YoY promotions and sell-offs due to COVID-19 and a higher on-line share.

Data for 2020 presented as the sum of data from monthly sales reports for 4Q20 and financial data for 9M20.

| 2020 TARGETS

REVENUES

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

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

3% floorspace reduction

ACHIEVEMENTS



c. **-20%**



c. **25%**



c. **-2%**

EBITDA

EBITDA under IAS17 above zero.

LIQUIDITY

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



VISTULA

BYTOM

WÓLCZANKA

DENICLER

WKURK

SZTUKA KRAJECIWA OD 1945

MILANO

1 8 4 0

04

—

GENERAL
SHAREHOLDER
MEETING



| NEW EGM DATE: MARCH 1, 2021



MONDAY

MARCH 1, 2021

change of date due to sanitary restrictions and hotels being closed down



AT 12.00

**CRACOW, CONFERENCE
HALL AT CRACOVIA
STADIUM**

by electronic
communication means

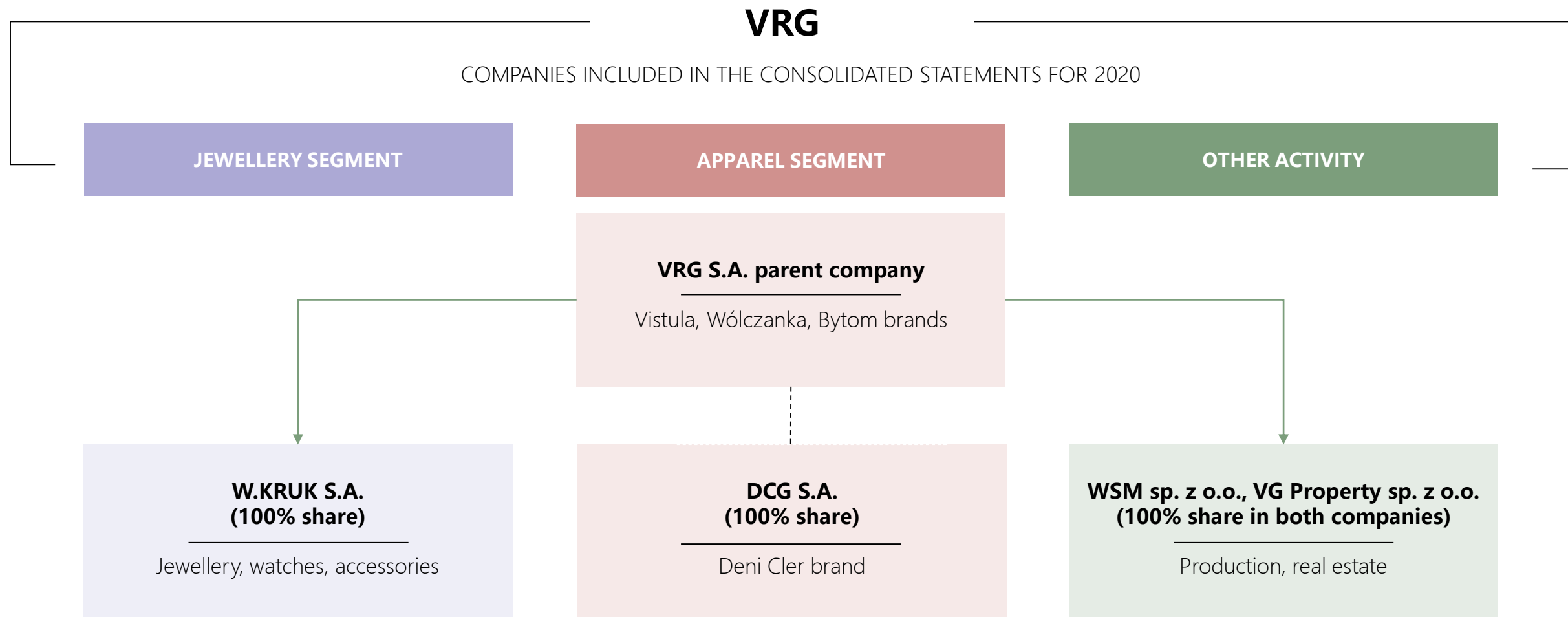
POINTS ON THE AGENDA:

an overview of current financial situation
of the Capital Group in connection with
COVID-19

discussion of matters related to exercising by
VRG oversight over its subsidiaries

changes in supervisory board

STRUCTURE OF CAPITAL GROUP



BOARDS WITHIN THE CAPITAL GROUP

VRG S.A.

Management Board of VRG S.A.

Andrzej Jaworski, President of the Management Board
Radosław Jakociuk, Executive Vice-President of the Management Board
Michał Zimnicki, Executive Vice-President of the Management Board responsible for Finance
Erwin Bakalarz, Member of the Management Board

Supervisory Board of VRG S.A.

Jerzy Mazgaj, Chairman of the Supervisory Board
Ernest Podgórski, Vice-Chairman of the Supervisory Board
Piotr Kaczmarek, Member of the Supervisory Board
Jan Pilch, Member of the Supervisory Board
Piotr Stępnia, Member of the Supervisory Board
Wacław Szary, Member of the Supervisory Board
Andrzej Szumański, Member of the Supervisory Board

Wólczanka Shirts Manufacturing Sp. z o.o.

Management Board of Wólczanka Shirts Manufacturing Sp. z o.o.

Grażyna Bors, President of the Management Board

No Supervisory Board

W.KRUK S.A.

Management Board of W.KRUK S.A.

Łukasz Bernacki, President of the Management Board
Jan Watychowicz, Member of the Management Board

Supervisory Board of W.KRUK S.A.

Jerzy Mazgaj, Chairman of the Supervisory Board
Jan Pilch, Member of the Supervisory Board
Ernest Podgórski, Member of the Supervisory Board
Andrzej Jaworski, Member of the Supervisory Board

VG Property Sp. z o.o.

Management Board of VG Property Sp. z o.o.

Erwin Bakalarz, President of the Management Board

No Supervisory Board

DCG S.A.

Management Board of DCG S.A.

Iwona Kossmann, President of the Management Board
Dagmara Szczupak, Executive Vice-President of the Management Board (CFO of VRG S.A.)

Supervisory Board of DCG S.A.

Jan Pilch, Chairman of the Supervisory Board
Jerzy Mazgaj, Member of the Supervisory Board
Andrzej Jaworski, Member of the Supervisory Board
Urszula Domańska, Member of the Supervisory Board



| CORPORATE GOVERNANCE MECHANISMS IN THE GROUP (1)

EFFECTIVE CORPORATE GOVERNANCE IN THE GROUP

1. Members of the Management Board and Supervisory Board of VRG S.A. exercise ongoing oversight over subsidiaries in all areas of their activity.
2. Selected representatives of the Management Board and Supervisory Board sit on the supervisory boards of subsidiaries.
3. The Articles of Association of W.KRUK S.A. and DCG S.A. provide for the extension of powers of the Supervisory Board, i.e. they require the Management Boards of subsidiaries to obtain consent of the Supervisory Board before performing activities specified in the Articles of Association (Art. 384 Code of Commercial Companies, CCC). Apart from the customary ones, they also include approval of budgets and loan agreements, consent to purchase or disposal of significant assets as well as consent to issuance of securities.



Aim of corporate governance is to **build value** for all shareholders.



CORPORATE GOVERNANCE MECHANISMS IN THE GROUP (2)

Selected competences of Supervisory Board of **W.KRUK S.A.**

1. appointing and dismissing members of the Management Board,
2. determining the remuneration of members of the Management Board,
3. approving the Regulations of the Management Board,
4. appointment of the statutory auditor auditing the Company's financial statements, unless the General Meeting selects the statutory auditor earlier,
5. payment of an advance dividend by the Company,
6. adoption of budget for the Company or a significant change or deviation from the adopted budget of the Company,
7. expressing consent to the sale, purchase or charging the Company with an obligation or property right of the ownership of real estate, perpetual usufruct or other right to real estate or a share in joint ownership of real estate or other right to real estate,
8. consenting to signing by the Company a credit agreement or a loan agreement as a borrower or other similar agreement,
9. consent to conclusion by the Company as a creditor of a loan agreement or other similar agreement,
10. expressing consent to conclusion by the Company of a surety, guarantee, accession to debt or other similar agreement or unilateral legal action regarding the Company's liability for the obligations of another person, with the exception of providing collateral for the obligations of the Company or the parent company required by banks or leasing companies,
11. expressing consent to establish collateral on the Company's property components,
12. expressing consent to issuance of bonds or other securities by the Company,
13. acquiring or subscribing or selling shares, stocks or rights in other companies or joining other companies,
14. creating branches of the Company,
15. expressing consent to sale of Company's assets, value of which exceeds 10% of the Company's equity or with a value exceeding PLN 2,000,000.00 net (excluding VAT),
16. expressing consent to incurring by the Company obligations to perform or disposing of a right with a value exceeding PLN 2,000,000.00 net (without VAT) to one entity or related entities, and in the case of continuous or periodic services exceeding PLN 2,000,000.00 net (excluding VAT) per year (or throughout the term of the contract if it is less than a year), except for commercial transactions concluded in the ordinary course of the Company's operations,
17. expressing consent to conclude a rental agreement or a lease agreement or other similar agreement - for a definite period longer than 5 years or with the total value of rent and service charges exceeding PLN 2,000,000 net (excluding VAT),
18. expressing consent to grant or transfer to any third party a license or any intellectual property rights of the Company, rights to trademarks or copyrights, know-how, with the exception of partnership (franchise) agreements concluded for retail network, etc.,
19. expressing consent to any payments to members of the Management Board not provided for in a resolution of the Supervisory Board or to entities related to Members of the Management Board and incurring liabilities towards such persons or entities or on their behalf,
20. change or termination of the above activities requiring the consent of the Supervisory Board, noting that extension of credit agreements concluded with banks, for which the Supervisory Board previously consented or for which the consent of the Supervisory Board was not required on the date of their conclusion does not require consent.

CORPORATE GOVERNANCE MECHANISMS IN THE GROUP (3)

Selected competences of Supervisory Board of **DCG S.A.**

1. assessment of annual financial statements, both in terms of compliance with the books and documents, and true and fair view, assessment of periodic and annual reports of the Management Board on the Company's operations, as well as the Management Board's motions regarding distribution of profit and coverage of losses, and submission of a written statement to General Meeting on profit management or loss coverage,
2. approving annual and multi-annual programs developed by the Management Board,
3. expressing consent to sale of the Company's assets whose value exceeds 10% of the Company's equity or with a value exceeding PLN 2,000,000.00 net (excluding VAT),
4. appointing a certified auditor to audit the Company's financial statements or other audits required by law,
5. giving opinions on the agenda and draft resolutions of the General Meeting,
6. delegating members of the Supervisory Board to temporarily perform duties of members of the Management Board who are unable to perform their duties,
7. suspending individual or all members of the Management Board from duties for important reasons,
8. approving the Regulations of the Management Board,
9. determining remuneration of members of the Management Board,
10. determining the amount of remuneration for members of the Supervisory Board delegated to temporarily perform the duties of a Management Board member,
11. acquiring or taking up or disposing shares, stocks or rights in other companies or joining other companies,
12. appointing and dismissing of Management Board members,
13. expressing consent to conclusion by the Company as a borrower of a credit agreement or a loan agreement as a borrower or other similar agreement,
14. expressing consent to sale, purchase or encumbrance by the Company with an obligation or property right of the ownership of real estate, perpetual usufruct or other right to real estate or a share in joint ownership of real estate or other right to real estate,
15. payment by the Company of an advance dividend,
16. adoption of budget for the Company or a significant change or deviation from the adopted budget of the Company,
17. expressing consent to establish collateral on the Company's property components,
18. expressing consent to issuance of bonds or other securities by the Company,
19. creating branches of the Company,
20. expressing consent to incurring by the Company obligations to perform or disposing of a right with a value exceeding PLN 2,000,000.00 net (without VAT) to one entity or related entities, and in the case of continuous or periodic services exceeding PLN 2,000,000.00 net (excluding VAT) per year (or throughout the term of the contract, if less than a year), except for commercial transactions concluded in the ordinary course of the Company's operations,
21. expressing consent to conclude a rental agreement or a lease agreement or other similar agreement - for a definite period longer than 5 years or with the total value of rent and service charges exceeding PLN 2,000,000 net (excluding VAT),
22. expressing consent to granting or transferring to any third party a license or any intellectual property rights of the Company, rights to trademarks or copyrights, know-how, with the exception of partnership (franchise) agreements concluded for a retail network, etc.,
23. expressing consent to any payments for members of the Management Board not provided for in any resolution of the Supervisory Board or to entities related to the members of the Management Board, and incurring liabilities towards such persons or entities or on their behalf,
24. change or termination of the above activities requiring the consent of the Supervisory Board.

| INTERNAL REGULATIONS OF VRG GROUP

THE HIGHEST STANDARDS OF CONDUCTING BUSINESS



Code of Ethics in VRG
S.A. Capital Group



Procedure for
Anonymous Reporting
of Irregularities in
VRG S.A. Capital Group



Procedure for Transactions with Related Parties
Performed by Entities from VRG S.A. Capital
Group

Remuneration Policy for Members of the
Management Board and Supervisory Board of
VRG S.A. with its registered office in Cracow
adopted by the General Meeting on June 29,
2020, also applicable to W.KRUK S.A. subsidiary.

CONFLICT OF INTEREST POLICIES (1)

WE FOLLOW THE BEST PRACTICES OF LISTED COMPANIES 2016 AND THE CCC

VRG S.A. Capital Group complies with the Best Practices of WSE Listed Companies 2016 (DPSN2016) - in Chapter V these refer to conflicts of interest and transactions with related parties.

We underline, however, that we informed in EIB report 1/2016 about non-compliance of rule V.Z.6. due to lack of separate regulations regarding conflict of interest.

In this regard, the Company applies the remaining DPSN 2016 and legal provisions, taking into account the procedures introduced after 2016.



According to Art. 377 of Code of Commercial Companies, in the event of a conflict of interests of the company with the interests of a management board member, his spouse, relatives and relatives up to the second degree and persons with whom he/she is personally related, a management board member should disclose the conflict of interests and refrain from participating in resolving such matters and may request that this is noted in the protocol.

According to Art. 209 of Code of Commercial Companies, in the event of a conflict of interests of the company with the interests of a management board member, his/her spouse, relatives and relatives up to the second degree, and persons with whom he/she is personally related, a management board member should disclose the conflict of interests and refrain from participating in resolving such matters and may request that this is noted in the protocol.

| CONFLICT OF INTEREST POLICIES (2)



The conflict of interest procedures apply to both members of the management board and the supervisory board.

Regulations of the Supervisory Board of VRG S.A. contain the following elements:

A member of the Supervisory Board should be guided in his/her actions by the interests of the Company and the independence of opinions and judgments, in particular:

- a) not accept unjustified benefits that could adversely affect the assessment of independence of his/her opinions and judgments,
- b) expressly raise objections and dissenting opinion if it is found that the decision of the Supervisory Board is contrary to the interests of the Company.

A member of the Supervisory Board should inform the Supervisory Board about any conflict of interest or the possibility of its arising.

A member of the Supervisory Board should refrain from voting on a resolution on an issue in which a conflict of interest has arisen.

RELATED PARTY TRANSACTIONS

Transactions with related parties take place on an arm's length basis. Their scale is not significant for the Capital Group.

Entities and persons related to the key management personnel of the Company as of June 30, 2020:

1. Cliffsidebrokers S.A. – related party to the Member of the Supervisory Board, Mr. Jerzy Mazgaj; an entity providing brokerage services for VRG S.A., W.KRUK and DCG,
2. Premium Cigars Sp. z o.o.– related party to the Member of the Supervisory Board, Mr. Jerzy Mazgaj and at that time Members of the Management Board of W.KRUK, Mr. Radosław Jakociuk (now Executive Vice-President of VRG Management Board) and Łukasz Bernacki acting as Members of the Supervisory Board,
3. Doksa Sp. z o.o. – related party to the Member of the Supervisory Board, Mr. Jan Pilch; entity renting office space for VRG S.A.

Transactions with related entities are published in semi-annual and annual reports.

Transactions with related entities as at June 30, 2020

Data for 1H20 (PLN ths)	Sale of products, goods, materials and services	Purchase of products, goods, materials and services	Amounts due from related entities	Amounts owed to related parties
Vistula Market Sp. z o.o.	-	-	1,983	-
DCG S.A.	15	-	14	-
VG Property Sp. z o.o.	3	167	1	66
W.KRUK S.A.	3,057	10	3,403	-
Wólczanka Shirts Manufacturing Sp. z o.o.	10	1,070	908	400
TOTAL (after write-offs)	3,085	1,247	4,326 (write-off: 1,983)	466

| POSITIVE AUDIT RESULTS

Management Board of VRG S.A. prepared a list, explanation and summary of business trips and representation funds of management and supervisory boards of companies from the VRG S.A. Capital Group for the years 2017-2020.

The list was audited by PKF Consult.

In the course of the audit, no events inconsistent with the applicable general law or applicable regulations in the companies of VRG Capital Group were identified.



VISTULA

BYTOM

SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER

MILANO

WKURK

1 8 4 0

05

—

PLANS FOR 2021



| CUSTOMER IN THE CENTRE OF ATTENTION

New products – more casual in every apparel brand

New customer groups – stronger presence of women collections in Vistula brand



Development of the jewellery offer

Verification of watches **portfolio**



| 2021 – TOWARDS OMNICHANNEL

TRADITIONAL STORES

Stable floorspace
Top locations

+

INTERNET STORES

Further development of functionality and logistics
Sales app for each brand

=



OMNICHANNEL

Standardized contact with customers

Consistent marketing and promotions

Using traditional stores to support on-line

Personal pickup in stores for on-line orders

On-line returns handled in stores

| OPPORTUNITIES AND RISKS FOR 2021



OPPORTUNITIES

new collections with broadened casual offer, development of jewellery offer

strong on-line growth

further working capital improvements

RISKS

another wave of COVID-19 and stronger sanitary restrictions

reduction in consumer demand

currency volatility

VISTULA

BYTOM
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER
MILANO

WKRUK
1 9 4 0

06

—

Q&A



VRG
VISTULA RETAIL GROUP

THANK YOU

VRG S.A.
Pilotów 10 St.
31-462 Cracow

