

W. KRUK  
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MILANO

WÓLCZANKA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

VISTULA



VRG  
VISTULA RETAIL GROUP

# 3Q21 RESULTS PRESENTATION

NOVEMBER 17, 2021

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INTRODUCTION



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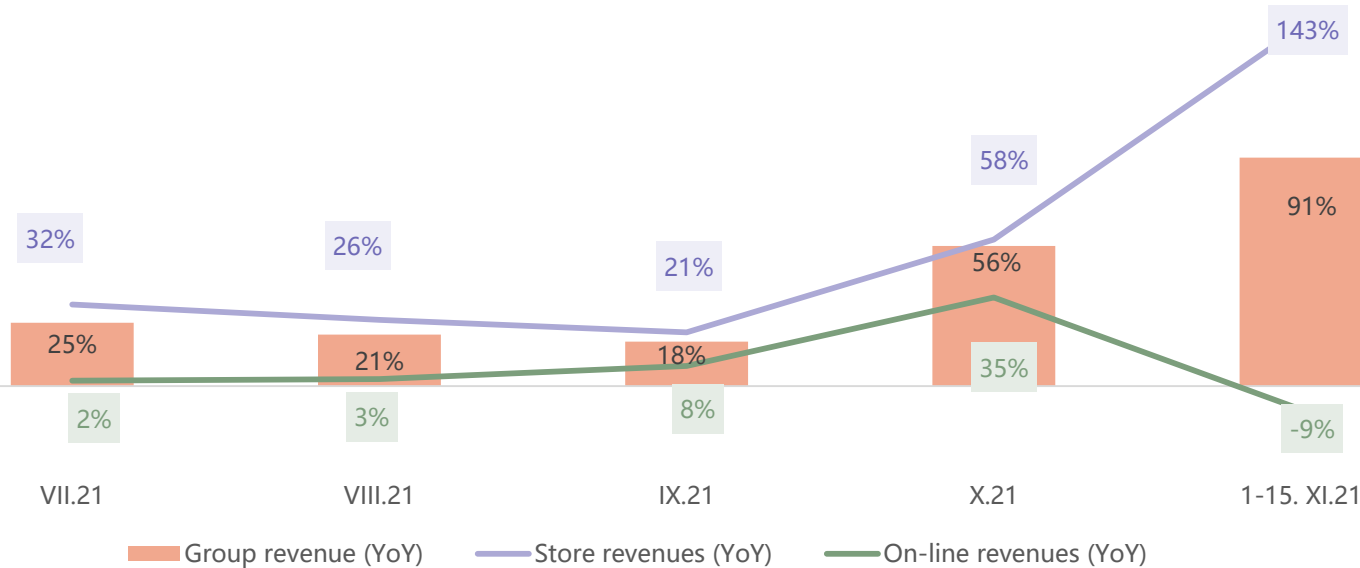


# | MORE FAVOURABLE TRENDS YOY



	2020	2021
JULY	Gradual recovery of demand after lock-downs, completion of negotiations with shopping malls	Faster YoY recovery of demand after lock-downs
AUGUST	Gradual recovery of demand after lock-downs	Faster YoY recovery of demand after lock-downs
SEPTEMBER	Demand rebuilds after lock-down, slow deterioration of the pandemic situation at end of month	Demand rebuilds after lock-down, slow deterioration of the pandemic situation at end of month
OCTOBER	Increasingly rapid growth of infections, since 24.10 all of Poland in the red zone	Continued strong demand despite accelerating number of infections
NOVEMBER	Lock-down between 4 and 28.11, shopping malls closed	No lock-down, yet visible impact of increasing number of infections on traffic in traditional stores

# I CONTINUATION OF STRONG REVENUE DYNAMICS



## 1 E-stores

Return to growth in e-stores in the summer months. High dynamics in the autumn months with a strong reception of new collections. The first two weeks of November were an exception, due to the high base (lock-down in 2020).

## 2 Stores

Rebound in sales in traditional stores both in the summer (sell-offs) and autumn months due to a strong reception of new collections. Triple-digit dynamics in the first two weeks of November due to a low base (stores closed for the majority of November 2020).

## 3 Group

Continuation of high growths in Group's sales in 3Q21 due to favorable trends both on-line and off-line. Sales doubled in the first two weeks of November 2021.

# FURTHER NETWORK OPTIMISATION

## NUMBER OF STORES EOP 3Q21 YoY

<b>VISTULA</b>	<b>146</b>	<b>- 1</b>
<b>BYTOM</b> <small>SZTUKA KRAWIECTWA OD 1945</small>	<b>115</b>	<b>- 2</b>
<b>WÓLCZANKA</b>	<b>119</b>	<b>- 11</b>
<b>DENICLER</b> <small>MILANO</small>	<b>29</b>	<b>- 3</b>
<b>W.KRUK</b> <small>1 8 4 0</small>	<b>143</b>	<b>+3</b>
<b>VRG</b> <small>VISTULA RETAIL GROUP</small>	<b>552</b>	<b>- 14</b>



# BETTER YOY RESULTS IN 3Q21 AND 9M21

## 3Q21 IFRS16

REVENUES

PLN 305.0m

22.3% YoY

EBIT

PLN 43.0m

224.5% YoY

GROSS PROFIT MARGIN

53.5%

4.5 pp. YoY

NET PROFIT (LOSS)

PLN 23.7m

312.3% YoY

## 9M21 IFRS16

REVENUES

PLN 721.1m

16.0% YoY

EBIT

PLN 43.9m

9M20: PLN (9.0) m

GROSS PROFIT MARGIN

52.2%

4.2 pp. YoY

NET PROFIT (LOSS)

PLN 26.5m

9M20: PLN (26.0) m

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PERFORMANCE  
BY BRANDS







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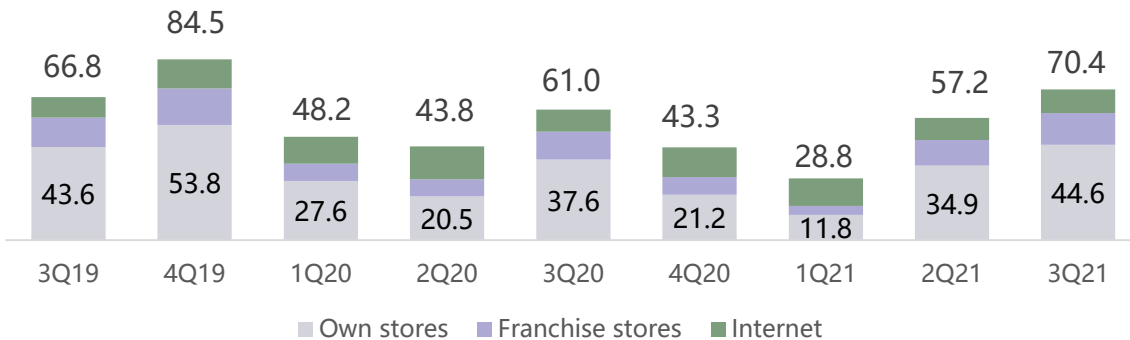
# VISTULA: REVENUES HIGHER THAN BEFORE PANDEMICS

## Vistula brand network

	3Q20	3Q21	r/r
<b>Number of stores</b>	<b>147</b>	<b>146</b>	<b>- 1</b>
incl. franchise	62	63	+ 1
<b>Floorspace (m2)</b>	<b>18,508</b>	<b>18,390</b>	<b>-1%</b>
incl. franchise	6,311	6,435	+ 2%
<b>Internet % sales</b>	<b>16.9%</b>	<b>15.6%</b>	<b>-1.3pp.</b>

- Vistula brand floorspace fell 1% YoY at the end of 3Q21, while the number of stores of the brand fell by 1 net YoY.
- Both franchise floorspace and number of stores grew YoY at the end of 3Q21. There was 1 new franchise store of the brand YoY, while floorspace increased 2% YoY.
- Vistula brand revenues reached PLN 70.4m in 3Q21 (up 15.4% YoY) due to faster YoY recovery in demand in traditional stores.

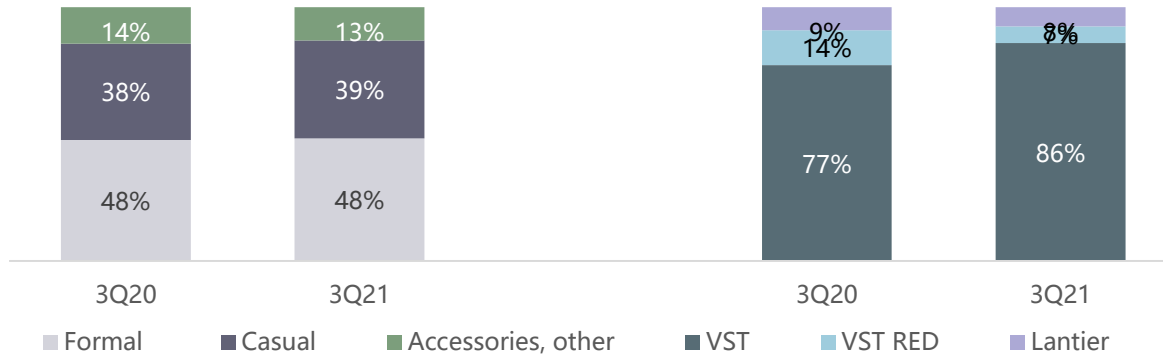
## Vistula brand revenues (PLN m)



- Internet revenues amounted to PLN 11.1m in 3Q21, up 7.0% YoY, due to further development of this channel.
- Share of internet in sales at 15.6% in 3Q21 compared to 16.9% in 3Q20 – decline due to stronger off-line growths.
- Franchise revenues reached PLN 14.8m in 3Q21 (+12.8% YoY).
- Share of franchise in revenues fell from 21.5% in 3Q20 to 21.0% in 3Q21.

# VISTULA: DOUBLING OF STORE EBIT

Vistula brand revenue split



Vistula brand efficiency

	3Q20	3Q21	YoY
Revenues (PLN/m2 per month)	1,099	1,269	15.5%
Gross profit margin (%)	50.9%	57.0%	+ 6.1pp.
Cost of stores (PLN/m2 per month)	417	395	-5.2%
Store EBIT (PLN m)	7.9	18.2	131.0%

- Stable YoY share of formal in 3Q21 coupled with higher demand for formal clothing due to the return of ceremonies, i.e. weddings.
- A stable share of casual and accessories in sales.
- Increase in the share of the main Vistula line in sales at the expense of the modern Vistula Red (more casual) and the higher positioned Lantier line.
- A strong start to the women's collection.

- YoY growth in sales/ m2 due to rebound in sales in traditional stores and development of on-line sales.
- Sizeable gross margin YoY growth – lower YoY sell-offs, lower share of on-line channel.
- Fall in store costs/ m2 due to significantly lower YoY rentals (recognition of adjustments from 2Q21) and lower depreciation (closing down of stores).
- Doubling of store EBIT.





# BYTOM

SZTUKA KRAWIECTWA OD 1945



## EXECUTIVE SUMMARY

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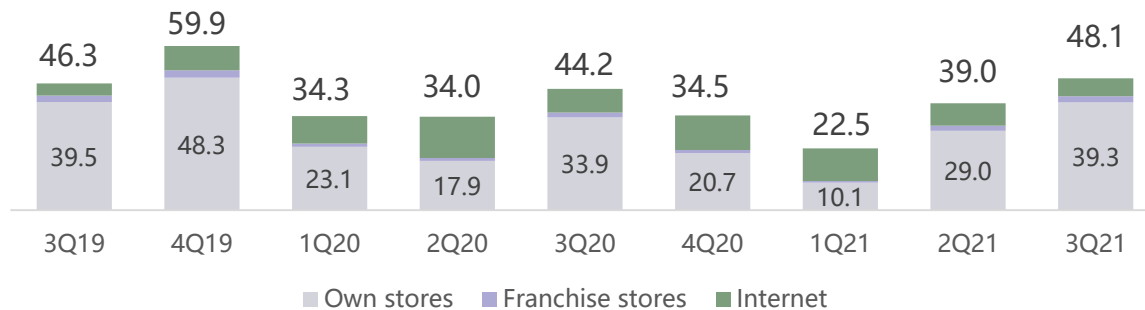
# BYTOM: GROWTH IN OFF-LINE REVENUES

## Bytom brand network

	3Q20	3Q21	r/r
<b>Number of stores</b>	<b>117</b>	<b>115</b>	<b>- 2</b>
incl. franchise	8	11	+ 3
<b>Floorspace (m2)</b>	<b>15,634</b>	<b>15,267</b>	<b>-2%</b>
incl. franchise	859	1,135	+ 32%
<b>Internet % sales</b>	<b>19.4%</b>	<b>13.5%</b>	<b>-5.9pp.</b>

- Number of Bytom stores decreased by 2 net YoY, while the number of franchise stores increased by 3 net YoY.
- Floorspace decreased by 2% YoY. Sizeable changes in floorspace also took place at the level of franchise stores, whose floorspace grew 32% YoY.
- Retail revenues of Bytom brand amounted to PLN 48.1m in 3Q21 (+8.8% YoY).

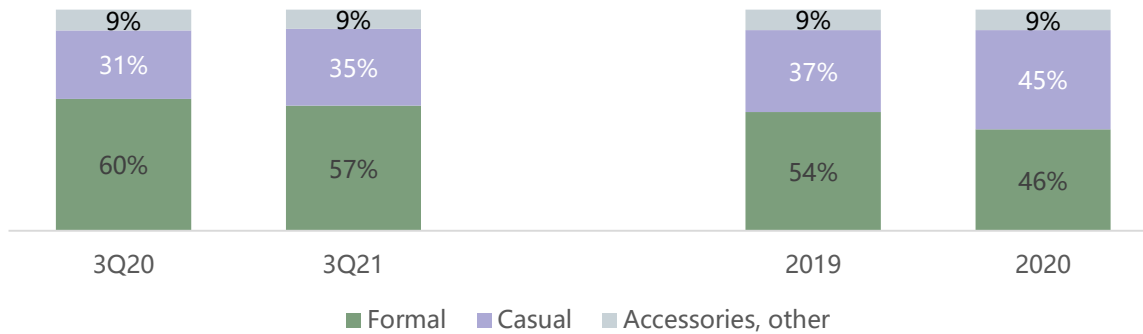
## Bytom brand retail revenues (PLN m)



- Internet revenues amounted to PLN 6.5m in 3Q21 (-24.2% YoY), accounting for 13.5% of sales.
- Fall in on-line sales resulted from the return of customers to traditional stores after the lock-down.
- Franchise revenues amounted to PLN 2.3m in 3Q21 (+31.5% YoY).
- Share of franchise in sales grew YoY from 3.9% in 3Q20 to 4.7% in 3Q21.

# BYTOM: TRIPLE-DIGIT EBIT GROWTH

Bytom brand revenue split



- High sales of suits and shirts. Decreasing share of formal in sales in 3Q21, despite continuation of the wedding season, due to high demand for casual clothing (knitted fabrics).
- Stable share of accessories in 3Q21 sales structure, growing share of casual clothing.

Bytom brand efficiency

	3Q20	3Q21	YoY
Revenues (PLN/m2 per month)	931	1,044	12.1%
Gross profit margin (%)	47.6%	56.0%	+ 8.4pp.
Cost of stores (PLN/m2 per month)	410	366	-10.8%
Store EBIT (PLN m)	1.6	10.1	542.5%

- Double-digit growth in sales/ m2 - improvement in offline sales due to demand for formal and casual clothing.
- Significantly higher YoY gross margin due to lower YoY promotions.
- Decrease in store costs/ m2 despite growth in sales/ m2: lower rentals (recognition of adjustments from 2Q21) and depreciation closing down of stores).



WÓLCZANKA



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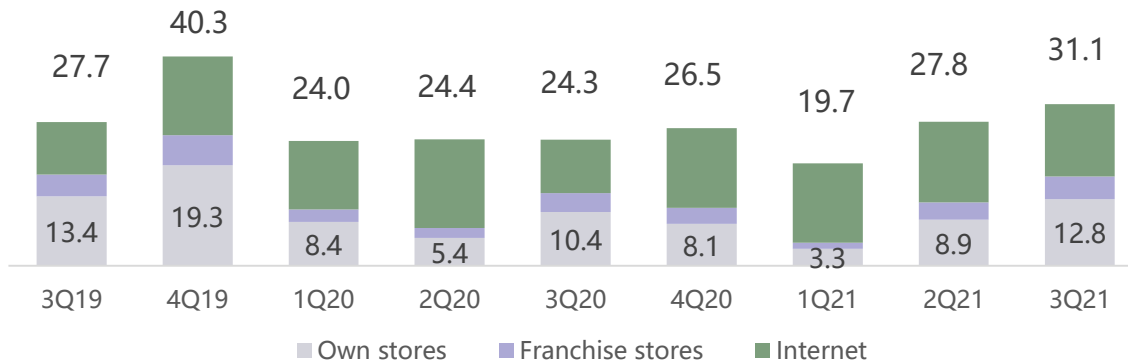
# WÓLCZANKA: AN ON-LINE BRAND

## Wólczanka brand network

	3Q20	3Q21	r/r
<b>Number of stores</b>	<b>130</b>	<b>119</b>	<b>-11</b>
incl. franchise	50	51	+1
<b>Floorspace (m2)</b>	<b>4,685</b>	<b>4,371</b>	<b>-7%</b>
incl. franchise	1,530	1,567	+ 2%
<b>Internet % sales</b>	<b>42.4%</b>	<b>44.7%</b>	<b>+ 2.4pp.</b>

- Wólczanka network contracted by 11 stores net YoY. Optimisation affected mostly own stores – there was 1 more franchise store YoY.
- Brand's floorspace fell 7% YoY, while franchise store floorspace grew by 2% YoY.
- Wólczanka revenues reached PLN 31.1m in 3Q21 (+28.1% YoY), due to a balanced share of on-line and off-line in sales.

## Wólczanka brand revenues (PLN m)

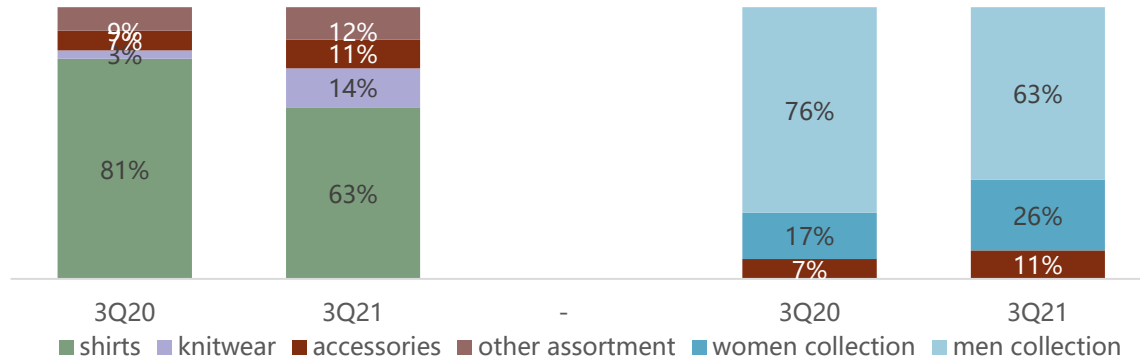


- Internet revenues amounted to PLN 13.9m in 3Q21 (+ 35.2% YoY), constituting 44.7% of revenues.
- Franchise revenues reached PLN 4.4m in 3Q21 (up 20.7% YoY).
- Share of franchise in revenues came in at 14.2% in 3Q21, down 0.9 pp. YoY.



# A GROWING SHARE OF NEW ASSORTMENT

Wólczanka brand revenue split



- Increase in sales of knitted fabrics due to broadened range of polo shirts, t-shirts and sweaters. A higher share of the remaining assortment due to a wider range of trousers (for men and women) and introduction of dresses and jackets to the brand's offer.
- Fall in share of shirts is the result of development of new product groups.
- Growing share of women's collection results from further diversification of the brand's offer and a very good reception by customers of the broadened range of the brand.

Wólczanka brand efficiency

	3Q20	3Q21	YoY
Revenues (PLN/m2 per month)	1,708	2,374	38.9%
Gross profit margin (%)	49.6%	55.0%	5.5pp.
Cost of stores (PLN/m2 per month)	743	804	8.2%
Store EBIT (PLN m)	1.5	6.6	344.9%

- Significant double-digit growth in revenues/ m2: growing sales both on-line and off-line, among other due to broader assortment.
- Significantly higher YoY gross margin due to a higher share of traditional sales and lower YoY promotions.
- Increase in costs/ m2 sizeably lower than revenues/m2 due to lower rentals (recognition of adjustments from 2Q21) as well as depreciation. Positive dynamics of costs/ m2 due to rapidly growing on-line sales Triple-digit store EBIT increases in 3Q21.



**DENI CLER**  
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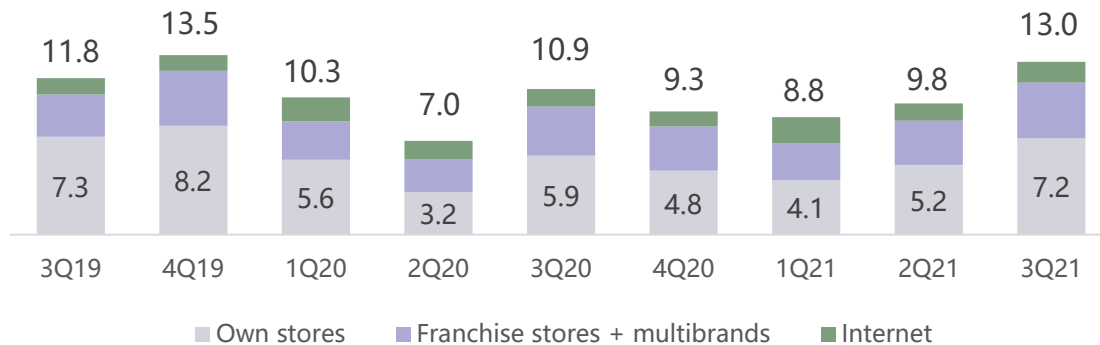
# DENI CLER: DYNAMIC REVENUE GROWTH

## Deni Cler brand network

	3Q20	3Q21	r/r
<b>Number of stores</b>	<b>32</b>	<b>29</b>	<b>-3</b>
incl. franchise	9	6	-3
<b>Floorspace (m2)</b>	<b>3,064</b>	<b>2,835</b>	<b>-7%</b>
incl. franchise	669	440	-34%
<b>Internet % sales</b>	<b>12.1%</b>	<b>12.0%</b>	<b>-0.1pp.</b>

- Deni Cler network encompasses 29 monobrand stores (both own and franchise) in top shopping malls in Poland.
- Development of shop-in-shop concept. Deni Cler collections available at selected partners running multiband stores in 21 towns in the country (+3 QoQ).
- Overall, a total number of 50 points of sales all over the country.

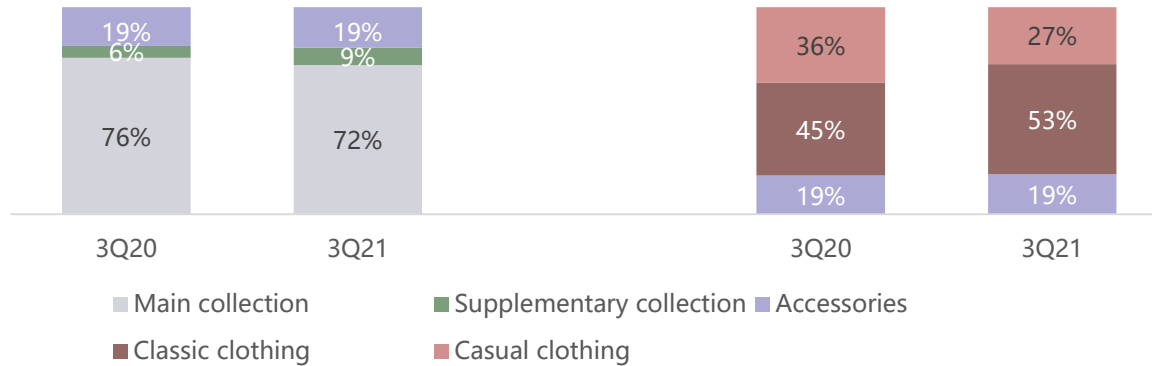
## Deni Cler brand revenues (PLN m)



- In 3Q21, Deni Cler brand revenues amounted to PLN 13.0m, up 18.7% YoY.
- Internet generated PLN 1.6m in revenues in 3Q21 (+17.8% YoY) and accounted for 12.0% of the brand's revenues.
- Revenues from franchises and multibrands amounted to PLN 4.2m in 3Q21 (+13.8% YoY). Franchise and multibrands accounted for 32.3% of sales in 3Q21.

# DENI CLER: TRIPLE DIGIT GROWTH IN STORE EBIT

Deni Cler brand revenue split



Deni Cler brand efficiency

	3Q20	3Q21	YoY
Revenues (PLN/m2 per month)	1,182	1,516	28.2%
Gross profit margin (%)	48.8%	54.3%	5.5pp.
Cost of stores (PLN/m2 per month)	460	538	16.9%
Store EBIT (PLN m)	1.1	2.4	126.5%

- Emphasis on capsule collections. Stable share of accessories and growth in complementary collections - products that used to be more of a supplement are growing stronger.
- Classic clothing is still the biggest element of the collection. Fall in casual clothing along with return to celebration.
- Stable share of e-commerce in sales, yet the level remains below other brands of the apparel segment due to the nature of clothing and the target group (higher price segment).

- Significant growth in revenues/ m2 due to development of the multi-brand network and rebound in sale of classic collections.
- Gross margin increase YoY due to lesser YoY promotions.
- Lower YoY growth in costs/ m2 than sales/ m2 growth due to high share of franchise and multibrand sales, with variable costs. Fixed costs come mainly from own stores.
- As a result, positive and doubling store EBIT.





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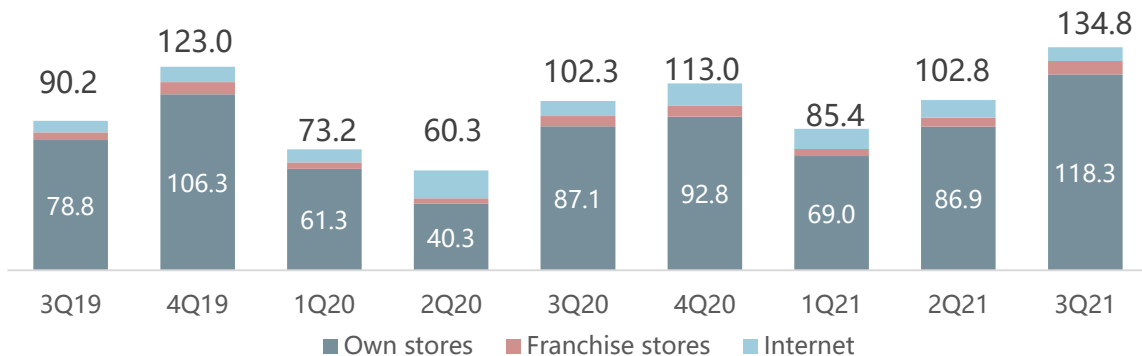
# W.KRUK: RECORD HIGH BRAND REVENUES

## W.KRUK brand network

	3Q20	3Q21	YoY
<b>Number of stores</b>	<b>140</b>	<b>143</b>	<b>+ 3</b>
incl. franchise	16	21	+ 5
<b>Floorspace (m2)</b>	<b>10,756</b>	<b>11,173</b>	<b>+ 4%</b>
incl. franchise	965	1,368	+ 42%
<b>Internet % sales</b>	<b>8.9%</b>	<b>6.1%</b>	<b>-2.8%</b>

- Continuation of W.KRUK brand development. Growth in number of net stores by 3 YoY translated into a 4% YoY increase in brand's floorspace.
- The brand had 21 franchise stores at the end of 3Q21, 5 more YoY. Franchise store floorspace increased by 42% YoY.
- W.KRUK retail revenues in 3Q21 reached PLN 134.8m (growth by 31.8% YoY).

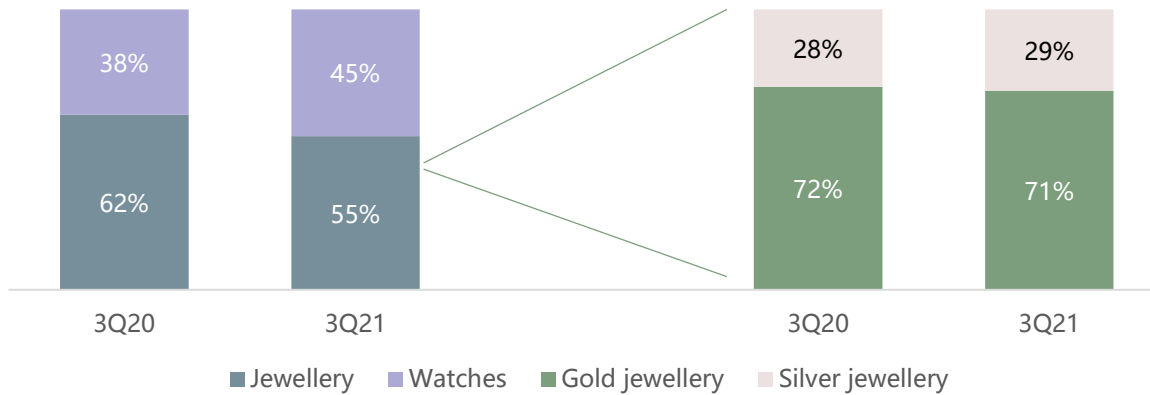
## W.KRUK brand retail revenues (PLN m)



- Revenues from W.KRUK brand traditional stores in 3Q21 amounted to PLN 118.3m (an increase of 35.9% YoY).
- Internet revenues amounted to PLN 8.3m, -9.0% YoY. In 3Q21, internet accounted for 6.1% of sales compared to 8.9% in 3Q20.
- Franchise revenues amounted to PLN 8.2m in 3Q21, an increase of 35.1% YoY, and their share in sales in 3Q21 amounted to 6.1%, stable YoY.

# W.KRUK: DOUBLING OF STORE EBIT

W.KRUK brand revenue split



- Growing share of watches in relation to jewellery. Advantageous influence of exclusivity on the sale of luxury Rolex and Patek Philippe watches, but also a rebound in jewellery sales.
- In the jewellery section, in 3Q21 a slightly growing share of silver jewellery in the sales structure.
- High sales growth/ m2 in the quarter due to high demand for jewellery and watches during the wedding season.

W.KRUK brand efficiency

	3Q20	3Q21	YoY
Revenues (PLN/m2 per month)	3,169	4,047	27.7%
Gross profit margin (%)	51.7%	52.6%	0.8pp.
Cost of stores (PLN/m2 per month)	840	876	4.3%
Store EBIT (PLN m)	25.8	41.7	61.7%

- Improvement in gross margin due to a fixed margin, lower YoY promotions and a lower on-line share.
- Increase in cost/ m2 lower than revenue/ m2 growth: higher rental costs (recognition of adjustments from 2Q21) and stable level of depreciation.
- As a result, high double-digit store EBIT growth.

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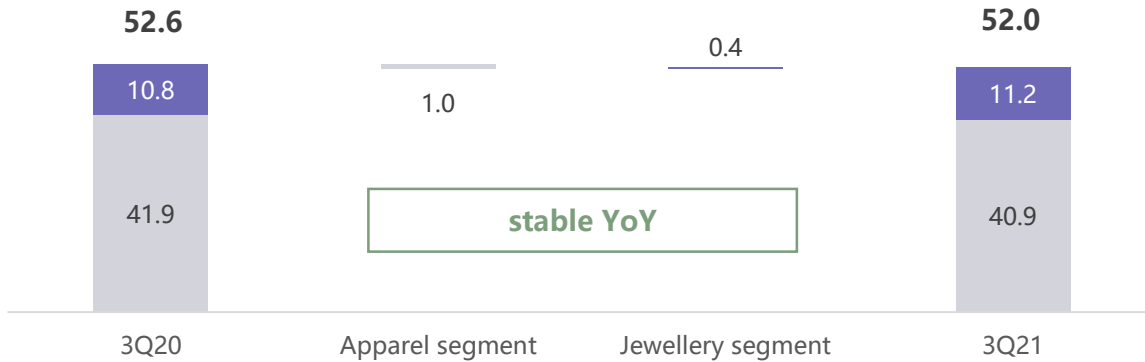
GROUP RESULTS





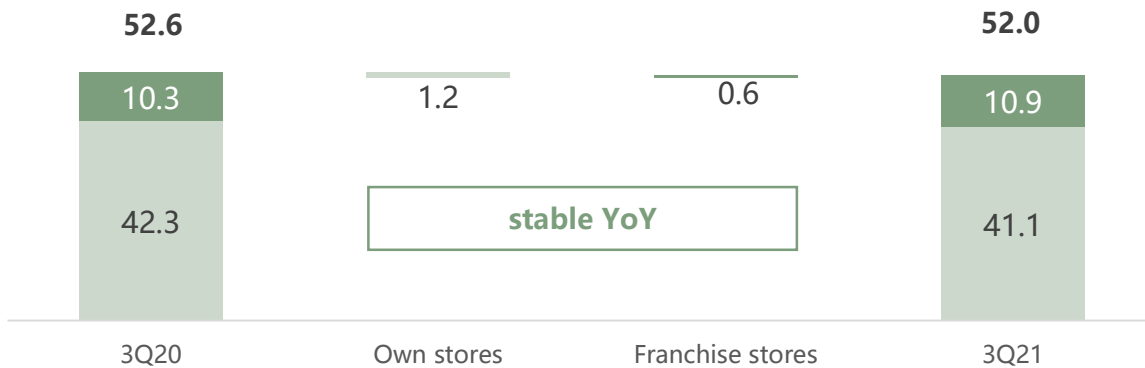
# STABLE GROUP FLOORSPACE

Group floorspace change YoY  
(ths m2)



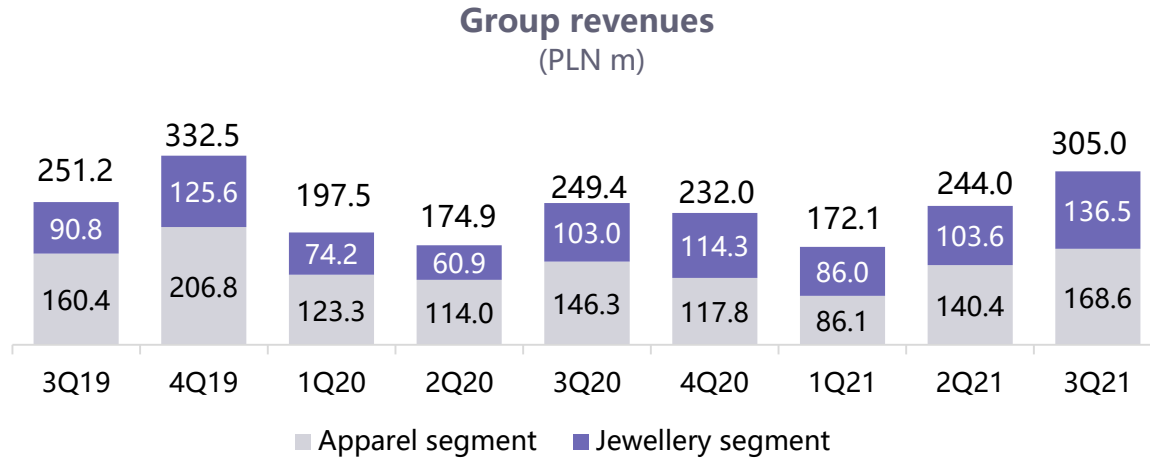
- Group floorspace reached 52.0 ths m2 at the end of 3Q21, down 1.2% YoY.
- The apparel segment floorspace fell 1.0 ths m2, down 2.5% YoY, due to closing down of unprofitable stores.
- The jewellery segment floorspace grew 0.4 ths m2 net, up 3.9% YoY, due to development of franchise stores.

Group floorspace change YoY  
(ths m2)

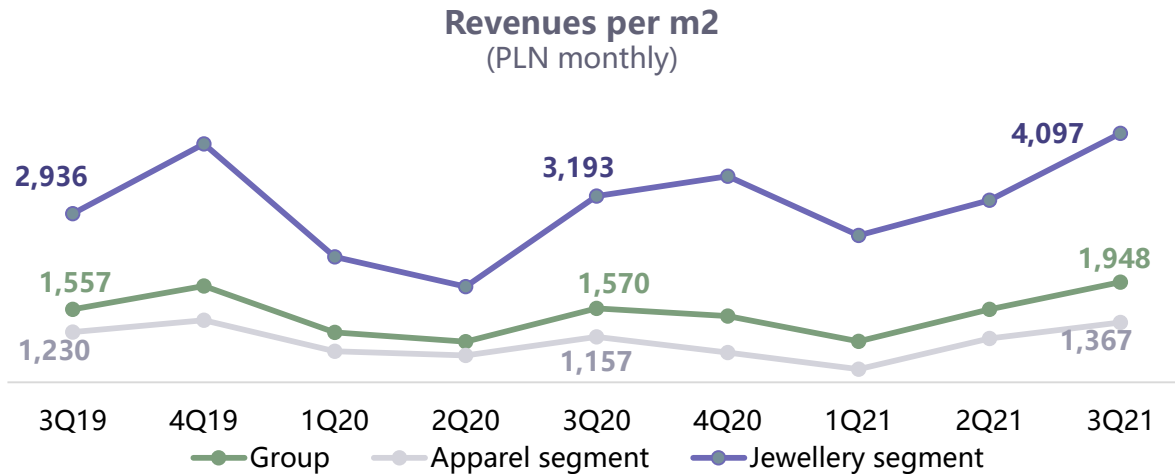


- Over the course of the year, own stores were closed while franchise stores were opened.
- Own stores floorspace fell by 1.2 ths m2, down 2.9% YoY.
- Growth in franchise floorspace amounted to 0.6 ths m2, up 5.9% YoY.

# RECORD HIGH REVENUES/M2 IN JEWELLERY SEGMENT



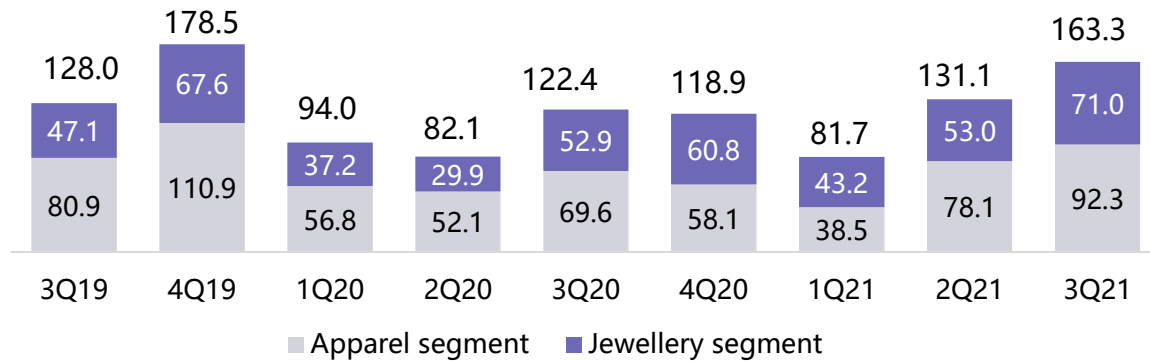
- Group revenues reached PLN 305.0m in 3Q21 (up 22.3% YoY), due to rebound in traditional stores of both segments.
- Apparel segment revenues grew 15.2% YoY, reaching PLN 168.6m, in 3Q21.
- Jewellery segment revenues amounted to PLN 136.5m, up 32.4% YoY in 3Q21. Growth in share of this segment in revenues from 41.3% in 3Q20 to 44.7% in 3Q21.



- In 3Q21 group sales/ m2 reached PLN 1,948, up 24.0% YoY.
- Revenues/ m2 for the apparel segment amounted to PLN 1,367 in 3Q21, up 18.2% YoY.
- Jewellery segment revenues/ m2 reached PLN 4,097 in 3Q21, up 28.3% YoY (compared to PLN 3,943 in 4Q19).

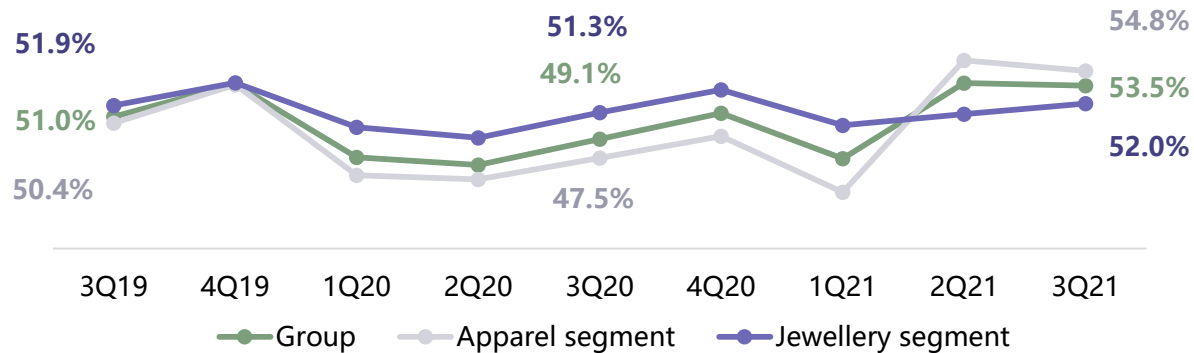
# REBOUND IN APPAREL SEGMENT MARGIN

Gross profit on sales  
(PLN m)



- Group gross profit on sales amounted to PLN 163.3m in 3Q21 (up 33.4% YoY).
- In 3Q21 gross profit on sales of the apparel segment reached PLN 92.3m, up 32.7% YoY.
- Gross profit on sales of the jewellery segment amounted to PLN 71.0m, +34.4% YoY, in 3Q21.

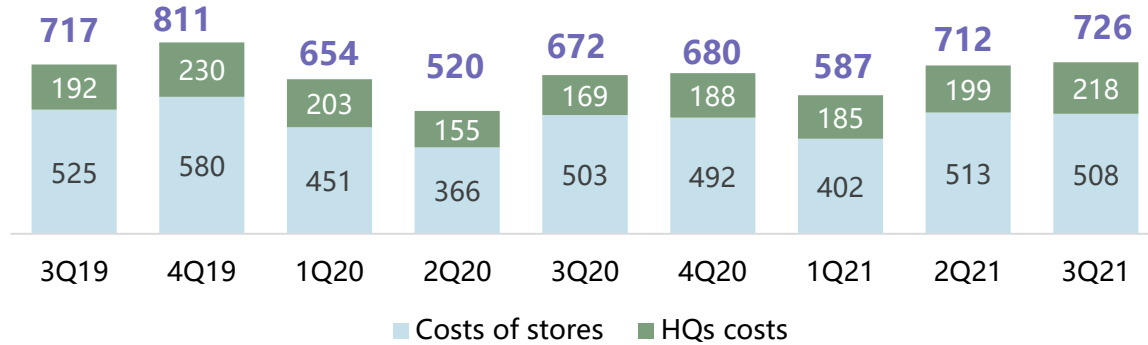
Gross profit on sales margin



- Group gross profit margin reached 53.5% in 3Q21, up 4.5 pp. YoY.
- The apparel segment gross profit margin increased 7.2 pp. YoY to 54.8% in 3Q21, due to lower YoY promotions and higher share of internet. Gross profit margin on on-line sales was higher YoY for all brands.
- The jewellery segment noted a 0.7 pp. YoY growth in 3Q21 gross profit margin, to 52.0% level, due to lower YoY promotions.

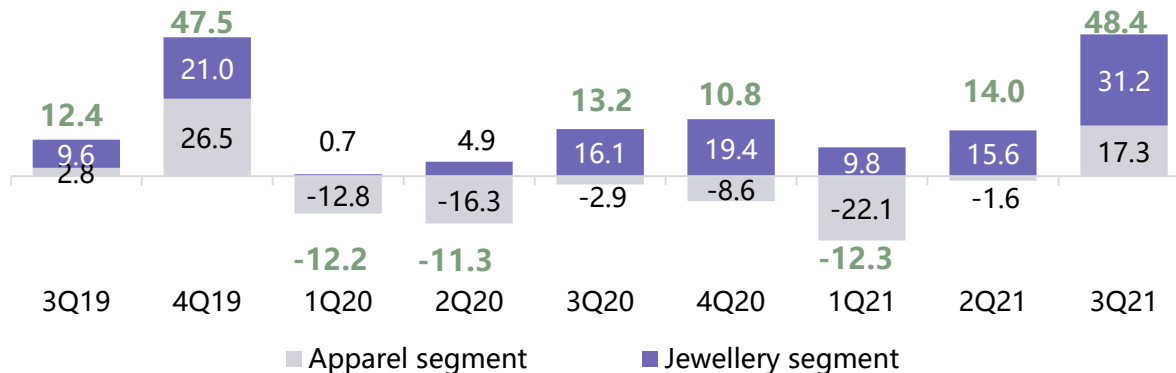
# OPERATING COSTS/ M2 UNDER CONTROL

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



- Group operating costs/ m2 (IAS17) reached PLN 726/ m2 monthly and up 8.0% YoY in 3Q21. Growth in costs/m2 was lower than revenues/m2 growth among other due to lower rentals/m2 – consequence of rental adjustments related to COVID-19.
- Costs of stores at PLN 508/ m2 (+1.1% YoY), while HQs costs/ m2 at PLN 218/ m2, +28.7% YoY (under IAS17).
- Under IAS17, the apparel segment costs reached PLN 599/m2 in 3Q21, up 7.0% YoY, while the jewellery segment costs amounted to PLN 1,196/m2 per month, up 7.5% YoY in 3Q21.

Operating profit  
(PLN m, excl. IFRS16)



- Group operating profit reached PLN 48.4m in 3Q21 under IAS17, compared to PLN 13.2m loss in 3Q20. IFRS16 EBIT amounted to PLN 43.0m. Positive impact of PLN 11.0m of rental reductions under IAS17 (PLN 7.6m in the apparel segment).
- 3Q21 EBIT loss of the apparel segment amounted to PLN 17.3m under IAS17 (PLN 13.5m EBIT under IFRS16) compared to PLN 2.9m operating loss in 3Q20.
- Operating profit of the jewellery segment reached PLN 31.2m in 3Q21 (PLN 29.5m under IFRS16), sizably higher than PLN 16.1m in 3Q20.



# 3Q21 RESULTS SIZEABLY BETTER YOY

PLN m, IFRS16	3Q20	3Q21	YoY
<b>Revenues</b>	<b>249.4</b>	<b>305.0</b>	<b>22.3%</b>
Gross profit on sales	122.4	163.3	33.4%
<i>Gross profit on sales margin</i>	<i>49.1%</i>	<i>53.5%</i>	<i>4.5pp.</i>
SG&A costs	106.8	119.2	11.7%
<b>EBIT</b>	<b>13.3</b>	<b>43.0</b>	<b>224.5%</b>
<i>EBIT margin</i>	<i>5.3%</i>	<i>14.1%</i>	<i>8.8pp.</i>
Net financial activity	-6.2	-13.2	
<b>Net profit</b>	<b>5.7</b>	<b>23.7</b>	<b>312.3%</b>
<i>Net margin</i>	<i>2.3%</i>	<i>7.8%</i>	<i>5.5pp.</i>
<b>EBITDA</b>	<b>39.8</b>	<b>67.7</b>	<b>70.1%</b>
<i>EBITDA margin</i>	<i>16.0%</i>	<i>22.2%</i>	<i>6.2pp.</i>
PLN m, IAS17	3Q20	3Q21	YoY
SG&A costs	106.7	113.7	6.6%
<b>EBIT</b>	<b>13.2</b>	<b>48.4</b>	<b>267.7%</b>
<b>Net profit</b>	<b>9.3</b>	<b>36.1</b>	<b>287.1%</b>
<b>EBITDA</b>	<b>18.9</b>	<b>53.7</b>	<b>184.1%</b>

- Higher YoY revenues due to favorable sales trends in both segments. Gross margin increase YoY due to lower YoY promotions in all brands.
- SG&A costs higher YoY due to increased selling and general and administration costs.
- The difference between the result in IFRS16 and IAS17 results from rental recognition - linear depreciation under IFRS16, and adjustments of rental rates under IAS17. Positive impact of PLN 11.0m in rental reductions (of which PLN 7.6m in the apparel segment) under IAS17 in 3Q21.
- Less favorable YoY net financial activity. PLN 8.3m in FX losses under IFRS16 versus PLN 3.3m in 3Q20. Interest on IFRS16 amounted to PLN 1.4m in 3Q21, compared to PLN 1.1m in 3Q20.
- Net profit of PLN 23.7m in 3Q21 compared to PLN 5.7m profit in 3Q20.

# 9M21 RESULTS SIZEABLY BETTER YOY

PLN m, IFRS16	9M20	9M21	YoY
<b>Revenues</b>	<b>621.7</b>	<b>721.1</b>	<b>16.0%</b>
Gross profit on sales	298.5	376.2	26.0%
<i>Gross profit on sales margin</i>	<i>48.0%</i>	<i>52.2%</i>	<i>4.2pp.</i>
SG&A costs	295.0	325.0	10.2%
<b>EBIT</b>	<b>-9.0</b>	<b>43.9</b>	<b>N/M</b>
<i>EBIT margin</i>	<i>-1.5%</i>	<i>6.1%</i>	<i>7.5pp.</i>
Net financial activity	-22.3	-9.9	
<b>Net profit</b>	<b>-26.0</b>	<b>26.5</b>	<b>N/M</b>
<i>Net margin</i>	<i>-4.2%</i>	<i>3.7%</i>	<i>7.9pp.</i>
<b>EBITDA</b>	<b>75.6</b>	<b>121.9</b>	<b>61.2%</b>
<i>EBITDA margin</i>	<i>12.2%</i>	<i>16.9%</i>	<i>4.7pp.</i>
PLN m, IAS17	9M20	9M21	YoY
SG&A costs	296.0	318.5	7.6%
<b>EBIT</b>	<b>-10.3</b>	<b>50.1</b>	<b>N/M</b>
<b>Net profit</b>	<b>-13.0</b>	<b>35.7</b>	<b>N/M</b>
<b>EBITDA</b>	<b>7.0</b>	<b>66.0</b>	<b>836.7%</b>

- Higher YoY revenues: sales growth in the jewellery segment higher than in the apparel segment. Gross margin increase YoY due to lower YoY promotions in all brands.
- SG&A costs higher YoY due to increased selling costs. Positive impact of PLN 17.8m of rental reductions (of which PLN 12.5m in the apparel segment) on the results of 9M21.
- More positive impact of other operating activities YoY: PLN 9.4m write-offs on inventories in 9M21 compared to PLN 13.9m in 9M20 and PLN 1.9m write-offs on real estate and fixed assets in 9M21 (no similar write-off in 9M20).
- PLN 8.8m in co-financing from the Social Security (ZUS) in 9M21, compared to PLN 7.8m in other operating income in 9M20.
- The difference between results under IFRS16 and IAS17 results from rental recognition - linear amortization under IFRS16 and the impact of reductions in rents due to lock-down under IAS17.
- PLN 0.8m of FX losses on IFRS16 in 9M21 compared to PLN 14.5m of FX losses on IFRS16 in 9M20. Interest on IFRS16 amounted to PLN 4.2m in 9M21, compared to PLN 3.2m in 9M20.
- As a result, net profit compared to a significant loss in 9M20.

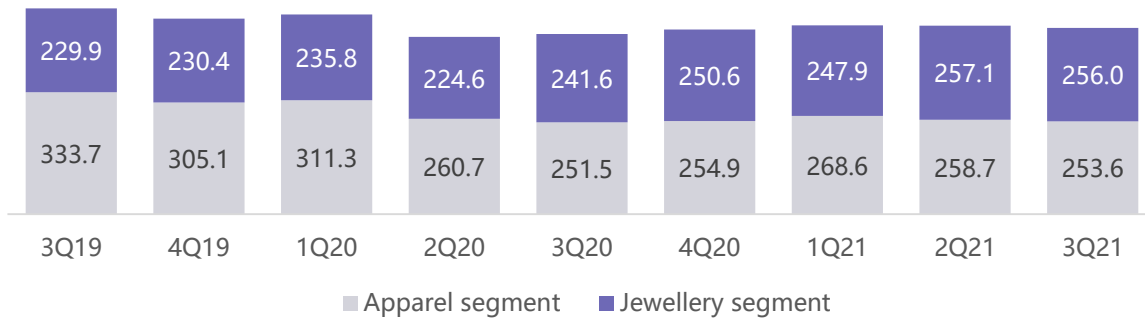
# INVENTORY FOR THE KEY SEASON

**Change in inventories**  
(PLN m)



- Increase in inventories by 3.3% YoY to PLN 509.6m in 3Q21 results from higher inventories in the jewellery segment and the impact of write-downs on inventories in the apparel segment.
- Apparel segment inventory increased 0.8% YoY, sizeably lower than revenues, due to lower orders and selective delays in shipments.
- Inventories in the jewellery segment increased by 6.0% YoY, due to the opening of stores with watches and a larger inventory of watches (mainly luxury watches).

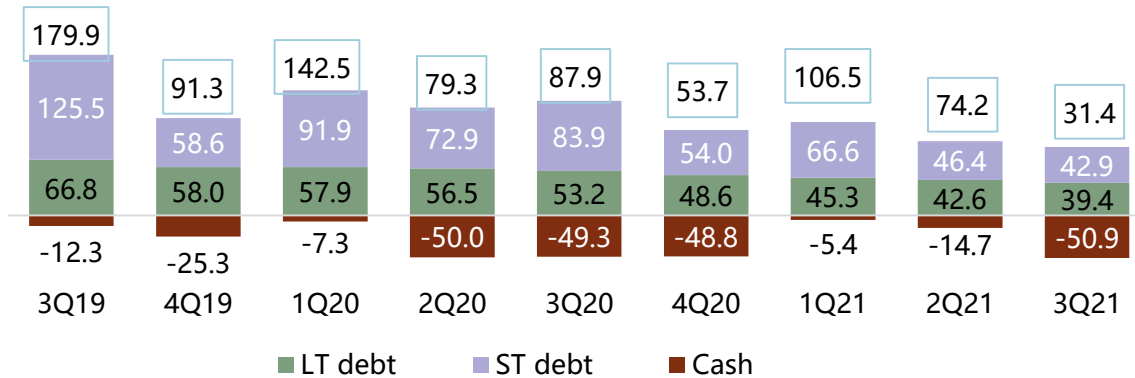
**Inventory by segments**  
(PLN m)



- Group inventory/ m2 reached PLN 9,793 at the end of 3Q21, up 4.6% YoY.
- Apparel segment inventory per m2 reached PLN 6,205, up 3.3% YoY.
- Due to the market characteristics, inventory per m2 in the jewellery segment amounted to PLN 22,915, up 2.0% YoY.

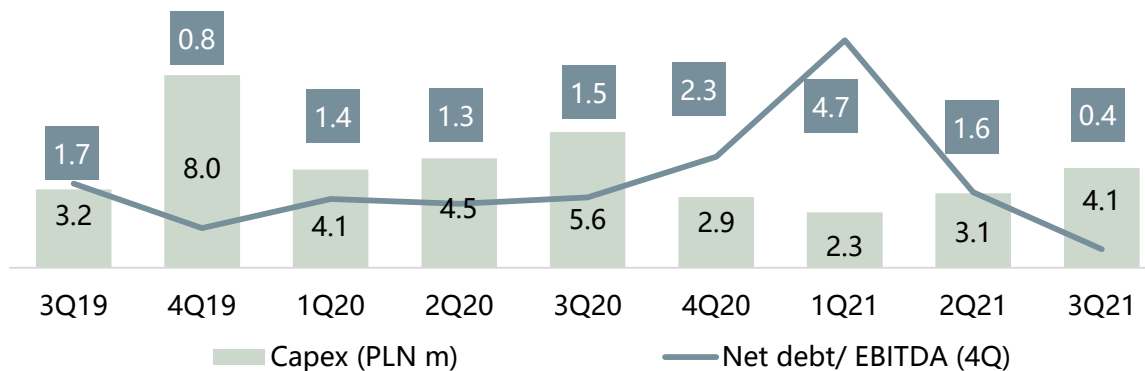
# RECORD LOW NET DEBT

**Net debt**  
(PLN m, excl. IFRS16 plus reverse factoring)



- Long-term and short-term indebtedness shown together with reverse factoring and financial leases, yet excluding leases from IFRS16. Financial leases under IFRS16 at PLN 355.2m in 3Q21.
- Planned reduction of long-term debt. Usage of reverse factoring for supply chain financing reached PLN 21.6m at the end of 3Q21.
- Group's net debt under IAS17 came in at PLN 31.4m at the end of 3Q21, down by 64.3% YoY.

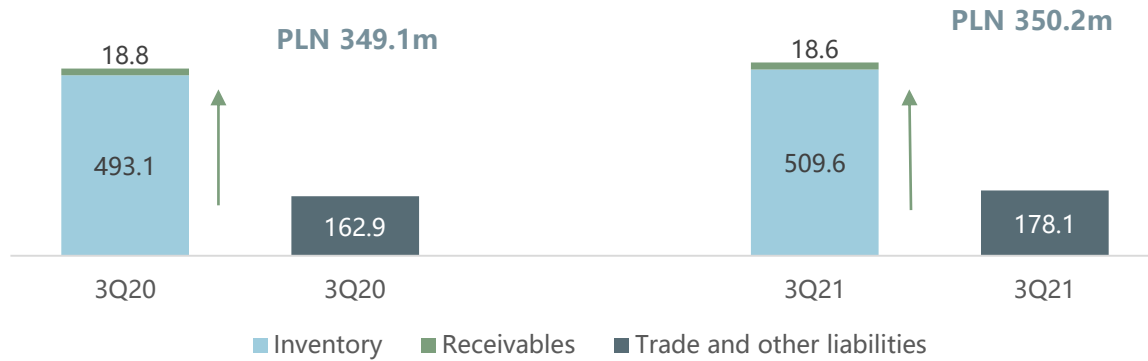
**Capex vs. net debt/EBITDA**  
(IAS17)



- Net debt/ EBITDA (4Q, IAS17) at 0.4x – fall YoY due to improved financial results in 3Q21.
- Excluding reverse factoring, the ratio would come at 0.1x.
- Lower YoY capex in 3Q21 due to optimisation of own stores network and a high base of 3Q20 – capex for W.KRUK Raffles Europejski Hotel.

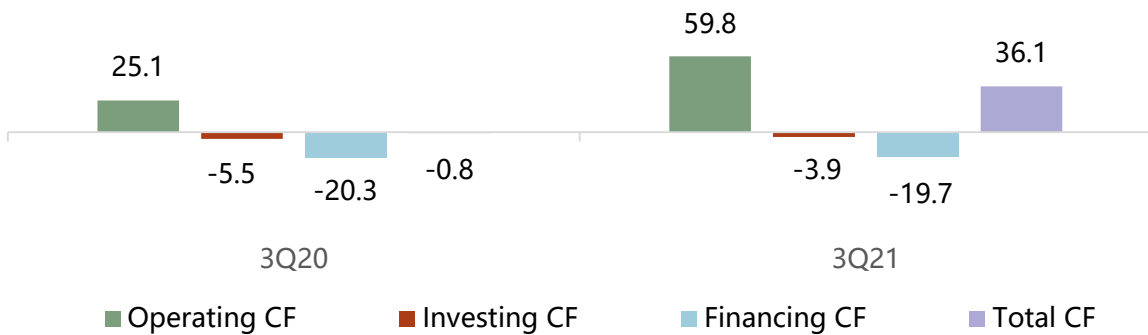
# HIGH AND GROWING OPERATING CASH FLOWS

Net working capital  
(PLN m)



- YoY growth in inventories due to higher inventory in the jewellery segment.
- Stable YoY receivables due to comparable prepayments for goods purchased on Asian markets (using reverse factoring).
- Higher YoY level of liabilities due to slightly higher inventory in 3Q21.

Quarterly cash flows  
(PLN m)



- Positive and higher YoY operating cash flow in 3Q21 due to significant profit growth.
- Lower YoY level of net capital expenditures - YoY reduction due to network optimization. Part of capex is planned for 4Q21.
- Financial flows show stable YoY debt repayment due to working capital financing.



VISTULA

BYTOM

SZTUKA KRAJECIWA OD 1945

WÓLCZANKA

DENICLER

MILANO

WKURK

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2021+ OUTLOOK



# STRONG GROUP RESULTS IN OCTOBER 2021

OCTOBER 2021

## Key trends

- favorable dynamics both in the apparel and jewellery segment,
- on-line share at 11.7% of sales, 1.8 pp. lower YoY,
- 55.1%, +0.8 pp. higher gross margin on sales due to lower promotions.

Group revenues

**PLN 82.9m**

55.8% YoY

Apparel segment  
revenues

**PLN 44.8m**

54.8% YoY

Jewellery segment  
revenues

**PLN 38.1m**

57.1% YoY





# | GROUP PREPARED FOR 4Q21

## Jewellery segment

- new ambassador's collection: Magda Mołek
- a wide range of jewellery, gold and silver
- extended range of watches

## Apparel segment

- extended women's offer (under the Vistula and Wólczanka brands)
- a balanced formal and casual offer for all apparel brands
- Christmas offers and promotions



Sales for 2021 should be similar to the results for 2019, i.e. exceed **PLN 1 billion**.

# STABLE FLOORSPACE IN 2021

		2020	2021 former target	2021 target	YoY
APPAREL SEGMENT	stores	427	416	410	-17
	m2	42,021	41,591	41,419	-1%
VISTULA	stores	149	150	147	-2
	m2	18,695	18,805	18,731	0%
WÓLCZANKA	stores	129	122	118	-11
	m2	4,658	4,710	4,468	-4%
BYTOM	stores	117	115	114	-3
	m2	15,604	15,207	15,193	-3%
DENI CLER	stores	32	29	31	-1
	m2	3,064	2,869	3,026	-1%
JEWELLEY SEGMENT	stores	143	147	146	+ 3
	m2	11,027	11,712	11,417	4%
TOTAL	stores	570	563	556	-14
	m2	53,048	53,303	52,836	0%

In 2021, floorspace of traditional stores should be stable YoY.

Floorspace of franchise stores at the end of 2021 should amount to 11.4 ths m2.

Capital expenditures in 2021 should amount to some PLN 21m (the amount includes capex for IT).

# | 2021 TARGETS MAINTAINED

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



Gross profit margin higher YoY.

Maintaining cost efficiency.

E-commerce share at around 20%.

Sizeably better YoY financial results.



Maintaining a safe liquidity position.



# | RISK AND OPPORTUNITIES FOR 2021



## OPPORTUNITIES

---

new collections with a broader casual offer

development of jewellery offer

further optimisation in promotional policy

further working capital improvements

## RISKS

---

another wave of COVID-19 and stronger sanitary restrictions

lowering consumer demand

disruptions in supply chain and resultant growth in costs

volatility of FX

# | FURTHER OMNICHANNEL DEVELOPMENT IN 2022

## TRADITIONAL STORES

New formats of Vistula stores (from December 2021) and Wólczanka (from May 2021) - larger and greener, allowing for the display of the entire extended offer.

On-line collection and return of goods in traditional stores.



## OWN E-STORES

Sales applications for all brands.

Merging of off-line and on-line loyalty systems.

Virtual fitting rooms for easy size adjustment (apparel segment).

# GROWTH IN 2022 FLOORSPACE

		2021 target	2022 target	YoY
APPAREL SEGMENT	stores	410	399	-11
	m2	41,419	42,442	+ 2%
VISTULA	stores	147	143	-4
	m2	18,731	18,495	-1%
WÓLCZANKA	stores	118	113	-5
	m2	4,468	5,683	+ 27%
BYTOM	stores	114	113	-1
	m2	15,193	15,315	+ 1%
DENI CLER	stores	31	30	-1
	m2	3,026	2,948	-3%
JEWELLEY SEGMENT	stores	146	155	+ 9
	m2	11,417	12,741	+ 12%
TOTAL	stores	556	554	-2
	m2	52,836	55,183	+ 4%

In 2022, floorspace of traditional stores should increase by 4% YoY.

Floorspace of franchise stores at the end of 2022 should amount to 11.7 ths m2.

Capital expenditures in 2022 should amount to some PLN 38m (the amount includes capex for IT).

# | FURTHER DEVELOPEMENT OF EXTERNAL PLATFORMS

## Entry on external platforms in Poland and abroad

- Zalando: Vistula, Wólczanka, Bytom, Deni Cler (cooperation in Poland)
- Modivo: Vistula, W.KRUK (cooperation in Poland, Greece, Slovakia, Czechia, Romania)
- Huluki: Vistula, Wólczanka, Bytom, Deni Cler (cooperation in 26 European countries)
- Limango: Vistula, Wólczanka, Bytom, Deni Cler (Poland, Netherlands, Germany, Austria)
- Westwing: Wólczanka; P&C, Mostrami: DCG

## Further development opportunities

- Entry by the end of 2021 to Russian customers via the e-commerce channel
- Launching VRG apparel on a large and promising market through a local partner





# | TARGETS FOR 2022

1

Continuation of double-digit Group sales growth.

2

Increase in floorspace due to opening of larger stores (extended product offer).

3

Further gross profit margin improvement - more effective discount policy.

4

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

5

Safe liquidity situation.



## RISKS

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aggravation of the pandemic situation

## OPPORTUNITIES

---

further development of Group's offering



VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

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Q&A



VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

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MILANO

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BACK-UP



VRG  
VISTULA RETAIL GROUP



# | SUMMARY OF BRANDS' 3Q21 RESULTS

VISTULA

DOUBLING OF STORE  
EBIT.

BYTOM

SZTUKA KRAWIECTWA OD 1945

DOUBLE-DIGIT  
REVENUE GROWTH.

WÓLCZANKA

THE HIGHEST SHARE  
OF INTERNET.

DENI CLER  
MILANO

SIZEABLE GROSS  
PROFIT MARGIN  
GROWTH.

W. KRUK  
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RECORD HIGH  
REVENUES IN THE  
QUARTER.



# VISTULA: EXECUTIVE SUMMARY

## VISTULA (MENSWEAR, ELEMENTS OF LADIES COLLECTION)

- VISTULA is a brand that combines traditional tailoring and global trends, inspiring customers looking for a modern, original and individual style.
- Within the VISTULA brand, we distinguish VISTULA, VISTULA RED, and LANTIER collections. Collection includes lines such as active MOVE and capsule collections. The brand prepared VISTULA WOMAN collection.
- "Made to Measure": personalised service dedicated to the most demanding customers. Available in selected brand's stores.

## AUTUMN/WINTER 2021 COLLECTION

- Norrsken, or aurora in Swedish, is the name of the VISTULA collection for Autumn/Winter 2021 season, inspired by the Scandinavian style. The brand focuses on variety, but in a subdued style. The collection will include suits, jackets and coats, both formal and more casual.
- The VISTULA RED collection is a classic in new forms with typically casual models. The colors are navy blue, dusty blue, beige, brown, olive green, black and white.
- The first VISTULA WOMAN collection with new branding. The VISTULA WOMAN collection is a diverse offer, suitable for both formal and everyday stylizations. It includes elegant models such as suits, skirts or shirts, and every day - jeans, dresses and sweaters.
- The VISTULA collection includes the VISTULA ECO capsule collection made of certified materials. The products are made of organic cotton and recycled yarn. The main labels are made of recycled yarn. The collection includes sweatshirts, t-shirts, trousers, a sweater and a shirt.

## NETWORK DEVELOPMENT

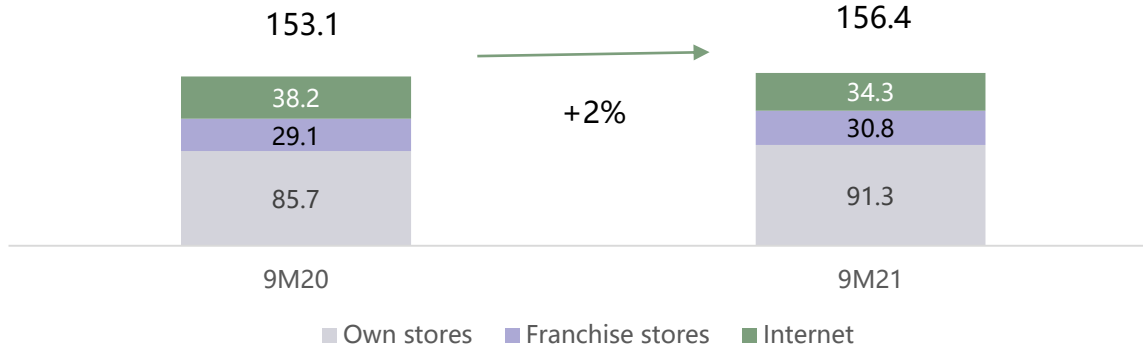
- In 3Q21, the number of the brand's stores fell by 2, 1 own and 1 franchise. December 2021 will mark the opening of a Vistula store in a new concept.



VISTULA

# VISTULA: DOUBLE-DIGIT STORE EBIT GROWTH

Vistula brand revenues  
(PLN m)



- Revenues of Vistula brand amounted to PLN 156.4m in 9M21, up 2.2% YoY. The brand's stores generated PLN 91.3m, + 6.5% YoY, despite shopping centers being closed for over 2 months due to COVID-19.
- Internet revenues amounted to PLN 34.3m in 9M21, -10.2% YoY. The internet's share in 9M21 sales came in at 22.1% vs 25.0% in 9M20.
- Franchise revenues amounted to PLN 30.8m in 9M21, +5,9% YoY. Share of franchise increased from 19.0% in 9M20 to 19.7% in 9M21.

Vistula brand efficiency

	9M20	9M21	YoY
Revenues (PLN/m2 per month)	912	938	2.9%
Gross profit margin (%)	49.1%	55.5%	6.3pp.
Cost of stores (PLN/m2 per month)	363	362	-0.3%
Store EBIT (PLN m)	14.3	26.5	84.9%

- YoY growth in sales/ m2 despite longer YoY administrative closure related to COVID-19 pandemic due to a good 3Q21.
- Gross margin YoY growth due to lower YoY sell-offs and lower share of on-line channel.
- Stable costs of stores/ m2 despite a slight fall in sales/ m2 - lower rentals/m2, depreciation and other costs of stores.



# 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 2021 COLLECTION

- BYTOM Autumn/Winter collection is a continuation of the Retro Future style combining vintage style with modern forms. This time the flashback goes back to the 1960s and is inspired by Polish industrial design from that era. The leitmotif of the new collection is eclecticism. It dominates the individual elements of the collection, but also, and perhaps above all, in the proposed styles.
- The main line of the collection combines the tradition of classic tailoring with modern thinking about a jacket or a suit. The brand combines fabric patterns, characteristic of past decades, with a modern cut. In addition to standard formal suits, we can find, among others models with a clear and eye-catching grille inspired by the 1960s.
- When creating the collection, high-quality fabrics from renowned Italian manufacturers were used. The collection also includes a variety of patterns and colors of shirts, sweaters of various weaves and colors, sweatshirts and a wide range of winter jackets.
- Bytom has been supporting Polish culture and art for years. This time it is the work of one of the most original Polish painters of the 20th century - Zdzisław Beksiński. The collection inspired by the dreamlike and surreal world known from Beksiński's paintings is a series of products presenting selected works by the artist. The reproductions of the paintings were directly translated into t-shirts, sweatshirts and jackets in the form of a large, uniform print, as well as cut, rescaled elements of the works.

## NETWORK DEVELOPMENT

- In 3Q21, the number of stores increased by 1 net store QoQ, it was an own store.

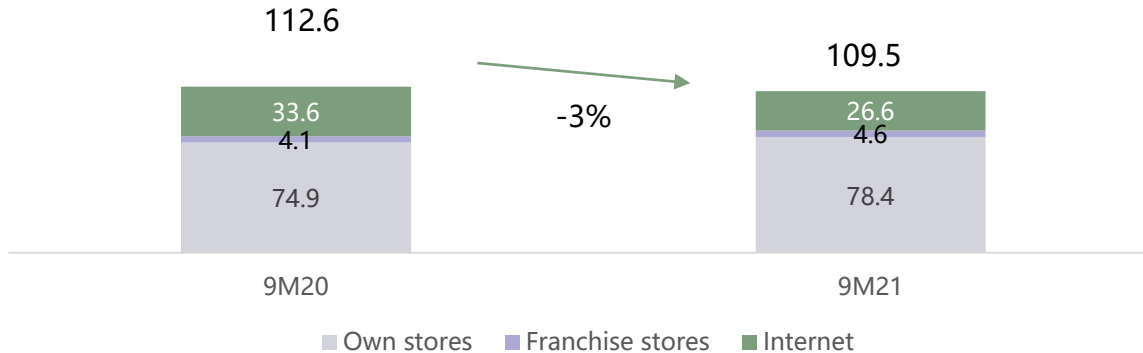


# BYTOM

SZTUKA KRAWIECTWA OD 1945

# BYTOM: IMPROVEMENT IN GROSS PROFIT MARGIN

Bytom brand retail revenues  
(PLN m)



- Revenues of the Bytom brand amounted to PLN 109.5m in 9M21, falling by 2.7% YoY. The brand's stores generated PLN 78.4m, +4.7% YoY, despite shopping centers being closed for more than 2 months due to the COVID-19 pandemic.
- Internet revenues amounted to PLN 26.6m in 9M21, -21.0% YoY. The internet's share in 9M20 sales was 29.8% compared to 24.2% in 9M21.
- Franchise revenues amounted to PLN 4.6m in 9M21, +12.6% YoY. The franchise share increased from 3.7% in 9M20 to 4.2% in 9M21.

Bytom brand efficiency

	9M20	9M21	r/r
Revenues (PLN/m2 per month)	772	791	2.4%
Gross profit margin (%)	47.1%	53.4%	6.3pp.
Cost of stores (PLN/m2 per month)	357	368	3.2%
Store EBIT (PLN m)	1.0	7.5	659.6%

- Single-digit sales/ m2 growth due to the negative impact of the pandemic.
- Higher YoY gross margin due to lower YoY promotions in both on-line and off-line channels.
- Increase in store costs/ m2 comparable to sales/ m2 due to a stable rentals/m2, fall in depreciation and other costs.
- Triple-digit store EBIT growth due to very good 3Q21.



# WÓLCZANKA: EXECUTIVE SUMMARY

## WÓLCZANKA (FASHION FOR MEN AND WOMEN)

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

## AUTUMN/WINTER 2021 COLLECTION

- Autumn/ Winter 2021 collection has a full range of clothing and accessories for women and men in a modern, casual style. It consists of the city's autumn and winter collection and two capsules: Christmas and carnival. Referring to the roots, the brand also offers a semi-formal collection, which is a response to the contemporary office dress code.
- The color palette includes shades of gray, navy blue as well as black and white with elements of warm beige. Easy-to-style shirts, sweaters, pants, skirts, dresses and jackets form the basis for countless everyday office sets. This season, Wólczanka, for the first time, offers warm coats - elegant women's coats with a wool blend and elegant jackets insulated with natural down.
- For full comfort and protection of the surrounding environment, Wólczanka chose natural fabrics and ecological raw materials, including those from recycling. In the Autumn/ Winter season, Wólczanka also prepared the Eco Handcraft project in cooperation with craftsmen from Podhale (region in Poland), who created a limited collection of wool winter accessories - hats, gloves and socks. On this occasion, special packaging has been prepared - boxes, bags and pendants, made of ecological materials.

## NETWORK DEVELOPMENT

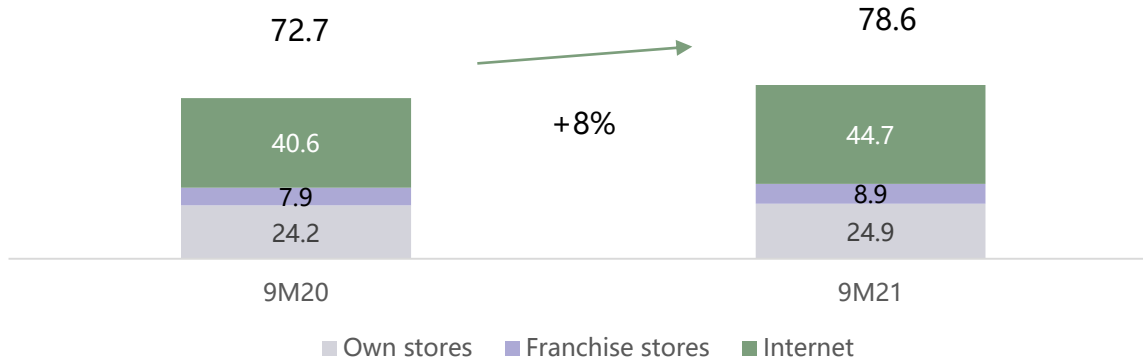
- In 3Q21, the number of boutiques decreased by 2 net QoQ - these were franchise boutiques.



WÓLCZANKA

# THE HIGHEST SHARE OF ON-LINE IN SALES

**Wólczanka brand revenues**  
(PLN m)



- Revenues of the Wólczanka brand amounted to PLN 78.6m in 9M21, +8.1% YoY. The brand's stores generated PLN 24.9m, +3.2% YoY, despite shopping centers being closed for more than 2 months due to COVID-19.
- Internet revenues amounted to PLN 44.7m in 9M21, +10.2% YoY. The internet's share in 9M21 sales is 55.8% compared to 56.9% in 9M20.
- Revenues from franchise amounted to PLN 8.9m in 9M21, an increase of 12.6% YoY. The share of franchise increased from 10.9% in 9M20 to 11.4% in 9M21.

**Wólczanka brand efficiency**

	9M20	9M21	YoY
Revenues (PLN/m2 per month)	1,672	1,948	16.5%
Gross profit margin (%)	47.2%	53.7%	6.5pp.
Cost of stores (PLN/m2 per month)	678	731	7.8%
Store EBIT (PLN m)	4.8	12.7	162.8%

- Increase in revenues/ m2 despite longer administrative lock-downs due to a significant share of Internet in sales.
- Higher gross margin due to increase in gross profit margin on sales in on-line and off-line channels.
- Increase in costs/ m2 sizeably lower than in sales due to lower rentals and depreciation.
- High dynamics of store EBIT growth in 9M21.



# DENI CLER: EXECUTIVE SUMMARY

## DENI CLER (WOMEN'S FASHION)

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

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

- The jubilee collection for the Autumn / Winter 2021/22 season "La vita è bella" tells about the love of life, and the outfits are distinguished by comfort and sophisticated style. The models are dominated by soft materials, and the collection also offers a wide range of accessories.
- Autumn-winter collection consists of six capsules. The first is "Let's party", the next capsule "Back to office". Designers also did not forget about immortal elegance, creating outfits for the "Black label" capsule. Customers will be able to buy clothes from the capsule "Happy shopping", "Give me a hug" and "I can and I will" with cuts and colors that are fashionable this season.
- On September 2, 2021, the premiere show of the Deni Cler Autumn / Winter 2021/22 collection took place at the Belvedere restaurant in Łazienki Królewskie. The event was attended by almost three hundred people - journalists, stylists, photographers, and influencers.
- For 50 years, quality has been the root of the Deni Cler brand. The brand represents the slow fashion trend. It strives to provide its customers with top-class clothes. The brand uses fabrics from renowned Italian producers, Deni Cler designs are sewn in Poland.

## NETWORK DEVELOPMENT

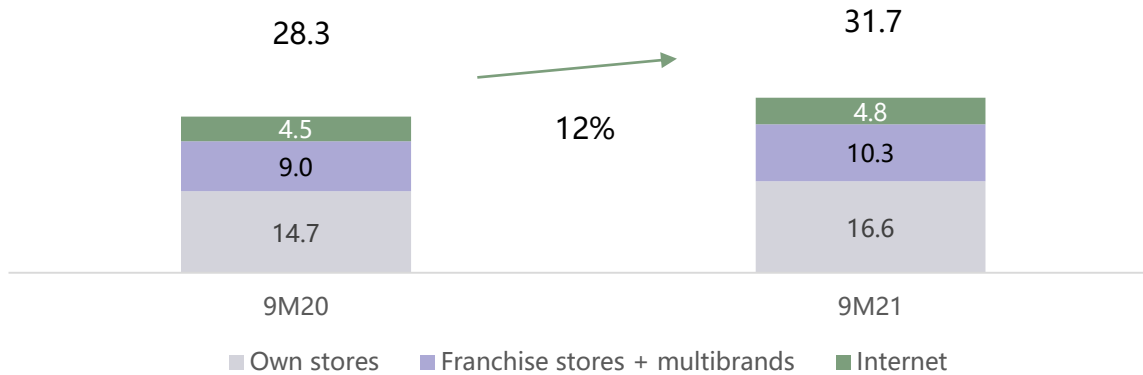
- The number of own stores decreased by 1 net store QoQ - it was a franchise salon. 3 multi-brand stores were opened in the quarter.



**DENI CLER**  
MILANO

# DENI CLER: DOUBLING OF STORE EBIT

**Deni Cler brand revenues**  
(PLN m)



- Revenues of the Deni Cler brand amounted to PLN 31.7m in 9M21, growing by 12.0% YoY. The brand's stores generated PLN 16.6m, +12.3% YoY, despite shopping centers were closed for more than 2 months due to the COVID-19 pandemic.
- Internet revenues amounted to PLN 4.8m in 9M21, +6.6% YoY. The internet's share in 9M21 sales was 15.1% versus 15.9% in 9M20.
- Revenues from franchise and multibrand amounted to PLN 10.3m in 9M21, an increase of 14.1% YoY. The franchise share increased from 32.0% in 9M20 to 32.6% in 9M21.

**Deni Cler brand efficiency**

	9M20	9M21	YoY
Revenues (PLN/m2 per month)	1,033	1,210	17.2%
Gross profit margin (%)	50.2%	56.2%	5.9pp.
Cost of stores (PLN/m2 per month)	419	457	9.0%
Store EBIT (PLN m)	2.7	5.8	113.5%

- Double-digit sales/ m2 growths due to rebound in traditional stores and dynamic multibrand store development.
- Increase in gross margin YoY in 9M21 due to lower promotions and sell-offs as well as improved margin in the on-line channel.
- Single-digit growth in costs/ m2 lower than sales/ m2 growth due to stable rental costs and lower depreciation.
- As a result, doubling of operating result YoY.

# W.KRUK: EXECUTIVE SUMMARY

## THE OLDEST JEWELRY BRAND IN POLAND

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

## NEW ELEMENTS IN COLLECTIONS

- The main activity of W.KRUK from mid-September 2021 was the presentation of this year's original collection of MEA jewellery and accessories, created in cooperation with the new brand ambassador - Magda Motek.
- The latest campaign of the MEA collection from W.KRUK tells about independence and making life decisions in harmony with yourself. Gold-plated jewellery patterns made of silver are a jewellery record of a life's trajectory. The project includes both modern jewellery as well as accessories, scarves and handbags whose patterns and colors refer to the symbolism of the road.
- The jewellery offer of external brands was also expanded - at the turn of 2Q/3Q, the products of the Italian exclusive jewellery manufactory Pasquale Bruni were included in W.KRUK portfolio.
- For the holiday season, the brand has prepared a wide range of jewellery and accessories collections and a selection of watches from global brands of the best manufactories. As usual, a gift for shopping awaits customers, this year there is an offer from the brand's accessories offer, i.e. a set of W.KRUK Eau de Parfum in a travel format.

## NETWORK DEVELOPMENT

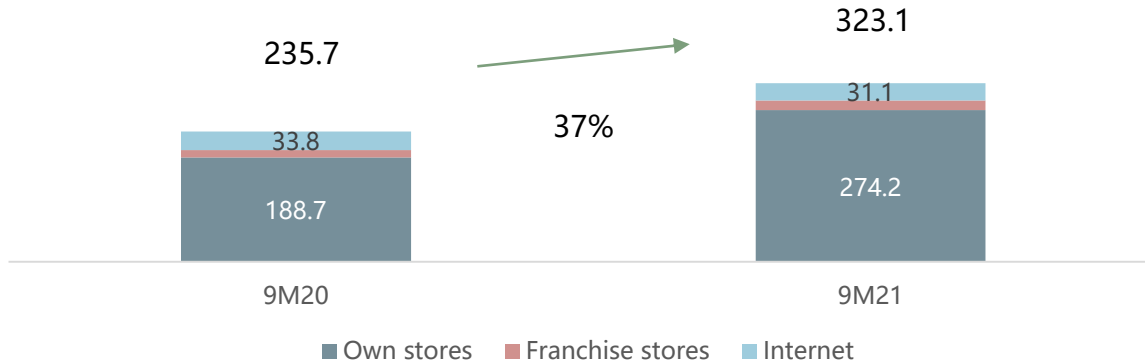
- In 3Q21, the number of brand stores increased by 1 QoQ net. That was a franchise store.



**W.KRUK**  
1 8 4 0

# W.KRUK: DOUBLING OF STORE EBIT

W.KRUK brand retail revenues  
(PLN m)



- W.KRUK brand's retail revenues amounted to PLN 323.1m in 9M21, growing by 37.0% YoY. The brand's stores generated PLN 274.2m, +45.3% YoY, despite shopping centers being closed for more than 2 months due to COVID-19.
- Internet revenues amounted to PLN 31.1m in 9M21, -8.0% YoY. The internet's share in 9M21 sales was 14.4% compared to 9.6% in 9M20.
- Revenues from franchise amounted to PLN 17.7m in 9M21, an increase by 34.2% YoY. The franchise share fell from 5.5% in 9M20 to 5.5% in 9M21.

W.KRUK brand efficiency

	9M20	9M21	YoY
Revenues (PLN/m2 per month)	2,439	3,258	33.6%
Gross profit margin (%)	50.5%	51.6%	1.1pp.
Cost of stores (PLN/m2 per month)	738	831	12.5%
Store EBIT (PLN m)	47.8	84.3	76.5%

- Double-digit growth in sales/ m2 in 9M21 more favorable than in apparel brands due to strong demand for watches and jewellery.
- Slight growth in gross margin despite higher share of watches due to a fixed margin policy.
- Increase in costs/ m2 significantly below the increase in sales/ m2 due to lower rentals growth and fall in depreciation.



# GROUP STRUCTURE

## VRG

COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENTS FOR 3Q21

### 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 Factory sp. z o.o.** (formerly 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 CONTINUES

## NUMBER OF STORES

		3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
APPAREL SEGMENT	total	451	451	440	427	426	427	421	415	409
	franchise	129	132	126	126	129	136	135	135	131
VISTULA	total	152	154	148	145	147	149	148	148	146
	franchise	60	62	59	60	62	65	64	64	63
WÓLCZANKA	total	142	140	137	132	130	129	127	121	119
	franchise	51	52	50	49	50	53	53	53	51
BYTOM	total	126	126	125	120	117	117	115	116	115
	franchise	9	9	8	8	8	9	10	11	11
DENI CLER	total	31	31	30	30	32	32	31	30	29
	franchise	9	9	9	9	9	9	8	7	6
JEWELLERY SEGMENT	total	135	139	140	140	140	143	140	142	143
	franchise	13	14	14	15	16	18	18	20	21
TOTAL	total	586	590	580	567	566	570	561	557	552
	franchise	142	146	140	141	145	154	153	155	152

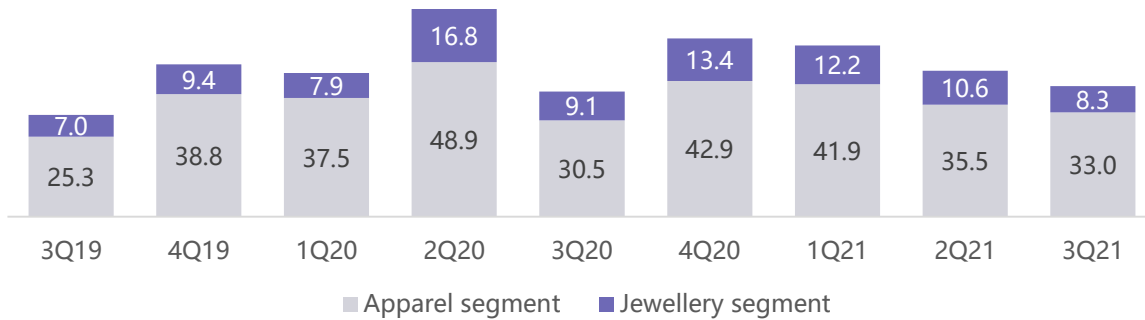
# STABLE YOY FLOORSPACE

## M2 OF FLOORSPACE

		3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
APPAREL SEGMENT	total	43,461	43,731	42,962	41,953	41,891	42,021	41,564	41,337	40,864
	franchise	9,322	9,590	9,123	9,195	9,368	9,882	9,789	9,794	9,577
VISTULA	total	19,058	19,320	18,650	18,291	18,508	18,695	18,586	18,593	18,390
	franchise	6,065	6,283	5,991	6,094	6,311	6,633	6,525	6,532	6,435
WÓLCZANKA	total	4,985	4,954	4,877	4,716	4,685	4,658	4,662	4,430	4,371
	franchise	1,546	1,576	1,504	1,473	1,530	1,626	1,625	1,625	1,567
BYTOM	total	16,402	16,421	16,487	16,000	15,634	15,604	15,327	15,417	15,267
	franchise	1,011	1,011	908	908	859	954	1,045	1,135	1,135
DENI CLER	total	3,017	3,037	2,947	2,947	3,064	3,064	2,989	2,897	2,835
	franchise	700	720	720	720	669	669	594	502	440
JEWELLERY SEGMENT	total	10,347	10,647	10,732	10,749	10,756	11,027	10,918	11,060	11,173
	franchise	802	856	856	896	965	1,121	1,113	1,255	1,368
TOTAL	total	53,809	54,378	53,693	52,702	52,647	53,048	52,482	52,397	52,038
	franchise	10,124	10,446	9,979	10,091	10,333	11,003	10,902	11,049	10,945

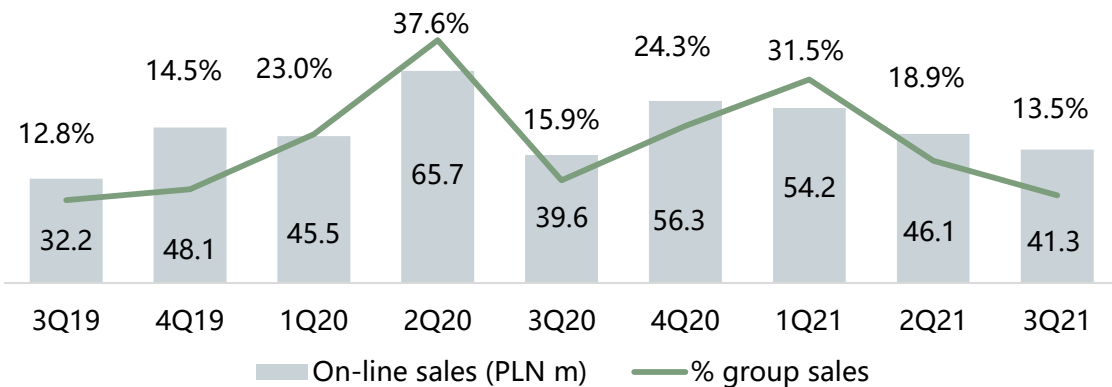
# OWN E-STORES OF FIVE BRANDS

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. W.KRUK has its own logistics warehouse.

Group on-line sales

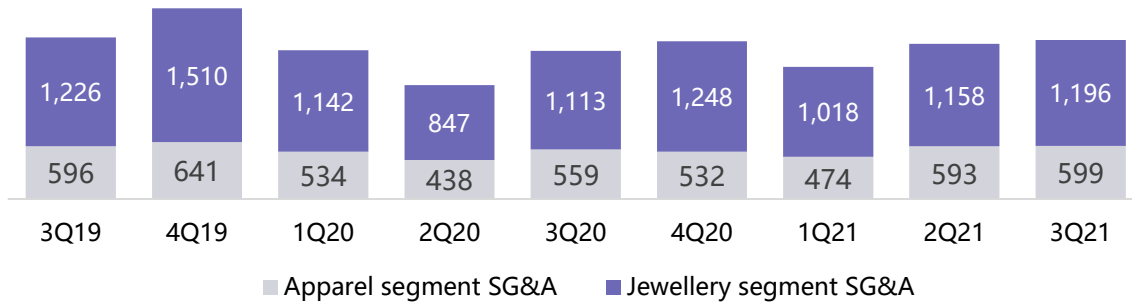


- In 3Q21, on-line sales amounted to PLN 41.3m, growing 4.2% YoY due to the rebound in sales in traditional stores.
- Internet share fell from 15.9% in 3Q20 to 13.5% in 3Q21, due to changes in customer shopping habits and a stronger return to sales in traditional stores.
- In addition to its own e-stores, the Group is developing cooperation of individual brands with external marketplaces.



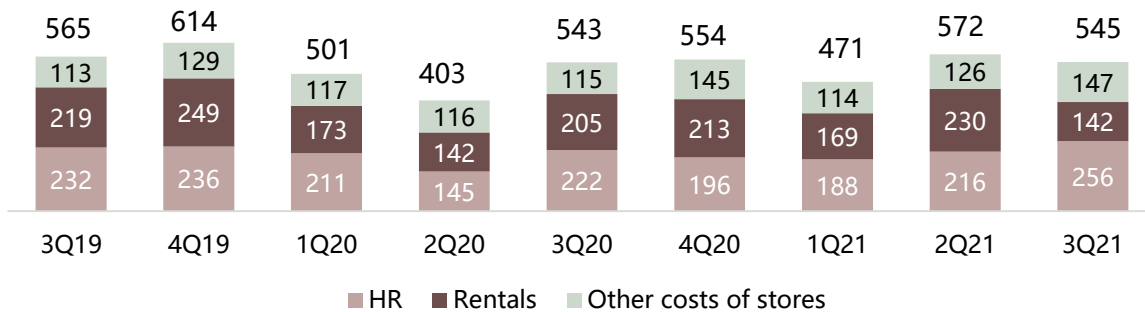
# FALL IN COSTS/ M2

**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.

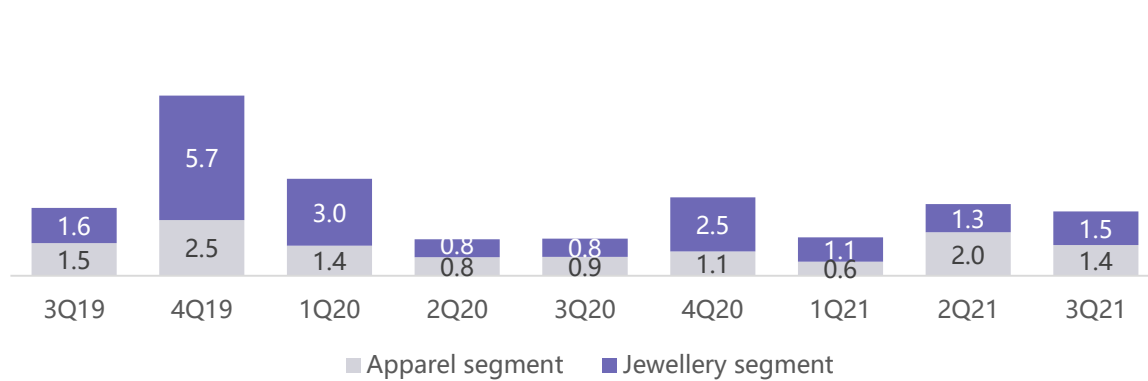
**Costs of own stores per month/ m2**  
(PLN, excl. IFRS16)



- 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.

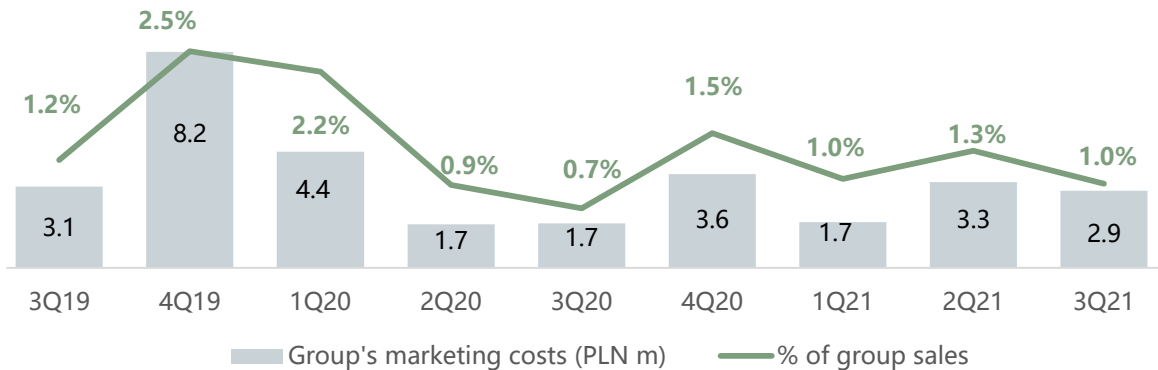
# STABLE MARKETING COSTS

Off-line marketing costs by segments  
(PLN m)



- Off-line marketing costs are part of group selling costs.
- These encompass: recurring advertising spending (catalogues, photoshoots) and nationwide marketing campaigns in editorial, internet and TV with celebrities.
- In 3Q21, off-line marketing expenses amounted to PLN 2.9m, an increase of 73.2% YoY due to the low base for 3Q20.

Group off-line marketing costs



- In 9M21, off-line marketing expenses amounted to PLN 7.9m, up 2.3% 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.

# HISTORICAL QUARTERLY RESULTS, IFRS16

PLN m	4Q19	4Q20	YoY	1Q20	1Q21	YoY	2Q20	2Q21	YoY	3Q20	3Q21	YoY
<b>Revenues</b>	<b>332.5</b>	<b>232.0</b>	<b>-30.2%</b>	<b>197.5</b>	<b>172,1</b>	<b>-12.8%</b>	<b>174.9</b>	<b>244.0</b>	<b>39.5%</b>	<b>249.4</b>	<b>305.0</b>	<b>22.3%</b>
Gross profit on sales	178.5	118.9	-33.4%	94.0	81,7	-13.1%	82.1	131.1	59.8%	122.4	163.3	33.4%
Gross profit on sales margin	53.7%	51.2%	-2.5pp.	47.6%	47,5%	-0.1pp.	46.9%	53.7%	6.8pp.	49.1%	53.5%	4.5pp.
SG&A costs	132.1	121.9	-7.7%	105.5	96,1	-8.9%	82.7	109.7	32.8%	106.8	119.2	11.7%
Net other operating line	1.4	0.1		-0.3	-1,4		-9.8	-4.7		-2.4	-1.1	
<b>EBIT</b>	<b>47.6</b>	<b>-2.9</b>	<b>N/M</b>	<b>-11.9</b>	<b>-15,8</b>	<b>N/M</b>	<b>-10.4</b>	<b>16.7</b>	<b>N/M</b>	<b>13.3</b>	<b>43.0</b>	<b>224.5%</b>
EBIT margin	14.3%	-1.2%	-15.5pp.	-6.0%	-9,2%	-3.2pp.	-5.9%	6.9%	12.8pp.	5.3%	14.1%	8.8pp.
Net financial line	6.3	-13.8		-23.2	-6,7		7.1	10.1		-6.2	-13.2	
Pre-tax profit	53.9	-16.7	N/M	-35.1	-18,9	N/M	-3.3	26.8	N/M	7.0	29.8	323.5%
Taxes	9.5	2.2		-3.1	-2,5		-1.0	3.8		-1.3	6.1	
<b>Net income</b>	<b>44.3</b>	<b>-18.9</b>	<b>N/M</b>	<b>-32.0</b>	<b>-20,1</b>	<b>N/M</b>	<b>0.2</b>	<b>23.0</b>	<b>N/M</b>	<b>5.7</b>	<b>23.7</b>	<b>312.3%</b>
Net margin	13.3%	-8.1%	-21.4pp.	-16.2%	-11,7%	4.5pp.	0.1%	9.4%	9.3pp.	2.3%	7.8%	5.5pp.
<b>EBITDA</b>	<b>76.1</b>	<b>22.8</b>	<b>-70.0%</b>	<b>17.4</b>	<b>10.7</b>	<b>-38.4%</b>	<b>18.5</b>	<b>43.5</b>	<b>N/M</b>	<b>18.5</b>	<b>67.7</b>	<b>265.7%</b>
EBITDA margin	22.9%	9.8%	-13.1pp.	8.8%	6.2%	-2.6pp.	10.6%	17.8%	7.2pp.	7.4%	22.2%	14.8pp.

# RESULTS UNDER IAS17

PLN m, IAS17	3Q20	3Q21	YoY
<b>Revenues</b>	<b>249.4</b>	<b>305.0</b>	<b>22.3%</b>
Gross profit on sales	122.4	163.3	33.4%
<i>Gross profit on sales margin</i>	<i>49.1%</i>	<i>53.5%</i>	<i>4.5pp.</i>
SG&A costs	106.7	113.7	6.6%
<b>EBIT</b>	<b>13.2</b>	<b>48.4</b>	<b>267.7%</b>
<i>EBIT margin</i>	<i>5.3%</i>	<i>15.9%</i>	<i>10.6pp.</i>
Net financial line	-1.8	-3.5	
<b>Net income</b>	<b>9.3</b>	<b>36.1</b>	<b>287.1%</b>
<i>Net margin</i>	<i>3.7%</i>	<i>11.8%</i>	<i>8.1pp.</i>

<b>EBITDA</b>	<b>18.9</b>	<b>53.8</b>	<b>184.1%</b>
<i>EBITDA margin</i>	<i>7.6%</i>	<i>17.6%</i>	<i>10.0pp.</i>

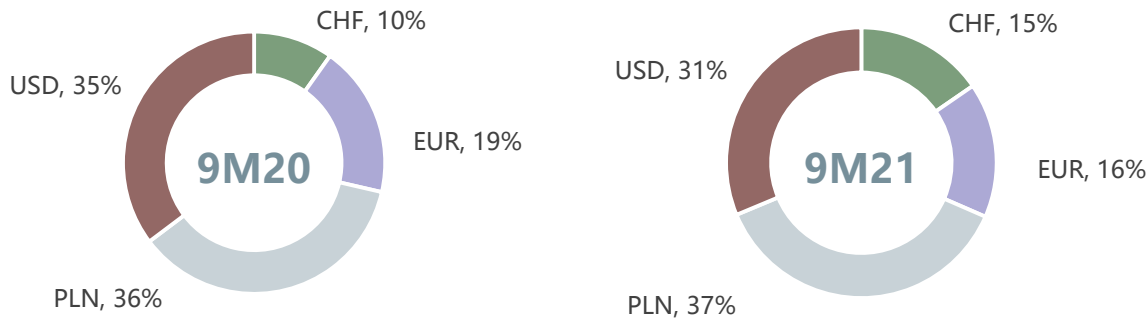
PLN m, IAS17	9M20	9M21	YoY
<b>Revenues</b>	<b>621.7</b>	<b>721.1</b>	<b>16.0%</b>
Gross profit on sales	298.5	376.2	26.0%
<i>Gross profit on sales margin</i>	<i>48.0%</i>	<i>52.2%</i>	<i>4.2pp.</i>
SG&A costs	296.0	318.5	7.6%
<b>EBIT</b>	<b>-10.3</b>	<b>50.1</b>	<b>N/M</b>
<i>EBIT margin</i>	<i>-1.7%</i>	<i>6.9%</i>	<i>10.7pp.</i>
Net financial line	-4.7	-5.0	
<b>Net income</b>	<b>-13.0</b>	<b>35.7</b>	<b>N/M</b>
<i>Net margin</i>	<i>-2.1%</i>	<i>4.9%</i>	<i>7.0pp.</i>

<b>EBITDA</b>	<b>7.0</b>	<b>66.0</b>	<b>836.7%</b>
<i>EBITDA margin</i>	<i>1.1%</i>	<i>9.2%</i>	<i>8.0pp.</i>

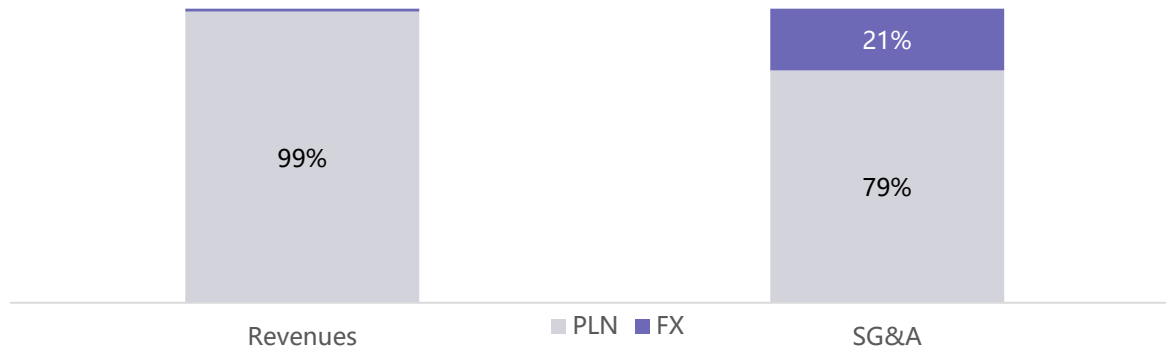


# FX RISK EXPOSURE

**Purchases by currencies**  
(PLN m)



**9M21 revenues and SG&A costs by currencies**  
(excl. IFRS16)



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

- Depreciation of zloty to main currencies (USD, EUR and CHF) may unfavourably impact the gross profit (higher COGS), operating margin (higher rental costs, IAS17) and lower net margin (FX losses on IFRS16 liability).
- The Company uses currency derivatives (currency forwards) to hedge future cash flows against currency risk.

# A SAFE INDEBTEDNESS LEVEL

PLN m	3Q20	4Q20	3Q21
<b>Long-term debt</b>	<b>53.2</b>	<b>48.6</b>	<b>39.4</b>
Bank loans	51.7	47.2	38.1
Finance leases	1.5	1.4	1.3
<b>Short-term debt</b>	<b>83.9</b>	<b>54.0</b>	<b>61.2</b>
Bank loan	57.5	24.4	20.3
Finance leases	1.5	1.3	0.9
Reverse factoring	24.9	28.3	21.6
<b>Cash</b>	<b>49.3</b>	<b>48.8</b>	<b>50.9</b>
<b>Net debt</b>	<b>87.9</b>	<b>53.7</b>	<b>31.4</b>
<b>Finance leases IFRS16</b>	<b>306.8</b>	<b>354.4</b>	<b>355.2</b>
<b>Net debt IFRS16</b>	<b>394.6</b>	<b>408.2</b>	<b>386.6</b>

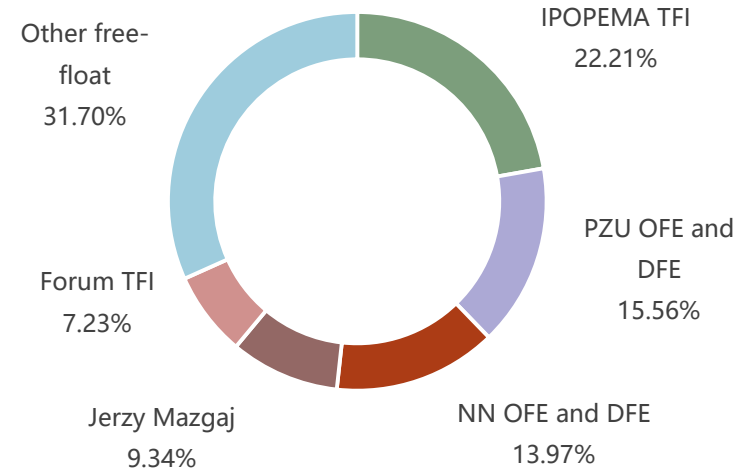
- Interest bearing indebtedness includes: bank loans, finance leases and reverse factoring (taken over with Bytom S.A. merger).
- Bank loans include: overdrafts and investment bank loans. Bank loan collateral comprises of: a floating charge on inventory, a fixed charge on "Vistula", "Wólczanka", "Intermoda",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

- Consistent YoY reduction in long-term debt.
- Sizeably higher YoY level of cash and equivalents due to higher operating cash flows.
- PLN 21.6m of reverse factoring used for supplier financing.
- PLN 355.2m of IFRS16 liabilities (finance leases).

# SHAREHOLDER STRUCTURE

## Shareholder structure as at 16.11.2021 (share in equity and votes)

	Number of shares/votes	% share
1. IPOPEMA TFI	52,066,678	22.21%
2. PZU OFE and DFE	36,470,100	15.56%
3. NN OFE	32,750,487	13.97%
4. Jerzy Mazgaj	21,900,000	9.34%
5. FORUM TFI	16,946,800	7.23%
6. Other free-float	73,321,775	31.26%
<b>Total</b>	<b>234,455,840</b>	



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

1. information provided in accordance with the notification received by the Company pursuant to Art. 69 sec. 2 point 1 lit. a and art. 87 sec. 1 point 2 lit. a of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies, applies to the Company's shares held jointly by all funds managed by IPOPEMA TFI S.A. According to the information in the possession of the Company, the Ipopema 2 FIZ Non-Public Assets fund managed by IPOPEMA TFI S.A. at the Ordinary General Meeting on June 28, 2021, he held 20,289,000 shares of the Company, which constituted 8.65% of the share capital of the Company and entitled to 20,289,000 votes representing 8.65% of the total number of votes at the General Meeting of the Company. According to the information possessed by the Company, the Ipopema 21 FIZ Non-Public Assets Fund, managed by IPOPEMA TFI SA, holds 31,658,785 shares of the Company, which constitutes 13.50% of the Company's share capital and entitles to 31,658,785 votes, constituting 13.50% of the total number of votes at the General Meeting of the Company.

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 Ordinary General Meeting on June 28, 2021. Open Pension Fund PZU "Złota Jesień" at the Ordinary General Meeting on June 28, 2021 r. independently held 35,603,400 shares of the Company, which constituted 15.56% of the share capital of the Company and entitled to 35,603,400 votes, representing 15.56% of the total number of votes at the General Meeting of the Company.

3. information based on the number of shares registered by Nationale-Nederlanden Otwarty Fundusz Emerytalny at the Ordinary General Meeting on June 28, 2021. Nationale-Nederlanden Otwarty Fundusz Emerytalny at the Ordinary General Meeting of June 28, 2021 held 32,750,487 shares of the Company, which constituted 13.97% of the share capital of the Company and entitled to 32 750 487 votes, representing 13.97% of the total number of votes at the General Meeting of the Company.

4. information provided on the basis of current report of Krakchemia no. 10/2021 dated 26.10.2021 and the number of shares registered jointly by Mr. Jerzy Mazgaj with a related entity Krakchemia S.A. at the Ordinary General Meeting on June 28, 2021, Mr. Jerzy Mazgaj at the Ordinary General Meeting on June 28, 2021 held

independently 21,900,000 shares of the Company, which constituted 9.34% of the share capital of the Company and entitled to 21,900,000 votes, representing 9.34% of the total number of votes at the General Meeting of the Company.

5. information provided on the basis of the number of shares registered jointly by the Forum X Closed Investment Fund and Forum XXIII Closed Investment Fund managed by Forum TFI SA at the Ordinary General Meeting on June 28, 2021. Forum X Closed Investment Fund at the Ordinary General Meeting on June 28 .2021, he owned 6,951,760 shares of the Company, which constituted 2.97% of the share capital of the Company and entitled to 6,951,760 votes constituting 2.97% of the total number of votes at the General Meeting of the Company. Fund Forum XXIII Closed-end Investment Fund at the Ordinary General Meeting on June 28, 2021 held 9,995,040 shares of the Company, which constituted 4.26% of the share capital of the Company and entitled to 9,995,040 votes, constituting 4.26% of the total number of votes at the General Meeting of the Company.

# | GLOSSARY

## APPAREL SEGMENT

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

## REVENUES (PLN/M2 PER MONTH)

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

## STORE EBIT (PLN M)

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

## FORMAL

Revenues from sale of formalwear, including suits and shirts

## JEWELLERY SEGMENT

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

## COSTS OF STORES (IAS17)

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

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

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

## EBITDA

Operating profit plus depreciation and amortisation from cash flow statement.

## CASUAL

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

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

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

## INVENTORY/M2

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

VRG  
VISTULA RETAIL GROUP

THANK YOU

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