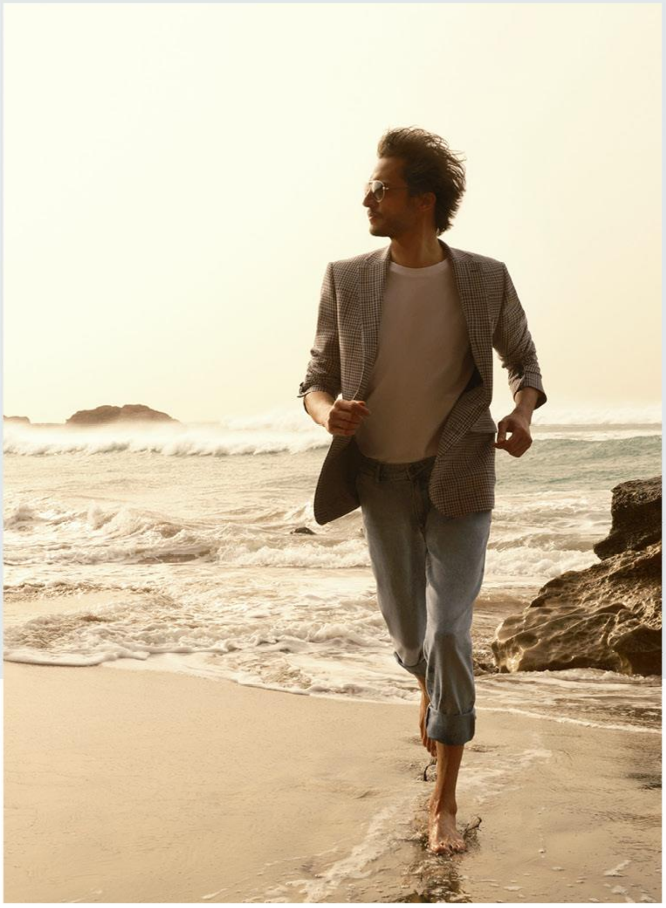
CONDENSED INTERIM FINANCIAL REPORT

OF VRG CAPITAL GROUP FOR 1Q22 PREPARED IN ACCORDANCE WITH IFRS APPROVED BY THE EUROPEAN UNION

Cracow, May 18, 2022

VRG
VISTULA RETAIL GROUP



VISTULA BYTOM SZTUKA KRAWIECTWA OD 1945 WÓLCZANKA DENI CLER MILANO W.KRUK 1840

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SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

for 3 months ending March 31, 2022

	PLN ths		EUR ths	
	1 quarter / 2022 from 01-01-2022 to 31-03-2022	**1 quarter / 2021** from 01-01-2021 to 31-03-2021	**1 quarter / 2022** from 01-01-2022 to 31-03-2022	**1 quarter / 2021** from 01-01-2021 to 31-03-2021
Revenues	243,779	172,101	52,457	37,642
Profit (loss) from operations	5,013	- 15,820	1,079	- 3,460
EBITDA	32,562	10,723	7,007	2,345
Pre-tax profit (loss)	-3,735	- 22,562	-804	- 4,935
Net profit (loss)	-2,913	-18,581	-627	-4,064
Net cash flows from operating activities	-27,431	- 42,184	-5,903	- 9,226
Net cash flows from investing activities	-5,160	- 1,913	-1,110	- 418
Net cash flows from financing activities	-27,976	637	-6,020	139
Total net cash flows	-60,567	- 43,460	-13,033	- 9,505
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
Total assets	1,467,533	1,494,392	315,429	324,910
Liabilities and provisions	580,782	604,728	124,832	131,480
Long-term liabilities	265,193	271,044	57,000	58,930
Short-term liabilities	300,969	318,316	64,690	69,208
Total equity	886,751	889,664	190,597	193,430
Share capital	49,122	49,122	10,558	10,680
Shares outstanding	234,455,840	234,455,840	234,455,840	234,455,840
Diluted number of shares	241,505,840	241,505,840	241,505,840	241,505,840
Earnings (loss) per ordinary share (in PLN/EUR)	-0.01	-0.08	0.00	-0.02
Diluted earnings (loss) per share (in PLN/EUR)	-0.01	-0.08	0.00	-0.02
Book value per share (in PLN/EUR)	3.78	3.79	0.81	0.83
Diluted book value per share (in PLN/EUR)	3.67	3.68	0.79	0.80
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITIONS

as at March 31, 2022

	PLN ths			
	As at 31-03-2022 / end of quarter 2022	As at 31-12-2021 / end of previous quarter 2021	As at 31-03-2021 / end of quarter 2021	As at 31-12-2020 / end of previous quarter 2020
Non-current assets	**874,307**	**867,808**	**908,393**	**898,027**
Goodwill	302,748	302,748	302,748	302,748
Other intangible assets	197,622	197,711	196,237	196,242
Fixed assets	55,089	55,704	56,647	60,626
Investment property	874	874	874	874
Assets held for sale	1,547	-	-	-
Right-of-use assets (IFRS16)	285,964	284,386	320,323	312,690
Long-term receivables	230	239	295	295
Shares and stakes	27	27	27	27
Other long-term investments	4	4	4	4
Deferred tax assets	30,202	26,115	31,238	24,521
Current assets	**593,226**	**626,584**	**539,989**	**568,206**
Inventory	515,115	499,173	516,496	505,584
Trade and other receivables as well as other current assets	24,092	12,839	17,303	13,332
Corporate income tax receivables	14	-	-	-
Cash and cash equivalents	54,005	114,572	5,384	48,839
Other short-term financial assets	-	-	806	451
Total assets	**1,467,533**	**1,494,392**	**1,448,382**	**1,466,233**

	PLN ths			
	As at 31-03-2022 / end of quarter 2022	As at 31-12-2021 / end of previous quarter 2021	As at 31-03-2021 / end of quarter 2021	As at 31-12-2020 / end of previous quarter 2020
Dominating entity's equity	**886,751**	**889,664**	**804,773**	**823,354**
Share capital	49,122	49,122	49,122	49,122
Other reserves	14,333	14,333	14,333	14,333
Retained earnings	823,296	826,209	741,318	759,899
Non-controlling interest	-	-	-	-
Long-term liabilities and provisions	**266,314**	**272,165**	**318,090**	**307,227**
Liabilities due to purchase of fixed assets	444	429	418	438
Lease liabilities	234,178	236,957	272,340	258,354
incl.: lease liabilities related to retail and office space	*233,235*	*236,017*	*271,151*	*256,974*
Loans and borrowings	30,571	33,658	44,094	47,196
Long-term provisions	1,121	1,121	1,238	1,239
Short-term liabilities and provisions	**314,468**	**332,563**	**325,519**	**335,652**
Lease liabilities	101,908	97,566	99,718	98,839
incl.: lease liabilities related to retail and office space	*101,230*	*96,861*	*98,597*	*97,510*
Trade and other liabilities	174,313	193,162	165,699	199,240
Corporate income tax liabilities	614	6,984	3,286	3,345
Loans and borrowings and short-term part of long-term loans and borrowings	24,134	20,604	47,435	24,372
Short-term provisions	13,499	14,247	9,381	9,856
Total liabilities and provisions	**580,782**	**604,728**	**643,609**	**642,879**
Total equity and liabilities	**1,467,533**	**1,494,392**	**1,448,382**	**1,466,233**

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS STATEMENT

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Revenues	**243,779**	**172,101**
Cost of sales	120,573	90,418
Gross profit on sales	**123,206**	**81,683**
Selling costs	97,570	78,093
Administrative expenses	19,780	18,027
Other operating income	1,065	207
Gain from sale of non-financial non-current assets	100	-
Other operating costs	2,008	1,573
Loss from sale of non-financial non-current assets	-	17
Profit (loss) from operations	**5,013**	**- 15,820**
Financial income	201	811
incl.: financial income due to lease liabilities related to retail and office space	-	-
Financial costs	8,949	7,553
incl.: financial costs due to lease liabilities related to retail and office space	*5,171*	*4,657*
Pre-tax profit (loss)	**-3,735**	**- 22,562**
Income tax	-822	- 3,981
Net profit (loss) for the period	**-2,913**	**-18,581**
Attributed to dominating entity	-2,913	-18,581
Attributed to non-controlling interest	-	-

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Net profit (loss) for the period	**-2,913**	**-18,851**
Other comprehensive income, including:	-	-
That can be reclassified to net income	-	-
That cannot be reclassified to net income	-	-
Total comprehensive income	**-2,913**	**-18,851**
Attributed to dominating entity	-2,913	-18,851
Attributed to non-controlling interest	-	-

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 3 months ending March 31, 2022

	PLN ths.			
	Share capital	**Capital reserves**	**Retained earnings**	**Total equity**
1 quarter 2021 period from 01-01-2021 to 31-03-2021				
Balance at 01.01.2021	**49,122**	**14,333**	**759,889**	**823,354**
Net profit (loss) for the period	-	-	-18,581	-18,581
Stock option programme valuation	-	-	-	-
Share issuance	-	-	-	-
Balance at 31.03.2021	**49,122**	**14,333**	**741,318**	**804,773**
2021 period from 01-01-2021 to 31-12-2021				
Balance at 01.01.2021	**49,122**	**14,333**	**759,899**	**823,354**
Net profit (loss) for the period	-	-	66,310	66,310
Stock option programme valuation	-	-	-	-
Share issuance	-	-	-	-
Balance at 31.12.2021	**49,122**	**14,333**	**826,209**	**889,664**
1 quarter 2022 period from 01-01-2022 to 31-03-2022				
Balance at 01.01.2022	**49,122**	**14,333**	**826,209**	**889,664**
Net profit (loss) for the period	-	-	-2,913	-2,913
Stock option programme valuation	-	-	-	-
Share issuance	-	-	-	-
Balance at 31.03.2022	**49,122**	**14,333**	**823,296**	**886,751**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Pre-tax profit (loss)	**-3,735**	**- 22,562**
Amortization and depreciation	27,549	26,543
Profit (loss) on investing activities	-100	17
Income tax paid	-9,633	- 2,113
Interest costs	1,898	1,884
Change in provisions	-749	- 476
Change in inventories	-15,939	- 10,912
Change in receivables	-11,243	- 3,971
Change in short-term liabilities, excluding bank loans and borrowings	-15,221	- 30,366
Other adjustments	-258	- 228
Net cash flows from operating activities	**-27,431**	**- 42,184**
Interest received	104	-
Inflows from sale of intangibles	-	-
Inflows from sale of fixed assets	798	374
Disposal from investment property	-	-
Repayment of loans granted	-	-
Purchase of intangible assets	-125	- 209
Purchase of fixed assets	-5,937	- 2,078
Net cash flows from investing activities	**-5,160**	**- 1,913**
Proceeds from issuance of shares and other capital instruments (bonds) and additional payments to capital	-	-
Inflows from loans and borrowings	3,504	23,058
Repayment of bank loans and borrowings	-3,060	- 3,099
Finance lease payments	-194	- 397
Other interest paid	-618	- 449
Interest paid due to lease liabilities related to retail and office space	-1,281	- 1,435
Lease payments due to lease liabilities related to retail and office space	-26,327	- 17,041
Net cash flows from financing activities	**-27,976**	**637**
Change in cash and cash equivalents in the balance sheet	**-60,567**	**- 43,460**
Opening balance of cash and equivalents	**114,572**	**48,844**
Change in cash due to foreign currency translation	-	-

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Closing balance of cash and equivalents	**54,005**	**5,384**

Value shown under "Other adjustments" consists of:	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
capital reserves increase – valuation of stock options	-	-
fixed assets - impairment - liquidation	-154	- 228
interest received	-104	-
Total	**-258**	**- 228**

INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR 1Q22

1. GENERAL INFORMATION

1.1. NAME, REGISTERED OFFICE, BUSINESS ACTIVITY

VRG Spółka Akcyjna (also as "**Parent Company**" or "**Company**" or "**Issuer**") based in Cracow, Pilotów 10 St., post code: 31-462.
The Company was registered in the Cracow Śródmieście District Court, XI Commercial Division of the National Court Register (KRS) under number KRS 0000047082.
The predominant activity of the Company according to the Polish Classification of Activities (PKD) is the retail sale of clothing in specialized stores (PKD 47.71.Z).

For the date of the creation of an independent enterprise, the legal successor of which is VRG S.A., one can acknowledge October 10, 1948 - the date of issuance of the Minister of Industry and Trade ordinance on the creation a state-owned enterprise named "Krakowskie Zakłady Przemysłu Odzieżowego" (Cracow Clothing Production Industry). On April 30, 1991, the District Court for Cracow Śródmieście in Cracow, V Commercial Division, registered the transformation from a state-owned enterprise into a sole-shareholder company of the State Treasury.

The company is one of the first companies that were listed on the Warsaw Stock Exchange S.A. First listing of VRG S.A. took place on September 30, 1993.

THE COMPANY'S KEY CORPORATE MILESTONES

1948	Ordinance of the Minister of Industry and Trade on creation of a state-owned enterprise under the name "Krakowskie Zakłady Przemysłu Odzieżowego" (Cracow Clothing Production Facility)
1991	Transformation into a sole-shareholder company of the State Treasury under the business name: Zakłady Przemysłu Odzieżowego "Vistula" Spółka Akcyjna
1993	The Issuer's debut on the Warsaw Stock Exchange S.A.
2001	Registration of a new company name: Vistula Spółka Akcyjna
2005	The beginning of the process of intensive expansion of the store network and renewal of the positive image of the Vistula brand
2006	Merger with Wólczanka S.A. (change of the company name to Vistula & Wólczanka S.A.)
2008	Taking over control and merger with W.KRUK S.A in Poznań (change of the company name to Vistula Group S.A.)
2015	Transfer of jewellery business conducted under the W.KRUK brand to W.KRUK S.A. subsidiary
2018	Merger with Bytom S.A. (change of the company name to VRG S.A.)
2019	Merger with BTM 2 Sp. z o.o. subsidiary

The lifespan of the Issuer is indefinite.

1.2. STRUCTURE OF VRG S.A. CAPITAL GROUP

As at the end of 1Q22 VRG S.A. Capital Group consisted of the following entities:

– **VRG S.A.** – Parent company
– **W.KRUK S.A.** based in Cracow, Pilotów 10 St.; post code 31-462. The company was registered in the District Court for Cracow Śródmieście, XI Commercial Division of the National Court Register (KRS) under number KRS 0000500269.
  The company specialises is design, manufacturing and retail sales of brand luxury products such as jewellery, watches and accessories.
  Share in equity: 100.0%. Share in votes at the General Shareholder Meeting: 100.0%.
– **DCG S.A.** based in Warsaw, Bystrzycka 81a St., post code 04-907. The company was registered in the District Court for Warsaw, the XXI Commercial Division of the National Court Register (KRS) under number KRS 0000285675.
  The company specialises in retail sale of clothing.
  Share in equity: 100.0%. Share in votes at the General Shareholder Meeting: 100.0%.
– **WSM Factory Sp. z o.o. (former name Wólczanka Shirts Manufacturing Sp. z o.o.)** based in Cracow, Pilotów 10 St., post code: 31-462. The company was registered in the District Court for Cracow Śródmieście, XI Commercial Division of the National Court Register (KRS) under number KRS 0000538836.
  The company specialises in confectioning of clothing at the request of the parent company, in particular including shirts branded Wólczanka, Lambert, Vistula and Lantier. The company also conducts confectioning of women's shirts and blouses under export contracts concluded by VRG S.A.
  Share in equity: 100.0%. Share in votes at the General Meeting: 100.0%.
– **VG Property Sp. z o.o.** based in Cracow, Pilotów 10 St., post code: 31-462. The company was registered in the District Court for Cracow Śródmieście, XI Commercial Division of the National Court Register (KRS) under number KRS 0000505973.
  The company specialises in renting and managing of own or leased real estate.
  Share in equity: 100.0%. Share in votes at the General Meeting: 100.0%.

Consolidated financial statements for 1Q22 include data of the Parent Company and subsidiaries: W.KRUK S.A., DCG S.A., WSM Factory Sp. z o.o. (former name Wólczanka Shirts Manufacturing Sp. z o.o.), VG Property Sp. z o.o.

CHANGES IN CAPITAL GROUP STRUCTURE IN 1Q22

Between January 1, 2023 and March 31, 2022 there were no changes in VRG S.A. Capital Group structure.

1.3. COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARD

MANAGEMENT BOARD

As at March 31, 2022 the composition of the Management Board of VRG S.A. was as the following:

Management Board	**Jan Pilch** Deputy-Chair of the Supervisory Board temporarily delegated to perform the functions of President of the Management Board	**Michał Zimnicki** Executive Vice-President of the Management Board	**Marta Fryzowska** Executive Vice-President of the Management Board

In the period from January 1, 2022 to March 31, 2022, the following changes took place in the composition of the parent company's Management Board:

- on January 31, 2022, the Supervisory Board of the parent company adopted a resolution to recall Mr. Radosław Jakociuk from the composition of the Management Board and from performing the function of the Executive Vice-President of the Management Board of the Company,

- on February 18, 2022, the Supervisory Board of the Company adopted a resolution to appoint Mr. Janusz Płocica to the Management Board of the Company as of June 1, 2022, entrusting him with the position of the President of the Management Board,

- on March 7, 2022, the Supervisory Board of the Company adopted a resolution pursuant to Art. 383 par. 1 of the Code of Commercial Companies on delegating the Deputy Chair of the Supervisory Board of the Company, Mr. Jan Pilch, to temporarily perform the duties of the President of the Management Board. The posting took place for the period from March 12, 2022 to May 31, 2022.

In the period from the balance sheet date, i.e. March 31, 2022 to the date of signing this report, the above composition of the Management Board of the parent company changed.

- on April 1, 2022, the Supervisory Board of the Company adopted a resolution to amend the resolution of the Supervisory Board of the Company of February 18, 2022 on appointing Mr. Janusz Płocica to the Management Board of the Company and entrusting him with the function of the President of the Management Board of the Company in this way, that the Supervisory Board decided to appoint Mr. Janusz Płocica to the Management Board of the Company and act as the President of the Management Board, with effect from April 19, 2022, instead of the current date of June 1, 2022,

- on April 4, 2022, Mr. Jan Pilch, Deputy Chair of the Supervisory Board, resigned from delegation to temporarily perform the duties of the President of the Management Board, effective on April 18, 2022,

- in connection with the submitted statement, Mr. Jan Pilch returns to perform his duties related to the function of a member of the Supervisory Board of the Company as of April 19, 2022.

As at the date of the interim consolidated financial statements for the year, the composition of the Management Board of VRG S.A. was as follows:

Management Board	**Janusz Płocica** President of the Management Board	**Michał Zimnicki** Executive Vice-President of the Management Board	**Marta Fryzowska** Executive Vice-President of the Management Board

SUPERVISORY BOARD

As at March 31, 2022, the composition of the Supervisory Board of VRG S.A. was as follows:

Supervisory Board	**Mateusz Kolański** Chair of the Supervisory Board	**Jan Pilch** Deputy-Chair of the Supervisory Board	**Marcin Gomoła** Member of the Supervisory Board	**Wacław Szary** Member of the Supervisory Board
		Piotr Kaczmarek Member of the Supervisory Board	**Piotr Stępniak** Member of the Supervisory Board	**Andrzej Szumański** Member of the Supervisory Board

In the period from the balance sheet date, i.e. March 31, 2022 to the date of signing this report, the above composition of the parent company's Supervisory Board did not change.

1.4. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved for publication and signed by the Parent's Management Board on May 18, 2022.

1.5. GOING CONCERN

Interim condensed consolidated financial statements of the VRG S.A. Capital Group (hereinafter also referred to as the "Capital Group", "Group" or "VRG Group") have been prepared on the assumption that the companies of the Capital Group will continue as a going concern in an unchanged form and scope for a period of at least 12 months from the date on which the financial statement, i.e. March 31, 2022. In the opinion of the Management Board of the Parent Entity, as at the date of approval of these interim consolidated financial statements, there are no premises or circumstances that would indicate a threat to the continued operations of the Group companies in the foreseeable future.

From 2020, the Management Board of the parent company took steps to limit the impact of the epidemic on the financial situation. In 2021, which, like 2020, was burdened with closures of shopping centers, measures were taken to secure the liquidity situation of the Capital Group. The first quarter of 2022 was influenced by the uncertainty related to the COVID-19 situation.

The report includes the most important, in the opinion of the Management Board, factors, risks and uncertainties affecting the assessment of the going concern assumption. When making this assessment, the Management Board also took into account the existing and anticipated risks resulting from internal and external factors, including such as the outbreak of war in Ukraine.

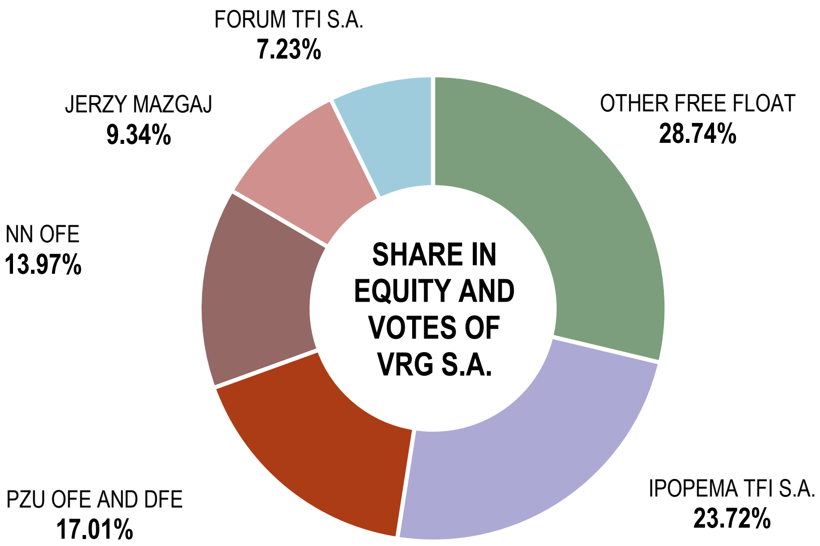
On February 24, 2022, Russia's armed conflict with Ukraine began. Military activities in a country neighboring the Republic of Poland introduced a high degree of uncertainty as to the shaping of processes in the political, social and economic spheres. As at the date of the financial statements, the Management Board of the Parent is not able to precisely estimate the scale of the deterioration in financial results, as a number of factors remain beyond its influence and control, however, to the best of its knowledge, as at the date of the consolidated financial statements, it does not perceive war as a premise for material uncertainty that threatens the Group's ability to continue as a going concern.

1.6. SHARE CAPITAL AND SHAREHOLDERS

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of VRG S.A. as at the date of signing the consolidated quarterly report for the first quarter of 2022 and an indication of changes in the ownership structure of significant blocks of VRG S.A. shares in the period from the publication of the annual report for 2021 and the consolidated annual report for 2021 (April 8, 2022).

OWNERSHIP STRUCTURE OF THE SHARE CAPITAL, ACCORDING TO THE KNOWLEDGE OF THE PARENT COMPANY, AS AT THE DATE OF SIGNING THE INTERIM CONDENSED CONSOLIDATED REPORT FOR THE FIRST QUARTER 2022 ON MAY 18, 2022

As at the date of signing the consolidated report for the 1st quarter of 2022, the share capital of VRG S.A. is divided into 234,455,840 ordinary bearer shares, which gives a total of 234,455,840 votes at the General Meeting of Shareholders of VRG S.A. ("Company").



The table below contains information on shareholders who, to the knowledge of the Company, hold, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Company's General Shareholder Meeting.

Shareholders	Number of shares held	Share in equity (in %)	Number of votes at the AGM	Share in the total number of votes at the AGM (in %)
IPOPEMA TFI S.A.[1]	55,601,846	23.72	55,601,846	23.72
PZU „Złota Jesień" Open Pension Fund and Voluntary Pension Fund[2]	39,870,193	17.005	39,870,193	17.005
Nationale-Nederlanden Open Pension Fund [3]	32,750,487	13.97	32,750,487	13.97
Jerzy Mazgaj [4]	21,900,000	9.34	21,900,000	9.34
Forum TFI S.A. [5]	16,946,800	7.23	16,946,800	7.23

[1] information provided in accordance with the notifications received by the Company pursuant to Art. 69 sec. 1 point 1, art. 69 sec. 2 point 1 lit. a lit. a and art. 87 sec. 1 point 2 lit. a of the Act of July 29, 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies, applies to the Company's shares held jointly by all funds managed by IPOPEMA TFI S.A. According to information in possession of the Company, Ipopema 2 FIZ Non-Public Assets Fund managed by IPOPEMA TFI S.A. at the Ordinary General Shareholder Meeting on June 28, 2021, 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 Shareholder Meeting of the Company. According to information possessed by the Company, Ipopema 21 FIZ Non-Public Assets Fund, managed by IPOPEMA TFI S.A., holds 35,193,953 shares of the Company, which constitutes 15.01% of the share capital of the Company and entitles to 35,193,953 votes, representing 15.01% of the total number of votes at the General Shareholder Meeting of the Company.

[2] information provided in accordance with the notification received by the Company pursuant to Art. 87 sec. 1 point 2b of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to Organized Trading system and on Public Companies, applies to the Company's shares held jointly by the Open Pension Fund PZU "Złota Jesień" and the PZU Voluntary Pension Fund. In accordance with the above-mentioned notification, the Open Pension Fund PZU "Złota Jesień" independently holds 38,918,084 shares of the Company, which constitute 16.599% of the Company share capital and entitle to 38,918,084 votes, constituting 16.599% of the total number of votes at the General Shareholder Meeting of the Company.

[3] information based on the number of shares registered by Nationale-Nederlanden Open Pension Fund at the Ordinary General Shareholder Meeting on June 28, 2021. Nationale-Nederlanden Open Pension Fund at the Ordinary General Shareholder 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, constituting 13.97% of the total number of votes at the General Shareholder Meeting of the Company.

[4] information provided on the basis of the current report of Krakchemia S.A. No. 10/2021 of October 26, 2021 and the number of shares registered by Mr. Jerzy Mazgaj at the Ordinary General Shareholder Meeting on June 28, 2021. Mr. Jerzy Mazgaj at the Ordinary General Shareholder Meeting on June 28, 2021 independently held 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, constituting 9.34% of the total number of votes at the General Shareholder Meeting of the Company.

[5] information provided on the basis of the number of shares registered jointly by the Forum X Closed-end Investment Fund and Forum XXIII Closed-end Investment Fund managed by Forum TFI S.A. at the Ordinary General Shareholder Meeting on June 28, 2021.Forum X Closed Investment Fund at the Ordinary General Shareholder 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 Shareholder Meeting of the Company. Fund Forum XXIII Closed-end Investment Fund at the Ordinary General Shareholder 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, representing 4.26% of the total number of votes at the General Shareholder Meeting of the Company.

TO THE COMPANY'S BEST KNOWLEDGE, FROM THE PUBLICATION DATE ON APRIL 8, 2022 OF THE PREVIOUS INTERIM REPORT, I.E. SEPRATE ANNUAL REPORT FOR 2021 AND CONSOLIDATED ANNUAL REPORT FOR 2021 THE FOLLOWING CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT STOCKS OF THE COMPANY'S SHARES TOOK PLACE.

IPOPEMA TFI S.A.*	Number of shares held	Share in equity (in %)	Number of votes at the AGM	Share in the total number of votes at the AGM (in %)
As at 08.04.2022	53,922,030	22.99	53,922,030	22.99
As at 18.05.2022	55,601,846	23.72	55,601,846	23.72

* *concerns a change caused by an increase in a significant block of the Company's shares by the Ipopema 21 FIZ Non-public Assets Fund, managed by IPOPEMA TFI S.A.,*

CHANGES IN OWNERSHIP OF VRG S.A. SHARES AND RIGHTS TO SHARES BY MANAGEMENT AND SUPERVISORY PERSONS

– changes in ownership of the Company's shares by managing persons

Management Board	Number of shares held on the day of signing quarterly report for 1Q22	Number of shares held on the day of publication of annual separate and consolidated report for 2021
Michał Zimnicki – Executive Vice-President of the Management Board	4,000	4,000

– changes in possession by managing persons of series F subscription warrants of the first tranche entitling them to take up new P series shares issued in connection with implementation of the incentive program in 2018 pursuant to Resolution No. 17/06/2018 of the Ordinary General Shareholder Meeting of Vistula Group S.A. of June 27, 2018 on adopting the assumptions of the incentive program for members of the Company's Management Board, key managers or other persons significant for the Company (and companies from its capital group), issuance of subscription warrants with the exclusion of pre-emptive rights, conditional share capital increase by issuing new shares, excluding pre-emptive rights, amending the Company's Articles of Association, authorizing the Management Board of the Company to conclude an agreement for the registration of shares of a new issue at the National Depository for Securities S.A. and authorizing the Management Board of the Company to take all appropriate steps to admit the new issuance shares to trading on the regulated market (the "Resolution").

The Company informs that as at the date of submitting the report for the first quarter of 2022 and as at the date of submitting the annual report and the consolidated annual report for 2021 on April 8, 2022, none of the managing persons who are members of the Company's Management Board had subscription warrants of the series F.

- changes in the ownership of the Company's shares by supervising persons

Supervisory Board	Number of shares held on the day of signing quarterly report for 1Q22	Number of shares held on the day of publication of annual separate and consolidated report for 2021
Jan Pilch – Deputy-Chair of the Supervisory Board	186,000	186,000
Wacław Szary – Member of the Supervisory Board	20,000	20,000

2. PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the EU ("IAS 34"). The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the consolidated financial statements of the Group for the year ended December 31, 2021 approved for publication on April 8, 2022.

In the period from January 1, 2022 to March 31, 2022, the adopted accounting principles and methods of creating financial statements have not changed in the Capital Group. The accounting principles adopted by the Capital Group were applied in a continuous manner with reference to the period presented in financial statements.

Moreover, the basis for the preparation of these interim condensed consolidated financial statements is the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No. of 2018, item 757).

The reporting currency of the interim condensed consolidated financial statements is Polish zloty, all amounts are expressed in thousands of Polish zlotys, unless otherwise stated.

Preparation of financial statements in accordance with IFRS requires the Management Board of the parent company to make estimates, assessments and adopt assumptions that affect the applied accounting principles and presented amounts of assets and liabilities as well as costs and revenues. Estimates and assumptions are made on the basis of available historical data as well as other factors considered appropriate in the given conditions. The results of these activities form the basis for making estimates of the carrying amounts of assets and liabilities that cannot be unequivocally determined on the basis of other sources. Validity of the above estimates and assumptions is verified on an ongoing basis.

Adjustments to estimates are recognized in the period in which the estimates were changed, provided that the adjustment applies only to that period or in the period in which the changes were made and in subsequent periods (prospectively), if the adjustment applies to both the current and other periods.

3. COMPARABLE DATA – ADJUSTMEMNT OF PREVIOUS YEAR RESULTS AND PRESENTATION ADJUSTMENTS

Based on the provisions of IAS 8 "Accounting principles, changes in estimated values and correction of errors", in the financial statements for the first half of 2021, the Group created deferred tax for the lease of commercial premises and office space, therefore it adjusts the comparable data for the 1st quarter of 2021.

Impact of the adjustments is presented below.

Impact of adjustments on balance sheet items for the 1st quarter of 2021	PLN ths		
	Data as in 1Q21 financial statements	Adjustments in the result from previous years and presentation adjustments	Comparable data for 1Q21 as shown in 1Q22 financial statements
Deferred tax assets	21,477	9,761	31,238
Non-current assets, total	898,632	9,761	908,393
Current assets, total	539,989	-	539,989
Total assets	**1,438,621**	**9,761**	**1,448,382**
Liabilities and provisions, total	643,609	-	643,609
Share capital	49,122	-	49,122
Other reserves	14,333	-	14,333
Retained earnings	731,557	9,761	741,318
Equity, total	795,012	9,761	804,773
Total equity and liabilities	**1,438,621**	**9,761**	**1,448,382**

Impact of adjustments on balance sheet items for the 1st quarter of 2021	PLN ths		
	Data as in 1Q21 financial statements	Adjustments in the result from previous years and presentation adjustments	Comparable data for 1Q21 as shown in 1Q22 financial statements
Revenues	**172,101**	**-**	**172,101**
Cost of sales	90,148	-	90,418
Gross profit (loss) on sales	**81,683**	**-**	**81,683**
Selling costs	78,093	-	78,093
Administrative expenses	18,027	-	18,027
Other operating income	207	-	207
Gain from sale of non-financial non-current assets	-	-	-
Other operating costs	1,573	-	1,573
Loss from sale of non-financial non-current assets	17	-	17
Profit (loss) from operations	**-15,820**	**-**	**-15,820**
Financial income	811	-	811
Financial costs	7,553	-	7,553
Pre-tax profit (loss)	**-22,562**	**-**	**-22,562**
Income tax	-2,458	-1,523	-3,981
Net profit (loss) for the period	**-20,104**	**1,523**	**-18,581**

4. CHANGES IN ACCOUNTING STANDARDS

STANDARDS AND INTERPRETATIONS ALREADY PUBLISHED AND APPROVED BY THE EU AND ENFORCED FROM OR AFTER 1 JANUARY 2022

By the date of these condensed consolidated financial statements, new or amended standards and interpretations have been published, applicable to the annual periods after 2022. The list also includes changes, standards and interpretations published but not yet approved by the European Union.

NEW IFRS 17 "INSURANCE CONTRACTS"

A new standard regulating the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4. The standard is effective for annual periods beginning on or after January 1, 2023 or later.

AMENDMENT OF IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

IASB clarified the principles of classification of liabilities to long- or short-term, mainly in two aspects:

- clarified that the classification depends on the rights held by the entity as at the balance sheet date,

- intentions of management with regard to accelerating or delaying the payment of the liability are not taken into account.

Changes are effective for annual periods beginning on or after January 1, 2023.

AMENDMENTS TO IFRS 1, IFRS 9, EXAMPLES TO IFRS 16, IAS 41 WITHIN THE 2018-2020 ANNUAL AMENDMENTS CYCLE:

IFRS 1: additional exemption for determining cumulative exchange rate differences from consolidation;

IFRS 9: (1) when testing the 10% of whether a modification should disqualify a liability, only fees that are exchanged between the obligor and the creditor should be included; (2) it was clarified that the fees incurred in the event of the liability being derecognised are recognized in the result, and if the liability is not derecognised, they should be referred to the value of the liability;

IFRS 16: in example 13, the issue of an incentive from the lessor in the form of coverage of fit-out costs incurred by the lessee, which raised interpretation doubts, was removed;

IAS 41: the prohibition on recognizing tax flows in the measurement of biological assets is removed.

Amendments are effective for annual periods beginning on or after January 1, 2022 (except for the amendment to the example to IFRS 16, which is effective from the date of publication).

AMENDMENT TO IAS 16 "PROPERTY, PLANT AND EQUIPMENT"

It was specified that the production performed as part of the tests of the fixed asset prior to the commencement of the use of the fixed asset should be recognized as (1) inventory in accordance with IAS 2 and (2) revenue when it is sold (and not affect the value of the fixed asset). The testing of an asset is part of its cost. The change is effective for annual periods beginning on or after January 1, 2022.

AMENDMENT OF IAS 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS"

It has been clarified that the costs of fulfilling onerous contracts include incremental costs (e.g. labour costs) and the allocated part of other costs directly related to the filling cost, e.g. depreciation. The change is effective for annual periods beginning on or after January 1, 2022.

AMENDMENT OF IFRS 3 "BUSINESS COMBINATIONS"

References to the definition of liabilities included in the conceptual framework and definition of contingent liabilities in IAS 37 have been clarified. Amendment is effective for annual periods beginning on or after January 1, 2022 or later.

AMENDMENT OF IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

IASB clarified which information about the accounting policy applied by the entity is relevant and requires disclosure in financial statements. The principles focus on tailoring disclosures to individual circumstances of the entity. The Board advises against the use of standardized provisions copied from IFRS and expects that the basis of measurement of financial instruments is significant information. The change is effective for annual periods beginning on or after January 1, 2023.

CHANGE IN IAS 8 "ACCOUNTING PRINCIPLES (POLICIES), CHANGES IN ESTIMATED VALUES AND CORRECTING ERRORS"

IASB introduced the definition of an accounting estimate to the standard: Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The change is effective for annual periods beginning on or after January 1, 2023.

AMENDMENT OF IFRS 16 "LEASES"

In 2020, IASB published simplifications for lessees receiving reliefs due to the COVID-19 pandemic. One of the conditions was that the discounts would apply only to payments maturing by the end of June 2021. Now this date has been postponed to June 2022. The change is effective for annual periods beginning on or after April 1, 2021, with earlier application permitted.

AMENDMENT TO IAS 12 "INCOME TAX"

IASB introduced a rule that if a transaction results in both positive and negative temporary differences in the same amount, assets and a provision for deferred income tax should be recognized even if the transaction does not result from a merger and does not affect the accounting or tax result. This means that assets and a provision for deferred tax have to be recognized, e.g. when temporary differences exist in equal amounts in the case of leases (a separate temporary difference from the liability and the right of use) or in the case of restoration liabilities. The principle stating that deferred income tax assets and liabilities are compensated if the current tax assets and liabilities are set off has not been changed. The change is effective for annual periods beginning on or after January 1, 2023.

AMENDMENT TO IFRS 17 "INSURANCE CONTRACTS"

IASB has established comparative transitional provisions for entities that simultaneously implement IFRS 17 and IFRS 9 to mitigate potential accounting mismatches resulting from differences between these standards. The change is effective for annual periods beginning on or after January 1, 2023.

In the first quarter of 2022, no new amendments to the accounting standards were published, while the European Union approved the following two amendments to the standards:

AMENDMENT TO IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

Impact on the Group's statements Amendments to IAS 1 and the practical position to IFRS Disclosures in the field of Accounting Policy (the accounting year starting on January 1, 2023) Change in the scope of disclosure of significant accounting policies in financial statements. Pursuant to the introduced changes, only the accounting principles that have a significant impact on the information contained in the financial statements will be disclosed.

AMENDMENT TO IAS 8 "ACCOUNTING PRINCIPLES (POLICIES), CHANGES IN ESTIMATED VALUES AND CORRECTING ERRORS"

Amendment to IAS 8: definition of accounting estimates (the accounting year starting on January 1, 2023) Amendment specifying the definition of accounting estimates, i.e. cash amounts recognized in the financial statements that are subject to measurement uncertainty.

The Group is currently analyzing the impact of the above-mentioned standards, interpretations and amendments to the standards.

5. OPERATING SEGMENTS

The Group specializes in the design and retail sale of branded men's and women's clothing positioned in the middle and upper segment of the market, as well as luxury jewellery and watches. Currently, it is building sales based on the brands Vistula, Lantier, Vistula Red, Bytom, Wólczanka, Lambert, W.KRUK (through a subsidiary) and Deni Cler (through a subsidiary).

The Group runs two business segments: clothing and jewellery.

The diagram below shows the breakdown of the Group's activities by business segments:

VRG
VISTULA RETAIL GROUP

APPAREL Retail and wholesale					JEWELLERY Retail and wholesale		
Suits	Accessories	Jackets	Shirts	Trousers	Jewellery	Watches	Accessories

LEADING OWN BRANDS OF THE VISTULA BUSINESS LINE:

VISTULA			
VISTULA	VISTULA Lantier	VISTULA RED	VISTULA WOMAN
Operating on the Polish market since 1967, Vistula is the basic line of men formalwear. The brand offers a wide range of suits, jackets, trousers, shirts and other complementary accessories.	The brand was launched in 1998. Its signature products are associated with apparel of French origins. Introduction of the Lantier brand was aimed at broadening the Company's offer to include products aimed at the most demanding customers, using the latest global fashion trends and the highest quality fabrics. Apart from classic suits, Lantier collections, similarly to Vistula brand collections, also include knitwear, shirts, jackets, coats and a wide range of complementary items.	A brand introduced in 2009, which offers fashionable and smart casual products. The Vistula Red branded products are characterized by high quality and design consistent with global fashion trends. The brand is addressed at younger customers looking for bolder and more casual outfits.	Women's brand introduced in 2021. The collection was created for women who appreciate quality, comfort and the timeless of products. VISTULA WOMAN, refined in details, surprises with classic cuts and fashionable patterns. It includes products for many occasions - outerwear (classic coats, casual down and leather jackets), jackets and elegant trousers, skirts, dresses, shirts, as well as jeans, sweaters and t-shirts and an offer of accessories (shoes, belts, caps and gloves).

LEADING OWN BRANDS OF THE BYTOM BUSINESS LINE:

BYTOM
BYTOM
BYTOM is a Polish brand with a history dating back to 1945, in which tradition meets the modern vision of tailoring and men's fashion. Basing on a dozen of years long heritage, the brand offers men formalwear with a flagship product in the form of suits, made from finest Italian fabrics in Polish sewing facilities. BYTOM is not just the art of tailoring. The brand refers to the Polish cultural heritage by creating limited collections inspired by the work of outstanding personalities, inviting people with a significant influence on the development of Polish culture and art.

LEADING OWN BRANDS OF THE WÓLCZANKA BUSINESS LINE:

WÓLCZANKA	
WÓLCZANKA	LAMBERT LONDON STYLE SHIRTING
It is a brand that has existed since 1948. The brand's offer includes men's shirts, and from the Autumn/Winter 2014 season also women's shirts, both formal and casual. Tradition and many years of experience in designing shirts and accessories have made the brand an expert in its field and a leader on the Polish market. From 2019, the offer of the Wólczanka brand is gradually expanded with new assortments, including various types of trousers, skirts, dresses, jackets, coats, jackets and denim clothing - new assortments allow you to complete ready-made stylizations for various occasions.	It is a brand of shirts and accessories that refer in their form and design to the principles of traditional tailoring and made of the highest quality fabrics. Lambert offers classic shirts and business accessories, ideal for women and men who observe the formal dress code at work, as well as who like to feel elegant, regardless of the occasion, who value comfort and the highest quality of the product.

OTHER OWN BRANDS IN THE APPAREL SEGMENT:

APPAREL SEGMENT
DENI CLER MILANO
The brand's clothing is dedicated to the upper segment of the women fashion. The brand's products were introduced to the Polish market in the early 90's. Deni Cler offering is sewn from Italian fabrics, with the majority of accessories used being of Italian origins as well. Fabrics used to make branded clothes are mostly cashmere and wool with silk. The brand's assortment includes mostly: skirts, jackets, pants, blouses, coats and dresses. The owner of the Deni Cler brand originating in Milan is DCG S.A. based in Warsaw (the Company's subsidiary). The main activity of DCG S.A. focuses on the design, production and distribution of exclusive women's clothing.

OWN BRANDS IN JEWELLERY SEGMENT:

JEWELLERY SEGMENT	
W.KRUK 1840	**WATCHES**
W.KRUK is the oldest jewellery brand in Poland with over 180 years of tradition. W.KRUK's offer includes gold and platinum jewellery, in particular jewellery with diamonds and precious stones. W.KRUK also creates the highest quality collections made of silver and other metals. W.KRUK offers many original jewellery lines with a unique character. The distinctive style of W.KRUK products is the result of the work of designers, projects inspired by ambassadors (including the Freedom collection by	W.KRUK offers watches from luxury Swiss brands such as Rolex (as the only distributor of this brand in Poland), Cartier, Jaeger-LeCoultre, Hublot, Panerai, Chopard, Girard-Perregaux, Omega, Tudor, Tag Heuer, Longines, Rado, Frédérique Constant , Tissot, Certina, Doxa, Gucci, Swatch and many more. At the end of 2020, the Patek Philippe brand, considered

Martyna Wojciechowska) and an expert and innovative approach to jewellery. A significant part of the collections presented every year is manufactured in the Manufaktura facility near Poznań, which is one of the few in Europe that still uses traditional manufacturing techniques. In the studios of the W.KRUK brand, handicraft is combined with the latest technologies. In 2019, W.KRUK brand was the first in Poland to introduce a new category of man-made diamonds in laboratory conditions to the offer in its chain of stores under the name New Diamond by W.KRUK. They have parameters identical to diamonds mined with traditional methods and are classified according to the same parameters, using the same standards of expert assessment. The collection decorated with New Diamond by W.KRUK includes rings under the name Perfect®, earrings and pendants with man-made diamonds in the following colours: white and for the first time on the Polish market, pink and blue. Since 2016, the range of the brand has been complemented by a selection of W.KRUK branded accessories, such as leather bags and accessories, silk scarves, sunglasses and fragrances for women and men.

the most prestigious in the world, was added to the offer. Watches of renowned brands sold in W.KRUK stores occupy a strong position on the Polish market, and the value of their sales is systematically increasing.

PRODUCTION ACTIVITY:

The production activity in the apparel part of the Group was located, among others, in a 100% subsidiary of the parent company, operating under the name of WSM Factory Sp. z o.o. (former name Wólczanka Shirts Manufacturing Sp.z o.o.). In addition to its own plant, the Group cooperates with proven independent producers who guarantee the provision of sewing and packaging services at the highest level and offer competitive price conditions.

Revenues for the geographical segments for the period from January 1, 2022 to March 31, 2022 and for the comparable period are presented in the table below.

Revenues from various markets in terms of geographic location	PLN ths	
	1Q 2022 from 01-01-2022 to 31-03-2022	**1Q 2021** from 01-01-2021 to 31-03-2021
Poland	240,643	167,974
EURO zone	2,902	3,979
US$ zone	142	-
CHF zone	92	148
Total	**243,779**	**172,101**

In terms of geographical segments, the entire activity of the Capital Group is carried out in the Republic of Poland, part of the sale relates to the shipment of the Group's goods abroad.

Other financial data related to the segments are included in the Management Board's comment.

6. SEASONALITY AND CYCLICALITY OF ACTIVITIES

Retail trade, both in the fashion sector and in the jewellery industry, is characterized by significant seasonality of sales. For the apparel market, the most favourable period from the point of view of the generated financial result is the second and fourth quarter, while in the jewellery industry it is the period of the fourth quarter (especially December).

7. FX EXCHANGE RATES USED TO VALUE ASSETS AND LIABILITIES

Individual items of assets and liabilities were converted into EUR at the average exchange rate of March 31, 2022 announced by the National Bank of Poland, which was 4.6525 PLN/EUR. Individual items of the profit and loss account were converted into EUR at the rate of PLN / EUR

4.6472, which is the arithmetic mean of average EUR exchange rates set by the National Bank of Poland on the last day of each completed month covered by the report.

For calculation of the average exchange rate, the following EUR exchange rates were adopted from: 31.01.22 - 4.5982 PLN/EUR, 28.02.22 - 4.6909 PLN/EUR, 31.03.22 - 4.6525 PLN/EUR. The comparable data for individual assets and liabilities were converted into EUR at the average exchange rate announced by the National Bank of Poland, applicable on the last day of the reporting periods, i.e. on December 31, 2021, which amounted to 4.5994 PLN/EUR and on March 31, 2021, which was 4.6603 PLN/EUR.

Comparable data for individual items of the profit and loss account were converted into EUR at the rates constituting the arithmetic mean of average EUR exchange rates set by the National Bank of Poland on the last day of each completed month of the comparative period, i.e. from 01/01/2021 to 03/31/2021, which amounted to 4.5721 PLN/EUR.

8. INFORMATION ON MATERIAL CHANGES IN ESTIMATED VALUES, INCLUDING ADJUSTMENTS FOR PROVISIONS, DEFERRED TAX ASSETS AND LIABILITIES AS WELL AS ASSET WRITE-OFFS

W okresie bieżącym nie miały miejsca zmiany szacunków ani założeń w porównaniu do tych przyjętych i ujawnionych w skonsolidowanym sprawozdaniu finansowym za rok obrotowy zakończony 31 grudnia 2021 roku, zatwierdzonym 8 kwietnia 2022 roku.

In the current period, there were no changes in estimates or assumptions compared to those adopted and disclosed in the consolidated financial statements for the financial year ended December 31, 2021, approved on April 8, 2022.

8.1. PROVISIONS

	PLN ths					
	Provision for employee costs	**Provision for future liabilities**	**Provision for work in progress (services of subcontractors)**	**Returns from customers**	**Other**	**Total**
Balance as at January 1, 2021	**6,665**	**2,612**	**925**	**893**	**10**	**11,095**
provisions created during the year	2,946	615	827	1,309	2	5,699
provisions released	-1,397	-29	-		-	-1,426
Balance as at December 31, 2021	**8,204**	**3,198**	**1,752**	**2,202**	**12**	**15,368**
presented in short-term liabilities	7,083	3,198	1,752	2,202	12	14,247
presented in long-term liabilities	1,121	-	-	-	-	1,121
Balance as at January 1, 2022	**8,204**	**3,198**	**1,752**	**2,202**	**12**	**15,368**
provisions created during the year	**46**	436	271	-	12	725
provisions released	-1,045	-427	-	-	-1	-1,473
Balance as at March 31, 2022	**7,165**	**3,207**	**2,023**	**2,202**	**23**	**14,620**
presented in short-term liabilities	6,044	3,207	2,023	2,202	23	13,499
presented in long-term liabilities	1,121	-	-	-	-	1,121

Balance of provisions as at March 31, 2022 includes:

long-term provision for retirement benefits	PLN 1,121 ths	Total PLN 14,620 ths
short-term provision for retirement benefits	PLN 155 ths	
short-term provision for overdue holidays	PLN 4,448 ths	
provision for bonuses	PLN 1,441 ths	
provision for customer returns	PLN 2,202 ths	
short-term provision for sewing services	PLN 2,023 ths	
provision for future liabilities	PLN 3,207 ths	
other provisions	PLN 23 ths	

8.2. CHANGE IN WRITE-DOWNS OF SHORT-TERM RECEIVABLES, INVENTORIES AND IMPAIRMENT OF FIXED ASSETS

Write-offs	PLN ths				
	Balance at 01.01.2022	Creation	Release/ Usage	Reclassified	Balance at 31.03.2022
Intangible assets write-offs	3,150	-	-	-	3,150
Fixed assets write-offs	3,206		29	-1,040	2,137
Write-offs for assets held for sale	-	-	-	1,040	1,040
Inventory write-offs	22,766	18	18	-	22,766
Receivables write-offs	1,745	251	306		1,690
Write-offs for proceeds from loans granted	-	-	-	-	-
Total write-offs	**30,867**	**269**	**353**	**-**	**30,783**

Write-offs	PLN ths				
	Balance at 01.01.2021	Creation	Release/ Usage	Reclassified	Balance at 31.03.2021
Intangible assets write-offs	3,147	3	-	-	3,150
Fixed assets write-offs	2,071	2,256	1,121	-	3,206
Write-offs for assets held for sale	-	-	-	-	-
Inventory write-offs	18,031	12,677	7,942	-	22,766
Receivables write-offs	57,386	2,631	58,272	-	1,745
Write-offs for proceeds from loans granted	2,179	-	2,179	-	-
Total write-offs	**82,814**	**17,567**	**69,514**	**-**	**30,867**

8.3. DEFERRED TAX ASSETS AND LIABILITIES

Balance sheet items	PLN ths	
	Balance sheet items	
	31.03.2022	31.12.2021
Deferred tax provisions	**84**	**100**
Balance sheet values – FX gains	6	22
Net provisions paid	55	55
Other	23	23
Transferred to financial result	**84**	**100**
Transferred to goodwill	**-**	**-**
Deferred tax assets	**30,286**	**26,215**
Accelerated balance sheet depreciation	2,290	2,263
Post-employment benefits (severance pay)	26	27
Write-offs	4,873	4,877
Provisions, remuneration and social security	2,060	2,331
Balance sheet values – FX losses	317	71
Tax loss carryforward	8,059	3,352
Provision for future liabilities	1,319	1,929
Provision for customer returns	1,015	1,034
Loyalty programme valuation	764	764
Bank loans valued at amortised cost	39	39
Lease liabilities for commercial and office floorspace	9,524	9,528
Transferred to financial result	**30,286**	**26,215**
Transferred directly to equity	**-**	**-**

9. FINANCIAL INCOME AND COSTS

	PLN ths	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021
net financial costs	-1,116	-596
FX differences (excl. IFRS 16)	-2,461	-1,489
IFRS 16	-5,171	-4,656
- incl. FX differences	*-3,905*	*-3,221*
- incl. interest	*-1,265*	*-1,435*
Financial income/ costs	**-8,748**	**-6,742**

10. CONDITIONAL RECEIVABLES AND LIABILITIES

	PLN ths	
	balance as at 31-03-2022 / end of quarter 2022	balance as at 31-12-2021 / end of previous quarter 2021
- Issued bank guarantees for rentals of store premises	55,573	58,755
- Open letters of credit	26,933	23,441
- Promissory notes securing lease liabilities	354	410
Conditional liabilities, total	**82,860**	**82,606**

There are no conditional receivables in the Group.

11. ISSUANCE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES

In the first quarter of 2022, the parent company did not issue, redeem or repay any equity securities.

12. PAID AND DECLARED DIVIDENDS

During the 3 months ended March 31, 2022, the Capital Group did not pay or declare any dividends. There is no preference for shares with regard to dividend payments.

The Capital Group has a Dividend Policy adopted by the Management Board of the parent company on May 18, 2022, with the following wording:

VRG S.A. dividend policy based in Cracow.

One of the main goals of the Management Board of VRG S.A. with its seat in Cracow ("the Company") is to share the profit with shareholders through payment of dividends. The Management Board of the Company intends to recommend to shareholders dividends payment in accordance with the dividend policy.

The Management Board of the Company intends to recommend annually to the General Shareholder Meeting of the Company a dividend payment in the range between 20% and 70% of the value of the consolidated net profit resulting from the audited consolidated financial statements of the Company, assuming that net debt/EBITDA ratio at the end of the financial year will be less than 2.5.

Each time before presenting a recommendation to the General Shareholder Meeting of the Company, the Management Board of the Company will take into account the following factors:

1. the financial situation of the Company and its capital group,
2. investment needs,
3. liquidity situation,
4. prospects for the development of the Company's capital group in a given market and macroeconomic situation,
5. acquisition plans,
6. banking covenants.

13. PROCEEDINGS PENDING BEFORE A COURT, AN ARBITRATION BODY OR A PUBLIC ADMINISTRATION BODY

There are no proceedings pending before a court, a body competent for arbitration proceedings or a public administration body relating to the Group's liabilities or receivables, the value of which would materially affect the assessment of the Group's standing.

14. RELATED PARTY TRANSACTIONS

The entities related to the Group are:

- persons included in the key management personnel of the VRG S.A. Capital Group
- entities in which the persons included in the key exercise control or on which they exercise significant influence, in the meaning of IAS 24.

The key management personnel of the Group includes members of the Management Board and Supervisory Board of the parent company.

The value of short-term benefits of the members of the Management Board of the parent company, paid in the period from January 1, 2022 to March 31, 2022, amounted to PLN 675.5 thousand. Value of short-term benefits of the members of the Supervisory Board of the parent company, paid in the period from January 1, 2022 to March 31, 2022, amounted to PLN 342.1 thousand.

15. INFORMATION ON GRANTING BY THE ISSUER OR BY AN ENTITY DEPENDING ON A GUARANTEE FOR A CREDIT OR LOAN OR GRANTING A GUARANTEE TO ONE ENTITY OR AN ENTITY SUBJECT TO THIS ENTITY, IF THEIR OWNERSHIP IS MATERIAL

In the first quarter of 2022, the parent company did not grant any additional sureties to its subsidiaries as compared to those described in the consolidated and separate annual report for 2021.

As at March 31, 2022, the balance of sureties granted in previous periods by the parent company to subsidiaries W.KRUK S.A., DCG S.A. and VG Property Sp. z o.o. for liabilities of W.KRUK S.A., DCG S.A. and VG Property Sp. z o.o. to Bank PKO BP S.A. resulting from credit agreements is:

– Term loan agreement (Loan B) up to the amount of PLN 71,400,000.00 concluded by the Company on March 9, 2015 as altered later, transferred to W.KRUK S.A. after taking over an organized part of the Company's enterprise by W.KRUK S.A. as a result of which the borrower changed in the Loan Agreement B, i.e. the company was replaced by Grupa W.KRUK S.A. therefore the debt was taken over by W.KRUK S.A. After the rights and obligations of the borrower have been transferred to W.KRUK S.A., the Group is responsible for the repayment of Loan B under the surety up to a maximum amount not exceeding PLN 107,100,000, with the possibility of releasing it after 3 years.

  On July 9, 2020, the parent company VRG S.A. granted an additional surety to the subsidiary W.KRUK S.A. to the multi-purpose loan limit agreement of June 25, 2015, as amended later, up to PLN 33,000,000, the surety is valid until January 6, 2024. However, on July 7, 2020, the subsidiary W.KRUK S.A. granted a surety to VRG S.A. to the multi-purpose credit limit agreement of June 25, 2015, as amended later, up to PLN 55,000,000, the surety is valid until January 1, 2024.

– Multi-purpose credit limit agreement up to PLN 4,500,000.00 concluded by a subsidiary DCG S.A. on June 25, 2015 as amended One of the collaterals for the repayment of DCG S.A. liabilities to the bank under this agreement there is a surety by the parent company up to a maximum amount not exceeding PLN 6,750,000, the surety is valid until July 14, 2025.
– An investment loan agreement up to the amount of PLN 4,021,500.00 concluded by a subsidiary VG Property Sp. z o.o. on June 30, 2016 as of later amended. One of the collaterals for the repayment of liabilities of VG Property Sp. z o.o. under this agreement is a surety by the Company towards the bank up to a maximum amount not exceeding PLN 6,032,250, the surety is valid until the loan is fully repaid.

After the balance sheet date, on May 17, 2022, DCG S.A. signed an appendix with Bank PKO BP S.A., which increases the multi-purpose loan limit from PLN 4,500,000.00 to PLN 6,500,000.00. One of the collaterals for the repayment of DCG S.A. liabilities to the bank under this agreement there is a surety by the parent company up to a maximum amount not exceeding PLN 9,750,000.

16. INFORMATION ON FINANCIAL INSTRUMENTS

In the reporting period, there was no change in the method of measuring financial instruments at fair value and there was no change in the classification of financial assets.

17. INFORMATION ON MATERIAL PURCHASES OF SALE OF FIXED ASSETS

The total amount of capital expenditure in the consolidated statement of cash flows disclosed in the reporting period was PLN 5,937 thousand.

There are no significant sales transactions.

18. INFORMATION ON MATERIAL LIABILITIES RELATED TO PURCHASE OF FIXED ASSETS

Not applicable.

19. INDICATION OF FACTORS WHICH, IN THE ISSUER'S ASSESSMENT, WILL AFFECT THE RESULTS ACHIEVED BY THE CAPITAL GROUP IN THE PERSPECTIVE OF AT LEAST THE NEXT QUARTER

Below is a summary of the most important risk factors that may affect the results and economic and financial situation of the Group. The factors listed below may have a significant negative impact on the development prospects, the achieved results and the financial situation of the Capital Group.

The Group's financial results in the next few quarters may be affected by:

- Armed conflict in Ukraine.
- Rising inflation and rising prices.
- Limiting consumption, cuts in spending on durable goods of households due to rising inflation.
- Disruptions in the supply chain related to the Asian market.
- Economic and social situation in Poland.
- Further development of the Group's offer.
- Lower YoY restrictions related to COVID-19.
- PLN exchange rate in relation to USD, EUR.
- On-line channel development, omnichannel-oriented activities.

20. OTHER INFORMATION THAT IS RELEVANT FOR THE ASSESSMENT OF THE SITUATION OF VRG S.A. CAPITAL GROUP

In the 3-month period ended March 31, 2022 there were no other events than those described in this report, and in particular those described in Note 1.5. Going concern, circumstances that may have a significant impact on the deterioration of the personnel, property, financial situation and the financial result of the Group, which could threaten its ability to meet its obligations.

EXTERNAL RISK FACTORS

Economic risk related to the macroeconomic situation	Level of the Group's revenues depends on the economic situation, including: dynamics of economic growth, level of unemployment, level of household income and indebtedness, individual consumption, consumer optimism indicators, level of the euro against the Polish zloty exchange rate, interest rates and the state fiscal policy. There is a risk that if the economic situation weakens or deteriorates again, there will be fluctuations in the demand for products offered by the Group, which will adversely affect the results and financial position. **Actions**: Each of the brands owned by VRG is targeted at a wide range of consumers. The Group offers very good quality products at attractive prices. In the event of a downturn or demand, the Group will reduce costs to maintain profitability.
Risk related to the instability of the Polish legal system, including tax system	A potential risk for the Group's operations, as for all entities operating in the course of business, may be the volatility of legal regulations and their interpretations. Changes in commercial law, tax regulations, labour and social security law and other regulations governing the activities of enterprises, in particular in the Group's industry, entail a serious risk in running a business and may hinder or prevent the implementation of planned operating activities and financial forecasts. Subsequently, changes to the law may lead to the deterioration of the condition and financial results of the Group. New legal regulations may potentially pose a certain risk related to interpretation problems, lack of judicial practice, unfavourable interpretations adopted by courts or public administration bodies, etc. Tax law, the regulations of which are frequently changed, many times to the detriment of taxpayers, is characterized by instability. Changes in taxation of business activities in the field of income tax, tax on goods and services or other taxes may have a negative impact on the activities and income levels of the Issuer. The interpretations of the tax authorities also change, are replaced by others, or contradict each other. This results in uncertainty as to the method of application of the law by tax authorities in various, often complicated, factual situations occurring in economic transactions. The Group is also exposed to the risk related to the possibility of changes in interpretations of tax law regulations issued by tax authorities. The factors described above may have a significant negative impact on the Group's development prospects, results and financial standing. **Actions**: The Group analyzes the changing regulations on an ongoing basis, including tax regulations. In the event of legal changes, the Management Board will focus its actions on minimizing their impact on the Group's financial results.
Risk related to increased competition	The Capital Group operates in a highly competitive market environment. The apparel and jewellery segment of the market is highly fragmented: on the one hand, we are dealing with brands recognized on the Polish market, such as Vistula, Bytom, Wólczanka, Deni Cler and W.KRUK, and on the other, with global brands that are aggressively entering the Polish market. The apparel segment of the market is characterized by relatively low entry barriers. We are also dealing with the emergence of competition from emerging brands. The Group may be forced to look for new supply markets in order to maintain the competitiveness of the offer. In addition, it may be possible to increase your marketing and promotion expenditure to reach your target customer. **Actions**: In order to reduce the risk, the Management Board monitors the competitors' activities on an ongoing basis in terms of the development of the sales network, offered products and the price level.

Foreign exchange risk and risk related to hedging policy	The Group generates revenues mainly in PLN, but incurs significant costs in EUR, US dollar and CHF, which results in the financial result being exposed to exchange rate risk. In periods of weakening of PLN in relation to the main settlement currencies, the Company incurs higher costs due to exchange differences. In currencies other than PLN, the Group bears the costs of (a) purchasing production materials (fabrics, accessories) and supplementary assortments in the apparel segment (shoes, knitwear, leather and other accessories), (b) purchase of materials for production (jewellery raw materials), jewellery and watches in the jewellery segment and (c) arising from commercial space lease agreements. In the event of a significant and long-term weakening of the Polish currency against the euro, US dollar and Swiss franc, there is a risk of a significant deterioration of the financial results achieved by the Group. **Actions**: The parent company undertakes actions aimed at limiting the impact of the increase in the exchange rate on the level of the achieved "in take" margin, mainly in the scope of the USD/PLN exchange rate ratio by concluding forward and spot contracts. Transactions are related to individual deliveries of goods, especially in the fashion area, and do not relate to the neutralization of the possible risk related to the increase in rental rates due to the change in the EUR/PLN exchange rate. The impact of forward transactions will be visible in the valuation of currency liabilities related to the concluded forward transactions (the sensitivity analysis to exchange rate risk was carried out in the Consolidated Financial Statement of the VRG S.A. Capital Group.
Interest rate risk	The Group uses external financing bearing a variable interest rate in the form of an investment loan and working capital loan as well as reverse factoring. Therefore, the Group is exposed to interest rate risk in the form of a possible increase in financing costs and, as a consequence, a decrease in the Group's profitability. **Actions**: having relatively low debt, the Group currently considers this risk to be low (despite the rapid increase in interest rates). He constantly monitors the market situation, but currently does not take any additional measures to hedge the interest rate risk.
Risk related to effects related to the coronavirus epidemic	In emergency situations, such as an epidemic, there may be state ordinances regarding the functioning of economic entities, as well as changes in consumer behavior and preferences. In order to counteract the effects of such phenomena, actions may be taken on the part of government administration, local governments or other social groups that will affect the operations of the Company. According to the current assessment, the Issuer expects that the effects of the coronavirus epidemic and potential restrictions may have a negative impact on the Issuer's future financial results. It may be caused by restrictions introduced by the Minister of Health in the operation of commercial facilities with a sales area of more than 2,000 m2, where over 95% of Vistula, Bytom, Wólczanka, Deni Cler and W.KRUK stores are located. The above assessment results from the Issuer's best knowledge as at the date of this report. The impact of coronavirus spread in epidemic conditions on financial results depends on a number of factors that are beyond the direct influence and control of the Issuer. However, any protracted restrictions on the operation of stores in shopping centers, including functioning under the sanitary regime, will undoubtedly translate into a decrease in revenues and deterioration of the financial position of the Group. **Actions**: In this situation, the Group will continue to take steps to improve the Group's working capital and maintain a stable level of the Group's net debt. The terms of credit agreements are fulfilled in a timely manner. In the first half of 2021, the parent company extended the contract with ING Bank Śląski SA for another two years. The possibility of selling through the Internet channel as an independent way of reaching the customer is also being developed.
Risk related to armed conflict in Ukraine	The uncertain political and economic situation related to the armed conflict in Ukraine may adversely affect the Group's operations in the area of domestic consumer stay, exchange rates and supply as a result of the risk of disrupting the supply chain. The Group does not have its own or partner showrooms in the areas covered by military operations in Ukraine and Russia, and there is no sale through other channels (online store, wholesale). Due to the fact that the Group does not import goods or raw materials from Ukraine and Russia, the Management Board of the Parent Company considers the risk related to the possible negative impact of the armed conflict in Ukraine on the current stock of brick-and-mortar stores and the availability of the offer in online stores as low.

INTERNAL RISK FACTORS

Risk associated with adopting the wrong strategy	There is a risk that the adopted development strategy of the Group, the basic assumptions of which have been presented in point "Planned development activities" of the Management Board's comment on financial information, will turn out to be inadequate to changing customer expectations or market conditions. There is a risk that the implementation of the strategy will be delayed or some elements will not be implemented or will not give the expected results. There is, among others, the risk that the Company will not be able to launch the planned new sales area, the launch will be delayed or the new locations will not achieve the assumed sales results. **Activities**: Management boards analyse the effects of implemented activities as part of the adopted development strategy on an ongoing basis. Data on available new locations is obtained, as well as the currently possessed evaluation. Optimization measures are taken and customer behaviour is observed to minimize the risk of adopting an incorrect strategy and its impact on the Group's operations.
Risk of changing the tastes and behaviours of buyers	An important factor in the success of an apparel company is the sense of changes in fashion trends and current consumer preferences. There is a risk that individual collections or part of the Company's offer, despite the efforts made, will differ from the expectations of customers in a given season, which may cause problems with sales, the need to reduce sales prices or to write off the value of part of the inventory. To reduce this risk, the design department analyses the changing trends and needs of customers so that we still offer the desired products at a good price-to-quality ratio. In addition, an analysis of the sales of individual assortments is carried out in order to select appropriate products in subsequent collections of brands owned by the Company. Over the recent years, as a result of development of new communication technologies, a change in the behaviour of the modern customer is noticeable, i.e. the use of the Internet and mobile devices in the process of purchasing clothes. Thanks to the use of Internet in the purchasing process, the consumer has access to a wide range of brands, often on a global scale. The consumer has the ability to quickly compare products offered in terms of quality and price. He/she pays attention to the delivery time as well as the manufacturing process and country of origin of the product. Knowledge about behaviour of today's consumers and the way of thinking about the purchase of clothing is an important factor affecting the success of apparel companies. **Actions**: VRG S.A. Group is aware of the changes taking place and undertakes a number of activities aimed at meeting the requirements of today's customers of the clothing market. These activities include: developing an on-line sales channel, customizing the websites of on-line stores to the expectations of the customers, applying solutions dedicated to mobile devices, shortening the time of the delivery.
Risk related to lease agreements	The Group's operations are mainly based on retail sales of goods through its own chain of stores. The risk of losing one or more locations cannot be ruled out, e.g. due to the intention to modernize the entire shopping center or a change in the landlord's pricing policy. The risk of termination of the lease agreement cannot be ruled out if the Group breaches the provisions of the lease agreement or fails to extend the lease agreement in locations showing the highest profitability for the Group or bringing satisfactory financial results. There is a risk that the lease terms proposed to the Group for the next period may differ unfavourable from the terms and conditions in a given location. The loss of existing locations may result in the necessity to temporarily limit activities in a given area or the acquisition of attractive locations will be associated with increased costs. In the face of the recent events related to the coronavirus epidemic, which led to the temporary closure of shopping centers, and thus the Group's ability to sell the leased space, there is a risk that, in the absence of the possibility of a reduction in rents due for the leased space proportionally to the loss of revenues (without additional contract extensions) lease, which results in the expiry of rental obligations for the period of closing stores in shopping centers), the obligations contained in the lease agreements will become an additional cost burden for the Group, and as a consequence may have a significant negative impact on its financial results. **Activities**: constant monitoring of owned and potential locations is carried out in order to achieve an optimal portfolio in line with the Group's expectations. At the same time, during the lockdown period, the Group took steps to avoid charging rent for the period when shopping centers were closed.

Risk related to inventory management	Management of finished products and trade goods is one of material factors affecting the sales results in the Company's industry. On one hand, the level of inventory should make it easier to make a purchasing decision when offering a given seasonal collection, which leads to an increase in inventory at each point of sale. On the other hand - a higher level of inventories generates additional need for working capital and may lead to accumulation of difficult to sell inventory (seasonal products, "fashion", unsuccessful collections). Inappropriate inventory management constitutes a risk for prices, margins and the necessary level of working capital, which may adversely affect the development prospects, results and financial position of the Company. **Actions**: A quantitative and qualitative analysis of stocks is carried out periodically. On its basis, the Group decides on rebate, the amount of sell-offs, as well as any inventory write-offs. In addition, based on analysis of inventory on-hand and resale of current collections, decisions are made as to the level of purchases for subsequent sales periods.
Risk of higher prices of raw materials and production costs of suppliers	The Group purchases imported materials for production, in particular high-quality fabrics and sewing accessories. The cost of the above-mentioned raw materials is a significant factor influencing the cost of production of individual products in the Group's offer. Moreover, the Company purchase clothing accessories. There is a significant risk that with a further increase in the prices of raw materials or production costs at suppliers / service providers, with little possibility of price changes, it will not be possible to maintain margins appropriate for a given type of assortment. **Activities**: The Group, bearing in mind the required quality, actively seeks the most optimal service providers and suppliers and negotiates price conditions.
Risk of cost of external services	External services have a significant share in operating costs. These services consist primarily of rents and other fees for lease of commercial space, costs related to sewing services and costs related to transportation and logistics. The Company also purchases a number of standard services (e.g. advertising, telecommunications, legal, consulting, etc.). One cannot exclude the risk of worsening the commercial conditions of one or more external services purchased by the Company, in particular rental costs. **Actions**: Constant monitoring of concluded contracts is carried out and their comparison with current market conditions.
Risk of termination of bank loan agreement	The Group concluded loan agreements with the banks PKO BP, SA, ING Bank Śląski SA and mBank SA. These agreements contain a number of conditions and covenants the implementation of which is committed to. In the event of an economic downturn, weakening demand for the Group's products, the implementation of the covenants may be jeopardized, which entails the risk of termination of contracts by financing banks. Due to the large amount of financing, it may turn out that the Group will not be able to obtain refinancing in a short time. **Actions**: The Group minimizes the risk by timely fulfilment of obligations towards banks and monitoring of compliance with the covenants. The Group provides the financing banks with information about its situation on an ongoing basis, resulting from the terms of the agreements or the interests of the financing banks themselves, thanks to which the related risk is minimized and, if necessary, refinancing, the Group would be able to obtain it on a timely basis that would not disturb the liquidity financial.
Risk of losing financial liquidity	The Group has liabilities under credit agreements. As a consequence, collateral covering a significant part of the property was established. The above-mentioned liabilities are serviced mainly with the use of current operating proceeds. In the extreme case of a sudden, simultaneous decrease in demand and an increase in costs (especially in the event of a deep weakening of the Polish zloty) or temporary loss of revenues as a result of extraordinary events (limited operation of showrooms for epidemiological reasons), the Group may face difficulties in maintaining financial liquidity. **Activities**: The Group constantly monitors its liquidity position by analyzing sales proceeds and the required liabilities. The Group has carried out activities to extend payment terms for the purchased goods and actively adjusts the value of the collection to the demand, which will positively affect the Group's financial flows. In the first half of 2021, the parent company extended the agreement with ING bank for subsequent years. As part of the anti-crisis shield

	solutions, the parent company received co-financing for wages from the Guaranteed Employee Benefits Fund, and was also temporarily exempted from social security (ZUS) contributions. The company will work to further improve the efficiency of working capital use, which is to be achieved through a further decline in inventories year on year and maintaining longer payment terms. In the opinion of the Management Board of the parent company, the current situation is sufficiently monitored and controlled. The Management Board of the parent company, having in mind the actions taken, is convinced of the positive results of the above-mentioned actions.
Risk of collateral and loss of collateral assets	In connection with loan and other agreements concluded with many entities, the Group has established numerous collaterals on all its property, both on real estate and movables, inventories and trademarks. The sum of collaterals exceeds the carrying amount of the Group's assets. There is a risk of failure to meet deadlines or other terms of contracts. Delays in the performance of the above obligations may result in the immediate termination of all or part of the financing, and then the acquisition of the Group's assets by the creditor in order to satisfy himself from the collateral. The loss of significant assets may lead to significant difficulties in the conduct of the Group's business activities or even to the complete blocking of the possibility of running a business, generating revenues and profits. **Actions**: The Group minimizes the risk by timely fulfillment of obligations towards banks.
Risk of transactions with related parties	Companies of the Group conclude and will continue to conclude transactions with related entities. In particular, the Issuer concludes such transactions with a production company and a company responsible for the jewellery segment. Transactions with related entities may be the subject of examination by tax authorities in order to determine whether they were concluded on an arm's length basis and whether the entity correctly established its tax liabilities. In the opinion of the Management Board of the parent company, transactions with related entities are and will be concluded on an arm's length basis. There is a risk that the tax authorities will question the marketability of the terms of the selected transaction with a related entity, which could result in the necessity to pay additional tax together with default interest. **Actions**: The parent company concludes transactions with related entities on an arm's length basis and analyzes their marketability.
Risk related to the shareholder structure	The parent company is characterized by a dispersed shareholding structure, with the largest shareholders being funds managed by IPOPEMA TFI S.A. which hold 23.72% of votes at the General Shareholder Meeting, and five significant shareholders hold a total of 71.27% of votes at the General Shareholder Meeting. Most of the above-mentioned shareholders have held shares of the parent company for many years, and they participate in shaping the Company's operations through representatives on the Supervisory Board. However, it cannot be ruled out that a risk that one or more significant shareholders will reduce the ownership of their shares or terminate their investment in the Company's shares cannot be excluded. It cannot be ruled out that making decisions that are important from the Group's point of view regarding its strategy and operating activities will be delayed or even blocked. It cannot be ruled out that despite the cooperation to date, the interests of significant shareholders will be divergent / contradictory. The above-mentioned factors may have a significant negative impact on the Group's development prospects, results and financial standing.
Risks related to transfer of an organized jewellery business unit of the Company (W.KRUK Unit) in the form of an in-kind contribution to W.KRUK S.A. subsidiary based in Cracow	Since August 1, 2014, in the organizational structure of the Company, a business unit of W.KRUK was separated. This is a part of the Company's operations related to jewellery industry conducted under the W.KRUK brand, which constitutes an organizationally and financially separate unit of tangible and intangible assets in the Company, including commitments intended to perform specific economic tasks in the jewellery segment of the Company ("W.KRUK Unit"). On March 31, 2015, the W.KRUK Unit was sold as an organized business unit of the Company in the form of an organizationally separated set of tangible and intangible assets, by contributing the organized business unit of the Company in-kind to the Subsidiary. The Company acted on the basis of an interpretation received from the Tax Office, however, it cannot be ruled out that the transaction may involve risk of different interpretations of its effects by tax administration in the light of the applicable PCC, CIT and regulations, which may mean additional financial consequences for the Company.

Risk related to guarantees granted to subsidiaries	In relation with the separation of the organized business unit in the form of jewellery assets and transferring them to the subsidiary W.KRUK SA, the Company carried out a simultaneous financial restructuring. As part of this process, W.KRUK S.A. obtained new financing from PKO BP Bank and the Company guarantied for the debts of the subsidiary. In the second quarter of 2015, the subsidiary DCG S.A. received refinancing from the PKO BP Bank, and during the third quarter of 2016, the subsidiary VG Property Sp. z o.o. obtained an investment loan from PKO BP Bank. The above liabilities of subsidiaries of DCG S.A. and VG Property Sp. z o.o. have been guaranteed by the Company. In the event of a sharp deterioration of economic situation and cessation of debt servicing by W.KRUK S.A. or DCG S.A. and VG Property Sp. z o.o. on the basis of the guarantee granted, the Company may be obliged to settle outstanding liabilities of subsidiaries which could result in loss of financial liquidity of the Company. In connection with the extension of the Multi-product Agreements of the subsidiaries with Bank PKO BP, the parent company granted an additional surety to the subsidiary W.KRUK S.A. for the amount of PLN 33 million, and the subsidiary W.KRUK S.A. granted a surety to the parent company VRG S.A. for the amount of PLN 55 million. **Activities**: The Group regularly monitors the financial standing of subsidiaries and the fulfilment of their obligations towards banks financing their activities.
Risk related to disruptions in the functioning of information systems	The Group uses a number of IT systems, software and programs to provide the appropriate level of communication within the organizational structures of the companies comprising the Group, registering and processing information on economic events in all areas of its operations. The risk of IT disruptions cannot be ruled out in the following areas: (i) Infrastructure (e.g. failures of servers, workstations, network devices, lack of connection to external networks), (ii) software (e.g. malfunction, unauthorized removal, impact of computer viruses, (iii) data resources (loss or destruction of data, unauthorized access to data, unauthorized reproduction of data, unauthorized modification of data). **Actions**: As part of the procedures and IT tools used, the Group strives to minimize the possibility of occurrence of the above-described events, but it is not possible to completely exclude the probability of their occurrence, and consequently their negative impact on security and credibility of information and database resources and on security and continuity of service provision.
Risk related to the EU GDPR Directive	Since May 25, 2018, the Regulation of the European Parliament and the EU Council 2016/67 of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on free movement of such data and the repeal of Directive 95/46/WE became applicable in the Polish legal order (GDPR), which applies to all entities processing personal data in their business activities. The GDPR introduces a number of changes and extends the responsibilities of administrators and data processors. An important issue is the determination of the maximum level of penalties for infringements of the provisions of the GDPR Directive. The maximum levels were set at EUR 20,000,000 or 4% of the total annual turnover of the enterprise from the pre-infringement financial year. **Actions**: In connection with the above, the Company carried out works aimed at: - adapting its activities to the requirements of GDPR, which include: organizing training for employees, whose activities the provisions of the GDP will affect, primarily employees of the marketing, sales and HR departments, loyalty programs service department, - development of a new Information Security Policy; - developing a new Instruction for managing information systems used for data processing; - preparing and implementing changes in solutions of organizational and technical nature; - development of threats and risk analysis in the processing of personal data. However, the risk of occurrence of incidents related to breaching of GDPR provisions may not be completely excluded, which could cause additional negative financial consequences for the Company.
Risks related to smooth co-operation with an external logistics operator	Smoothness and punctuality of deliveries of goods to the network of traditional stores and deliveries of goods purchased by customers of on-line stores of VRG S.A. is based on outsourcing of logistics services to an external operator. There is a risk that disruptions in the organization of the external work of the logistic operator related, for

	example, to the problems of staffing and the availability of appropriate storage areas may cause disruption of the following logistics processes: - disruptions in the flow of warehouse processes (admission / release); - delays and errors in deliveries to traditional stores in the period of increased needs - change in collections; - delays and errors in shipments to customers of on-line stores in the period of increased needs - intense sell-offs. Actions taken by VRG S.A. aimed at limiting the above risks relate respectively to: - introduction of a procedure for regular audits of logistics structures and systems made available for the needs of VRG S.A. by th external operator; - improvement of the admission and release plan from the external operator's warehouse and precise pre-selection of the necessary storage space; - introduction of a system of planning releases of goods in weekly cycles and a system of transferring information to the logistics operator on the quantity and dates of planned releases of goods; - introduction of planning the number of e-commerce orders on a monthly basis - based on analytical data from on-line stores; - negotiations on increasing the available storage space at an external operator, regarding guaranteeing the possibility of implementing daily minimum goods releases for traditional stores and daily minimum deliveries to customers of on-line stores. However, it is not possible to completely exclude the risk of incidents related to disruption of the aforementioned logistics processes, which could cause the Company additional negative consequences related to fall in sales as a result of late replenishment of a network of traditional stores or loss of some on-line store customers as a result of delays in paid deliveries. One cannot completely rule out the negative effects of deterioration of the image of the Company's brands as a result of the appearance on the Internet and social media of critical comments from customers of on-line stores who do not receive the purchased goods within the required period.
Risk related to the quality of customer service in individual stores	The characteristics of the market in which the Company operates require appropriate level of services quality and customer care in the branded stores of Vistula, Bytom and Wólczanka. The company implements a training system for employees, develops customer service standards and a system of control of introduced standards. There is a risk that if the customer service system is not implemented correctly, the level of services provided in individual stores may be equally good. This may translate into a loss of clients' trust in the brands owned by the Company and deterioration of the Company's image, and it may consequently result in a decrease in the results achieved in individual stores and by the Company in general. **Activities**: training store employees, developing customer service standards and monitoring its implementation.
Risk related to merger of the Company with Bytom S.A.	The Company's Management Board sees a number of synergies related to the merger with Bytom S.A. Thanks to a leap in the scale of operations of the Capital Group, its negotiating position with suppliers of both fabrics and accessories will increase, whereas unification of purchasing policy will enable reduction of delivery costs, and co-ordination and consolidation of purchases. The Capital Group will also be a significant tenant of retail space and a significant advertiser. It will be possible to reduce the network operational management costs and logistics costs resulting from identical locations in shopping malls of individual brand stores. Also, the combination of departments serving both companies and not directly linked to revenues (e.g. accounting, IT) and more effective human resources management should enable the lowering of costs. However, there is a risk that the expectations of the Company's Management Board as to synergies achieved as a result of the merger will not be met in full or be lower than assumed. Additionally, it cannot be excluded that there will be a cannibalization of brands or the resignation of some customers from the offer of the Capital Group. In connection with the principle of general succession resulting from art. 494 of the Code of Commercial Companies, as at the date of the merger, the Company has assumed all the rights and obligations of Bytom S.A. Therefore, there is a risk of transferring responsibility to the Company for liabilities of Bytom S.A.

	Actions: The Management Board monitors synergies and opportunities in this area on a regular basis after the merger of both Companies. The sales results of individual brands, their market positioning and the results of the adopted sales strategies are also observed to maximize the Group's benefits resulting from the merger.
Risk related to disruptions in supply chains	The Issuer's Capital Group purchases products and goods from suppliers from Europe and Asia. Purchase logistics uses various forms of transport offered by proven logistics companies. However, there is a risk that as a result of limitations related to epidemiological situations or other factors affecting the activities of logistics companies (e.g. strikes, difficulties on transport routes), there may be delays in delivery dates and their cost will be higher. **Activities**: The Capital Group uses the services of large, professional forwarding companies that provide comprehensive services. The amount of costs is constantly monitored and subject to comparative assessment.

21. FACTORS AND EVENTS, INCLUDING UNUSUAL NATURE, WHICH HAVE A SIGNIFICANT IMPACT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In the reporting period, there were no unusual items that would have a significant impact on assets, liabilities, equity, net profit or cash flows that would not be described in this report.

22. SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2022:

In the first quarter, many internal and external events took place that had an impact on VRG's business.

Development of traditional network: We started the year in the stationary network with the opening of a new Wólczanka store in Silesia City Center. It is designed in accordance with the new format, which enables the presentation of a wide range of the brand. In the first quarter of this year. analogous Wólczanka stores also debuted in Warsaw's Arkadia, CH Focus in Zielona Góra and City Center in Rzeszów.

1. **Changes in the governing bodies:** In January, there were also changes in the company's governing bodies. On the last day of the month, the Supervisory Board decided to recall Radosław Jakociuk, the vice-president of the Management Board of VRG, who was responsible for the company's operating activities. In turn, on February 18, the Supervisory Board completed the process of completing the new composition of the Management Board, appointing Janusz Płocica to the position of the President of the Management Board, who finally began to perform his duties on April 19. Thus, the current VRG Management Board was formed, composed of: Janusz Płocica as the President of the Management Board, Marta Fryzowska as the Vice President of the Management Board responsible for the fashion segment, and Michał Zimnicki as the Executive Vice President of the Management Board and CFO of the Company.
2. **Impact of the pandemic:** It is also worth noting that the beginning of 2022 saw another wave of increased COVID-19 cases. Although we did not deal with the administrative lockdowns that marked the first quarter of 2021, the temporary withdrawal from social life of a large part of Poles and the return to remote work of companies resulted in a reduction in traffic in shopping centers and, consequently, in VRG stores in January and at the beginning of February.
3. **Impact of the armed conflict:** February is also a period of increasing geopolitical tension in the region, culminating in Russia's aggression against Ukraine on February 24. These events had a significant impact on Polish society, including consumer sentiment. In the first weeks of the war, we saw a sharp slump in sales, which started to recover only from mid-March.

VRG does not sell products or employ any employees in Ukraine or Russia. Therefore, the events beyond our eastern border did not affect the company's operational continuity. In response to them, we undertook a number of aid activities for people directly affected by the war, including our employees in Poland who are citizens of Ukraine. VRG brands donated PLN 200,000 to Polska Akcja Humanitarna (PLN 100,000 from VRG and another 100,000 from W.KRUK). Individual brands also regularly provide clothing for refugees who find shelter in our country.

4. **New collections**: In these difficult circumstances, in the first weeks of March, VRG brands presented their spring and summer 2022 collections. Prepared with the post-pandemic revival in mind, the range of clothing brands combines casual elements with elegant formal fashion. W.KRUK proposed an original jewellery collection and spring accessories. There were also, among others, new models of luxury watches, the sale of which has historically proved to be extremely resistant to economic turmoil.

Preparation for this year's Spring and Summer. VRG apparel brands opted for sustainable collections, combining classic forms with comfortable casual elements. The common denominator of the Group's offer is commitment to quality and timeless elegance. At the same time, the projects of individual brands present a wide variety of poetics: from the contemporary Vistula collection, with a palette of products suited to various occasions and enabling the combination of mixing of individual elements, through the classic elegance of Bytom in the RETRO FUTURE edition, to bursting with colours, energetic collections of Wólczanka and Deni Cler.

23. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

01.04.2022

Change of the date of taking up the position in the Management Board of the Company by the President of the Management Board of the Company

In the current report No. 12/2022 of April 1, 2022, the Management Board of the Company informed that the Supervisory Board of the Company on April 1, 2022 adopted a resolution on changing the resolution of the Supervisory Board of the Company of February 18, 2022 regarding the appointment of Mr. Janusz Płocica to the composition of the Management Board of the Company and entrusting him with the function of the President of the Management Board of the Company, about which the Company informed in the current report No. 8/2022. Pursuant to the resolution of the Supervisory Board of the Company of April 1, 2022, the above-mentioned resolution of the Supervisory Board was amended in such a way that the Supervisory Board decided to appoint Mr. Janusz Płocica to the Management Board of the Company and act as the President of the Management Board, with effect from April 19, 2022. in place of the current date of June 1, 2022.

04.04.2022

Resignation from delegation to temporarily perform the duties of the President of the Management Board
In the current report No. 13/2022 of April 4, 2022, the Management Board of the Company informed that on April 4, 2022, it had received a declaration from Mr. Jan Pilch, Deputy Chair of the Supervisory Board of the temporarily performing the duties of the President of the Management Board. The Company informed about the posting in the current report no. 11/2022. In connection with the submitted statement, Mr. Jan Pilch returns to perform his duties related to the function of a member of the Supervisory Board of the Company as of April 19, 2022.

16.05.2022

Change in the structure of significant blocks of the Company's shares
In the current report No. 17/2022 of May 18, 2022, the Company informed that on May 16, 2022 it received from IPOPEMA TFI S.A. with its seat in Warsaw ("the Mutual Fund"), pursuant to Art. 69 sec. 1 point 1 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (the "Act"), the information that as a result of the acquisition by the fund IPOPEMA 21 FIZ Non-Public Assets managed by the Mutual Fund ("Fund"), shares of the Company in the transaction carried out on the regulated market on May 9, 2022, settled on May 11, 2022, the share of the Fund in the total number of votes in the Company increased above the threshold of 15% in the total number of votes in the Company. Before the above-mentioned event, the Fund owned 35,165,137 shares of the Company, which constituted 14.999% of the share capital of the Company and gave 35,165,137 votes, which constituted 14.999% of the total number of votes at the General Meeting of the Company.

After the above-mentioned event, the Fund holds 35,193,953 shares of the Company, which constitutes 15.01% of the share capital of the Company and gives 35,193,953 votes and constitutes 15.01% of the total number of votes at the general meeting of the Company. At the same time, the Society informed that the funds managed by the Society did not have the financial instruments referred to in Art. 69b paragraph. 1 of the Act.

18.05.2022	**Adoption by the Management Board of VRG S.A. resolutions on adopting the dividend policy** In the current report No. 18/2022 of May 18, 2022, the Management Board of the Company announced the adoption on May 18, 2022 of a resolution on the adoption of the "Dividend Policy of VRG S.A. based in Cracow" with the following content: VRG S.A. dividend policy based in Cracow. One of the main goals of the Management Board of VRG S.A. based in Cracow (the "Company") is sharing the profit with shareholders by paying dividends. The Management Board of the Company intends to recommend to shareholders the payment of dividends in accordance with this dividend policy. The Management Board of the Company intends to recommend annually to the General Meeting of the Company a dividend payment in the range between 20% and 70% of the value of the consolidated net profit resulting from the audited consolidated financial statements of the Company, assuming that the net debt/EBITDA ratio at the end of the financial year will be less than 2.5. Each time before presenting a recommendation to the general meeting of the Company, the Management Board of the Company will take into account the following factors: 1. the financial situation of the Company and its capital group, 2. investment needs, 3. liquidity situation, 4. prospects for the development of the Company's capital group in a given market and macroeconomic situation, 5. acquisition plans, 6. banking covenants.

MANAGEMENT COMMENTARY TO FINANCIAL INFORMATION IN CONDENSED INTERIM CONSOLIDATED REPORT FOR 1Q22

1. 1Q22 FINANCIAL RESULTS

Consolidated financial results of VRG Capital Group for the first quarter of 2022 include the results of the parent company VRG S.A. and the results of subsidiaries, including W.KRUK S.A. and DCG S.A.

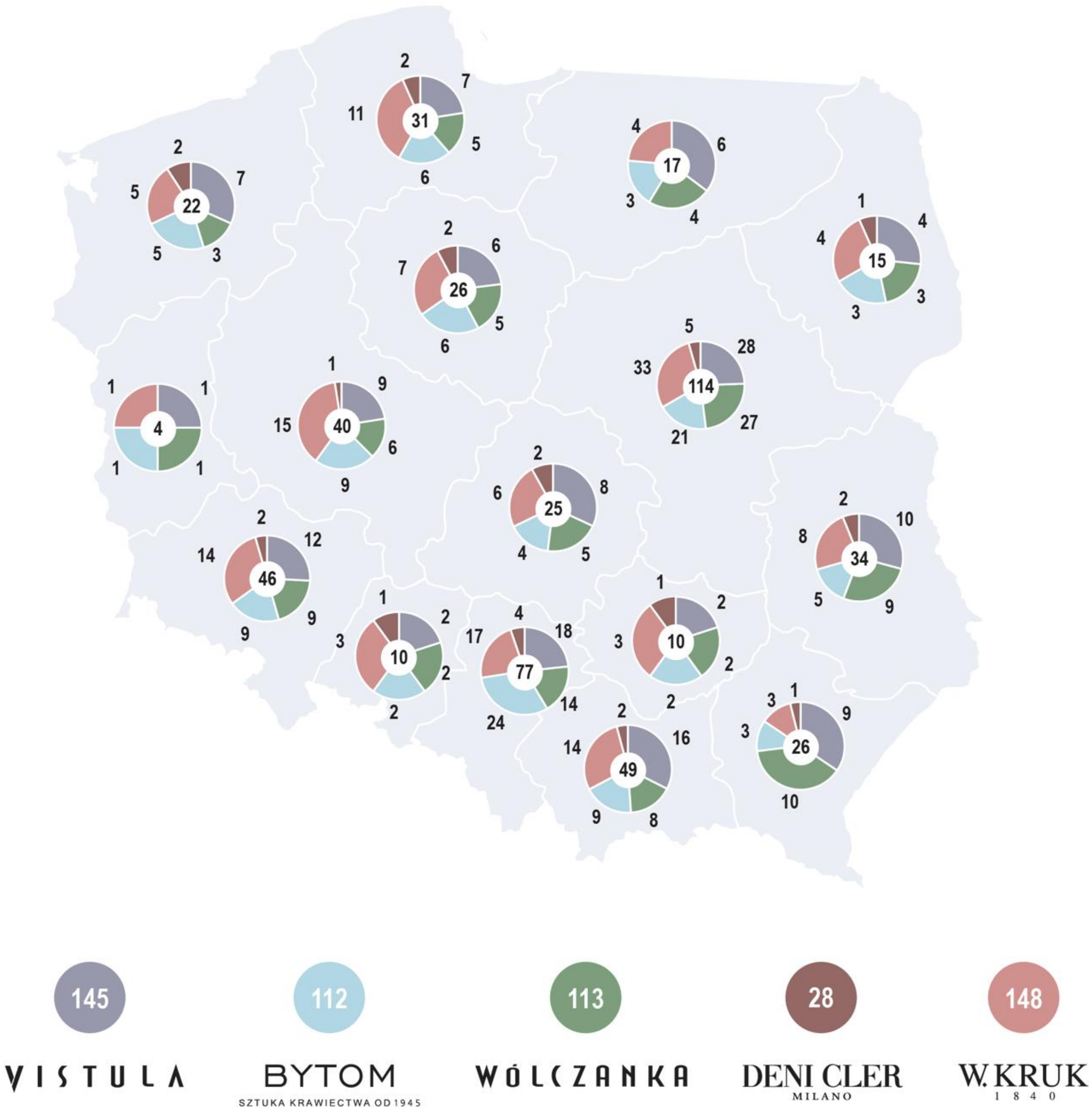
At the end of the first quarter of 2022, compared to the corresponding period of 2021, the sales area of the Group's retail network was stable, while in the apparel segment, the area decreased by 1.6%, while in the jewellery segment, it increased by 6.7%.

RETAIL FLOORSPACE (END OF PERIOD):

Retail floorspace (end of period):	PLN ths	
	31.03.2022	31.03.2021
Apparel segment	40.9	41.6
Jewellery segment	11.6	10.9
Total floorspace	**52.5**	**52.5**

As at the date of this report, the majority of revenues came from a network of retail stores of individual brands belonging to the Capital Group. As at the date of this report, the Capital Group retail network encompasses 546 locations, including franchise stores of Vistula, Wólczanka, Bytom, Deni Cler and W.KRUK brands. Out of the operating stores, the Group only owns 2 locations. The Group uses the remaining locations on the basis of medium / long-term leases for a period of mostly 5 years, a small part of leases is concluded for an indefinite period. The majority of the stores are located in modern shopping malls.

Below we present distribution and number of branded stores of the Capital Group at the end of 1Q22 by individual brands.



SELECTED FINANCIAL DATA OF VRG GROUP

	PLN ths			
			IAS17*	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	1 quarter 2021 from 01-01-2021 to 31-03-2021	1 quarter 2022 from 01-01-2022 to 31-03-2022	1 quarter 2021 from 01-01-2021 to 31-03-2021
Revenues	243,779	172,101	243,779	172,101
EBITDA	32,562	10,723	5,489	-6,982
EBIT	5,013	-15,820	-181	-12,301
Net result	**-2,913**	**-18,581**	**-2,932**	**-11,929**

**Key financial items of the Group show the impact of IAS17 as the previous standard*

Comparable financial data for 2021 (according to the applicable standards) include the recognized deferred income tax on net assets from the right to use commercial premises and office space, in the part relating to the first quarter of 2021 (impact on the net financial result + PLN 1.5 million.

Revenues of the Capital Group in the first quarter of 2022 amounted to PLN 243.8 million and were by PLN 71.7 million (42%) higher than the revenues achieved in the corresponding period of the previous year.

Consolidated EBITDA in the first quarter of 2022 amounted to PLN 32.6 million and was higher by PLN 21.8 million (an increase by 204%) than in the corresponding period of the previous year. EBITDA calculated excluding the impact of IFRS 16 in the first quarter of 2022 amounted to PLN 5.5 million and was higher by PLN 12.5 million than the EBITDA result (loss) in the corresponding period of the previous year.

In the first quarter of 2022, the Capital Group incurred a net loss of PLN 2.9 million compared to a net loss of PLN -18.6 million in the corresponding period of 2021. The net loss calculated excluding the impact of IFRS 16 amounted to PLN 2.9 million.

The Group's financial results in the first quarter of 2022 were the result of, inter alia, increase in sales revenues compared to the corresponding period of the previous year, resulting from the continuation of positive trends in sales and the absence of trade restrictions related to the COVID-19 pandemic (as was the case in the first quarter of 2021). In addition, the Group improved the gross margin on sales by limiting promotional campaigns and increasing the share of offline channels with higher margins, and improved the profitability of stores by maintaining cost effectiveness. On the other hand, the factor limiting the improvement of the financial result was the reduced demand for the Group's goods in the first weeks of the war in Ukraine.

APPAREL SEGMENT

Apparel segment	PLN ths			
			IAS17*	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021
Revenues	**115,341**	**86,057**	**115,341**	**86,057**
Cost of sales	57,088	47,605	57,088	47,605
Gross profit (loss) on sales	**58,253**	**38,452**	**58,253**	**38,452**
Selling costs	62,183	50,224	65,231	47,772
Administrative expenses	12,636	11,333	12,727	11,414
Gain on sale of non-financial non-current assets	0	11	0	11
Other operating income	794	191	164	131
Loss on sale of non-financial non-current assets	96	0	96	0
Other operating costs	1,951	1,492	1,951	1,475
Profit (loss) from operations	**-17,819**	**-24,395**	**-21,589**	**-22,067**
Financial income / costs	-5,387	-4,562	-2,408	-1,744
Pre-tax profit (loss)	**-23,206**	**-28,957**	**-23,997**	**-23,810**
Income tax	-4,210	-5,310	-4,360	-4,362
Net profit (loss) for the period	**-18,996**	**-23,647**	**-19,637**	**-19,448**

**The table above presents the key financial items of the Group's apparel segment, showing the impact of IAS17 as the previously applicable standard*

REVENUES

Revenues of the apparel segment in the first quarter of 2022 amounted to PLN 115.3 million and were PLN 29.3 million (i.e. 34%) higher than the revenues achieved in the corresponding period of 2021.

Apparel segment	PLN m	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021
Revenues	**115.3**	**86.1**
Retail sales	110.2	79.8
Processing	4.5	4.9
B2B	0.7	1.4

In 1Q22, the Group recorded the following results in the following retail channels:

VISTULA ↑	**BYTOM ↑**	**WÓLCZANKA ↑**	**DENI CLER MILANO ↑**
PLN 44.0m (53% YoY)	PLN 31.2m (39% YoY)	PLN 24.0m (22% YoY)	PLN 11.0m (25% YoY)

Increase in revenues was the result of, inter alia, no trade restrictions caused by the COVID-19 pandemic in the first quarter of 2022 and continuation of positive trends in sales. Moreover, reduction of promotional campaigns had a positive effect.

In the first quarter of 2022, there was an increase in offline sales by 100% and a decrease in online sales by 18% compared to the same period last year. Share of online sales in revenue of the apparel segment came in at 30% in the first quarter of 2022 compared to 49% of online sales in the corresponding period of 2021. Decrease in share of online sales was a consequence of the lack of limitations in traditional store sales and, as a result, an increase in share of these sales in revenues (at the expense of the share of sales in online stores).

GROSS PROFIT ON SALES

Gross profit on sales in the apparel segment in the first quarter of 2022 amounted to PLN 58.3 million and was 51% higher than that generated in the corresponding period of the previous year. The gross profit margin was 50.5% in the first quarter of 2022, which means an increase by 5.8 pp. compared to the same period of 2021.

Changes in individual brands' margins in Q1 2022:

VISTULA ↑	**BYTOM ↑**	**WÓLCZANKA ↑**	**DENI CLER MILANO ↑**
53.3 % (gross profit margin up 6.7 pp.)	53.8 % (gross profit margin up 10.7 pp.)	52.7 % (gross profit margin up 4.9 pp.)	57.7 % (gross profit margin up 5.7 pp.)

Increase in gross profit margin resulted from reduction of promotions and higher share of offline channels in sales structure, which are characterized by higher margins.

SELLING COSTS

Selling costs in the first quarter of 2022 amounted to PLN 62.2 million and were higher by PLN 12.0 million (23.8%) compared to the costs incurred in the corresponding period of 2021. Increase in selling costs was caused, inter alia, by an increase in basic salaries (an increase in the minimum wage, no reduction in salaries for closed commercial premises in periods of the so-called lockdowns), an increase in sales-related costs, i.e. commission for franchisees, logistics and marketing costs, as well as no rent discounts resulting from the periods of the so-called lockdowns.

Share of selling costs in revenues in the first quarter of 2022 was 53.9% compared to 58.4% in the corresponding period of 2021. The decrease in the share of selling costs in revenues resulted from the lack of temporary closings of brick-and-mortar stores in shopping malls due to the COVID-19 pandemic.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses in the first quarter of 2022 amounted to PLN 12.6 million compared to PLN 11.3 million in the first quarter of 2021, which means an increase in costs by PLN 1.3 million (11.5%). At the same time, share of general and administrative expenses in revenues decreased to the level of 11.0% compared to 13.2% in the corresponding period of 2021. Increase in general and administrative expenses was due to, inter alia, from growth in remuneration costs, resulting from the lack of reduction of remuneration for closing commercial premises in the periods of the so-called lockdowns (as was the case in the first quarter of 2021).

OPERATING PROFIT IN THE APPAREL SEGMENT

In the first quarter of 2022, an operating loss of PLN 17.8 million was incurred, which means an improvement in the operating result by PLN 6.6 million compared to the first quarter of 2021. Increase in the operating resulted both from higher revenues and higher percentage gross margin on sales, and, consequently, higher gross profit on sales, with a simultaneous smaller increase in selling costs and general and administrative expenses.

Operating profitability of the apparel segment in the first quarter of 2022 was negative and amounted to -15.4%. In previous years, the apparel segment also had a negative operating profitability and resulted (as in 2022), inter alia, from the sales character of this part of the year. Nevertheless, operating profitability improved (increased sales, no temporary store closings due to COVID-19) and was higher by 12.9 pp. compared to the same period of the previous year.

FINANCIAL INCOME AND COSTS

Net financial result in the apparel segment amounted to PLN -5.4 million in the first quarter of 2022 compared to PLN -4.6 million in the corresponding period of 2021. IFRS16 had an unfavourable effect on net financial activities in the apparel segment in the first quarter of 2022, as it increased net financial costs by PLN 2.98 million, but the impact was comparable to the corresponding period of the previous year (impact of PLN -2.82 million in the first quarter of 2021.

Apparel segment	PLN ths	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021
net financial costs	-720	-246
FX differences net (excl. IFRS 16)	-1,688	-1,498
IFRS 16 impact	-2,979	-2,819
- incl. FX losses	-2,227	-1,944
- incl. interest	-751	-875
Financial income/ costs	**-5,387**	**-4,562**

NET RESULT IN THE APPAREL SEGMENT

In the apparel segment, the Group reported a net loss of PLN 19.0 million in the first quarter of 2022, compared to a net loss of PLN 23.6 million in the corresponding period of 2021. Improvement in the financial result was a consequence of a higher increase in gross profit on sales than in selling costs and general and administrative expenses.

JEWELLERY SEGMENT

Jewellery segment	PLN ths			
			IAS17*	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	1 quarter 2021 from 01-01-2021 to 31-03-2021	1 quarter 2022 from 01-01-2022 to 31-03-2022	1 quarter 2021 from 01-01-2021 to 31-03-2021
Revenues	**128,438**	**86,044**	**128,438**	**86,044**
Cost of sales	63,485	42,813	63,485	42,813
Gross profit (loss) on sales	**64,953**	**43,231**	**64,953**	**43,231**
Selling costs	35,387	27,869	36,551	26,572
Administrative expenses	7,144	6,694	7,288	6,796
Gain on sale of non-financial non-current assets	196	0	196	0
Other operating income	271	16	155	12
Loss on sale of non-financial non-current assets	0	28	0	28
Other operating costs	57	81	57	81
Profit (loss) from operations	**22,832**	**8,575**	**21,408**	**9,766**
Financial income / costs	-3,361	-2,180	-1,169	-342
Pre-tax profit (loss)	**19,471**	**6,395**	**20,239**	**9,424**
Income tax	3,388	1,329	3,534	1,904
Net profit (loss) for the period	**16,083**	**5,066**	**16,705**	**7,520**

REVENUES

Revenues in the first quarter of 2022 in the jewellery segment amounted to PLN 128.4 million and were higher than the segment's results recorded in the corresponding period of 2021 by PLN 42.4 million (49%). Increase in sales was the result of maintaining the positive trend in the sale of luxury watches and gold and silver jewellery, as well as the lack of trade restrictions caused by the COVID-19 pandemic in the first quarter of 2022.

GROSS PROFIT ON SALES

Gross profit on sales in the jewellery segment in the first quarter of 2022 amounted to PLN 65 million and was 50% higher than that generated in the corresponding period of the previous year, which was a consequence of an increase in sales. In addition, in the first quarter of 2022, the gross margin increased by 0.4 pp. to 50.6% compared to 50.2% in the corresponding period of 2021, which was mainly the result of an increase in sales and the percentage gross margin in regular stationary stores.

SELLING COSTS

Selling costs in the first quarter of 2022 amounted to PLN 35.4 million compared to PLN 27.9 million in the previous year, which means an increase in selling costs by PLN 7.5 million (27%). Increase in selling costs was caused, inter alia, by an increase in basic salaries (an increase in the minimum wage, no reduction in salaries for closed commercial premises in the periods of the so-called lockdowns), an increase in sales-related costs, i.e. commissions for franchisees and employee bonuses, as well as no rent discounts resulting from the periods of the so-called lockdowns.

In the jewellery segment, the share of selling costs in total sales decreased to 27.6% in Q1 2022 from 32.4% in the same period of the previous year. Decrease in share of selling costs in revenues resulted from the lack of temporary closings of traditional stores in shopping malls due to the COVID-19 pandemic.

GENERAL AND ADMINISTRATIVE EXPENSES

In the first quarter of 2022, general and administrative costs were higher by PLN 0.5 million (7%) compared to the corresponding period of the previous year. Share of general and administrative costs in sales amounted to 5.6% and was lower by 2.2 pp. compared to the same period of the previous year.

OPERATING PROFIT IN THE JEWELLERY SEGMENT

In the jewellery segment, the Group recorded an operating profit of PLN 22.8 million in the first quarter of 2022, which means an increase in operating profit by PLN 14.3 million (166%) compared to the corresponding period of the previous year. Increase in the operating result was a consequence of a significantly higher growth in revenues (with a slightly higher percentage gross margin) than sales costs, with a slight change in other items compared to the corresponding period of the previous year.

Operating profitability in the first quarter of 2022 amounted to 17.8% and was higher by 7.8 pp. compared to the same period of the previous year. Increase in profitability was the result of, inter alia, increase in sales and the lack of temporary closing downs of traditional stores in shopping malls caused by the COVID-19 pandemic (as was the case in the first quarter of 2021).

FINANCIAL INCOME AND COSTS

Net financial result in the jewellery segment amounted to PLN -3.4 million in the first quarter of 2022, i.e. it was by PLN 1.2 million less favourable YoY.

Application of the IFRS16 standard for financial reporting had a negative impact on the balance of financial activities in the jewellery segment in the first quarter of 2022, increasing financial costs by PLN 2.2 million (in the same period of the previous year, the negative impact was PLN 1.8 million).

Jewellery segment	PLN ths	
	1 quarter 2022 from 01-01-2022 to 31-03-2022	**1 quarter 2021** from 01-01-2021 to 31-03-2021
net financial costs	-396	-350
FX differences net (excl. IFRS 16)	-773	8
IFRS 16 impact	-2,192	-1,838
- incl. FX losses	-1,678	-1,278
- incl. interest	-514	-560
Financial income/ costs	**-3,361**	**-2,180**

NET PROFIT IN THE JEWELLERY SEGMENT

Net profit of the jewellery segment in the first quarter of 2022 amounted to PLN 16.1 million compared to PLN 5.1 million in the corresponding period of the previous year, which means an increase in profit by 217.5% YoY. Increase in net profit in the first quarter of 2022 was the result of a further increase in sales (positive sales trends, no trade restrictions) and an improvement in the percentage gross margin, and consequently an increase in gross profit on sales, with a simultaneous lower increase in selling costs and general and administrative expenses.

STRUCTURE AND CHARACTERISTS OF STATMENT OF FINANCIAL POSITION

CONSOLIDATED BALANCE SHEET	31.03.2022 value (PLN ths)	31.03.2022 share (%)	31.03.2021 value (PLN ths)	31.03.2021 share (%)
Non-current assets, including:	**874,307**	**59.6%**	**908,393**	**62.7%**
Intangible assets	500,370	34.1%	498,985	34.5%
Fixed assets	55,089	3.8%	56,647	3.9%
Right of use assets IFRS16	285,964	19.5%	320,323	21.1%
Current assets, including:	**593,226**	**40.4%**	**539,989**	**37.3%**
Inventory	515,115	35.1%	516,496	35.7%
Trade and other receivables and other current assets	24,092	1.6%	17,303	1.2%
Cash and cash equivalents	54,005	3.7%	5,384	0.4%
Total assets	**1,467,533**		**1,448,382**	
Equity	**886,751**	**60.4%**	**804,773**	**55.6%**
Share capital	49,122	3.3%	49,122	3.4%
Net profit (loss) for the current period	-2,913	-0.2%	-18,581	-1.3%
Long-term liabilities and provisions	**266,314**	**18.1%**	**318,090**	**22.0%**
Long-term loans and borrowings	30,571	2.1%	44,094	3.0%
Financial leases	234,178	16.0%	272,340	18.8%
‘-incl.: lease liabilities related to retail and office space	*233,235*	*15.9%*	*271,151*	*18.7%*
Short-term liabilities and provisions, including:	**314,468**	**21.4%**	**325,519**	**22.5%**
Trade and other liabilities	174,313	11.9%	165,699	11.4%
Short-term loans and borrowings and short-term portions of long-term debt	24,134	1.6%	47,435	3.3%
Financial leases	101,908	6.9%	99,718	6.9%
‘-incl.: lease liabilities related to retail and office space	*101,230*	*6.9%*	*98,597*	*6.8%*
Total equity and liabilities	**1,467,533**		**1,448,382**	

ASSETS

Value of assets as at March 31, 2022 is at a level similar to March 31, 2021.

FIXED ASSETS

Fall in tangible fixed assets is mainly the result of reclassification of some fixed assets into assets held for sale.

RIGHT OF USE ASSETS IFRS16

In the reporting period, value of the accrued depreciation exceeded the value of changes resulting from the modification of lease agreements (renewal, relocation or negotiations), thus there was a decrease due to the right to use.

INVENTORY

Value of inventories as at March 31, 2022 amounted to PLN 515.1 million, which means a decrease by 0.3% compared to March 31, 2021. In the apparel segment, value of inventories decreased by 6.2% YoY (due to better sales YoY), and in the jewellery segment, it increased by 6.2% YoY due to the opening of new stores.

The Group's inventories per m2 amounted to PLN 9,804, which means a decrease by 0.4% YoY:

INVENTORY / [PLN/m2]	1Q22	1Q21	YoY
VRG	9,804	9,841	-0.4%
Apparel segment	6,161	6,461	-4.7%
Jewellery segment	22,593	22,708	-0.5%

EQUITY AND LIABILITIES

EQUITY

In the first quarter of 2022, changes in equity result from the loss recorded in the reporting period.

LONG- AND SHORT-TERM INDEBTEDNESS

Long-term debt as at March 31, 2022 amounted to PLN 30.5 million compared to PLN 44.1 million at the end of March 2021, which means a decrease by PLN 13.5 million. Lease liabilities under lease of commercial premises and office space total PLN 334.5 million, of which PLN 233.2 million is the long-term part and PLN 101.2 million is the short-term part.

In the case of short-term debt, lower indebtedness results PLN 24.1 million usage of overdraft facilities.

The table below presents financial liabilities as at March 31, 2022 and March 31, 2021, as well as net debt. Moreover, data on net debt are presented, also without the impact of IFRS 16, which significantly changes its value.

Net debt decreased compared to last year as a result of an increase in sales revenues and a reduction in debt due to long-term loans.

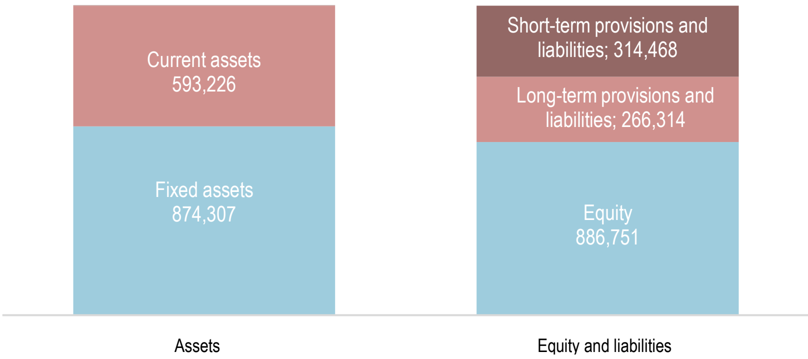
Net debt	31.03.2022	31.03.2021
Long-term debt	**264,749**	**316,434**
Long-term loans and borrowings	30,571	44,094
Finance lease liabilities	234,178	272,340
‘-incl.: lease liabilities related to retail and office space	*233,235*	*271,151*
Short-term debt	**148,913**	**165,215**
Loans and borrowings	10,219	34,348
Short-term part of long-term loans	13,915	13,087
Reverse factoring	22,871	18,062
Finance lease liabilities	101,908	99,718
‘-incl.: lease liabilities related to retail and office space	*101,230*	*98,597*
Cash and equivalents	54,005	5,384
Net debt	**359,657**	**476,265**
EBITDA (annual, 4Q)	223,454	91,746
Net debt/EBITDA	**1.6**	**5.19**

Net debt IAS 17*	31.03.2022	31.03.2021
Long-term debt	**31,514**	**45,283**
Long-term loans and borrowings	30,571	44,094
Finance lease liabilities	943	1,189
Short-term debt	**47,683**	**66,618**
Loans and borrowings	10,219	34,348
Short-term part of long-term loans	13,915	13,087
Reverse factoring	22,871	18,062
Finance lease liabilities	678	1,121
Cash and equivalents	54,005	5,384
Net debt	**25,192**	**106,517**
EBITDA (annual, 4Q)	132,933	22,637
Net debt/EBITDA	**0.2**	**4.71**

**The table above presents the key financial items of the Group's apparel segment, showing the impact of IAS17 as the previously applicable standard*

The diagram below presents the structure of the balance sheet, including the most important components of assets and liabilities.

Balance sheet analysis at the end of 1Q 2022



2. PLANNED DEVELOPMENT ACTIVITIES

As indicated in the Company's annual report for 2021 published on April 8, 2022, the Group's development prospects in 2022 will be largely determined by external circumstances: effects of the expiring coronavirus pandemic and the war in Ukraine. Both of these events influence the purchasing decisions of customers who, faced with a state of uncertainty, are less inclined to make purchases. This is especially true of the apparel segment. A chance to rebuild customer behaviour lies in lifting of most restrictions related to COVID-19 from March 28, 2022, including the obligation to wear protective masks in public spaces. In the opinion of the Management Board, this should lead to a gradual increase in traffic in shopping malls, which should have a positive impact on the Group's revenues in 2022. The positive trend in sales is visible this month. From 1 to 17 May, revenues of the Capital Group amounted to PLN 59.7 million, which means an increase by 15.6% YoY, with the margin realized at the level of 59.4% (YoY improvement by 2.9 pp). The macroeconomic situation and the related high level of inflation (12.3 YoY at the end of April 2022) will also be a factor that will affect the behaviour of consumers and their willingness to buy. In the opinion of the Management Board, revenues in 2022 should be two-digit higher than those achieved in 2021. The Management Board also assumes further improvement of the gross percentage margin in 2022 compared to 2021 due to the ongoing optimization of promotional activities.

The Group is well prepared for the Spring/Summer 2022 season. It has an attractive and stylistically diverse assortment of all the Group's brands, reflecting the prevailing trends and customer expectations. Casual and smart casual will have a greater share in the offer of apparel brands, which is a response to customer demand and the market situation. Significant changes are noticeable in the collection of the Wólczanka brand, which will include new assortments for both men and women, creating a "total look", and share of casual products has been increased. The Vistula brand will present the next edition of the collection aimed at both male and female customers, based on the latest fashion trends. In the Bytom brand, offering men's formal fashion and a range of smart casual and casual types, in the Spring edition of the collection you will find t-shirts and sweatshirts with the works of the creators of the Polish Poster School. The Deni Cler Milano brand has prepared the "Manifesto del Colore", or "Colour Manifesto" collection for the spring and summer season. This season, the brand focuses on eclectic combinations, strong colours are ubiquitous in the collection. W.KRUK has prepared a new version of the Preludium collection - Butterfly. It is a combination of jewellery craftsmanship with the latest trends.

As regards the opening plans, the Group does not anticipate any significant changes in its net retail space compared to the end of 2021 (an increase of 3% YoY). In the apparel segment, the chain will remain stable YoY (floorspace increase by 1%) and development in the jewellery segment (floorspace increase by 11% YoY) is expected. In the case of the Wólczanka brand, opening of larger stores with an area of approximately 150 m2 will be continued. That will allow to present the broadened collection of this brand. Capital expenditure planned for the current year in the amount of PLN 34 million will be largely allocated to opening of new stores, primarily W.KRUK brand, and development of infrastructure and IT systems.

The Group focuses on further development of sales in the on-line channel. Ongoing support for the further development of the e-commerce channel will concern, inter alia, increase in expenditure on gaining on-line traffic, launching intuitive and easy-to-use sales applications for each of the brands, improving the service of stores and further development of functionality and logistics, as well as coherent marketing and promotions on-line and off-line.

In addition to further optimizing the operating activities and protecting the liquidity of the Group's companies, the Management Board will focus on building an attractive product offer within its brand portfolio, which should support the goal of obtaining higher revenues of the Group with a simultaneous increase in profitability. Despite the fact that the Group is currently in a safe liquidity situation, there will still be activities aimed at improving the use of working capital, as well as a prudent investment policy and keeping the current operating costs under control.

The main goal for 2022 is to achieve improved financial results than in 2021, incl. through the following activities:

- maximization of sales activities (including in the e-commerce channel) by adapting the offer to the current market trends and customer expectations;
- increase in sales in the online channel YoY; omnichannel-oriented activities, i.e. joint management of the channel of traditional stores and e-commerce;
- improvement of the gross percentage margin thanks to the significant share of Asian sourcing and the reduction of promotions;
- further optimization of the owned retail network, including closing unprofitable stores;
- an increase in the operating margin due to the beneficial effect of operating leverage;
- further improvement in the efficiency of working capital use, which we intend to achieve by reducing the level of inventories year on year, adapting the level of inventories to the changing situation and further work on financing purchases (extending cooperation with suppliers offering longer payment terms);
- maintaining a safe financial situation.

3. FINANCIAL FORECASTS

VRG S.A. has not published forecast of financial results for 2022.

4. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Company declares that, to the best of its knowledge, the financial statements and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, fair and clear manner the property and financial position of the issuer and its financial result, and that the financial statements contain a true picture of the development and financial performance of the issuer. the situation and achievements of the Issuer, including a description of the basic risks and threats.

Janusz Płocica	Marta Fryzowska	Michał Zimnicki
....	....	....
President of the Management Board	Executive Vice-President of the Management Board	Executive Vice-President of the Management Board

Cracow, May 18, 2022

SELECTED FINANCIAL DATA TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

for 3 months ending March 31, 2022

	PLN ths		EUR ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	**1 quarter / 2021** period from 01-01-2021 to 31-03-2021	**1 quarter / 2022** period from 01-01-2022 to 31-03-2022	**1 quarter / 2021** period from 01-01-2021 to 31-03-2021
Revenues	102,688	74,660	22,097	16,329
Profit (loss) from operations	-17,273	- 23,630	-3,717	- 5,168
EBITDA	-1,920	- 8,436	-413	- 1,845
Pre-tax profit (loss)	-22,258	- 27,791	-4,790	- 6,078
Net profit (loss)	-18,214	-22,598	-3,919	-4,943
Net cash flows from operating activities	-15,956	- 48,321	-3,433	- 10,569
Net cash flows from investing activities	-2,443	- 981	-526	- 215
Net cash flows from financing activities	-16,174	5,336	-3,480	1,167
Total net cash flows	-34,573	- 43,966	-7,439	- 9,617
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
Total assets	971,081	986,685	208,722	214,525
Liabilities and provisions	297,706	295,096	63,988	64,160
Long-term liabilities	130,345	134,794	28,016	29,307
Short-term liabilities	156,786	149,390	33,699	32,480
Total equity	673,375	691,589	144,734	150,365
Share capital	49,122	49,122	10,558	10,680
Shares outstanding	234,455,840	234,455,840	234,455,840	234,455,840
Diluted number of shares	241,505,840	241,505,840	241,505,840	241,505,840
Earnings (loss) per ordinary share (in PLN/EUR)	- 0.08	- 0.10	- 0.02	- 0.02
Diluted earnings (loss) per share (in PLN/EUR)	- 0.08	- 0.09	- 0.02	- 0.02
Book value per share (in PLN/EUR)	2.87	2.95	0.62	0.64
Diluted book value per share (in PLN/EUR)	2.79	2.86	0.60	0.62
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

CONDENSED INTERIM SEPARATE STATEMENT OF FINACIAL POSITION

as at March 31, 2022

	PLN ths			
	As at 31-03-2022 / end of quarter 2022	As at 31-12-2021 / end of previous quarter 2021	As at 31-03-2021 / end of quarter 2021	As at 31-12-2020 / end of previous quarter 2020
Non-current assets	**714,541**	**710,107**	**740,957**	**732,751**
Goodwill	120,855	120,855	120,855	120,855
Other intangibles	115,790	115,830	114,614	114,934
Fixed assets	21,632	23,084	24,608	26,480
Investment property	874	874	874	874
Assets held for sale	1,547	-	-	-
Right of use assets	148,332	148,369	173,799	169,120
Long-term receivables	134	134	135	134
Long-term loans granted	1,145	773	510	347
Shares and stakes	283,834	283,834	283,834	283,834
Other long-term investments	4	4	4	4
Deferred tax assets	20,394	16,350	21,724	16,532
Current assets	**256,540**	**276,578**	**273,432**	**296,956**
Inventory	233,629	228,665	249,642	238,222
Trade and other receivables and other current assets	16,852	7,281	17,885	9,642
Corporate income tax receivables	-	-	2,142	1,714
Short-term loans granted and short-term part of long-term loans granted	-	-	5	9
Cash and equivalents	6,059	40,632	2,952	46,918
Other current assets	-	-	806	451
Total assets	**971,081**	**986,685**	**1,014,389**	**1,029,707**

	PLN ths			
	As at 31-03-2022 / end of quarter 2022	As at 31-12-2021 / end of previous quarter 2021	As at 31-03-2021 / end of quarter 2021	As at 31-12-2020 / end of previous quarter 2020
Equity	**673,375**	**691,589**	**669,124**	**691,721**
Share capital	49,122	49,122	49,122	49,122
Capital reserves	620,017	620,017	679,121	679,121
Other reserves	17,390	17,390	17,390	17,390
Net profit from previous years	5,060	5,192	-59,103	-
Retained earnings	-18,214	-132	-22,598	-53,912
Long-term liabilities and provisions	**130,886**	**135,335**	**164,779**	**156,849**
Lease liabilities	117,865	120,941	146,559	137,249
incl.: lease liabilities related to retail and office space	117,584	120,758	146,175	136,772
Long-term loans and borrowings	12,480	13,853	17,575	18,955
Long-term provisions	541	541	645	645
Short-term liabilities total	**166,820**	**159,761**	**180,486**	**181,137**
Finance lease liabilities	59,729	57,616	59,143	58,844
incl.: lease liabilities related to retail and office space	*59,469*	*57,333*	*58,482*	*58,009*
Trade and other liabilities	89,507	84,749	91,704	110,410
Corporate incomes tax liabilities	*100*	*1,449*	-	-
Loans and borrowings and short-term portion of long-term loans and borrowings	7,450	5,576	23,046	4,939
Short-term provisions	10,034	10,371	6,593	6,944
Total liabilities and provisions	**297,706**	**295,096**	**345,265**	**337,986**
Total equity and liabilities	**971,081**	**986,685**	**1,014,389**	**1,029,707**

CONDENSED INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Revenues	**102,688**	**74,660**
Cost of sales	49,491	40,563
Gross profit (loss) on sales	**53,197**	**34,097**
Selling costs	56,799	45,729
Administrative expenses	12,359	10,622
Other operating income	696	127
Gain on sale of non-financial non-current assets	-	-
Other operating costs	1,912	1,466
Loss on sale of non-financial non-current assets	96	37
Profit (loss) from operations	**-17,273**	**- 23,630**
Financial income	38	811
incl.: lease liabilities related to retail and office space	-	-
Financial costs	5,023	4,972
incl.: lease liabilities related to retail and office space	*2,703*	*2,559*
Pre-tax profit (loss)	**-22,258**	**- 27,791**
Income tax	-4,044	-5,193
Net profit (loss) for the period	**-18,214**	**- 22,598**

CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Net profit (loss) for the period	**-18,214**	**-22,598**
Other comprehensive income, including:	-	-
That can be reclassified to net income	-	-
That cannot be reclassified to net income	-	-
Total comprehensive income	**-18,214**	**-22,598**

CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

for 3 months ending March 31, 2022

	PLN ths				
	Share capital	**Reserve capital**	**Other reserves**	**Retained earnings**	**Total equity**
1 quarter 2021 period from 01-01-2021 to 31-03-2021					
As at 01.01.2021	**49,122**	**679,121**	**17,390**	**-53,912**	**691,721**
Distribution of net profit	-	-	-	1	1
Net profit (loss) for the period	-	-	-	- 22,598	- 22,598
Stock-option program valuation	-	-	-	-	-
Share issuance	-	-	-	--	-
As at 31.03.2021	**49,122**	**679,121**	**17,390**	**-76,509**	**669,124**
2021 period from 01-01-2021 to 31-12-2021					
As at 01.01.2021	**49,122**	**679,121**	**17,390**	**-53,912**	**691,721**
Distribution of net profit	-	-59,104	-	59,104	-
Net profit (loss) for the period	-	-	-	-132	-132
Stock-option program valuation	-	-	-	-	-
Share issuance	-	-	-	-	-
As at 31.12.2021	**49,122**	**620,017**	**17,390**	**5,060**	**691,589**
1 quarter 2022 period from 01-01-2022 to 31-03-2022					
As at 01.01.2022	**49,122**	**620,017**	**17,390**	**5,060**	**691,589**
Distribution of net profit	-	-	--		
Net profit (loss) for the period	-	-	-	-18,214	-18,214
Stock-option program valuation	-	-	-	-	-
Share issuance	-	-	-	-	-
As at 31.03.2022	**49,122**	**679,121**	**17,390**	**-13,154**	**673,375**

CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS

for 3 months ending March 31, 2022

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Pre-tax profit (loss)	**-22,258**	**- 27,791**
Share in equity consolidated entities		
Amortization and depreciation	15,353	15,194
Profit (loss) on investing activities	96	37
Income tax paid	-1,349	- 428
Interest costs	914	988
Change in provisions	-337	- 351
Change in inventories	-4,962	- 11,420
Change in receivables	-9,570	- 8,239
Change in short-term liabilities, excluding bank loans and borrowings	6,321	- 16,288
Other adjustments	-164	- 23
Net cash flows from operating activities	**-15,956**	**- 48,321**
Interest received	38	-
Inflows from sale of intangibles	-	-
Inflows from sale of fixed assets	434	71
Disposal from investment property	-	-
Repayment of loans granted	-	4
Purchase of intangible assets	-106	- 175
Purchase of fixed assets	-2,437	- 718
Loans granted to subsidiaries	-372	- 163
Net cash flows from investing activities	**-2,443**	**- 981**
Proceeds from issuance of shares and other capital instruments (bonds) and additional payments to capital	-	-
Inflows from loans and borrowings	1,881	18,107
Repayment of bank loans and borrowings	-1,380	- 1,380
Finance lease payments related to retail and office space	-95	- 268
Other interest paid	-224	- 191
Interest paid lease liabilities related to retail and office space	-690	- 797
Finance lease payments related to retail and office space	-15,666	- 10,135
Net cash flows from financing activity	**-16,174**	**5,336**
Change in cash and cash equivalents in the balance sheet	**-34,573**	**- 43,966**
Opening balance of cash	**40,632**	**46,918**

	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
Change in cash due to foreign currency translation	-	-
Closing balance of cash	**6,059**	**2,952**

Value shown under "Other adjustments" consists of:	PLN ths	
	1 quarter / 2022 period from 01-01-2022 to 31-03-2022	1 quarter / 2021 period from 01-01-2021 to 31-03-2021
capital reserves increase – valuation of stock options `	-	-
fixed assets - impairment - liquidation	-126	- 23
interest received	-38	-
Total	**-164**	**- 23**

INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM SEPARATE FINANCIAL STATMENTS FOR 1Q22

1. COMPARABLE DATA – ADJUSTMENT TO PREVIOUS YEARS AND RESULT AND PRESENTATION ADJUSTMENTS

Based on the provisions of IAS 8 "Accounting principles, changes in estimated values and correction of errors", in the financial statements for the first half of 2021, the Group created deferred tax for the lease of commercial premises and office space, therefore it adjusts the comparable data for the 1st quarter of 2021.

Impact of the adjustments is presented below.

Impact of adjustments on balance sheet items for the 1st quarter of 2021	PLN ths		
	Data as in 1Q21 financial statements	Adjustments in the result from previous years and presentation adjustments	Comparable data for 1Q21 as shown in 1Q22 financial statements
Deferred tax assets	15,584	6,140	21,724
Non-current assets, total	734,817	6,140	740,957
Current assets, total	273,432	-	273,432
Total assets	**1,008,249**	**6,140**	**1,014,389**
Liabilities and provisions, total	345,265	-	345,265
Share capital	49,122	-	49,122
Other reserves	17,390	-	17,390
Retained earnings	596,472	6,140	602,612
Equity, total	662,984	6,140	669,124
Total equity and liabilities	**1,008,249**	**6,140**	**1,014,389**

Impact of adjustments on balance sheet items for the 1st quarter of 2021	PLN ths		
	Data as in 1Q21 financial statements	Adjustments in the result from previous years and presentation adjustments	Comparable data for 1Q21 as shown in 1Q22 financial statements
Revenues	**74,660**	**-**	**74,660**
Cost of sales	40,563	-	40,563
Gross profit (loss) on sales	**34,097**	**-**	**34,097**
Selling costs	45,729	-	45,729
Administrative expenses	10,622	-	10,622
Other operating income	127	-	127
Gain from sale of non-financial non-current assets	-	-	-
Other operating costs	1,466	-	1,466
Loss from sale of non-financial non-current assets	37	-	37
Profit (loss) from operations	**-23,630**	**-**	**-23,630**
Financial income	811	-	811
Financial costs	4,972	-	4,972
Pre-tax profit (loss)	**-27,791**	**-**	**-27,791**
Income tax	-4,245	-948	-5,193
Net profit (loss)	**-23,546**	**948**	**-22,598**

2. OPERATING SEGMENTS

The company runs one business segment: clothing.

GEOGRAPHICAL SEGMENTS OF CONTINUED OPERATIONS:

Revenues for the geographical segments for the period from January 1, 2022 to March 31, 2022 and for the comparable period are presented in the table below.

Revenues in various markets in terms of geographic location	PLN ths	
	1 Q 2022 from 01-01-2022 to 31-03-2022	**1 Q 2021** from 01-01-2021 to 31-03-2021
Poland	102,553	74,321
EURO zone	135	339
US$ zone	-	-
CHF zone	-	-
Total	**102,688**	**74,660**

In terms of geographical segments, the entire activity of the Capital Group is carried out in the Republic of Poland, part of the sale relates to the shipment of the Company's goods abroad.

3. INFORMATION ON SIGNIFICANT CHANGES IN ESTIMATED VALUES, INCLUDING ADJUSTMENTS FOR PROVISIONS, DEFERRED INCOME TAX ASSETS AND LIABILITIES, AS WELL AS ASSET WRITE-OFFS

3.1. PROVISIONS

	PLN ths					
	Provision for employee costs	Provision for future liabilities	Provision for work in progress (services of subcontractors)	Returns from customers	Other	Total
Balance as at January 1, 2021	**3,111**	**2,660**	**925**	**893**	**-**	**7,589**
provisions created during the year	901	508	827	1,220	-	3,456
provisions released	-104	-29	-	-	-	-133
Balance as at December 31, 2021	**3,908**	**3,139**	**1,752**	**2,113**	**-**	**10,912**
presented in short-term liabilities	3,367	3,139	1,752	2,113	-	10,371
presented in long-term liabilities	541	-	-	-	-	541
Balance as at January 1, 2022	**3,908**	**3,139**	**1,752**	**2,113**	**-**	**10,912**
provisions created during the year	**-**	-	271	-	-	271
provisions released	-608	-	-	-	-	-608
Balance as at March 31, 2022	**3,300**	**3,139**	**2,023**	**2,113**	**-**	**10,575**
presented in short-term liabilities	2 759	10,575	2,023	2,113	-	10,034
presented in long-term liabilities	541	-	-	-	-	541

Balance of provisions as at March 31, 2022 includes:

long-term provision for retirement benefits	PLN 541 ths	**Total PLN 10,575 ths**
short-term provision for retirement benefits	PLN 89 ths	
short-term provision for overdue holidays	PLN 2,578 ths	
provision for bonuses	PLN 92 ths	
provision for customer returns	PLN 2,113 ths	
short-term provision for sewing services	PLN 2,023 ths	
provision for future liabilities	PLN 3,139 ths	

3.2. CHANGE IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES, INVENTORIES AND FOR THE IMPAIRMENT OF FIXED ASSETS

Write-offs	PLN ths				
	Balance at 01.01.2022	Creation	Release/ Usage	Reclassified	Balance at 31.03.2022
Intangible assets write-offs	3,150	-	-	-	3,150
Fixed assets write-offs	2,858	-	-	-1,040	1,818
Write-offs for assets held for sale	-	-	-	1,040	1,040

Write-offs	PLN ths				
	Balance at 01.01.2022	Creation	Release/ Usage	Reclassified	Balance at 31.03.2022
Inventory write-offs	21,686	-	-	-	21,686
Receivables write-offs	2,038	249	203	-	2,084
Write-offs for proceeds from loans granted	-	-	-	-	-
Total write-offs	**29,732**	**249**	**203**	**-**	**29,778**

Write-offs	PLN ths				
	Balance at 01.01.2021	Creation	Release/ Usage	Reclassified	Balance at 31.03.2021
Intangible assets write-offs	3,147	3	-	-	3,150
Fixed assets write-offs	2,049	1,930	1,121	-	2,858
Write-offs for assets held for sale	-	-	-	-	-
Inventory write-offs	15,695	11,751	5,760	-	21,686
Receivables write-offs	56,932	3,273	58,167	-	2,038
Write-offs for proceeds from loans granted	2,179	-	2,179	-	-
Total write-offs	**80,002**	**16,957**	**67,227**	**-**	**29,732**

3.3. DEFERRED TAX ASSETS AND LIABILITIES

Balance sheet items	PLN ths	
	Balance sheet items	
	31.03.2022	31.12.2021
Deferred tax provisions	**26**	**37**
Balance sheet values – FX gains	-	11
Net provisions paid	26	26
Transferred to financial result	**26**	**37**
Transferred to goodwill	**-**	**-**
Deferred tax assets	**20,420**	**16,387**
Accelerated balance sheet depreciation	1,457	1,454
Post-employment benefits (severance pay)	4,608	4,607
Write-offs	981	1,081
Balance sheet values – FX losses	236	61
Tax loss carryforward	6,303	2,221

Provision for future liabilities	174	127
Provision for customer returns	998	998
Loyalty programme valuation	86	86
Bank loans valued at amortised cost	21	21
Lease liabilities for commercial and office floorspace	5,556	5,731
Transferred to financial result	**20,420**	**16,387**
Transferred directly to equity	**-**	**-**

4. CONDITIONAL ASSETS AND LIABILITIES

	PLN ths	
	balance as at 31-03-2022 / end of quarter 2022	balance as at 31-12-2021 / end of previous quarter 2021
- Issued bank guarantees for rentals of store premises	26,111	25,978
- Open letters of credit	24,703	20,985
- Promissory notes securing lease liabilities	-	-
Conditional liabilities, total	**50,814**	**46,963**

There are no conditional receivables in the Company.

5. INFORMATION ON MATERIAL PURCHASE AND SALE TRANSACTIONS OF PROPERTY, PLANT AND EQUIPMENT

Total amount of capital expenditure in the financial statement of cash flows disclosed in the reporting period was PLN 2,437 thousand.

No significant sales transactions.

6. OTHER INFORMATION

Information and explanations to the interim consolidated financial statements contain information relevant to the preparation of these interim condensed separate financial statements:

- General information
- Basis for preparation and applied accounting principles
- Changes in accounting standards
- Seasonal and cyclical nature of operations
- Rates used to measure assets and liabilities
- Significant risk factors
- Information on financial instruments
- Information on a significant liability for the purchase of property, plant and equipment
- Significant events in the first quarter of 2022
- Significant events after the balance sheet date.

VRG S.A. MANAGEMENT BOARD MEMBERS SIGNATURES

Janusz Płocica	**Marta Fryzowska**	**Michał Zimnicki**
....	....	....
President of the Management Board	Executive Vice-President of the Management Board	Executive Vice-President of the Management Board

Cracow, May 18, 2022

VISTULA

BYTOM
SZTUKA KRAWIECTWA OD 1945

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DENI CLER
MILANO

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VRG
VISTULA RETAIL GROUP