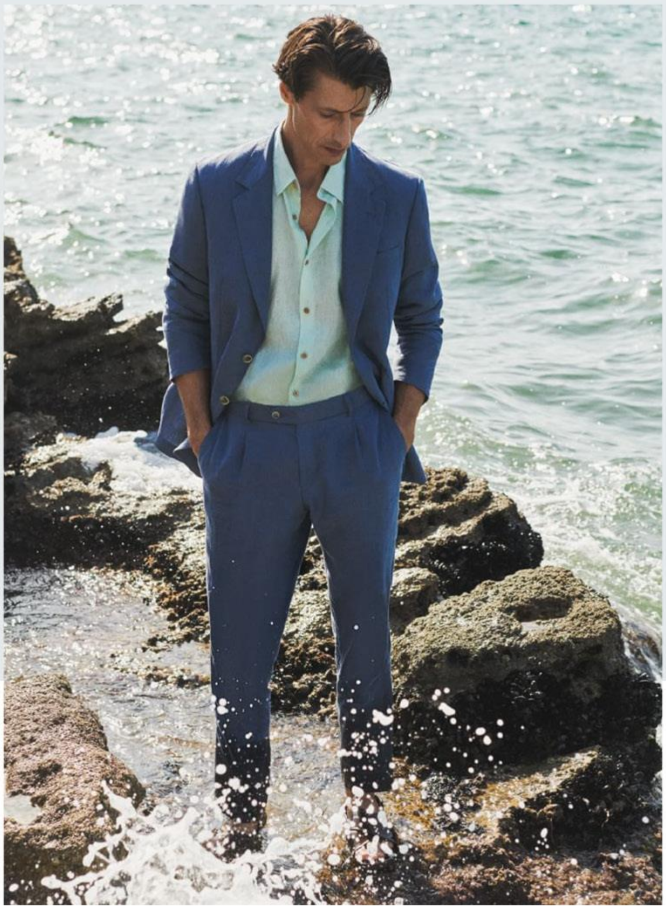
CONDENSED INTERIM FINANCIAL REPORT

OF VRG CAPITAL GROUP FOR 1Q23 PREPARED IN ACCORDANCE WITH IFRS APPROVED BY THE EUROPEAN UNION

Cracow, May 17, 2023

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, 2023

	PLN ths		EUR ths	
	1 quarter / 2023 from 01-01-2023 to 31-03-2023	**1 quarter / 2022** from 01-01-2022 to 31-03-2022	**1 quarter / 2023** from 01-01-2023 to 31-03-2023	**1 quarter / 2022** from 01-01-2022 to 31-03-2022
Revenues	267,017	243,779	56,806	52,457
Profit (loss) from operations	4,727	5,013	1,006	1,079
EBITDA	35,327	32,562	7,516	7,007
Pre-tax profit (loss)	4,318	-3,735	919	-804
Net profit (loss)	3,224	-2,913	686	-627
Net cash flows from operating activities	-22,691	-27,431	-4,827	-5,903
Net cash flows from investing activities	-6,952	-5,160	-1,479	-1,110
Net cash flows from financing activities	-29,480	-27,976	-6,272	-6,020
Total net cash flows	-59,123	-60,567	-12,578	-13,033
	31.03.2023	**31.12.2022**	**31.03.2023**	**31.12.2022**
Total assets	1,481,062	1,511,656	316,771	322,321
Liabilities and provisions	535,073	568,891	114,442	121,301
Long-term liabilities	225,132	223,280	48,151	47,609
Short-term liabilities	293,742	329,004	62,826	70,152
Total equity	945,989	942,765	202,329	201,020
Share capital	49,122	49,122	10,506	10,474
Shares outstanding	234,455,840	234,455,840	234,455,840	234,455,840
Diluted number of shares	235,630,831	235,630,831	235,630,831	235,630,831
Earnings (loss) per ordinary share (in PLN/EUR)	0.01	-0.01	0.00	0.00
Diluted earnings (loss) per share (in PLN/EUR)	0.01	-0.01	0.00	0.00
Book value per share (in PLN/EUR)	4.03	4.02	0.86	0.86
Diluted book value per share (in PLN/EUR)	4.01	4.00	0.86	0.85
Declared or paid dividend per share (in PLN/EUR)	0.00	0.17	0.00	0.00

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITIONS

as at March 31, 2023

	PLN ths			
	as at 31-03-2023 / end of quarter 2023	as at 31-12-2022 / end of previous quarter 2022	as at 31-03-2022 / end of quarter 2022	as at 31-12-2021 / end of previous quarter 2021
Non-current assets	**870,595**	**848,122**	**874,307**	**867,808**
Goodwill	302,748	302,748	302,748	302,748
Other intangible assets	199,518	199,384	197,622	197,711
Fixed assets	63,354	60,401	55,089	55,704
Investment property	874	874	874	874
Assets held for sale	0	0	1,547	0
Right-of-use assets (IFRS16)	279,801	262,422	285,964	284,386
Long-term receivables	171	151	230	239
Shares and stakes	27	27	27	27
Other long-term investments	0	0	4	4
Deferred tax assets	24,102	22,115	30,202	26,115
Current assets	**610,467**	**663,534**	**593,226**	**626,584**
Inventory	555,262	553,258	515,115	499,173
Short-term security deposit receivables	194	73	0	0
Trade and other receivables as well as other current assets	18,195	14,295	24,092	12,839
Corporate income tax receivables	40	9	14	0
Cash and cash equivalents	36,776	95,899	54,005	114,572
Total assets	**1,481,062**	**1,511,656**	**1,467,533**	**1,494,392**

	PLN ths			
	as at 31-03-2023 / end of quarter 2023	as at 31-12-2022 / end of previous quarter 2022	as at 31-03-2022 / end of quarter 2022	as at 31-12-2021 / end of previous quarter 2021
Dominating entity's equity	**945,989**	**942,765**	**886,751**	**889,664**
Share capital	49,122	49,122	49,122	49,122
Other reserves	14,333	14,333	14,333	14,333
Retained earnings	882,534	879,310	823,296	826,209
Non-controlling interest	0	0	0	0
Long-term liabilities and provisions	**226,161**	**224,309**	**266,314**	**272,165**
Liabilities due to purchase of fixed assets	2,202	2,162	444	429
Lease liabilities	206,350	201,658	234,178	236,957
incl.: lease liabilities related to retail and office space	*204,634*	*200,438*	*233,235*	*236,017*
Loans and borrowings	16,580	19,460	30,571	33,658
Long-term provisions	1,029	1,029	1,121	1,121
Short-term liabilities and provisions	**308,912**	**344,582**	**314,468**	**332,563**
Lease liabilities	109,999	102,228	101,908	97,566
incl.: lease liabilities related to retail and office space	*109,252*	*101,610*	*101,230*	*96,861*
Trade and other liabilities	154,074	198,218	174,313	193,162
Corporate income tax liabilities	916	5,772	614	6,984
Loans and borrowings and short-term part of long-term loans and borrowings	28,753	22,786	24,134	20,604
Short-term provisions	15,170	15,578	13,499	14,247
Total liabilities and provisions	**535,073**	**568,891**	**580,782**	**604,728**
Total equity and liabilities	**1,481,062**	**1,511,656**	**1,467,533**	**1,494,392**

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS STATEMENT

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Revenues	**267,017**	**243,779**
Cost of sales	129,710	120,573
Gross profit on sales	**137,307**	**123,206**
Selling costs	109,811	97,570
Administrative expenses	22,900	19,780
Other operating income	875	1,065
Gain from sale of non-financial non-current assets	60	100
Other operating costs	804	2,008
Loss from sale of non-financial non-current assets	0	0
Profit (loss) from operations	**4,727**	**5,013**
Financial income	2,510	201
incl.: financial income due to lease liabilities related to retail and office space	*912*	*0*
Financial costs	2,919	8,949
incl.: financial costs due to lease liabilities related to retail and office space	*1,272*	*5,171*
Pre-tax profit (loss)	**4,318**	**-3,735**
Income tax	1,094	-822
Net profit (loss) for the period	**3,224**	**-2,913**
Attributed to dominating entity	3,224	-2,913
Attributed to non-controlling interest	0	0
Earnings (loss) per share		
- basic	0.01	-0.01
- diluted	0.01	-0.01

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2022 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Net profit (loss) for the period	**3,224**	**-2,913**
Other comprehensive income, including:	0	0
That can be reclassified to net income	0	0
That cannot be reclassified to net income	0	0
Total comprehensive income	**3,224**	**-2,913**
Attributed to dominating entity	3,224	-2,913
Attributed to non-controlling interest	0	0

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 3 months ending March 31, 2023

	PLN ths.			
	Share capital	**Capital reserves**	**Retained earnings**	**Total equity**
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	0	0	-2,913	-2,913
Dividends	0	0	0	0
Balance at 31.03.2022	**49,122**	**14,333**	**823,296**	**886,751**
2022 period from 01-01-2022 to 31-12-2022				
Balance at 01.01.2022	**49,122**	**14,333**	**826,209**	**889,664**
Net profit (loss) for the period	0	0	92,958	92,958
Dividends	0	0	- 39,857	- 39,857
Balance at 31.12.2022	**49,122**	**14,333**	**879,310**	**942,765**
1 quarter 2023 period from 01-01-2023 to 31-03-2023				
Balance at 01.01.2023	**49,122**	**14,333**	**879,310**	**942,765**
Net profit (loss) for the period	0	0	3,224	3,224
Dividends	0	0	0	0
Balance at 31.03.2023	**49,122**	**14,333**	**882,534**	**945,989**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Pre-tax profit (loss)	**4,318**	**-3,735**
Amortization and depreciation	30,600	27,549
Profit (loss) on investing activities	-60	-100
Income tax paid	-7,969	-9,633
Interest costs	2,405	1,898
Change in provisions	-408	-749
Change in inventories	-2,003	-15,939
Change in receivables	-4,040	-11,243
Change in short-term liabilities, excluding bank loans and borrowings	-44,800	-15,221
Other adjustments	-734	-258
Net cash flows from operating activities	**-22,691**	**-27,431**
Interest received	676	104
Inflows from sale of fixed assets	406	798
Purchase of intangible assets	-457	-125
Purchase of fixed assets	-7,577	-5,937
Net cash flows from investing activities	**-6,952**	**-5,160**
Inflows from loans and borrowings	6,208	3,504
Repayment of bank loans and borrowings	-3,120	-3,060
Lease payments due to other lease agreements	-205	-194
Other interest paid	-1,099	-618
Interest paid due to finance lease liabilities	-1,308	-1,281
Lease payments due to lease liabilities related to retail and office space	-29,956	-26,327
Net cash flows from financing activities	**-29,480**	**-27,976**
Change in cash and cash equivalents in the balance sheet	**-59,123**	**-60,567**
Opening balance of cash and equivalents	**95,899**	**114,572**
Change in cash due to foreign currency translation	0	0
Closing balance of cash and equivalents	**36,776**	**54,005**

Value shown under "Other adjustments" consists of:	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
fixed assets - write-down - liquidations	-86	-154
Interest received	-676	-104
forward transactions valuations	28	0
Total	**-734**	**-258**

INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR 1Q23

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.

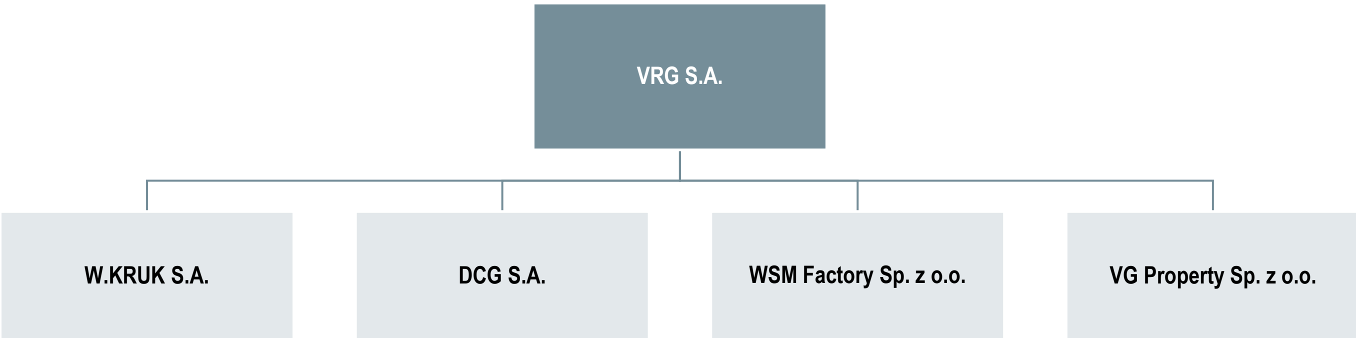
The company is one of the first companies that were listed on the Warsaw Stock Exchange S.A. First listing of VRG S.A. took place on September 30, 1993.

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 1Q23 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.** 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., VG Property Sp. z o.o.

CHANGES IN CAPITAL GROUP STRUCTURE IN 1Q23

Between January 1, 2023 and March 31, 2023 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, 2023 the composition of the Management Board of VRG S.A. was as the following:

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

In the period from January 1, 2023 to March 31, 2023, there were no changes in the composition of the Parent Company's Management Board.

In the period from the balance sheet date, i.e. March 31, 2023, to the date of signing this report, the above composition of the Parent Company's Management Board has not changed.

SUPERVISORY BOARD

As at March 31, 2023, 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 January 1, 2023 to March 31, 2023, there were no changes in the composition of the Parent Company's Supervisory Board.

In the period from the balance sheet date, i.e. March 31, 2023, to the date of signing this report, the above composition of the Parent Company's Supervisory Board has not changed.

1.4. GOING CONCERN

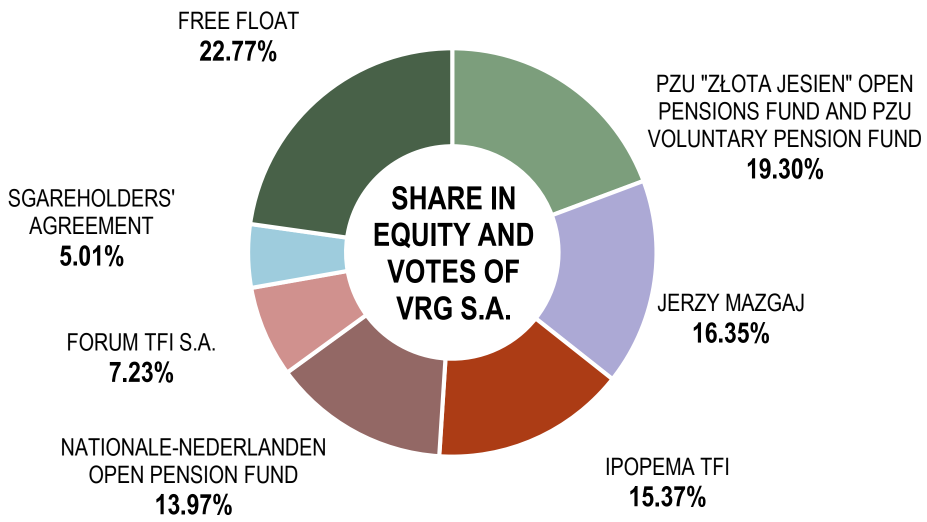
Interim condensed consolidated financial statements of the VRG S.A. Capital Group (hereinafter also referred to as the "Capital Group", "Group" or "VRG Group") has been prepared on the assumption that the companies of the Capital Group will continue as a going concern in an unchanged form and scope for a period of at least 12 months from the date of preparation financial statement, i.e. March 31, 2023. In the opinion of the Management Board of the Parent Company, as at the date of approval of these interim consolidated financial statements, there are no prerequisites and circumstances indicating a threat to the continuation of operations by the Capital Group companies in the foreseeable future.

1.5. 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 2023 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 2022 and the consolidated annual report for 2022 (April 4, 2023).

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 2023 ON MAY 17, 2023

As at the date of signing the consolidated report for the 1st quarter of 2023, 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 %)
PZU „Złota Jesień" Open Pension Fund and PZU Voluntary Pension Fund[1]	45,251,894	19.30	45,251,894	19.30
Jerzy Mazgaj [2]	38,332,632	16.35	38,332,632	16.35
IPOPEMA TFI[3]	36,038,137	15.37	36,038,137	15.37
Nationale-Nederlanden Open Pension Fund[4]	32,750,487	13.97	32,750,487	13.97
Forum TFI S.A.[5]	16,946,800	7.23	16,946,800	7.23
Shareholders' Agreement (Colian Developer sp. z o. o. sp. k. and Jan Kolański) [6]	11,752,923	5.01	11,752,923	5.01

[1] *information provided on the basis of a notification received by the Company pursuant to art. 69 sec. 1 point 2 and art. 87 sec. 1 point 2b of the Act of July 29, 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies, applies to the Company's shares held jointly by the Open Pension Fund PZU "Złota Jesień" and Voluntary Pension Fund PZU managed by Universal Pension Company PZU S.A. According to the information possessed by the Company, Open Pension Fund PZU "Złota Jesień" independently holds 44,199,785 shares of the Company, which constitutes 18.85% of the share capital of the Company and entitles to 44,199,785 votes, constituting 18.85% of the total number of votes at the General Meeting Company Meeting. According to the information possessed by the Company, PZU Voluntary Pension Fund independently holds 1,052,109 shares of the Company, which constitutes 0.45% of the share capital of the Company and entitles to 1,052,109 votes, constituting 0.45% of the total number of votes at the General Meeting of the Company.*

[2] *information provided on the basis of a notification received by the Company pursuant to art. 69 sec. 1 point 1 of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to organized trading and on public companies.*

[3] *information provided on the basis of a notification received by the Company pursuant to art. 69 sec. 1 point 2 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, and applies to the Company's shares held jointly by all funds managed by IPOPEMA TFI S.A. According to the information held by Ipopema, 21 Closed-end Fund of Non-Public Assets, managed by IPOPEMA TFI S.A. at the Ordinary General Meeting on June 21, 2022, held 35,431,872 shares of the Company, which constituted 15.11% of the share capital of the Company and entitled to 35,431,872 votes, constituting 15.11% of the total number of votes at the General Meeting of the Company.*

[4] *information provided on the basis of the number of shares held by Nationale-Nederlanden Open Pension Fund at the Ordinary General Meeting on June 21, 2022.*

[5] *information provided on the basis of the number of shares held jointly by the Forum X Closed-End Investment Fund and the Forum XXIII Closed-End Investment Fund managed by Forum TFI S.A at the Ordinary General Meeting on June 21, 2022. According to the information held by Forum X Closed-End Investment Fund at the Ordinary General Meeting on June 21, 2022, held 6,951,760 shares of the Company, which constituted 2.97% of the share capital of the Company and entitled to 6,951,760 votes, constituting 2.97% of the total number of votes at the General Meeting of the Company. According to the information held by the Company, Forum XXIII Closed-End Investment Fund held 9,995,040*

shares of the Company at the Ordinary General Meeting on June 21, 2022, which constituted 4.26% of the Company's share capital and entitled to 9,995,040 votes, constituting 4.26 % of the total number of votes at the General Meeting of the Company.

[6] *information provided on the basis of a notification received by the Company pursuant to art. 69 section 1 in connection with art. 69a sec. 1 point 3 of the Act of July 29, 2005 on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and on Public Companies and applies to the Company's shares held jointly by an agreement of shareholders of Colian Developer sp. z o.o. sp. k. and Mr. Jan Kolański. According to the information held by Colian Developer sp. z o.o. sp. k. independently holds 3,295,550 shares of the Company, which constitutes 1.40% of the share capital of the Company and entitles to 3,295,550 votes constituting 1.40% of the total number of votes at the General Meeting of the Company. According to the information possessed by the Company, Mr. Jan Kolański holds 8,457,373 shares of the Company, which constitutes 3.61% of the Company's share capital and entitles him to 8,457,373 votes, constituting 3.61% of the total number of votes at the General Meeting of the Company.*

TO THE COMPANY'S BEST KNOWLEDGE, FROM THE PUBLICATION DATE ON APRIL 4, 2023 OF THE PREVIOUS INTERIM REPORT, I.E. SEPRATE ANNUAL REPORT FOR 2022 AND CONSOLIDATED ANNUAL REPORT FOR 2022 THE FOLLOWING CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT STOCKS OF THE COMPANY'S SHARES TOOK PLACE.

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 1Q23	Number of shares held on the day of publication of annual separate and consolidated report for 2022
Michał Zimnicki – Executive Vice-President of the Management Board	4,000	4,000
Łukasz Bernacki – Executive Vice-President of the Management Board	100,381	100,381

– changes in the holdings of series F subscription warrants of the first tranche by managing personnel entitling to subscribe for new issue series P shares, issued in connection with the implementation of the incentive program in 2018 on the basis of Resolution No. 17/06/2018 of the Ordinary General Shareholders' Meeting of Vistula Group S.A. of June 27, 2018 on the adoption of the assumptions of the incentive program for members of the Company's Management Board, key managers or other persons of significant importance to the Company (and companies from its capital group), the issuance of subscription warrants with the exclusion of pre-emptive rights, a conditional increase in the share capital by issuing new shares with the exclusion of 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 new issuance shares in the National Depository for Securities S.A. and authorizing the Management Board of the Company to take all appropriate actions to admit the new issue shares to trading on the regulated market.

Management Board	Number of F-series subscription warrants as of the date of publication of consolidated quarterly report for 1Q23	Number of F-series subscription warrants as of the date of publication of annual and consolidated annual report for 2022
Łukasz Bernacki – Executive Vice-President of the Management Board	128,504	128,504

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

Supervisory Board	Number of shares held on the day of signing quarterly report for 1Q23	Number of shares held on the day of publication of annual separate and consolidated report for 2022
Jan Pilch – Deputy-Chair of the Supervisory Board	186,000	186,000
Wacław Szary – Member of the Supervisory Board	10,000	10,000

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, 2022 approved for publication on April 4, 2023.

These interim condensed consolidated financial statements have been prepared on the basis of historical cost concept.

The interim condensed consolidated financial statements have been prepared in Polish zlotys, rounded to full thousands (PLN '000).

In addition, 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 provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

3. ACCOUNTING PRINCIPLES

In the period from January 1, 2023 to March 31, 2023, no changes were made in the Capital Group to the adopted accounting principles and methods of preparing the financial statements. The accounting principles adopted by the Capital Group were applied on a continuous basis in relation to the period presented in the financial statements.

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

4. FX RATES USED FOR THE VALUATION OF ASSETS AND LIABILITIES

Individual items of assets and liabilities were converted into EURO at the average exchange rate of 31/03/2023 announced by the National Bank of Poland, which was PLN/EUR 4.6755. Individual items of the profit or loss statement were converted into EURO at the exchange rate of PLN 4.7005/EUR, which is the arithmetic average of the average EURO exchange rates set by the National Bank of Poland on the last day of each completed month covered by the report.

The following EURO exchange rates as at 31/01/23 – PLN/EUR 4.7089, 28/02/23 – PLN/EUR 4.717, 31/03/23 – PLN/EUR 4.6755 were used to calculate the average exchange rate.

Comparable data for individual items of assets and liabilities were converted into EURO at the average exchange rate announced by the National Bank of Poland, applicable as at the last day of the reporting periods, i.e. on December 31, 2022, which amounted to PLN 4.6899/EUR and on March 31, 2022, which amounted to PLN 4.6525/EURO. Comparable data for individual items of the profit or loss statement were converted into EURO at the exchange rates constituting the arithmetic mean of the average EURO exchange rates set by the National Bank of Poland on the last day of each completed month of the comparative period, i.e. from 01/01/2022 to 31/03/2022, which amounted to 4 .6472 PLN/EUR.

5. MAJOR ESTIMATES AND JUDGMENTS

The preparation of the financial statements in accordance with IFRS requires the Management Board of the parent company to make estimates, assessments and assumptions that affect the applied accounting principles and the 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 on the basis of other factors considered appropriate in given conditions. The results of these activities form the basis for making estimates in relation to the carrying amounts of assets and liabilities, which cannot be clearly determined on the basis of other sources. The validity of the above estimates and assumptions is verified on an ongoing basis.

Adjustments to estimates are recognized in the period in which changes are made to the adopted estimates, provided that the adjustment applies only to that period, or in the period in which the changes are made and in subsequent periods (prospective approach), if the adjustment applies to both the current period and periods next. Information on estimates is presented in Note 10.

6. CHANGES IN ACCOUNTING STANDARDS

STANDARDS AND INTERPRETATIONS THAT HAVE ALREADY BEEN PUBLISHED AND APPROVED BY THE EU AND ENTERED INTO FORCE FROM OR AFTER JANUARY 1, 2023

AMENDMENT TO IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

IASB clarified the rules for classifying liabilities as long-term or short-term mainly in two aspects:

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

– management's intentions to accelerate or delay payment of the liability are disregarded.

–IASB clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The Principles focus on tailoring disclosures to the individual circumstances of the entity. IASB warns against the use of standardized provisions copied from IFRS and expects that the basis of valuation of financial instruments will be considered as material information.

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

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

IASB introduced a definition of an accounting estimate into 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 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.

The above changes did not affect these financial statements.

STANDARDS AND INTERPRETATIONS AND AMENDMENTS TO THEM THAT ARE NOT EFFECTIVE FOR PERIODS BEGINING JANUARY 1, 2023

AMENDMENT TO IFRS 16 "LEASES"

The change clarifies requirements for measurement of lease liability arising from the sale and leaseback transactions. It is to prevent incorrect recognition of the result on the transaction in the part concerning the retained right of use in the case when lease payments are variable and do not depend on an index or rate. The change is effective for annual periods beginning on January 1, 2024 or later.

AMENDMENT TO IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

The change concerns the presentation of liabilities. In particular, it clarifies one of the criteria for classifying a liability as long-term. The change is effective for annual periods beginning on or after January 1, 2024.

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

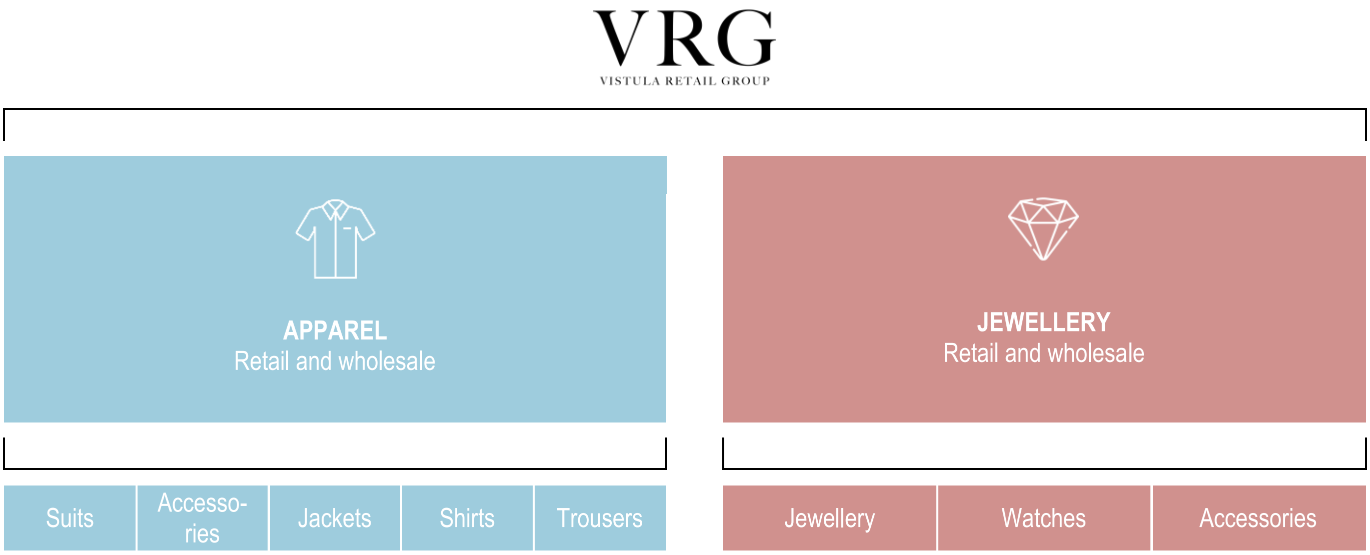
7. SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 OPERATING SEGMENTS BY TYPE OF ACTIVITIES AND GEOGRAPHICAL BREAKDOWN

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, Bytom, Wólczanka, W.KRUK (through a subsidiary) and Deni Cler (through a subsidiary).

The Group runs two business segments: apparel and jewellery.

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



OWN BRANDS OF VISTULA LINE:

VISTULA	
Vistula is a brand with a long tradition, which in its designs combines timeless cuts, patterns and cuts with current fashion trends, giving classic clothes a modern character. The wide assortment of the brand responds to the needs of both men and women, offering items of clothing that do not go out of style, which can be easily created for various occasions. From T-shirts and polo shirts, through sweaters and turtlenecks, to outerwear - Vistula is not only suits. The brand focuses on universal products, which, properly combined and enriched with accessories, add style to any styling. The priority is a sense of comfort and self-confidence for the client, who with clothes from Vistula emphasize their own unique style.	
VISTULA	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.	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).

BYTOM BRAND:

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.

WÓLCZANKA BRAND:

WÓLCZANKA
WÓLCZANKA
It is a brand existing since 1948. Wólczanka has been sewing shirts for generations. Years of experience have made her an expert and allowed her to gain the trust of millions of customers, thanks to which today she successfully expands her offer with new assortments such as trousers, skirts, dresses, jackets, coats, jackets, polo shirts, t-shirts. The brand's offer includes men's shirts, and from the Autumn-Winter 2014 season also women's shirts, both formal and casual. As an expert in good quality shirts, he expands this range and focuses on creating a fresh, modern brand. Wólczanka is the latest trends, beautiful prints, comfortable clothes for her and for him - and above all, an image that shows the joy of life and the possibility of making fashion choices, close to the client's needs.

DENI CLER MILANO BRAND:

APPAREL SEGMENT
DENI CLER MILANO
Since its foundation in 1971 in Mantua, Italy, Deni Cler Milano has been dressing women who are aware of their femininity, value and strength. In 1991, the brand appeared on the Polish market, introducing a new quality in women's fashion. To this day, it remains a synonym of elegance, refined taste, while at the same time being in line with current global trends. Deni Cler Milano collections are sewn from Italian fabrics. The materials used for the production of clothes are mainly wool, cashmere and silk. The brand's assortment includes mainly: coats, dresses, jackets, trousers, skirts, blouses.

BRANDS IN THE 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 lines of unique jewellery. The distinctive style of W.KRUK products is the result of the work of designers, projects inspired by the ambassadors (including Martyna Wojciechowska's Freedom collection) and an expert and innovative approach to jewellery. A significant part of the collections presented every year is made in the brand's Manufaktura near Poznań, which is one of the few in Europe that still uses traditional manufacturing techniques. In the workshops of the W.KRUK brand, handicraft is combined with the latest technologies. In 2019, W.KRUK brand was the first in Poland to introduce jewellery with a new category of diamonds created by man in laboratory conditions into its chain of stores and offered under its own name New Diamond by W.KRUK. They have parameters identical to diamonds extracted using traditional methods and are classified according to the same parameters, using the same standards of expert assessment. W.KRUK expands its offer of both luxury and fashion jewellery. Since 2016, the brand's assortment has been complemented by a selection of accessories signed by W.KRUK, such as leather bags and accessories, silk scarves, sunglasses and fragrances for women and men.	W.KRUK offers watches of the most prestigious Swiss brands such as Rolex, Patek Philippe (W.KRUK S.A. is the exclusive distributor of these manufacturers in Poland) and renowned manufacturers and watch brands such as: Cartier, Chopard, Hublot, Panerai, Jagger Le Coutre, Omega, Tudor, Tag Heuer, Longines, Rado, Tissot, Frederique Constant, Citizen, Doxa, Certina, Seiko, Epos, Balticus, Victori-nox as well as fashion brands: Swatch, Gucci, Emporio Armani, Michael Kors, Fossil, Timex , Skagen, Armani Exchange, Tommy Hilfiger, Guess, Hugo Boss. The watches of renowned brands sold in W.KRUK stores have a strong position on the Polish market, and the value of their sales is steadily increasing. In addition to its own original and classic jewellery collections, W.KRUK also has in its portfolio products of prestigious jewellery manufactories from around the world (so-called external brands). W.KRUK selects brands for its offer with which it has many years of achievements, reputation and jewellery designed and made by talented designers and master goldsmiths. Thanks to this, the projects of outstanding jewellers from all over the world and the diamond collections of the oldest Polish jewellery brand together create a unique selection of the most valuable jewellery. In selected stores, W.KRUK offers products of brands such as: BIRKS Bijoux, Nanis, Marco Bicego, Pasquale Bruni, Hulchi Belluni and Recarlo.

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 WSM Factory Sp. z o. o. In addition to its own plant, the Group cooperates with proven independent producers who guarantee sewing and packaging services at the highest level and offer competitive prices.

The Group's own production activity in the jewellery segment is carried out in the Issuer's subsidiary, i.e. W.KRUK S.A. in the jewellery workshop in Komorniki near Poznań.

Revenues related to geographical segments for the period from January 1, 2023 to March 31, 2023 and for the comparable period are presented in the table below.

Revenues from various markets in terms of geographic location	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Poland	262,796	240,643
EURO zone	4,143	2,902
US$ zone	78	142
CHF zone	0	92
Total	**267,017**	**243,779**

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.

NOTE 2 SEASONALITY AND CYCLICALITY OF ACTIVITIES

Retail trade, both in the fashion sector and in the jewellery industry, is characterized by significant seasonality of revenues. For the apparel market, the most favourable period from the point of view of the generated financial result is the period of the 2nd and 4th quarter, while in the case of the jewellery industry it is the period of the 4th quarter (especially December).

The Group's activity can be divided into two operating segments: apparel and jewellery. These segments are the basis for the preparation of the Group's reports.

Basic types of activity:
– Retail and wholesale of apparel products
– Retail and wholesale of jewellery and watches

NOTE 3 OTHER OPERATING INCOME

Other operating income	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Gain on sale of non-financial fixed assets	60	100
Other operating revenues including:	875	1,065
due to write-ups for goods and materials	0	17
due to liquidation of agreements in line with IFRS16	*658*	*746*
Total	**935**	**1,165**

NOTE 3A OTHER OPERATING COSTS

Other operating costs	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Loss on sale of non-financial fixed assets	0	0
Inventory write-offs	100	10
Finished goods write-offs	0	7
Donations	252	100
Fixed asset liquidation costs	127	1 315
Other operating costs including:	325	576
severance pay	*21*	*83*
Total	**804**	**2 008**

NOTE 4 FINANCIAL INCOME

Financial income	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Interest on bank deposits	671	104
FX gains	1,838	97
incl.: lease liabilities for commercial and office space	*912*	*0*
Other	1	0
Total	**2,510**	**201**

NOTE 4A FINANCIAL COSTS

Financial costs	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Interest on overdrafts and bank loans	899	612
Interest from factoring	184	63
Finance lease interest	50	7
Interest on lease liabilities for commercial and office space	1,272	1,266
Commissions on loans and guarantees	438	531
FX losses	36	6,420
incl.: lease liabilities for commercial and office space	*0*	*3,905*
Forward transaction valuation	28	0
Other	12	50
Total	**2,919**	**8,949**

NOTE 5 DEFERRED TAX ASSET AND LIABILITIES

Balance sheet items	PLN ths	
	Balance sheet	
	31.03.2023	**31.12.2022**
Deferred tax provisions	**377**	**452**
Balance sheet values – FX gains	242	314
Net advances paid	55	55
Valuation of loans at amortized cost	53	53
Leased fixed assets	26	29
Other	1	1
Transferred to financial result	**377**	**452**
Transferred directly to goodwill	**0**	**0**

Balance sheet items	PLN ths	
	Balance sheet	
	31.03.2023	31.12.2022
Deferred tax assets	**24,479**	**22,567**
Accelerated balance sheet depreciation	2,252	2,288
Post-employment benefits (severance pay)	28	28
Write-offs	4,205	4,184
Provisions, remuneration and social security	1,431	1,623
Salaries, unpaid social security	176	915
Balance sheet values – FX losses	4	6
Tax loss carryforward	5,600	1,493
Impairment of receivables from customers	86	0
Provision for future liabilities	502	909
Provision for customer returns	1,313	1,313
Forward transaction valuation	5	0
Loyalty programme valuation	1,912	1,912
Lease liabilities for commercial and office floorspace	6,965	7,896
Transferred to financial result	**24,479**	**22,567**
Transferred directly to equity	**0**	**0**

NOTE 6 CHANGE IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES, INVENTORY AND IMPAIRMENT OF FIXED ASSETS

Write-offs	PLN ths				
	Balance at 01.01.2023	Creation	Release/ Usage	Reclassified	Balance at 31.03.2023
Intangible assets write-offs	3,150	0	0	0	3,150
Fixed assets write-offs	1,982	0	0	0	1,982
Write-offs for assets held for sale	0	0	0	0	0
Inventory write-offs	20,331	100	0	0	20,431
Receivables write-offs	791	372	169	0	994
Write-offs for proceeds from loans granted	0	0	0	0	0
Total write-offs	**26,254**	**472**	**169**	**0**	**26,557**

Write-offs	PLN ths				
	Balance at 01.01.2022	Creation	Release/ Usage	Reclassified	Balance at 31.03.2022
Intangible assets write-offs	3,150	0	0	0	3 150
Fixed assets write-offs	3,206	0	184	1,040	1 982
Write-offs for assets held for sale	0	0	1,040	-1,040	0
Inventory write-offs	22,766	2,076	4,511	0	20,331
Receivables write-offs	1,745	86	1,040	0	791
Write-offs for proceeds from loans granted	0	0	0	0	0
Total write-offs	**30,867**	**2,162**	**6,775**	**0**	**26,254**

NOTE 7 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, 2022	**8,204**	**3,198**	**1,752**	**2,202**	**12**	**15,368**
provisions created during the year	4,801	452	0	1,836	111	7,200
provisions released	-3,894	0	-1,188	-857	-22	-5,961
Balance as at December 31, 2022	**9,111**	**3,650**	**564**	**3,181**	**101**	**16,607**
presented in short-term liabilities	8,082	3,650	564	3,181	101	15,578
presented in long-term liabilities	1,029	0	0	0	0	1,029
Balance as at January 1, 2023	**9,111**	**3,650**	**564**	**3,181**	**101**	**16,607**
provisions created during the year	538	0	588	0	2	1,128
provisions released	-1,537	0	0	0	1	-1,536
Balance as at March 31, 2023	**8,112**	**3,650**	**1,152**	**3,181**	**104**	**16,199**
presented in short-term liabilities	7,083	3,650	1,152	3,181	104	15,170
presented in long-term liabilities	1,029	0	0	0	0	1,029

Balance of provisions as at March 31, 2023 includes:

long-term provision for retirement benefits	PLN 1,029 ths	**Total PLN 16,199 ths**
short-term provision for retirement benefits	PLN 106 ths	
short-term provision for overdue holidays	PLN 4,416 ths	
provision for bonuses	PLN 2,561 ths	
provision for customer returns	PLN 3,181 ths	
short-term provision for sewing services	PLN 1,152 ths	
provision for future liabilities	PLN 3,650 ths	
other provisions	PLN 104 ths	

NOTE 8 CONDITIONAL ASSETS AND LIABILITIES

	PLN ths	
	balance at 31-03-2023 / end of quarter 2023	balance at 31-12-2022 / end of quarter 2022
Issued bank guarantees for rentals of store premises	67,199	58,755
Open letters of credit	18,598	23,441
Promissory notes securing lease liabilities	509	410
Conditional liabilities, total	**86,306**	**82,606**

There are no conditional receivables in the Group.

NOTE 9 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.

NOTE 9A FINANCIAL INSTRUMENTS BY CLASS

Balance sheet items measured at amortized cost			PLN ths			
	31.03.2023		**31.12.2022**		**31.03.2022**	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Loans granted	0	0	0	0	0	0
Trade and other receivables and current assets	18,366	0	14,446	0	24,322	0
Cash and equivalents	36,776	0	95,899	0	54,005	0
Long-term liabilities due to. bank loans, loans and leases	0	222,930	0	221,118	0	264,749
incl.: leases for commercial and office space	*0*	*204,634*	*0*	*200,438*	*0*	*233,235*
Short-term liabilities due to. . bank loans, loans and leases	0	138,752	0	125,014	0	126,042
incl.: leases for commercial and office space	*0*	*109,252*	*0*	*101,610*	*0*	*101,230*
Trade and other liabilities	0	156,248	0	200,380	0	174,757
Financial instruments (forwards)	0	28	0	0	0	0
Total	**55,142**	**517,958**	**110,345**	**546,512**	**78,327**	**565,548**

The above financial assets and liabilities have been measured at amortized cost.

NOTE 9B FINANCIAL INSTRUMENTS - INCOME AND COSTS AND GAINS AND LOSSES FROM IMPAIRMENT

Balance sheet items	PLN ths					
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023					
	Interest income	Interest cost	Gains/losses due to amortised cost valuation	Write-offs created	Write-offs release	FX gains/losses
Loans granted	0	0	0	0	0	0
Trade and other receivables	1	0	0	372	169	-3
Cash and equivalents	671	0	0	0	0	95
Other short-term assets – Forward transactions	0	0	-28	0	0	0
Liabilities due to. bank loans, loans and leases	0	949	0	0	0	0
Lease liabilities for commercial and office space	0	1,272	0	0	0	912
Trade and other liabilities	0	12	0	0	0	798
Total	**672**	**2,233**	**-28**	**372**	**169**	**1,802**

NOTE 10 INFORMATION ON SIGNIFICANT CHANGES IN ESTIMATES

List of major estimates and judgments for individual items of the statement of financial position:

Note	5	Deferred tax assets and liabilities
Note	6	Receivables write-off
Note	6	Inventory write-off
Note	7	Provisions for liabilities

8. OTHER EXPLANATORY NOTES

8.1. SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2023

Significant changes in the shareholding structure: On January 4, 2023, the Parent Company received from Colian Developer sp. z o.o. sp. k. with its registered office in Kalisz (the "Notifying Party") acting in agreement with Mr. Jan Kolański, a notification on increasing the share in the total number of votes in the Parent Company above the 5% threshold by means of an Agreement in which the Notifying Party acts together with Mr. Jan Kolański. As a result of the purchase transaction of 30,550 shares of the Parent Company concluded on December 30, 2022 during the trading session on December 30, 2022, the Shareholders' Agreement exceeded the share of 5% in the total number of votes in the Parent Company. Prior to the aforementioned transaction, the Shareholders' Agreement held 11,722,373 shares of the Parent Company, which constituted 4.99% of the share capital of the Parent Company and entitled to exercise 4.99% of the total number of votes in the Parent Company. After the aforementioned transaction, the Shareholders' Agreement (Colian Developer sp. z o. o. sp. K. and Jan Kolański) holds a total of 11,752,923 shares of the Parent Company, which constitutes 5.01% of the Parent Company's share capital and entitles it to exercise 5.01 % of the total number of votes in the Parent Company.

Apparel segment offering: The VRG Group traditionally entered the new year with a period of post-Christmas sales. At the same time, VRG clothing brands introduced individual elements of the Spring/Summer collection to their offer. In accordance with the new practice of the Group, new elements of the assortment appear in the traditional network and e-shops gradually - so that the customer can find products best suited to his current needs at a given moment of the season. The change in the approach to the debut of the collection is the result of the strategic evolution of the apparel segment of the VRG Group, aimed at stimulating sales and increasing the Company's business in this area.

The theme connecting the offer of VRG apparel brands debuting in the first quarter of this year. was convenience - both in terms of the comfort of wearing individual elements, as well as in terms of the possibility of combining them in various ways to create individual stylizations.

At the end of January, the “So easy to create” collection, built in accordance with the “capsule wardrobe” philosophy, appeared in Vistula stores. It assumes that individual elements of the collection, freely combined by the consumer, can change their character depending on the circumstances (e.g. the same suit used for a formal meeting and a casual social meeting, supplemented with a formal shirt or a sports T-shirt shirt). Vistula has offered this collection for men and women, in line with the brand's development strategy through the development of an offer addressed also to the female part of consumers.

Wólczanka, in accordance with its strategy, in the first quarter offered a wide range of "total look" products for everyday use, for women and men. The Spring/Summer collection, which debuted at the end of February, was promoted by the slogan "Close to You", with which the brand wanted to draw attention to both quality of the materials worn by the client of Wólczanka, as well as the fact that it tries to dress the client in accordance with the lifestyle leads. The brand's offer traditionally included a wide range of shirts. The portfolio has been extended with a line of Wólczanka Premium shirts.

In mid-February, BYTOM presented itself to its customers in a modern and minimalist way, offering a spring-summer collection under the slogan "Supreme Comfort". It included high-quality jeans, shirts and sweaters as well as outerwear. The essence of the line was denim. In addition to classic denim trousers and jackets, the designers of the brand also took care of an additional element, i.e. denim shirts, available in two shades: classic blue and delicate blue. This comfortable, casual collection was a complement to the classic range of quality formal suits, which are the DNA of the brand.

Deni Cler presented its customers with the Magic of Cinema collection, inspired by women who have the status of icons in the history of cinematography: Brigitte Bardot, Marylin Monroe, Audrey Hepburn, Penelope Cruz, Monica Bellucci and Cate Blanchett. The choice of these stars corresponds perfectly with the philosophy of the Deni Cler brand, which tries to emphasize the strength of femininity, their power, courage and independence. The joyful, colourful collection debuted on January 21 during a fashion show in Warsaw.

Offer of the jewellery segment: On Women's Day, March 8, 2023, W.KRUK presented another instalment of the popular jewellery collection "Flowers of the Night". Referring to floral motifs and nature, products from this series have been very popular among the brand's customers for years. This year's collection is inspired by strawberry, cherry and lilac flowers. Individual elements are made intricately and with the utmost care in the W.KRUK jewellery manufactory. Earrings, bracelets and necklaces, made of silver and gold, are hand-covered with coloured enamel and inlaid with precious stones. The premiere of "Flowers of the Night" was also accompanied by the presentation of the latest models from the spring collection of the Picky Picka brand, addressed to the younger segment of consumers looking for fashion jewellery.

Development of traditional network: In the first quarter of 2023, 8 new VRG Group brand stores were opened. The company implements a retail space management strategy that is strongly focused on the criterion of sales profitability. Unprofitable stores are closed, and new solutions and formats are tested in new locations or those with the greatest potential. This happens in an evolutionary way, in the rhythm of renewals of lease periods or planned openings. Throughout 2023, taking into account closing down of unprofitable locations, the opening of new ones and the increase in the size of the existing ones, the Group plans to increase the total retail space by c. 4%.

In the first quarter, the Group significantly reorganized its presence in the Warsaw shopping mall Westfield Mokotów - one of the largest shopping centers in the country. In March, W.KRUK Rolex Boutique debuted in W.KRUK store, nearly four times larger than previously. This is the first such boutique in Poland and one of the few in Europe designed and built in accordance with the latest Rolex furniture concept. Outside Poland, this format is currently available only in Switzerland, France and Turkey.

Also in March, Wólczanka launched a new large format store in Westfield Mokotów. Enlargement of the store and its reorganization, in accordance with the assumptions of the latest format, implemented by the brand from 2021, provides the opportunity to display the entire growing range of the brand. Wólczanka is also present in the shopping center as part of a specialist point with an offer of shirts from Wólczanka Premium collection, operating under the name of Wólczanka Butik.

In the first quarter of 2023, the Group also opened a new, larger Wólczanka brand store and a Bytom store in Warsaw's CH Atrium Promenada, a Vistula store in Galeria Victoria in Wałbrzych, W.KRUK stores in Auchan in Racibórz and CH VIVO! in Krosno and a franchise store of the brand in CH Wzorcownia in Włocławek.

Further development of service channels in the omnichannel model: The Group continues to invest in omnichannel. In the first quarter of 2023, work was underway on programming proprietary solutions that would enable interactive size adjustment in online stores. The possibilities of deliveries and returns were also expanded, including e.g. the option to deliver purchases from e-commerce clothing brands on the same day in major cities. The group regularly works on introducing more and more intuitive tools in e-shops and sales applications. Sales on the Zalando platform are also continued and work is underway to start cooperation with other platforms.

Clothes to Giveaway: In the first quarter of 2023, Wólczanka brand continued the #Poczujradośćpomagania campaign, carried out in cooperation with the Clothes to Giveaway brand. As part of the initiative, in selected Wólczanka stores, consumers have the option of returning clothes of any brand to special boxes. This clothing then goes to circular boutiques and companies that obtain second-hand clothing. Unnecessary clothes can also be collected from interested persons by courier. For each kilo of collected items, Clothes to Giveaway donates PLN 1 to support the "Help on Time" Foundation. At the beginning of April 2023, Wólczanka announced that it had collected over 2 tons of clothing as part of the first stage of the campaign.

8.2. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On April 18, 2023, VRG S.A. signed with mBank S.A. annex extending the term of the framework agreement in force until April 18, 2025. The agreement entitles to use the overdraft facility, execution of orders in the field of bank guarantees and letters of credit, with the total amount of debt resulting from the use of the limit in the form of the above-mentioned credit products may not exceed PLN 19,000,000.00.

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

In the first quarter of 2023, the Parent Company did not issue, redeem or repay any equity securities.

8.4. DIVIDENDS PAID AND DECLARED

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 objectives of the Management Board of VRG S.A. with its registered office in Cracow (the "Company") is to share profit with shareholders through the payment of dividends. The Company's Management Board intends to recommend the shareholders to pay 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.

8.5. PROCEEDINGS PENDING BEFORE COURTS OR PUBLIC ADMINISTRATION AUTHORITIES

No proceedings concerning the Group's liabilities or receivables, the value of which would have a significant impact on the assessment of the Group's situation, are pending before the court, arbitration body or public administration body.

8.6. RELATED PARTY TRANSACTIONS

The following entities are considered related to the Group:

– persons belonging to the key management personnel of the VRG S.A. Capital Group.
– entities over which key persons control or exert significant influence, within the meaning of IAS 24.

The Group's key management personnel includes members of the Management Board and Supervisory Board of the Parent Company.

The value of short-term benefits paid to members of the Parent Company's Management Board in the period from January 1, 2023 to March 31, 2023 amounted to PLN 592.5 thousand.

The value of short-term benefits of members of the Parent Company's Supervisory Board paid in the period from January 1, 2023 to March 31, 2023 amounted to PLN 429.8 thousand.

Members of the Management Board of VRG S.A. for sitting on the Supervisory Board of DCG S.A. received of PLN 0 thousand, and members of the Supervisory Board VRG S.A. for sitting on the Supervisory Board of DCG S.A. the amount of PLN 0 thousand.

Additionally, members of the Supervisory Board of VRG S.A. member of the Supervisory Board of KRUK S.A. received PLN 66 thousand. PLN on this account.

Two members of the Management Board of VRG sit on the Management Board of W.KRUK S.A. and they received PLN 225,000 on this account.

8.7. INFORMATION ON GRANTING BY THE ISSUER OR BY A SUBSIDIARY OF A CREDIT OR LOAN OR GUARANTEE GRANTING A TOTAL TO ONE ENTITY OR A SUBSIDIARY OF SUCH ENTITY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES CJA IS SIGNIFICANT

In the first quarter of 2023, the parent company did not grant any additional sureties to subsidiaries in relation to those described in the annual report and the consolidated annual report for 2022.

As at 31.03.2023, 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 the liabilities of W.KRUK S.A., DCG S.A. and VG Property Sp. z o. o. towards Bank PKO BP S.A. resulting from loan agreements amounts to:

- Term loan agreement (Bank Loan B) up to PLN 71,400,000.00 concluded by the Company on March 9, 2015, as amended, transferred to W.KRUK S.A. after the takeover of an organized part of the Company's enterprise by W.KRUK S.A. as a result, the borrower changed in the Loan Agreement B, i.e. W.KRUK S.A. replaced the Company with full rights and obligations of the borrower. as a result, the debt was taken over by W.KRUK S.A. After the transfer of the borrower's rights and obligations to W.KRUK S.A., the Company 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 its release after 3 years.

– Multi-purpose credit limit agreement up to PLN 18,000,000.00 concluded by the subsidiary DCG S.A. on June 26, 2015, as amended. One of the collaterals for repayment of liabilities of DCG S.A. towards the bank under this agreement is a surety by the Parent Company up to a maximum amount not exceeding PLN 27,000,000, the surety is valid until July 11, 2027.

Due to repayment of the investment loan by the subsidiary VG Property sp. z o. o. on March 31, 2023, the surety granted by VRG S.A. expired. against the bank for this.

8.8. INFORMATION ON SIGNIFICANT PURCHASE AND SALE TRANSACTIONS OF PROPERTY, FIXED AND FIXED ASSETS

The total amount of capital expenditures in the consolidated financial statements from cash flows reported in the reporting period amounted to PLN 7,577 thousand.

There were no significant sales transactions.

8.9. INFORMATION ON A SIGNIFICANT LIABILITY FOR THE PURCHASE OF PROPERTY, PLANT AND FIXED ASSETS

Not applicable.

8.10. INDICATION OF FACTORS WHICH IN THE ISSUER'S OPINION 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 factors that may affect the results and economic and financial situation of the Group. The factors listed below may have a significant impact on the development prospects, results achieved and financial situation of the Capital Group.

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

– Inflation and price increases.

– Reducing consumption, cutting spending on durable goods due to rising inflation and household costs of living.

– Armed conflict in Ukraine.

– Decrease in the PLN exchange rate against USD, EUR.

– Economic and social situation in Poland.

Positive impact on the Group's financial results in the next quarter may be exerted by:

– Further development of the Group's offer.

– Development of the on-line channel, omnichannel-oriented activities.

– Increase in the PLN exchange rate against USD, EUR.

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

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, results achieved and financial situation of the Capital Group.

EXTERNAL RISK FACTORS

Economic risk related to the macroeconomic situation	The level of the Group's revenues depends on the economic situation, including: the dynamics of economic growth, inflation, unemployment, household income and debt, individual consumption, consumer optimism indicators, the level of the euro exchange rate against the złoty, interest rates and government fiscal policy. There is a risk that in the event of a sharp economic downturn and the occurrence of recessionary phenomena, there will be a significant drop in demand for the products, offered by the Group, which will have a negative impact on the achieved results and financial position. **Actions:** Each of the brands owned by the Group is aimed at a wide range of consumers. The Group offers very good quality products in various price segments. In the event of a downturn in the economy or demand, the Group will cut costs to maintain profitability.
Risks associated with the instability of the Polish legal system legal system, including tax system	A potential risk for the Group's business, as for all business entities, may be the volatility of laws and their interpretation. Changes in commercial law, tax law, labour and social security law and other regulations governing businesses, particularly in the Group's industry, entail significant risks in the conduct of business and may hinder or prevent the implementation of planned operational activities and financial forecasts. Subsequently, changes in the law may lead to a deterioration in the Group's financial condition and performance. New legal regulations may potentially give rise to certain risks related to interpretation problems, lack of jurisprudence practice, unfavourable interpretations adopted by courts or public administration bodies, etc. For example, the implementation of the EU Omnibus Directive, which in the context of Polish law included primarily the amendment of two laws: on the protection of consumer rights and on counteracting unfair market practices, introduced significant changes in trading on the Internet and in stationary shops. The new provisions raise questions of interpretation. Tax law is characterised by a lack of stability, as its provisions are frequently amended, many times to the disadvantage of taxpayers. Changes in the taxation of business activities with respect to income tax, value added tax or other taxes may adversely affect the Issuer's operations and income levels. Interpretations of tax authorities also change, are replaced by others or are in conflict with each other. This results in uncertainty as to how the law will be applied by the tax authorities in the diverse, often complex factual situations occurring in business. The Group is also exposed to the risk of possible changes in interpretations of tax laws issued by tax authorities. The factors described above may have a significant negative impact on the Group's development prospects, results and financial position. **Activities:** The Group continuously analyses changing legislation, including tax legislation, In the event of legal changes, the Management Board will focus its activities on minimising their impact on the Group's financial results.
Risks associated with increased competition	The Capital Group operates in a highly competitive market environment. The apparel and jewellery segment of the market is characterised by a high degree of fragmentation: on the one hand, we are dealing with brands recognised on the Polish market, such as Vistula, Bytom, Wólczanka, Deni Cler and W.KRUK, and on the other hand, with global brands that are aggressively entering the Polish market. The clothing segment of the market is characterised by fairly low barriers to entry. There is also competition from newly emerging brands. The Group may have to look for new sourcing markets to keep its offering competitive. In addition, it may need to spend more on marketing and promotion to reach its target customer. **Actions:** In order to mitigate risks, the Group continuously monitors the activities of its competitors in terms of the development of its sales network, the products offered and the level of prices.
Exchange rate and hedging policy risks	The Group earns its revenue principally in PLN, but incurs significant costs in euro, US dollar and Swiss franc, which exposes the financial result to foreign exchange risk. During periods of weakening of the PLN against the major currencies of settlement, the Group incurs higher costs due to accounting for exchange rate differences.

	In currencies other than PLN, the Group incurs costs (a) for the purchase of materials for production (fabrics, accessories) and complementary assortments in the clothing segment (shoes, knitwear, leather accessories and others), (b) for the purchase of materials for production (jewellery raw materials), jewellery and watches in the jewellery segment and (c) resulting from lease agreements for retail space. In the event of a significant and prolonged weakening of the Polish currency against the euro, the US dollar and the Swiss franc, there is a risk of a significant deterioration in the financial results achieved by the Group. The table below the list of risks presents an analysis of the sensitivity of the financial result (and therefore equity) to an average annual change in exchange rates of +/-5 % against the average or closing rate. **Actions:** The parent company takes measures to limit the impact of an increase in the exchange rate on the level of the achieved "in take" margin mainly in terms of the USD/PLN exchange rate relationship. by entering into forward and spot contracts. The transactions are related to individual deliveries of goods particularly in the fashion area and do not relate to neutralisation of a possible risk related to an increase in rental fees due to a change in the EUR/PLN exchange rate relationship. The impact of forward transactions will be visible in the valuation of currency liabilities related to the forward transactions concluded.
Interest rate risk	The Group uses external financing with a variable interest rate in the form of an investment loan and a 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, consequently, a decrease in the Group's profitability. **Actions:** The Group constantly monitors the market situation and optimizes the debt level using diversified financial products.
Risks related to the 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 supply chain disruption. The Group does not have its own or franchise stores in the areas affected by the armed conflict in Ukraine and Russia, nor does it sell there through other channels (on-line shop, wholesale). As the Group does not import goods or raw materials from Ukraine or Russia, the risk of a possible negative impact of the armed conflict in Ukraine on the current stocking of its showrooms and the availability of its offer in on-line shops is assessed by the Parent's Management Board as low.

INTERNAL RISK FACTORS

Risks associated with adopting the wrong strategy	There is a risk that the Group's adopted development plans, the basic assumptions of which are presented in the section "Planned development activities" of the Management Board's Report on the Group's operations, will prove to be ill-adapted to changing customer expectations or market conditions. There is a risk that the implementation of the strategy will be delayed or that certain elements will not be realised or will not produce the expected results. Among other things, there is a risk that the Group will not be able to launch the planned new sales space, that the launch will be delayed or that the new locations will not achieve the targeted sales results. **Actions**: The Boards of Directors continuously analyse the effects of the measures introduced as part of the adopted development strategy. Data on available new locations is obtained and current locations are assessed. Optimisation measures are taken and customer behaviour is monitored in order to minimise the risk of adopting the wrong strategy and its impact on the Group's operations.
Risk of changing tastes and purchasing behaviour	An important factor in the success of an apparel company is a keen sense of changes in fashion trends and current consumer preferences and, in the case of the jewellery segment, adaptation to consumer expectations. There is a

	risk that individual collections or part of the Group's offer, despite its efforts, will deviate from customer expectations in a given season, which may result in problems with sales, the need to reduce selling prices or write down the value of part of the inventory. In order to mitigate this risk, the Group's companies analyse changing trends and customer needs so as to continue to offer desirable products at a favourable price/quality ratio. In addition, an analysis of the sales of individual ranges is carried out in order to select appropriate products in the next collections of the Group's owned brands. Over the last few years, as a result of the development of new communication technologies, there has been a noticeable change in the behaviour of the modern customer, i.e. the use of the internet and mobile devices in the clothing purchasing process. Thanks to the use of the internet in the purchasing process, the consumer has access to a wide range of brands, often with a global reach. They are also able to quickly compare the products on offer in terms of quality and price. Customers pay attention to delivery times, as well as the manufacturing process and the country of origin of the product. Knowing how today's consumers think and behave about their clothing purchases is an important factor in the success of clothing companies. **Activities:** The Group is aware of the changes taking place and is taking a number of actions to meet the demands of today's apparel customers. These actions include: developing the online sales channel, adapting web shop pages to meet customer expectations, implementing dedicated solutions for mobile devices and reducing lead times.
Risks associated with concluded rental contracts	The Group's business is based predominantly on the retail sale of goods through its own network of stores. The risk of losing one or more locations cannot be ruled out, e.g. in connection with the intention to modernise the entire shopping centre 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 of non-renewal of the lease agreement in locations showing the highest profitability for the Group or generating satisfactory financial results. There is a risk that the lease terms offered to the Group for the next period may differ unfavourably from the existing terms in the location. The loss of existing locations may make it necessary to temporarily curtail operations in a given area or the acquisition of attractive locations may involve increased costs. **Activities:** constant monitoring of existing and potential locations is carried out in order to achieve an optimal portfolio in line with the Group's expectations.
Risks associated with inventory management	Inventory management of finished goods and merchandise is one of the important factors affecting sales performance in the Group's industry. On the one hand, stock levels should facilitate purchasing decisions when offering a particular seasonal collection, leading to an increase in stock at each point of sale. On the other hand, higher inventory levels generate additional working capital requirements and may lead to the rewarding of hard-to-buy stock (seasonal, 'fashion' products, misplaced collections). Inadequate inventory management poses a risk to prices, margins and the necessary level of working capital, and can therefore negatively affect the Group's growth prospects, performance and financial position. **Actions:** A quantitative and qualitative analysis of the stocks held is carried out periodically. Based on this, the Group decides on discount actions, the amount of sales, as well as possible write-downs. In addition, on the basis of an analysis of the stock held and the resale of current collections, decisions are made as to the level of purchases for subsequent sales periods.
Risk of increases in raw material prices and manufacturing costs from suppliers	The Group procures imported raw materials for production, in particular high-quality fabrics and sewing accessories, as well as metals and precious stones for jewellery production. The cost of the aforementioned raw materials is a significant factor affecting the cost of production of the individual products on offer from the Group. In addition, Group companies purchase clothing accessories, jewellery products and watches from renowned foreign brands. There is a significant risk that with further increases in the prices of raw materials or manufacturing costs from

	suppliers/service providers, with little scope for price changes, it will not be possible to maintain margins that are appropriate for the type of product range. **Actions**: With a view to the quality required, the Group actively seeks the most optimal service providers and suppliers and negotiates price conditions.
External service cost risk	A significant share of operating costs is accounted for by third-party services. These services consist primarily of rents and other charges under commercial leases, costs related to the sewing service and costs related to transport and logistics. The Group also purchases a number of typical services (e.g.: advertising, telecommunications, legal, consultancy, etc.). The risk of deterioration in the commercial terms of one or more of the third-party services purchased by the Group, in particular rental costs, cannot be excluded. **Activities:** Constant monitoring of the contracts concluded and comparison to current market conditions is carried out.
Risk of termination of a bank loan agreement	The Group has entered into bank loan agreements with the banks PKO BP, SA, ING Bank Śląski SA and mBank SA. These agreements contain a number of conditions and covenants that the Group is obliged to fulfil. In the event of an economic downturn, a weakening of demand for the Group's products, the fulfilment of the covenants may be jeopardised, resulting in the risk of termination of the agreements by the financing banks. Due to the large amount of financing, it may not be possible for the Group to obtain refinancing in the short term. **Actions:** The Group minimises the risk by meeting its obligations to the banks on time and monitoring compliance with covenants. The Group provides the financing banks with information on its situation on an ongoing basis, either as a result of contractual conditions or the interest of the financing banks themselves, so that the associated risks are minimised and, should refinancing be required, the Group would be able to obtain it within a timeframe that does not impede liquidity.
Liquidity risk	The Group has liabilities under loan agreements. Consequently, collateral has been established covering a significant portion of the assets. These liabilities are serviced primarily using current operating income. In the extreme case of a sharp, simultaneous drop in demand and increase in costs (especially in the event of a deep weakening of the Polish zloty) or a temporary loss of revenue as a result of extraordinary events, the Group may experience difficulties in maintaining its liquidity. **Actions:** The Group constantly monitors its liquidity position by analysing the volume of sales receipts and required liabilities. It has carried out measures to extend payment terms for purchased goods and is actively adjusting the value of collections in line with demand, which will have a positive impact on the Group's cash flow. In the first half of 2022, the Group companies renewed their contracts with PKO BP and mBank for further years. The Group will work to further improve the efficiency of working capital utilisation and maintain longer payment terms. In the opinion of the Parent Company's Management Board, the current situation is sufficiently monitored and controlled. The Parent Company's Management Board is confident of the positive results of the measures described above.
Risk of liquidation of collateral and loss of collateral	In connection with loan and other agreements with a number of entities, the Group has created numerous collaterals over all of its assets, both real estate and movable property, inventories and trademarks. The amount of collateral exceeds the carrying value of the Group's assets. There is a risk of failure to meet deadlines or other contractual terms. Delays in meeting the above obligations may result in the immediate termination of all or part of the financing and the subsequent seizure of the Group's assets

	by the creditor to satisfy the collateral. The loss of significant assets could lead to significant impediments to the Group's business operations or even a complete blockage of the Group's ability to operate, generate revenues and profits. **Actions:** The Group minimises risk by meeting its obligations to banks in a timely manner.
Risks related to transactions with related parties	Group companies do and will enter into transactions with related parties. In particular, the Issuer enters into such transactions with the production company and the company responsible for the jewellery segment. Transactions with related parties may be subject to examination by the tax authorities in order to ascertain whether they were concluded on an arm's length basis and whether, therefore, the entity has correctly determined its tax liabilities. In the opinion of the Parent Company's Management Board, transactions with related parties are and will be concluded on an arm's length basis. There is a risk that the tax authorities will question the arm's length nature of the terms and conditions of the selected related party transaction, which could result in additional tax having to be paid, together with default interest. **Actions:** The parent company enters into transactions with related parties on an arm's length basis and analyses their marketability.
Risks related to shareholder structure	The Parent Company is characterised by a dispersed shareholding structure, with the largest shareholders being funds managed by the PZU Group S.A. holding 19.30% of votes at the General Meeting, and 6 significant shareholders holding a total of 77.23% of votes at the General Meeting. Most of these shareholders have held shares in the Parent for many years and participate in shaping the Company's business through their representatives on the Supervisory Board. However, the risk cannot be ruled out that one or more of the significant shareholders will reduce their shareholding or cease to invest in the Company's shares. It cannot be ruled out that decisions on the Group's strategy and operations which are important from the point of view of the Group will be delayed or even blocked. It cannot be ruled out that, despite the cooperation to date, the interests of significant shareholders will diverge/conflict. The aforementioned factors may have a significant negative impact on the Group's development prospects, results and financial position.
Risks associated with providing guarantees to subsidiaries	In connection with the separation of an organised part of the enterprise in the form of jewellery assets and their transfer to the subsidiary W.KRUK SA, the company simultaneously carried out financial restructuring. As part of this process, W.KRUK SA obtained new financing from Bank PKO BP and the parent company guaranteed the subsidiary's liabilities. In the second quarter of 2015, the subsidiary DCG SA obtained refinancing from Bank PKO BP and in the third quarter of 2016 the subsidiary VG Property Sp. z o.o. obtained an investment loan from Bank PKO BP. These liabilities of the subsidiaries DCG S.A. and VG Property Sp. z o.o. were guaranteed by the parent company. In the event of a sudden economic downturn and discontinuation of debt service by W.KRUK SA or DCG SA and VG Property Sp. z o.o. the Parent Company, on the basis of the surety granted, may be obliged to settle the outstanding liabilities of the subsidiaries, which could result in the loss of financial liquidity of the entire Company. In connection with the extension of the subsidiaries' Multiproduct Agreements with Bank PKO BP, the subsidiary W.KRUK S.A. granted a surety to the parent company VRG S.A. in the amount of PLN 55 million, from which it was subsequently released by the bank on 8 September 2022. The parent company VRG S.A. provides a surety to DCG S.A. in the amount of PLN 27 million. **Activities:** The Group monitors on an ongoing basis the financial situation of its subsidiaries and their fulfilment of their obligations towards the banks financing their activities.

Risk of disruption to IT systems	The Group uses a number of IT systems, tools and programmes to ensure an adequate level of communication within the organisational structures of the Group's companies, recording and processing information on business events in all areas of its operations. The risk of IT disruptions in the areas of (i) Technical infrastructure (e.g. failure of servers, workstations, network equipment, lack of connection to external networks), (ii) Software (e.g. malfunction, unauthorised deletion, operation of computer viruses), (iii) Data resources (loss or destruction of data, unauthorised access to data, unauthorised duplication of data, unauthorised modification of data) cannot be excluded. **Actions:** Within the framework of the procedures in place and the IT tools at its disposal, the Group aims to minimise the possibility of the above-described events occurring, but it is not possible to completely exclude the likelihood of their occurrence and thus their negative impact on the security and reliability of the information resources and databases held and on the security and continuity of service provision.
Risks related to the EU directive GDPR	Since May 25, 2018, Regulation 2016/67 of the European Parliament and of the EU Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (GDPR) has been in force in the Polish legal order, which applies to all entities processing personal data in their business activities. The GDPR has introduced a number of changes and expanded the obligations of controllers and data processors. An important issue is that the GDPR sets out maximum levels of penalties for breaches of the GDPR . The maximum levels have been set at €20,000,000 or 4% of the entrepreneur's total annual turnover from the financial year preceding the breach. **Actions**: In view of the above, the Group has carried out work to: adjust its operations to the requirements of GDPR, which include: organising training courses for employees whose activities will be affected by the provisions of GDPR , i.e. first and foremost - employees of the marketing, sales and HR departments, the loyalty programme service department, • development of a new Information Security Policy; • development of a new Instruction for Management of IT systems used for data processing; • preparation and implementation of changes in solutions of organizational and technical nature; • development of a threat and risk analysis in processing personal data. However, the risk of incidents related to violations of GDPR regulations cannot be completely excluded, which could result in additional negative financial consequences for the Group.
Fluidity risks of working with an external logistics operator	The fluidity and timeliness of deliveries of goods to the network of traditional stores and deliveries of goods purchased by customers of VRG S.A. Group's online shops is based on outsourcing logistics services to an external operator. There is a risk that disruptions in the organisation of work of the external logistics operator related, for example, to problems of staffing of workstations and availability of adequate warehouse space may cause disruptions in the following logistics processes: • disruptions to the fluidity of warehouse processes (receipts / releases); • delays and errors in deliveries to stationary salons in the period of increased demand - replacement of co-leads; • delays and errors in shipments to customers of online shops during periods of increased demand or periods when shopping centres are closed - intensive sales campaigns. **The measures** taken by the VRG S.A. Group to mitigate the aforementioned risks concern respectively: • introducing a procedure for regular audits of the logistical structures and systems provided by the external operator; • improvement of the external operator's stock receipt and release plan and precise advance determination of the required storage space; • introducing a system for planning releases of goods on a weekly basis and a system for providing information to the logistics operator on the number and dates of planned releases of goods;

	• introduction of planning of the number of e-commerce orders in monthly cycles - based on analytical data from online stores; However, the risk of incidents related to the disruption of the aforementioned logistics processes cannot be completely ruled out, which could result in additional negative consequences for the Group related to a reduction in sales as a result of the untimely stocking of the stationary shop network or the loss of some online shop customers as a result of delays in paid deliveries. Negative effects of deterioration of the image of the Group's brands as a result of the appearance of critical comments on the Internet and in social media by customers of online shops who do not receive their purchased goods within the required timeframe cannot be completely excluded either.
Risk of disruption in supply chains	The Issuer Group purchases products and goods from suppliers in Europe and Asia. Various forms of transport offered by proven logistics companies are used for procurement logistics. However, there is a risk that as a result of constraints related to epidemiological situations or other factors affecting the operations of logistics companies (e.g. strikes, obstructions on transport routes), there may be delays in delivery dates and the cost will be higher. **Activities:** The Group uses the services of large, professional forwarding companies providing a comprehensive service. The amount of costs is constantly monitored and subject to comparative assessment.

8.12. FACTORS AND EVENTS, INCLUDING UNUSUAL CHARACTER, HAVING A SIGNIFICANT EFFECT 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.

COMMENTARY TO FINANCIAL INFORMATION IN CON-DENSED IN-TERIM CONSOLIDATED REPORT FOR 1Q23

1. 1Q23 FINANCIAL RESULTS

Consolidated financial results of VRG Capital Group for the first quarter of 2023 include the results of the parent company VRG S.A. and results of subsidiaries, including i.a. W.KRUK S.A. and DCG S.A.

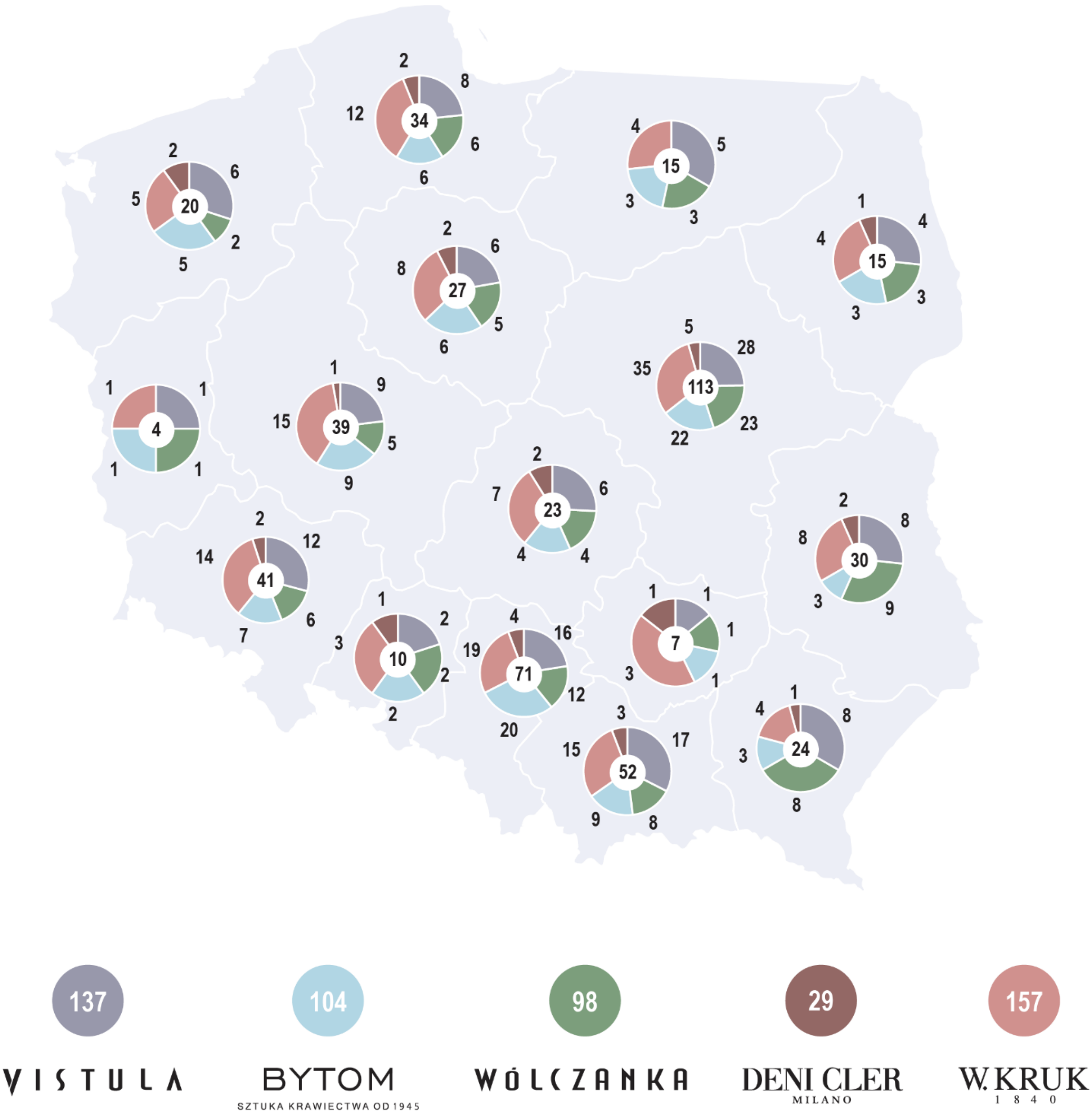
At the end of the first quarter of 2023, compared to the corresponding period of 2022, the sales area of the Group's retail network decreased by 1.2%, while in the clothing segment the area decreased by 3.8%, while in the jewellery segment it increased by 7.9% %.

RETAIL FLOORSPACE (END OF PERIOD):

Retail floorspace (end of period):	PLN ths	
	31.03.2023	31.03.2022
Apparel segment	39.3	40.9
Jewellery segment	12.6	11.6
Total floorspace	**51.9**	**52.5**

As at the date of this report, the dominant part of sales is carried out through the retail network of brand stores of individual brands belonging to the Capital Group. As at the date of this report, the Capital Group has a retail network of 525 locations, including franchise stores of the Vistula, Wólczanka, Bytom, Deni Cler and W.KRUK brands. Among the operating stores, the Group owns only 1 location. Other locations are used by the Group on the basis of medium/long-term lease agreements concluded for a period of generally 5 years, a small part of the agreements is concluded for an indefinite period. Most of the premises are located in modern large-area shopping centers.

Below we present distribution and number of branded stores of the Capital Group at the end of 1Q23 by individual brands.



SELECTED FINANCIAL DATA OF VRG GROUP

	PLN ths			
			IAS17*	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2023** from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Revenues	267,017	243,779	267,017	243,779
EBITDA	35,327	32,562	4,750	5,489
EBIT	4,727	5,013	-530	-181
Net result	**3,224**	**-2 \,913**	**-742**	**-2,932**

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

The difference between the operating result (EBIT) under IAS17 and the operating result under the applicable standards in 2023 resulted from the fact that the costs of rentals under IAS17, recognized in the amounts of net payments, were higher than depreciation write-offs of assets under the right to use commercial premises, recognized on a straight-line basis over the term of the current contract.

The Group's revenues in the first quarter of 2023 amounted to PLN 267 million and were PLN 23.2 million (9.5%) higher than the revenues generated in the corresponding period of the previous year.

Consolidated EBITDA for the first quarter of 2023 amounted to PLN 35.3 million and was 8.5% higher than in the previous year. EBITDA profit calculated excluding the impact of IFRS 16 amounted to PLN 4.8 million.

In the first quarter of 2023, the Capital Group generated a net profit of PLN 3.2 million compared to a net loss of PLN 2.9 million in the first quarter of 2022. Excluding the impact of IFRS16, the Group realized a loss of PLN 0.7 million (Q1 2022: PLN -2.9 million).

The Group's financial results in the first quarter of 2023 were the result of i.e. an increase in revenues compared to the previous year, resulting from lack of decrease in demand for the Group's goods in the first weeks of the war in Ukraine, which took place in the first quarter of 2022. On the other hand, the limiting factors are macroeconomic changes (inflation, increase in interest rates), adversely affecting consumer behaviour, which was already visible in the second half of 2022.

APPAREL SEGMENT

Apparel segment	PLN ths			
			IAS17*	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2023** from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Revenues	**125,015**	**115,341**	**125,015**	**115,341**
Cost of sales	61,497	57,088	61,497	57,088
Gross profit (loss) on sales	**63,518**	**58,253**	**63,518**	**58,253**
Selling costs	68,639	62,183	71,606	65,231
Administrative expenses	14,169	12,636	14,278	12,727
Gain on sale of non-financial non-current assets	3	0	3	0
Other operating income	829	794	171	164
Loss on sale of non-financial non-current assets	0	96	0	96
Other operating costs	563	1,951	526	1,951
Profit (loss) from operations	**-19,021**	**-17,819**	**-22,718**	**-21,589**
Financial income / costs	-185	-5,387	26	-2,408
Pre-tax profit (loss)	**-19,206**	**-23,206**	**-22,691**	**-23,997**
Income tax	-3,462	-4,210	-4,124	-4,360
Net profit (loss) for the period	**-15,744**	**-18,996**	**-18,567**	**-19,637**

**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 from sales in the apparel segment in the first quarter of 2023 amounted to PLN 125 million and were PLN 9.7 million (i.e. 8.4%) higher than the revenues generated in the corresponding period of 2022.

Apparel segment	PLN m	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Revenues	**125.0**	**115.3**

Apparel segment	PLN m	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Retail sales	117.4	110.2
Processing	5.8	4.5
B2B	1.8	0.7

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

VISTULA ↑	**BYTOM ↑**	**WÓLCZANKA ↓**	**DENI CLER MILANO ↑**
PLN 47.6m (8% YoY)	PLN 33.9m (9% YoY)	PLN 21.7m (-10% YoY)	PLN 14.2m (28% YoY)

Increase in sales was the result among others lack of trade restrictions caused by the COVID-19 pandemic in the first quarter of 2023 and limiting the impact of war in Ukraine, outbreak of which in the first quarter of 2022 had a significant impact on the Group's sales.

In the first quarter of 2023, off-line sales increased by 19.8% and on-line sales decreased by 22.5% compared to the same period last year. The share of on-line sales in the revenues of the apparel segment was 21% in the first quarter of 2023 compared to a 30% share of on-line sales in the same period of 2022. Decrease in the share of on-line sales was a consequence of customers returning to traditional stores, which translated into an increase in sales in this area.

GROSS PROFIT ON SALES

Gross profit on sales of the apparel segment in the first quarter of 2023 amounted to PLN 63.5 million and was 9% higher than generated in the corresponding period of the previous year. Gross margin amounted to 50.8% in the first quarter of 2023, which means an increase of 0.3 pp. compared to the same period in 2022.

Changes in individual brands' margins in Q1 2023:

VISTULA ↓	**BYTOM ↑**	**WÓLCZANKA ↑**	**DENI CLER MILANO ↑**
51.3 % (gross profit margin fall by 2.0 pp.)	54.1 % (gross profit margin increase by 0.3 pp.)	54.4 % (gross profit margin increase by 1.7 pp.)	61,0 % (gross profit margin increase by 3.3 pp.)

Margin increase resulted primarily from growing share of off-line channel in the sales structure, characterized by higher margins.

SELLING COSTS

Selling costs in the first quarter of 2023 amounted to PLN 68.6 million and were higher by PLN 6.5 million (10.4%) compared to the costs incurred in the corresponding period of 2022. Increase in selling costs was caused, among others, by increase in basic salaries (growth in minimum wage) and an increase in costs derived from revenues, i.e. commissions for franchisees, logistics costs and marketing costs.

Share of selling costs in revenues in the first quarter of 2023 was 54.9% compared to 53.9% in the corresponding period of 2022.

GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses in the first quarter of 2023 amounted to PLN 14.2 million compared to PLN 12.6 million in the first quarter of 2022, which means an increase in costs by PLN 1.5 million (12.1%). At the same time, the share of general and administrative expenses in revenues remained at the last year's level, i.e. 11.3% compared to 11.0% in the corresponding period of 2022.

OPERATING PROFIT IN THE APPAREL SEGMENT

In the first quarter of 2023, an operating loss of PLN 19.0 million was incurred compared to the loss of PLN 17.8 million in the first quarter of 2022. Higher year-on-year loss is the result of a faster increase in costs in relation to the increase in revenues and the margin generated by the apparel segment.

The operating profitability of the apparel segment in Q1 2023 was negative and amounted to -15.2% (Q1 2022: -15.4%). In previous years, the clothing segment also had a negative operating margin and resulted (similarly to 2023) from, among others, due to the sales nature of this part of the year.

FINANCIAL INCOME AND COSTS

Balance of the result on financial activities in the apparel segment amounted to PLN -0.2 million in the first quarter of 2023 compared to PLN -5.4 million in the corresponding period of 2022. The IFRS16 standard had an adverse effect on the balance of financial activity of the apparel segment in the first quarter of 2023, as it caused an increase in net financial costs by PLN 0.2 million, however, this impact was significantly lower compared to the same period of the previous year, when it amounted to nearly - PLN 3 million. In addition, balance of FX differences (without IFRS16) was positive and amounted to PLN 0.5 million compared to FX losses in the first quarter of 2022, which amounted to PLN 1.7 million.

Apparel segment	PLN ths	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
net financial costs	-521	-720
FX differences net (excl. IFRS 16)	547	-1,688
IFRS 16 impact	-211	-2,979
- incl. FX losses	507	-2,227
- incl. interest	-718	-751
Financial income/ costs	**-185**	**-5,387**

NET RESULT IN THE APPAREL SEGMENT

In the apparel segment, the Group reported a net loss of PLN 15.7 million in the first quarter of 2023 compared to a net loss of PLN 19.0 million in the corresponding period of 2022. Improvement in the financial result was a consequence of the FX gains (in the first quarter of 2022 this impact was negative).

JEWELLERY SEGMENT

Jewellery segment	PLN ths			
			IAS17*	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2023** from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Revenues	**142,002**	**128,438**	**142,002**	**128,438**
Cost of sales	68,213	63,485	68,213	63,485
Gross profit (loss) on sales	**73,789**	**64,953**	**73,789**	**64,953**
Selling costs	41,172	35,387	42,577	36,551
Administrative expenses	8,731	7,144	8,886	7,288
Gain on sale of non-financial non-current assets	57	196	57	196
Other operating income	46	271	46	155
Loss on sale of non-financial non-current assets	0	0	0	0

Jewellery segment	PLN ths			
			IAS17*	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2023** from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Other operating costs	241	57	241	57
Profit (loss) from operations	**23 748**	**22 832**	**22 188**	**21 408**
Financial income / costs	-224	-3 361	-74	-1 169
Pre-tax profit (loss)	**23 524**	**19 471**	**22 114**	**20 239**
Income tax	4 556	3 388	4 288	3 534
Net profit (loss) for the period	**18 968**	**16 083**	**17 826**	**16 705**

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

REVENUES

Revenues in the first quarter of 2023 in the jewellery segment amounted to PLN 142.0 million and were higher than the segment's results recorded in the corresponding period of 2022 by PLN 13.6 million (10.6%). Increase in sales was the result of maintaining a positive trend in sales of luxury watches and gold and silver jewellery.

GROSS PROFIT ON SALES

Gross profit on sales of the jewellery segment in the first quarter of 2023 amounted to PLN 73.8 million and was 13.6% higher than the profit generated in the corresponding period of the previous year, which was a consequence of the increase in sales. Moreover, in the first quarter of 2023, the gross margin increased by 1.4 pp. to 52.0% compared to 50.6% in the corresponding period of 2022.

SELLING COSTS

Selling costs in the first quarter of 2023 amounted to PLN 41.2 million compared to PLN 35.4 million in the previous year, which means an increase in selling costs by PLN 5.8 million (16.3%). Increase in selling costs was caused, among others, by growth in basic salaries and an increase in costs derived from sales, i.e. commissions for franchisees and bonuses for employees.

In the jewellery segment, the share of selling costs in total sales increased to 29% in the first quarter of 2023 from 27.6% in the corresponding period of the previous year.

GENERAL AND ADMINISTRATIVE EXPENSES

In the first quarter of 2023, general and administrative expenses were higher by PLN 1.6 million (22%) compared to the corresponding period of the previous year. Share of general and administrative expenses in sales amounted to 6.1% and was higher by 0.5 pp. compared to the corresponding period of the previous year.

OPERATING PROFIT IN THE JEWELLERY SEGMENT

In the jewellery segment, the Group recorded an operating profit of PLN 23.7 million in the first quarter of 2023, which means an increase in operating profit by PLN 0.9 million (4%) compared to the corresponding period of the previous year. A slight increase in the operating result was a consequence of a higher increase in selling and general administrative expenses in relation to the increase in sales, which was partly amortized by an increase in the percentage margin.

Operating profitability in the first quarter of 2023 amounted to 16.7% and was lower by 1.1 pp. compared to the corresponding period of the previous year. Decrease in profitability was a consequence of the increase in the share of selling and general management costs in relation to sales.

FINANCIAL INCOME AND COSTS

Balance of the result on financial activities in the jewellery segment amounted to PLN -0.2 million in the first quarter of 2023, i.e. it was PLN 3.1 million more favourable YoY.

Inclusion of IFRS16 in financial reporting adversely affected the balance of financial activity of the jewellery segment in the first quarter of 2023, increasing financial costs by PLN 0.2 million (in the corresponding period of the previous year, the negative impact was PLN 2.2 million).

Jewellery segment	PLN ths	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
net financial costs	-454	-396
FX differences net (excl. IFRS 16)	379	-773
IFRS 16 impact	-150	-2,192
- incl. FX losses	405	-1,678
- incl. interest	-554	-514
Financial income/ costs	**-224**	**-3,361**

NET PROFIT IN THE JEWELLERY SEGMENT

Net profit of the jewellery segment in the first quarter of 2023 amounted to PLN 19.0 million compared to PLN 16.1 million in the same period of the previous year, which means an increase in profit by 18% YoY. Increase in net profit in the first quarter of 2023 was the result of a further increase in sales (positive sales trends), improvement in the gross margin percentage, and consequently an increase in gross profit on sales, with simultaneous lower YoY financial costs.

STRUCTURE AND CHARACTERISTS OF STATMENT OF FINANCIAL POSITION

CONSOLIDATED BALANCE SHEET	31.03.2023		31.03.2022	
	value (PLN ths)	share (%)	value (PLN ths)	share (%)
Non-current assets, including:	**870,595**	58.8%	**874,307**	59.6%
Intangible assets	502,266	33.9%	500,370	34.1%
Fixed assets	63,354	4.3%	55,089	3.8%
Right of use assets IFRS16	279,801	18.9%	285,964	19.5%
Current assets, including:	**610,467**	41.2%	**593,226**	40.4%
Inventory	555,262	37.5%	515,115	35.1%
Trade and other receivables and other current assets	18,195	1.2%	24,092	1.6%
Cash and cash equivalents	36,776	2.5%	54,005	3.7%
Total assets	**1,481,062**		**1,467,533**	
Equity, including:	**945,989**	63.9%	**886,751**	60.4%
Share capital	49,122	3.3%	49,122	3.3%
Net profit (loss) for the current period	3,224	0.2%	-2,913	-0.2%
Long-term liabilities and provisions	**226,161**	15.3%	**266,314**	18.1%
Long-term loans and borrowings	16,580	1.1%	30,571	2.1%
Financial leases	206,350	13.9%	234,178	16.0%
‘-incl.: lease liabilities related to retail and office space	*204,634*	*13,8%*	*233,235*	*15.9%*

CONSOLIDATED BALANCE SHEET	31.03.2023 value (PLN ths)	31.03.2023 share (%)	31.03.2022 value (PLN ths)	31.03.2022 share (%)
Short-term liabilities and provisions, including:	**308,912**	20.9%	**314,468**	21.4%
Trade and other liabilities	154,074	10.4%	174,313	11.9%
Short-term loans and borrowings and short-term portions of long-term debt	28,753	1.9%	24,134	1.6%
Financial leases	109,999	7.4%	101,908	6.9%
'-incl.: lease liabilities related to retail and office space	*109,252*	*7.4%*	*101,230*	*6.9%*
Total equity and liabilities	**1,481,062**		**1,467,533**	

ASSETS

The value of assets as at March 31, 2023 is at a level similar to March 31, 2022.

FIXED ASSETS

Increase in property, plant and equipment is related to investments made to open new stores and their equipment.

RIGHT OF USE ASSETS IFRS16

Decrease in the right-of-use asset is the net result of calculating depreciation for the first quarter of 2023 and extending or negotiating lease agreements.

INVENTORY

Inventories as at March 31, 2023 amounted to PLN 555.2 million, which means an increase compared to March 31, 2022 by 7.8%. In the apparel segment, the value of inventories decreased by 13.1% YoY (due to further optimization of working capital), while in the jewellery segment it increased by 27.8% YoY, due to floorspace development and replenishment for planned sales and due to growing raw material prices and exchange rates.

The Group's inventories per m2 amounted to PLN 10,697, which means an increase of 9.1% YoY:

INVENTORY / [PLN/m2]	1Q23	1Q22	YoY
VRG	10,697	9,804	9.1%
Apparel segment	5,563	6,161	-9.7%
Jewellery segment	26,757	22,593	18.4%

EQUITY AND LIABILITIES

EQUITY

In the first quarter of 2023, changes in equity result from the profit recorded in the reporting period.

LONG- AND SHORT-TERM INDEBTEDNESS

Debt under long-term loans as at March 31, 2023 amounted to PLN 16.5 million compared to PLN 30.5 million as at the end of March 2022, which means a decrease by PLN 13.9 million. Leasing liabilities due to the lease of commercial premises and office space total PLN 313.8 million, of which PLN 204.6 million is the long-term part and PLN 109.2 million is the short-term part.

The table below shows the evolution of financial liabilities as at March 31, 2022 and March 31, 2022 and net debt. In addition, data on net debt are also presented without the impact of IFRS 16, which significantly changes its value.

The amount of net debt decreased compared to the previous year as a result of increasing revenues and reducing debt under long-term loans.

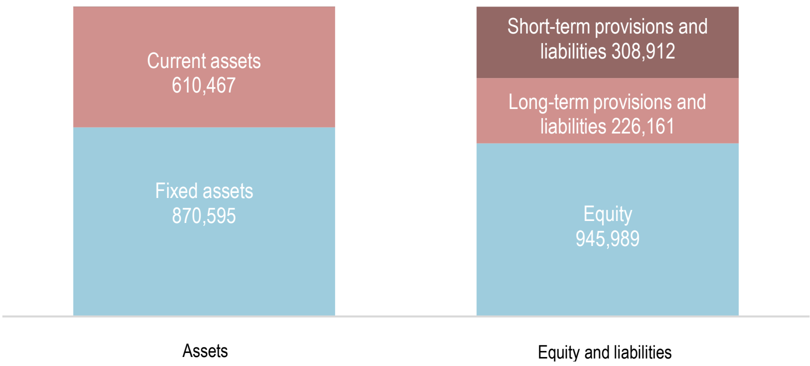
Net debt	31.03.2023	31.03.2022
Long-term debt	**222,930**	**264,749**
Long-term loans and borrowings	16,580	30,571
Finance lease liabilities	206,350	234,178
'-incl.: lease liabilities related to retail and office space	*204,634*	*233,235*
Short-term debt	153,107	**148,913**
Loans and borrowings	15,134	10,219
Short-term part of long-term loans	13,619	13,915
Reverse factoring	14,355	22,871
Finance lease liabilities	109,999	101,908
'-incl.: lease liabilities related to retail and office space	*109,252*	*101,230*
Cash and equivalents	36,776	54,005
Net debt	**339,261**	**359,657**
EBITDA (annual, 4Q)	253,113	223,454
Net debt/EBITDA	**1.3**	**1.6**

Net debt IAS 17*	31.03.2023	31.03.2022
Long-term debt	**18,296**	**31,514**
Long-term loans and borrowings	16,580	30,571
Finance lease liabilities	1,716	943
Short-term debt	**43,855**	**47,683**
Loans and borrowings	15,134	10,219
Short-term part of long-term loans	13,619	13,915
Reverse factoring	14,355	22,871
Finance lease liabilities	747	678
Cash and equivalents	36,776	54,005
Net debt	**25,375**	**25,192**
EBITDA (annual, 4Q)	141,548	132,933
Net debt/EBITDA	**0.2**	**0.2**

** 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 2023



2. PLANNED DEVELOPMENT ACTIVITIES

The development prospects of the VRG Group in 2023 will be largely determined by external factors related to negative macroeconomic data affecting consumer sentiment through, among others, high level of inflation and the related increase in the cost of living for households. The unstable situation in world politics and threats related to the ongoing armed conflict beyond Poland's eastern border may also adversely affect consumer behaviour and willingness to make purchases in the coming quarters. Considering these factors, we believe that thanks to diversification of the Group's business into the jewellery and apparel segments and a wide range of products for various consumer groups by brands operating in both segments, the level of revenues in 2023 should be higher than in 2022, both in the apparel and jewellery. In both segments, further work is also planned to improve the gross percentage margin compared to 2022.

The basis for implementation of the above business goals is possession by VRG Group of a portfolio of brands with a strong recognition and good image, addressed to various consumer groups. Being fully aware of the deep changes in the market, VRG Group in the apparel segment continues to focus on maintaining its leading position in the segment of elegant men's fashion. At the same time, casual and smart casual clothes constitute an increasing share of VRG Group's offer of clothing brands. This is a response to the prevailing trends and customer expectations established during the Covid-19 pandemic, dissemination of remote work and a lifestyle in which convenience, simplicity and comfort of using clothing have become the dominant attributes of clothing. Following the market and better matching individual consumer groups, we have been able to differentiate the Vistula, Bytom and Wólczanka brands more clearly in terms of aesthetics, style, price and in the area of marketing communication, while maintaining a common distribution model.

A strategically important direction in development of Vistula brand is gradual increase in the size of the women's collection, positioned in the middle and higher price segment, over several seasons. We have high hopes for this project in the medium and long-term.

In the Spring/Summer 2023 season, Vistula brand focuses on capsule fashion, i.e. "easy to wear" products that can be combined in many ways and worn on various occasions. The latest Celebrations collection (dedicated to celebrations) is an offer for men and women who appreciate the highest quality fabrics, timeless colours and fashionable cuts.

In Bytom brand, which offers men's formal fashion supplemented with a smart casual and casual assortment, the first part of Spring/Summer campaign were lines and stylizations under the slogan Supreme Comfort, whose guiding principle is comfort and utilitarianism. The latest Bytom collection is distinguished by a complete harmony of authentic comfort and aesthetic design. The next part of Bytom's image campaign for the Spring/Summer 2023 season are lines and stylizations under the slogans Sunset Shades and Refined Resort inspired by the aura of summer landscapes, comfort and relaxation.

In the Spring/Summer 2023 season, Wólczanka brand continues changes in its collection, strengthening development of new casual assortments for both men and women, creating a "total look". The offer of men's and women's formal shirts remains the leading offer. The latest campaign of Wólczanka brand is run under the slogan "Close to You" and focuses on tailoring the brand's offer to the customer's needs.

Activities related to new collections of Deni Cler brand, representing the luxury segment of women's clothing, are focused on meeting the expectations of loyal customers attached to design of formal collections indicating the Italian origin of the brand, which goes hand in hand with care for the highest quality and alignment with current fashion trends. For the Spring/Summer season, Deni Cler brand has prepared a collection consisting of six capsules, which is inspired by the style of world cinema stars. This season there is a reference to classic Italian elegance in a climate of workleisure, as well as sport-glam style in expressive colours. In 2023, Deni Cler brand will continue the Weekend line, the Party line and the Deni Sport line, designed for women looking for smart casual clothing in the premium segment.

In the jewellery segment represented by W.KRUK brand, it is planned to gradually introduce further global jewellery and watches brands that are popular abroad and not yet present on the Polish market. Development of own products, manufactured in accordance with the best practices and global trends, will also be continued. Further editions of W.KRUK original collection project are planned, and activities in the area of development of accessories supplementing the offer of jewellery and watches will be continued. The year 2023 is to encompass further development of Picky Pica brand, addressed to a customer who treats jewellery made of materials other than precious metals with an attractive design as a fashion and seasonal product. The novelty of the current season of Picky Pica brand is the colourful Sugar collection. For the Spring/Summer 2023 season, W.KRUK brand also presented new products in the offer of its flagship original jewellery collections, including the new edition of the Flowers of the Night collection. The campaign "Immensity of Feelings" will concern the special offer of W.KRUK on the occasion of Mother's Day. Many attractive premieres have also been planned in the category of watches by renowned Swiss manufactures, as well as accessories and perfumes.

In terms of opening plans, the Group plans to increase space in both segments (by 4% YoY). In the apparel segment, floorspace will be further optimized in terms of number of stores, while opening stores with a larger area (increase in area by 4%). At the same time, a further stable increase in the size of the chain in the jewellery segment is planned thanks to opening of new own and franchise stores (increase in space by 7% YoY). This year, we plan to launch the first store in the new format of Vistula brand, with an area of some 300 square meters, the concept of which will be subordinated to attractive presentation of the men's collection and the developing women's collection of this brand.

Despite the fact that VRG Group is currently in a stable financial situation, activities aimed at optimizing the use of working capital will be continued, and a well-thought-out investment policy and cost discipline will be applied.

A number of initiatives, activities and processes undertaken and initiated at VRG Group companies last year in the area of operating activities will be continued and developed this year. The development activities of the Capital Group in 2023 will focus on:

- striving to maintain growth in revenues in both segments by improving the products of VRG Group brands with particular care for the best matching of the offer to preferences and needs of the customer and development of new assortments (increasing the breadth of Vistula women's collection, new categories of luxury jewellery and watches in the offer of W.KRUK stores);
- optimization of gross margin in the conditions of persistent inflation;
- emphasis on development of sales in on-line channel thanks to in-depth integration of own off-line and on-line channels as part of omnichannel strategy, introduction of new functionalities in on-line stores, segmentation of customer information in order to better adapt products to their needs, development sales applications, strengthening the presence of VRG Group brands in the offer of the most famous marketplaces and internet platforms;
- increasing expenditures on image marketing on Internet and traditional channels;
- continuous improvement of quality of customer service in traditional and on-line channels.

Capital expenditures of VRG Group planned for current year in the amount of PLN 42 million will be allocated to openings of new locations, modernization of existing stores and implementation of market-proven IT technologies supporting the processes of allocation and replenishment of goods.

Management Board of VRG S.A. expects that if the new collections of the Group's brands are well received by customers and favourable macroeconomic trends occur, implementation of the above activities will allow to achieve higher operating and net results year on year.

Management Board of VRG S.A. monitors the sales and margin results of all the Group's brands on an ongoing basis and will flexibly adjust its activities to the market situation.

3. FINANCIAL FORECASTS

VRG S.A. has not published forecast of financial results for 2023.

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 17, 2023.

5. 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**	**Łukasz Bernacki**	**Michał Zimnicki**
....	....	....	....
President of the Management Board	Executive Vice-President of the Management Board	Executive Vice-President of the Management Board	Executive Vice-President of the Management Board

Cracow, May 17, 2023

SELECTED FINANCIAL DATA TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

for 3 months ending March 31, 2023

	PLN ths		EUR ths	
	1 quarter 2023 from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022	**1 quarter 2023** from 01-01-2023 to 31-03-2023	**1 quarter 2022** from 01-01-2022 to 31-03-2022
Revenues	108,227	102,688	23,025	22,097
Profit (loss) from operations	-19,558	-17,273	-4,161	-3,717
EBITDA	-2,951	-1,920	-628	-413
Pre-tax profit (loss)	-19,473	-22,258	-4,143	-4,790
Net profit (loss)	-15,898	-18,214	-3,382	-3,919
Net cash flows from operating activities	-11,939	-15,956	-2,540	-3,433
Net cash flows from investing activities	-2,660	-2,443	-566	-526
Net cash flows from financing activities	-19,745	-16,174	-4,201	-3,480
Total net cash flows	-34,344	-34,573	-7,307	-7,439
	31.03.2023	**31.12.2022**	**31.03.2023**	**31.12.2022**
Total assets	940,485	965,175	201,152	205,799
Liabilities and provisions	256,292	265,084	54,816	56,523
Long-term liabilities	104,074	101,535	22,259	21,650
Short-term liabilities	141,409	152,902	30,245	32,602
Total equity	684,193	700,091	146,336	149,276
Share capital	49,122	49,122	10,506	10,474
Shares outstanding	234,455,840	234,455,840	234,455,840	234,455,840
Diluted number of shares	235,630,831	235,630,831	235,630,831	235,630,831
Earnings (loss) per ordinary share (in PLN/EUR)	-0.07	-0.08	-0.01	-0.02
Diluted earnings (loss) per share (in PLN/EUR)	-0.07	-0.08	-0.01	-0.02
Book value per share (in PLN/EUR)	2.92	2.99	0.62	0.64
Diluted book value per share (in PLN/EUR)	2.90	2.97	0.62	0.63
Declared or paid dividend per share (in PLN/EUR)	0.00	0.17	0.00	0.00

CONDENSED INTERIM SEPARATE STATEMENT OF FINACIAL POSITION

as at March 31, 2022

	PLN ths			
	as at 31-03-2023 / end of quarter 2023	as at 31-12-2022 / end of previous quarter 2022	as at 31-03-2022 / end of quarter 2022	as at 31-12-2021 / end of previous quarter 2021
Non-current assets	**702,467**	**687,216**	**714,541**	**710,107**
Goodwill	120,855	120,855	120,855	120,855
Other intangibles	117,139	117,058	115,790	115,830
Fixed assets	22,646	21,545	21,632	23,084
Investment property	874	874	874	874
Assets held for sale	0	0	1,547	0
Right of use assets	138,279	128,075	148,332	148,369
Long-term receivables	85	65	134	134
Long-term loans granted	2,237	1,967	1,145	773
Shares and stakes	283,834	283,834	283,834	283,834
Other long-term investments	0	0	4	4
Deferred tax assets	16,518	12,943	20,394	16,350
Current assets	**238,018**	**277,959**	**256,540**	**276,578**
Inventory	195,650	205,614	233,629	228,665
Short-term security deposit receivables	132	73	0	0
Trade and other receivables and other current assets	10,528	6,220	16,852	7,281
Corporate income tax receivables	0	0	0	0
Cash and equivalents	31,708	66,052	6,059	40,632
Total assets	**940,485**	**965,175**	**971,081**	**986,685**

	PLN ths			
	as at 31-03-2023 / end of quarter 2023	as at 31-12-2022 / end of previous quarter 2022	as at 31-03-2022 / end of quarter 2022	as at 31-12-2021 / end of previous quarter 2021
Equity	**684,193**	**700,091**	**673,375**	**691,589**
Share capital	49,122	49,122	49,122	49,122
Capital reserves	580,028	580,028	620,017	620,017
Other reserves	17,390	17,390	17,390	17,390
Net profit from previous years	53,551	5,192	5,060	5,192
Retained earnings	-15,898	48,359	-18,214	-132
Long-term liabilities and provisions	**104,531**	**101,992**	**130,886**	**135,335**
Long-term security deposit liabilities	11	11	0	0
Lease liabilities	97,203	93,284	117,865	120,941
incl.: lease liabilities related to retail and office space	*96,473*	*92,807*	*117,584*	*120,758*
Long-term loans and borrowings	6,860	8,240	12,480	13,853
Long-term provisions	457	457	541	541
Short-term liabilities total	**151,761**	**163,092**	**166,820**	**159,761**
Finance lease liabilities	60,801	57,865	59,729	57,616
incl.: lease liabilities related to retail and office space	*60,471*	*57,621*	*59,469*	*57,333*
Trade and other liabilities	75,159	89,588	89,507	84,749
Corporate income tax liabilities	0	0	100	1,449
Loans and borrowings and short-term portion of long-term loans and borrowings	5,449	5,449	7,450	5,576
Short-term provisions	10,352	10,190	10,034	10,371
Total liabilities and provisions	**256,292**	**265,084**	**297,706**	**295,096**
Total equity and liabilities	**940,485**	**965,175**	**971,081**	**986,685**

CONDENSED INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Revenues	**108,227**	**102,688**
Cost of sales	51,886	49,491
Gross profit (loss) on sales	**56,341**	**53,197**
Selling costs	62,149	56,799
Administrative expenses	14,093	12,359
Other operating income	792	696
Gain on sale of non-financial non-current assets	3	0
Other operating costs	452	1,912
Loss on sale of non-financial non-current assets	0	96
Profit (loss) from operations	**-19,558**	**-17,273**
Financial income	1,570	38
incl.: lease liabilities related to retail and office space	*460*	*0*
Financial costs	1,485	5,023
incl.: lease liabilities related to retail and office space	*630*	*2,703*
Pre-tax profit (loss)	**-19,473**	**-22,258**
Income tax	-3,575	-4,044
Net profit (loss) for the period from continued operations	**-15,898**	**-18,214**
DISCONTINUED OPERATIONS		
Gain (loss) on discontinued operations		-
Net profit (loss) for the period	**-15,898**	**-18,214**
Net profit (loss) per ordinary share from continued and discontinued operations		
- basic	-0.07	-0.08
- diluted	-0.07	-0.08

CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Net profit (loss) for the period	**-15,898**	**-18,214**
Other comprehensive income, including:	0	0
That can be reclassified to net income	0	0
That cannot be reclassified to net income	0	0
Total comprehensive income	**-15,898**	**-18,214**

CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

for 3 months ending March 31, 2023

	PLN ths				
	Share capital	**Reserve capital**	**Other reserves**	**Retained earnings**	**Total equity**
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	0	0	0	0	0
Net profit (loss) for the period	0	0	0	-18,214	-18,214
Dividends	0	0	0	0	0
As at 31.03.2022	**49,122**	**620,017**	**17,390**	**-13,154**	**673,375**
2022 period from 01-01-2022 to 31-12-2022					
As at 01.01.2022	**49,122**	**620,017**	**17,390**	**5,060**	**691,589**
Distribution of net profit	0	-132	0	132	0
Net profit (loss) for the period	0	0	0	48,359	48,359
Dividends	0	-39,857	0	0	-39,857
As at 31.12.2022	**49,122**	**580,028**	**17,390**	**53,551**	**700,091**
1 quarter 2023 period from 01-01-2023 to 31-03-2023					
As at 01.01.2023	**49,122**	**580,028**	**17,390**	**53,551**	**700,091**
Distribution of net profit	0	0	0	0	0
Net profit (loss) for the period	0	0	0	-15,898	-15,898
Dividends	0	0	0	0	0
As at 31.03.2023	**49,122**	**580,028**	**17,390**	**37,653**	**684,193**

CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS

for 3 months ending March 31, 2023

	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
Pre-tax profit (loss)	**-19,473**	**-22,258**
Share in equity consolidated entities		
Amortization and depreciation	16,607	15,353
Profit (loss) on investing activities	-3	96
Income tax paid	0	-1,349
Interest costs	1,124	914
Change in provisions	162	-337
Change in inventories	9,965	-4,962
Change in receivables	-4,387	-9,570
Change in short-term liabilities, excluding bank loans and borrowings	-15,293	6,321
Other adjustments	-641	-164
Net cash flows from operating activities	**-11,939**	**-15,956**
Interest received	583	38
Inflows from sale of fixed assets	154	434
Purchase of intangible assets	-297	-106
Purchase of fixed assets	-2,830	-2,437
Loans granted to subsidiaries	-270	-372
Net cash flows from investing activities	**-2,660**	**-2,443**
Inflows from loans and borrowings	0	1,881
Repayment of bank loans and borrowings	-1,380	-1,380
Finance lease payments related to retail and office space	-70	-95
Other interest paid	-476	-224
Interest paid lease liabilities related to retail and office space	-648	-690
Finance lease payments related to retail and office space	-17,171	-15,666
Net cash flows from financing activity	**-19,745**	**-16,174**
Increase (decrease) in cash and cash equivalents in the balance sheet	**-34,344**	**-34,573**
Opening balance of cash	**66,052**	**40,632**
Change in cash due to foreign currency translation	0	0
Closing balance of cash	**31,708**	**6,059**

Value shown under "Other adjustments" consists of:	PLN ths	
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023	1 quarter / 2022 period from 01-01-2022 to 31-03-2022
fixed assets - write-down - liquidations	-86	-126
Interest received	-583	-38
forward transactions valuations	28	0
Total	**-641**	**-164**

INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM SEPARATE FINANCIAL STATMENTS FOR 1Q23

1. SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 OPERATING SEGMENTS BY TYPE OF ACTIVITY AND GEOGRAPHICAL BREAKDOWN

The company runs one business segment: apparel.

GEOGRAPHIC SEGMENTS OF CONTINUED OPERATIONS:

Revenues related to geographical segments for the period from January 1, 2023 to March 31, 2023 and for the comparable period are presented in the table below.

Revenues from various markets in terms of geographic location	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Poland	108,227	102,553
EURO zone	0	135
Total	**108,227**	**102,688**

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

NOTE 2 OTHER OPERATING REVENUES

Other operating income	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Gain on sale of non-financial fixed assets	3	0
Other operating revenues including:	792	696
due to write-ups for goods and materials	*0*	*0*
due to liquidation of agreements in line with IFRS16	*658*	*630*
Total	**795**	**696**

NOTE 3 OTHER OPERATING COSTS

Other operating costs	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Loss on sale of non-financial fixed assets	0	96
Donations	246	100
Fixed asset liquidation costs	1	1,315
Other operating costs including:	205	497
severance pay	10	38
Total	**452**	**2,008**

NOTE 4 FINANCIAL INCOME

Financial income	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Interest on bank deposits	578	38
FX gains	992	0
incl.: lease liabilities for commercial and office space	460	*0*
Other	0	0
Total	**1,570**	**38**

NOTE 4A FINANCIAL COSTS

Financial costs	PLN ths	
	1 Q 2023 from 01-01-2023 to 31-03-2023	**1 Q 2022** from 01-01-2022 to 31-03-2022
Interest on overdrafts and bank loans	292	225
Interest from factoring	184	63
Finance lease interest	18	0
Interest on lease liabilities for commercial and office space	630	683
Commissions on loans and guarantees	324	368
FX losses	0	3,645
incl.: lease liabilities for commercial and office space	*0*	*2,020*
Forward transaction valuation	28	0
Other	9	39
Total	**1,485**	**5,023**

NOTE 5 DEFERRED TAX ASSET AND LIABILITIES

Balance sheet items	PLN ths	
	Balance sheet	
	31.03.2023	31.12.2022
Deferred tax provisions	**212**	**285**
Balance sheet values – FX gains	165	238
Net advances paid	26	26
Valuation of loans at amortized cost	21	21
Transferred to financial result	**212**	**285**
Transferred directly to goodwill	0	0
Deferred tax assets	**16,730**	**13,228**
Accelerated balance sheet depreciation	1,364	1,420
Write-offs	3,684	3,684
Provisions, remuneration and social security	663	744
Salaries, unpaid social security	74	407
Balance sheet values – FX losses	3	6
Tax loss carryforward	5,078	887
Impairment of receivables from customers	86	0
Provision for future liabilities	472	144
Provision for customer returns	1,171	1,171
Forward transaction valuation	5	0
Loyalty programme valuation	381	381
Lease liabilities for commercial and office floorspace	3,749	4,384
Transferred to financial result	**16,730**	**13,228**
Transferred directly to equity	**0**	**0**

NOTE 6 CHANGE IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES, INVENTORY AND IMPAIRMENT OF FIXED ASSETS

Write-offs	PLN ths				
	Balance at 01.01.2023	Creation	Release/ Usage	Reclassified	Balance at 31.03.2023
Intangible assets write-offs	3,150	0	0	0	3,150
Fixed assets write-offs	1,818	0	0	0	1,818
Write-offs for assets held for sale	0	0	0	0	0
Inventory write-offs	17,861	0	0	0	17,861
Receivables write-offs	1,666	130	80	0	1,716
Write-offs for proceeds from loans granted	0	0	0	0	0

Write-offs	PLN ths				
	Balance at 01.01.2023	Creation	Release/ Usage	Reclassified	Balance at 31.03.2023
Total write-offs	**24,495**	**130**	**80**	**0**	**24,545**

Write-offs	PLN ths				
	Balance at 01.01.2022	Creation	Release/ Usage	Reclassified	Balance at 31.03.2022
Intangible assets write-offs	3,150	0	0	0	3,150
Fixed assets write-offs	2,858	0	0	1,040	1,818
Write-offs for assets held for sale	0	0	1,040	-1,040	0
Inventory write-offs	21,686	463	4,288	0	17,861
Receivables write-offs	2,038	136	508	0	1,666
Write-offs for proceeds from loans granted	0	0	0	0	0
Total write-offs	**29,732**	**599**	**5,836**	**0**	**24,495**

NOTE 7 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, 2022	**3,908**	**3,139**	**1,752**	**2,113**	**0**	**10,912**
provisions created during the year	710	511	0	1,170	0	2,391
provisions released	-700	0	-1,188	-768	0	-2,656
Balance as at December 31, 2022	**3,918**	**3,650**	**564**	**2,515**	**0**	**10,647**
presented in short-term liabilities	3,461	3,650	564	2,515	0	10,190
presented in long-term liabilities	457	0	0	0	0	457
Balance as at January 1, 2023	**3,918**	**3,650**	**564**	**2,515**	**0**	**10,647**
provisions created during the year	0	0	588	0	0	588
provisions released	-426	0	0	0	0	-426
Balance as at March 31, 2023	**3,492**	**3,650**	**1,152**	**2,515**	**0**	**10,809**
presented in short-term liabilities	3,035	3,650	1,152	2,515	0	10,352
presented in long-term liabilities	457	0	0	0	0	457

Balance of provisions as at March 31, 2023 includes:

long-term provision for retirement benefits	PLN 457 ths	**Total PLN 10,809 ths**
short-term provision for retirement benefits	PLN 51 ths	
short-term provision for overdue holidays	PLN 2,376 ths	
provision for bonuses	PLN 608 ths	
provision for customer returns	PLN 2,515 ths	
short-term provision for sewing services	PLN 1,152 ths	
provision for future liabilities	PLN 3,650 ths	

NOTE 8 CONDITIONAL ASSETS AND LIABILITIES

	PLN ths	
	balance at 31-03-2023 / end of quarter 2023	balance at 31-12-2022 / end of quarter 2022
- Issued bank guarantees for rentals of store premises	28,481	27,861
- Open letters of credit	17,510	16,416
Conditional liabilities, total	**45,991**	**44,277**

There are no conditional receivables in the Group.

NOTE 9 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.

NOTE 9A FINANCIAL INSTRUMENTS BY CLASS

Balance sheet items measured at amortized cost			PLN ths			
	31.03.2023		31.12.2022		31.03.2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Loans granted	2,237	0	1,967	0	1,145	0
Trade and other receivables and current assets	10,613	0	6,285	0	16,986	0
Cash and equivalents	31,708	0	66,052	0	6,059	0
Long-term liabilities due to. bank loans, loans and leases	0	104,063	0	101,524	0	130,345
incl.: leases for commercial and office space	*0*	*96,473*	*0*	*92,807*	*0*	*117,584*

Balance sheet items measured at amortized cost	PLN ths					
	31.03.2023		31.12.2022		31.03.2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Short-term liabilities due to. . bank loans, loans and leases	0	66,250	0	63,314	0	67,179
incl.: leases for commercial and office space	*0*	*60,471*	*0*	*57,621*	*0*	*59,469*
Trade and other liabilities	0	75,142	0	89,588	0	89,507
Financial instruments (forwards)	0	28	0	0	0	0
Total	**44,558**	**245,483**	**74,304**	**254,426**	**24,190**	**287,031**

The above financial assets and liabilities have been measured at amortized cost.

NOTE 9B FINANCIAL INSTRUMENTS - INCOME AND COSTS AND GAINS AND LOSSES FROM IMPAIRMENT

Balance sheet items	PLN ths					
	1 quarter / 2023 period from 01-01-2023 to 31-03-2023					
	Interest income	Interest cost	Gains/losses due to amortised cost valuation	Write-offs created	Write-offs release	FX gains/losses
Loans granted	0	0	0	0	0	0
Trade and other receivables	0	0	0	130	80	1
Cash and equivalents	578	0	0	0	0	23
Other short-term assets – Forward transactions	0	0	-28	0	0	0
Liabilities due to. bank loans, loans and leases	0	310	0	0	0	0
Lease liabilities for commercial and office space	0	630	0	0	0	460
Trade and other liabilities	0	9	0	0	0	508
Total	**578**	**949**	**-28**	**130**	**80**	**992**

2. OTHER EXPLANATORY NOTES

2.1. INFORMATION ON SIGNIFICANT PURCHASE AND SALE TRANSACTIONS OF PROPERTY, FIXED AND FIXED ASSETS

The total amount of capital expenditures in the financial statements from cash flows reported in the reporting period amounted to PLN 2,830 thousand. PLN.

No significant selling transactions.

2.2. OTHER INFORMATION

The notes and notes to the interim consolidated financial statements contain information that is important for the preparation of these interim condensed standalone financial statements:

- General information
- Basis for preparation and applied accounting principles
- Changes in accounting standards
- Seasonality and cyclicality of activity
- FX rates used to value assets and liabilities
- Significant risk and threat factors
- Information on a significant liability for the purchase of tangible fixed assets
- Factors and events, including those of an unusual nature
- Issuance, redemption and repayment of debt and equity securities
- Dividends paid and declared
- Proceedings pending before a court, a body competent for arbitration proceedings or a public administration body
- Transactions with related parties
- Information on the granting by the issuer or its subsidiary of credit or loan sureties or granting guarantees jointly to one entity or its subsidiary, if the total value of the existing sureties or guarantees is significant
- Significant events in the first quarter of 2023
- Significant events after the balance sheet date.

VRG S.A. MANAGEMENT BOARD SIGNATURES

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

Cracow, May 17, 2023

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VISTULA

VRG
VISTULA RETAIL GROUP