

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

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**VRG**  
VISTULA RETAIL GROUP



# INTERIM CONDENSED CONDSOLIDATED FINANCIAL STATEMENTS

OF VRG S.A. CAPITAL GROUP  
FOR 6 MONTHS ENDING JUNE 30, 2024  
PREPARED IN ACCORDANCE WITH IFRS APPROVED BY THE EUROPEAN UNION

Cracow, August 22, 2024

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# SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

FOR 6 MONTHS ENDING JUNE 30, 2024

	PLN ths	PLN ths	EUR ths	EUR ths
	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023
Revenues	618,994	602,286	143,588	130,562
EBITDA	110,014	110,307	25,520	23,912
Profit (loss) from operations	43,527	48,003	10,097	10,406
Pre-tax profit (loss)	38,474	63,636	8,925	13,795
Net profit (loss)	30,447	50,902	7,063	11,034
Net cash flows from operating activities	-22,892	40,535	-5,310	8,787
Net cash flows from investing activities	-16,830	-16,807	-3,904	-3,643
Net cash flows from financing activities	-16,861	-63,982	-3,911	-13,870
Total net cash flows	-56,583	-40,254	-13,125	-8,726
Earnings (loss) per ordinary share (in PLN/EUR)	0.13	0.22	0.03	0.05
Diluted earnings (loss) per share (in PLN/EUR)	0.13	0.22	0.03	0.05
	<b>30.06.2024</b>	<b>31.12.2023</b>	<b>30.06.2024</b>	<b>31.12.2023</b>
Total assets	1,612,597	1,529,791	373,893	351,838
Liabilities and provisions	605,703	532,189	140,437	122,399
Long-term liabilities	187,621	184,512	43,501	42,436
Short-term liabilities	399,706	326,382	92,675	75,065
Total equity	1,006,894	997,602	233,456	229,439
Share capital	49,122	49,122	11,389	11,298
Shares outstanding	234,455,840	234,455,840	234,455,840	234,455,840
Diluted number of shares	234,455,840	235,630,831	234,455,840	235,630,831
Book value per share (in PLN/EUR)	4.29	4.25	1.00	0.98
Diluted book value per share (in PLN/EUR)	4.29	4.23	1.00	0.97
Declared or paid dividend per share (in PLN/EUR)	0.09	0.20	0.02	0.05

# CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS STATEMENT

FOR 6 MONTHS ENDING JUNE 30, 2024

(PLN ths)	Note	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Revenues</b>	1,2	<b>618,994</b>	<b>602,286</b>	<b>340,765</b>	<b>335,269</b>
Cost of sales	3	277,870	276,234	149,070	146,524
<b>Gross profit on sales</b>		<b>341,124</b>	<b>326,052</b>	<b>191,695</b>	<b>188,745</b>
Selling costs	3	250,752	229,319	129,488	119,508
Administrative expenses	3	49,723	47,050	25,514	24,150
Other operating income	5	4,384	3,244	3,303	2,369
Gain from sale of non-financial non-current assets		3,188	0	3,328	0
Other operating costs	5a	4,694	4,888	2,477	4,084
Loss from sale of non-financial non-current assets		0	36	0	96
<b>Profit (loss) from operations</b>		<b>43,527</b>	<b>48,003</b>	<b>40,847</b>	<b>43,276</b>
Financial income	6	2,812	19,587	8	17,077
<i>incl.: financial income due to lease liabilities related to retail and office space</i>		2,283	15,301	0	14,389
Financial costs	6a	7,865	6,154	5,586	3,235
<i>incl.: financial costs due to lease liabilities related to retail and office space</i>		4,510	2,712	3,082	1,440
Result on loss of control		0	2,200	0	2,200
<b>Pre-tax profit (loss)</b>		<b>38,474</b>	<b>63,636</b>	<b>35,269</b>	<b>59,318</b>
Income tax	7,8	8,027	12,734	7,038	11,640
<b>Net profit (loss) for the period</b>		<b>30,447</b>	<b>50,902</b>	<b>28,231</b>	<b>47,678</b>
Attributed to dominating entity		30,447	50,902	28,231	47,678
Attributed to non-controlling interest		0	0	0	0
<b>Earnings (loss) per share</b>					
- basic	9	0.13	0.22	0.12	0.20
- diluted	9	0.13	0.22	0.12	0.20

\*-unaudited data

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR 6 MONTHS ENDING JUNE 30, 2024

(PLN ths)	Note	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Net profit for the period</b>		<b>30,447</b>	<b>50,902</b>	<b>28,231</b>	<b>47,678</b>
Other comprehensive income, including:		-54	0	-7	0
Income that can be reclassified		0	0	0	0
FX differences from valuation of foreign companies		-54	0	-7	0
Income that cannot be reclassified		0	0	0	0
<b>Total comprehensive income</b>		<b>30,393</b>	<b>50,902</b>	<b>28,224</b>	<b>47,678</b>
Attributed to dominating entity		30,393	50,902	28,224	47,678
Attributed to non-controlling interest		0	0	0	0

\*- unaudited data

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT JUNE 30, 2024

(PLN ths)	Note	30.06.2024	31.12.2023	30.06.2023
<b>Non-current assets</b>		<b>885,133</b>	<b>871,428</b>	<b>869,394</b>
Goodwill	10	302,748	302,748	302,748
Other intangible assets	11	198,607	198,792	199,159
Fixed assets	12	80,475	75,522	66,549
Investment property		874	874	874
Right-of-use assets (IFRS16)	12a	281,047	274,465	280,792
Long-term receivables		712	349	197
Shares and stakes	13	27	27	27
Deferred tax assets	8	20,643	18,651	19,048
<b>Current assets</b>		<b>727,464</b>	<b>658,363</b>	<b>635,976</b>
Inventory	14	678,544	563,006	561,268
Short-term security deposit receivables		84	102	162
Trade and other receivables as well as other current assets	15	27,338	17,063	18,861
Corporate income tax receivables		0	0	40
Cash and cash equivalents	17	21,498	78,135	55,645
Other short-term assets		0	57	0
<b>Total assets</b>		<b>1,612,597</b>	<b>1,529,791</b>	<b>1,505,370</b>

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VRG SA Capital Group

(PLN ths)	Note	30.06.2024	31.12.2023	30.06.2023
<b>Dominating entity's equity</b>		<b>1,006,894</b>	<b>997,602</b>	<b>946,776</b>
Share capital	22	49,122	49,122	49,122
Other reserves	23	14,333	14,333	14,333
FX difference from translation		-55	-1	0
Retained earnings	24	943,494	934,148	883,321
<b>Long-term liabilities and provisions</b>		<b>188,840</b>	<b>185,731</b>	<b>210,952</b>
Liabilities due to security deposits		2,383	2,438	2,327
Lease liabilities	19	185,238	182,074	193,837
<i>incl. lease liabilities related to retail and office space</i>		182,995	179,723	192,355
Loans and borrowings	18	0	0	13,759
Long-term provisions	21	1,219	1,219	1,029
<b>Short-term liabilities and provisions</b>		<b>416,863</b>	<b>346,458</b>	<b>347,642</b>
Lease liabilities		362	0	0
<i>incl. lease liabilities related to retail and office space</i>	19	103,517	102,550	106,451
Trade and other liabilities		102,532	101,588	105,672
Lease liabilities	20	218,788	189,797	192,957
Corporate income tax liabilities		1,437	6,130	1,598
Loans and borrowings and short-term part of long-term loans and borrowings	18	75,602	27,905	30,258
Short-term provisions	21	17,157	20,076	16,378
<b>Total liabilities and provisions</b>		<b>605,703</b>	<b>532,189</b>	<b>558,594</b>
<b>Total equity and liabilities</b>		<b>1,612,597</b>	<b>1,529,791</b>	<b>1,505,370</b>

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 6 MONTHS ENDING JUNE 30, 2024

(PLN ths)	Share capital	Capital reserves	FX differences from translation	Retained earnings	Total equity
<b>Balance at 01.01.2023</b>	<b>49,122</b>	<b>14,333</b>	<b>0</b>	<b>879,310</b>	<b>942,765</b>
Changes in equity 1 half of 2023 period from 01-01-2023 to 30-06-2023	0	0	0	4,011	4,011
Net profit (loss) for the period	0	0	0	50,902	50,902
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,902</b>	<b>50,902</b>
Dividends	0	0	0	-46,891	-46,891
<b>Balance at 30.06.2023</b>	<b>49,122</b>	<b>14,333</b>	<b>0</b>	<b>883,321</b>	<b>946,776</b>
<b>Balance at 01.01.2023</b>	<b>49,122</b>	<b>14,333</b>	<b>0</b>	<b>879,310</b>	<b>942,765</b>
Changes in equity in 2023	0	0	-1	54,838	54,837
Net profit (loss) for the period	0	0	0	101,729	101,729
Other comprehensive income	0	0	-1	0	-1
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>101,729</b>	<b>101,728</b>
Dividends	0	0	0	-46,891	-46,891
<b>Balance at 31.12.2023</b>	<b>49,122</b>	<b>14,333</b>	<b>-1</b>	<b>934,148</b>	<b>997,602</b>
<b>Balance at 01.01.2024</b>	<b>49,122</b>	<b>14,333</b>	<b>-1</b>	<b>934,148</b>	<b>997,602</b>
Changes in equity in 1 half 2024 period from 01-01-2024 to 30-06-2024	0	0	-54	9,346	9,292
Net profit (loss) for the period	0	0	0	30,447	30,447
Other comprehensive income	0	0	-54		-54
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-54</b>	<b>30,447</b>	<b>30,393</b>
Dividends	0	0	0	-21,101	-21,101
<b>Balance at 30.06.2024</b>	<b>49,122</b>	<b>14,333</b>	<b>-55</b>	<b>943,494</b>	<b>1,006,894</b>

Information and explanations relating to the consolidated interim statement of changes in equity are included in notes 22, 23 and 24.



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR 6 MONTHS ENDING JUNE 30, 2024

(PLN ths)	Note	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023
<b>Pre-tax profit (loss)</b>		<b>38,474</b>	<b>63,636</b>
Amortization and depreciation	3	66,487	62,304
Profit (loss) on investing activities		-3,165	-5,146
Income tax paid		-14,713	-13,871
Interest costs		6,562	4,990
Change in provisions		-2,919	801
Change in inventories		-115,538	-9,034
Change in receivables		-10,371	-5,471
Change in short-term liabilities, excluding bank loans and borrowings		13,009	-56,923
Other adjustments	17a	-718	-751
<b>Net cash flows from operating activities</b>		<b>-22,892</b>	<b>40,535</b>
Interest received		214	1,160
Disposal of fixed assets and assets held for sale		7,287	1,526
Purchase of intangible		-551	-497
Purchase of fixed assets		-23,780	-18,418
Cash adjustment - exclusion of a subsidiary		0	-578
<b>Net cash flows from investing activities</b>		<b>-16,830</b>	<b>-16,807</b>
Proceeds from bank loans and loans		50,372	7,906
Repayment of bank loans and borrowings		-2,880	-6,235
Finance lease payments from other leases		-545	-404
Interest paid, other		-1,864	-2,175
Interest paid due to lease liabilities		-4,552	-2,817
Lease payments due to lease liabilities related to retail and office space		-57,392	-60,257
<b>Net cash flows from financing activity</b>		<b>-16,861</b>	<b>-63,982</b>
<b>Increase (decrease) in cash and cash equivalents in the balance sheet</b>		<b>-56,583</b>	<b>-40,254</b>
Change in cash due to foreign currency translation		-54	0
<b>Balance sheet change in cash taking into account the effects of changes in exchange rates</b>		<b>-56,637</b>	<b>-40,254</b>
<b>Opening balance of cash and equivalents</b>		<b>78,135</b>	<b>95,899</b>
<b>Closing balance of cash and equivalents</b>	17	<b>21,498</b>	<b>55,645</b>

# INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

### 1.1. NAME, REGISTERED OFFICE, BUSINESS ACTIVITY

**VRG S.A.** (also as "Parent 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.

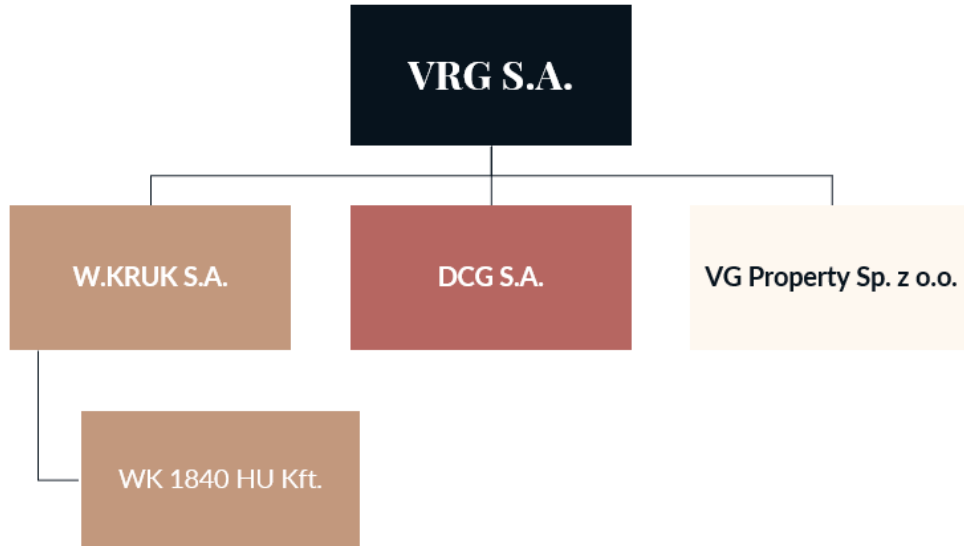
The company is one of the first companies that were listed on the Warsaw Stock Exchange S.A. First listing of VRG S.A. took place on September 30, 1993.

### 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	Issuer's debut on the Warsaw Stock Exchange S.A.
2001	Registration of a new company name: Vistula Spółka Akcyjna.
2005	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 subsidiary BTM 2 Sp. z o.o.

The lifespan of the Issuer is indefinite.

## 1.2. STRUCTURE OF VRG S.A. CAPITAL GROUP



As at the end of I half of 2024 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 in 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%
- **WK 1840 HU Kft.** based in Budapest, Republic of Hungary. The company is registered at the Commercial Court of the Metropolitan Court of Budapest under the number CG.01-09-421401/8. The company is a subsidiary of W.KRUK S.A. based in Cracow.  
The company's core business is retail sales of jewellery and accessories under the W.KRUK brand in Hungary.  
Share of W.KRUK S.A. in the company's share capital is 100% and has 100% of votes at the Shareholders' Meeting.
- **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%
- **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 Shareholder Meeting: 100.0%

Consolidated financial statements for 1H24 include data of the Parent Company and subsidiaries: W.KRUK S.A., DCG S.A., VG Property Sp. z o.o.

### CHANGES IN CAPITAL GROUP STRUCTURE IN 1H24

Between January 1, 2024 and June 30, 2024 there were no changes in VRG S.A. Capital Group structure.

### 1.3. COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARD

#### MANAGEMENT BOARD

As at 30 June 2024, the composition of the Management Board of VRG S.A. was the following:

Management Board	<b>Mateusz Kolański</b> President of the Management Board	<b>Marta Fryzowska</b> Executive Vice-President of the Management Board	<b>Michał Zimnicki</b> Executive Vice-President of the Management Board	<b>Łukasz Bernacki</b> Executive Vice-President of the Management Board
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In the period from January 1, 2024 to June 30, 2024, there were no changes in the composition of the Parent Company's Management Board.

In the period from the balance sheet date, i.e. June 30, 2024, to the date of signing this report, the above composition of the Parent Company's Management Board has not changed.

#### SUPERVISORY BOARD

As at June 30, 2024, the composition of the Supervisory Board of VRG S.A. was as follows:

Supervisory Board	<b>Piotr Stępnik</b> Chair of the Supervisory Board	<b>Blanka Borkowska</b> Member of the Supervisory Board	<b>Danuta Dąbrowska</b> Member of the Supervisory Board	<b>Marcin Gomół</b> Member of the Supervisory Board
		<b>Piotr Kaczmarek</b> Member of the Supervisory Board, from 19.08.2024r. Deputy-Chair of the Supervisory Board	<b>Wojciech Olejniczak</b> Member of the Supervisory Board	<b>Andrzej Szumański</b> Member of the Supervisory Board

In the period from January 1, 2024 to June 30, 2024, the following changes occurred in the composition of the Parent Company's Supervisory Board:

- on March 19, 2024, the Supervisory Board of the Parent Company adopted a resolution to supplement the composition of the Supervisory Board in the co-option mode provided for in paragraph 22 section 3 of the Company's statute, appointing Ms. Blanka Borkowska to the Supervisory Board of the parent company for the current joint term.

- changes resulting from the resolutions of the General Meeting of the Company on June 26, 2024 (the "General Meeting"): a) pursuant to Resolution No. 24/06/2024 of the General Meeting on the dismissal of a member of the Supervisory Board of the Company, Mr. Waław Szary was dismissed from the Supervisory Board of the Company;

b) pursuant to Resolution No. 25/06/2024 of the General Meeting on the appointment of a member of the Supervisory Board of the Company, Mr. Wojciech Olejniczak was appointed to the Supervisory Board of the Company.

In the period from the balance sheet date, i.e. June 30, 2024, to the date of signing this report, the above composition of the Parent Company's Supervisory Board has not changed.

### 1.4. GOING CONCERN

The interim condensed consolidated financial statements of the VRG S.A. Capital Group (hereinafter also referred to as the "Capital Group" or "VRG Group") have been prepared on the assumption that the Capital Group companies will continue as going concerns in an unchanged form and scope for a period of at least 12 months from the date on which the financial statements were prepared, i.e. June 30, 2024. 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 indications or circumstances indicating a threat to the going concern of the Capital Group companies in the foreseeable future.

## 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 present the financial position of the Group as at June 30, 2024 and December 31, 2023 and June 30, 2023, the results of its operations for the period of 6 and 3 months ended June 30, 2024 and June 30, 2023 and cash flows for the period of 6 months ended June 30, 2024 and June 30, 2023.

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

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023, approved for publication on April 11, 2024.

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).

The interim condensed consolidated financial statements for the first half of 2024 have been prepared in PLN, rounded up to the nearest thousand (PLN '000). The Group's functional currency is the Polish zloty.

## 3. ACCOUNTING PRINCIPLES

In the period from January 1, 2024 to June 30, 2024, 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 to the periods presented in the financial statements.

The entity authorized to review the financial statements in the scope of the standalone and consolidated financial statements of the Parent Company for the first half of 2024 was Grant Thornton Polska P.S.A., with which on July 29, 2024 an agreement was concluded for the review of the standalone and consolidated interim financial statements of the Company and the Group, and auditing the individual and consolidated annual financial statements of the Company and the Group for the period 2024-2026.

## 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 30.06.2024 announced by the National Bank of Poland, which was PLN 4.3130/EUR. Individual items of the profit or loss account were converted into EURO at the rate of PLN 4.3109/EUR, which is the arithmetic mean 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 were used to calculate the average exchange rate: 31.01.24 – 4.3434 PLN/EUR, 29.02.24 – 4.3190 PLN/EUR, 31.03.24 – 4.3009 PLN/EUR, 29.04.24 – 4.3213 PLN/EUR, 31.05.24 – 4.2678 PLN/EUR, 28.06.24 – 4.3130 PLN/EUR.

Comparable data for individual asset and liability items were converted into EURO at the average exchange rate announced by the National Bank of Poland, applicable on the last day of the reporting periods, i.e. on 31.12.2023, which amounted to 4.3480 PLN/EUR and on 30.06.2023, which amounted to 4.4503 PLN/EUR. Comparable data for individual items of the profit and loss account have been converted into EURO at rates constituting the arithmetic average 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 01/01/2023 to 30/06/2023, which amounted to PLN 4.6130/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 27.

## 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, 2024

#### AMENDMENT TO IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

The IASB has clarified the principles for classifying liabilities as long-term or short-term, primarily in two aspects:

- it has been clarified that the classification depends on the rights that the entity has at the balance sheet date,
- the intentions of management with respect to the acceleration or delay of payment of the liability are not taken into account.

The amendments are effective for annual periods beginning on or after 1 January 2024.

#### AMENDMENT TO IFRS 16 "LEASING"

The amendment clarifies the requirements for measuring a lease liability arising from a sale and leaseback transaction. It is intended to prevent incorrect recognition of the result on the transaction in the part concerning the retained right of use in the case where the lease payments are variable and do not depend on an index or rate.

The amendment is effective for annual periods beginning on January 1, 2024.

#### AMENDMENT TO IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

The amendment clarifies that at the balance sheet date, an entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities as long-term or short-term. However, an entity should disclose information about these covenants in the explanatory notes to the financial statements. The amendment is effective for annual periods beginning on 1 January 2024.

#### AMENDMENTS TO IAS 7 "STATEMENT OF CASH FLOWS" AND IFRS 7 "FINANCIAL INSTRUMENTS"

The amendments clarify the features of agreements to finance liabilities to suppliers (so-called reverse factoring agreements) and introduce the obligation to disclose information on agreements concluded with suppliers, including their terms, amounts of these liabilities, payment terms and information on liquidity risk. The amendments are effective for annual periods beginning on or after 1 January 2024. The above amendments did not affect these interim condensed consolidated financial statements.

### STANDARDS AND INTERPRETATIONS AND AMENDMENTS THERETO THAT HAVE NOT COME INTO EFFECT

#### AMENDMENTS TO IAS 21 "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"

The amendment clarifies the following matters:

- the manner in which an entity should assess whether a given currency is convertible,
- the principles for determining the exchange rate of a currency in the event of non-convertibility,
- disclosure of information in the financial statements in the event of non-convertibility of currencies.

The amendments to IAS 21 are effective for annual reporting periods beginning on or after 1 January 2025.

#### IFRS 18 "PRESENTATION AND DISCLOSURE OF INFORMATION IN FINANCIAL STATEMENTS"

On 9 April 2024, the International Accounting Standards Board published a new standard, IFRS 18 "Presentation and Disclosure of Financial Statements". This standard will become effective for annual reporting periods beginning on 1 January 2027. The new Standard is to replace IAS 1 "Presentation of Financial Statements" and is intended to ensure greater comparability of financial data between entities conducting similar activities. The new standard introduces:

- a defined structure of the profit and loss statement. Items in the profit or loss statement will be classified into one of five categories: The requirement to present totals and subtotals is also introduced, including mandatory inclusion of the item "Operating profit/loss";
- introduces an additional note presenting performance measures defined by management, which are partial sums of revenues and expenses that the entity uses in public communication outside the financial statements, which it uses to provide users of the financial statements with Management's assessment of the achieved financial results.

The note will need to include a description of the measure, an explanation of how the measure adds information about the entity's financial performance, how it is calculated, and a link/reconciliation with an item reported in the financial statements based on separate standards;

- clarifies the guidelines for aggregation and disaggregation based on common data characteristics based on, allowing entities to decide which items will be included in the primary statement and which in the notes.

This standard will also result in some changes to the cash flow statement and the statement of financial position, as well as changes to other standards that unify the disclosure requirements.

#### IFRS 19 "SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES"

IFRS 19 allows eligible entities to elect to apply the reduced disclosure requirements of IFRS 19 while still applying the recognition, measurement and presentation requirements of other IFRS accounting standards. IFRS 19 sets out reduced disclosure requirements that an eligible entity may apply in place of the disclosure requirements of other IFRS accounting standards.

An entity may elect to apply this standard in its consolidated separate financial statements if, and only if, at the end of the reporting period:

- a) it is a subsidiary,
- b) it is not publicly accountable, and
- c) it has an ultimate or intermediate parent that prepares consolidated financial statements available for public use that comply with IFRS accounting standards.

The standard will be applicable for annual periods beginning on or after 1 January 2027;

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

## 7. SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 REVENUES

Analysis of the Company's revenues (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Revenues from sale of products, goods and materials	618,729	602,085	340,643	335,162
Revenue from property lease	265	195	122	101
Revenue from leases of other fixed assets	0	6	0	6

<b>Total revenue</b>	<b>618,994</b>	<b>602,286</b>	<b>340,765</b>	<b>335,269</b>
Gain on sale of fixed assets	3,188	0	3,328	0
Other operating revenues	4,384	3,244	3,303	2,369
Financial income	2,812	19,587	8	17,077
<b>Total</b>	<b>629,378</b>	<b>625,117</b>	<b>347,404</b>	<b>354,715</b>

\*-unaudited data

Increase in revenues was primarily the result of maintaining the positive sales trend in the jewellery segment.

The profit from the sale of non-financial fixed assets includes the profit from the sale of unused fixed assets of VG Property Sp. z o.o. in the amount of PLN 2,918 thousand.

Increase in other operating income is primarily due to the reversal of the write-down on the value of goods.

Decrease in other financial income was noted in particular in exchange rate differences.

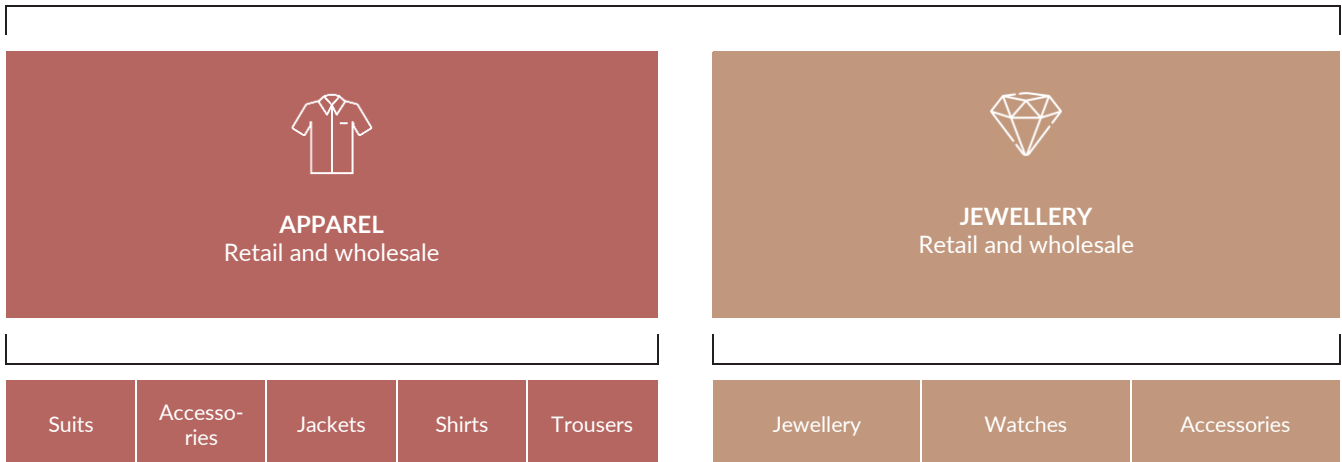
Due to the nature of the Group's main type of activity (retail trade), there is no concentration of sales to customers whose share in the total value of sales revenues would exceed 10%.

## NOTE 2 OPERATING SEGMENTS BY TYPE OF ACTIVITIES AND GEO-GRAPHICAL 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 revenues based on the brands Vistula, Bytom, Wólczanka, Deni Cler Milano (through a subsidiary), W.KRUK (through a subsidiary).

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

### VRG VISTULA RETAIL GROUP





## BRANDS IN THE APPAREL SEGMENT:

### VISTULA BRAND:

## VISTULA

Vistula is a brand with a long tradition, which in its designs combines timeless styles, patterns and cuts with current fashion trends, giving classic clothes a modern character. Vistula has a wide range of suits, jackets, trousers and shirts and other complementary accessories. On the Polish market since 1967.

The wide range of the brand responds to the needs of men by offering wardrobe elements that never go out of fashion, from which you can easily create styles for various occasions.

Women's brand introduced in 2021. The collections are dedicated to women who value quality, comfort and the timeless nature of products. The offer includes both formal products such as suits, jackets, shirts and casual products such as jeans, sweaters and T-shirts.

### BYTOM BRAND:

## BYTOM

BYTOM is a Polish brand with a history dating back to 1945, where tradition meets a contemporary vision of tailoring and men's fashion. Based on a heritage spanning decades, the brand offers men's fashion collections, in which suits made of fine Italian fabrics, sewn in Polish sewing rooms, occupy a special place.

BYTOM is not only the art of tailoring. The brand refers to Polish cultural heritage by creating limited collections inspired by the work of outstanding personalities, inviting people to collaborate who have a significant impact on the development of Polish culture and art.

### WÓLCZANKA BRAND:

## WÓLCZANKA

It is a brand that has existed since 1948. Wólczanka has been sewing shirts for generations. Years of experience have made it an expert and allowed it to gain the trust of millions of customers, thanks to which today it successfully expands its offer with new assortments such as trousers, skirts, dresses, jackets, coats, blazers, 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, it expands this assortment and focuses on creating a fresh, modern brand. Wólczanka means the latest trends, beautiful prints, comfortable clothes for her and for him - and above all an image showing the joy of life and the possibility of making fashion choices, close to your needs.

### DENI CLER MILANO BRAND:

## DENI CLER MILANO

Deni Cler Milano, since its foundation in 1971 in Mantua, Italy, 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 synonymous with 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 to produce clothes are primarily wool, cashmere and silk. The brand's assortment includes mainly: coats, dresses, jackets, trousers, skirts, blouses.

## BRANDS IN JEWELLERY SEGMENT:

**W.KRUK**  
1 8 4 0

W.KRUK is the oldest jewellery brand in Poland with over 180 years of tradition. The W.KRUK offer includes jewellery made of gold and platinum, in particular jewellery with diamonds and precious stones. W.KRUK also creates the highest quality collections made of silver and other precious metals. W.KRUK offers many original jewellery lines with a unique character. The distinctive style of W.KRUK products is the result of the work of designers, projects inspired by ambassadors (including the Freedom collection by Martyna Wojciechowska) and an expert and innovative approach to jewellery. A significant part of the collections presented every year is made in the brand's Manufacture plant near Poznań, which is one of the few in Europe still using traditional manufacturing techniques. In the W.KRUK brand workshops, handicraft is combined with the latest technologies. In 2019, the W.KRUK brand was the first in Poland to introduce jewellery with a new category of diamonds created by man in laboratory conditions 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 is expanding its offer of both luxury and fashion jewellery. Since 2016, the brand's assortment has been complemented by a selection of accessories signed W.KRUK, such as bags and leather accessories, silk scarves, sunglasses and perfumes. Since 2017, W.KRUK has been developing the Picky Pica sub-brand. This is a concept dedicated to young, determined women who value fashion accessories.

## WATCHES AND EXTERNAL BRANDS

W.KRUK offers watches from the most prestigious Swiss brands such as Rolex, Patek Philippe (W.KRUK S.A. is their exclusive distributor in Poland) and renowned manufacturers and watch brands such as: Cartier, Chopard, Bulgari, Hublot, Panerai, Jaeger Le Coultre, Franck Muller, Omega, Tudor, Tag Heuer, Longines, Rado, Tissot, Frederique Constant, Citizen, Doxa, Certina, Seiko, Epos, Balticus, as well as fashion brands: Swatch, Gucci, Emporio Armani, Michael Kors, Fossil, Timex, Skagen, Armani Exchange, Tommy Hilfiger, Guess, Hugo Boss, Fossil. The watches of renowned brands sold in W.KRUK stores have a strong position on the Polish market, and their sales value is systematically increasing.

In addition to its own original and classic jewellery collections, W.KRUK also has in its portfolio products from prestigious jewellery manufacturers from around the world (so-called external brands). W.KRUK selects brands for its offer, with which it is connected by many years of achievement, reputation and jewellery designed and made by talented designers and master goldsmiths. Thanks to this, the designs of outstanding jewellers from around 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: Chopard, Pomellato, BIRKS Bijoux, Nanis, Marco Bicego, Pasquale Bruni, Hulchi Belluni and Recarlo.

## PRODUCTION ACTIVITY:

Within the apparel segment of VRG S.A. cooperates with proven independent producers who guarantee the highest level of sewing and packaging services and offer competitive prices.

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

Basic types of activity:

- - Retail and wholesale of apparel products
- - Retail and wholesale of jewellery and watches

Information on business segments is presented below:

I half of 2024 period from 01-01-2024 to 30-06-2024 (PLN ths)	Apparel segment	Jewellery segment	Total
<b>External sales</b>	284,838	334,156	618,994
<b>Gross profit on sales</b>	<b>165,832</b>	<b>175,292</b>	<b>341,124</b>
Segmental operating costs	178,531	121,944	300,475
<i>of which depreciation</i>	36,472	30,015	66,487

Other operating income and costs	3,024	-146	2,878
Financial income and costs	-3,195	-1,858	-5,053
Income tax	-2,023	10,050	8,027
<b>Net profit</b>	<b>-10,847</b>	<b>41,294</b>	<b>30,447</b>

I half of 2023 period from 01-01-2023 to 30-06-2023 (PLN ths)	Apparel segment	Jewellery segment	Total
<b>External sales</b>	<b>292,484</b>	<b>309,802</b>	<b>602,286</b>
<b>Gross profit on sales</b>	<b>164,030</b>	<b>162,022</b>	<b>326,052</b>
Segmental operating costs	170,620	105,749	276,369
of which depreciation	36,279	26,025	62,304
Other operating income and costs	-1,398	-282	-1,680
Financial income and costs	7,450	5,983	13,433
Result on loss of control	2,200	0	2,200
Income tax	749	11,985	12,734
<b>Net profit</b>	<b>913</b>	<b>49,989</b>	<b>50,902</b>

2 quarter 2024 period from 01-04-2024 to 30-06-2024* (PLN ths)	Apparel segment	Jewellery segment	Total
<b>External sales</b>	<b>162,633</b>	<b>178,132</b>	<b>340,765</b>
<b>Gross profit on sales</b>	<b>98,503</b>	<b>93,192</b>	<b>191,695</b>
Segmental operating costs	90,456	64,546	155,002
of which depreciation	17,919	15,158	33,077
Other operating income and costs	3,888	266	4,154
Financial income and costs	-3,285	-2,293	-5,578
Income tax	1,805	5,233	7,038
<b>Net profit</b>	<b>6,845</b>	<b>21,386</b>	<b>28,231</b>

\*-unaudited data

2 quarter 2023 period from 01-04-2023 to 30-06-2023* (PLN ths)	Apparel segment	Jewellery segment	Total
<b>External sales</b>	<b>167,469</b>	<b>167,800</b>	<b>335,269</b>
<b>Gross profit on sales</b>	<b>100,512</b>	<b>88,233</b>	<b>188,745</b>
Segmental operating costs	87,812	55,846	143,658
of which depreciation	18,209	13,495	31,704
Other operating income and costs	-1,667	-144	-1,811
Financial income and costs	7,635	6,207	13,842
Result on loss of control	2,200	0	2,200
Income tax	4,211	7,429	11,640
<b>Net profit</b>	<b>16,657</b>	<b>31,021</b>	<b>47,678</b>

\*- unaudited data

The value of financial income and costs of both reporting segments mainly includes exchange rate differences, which amounted to:

- in H1 2024 for the apparel segment amounted to PLN 1,196 thousand surplus of positive over negative, (and for H1 2023 PLN 10,152 thousand surplus of positive over negative),

- in H1 2024 for the jewellery segment amounted to PLN 1,222 thousand surplus of positive over negative, (and for H1 2023 PLN 8,273 thousand surplus of positive over negative).

In H1 2024, financial income and costs from leasing regarding contracts for commercial premises and office space include interest and exchange rate differences (surplus of negative over positive), which amounted to:

- for the apparel segment, interest amounted to PLN 2,631 thousand (PLN 1,453 thousand for H1 2023), and exchange rate differences (surplus of positive over negative) amounted to PLN 1,225 thousand (surplus of positive over negative PLN 8,482 thousand for H1 2023),

- for the jewellery segment, interest amounted to PLN 1,814 thousand (PLN 1,259 thousand for H1 2023), and exchange rate differences (surplus of positive over negative) amounted to PLN 928 thousand (surplus of positive over negative PLN 6,819 thousand for H1 2023),

and costs of interest on bank loans, factoring and other, which amounted to, respectively:

- for the apparel segment, PLN 1,274 thousand. PLN for H1 2024 (PLN 1,382 thousand for H1 2023),

- for the jewellery segment PLN 961 thousand for H1 2024 (PLN 895 thousand for H1 2023).

Transactions between operating segments are based on the accounting principles applied by the Capital Group. Compared to the last annual financial statements, there were no differences in the basis for separating segments or determining segment results.

#### GEOGRAPHICAL SEGMENTS OF OPERATIONS:

In terms of geographical segments, the vast majority of the Capital Group's operations are carried out in the Republic of Poland. Part of revenue relates to shipment of the Group's goods abroad, and from November 2023, sales are carried out in W.KRUK jewellery stores in Hungary.

Revenues from various markets in terms of geographic location (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Poland	617,189	594,877	339,818	332,081
EURO zone	488	7,331	68	3,188
US\$ zone	2	78	2	0
HUF zone	1,315	0	877	0
<b>Total</b>	<b>618,994</b>	<b>602,286</b>	<b>340,765</b>	<b>335,269</b>

\*-unaudited data

Segmental assets and liabilities as at June 30, 2024 are as follows:

I half of 2024 (PLN ths)	Apparel segment	Jewellery segment	Total
Assets	686,926	925,671	1,612,597
Liabilities and provisions total	308,355	297,348	605,703

Segmental assets and liabilities as at June 30, 2023 are as follows:

I half of 2023 (PLN ths)	Apparel segment	Jewellery segment	Total
Assets	683,964	821,406	1,505,370
Liabilities and provisions total	305,774	252,820	558,594

Detailed information on the breakdown of sales by channels and brands and the reasons for year-on-year changes are presented in the Group Management Board Report.

## NOTE 3 OPERATING COSTS

(PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Depreciation	66,487	62,304	33,077	31,704
Materials and energy	48,059	37,881	22,232	17,938
Costs of goods sold	271,072	262,881	145,432	140,844
Change in products and work in progress	-72,183	-42,238	-32,409	-18,330
Remuneration	94,820	90,678	48,282	46,092
Other costs by type	33,816	27,033	18,756	15,338
Third party costs	136,274	114,064	68,702	56,596
<b>Total costs of products sold, goods and materials, distribution, general and administrative expenses and other operating costs</b>	<b>578,345</b>	<b>552,603</b>	<b>304,072</b>	<b>290,182</b>

\*- unaudited data

## NOTE 4 HR COSTS

Remuneration broken into salaries, insurance and other: (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Total remuneration, including:</b>	<b>94,820</b>	<b>90,678</b>	<b>48,282</b>	<b>46,092</b>
Salaries	78,662	75,262	39,912	38,307
Social security and other benefits	16,129	15,394	8,353	7,775
Other HR costs	29	22	17	10

\*- unaudited data

In the reporting period, economic severance payments amounted to PLN 224 thousand. The Group presents severance payments in other operating costs.

## NOTE 5 OTHER OPERATING INCOME

Other operating income (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Gain on sale of nonfinancial fixed assets	3,188	0	3,328	0
Other operating income, including:	4,384	3,244	3,303	2,369
<i>due to write-ups for goods and materials</i>	1,979	523	1,889	523
<i>due to release of provisions (severance pay and returns)</i>	1,751	713	1,088	713
<i>due to liquidation of agreements in line with IFRS16</i>	145	658	126	0
<b>Total</b>	<b>7,572</b>	<b>3,244</b>	<b>6,631</b>	<b>2,369</b>

\*- unaudited data

Gain from sale of non-financial fixed assets includes profit on sale of unused fixed assets of VG Property Sp. z o.o. in the amount of PLN 2,918 thousand.

## NOTE 5A OTHER OPERATING COSTS

Other operating costs (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Loss on sale of non-financial assets	0	36	0	96
Goods write-offs	474	826	469	726
Finished goods write-offs	283	0	283	0
Donations	1,492	485	781	233
Costs of liquidation of current assets	1,293	761	796	634
Other operating costs, including:	1,152	2,816	148	2,491
<i>provision for future liabilities</i>	375	870	375	870
<i>liquidation provision (large format Wólczanka stores)</i>	0	0	-342	0
<i>severance pay</i>	224	72	17	51
<b>Total</b>	<b>4,694</b>	<b>4,924</b>	<b>2,477</b>	<b>4,180</b>

\*-unaudited data

## NOTE 6 FINANCIAL INCOME

Financial income (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Interest on bank deposits	215	1,161	2	490
FX gains	2,576	18,425	5	16,587
<i>incl. leases of retail and office floorspace</i>	2,283	15,301	0	14,389
Forward transactions valuation	20	0	0	0
Other	1	1	1	0
<b>Total</b>	<b>2,812</b>	<b>19,587</b>	<b>8</b>	<b>17,077</b>

\*- unaudited data

## NOTE 6A FINANCIAL COSTS

Financial costs (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Interest on overdrafts and bank loans	1,981	1,782	1,275	883
Interest on factoring	115	391	66	207
Other interest on finance lease liabilities	139	105	72	55
Interest on leases of retail and office floorspace	4,445	2,712	2,372	1,440

Fees on bank loans and guarantees	928	961	579	523
FX losses	79	57	1,147	21
<i>incl. leases of retail and office floorspace</i>	65	0	710	0
Amortized cost bank loan valuation	60	102	60	102
Valuation of forward transactions	77	0	0	-28
Loan write-off	0	400	0	0
Other	41	44	15	32
<b>Total</b>	<b>7,865</b>	<b>6,154</b>	<b>5,586</b>	<b>3,235</b>

\*- unaudited data

## NOTE 7 TAX

(PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Income tax:</b>	<b>8,027</b>	<b>12,734</b>	<b>7,038</b>	<b>11,640</b>
Current income tax	10,019	9,667	6,044	6,585
Deferred income tax (note 8)	-1,992	3,067	994	5,055

\*- unaudited data

Current income tax (PLN ths))	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Pre-tax profit (loss)</b>	<b>38,474</b>	<b>63,636</b>	<b>35,269</b>	<b>59,318</b>
Difference between pre-tax profit (loss) and tax base	-2,338	-25,159	2,950	-15,059
- the difference between pre-tax profit and taxable income resulting from non-deductible expenses according to tax regulations and income which is not revenue according to tax regulations and additional income and tax expenses	-2,193	-22,926	3,095	-13,811
- other differences (including retained losses)	-145	-2,233	-145	-1,248
Income	52,729	50,880	31,808	44,317
Loss	-16,593	-12,403	6,411	-58
<b>Income/loss</b>	<b>36,136</b>	<b>38,477</b>	<b>38,219</b>	<b>44,259</b>
Income tax base	52,729	50,880	31,808	44,317
Income tax at the applicable rate of 19%	10,019	9,667	6,044	6,585
Income tax adjustments for prior periods	0	0	0	0
<b>Current income tax</b>	<b>10,019</b>	<b>9,667</b>	<b>6,044</b>	<b>6,585</b>

\*- unaudited data

Income tax at effective interest rate (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
<b>Profit (loss) before tax</b>	<b>38,474</b>	<b>63,636</b>	<b>35,269</b>	<b>59,318</b>
Income tax at a rate of 19%	7,310	12,091	6,701	11,270
<b>Effect of tax recognition:</b>	<b>-495</b>	<b>-4,798</b>	<b>517</b>	<b>-2,866</b>

Income tax at effective interest rate (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
- Utilisation of tax losses carried forward	29	305	29	96
- Costs not constituting tax deductible costs	1,344	-626	1,677	403
- Income which is not revenue according to tax regulations	1,739	3,816	1,103	3,153
- Kosztów podatkowych nie będących kosztem bilansowym	103	80	39	37
- Non-balance sheet tax revenue	31	30	10	17
- Revaluation of deferred tax assets (loss)	2,947	2,356	-1,306	-1,835
- Deferred tax	-1,992	3,067	994	5,055
- Deferred tax assets adjustments for prior periods	0	0	0	0
- The effect of the difference in tax rates between countries	257	0	257	0
- Other	0	18	-125	16
<b>Income tax at effective tax rate</b>	<b>8,027</b>	<b>12,734</b>	<b>7,038</b>	<b>11,640</b>
<i>Effective tax rate</i>	20.86%	20.01%	19.95%	19.62%

\*- unaudited data

CIT in Hungary amounts to 9%.

## NOTE 8 DEFERRED TAX

	Balance sheet			Profit or loss	
	30.06.2024	31.12.2023	30.06.2023	30.06.2024	30.06.2023
<b>Deferred tax provision</b>	<b>66</b>	<b>321</b>	<b>252</b>	<b>-256</b>	<b>-200</b>
Balance sheet valuation – FX gains	2	243	168	-242	-146
Net advances paid	8	8	8	0	-47
Valuation of loans at amortised cost	8	18	34	-10	-19
Valuation of forward transactions	0	11	0	-11	0
Leased assets	47	40	41	7	12
Other	1	1	1	0	0
<b>Recognised on the financial result</b>	<b>66</b>	<b>321</b>	<b>252</b>	<b>-256</b>	<b>-200</b>
<b>Recognised on equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax assets</b>	<b>20,709</b>	<b>18,972</b>	<b>19,300</b>	<b>1,736</b>	<b>-3,267</b>
Accelerated balance sheet depreciation	2,237	2,217	2,225	21	-63
Post-employment benefits (severance pay)	40	40	28	0	0
Write-offs	3,055	3,287	3,920	-232	-264
Reserves, salaries and social security	1,468	1,763	1,609	-295	-14
Remuneration, Social Security not paid	104	135	161	-31	-754
Balance sheet valuation - FX losses	190	34	3	156	-3
Losses deductible from future taxable income	8,557	5,507	3,663	3,050	2,170
Allowance for receivables from customers	225	289	57	-64	57
Interest accrued	0	15	0	-15	0
Provision for future liabilities	606	784	656	-178	-253



Provision for returns from customers	1,276	1,471	1,343	-195	30
Loyalty programme valuation	1,500	1,500	1,912	0	0
Lease commitments for commercial premises and office space contracts	1,451	1,931	3,723	-481	-4,173
<b>Recognised on the financial result</b>	<b>20,709</b>	<b>18,972</b>	<b>19,300</b>	<b>1,736</b>	<b>-3,267</b>
<b>Recognised on equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recognised on the financial result - persaldo</b>	<b>-20,643</b>	<b>-18,651</b>	<b>-19,048</b>	<b>-1,992</b>	<b>3,067</b>

## NOTE 9 EARNINGS PER SHARE

Continued operations (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023	2 quarter 2024* period from 01-04-2024 to 30-06-2024	2 quarter 2023* period from 01-04-2023 to 30-06-2023
Net profit attributable to the shareholders of the dominating entity	30,447	50,902	28,231	47,678
Profits from continuing operations for the purpose of calculating earnings per share after excluding discontinued operations	30,447	50,902	28,231	47,678
Weighted average number of ordinary shares	234,455,840	234,455,840	234,455,840	234,455,840
Diluted weighted average number of ordinary shares	234,455,840	235,630,831	234,455,840	235,630,831
Earnings per share				
- basic	0.13	0.22	0.12	0.20
- diluted	0.13	0.22	0.12	0.20

\*- unaudited data

Calculation of the weighted average number of shares (PLN ths)	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023
Number of shares as at 01.01.2024	234,455,840	234,455,840
Change during 1H24 (issuance)	0	0
Number of shares as at 30.06.2024 r.	234,455,840	234,455,840
Number of days with increased equity	0	0
Ratio (number of days with increased equity / number of days in the period)	0	0
Weighted average number of shares	234,455,840	234,455,840
Scale of potential dilution (ordinary shares)	0	1,174,991
Diluted weighted average number of ordinary shares	234,455,840	235,630,831

## NOTE 10 GOODWILL

	PLN ths
<b>PURCHASE PRICE OR FAIR VALUE</b>	
Balance at January 1, 2023	302,748
Adjustment: disclosure at the time of acquisition	0
Derecognition at the moment of disposal	0

	PLN ths
Balance at June 30, 2023	302,748
Balance at January 1, 2023	302,748
Adjustment: disclosure at the time of acquisition	0
Derecognition at the moment of disposal	0
Balance at December 31, 2023	302,748
Balance at January 1, 2024	302,748
Adjustment: disclosure at the time of acquisition	0
Balance at June 30, 2024, including:	302,748
Generated from acquisition of Wólczanka S.A.	60,697
Generated from acquisition of W. KRUK S.A.	181,893
Generated from acquisition of Bytom S.A	60,158
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>	
<b>Balance at January 1, 2023</b>	<b>0</b>
Losses due to impairment in the current year	0
Derecognition at the moment of disposal	0
<b>Balance at June 30, 2023</b>	<b>0</b>
<b>Balance at January 1, 2023</b>	<b>0</b>
Losses due to impairment in the current year	0
Derecognition at the moment of disposal	0
<b>Balance at December 31, 2023</b>	<b>0</b>
<b>Balance at January 1, 2024</b>	<b>0</b>
Losses due to impairment in the current year	0
Derecognition at the moment of disposal	0
<b>Balance at June 30, 2024</b>	<b>0</b>
<b>BOOK VALUE</b>	
<b>As at June 30, 2023</b>	<b>302,748</b>
<b>As at December 31, 2023</b>	<b>302,748</b>
<b>As at June 30, 2024</b>	<b>302,748</b>

As at June 30, 2024, based on the assessment of indications of impairment in relation to intangible assets with an indefinite useful life, it was not necessary to conduct an impairment test for intangible assets with an indefinite useful life, including goodwill. In the period for which the interim financial statements were prepared, no revaluation write-offs were made for intangible assets, including goodwill.

The last impairment test for intangible assets with an indefinite useful life was carried out on December 31, 2023. The test has not shown the need to for impairments.

## NOTE 11 OTHER INTANGIBLE ASSETS

(PLN ths)	Costs of development works	Trademarks	Patents and licenses	Total
<b>GROSS VALUE</b>				
<b>Balance at January 1, 2023</b>	<b>1,172</b>	<b>194,116</b>	<b>26,144</b>	<b>221,432</b>
Additions	0	0	496	496
Decreases	0	0	-2,029	-2,029

(PLN ths)	Costs of development works	Trademarks	Patents and licenses	Total
<b>Balance at June 30, 2023</b>	<b>1,172</b>	<b>194,116</b>	<b>24,611</b>	<b>219,899</b>
<b>Balance at January 1, 2023</b>	<b>1,172</b>	<b>194,116</b>	<b>26,144</b>	<b>221,432</b>
Additions	0	0	864	864
Decreases	0	0	-8,535	-8,535
<b>Balance at December 31, 2023</b>	<b>1,172</b>	<b>194,116</b>	<b>18,473</b>	<b>213,761</b>
<b>Balance at a January 1, 2024</b>	<b>1,172</b>	<b>194,116</b>	<b>18,473</b>	<b>213,761</b>
Exchange rate differences from conversion	0	0	-4	-4
Additions	0	0	552	552
Decreases	0	0	-16	-16
<b>Balance at June 30, 2024</b>	<b>1,172</b>	<b>194,116</b>	<b>19,005</b>	<b>214,293</b>
<b>AMORTISATION</b>				
<b>Balance at January 1, 2023</b>	<b>1,172</b>	<b>23</b>	<b>17,703</b>	<b>18,898</b>
Amortisation for the period	0	0	721	721
Disposal	0	0	-507	-507
<b>Balance at June 30, 2023</b>	<b>1,172</b>	<b>23</b>	<b>17,917</b>	<b>19,112</b>
<b>Balance at January 1, 2023</b>	<b>1,172</b>	<b>23</b>	<b>17,703</b>	<b>18,898</b>
Amortisation for the period	0	0	1,456	1,456
Disposal	0	0	-5,391	-5,391
<b>Balance at December 31, 2023</b>	<b>1,172</b>	<b>23</b>	<b>13,768</b>	<b>14,963</b>
<b>Balance at January 1, 2024</b>	<b>1,172</b>	<b>23</b>	<b>13,768</b>	<b>14,963</b>
Exchange rate differences from conversion	0	0	0	0
Amortisation for the period	0	0	733	733
Disposal	0	0	-16	-16
<b>Balance at June 30, 2024</b>	<b>1,172</b>	<b>23</b>	<b>14,485</b>	<b>15,680</b>
<b>IMPAIRMENT</b>				
<b>Balance at January 1, 2023</b>	<b>0</b>	<b>0</b>	<b>3,150</b>	<b>3,150</b>
Additions	0	0	0	0
Decreases	0	0	-1,522	-1,522
<b>Balance at June 30, 2023</b>	<b>0</b>	<b>0</b>	<b>1,628</b>	<b>1,628</b>
<b>Balance at January 1, 2023</b>	<b>0</b>	<b>0</b>	<b>3,150</b>	<b>3,150</b>
Additions	0	0	0	0
Decreases	0	0	-3,144	-3,144
<b>Balance at December 31, 2023</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Balance at January 1, 2024</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
Additions	0	0	0	0
Decreases	0	0	6	6
<b>Balance at June 30, 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>BOOK VALUE</b>				
As at June 30, 2023	0	194,093	5,066	199,159
As at December 31, 2023	0	194,093	4,699	198,792
As at June 30, 2024	0	194,093	4,514	198,607

Patents and licenses are amortised over their useful life, which is 5 years on average, trademarks are not subject to amortisation.

Write-offs were booked in other operating costs, and write-offs reversals were booked other operating revenues and shown in gain (loss) on sale of non-financial assets.

Amortisation of intangible assets was recognized in the cost of sales, general administrative expenses or cost of sales of the statement of comprehensive income, respectively.

Trademarks Wólczanka, W.KRUK, Bytom and Intermoda for the total value of PLN 194,093 ths are the subject of collateral under loan agreements shown in note 18.

As at June 30, 2024, based on the assessment of the indications of impairment of intangible assets with an indefinite useful life, it was not necessary to conduct an impairment test for intangible assets with an indefinite useful life, including trademarks. In the period for which the interim financial statements were prepared, no write-downs of intangible assets, including trademarks, were created.

The last impairment test for intangible assets with an indefinite useful life was carried out on December 31, 2023. The test has not shown the need to for impairments.

## NOTE 12 PROPERTY, PLANT, EQUIPMENT

(PLN ths)	Property and plant	Fixed assets under construction	Equipment and other fixed assets	Total
<b>PURCHASE PRICE OR FAIR VALUE</b>				
Balance at January 1, 2023	108,549	5,677	127,434	241,660
Additions	4,297	18,018	8,514	30,829
Disposal/ Decreases	-1,505	-14,681	-3,305	-19,491
<b>Balance at June 30, 2023</b>	<b>111,341</b>	<b>9,014</b>	<b>132,643</b>	<b>252,998</b>
Balance at January 1, 2023	108,549	5,677	127,434	241,660
Additions	15,823	39,919	23,859	79,601
Disposal	-5,362	-39,098	-7,725	-52,185
Reclassification	0	0	164	164
<b>Balance at December 31, 2023</b>	<b>119,010</b>	<b>6,498</b>	<b>143,732</b>	<b>269 240</b>
Balance at January 1, 2024	119,010	6,498	143,732	269 240
Exchange rate differences from conversion	-12	-1	-44	-57
Additions	10,109	21,101	13,192	44 402
Disposal/ Decreases	-8,477	-23,166	-4,482	-36 125
<b>Balance at June 30 2024, including :</b>	<b>120,630</b>	<b>4,432</b>	<b>152,398</b>	<b>277 460</b>
shown in purchase price/cost of sales	120,630	4,432	152,398	277 460
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
Balance at January 1, 2023	86,462	0	92,815	179,277
Depreciation for the period	3,072	0	6,623	9,695
Disposal	-1,442	0	-2,899	-4,341
<b>Balance at June 30, 2023</b>	<b>88,092</b>	<b>0</b>	<b>96,539</b>	<b>184,631</b>
Balance at January 1, 2023	86,462	0	92,815	179,277
Depreciation for the period	6,726	0	14,114	20,840
Disposal	-4,946	0	-7,033	-11,979
Reclassification	0	0	-99	-99
<b>Balance at December 31, 2023</b>	<b>88,242</b>	<b>0</b>	<b>99,995</b>	<b>188,237</b>
Balance at January 1, 2024	88,242	0	99,995	188,237
Exchange rate differences from conversion	0	0	-5	-5
Depreciation for the period	4,744	0	7,657	12,401
Disposal	-4,012	0	-3,498	-7,510

(PLN ths)	Property and plant	Fixed assets under construction	Equipment and other fixed assets	Total
Balance at June 30, 2024	88,974	0	104,149	193,123
<b>IMPAIRMENT</b>				
Balance at January 1, 2023	0	1,693	289	1,982
Additions	0	0	0	0
Decreases	0	0	-164	-164
Balance at June 30, 2023	0	1,693	125	1,818
Balance at January 1, 2023	0	1,693	289	1,982
Additions	2,156	0	1,507	3,663
Decreases	0	0	-164	-164
Balance at December 31, 2023	2,156	1,693	1,632	5,481
Balance at January 1, 2024	2,156	1,693	1,632	5,481
Additions	0	0	0	0
Decreases	-781	0	-838	-1,619
Balance at June 30, 2024	1,375	1,693	794	3,862
<b>BOOK VALUE</b>				
As at June 30, 2023	23,249	7,321	35,979	66,549
As at December 31, 2023	28,612	4,805	42,105	75,522
As at June 30, 2024	30,281	2,739	47,455	80,475

## NOTE 12A RIGHT-OF-USE ASSETS

Right-of-use assets (PLN ths)	Right-of-use assets to store and office floorspace	Other right-of-use assets	Total
Gross value 01.01.2023	569,655	4,252	573,907
Accumulated depreciation 01.01.2023	-309,161	-2,324	-311,485
Net value 01.01.2023	260,494	1,928	262,422
New agreements	24,016	830	24,846
Changes due to leases modifications	48,566	0	48,566
Changes resulting from modifications in the scope of the contract - shortening of the period - gross value	-17,658	-109	-17,767
Presentation adjustment	0	-198	-198
Gross value 30.06.2023	624,579	4,775	629,354
Changes resulting from modification of the scope of the contract - shortening the period - depreciation	14,504	109	14,613
Depreciation for the period	-51,491	-397	-51,888
Presentation adjustment	0	198	198
Accumulated depreciation 30.06.2023	-346,148	-2,414	-348,562
Net value 30.06.2023	278,431	2,361	280,792
Gross value 01.01.2023	569,655	4,252	573,907
Accumulated depreciation 01.01.2023	-309,161	-2,324	-311,485
Net value 01.01.2023	260,494	1,928	262,422
New agreements	57,436	2,325	59,761

Right-of-use assets (PLN ths)	Right-of-use assets to store and office floorspace	Other right-of-use assets	Total
Changes due to leases modifications	78,518	-111	78,407
Changes resulting from modifications in the scope of the contract - shortening of the period - gross value	-57,540	-246	-57,786
Reclassification	0	-164	-164
Presentation adjustment	0	198	198
<b>Gross value 31.12.2023</b>	<b>648,069</b>	<b>5,858</b>	<b>653,927</b>
Changes resulting from modification of the scope of the contract - shortening the period - depreciation	36,347	357	36,704
Depreciation for the period	-104,145	-833	-104,978
Reclassification	0	99	99
Presentation adjustment	0	-198	-198
<b>Accumulated depreciation 31.12.2023</b>	<b>-376,959</b>	<b>-2,503</b>	<b>-379,462</b>
<b>Net value 31.12.2023</b>	<b>271,110</b>	<b>3,355</b>	<b>274,465</b>
<b>Gross value 01.01.2024</b>	<b>648,069</b>	<b>5,858</b>	<b>653,927</b>
<b>Accumulated depreciation 01.01.2024</b>	<b>-376,959</b>	<b>-2,503</b>	<b>-379,462</b>
<b>Net value 01.01.2024</b>	<b>271,110</b>	<b>3,355</b>	<b>274,465</b>
Exchange rate differences from conversion	-80	0	-80
New agreements	16,706	462	17,168
Changes due to leases modifications	47,035	0	47,035
Changes resulting from modifications in the scope of the contract - shortening of the period - gross value	-23,161	-256	-23,417
<b>Gross value 30.06.2024</b>	<b>688,569</b>	<b>6,064</b>	<b>694,633</b>
Exchange rate differences from conversion	1	0	1
Changes resulting from modification of the scope of the contract - shortening the period - depreciation	18,972	256	19,228
Depreciation for the period	-52,801	-552	-53,353
<b>Accumulated depreciation 30.06.2024</b>	<b>-410,787</b>	<b>-2,799</b>	<b>-413,586</b>
<b>Net value 30.06.2024</b>	<b>277,782</b>	<b>3,265</b>	<b>281,047</b>

## NOTE 13 SHARES AND STAKES

List of other entities in which the Company holds shares/shares as at June 30, 2024	Valuation method	% shares held	% votes held	Value of shares / shares at purchase price	Value adjustments	Book value of stakes
Chara Sp. z o.o.	Purchase price	19	19	17	0	17
Agencja Rozwoju Regionalnego Kraków	Purchase price	0	0	10	0	10
WSM Factory Sp z o.o. in liquidation	Purchase price	100	100	5	-5	0
<b>Total</b>				<b>32</b>	<b>-5</b>	<b>27</b>

## NOTE 14 INVENTORY

(PLN ths)	30.06.2024	31.12.2023	30.06.2023
Materials (at purchase price)	22,939	26,625	26,833
Work in progress (at production cost)	9,402	4,836	7,003
Finished products (at production cost)	51,322	43,640	51,205
Trade goods (at purchase price)	610,956	505,202	496,861
<b>Total inventory, at the lower of two values: purchase price (production cost) and net realizable value</b>	<b>694,619</b>	<b>580,303</b>	<b>581,902</b>
Inventory write-offs	-16,075	-17,297	-20,634
<b>Total</b>	<b>678,544</b>	<b>563,006</b>	<b>561,268</b>

Created write-downs in the amount of PLN 757 thousand zloty were charged to other operating expenses while reversed write-downs in the amount of PLN 1,979 thousand zloty were charged to other operating income. The release of write-downs for inventories is related to sale of inventories covered by write-off or their physical liquidation.

Inventories were pledged by a registered pledge as security for loan agreements presented in note 18.

## NOTE 15 TRADE AND OTHER RECEIVABLES

Trade and other receivables (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Trade receivables from third parties (gross)</b>	<b>6,366</b>	<b>10,899</b>	<b>7,331</b>
minus: write-off of trade receivables from third parties	-2,581	-2,632	-2,677
<b>Trade receivables from third parties (net)</b>	<b>3,785</b>	<b>8,267</b>	<b>4,654</b>
<b>Receivables from taxes, subsidies, customs, social security and other benefits</b>	<b>5,026</b>	<b>159</b>	<b>3,926</b>
<b>Other receivables from third parties (gross)</b>	<b>15,364</b>	<b>6,397</b>	<b>7,655</b>
minus: write-off of other trade receivables from third parties	-392	-286	-965
<b>Other receivables from third parties (net)</b>	<b>14,972</b>	<b>6,111</b>	<b>6,690</b>
<b>Other current assets</b>	<b>3,555</b>	<b>2,526</b>	<b>3,591</b>
<b>Short-term receivables, total (gross)</b>	<b>30,311</b>	<b>19,981</b>	<b>22,503</b>
minus: total receivables write-offs	-2,973	-2,918	-3,642
<b>Short-term receivables, total (net)</b>	<b>27,338</b>	<b>17,063</b>	<b>18,861</b>

Payment terms for receivables range from 7-120 days.

Change in short-term receivables write-offs (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Beginning of period values</b>	<b>2,918</b>	<b>791</b>	<b>791</b>
<b>a) additions (due to)</b>	<b>214</b>	<b>2,966</b>	<b>3,144</b>
– write-offs creation	214	455	633
– foreign exchange rate differences	0	0	53
– recognition of a write-off due to the loss of control over a subsidiary	0	2,511	2,458
<b>b) decreases (due to)</b>	<b>159</b>	<b>839</b>	<b>293</b>
– receipt of payment for receivables	145	355	160
– the Management's decision to write-off a provision into losses	8	419	89
– foreign exchange rate differences	6	65	44
<b>Balance of short-term receivables and write-offs at the end of period</b>	<b>2,973</b>	<b>2,918</b>	<b>3,642</b>

Amounts of receivables write-offs (created and reversed) are recognised in selling costs. The value of the write-offs was estimated based on Group's past experiences.

Short-term receivables gross (currency structure) (PLN ths)	30.06.2024	31.12.2023	30.06.2023
a) PLN	17,788	13,798	16,435
b) in foreign currencies (by currency and after conversion into PLN)	12,523	6,183	6,068
b1. in EURO thousands	1,685	527	320
PLN thousands	7,268	2,293	1,424
b2. in US\$ thousands	1,147	869	1,015
PLN thousands	4,623	3,418	4,168
b3. in CHF thousands	42	101	104
PLN thousands	190	472	476
b3. in HUF thousands	40,626	0	0
PLN thousands	443	0	0
<b>Short-term receivables, total (gross)</b>	<b>30,311</b>	<b>19,981</b>	<b>22,503</b>

## NOTE 15A SHORT-TERM LOANS GRANTED

Receivables from loans granted (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Receivables due to loans granted from other entities (gross)</b>	<b>524</b>	<b>524</b>	<b>524</b>
minus: write-down of receivables due to loans granted from other entities	-524	-524	-524
<b>Receivables due to loans granted from other entities (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Receivables due to loans granted from related parties (gross)</b>	<b>0</b>	<b>0</b>	<b>0</b>
minus: write-down of receivables due to loans granted from related parties	0	0	0
<b>Receivables due to loans granted from related parties (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Receivables due to loans granted, total (gross)</b>	<b>524</b>	<b>524</b>	<b>524</b>
minus: write-down of receivables due to loans granted, total	-524	-524	-524
<b>Receivables due to loans granted, total (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Incl.: Short-term receivables due to loans granted	0	0	0
Incl.: Long-term receivables due to loans granted	0	0	0

Change in write-downs on short-term loans (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Beginning of period values</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>a) additions (due to)</b>	<b>524</b>	<b>524</b>	<b>524</b>
– write-offs creation	0	0	0
– foreign exchange rate differences	0	0	0
– recognition of a write-off due to the loss of control over a subsidiary	524	524	524
<b>b) decreases (due to)</b>	<b>0</b>	<b>0</b>	<b>0</b>
– receipt of payment for receivables	0	0	0
– the Management's decision to write-off a provision into losses	0	0	0
– foreign exchange rate differences	0	0	0
<b>Balance of short-term receivables and write-offs at the end of period</b>	<b>524</b>	<b>524</b>	<b>524</b>



## NOTE 16 CHANGE IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES, INVENTORY AND IMPAIRMENT OF FIXED ASSETS

Write-offs (PLN ths)	Balance at 01.01.2024	Creation	Release/usage	Restatement	Balance at 30.06.2024
Intangible asset write-offs	6	0	0	0	6
Fixed asset write-offs	5,481	0	1,619	0	3,862
Inventory write-offs	17,297	757	1,979	0	16,075
Stakes write-offs	5	0	0	0	5
Receivables write-offs	2,918	214	159	0	2,973
Write-offs for loans granted	524	0	0	0	524
<b>Total write-offs</b>	<b>26,231</b>	<b>971</b>	<b>3,757</b>	<b>0</b>	<b>23,445</b>

Release of write-offs affects the profit from the sale of fixed assets.

Write-offs (PLN ths)	Balance at 01.01.2023	Creation	Release/usage	Restatement	Balance at 30.06.2023
Intangible asset write-offs	3,150	0	1,522	0	1,628
Fixed asset write-offs	1,982	0	164	0	1,818
Inventory write-offs	20,331	826	523	0	20,634
Stakes write-offs	0	5	0	0	5
Receivables write-offs	791	3,144	293	0	3,642
Write-offs for loans granted	0	524	0	0	524
<b>Total write-offs</b>	<b>26,254</b>	<b>4,499</b>	<b>2,502</b>	<b>0</b>	<b>28,251</b>

## NOTE 17 CASH AND EQUIVALENTS

Cash and cash equivalents include: cash held by the Group and short-term bank deposits with maturities of up to 3 months. The book value of these assets corresponds to fair value.

(PLN ths)	30.06.2024	31.12.2023	30.06.2023
Cash and bank accounts	20,147	46,723	14,236
Short-term deposits	1,351	31,412	41,409
<b>Total</b>	<b>21,498</b>	<b>78,135</b>	<b>55,645</b>

## NOTE 17A STATEMENT OF CASH FLOWS – OTHER ADJUSTMENTS

The value shown under "Other adjustments" consists of: (PLN ths)	Note	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023
- fixed assets – write-offs - liquidation		-621	-217
- interest received		-214	-1,160
- bank loan valuation		60	102

The value shown under "Other adjustments" consists of: (PLN ths)	Note	I half of 2024 period from 01-01-2024 to 30-06-2024	I half of 2023 period from 01-01-2023 to 30-06-2023
- loan write-off		0	524
- forward transactions valuation		57	0
<b>Total</b>		<b>-718</b>	<b>-751</b>

## NOTE 18 BANK LOANS AND BORROWINGS

(PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Overdrafts</b>	<b>58,857</b>	<b>8,442</b>	<b>8,690</b>
<b>Bank loans</b>	<b>16,745</b>	<b>19,463</b>	<b>35,327</b>
Amounts payable according to bank loan agreements			
On demand or up to 1 year	16,745	19,463	21,568
From 2 to 5 years	0	0	13,759
Over five years	0	0	0
<b>Loans</b>	<b>0</b>	<b>0</b>	<b>0</b>
Amounts payable according to bank loan agreements			
On demand or up to 1 year	0	0	0
From 2 to 5 years	0	0	0
Over five years	0	0	0

Loans currency structure (PLN ths)	Total	PLN	€	\$
<b>June 30, 2024</b>	<b>75,602</b>	<b>75,602</b>	<b>0</b>	<b>0</b>
Overdrafts	58,857	58,857	0	0
Bank loans	16,745	16,745	0	0
Loans	0	0	0	0
<b>December 31, 2023</b>	<b>27,905</b>	<b>27,905</b>	<b>0</b>	<b>0</b>
Overdrafts	8,442	8,441	0	0
Bank loans	19,463	19,463	0	0
Loans	0	0	0	0
<b>June 30, 2023</b>	<b>44,017</b>	<b>44,017</b>	<b>0</b>	<b>0</b>
Overdrafts	8,690	8,690	0	0
Bank loans	35,327	35,327	0	0
Loans	0	0	0	0

LP	Name of the entity	Headquarters	Value of bank loan / according to the contract	The loan amount to be repaid at face value	The loan amount to be repaid measured at amortized cost	Description	Interest conditions	Maturity
			Amount	Amount	Amount			
1	Bank PKO BP S.A.	Warsaw	105,000	6,846	6,846	Limit enabling the use of overdraft facility and execution of guarantees and letters of credit	wibor + margin	June 30, 2026
2	Bank PKO BP S.A.	Warsaw	47,600	6,900	6,929	Investment loan	wibor + margin	December 31, 2024

LP	Name of the entity	Headquarters	Value of bank loan / according to the contract	The loan amount to be repaid at face value	The loan amount to be repaid measured at amortized cost	Description	Interest conditions	Maturity
			Amount	Amount	Amount			
3	ING Bank Śląski S.A.	Katowice	45,000	5,673	5,673	Limit for the use of an overdraft facility and execution of orders in the field of guarantees, letters of credit, debt purchase and supplier financing	wibor + margin	July 28, 2024
4	mBank S.A.	Warsaw	19,000	0	0	Limit enabling the use of overdraft facility and execution of guarantees and letters of credit	wibor + margin	April 18, 2025
5	mBank S.A.	Warsaw	8,000	0	0	Reverse factoring limit	Wibor, euribor, sofr + margin	September 13, 2024
6	Bank PKO BP S.A.	Warsaw	95,000	36,964	36,964	Limit enabling the use of overdraft facility and execution of guarantees and letters of credit	wibor + margin	June 30, 2026
7	Bank PKO BP S.A.	Warsaw	71,400	9,780	9,816	Investment loan	wibor + margin	December 31, 2024
8	Bank PKO BP S.A.	Warsaw	18,000	9,374	9,374	Limit enabling the use of overdraft facility and execution of guarantees and letters of credit	wibor + margin	July 14, 2026
<b>Total</b>					<b>75,602</b>			

**THE GROUP HAS THE FOLLOWING LIMITS AND BANK LOANS AS AT 30.06.2024:**

- a multi-purpose credit limit agreement with PKO BP S.A. in the amount of PLN 105,000 thousand, authorizing the use of a current account credit up to PLN 50,000 thousand and the execution of orders for bank guarantees up to PLN 35,000 thousand and letters of credit up to PLN 35,000 thousand. The annex amending the multi-purpose credit limit agreement, containing the above sublimits, was signed on June 26, 2024. The limit was granted until June 30, 2026.
- investment loan in the amount of PLN 47,600 thousand. The agreement was signed on 09.03.2015. The agreement will expire on 31.12.2024.
- multi-purpose credit line in the amount of PLN 45,000 thousand for the period until 28/07/2024, under the Multi-Product Agreement at ING Bank Śląski S.A. The Company may use the following products: overdraft facility up to PLN 13,000,000, letter of credit line up to PLN 15,000,000, bank guarantee line up to PLN 6,000,000, discount transactions in the form of reverse receivables redemption in the amount of EUR 8,000,000, supplier financing line up to PLN 15,000,000, provided that the total amount of debt resulting from the use of the limit in the form of the above-mentioned credit products may not exceed the limit amount, i.e. PLN 45,000 thousand. The parent company decided not to extend the validity of the Multi-Product Agreement at ING Bank Śląski S.A.
- multi-purpose credit line at mBank S.A. entitling to use a credit in the current account, execution of orders in the scope of bank guarantees and letters of credit, while 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. The credit line is granted until 18.04.2025.
- limit agreement for the purchase of receivables (factoring) in the amount of PLN 8,000 thousand. The limit was granted until 13.09.2024.
- a multi-purpose credit limit agreement with PKO BP S.A. in the amount of PLN 95,000 thousand entitling to use a current account credit up to PLN 52,000 thousand and to execute orders for bank guarantees up to PLN 45,000 thousand and letters of credit up to PLN 10,000 thousand. The annex amending the multi-purpose credit limit agreement, containing the above sublimits, was signed on June 27, 2024. The limit was granted until June 30, 2026.
- investment loan in PKO BP SA in the amount of PLN 71,400 thousand. The agreement was signed on 09.03.2015. The agreement will expire on 31.12.2024.
- multi-purpose credit limit agreement setting a limit of PLN 18,000 thousand entitling to use a current account credit up to PLN 11,500 thousand and to execute orders for bank guarantees up to PLN 6,500 thousand and letters of credit up to PLN 6,500

thousand. The annex amending the multi-purpose credit limit agreement, containing the above sublimits, was signed on July 3, 2024. The limit was granted until July 14, 2026.

As of June 30, 2024, the Capital Group had repaid all loans received and interest on loans.

On 01.07.2024, annexes to agreements with mBank S.A. were signed, which introduced the following changes:

- multi-purpose credit line - increase in the amount of the line to the amount of PLN 57,000,000.00; the credit line is granted until 30.06.2026; the security is inflows to the bank account and a declaration of submission to enforcement;
- limit agreement for the purchase of receivables (factoring) - increase in the amount of the line to the amount of PLN 15,000 thousand; the limit was granted until 31.12.2026; the security is inflows to the bank account and a declaration of submission to enforcement.

## NOTE 19 LEASE LIABILITIES

Leases (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Amounts payable in accordance with lease agreements regarding commercial premises and office space agreements, including</b>	285,527	281,310	298,027
within 1 year	102,532	101,588	105,672
between 2 to 5 years	173,155	172,947	184,720
above 5 years	9,840	6,775	7,635
<b>Amounts payable in accordance with lease agreements regarding other agreements:</b>	3,228	3,314	2,262
within 1 year	986	962	780
between 2 to 5 years	2,242	2,352	1,482
above 5 years	0	0	0
<b>Discounted value of lease agreements</b>	288,755	284,624	300,288
Amount due for settlement within 12 months (shown as short-term liabilities)	103,517	102,550	106,451
<i>including: leasing related to contracts of commercial premises and office space</i>	102,532	101,588	105,672
Amount of the required repayment after 12 months (shown as long-term liabilities)	185,238	182,074	193,837
<i>including: leasing related to contracts of commercial premises and office space</i>	182,995	179,723	192,355

All liabilities under the lease of passenger cars are denominated in PLN, while the lease of commercial premises and office space are denominated in EUR and PLN.

The fair value of the Group's lease liabilities corresponds to its book value.

Lease payments not included in valuation (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Liabilities under lease agreements relating to commercial premises and office space:</b>	4,652	8,547	1,927
short-term leases	2,902	1,261	527
low-value assets leases	0	0	0
variable lease payments not included in lease liabilities	1,750	7,286	1,400

The Group took advantage of the exemption from applying the standard requirements with regard to short-term leases (up to 12 months) and leases of low-value assets. As at the balance sheet date, the Group did not have any significant items under low-value leases.

Costs related to short-term leases in accordance with IFRS 16 par. 6, recognised linearly during the period, amounted to PLN 2,902 thousand.

Interest costs related to leases are presented in note 6a.

Total expenses for lease contracts were:

Expenses for lease agreements for commercial premises and office space: (PLN ths)	30.06.2024	31.12.2023	30.06.2023
Amounts payable in accordance with finance lease agreements relating to commercial premises and office space, including:	57,392	119,257	60,257
Interest paid under finance lease agreements for commercial premises and office space	4,445	6,234	2,712
short-term leases	2,902	1,261	527
low-value assets leases	0	0	0
variable lease payments not included in lease liabilities	1,750	7,286	1,400
<b>Total lease payments</b>	<b>66,489</b>	<b>134,038</b>	<b>64,896</b>

The table below shows the impact on the Group's result in the reporting period for the first half of 2024, i.e. 01.01.2024 to 30.06.2024, between the recognition of commercial premises and office lease agreements in accordance with IFRS16 (implemented on January 1, 2019) and in accordance with IAS17 (effective until December 31, 2018).

Item (PLN ths)	1H'2024 according to IAS 17	Lease recognition effect regarding agreements of com- mercial premises and office space	1H'2024 published data
<b>Gross profit on sales</b>	<b>341,124</b>	<b>0</b>	<b>341,124</b>
Selling costs and general and administrative costs	305,068	-4,593	300,475
Other operating income	4,239	145	4,384
Other operating costs	4,639	55	4,694
Gain on sale of non-financial fixed assets	3,188	0	3,188
Loss on sale of non-financial fixed assets	0	0	0
<b>EBITDA</b>	<b>52,532</b>	<b>57,482</b>	<b>110,014</b>
<b>Operating profit</b>	<b>38,844</b>	<b>4,683</b>	<b>43,527</b>
Financial income	529	2,283	2,812
Financial costs	3,355	4,510	7,865
<b>Pre-tax profit (loss)</b>	<b>36,018</b>	<b>2,456</b>	<b>38,474</b>
Income tax	7,543	484	8,027
<b>Net profit</b>	<b>28,475</b>	<b>1,972</b>	<b>30,447</b>

In the first half of 2024, depreciation for leases related to contracts for commercial premises and office space amounted to PLN 52,799 thousand.

The table below shows the impact on the Capital Group's result in the reporting period in 2 quarter of 2024, i.e. 01.04.2024 to 30.06.2024 between recognition of commercial premises and office space lease contracts in accordance with IFRS16 (implemented on January 1, 2019) and in accordance with IAS17 (effective until December 31, 2018).

Item (PLN ths)	2Q 2024* / period from 01-04-2024 to 30-06-2024 according to IAS 17	Lease recognition effect regarding agreements of com- mercial premises and office space	2Q 2024* / period from 01-04-2024 to 30-06-2024 published data
<b>Gross profit on sales</b>	<b>191,695</b>	<b>0</b>	<b>191,695</b>
Selling costs and general and administrative costs	157,181	-2,179	155,002
Other operating income	3,177	126	3,303
Other operating costs	2,422	55	2,477
Gain on sale of non-financial fixed assets	3,328	0	3,328
Loss on sale of non-financial fixed assets	0	0	0
<b>EBITDA</b>	<b>45,496</b>	<b>28,428</b>	<b>73,924</b>

Item (PLN ths)	2Q 2024* / period from 01-04-2024 to 30-06-2024 according to IAS 17	Lease recognition effect regarding agreements of com- mercial premises and office space	2Q 2024* / period from 01-04-2024 to 30-06-2024 published data
<b>Operating profit</b>	<b>38,597</b>	<b>2,250</b>	<b>40,847</b>
Financial income	8	0	8
Financial costs	2,504	3,082	5,586
<b>Pre-tax profit</b>	<b>36,101</b>	<b>-832</b>	<b>35,269</b>
Income tax	7,201	-163	7,038
<b>Net profit</b>	<b>28,900</b>	<b>-669</b>	<b>28,231</b>

\*-unaudited data

Depreciation in the second quarter of 2024 on leasing contracts for commercial premises and office space amounted to PLN 26,178 thousand.

## NOTE 20 TRADE AND OTHER LIABILITIES

Trade and other liabilities result mainly from commercial purchases and costs related to the current activity. The average trade credit term used for commercial purchases is 45 days.

Trade and other liabilities (PLN ths)	30.06.2024	31.12.2023	30.06.2023
Trade liabilities from third parties	144,261	112,760	92,474
Tax, subsidies, customs, social security and other benefits liabilities	14,328	29,287	12,188
Financial liabilities – factoring	2,341	8,426	3,951
Deferred income liabilities	11,312	12,409	16,424
Other:	46,546	26,915	67,920
<i>Incl. dividend liability</i>	21,101	0	46,891
<b>Total short-term liabilities</b>	<b>218,788</b>	<b>189,797</b>	<b>192,957</b>

Short-term liabilities (currency structure) (PLN ths)	30.06.2024	31.12.2023	30.06.2023
a) PLN	153,175	142,933	138,908
b) in foreign currencies (by currency and after conversion into PLN)	65,613	46,864	54,049
b1. in EURO thousands	4,055	4,006	3,470
PLN thousands	17,487	17,420	15,444
b2. in US\$ thousands	7,783	5,162	6,370
PLN thousands	31,381	20,312	26,160
b3. in CHF thousands	3,690	1,920	2,731
PLN thousands	16,536	8,989	12,444
B4. In HUF thousands	19,083	12,655	0
PLN thousands	208	144	0
<b>Total short-term liabilities</b>	<b>218,788</b>	<b>189,797</b>	<b>192,957</b>

Deferred revenue liabilities include the valuation of loyalty programs. The value of deferred revenue is determined taking into account the conversion factor of the value of awarded points and the probability of realizing the award. The amount of deferred revenue concerning the loyalty program presented in the balance sheet amounts to PLN 7,896 thousand as at 30.06.2024 (PLN 7,896 thousand as at 31.12.2023; PLN 10,060 thousand as at 30.06.2023).

The time of fulfillment of obligations for the supply of raw materials, materials and goods is 30-150 days, and 10-21 days for the supply of services.

Liabilities due to taxes, customs, social and health insurance are fulfilled within the time limits resulting from the income tax and social insurance acts, respectively, and do not exceed 30 days.

Liabilities to employees due to remuneration are realized within 10 days from the end of the month in which work was performed and other liabilities within a period not exceeding 30 days.

## NOTE 20A FINANCE LIABILITIES BY MATURITY

Finance liabilities by maturity (PLN ths)	30.06.2024	31.12.2023	30.06.2023
<b>Amounts payable in accordance with finance lease agreements relating to commercial premises and office space, including:</b>	<b>403,293</b>	<b>342,673</b>	<b>308,338</b>
Up to 1 year	105,089	103,341	106,593
From year 2 to year 5	223,376	203,258	193,375
Above 5 years	74,828	36,074	8,370
<b>Amounts payable in accordance with finance lease agreements relating to other contracts</b>	<b>3,725</b>	<b>3,845</b>	<b>2,570</b>
Up to 1 year	1,218	1,195	915
From year 2 to year 5	2,507	2,650	1,655
Above 5 years	0	0	0
<b>Amounts payable according to bank loan agreements</b>	<b>76,167</b>	<b>29,047</b>	<b>48,960</b>
Up to 1 year	76,167	29,047	33,171
From year 2 to year 5	0	0	15,789
Above 5 years	0	0	0
<b>Amount payable from trade and other liabilities according to maturity</b>	<b>204,230</b>	<b>160,510</b>	<b>180,769</b>
Up to 1 year	204,230	160,510	180,769
From year 2 to year 5	0	0	0
Above 5 years	0	0	0

There are no other financial liabilities with a maturity period of over 12 months.

## NOTE 21 PROVISIONS

	Provision for employ- ment costs	Provision for future li- abilities	Provision for work in progress	Returns from cus- tomers	Other	Total
<b>Balance as at January 1, 2023</b>	<b>9,111</b>	<b>3,650</b>	<b>564</b>	<b>3,181</b>	<b>101</b>	<b>16,607</b>
provisions created during the financial year	1,844	747	941	123	7	3,662
release / use of provisions	-2,130	0	0	-713	-19	-2,862
<b>Balance as at June 30, 2023</b>	<b>8,825</b>	<b>4,397</b>	<b>1,505</b>	<b>2,591</b>	<b>89</b>	<b>17,407</b>
allocated to short-term liabilities	7,796	4,397	1,505	2,591	89	16,378
allocated to long-term liabilities	1,029	0	0	0	0	1,029
<b>Balance as at January 1, 2023</b>	<b>9,111</b>	<b>3,650</b>	<b>564</b>	<b>3,181</b>	<b>101</b>	<b>16,607</b>
provisions created during the financial year	5,797	3,790	1,080	1,296	22	11,985
release / use of provisions	-5,329	-509	-717	-714	-28	-7,297
<b>Balance as at December 31, 2023</b>	<b>9,579</b>	<b>6,931</b>	<b>927</b>	<b>3,763</b>	<b>95</b>	<b>21,295</b>
allocated to short-term liabilities	8,360	6,931	927	3,763	95	20,076
allocated to long-term liabilities	1,219	0	0	0	0	1,219

	Provision for employment costs	Provision for future liabilities	Provision for work in progress	Returns from customers	Other	Total
<b>Balance as at January 1, 2024</b>	<b>9,579</b>	<b>6,931</b>	<b>927</b>	<b>3,763</b>	<b>95</b>	<b>21,295</b>
provisions created during the financial year	1,998	375	1,088	0	0	3,461
release / use of provisions	-3,652	-1,328	0	-1,400	0	-6,380
<b>Balance as at June 30, 2024</b>	<b>7,925</b>	<b>5,978</b>	<b>2,015</b>	<b>2,363</b>	<b>95</b>	<b>18,376</b>
allocated to short-term liabilities	6,706	5,978	2,015	2,363	95	17,157
allocated to long-term liabilities	1,219	0	0	0	0	1,219

Provisions created were charged respectively to general administrative expenses, selling costs or other operating costs, and provisions released were allocated respectively as a reduction in general administrative expenses and selling costs or to other operating revenues.

The balance of provisions as at 30.06.2024 consists of:

	Total PLN 18,376 ths
long-term provision for retirement benefits	PLN 1,219 ths
short-term provision for retirement benefits	PLN 183 ths
short-term provision for unused holidays	PLN 6,375 ths
short-term provision for unpaid bonuses	PLN 148 ths
short-term provision for sewing services	PLN 2,015 ths
provision for future liabilities	PLN 4,263 ths
provision for returns	PLN 2,363 ths
provision for liquidation of fixed assets	PLN 1,715 ths
other provisions	PLN 95 ths

Provisions for retirement benefits are calculated by an independent actuary. The main actuarial assumptions that were used for calculations were: the discount rate of 5.2%, the long-term annual growth rate of remuneration 7.5%, the probability of departing employees on the basis of historical data on employment turnover in the Capital Group at 3%.

Sensitivity analysis prepared by the actuary has not shown significant deviations of the value of the provision between each of the considered scenarios. The value of the provision will be updated based on independent actuary calculations for December 31, 2024.

## NOTE 22 SHARE CAPITAL

Series / issue (PLN)	Type of share	Type of share preference	Type of share rights restriction	Number of shares	Issue value by nominal value	The method of capital payment	Registration date	The right to dividends (from date)
Issue "A"	common	ordinary bearer		1,000,000			1991-04-30	
Share split (1 : 5)	common	ordinary bearer		5,000,000			1994-01-28	
Issue "B"	common	ordinary bearer		1,000,000			1995-01-05	
Share redemption				-1,115,470				
Issue „D"	common	ordinary bearer		2,281,125			2006-08-31	



Series / issue (PLN)	Type of share	Type of share preference	Type of share rights restriction	Number of shares	Issue value by nominal value	The method of capital payment	Registration date	The right to dividends (from date)
Issue „F”	common	ordinary bearer		716,564			2006-11-30	
Issue „C”	common	ordinary bearer		140,000			2007-01-22	
Share split (1 : 10)	common	ordinary bearer		80,222,190			2007-09-06	
Issue „G”	common	ordinary bearer		8,021,810			2008-10-06	
Issue „H”	common	ordinary bearer		15,059,932			2008-12-31	
Issue „I”	common	ordinary bearer		8,247,423			2009-12-17	
Issue „K”	common	ordinary bearer		22,310,270			2012-09-12	
Issue „M”	common	ordinary bearer		40,000,000			2013-09-16	
Issue „L”	common	ordinary bearer		859,366			2015-06-19	
Issue „L”	common	ordinary bearer		473,973			2016-05-31	
Issue „N”	common	ordinary bearer		1,980,000			2016-05-31	
Issue „N”	common	ordinary bearer		2,020,000			2017-07-07	
Issue „N”	common	ordinary bearer		2,000,000			2018-06-29	
Issue „O”	common	ordinary bearer		53,260,879			2018-12-28	
<b>Total number of shares</b>				<b>234,455,840</b>				
<b>Total issued capital</b>					<b>49,122,108.00</b>			

The nominal value of one share (PLN) = 0.20.

The Company has one type of ordinary shares without the right to permanent income.

As at June 30, 2024, all shares issued were fully paid up.

Equity (PLN ths)	30.06.2024	31.12.2023	30.06.2023
Registered: 234,455,840 common shares PLN 0.20 each (year 2019:234,455,840 common shares PLN 0.20 each; 1H20 234,455,840 common shares PLN 0.20 each)	49,122	49,122	49,122
Issued: 234,455,840 common shares PLN 0.20 each (year 2019:234,455,840 common shares PLN 0.20 each; 1H19: 234,455,840 common shares PLN 0.20 each)	49,122	49,122	49,122

## NOTE 23 RESERVE CAPITAL

	(PLN ths)
<b>Balance at January 1, 2023</b>	<b>14,333</b>
Increases due to the valuation of the option program	0
<b>Balance at June 30, 2023</b>	<b>14,333</b>
<b>Balance at January 1, 2023</b>	<b>14,333</b>
Increases due to the valuation of the option program	0
<b>Balance at December 31, 2023</b>	<b>14,333</b>
<b>Balance at January 1, 2024</b>	<b>14,333</b>
Increases due to the valuation of the option program	0
<b>Balance at June 30, 2024</b>	<b>14,333</b>

Reserve capital is created from the valuation of the stock option incentive program in proportion to the duration of the program.

## NOTE 24 RETAINED EARNINGS

	(PLN ths)
<b>Balance at January 1, 2023</b>	<b>879,310</b>
Net profit for the current year	50,902
Dividend	-46,891
<b>Balance at June 30, 2023</b>	<b>883,321</b>
<b>Balance at January 1, 2023</b>	<b>879,310</b>
Net profit (loss) for the current year	101,729
Dividend	-46,891
<b>Balance at December 31, 2023</b>	<b>934,148</b>
<b>Balance at January 1, 2024</b>	<b>934,148</b>
Net profit for the current year	30,447
Dividend	-21,101
<b>Balance at June 30, 2024</b>	<b>943,494</b>

This item presents the net financial result of previous financial years, as well as adjustments to the financial result for previous years, resulting from errors in previous years or changes in accounting principles.

Retained earnings include all supplementary capital, undistributed results from previous years of the parent company and subsidiaries.

## NOTE 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- fair value of financial assets and financial liabilities with standard terms, traded on active, liquid markets, is determined by reference to stock exchange prices;
- fair value of other financial assets and financial liabilities (except for derivatives) is determined in accordance with generally accepted valuation models based on discounted cash flow analysis, using prices from observable current market transactions and dealer quotations for similar instruments;
- fair value of derivatives is calculated using exchange prices. In the absence of access to these prices, discounted cash flow analysis is applied using an appropriate yield curve for the period of validity of the instrument for non-optional instruments and option pricing models for optional instruments.

In the period from January 1, 2024 to June 30, 2024, there was no transfer between levels in the fair value hierarchy used in the fair value measurement, and there was no change in the classification of financial assets as a result of a change in the purpose or use of these assets.

#### CURRENCY DERIVATIVES

The Group uses currency derivatives to hedge future cash flows against foreign exchange risk. The Group holds, as hedging transactions, forward contracts for the purchase of currency. Derivatives are denominated in US\$ and EURO. As at June 30, 2024, there were no active foreign transactions.

The valuation of derivatives belongs to the second level hierarchy, i.e. the valuation is based on market assumptions.

## NOTE 25A FINANCIAL INSTRUMENTS BY CLASS

Balance sheet items valued at amortised cost (PLN ths)	30.06.2024	30.06.2024	31.12.2023	31.12.2023	30.06.2023	30.06.2023
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Trade receivables and other receivables and current assets	28,134	0	17,514	0	19,220	0
Cash and equivalents	21,498	0	78,135	0	55,645	0
Long-term bank loans, loans and leases	0	185,238	0	182,074	0	207,596
<i>incl.: leases for trade and office space</i>	0	182,995	0	179,723	0	192,355
Short-term bank loans, loans and leases	0	179,119	0	130,455	0	136,709
<i>incl.: leases for trade and office space</i>	0	102,532	0	101,588	0	105,672
Trade and other liabilities and deposit liabilities	0	221,533	0	192,235	0	195,284
<b>Total</b>	<b>49,632</b>	<b>585,890</b>	<b>95,649</b>	<b>504,764</b>	<b>74,865</b>	<b>539,589</b>

The above Financial Assets and Liabilities have been measured at amortized cost.

The Group conducted an analysis as a result of which it was found that the value of financial instruments disclosed in the statement of financial position does not differ significantly from their fair value due to the fact that most of these instruments bear interest based on a variable rate.

## NOTE 25B FINANCIAL INSTRUMENTS – INCOME AND COSTS, GAINS AND LOSSES FROM CHANGE IN VALUE

Balance sheet items 2024 / period from 01-01-2024 to 30-06-2024 (PLN ths)	Interest income	Interest expense	Gains/losses from amortised cost recognition	Gains/losses recognised at fair value	Write-offs	Write-offs reversal	Profits / losses on exchange differences
Loans granted	0	0	0	0	0	0	0
Trade and other receivables	1	0	0	0	214	159	-35
Cash and cash equivalents	215	0	0	0	0	0	274
Other current assets – Forward transactions	0	0	0	-57	0	0	0
Loan and lease liabilities	0	2,120	-60	0	0	0	0
Lease liabilities on store and office floorspace	0	4,445	0	0	0	0	2,218
Trade and other liabilities	0	41	0	0	0	0	40

Balance sheet items 2024 / period from 01-01-2024 to 30-06-2024 (PLN ths)	Interest income	Interest expense	Gains/losses from amor- tised cost recognition	Gains/losses recognised at fair value	Write-offs	Write-offs reversal	Profits / losses on exchange differences
<b>Total</b>	<b>216</b>	<b>6,606</b>	<b>-60</b>	<b>-57</b>	<b>214</b>	<b>159</b>	<b>2,497</b>

Balance sheet items 2023 / period from 01-01-2023 to 30-06-2023 (PLN ths)	Interest income	Interest expense	Gains/losses from amor- tised cost recognition	Gains/losses recognised at fair value	Write-offs	Write-offs reversal	Profits / losses on exchange differences
Loans granted	0	0	0	0	524	0	0
Trade and other receivables	1	0	0	0	3,144	293	-18
Cash and cash equivalents	1,161	0	0	0	0	0	-46
Other current assets – Forward transactions	0	0	0	0	0	0	0
Loan and lease liabilities	0	1,887	-102	0	0	0	0
Lease liabilities on store and of- fice floorspace	0	2,712	0	0	0	0	15,301
Trade and other liabilities	0	44	0	0	0	0	3,131
<b>Total</b>	<b>1,162</b>	<b>4,643</b>	<b>-102</b>	<b>0</b>	<b>3,668</b>	<b>293</b>	<b>18,368</b>

The Group uses external financing with a variable interest rate in the form of an investment loan and working capital loan as well as reverse factoring. Therefore, the Group is exposed to interest rate risk in the form of a possible increase in financing costs and, consequently, a reduction in the Group's profitability. In the consolidated financial statements, in the table below, the list of risks presents the sensitivity analysis of the financial result. Thus, the Group recognizes a possible impact on the fair value of financial assets and financial liabilities.

## NOTE 26 CONTINGENT RECEIVABLES AND LIABILITIES

Contingent liabilities (PLN ths)	30.06.2024	31.12.2023	30.06.2023
bank guarantees for store rental payments	71,909	69,837	63,582
open letters of credit	31,597	20,093	21,107
promissory notes to secure lease liabilities	750	566	444
<b>Total contingent liabilities</b>	<b>104,256</b>	<b>90,496</b>	<b>85,133</b>

There are no contingent assets.

## NOTE 27 INFORMATION ON SIGNIFICANT CHANGES IN ESTIMATED VAL- UES

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

Note	10	Goodwill impairment
Note	11	Other intangible assets (useful lives)
Note	12	Property, plant, equipment (useful lives)
Note	12a	Right-of-use assets
Note	14,16	Inventory write-offs
Note	15,16	Receivables write-offs

Note	8	Deferred tax asset and liability
Note	13,16	Write-off for stakes
Note	20	Loyalty program liabilities
Note	21	Provisions for liabilities
Note	15a, 16	Write-off for loans
Note	28	Share-based payments
Point	8.10	Tax settlements

## NOTE 28 SHARE-BASED PAYMENTS

On June 27, 2018, the Ordinary General Meeting of Shareholders adopted an incentive program for members of the Company's Management Board, key managers or other persons significant for the Company (and companies from its capital group) based on payment in the form of the Company's shares. Detailed conditions of the incentive program (providing for the full allocation of 7,050,000 subscription warrants) are included in Current Report No. 33/2018 of June 27, 2018. The value of the incentive program estimated using the Monte Carlo model in combination amounted to PLN 2,675,618.31, i.e. PLN 0.48 per share and is accounted for proportionally to the duration of the program, taking into account the probability of meeting non-market conditions. The amount is calculated with the probability of 100%.

The expected volatility was established on the basis of a historical judgment supported by an analysis of the volatility of rates of return from closing prices for the company's shares listed on the WSE.

The expected life of the option was determined based on the maximum period specified in the adopted resolution.

The issue price of the N series shares was PLN 4.48.

Series F subscription warrants were allocated to program participants in 2019.

Granting of tranches of subscription warrants was completed in 2020.

Each series of F subscription warrant entitles to take up one series P ordinary bearer share of the Company with a nominal value of PLN 0.20 (twenty groszy) each, at the issue price of PLN 4.48 (four zlotys 48 groszy) per share.

The rights attached to the Warrants issued by the Company may be exercised no later than by December 31, 2023. The warrant expires upon exercise of the right to subscribe for series P shares.

In the first half of 2024, the amount of PLN 0,000 was recognized in general administrative expenses for the valuation of the incentive scheme. zloty. (in 2023: PLN 0 thousand; in the first half of 2023: PLN 0 thousand).

## 8. OTHER SUPPLEMENTARY NOTES

### 8.1. SIGNIFICANT EVENTS IN I HALF 2024

In the first half of the year, there were many events internally and in the Group's environment that had an impact on the VRG Group's business.

#### MARKET ENVIRONMENT

According to data from the Central Statistical Office published in July, inflation in the first half of 2024 amounted to 2.7% in Poland. In April, VAT on food returned (from the previous 0% to 5%), but no significant price increases were recorded during this time. The Consumer Sentiment Barometer (developed by GfK - An NIQ Company) has remained positive since the beginning of the year. This indicator did not indicate significant deviations, and the mood of Poles in the first six months of the year remained stable. However, according to data from the Central Statistical Office, the dynamics of retail sales in the first half of 2024 in the textiles,

clothing, footwear category was negative. Taking the above into account, the Company assesses that the market, especially in the apparel segment, does not support dynamic sales growth, and consumers make purchases with greater caution, especially in brands with higher price positioning. In such a market environment, the Bytom and Wólczanka brands performed better in the last quarter, recording sales growth, while the Vistula and Deni Cler brands were met with a worse reception in the eyes of consumers. In the jewellery category, there is a visible maintenance of demand for gold and silver and a cooling of demand for watches, which is in line with the trend prevailing on foreign markets.

#### SIGNIFICANT CHANGES IN SHAREHOLDING STRUCTURE

On March 1, 2024, the Company received from IPOPEMA TFI, pursuant to the provisions of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to an organized trading system and on public companies (the "Act"), a notification that the agreement of the Company's shareholders concluded regarding the direct or indirect acquisition or subscription for shares in the Company, unanimous voting at the General Meeting of the Company and pursuing a lasting policy towards the Company, referred to in art. 87 sec. 1 item 5) of the Act, consisting of: Mr. Jan Kolański, Colian sp. z o.o., Colian Developer Spółka z o.o. (previously Colian Developer sp. z o.o. sp. k.) and IPOPEMA 21 FIZAN, as a result of a transaction to purchase shares in the Company on a regulated market by Colian sp. z o.o. increased its current share in the total number of votes in the Company above the 30% threshold.

On March 25, 2024, the Company received a notification from IPOPEMA TFI, pursuant to the provisions of the Act, that on March 21, 2024, an annex to the Company's shareholders' agreement of September 26, 2023 was concluded. As a result of concluding the annex, a new entity joined the agreement: COLIAN HOLDING sp. z o.o. Currently, the parties to the agreement are: Jan Kolański, Colian sp. z o.o. Colian Developer sp. z o.o., IPOPEMA 21 Closed-End Investment Fund for Non-Public Assets and Colian Holding sp. z o.o. In accordance with the notification of March 25, 2024, the total share of the agreement in the total number of votes in the Company increased to 31.04%.

On May 22, 2024, the Company received a notification from Mr. Jerzy Mazgaj pursuant to Art. 69 of the Act, that on May 17, 2024, in a transaction on the regulated market, Mr. Jerzy Mazgaj sold 3,500,000 shares of the Company. Before the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 28,000,000 shares of the Company, which constituted 11.94% of the share capital of the Company and entitled to 28,000,000 votes, constituting 11.94% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 24,500,000 shares of the Company, which constituted 10.45% of the share capital of the Company and entitled to 24,500,000 votes, constituting 10.45% of the total number of votes at the General Meeting of the Company.

On May 31, 2024, the Company received a notification from Mr. Jerzy Mazgaj under Article 69 of the Act that on May 28, 2024, in a transaction on the regulated market, Mr. Jerzy Mazgaj sold 1,044,904 shares of the Company. Before the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 23,500,000 shares of the Company, which constituted 10.02% of the share capital of the Company and entitled to 23,500,000 votes, constituting 10.02% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 22,455,096 shares of the Company, which constituted 9.58% of the share capital of the Company and entitled to 22,455,096 votes, constituting 9.58% of the total number of votes at the General Meeting of the Company.

#### CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OF VRG S.A.

On March 19, 2024, the Supervisory Board of the Company adopted a resolution to supplement the composition of the Supervisory Board in the co-optation procedure provided for in paragraph 22 section 3 of the Company's articles of association, appointing Ms. Blanka Borkowska to the Supervisory Board of the Company for the current joint term of office.

On June 26, 2024, the Ordinary General Meeting of the Company dismissed Mr. Wacław Szary from the Supervisory Board of the Company for the current joint term of office and appointed Mr. Wojciech Olejniczak to the Supervisory Board of the Company for the current joint term of office.

#### APPOINTMENT OF THE MANAGEMENT BOARD OF VRG S.A. FOR A NEW JOINT TERM OF OFFICE

At the meeting held on May 17, 2024, the Supervisory Board of VRG S.A. elected the Management Board of the Company for a new joint term of office starting at the end of the Ordinary General Meeting of the Company approving the financial statements of the Company for the financial year 2023, which took place on June 26, 2024.

In accordance with the content of the adopted resolutions of the Supervisory Board, the current members of the Management Board of the Company were appointed to the Management Board of the Company for a new, joint term of office:

Mr Mateusz Kolański for the post of President of the Management Board;

Ms Marta Fryzowska for the post of Executive Vice-President of the Management Board;

Mr Łukasz Bernacki for the post of Executive Vice-President of the Management Board;

Mr Michał Zimnicki for the post of Executive Vice-President of the Management Board.

#### **ADOPTION BY THE ORDINARY GENERAL MEETING OF VRG S.A. ON JUNE 26, 2024 OF A RESOLUTION ON DIVIDEND PAYMENT**

The Annual General Meeting of the Company on 26 June 2024 adopted a resolution on the payment of a dividend of PLN 0.09 per share, i.e. a total of PLN 21,101,025.60. The shareholders of the Company as of 20 September 2024 (dividend date) will be entitled to the dividend. The dividend payment date will be 16 December 2024.

The number of shares covered by the dividend is 234,455,840.

#### **AMENDMENTS TO LOAN AGREEMENTS CONCLUDED BY THE COMPANY AND THE W.KRUK S.A. SUBSIDIARY**

On 26 June 2024, documentation was concluded regarding the amendment of the multi-purpose credit limit agreement of 9 March 2015, as amended, concluded between Powszechna Kasa Oszczędności Bank Polski S.A. (hereinafter: "Bank") and the Company ("Multi-purpose Loan Agreement"), about which the Company informed in current reports No. 8/2015, 57/2016, 37/2017, 36/2020 and 28/2022. The amendments to the Multi-Purpose Credit Agreement include an extension for a period of 24 months, i.e. until June 30, 2026, of the multi-purpose credit limit up to PLN 105,000 thousand, consisting of the following sub-limits for: (i) overdraft facility up to PLN 50,000 thousand; (ii) bank guarantees up to PLN 35,000 thousand; (iii) documentary letters of credit up to PLN 35,000 thousand.

On June 27, 2024, documentation was concluded regarding the amendment of the multi-purpose credit limit agreement of March 9, 2015, as amended, concluded between the Bank and a subsidiary of the Issuer, i.e. W.KRUK S.A. with its registered office in Cracow (hereinafter referred to as the "Multi-Purpose Loan Agreement"), about which the Company informed in current reports No. 8/2015, 65/2015, 38/2017, 38/2020 and 30/2022. The amendments to the Multi-Purpose Loan Agreement include the extension by a period of 24 months, i.e. until June 30, 2026, of the multi-purpose credit limit up to PLN 95,000 thousand, consisting of the following sublimits for: (i) overdraft facility up to PLN 52,000 thousand; (ii) bank guarantees up to PLN 45,000 thousand; (iii) documentary letters of credit up to PLN 10,000 thousand.

#### **OMNICHANNEL DEVELOPMENT**

The first half of 2024 is a time of intensive work on implementations aimed at further development of the Company's omnichannel and building an increasingly better shopping experience for customers of VRG brands at the intersection of off-line, on-line and mobile channels. During this time, a new, more functional and better optimized in terms of navigation version of the sales mobile application for the Vistula, Wólczanka and Bytom brands was being developed. The new application, which was made available to customers in the Vistula brand at the beginning of July this year, provides a much better shopping experience, among others thanks to easier logging in to both the m-shop function and the loyalty program, as well as smooth operation. During this period, the Company also launched a project to implement advanced marketing automation and CRM technology from Salesforce. It is to provide the possibility of more precise profiling and individualization of offers for customers, improve communication and increase overall customer satisfaction in contact with the Group's brands in online and offline channels. VRG S.A. It also implemented the DPD pickup returns functionality in online stores and continued the "one basket" project, working on improving the visibility of products in online stores and brick-and-mortar stores. In the offline channel, in the first half of 2024, the VRG Capital Group operated in a network of 502 stores, operating on an area of 51,000 sq m.

#### **TRADE OFFER – APPAREL SEGMENT**

For the first six months of 2024, VRG focused on implementing initiatives aimed at increasing profitability and improving the results of apparel brands. The area of most intensive work was the largest brand in the apparel segment, Vistula. In the first half of 2024, the brand introduced numerous changes at the level of management staff, product and marketing strategy, and worked on solutions that would drive more traffic to stationary stores. In February, the "Vistula ICONS" campaign was launched with actor Mateusz Banasiuk, emphasizing the main benefits of the suit offer: classic and modern. In March, in turn, the time of intensive communication of the "Vistula Celebrations" collection began - an offer for the spring-summer season of celebrations (weddings, communions and birthdays). Vistula was also present at the 2024 European Football Championship - it dressed editors from the TVP, TVP Sport and TVP Info television channels.

In the first half of the year, Bytom focused on activities promoting the image of a premium brand specializing in elegant men's fashion. Similarly to Vistula, in March, the brand's stores launched a collection designed for the season of family celebrations. The key promoted products were high-quality suits, elegant, but with a touch of nonchalance, presented in a photo shoot in an Italian atmosphere. April saw the debut of a campaign promoting awareness of the use of some of the best wool fabrics in the world for

sewing BYTOM suits, coming from the Italian family factory Vitale Barberis Canonico, founded in 1663. The brand also initiated educational activities promoting Made-To-Measure services, launching a website describing the process step by step. At the turn of April and May, the BYTOM logo appeared in the communication of the 17th edition of the Mastercard OFF CAMERA International Independent Cinema Festival. The brand was a supporting partner of this event.

In Wólczanka, 2024 is a time of return to the roots. The brand focuses primarily on the development of the shirt offer and communication that reconnects it with this key product. In Winter, the sale of the collection was supported by the campaign "THE IDEAL SHIRT for special occasions", which emphasized the quality of the materials of the brand's flagship products. In the second quarter, communication focused on the seasonal offer. As part of the "CELEBRATIONS" campaign, high-quality, white Wólczanka shirts were promoted, suitable for all elegant family celebrations. For the Summer, the brand introduced a capsule collection of linen shirts for women, promoting it as a premium product of the highest quality, and a collection of T-shirts and polo shirts for men. In order to support the sale of the collection in selected salons in the largest cities, customers were given the opportunity to personalize shirts purchased in Wólczanka using embroidery. The campaign was very well received by people visiting Wólczanka salons.

Throughout the first half of this year, the Deni Cler brand focused on promoting the "Giardino dell`Eden" collection, which debuted in February during a fashion show at Warsaw's Varso Place. The brand's offer for the Spring-Summer season was dominated by products full of colours, made of the highest quality natural materials, such as linen and silk. Sales of the collection were supported by, among others, a campaign in the press and the Internet. In addition to developing the product offer, the brand continued activities of the Deni Cler Academy - a program focused on building an engaged community, addressed to clients and business partners. As part of it, Deni Cler organizes inspirational and networking meetings with people from art, culture, science and business.

#### TRADE OFFER – JEWELLERY SEGMENT

The first half of the year for W.KRUK means mostly seasonal offer, prepared for holidays and various family celebrations. In February, the Valentine's Day collection "Tenderness" appeared with gold and silver products. In March, as part of Women's Day, the brand presented "Preludium Paradise Birds" with gold jewellery full of colours. Since the beginning of May, W.KRUK has been offering jewellery novelties prepared for Mother's Day, Father's Day, but also communions and the beginning of the wedding season. In the context of wedding ceremonies, the brand presented the "Ceremonials" collection combining tradition and modernity. Another edition of the popular "Flowers of the Night" collection appeared with jewellery referring to nature. During this time, the clothing and jewellery brands of the VRG Group also conducted joint marketing campaigns aimed at supporting the sales of collections intended for celebrations. Vistula and Bytom in cooperation with W.KRUK offered customers a special promotion - people buying specific sets of brands received discounts on the jeweller's products (wedding rings and jewellery). Continuing its development on the Hungarian market, in the second quarter of the year W.KRUK opened more salons in Budapest.

#### CLOTHES TO DONATE

VRG Group continued its activities in the area of sustainable development. BYTOM and Wólczanka brands, together with the company "Clothes to donate", conducted the #Poczujradośćpomagania campaign. As part of it, in selected chain stores, customers could give away clothes of any brand, which were then sent to circular boutiques and companies that acquire used clothing. For every kilogram of items collected, "Clothes to donate" donates PLN 1 to support the "Zdążyć z Pomocą" Foundation. As part of the campaign, both brands collected a total of approx. 6 tons of clothing.

## 8.2. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

#### AMENDMENTS TO CREDIT AGREEMENTS CONCLUDED BY THE COMPANY

On July 1, 2024, documentation was concluded regarding the following amendments to credit agreements concluded between mBank S.A. with its registered office in Warsaw (hereinafter referred to as the "Bank") and the Parent Company:

1) amendment to the Framework Agreement of April 23, 2019, as amended, covering the extension by a period of 24 months, i.e. until June 30, 2026, of the multi-product credit line limit up to PLN 57,000 thousand, under which and up to its amount the Company may use the following products: (i) overdraft facility up to PLN 57,000 thousand; (ii) bank guarantees up to PLN 57,000 thousand; (iii) documentary letters of credit up to PLN 57,000 thousand.



2) amendment to the Agreement on electronic credit for payment of liabilities of 20 September 2022, as amended, including the extension until December 31, 2026 of the credit limit for payment of liabilities to the Company's suppliers up to the amount of PLN 15,000 thousand.

#### CHANGES IN SHAREHOLDERS OF VRG S.A.

On July 25, 2024, the Company received a notification from IPOPEMA TFI pursuant to the provisions of the Act that the shareholders' agreement of the Company concluded on the direct or indirect acquisition or subscription for shares of the Company, unanimous voting at the General Meeting of the Company and pursuing a lasting policy towards the Company, referred to in art. 87 sec. 1 item 5) of the Act, consisting of: Mr. Jan Kolański, Colian sp. z o.o., Colian Holding Spółka z ograniczoną odpowiedzialnością, IPOPEMA 21 Closed-end Fund of Non-public Assets and Colian Developer Spółka z ograniczoną odpowiedzialnością (the "Shareholders' Agreement"), as a result of the purchase of 5,000,000 shares of the Company in a block transaction by Colian Holding Spółka z ograniczoną odpowiedzialnością made on July 23, 2024, increased its current share in the total number of votes in the Company.

Before the change made as a result of the above-mentioned transaction, the Shareholders' Agreement held a total of 74,756,187 shares in the Company, which constituted 31.89% of the share capital of the Company and entitled to 74,756,187 votes, constituting 31.89% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, the Shareholders' Agreement holds 79,756,187 shares in the Company, which constitutes 34.02% of the share capital of the Company and entitles to 79,756,187 votes, constituting 34.02% of the total number of votes at the General Meeting of the Company.

### 8.3. 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 2<sup>nd</sup> and 4<sup>th</sup> quarter, while in the case of the jewellery industry it is the period of the 4<sup>th</sup> quarter (especially December).

### 8.4. RELATED PARTY TRANSACTIONS

#### ENTITIES AND PERSONS ASSOCIATED WITH THE KEY MANAGEMENT PERSONNEL OF THE COMPANY AS AT 30 JUNE 2024, WITH WHOM TRANSACTIONS WERE CONCLUDED IN THE REPORTING PERIOD

- PZU Zdrowie S.A. - associated with the Member of the Supervisory Board, Mr. Marcin Gomoła, an entity providing medical services to VRG S.A.

As of 29 April 2024, PZU Zdrowie S.A. is no longer an entity related with Mr. Marcin Gomoła.

In H1 2024, the Company concluded transactions with entities that are significantly influenced or have a significant number of votes, directly or indirectly, by a person who is a member of the company's key management personnel.

- PZU Zdrowie S.A. - in the period from 01.01.2024 to 28.04.2024, total gross turnover amounted to PLN 48 thousand.

- Colian Sp. z o.o. - in H1 2024, total gross turnover amounted to PLN 2 thousand.

Key personnel are described in point 8.12.

### 8.5. ISSUANCE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES

In the first half of 2024, the Parent Company did not issue, redeem or repay any equity securities.

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

The total amount of capital expenditure in the consolidated statement of financial flows shown in the reporting period amounted to PLN 13,780 thousand.

The total amount of proceeds from the sale is PLN 7,287 thousand. In 2024, VG Property z o.o. sold the property for PLN 6,210 thousand.

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

Not applicable.

## 8.8. DIVIDENDS PAID AND DECLARED

The Capital Group has a Dividend Policy adopted by the Management Board of the Parent Company on May 18, 2022, about which the Company informed in the current report No. 18/2022 with the following content:

Dividend Policy of VRG S.A. with its registered office in Cracow.

One of the main goals of the Management Board of VRG S.A. with its registered office in Cracow (the "Company") is to share profits with shareholders by paying dividends. The Management Board of the Company intends to recommend to shareholders the payment of dividends in accordance with this dividend policy.

The Management Board of the Company intends to recommend to the General Meeting of the Company a dividend payment in the range of 20% to 70% 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 is 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:

- financial situation of the Company and its capital group,
- investment needs,
- liquidity situation,
- development prospects of the Company's capital group in a given market and macroeconomic situation,
- acquisition plans,
- banking covenants.

Motion from the Management Board of VRG S.A. to the Ordinary General Meeting regarding the method of distribution of the Company's net profit for the financial year 2023 and payment of dividend.

On May 17, 2024, the Management Board of VRG S.A. adopted a resolution on accepting the motion of the Management Board of VRG S.A. in Cracow to the Ordinary General Meeting of the Company regarding the method of distribution of the Company's net profit for the financial year 2023 and the payment of dividend.

The above proposal includes the following proposals:

- 1) a proposal to allocate the net profit shown in the Company's financial statements for the financial year 2023 in the amount of PLN 28,193,220.51 in its entirety to supplementary capital;
- 2) a proposal to pay a dividend in the amount of PLN 0.09 per share, i.e. in the total amount of PLN 21,101,025.60 from the supplementary capital (in the part created from profits - Article 348 § 1 of the Code of Commercial Companies).

At the same time, in the said application, the Management Board requested the Ordinary General Meeting of the Company to determine that the Company's shareholders as of September 20, 2024 (dividend day) will be entitled to the dividend, and the dividend will be paid on December 16, 2024. The dividend will cover 234,455,840 Company shares.

The proposal for the division of net profit disclosed in the Company's financial statements for 2023, referred to in point 1) above meets the requirements of Art. 395 § 2 point 2) in connection with Art. 396 of the Code of Commercial Companies.

The proposal to pay dividend to the Company's Shareholders referred to in point 2) above constitutes the implementation of the assumptions of the Company's Dividend Policy adopted by the Management Board on May 18, 2022, about which the Company informed in current report No. 18/2022.

The Supervisory Board of the Company at its meeting on 17 May 2024 adopted a resolution on the basis of which it made a positive assessment of the above motion of the Management Board. The Ordinary General Meeting of the Company on 26 June 2024 adopted resolution no. 08/06/2024 on the payment of dividends taking into account the above motion of the Management Board in full.

## 8.9. PROCEEDINGS PENDING BEFORE COURTS OR PUBLIC ADMINISTRATION AUTHORITIES

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

## 8.10. TAX SETTLEMENTS

Tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. Tax authorities have control instruments enabling them to verify the tax bases (in most cases during the previous 5 financial years) and to impose penalties and fines. From July 15, 2016, the Tax Ordinance also includes the provisions of the General Anti-Abuse Clause (GAAR), which is intended to prevent the creation and use of artificial legal structures created to avoid taxation. The GAAR clause should be applied both to transactions concluded after its entry into force and to transactions that were carried out before the entry into force of the GAAR clause, but for which benefits were or are still being achieved after the date of entry into force of the clause. As a result, determining tax liabilities, assets and deferred tax liabilities may require significant judgment, including those regarding transactions that have already occurred, and the amounts presented and disclosed in financial statements may change in the future as a result of audits by tax authorities.

## 8.11. 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 IS SIGNIFICANT

As at June 30, 2024, there were no sureties or guarantees other than those granted to related entities, which were described in point 8.4.

## 8.12. REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BOARD IN 1 HALF OF 2024

Management Board		PLN ths
Mateusz Kolański	President of the Management Board	510
Marta Fryzowska	Executive Vice-President of the Management Board	345
Michał Zimnicki	Executive Vice-President of the Management Board	270

<b>Management Board</b>		<b>PLN ths</b>
Łukasz Bernacki	Executive Vice-President of the Management Board	60
<b>Total</b>		<b>1,185</b>

<b>Supervisory Board</b>		<b>PLN ths</b>
Piotr Stępnik	Chair of the Supervisory Board	227
Piotr Kaczmarek	Member of the Supervisory Board, from 19.08.2024 Deputy-Chair of the Supervisory Board	129
Wacław Szary	Member of the Supervisory Board from 26.06.2024	126
Andrzej Szumański	Member of the Supervisory Board	114
Marcin Gomoła	Member of the Supervisory Board	132
Danuta Dąbrowska	Member of the Supervisory Board	113
Blanka Borkowska	Member of the Supervisory Board	57
Wojciech Olejniczak	Member of the Supervisory Board from 26.06.2024	3
<b>Total</b>		<b>901</b>

The management and supervisory staff received remuneration for their functions in the management boards of subsidiaries. The total remuneration for the first half of 2024 amounted to:

		<b>PLN ths</b>
Piotr Kaczmarek	Member of the Supervisory Board of W.KRUK	49
Piotr Stępnik	Member of the Supervisory Board of W.KRUK until 11.04.2024r.	27
Andrzej Szumański	Member of the Supervisory Board of W.KRUK until 10.04.2024r.	27
Danuta Dąbrowska	Member of the Supervisory Board of W.KRUK from 11.04.2024r.	22
Łukasz Bernacki	President of the Management Board of W.KRUK	995
Michał Zimnicki	Member of the Management Board of W.KRUK	359
<b>Total</b>		<b>1,479</b>

Managers are entitled to benefits specified in employment contracts or by virtue of appointment.

Apart from the benefits listed above, there were no other benefits for managers and supervisors, including, among others, benefits after the period of employment, benefits for termination of employment, other long-term benefits.

### 8.13. INDICATION OF FACTORS WHICH, IN THE ISSUER'S OPINION, WILL HAVE AN IMPACT ON THE RESULTS ACHIEVED BY THE CAPITAL GROUP IN THE PERSPECTIVE OF AT LEAST THE NEXT HALF A YEAR

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 following may have a negative impact on the Group's financial results over the next few quarters:

- Inflation and price increases.
- Limiting consumption.
- Armed conflict in Ukraine and unstable political situation in the Middle East.
- Decrease in the PLN exchange rate against USD, EUR, CHF.
- Economic and social situation in Poland.

The following may have a positive impact on the Group's financial results in the next quarter:

- Further development of the Group's offer.
- Increasing the level of stock in the network.
- Improving the cost efficiency of the sales network.
- Development of the on-line channel, omnichannel-oriented activities.
- Increase in the PLN exchange rate in relation to USD, EUR, CHF.

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

The risk management process is implemented based on the Risk Management Policy of the VRG Capital Group. It supports the implementation of the Group's strategy and aims to guarantee an appropriate level of security of business activities and financial reporting. The Capital Group strives to recognize and manage risks related to the activities of the Group's companies at an early stage. The risk management process and methods are adequate to the scale of the Group's operations and adapted to the level of a given risk. The risk management process is systematic and subject to improvement - it is adapted to new factors and sources of risk, as well as the changing legal and economic environment. Risk management methods are periodically verified.

The Management Board is responsible for effective risk management. The Audit Committee, as a permanent collective body of the Supervisory Board, exercises constant supervision over the Management Board's activities in the field of risk management.

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.

Risk	Risk management
<b>Strategic risk</b>	
<b>Risk related to the macroeconomic and geopolitical situation</b>	<p>Risk related to the lack of a flexible response to the dynamically changing, unstable macroeconomic and geopolitical situation. Risk factors include in particular: weak economic growth, increasing unemployment, decline in individual consumption, rising inflation, energy crisis, increase in the minimum wage in Poland, conflict in Ukraine, crisis in the Red Sea.</p> <p>Risk mitigation mechanisms include: cost optimization; constant monitoring of the economic situation (analysis of the impact of the environment on operations) and, on this basis, verification of development directions and goals; withdrawal from high-risk projects.</p>
<b>Incorrect strategy</b>	<p>There is a risk that the objectives have been incorrectly defined and/or the incorrect method of achieving the outlined objectives has been adopted. The Group's assumptions will prove to be inappropriate to changing customer expectations or market conditions. There is a risk that the implementation of tasks will be delayed or that some elements will not be possible to implement or will not produce the expected results.</p> <p>Risk mitigation mechanisms include: cancellation of the strategy announced for 2023-2025 and adoption of new assumptions; ongoing and cyclical monitoring by the Management Boards and Supervisory Boards of the Group's companies of the implementation of new assumptions based on indicators and defined goals; based on monitoring, verifying development directions and goals; obtaining and analysing data about the market, customers and competition; change of organizational structure and areas of responsibility; withdrawal from high-risk projects; optimization of store stocking and inventory levels; implementation of new initiatives.</p>

<p>Unsuccessful collection and its suboptimal introduction</p>	<p>VRG operates on a very competitive, changeable and demanding clothing market. An incorrectly planned collection, an unsuccessful collection or its suboptimal introduction may have a significant impact on the Company's financial result.</p> <p>Risk mitigation mechanisms include: monitoring and analysing the latest fashion trends; defining the target group for each brand; diversification of brand IDs; periodic verification of the adopted strategic creation assumptions; adjusting the assortment plan to the budget and sales peaks; sales ranking analysis; analysing the opinions of customers and store managers and developing new products on this basis; collection pyramid - optimal distribution of basic, commercial and trend products; controlling primary prices and dis-counts; permanent stock, ensuring availability of basic products; permanent ecological line; competition analysis.</p>
<p>Suboptimal sales and purchasing budget planning</p>	<p>Risk related to the sales and purchasing budget planning process. Errors in planning can have a key impact on the financial result.</p> <p>Risk mitigation mechanisms include: Sales budget (turnover and margin plan). Constant monitoring and analysis of results, adapting the plan to the size of the retail space. Optimize the resale percentage of your new collection. Dedicated team of experts.</p>
<p>Financial risks</p>	
<p>Currency risk</p>	<p>The Group generates revenues mainly in PLN, but incurs significant costs in EUR, US dollars and Swiss francs, which exposes the financial result to exchange rate risk. In periods of weakening of the Polish zloty in relation to the main settlement currencies, the Group incurs higher costs. At the same time, a potentially negative valuation of liabilities in foreign currencies results in a deterioration of the balance sheet structure. An important element of risk is the valuation of accumulated lease liabilities for the rental of commercial premises.</p> <p>Risk mitigation mechanisms include: creating a forecast of currency flows; use of hedging instruments (in the event of negative forecasts regarding future exchange rates); securing the reserve for currency risk at the budget level; purchasing currency as part of negotiated transactions (spot transactions); price management taking into account variable exchange rates; using forecasts regarding future exchange rates; use of reverse factoring in currencies; maintaining active treasury limits in order to conclude futures transactions.</p>
<p>Credit risk</p>	<p>The Group's companies are parties to bank loan agreements. These agreements contain a number of conditions and covenants that the Companies are obliged to implement. If the economic situation deteriorates and demand for the Company's products weakens, the fulfilment of covenants may be at risk, which causes the risk of termination of bank loans by financing banks. Due to the large amount of financing, it may turn out that the Company will not be able to obtain refinancing in a short-time.</p> <p>Risk mitigation mechanisms include: timely settlement of liabilities to banks; monitoring compliance with covenants (including monitoring the valuation of collateral, e.g. trade-marks, inventories); providing the financing banks with information on the financial situation on an ongoing basis; external audits of financial statements (annual and semi-annual) confirming the reliability of data.</p>
<p>Liquidity risk</p>	<p>The Group has liabilities under bank loan agreements and trade liabilities. The above liabilities are serviced primarily using current operating cash flows. In the extreme case of a sudden, simultaneous drop in demand and an increase in costs (especially in the event of a deep weakening of the Polish zloty) or</p>

	<p>a temporary loss of revenues as a result of extraordinary events, the Group may experience difficulties in maintaining financial liquidity.</p> <p>Risk mitigation mechanisms include: developing a budget for a given year, monitoring the cash flow process and managing payment deadlines.</p>
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### Operating risks

Cybersecurity risk	<p>Cybersecurity risk is the risk of attack, damage or unauthorized access to an enterprise's data, IT networks, devices and programs. Technical safeguards do not eliminate risk. The human factor may be a weak point leading to risk.</p> <p>Risk mitigation mechanisms include: the process of granting permissions to systems and procedures for managing access to internal systems; continuous system update of technical and anti-virus security; employee training, awareness building, information materials and procedures; external security audits.</p>
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Delays in supplies	<p>Risk related to delays in deliveries of finished products, raw materials and accessories. Potential delays may result in loss of sales potential and affect the financial result.</p> <p>Risk mitigation mechanisms include: supply monitoring; verification of logistics operators, cooperation with proven suppliers of goods and transport services; requirements for suppliers of goods and transport services and quality control; if necessary, changing the means of transport or service; insurance.</p>
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## TABLE OF SENSITIVITY OF FINANCIAL RESULT TO CHANGES IN EXCHANGE RATES OF BALANCE SHEET ITEMS:

PLN m	Exchange rate fluctuations	EUR	USD	CHF
<b>Financial assets</b>				
Cash	0	0.2	0	0
Trade receivable	0	7.3	4.6	0.2
<b>Liabilities</b>				
Factoring liabilities	0	0	0	0
Trade liabilities	0	17.5	31.4	16.5
Lease liabilities	0	265.6	0	0
<b>Currency risk exposure (saldo)</b>	0	275.6	26.8	16.3
<b>Balance as at 30.06.2024</b>				
Increase in FX	+5%	-13.8	-1.3	-0.8
Decrease in FX	-5%	13.8	1.3	0.8
<b>Balance as at 30.06.2023</b>				
<b>Increase in FX</b>	+5%	-15.0	-1.1	-0.6
<b>Decrease in FX</b>	-5%	15.0	1.1	0.6

## 8.15. FACTORS AND EVENTS, INCLUDING UNUSUAL CHARACTER, HAVING A SIGNIFICANT EFFECT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

During the reporting period, there were no unusual items that had a significant impact on assets, liabilities, equity, net income or cash flows that were not described in this report.

## 8.16. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved for publication and signed by the Parent's Management Board on August 22, 2024.



## 9. 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 proper-ty 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.

**Mateusz Kolański**

**Marta Fryzowska**

**Michał Zimnicki**

**Łukasz Bernacki**

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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

*Signature of the person entrusted with keeping the accounting books*

**Ewa Bosak**

.....

Chief Accountant

Cracow, August 22, 2024



**VRG**

VISTULA RETAIL GROUP

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

W.KRUK  
1 8 4 0

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

W.KRUK  
1840

VRG  
VISTULA RETAIL GROUP



# REPORT OF THE MANAGEMENT BOARD ON OPERATIONS

OF VRG S.A. CAPITAL GROUP  
FOR FOR 6 MONTHS ENDING JUNE 30, 2024

Cracow, August 22, 2024

## 1. GENERAL INFORMATION

### 1.1. NAME, REGISTERED OFFICE, BUSINESS ACTIVITY

**VRG Spółka Acyjna.** (also as "Parent 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.

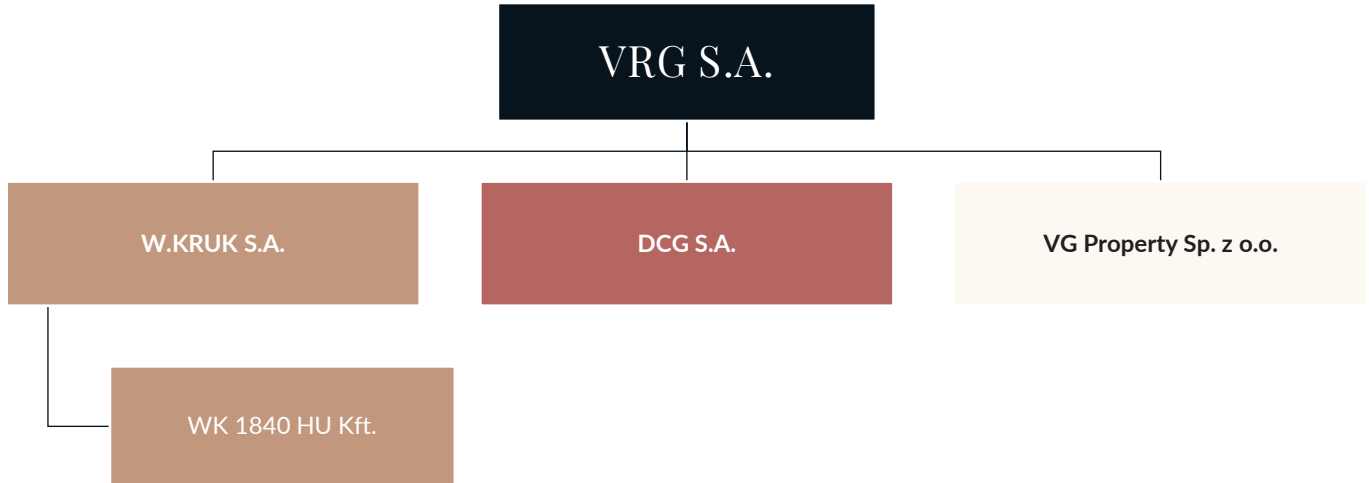
The company is one of the first companies that were listed on the Warsaw Stock Exchange S.A. First listing of VRG S.A. took place on September 30, 1993.

### 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	Issuer's debut on the Warsaw Stock Exchange S.A.
2001	Registration of a new company name: Vistula Spółka Akcyjna.
2005	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 subsidiary BTM 2 Sp. z o.o.

The lifespan of the Issuer is indefinite.

## 1.2. STRUCTURE OF VRG S.A. CAPITAL GROUP



As at the end of I half of 2024 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 in 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%
- **WK 1840 HU Kft.** based in Budapest, Republic of Hungary. The company is registered at the Commercial Court of the Metropolitan Court of Budapest under the number CG.01-09-421401/8. The company is a subsidiary of W.KRUK S.A. based in Cracow.  
The company's core business is retail sales of jewellery and accessories under the W.KRUK brand in Hungary.  
Share of W.KRUK S.A. in the company's share capital is 100% and has 100% of votes at the Shareholders' Meeting.
- **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%
- **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 Shareholder Meeting: 100.0%

Consolidated financial statements for 1H24 include data of the Parent Company and subsidiaries: W.KRUK S.A., DCG S.A., VG Property Sp. z o.o.

### CHANGES IN CAPITAL GROUP STRUCTURE IN 1H24

Between January 1, 2024 and June 30, 2024 there were no changes in VRG S.A. Capital Group structure.

## 1.3. COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARD

### MANAGEMENT BOARD

As at 30 June 2024, the composition of the Management Board of VRG S.A. was the following:

<b>Management Board</b>	<b>Mateusz Kolański</b> President of the Management Board	<b>Marta Fryzowska</b> Executive Vice-President of the Management Board	<b>Michał Zimnicki</b> Executive Vice-President of the Management Board	<b>Łukasz Bernacki</b> Executive Vice-President of the Management Board
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In the period from January 1, 2024 to June 30, 2024, there were no changes in the composition of the Parent Company's Management Board.

In the period from the balance sheet date, i.e. June 30, 2024, to the date of signing this report, the above composition of the Parent Company's Management Board has not changed.

### SUPERVISORY BOARD

As at June 30, 2024, the composition of the Supervisory Board of VRG S.A. was as follows:

<b>Supervisory Board</b>	<b>Piotr Stępiak</b> Chair of the Supervisory Board	<b>Blanka Borkowska</b> Member of the Supervisory Board	<b>Danuta Dąbrowska</b> Member of the Supervisory Board	<b>Marcin Gomoła</b> Member of the Supervisory Board
		<b>Piotr Kaczmarek</b> Member of the Supervisory Board, from 19.08.2024r. Deputy-Chair of the Supervisory Board	<b>Wojciech Olejniczak</b> Member of the Supervisory Board	<b>Andrzej Szumański</b> Member of the Supervisory Board

In the period from January 1, 2024 to June 30, 2024, the following changes occurred in the composition of the Parent Company's Supervisory Board:

- on March 19, 2024, the Supervisory Board of the Parent Company adopted a resolution to supplement the composition of the Supervisory Board in the co-option mode provided for in paragraph 22 section 3 of the Company's statute, appointing Ms. Blanka Borkowska to the Supervisory Board of the parent company for the current joint term.

- changes resulting from the resolutions of the General Meeting of the Company on June 26, 2024 (the "General Meeting"): a) pursuant to Resolution No. 24/06/2024 of the General Meeting on the dismissal of a member of the Supervisory Board of the Company, Mr. Waław Szary was dismissed from the Supervisory Board of the Company;

- b) pursuant to Resolution No. 25/06/2024 of the General Meeting on the appointment of a member of the Supervisory Board of the Company, Mr. Wojciech Olejniczak was appointed to the Supervisory Board of the Company.

In the period from the balance sheet date, i.e. June 30, 2024, to the date of signing this report, the above composition of the Parent Company's Supervisory Board has not changed.

## 1.4. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved for publication and signed by the Management Board of the parent company on August 22, 2024.

## 1.5. GOING CONCERN

The interim condensed consolidated financial statements of the VRG S.A. Capital Group (hereinafter also referred to as the "Capital Group" or "VRG Group") have been prepared on the assumption that the Capital Group companies will continue as going concerns in an unchanged form and scope for a period of at least 12 months from the date on which the financial statements were prepared, i.e. June 30, 2024. 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 indications or circumstances indicating a threat to the going concern of the Capital Group companies in the foreseeable future.

## 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 present the financial position of the Group as at June 30, 2024 and December 31, 2023 and June 30, 2023, the results of its operations for the period of 6 and 3 months ended June 30, 2024 and June 30, 2023 and cash flows for the period of 6 months ended June 30, 2024 and June 30, 2023.

The principles of preparing the financial statements are described in point 3 of the Consolidated Condensed Interim Financial Statements of the VRG S.A. Capital Group for the first half of 2024.

The entity authorized to review the financial statements in the scope of the separate and consolidated financial statements of the Parent Company for the first half of 2023 was Grant Thornton Polska P. S. A. (formerly: Grant Thornton Polska Spółka z o.o. Spółka komandytowa), with which an agreement was concluded on July 29, 2024 for the review of the separate and consolidated interim financial statements of the Company and the Group and the audit of the separate and consolidated annual financial statements of the Company and the Group for the period 2024-2026.

### OPERATING SEGMENTS

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

Since 2 quarter 2015, the jewellery business, as a result of the sale of an organised part of the enterprise related to the W.KRUK brand, has been conducted in a subsidiary of the Issuer, i.e. W.KRUK S.A. with its registered office in Cracow. On November 30, 2018, a merger with Bytom S.A. took place, as a result of which the Group became the owner of the Bytom brand.

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

# VRG

VISTULA RETAIL GROUP



## APPAREL

Retail and wholesale



## JEWELLERY

Retail and wholesale

Suits

Accessories

Jackets

Shirts

Trousers

Jewellery

Watches

Accessories

### BRANDS IN THE APPAREL SEGMENT:

#### VISTULA BRAND:

## VISTULA

Vistula is a brand with a long tradition, which in its designs combines timeless styles, patterns and cuts with current fashion trends, giving classic clothes a modern character. Vistula has a wide range of suits, jackets, trousers and shirts and other complementary accessories. On the Polish market since 1967.

The wide range of the brand responds to the needs of men by offering wardrobe elements that never go out of fashion, from which you can easily create styles for various occasions.

Women's brand introduced in 2021. The collections are dedicated to women who value quality, comfort and the timeless nature of products. The offer includes both formal products such as suits, jackets, shirts and casual products such as jeans, sweaters and T-shirts.

#### MARKA BYTOM:

## BYTOM

BYTOM is a Polish brand with a history dating back to 1945, where tradition meets a contemporary vision of tailoring and men's fashion. Based on a heritage spanning decades, the brand offers men's fashion collections, in which suits made of fine Italian fabrics, sewn in Polish sewing rooms, occupy a special place.

BYTOM is not only the art of tailoring. The brand refers to Polish cultural heritage by creating limited collections inspired by the work of outstanding personalities, inviting people to collaborate who have a significant impact on the development of Polish culture and art.

#### WŁÓCZANKA BRAND:

## WÓLCZANKA

It is a brand that has existed since 1948. Wólczanka has been sewing shirts for generations. Years of experience have made it an expert and allowed it to gain the trust of millions of customers, thanks to which today it successfully expands its offer with new assortments such as trousers, skirts, dresses, jackets, coats, blazers, 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, it expands this assortment and focuses on creating a fresh, modern brand. Wólczanka means the latest trends, beautiful prints, comfortable clothes for her and for him - and above all an image showing the joy of life and the possibility of making fashion choices, close to your needs.



**DENI CLER MILANO BRAND:****DENI CLER**  
MILANO

Deni Cler Milano, since its foundation in 1971 in Mantua, Italy, 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 synonymous with 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 to produce clothes are primarily wool, cashmere and silk. The brand's assortment includes mainly: coats, dresses, jackets, trousers, skirts, blouses.

**BRANDS IN JEWELLERY SEGMENT:****W.KRUK**  
1 8 4 0

W.KRUK is the oldest jewellery brand in Poland with over 180 years of tradition. The W.KRUK offer includes jewellery made of gold and platinum, in particular jewellery with diamonds and precious stones. W.KRUK also creates the highest quality collections made of silver and other precious metals. W.KRUK offers many original jewellery lines with a unique character. The distinctive style of W.KRUK products is the result of the work of designers, projects inspired by ambassadors (including the Freedom collection by Martyna Wojciechowska) and an expert and innovative approach to jewellery. A significant part of the collections presented every year is made in the brand's Manufacture plant near Poznań, which is one of the few in Europe still using traditional manufacturing techniques. In the W.KRUK brand workshops, handicraft is combined with the latest technologies. In 2019, the W.KRUK brand was the first in Poland to introduce jewellery with a new category of diamonds created by man in laboratory conditions 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 is expanding its offer of both luxury and fashion jewellery. Since 2016, the brand's assortment has been complemented by a selection of accessories signed W.KRUK, such as bags and leather accessories, silk scarves, sunglasses and perfumes. Since 2017, W.KRUK has been developing the Picky Pica sub-brand. This is a concept dedicated to young, determined women who value fashion accessories.

**WATCHES AND EXTERNAL BRANDS**

W.KRUK offers watches from the most prestigious Swiss brands such as Rolex, Patek Philippe (W.KRUK S.A. is their exclusive distributor in Poland) and renowned manufacturers and watch brands such as: Cartier, Chopard, Bulgari, Hublot, Panerai, Jaeger Le Coultre, Franck Muller, Omega, Tudor, Tag Heuer, Longines, Rado, Tissot, Frederique Constant, Citizen, Doxa, Certina, Seiko, Epos, Balticus, as well as fashion brands: Swatch, Gucci, Emporio Armani, Michael Kors, Fossil, Timex, Skagen, Armani Exchange, Tommy Hilfiger, Guess, Hugo Boss, Fossil. The watches of renowned brands sold in W.KRUK stores have a strong position on the Polish market, and their sales value is systematically increasing.

In addition to its own original and classic jewellery collections, W.KRUK also has in its portfolio products from prestigious jewellery manufacturers from around the world (so-called external brands). W.KRUK selects brands for its offer, with which it is connected by many years of achievement, reputation and jewellery designed and made by talented designers and master goldsmiths. Thanks to this, the designs of outstanding jewellers from around 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: Chopard, Pomellato, BIRKS Bijoux, Nanis, Marco Bicego, Pasquale Bruni, Hulchi Belluni and Recarlo.

**PRODUCTION ACTIVITY:**

Within the apparel segment of VRG S.A. cooperates with proven independent producers who guarantee the highest level of sewing and packaging services and offer competitive prices.

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

Basic types of activity:

- Retail and wholesale of apparel products
- Retail and wholesale of jewellery and watches

## SEASONALITY AND CYCLICALITY OF ACTIVITIES

Retail trade, both in the apparel 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 2<sup>nd</sup> and 4<sup>th</sup> quarter, while in the case of the jewellery industry it is the period of the 4<sup>th</sup> quarter (especially December).

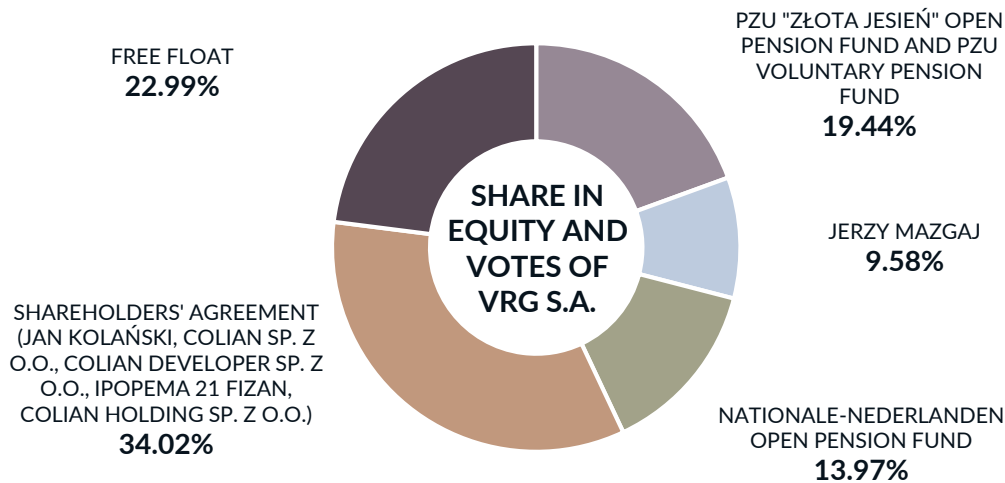
In terms of geographical segments, the entire activity of the Capital Group is carried out primarily in the Republic of Poland. Part of the sales concerns the shipment of the Group's goods abroad, and from November 2023, sales are carried out in showrooms in Hungary.

## 3. 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 SHAREHOLDERS OF VRG S.A. AS AT THE DATE OF PREPARATION OF THE CONSOLIDATED HALF-YEAR REPORT AND INDICATION OF CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT HOLDINGS OF VRG S.A. IN THE PERIOD SINCE THE LAST CONSOLIDATED QUARTERLY REPORT.

SHARE CAPITAL OWNERSHIP STRUCTURE, ACCORDING TO THE COMPANY'S INFORMATION AS AT THE DATE OF SIGNING THE CONSOLIDATED SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2024

As at the date of the consolidated semi-annual report for the first half 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 presents information on shareholders who, to the best of the Company's knowledge, held, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the 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 %)
Shareholders' Agreement (Jan Kolański, Colian sp. z o.o., Colian Developer sp. z o.o., Ipopema 21 FIZ Aktywów Niepublicznych, Colian Holding Sp. z o.o.) <sup>1</sup>	79,756,187	34.02	79,756,187	34.02
PZU „Złota Jesień” Open Pension Fund and PZU Voluntary Pension Fund <sup>2</sup>	45,589,125	19.44	45,589,125	19.44
Nationale-Nederlanden Open Pension Fund <sup>3</sup>	32,750,000	13.97	32,750,000	13.97
Jerzy Mazgaj <sup>4</sup>	22,455,096	9.58	22,455,096	9.58

1 information provided on the basis of a notification received by the Company under the provisions of art. 69 in connection with art. 87 sec. 1 item 5) of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to organized trading and on public companies - concerns shares held jointly by an agreement of shareholders consisting of: Mr. Jan Kolański, Colian sp. z o.o. with its registered office in Opatówek, Colian Developer Sp. z o.o. with its registered office in Kalisz, IPOPEMA 21 Closed-End Investment Fund of Non-Public Assets with its registered office in Warsaw managed by IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA 21 FIZAN") and Colian Holding Sp. z o.o. with its registered office in Opatówek.

According to the information held by the Company as of 25/07/2024 under the shareholders' agreement referred to above:

- Mr. Jan Kolański holds 3,000,000 shares in VRG, which constitutes 1.28% of the Company's share capital and entitles him to 3,000,000 votes, constituting 1.28% of the total number of votes at the General Meeting of the Company,

- Colian sp. z o.o. holds 35,518,050 shares in the Company, which constitutes 15.15% of the Company's share capital and entitles him to 35,518,050 votes, constituting 15.15% of the total number of votes at the General Meeting of the Company,

- Colian Developer Sp. z o.o. does not hold any shares in the Company,

- IPOPEMA 21 FIZAN holds 36,238,137 shares in the Company, which constitutes 15.46% of the share capital and entitles to 36,238,137 votes, constituting 15.46% of the total number of votes at the General Meeting of the Company.

- Colian Holding Sp. z o.o. holds 5,000,000 shares in VRG, which constitutes 2.13% of the share capital of the Company and entitles to 5,000,000 votes, constituting 2.13% of the total number of votes at the General Meeting of the Company.

2 information provided based on the number of Company shares held jointly by the funds PZU "Złota Jesień" Open Pension Fund and PZU Voluntary Pension Fund managed by Powszechne Towarzystwo Emerytalne PZU S.A. at the Ordinary General Meeting on 26.06.2024. At the Ordinary General Meeting on 26.06.2024, PZU "Złota Jesień" Open Pension Fund independently held 44,537,016 shares in the Company, which constituted 19.00% of the Company's share capital and entitled to 44,537,016 votes, constituting 19.00% of the total number of votes at the General Meeting of the Company. At the Ordinary General Meeting on June 26, 2024, the PZU Voluntary Pension Fund independently held 1,052,109 shares in the Company, which constituted 0.45% of the Company's share capital and entitled to 1,052,109 votes, constituting 0.45% of the total number of votes at the General Meeting of the Company.

3 information provided based on the number of shares held by Nationale-Nederlanden Open Pension Fund at the Annual General Meeting on 26/06/2024.

4 information provided based on the notification received by the Company under Article 69 of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to an organised trading system and on public companies and based on the number of shares held by Mr. Jerzy Mazgaj at the Ordinary General Meeting on 26 June 2024.

#### CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT BLOKES OF THE COMPANY'S SHARES FROM THE DATE OF SUBMITTING THE LAST CONSOLIDATED QUARTERLY REPORT FOR THE FIRST QUARTER OF 2023 (MAY 21, 2024)

To the best of the Company's knowledge, the following changes in the ownership structure of significant blocks of the Company's shares took place since the date of publication of the last consolidated quarterly report for the first quarter of 2023 (May 21, 2024):

Shareholders' agreement (Jan Kolański, Colian sp. z o.o., Colian Developer sp. z o.o., Ipopema 21 FIZ Aktywów Niepublicznych, Colian Holding Sp. z o.o.)	Number of shares held	Share in equity (in %)	Number of votes at the AGM	Share in the total number of votes at the AGM (in %)
As at 21.05.2024, including:	72,766,027	31.04	72,766,027	31.04
Jan Kolański	4,500,000	1.92	4,500,000	1.92
Colian sp. z o. o.	32,027,890	13.66	32,027,890	13.66
Colian Developer sp. z o. o.	0	0	0	0
Ipopema 21 FIZAN	36,238,137	15.46	36,238,137	15.46

Shareholders' agreement (Jan Kolański, Colian sp. z o.o., Colian Developer sp. z o.o., Ipopema 21 FIZ Aktywów Niepublicznych, Colian Holding Sp. z o.o.)	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 %)
Colian Hoolding sp. z o. o.	0	0	0	0
As at 22.08.2024, including:				
Jan Kolański	3,000,000	1.28	3,000,000	1.28
Colian sp. z o. o.	35,518,050	15.15	35,518,050	15.15
Colian Developer sp. z o. o.	0	0	0	0
Ipopema 21 FIZAN	36,238,137	15.46	36,238,137	15.46
Colian Hoolding sp. z o. o.	5,000,000	2.13	5,000,000	2.13

Jerzy Mazgaj	Number of shares held	Share in equity (in %)	Number of votes at the AGM	Share in the total number of votes at the AGM (in %)
As at 21.05.2024	32,151,251	13.71	32,151,251	13.71
As at 22.08.2024	22,455,096	9.58	22,455,096	9.58

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

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

Management Board	Number of shares held at the date of publication of 1H24 report	Number of shares held at the date of publication of 1Q24 report
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 ownership of the Company's shares by supervising persons

According to the information available to the Company as at the date of signing the consolidated half-year report for the first half of 2024, the supervising persons do not hold any shares in the Company.

## 4. REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD FOR THE I HALF OF 2024

Management Board		PLN ths
Mateusz Kolański	President of the Management Board	510
Marta Fryzowska	Executive Vice-President of the Management Board	345
Michał Zimnicki	Executive Vice-President of the Management Board	270
Łukasz Bernacki	Executive Vice-President of the Management Board	60
<b>Total</b>		<b>1,185</b>

Supervisory Board		PLN ths
Piotr Stępnik	Chair of the Supervisory Board	227
Piotr Kaczmarek	Member of the Supervisory Board, from 19.08.2024r. Deputy-Chair of the Supervisory Board	129
Wacław Szary	Member of the Supervisory Board from 26.06.2024r.	126
Andrzej Szumański	Member of the Supervisory Board	114
Marcin Gomoła	Member of the Supervisory Board	132
Danuta Dąbrowska	Member of the Supervisory Board	113
Blanka Borkowska	Member of the Supervisory Board from 19.03.2024r.	57
Wojciech Olejniczak	Member of the Supervisory Board from 26.06.2024r.	3
<b>Total</b>		<b>901</b>

The management and supervisory staff received remuneration for their functions in the management of subsidiaries. The total remuneration for the first half of 2024 amounted to:

		PLN ths
Piotr Kaczmarek	Member of the Supervisory Board of W.KRUK	49
Piotr Stępnik	Member of the Supervisory Board of W.KRUK from 11.04.2024r.	27
Andrzej Szumański	Member of the Supervisory Board of W.KRUK from 10.04.2024r.	27
Danuta Dąbrowska	Member of the Supervisory Board of W.KRUK from 11.04.2024r.	22
Łukasz Bernacki	President of the Management Board of W.KRUK	995
Michał Zimnicki	Executive Vice-President of the Management Board of W.KRUK	359
<b>Total</b>		<b>1,479</b>

Managers are entitled to benefits specified in employment contracts or by virtue of appointment.

Apart from the benefits listed above, there were no other benefits for managers and supervisors, including, among others, benefits after the period of employment, benefits for termination of employment, other long-term benefits.

## 5. SIGNIFICANT EVENTS IN I HALF 2024 AND AFTER THE BALANCE SHEET DATE

### MARKET ENVIRONMENT

According to data from the Central Statistical Office published in July, inflation in the first half of 2024 amounted to 2.7% in Poland. In April, VAT on food returned (from the previous 0% to 5%), but no significant price increases were recorded during this time. The Consumer Sentiment Barometer (developed by GfK - An NIQ Company) has remained positive since the beginning of the year. This indicator did not indicate significant deviations, and the mood of Poles in the first six months of the year remained stable. However, according to data from the Central Statistical Office, the dynamics of retail sales in the first half of 2024 in the textiles, clothing, footwear category was negative. Taking the above into account, the Company assesses that the market, especially in the apparel segment, does not support dynamic sales growth, and consumers make purchases with greater caution, especially in brands with higher price positioning. In such a market environment, the Bytom and Wólczanka brands performed better in the last quarter, recording sales growth, while the Vistula and Deni Cler brands were met with a worse reception in the eyes of consumers. In the jewellery category, there is a visible maintenance of demand for gold and silver and a cooling of demand for watches, which is in line with the trend prevailing on foreign markets.

### SIGNIFICANT CHANGES IN SHAREHOLDING STRUCTURE

On March 1, 2024, the Company received from IPOPEMA TFI, pursuant to the provisions of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to an organized trading system and on public companies (the "Act"), a

notification that the agreement of the Company's shareholders concluded regarding the direct or indirect acquisition or subscription for shares in the Company, unanimous voting at the General Meeting of the Company and pursuing a lasting policy towards the Company, referred to in art. 87 sec. 1 item 5) of the Act, consisting of: Mr. Jan Kolański, Colian sp. z o.o., Colian Developer Spółka z o.o. (previously Colian Developer sp. z o.o. sp. k.) and IPOPEMA 21 FIZAN, as a result of a transaction to purchase shares in the Company on a regulated market by Colian sp. z o.o. increased its current share in the total number of votes in the Company above the 30% threshold.

On March 25, 2024, the Company received a notification from IPOPEMA TFI, pursuant to the provisions of the Act, that on March 21, 2024, an annex to the Company's shareholders' agreement of September 26, 2023 was concluded. As a result of concluding the annex, a new entity joined the agreement: COLIAN HOLDING sp. z o.o. Currently, the parties to the agreement are: Jan Kolański, Colian sp. z o.o. Colian Developer sp. z o.o., IPOPEMA 21 Closed-End Investment Fund for Non-Public Assets and Colian Holding sp. z o.o. In accordance with the notification of March 25, 2024, the total share of the agreement in the total number of votes in the Company increased to 31.04%.

On May 22, 2024, the Company received a notification from Mr. Jerzy Mazgaj pursuant to Art. 69 of the Act, that on May 17, 2024, in a transaction on the regulated market, Mr. Jerzy Mazgaj sold 3,500,000 shares of the Company. Before the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 28,000,000 shares of the Company, which constituted 11.94% of the share capital of the Company and entitled to 28,000,000 votes, constituting 11.94% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 24,500,000 shares of the Company, which constituted 10.45% of the share capital of the Company and entitled to 24,500,000 votes, constituting 10.45% of the total number of votes at the General Meeting of the Company.

On May 31, 2024, the Company received a notification from Mr. Jerzy Mazgaj under Article 69 of the Act that on May 28, 2024, in a transaction on the regulated market, Mr. Jerzy Mazgaj sold 1,044,904 shares of the Company. Before the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 23,500,000 shares of the Company, which constituted 10.02% of the share capital of the Company and entitled to 23,500,000 votes, constituting 10.02% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, Mr. Jerzy Mazgaj held 22,455,096 shares of the Company, which constituted 9.58% of the share capital of the Company and entitled to 22,455,096 votes, constituting 9.58% of the total number of votes at the General Meeting of the Company.

#### **CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OF VRG S.A.**

On March 19, 2024, the Supervisory Board of the Company adopted a resolution to supplement the composition of the Supervisory Board in the co-optation procedure provided for in paragraph 22 section 3 of the Company's articles of association, appointing Ms. Blanka Borkowska to the Supervisory Board of the Company for the current joint term of office.

On June 26, 2024, the Ordinary General Meeting of the Company dismissed Mr. Wacław Szary from the Supervisory Board of the Company for the current joint term of office and appointed Mr. Wojciech Olejniczak to the Supervisory Board of the Company for the current joint term of office.

#### **APPOINTMENT OF THE MANAGEMENT BOARD OF VRG S.A. FOR A NEW JOINT TERM OF OFFICE**

At the meeting held on May 17, 2024, the Supervisory Board of VRG S.A. elected the Management Board of the Company for a new joint term of office starting at the end of the Ordinary General Meeting of the Company approving the financial statements of the Company for the financial year 2023, which took place on June 26, 2024.

In accordance with the content of the adopted resolutions of the Supervisory Board, the current members of the Management Board of the Company were appointed to the Management Board of the Company for a new, joint term of office:

Mr Mateusz Kolański for the post of President of the Management Board;

Ms Marta Fryzowska for the post of Executive Vice-President of the Management Board;

Mr Łukasz Bernacki for the post of Executive Vice-President of the Management Board;

Mr Michał Zimnicki for the post of Executive Vice-President of the Management Board.

#### **ADOPTION BY THE ORDINARY GENERAL MEETING OF VRG S.A. ON JUNE 26, 2024 OF A RESOLUTION ON DIVIDEND PAYMENT**

The Annual General Meeting of the Company on 26 June 2024 adopted a resolution on the payment of a dividend of PLN 0.09 per share, i.e. a total of PLN 21,101,025.60. The shareholders of the Company as of 20 September 2024 (dividend date) will be entitled to the dividend. The dividend payment date will be 16 December 2024.

The number of shares covered by the dividend is 234,455,840.

#### AMENDMENTS TO LOAN AGREEMENTS CONCLUDED BY THE COMPANY AND THE W.KRUK S.A. SUBSIDIARY

On 26 June 2024, documentation was concluded regarding the amendment of the multi-purpose credit limit agreement of 9 March 2015, as amended, concluded between Powszechna Kasa Oszczędności Bank Polski S.A. (hereinafter: "Bank") and the Company ("Multi-purpose Loan Agreement"), about which the Company informed in current reports No. 8/2015, 57/2016, 37/2017, 36/2020 and 28/2022. The amendments to the Multi-Purpose Credit Agreement include an extension for a period of 24 months, i.e. until June 30, 2026, of the multi-purpose credit limit up to PLN 105,000 thousand, consisting of the following sub-limits for: (i) overdraft facility up to PLN 50,000 thousand; (ii) bank guarantees up to PLN 35,000 thousand; (iii) documentary letters of credit up to PLN 35,000 thousand.

On June 27, 2024, documentation was concluded regarding the amendment of the multi-purpose credit limit agreement of March 9, 2015, as amended, concluded between the Bank and a subsidiary of the Issuer, i.e. W.KRUK S.A. with its registered office in Cracow (hereinafter referred to as the "Multi-Purpose Loan Agreement"), about which the Company informed in current reports No. 8/2015, 65/2015, 38/2017, 38/2020 and 30/2022. The amendments to the Multi-Purpose Loan Agreement include the extension by a period of 24 months, i.e. until June 30, 2026, of the multi-purpose credit limit up to PLN 95,000 thousand, consisting of the following sublimits for: (i) overdraft facility up to PLN 52,000 thousand; (ii) bank guarantees up to PLN 45,000 thousand; (iii) documentary letters of credit up to PLN 10,000 thousand.

#### OMNICHANNEL DEVELOPMENT

The first half of 2024 is a time of intensive work on implementations aimed at further development of the Company's omnichannel and building an increasingly better shopping experience for customers of VRG brands at the intersection of off-line, on-line and mobile channels. During this time, a new, more functional and better optimized in terms of navigation version of the sales mobile application for the Vistula, Wólczanka and Bytom brands was being developed. The new application, which was made available to customers in the Vistula brand at the beginning of July this year, provides a much better shopping experience, among others thanks to easier logging in to both the m-shop function and the loyalty program, as well as smooth operation. During this period, the Company also launched a project to implement advanced marketing automation and CRM technology from Salesforce. It is to provide the possibility of more precise profiling and individualization of offers for customers, improve communication and increase overall customer satisfaction in contact with the Group's brands in online and offline channels. VRG S.A. It also implemented the DPD pickup returns functionality in online stores and continued the "one basket" project, working on improving the visibility of products in online stores and brick-and-mortar stores. In the offline channel, in the first half of 2024, the VRG Capital Group operated in a network of 502 stores, operating on an area of 51,000 sq m.

#### TRADE OFFER – APPAREL SEGMENT

For the first six months of 2024, VRG focused on implementing initiatives aimed at increasing profitability and improving the results of apparel brands. The area of most intensive work was the largest brand in the apparel segment, Vistula. In the first half of 2024, the brand introduced numerous changes at the level of management staff, product and marketing strategy, and worked on solutions that would drive more traffic to stationary stores. In February, the "Vistula ICONS" campaign was launched with actor Mateusz Banasiuk, emphasizing the main benefits of the suit offer: classic and modern. In March, in turn, the time of intensive communication of the "Vistula Celebrations" collection began - an offer for the spring-summer season of celebrations (weddings, communions and birthdays). Vistula was also present at the 2024 European Football Championship - it dressed editors from the TVP, TVP Sport and TVP Info television channels.

In the first half of the year, Bytom focused on activities promoting the image of a premium brand specializing in elegant men's fashion. Similarly to Vistula, in March, the brand's stores launched a collection designed for the season of family celebrations. The key promoted products were high-quality suits, elegant, but with a touch of nonchalance, presented in a photo shoot in an Italian atmosphere. April saw the debut of a campaign promoting awareness of the use of some of the best wool fabrics in the world for sewing BYTOM suits, coming from the Italian family factory Vitale Barberis Canonico, founded in 1663. The brand also initiated educational activities promoting Made-To-Measure services, launching a website describing the process step by step. At the turn of April and May, the BYTOM logo appeared in the communication of the 17th edition of the Mastercard OFF CAMERA International Independent Cinema Festival. The brand was a supporting partner of this event.

In Wólczanka, 2024 is a time of return to the roots. The brand focuses primarily on the development of the shirt offer and communication that reconnects it with this key product. In Winter, the sale of the collection was supported by the campaign "THE IDEAL SHIRT for special occasions", which emphasized the quality of the materials of the brand's flagship products. In the second quarter, communication focused on the seasonal offer. As part of the "CELEBRATIONS" campaign, high-quality, white Wólczanka

shirts were promoted, suitable for all elegant family celebrations. For the Summer, the brand introduced a capsule collection of linen shirts for women, promoting it as a premium product of the highest quality, and a collection of T-shirts and polo shirts for men. In order to support the sale of the collection in selected salons in the largest cities, customers were given the opportunity to personalize shirts purchased in Wólczanka using embroidery. The campaign was very well received by people visiting Wólczanka salons.

Throughout the first half of this year, the Deni Cler brand focused on promoting the "Giardino dell`Eden" collection, which debuted in February during a fashion show at Warsaw's Varso Place. The brand's offer for the Spring-Summer season was dominated by products full of colours, made of the highest quality natural materials, such as linen and silk. Sales of the collection were supported by, among others, a campaign in the press and the Internet. In addition to developing the product offer, the brand continued activities of the Deni Cler Academy - a program focused on building an engaged community, addressed to clients and business partners. As part of it, Deni Cler organizes inspirational and networking meetings with people from art, culture, science and business.

### TRADE OFFER – JEWELLERY SEGMENT

The first half of the year for W.KRUK means mostly seasonal offer, prepared for holidays and various family celebrations. In February, the Valentine's Day collection "Tenderness" appeared with gold and silver products. In March, as part of Women's Day, the brand presented "Preludium Paradise Birds" with gold jewellery full of colours. Since the beginning of May, W.KRUK has been offering jewellery novelties prepared for Mother's Day, Father's Day, but also communions and the beginning of the wedding season. In the context of wedding ceremonies, the brand presented the "Ceremonials" collection combining tradition and modernity. Another edition of the popular "Flowers of the Night" collection appeared with jewellery referring to nature. During this time, the clothing and jewellery brands of the VRG Group also conducted joint marketing campaigns aimed at supporting the sales of collections intended for celebrations. Vistula and Bytom in cooperation with W.KRUK offered customers a special promotion - people buying specific sets of brands received discounts on the jeweller's products (wedding rings and jewellery). Continuing its development on the Hungarian market, in the second quarter of the year W.KRUK opened more salons in Budapest.

### CLOTHES TO DONATE

VRG Group continued its activities in the area of sustainable development. BYTOM and Wólczanka brands, together with the company "Clothes to donate", conducted the #Poczujradośćpomagania campaign. As part of it, in selected chain stores, customers could give away clothes of any brand, which were then sent to circular boutiques and companies that acquire used clothing. For every kilogram of items collected, "Clothes to donate" donates PLN 1 to support the "Zdążyć z Pomocą" Foundation. As part of the campaign, both brands collected a total of approx. 6 tons of clothing.

### SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

#### AMENDMENTS TO CREDIT AGREEMENTS CONCLUDED BY THE COMPANY

On July 1, 2024, documentation was concluded regarding the following amendments to credit agreements concluded between mBank S.A. with its registered office in Warsaw (hereinafter referred to as the "Bank") and the Parent Company:

1) amendment to the Framework Agreement of April 23, 2019, as amended, covering the extension by a period of 24 months, i.e. until June 30, 2026, of the multi-product credit line limit up to PLN 57,000 thousand, under which and up to its amount the Company may use the following products: (i) overdraft facility up to PLN 57,000 thousand; (ii) bank guarantees up to PLN 57,000 thousand; (iii) documentary letters of credit up to PLN 57,000 thousand.

2) amendment to the Agreement on electronic credit for payment of liabilities of 20 September 2022, as amended, including the extension until December 31, 2026 of the credit limit for payment of liabilities to the Company's suppliers up to the amount of PLN 15,000 thousand.

#### CHANGES IN SHAREHOLDERS OF VRG S.A.

On July 25, 2024, the Company received a notification from IPOPEMA TFI pursuant to the provisions of the Act that the shareholders' agreement of the Company concluded on the direct or indirect acquisition or subscription for shares of the Company, unanimous voting at the General Meeting of the Company and pursuing a lasting policy towards the Company, referred to in art. 87 sec. 1 item 5) of the Act, consisting of: Mr. Jan Kolański, Colian sp. z o.o., Colian Holding Spółka z ograniczoną odpowiedzialnością, IPOPEMA 21 Closed-end Fund of Non-public Assets and Colian Developer Spółka z ograniczoną odpowiedzialnością (the "Shareholders' Agreement"), as a result of the purchase of 5,000,000 shares of the Company in a block transaction by Colian



Holding Spółka z ograniczoną odpowiedzialnością made on July 23, 2024, increased its current share in the total number of votes in the Company.

Before the change made as a result of the above-mentioned transaction, the Shareholders' Agreement held a total of 74,756,187 shares in the Company, which constituted 31.89% of the share capital of the Company and entitled to 74,756,187 votes, constituting 31.89% of the total number of votes at the General Meeting of the Company. After the change made as a result of the above-mentioned transaction, the Shareholders' Agreement holds 79,756,187 shares in the Company, which constitutes 34.02% of the share capital of the Company and entitles to 79,756,187 votes, constituting 34.02% of the total number of votes at the General Meeting of the Company.

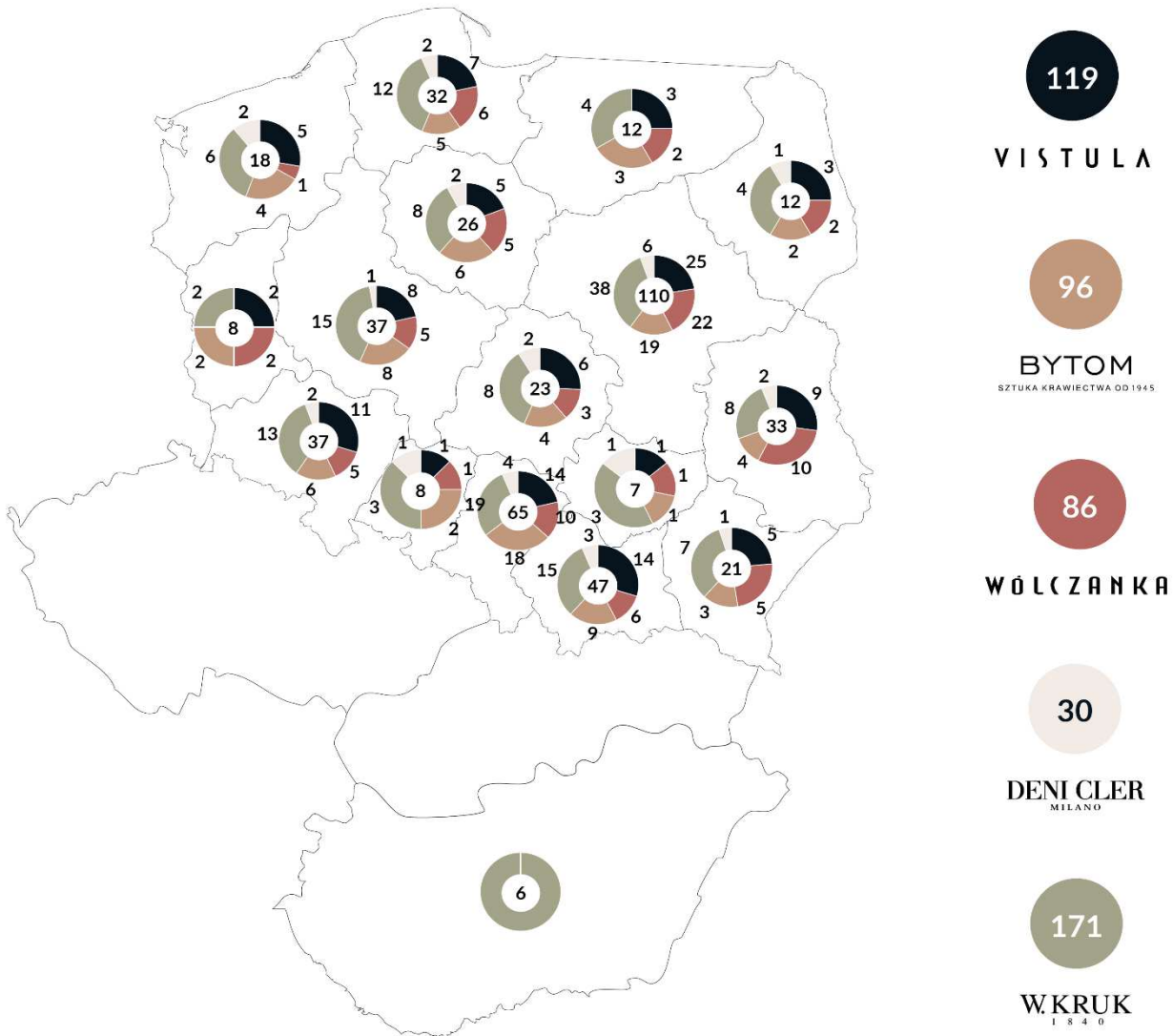
## 6. FINANCIAL RESULTS OF VRG CAPITAL GROUP IN 2024

At the end of H1 2024, compared to the same period of the previous year, the sales area of the Group's retail network decreased to 51.0 thousand m<sup>2</sup>, or by 1.2% YoY. Decrease in the area in the apparel segment amounted to 4.8%, while in the jewellery segment the area increased by 10.1%.

Retail floorspace (end of period): (ths m <sup>2</sup> )	30.06.2024	30.06.2023
Apparel segment	37.1	39.0
Jewellery segment	13.9	12.6
<b>Total floorspace</b>	<b>51.0</b>	<b>51.6</b>

As of the date of this report, the dominant part of sales is realized through the retail network of brand stores of individual brands belonging to the Capital Group. As of the date of this report, the Capital Group has a retail network of 502 locations, including franchise stores of the Vistula, Wólczanka, Bytom, Deni Cler and W.KRUK brands. Of the operating stores, the Group owns only 1 location. The Group uses the remaining locations on the basis of medium/long-term lease agreements concluded for a period of 5 years, a small part of the agreements is concluded for an indefinite period. Most of the premises are located in modern large-scale shopping centers.

Below we present distribution and number of branded stores of the Capital Group at the end of 1H24 by individual brands.



## SELECTED FINANCIAL DATA OF VRG GROUP

(PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024* from 01-04-2024 to 30-06-2024	2 quarter 2023* from 01-04-2023 to 30-06-2023
Revenues	618,994	602,286	340,765	335,269
EBITDA	110,014	110,307	73,924	74,980
EBIT	43,527	48,003	40,847	43,276
<b>Net result</b>	<b>30,447</b>	<b>50,902</b>	<b>28,231</b>	<b>47,678</b>

IAS17* (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024* from 01-04-2024 to 30-06-2024	2 quarter 2023* from 01-04-2023 to 30-06-2023
Revenues	618,994	602,286	340,765	335,269
EBITDA	52,532	49,444	45,496	44,694
EBIT	38,844	38,631	38,597	39,161
<b>Net result</b>	<b>28,475</b>	<b>33,113</b>	<b>28,900</b>	<b>33,856</b>

\*The table above presents the Group's main financial positions, showing the impact of IAS17 as the previous standard.

The difference between the operating result (EBIT) under IAS17 and the operating result according to the applicable standards in the first half of 2024 resulted from the fact that the costs of rents under IAS17, recognized in net payment amounts, were higher than the depreciation charges for assets related to the right to use commercial premises, recognized on a straight-line basis over the period of the applicable contract.

The Capital Group's sales revenue in the first half of 2024 amounted to PLN 618.9 million and was PLN 16.7 million (2.8%) higher than the revenue achieved in the same period of the previous year.

The consolidated EBITDA profit in the first half of 2024 amounted to PLN 110.0 million and was lower by approx. 0.3% than in the previous year. EBITDA profit calculated excluding the impact of IFRS 16 amounted to PLN 52.5 million.

In the first half of 2024, the Capital Group achieved a net profit of PLN 30.4 million compared to a net profit of PLN 50.9 million in the same period of the previous year. Net profit calculated excluding the impact of IFRS 16 amounted to PLN 28.5 million in the first half of 2024.

## APPAREL SEGMENT

Apparel segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
<b>Revenues</b>	<b>284,838</b>	<b>292,484</b>	<b>162,633</b>	<b>167,469</b>
Cost of sales	119,006	128,454	64,130	66,957
Gross profit on sales	165,832	164,030	98,503	100,512
Selling costs	150,580	142,199	76,419	73,560
Administrative expenses	27,950	28,421	14,036	14,252
Other operating income	3,584	2,674	2,575	1,845
Gain from sale of non-financial non-current assets	3,240	0	3,386	0
Other operating costs	3,800	4,001	2,073	3,438
Loss from sale of non-financial non-current assets	0	71	0	74
<b>Profit (loss) from operations</b>	<b>-9,674</b>	<b>-7,988</b>	<b>11,935</b>	<b>11,033</b>
Financial income / costs	-3,195	7,450	-3,285	7,635
Result on loss of control	0	2,200	0	2,200
Pre-tax profit (loss)	-12,869	1,662	8,650	20,868
Income tax	-2,023	749	1,805	4,211
<b>Net profit (loss) for the period</b>	<b>-10,847</b>	<b>913</b>	<b>6,845</b>	<b>16,657</b>

IAS 17* Apparel segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
<b>Revenues</b>	<b>284,838</b>	<b>292,484</b>	<b>162,633</b>	<b>167,469</b>
Cost of sales	119,006	128,454	64,130	66,957
Gross profit on sales	165,832	164,030	98,503	100,512
Selling costs	153,230	147,717	77,686	76,111
Administrative expenses	28,157	28,639	14,197	14,361
Other operating income	3,565	2,016	2,575	1,845
Gain from sale of non-financial non-current assets	3,240	0	3,386	0
Other operating costs	3,745	3,945	2,018	3,419
Loss from sale of non-financial non-current assets	0	71	0	74
<b>Profit (loss) from operations</b>	<b>-12,496</b>	<b>-14,326</b>	<b>10,563</b>	<b>8,392</b>
Financial income / costs	-1,853	422	-1,469	395

IAS 17* Apparel segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
Result on loss of control	0	2,200	0	2,200
Pre-tax profit (loss)	-14,349	-11,704	9,093	10,987
Income tax	-2,304	-1,791	1,890	2,334
<b>Net profit (loss) for the period</b>	<b>-12,044</b>	<b>-9,914</b>	<b>7,204</b>	<b>8,654</b>

\*The table above presents the main financial positions, of the apparel segment showing the impact of IAS17 as the previous standard

## REVENUES

Revenues of the apparel segment in the first half of 2024 amounted to PLN 284.8 million and were PLN 7.6 million (i.e. 2.6%) lower than revenues achieved in the same period of 2023.

Revenues of the apparel segment in the second quarter of 2024 amounted to PLN 162.6 million and were PLN 4.8 million (i.e. 2.9%) lower than revenues achieved in the same period of 2023.

Apparel segment (PLN m)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
<b>Revenues</b>	<b>284.8</b>	<b>292.5</b>	<b>162.6</b>	<b>167.5</b>
Retail sales	281.3	277.2	160.9	159.7
Other sales	2.7	12.6	1.2	6.8
Wholesale	0.8	2.7	0.5	0.9

In 1H24, the Group recorded the following results in the following retail channels:

<b>VISTULA ↓</b> PLN 110.6m (-3.5% YoY)	<b>BYTOM ↑</b> PLN 88.7m (3.7% YoY)	<b>WÓLCZANKA ↑</b> PLN 55.3m (12.0% YoY)	<b>DENI CLER MILANO ↓</b> PLN 26.7m (-3.6% YoY)
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In the first half of 2024, off-line retail sales decreased by 3.7% and on-line sales increased by 24.3% compared to the same period last year. Decrease in off-line retail sales is the result of, among other things, a decrease in customer visits. Share of on-line sales in the apparel segment's revenue increased and amounted to 22.7% in the first half of 2024 compared to an 18.5% share of on-line sales in the same period of 2023.

In the second quarter of 2024, off-line retail sales decreased by 3.3% and on-line sales increased by 23.0% compared to the same period last year. Share of on-line sales in the apparel segment's revenue increased and amounted to 18.8% in the second quarter of 2024 compared to a 15.4% share of on-line sales in the same period of 2023.

In 2Q24, the Group recorded the following results in the following retail channels

<b>VISTULA ↓</b> PLN 63.7m (-4.9% YoY)	<b>BYTOM ↑</b> PLN 54.2m (4.9% YoY)	<b>WÓLCZANKA ↑</b> PLN 30.1m (8.8% YoY)	<b>DENI CLER MILANO ↓</b> PLN 13.0m (-3.7% YoY)
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## GROSS PROFIT ON SALES

Gross profit on sales of the apparel segment in H1 2024 amounted to PLN 165.8 million and was 1.1% higher than that generated in the same period of the previous year. Gross profit on sales margin amounted to 58.2% in H1 2024, which means an increase of 2.1 pp compared to the same period of the previous year.

### Changes in the margins of individual brands in the first half of 2024:

<b>VISTULA ↑</b> 58.7% (increase in margin by 1.5 pp.)	<b>BYTOM ↓</b> 58.5% (fall in margin by 0.5 pp.)	<b>WÓLCZANKA ↑</b> 59.3% (increase in margin by 0.7 pp.)	<b>DENI CLER MILANO ↑</b> 63.3% (increase in margin by 0.1 pp.)
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Gross profit on sales of the apparel segment in Q2 2024 amounted to PLN 98.5 million and was 2.0% lower than that generated in the same period of the previous year. Gross margin in Q2 2024 amounted to 60.6%, which means an increase of 0.5 percentage points compared to the same period of the previous year.

### Changes in margins of individual brands in Q2 2024:

<b>VISTULA →</b> 61.4% (stable margin)	<b>BYTOM ↓</b> 60.8% (fall in margin by 1.4 pp.)	<b>WÓLCZANKA ↓</b> 61.7% (fall in margin by 0.1 pp.)	<b>DENI CLER MILANO ↑</b> 65.9% (increase in margin by 0.4 pp.)
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## SELLING COSTS

Selling costs in H1 2024 amounted to PLN 150.6 million and were higher by PLN 8.4 million (5.9%) compared to costs incurred in the same period of the previous year. Share of selling costs in revenues in H1 2024 amounted to 52.9% compared to 48.6% in the same period of the previous year.

Selling costs in Q2 2024 amounted to PLN 76.4 million and were higher by PLN 2.8 million (3.9%) compared to the same period of 2023. Share of selling costs in revenues obtained by the apparel segment in Q2 2024 amounted to 47.0% and was higher by 3.1 pp compared to the same period of the previous year.

Increase in selling costs was caused primarily by increase in basic salaries (increase in the minimum wage) and costs related to on-line marketing.

## G&A COSTS

General administrative costs in H1 2024 amounted to PLN 27.9 million compared to PLN 28.4 million in the same period of the previous year, which means a decrease in costs by PLN 0.5 million (1.7%). At the same time, share of general administrative costs in revenues increased to 9.8% compared to 9.7% in the same period of the previous year.

General administrative costs in Q2 2024 remained at a similar level compared to the same period of the previous year and amounted to PLN 14.0 million. At the same time, share of general administrative costs in revenues increased to 8.6% compared to 8.5% in the same period of the previous year.

## OPERATING PROFIT IN THE APPAREL SEGMENT

In the first half of 2024, an operating loss of PLN 9.7 million was incurred, compared to a loss of PLN 8.0 million in the first half of 2023. In the second quarter of 2024, an operating profit of PLN 11.9 million was generated, compared to a profit of PLN 11.0 million in the same period of the previous year (an improvement of the result by PLN 0.9 million).

Decrease in operating profit in H1 and Q2 2024 (compared to the same periods of the previous year) was a consequence of the increase in selling costs and general administrative costs.

The operating profitability of the apparel segment in H1 2024 amounted to -3.4% compared to -2.7% in the same period of the previous year. Deterioration in operating profitability was the result of lower sales YoY with an increase in costs. In Q2 2024, operating profitability amounted to 7.3% and was higher by 0.8 pp compared to the same period of the previous year.

## FINANCIAL INCOME AND COSTS

Balance of the result on financial activities in the apparel segment amounted to PLN -3.2 million in H1 2024 compared to PLN 7.5 million in the same period of the previous year. In Q2 2024, the balance of the result on financial activities amounted to PLN -3.3 million compared to PLN +7.6 million in the same period of the previous year.

The IFRS16 standard had a negative impact on the balance of financial activities of the apparel segment in H1 2024 and amounted to PLN -1.3 million. Similarly, in Q2 2024, the impact of IFRS16 on the balance of financial activities was unfavourable and amounted to PLN -1.8 million. In contrast to the positive impact on the result in the same periods of the previous year (H1 2023 +PLN 7.0 million, Q2 2023 +PLN 7.2 million).

Apparel segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
Financial costs net	-1,838	-1,249	-1,284	-728
FX differences net (excl. IFRS16)	-15	1,671	-185	1,123
IFRS 16 impact	-1,342	7,028	-1,816	7,240
<sup>1</sup> incl. FX differences	1,290	8,481	-418	7,974
<sup>1</sup> incl. interest	-2,632	-1,453	-1,398	-735
<b>Financial income/ costs</b>	<b>-3,195</b>	<b>7,450</b>	<b>-3,285</b>	<b>7,635</b>

## NET RESULT IN THE APPAREL SEGMENT

The Group's apparel segment posted a net loss of PLN -10.8 million in the first half of 2024, compared to a net profit of PLN 0.9 million in the same period of the previous year (a decrease in the result by PLN 11.7 million). In the second quarter of 2024, the Group's apparel segment posted a net profit of PLN 6.8 million, compared to a net profit of PLN 16.7 million in the same period of the previous year (a decrease in the result by PLN 9.8 million). Decrease in the result in the first half and second quarter of 2024 (compared to the same periods of the previous year) is a consequence of a greater increase in selling and general administrative costs than in sales and margins. It also results from higher positive exchange rate differences generated last year than in the current year.

## JEWELLERY SEGMENT

Jewellery segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
<b>Revenues</b>	<b>334,156</b>	<b>309,802</b>	<b>178,132</b>	<b>167,800</b>
Cost of sales	158,864	147,780	84,940	79,567
Gross profit on sales	175,292	162,022	93,192	88,233
Selling costs	100,172	87,120	53,068	45,948
Administrative expenses	21,773	18,629	11,478	9,898
Other operating income	800	570	728	524
Gain from sale of non-financial non-current as- sets	0	35	0	0
Other operating costs	894	887	404	646
Loss from sale of non-financial non-current as- sets	52	0	58	22
<b>Profit (loss) from operations</b>	<b>53,202</b>	<b>55,991</b>	<b>28,912</b>	<b>32,243</b>
Financial income / costs	-1,858	5,983	-2,293	6,207
Pre-tax profit (loss)	51,344	61,974	26,619	38,450
Income tax	10,050	11,985	5,233	7,429
<b>Net profit (loss) for the period</b>	<b>41,294</b>	<b>49,989</b>	<b>21,386</b>	<b>31,021</b>

IAS 17* Jewellery segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
<b>Revenues</b>	<b>334,156</b>	<b>309,802</b>	<b>178,132</b>	<b>167,800</b>
Cost of sales	158,864	147,780	84,940	79,567
Gross profit on sales	175,292	162,022	93,192	88,233
Selling costs	101,675	89,858	53,697	47,281
Administrative expenses	22,005	18,926	11,601	10,040
Other operating income	674	570	602	524
Gain from sale of non-financial non-current as- sets	0	35	0	0
Other operating costs	894	887	404	646
Loss from sale of non-financial non-current as- sets	52	0	58	22
<b>Profit (loss) from operations</b>	<b>51,340</b>	<b>52,956</b>	<b>28,034</b>	<b>30,769</b>
Financial income / costs	-973	423	-1,027	498
Pre-tax profit (loss)	50,367	53,379	27,007	31,267
Income tax	9,846	10,352	5,311	6,064
<b>Net profit (loss) for the period</b>	<b>40,521</b>	<b>43,027</b>	<b>21,696</b>	<b>25,202</b>

\* The table above presents the main financial positions, of the jewellery segment showing the impact of IAS17 as the previous standard

## REVENUES

Jewellery segment revenues in the first half of 2024 amounted to PLN 334.2 million and were PLN 24.4 million higher than in the same period of the previous year (7.9% increase). In the second quarter of 2024, jewellery segment revenues amounted to PLN 178.1 million and were PLN 10.3 million higher than in the same period of the previous year (6.2% increase). Increase in sales was the result of maintaining the positive trend in gold and silver jewellery sales (higher growth dynamics of jewellery sales than watches).

Despite the continued upward trend, we notice that the market situation is slightly weaker than in the previous period, which particularly concerns the demand for watches from renowned Swiss brands.

### GROSS PROFIT ON SALES

Gross profit from sales of the jewellery segment in the first half of 2024 amounted to PLN 175.3 million and was higher by PLN 13.3 million compared to the profit in the same period of the previous year (an increase of 8.2%). In the second quarter of 2024, the gross profit from sales amounted to PLN 93.2 million and was higher by PLN 5 million compared to the profit in the same period of the previous year (an increase of 5.6%).

In addition, in the first half of 2024, the gross percentage margin increased by 0.2 pp. to 52.5% from 52.3% in the same period of the previous year. In the second quarter of 2024, the gross percentage margin decreased by 0.3 pp. to 52.3%.

### SELLING COSTS

In the first half of 2024, selling costs amounted to PLN 100.2 million and were PLN 13.1 million higher than in the same period of the previous year (an increase of 15.0%). On the other hand, the share of selling costs in total sales of the jewellery segment increased to 30.0% compared to 28.1% in the same period of the previous year.

In the second quarter of 2024, selling costs amounted to PLN 53.1 million and were PLN 7.1 million higher than in the same period of the previous year (an increase of 15.5%). At the same time, the share of selling costs in total sales of the jewellery segment increased to 29.8% compared to 27.4% in the same period of the previous year.

Increase in selling costs was caused by, among others, an increase in basic salaries and an increase in costs derived from sales, i.e. commissions for franchisees, bonuses for employees and an increase in marketing expenses.

### G&A COSTS

In the first half of 2024, general administrative costs amounted to PLN 21.8 million and were higher by PLN 3.1 million (16.9%) compared to the same period of the previous year. Share of general administrative costs in revenues amounted to 6.5% and was higher by 0.5 pp compared to the same period of the previous year.

In the second quarter of 2024, general administrative costs amounted to PLN 11.5 million and were higher by PLN 1.6 million (16.0%) compared to the same period of the previous year. Share of general administrative costs in revenues amounted to 6.4% and was higher by 0.5 pp compared to the same period of the previous year.

### OPERATING PROFIT IN THE JEWELLERY SEGMENT

The Group recorded an operating profit of PLN 53.2 million in the jewellery segment in the first half of 2024, which means a decrease in operating profit by PLN 2.8 million (5.0%) compared to the same period of the previous year. In the second quarter of 2024, the operating profit of the jewellery segment amounted to PLN 28.9 million and was lower by PLN 3.3 million (10.3%) compared to the same period of the previous year.

Both in the first half and in the second quarter of 2024, the Company generated a lower operating profit compared to the same period of the previous year, which was a consequence of a higher increase in selling and general management costs in relation to the increase in revenues.

Operating profitability in the first half of 2024 amounted to 15.9% and was lower by 2.2 pp compared to the same period of the previous year. In the second quarter of 2024, operating profitability amounted to 16.2% and was 3.0 percentage points lower compared to the same period of the previous year.

### FINANCIAL INCOME AND COSTS

The balance of the result on financial activities in the jewellery segment amounted to PLN -1.9 million in H1 2024 compared to PLN +6.0 million in the same period of the previous year. In Q2 2024, the balance of the result on financial activities amounted to PLN -2.3 million compared to PLN +6.2 million in the same period of the previous year.

The IFRS16 standard had an unfavourable impact on the balance of financial activities of the jewellery segment in the first half of 2024, as it caused an increase in net financial costs by PLN 0.9 million (in the same period of the previous year, the impact was positive and generated an increase in net revenues of +PLN 5.6 million). Similarly, in the second quarter of 2024, the impact of



IFRS16 on the balance of financial activities was negative and caused an increase in financial costs by PLN 1.3 million (in the same period of the previous year, the impact was positive and amounted to +PLN 5.7 million).

Jewellery segment (PLN ths)	I half of 2024 from 01-01-2024 to 30-06-2024	I half of 2023 from 01-01-2023 to 30-06-2023	2 quarter 2024 from 01-04-2024 to 30-06-2024	2 quarter 2023 from 01-04-2023 to 30-06-2023
Financial costs net	-882	-1,031	-398	-577
FX differences net (excl. IFRS16)	-90	1,454	-630	1,075
IFRS 16 impact	-886	5,560	-1,266	5,709
‘ incl. FX differences	928	6,819	-292	6,414
‘ incl. interest	-1,814	-1,259	-974	-705
<b>Financial income/ costs</b>	<b>-1,858</b>	<b>5,983</b>	<b>-2,293</b>	<b>6,207</b>

## NET RESULT IN THE JEWELLERY SEGMENT

The net profit of the jewellery segment in the first half of 2024 amounted to PLN 41.3 million and decreased by PLN 8.7 million (17.4%) compared to the same period of the previous year. In the second quarter of 2024, it amounted to PLN 21.4 million and decreased by PLN 9.6 million (31.1%) compared to the same period of the previous year.

Decrease in net profit in the first half and second quarter of 2024 (compared to the same periods of the previous year) was a consequence of a greater increase in selling and general administrative costs than in sales and margin. The above factors were reinforced by the fact that in the current year positive exchange rate differences were lower than in the previous year.

## STRUCTURE AND CHARACTERISTICS OF STATEMENT OF FINANCIAL POSITION

	30.06.2024	30.06.2024	30.06.2023	30.06.2023
	Value (PLN ths)	Share (%)	Value (PLN ths)	Share (%)
Consolidated balance sheet				
<b>Non-current assets, including:</b>	<b>885,133</b>	<b>54.9%</b>	<b>869,394</b>	<b>57.8%</b>
Intangible assets	501,355	31.1%	501,907	33.3%
Fixed assets	80,475	5.0%	66,549	4.4%
Right-of-use asset	281,047	17.4%	280,792	18.7%
<b>Current assets, including:</b>	<b>727,464</b>	<b>45.1%</b>	<b>635,976</b>	<b>42.2%</b>
Inventory	678,544	42.1%	561,268	37.3%
Trade and other receivables	27,338	1.7%	18,861	1.3%
Cash and cash equivalents	21,498	1.3%	55,645	3.7%
<b>Total assets</b>	<b>1,612,597</b>		<b>1,505,370</b>	
Equity attributable to dominating entity, including:	1,006,894	62.4%	946,776	62.9%
Share capital	49,122	3.0%	49,122	3.3%
Net profit (loss) for the current period	30,447	1.9%	50,902	3.4%
<b>Long-term liabilities and provisions:</b>	<b>188,840</b>	<b>11.7%</b>	<b>210,952</b>	<b>14.0%</b>
Long-term bank loans and borrowings	0	0.0%	13,759	0.9%
Lease liabilities	185,238	11.5%	193,837	12.9%
‘ incl. leases in shopping malls and office floorspace	182,995	11.3%	192,355	12.8%
<b>Short-term liabilities and provisions, including:</b>	<b>416,863</b>	<b>25.9%</b>	<b>347,642</b>	<b>23.1%</b>
Trade liabilities	218,788	13.6%	192,957	12.8%
Short-term loans and borrowings	75,602	4.7%	30,258	2.0%
Lease liabilities	103,517	6.4%	106,451	7.1%
- incl. leases in shopping malls and office floorspace	102,532	6.4%	105,672	7.0%
<b>Total equity and liabilities</b>	<b>1,612,597</b>		<b>1,505,370</b>	

## ASSETS

Value of assets at the end of June 2024 increased by 7.1% compared to the end of June 2023.

### RIGHT OF USE ASSETS

During the reporting period, the value of changes resulting from new lease agreements and modifications to existing ones (extensions, relocations or negotiations) was comparable to the value of accrued depreciation, thus there was a slight increase in the value of the right of use.

### INVENTORY

Value of inventories as of June 30, 2024 amounted to PLN 678.5 million, which means an increase of 20.9% compared to June 30, 2023. In the apparel segment, the value of inventories increased by 14.8% YoY due to a higher value of orders for the Spring/Summer collection than last year, while in the jewellery segment it increased by 24.1% YoY due to the expected increase in the network and revenues in the following months of 2024.

The Group's inventories per m2 amounted to PLN 13,303, which means an increase of 22.3% YoY:

Inventory / [PLN/m2]	1H24	1H23	YoY
<b>VRG</b>	<b>13,303</b>	<b>10,876</b>	<b>+22.3%</b>
Apparel segment	6,029	4,998	+20.6%
Jewellery segment	32,782	29,077	+12.7%

## EQUITY AND LIABILITIES

### EQUITY

In the first half of 2024, changes in equity result primarily from the profit achieved in the amount of PLN 30,447 thousand and the implementation by the parent company VRG S.A. of the resolution of the Ordinary General Meeting of the parent company VRG S.A. adopted on June 26, 2024 on the payment of dividends in the total amount of PLN 21,101,025.60. Investors entitled to the dividend will be the shareholders of the parent company VRG S.A. as at September 20, 2024 (dividend date), and the dividend payment date will be December 16, 2024.

### LONG-TERM AND SHORT-TERM DEBT

As of June 30, 2024, the Group had no debt under long-term loans, as the maturity date of the long-term loans is December 31, 2024. Lease liabilities under the lease of commercial premises and office space amount to PLN 285.5 million in total, of which PLN 183 million is the long-term part and PLN 102.5 million is the short-term part.

The table below presents the development of financial liabilities as of June 30, 2024 and June 30, 2023, as well as net debt. In addition, data on net debt is also presented without the impact of IFRS 16, which significantly changes its value.

Net debt under IFRS 16 increased compared to last year. Net debt/EBITDA ratio (under IFRS 16) is at a relatively low level of 1.4, while under IAS17 it reached 0.5.

Net debt	30.06.2024	30.06.2023
<b>Long-term debt</b>	<b>185,238</b>	<b>207,596</b>
Long-term loans and borrowings	0	13,759
Finance lease liabilities	185,238	193,837
<i>'-incl. leases in shopping malls and office floorspace</i>	182,995	192,355
<b>Short-term debt</b>	<b>181,460</b>	<b>140,660</b>
Loans and borrowings	75,602	30,258
Factoring liabilities	2,341	3,951

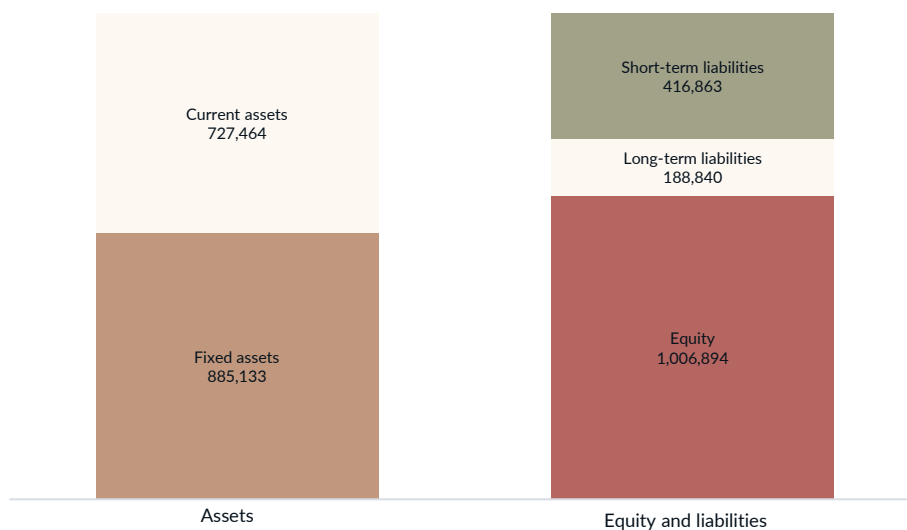
Net debt	30.06.2024	30.06.2023
Finance lease liabilities	103,517	106,451
- incl. leases in shopping malls and office floorspace	102,532	105,672
<b>Cash</b>	<b>21,498</b>	<b>55,645</b>
Net debt	345,200	292,611
EBITDA annualised	239,068	241,044
<b>Net debt/EBITDA</b>	<b>1.4</b>	<b>1.2</b>

Net debt IAS 17*	30.06.2024	30.06.2023
<b>Long-term debt</b>	<b>2,243</b>	<b>15,241</b>
Long-term loans and borrowings	0	13,759
Finance lease liabilities	2,243	1,482
<b>Short-term debt</b>	<b>78,928</b>	<b>34,988</b>
Short-term loans and borrowings and short-term part of long-term debt	75,602	30,258
Factoring liabilities	2,341	3,951
Finance lease liabilities	985	779
<b>Cash</b>	<b>21,498</b>	<b>55,645</b>
<b>Net debt</b>	<b>59,673</b>	<b>-5,416</b>
EBITDA annualised	122,723	125,537
<b>Net debt/EBITDA</b>	<b>0.5</b>	<b>-0.04</b>

\* The table above presents the basic financial positions of the Group, showing the impact of IAS 17 as the previously applicable standard

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

#### Balance sheet analysis at the end of 2Q 2024



## SIGNIFICANT OFF-BALANCE SHEET ITEMS

Significant off-balance sheet items are indicated in Note 26 to the condensed consolidated interim financial statements.

## SIGNIFICANT RISK FACTORS AND THREATS

The risk management process is implemented based on the Risk Management Policy in the VRG Capital Group. It supports the implementation of the Group's strategy and aims to ensure an appropriate level of security of business activities and financial reporting. The Capital Group strives to identify and manage risks related to the activities of the Group's companies at an appropriately early stage. The risk management process and methods are adequate to the scale of the Group's operations and adjusted to the level of a given risk. The risk management process is a systematic process that is subject to improvement - it is adapted to new risk factors and sources, as well as the changing legal and economic environment. Risk management methods are periodically verified.

The Management Board is responsible for effective risk management. The Audit Committee, as a permanent collegial body of the Supervisory Board, exercises constant supervision over the Management Board's activities in the area of risk management.

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

Risk	Risk management
<b>Strategic risk</b>	
<b>Risk related to the macroeconomic and geopolitical situation</b>	<p>Risk related to the lack of a flexible response to the dynamically changing, unstable macroeconomic and geopolitical situation. Risk factors include in particular: weak economic growth, increasing unemployment, decline in individual consumption, rising inflation, energy crisis, increase in the minimum wage in Poland, conflict in Ukraine, crisis in the Red Sea.</p> <p>Risk mitigation mechanisms include: cost optimization; constant monitoring of the economic situation (analysis of the impact of the environment on operations) and, on this basis, verification of development directions and goals; withdrawal from high-risk projects.</p>
<b>Incorrect strategy</b>	<p>There is a risk that the objectives have been incorrectly defined and/or the incorrect method of achieving the outlined objectives has been adopted. The Group's assumptions will prove to be inappropriate to changing customer expectations or market conditions. There is a risk that the implementation of tasks will be delayed or that some elements will not be possible to implement or will not produce the expected results.</p> <p>Risk mitigation mechanisms include: cancellation of the strategy announced for 2023-2025 and adoption of new assumptions; ongoing and cyclical monitoring by the Management Boards and Supervisory Boards of the Group's companies of the implementation of new assumptions based on indicators and defined goals; based on monitoring, verifying development directions and goals; obtaining and analysing data about the market, customers and competition; change of organizational structure and areas of responsibility; withdrawal from high-risk projects; optimization of store stocking and inventory levels; implementation of new initiatives.</p>

<p>Unsuccessful collection and its suboptimal introduction</p>	<p>VRG operates on a very competitive, changeable and demanding clothing market. An incorrectly planned collection, an unsuccessful collection or its suboptimal introduction may have a significant impact on the Company's financial result.</p> <p>Risk mitigation mechanisms include: monitoring and analysing the latest fashion trends; defining the target group for each brand; diversification of brand IDs; periodic verification of the adopted strategic creation assumptions; adjusting the assortment plan to the budget and sales peaks; sales ranking analysis; analysing the opinions of customers and store managers and developing new products on this basis; collection pyramid - optimal distribution of basic, commercial and trend products; controlling primary prices and discounts; permanent stock, ensuring availability of basic products; permanent ecological line; competition analysis.</p>
<p>Suboptimal sales and purchasing budget planning</p>	<p>Risk related to the sales and purchasing budget planning process. Errors in planning can have a key impact on the financial result.</p> <p>Risk mitigation mechanisms include: Sales budget (turnover and margin plan). Constant monitoring and analysis of results, adapting the plan to the size of the retail space. Optimize the resale percentage of your new collection. Dedicated team of experts.</p>
<p>Financial risks</p>	
<p>Currency risk</p>	<p>The Group generates revenues mainly in PLN, but incurs significant costs in EUR, US dollars and Swiss francs, which exposes the financial result to exchange rate risk. In periods of weakening of the Polish zloty in relation to the main settlement currencies, the Group incurs higher costs. At the same time, a potentially negative valuation of liabilities in foreign currencies results in a deterioration of the balance sheet structure. An important element of risk is the valuation of accumulated lease liabilities for the rental of commercial premises.</p> <p>Risk mitigation mechanisms include: creating a forecast of currency flows; use of hedging instruments (in the event of negative forecasts regarding future exchange rates); securing the reserve for currency risk at the budget level; purchasing currency as part of negotiated transactions (spot transactions); price management taking into account variable exchange rates; using forecasts regarding future exchange rates; use of reverse factoring in currencies; maintaining active treasury limits in order to conclude futures transactions.</p>
<p>Credit risk</p>	<p>The Group's companies are parties to bank loan agreements. These agreements contain a number of conditions and covenants that the Companies are obliged to implement. If the economic situation deteriorates and demand for the Company's products weakens, the fulfilment of covenants may be at risk, which causes the risk of termination of bank loans by financing banks. Due to the large amount of financing, it may turn out that the Company will not be able to obtain refinancing in a short-time.</p> <p>Risk mitigation mechanisms include: timely settlement of liabilities to banks; monitoring compliance with covenants (including monitoring the valuation of collateral, e.g. trademarks, inventories); providing the financing banks with information on the financial situation on an ongoing basis; external audits of financial statements (annual and semi-annual) confirming the reliability of data.</p>

<p>Liquidity risk</p>	<p>The Group has liabilities under bank loan agreements and trade liabilities. The above liabilities are serviced primarily using current operating cash flows. In the extreme case of a sudden, simultaneous drop in demand and an increase in costs (especially in the event of a deep weakening of the Polish zloty) or a temporary loss of revenues as a result of extraordinary events, the Group may experience difficulties in maintaining financial liquidity.</p> <p>Risk mitigation mechanisms include: developing a budget for a given year, monitoring the cash flow process and managing payment deadlines.</p>
<p>Operating risks</p>	
<p>Cybersecurity risk</p>	<p>Cybersecurity risk is the risk of attack, damage or unauthorized access to an enterprise's data, IT networks, devices and programs. Technical safeguards do not eliminate risk. The human factor may be a weak point leading to risk.</p> <p>Risk mitigation mechanisms include: the process of granting permissions to systems and procedures for managing access to internal systems; continuous system update of technical and anti-virus security; employee training, awareness building, information materials and procedures; external security audits.</p>
<p>Delays in supplies</p>	<p>Risk related to delays in deliveries of finished products, raw materials and accessories. Potential delays may result in loss of sales potential and affect the financial result.</p> <p>Risk mitigation mechanisms include: supply monitoring; verification of logistics operators, cooperation with proven suppliers of goods and transport services; requirements for suppliers of goods and transport services and quality control; if necessary, changing the means of transport or service; insurance.</p>

## MARKETS

The Capital Group offers its products mainly to retail customers through a network of company stores. The domestic market is the dominant sales market for the companies from the Issuer's Capital Group.

## SOURCING

In the first half of 2024, the Issuer used mainly raw materials of foreign origin for production for the domestic market. Domestic sources of supply of raw materials used in the production of products constituted a minority. Sources of supplies for fabrics, jewellery and accessories were diversified - none of the suppliers exceeded the threshold of 10% share in total supplies.

## ORGANIZATIONAL OR CAPITAL RELATIONS

Organizational or capital relations are presented in point 1.2 supplementary information and explanations to the consolidated financial statements.

## TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are presented in point 8.4 to the interim condensed consolidated financial statements.

## BANK LOANS

Information on bank loans is included in Note No. 18 to the interim condensed consolidated financial statements.

## PROCEEDINGS PENDING IN A COURT OR A PUBLIC ADMINISTRATION AUTHORITY

Information on proceedings pending in a court or a public administration authority is included in point 8.9 of the supplementary information and explanations to the interim condensed consolidated financial statements.

## GUARANTEES FOR LOANS OR BANK LOANS AND GUARANTEES GRANTED

Information on bank loan or loan guarantees and guarantees granted is included in note 8.11 of the supplementary information and explanations to the interim condensed consolidated financial statements.

## FINANCIAL RESOURCES MANAGEMENT

As a result of budgetary management of financial resources, the Group has the ability to meet its obligations. In the opinion of the Management Board of the parent company, there are no threats as regards servicing and repayment of liabilities.

## FULFILLMENT OF PUBLISHED FORECASTS

VRG S.A. it did not publish the forecast of financial results for 2024.

# 7. PLANNED DEVELOPMENT ACTIVITIES

According to information provided by the Company in previous periodic reports published this year, the development prospects of the VRG Group in 2024 will be largely determined by the changing macroeconomic environment.

In 2024, VRG Group intends to make every effort to improve the level of sales of fashion brands. Further development of the Group will be built by focusing on improving operational activities, implementing changes in apparel segment brands aimed at increasing efficiency and increasing the attractiveness of the offer for consumers (with emphasis on the leading Vistula brand) and searching for sales synergies within the VRG Group brand portfolio (intensification of activities in the area of cross-branding, sales and promotion).

The Group will continue the intensive development of the jewellery segment, strengthening its position in Poland, but also through cautious operations on foreign markets. These will be focused on further development of the distribution network and retail space, as well as on increasing revenues from new markets.

At the same time, in 3Q 2024, the Group introduced a new sales concept addressed to current and new franchisees of VRG brands. It includes multibrand franchise salons of three brands: Vistula, Bytom and Wólczanka, which will be tailored to the needs of customers in smaller towns where there are no own salons or monobrand franchise salons.

The Group, striving to create conditions for achieving the priority goal of gradually increasing the value of the VRG Group, does not rule out the possibility of development through acquisition activities, and will therefore seek potential targets, including brands that fit the Group's portfolio.

In 2024, W.KRUK will continue to develop its own jewellery offer, introduce further ambassador and original collections (prepared by its own design team and the W.KRUK Manufaktura Team), as well as collections prepared for special occasions. Introduction of new products will be accompanied, as last year, by the "Craft is beautiful" campaign, which emphasizes the uniqueness of jewellery craftsmanship. The brand will continue to develop its activities in the premium area. It will do this by developing distribution, raising service standards and further expanding the portfolio of watch brands and jewellery from global manufacturers.

In all apparel brands, the Group is working on improving products and implementing collections that best meet market needs. It is focusing on adapting the offer to the most loyal customers, while at the same time evolutionarily acquiring new recipients of the brands. VRG will continue to strengthen the presence of its brands in online and stationary sales, as part of the development of omnichannel.

Our goal is to strengthen Vistula as the Group's flagship brand by revising its marketing and product strategy. This will be achieved through work on a new concept of Vistula brand positioning, which is to be completed in the second half of 2024. The new design team is working on the design and quality of the offer, especially in the area of formal clothing, adapted to market needs. The traditional roots of the brand will be reflected in elegant products made of high-quality materials. The closest manifestation of these activities will be, among others, the high premium/fine tailoring collection planned for October. It will feature coats made of pure cashmere, suits made of the best materials blending cashmere with wool, including those sewn using the semi-traditional method, and classic shirts made of the best Italian cotton fabrics. There are also wardrobe items that correspond to current trends and are consistent with the brand's long-standing image.

At the Wólczanka brand, we will develop a range of shirts that strengthen brand recognition in this segment of the fashion market. The collection offer for the entire 2024 will be based on formal shirts for women and men. Knitted products, such as high-quality T-shirts or polo shirts, will be an addition. One of the new products is a special "Traveller" collection, including men's shirts made using modern technologies that prevent excessive creasing, minimizing the need for ironing. The brand's offer will be available in small and comfortable traditional boutiques in a new, refreshed concept.

Bytom plans to continue the direction of product development for men who appreciate timeless elegance with authentic comfort. The tone of the brand's actions for the Autumn-Winter 2024 season is a classic and timeless style of clothes made of quality fabrics. The brand will communicate its offer to customers who appreciate the upper mainstream segment, to regular customers, as well as to men who are not yet users of the brand. Continuing the tradition of formal fashion based on the highest quality woolen fabrics, in the Autumn - Winter 2024 season the Bytom brand will introduce an enriched line of suits made of materials from the renowned Italian manufacturer Vitale Barberis Canonico.

Deni Cler will continue to develop elegant and timeless formal clothing for women. These will be classic products that also respond to international trends. The latest collection for the Autumn-Winter 2024 season is a unique opportunity to delve into the collection creation process, which includes all stages of work, from concept to final product. In 2024, the brand will also continue its image activities aimed at customer loyalty, for example through the Deni Cler Academy initiated in 2023. In addition to developing the product range of the brands, the Group is planning a number of activities aimed at improving the results of the apparel segment.

Among the main initiatives, it is worth highlighting:

- efforts to significantly increase revenues in the apparel segment;
- withdrawal from business projects burdened with too much risk (such as the concept of larger Wólczanka stores, which contributed negatively to the Group's result);
- concentration on increasing the efficiency of the off-line network (increase in sales per m<sup>2</sup>) by implementing recovery plans for permanently unprofitable stores or closing such areas);
- optimization of logistics processes;
- concentration on improving the quality of planning and maximizing activities supporting the best possible resale.

The above-mentioned activities and initiatives will be implemented with the aim of increasing cost and management efficiency, and as a result should lead to a significant improvement in the Group's apparel segment results.

The Company will also work on increasing its competitiveness as an employer and on limiting undesirable employee turnover.

An integral part of the planned growth of VRG in the fashion segment are activities in on-line and off-line sales channels within the omnichannel. In this area, the Company has implemented, among others, the "one basket" project, which supports sales through the availability of the entire stock located in the traditional network also in the offer of the e-commerce channel and uses tools to improve inventory management in the network with the support of artificial intelligence (AI) and machine learning (ML). The Group has launched another initiative to increase the effectiveness of marketing expenses and increase sales in both channels by implementing marketing automation, CRM and micro-personalization in the Vistula, Bytom and Wólczanka brands in the next step.

The VRG Group is also introducing activities related to ESG. Since 2023, the #Poczujradośćpomagania (#Feelthejoyfromhelping) campaign has been successfully underway, implemented in cooperation with the Wólczanka brand and the Clothes to donate brand. As part of the project, the VRG brand encourages customers to donate used clothes so that they can then go to circular boutiques and companies that obtain such clothes. Activities related to corporate social responsibility are also important to the Company, which is why in 2024 W.KRUK will continue to offer inclusive collections that meet the needs of diverse customers.

By the end of 2024, the Group plans to operate on c. 51.2 thousand m<sup>2</sup> of retail space, including c. 36.7 thousand m<sup>2</sup> of apparel segment stores, and c. 14.5 thousand m<sup>2</sup> of jewellery segment stores.



The Company estimates its planned capital expenditure in 2024 at approximately PLN 50 million. It will be used to develop the apparel and jewellery segments, as well as to open new or renovate existing retail spaces of traditional VRG brand stores.

## 8. STATEMENT OF THE MANAGEMENT BOARD

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

The Management Board declares that the entity authorized to audit financial statements, reviewing the financial statements, was selected in accordance with the provisions of law and that this entity and the auditors performing this review met the conditions for expressing an impartial and independent report on the review in accordance with the applicable provisions and professional standards.

**Mateusz Kolański**

.....

President of the Management  
Board

**Marta Fryzowska**

.....

Executive Vice-President of  
the Management Board

**Michał Zimnicki**

.....

Executive Vice-President of  
the Management Board

**Łukasz Bernacki**

.....

Executive Vice-President of  
the Management Board

Cracow, August 22, 2024



**VRG**  
VISTULA RETAIL GROUP

VISTULA

BYTOM  
SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

DENICLER  
MILANO

W.KRUK  
1840

# Report on Review of the Condensed Interim Consolidated Financial Statements

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For the Shareholders of VRG Spółka Akcyjna

## *Introduction*

We have reviewed the accompanying condensed interim consolidated financial statements of a Group (the Group), in which the parent entity is VRG Spółka Akcyjna (the Parent) with its registered office in Kraków, 10 Pilotów Street, which comprise the condensed interim consolidated statement of financial position as of June 30, 2024, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows for the period from January 1, 2024 to June 30, 2024 and selected explanatory notes.

The Management Board of the Parent is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

## *Scope of Review*

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing in the wording of International Standards on Auditing adopted by resolutions of the National Council of Statutory Auditors and the Council of Polish Agency for Audit Oversight, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Renata Art-Franke

Statutory Auditor No. 10320  
Key Audit Partner performing the review on behalf of  
Grant Thornton Polska Prosta spółka akcyjna,  
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, August 22, 2024.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.