

VISTULA

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VRG
VISTULA RETAIL GROUP



CONDENSED INTERIM FINANCIAL REPORT

OF VRG CAPITAL GROUP FOR 3Q24

PREPARED IN ACCORDANCE WITH IFRS APPROVED BY THE EUROPEAN UNION

Cracow, November 14, 2024

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SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths		EUR ths	
	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Revenues	930,475	899,402	216,280	196,492
EBITDA	155,903	161,922	36,238	35,375
Profit (loss) from operations	56,279	67,730	13,082	14,797
Pre-tax profit (loss)	51,352	65,251	11,936	14,255
Net profit (loss)	40,589	51,839	9,435	11,325
Net cash flows from operating activities	-42,804	66,385	-9,949	14,503
Net cash flows from investing activities	-25,292	-22,655	-5,879	-4,949
Net cash flows from financing activities	1,886	-88,634	438	-19,364
Total net cash flows	-66,210	-44,904	-15,390	-9,810
Earnings (loss) per ordinary share (in PLN/EUR)	0.17	0.22	0.04	0.05
Diluted earnings (loss) per share (in PLN/EUR)	0.17	0.22	0.04	0.05
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
Total assets	1,647,418	1,529,791	384,991	351,838
Liabilities and provisions	630,428	532,189	147,327	122,399
Long-term liabilities	191,649	184,512	44,787	42,436
Short-term liabilities	423,195	326,382	98,898	75,065
Total equity	1,016,990	997,602	237,664	229,439
Share capital	49,122	49,122	11,480	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)	4.34	4.25	1.01	0.98
Diluted book value per share (in PLN/EUR)	4.34	4.23	1.01	0.97
Declared or paid dividend per share (in PLN/EUR)	0.09	0.20	0.02	0.05

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITIONS

AS AT SEPTEMBER 30, 2024

	PLN ths				
	as at 30-09-2024 / end of quar- ter 2024	as at 30-06-2024 / end of previ- ous quarter 2024	as at 31-12-2023 / end of previous year 2023	as at 30-09-2023 / end of quar- ter 2023	as at 30-06-2023 / end of previ- ous quarter 2023
Non-current assets	892,863	885,133	871,428	868,508	869,394
Goodwill	302,748	302,748	302,748	302,748	302,748
Other intangible assets	198,329	198,607	198,792	198,845	199,159
Fixed assets	81,058	80,475	75,522	67,396	66,549
Investment property	874	874	874	874	874
Right-of-use assets (IFRS16)	285,508	281,047	274,465	274,422	280,792
Long-term receivables	1,190	712	349	197	197
Shares and stakes	10	27	27	27	27
Deferred tax assets	23,146	20,643	18,651	23,999	19,048
Current assets	754,555	727,464	658,363	638,901	635,976
Inventory	716,581	678,544	563,006	570,050	561,268
Short-term security deposit receivables	33	84	102	155	162
Trade and other receivables as well as other current assets	26,101	27,338	17,063	17,701	18,861
Corporate income tax receivables	2	0	0	0	40
Cash and cash equivalents	11,837	21,498	78,135	50,995	55,645
Other short-term assets	1	0	57	0	0
Total assets	1,647,418	1,612,597	1,529,791	1,507,409	1,505,370

	PLN ths				
	as at 30-09-2024 / end of quar- ter 2024	as at 30-06-2024 / end of previ- ous quarter 2024	as at 31-12-2023 / end of previous year 2023	as at 30-09-2023 / end of quar- ter 2023	as at 30-06-2023 / end of previ- ous quarter 2023
Dominating entity's equity	1,016,990	1,006,894	997,602	947,713	946,776
Share capital	49,122	49,122	49,122	49,122	49,122
Other reserves	14,321	14,333	14,333	14,333	14,333
FX difference from translation	-89	-55	-1	0	0
Retained earnings	953,636	943,494	934,148	884,258	883,321
Non-controlling interest	0	0	0	0	0
Long-term liabilities and provisions	192,868	188,840	185,731	210,161	210,952
Liabilities due to security deposits	2,348	2,383	2,438	2,342	2,327
Lease liabilities	189,301	185,238	182,074	193,030	193,837
<i>incl. lease liabilities related to retail and office space</i>	<i>187,255</i>	<i>182,995</i>	<i>179,723</i>	<i>191,461</i>	<i>192,355</i>
Loans and borrowings	0	0	0	13,760	13,759

Long-term provisions	1,219	1,219	1,219	1,029	1,029
Short-term liabilities and provisions	437,560	416,863	346,458	349,535	347,642
Liabilities due to security deposits	302	362	0	0	0
Lease liabilities	102,210	103,517	102,550	110,797	106,451
<i>incl. lease liabilities related to retail and office space</i>	<i>101,176</i>	<i>102,532</i>	<i>101,588</i>	<i>110,064</i>	<i>105,672</i>
Trade and other liabilities	192,319	218,788	189,797	185,432	192,957
Corporate income tax liabilities	1,068	1,437	6,130	1,434	1,598
Loans and borrowings and short-term part of long-term loans and borrowings	127,296	75,602	27,905	37,499	30,258
Short-term provisions	14,365	17,157	20,076	14,373	16,378
Total liabilities and provisions	630,428	605,703	532,189	559,696	558,594
Total equity and liabilities	1,647,418	1,612,597	1,529,791	1,507,409	1,505,370

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS STATEMENT

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Revenues	311,481	930,475	297,116	899,402
Cost of sales	144,496	422,366	136,069	412,303
Gross profit (loss) on sales	166,985	508,109	161,047	487,099
Selling costs	128,614	379,366	116,258	345,577
Administrative expenses	25,205	74,928	23,804	70,854
Other operating income	750	5,134	308	3,552
Gain from sale of non-financial non-current assets	0	2,753	0	0
Other operating costs	729	5,423	1,432	6,320
Loss from sale of non-financial non-current assets	435	0	134	170
Operating profit (loss)	12,752	56,279	19,727	67,730
Financial income	5,060	7,872	532	4,565
<i>incl. financial income due to lease liabilities related to retail and office space</i>	<i>2,091</i>	<i>4,374</i>	<i>0</i>	<i>3,972</i>
Financial costs	4,934	12,799	18,644	9,244
<i>incl. financial costs due to lease liabilities related to retail and office space</i>	<i>2,645</i>	<i>7,155</i>	<i>12,904</i>	<i>4,287</i>
Result on loss of control	0	0	0	2,200
Pre-tax profit (loss) for the period	12,878	51,352	1,615	65,251
Income tax	2,736	10,763	678	13,412
Net profit (loss) for the period	10,142	40,589	937	51,839
Attributed to dominating entity	10,142	40,589	937	51,839
Attributed to non-controlling interest	0	0	0	0
Earnings (loss) per share				
- basic	0.04	0.17	0.00	0.22
- diluted	0.04	0.17	0.00	0.22

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Net profit for the period	10,142	40,589	937	51,839
Other comprehensive income, including:				
Income that can be reclassified	-34	-88	0	0
FX differences from valuation of foreign companies	0	0	0	0
Income that cannot be reclassified	-34	-88	0	0
Total comprehensive income	10,108	40,501	937	51,839
Attributed to dominating entity	10,108	40,501	937	51,839
Attributed to non-controlling interest	0	0	0	0

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths				
	Share capital	Capital reserves	FX differ- ences from translation	Retained earnings	Total equity
Balance at 01.07.2023	49,122	14,333	0	883,321	946,776
Changes in equity in 3 quarter of 2023:	0	0	0	937	937
Net profit (loss) for the period	0	0	0	937	937
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	937	937
Dividends	0	0	0	0	0
Balance at 30.09.2023	49,122	14,333	0	884,258	947,713
Balance at 01.01.2023	49,122	14,333	0	879,310	942,765
Changes in equity in 3 quarters of 2023:	0	0	0	4,948	4,948
Net profit (loss) for the period	0	0	0	51,839	51,839
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	51,839	51,839
Dividends	0	0	0	-46,891	-46,891
Balance at 30.09.2023	49,122	14,333	0	884,258	947,713

Balance at 01.01.2023	49,122	14,333	0	879,310	942,765
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
Total comprehensive income	0	0	-1	101,729	101,728
Dividends	0	0	0	-46,891	-46,891
Balance at 31.12.2023	49,122	14,333	-1	934,148	997,602
Balance at 01.07.2024	49,122	14,333	-55	943,494	1,006,894
Changes in equity in 3 quarter 2024:	0	-12	-34	10,142	10,096
Costs of liquidation proceedings	0	-12	0	0	-12
Net profit (loss) for the period	0	0	0	10,142	10,142
Other comprehensive income	0	0	-34	0	-34
Total comprehensive income	0	0	-34	10,142	10,108
Dividends	0	0	0	0	0
Balance at 30.09.2024	49,122	14,321	-89	953,636	1,016,990
Balance at 01.01.2024	49,122	14,333	-1	934,148	997,602
Zmiany w kapitale własnym w 3 kwartałach 2024 roku:	0	-12	-88	19,488	19,388
Costs of liquidation proceedings	0	-12	0	0	-12
Net profit (loss) for the period	0	0	0	40,589	40,589
Other comprehensive income	0	0	-88	0	-88
Total comprehensive income	0	0	-88	40,589	40,501
Dividends	0	0	0	-21,101	-21,101
Balance at 30.09.2024	49,122	14,321	-89	953,636	1,016,990

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Pre-tax profit (loss)	12,878	51,352	1,615	65,251
Adjustments:				
Amortization and depreciation	33,137	99,624	31,888	94,192
Profit (loss) on investing activities	436	-2,729	134	-5,012
Income tax paid	-5,610	-20,323	-5,754	-19,625
Interest costs	4,377	10,939	2,533	7,523
Change in provisions	-2,804	-5,723	-2,006	-1,205
Change in inventories	-38,036	-153,574	-8,785	-17,819
Change in receivables	22,423	12,052	1,165	-4,306
Change in short-term liabilities, excluding bank loans and borrowings	-46,455	-33,446	5,627	-51,296

Other adjustments	-258	-976	-567	-1,318
Net cash flows from operating activities	-19,912	-42,804	25,850	66,385
Interest received	4	218	537	1,697
Disposal of fixed assets	440	7,727	272	1,798
Purchase of intangible	-101	-652	-48	-545
Purchase of fixed assets	-8,805	-32,585	-6,609	-25,027
Cash adjustment – exclusion of the subsidiary	0	0	0	-578
Net cash flows from investing activities	-8,462	-25,292	-5,848	-22,655
Proceeds from bank loans and loans	57,534	107,906	7,053	14,724
Repayment of bank loans and borrowings	-5,760	-8,640	0	-6,000
Finance lease payments from other leases	-238	-783	-208	-612
Interest paid, other	-1,796	-3,660	-718	-2,893
Interest paid due to lease liabilities	-2,661	-7,213	-1,627	-4,444
Lease payments due to lease liabilities related to retail and office space	-28,332	-85,724	-29,152	-89,409
Net cash flows from financing activity	18,747	1,886	-24,652	-88,634
Change in cash and cash equivalents in the balance sheet	-9,627	-66,210	-4,650	-44,904
Change in cash due to foreign currency translation	-34	-88	0	0
Balance sheet change in cash taking into account the effects of changes in exchange rates	-9,661	-66,298	-4,650	-44,904
Opening balance of cash	21,498	78,135	55,645	95,899
Closing balance of cash as shown in the Statement of financial position	11,837	11,837	50,995	50,995

Value shown in the "Other adjustments" item consists of:	PLN ths	
	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
fixed assets – write-off – liquidation	-891	-246
interest received	-218	-1 698
bank loan valuation	60	102
write-off for stakes	17	0
loan write-offs	0	524
forward transactions valuation	56	0
Total	-976	-1 318

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 "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.

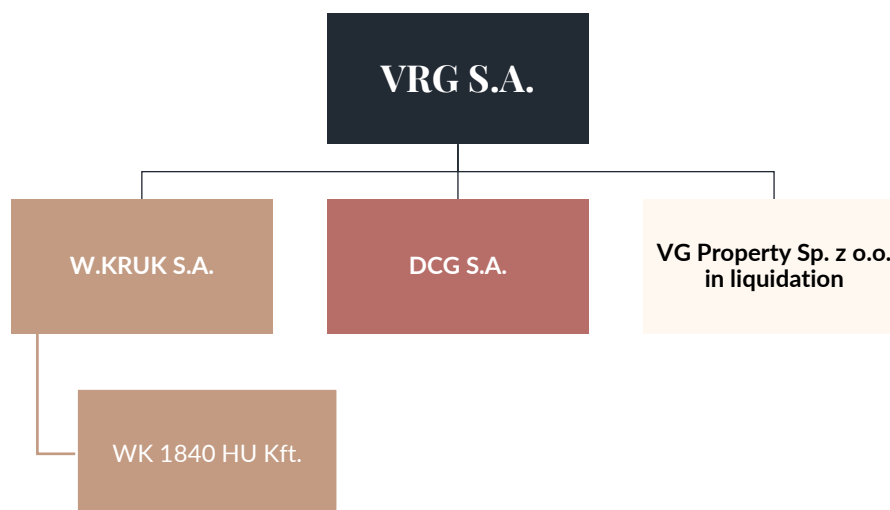
COMPANY'S KEY CORPORATE MILESTONES

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 III quarter 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 1Q24 include data of the Parent Company and subsidiaries: W.KRUK S.A., WK 1840 HU Kft, DCG S.A., VG Property Sp. z o.o. in liquidation.

CHANGES IN CAPITAL GROUP STRUCTURE IN 3Q24

On August 22, 2024, the Shareholders' Meeting of VG Property Sp. z o.o. adopted a resolution on the dissolution of the company and commencement of its liquidation.

MANAGEMENT BOARD

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

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

In the period from the balance sheet date, i.e. 30 September 2024 to the date of signing this report, the change in the above composition of the Management Board of the Parent Company concerned the resignation of Ms. Marta Fryzowska from her position on the Management Board of the Parent Company on November 4, 2024. The resignation took effect on November 4, 2024.

As of the date of signing this report, the composition of the Management Board of VRG S.A. was as follows:

Management Board	Mateusz Kolański President of the Management Board	Łukasz Bernacki Executive Vice-President of the Management Board	Michał Zimnicki Executive Vice-President of the Management Board
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SUPERVISORY BOARD

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

Supervisory Board	Piotr Stępnik Chair of the Supervisory Board	Piotr Kaczmarek Deputy Chair of the Supervisory Board	Danuta Dąbrowska Member of the Supervisory Board	Blanka Borkowska Member of the Supervisory Board
		Marcin Gomota Member of the Supervisory Board	Wojciech Olejniczak Member of the Supervisory Board	Andrzej Szumański Member of the Supervisory Board

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

- 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-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 Parent Company for the current joint term of office.

- changes resulting from resolutions of the Annual 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. September 30, 2024, to the date of signing this report, the above composition of the Supervisory Board of the Parent Company did not change.

1.3. GOING CONCERN

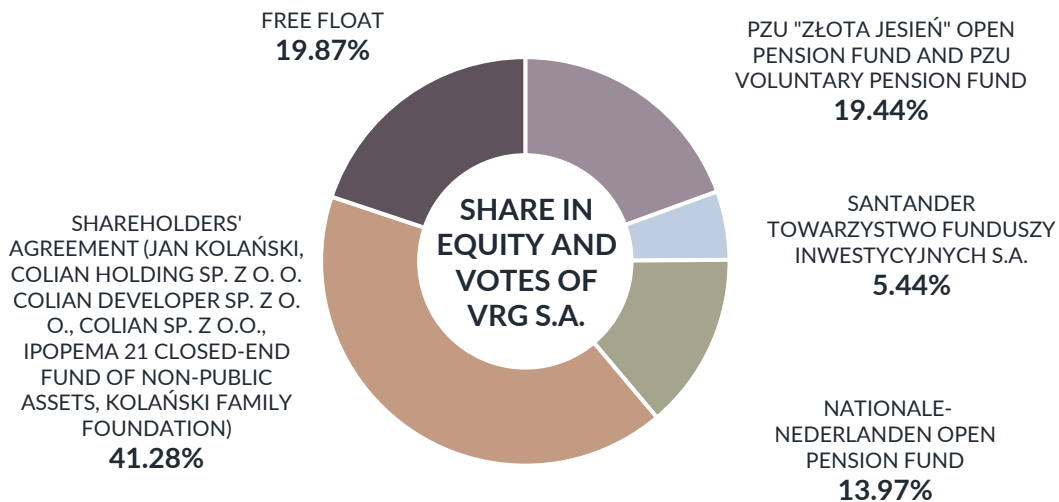
Consolidated financial statements of the VRG S.A. Capital Group (hereinafter also referred to as the "Capital Group" or "VRG Group") was prepared assuming the continuation of business activities by the companies of the Capital Group in an unchanged form and scope for a period of at least 12 months from the date on which the financial statements were prepared, i.e. September 30, 2024 year. In the opinion of the Management Board of the Parent Company, as at the date of approval of these consolidated financial statements, there are no premises or circumstances indicating a threat to the continuation of operations by the Companies of the Capital Group in the foreseeable future.

1.4. SHARE CAPITAL AND SHAREHOLDERS

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of VRG S.A. as at the date of signing the consolidated quarterly report for the third quarter of 2024 and an indication of changes in the ownership structure of significant blocks of VRG S.A. shares in the period from the date of submission of the previous consolidated periodic report in accordance with the information available to the Company.

OWNERSHIP STRUCTURE OF SHARE CAPITAL, ACCORDING TO THE KNOWLEDGE OF THE PARENT COMPANY, AS AT THE DATE OF SIGNING THE INTERIM CONDENSED CONSOLIDATED REPORT FOR THE THIRD QUARTER 2024 ON NOVEMBER 14, 2024

As at the date of signing the consolidated report for the 3rd quarter of 2024, the share capital of VRG S.A. is divided into 234,455,840 ordinary bearer shares, which gives a total of 234,455,840 votes at the General Meeting of Shareholders of VRG S.A. ("Company").



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

Shareholders	Number of shares held	Share in equity (in %)	Number of votes at the AGM	Share in the total number of votes at the AGM (in %)
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Shareholders' agreement (Jan Kolański, Colian Holding Sp. z o.o., Colian Developer sp. z o.o., Colian sp. z o.o., Ipopema 21 Closed-End Fund of Non-Public Assets, Kolański Family Foundation) ¹	96,772,005	41.28	96,772,005	41.28
PZU „Złota Jesień” Open Pension Fund and PZU Voluntary Pension Fund ²	45,589,125	19.44	45,589,125	19.44
Nationale-Nederlanden Open Pension Fund ³	32,750,000	13.97	32,750,000	13.97
Santander Towarzystwo Funduszy Inwestycyjnych S.A. ⁴	12,763,553	5.44	12,763,553	5.44

¹information 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 July 29, 2005 on public offering and conditions for introducing financial instruments to organised trading and on public companies - concerns shares held jointly by an agreement of shareholders consisting of: Mr. Jan Kolański, Colian Holding Sp. z o.o. with its registered office in Opatówek, Colian Developer Sp. z o.o. with its registered office in Kalisz, Colian sp. z o.o. with its registered office in Opatówek, 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 Kolański Family Foundation with its registered office in Opatówek.

According to the information held by the Company as of October, 18, 2024 under the shareholders' agreement referred to above:

- Mr. Jan Kolański holds 3,000,000 shares in the Company, which constitutes 1.28% of the share capital of the Company 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 Holding Sp. z o.o. holds 3,594,107 shares in the Company, which constitutes 1.53% of the share capital of the Company and entitles him to 3,594,107 votes, constituting 1.53% 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,

- Colian sp. z o.o. holds 53,939,761 shares in the Company, which constitutes 23.01% of the share capital of the Company and entitles to 53,939,761 votes, constituting 23.01% of the total number of votes at the General Meeting of 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.

- Kolański Family Foundation does not hold any shares in the Company.

²information provided based on the number of shares in the Company 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 share capital of the Company and entitled to 44,537,016 votes, constituting 19% 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 on the basis of a notification received by the Company under the provisions of art. 69 sec. 1 item 1 and in connection with art. 87 sec. 1 item 2 letter a) of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to an organised trading system and on public companies - concerns shares held jointly by the funds Santander Open-End Investment Fund, Santander Prestiż Specialised Open Pension Fund, Santander PPK Specialised Open Pension Fund and Credit Agricole Open Pension Fund, managed by Santander Towarzystwo Funduszy Inwestycyjnych S.A.

CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT BLOCKS OF SHARES IN ACCORDANCE WITH THE INFORMATION POSSESSED BY THE COMPANY AS OF THE DATE OF SUBMITTING THE CONSOLIDATED HALF-YEAR REPORT FOR THE FIRST HALF OF 2024 (22/08/2024).

According to the Company's knowledge, since the date of publication of the consolidated semi-annual report for the first half of 2024 (22/08/2024), the following changes have occurred in the ownership structure of significant blocks of the Company's shares:

1)

Shareholders' agreement (Jan Kolański, Colian sp. z o.o., Colian Developer sp. z o.o., Ipopema 21 FIZAN, Colian Holding Sp. z o.o., Kolański Family Foundation)	Number of shares held (units)	Share in equity (%)	Number of votes on the GM	Share in number of votes (%)
Balance at 22.08.2024, including:	79,756,187	34.02	79,756,187	34.02
Jan Kolański	3,000,000	1.28	3,000,000	1.28

Shareholders' agreement (Jan Kolański, Colian sp. z o.o., Colian Developer sp. z o.o., Ipopema 21 FIZAN, Colian Holding Sp. z o.o., Kolański Family Foundation)	Number of shares held (units)	Share in equity (%)	Number of votes on the GM	Share in number of votes (%)
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 Holding sp. z o. o.	5,000,000	2.13	5,000,000	2.13
Balance at 14.11.2024, including:	96,772,005	41.28	96,772,005	41.28
Jan Kolański	3,000,000	1.28	3,000,000	1.28
Colian sp. z o. o.	53,939,761	23.01	53,939,761	23.01
Colian Developer sp. z o. o.	0	0	0	0
Ipopema 21 FIZAN	36,238,137	15.46	36,238,137	15.46
Colian Holding sp. z o. o.	3,594,107	1.53	3,594,107	1.53
Kolański Family Foundation	0	0	0	0

2)

Jerzy Mazgaj	Number of shares held (units)	Share in equity (%)	Number of votes on the GM	Share in number of votes (%)
Balance as at 22.08.2024	22,455,096	9.58	22,455,096	9.58
Balance as at 14.11.2024	N/A	N/A	N/A	N/A

3)

Santander Towarzystwo Funduszy Inwestycyjnych S.A.	Number of shares held (units)	Share in equity (%)	Number of votes on the GM	Share in number of votes (%)
Balance as at 22.08.2024	N/A	N/A	N/A	N/A
Balance as at 14.11.2024	12,763,553	5.44	12,763,553	5.44

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

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

Management Board	Number of shares held on the day of signing semi-annual report for 1H24	Number of shares held on the day of publication of consolidated 3Q24 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 ownership of the Company's shares by supervising persons

According to the information available to the Company as of the date of signing this report, supervising persons do not hold any shares in the Company.

2. PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU ("IAS34"). The interim condensed consolidated financial statements do not include all the 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 issuance on April 11, 2024.

In addition, the basis for the preparation of this consolidated condensed interim financial statement 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 law of a non-member state (Journal of Laws of 2018, item 757).

The accounting principles applied to the preparation of the consolidated condensed interim financial statement are consistent with those applied to the preparation of the Group's annual financial statement for the financial year ended December 31, 2023.

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

3. ACCOUNTING PRINCIPLES

In the period from January 1, 2024 to September 30, 2024, there were no changes in the adopted accounting principles and methods of preparing the financial statements in the Capital Group. The accounting principles adopted by the Capital Group were applied continuously in relation to the period presented in the financial statements.

In connection with the liquidation of VG Property, the accounting principles appropriate for the company in liquidation were applied to it, in particular the valuation of assets at net realizable value prices, not higher than their acquisition prices or production costs, and a reserve was created for anticipated additional costs and losses caused by discontinuation or loss of ability to continue operations.

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 30.09.2024 announced by the National Bank of Poland, which was PLN 4.2791/EUR. Individual items of the profit and loss account were converted into EURO at the rate of PLN 4.3022/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 rates from 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, 31/07/24 - 4.2953 PLN/EUR, 30/08/24 - 4.2798 PLN/EUR, 30/09/24 - 4.2791 PLN/EUR.

Comparable data for individual asset and liability items were converted into EURO at the average exchange rate announced by the NBP, applicable on the last day of the reporting periods, i.e. on December 31, 2023, which amounted to PLN 4.3480/EURO and on September 30, 2023, which amounted to PLN 4.6356/EURO. Comparable data for individual profit and loss account items were converted into EURO at rates constituting the arithmetic average of the average EURO exchange rates set by the NBP on the last day of each ended month of the comparative period, i.e. from January 1, 2023 to September 30, 2023, which amounted to PLN 4.5773/EURO.

5. KEY ESTIMATES AND JUDGMENTS

Preparation of the report in accordance with IFRS requires the Management Board of the Parent Company to make estimates, assessments and assumptions that affect the accounting principles applied and the presented amounts of assets and liabilities and costs and revenues. Estimates and assumptions are made based on available historical data and other factors considered appropriate in the given circumstances. The results of these activities form the basis for making estimates in relation to the carrying amounts of assets and liabilities that cannot be clearly determined based on 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 were made to the adopted estimates, provided that the adjustment applies only to that period or in the period in which the changes were made and in subsequent periods (prospective recognition), if the adjustment applies to both the current period and subsequent periods. Information on estimates is presented in Note 11.

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 January 1, 2024.

AMENDMENT TO IFRS 16 "LEASES"

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. Instead, 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 or after January 1, 2024.

AMENDMENTS TO IAS 7 "CASH FLOW STATEMENTS" AND IFRS 7 "FINANCIAL INSTRUMENTS"

The amendments clarify the features of agreements for financing 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 CHANGES THERETO THAT HAVE NOT ENTERED INTO FORCE

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

The change clarifies the following issues:

- the way in which an entity should assess whether a given currency is convertible,
- rules for determining the currency exchange rate in the absence of convertibility,
- disclosure of information in the financial statements in the absence of currency convertibility.

The amendments to IAS 21 apply to annual reporting periods beginning on January 1, 2025 or later.

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

On April 9, 2024, the International Accounting Standards Board published the new standard IFRS 18 "Presentation and disclosure of information about financial statements". This standard will become effective for annual reporting periods beginning on January 1, 2027. The new Standard is intended 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:

- defined structure of the profit and loss account. Items in the profit and loss account will be classified into one of five categories: A requirement to present totals and subtotals is also introduced, including the mandatory inclusion of the "Operating profit/loss(s)" item;

- introduces an additional note presenting performance measures defined by management, which are partial sums of revenues and costs that the entity uses in public communication outside the financial statements, which it uses to present users of the financial statements with the Management Board's assessment of the achieved financial results.

The note will have to contain a description of a given measure, an explanation of how a given measure adds information about the entity's financial results, the method of its calculation and its connection/reconciliation with the item indicated in the financial statements based on separate standards;

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

This standard will also result in certain changes to the statement of cash flows and the statement of financial position, as well as changes to other standards that harmonize 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 effective for annual periods beginning on or after 1 January 2027;

IFRS 9 FINANCIAL INSTRUMENTS AND IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES - CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS"

The changes introduced are the result of conclusions from the post-implementation review of the guidelines of both standards. The changes are of a clarification nature regarding the classification of financial assets (i.e. resulting from contracts containing ESG or similar clauses) and the removal from the balance sheet of financial instruments that are subject to settlement via electronic payment systems.

The standard will apply to annual periods beginning on or after 1 January 2026.

ANNUAL IMPROVEMENTS, VOLUME 11

The amendments introduced to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 are editorial in nature.

The improvements are effective for annual periods beginning on or after 1 January 2026

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 OPERATING SEGMENTS BY TYPE OF ACTIVITIES AND GEOGRAPHICAL BREAKDOWN

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

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



BRANDS IN 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, in which tradition meets the modern vision of tailoring and men's fashion. Basing on a dozen of years long heritage, the brand offers men formalwear with a flagship product in the form of suits, made from finest Italian fabrics in Polish sewing facilities.

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

WÓLCZANKA BRAND:

WÓLCZANKA

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

DENI CLER MILANO BRAND:

DENI CLER MILANO

Since its foundation in 1971 in Mantua, Italy, Deni Cler Milano has been dressing women who are aware of their femininity, value and strength. In 1991, the brand appeared on the Polish market, introducing a new quality in women's fashion. To this day, it remains a synonym of elegance, refined taste, while at the same time being in line with current global trends.

Deni Cler Milano collections are sewn from Italian fabrics. The materials used for the production of clothes are mainly wool, cashmere and silk. The brand's assortment includes mainly: coats, dresses, jackets, trousers, skirts, blouses.

BRANDS IN JEWELLERY SEGMENT:

W.KRUK
1 8 4 0

W.KRUK is the oldest jewellery brand in Poland with over 180 years of tradition. W.KRUK's offer includes gold and platinum jewellery, in particular jewellery with diamonds and precious stones. W.KRUK also creates the highest quality collections made of silver and other precious metals. W.KRUK offers many original lines of unique jewellery. The distinctive style of W.KRUK products is the result of the work of designers, projects inspired by ambassadors (including Martyna Wojciechowska's Freedom collection) and an expert and innovative approach to jewellery. A significant part of the collections presented each year is made in the brand's Manufaktura near Poznań, which is one of the few in Europe that still uses traditional manufacturing techniques. In the W.KRUK brand workshops, handicrafts are combined with the latest technologies. In 2019, the W.KRUK brand was the first in Poland to introduce jewellery with a new category of man-made diamonds in laboratory conditions and offered under its own name New Diamond by W.KRUK to its chain of stores. They have parameters identical to diamonds mined using traditional methods and are classified according to the same parameters, using the same standards of expert assessment. W.KRUK expands its offer of both luxury and fashion jewellery. Since 2016, the brand's assortment has been complemented by a selection of W.KRUK accessories, such as leather bags and accessories, silk scarves, sunglasses and perfumes. Since 2017, W.KRUK has been developing the Picky Pica sub-brand. This concept is 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 watch manufacturers and brands such as: Cartier, Chopard, Bulgari, Hublot, Panerai, Jaeger Le Coultre, Zenith, IWC Schaffhausen, Grand Seiko, 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 and others. Watches from renowned brands sold in W.KRUK stores occupy a strong position on the Polish market, and the value of their sales 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 that it shares many years of experience, reputation, and jewellery designed and made by talented designers and master goldsmiths. Thanks to this, the designs of outstanding jewelers 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 W.KRUK stores, it offers products from brands such as: Chopard, Pomellato, BIRKS Bijoux, Nanis, Marco Bicego, Pasquale Bruni, Hulchi Belluni, Recarlo and others.

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.

Revenues related to geographical segments for the period from January 1, 2024 to September 30, 2024 and for the comparable period are presented in the table below.

Revenues from various markets in terms of geographic location	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Poland	310,216	927,405	297,081	892,045
EURO zone	121	609	34	7,278

US\$ zone	0	2	1	79
HUF zone	1,144	2,459	0	0
Total	311,481	930,475	297,116	899,402

In terms of geographical segments, the vast majority of the Capital Group's activities are carried out 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 W.KRUK jewellery stores in Hungary.

Other financial data regarding the segments were included in the Management Board's commentary.

NOTE 2 SEASONALITY AND CYCLICALITY OF ACTIVITIES

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

NOTE 3 OTHER OPERATING INCOME

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Other operating income				
Gain on sale of non-financial fixed assets	0	2,753	0	0
Other operating revenues including:	750	5,134	308	3,552
<i>due to write-ups for goods and materials</i>	77	2,056	0	523
<i>due to release of provisions (severance pay and larger format Wólczanka stores)</i>	542	2,293	0	0
<i>due to liquidation of agreements in line with IFRS16</i>	85	230	0	658
Total	750	7,887	308	3,552

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

NOTE 3A OTHER OPERATING COSTS

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Other operating costs				
Loss on sale of non-financial assets	435	0	134	170
Goods write-offs	0	474	0	826
Products write-offs	0	283	4	4
Donations	736	2,228	682	1,167
Costs of liquidation of current assets	-251	1,042	187	948
Other operating costs, including:	244	1,396	559	3,375
<i>provision for future liabilities</i>	0	375	0	870
<i>severance pay</i>	26	250	42	114
Total	1,164	5,423	1,566	6,490

NOTE 4 FINANCIAL INCOME

Financial income	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Interest on bank deposits	3	218	532	1,697
FX gains	5,056	7,632	0	2,868
<i>incl. leases of retail and office floorspace</i>	2,091	4,374	0	3,972
Forward transactions valuation	1	21	0	0
Other	0	1	0	0
Total	5,060	7,872	532	4,565

NOTE 4A FINANCIAL COSTS

Financial costs	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Interest on overdrafts and bank loans	1,647	3,628	880	2,665
Interest on factoring	6	121	22	413
Interest on other finance lease liabilities	69	208	53	158
Interest on leases of retail and office floorspace	2,612	7,057	1,575	4,287
Fees on bank loans and guarantees	518	1,446	529	1,489
FX losses	55	134	15,580	80
<i>incl. leases of retail and office floorspace</i>	33	98	11,329	0
Bank loan amortised cost valuation	0	60	0	102
Valuation of forward transactions	0	77	0	0
Other	27	68	5	50
Total	4,934	12,799	18,644	9,244

NOTE 5 INCOME TAX

(PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Income tax:	2,736	10,763	678	13,412
Current income tax	5,239	15,258	5,629	15,296
Deferred income tax (note 6)	-2,503	-4,495	-4,951	-1,884

Current income tax (PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Pre-tax profit (loss)	12,878	51,352	1,615	65,251
Difference between pre-tax profit (loss) and tax base	-48,034	-50,372	17,386	-7,773

Current income tax (PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
- 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	-48,029	-50,222	13,995	-8,931
- other differences (including retained losses)	-5	-150	3,391	1,158
Income	27,576	80,305	29,624	80,504
Loss	-62,732	-79,325	-10,628	-23,031
Income/loss	-35,156	980	19,001	57,478
Tax base	27,576	80,305	29,624	80,504
Income tax at the applicable rate of 19%	5,239	15,258	5,629	15,296
Current income tax	5,239	15,258	5,629	15,296

Income tax at effective interest rate (PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Profit (loss) before tax	12,878	51,352	1,615	65,251
• Income tax at a rate of 19%	2,447	9,757	307	12,398
• Effect of tax recognition:	-673	-1,169	2,957	-1,840
(-) Utilisation of tax losses carried forward	0	29	-176	129
(+) Costs not constituting tax deductible costs	4,787	6,131	3,383	2,757
(-) Income which is not revenue according to tax regulations	5,492	7,231	551	4,367
(-) Non-balance sheet taxable expenses	-44	59	65	145
(+) Non-balance sheet tax revenue	-12	19	14	44
• Revaluation of deferred tax assets (loss)	3,492	6,439	2,369	4,725
• Deferred tax	-2,503	-4,495	-4,951	-1,884
• Deferred tax assets adjustments for prior periods	0	0	0	0
• The effect of differences in tax rates between countries	-27	231	0	0
• Other	0	0	-4	13
Income tax at effective tax rate	2,736	10,763	678	13,412
<i>Effective tax rate</i>	21.24%	20.96%	42.01%	20.55%

The corporate income tax in Hungary is 9%.

NOTE 6 DEFERRED TAX ASSET AND LIABILITIES

	PLN ths				
	Balance sheet			Income statement	
	30.09.2024	31.12.2023	30.09.2023	3 kwartały 2024 / okres od 01.01.2024 do 30.09.2024	3 kwartały 2023 / okres od 01.01.2023 do 30.09.2023
Deferred tax provision	274	321	69	-47	-383
Balance sheet valuation – FX gains	210	243	3	-33	-311
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	23	6	-6
Other	1	1	1	0	0
Recognised on the financial result	274	321	69	-47	-383
Deferred tax assets	0	0	0	0	0
Aktywa z tytułu podatku odroczonego	23,420	18,972	24,068	4,448	1,501
Accelerated balance sheet depreciation	2,250	2,217	2,226	33	-62
Post-employment benefits (severance pay)	40	40	28	0	0
Write-offs	2,936	3,287	3,921	-351	-263
Reserves, wages and social security	1,438	1,763	1,207	-326	-416
Remuneration, Social Security not paid	121	135	148	-14	-767
Balance sheet valuation - FX losses	11	34	392	-23	386
Losses deductible from future taxable income	11,918	5,507	6,210	6,412	4,717
Allowance for receivables from customers	216	289	114	-73	114
Interest accrued	15	15	0	0	0
Provision for future liabilities	590	784	978	-194	69
Provision for returns from customers	1,276	1,471	1,343	-195	30
Valuation of forward transactions	1,500	1,500	1,912	0	0
Lease commitments for commercial premises and office space contracts	1,110	1,931	5,589	-821	-2,307
Transferred to financial result	23,420	18,972	24,068	4,448	1,501
Transferred directly to equity	0	0	0	0	0
Transferred to financial result - persaldo	-23,146	-18,651	-23,999	-4,495	-1,884

NOTE 7 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	Reclassification	Balance at 30.09.2024
Intangibles write-offs	6	0	0	0	6
Fixed assets write-offs	5,481	0	5,481	0	0
Inventory write-offs	17,297	757	2,606	0	15,448
Shares write-offs	5	17	0	0	22
Receivables write-offs	2,918	319	255	0	2,982
Loan receivables write-offs	524	0	0	0	524
Total write-offs	26,231	1,093	8,342	0	18,982

Write-offs	PLN ths				
	Balance at 01.01.2023	Creation	Release/Usage	Reclassification	Balance at 31.12.2023
Intangibles write-offs	3,150	0	3,144	0	6
Fixed assets write-offs	1,982	3,663	164	0	5,481
Inventory write-offs	20,331	1,478	4,512	0	17,297
Shares write-offs	0	5	0	0	5

Receivables write-offs	791	2,966	839	0	2,918
Loan receivables write-offs	0	524	0	0	524
Total write-offs	26,254	8,636	8,659	0	26,231

NOTE 8 PROVISIONS

	Provision for em- ployee costs	Provision for future liabilities	Provision for work in progress (subcon- tracting ser- vices)	Returns from cus- tomers	Other	Total
Balance at January 1, 2023	9,111	3,650	564	3,181	101	16,607
provisions created during the year	2,306	747	1,080	123	-6	4,250
release /usage of provision	-4,737	0	0	-713	-5	-5,455
Balance at September 30, 2023	6,680	4,397	1,644	2,591	90	15,402
shown in short-term liabilities	5,651	4,397	1,644	2,591	90	14,373
shown in long-term liabilities	1,029	0	0	0	0	1,029
Balance at January 1, 2023	9,111	3,650	564	3,181	101	16,607
provisions created during the year	5,797	3,790	1,080	1,296	22	11,985
release /usage of provision	-5,329	-509	-717	-714	-28	-7,297
Balance at December 31, 2023	9,579	6,931	927	3,763	95	21,295
shown in short-term liabilities	8,360	6,931	927	3,763	95	20,076
shown in long-term liabilities	1,219	0	0	0	0	1,219
Balance at January 1, 2024	9,579	6,931	927	3,763	95	21,295
provisions created during the year	2,356	375	1,088	0	21	3,840
release /usage of provision	-4,025	-3,044	-1,074	-1,400	-8	-9,551
Balance at September 30, 2024	7,910	4,262	941	2,363	108	15,584
shown in short-term liabilities	6,691	4,262	941	2,363	108	14,365
shown in long-term liabilities	1,219	0	0	0	0	1,219

The provisions created were charged to administrative costs, selling costs or other operating costs, as appropriate, while the provisions released/used were charged to reduce administrative and selling costs or other operating income, as appropriate.

The balance of provisions as at 30.09.2024 consists of:

long-term provision for retirement benefits	PLN 1,219 ths	Total PLN 15,584 ths
short-term provision for retirement benefits	PLN 183 ths	
short-term provision for unused holidays	PLN 6,375 ths	
provision for severance pay and bonuses	PLN 133 ths	
provision for returns	PLN 2,363 ths	
short-term provision for sewing services	PLN 941 ths	
provision for future liabilities	PLN 4,262 ths	
other provisions	PLN 108 ths	

NOTE 9 CONDITIONAL ASSETS AND LIABILITIES

	PLN ths		
	Balance at 30-09-2024 / end of quarter 2024	Balance at 31-12-2023 / end of year 2023	Balance at 30-09-2023 / end of quarter 2023
Issued bank guarantees for rentals of store premises	73,948	69,837	69,856
Open letters of credit	16,921	20,093	22,269
Promissory notes securing leasing liabilities	678	566	622
Conditional liabilities, total	91,547	90,496	92,747

There are no conditional receivables in the Group.

NOTE 10 INFORMATION ON FINANCIAL INSTRUMENTS

During the period from January 1, 2024 to September 30, 2024, there was no transfer between levels in the fair value hierarchy used in measuring fair value, 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.

NOTE10A FINANCIAL INSTRUMENTS BY CLASS

Balance sheet items measured at amor- tized cost (PLN ths)	PLN ths					
	Balance at 30-09-2024 / end of quarter 2024		Balance at 31-12-2023 / end of year 2023		Balance at 30-09-2023 / end of quarter 2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Trade and other receivables and current assets	27,324	0	17,514	0	18,053	0
Cash and equivalents	11,837	0	78,135	0	50,995	0
Long-term liabilities due to bank loans, loans and leases <i>incl. leases for commercial and office space</i>	0	189,301	0	182,074	0	206,790
Short-term liabilities due to bank loans, loans and leases <i>incl. leases for commercial and office space</i>	0	187,255	0	179,723	0	191,461
Trade and other liabilities due to bank loans, loans and leases	0	229,506	0	130,455	0	148,296
Trade and other liabilities and liabilities related to deposit	0	101,176	0	101,588	0	110,064
Total	39,161	613,776	95,649	504,764	69,048	542,860

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

NOTE10B FINANCIAL INSTRUMENTS –INCOME AND COSTS AND GAINS AND LOSSES FROM IMPAIRMENT

Balance sheet items	PLN ths						
	3 quarters/period from 01-01-2024 to 30-09-2024						
	Interest income	Interest cost	Gains/losses due to amortised cost valuation	Gains/losses due to fair value valuation	Write-offs created	Write-offs release	FX gains/losses
Trade and other receivables	1	0	0	0	319	255	-67
Cash and equivalents	218	0	0	0	0	0	387
Other short-term assets – Forward transactions	0	0	0	-77	0	0	0
Liabilities due to bank loans, loans and leases	0	3,836	-60	0	0	0	0
Lease liabilities for commercial and office space	0	7,057	0	0	0	0	4,276
Trade and other liabilities	0	68	0	0	0	0	2,902
Total	219	10,961	-60	-77	319	255	7,498

NOTE11 INFORMATION ON SIGNIFICANT CHANGES IN ESTIMATES

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

Note	5	Deferred tax assets and liabilities
Note	7	Receivables write-off
Note	7	Inventory write-off
Note	7	Stakes write-off
Note	7	Loans write-offs
Note	8	Provisions for liabilities
Point	8.6	Tax settlements

8. OTHER EXPLANATORY NOTES

8.1. SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2024:

In the third quarter, there were numerous events internal and external to the VRG Group that had an impact on the business results.

MARKET ENVIRONMENT

In 3Q24, the Company operated under pressure from reduced demand in the apparel segment. According to data from the Central Statistical Office, retail sales at constant prices in September 2024 were 3% lower than a year ago and 5.7% lower month-on-month, which was one of the worst readings in years, especially in the context of the market consensus, which assumed a 2.2% year-on-year increase. The largest decrease compared to the same period in 2023, as much as 12.5%, was recorded in the textiles, clothing and footwear category. In the entire third quarter, retail sales fell by 3%. Inflation in September 2024, on the other hand, increased by 4.9% year-on-year, and in the entire third quarter of 2024 by 1.6%.

SIGNIFICANT CHANGES IN THE SHAREHOLDING STRUCTURE OF VRG S.A.

Agreement of the shareholders of the Company, concluded on September 26, 2023, regarding the direct or indirect acquisition or subscription of shares in the Company, unanimous voting at the General Meeting of the Company and conducting a lasting policy towards the Company, referred to in Article 87 section 1 item 5) 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 ("Act"), which as at the date of signing this report includes: Mr. Jan Kolański, Colian Sp. z o.o., Kolański Family Foundation, Colian Holding Spółka z ograniczoną odpowiedzialnością, Colian Developer Spółka z ograniczoną odpowiedzialnością and IPOPEMA 21 Closed-End Fund of Non-Public Assets (the "Shareholders' Agreement"), as a result of the transaction of purchase of shares in the Company by entities included in the agreement in the third quarter, increased its share in the total number of votes in the Company.

On July 25, 2024, the Company received notification that the Shareholders' Agreement, as a result of the transaction of purchase of 5,000,000 shares in 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 held a total of 79,756,187 shares in the Company, which constituted 34.02% of the share capital of the Company and entitled to 79,756,187 votes, constituting 34.02% of the total number of votes at the General Meeting of the Company.

AMENDMENTS TO CREDIT AGREEMENTS CONCLUDED BY THE PARENT 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 dated 20 September 2022, as amended, including the extension until 31 December 2026 of the credit limit for payment of liabilities to the Company's suppliers to the amount of PLN 15,000 thousand.

OMNICHANNEL DEVELOPMENT:

Between July and September, the Company finalized the modernization of mobile shopping applications in three leading apparel brands: Vistula, Bytom and Wólczanka. This closed a project lasting about five months, focused on improving the customer's shopping experience in the e-commerce channel. The applications currently have changed navigation and improved UX, an easier system of logging in and registering to the customer account, and a clear product menu. The layout of the home page has been refreshed, and the Vistula application has a division into communication addressed to women and men. As part of regular maintenance work, the VRG omnichannel team also constantly refreshed the layouts of product categories and product cards in e-commerce stores to make them as functional as possible. Work on the implementation of the marketing automation tool was also carried out throughout the quarter (completed in October this year). At the current stage of the project, the first scenarios are being implemented in e-stores - during shopping, the customer is displayed, among others. recommendation frames on the product card, recommendation frames in the basket and information about abandoned baskets. In the offline channel, in the third quarter of 2024, the VRG Capital Group operated in a network of 496 stores, operating on an area of 50.5 thousand m².

COMMERCIAL OFFER – APPAREL SEGMENT:

Regardless of the unfavourable economic environment, VRG focused on increasing profitability in the third quarter and worked on improving the results of apparel brands.

Vistula's marketing activities in the third quarter were focused on supporting revenue during the summer sales period and introducing the Autumn/Winter 2024 collection to stores at the turn of August and September.

The brand conducted extensive communication of the collection with the participation of ambassador Mateusz Banasiuk. The "Vistula Icons" campaign was present on television, the Internet and the social media of the brand, as well as the actor. Then came

the "Back to suits" campaign, referring to "back to school" and the seasonal period of replenishing the office wardrobe. Autumn and Winter in Vistula stores are perfectly tailored, cashmere coats, top quality wool suits, tuxedo dresses and leather accessories. The current edition of the main brand's collection promoted under the slogan "Your Signature". In line with trends in men's fashion, the collection is dominated by slim cuts (fitted jackets, fitted outerwear and narrow trousers). In the women's collection, the waist was clearly emphasized, the silhouette was lengthened and the lapels were widened. Some models draw attention with higher shoulders, modeling cuts on the back and widened hips. The result of this play with proportions is a refined aesthetic, reminiscent of the cool, studied chic of the turn of the 1980s and 1990s.

The third quarter of the Wólczanka brand is a continuation of the "Ideal Shirt" communication strategy. Both in terms of the commercial offer and marketing, the start of the autumn-winter season focused on the theme of the ideal shirt for the office, and Wólczanka emphasized the strengths of formal shirts from the brand's portfolio. During this period, cross-marketing campaigns were also conducted with the W.KRUK brand, promoting white shirts ideal for the office and creating a professional, business image in combination with watches and jewellery. Autumn also means a wide range of women's and men's sweaters, with an emphasis on the capsule of products with merino wool.

Summer in the Bytom brand was dominated by the promotion of the BYTOM & Vitale Barberis Canonico collection - the most renowned Italian factory of suit fabrics, producing premium products in truly craftsmanship conditions and with respect for the best traditions of tailoring. In addition to commercial activities, the collection was supported by a competition for customers, in which the main prize was a trip to Milan with a tour of the VBC factory. In turn, the brand launched its Autumn/Winter collection "in English style", with a photoshoot of suits, outerwear and knitwear, shot in the scenery of an English country estate. In the campaign, the brand emphasized the versatility of the products, their comfort and functionality. In the second half of September, the next, third edition of the popular DON PEDRO capsule collection hit stores, with prints of the fairy-tale characters Don Pedro, the Wawel Dragon and Bartolini Bartłomiej.

The main goal of the Deni Cler Milano brand between July and September was to successfully launch the new Autumn/Winter collection. The key event at that time was the show that took place on September 3 at the Museum of Polish History in Warsaw. The event was met with great interest from the media, celebrities, influencers and invited guests, which translated into broad communication and significant reaching of a wider audience. Thanks to these activities, the Deni Cler Milano brand gained greater visibility in the autumn/winter season, strengthening its position on the fashion market. The latest Deni Cler Milano collection for the season is called "Sono Deni" and the marketing campaign introducing it tells about the process of creating the collection, presenting the individual stages of work on it (from inspiration, through concept, idea, colours, selection of materials, model designs, technical drawings and construction, to sewing and the final product). In October, the brand became involved in cooperation with the Wspiera na Starcie Foundation, through participation in the "I touch = I win" campaign. As part of this initiative, a limited edition of t-shirts with unique graphics by Anna Halarewicz was created. Half of the profit from the sale of the t-shirts will be donated to the Wspiera na Starcie Foundation, supporting educational and aid activities in the fight against breast cancer.

COMMERCIAL OFFER – JEWELLERY SEGMENT:

The key event of the third quarter for the W.KRUK brand was the premiere of the latest original jewellery collection created in cooperation with the Ambassador – Natalia Szroeder. The Follow collection is a dynamic mix of jewellery accompanied by the message to follow your heart. Ambassador collections are traditionally a strong point of the W.KRUK commercial offer. Also the younger brand in the jewellery segment, Picky Pica, presented its customers with attractive jewellery novelties. The next editions of the Flowers of the Night collection – Citrus, Antrium and White Lilac (introduced at the turn of June and July) enjoyed great popularity in the third quarter. Colourful, hand-decorated with enamel jewellery made of silver and gold was inspired by the world of fauna and flora. In September this year, W.KRUK, together with the Chopard brand, was a partner of the Polish Feature Film Festival in Gdynia. Once again, the "Chopard Loves Cinema" award was presented. This time, it was received by actress Marianna Zydek. The festival was accompanied by an exhibition of exclusive collections of Chopard jewelry and watches. In the quarter under review, W.KRUK welcomed new brands to its portfolio: IWC and Grand Sei-ko. IWC is a Swiss brand known for its timeless design and aviation-inspired collections. Grand Seiko is a Japanese brand that draws inspiration from nature, creating extremely precise watches with advanced technology.

CLOTHES TO DONATE:

The VRG Group continued its activities in the area of sustainable development. The BYTOM and Wólczanka brands, together with Ubrania Do Oddania (Clothes to Donate), conducted the #Poczujradośćpomagania campaign. As part of it, in selected chain stores, customers could donate clothes of any brand, which were then sent to circular boutiques and companies that acquire used clothing.

For every kilogram of items collected, Ubrania Do Oddania donates PLN 1 to support the "Zdążyć z Pomocą" Foundation. As part of the campaign, both brands collected a total of c. 7 tons of clothing.

8.2. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

SIGNIFICANT CHANGES IN THE SHAREHOLDING STRUCTURE OF VRG S.A.

On October 7, 2024, the Company received notification that the Shareholders' Agreement, as a result of the purchase of the Company's shares on October 2, 2024 on the regulated market by Colian Holding Spółka z ograniczoną odpowiedzialnością, increased its current share in the total number of votes in the Company. Before the change, the Shareholders' Agreement held a total of 81,886,794 shares in the Company, which constituted 34.933% of the Company's share capital and entitled to 81,886,794 votes, constituting 34.933% of the total number of votes at the General Meeting of the Company. Following the amendment, the Shareholders' Agreement held a total of 83,891,794 shares in the Company, representing 35.78% of the Company's share capital and entitling it to 83,891,794 votes, representing 35.78% of the total number of votes at the General Meeting of the Company.

On October 18, 2024, the Company received a notification from Mr. Jerzy Mazgaj regarding a change in the status of the Company's shares held. As a result of the transaction of sale of the Company's shares made on October 16, Mr. Jerzy Mazgaj reduced his previous share in the total number of votes in the Company to 0.023%. Before the change made as a result of the above-mentioned transactions, Mr. Jerzy Mazgaj held 13,055,100 shares in the Company, which constituted 5.568% of the Company's share capital and entitled to 13,055,100 votes, constituting 5.568% of the total number of votes at the General Meeting of the Company.

On October 18, 2024, the Company received a notification that the Shareholders' Agreement, as a result of the transaction of purchase of the Company's shares on the regulated market on October 16 by Colian Sp. z o.o., increased its previous share in the total number of votes in the Company. Before the amendment, the Shareholders' Agreement held a total of 85,473,420 shares in the Company, representing 36.46% of the share capital of the Company and entitling it to 85,473,420 votes, representing 36.46% of the total number of votes at the General Meeting of the Company. After the amendment, the Shareholders' Agreement held a total of 96,772,005 shares in the Company, representing 41.28% of the share capital of the Company and entitling it to 96,772,005 votes, representing 41.28% of the total number of votes at the General Meeting of the Company.

On October 21, 2024, the Company received notification from Santander Towarzystwo Funduszy Inwestycyjnych S.A., acting on behalf of Santander Open-End Investment Fund, Santander Prestiż Specialised Open Investment Fund, Santander PPK Specialised Open Investment Fund and Credit Agricole Open Investment Fund (the "Funds"), that as a result of the purchase of shares, the above-mentioned Funds became holders of shares providing more than 5% of the total number of votes at the General Meeting of Shareholders of the Company. Before the increase in their shares, the Funds held 11,062,138 shares in the Company, which constituted 4.72% of the share capital of the Company. These shares entitled to 11,062,138 votes at the General Meeting of the Company, which constituted 4.72% of the total number of votes at the General Meeting of the Company. On October 16, 2024, the Funds held a total of 12,763,553 shares in the Company, representing 5.44% of the Company's share capital. These shares carried 12,763,553 votes, representing 5.44% of the total number of votes at the General Meeting of the Company.

AMENDMENT OF THE LOAN AGREEMENT CONCLUDED BY THE SUBSIDIARY OF W.KRUK S.A.

On October 10, 2024, documentation was concluded regarding the amendment of the multi-purpose credit agreement of March 9, 2015, as amended, concluded between Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw (hereinafter: the "Bank") and the subsidiary of W.KRUK S.A. (hereinafter: the "Multi-purpose Loan Agreement"), about which the Issuer informed in current reports No. 8/2015, 65/2015, 38/2017, 38/2020, 30/2022 and 27/2024. Changes to the Multi-Purpose Loan Agreement include: (i) increasing the amount of the multi-purpose credit limit from PLN 95,000 thousand. PLN up to PLN 120,000 thousand. PLN, (ii) increasing the sublimit for an overdraft from PLN 52,000 thousand. PLN up to PLN 80,000 thousand PLN, (iii) increasing the amount of the sublimit for guarantees from PLN 45,000 thousand up to PLN 50,000 thousand.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD OF VRG S.A.

On November 4, 2024, Ms. Marta Fryzowska, Executive Vice President of the Management Board responsible for the apparel segment (Vistula, Bytom and Wólczanka brands) resigned from her position on the Management Board of the Company. The resignation took effect on November 4, 2024. Ms. Marta Fryzowska had been associated with the group since December 2021. After this change, the Management Board of VRG operates in a three-person composition, i.e.: Mateusz Kolański, President of the Management Board, Michał Zimnicki, Executive Vice President of the Management Board (CFO) and Łukasz Bernacki, Executive Vice President of the Management Board responsible for the jewellery segment. Ms. Marta Fryzowska's previous duties were taken

over by Mateusz Kolański and Michał Zimnicki and their directly reporting experienced managers associated with the fashion segment of the VRG Group.

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

In the reporting period, the Parent Company did not issue, redeem or repay any equity securities.

8.4. DIVIDENDS PAID AND DECLARED

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

Dividend policy of VRG S.A. based 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 through the payment of dividends. The Company's Management Board intends to recommend the payment of dividend to shareholders in accordance with this dividend policy.

The Company's Management Board intends to annually recommend to the Company's General Meeting the payment of a dividend 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 will be less than 2.5.

Each time before presenting a recommendation to the Company's general meeting, the Company's Management Board 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 distribution 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 May 17, 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 June 26, 2024 adopted resolution no. 08/06/2024 on the payment of dividends taking into account the above motion of the Management Board in full.

8.5. 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.

8.6. 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.

8.7. RELATED PARTY TRANSACTIONS

Related parties to the Group are:

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

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

The value of short-term benefits of members of the Management Board of the Parent Company paid in the period from 1 January 2024 to 30 September 2024 amounted to PLN 1,777.5 thousand.

The value of short-term benefits of members of the Supervisory Board of the Parent Company paid in the period from 1 January 2024 to 30 September 2024 amounted to PLN 1,361.4 thousand.

In addition, members of the Supervisory Board of VRG S.A. sitting on the Supervisory Board of W.KRUK S.A. received the amount of PLN 174.7 thousand. PLN in this respect. Two members of the Management Board of VRG sit on the Management Board of W.KRUK S.A. and in this respect they received the amount of PLN 1,605.5 thousand.

8.8. 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

In Q3 2024, the Parent Company did not grant any additional guarantees to subsidiaries in relation to those described in the consolidated and separate condensed interim report for the 6-month period ended 30 June 2024.

As at September 30, 2024, the balance of guarantees granted in previous periods by the Parent Company to subsidiaries W.KRUK S.A., DCG S.A. for the liabilities of W.KRUK S.A., DCG S.A., respectively, to Bank PKO BP S.A. resulting from credit agreements is:

- Term loan agreement (Credit B) up to PLN 71,400,000.00 concluded by the Company on March 9, 2015, as amended, transferred to W.KRUK S.A. after the acquisition of an organized part of the Company's enterprise by W.KRUK S.A., as a result of which the borrower in the Credit Agreement B changed, i.e. the W.KRUK S.A. Group took over the full rights and obligations of the borrower instead of the Company, and in connection with which the debt was taken over by W.KRUK S.A. After the transfer of the rights and obligations of the borrower to W.KRUK S.A., the Group is responsible for the repayment of Credit B under the guarantee up to a maximum amount not exceeding PLN 107,100,000, with the possibility of its release after 3 years.
- Multi-purpose credit limit agreement up to PLN 18,000,000.00 concluded by the subsidiary DCG S.A. on June 26, 2015, as amended. One of the security measures for the repayment of DCG S.A. liabilities is towards the bank under this agreement is a guarantee by the Parent Company up to a maximum amount not exceeding PLN 27,000,000, the guarantee is valid until July 11, 2027. On July 3, 2024, an annex was signed as a result of which the amount of the guarantee by the Parent Company was changed to a maximum amount not exceeding PLN 22,500,000.

8.9. 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 32,585 thousand.

The total amount of proceeds from the sale is PLN 7,727 thousand. In 2024, the company VG Property z o.o. in liquidation sold the property for PLN 6,210 thousand.

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

Not applicable.

8.11. 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 QUARTER

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

The 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 online channel, omnichannel-oriented activities.
- Increase in the PLN exchange rate in relation to USD, EUR, CHF.

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

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

Risk	Risk management
Strategic risks	
Risk related to the macroeconomic and geopolitical situation	<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 Middle East.</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>
Incorrect strategy	<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 apparel 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>

Financial risks

<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>

a temporary loss of revenues as a result of extraordinary events, the Group may experience difficulties in maintaining financial liquidity.

Risk mitigation mechanisms include: developing a budget for a given year, monitoring the cash flow process and managing payment deadlines.

Operating risks

Cybersecurity risk

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.

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.

Delays in supplies

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.

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.

8.13. 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 would have a significant impact on assets, liabilities, equity, net profit or cash flows and which were not described in this report.

MANAGEMENT'S COMMENTARY TO FINANCIAL INFORMATION IN CONDENSED INTERIM CONSOLIDATED REPORT FOR 3Q24

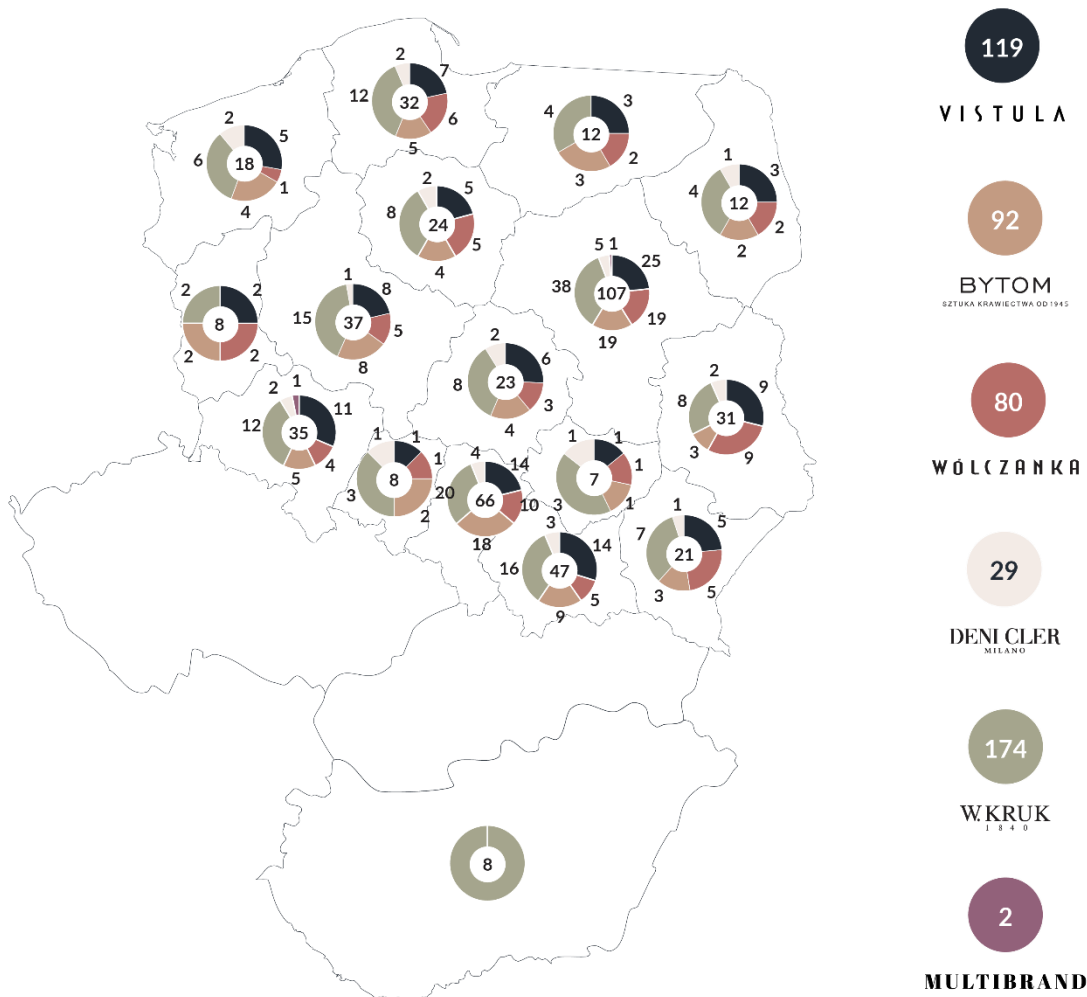
1. 3Q24 FINANCIAL RESULTS

At the end of 3Q24, compared to the same period of the previous year, the Group's retail floorspace decreased to 50.5 thousand m², or by 3.9% YoY. Fall in the apparel segment floorspace amounted to 8.8%, while in the jewellery segment floorspace increased by 11.5%.

Retail floorspace (end of period, ths m ²):	ths m ²	
	30.09.2024	30.09.2023
Apparel segment	36.3	39.8
Jewellery segment	14.2	12.7
Total floorspace	50.5	52.6

As at the date of preparation of this report, the dominant part of sales is carried out through the retail network of stores of individual brands belonging to the Capital Group. As at the date of preparation of this report, the Capital Group has a retail sales network of 496 locations, including franchise stores of the Vistula, Wólczanka, Bytom, Deni Cler and W.KRUK brands. Among the operating stores, the Group owns only 1 location. The Group uses the remaining locations on the basis of medium/long-term lease agreements concluded for a period of generally 5 years, a small part of the agreements is concluded for an indefinite period. Most of the premises are located in modern large-scale shopping centers.

The figure below shows the location and number of the Capital Group's stores at the end of the third quarter of 2024 by individual brands.



SELECTED FINANCIAL DATA OF VRG GROUP

	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	930,475	899,402	311,481	297,116
EBITDA	155,903	161,922	45,889	51,614
EBIT	56,279	67,730	12,752	19,727
Net result	40,589	51,839	10,142	937

IAS17*	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	930,475	899,402	311,481	297,116
EBITDA	70,113	71,905	17,580	22,461
EBIT	49,306	55,266	10,462	16,636
Net result	37,222	41,998	8,748	8,884

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

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

The Capital Group's revenues in 9M24 amounted to PLN 930.5 million and were PLN 31.1 million (3.5%) higher than revenues achieved in the same period of the previous year.

Consolidated EBITDA in 9M24 amounted to PLN 155.9 million and was lower by c. 3.7% than in the previous year. EBITDA calculated excluding the impact of IFRS 16 amounted to PLN 70.1 million.

In 9M24, the Capital Group achieved a net profit of PLN 40.6 million compared to a net profit of PLN 51.8 million in the same period of the previous year. Net profit calculated excluding the impact of IFRS 16 amounted to PLN 37.2 million.

APPAREL SEGMENT

Apparel segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	415,978	419,823	131,141	127,339
Cost of sales	177,289	184,274	58,283	55,820
Gross profit on sales	238,689	235,549	72,858	71,519
Selling costs	224,448	212,155	73,868	69,956
Administrative expenses	41,595	42,189	13,645	13,767
Other operating income	4,308	2,713	724	39
Gain on sale of non-financial assets	3,322	0	0	0
Other operating costs	4,250	5,040	450	1,039
Loss on sale of non-financial assets	500	101	418	30
Profit (loss) from operations	-24,474	-21,223	-14,799	-13,234
Financial income / costs	-2,945	-2,287	250	-9,737
Pre-tax profit (loss)	0	2,200	0	0
Income tax	-27,419	-21,310	-14,549	-22,971
Net profit (loss)	-4,694	-3,358	-2,671	-4,106
Profit (loss) from operations	-22,725	-17,952	-11,878	-18,865

IAS 17* Apparel segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	415,978	419,823	131,141	127,339
Cost of sales	177,289	184,274	58,283	55,820
Gross profit on sales	238,689	235,549	72,858	71,519
Selling costs	228,310	219,591	75,080	71,874
Administrative expenses	41,985	42,469	13,828	13,829
Other operating income	4,203	2,055	638	39
Gain on sale of non-financial assets	3,322	0	0	0
Other operating costs	4,089	4,984	343	1,039
Loss on sale of non-financial assets	500	101	418	30
Profit (loss) from operations	-28,669	-29,541	-16,173	-15,214
Financial income / costs	-1,362	-2,183	491	-2,605

IAS 17* Apparel segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Result on loss of control	0	2,200	0	0
Pre-tax profit (loss)	-30,031	-29,524	-15,682	-17,819
Income tax	-5,191	-4,919	-2,886	-3,127
Net profit (loss)	-24,840	-24,605	-12,796	-14,692

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

REVENUES

Revenues of the apparel segment for the 9 months of 2024 amounted to PLN 416.0 million and were PLN 3.8 million (i.e. 0.9%) lower than the revenues achieved in the same period of 2023.

Revenues of the apparel segment in the third quarter of 2024 amounted to PLN 131.1 million and were PLN 3.8 million (i.e. 3.0%) higher than the revenues achieved in the same period of 2023.

Apparel segment	PLN m			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenue	416.0	419.8	131.1	127.3
Retail sales	410.0	400.6	128.7	123.4
Processing	4.4	15.7	1.7	3.1
B2B	1.6	3.6	0.7	0.8

In 9M24, the Group recorded the following results in the following retail channels:

VISTULA ↓ PLN 161.2m (-3.1% YoY)	BYTOM ↑ PLN 130.6m (+4.9% YoY)	WÓLCZANKA ↑ PLN 79.8m (+14.6% YoY)	DENI CLER MILANO ↓ PLN 38.4m (-3.9% YoY)
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Decrease in revenues in the current year compared to the previous year is due to the fact that last year in the apparel segment, the sales of WSM Factory Sp. z o.o., which declared bankruptcy on June 2, 2023, were presented. Additionally, there were fewer seasonal sales points in the current year than last year.

In three quarters of 2024, there was a decrease in off-line retail sales by 3.4% and an increase in on-line sales by 27.6% compared to the same period last year. Decrease in off-line retail sales is the result of, among other things, a decrease in traffic. Share of on-line sales in the apparel segment's revenues increased and amounted to 22.7% in three quarters of 2024 compared to 18.2% of on-line sales in the same period of 2023.

In 3Q24, off-line retail sales decreased by 2.2% and on-line sales increased by 35.4% compared to the same period last year. Share of on-line sales in the apparel segment revenues increased and amounted to 22.7% in 3Q24 compared to 17.5% share of on-line sales in the same period of 2023.

In 3Q24, the Group recorded the following results in the following retail channels:

VISTULA ↓ PLN 50.7m (-2.2% YoY)	BYTOM ↑ PLN 41.9m (+7.5% YoY)	WÓLCZANKA ↑ PLN 24.5m (+20.7% YoY)	DENI CLER MILANO ↓ PLN 11.8m (-4.8% YoY)
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GROSS PROFIT ON SALES

Gross profit on sales of the apparel segment in 9M24 amounted to PLN 238.7 million and was 1.3% higher than that generated in the same period of the previous year. Gross margin amounted to 57.4% in 9M24, which means an increase of 1.3 pp compared to the same period of the previous year.

In three quarters of 2024, the Group recorded the following changes in gross profit margin on sales on brands:



Gross profit on sales of the apparel segment in 3Q24 amounted to PLN 72.9 million and was higher by 1.9% than that generated in the same period of the previous year. Gross margin in 3Q24 amounted to 55.6%, which means a decrease by 0.6 pp compared to the same period of the previous year.

In 3Q24, the Group recorded the following changes in gross profit margin on sales on brands:



SELLING COSTS

Selling costs in 9M24 amounted to PLN 224.4 million and were higher by PLN 12.3 million (5.8%) compared to the costs incurred in the same period of the previous year. Share of selling costs in revenues in 9M24 amounted to 54.0% compared to 50.5% in the same period of the previous year.

Selling costs in 3Q24 amounted to PLN 73.9 million and were higher by PLN 3.9 million (5.6%) compared to the same period of 2023. Share of selling costs in revenues of the apparel segment in Q3 2024 amounted to 56.3% compared to 54.9% in the same period of the previous year.

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

GENERAL ADMINISTRATION COSTS

General administrative costs in 9M24 amounted to PLN 41.6 million compared to PLN 42.2 million in the same period of the previous year, which means a decrease of PLN 0.6 million (1.4%). At the same time, the share of general administrative costs in revenues remained at the level of 2023 and amounted to 10.0%.

General administrative costs in 3Q24 amounted to PLN 13.6 million compared to PLN 13.8 million in the same period of the previous year, which means a decrease of PLN 0.2 million (0.9%). At the same time, the share of general administrative costs in revenues decreased to 10.4% compared to 10.8% in the same period of the previous year.

OPERATING RESULT OF THE APPAREL SEGMENT

In the three quarters of 2024, a loss from operating activities was incurred in the amount of PLN -24.5 million compared to a loss of PLN -21.2 million in the same period of the previous year (a decrease in the result by PLN 3.3 million). In the 3rd quarter of 2024, a loss of PLN -14.8 million was incurred compared to a loss of PLN -13.2 million in the same period of the previous year (a deterioration in the result by PLN 1.6 million).

Fall in net profit in the three quarters cumulatively and in the third quarter of 2024 (compared to the same periods of the previous year) was a consequence of an increase in selling costs and general administrative costs.

The operating profitability of the apparel segment for 9 months of 2024 amounted to -5.9% and was lower by 0.8 pp compared to the same period of the previous year. In the third quarter of 2024, it amounted to -11.3% and was lower by 0.9 pp compared to the same period of the previous year.

FINANCIAL INCOME AND COSTS

Net financial result in the apparel segment amounted to PLN -2.9 million in three quarters of 2024 compared to PLN -2.3 million in the same period of the previous year. In the third quarter of 2024, net financial result amounted to PLN +0.3 million compared to PLN -9.7 million in the same period of the previous year.

Impact of the IFRS16 standard on the balance of financial activities of the apparel segment in three quarters of 2024 was PLN -1.6 million compared to PLN -0.1 million in 2023. In the third quarter of 2024, the impact of IFRS16 on net financial activities was unfavourable and amounted to PLN -0.2 million compared to PLN -7.1 million in third quarter of 2023.

Apparel segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Financial costs net	-3,080	-1,429	-1,242	-237
FX differences net (excl. IFRS 16)	1,718	-757	1,733	-2,368
IFRS 16 impact	-1,583	-104	-241	-7,132
[^] incl. FX differences	2,434	2,166	1,144	-6,315
[^] incl. interest	-4,017	-2,270	-1,385	-817
Financial income/ costs	-2,945	-2,287	250	-9,737

NET RESULT IN THE APPAREL SEGMENT

The Group's apparel segment posted a net loss of PLN 22.7 million in three quarters of 2024, compared to a net loss of PLN 18.0 million in the same period of the previous year (a deterioration of the result by PLN 4.8 million). In third quarter of 2024, the Group's apparel segment posted a net loss of PLN 11.9 million, compared to a net loss of PLN 18.9 million in the same period of the previous year (an improvement of the result by PLN 7.0 million).

JEWELLERY SEGMENT

Jewellery segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	514,497	479,579	180,340	169,777
Cost of sales	245,076	228,029	86,213	80,249
Gross profit on sales	269,421	251,550	94,127	89,528
Selling costs	154,918	133,422	54,746	46,302
Administrative expenses	33,333	28,666	11,560	10,037
Other operating income	827	839	26	269
Gain on sale of non-financial assets	6	0	0	0
Other operating costs	1,173	1,280	279	393
Loss on sale of non-financial assets	75	69	17	104
Profit (loss) from operations	80,755	88,952	27,551	32,961
Financial income / costs	-1,983	-2,392	-124	-8,375
Pre-tax profit (loss)	78,772	86,561	27,427	24,586
Income tax	15,457	16,769	5,407	4,784
Net profit (loss)	63,315	69,791	22,020	19,802

IAS 17* Jewellery segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Revenues	514,497	479,579	180,340	169,777
Cost of sales	245,076	228,029	86,213	80,249
Gross profit on sales	269,421	251,550	94,127	89,528
Selling costs	157,208	137,149	55,533	47,291
Administrative expenses	33,695	29,083	11,690	10,159
Other operating income	700	839	26	269
Gain on sale of non-financial assets	6	0	0	0
Other operating costs	1,173	1,280	279	393
Loss on sale of non-financial assets	75	69	17	104
Profit (loss) from operations	77,976	84,808	26,634	31,850
Financial income / costs	-785	-2,182	188	-2,605
Pre-tax profit (loss)	77,191	82,626	26,823	29,245
Income tax	15,127	16,022	5,281	5,669
Net profit (loss)	62,064	66,604	21,542	23,576

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

REVENUES

Revenues of the jewellery segment in three quarters of 2024 amounted to PLN 514.5 million and were higher by PLN 34.9 million compared to the same period of the previous year (an increase of 7.3%). In the third quarter of 2024, the revenues of the jewellery segment amounted to PLN 180.3 million and were higher by PLN 10.6 million compared to the revenues in the same period of the previous year (an increase of 6.2%). Increase in revenues was the result of maintaining the positive trend in the sales of gold and silver jewellery (higher dynamics of growth in jewellery sales than watches).

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

GROSS PROFIT FROM SALES

Gross profit on sales of the jewellery segment in three quarters of 2024 amounted to PLN 269.4 million and was PLN 17.9 million higher than the profit in the same period of the previous year (an increase of 7.1%). In the third quarter of 2024, the gross profit on sales amounted to PLN 94.1 million and was PLN 4.6 million higher than the profit in the same period of the previous year (an increase of 5.1%).

In addition, in three quarters of 2024, there was a decrease in the percentage gross margin by 0.1 pp. to 52.4% from 52.5% in the same period of the previous year. In the third quarter of 2024, the gross margin came in at 52.2%, which is 0.5 pp. lower than in the same period of the previous year.

SELLING COSTS

In three quarters of 2024, selling costs amounted to PLN 154.9 million and were PLN 21.5 million higher than in the same period of the previous year (an increase of 16.1%). On the other hand, the share of selling costs in total sales of the jewellery segment amounted to 30.1% compared to 27.8% in the same period of the previous year.

In the third quarter of 2024, selling costs amounted to PLN 54.7 million and were PLN 8.4 million higher than in the same period of the previous year (an increase of 18.2%). At the same time, the share of selling costs in total sales of the jewellery segment increased to 30.4% compared to 27.3% 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.

GENERAL ADMINISTRATIVE COSTS

In 9M24, general administrative costs amounted to PLN 33.3 million and were PLN 4.7 million (16.3%) higher than in the same period of the previous year. Share of general administrative costs in revenues amounted to 6.5% and was 0.5 pp higher than in the same period of the previous year.

In 3Q24, general administrative costs amounted to PLN 11.6 million and were PLN 1.5 million (15.2%) higher than in the same period of the previous year. Share of general administrative costs in revenues amounted to 6.4% and was 0.5 pp higher than in the same period of the previous year.

OPERATING RESULT OF THE JEWELLERY SEGMENT

The Group's jewellery segment recorded an operating profit of PLN 80.8 million in three quarters of 2024, which means a decrease in operating profit by PLN 8.2 million (9.2%) compared to the same period of the previous year. In the third quarter of 2024, the jewellery segment's operating profit amounted to PLN 27.6 million and was PLN 5.4 million (16.4%) lower compared to the same period of the previous year.

Both in 9M and 3Q 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 for 9 months of 2024 amounted to 15.7% and was lower by 2.9 pp compared to the same period of the previous year. In 3Q24, operating profitability was 15.3% and was 4.1 pp lower than in the same period of the previous year.

FINANCIAL INCOME AND COSTS

Net financial activity in the jewellery segment amounted to PLN -2.0 million in three quarters of 2024 compared to PLN -2.4 million in the same period of the previous year. In the third quarter of 2024, net financial activity amounted to PLN -0.1 million compared to PLN -8.4 million in the same period of the previous year.

The impact of the IFRS16 standard on net financial activity of the jewellery segment in three quarters of 2024 was PLN -1.2 million compared to PLN -0.2 million in 2023. In the third quarter of 2024, the impact of IFRS16 on the financial activity balance was unfavourable and amounted to PLN -0.3 million compared to PLN -5.8 million in Q3 2023.

Jewellery segment	PLN ths			
	3 quarters 2024 from 01-01-2024 to 30-09-2024	3 quarters 2023 from 01-01-2023 to 30-09-2023	3 quarter 2024 from 01-07-2024 to 30-09-2024	3 quarter 2023 from 01-07-2023 to 30-09-2023
Financial costs net	-2,287	-1,751	-1,021	-720
FX differences net (excl. IFRS 16)	1,503	-431	1,209	-1,885
IFRS 16 impact	-1,199	-210	-313	-5,770
[^] incl. FX differences	1,841	1,807	913	-5,012
[^] incl. interest	-3,040	-2,017	-1,226	-758
Financial income/ costs	-1,983	-2,392	-124	-8,375

NET PROFIT IN THE JEWELLERY SEGMENT

Net profit of the jewellery segment in three quarters of 2024 amounted to PLN 63.3 million and decreased by PLN 6.5 million (9.3%) compared to the same period of the previous year. In the third quarter of 2024, it amounted to PLN 22.0 million and increased by PLN 2.2 million (11.2%) compared to the same period of the previous year.

Fall in net profit in three quarters of 2024 (compared to the same period of the previous year) was a consequence of a greater increase in selling and general administrative costs than in revenues and margin. The above factors were reinforced by the fact that in the current year there were FX gains, unlike last year, when exchange rate differences were negative.

STRUCTURE AND CHARACTERISTICS OF STATEMENT OF FINANCIAL POSITION

CONSOLIDATED BALANCE SHEET	30.09.2024		30.09.2023	
	value (PLN ths)	share (%)	value (PLN ths)	share (%)
Non-current assets, including:	892,863	54.2%	868,508	57.6%
Intangible assets	501,077	30.4%	501,593	33.3%
Fixed assets	81,058	4.9%	67,396	4.5%
Right-of-use asset	285,508	17.3%	274,422	18.2%
Current assets, including:	754,555	45.8%	638,901	42.4%
Inventory	716,581	43.5%	570,050	37.8%
Receivables	26,101	1.6%	17,701	1.2%
Cash and cash equivalents	11,837	0.7%	50,995	3.4%
Total assets	1,647,418	100.0%	1,507,409	100.0%
Equity attributable to dominating entity, including:	1,016,990	61.7%	947,713	62.9%
Share capital	49,122	3.0%	49,122	3.3%
Net profit (loss) for the current period	40,589	2.5%	51,839	3.4%
Long-term liabilities and provisions:	192,868	11.7%	210,161	13.9%
Long-term loans and borrowings	0	0.0%	13,760	0.9%
Lease liabilities	189,301	11.5%	193,030	12.8%
<i>' incl. leases in shopping malls and office floorspace</i>	<i>187,255</i>	<i>11.4%</i>	<i>191,461</i>	<i>12.7%</i>
Short-term liabilities and provisions, including:	437,560	26.6%	349,535	23.2%
Trade liabilities	192,319	11.7%	185,432	12.3%
Short-term loans and borrowings	127,296	7.7%	37,499	2.5%
Lease liabilities	102,210	6.2%	110,797	7.4%
<i>' incl. leases in shopping malls and office floorspace</i>	<i>101,176</i>	<i>6.1%</i>	<i>110,064</i>	<i>7.3%</i>
Total equity and liabilities	1,647,418	100.0%	1,507,409	100.0%

ASSETS

Asset value as of September 30, 2024 increased compared to the end of September 2023.

RIGHT OF USE ASSETS

In the reporting period, the value of accrued depreciation was lower than the value of changes resulting from modifications to lease agreements (extension, relocation or negotiations), thus there was an increase in the right-of-use asset.

INVENTORY

Value of inventories as of September 30, 2024 amounted to PLN 716.6 million, which means an increase of 25.7% compared to September 30, 2023. In the apparel segment, value of inventories increased by 23.6% YoY (due to preparing for revenues of the fourth quarter of 2024), while in the jewellery segment it increased by 26.8% YoY, which was the effect of preparing for revenues and openings for the fourth quarter of 2024 and price increases.

The Group's inventories per m2 amounted to PLN 14,188, which means an increase of 30.8% YoY:

INVENTORY / [PLN/m2]	3Q24	3Q23	YoY
VRG	14,188	10,847	30.8%
Apparel segment	6,615	4,881	35.5%
Jewellery segment	33,544	29,496	13.7%

EQUITY AND LIABILITIES

EQUITY

In the reporting period, changes in capital result from the profit achieved for the period of three quarters in the amount of PLN 40,589 thousand and implementation by the parent company VRG S.A. of the resolution of the Ordinary General Meeting of the parent company VRG S.A. on the payment of dividend in the total amount of PLN 21,101,025.60 adopted on June 26, 2024. Shareholders of the parent company VRG S.A. as of September 20, 2024 (dividend date) were entitled to the dividend, and the dividend payment date will be December 16, 2024.

LONG-TERM AND SHORT-TERM DEBT

As of September 30, 2024, the Group had no debt under long-term loans, because 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 288.4 million in total, of which PLN 187.2 million is the long-term part and PLN 101.2 million is the short-term part.

The tables below present the development of finance liabilities as of September 30, 2024 and September 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 year-on-year due to significantly higher bank loan and loan liabilities, higher factoring liabilities and lower cash.

Net debt under IAS 17 increased year-on-year due to significantly higher bank loan and loan liabilities, higher factoring liabilities and lower cash.

Net debt/EBITDA ratios under both IFRS 16 and IAS 17 increased from relatively low levels (1.3 and 0.1, respectively) to 1.8 and 1.1, respectively.

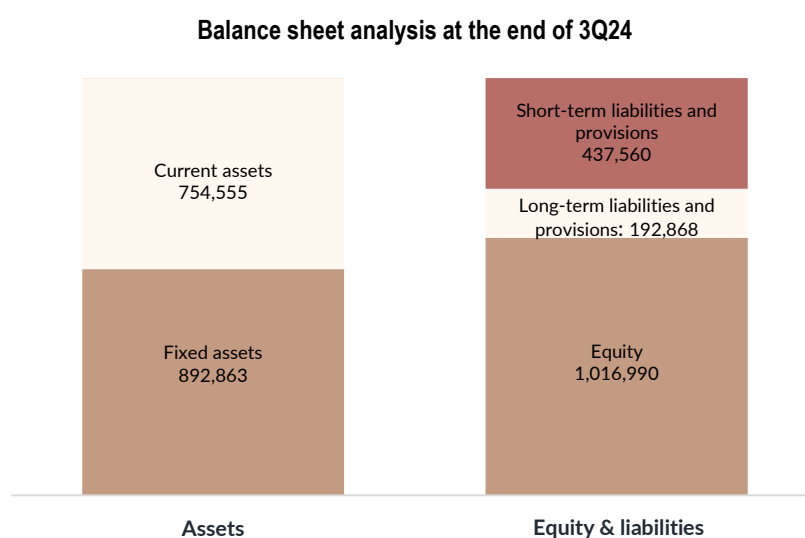
Net debt IFRS16	30.09.2024	30.09.2023
Long-term debt	189,301	206,790
Long-term loans and borrowings	0	13,760
Finance lease liabilities	189,301	193,030
<i>⁴-incl. leases in shopping malls and office floorspace</i>	187,255	191,461
Short-term debt	237,177	154,740
Loans and borrowings	127,296	37,499
Short-term part of long-term loans	7,671	6,444
Reverse factoring	102,210	110,797
Finance lease liabilities	101,176	110,064
<i>- incl. leases in shopping malls and office floorspace</i>	11,837	50,995
Cash	414,641	310,535
Net debt	233,342	232,028
EBITDA annualised	1.8	1.3

Net debt IAS 17*	30.09.2024	30.09.2023
Long-term debt	2,046	15,329
Long-term loans and borrowings	0	13,760
Finance lease liabilities	2,046	1,569

Short-term debt	136,001	44,676
Loans and borrowings and short-term part of long-term loans	127,296	37,499
Reverse factoring	7,671	6,444
Finance lease liabilities	1,034	733
Cash	11,837	50,995
Net debt	126,210	9,010
EBITDA annualised	117,841	114,369
Net debt/EBITDA	1.1	0.1

*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.



2. PLANNED DEVELOPMENT ACTIVITIES

According to information provided in the Company's consolidated report for the first half of this year, the development prospects of the VRG Group in 2024 will continue to be determined by the changing macroeconomic environment.

In the fourth quarter of this year, the VRG Group will continue to make every effort to improve the sales level of apparel brands. The Group's further development will be built by focusing on improving operational activities, consistently implementing changes in the clothing segment brands aimed at increasing efficiency and increasing the attractiveness of the offer for consumers (with an emphasis on the leading Vistula brand) and searching for sales synergies within the VRG Group's brand portfolio (intensification of activities in the area of cross-branding, sales and promotion). At the same time, the Group's Management Board initiated activities aimed at verifying the Group's apparel brand portfolio and potentially resigning from further operations in the luxury women's apparel segment represented by the boutique brand Deni Cler Milano. In the opinion of the Management Board of VRG S.A. the boutique nature of this brand does not fit the specifics of the VRG S.A. Group, whose main aim is to develop the Vistula, Bytom and Wólczanka brands addressed to broad groups of customers in the medium and higher price segment, also including an offer for women, which will be developed in Vistula and Wólczanka brands and the development of W.KRUK S.A. As a result, the Management Board of the Group took steps to obtain a buyer of 100% of the shares in the subsidiary DCG S.A., which is the owner of the Deni Cler Milano brand.

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

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. The introduction of new products will be accompanied, like 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 the needs of the market. At the same time, it focuses on adapting the offer for the most loyal customers, while simultaneously evolutionarily acquiring new brand recipients. VRG will continue to strengthen the presence of its brands in on-line and off-line 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 is to be achieved through work on a new concept of Vistula brand positioning, which is to be completed this year. The new design team is working on the design and quality of the offer, especially in the area of formal clothing, adapted to the needs of the market. The traditional roots of the brand will be reflected in elegant products made of high-quality materials. An example of these activities is, among others, the premium/fine tailoring collection, which customers can find in the brand's off-line and on-line stores from October. It will feature coats made of pure cashmere, suits made of the best materials, a mixture of cashmere and 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.

The Wólczanka brand is developing a range of shirts that strengthen its 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. Specializing in creating perfect shirts, as part of the "Perfect shirt for the office" campaign, Wólczanka offers products that combine quality, comfort and style, both for people working in the office and in a hybrid or remote model. Confirmation of the premium quality in the offer are shirts made of fabrics from renowned suppliers such as Albini and Getzner. Modern technologies used in selected shirt lines such as Traveler, Easy Care or Wrinkle Free make ironing easier or resistant to creases. The brand's offer with an inclusive size range will be available in small and comfortable stationary boutiques in a new, refreshed concept.

Bytom plans to continue development of products for men who appreciate timeless elegance with authentic comfort. The Autumn/Winter 2024 collection in the Bytom brand is a continuation of the direction taken in this year's campaigns, in which the key values are friendship, brotherhood, passion and relationships. Its main theme is the English style - elegant, enveloping, in a calm tone, but expressive, with characteristic check patterns. The collection includes checkered jackets that harmonize with a slightly calmer line of suits. The latest Bytom suit collection has introduced an enriched line of materials from the renowned Italian manufacturer Vitale Barberis Canonico. The offer of coats includes classic single-breasted diplomats, peacoats and double-breasted models, made of high-quality fabrics, containing wool and cashmere, ensuring comfort and elegance on the coldest days. The collection is complemented by an attractive offer of merino wool sweaters.

Deni Cler Milano will continue to develop elegant and timeless formalwear for women. These will be classic products that also respond to international trends. The latest collection for the Autumn/Winter 2024 season, called "Sono Deni", is a unique opportunity to delve into the collection creation process, which includes all stages of work, from the designers' concept to the final product. In 2024, the brand will also continue its image activities aimed at customer loyalty, for example through the Deni Cler Milano Academy, launched in 2023.

In addition to the constant development of the product offer of each brand, the Group is conducting a number of activities aimed at improving the results of the clothing segment and continuing the growth of the jewellery segment in 2024. Among the main operational initiatives, it is worth highlighting:

- focusing on increasing the efficiency of the off-line network (increase in sales per m²) by implementing recovery plans for permanently unprofitable stores or closing such spaces;
- optimizing logistics processes;
- improving the quality of planning and maximizing activities supporting the best possible resale with the increasingly wider use of AI tools.

The measurable effect of the effective implementation of the above actions in relation to the results of 2024 should be an increase in revenues in both segments, an increase in the gross margin in the apparel segment and its stabilization in the jewellery segment, and thus achieving better year-on-year operating and net results in both segments while maintaining a safe financial situation.

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

An inherent element of the planned growth of VRG in the fashion segment are activities in on-line and off-line sales channels as part of omnichannel. In this area, the Company has implemented, among others, the "one basket" project, which supports revenues through the availability of the entire inventory located in the traditional network also in the e-commerce channel offer. The Company uses tools to improve inventory management and stocking and allocation in the off-line network with the support of artificial intelligence (AI) and machine learning (ML). The Group will gradually develop a new, key marketing automation project initiated this year, which is to increase the effectiveness of marketing expenditures and increase sales in both channels by implementing advanced CRM tools and micro-personalization in the Vistula, Bytom and Wólczanka brands.

The VRG Group is also implementing systematic activities related to the ESG area in the field of using ecological fabrics and raw materials and in the area of corporate social responsibility. Since 2023, the #Poczujradośćpomagania ("Feel the joy from helping") campaign has been successfully underway, currently implemented in cooperation with the Wólczanka and Bytom brands with the Ubrania do Oddania brand ("Clothes to donate"). As part of the project, VRG encourages customers to donate used clothes so that they can then go to circular boutiques and companies that obtain such clothing. Activities related to corporate social responsibility are also important to the Company, which is why in 2024 W.KRUK's offer includes inclusive collections that meet the needs of a variety of customers.

At the end of 2024, as a result of the optimization of the traditional apparel segment network and the continued development of the off-line jewellery segment network, the Group plans to operate on c. 50.5 thousand m² of floorspace, including c. 36.1 thousand m² of apparel segment stores, and c. 14.4 thousand m² of m² of jewellery segment store space. After Q4, the Group will make the first summaries of the business efficiency of the new multi-brand sales concept introduced in 3Q24, addressed to current and new franchisees of VRG brands in smaller towns where there are no own stores or mono-brand franchise stores.

The Company estimates the planned capital expenditure in 2024 at c. PLN 45 million. They will be allocated to the development of the apparel and jewellery segments, as well as to the opening of new or renovation of existing retail spaces of off-line stores of VRG brands.

The Group's primary goal for 2025 is to improve profitability in the apparel segment and increase operating profit in the jewellery segment thanks to increased sales in both segments, growing gross margin and control of operating costs.

Plans for the operation of the traditional network in 2025 assume an increase in the total floorspace of the Group to c. 51.0 thousand m² of floorspace, including c. 35.2 thousand m² of apparel segment stores, and c. 15.8 thousand m² of jewellery segment stores.

3. FINANCIAL FORECASTS

VRG S.A. has not published forecast of financial results for 2024.

4. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved for publication and signed by the Parent's Management Board on November 14, 2024.

5. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Company declares that, to the best of its knowledge, the financial statements and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, fair and clear manner the 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

.....

President of the Management Board

Michał Zimnicki

.....

Executive Vice-President of
the Management Board

Łukasz Bernacki

.....

Executive Vice-President of
the Management Board

Cracow, November 14, 2024

SELECTED FINANCIAL DATA TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths		EUR ths	
	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Revenues	382,678	377,166	88,950	82,399
EBITDA	23,524	28,068	5,468	6,132
Profit (loss) from operations	-25,785	-21,967	-5,993	-4,799
Pre-tax profit (loss)	-6,905	-23,797	-1,605	-5,199
Net profit (loss)	-2,123	-20,379	-493	-4,452
Net cash flows from operating activities	-40,620	42,314	-9,442	9,244
Net cash flows from investing activities	-9,544	-8,546	-2,218	-1,867
Net cash flows from financing activities	4,252	-56,476	988	-12,338
Total net cash flows	-45,912	-22,708	-10,672	-4,961
Earnings (loss) per ordinary share (in PLN/EUR)	-0.01	-0.09	0.00	-0.02
Diluted earnings (loss) per share (in PLN/EUR)	-0.01	-0.09	0.00	-0.02
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
Total assets	957,436	936,134	223,747	215,302
Liabilities and provisions	299,267	254,741	69,937	58,588
Long-term liabilities	86,241	87,444	20,154	20,111
Short-term liabilities	201,753	152,289	47,148	35,025
Total equity	658,169	681,393	153,810	156,714
Share capital	49,122	49,122	11,480	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)	2.81	2.91	0.66	0.67
Diluted book value per share (in PLN/EUR)	2.81	2.89	0.66	0.67
Declared or paid dividend per share (in PLN/EUR)	0.09	0.20	0.02	0.05

CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

	PLN ths				
	as at 30-09-2024 /end of quar- ter 2024	as at 30-06-2024 /end of previ- ous quarter 2024	as at 31-12-2023 / end of previous year 2023	as at 30-09-2023 / end of quarter 2023	as at 30-06-2023 / end of previ- ous quarter 2023
Non-current assets	700,369	703,709	702,959	700,743	694,774
Goodwill	120,855	120,855	120,855	120,855	120,855
Other intangibles	115,948	116,166	116,373	116,607	116,864
Fixed assets	29,261	30,931	29,615	22,435	21,597
Investment property	874	874	874	874	874
Right of use assets	130,699	134,587	134,962	135,934	134,364
Long-term receivables	171	140	147	111	111
Long-term loans granted	1,078	1,078	3,416	3,737	3,737
Shares and stakes	283,813	283,829	283,829	283,829	283,829
Deferred tax assets	17,670	15,249	12,888	16,361	12,543
Current assets	257,067	222,680	233,175	222,454	231,393
Inventory	213,800	201,740	170,096	169,555	173,306
Short-term security deposit receivables	33	84	102	155	162
Trade and other receivables and other current assets	35,493	8,241	9,268	8,900	6,313
Short-term loans and short-term part of long-term loans granted	1,000	1,000	1,000	500	500
Cash and equivalents	6,740	11,615	52,652	43,344	51,112
Other short-term assets	1	0	57	0	0
Total assets	957,436	926,389	936,134	923,197	926,167

	PLN ths				
	as at 30-09-2024 / end of quar- ter 2024	as at 30-06-2024 / end of previ- ous quarter 2024	as at 31-12-2023 / end of previous year 2023	as at 30-09-2023 / end of quar- ter 2023	as at 30-06-2023 / end of previ- ous quarter 2023
Equity	658,169	647,785	681,393	632,821	650,394
Share capital	49,122	49,122	49,122	49,122	49,122
Capital reserves	588,588	588,588	581,496	581,496	581,496
Other reserves	17,390	17,390	17,390	17,390	17,390
Retained earnings	3,069	-7,315	33,385	-15,187	2,386
Long-term liabilities and provisions	86,690	89,521	87,893	98,208	94,394
Long-term security deposit liabilities	5	5	5	11	11
Lease liabilities	83,191	86,067	87,439	92,235	88,421
<i>incl.: lease liabilities related to retail and office space</i>	82,526	85,295	86,449	91,624	87,812
Long-term loans and borrowings	3,045	3,000	0	5,505	5,505
Long-term provisions	449	449	449	457	457

Short-term liabilities total	212,577	189,083	166,848	192,168	181,379
Finance lease liabilities	49,968	52,035	52,498	58,902	56,589
<i>incl.: lease liabilities related to retail and office space</i>	49,501	51,568	52,042	58,629	56,219
Trade and other liabilities	92,443	103,986	91,548	116,775	108,023
Loans and borrowings and short-term portion of long-term loans and borrowings	59,342	19,448	8,243	5,542	5,467
Short-term provisions	10,824	13,614	14,559	10,949	11,300
Total liabilities and provisions	299,267	278,604	254,741	290,376	275,773
Total equity and liabilities	957,436	926,389	936,134	923,197	926,167

CONDENSED INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Revenues	121,139	382,678	116,447	377,166
Cost of sales	53,733	162,814	50,799	162,270
Gross profit (loss) on sales	67,406	219,864	65,648	214,896
Selling costs	67,219	204,211	63,564	192,934
Administrative expenses	13,667	41,853	13,812	42,022
Other operating income	634	3,829	32	2,449
Other operating costs	328	3,196	987	4,255
Loss on sale of non-financial non-current assets	391	218	30	101
Profit (loss) from operations	-13,565	-25,785	-12,713	-21,967
Financial income	23,838	25,185	532	2,908
<i>incl.: lease liabilities related to retail and office space</i>	1,028	2,179	0	2,022
Financial costs	2,310	6,305	9,210	4,738
<i>incl.: lease liabilities related to retail and office space</i>	1,233	3,542	6,433	2,019
Pre-tax profit (loss)	7,963	-6,905	-21,391	-23,797
Income tax	-2,421	-4,782	-3,818	-3,418
Net profit (loss) for the period from continued operations	10,384	-2,123	-17,573	-20,379
Weighted average number of ordinary shares	234,455,840	234,455,840	234,455,840	234,455,840
Weighted average diluted number of shares	234,455,840	234,455,840	235,630,831	235,630,831
Net profit (loss) per ordinary share from continued and discontinued operations:				
- basic	0.04	-0.01	-0.07	-0.09
- diluted	0.04	-0.01	-0.07	-0.09

CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Net profit (loss) for the period	10,384	-2,123	-17,573	-20 379
Other comprehensive income, including:	0	0	0	0
That can be reclassified to net income	0	0	0	0
That cannot be reclassified to net income	0	0	0	0
Total comprehensive income	10,384	-2,123	-17,573	-20 379

CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths				
	Share capital	Reserve capital	Other reserves	Retained earnings	Total equity
Balance at 01.07.2023	49,122	581,496	17,390	2,386	650,394
Changes in equity in 3rd quarter of 2023:	0	0	0	-17,573	-17,573
Net profit (loss) for the period	0	0	0	-17,573	-17,573
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	-17,573	-17,573
Dividends	0	0	0	0	0
Balance at 30.09.2023	49,122	581,496	17,390	-15,187	632,821
Balance at 01.01.2023	49,122	580,028	17,390	53,551	700,091
Changes in equity in 3 quarters 2023:	0	1,468	0	-68,738	-67,270
Distribution of net profit	0	48,359	0	-48,359	0
Net profit (loss) for the period	0	0	0	-20,379	-20,379
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	48,359	0	-68,738	-20,379
Dividends	0	-46,891	0	0	-46,891
Balance at 30.09.2023	49,122	581,496	17,390	-15,187	632,821
Balance at 01.01.2023	49,122	580,028	17,390	53,551	700,091
Changes in equity in 2023	0	1,468	0	-20,166	-18,698
Distribution of net profit	0	48,359	0	-48,359	0
Net profit (loss) for the period	0	0	0	28,193	28,193
Other comprehensive income	0	0	0	0	0

	PLN ths				
	Share capital	Reserve capital	Other reserves	Retained earnings	Total equity
Total comprehensive income	0	48,359	0	-20,166	28,193
Dividends	0	-46,891	0	0	-46,891
Balance at 31.12.2023	49,122	581,496	17,390	33,385	681,393
Balance at 01.07.2024	49,122	588,588	17,390	-7,315	647,785
Changes in equity in 3rd quarter of 2024:	0	0	0	10,384	10,384
Net profit (loss) for the period	0	0	0	10,384	10,384
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	10,384	10,384
Dividends	0	0	0	0	0
Balance at 30.09.2024	49,122	588,588	17,390	3,069	658,169
Balance at 01.01.2024	49,122	581,496	17,390	33,385	681,393
Changes in equity in 3 quarters of 2024:	0	7,092	0	-30,316	-23,224
Net profit (loss) for the period	0	28,193	0	-28,193	0
Other comprehensive income	0	0	0	-2,123	-2,123
Total comprehensive income	0	0	0	0	0
Dividends	0	28,193	0	-30,316	-2,123
Net profit (loss) for the period	0	-21,101	0	0	-21,101
Balance at 30.09.2024	49,122	588,588	17,390	3,069	658,169

CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS

FOR 9 MONTHS ENDING SEPTEMBER 30, 2024

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Pre-tax profit (loss)	7,963	-6 905	-21 391	-23 797
Adjustments:				
Amortization and depreciation	15,906	49,309	16,687	50,035
Profit (loss) on investing activities	391	218	30	101
Interest costs	1,969	5,090	1,010	3,278
Change in provisions	-2,789	-3,735	-352	759
Change in inventories	-12,060	-43,704	3,750	36,059
Change in receivables	-5,541	-4,304	-2,580	-2,808
Change in short-term liabilities, excluding bank loans and borrowings	-11,282	-14,641	14,201	-20,036
Other adjustments	-21,377	-21,948	-566	-1,277
Net cash flows from operating activities	-26,820	-40,620	10,789	42,314
Interest received	4	346	532	1,560
Inflows from sale of fixed assets	463	1,247	4	689
Loans granted to subsidiaries	0	2,291	0	0
Purchase of intangible assets	-17	-292	-10	-316

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Purchase of fixed assets	-2,049	-13,061	-1,853	-7,809
Outflows on loans granted to subsidiaries	0	-75	0	-2,670
Net cash flows from investing activities	-1,599	-9,544	-1,327	-8,546
Inflows from loans and borrowings	42,673	58,149	0	0
Repayment of bank loans and borrowings	-2,760	-4,140	0	-2,760
Finance lease payments related to retail and office space	-106	-313	-95	-245
Other interest paid	-689	-1,363	-180	-1,126
Interest paid lease liabilities related to retail and office space	-1,255	-3,616	-755	-2,077
Finance lease payments related to retail and office space	-14,319	-44,465	-16,200	-50,268
Net cash flows from financing activity	23,544	4,252	-17,230	-56,476
Increase (decrease) in cash and cash equivalents in the balance sheet	-4,875	-45,912	-7,768	-22,708
Change in cash due to foreign currency translation	11,615	52,652	51,112	66,052
Balance sheet change in cash taking into account the effects of changes in exchange rates	0	0	0	0
Opening balance of cash	6,740	6,740	43,344	43,344

Value shown in the "Other adjustments" item consists of:	PLN ths	
	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
fixed assets - write-offs - liquidations	-719	-164
interest received	-225	-1,561
wycena kredytu	24	43
dividends received	-21,101	0
stakes write-off	17	5
loan write-off	0	400
forward transactions valuation	56	0
Total	-21,948	-1,277

INFORMATION AND EXPLANATIONS TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 OPERATING SEGMENTS BY TYPE OF ACTIVITY AND GEOGRAPHICAL BREAKDOWN

The company operates one business segment: apparel.

GEOGRAPHIC SEGMENTS OF CONTINUED OPERATIONS:

Revenues related to geographical segments for the period from January 1, 2024 to September 30, 2024 and for the comparable period are presented in the table below.

Revenues from various markets in terms of geographic location	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Poland	121,139	382,268	116,447	377,151
EURO zone	0	410	0	15
Total	121,139	382,678	116,447	377,166

In terms of geographical segments, the entire activity of the Capital Group is carried out in the Republic of Poland.

NOTE 2 OTHER OPERATING INCOME

Other operating income	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Other operating revenues including:	634	3,829	32	2,449
<i>due to write-ups for goods and materials</i>	0	1,734	0	393
<i>due to provision release (severance pay, returns, large Wólczanka stores)</i>	542	1,852	0	0
<i>due to liquidation of agreements in line with IFRS16</i>	85	104	0	658
Total	634	3,829	32	2,449

NOTE 2A OTHER OPERATING COSTS

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Pozostałe koszty operacyjne				
Loss on sale of non-financial fixed assets	391	218	30	101
Goods write-offs	0	0	0	288
Product write-offs	0	0	4	4
Donations	734	2,220	677	1,152
Fixed asset liquidation costs	-534	0	3	311
Other operating costs including:	128	976	303	2,500
<i>Provision for future liabilities</i>	0	375	0	870
<i>severance pay</i>	26	245	42	103
Total	719	3,414	1,017	4,356

NOTE 3 FINANCIAL INCOME

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Financial income				
Interest on bank deposits and loans granted	4	224	532	1,560
FX gains	2,732	3,838	0	1,348
<i>incl.: lease liabilities for commercial and office space</i>	1,028	2,179	0	2,022
Forward transaction valuation	1	21	0	0
Dividends from shares and stakes	21,101	21,101	0	0
Other	0	1	0	0
Total	23,838	25,185	532	2,908

NOTE 3A FINANCIAL COSTS

	PLN ths			
	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Financial costs				
Interest on overdrafts and bank loans	707	1,481	233	788
Interest from factoring	6	121	22	413
Other finance lease interest	23	74	19	58
Interest on lease liabilities for commercial and office space	1,233	3,542	736	2,019
Commissions on loans and guarantees	318	938	269	1,001
FX losses	0	0	7,929	0
<i>incl.: lease liabilities for commercial and office space</i>	0	0	5,697	0
Bank loan amortised cost valuation	0	24	0	43
Forward transaction valuation	0	77	0	0
Loan write-off	0	0	0	400

Other	23	48	2	16
Total	2,310	6,305	9,210	4,738

NOTE 4 INCOME TAX

	PLN ths			
	3 quarter 2024 / pe- riod from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Income tax:	-2,421	-4,782	-3,818	-3,418
Current income tax	0	0	0	0
Deferred income tax	-2,421	-4,782	-3,818	-3,418

Current income tax (PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Pre-tax profit (loss)	7,963	-6,905	-21,391	-23,797
Difference between pre-tax profit (loss) and tax base	-23,435	-23,390	8,920	-1,072
- the difference between pre-tax profit and taxable in- come resulting from non-deductible expenses according to tax regulations and income which is not revenue ac- cording to tax regulations and additional income and tax expenses	-23,435	-23,390	8,920	-1,072
- other differences (including retained losses)	0	0	0	0
Income/loss	-15,472	-30,295	-12,471	-24,869
Tax base	0	0	0	0
Income tax at the applicable rate of 19%	0	0	0	0
Income tax adjustments for prior periods	0	0	0	0
Current income tax	0	0	0	0

Income tax at effective interest rate (PLN ths)	3 quarter 2024 / period from 01-07-2024 to 30-09-2024	3 quarters 2024 / period from 01-01-2024 to 30-09-2024	3 quarter 2023 / period from 01-07-2023 to 30-09-2023	3 quarters 2023 / period from 01-01-2023 to 30-09-2023
Profit (loss) before tax	7,963	-6,905	-21,391	-23,797
• Income tax at a rate of 19%	1,513	-1,312	-4,064	-4,521
• Effect of tax recognition:	-4,403	-4,444	1,695	-204
(-) Utilisation of tax losses carried forward	0	0	0	0
(+) Costs not constituting tax deductible costs	638	1,475	2,072	2,230
(-) Income which is not revenue according to tax regula- tions	5,088	6,076	377	2,434
(-) Non-balance sheet taxable expenses	-38	-84	0	0
(+) Non-balance sheet tax revenue	9	73	0	0
• Revaluation of deferred tax assets (loss)	2,890	5,756	2,369	4,725
• Deferred tax	-2,421	-4,782	-3,818	-3,418
• Deferred tax assets adjustments for prior periods	0	0	0	0
Income tax at effective tax rate	-2,421	-4,782	-3,818	-3,418
<i>Effective tax rate</i>	<i>-30.0%</i>	<i>69.25%</i>	<i>17.85%</i>	<i>14.36%</i>

NOTE 5 DEFERRED TAX ASSET AND LIABILITIES

	PLN ths				
	Balance sheet			Income statement	
	30.09.2024	31.12.2023	30.09.2023	3 quarters 2024 / period from 01.01.2024 to 30.09.2024	3 quarters 2023 / period from 01.01.2023 to 30.09.2023
Deferred tax provisions	135	258	14	-123	-271
Balance sheet values – FX gains	132	240	1	-108	-237
Net prepayments	0	0	0	0	-26
Valuation of loans at amortized cost	3	7	13	-4	-8
Forward transactions valuation	0	11	0	-11	0
Transferred to financial result	135	258	14	-123	-271
Transferred to equity	0	0	0	0	0
Aktywa z tytułu podatku odroczonego	17,805	13,146	16,375	4,659	3,147
Accelerated balance sheet depreciation	1,072	1,220	1,281	-148	-139
Write-offs	2,483	2,812	3,374	-329	-310
Provisions, remuneration and social security	759	783	655	-24	-89
Salaries, unpaid social security	80	83	92	-3	-315
Balance sheet values – FX losses	0	20	315	-20	309
Tax loss carryforward	11,020	5,263	5,613	5,757	4,726
Receivables from customers write-off	216	289	114	-73	114
Provision for future liabilities	264	172	458	92	314
Provision for customer returns	1,204	1,315	1,201	-111	30
Loyalty programme valuation	254	254	381	0	0
Lease liabilities for commercial and office floorspace	453	935	2,891	-482	-1,493
Transferred to financial result	17,805	13,146	16,375	4,659	3,147
Transferred to equity	0	0	0	0	0
Transferred to financial result - persaldo	-17,670	-12,888	-16,361	-4,782	-3,418

NOTE 6 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 30.09.2024
Intangible assets write-offs	6	0	0	0	6
Fixed assets write-offs	5,481	0	5,481	0	0
Inventory write-offs	14,800	0	1,734	0	13,066
Stakes write-offs	5	17	0	0	22
Receivables write-offs	1,278	278	144	0	1,412
Write-offs for proceeds from loans granted	400	0	0	0	400
Total write-offs	21,970	295	7,359	0	14,906

Write-offs	PLN ths				Balance at 31.12.2023
	Balance at 01.01.2023	Creation	Release/ Usage	Restatement	
Intangible assets write-offs	3,150	0	3,144	0	6
Fixed assets write-offs	1,818	3,663	0	0	5,481
Inventory write-offs	17,861	5	3,066	0	14,800
Stakes write-offs	0	5	0	0	5
Receivables write-offs	1,666	319	707	0	1,278
Write-offs for proceeds from loans granted	0	400	0	0	400
Total write-offs	24,495	4,392	6,917	0	21,970

NOTE 7 PROVISIONS

	Provision for employee costs	Provision for future liabilities	Provision for work in progress	Returns from customers	Total
Balance at January 1, 2023	3,918	3,650	564	2,515	10,647
provisions created during the year	543	747	1,080	123	2,493
provisions released/ used	-1,021	0	0	-713	-1,734
Stan na dzień 30 września 2023	3,440	4,397	1,644	1,925	11,406
presented in short-term liabilities	2,983	4,397	1,644	1,925	10,949
presented in long-term liabilities	457	0	0	0	457
Balance at January 1, 2023	3,918	3,650	564	2,515	10,647
provisions created during the year	1,304	3,790	1,080	1,231	7,405
provisions released/ used	-1,105	-509	-717	-713	-3,044
Stan na dzień 31 grudnia 2023	4,117	6,931	927	3,033	15,008
presented in short-term liabilities	3,668	6,931	927	3,033	14,559
presented in long-term liabilities	449	0	0	0	449
Balance at January 1, 2024	4,117	6,931	927	3,033	15,008
provisions created during the year	629	375	1,088	0	2,092
provisions released/ used	-750	-3,044	-1,074	-959	-5,827
Stan na dzień 30 września 2024	3,996	4,262	941	2,074	11,273
presented in short-term liabilities	3,547	4,262	941	2,074	10,824
presented in long-term liabilities	449	0	0	0	449

Balance of provisions as at 30.09.2024 consists of:

long-term provision for retirement benefits	PLN 449 ths	Total PLN 11,73 thousand
short-term provision for retirement benefits	PLN 81 ths	
short-term provision for overdue holidays	PLN 3,466 ths	
provision for customer returns	PLN 2,074 ths	
short-term provisions for work in progress	PLN 941 ths	
provision for future liabilities	PLN 4,262 ths	

NOTE 8 CONDITIONAL ASSETS AND LIABILITIES

	PLN ths		
	Balance at 30-09-2024 / end of quarter 2024	Balance at 31-12-2023 / end of year 2023	Balance at 30-09-2023 / end of year 2023
- issued bank guarantees for rentals of store premises	31,712	29,863	30,651
- open letters of credit	15,244	17,794	21,001
Conditional liabilities, total	46,956	47,657	51,652

There are no conditional receivables in the Group.

NOTE 9 INFORMATION ON FINANCIAL INSTRUMENTS

During the period from January 1, 2024 to September 30, 2024, there was no transfer between levels in the fair value hierarchy used in measuring fair value, and there was no change in the classification of financial assets as a result of a change in the purpose or manner of use of those assets.

NOTE 9A FINANCIAL INSTRUMENTS BY CLASS

Balance sheet items measured at amortized cost (PLN ths)	PLN ths					
	Balance at 30-09-2024 / end of quarter 2024		Balance at 31-12-2023 / end of year 2023		Balance at 30-09-2023 / end of quarter 2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Loans granted	2,078	0	4,416	0	4,237	0
Trade and other receivables and current assets	35,697	0	9,517	0	9,166	0
Cash and equivalents	6,740	0	52,652	0	43,344	0
Long-term liabilities due to, bank loans, loans and leases	0	86,236	0	87,439	0	97,740
<i>incl.: leases for commercial and office space</i>	0	82,526	0	86,449	0	91,624
Short-term liabilities due to bank loans, loans and leases	0	109,310	0	60,741	0	64,444
<i>incl.: leases for commercial and office space</i>	0	49,501	0	52,042	0	58,629
Trade, other liabilities and liabilities due to deposits	0	92,448	0	91,553	0	116,786
Total	44,515	287,994	66,585	239,733	56,747	278,970

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

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

Balance sheet items	PLN ths						
	3 quarters/period from 01-01-2024 to 30-09-2024						
	Interest income	Interest cost	Gains/losses due to amortised cost valuation	Gains/losses due to fair value valuation	Write-offs created	Write-offs release	FX gains/losses
Loans granted	26	45	0	0	0	0	0
Trade and other receivables	1	0	0	0	278	144	22
Cash and equivalents	224	0	0	0	0	0	240
Other short-term assets – Forward transactions	0	0	0	-77	0	0	0
Liabilities due to bank loans, loans and leases	0	1,555	-24	0	0	0	0
Lease liabilities for commercial and office space	0	3,542	0	0	0	0	2,179
Trade and other liabilities	0	48	0	0	0	0	1,397
Total	251	5,190	-24	-77	278	144	3,838

2. OTHER EXPLANATORY NOTES

2.1. INFORMATION ON SIGNIFICANT PURCHASE AND SALE TRANSACTIONS OF PROPERTY, PLANT AND EQUIPMENT

The total amount of capital expenditure in the financial statement from financial flows shown in the reporting period was PLN 13,061 thousand.

No significant sales transactions. The total amount of sales revenues was PLN 1,247 thousand.

2.2. OTHER INFORMATION

The information and explanations to the consolidated interim financial statements include information that is material to the preparation of these separate condensed interim financial statements:

- General information
- Basis for preparation and applied accounting principles
- Changes in accounting standards
- Seasonality and cyclicity of activities
- Factors and events, including those of an unusual nature
- Rates used to value assets and liabilities
- Significant risk and threat factors
- Information about financial instruments
- Information about a significant liability for the purchase of property, plant and equipment
- Issuance, redemption and repayment of debt and equity securities
- Dividends paid and declared

- Proceedings pending before a court, a body competent for arbitration proceedings or a public administration body
- Tax settlements
- Transactions with related entities
- Information about granting credit or loan guarantees by the issuer or its subsidiary or granting guarantees jointly to one entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees is significant
- Significant events in the third quarter of 2024
- Significant events after the balance sheet date.

VRG S.A. MANAGEMENT BOARD SIGNATURES

Mateusz Kolański

.....

President of the Management Board

Michał Zimnicki

.....

Executive Vice-President of the
Management Board

Łukasz Bernacki

.....

Executive Vice-President of the
Management Board

Cracow, November 14, 2024



VRG
VISTULA RETAIL GROUP

VISTULA

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SZTUKA KRAWIECTWA OD 1945

WÓLCZANKA

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