

# INVESTOR PRESENTATION Q1 2024

May 2024

answear.



| 01

# Introduction



# KEY EVENTS IN Q1 2024

01. **We maintain positive sales growth, outpacing our competitors, consistently expanding our operations, and undertaking new investments** despite a more challenging macroeconomic and financial environment.
02. **We are consistently implementing our strategy to transition into the premium segment**, to differentiate ourselves from competitors, and to establish a market leadership position within our segment.
03. The opening of the **Answear and PRM concept stores** at the prestigious **Norblin Factory location in Warsaw** represents the achievement of our sales, marketing, and branding objectives while acquiring exclusive brands.
04. We have launched new **branding campaigns for the PRM and Answear** brands. For PRM, this is the first campaign following the merger of the acquired brands Sneakerstudio and PRM, aimed at familiarizing customers with the brand's vision and the store's offerings. Meanwhile, Answear's campaign highlights its offerings from the premium segment.
05. We have received **awards and recognitions** in various competitions, including a nomination in the Online Retailer of the Year category at the 16th edition of the prestigious CEE Retail Awards 2024, and an accolade at the Mobile Trend Awards 2023.

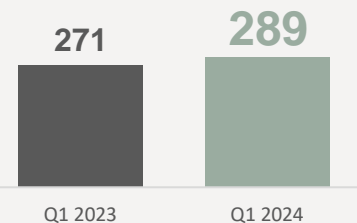


# WE ARE SCALING UP OUR OPERATIONS DESPITE CHALLENGING MARKET CONDITIONS AND NEW INVESTMENTS

answer.

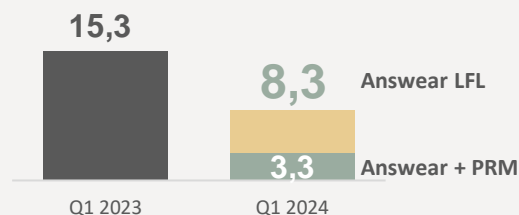
Revenues (million PLN)

+6% y/y



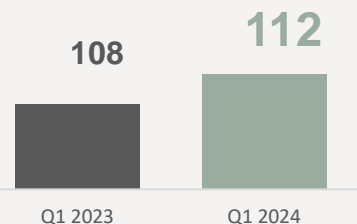
EBITDA (million PLN)

-46% y/y



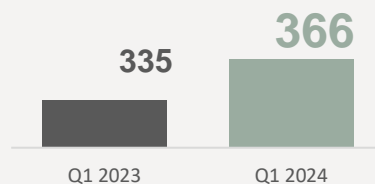
Gross margin (million PLN)

+4% y/y

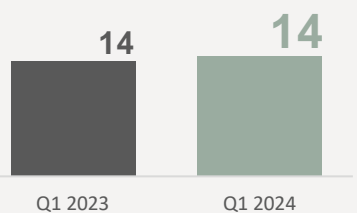


AOV ( PLN)

+31 zł y/y

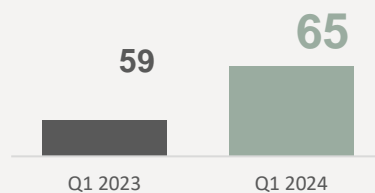


% of logistics costs (vs. sales)



Share of premium brands in the offer (%)

+6 p.p. y/y



Q1 2024 results under pressure due to:

- Investments in the development of the new PRM brand and the PRM and Answer concept stores
- Decreased consumer demand across Europe
- Weak market performance in Ukraine
- Appreciation of the PLN
- A high baseline in Q1 2023

| 02

**ANSWEAR.COM**



# PRODUCT OFFERING DEVELOPMENT

**answer.** ~ 255k SKU's 767 brands

**Prmi** ~ 18k SKU's 218 brands

**answer. LAB** ~ 11k SKU's 1 brand

# OFFERING STRUCTURE



Clothing

45%



Footwear

32%



Accessories

23%

65%

Premium brands



26%

Mid-range products



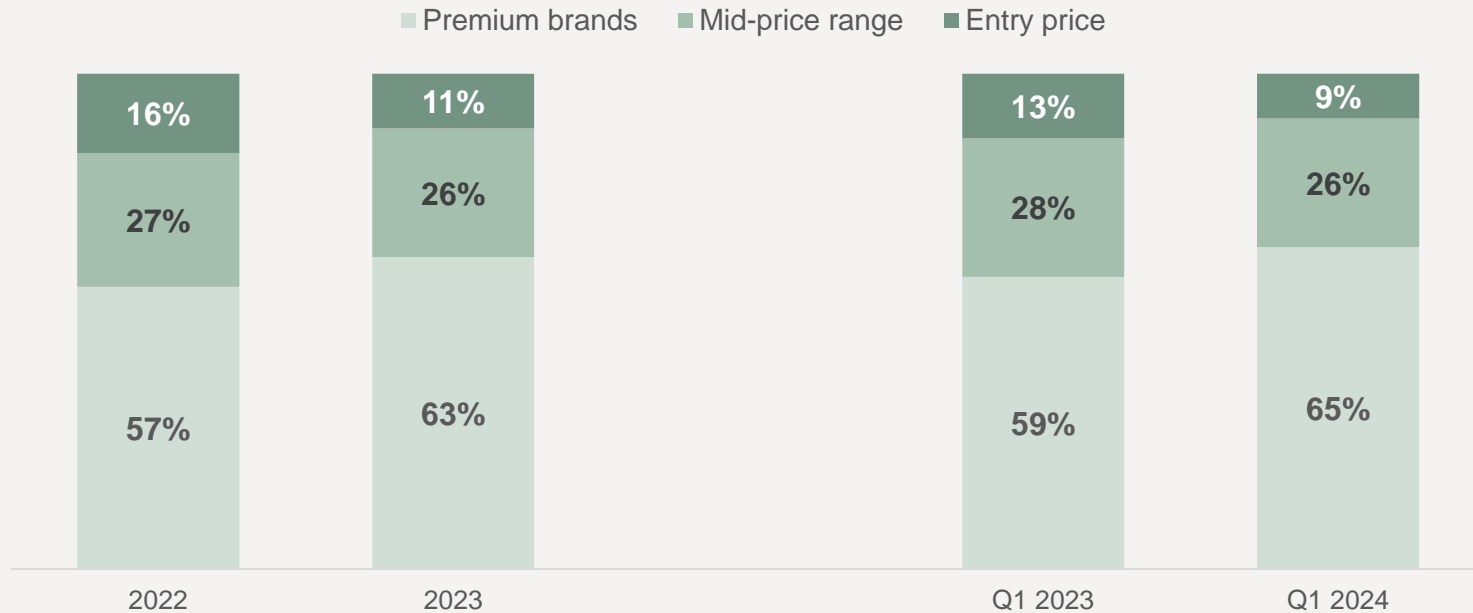
9%

"Entry" brands



# FOCUS ON PREMIUM BRANDS....

Share % of price categories offered



Selected brands  
acquired in Q1  
2024:

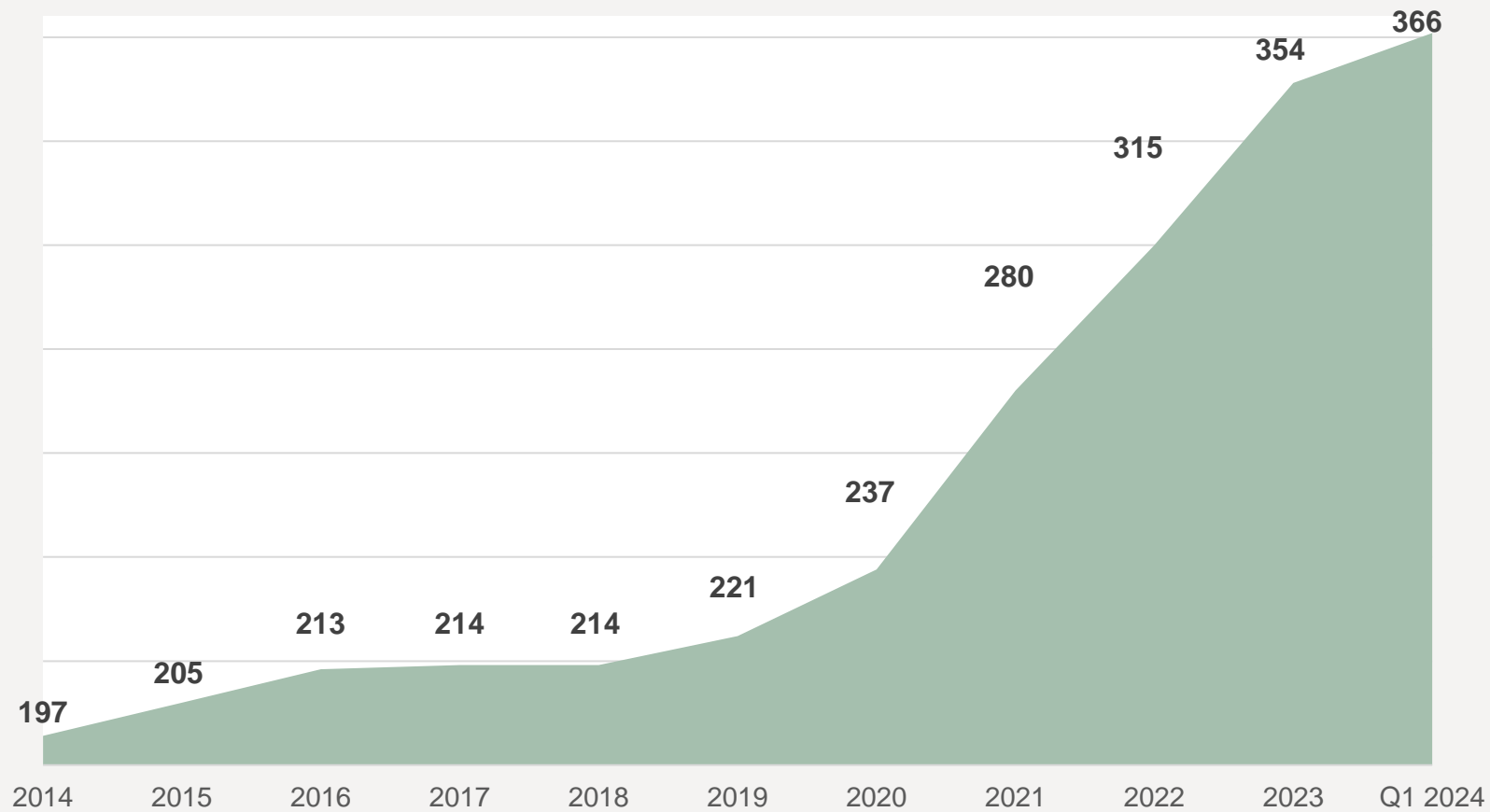


answear.

- We consistently develop the premium segment, which has a positive impact on average order value and margins achieved
- We select only the best, most popular and best-selling brands
- We develop Answear LAB in the budget segment, targeting higher margins, comparable to industry standards for private labels

# ...WHICH DIRECTLY IMPACTS THE IMPROVEMENT OF THE AOV

Average order value (PLN)



# EFFICIENT OPERATING MODEL

Full control of key processes

## LOGISTICS



- Central warehouse in Kokotow (next to Krakow)
- 39,000 sqm (with gradual release of subleased space - 3,000 sqm as of today)
- 500 million GMV potential revenue, 4-storey mezzanine to increase space by another 20,000 sqm
- Answear.com has local logistics centers and uses local couriers to offer the fastest and cheapest delivery in the region.

## STUDIO FOTO-VIDEO



- Own photo/video facilities with an area of 2,100 m2 comprising 12 photo/video studios, 1 "Rainbow" image studio and 12 packshot stations
- Answear.com individually does photo shoots of new products. In addition, the vast majority of them have video, which sets the company apart from its competitors and improves shopping conversions.

## E-COMMERCE PLATFORM AND APP



- Improved platform and mobile app offered in all markets where Answear.com operates
- The platform uses the latest technology and modern technical infrastructure
- It is characterized by high UX, speed of operation and an improved shopping process.

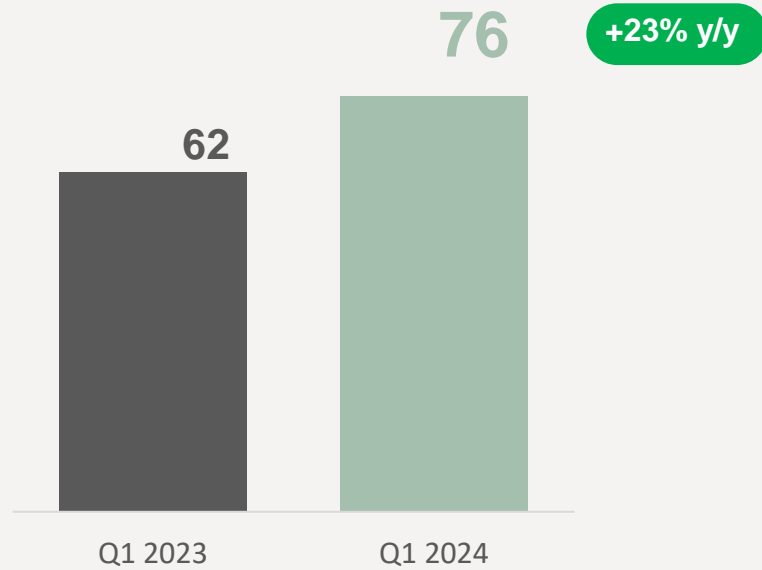
## CONCEPT STORE



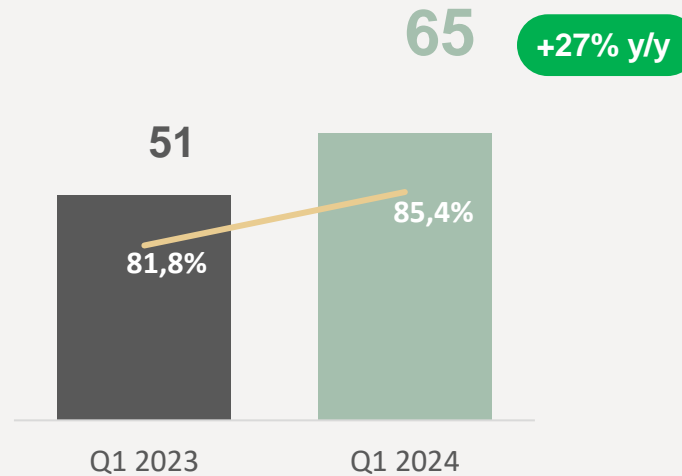
- Two modern concept stores, Answear (2000 sqm) and PRM (600 sqm), are situated in a prestigious location—the Norblin Factory in Warsaw.
- They combine commercial functions with cultural offerings to provide customers with the best shopping experience.
- This is a significant aspect in terms of branding and marketing when acquiring additional exclusive brands.

# CONSTANTLY INCREASE WEBSITE TRAFFIC

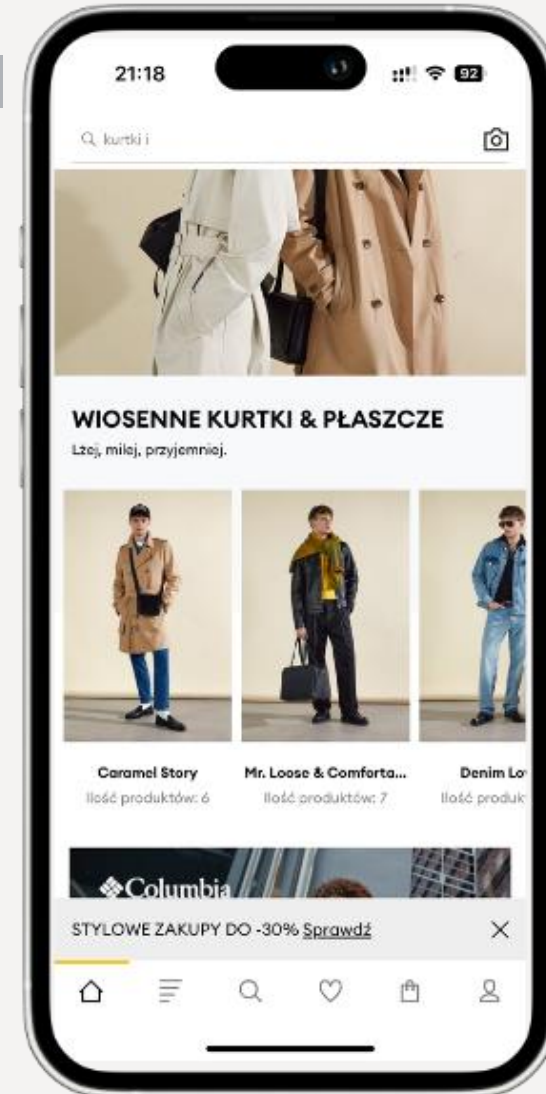
Number of visits (million)



Number (million) and % share in mobile channel in total visits

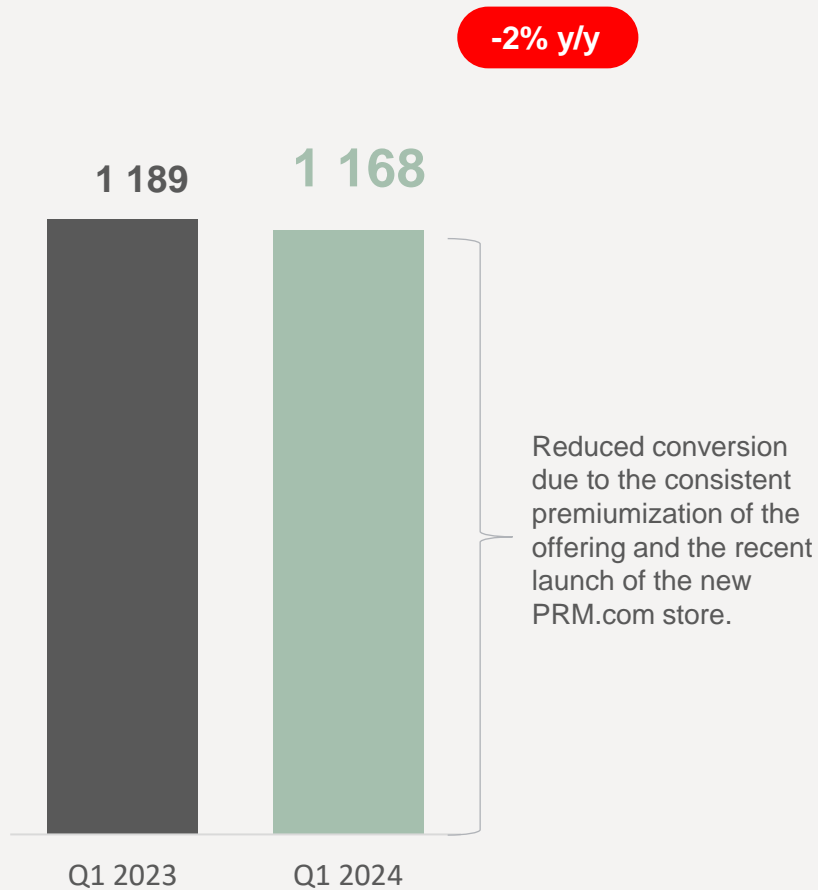


- Steady increase in the number of visits
- Consistent improvement in mobile channel metrics, thanks to the use of the mobile app across all markets
- The mobile app is the best-converting source for acquiring customer orders

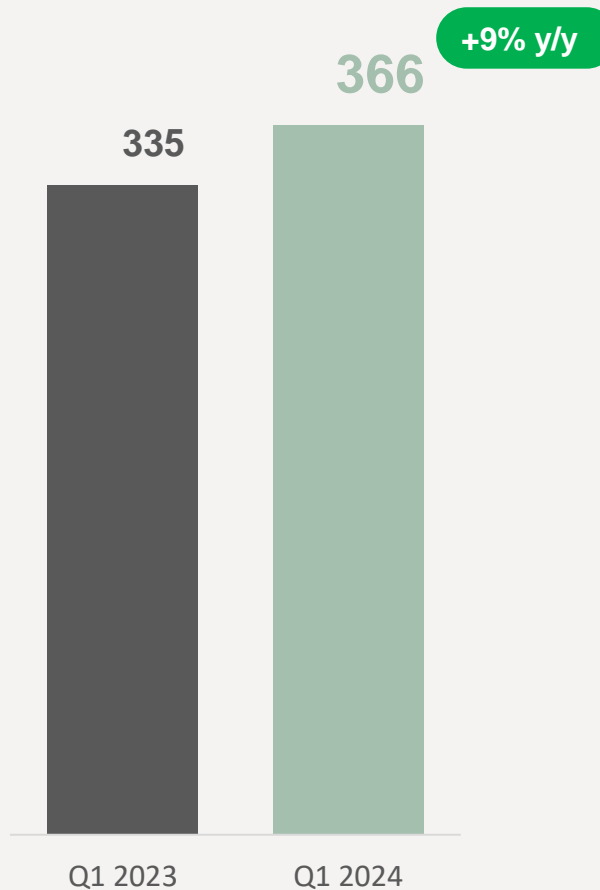


# REACHING NEW CUSTOMERS FOR PREMIUM BRANDS

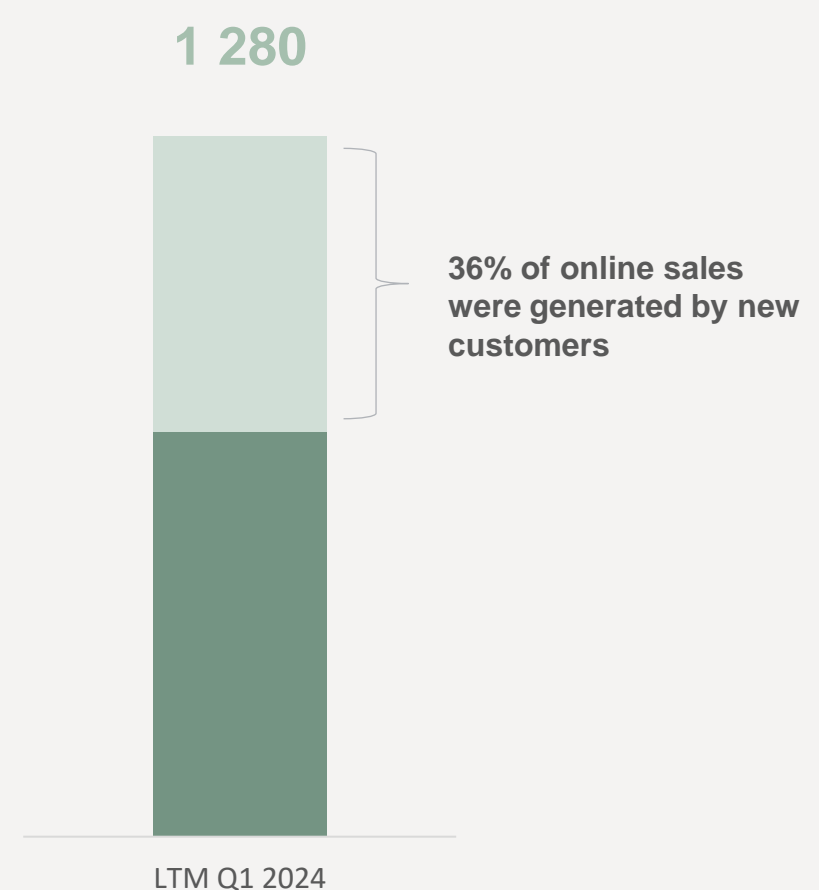
Number of orders (thousands)



Average order value (PLN)



Online sales (million PLN)



| 03

**PRM**

**ENTERING A NEW  
SEGMENT OF  
LUXURY  
SNEAKERS &  
STREETWEAR**




# PRM BRAND DEVELOPMENT AND INVESTMENT

Supported by the acquired PLN 29 million in SPO

## Expansion of product offerings

**VETEMENTS MISBHV**  **MARINE SERRE**   **FIORUCCI**

- Acquisition of 18 new brands since Q1 2024
- Offer development underway - a "snowball effect" is underway - good brands attract others

  
**IN PROCESS**

## Opening of new markets

 czerwiec 2023	 lipiec 2023	 wrzesień 2023
 czerwiec 2023	 lipiec 2023	 wrzesień 2023
 czerwiec 2023	 sierpień 2023	 listopad 2023
 czerwiec 2023	 sierpień 2023	



## Marketing

- Launching a new concept store at the Norblin Factory
- Conducting an extensive image campaign
- Marketing and building brand awareness
- Improving stocking and developing the offer

  
**IN PROCESS**

- Early-stage investments have impacted reduced profitability
- We expect significant gains in the coming periods, due to the premium segment with high margins and transaction profitability



# POTENTIAL FOR ACQUISITION

Ability to release operational synergies

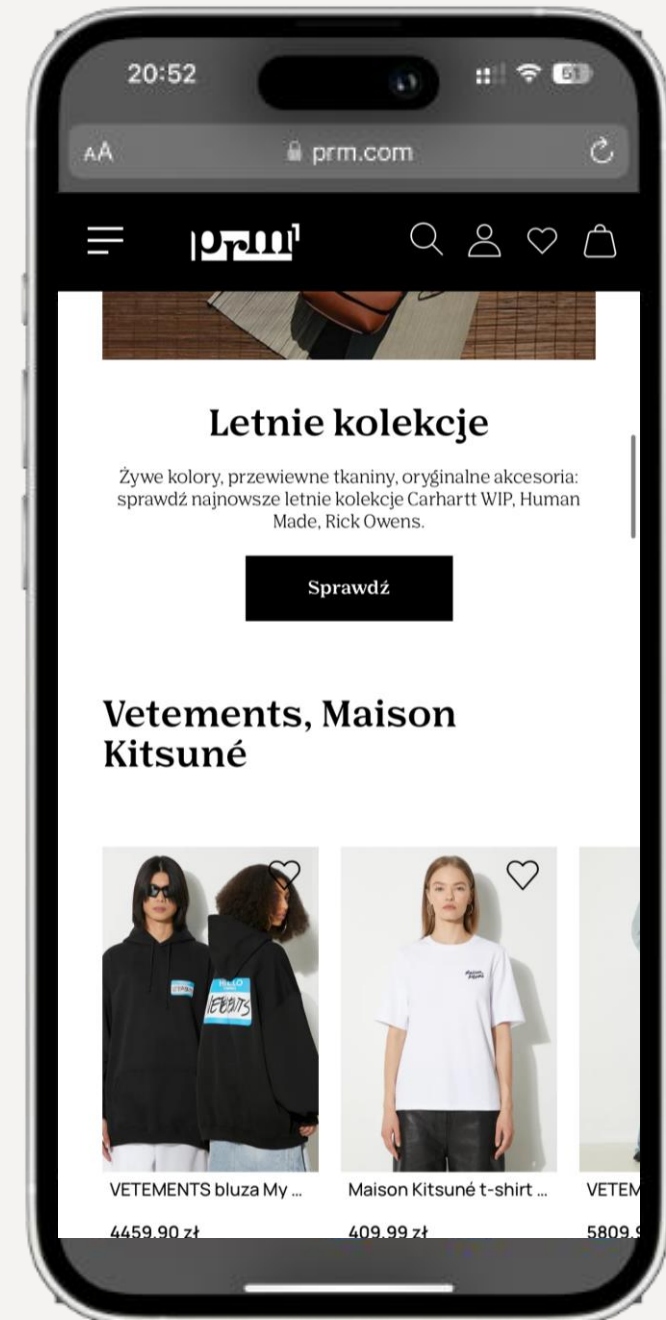
PRM

- Unique product offerings and brands
- Good market position, recognition and credibility among the young generation community in CEE markets
- Customer base interested in premium streetwear & sneaker products

Answer

- Scale of operations in CEE
- Efficient logistics, fastest delivery in CEE
- Modern warehouse with sales fulfillment potential of up to 500m Euro GMV
- Modern photo studio
- Proprietary ecommerce solutions
- Optimized unit costs per transaction

- **Accelerate development and revenue growth**
- **Improve conversion and efficiency of ongoing advertising activities**
- **Improve process and cost efficiency**
- **Achieving good profitability**



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# OPENING NEW CONCEPT STORES

answer.  
coffeedesk

# FIRST CONCEPT STORE IN THE NORBLIN FACTORY IN WARSAW

A significant milestone in building a strong position in the premium fashion segment

PRM

- 600 sqm area
- A unique location on the map of Warsaw, showcasing a selective portfolio of high fashion brands, some of which were previously unavailable in our part of Europe
- Beyond fashion, the interior is filled with art, design, and culture, including a dedicated vinyl zone

Answer

- 2000 sqm area
- The Answer.com showroom features, among other amenities, a café, a tailoring alterations area, product customization, and space for event organization, as well as VIP fitting rooms with personal stylist services.
- The unique design includes custom furniture and large display windows

- **Concept stores are a crucial aspect of branding and marketing**
- **Exclusive brands often require a physical presence and direct interaction with customers**



| 05

# ONE OF THE FASHION E-COMMERCE LEADERS IN CEE

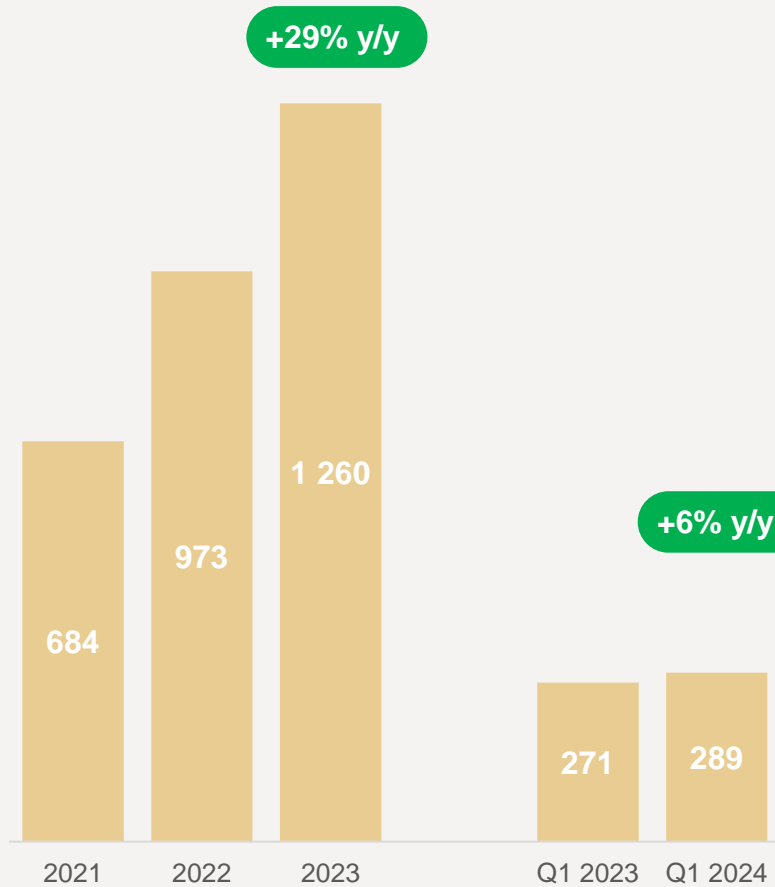


# CONSISTENTLY INCREASE THE SCALE OF OPERATIONS

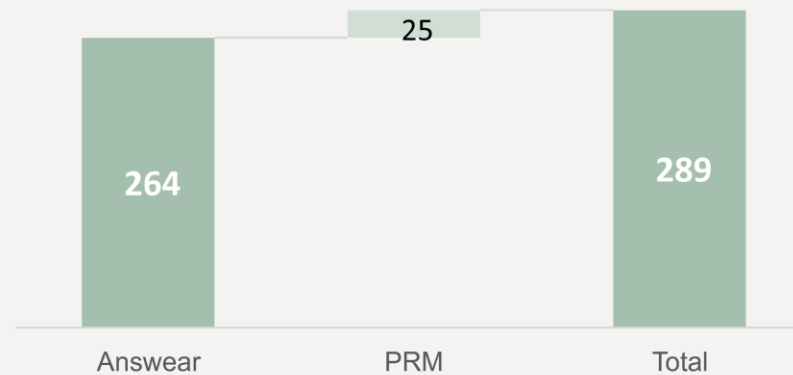
Despite the challenging market environment

answer.

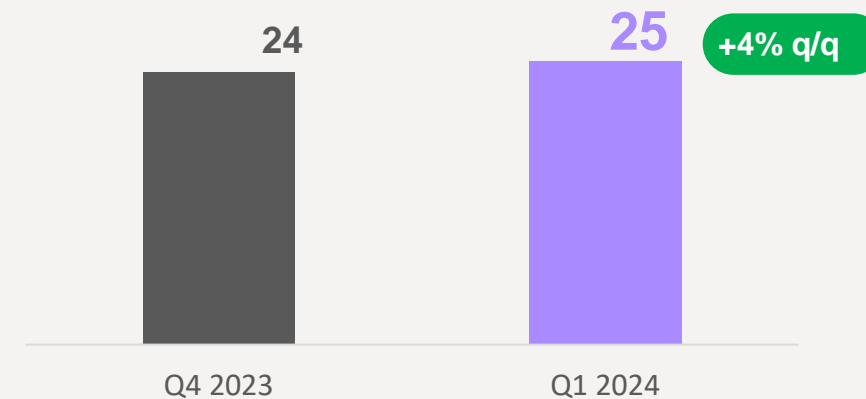
Sales revenue (million PLN)



Sales revenue in Q1 2024 (PLN million)



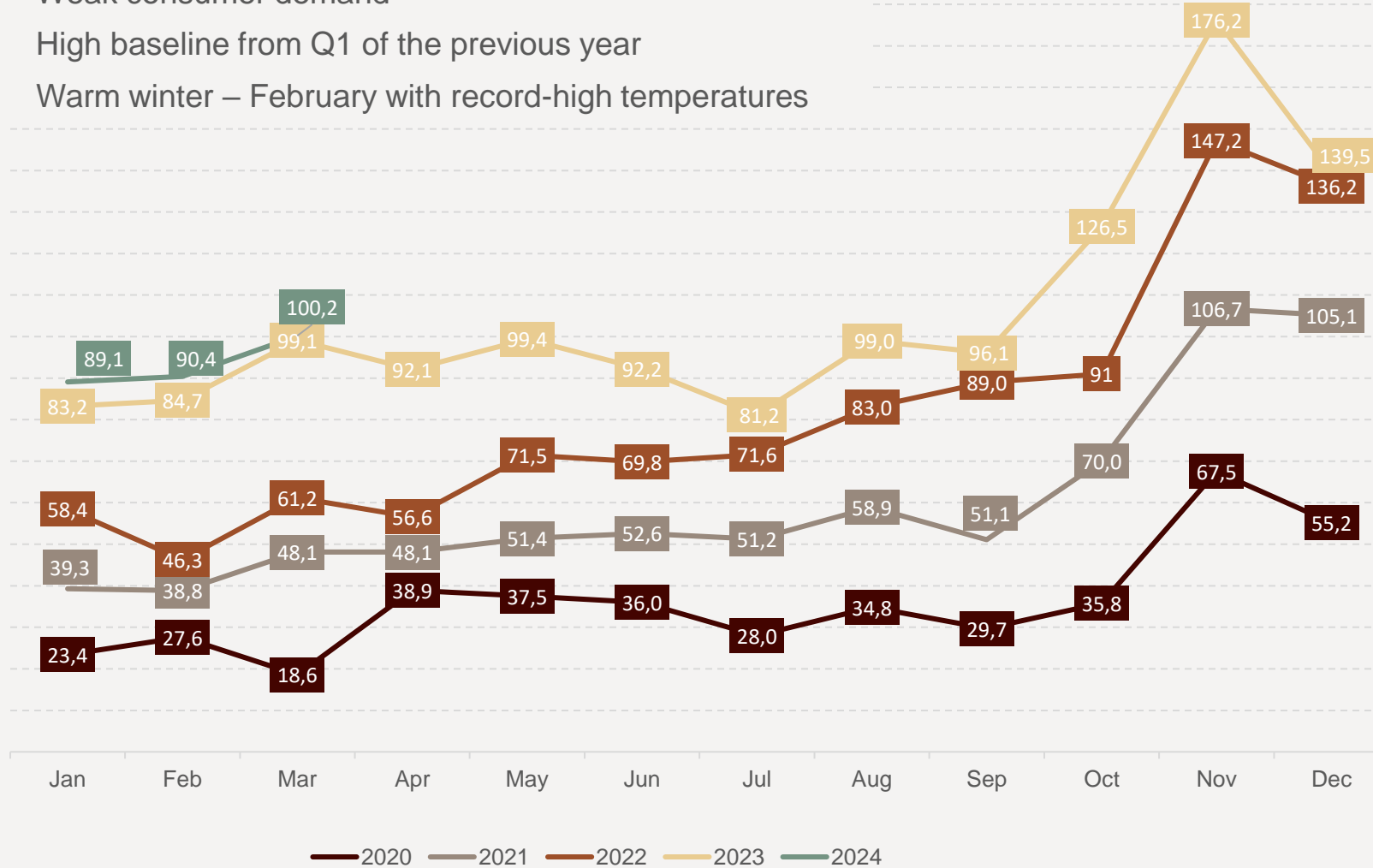
PRM sales revenue (mln PLN)



- Continuation of growth despite adverse external factors, including macroeconomic and geopolitical issues affecting sales
- Negative macroeconomic trends, weakening consumer demand, low retail sales indices, increased price competition, and the appreciation of the PLN
- The blockade by farmers at the Polish-Ukrainian border in Q1 2024, which led to extended delivery times and reduced the willingness of customers in Ukraine to place orders, impacting sales negatively

# ONLINE SALE

- Weak consumer demand
- High baseline from Q1 of the previous year
- Warm winter – February with record-high temperatures



# APPRECIATION OF THE ZLOTY ADVERSELY AFFECTED SALES AND BUSINESS MARGINS



EUR/PLN in Q1 2023 – Q1 2024



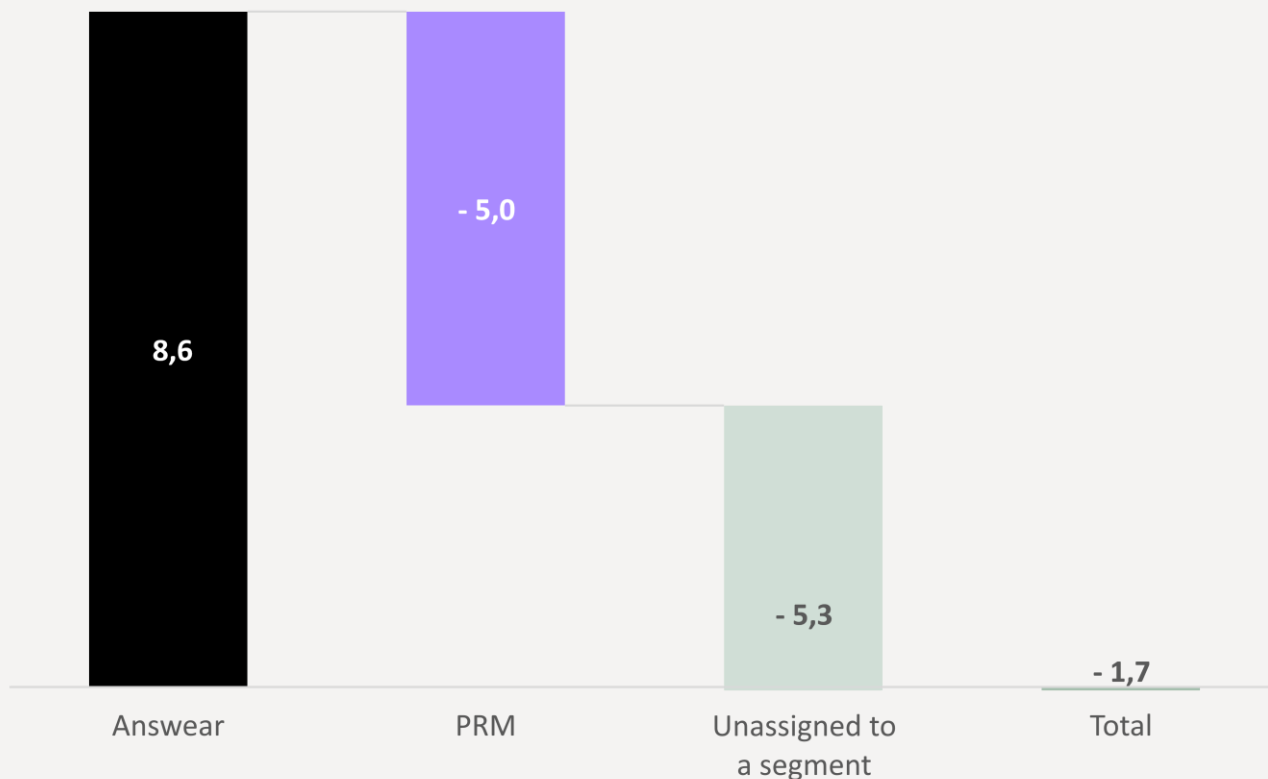
UAH/PLN in Q1 2023 – Q1 2024



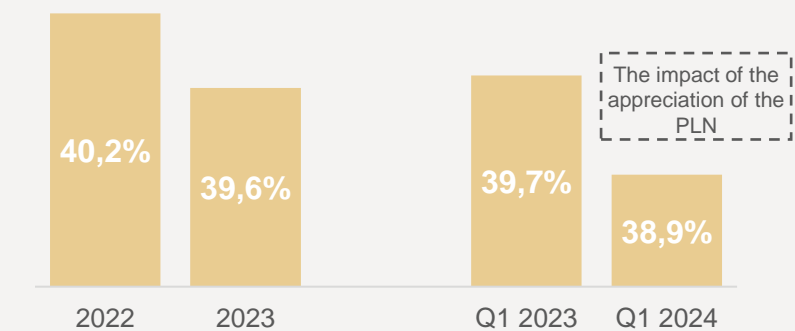
- Strengthening of the zloty against the EUR and most CEE currencies negatively affected sales dynamics and margin, with about 78% of Answear's sales outside Poland
- Approximately 28% of online sales were generated in the Ukrainian market, which, with the depreciation of the UAH against the PLN, led to a decrease in revenues.
- Limited ability to react to the strengthening of the zloty. sub-price increases due to the challenging competitive environment and weak consumer demand
- In Q1 2024, the average exchange rates were as follows:
  - The EUR decreased by 8% y/y
  - The UAH decreased by 17% y/y
  - The HUF decreased by 8% y/y
  - The CZK decreased by 13% y/y

# PROFITABILITY BURDENED BY PRM BRAND INVESTMENT PERIOD AND DIFFICULT MARKET ENVIRONMENT

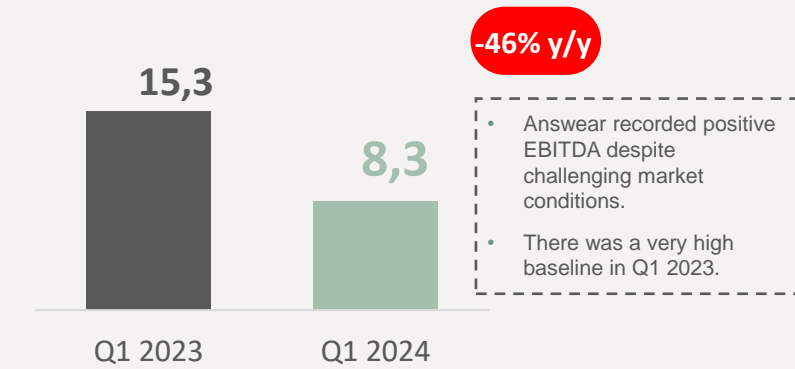
Operating profit (in million PLN) in Q1 2024 by product segments



Gross margin (%)



Answear.com's EBITDA excluding PRM (PLN million)



# INVESTMENT PERIOD FOR THE DEVELOPMENT OF A NEW BRAND AND THE OPENING OF A CONCEPT STORE

Acquisition of tangible fixed assets

Q1 2024

**PLN 7,6m**

Primary investments:

**PLN 6 811k** Investment in Answear and PRM concept stores

**PLN 389k** IT infrastructure and computer equipment

**PLN 261k** Warehouse equipment

**PLN 94k** Photo/video studio equipment

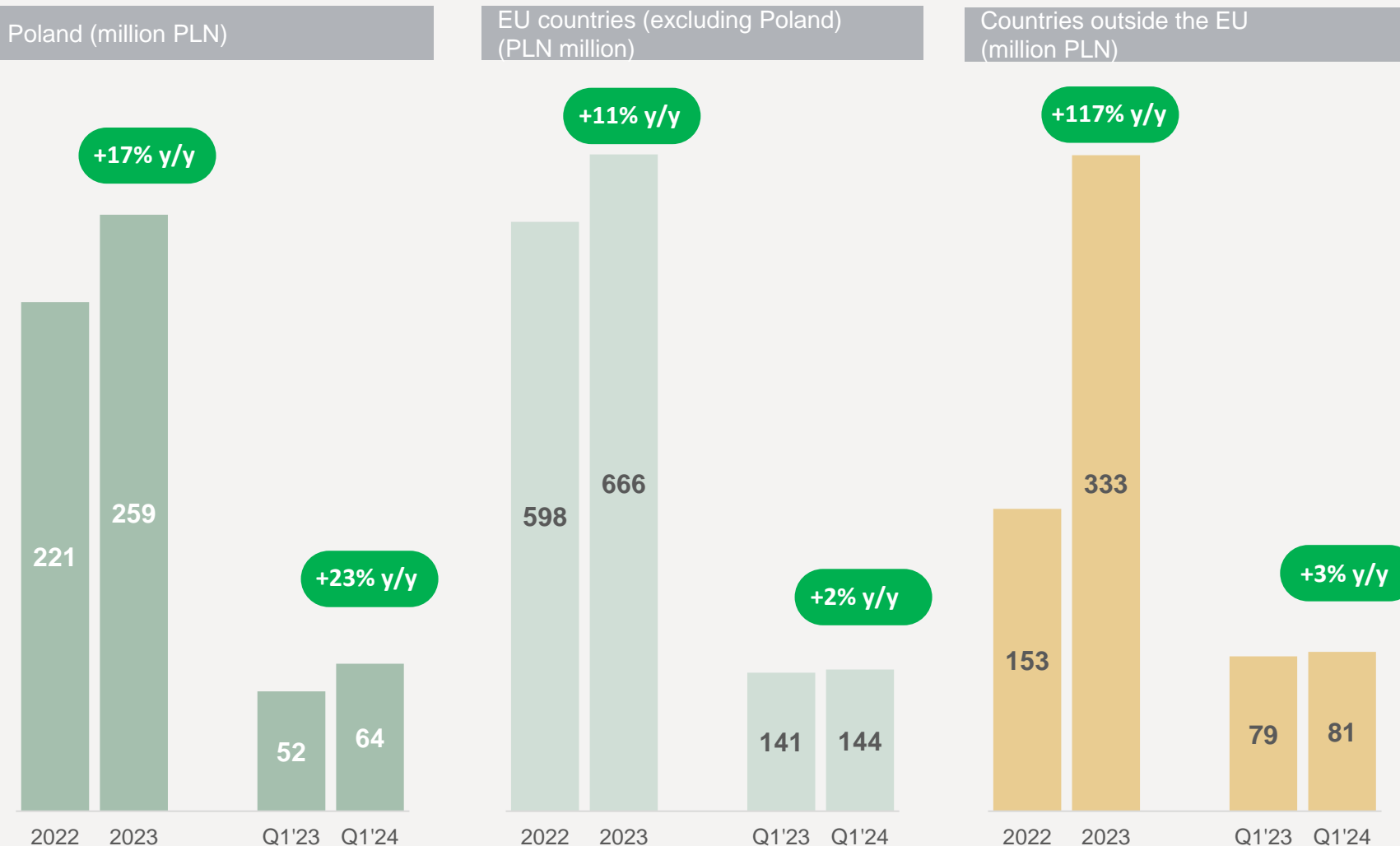
Q1 2023

**PLN 818k**



# GEOGRAPHIC DIVERSIFICATION

## Geographic breakdown of revenues

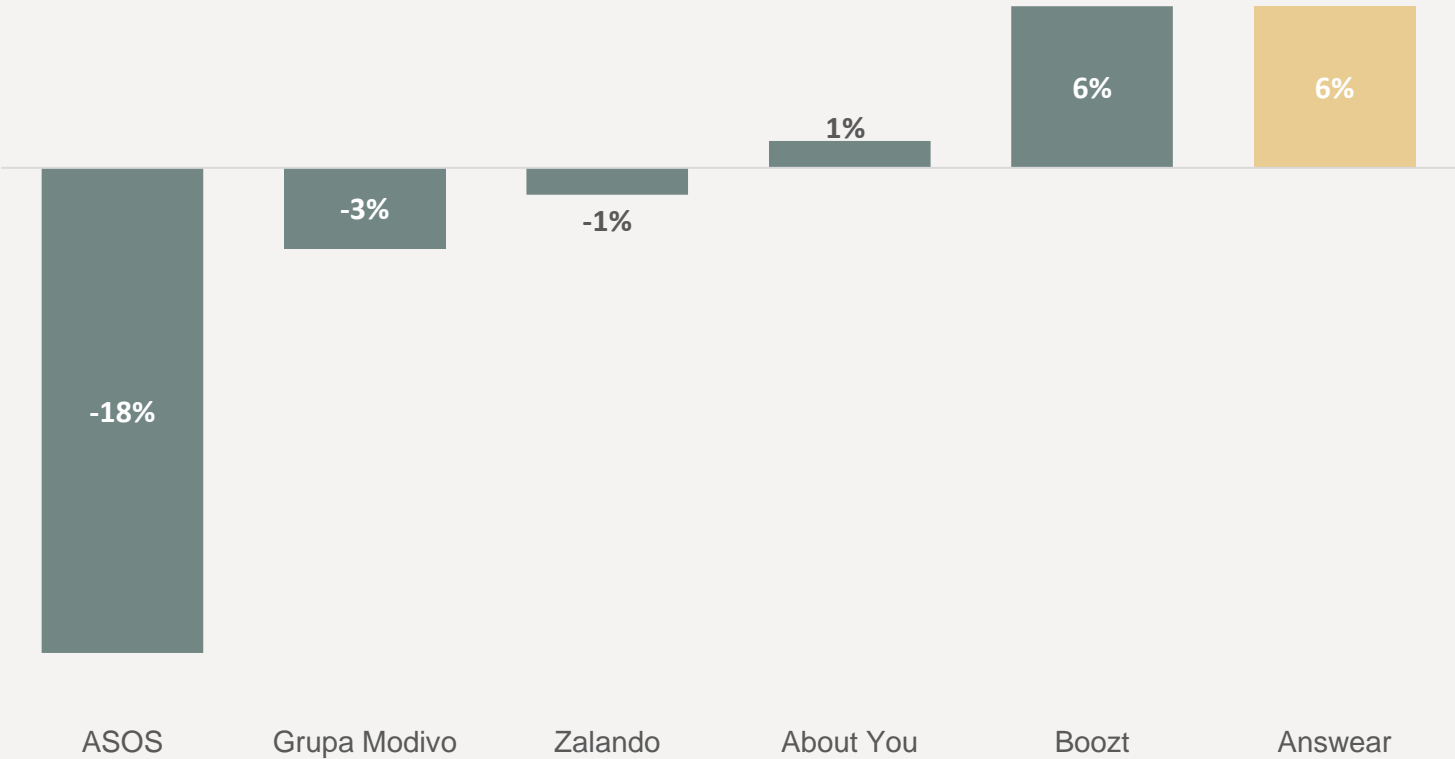


answer.

- Geographically diversified sales make the Company immune to local turbulence and downturns
- Poland achieved strong growth dynamics in Q1 2024, with sales accounting for nearly 22% of total revenue
- The low dynamics in the Ukrainian market are the result of the blockade of farmers at the Polish-Ukrainian border, as well as the weakening hryvnia
- Adjusting revenue dynamics for the strengthening impact of the PLN, the company would have recorded a higher sales growth in the EU segment outside of Poland by approximately 8 p.p. Meanwhile, in the sales segment outside the EU, sales dynamics would have been higher by 18 p.p.

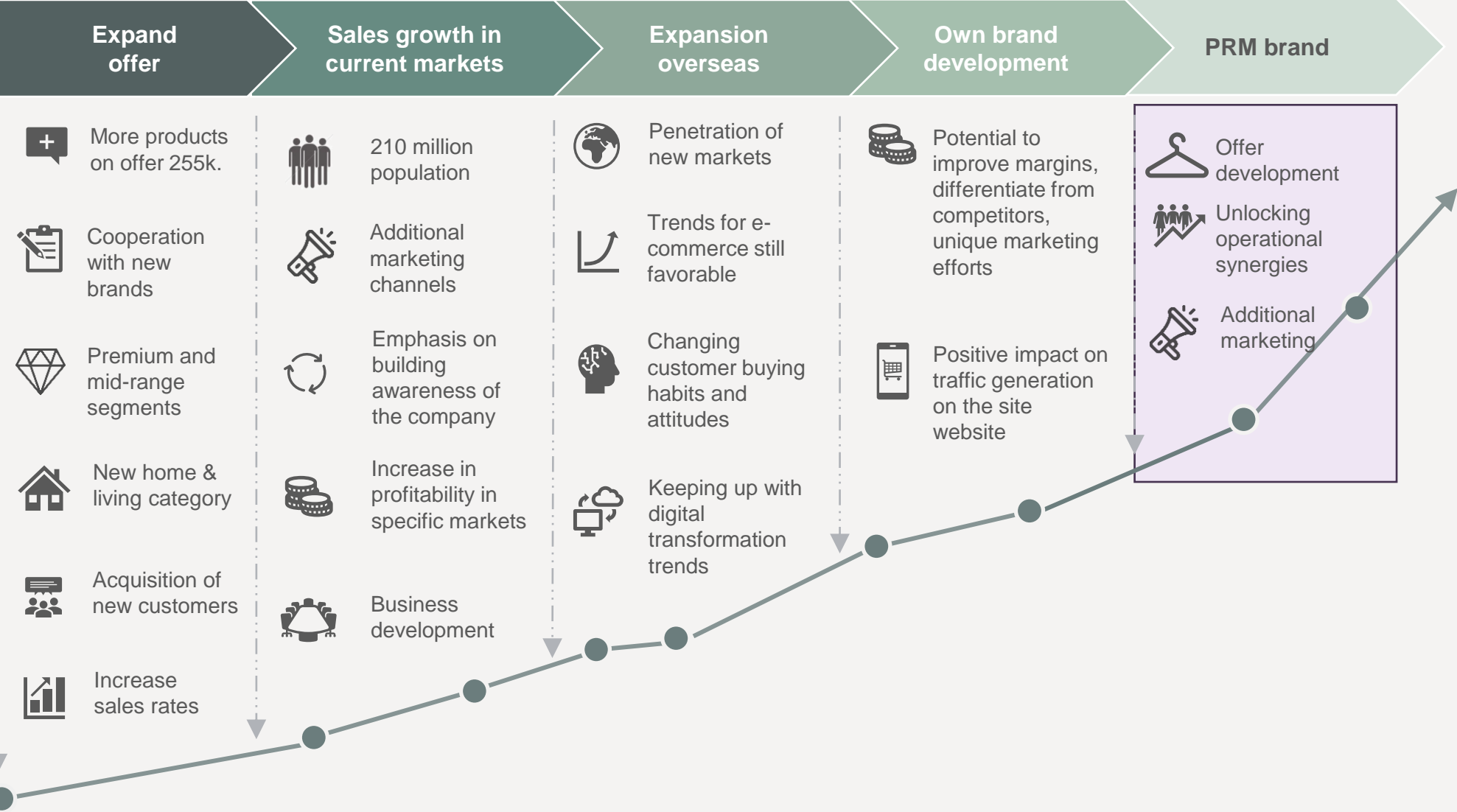
# ANSWEAR.COM LEADER IN GROWTH VS. PEERS IN Q1 2024

Top-line dynamic



# DEVELOPMENT STRATEGY

Strategy and growth prospects



# Outlook 2024

Assumed overall performance in 2024

## H1 2024

- Consumer market weakness
- Invest in the PRM brand:
  - Increase product range, launch new brands
  - Strengthen PRM brand position in the market, increase marketing spend across all channels and markets
  - Opening of a concept store in the Norblin factory in Warsaw in April 2024
- Investment in the Answear brand - repositioning towards the 'accessible premium' segment:
  - Extensive image campaigns in spring and autumn this year
  - Opening of a concept store in the Norblin Factory in May 2024
  - Continue to expand the product range

## H2 2024

- Consumer sentiment expected to improve
- Revenue growth in the PRM segment, achieving economies of scale and BEP by the end of 2024
- Strengthen Answear's market position in the premium segment
- Increased product offering across both brands

# ATTRACTIVENESS OF ANSWEAR

Why Answer.com?

01. **Maintain high growth rates** despite a very challenging market environment and the costs associated with developing the PRM brand in 2023
02. The potential for the **development of the PRM brand** in the attractive luxury segment with lower competitiveness involves reaching a new customer group and better utilization of existing resources.
03. The potential for **repositioning Answer into the premium segment** involves differentiation from key competitors."
04. **Steady increase in the value of the average order** resulting from the expansion of the product range and the growing share of premium brands
05. **Expanding product offerings** - new brands, new product categories and private label development, allowing the Company to **reach new customers more widely**



A woman with dark hair pulled back, wearing a white off-the-shoulder dress and a gold bracelet, holds a pair of black and white ballet flats. She is looking upwards and to the right. The background is a light-colored, textured wall.

answear.

**THANK YOU FOR  
YOUR  
ATTENTION**

**ZAPRASZAMY DO KONTAKTU:**

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