



# INVESTOR PRESENTATION H1 2024

September 2024

**answer.**

| 01

# INTRODUCTION



# KEY EVENTS IN H1 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

We have opened **Answear and PRM concept stores in a prestigious location – Norblin Factory in Warsaw.** Achieving sales, marketing, and branding goals through the acquisition of exclusive brands

04

We have **significantly increased our marketing budgets** by executing brand awareness campaigns aimed at repositioning Answear into the premium segment, as well as **promoting the new PRM brand**

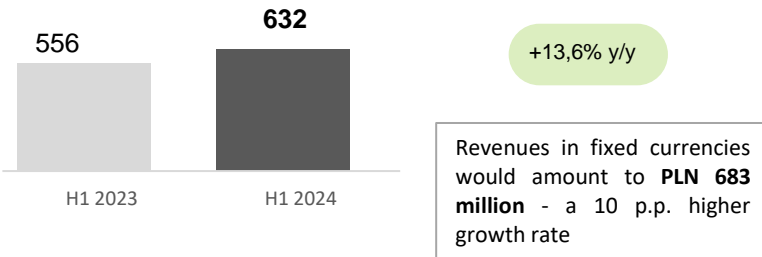
05

**We have increased Answear's creditworthiness.** We extended the financing agreement with PKO BP and mBank. **In H1 2024, we had a line of credit worth PLN 263 million**

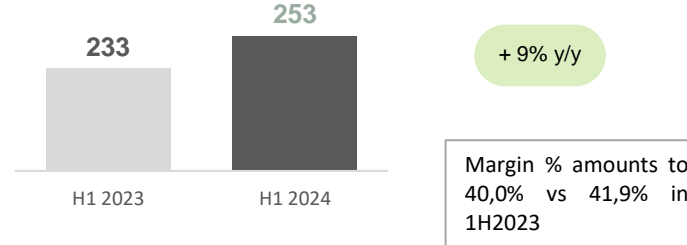


# WE ARE SCALING UP OUR OPERATIONS DESPITE CHALLENGING MARKET CONDITIONS AND NEW INVESTMENTS

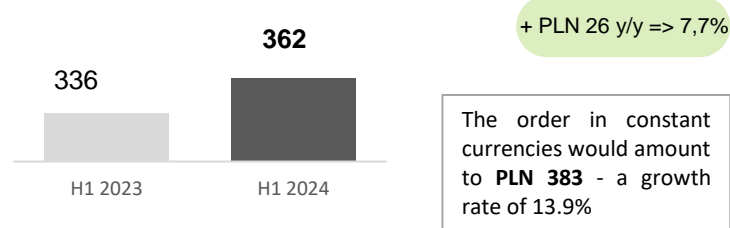
**Revenues** (million PLN)



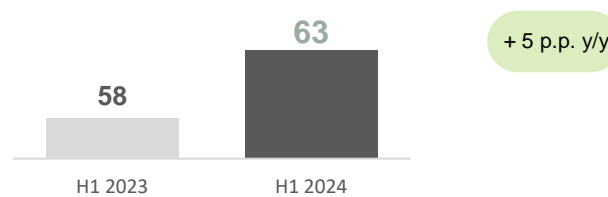
**Gross margin** (million PLN)



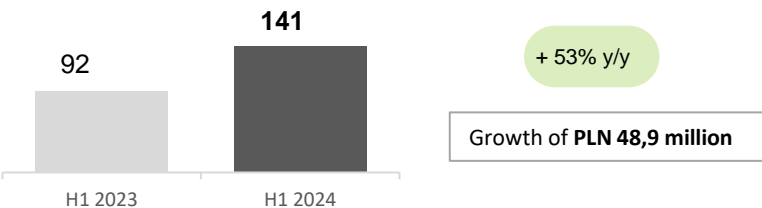
**AOV** (PLN)



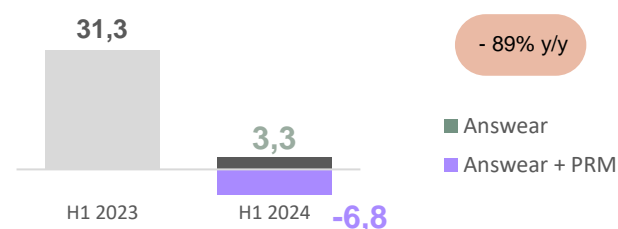
**Share of premium brands in the offer** (%)



**Marketing costs** (million PLN)



**EBITDA** (million PLN)



## H1 2024 results under pressure due to:

- Investments in the development of the new PRM brand
- Investments in PRM and Answear concept stores
- Costs of brand awareness campaigns for Answear and PRM conducted across 11 markets
- Decreased consumer demand, particularly in the online segment across Europe
- Price pressure caused by market weakness, overstocked competition, and Omnibus regulations
- Weak sales in the Ukrainian market due to the prolonged war and blackouts
- Appreciation of the PLN and depreciation of the UAH

| 02

**ANSWEAR.COM**



# PRODUCT OFFERING DEVELOPMENT

**answear.**

~ **220k**  
SKU's

**699**  
brands

**oruu!**

~ **18k**  
SKU's

**230**  
brands

**answear. LAB**

~ **15k**  
SKU's

**1**  
brand

## Premium brands

 ELISABETTA FRANCHI
  VERSACE
  EMPORIO ARMANI

 VVB  
VICTORIA BECKHAM
 GUESS
 LIU·JO
 BOSS

G-STAR RAW
 Calvin Klein
 MICHAEL MICHAEL KORS

TOMMY HILFINGER
 POLO RALPH LAUREN
 LACOSTE LIFE IS A BEAUTIFUL SPORT

MARELLA
 WEEKEND MaxMara
 PINKO

**63%**

## Mid-range products

 Pepe Jeans LONDON
  Levi's
  new balance

 PUMA
 SUPERDRY 冒險魂
  CONVERSE

Columbia
  adidas
  GEOX RESPIRA

**27%**

## „Entry” brands

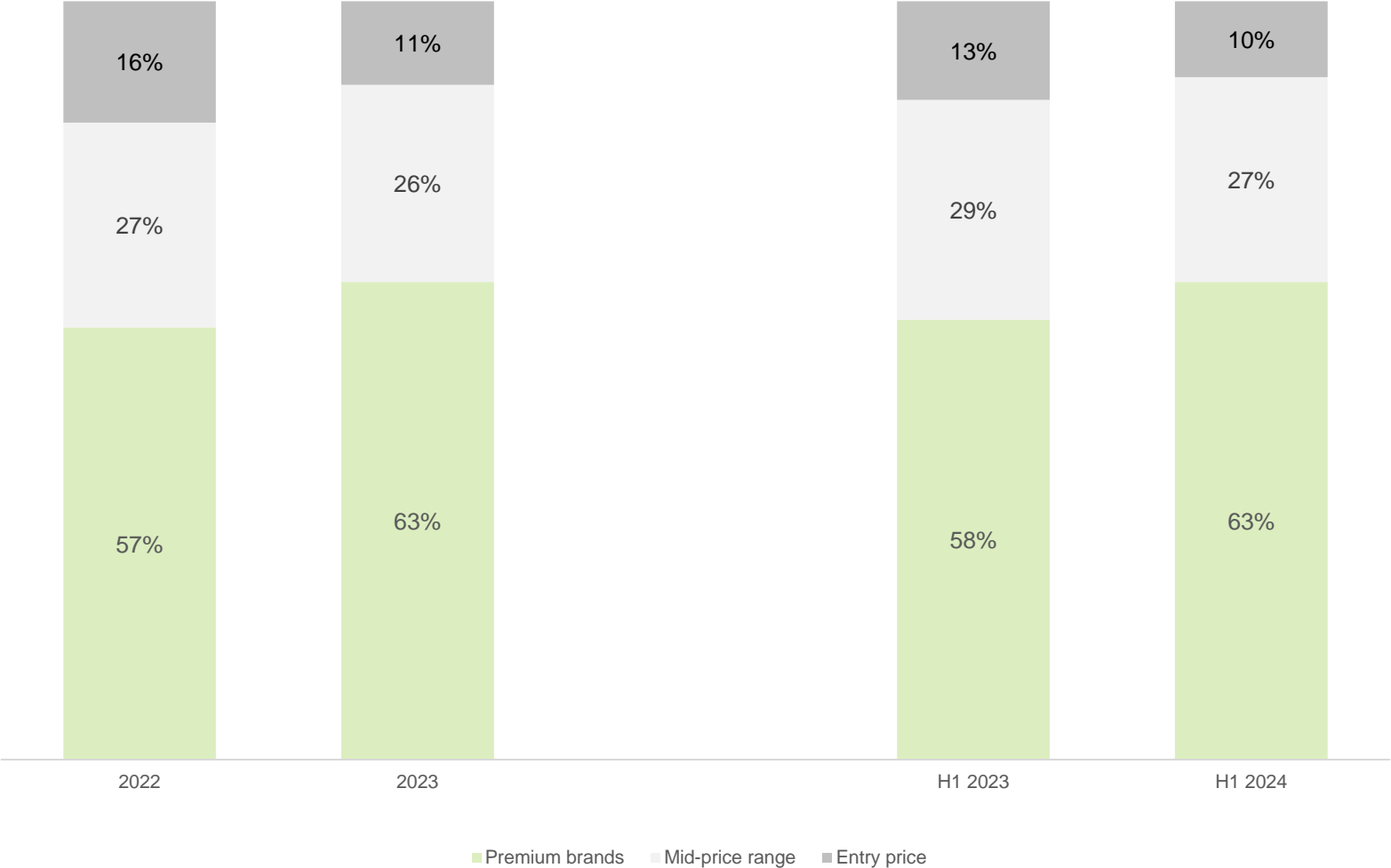
 LAB
 MEDICINE EVERYDAY THERAPY

**10%**



# FOCUS ON PREMIUM BRANDS...

Share % of price categories offered



## Selected brands acquired in H1 2024

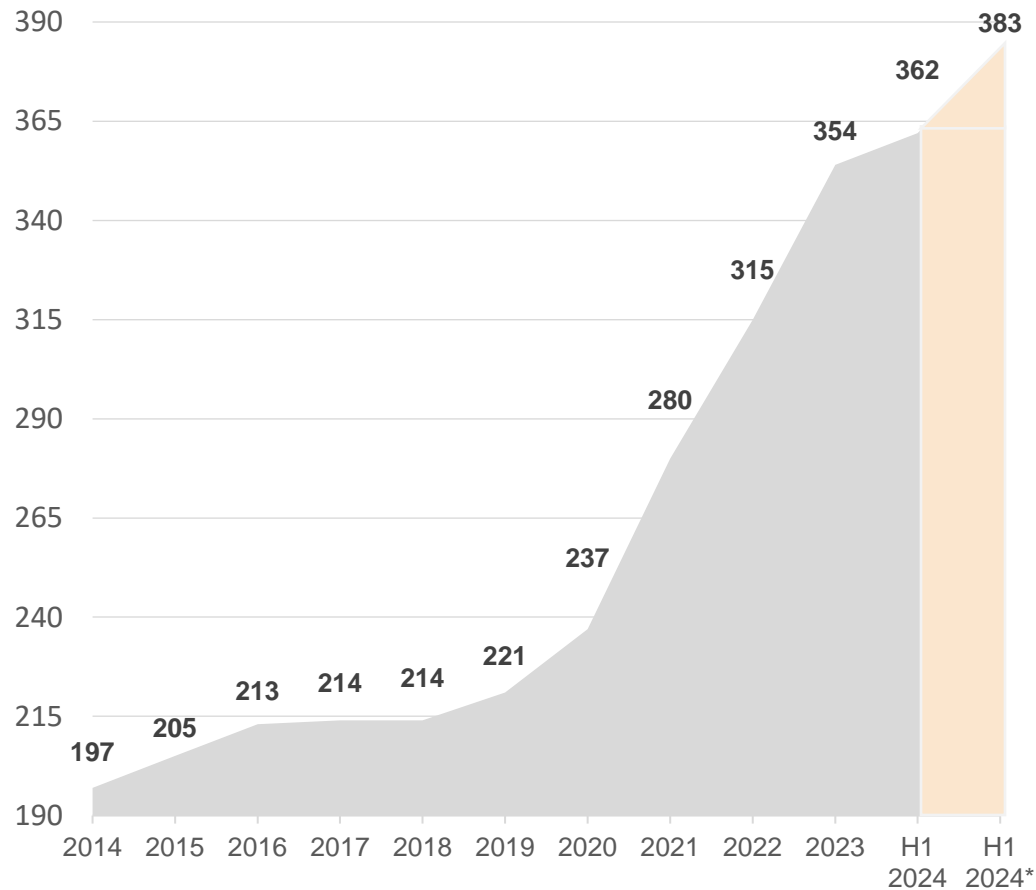


- We consistently develop the premium segment, which has a positive impact on average order value and margins achieved
- We select only the best, most popular and best-selling brands
- We develop Answer LAB in the budget segment, targeting higher margins, comparable to industry standards for private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

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

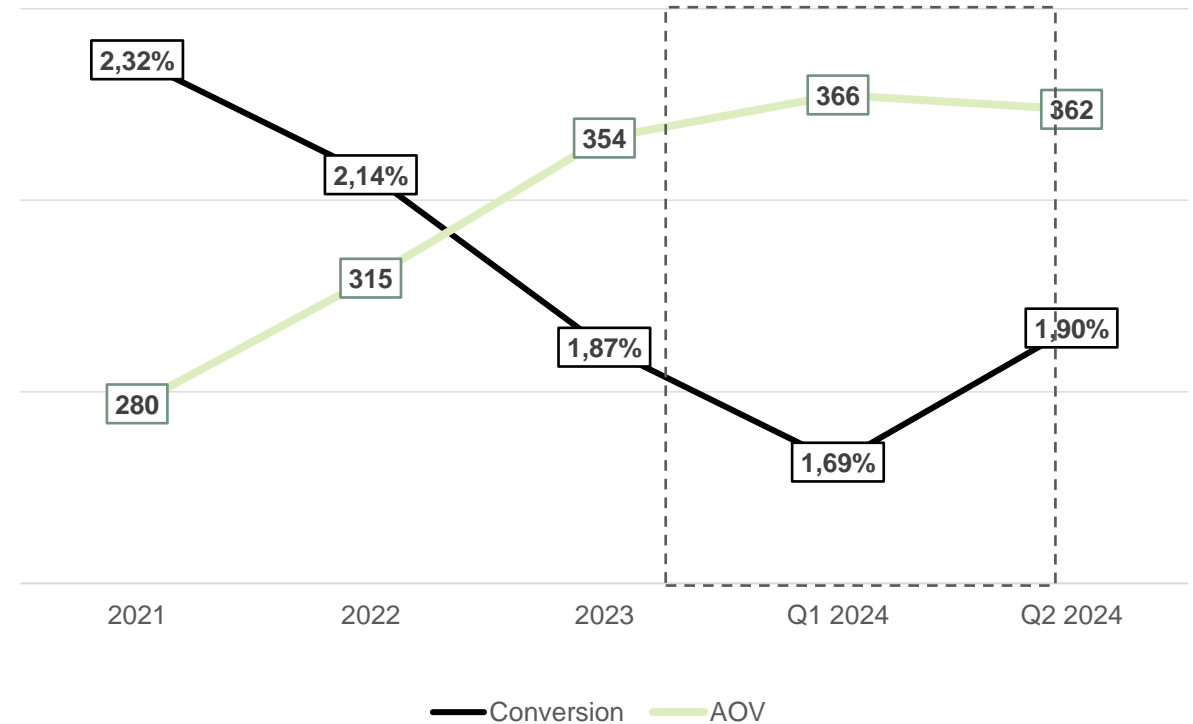
## Average order value (PLN)

\*in fixed currencies



## AOV vs. conversion

- Premiumization of offerings increases AOV and decreases conversion
- Conversion increase in Q2 2024 with a slight decrease in AOV due to the sale of the winter collection in Q1 2024



# 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



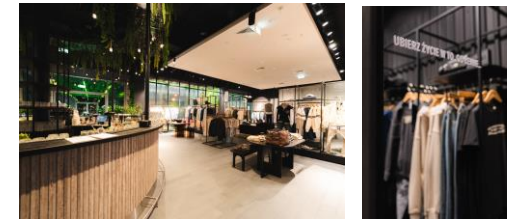
- Own photo/video facilities with an area of 2,100 m2 comprising 12 photo/video studios, 1 "Rainbow" image studio and 12 packshot stations
- Answear.com individually does photo shoots of new products. In addition, the vast majority of them have video, which sets the company apart from its competitors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

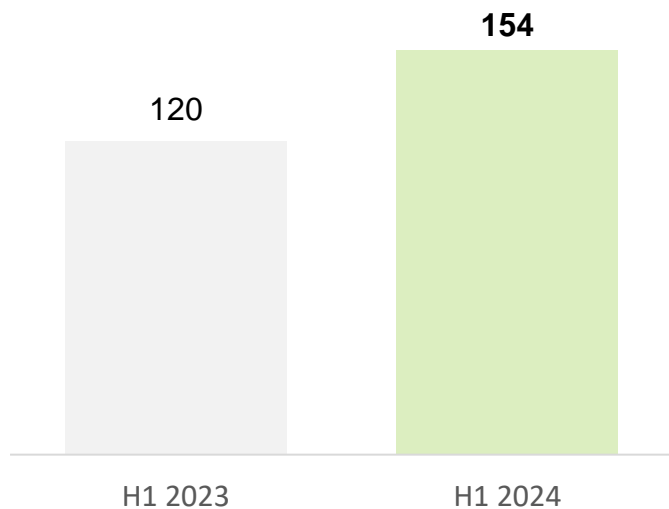


- Two modern concept stores, Answear (2000 sqm) and PRM (600 sqm), are situated in a prestigious location—the Norblin Factory in Warsaw
- They combine commercial functions with cultural offerings to provide customers with the best shopping experience
- This is a significant aspect in terms of branding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

# WE CONTINUOUSLY INCREASE TRAFFIC ON OUR WEBSITES

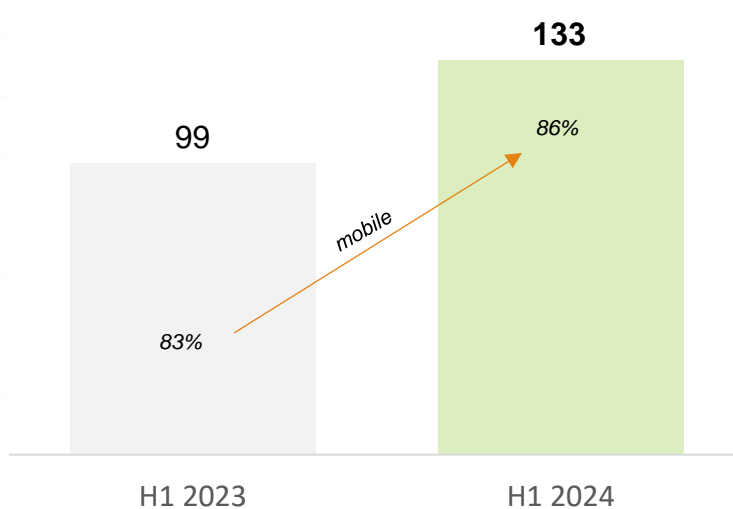
Number of visits (million)

+28% y/y

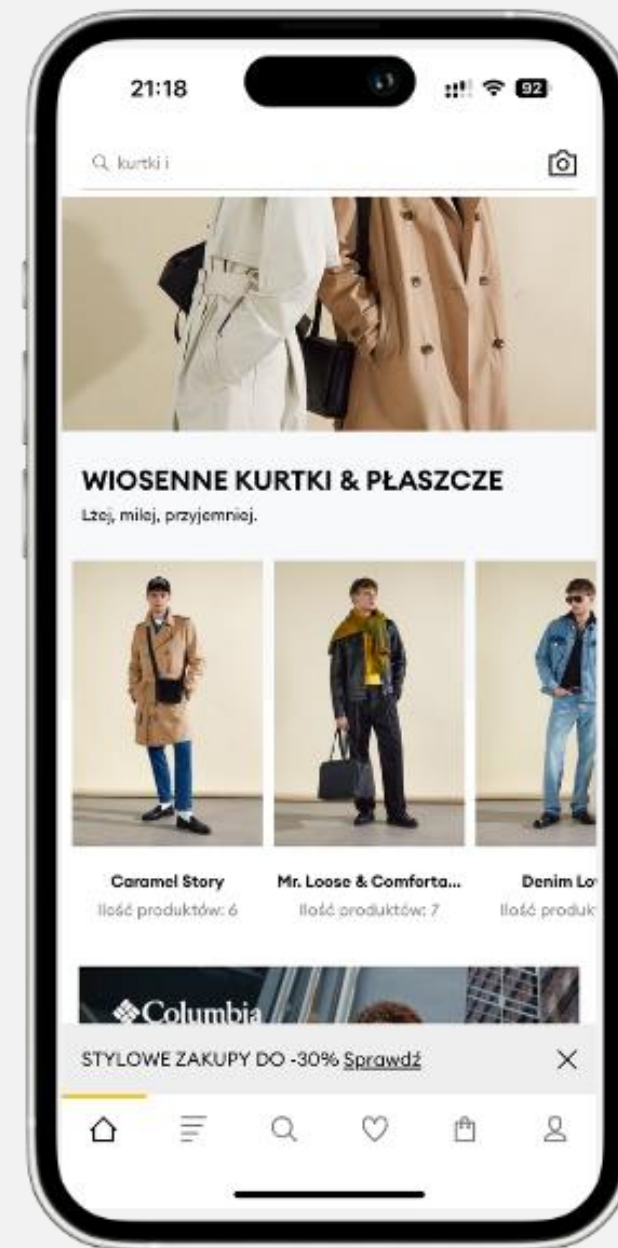


Number (million) and % share in mobile channel in total visits

+35% y/y



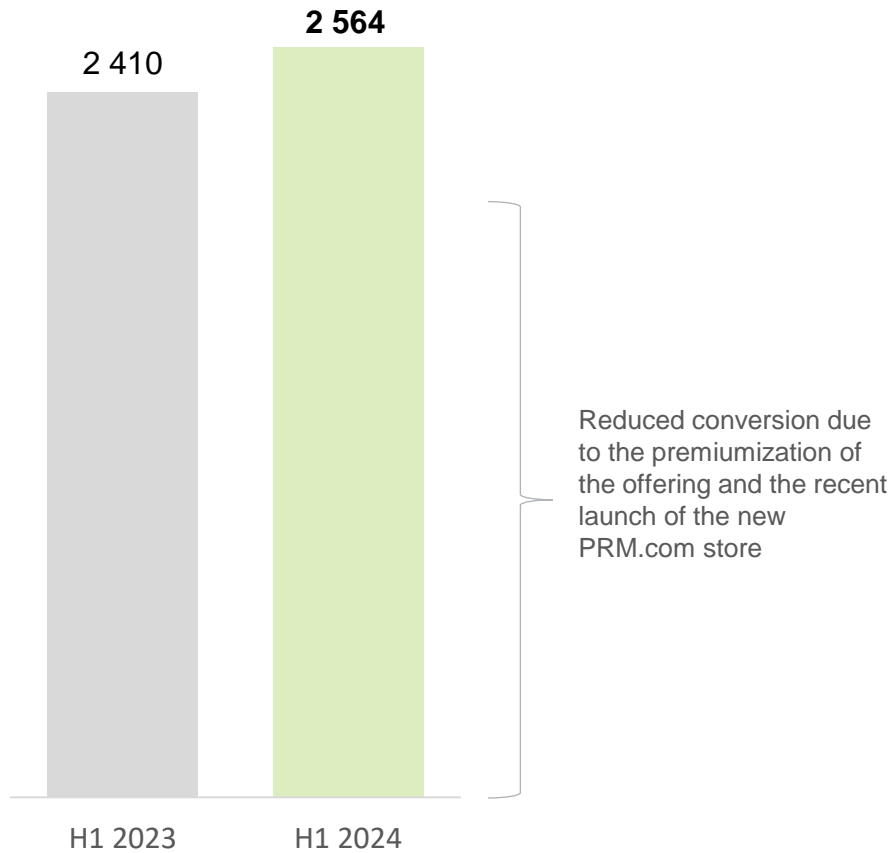
- Steady increase in the number of visits
- Consistent improvement in mobile channel metrics, thanks to the use of the mobile app across all markets
- The mobile app is the best-converting source for acquiring customer orders



# REACHING NEW CUSTOMERS FOR PREMIUM BRANDS

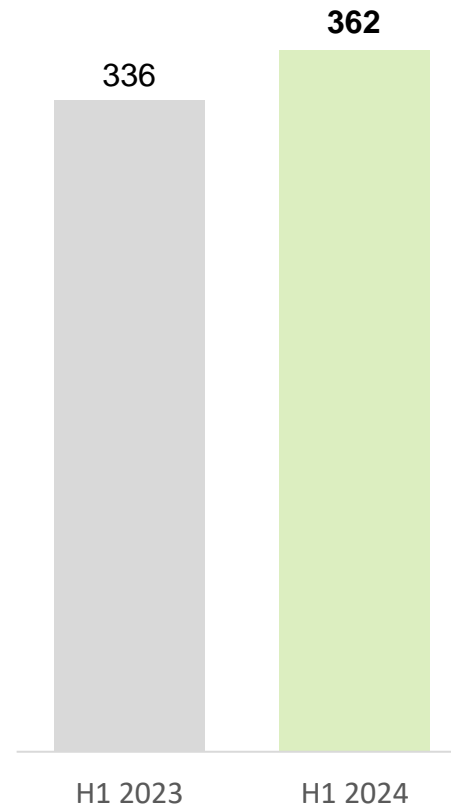
Number of orders (thousands)

+6% y/y.

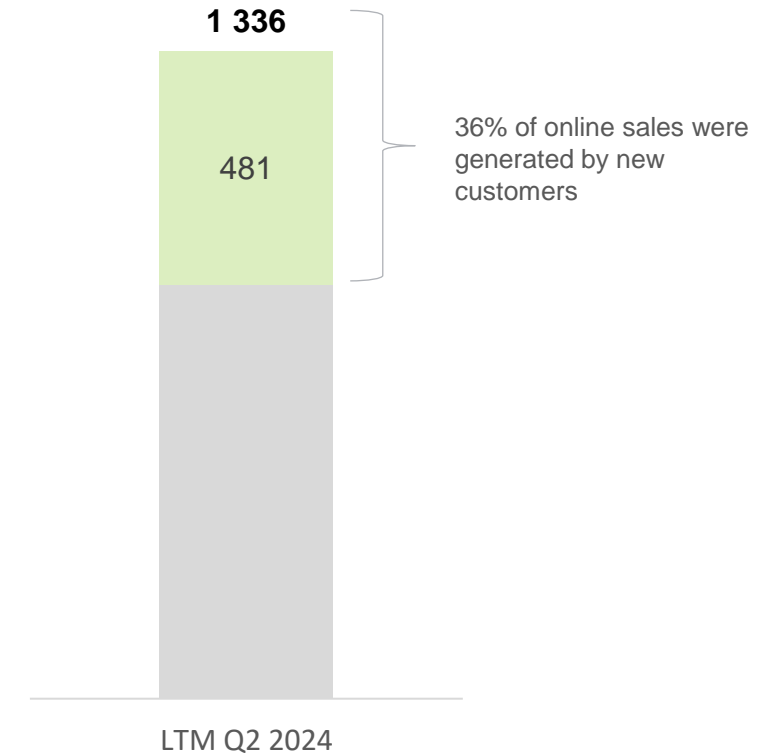


Average order value (PLN)

+8% y/y



Online sales (million PLN)



| 03

# PRM

Entering a new segment of luxury sneakers & streetwear



# PRM BRAND DEVELOPMENT AND INVESTMENT

Supported by the acquired PLN29 million in SPO

## ✓ Expansion of product offerings

\* In process

- Acquisition of 18 new brands in Q1 2024
- Ongoing portfolio expansion – the "snowball effect" is in motion, as strong brands attract others



## ✓ Opening of new markets

 June 2023	 July 2023	
 June 2023	 July 2023	 September 2023
 June 2023	 August 2023	 September 2023
 June 2023	 August 2023	 November 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

Early-stage investments impacts 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

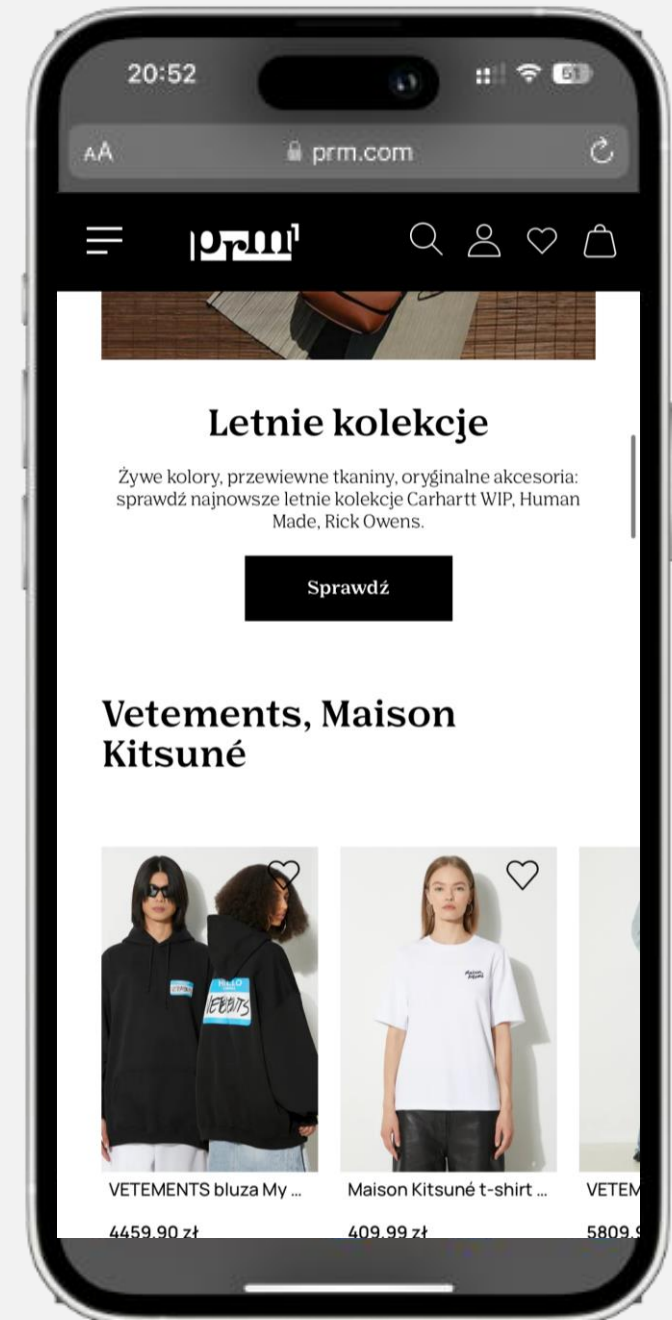
PRM

- Targeting a new market segment
- Gaining a unique product offering and selective brands
- Good market position, recognition and trustworthiness 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**



| 04

# OPENING NEW CONCEPT STORES



# 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

**Answear**

- 2000 sqm area
- The Answear.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**



# FIRST ACTIVITIES IMPLEMENTED IN THE CONCEPT STORE

Collaboration with renowned brands for fashion events



## PRM

- New location opens doors for cooperation with more top brands
- Greater availability of unique products and expansion of offerings
- Collaborations based on providing space to partners for product display
- Two larger projects targeting the luxury customer are planned

## Answer

- Organization of events with top fashion brands (Karl Lagerfeld, New Balance, adidas, RayBan)
- Planning 3 more major events, organized by the end of the year in cooperation with renowned brands

- Unique space and brand strength increase our potential to work with more global brands
- We host events and create a community of fashion people, which allows us to get more exposure to potential customers and greater awareness of the Answer brand



| 05

**ANSWEAR IS  
BECOMING A  
STRONGER BRAND**

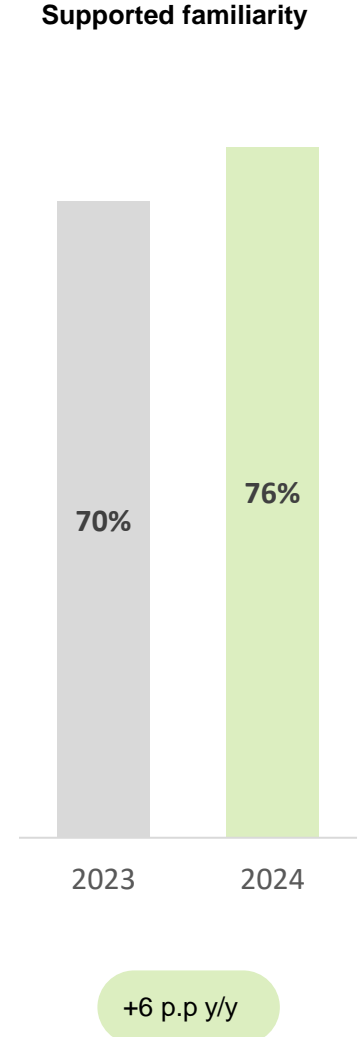
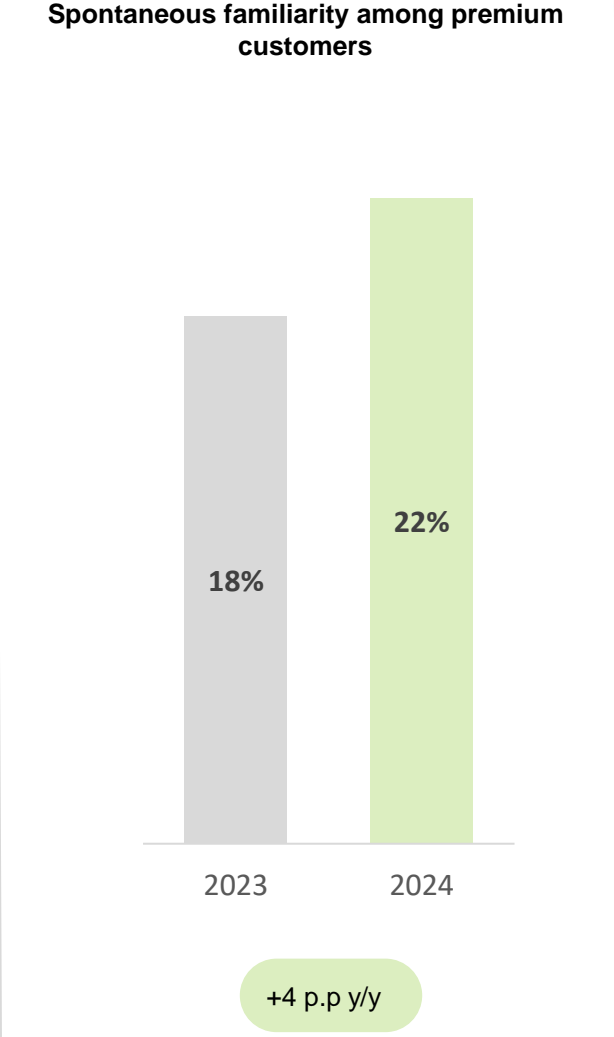
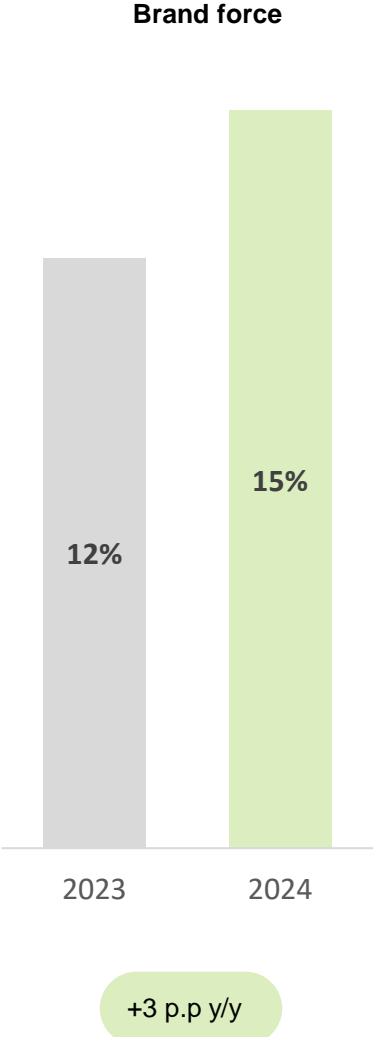


# „DRESS YOUR LIFE IN PRECIOUS THINGS” CAMPAIGN

- Answear, pursuing its strategy of premiumizing its product offering, has introduced a new communication platform, whose slogan is “Dress your life in precious things” It emphasizes both references to fashion, intangibles, but also talks about the valuable products that Answear offers. In addition, we introduced a claim/descriptor relating specifically to the current core segment of “Premium Fashion Brands”.
- “Dress your life in precious things” kicked off the entire communication platform, which launched in May 2024 and will continue during subsequent iterations in the coming seasons. The spring campaign had a broad reach and was present in TV, cinema, radio, OOH, DOOH and very widely in digital in all markets.
- The renowned agency Saatchi & Saatchi was responsible for the creation of the campaign, and the direction was entrusted to acclaimed director Stella Consonni, known for her work for fashion giants such as Gucci, Burberry and Vogue. Her unique perspective captured the premium tone and deep message of the campaign, emphasizing that true beauty lies not only in what we wear, but in the values and moments we dress in our daily lives.



# STRENGTHENING POSITION OF ANSWEAR BRAND



- The campaign effectively strengthened the position of the Answer brand, which is performing better than a year ago. The competition posted results ranging from +1 p.p. to -1 p.p.
- The spontaneous familiarity index among competitors' premium customers ranged from +1 p.p. to -11 p.p.
- The assisted familiarity index among competitors ranged from +2 p.p. to -3 p.p.

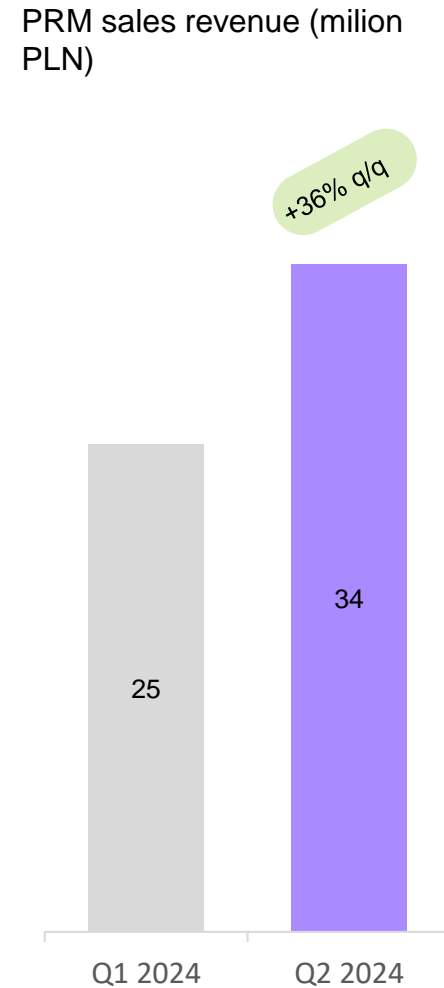
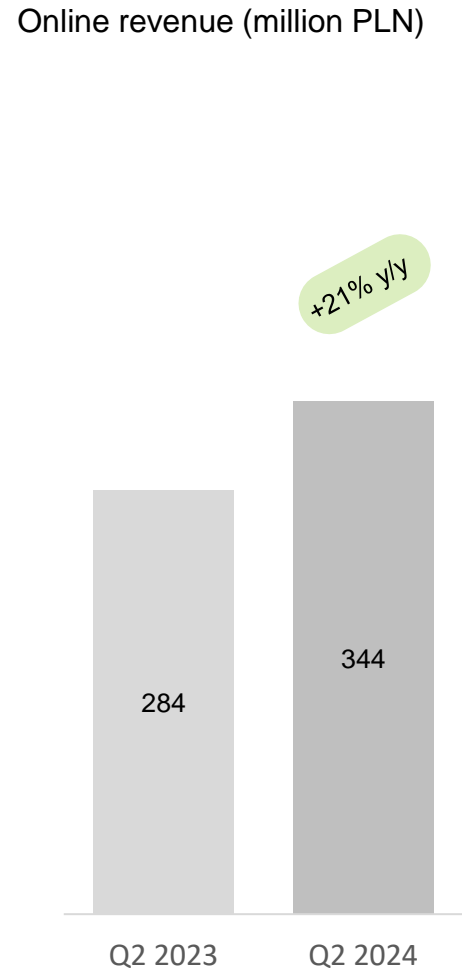
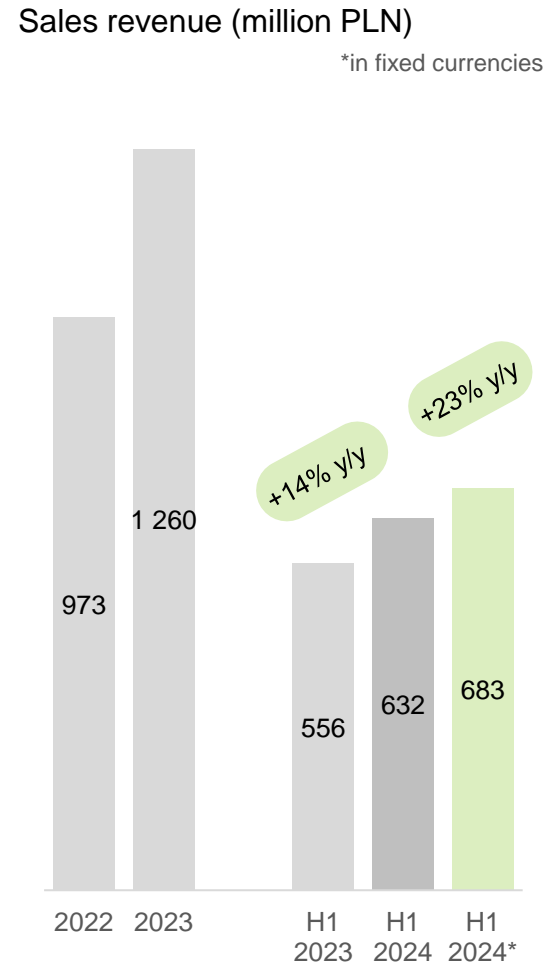
| 05

**ONE OF THE FASHION  
E-COMMERCE  
LEADERS IN CEE**



# CONSISTENTLY INCREASE OF THE SCALE OF OPERATIONS

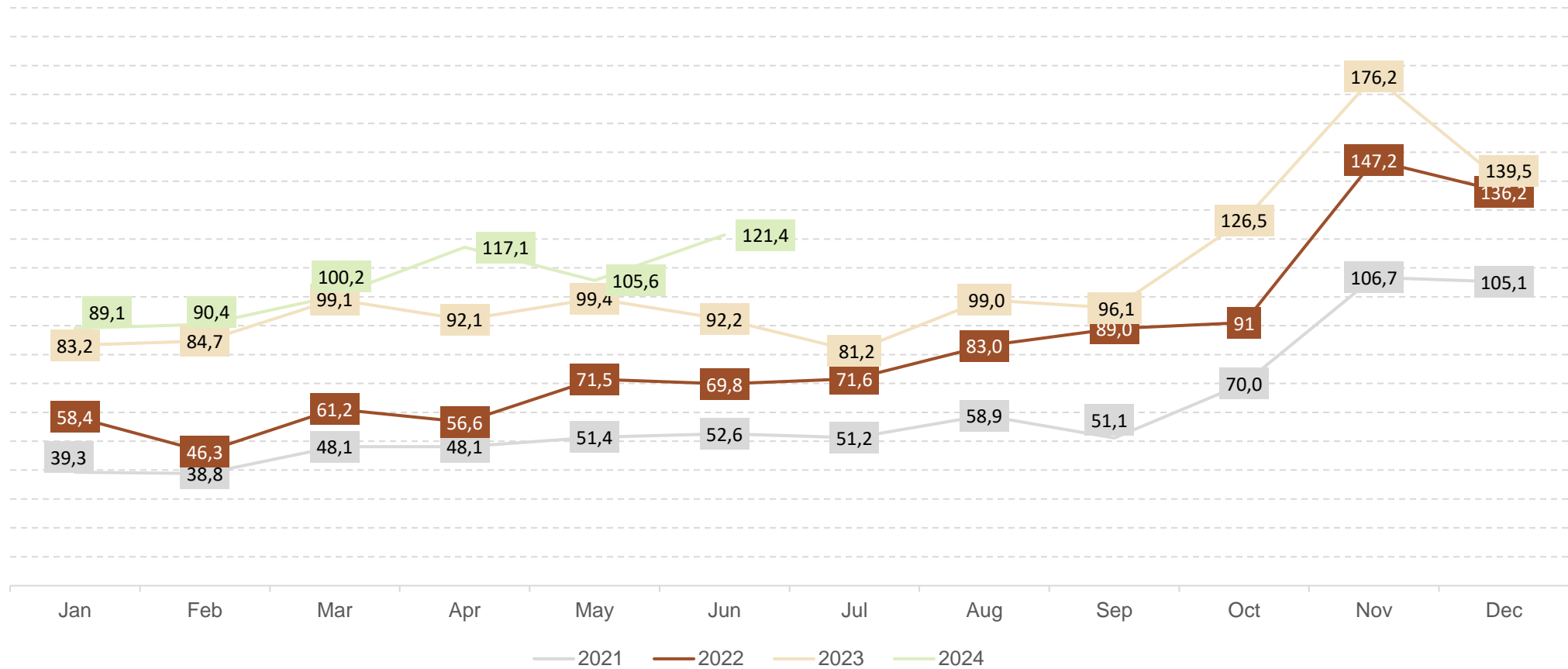
Despite the challenging market environment



- Continued growth despite unfavorable external factors
- Consistent improvement in PRM brand sales performance
- Negative macroeconomic trends, weakening consumer demand, low retail sales indicators, warm winter and increased price competition and appreciation of PLN
- Reduced sales momentum in the Ukrainian market due to blockades on the Polish-Ukrainian border, hostilities, blackouts and a weakening UAH

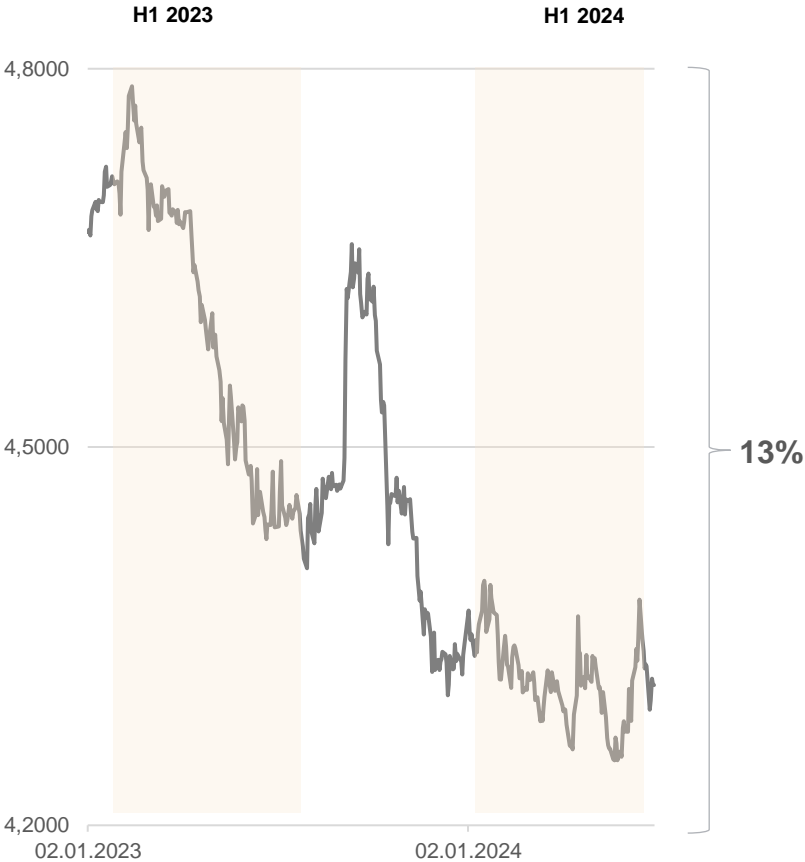
# ONLINE SALE (million PLN)

- Warm winter – February with record-high temperatures
- March and April with high sales of well-chosen offerings for SS24 season
- May with higher share of marketing spending building premium brand awareness
- June supported by a TV campaign and a good start to the summer sales period



# APPRECIATION OF PLN ADVERSELY AFFECTED SALES AND BUSINESS MARGINS

EUR/PLN from January 1, 2023, to June 30, 2024.



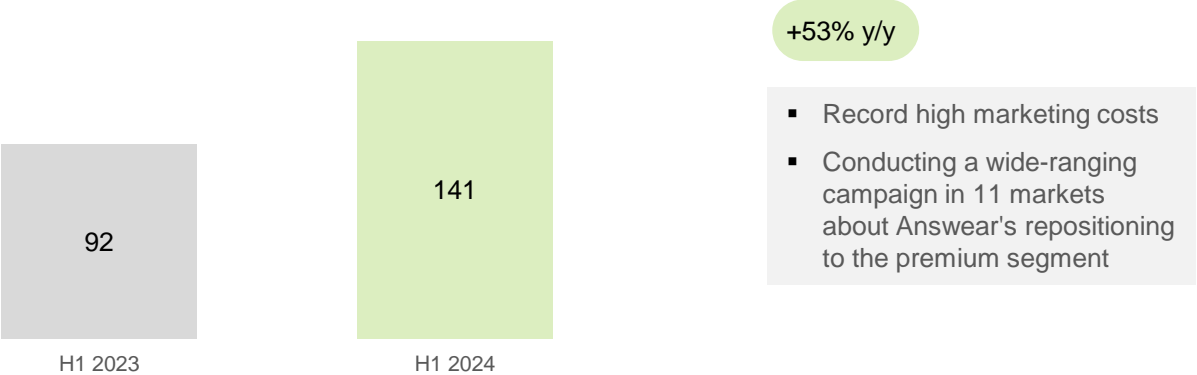
UAH/PLN from January 1, 2023, to June 30, 2024.



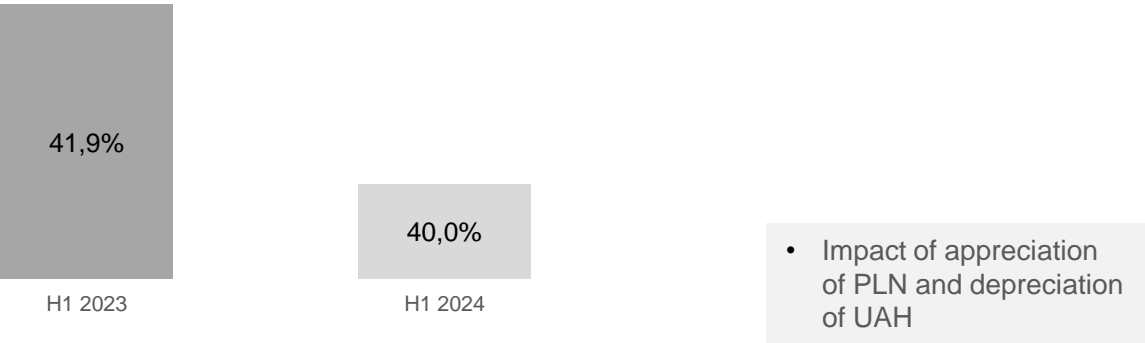
- Strengthening of the zloty against the EUR and most CEE currencies negatively affected sales dynamics and margin, with about 77% of Answear's sales outside Poland
- Approximately 25% of online sales generated in the Ukrainian market, which, with the depreciation of the hryvnia against the zloty, affected the decrease in revenue
- Limited ability to respond to the strengthening of the zloty with price increases due to the challenging competitive environment and weak consumer demand

# PROFITABILITY UNDER INFLUENCED OF PRM BRAND INVESTMENT PERIOD AND DIFFICULT MARKET ENVIRONMENT

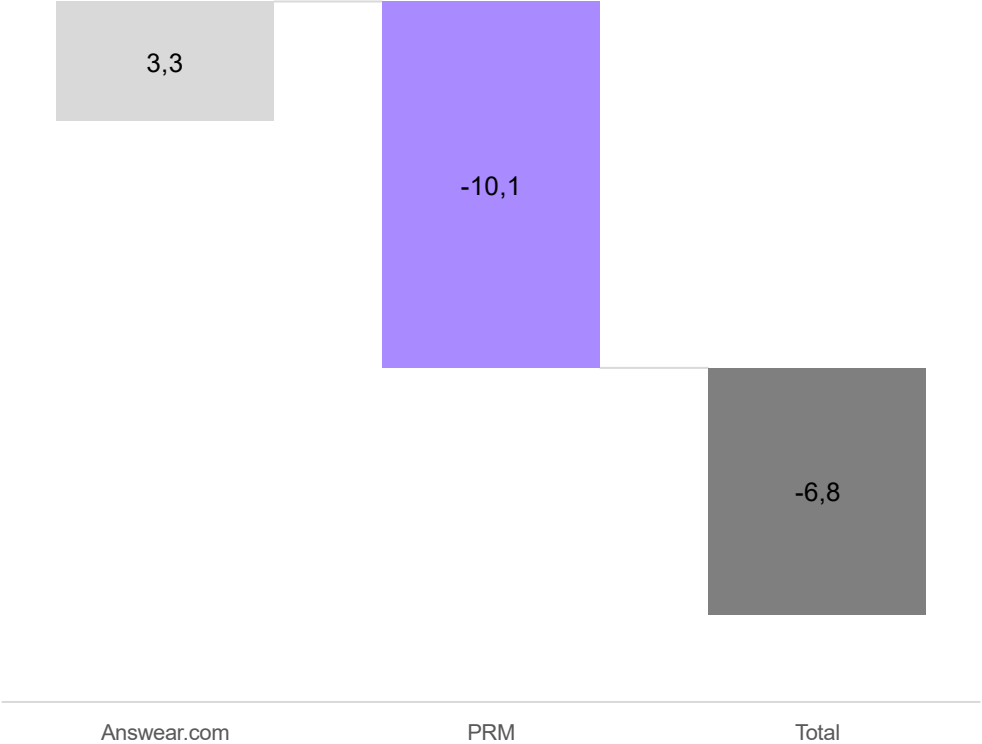
Marketing costs (million PLN)



Gross margin (%)



EBITDA (million PLN)



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

## Capital expenditures

H1 2024

**PLN 24,8m**

2023

**PLN 11,6m**

## Main expenses:

**PLN 18,7m** Investment in Answear and PRM concept store

**PLN 3,6m** Platform development

**PLN 1,2m** Warehouse equipment

**PLN 1,1m** Hardware and IT system

**PLN 0,2m** Amenities, equipment and photo

## Available credit line in H1 2024 (PLN million)

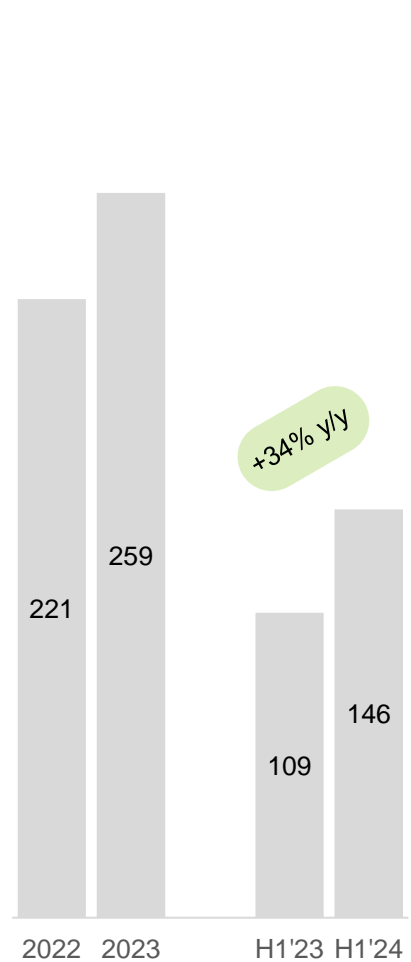
Stable cash position giving room to grow and make investments



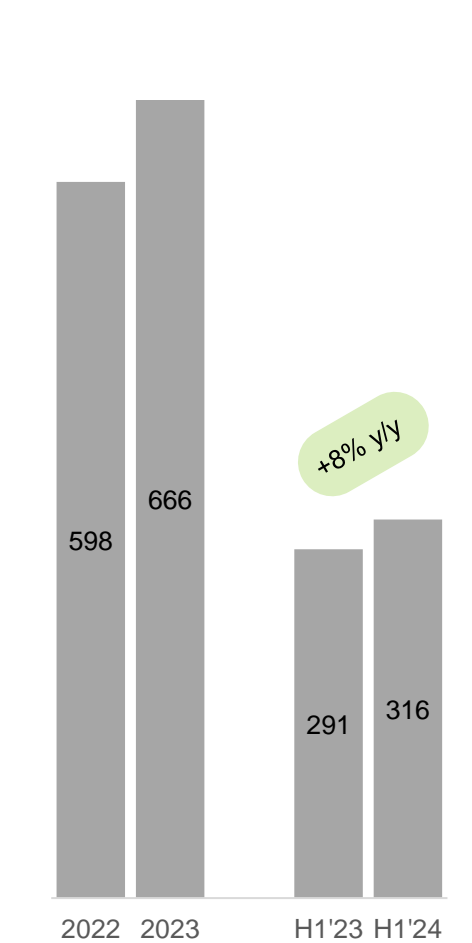
# GEOGRAPHIC DIVERSIFICATION

Geographic breakdown of revenues

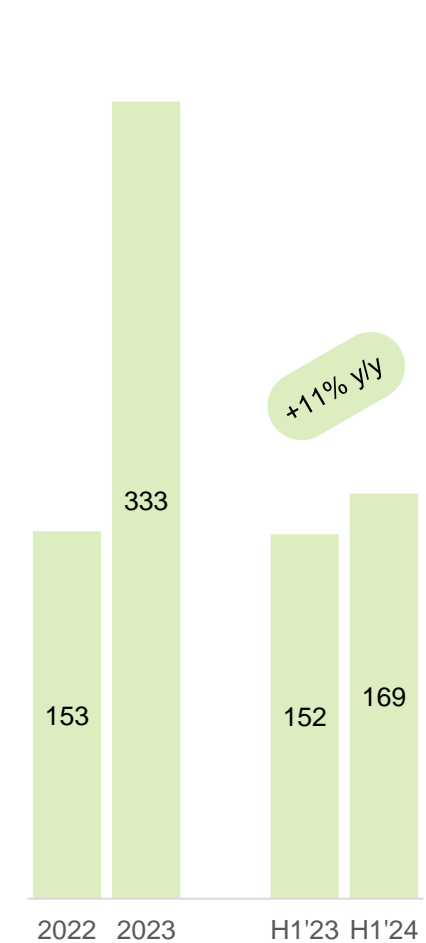
Poland (million PLN)



EU countries (excluding Poland) (million PLN)



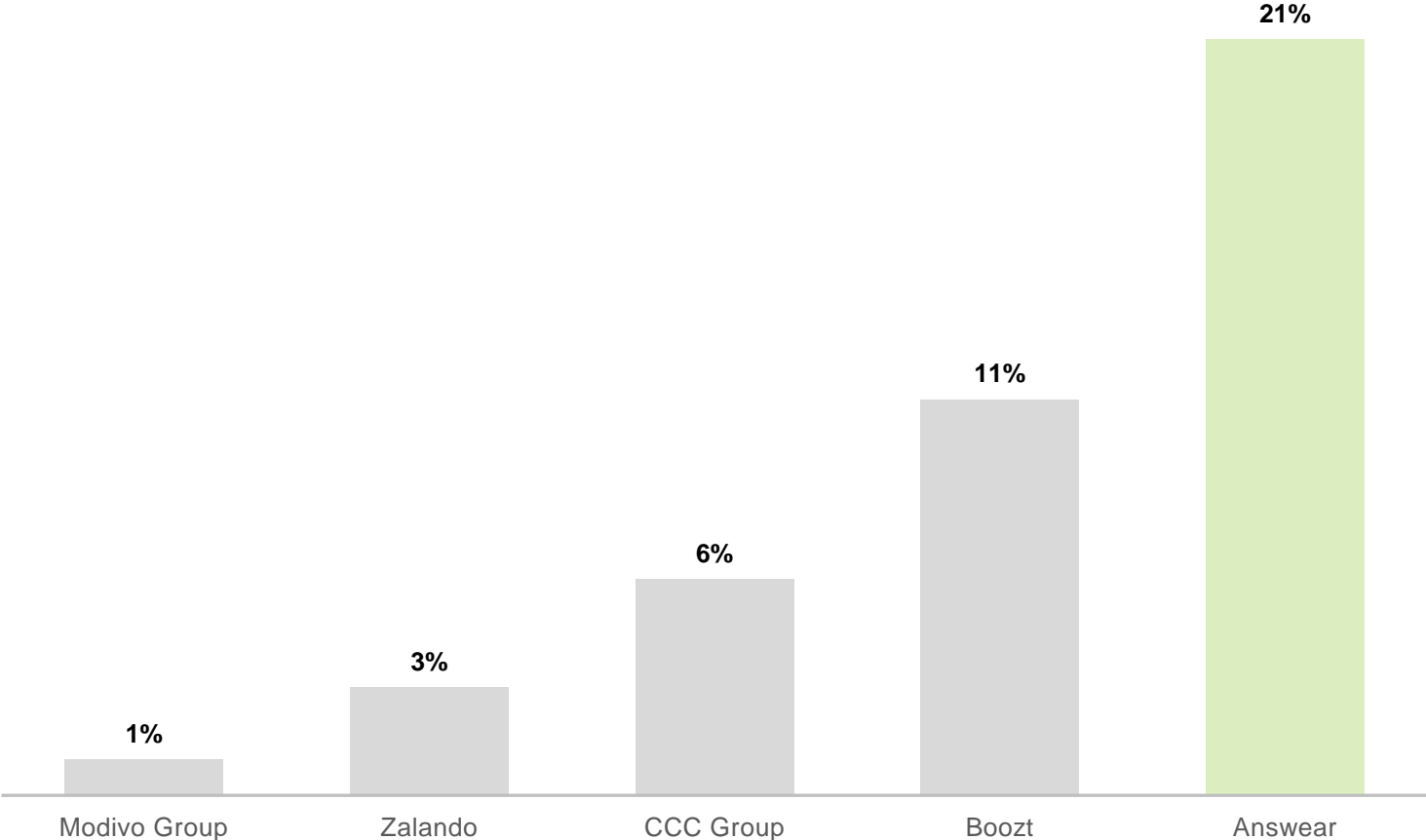
Countries outside the EU (million PLN)



- Geographically diversified sales make the Company immune to local turbulence and downturns
- Poland achieved strong growth dynamics in H1 2024, with sales accounting for nearly 23% 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 UAH

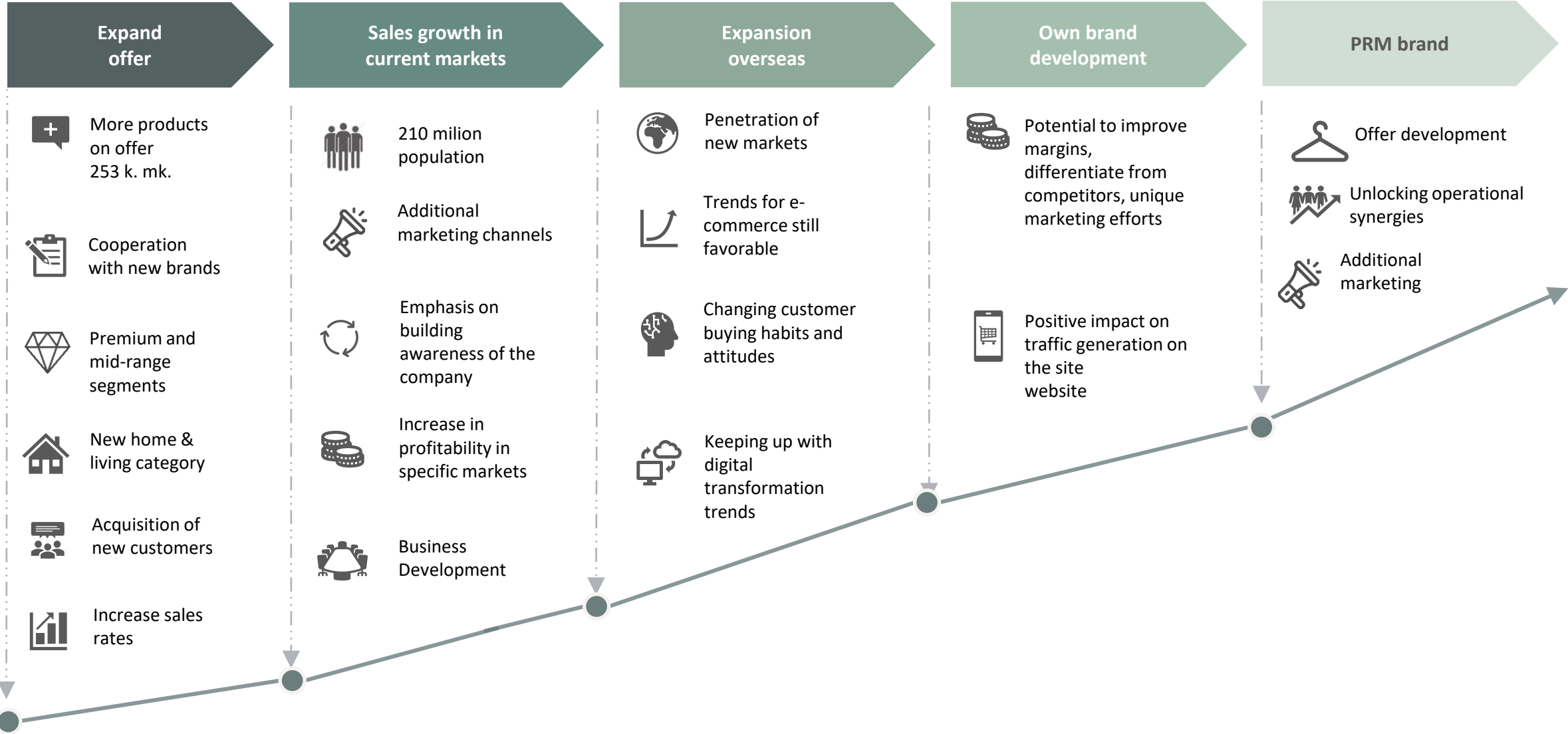
# ANSWEAR.COM LEADER IN GROWTH VS. PEERS IN Q2 2024

Top-line dynamic



# DEVELOPMENT STRATEGY

Strategy and growth prospects



# Outlook 2024

Assumed overall performance in 2024

## H1 2024

- Consumer market weakness
- Investment in PRM brand:
  - Increase product offerings, launch new brands
  - Strengthen the PRM brand's position in the market, increase marketing expenditures in all channels and markets
  - Opening of a concept store at the Norblin Factory in Warsaw in April 2024
- Investment in the Answear brand - repositioning to the “accessible premium” segment
  - Wide-ranging image campaigns this spring and fall
  - Opening of a concept store at the Norblin Factory in May 2024
  - Further expansion of product offerings

## H2 2024

- Consumer sentiment expected to improve
- PRM segment revenue growth, achieving economies of scale and BEP by the end of 2024
- Strengthening Answear's market position in the premium segment
- Increase product offerings in both brands
- Low base 2023 will facilitate growth in the company's revenue dynamics
- Execution of Answear.com's autumn campaign: “Dress life in what is precious” in an attractive sales period

# ATTRACTIVENESS OF ANSWEAR

Why Answer.com?

01

**Maintained high revenue growth** despite a challenging market environment and a period of investment in the development of the PRM brand, the opening of a concept store and the execution of wide-ranging marketing campaigns

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 leopard print dress, an olive green bomber jacket, and black boots, stands in front of a building with large, black-framed windows. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The woman is looking directly at the camera.

answear.

THANK YOU FOR  
YOUR  
ATTENTION

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