



INVESTOR PRESENTATION Q3 2024

November 2024

answer.

| 01

INTRODUCTION



KEY MILESTONES IN Q3 2024

01 **Gradual return to the previous growth trajectory in revenue and profitability.** The Q3 2024 results indicate a steady recovery of the former growth and profitability trajectory, providing a solid foundation for optimism in the upcoming periods and confirming the validity of the changes being implemented.

02 **Sales growth of the PRM brand and improved profitability** driven by enhanced product offerings and optimized marketing costs. While profitability remained negative in Q3 2024, it **surpassed the break-even point (BEP) in September** and is not expected to weigh on financial results in future periods.

03 **We are consistently executing our strategy to transition Answear.com into the premium segment**, which should enable us to differentiate more effectively from competitors and step out of their “line of fire.” This, in turn, positions us as a leader in our market segment and supports the generation of higher profitability.

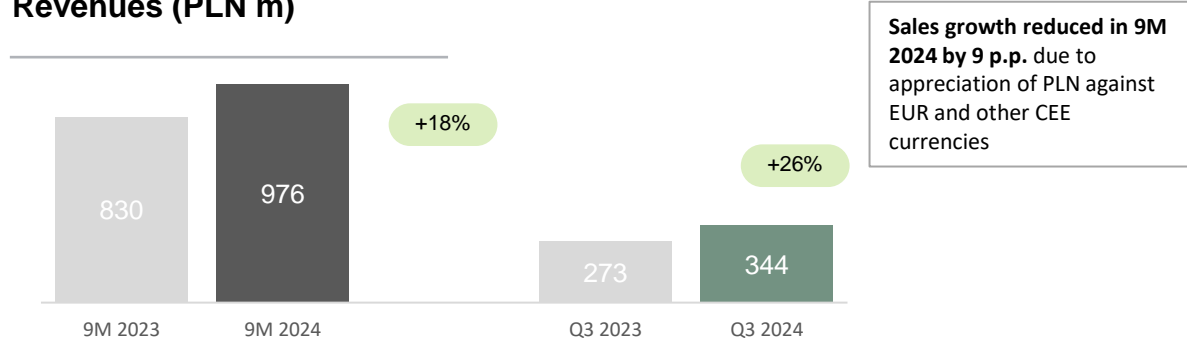
04 **Results for the first three quarters under pressure due to:**

- Development of the new PRM brand,
- Repositioning Answear.com into the premium segment,
- Opening of the Answear and PRM **concept store at Fabryka Norblina in Warsaw** (significant investment costs, implementation of new processes, organization of promotional activities and marketing events),
- A **substantial increase in the marketing budget** from PLN 140 million in 9M 2023 to PLN 207 million in 9M 2024.

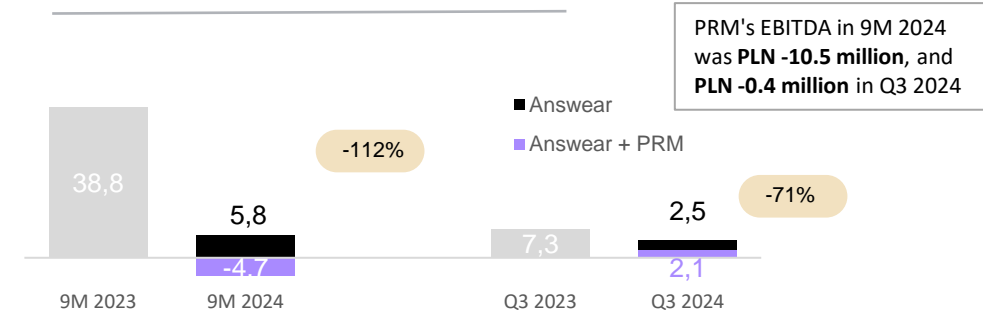


GRADUAL RETURN OF THE FORMER PATH OF GROWTH AND PROFITABILITY DESPITE THE CHALLENGING MARKET SITUATION AND NEW INVESTMENTS

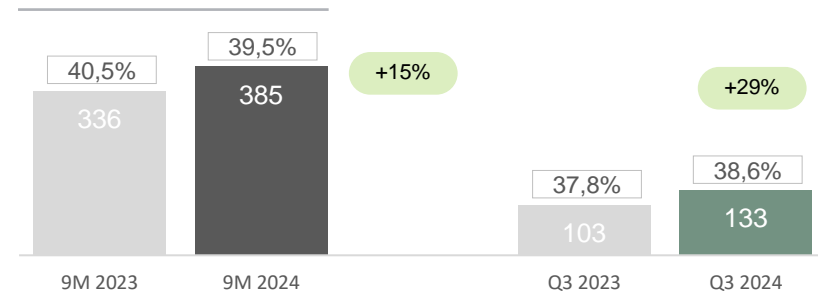
Revenues (PLN m)



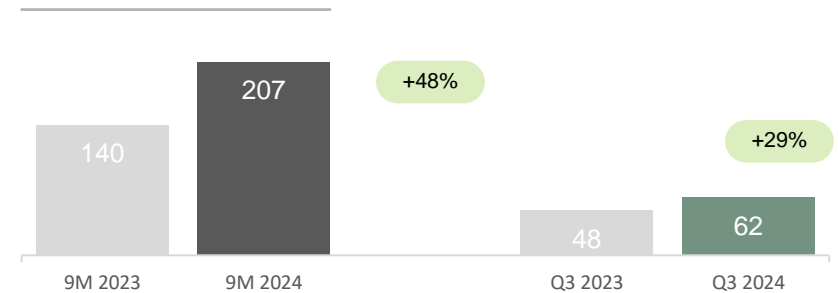
EBITDA (PLN m)



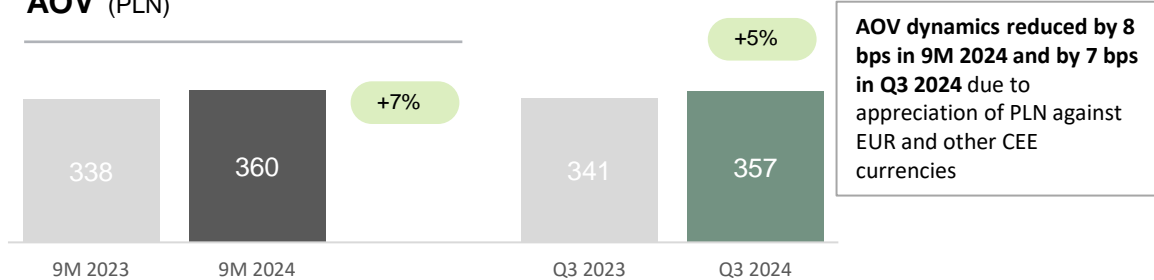
Gross margin (PLN m)



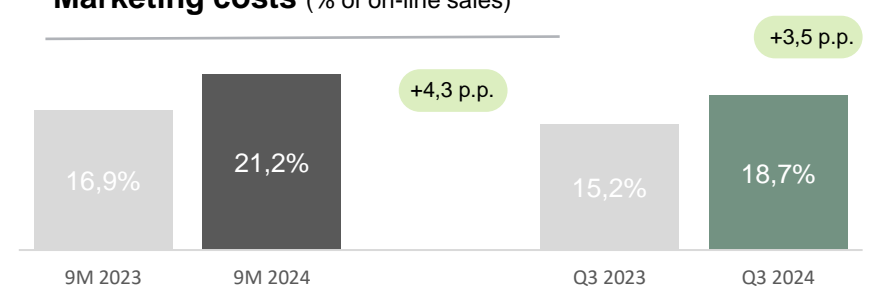
Marketing costs (PLN m)



AOV (PLN)



Marketing costs (% of on-line sales)



| 02

ANSWEAR.COM



DEVELOPMENT OF PRODUCT OFFER

answear.

~ 251k
modelcolors

866
brands

primo

~ 20k
modelcolors

245
brands

answear.
LAB

~ 14k
modelcolors

1
brand

Premium brands

64%

Commercial

26%

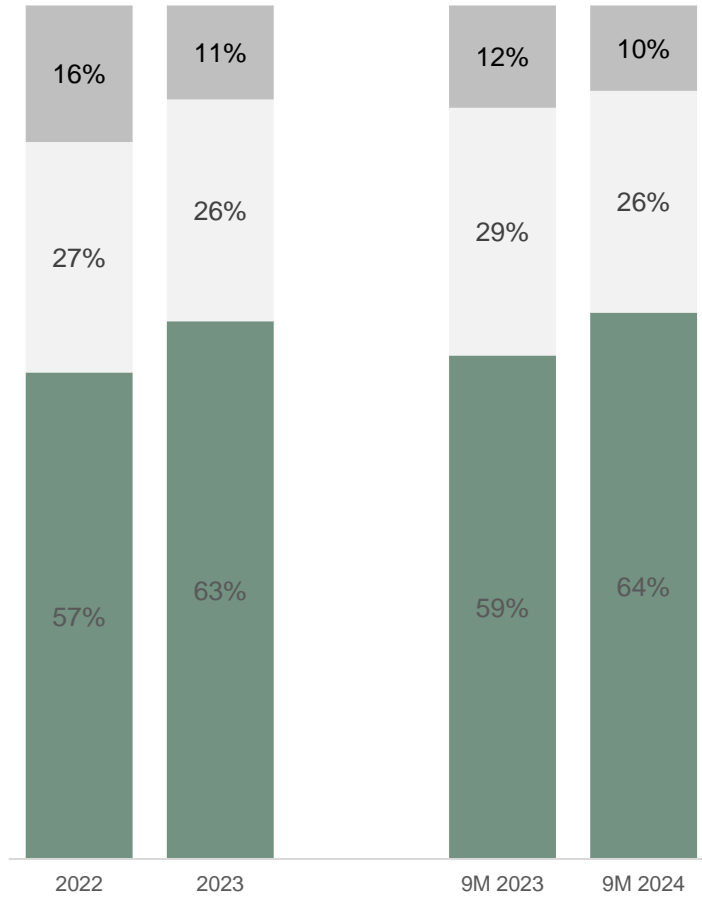
Entry price

10%

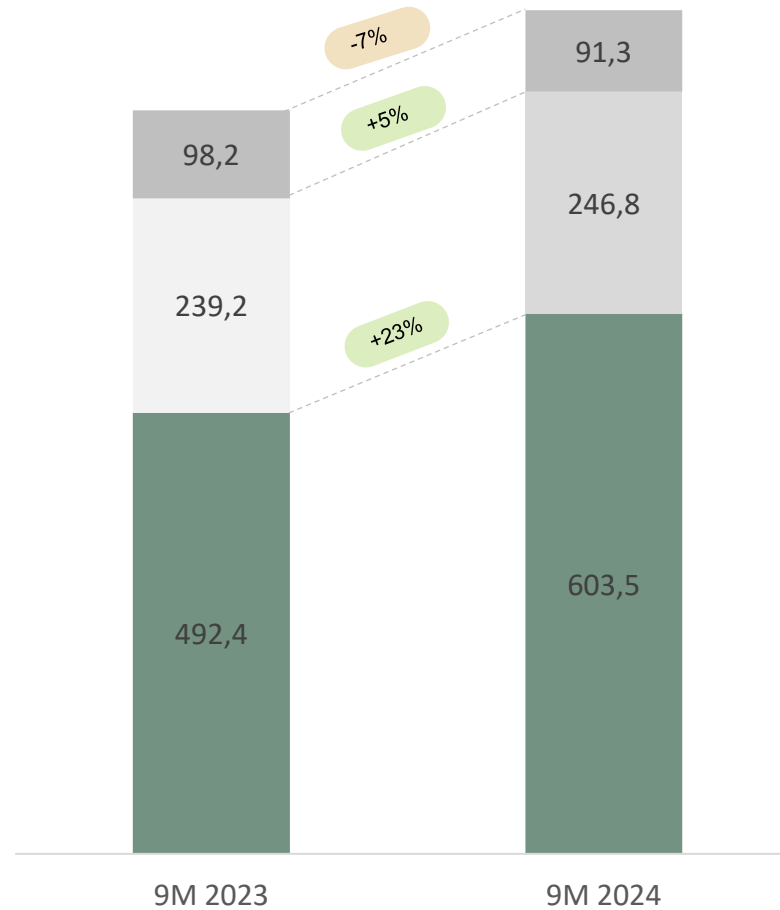


WE ARE FOCUSED ON PREMIUM BRANDS...

Share % of bid price categories



Online sales (PLN m)



■ Premium brands ■ Commercial ■ Entry price

Selected brands acquired in Q3 2024

ZADIG&VOLTAIRE NANUSHKA PATOU ZHILYOVA HACKETT LONDON foreJorts

Baldinini COMMON PROJECTS Proenza Schouler LESILLA

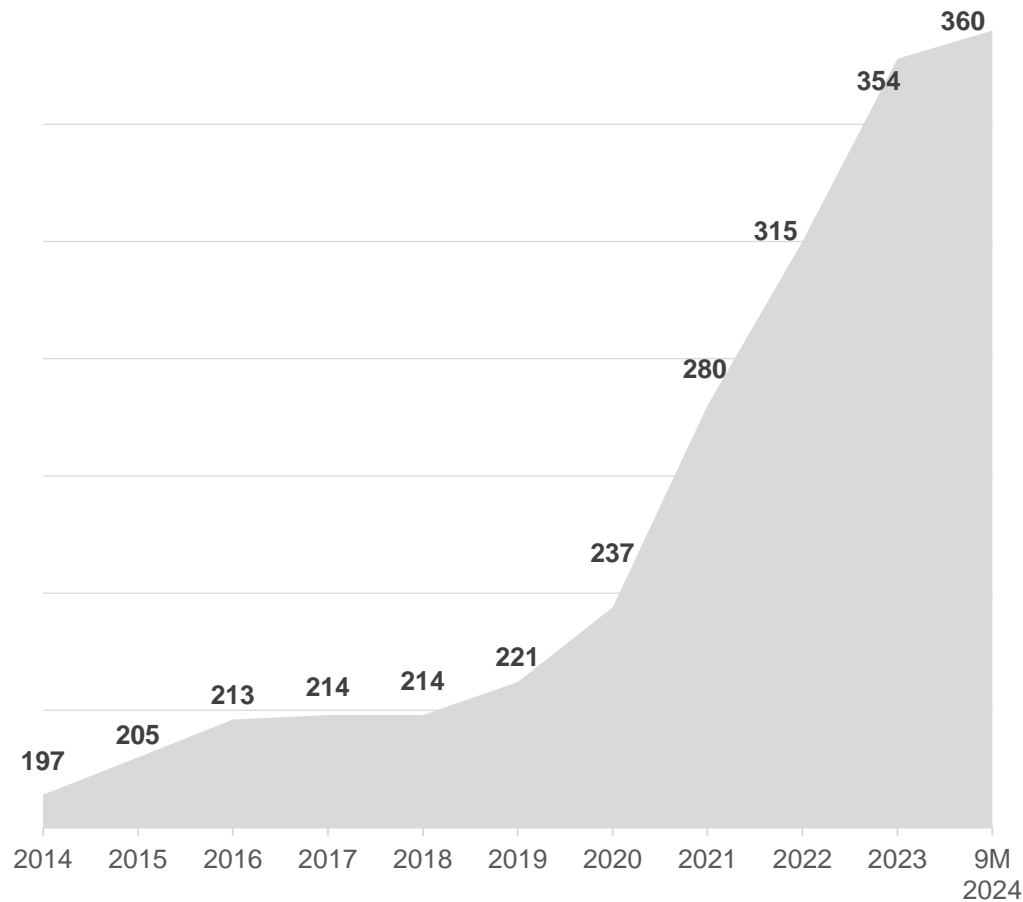
SPORTALM
KITZBUHEL



- We are consistently developing 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 are developing Answer LAB In the “entry” segment targeting higher margins, comparable to industry standards for private labels

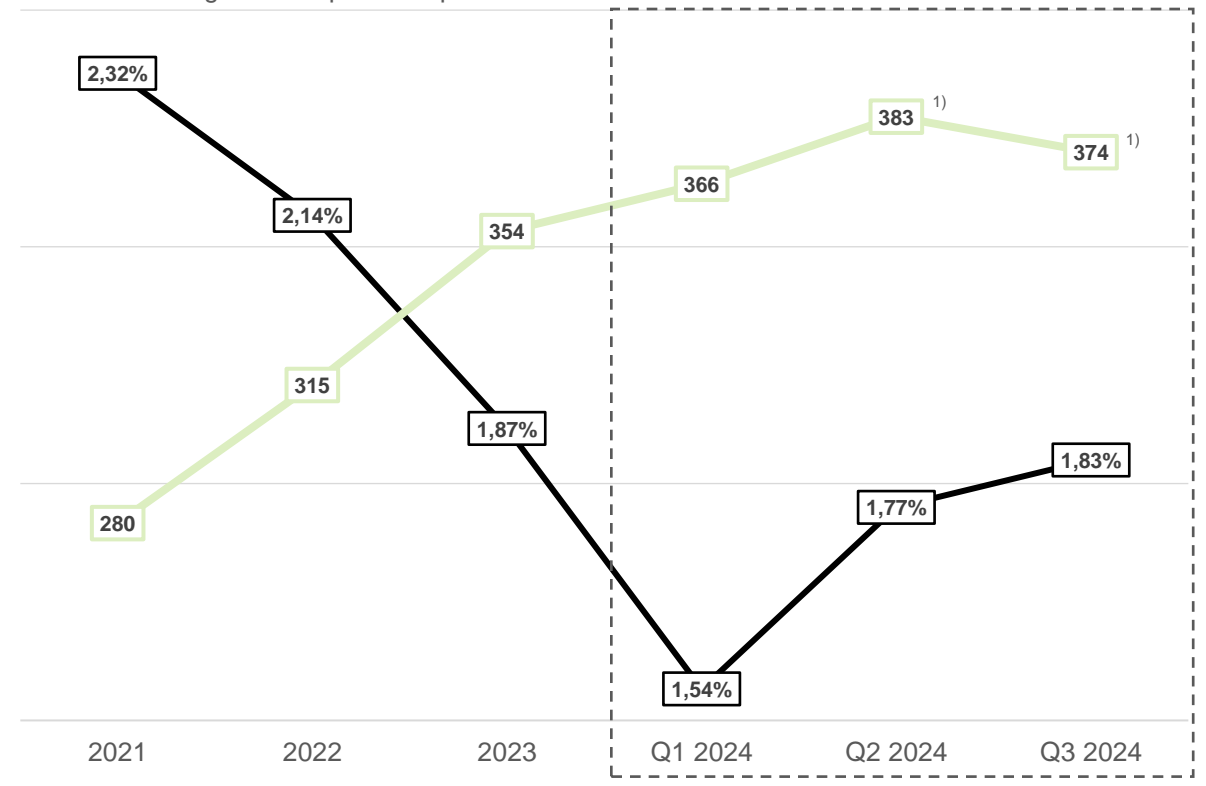
...WHAT DIRECTLY AFFECTS THE RAISE OF AOV

Average Order Value (PLN)



AOV vs. conversion

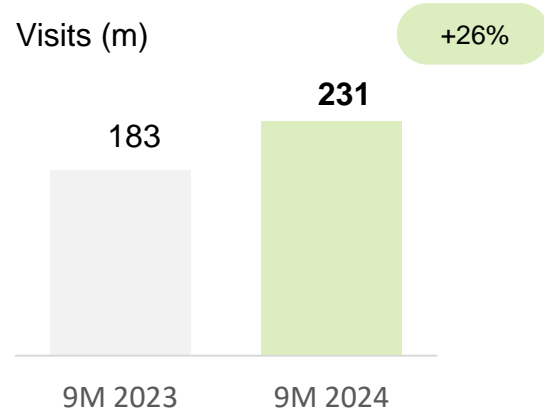
- Premiumization of the offer results in a raise of AOV and a temporary decrease in conversion
- Reduction in conversions due to changes in product offerings, which include an increasing share of premium products



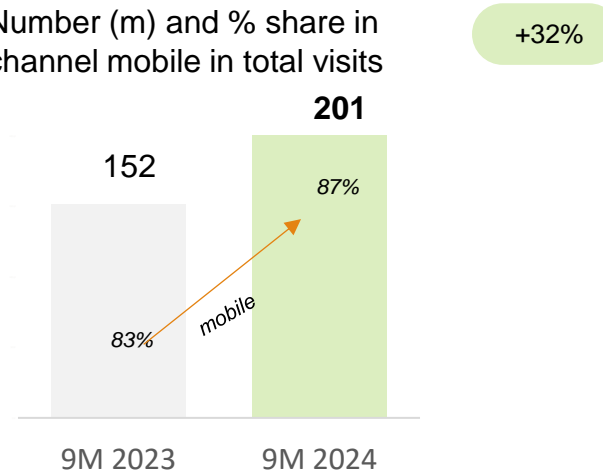
¹⁾value in fixed currencies

CONSTANTLY INCREASE THE WEBSITE VISITS

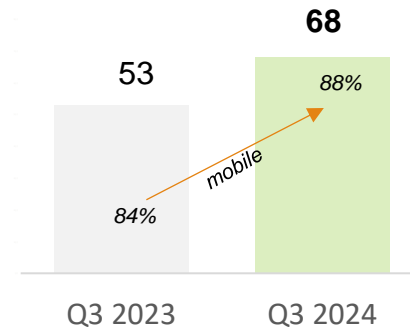
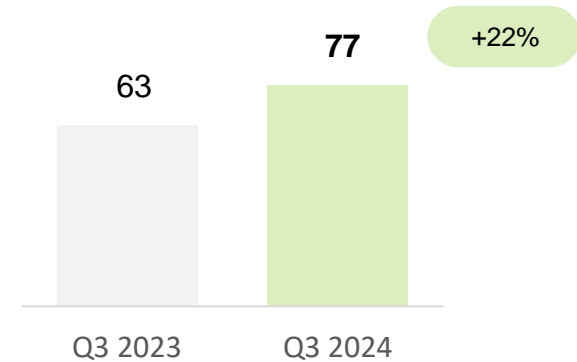
Visits (m)



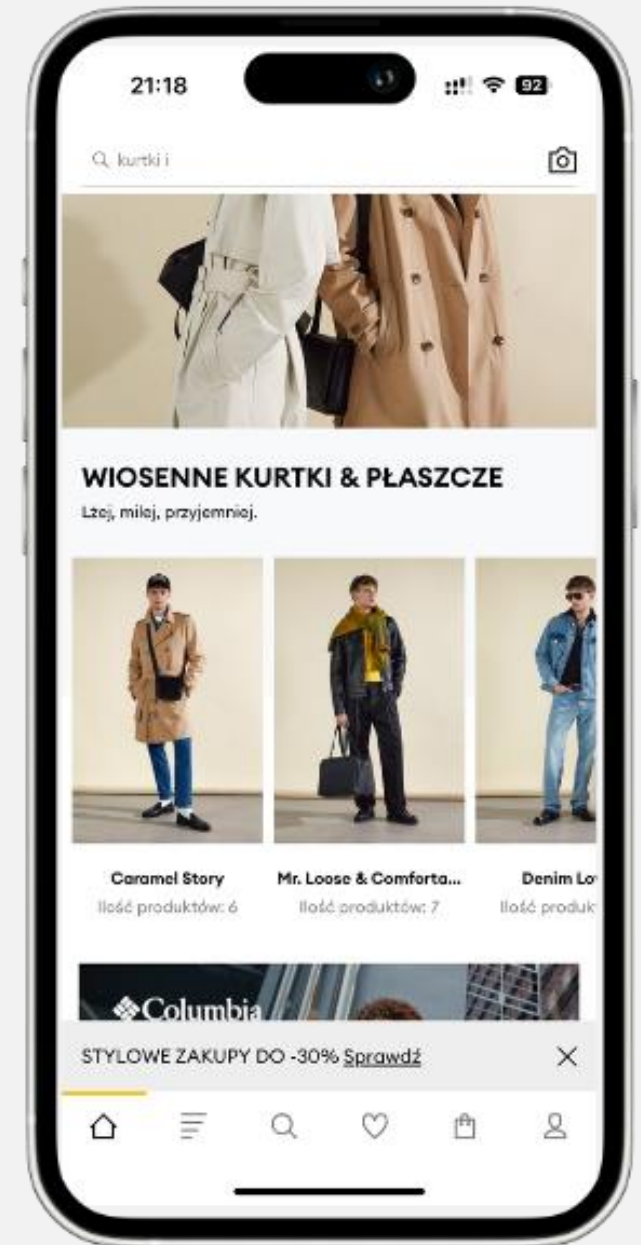
Number (m) and % share in channel mobile in total visits



Visits (m)

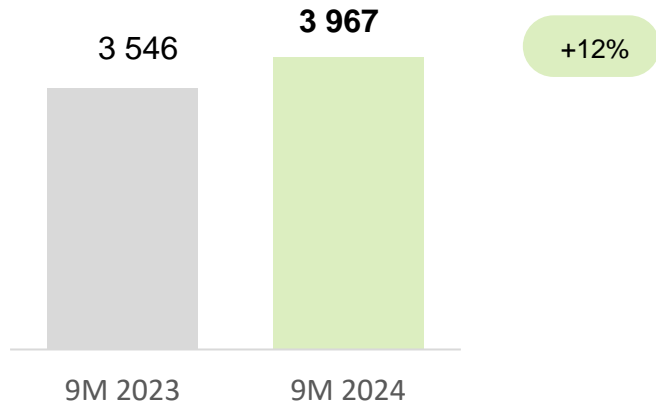


- Systematic increase in the number of visits
- Systematic improvement in mobile channel metrics through the use of mobile application across all markets
- Mobile app is the best converting source for getting orders from customers

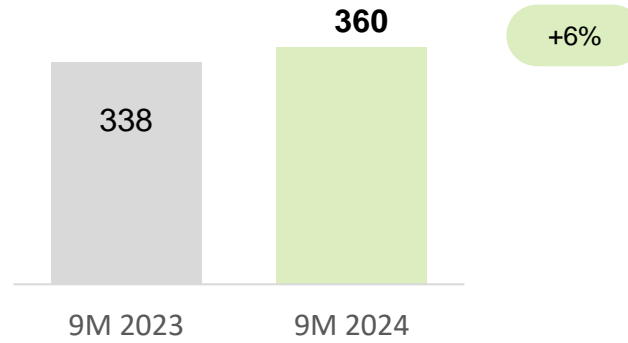


REACHING-OUT NEW CUSTOMERS OF PREMIUM BRANDS

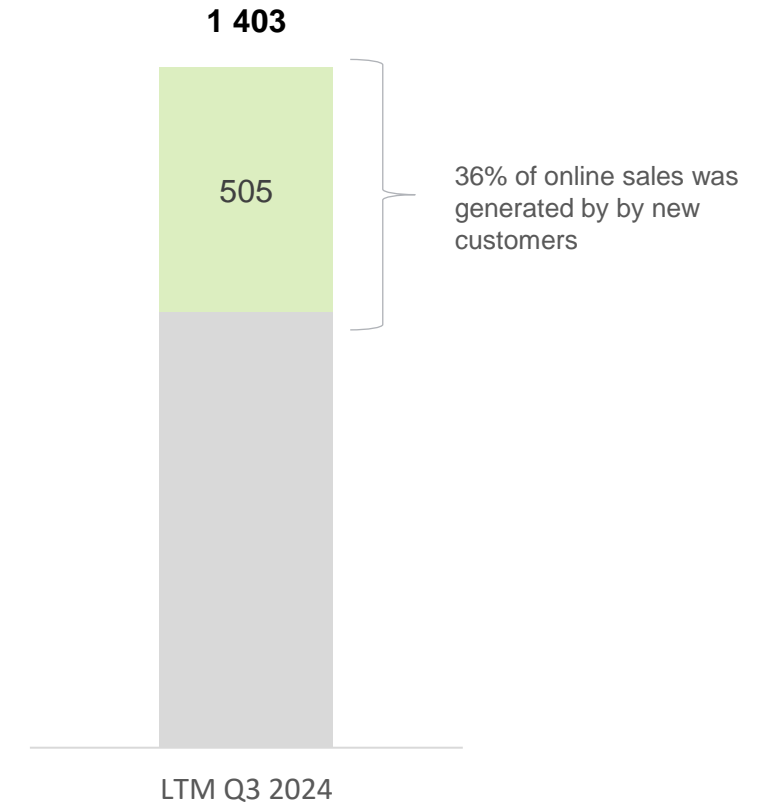
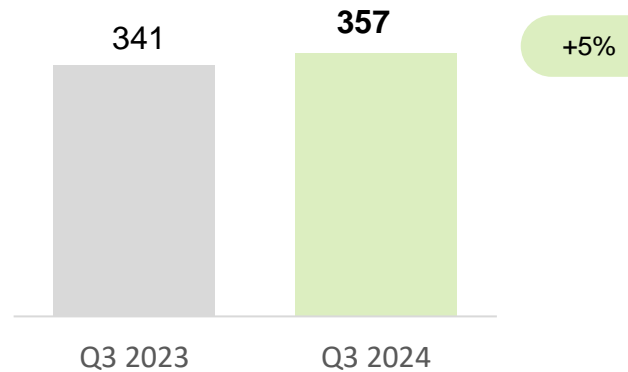
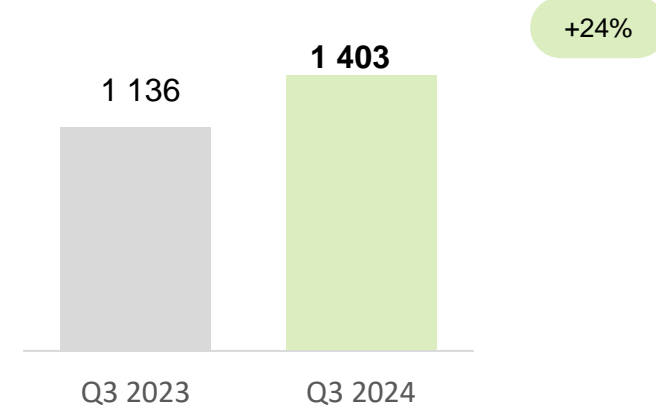
Number of orders (tys.)



Average Order Value (PLN)



Online sales (PLN m)



A woman with light brown hair is sitting on a dark wooden bench outdoors. She is wearing a black long-sleeved dress with a white horizontal stripe across the chest that has the words "Little Love" written in a cursive font. She is also wearing black socks and black shoes. A small, structured brown leather handbag is placed on the bench next to her. The bench is set on a cobblestone path. Behind the bench is a stone balustrade with decorative balusters. In the background, there are lush green trees and a body of water. The lighting is warm, suggesting late afternoon or early morning.

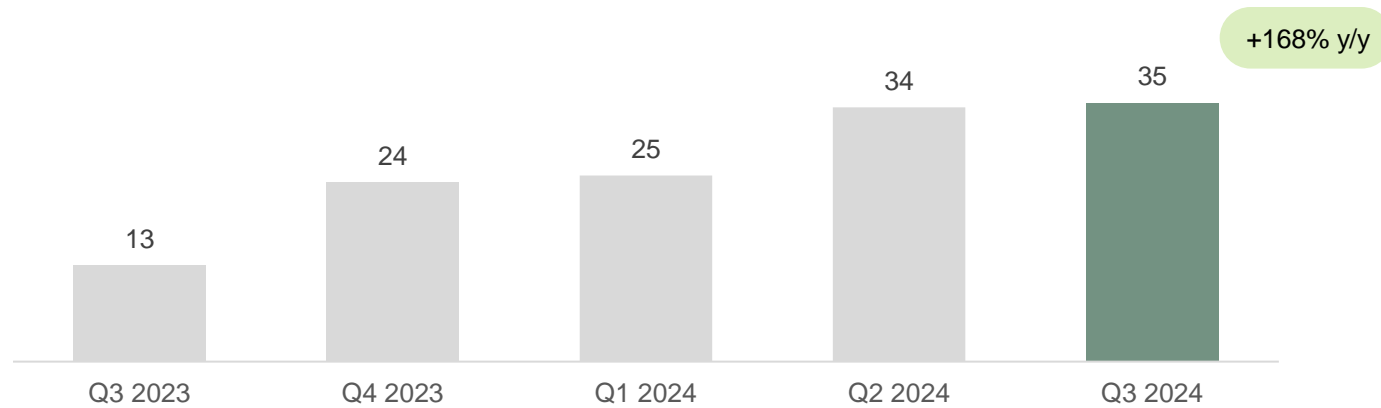
03

PRM

entering in new segment
luxury fashion sneakers and streetwear

CONSISTENT REVENUE GROWTH OF THE PRM BRAND

Revenue (PLN m)



- In Q3 2024, profitability was negative; however, we exceeded the break-even point (BEP) in September, meaning the brand no longer has a negative impact on financial results.
- The lower Q-Q growth was a result of optimization efforts, particularly in digital marketing, following the achievement of a larger revenue scale.
- PRM's Contribution to Answer.com EBITDA:
 - PLN -11,6 mln in 2023
 - PLN -10,5 mln in 9M 2024

Acquisition Value of PLN 19,1 m – a highly attractive amount. Based on the sale of Organized Part of an Enterprise in 2022, the P/S ratio stands at 0.12x.



CONSISTENT IMPLEMENTATION OF THE PRM DEVELOPMENT BRAND

Expansion of the product range

- Acquisition of 11 new brands in Q3 2024 and advanced negotiations with additional partners
- Enhancing PRM's status with existing partners, gaining access to new, exclusive product lines
- Launch of the PRM Releases platform for selling limited-edition products

SPORTMAX

AXEL ARIGATO



coperni

WACKO MARIA



MARINE SERRE

Marketing

- Developing marketing activities to establish a strong and recognizable "love brand" within the target audience
- Executing a targeted online video campaign focused on new brands in the portfolio across key regional markets
- Strengthening collaboration with key business partners and implementing joint marketing initiatives with brands such as adidas Originals, New Balance, and Filling Pieces
- Delivering selective marketing projects in partnership with high-quality collaborators, including Porsche, Stary Browar, London Design Museum, Vogue, KMag, and Architectural Digest
- Expanding social media presence – surpassing 120,000 followers



POTENTIAL OF ACQUISITION

Unlocking operational synergies to build a strong, targeted, and profitable business

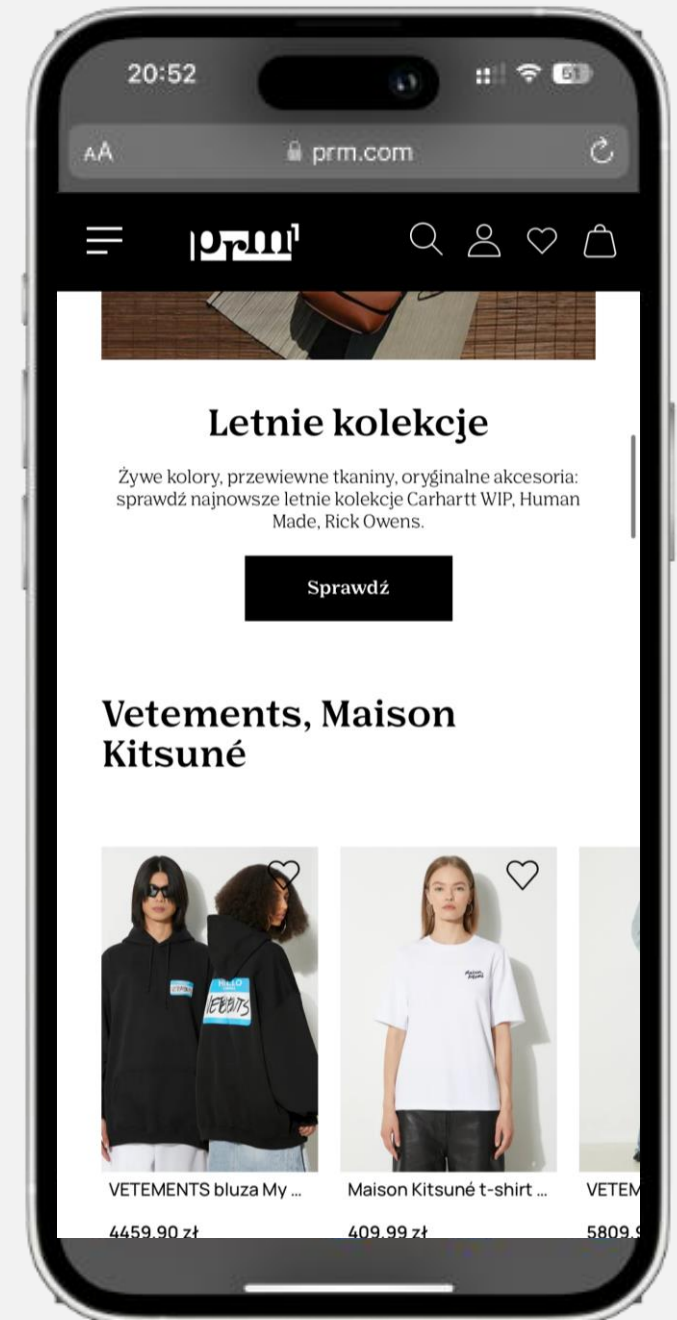
PRM

- Reaching a new market segment
- Unique product offering
- Higher Average Order Value (AOV)

Answer

- Scale of operations in CEE
- Efficient logistics with the fastest delivery in the CEE region
- State-of-the-art warehouse capable of supporting sales of up to €500 million GMV
- Modern photo studio
- Proprietary e-commerce solutions
- Optimized unit costs per transaction

- **Efficient growth and revenue expansion**
- **Optimized costs despite a smaller business scale**
- **Achieving higher profitability**



| 04

OPENING NEW CONCEPT STORES



FIRST CONCEPT STORE IN THE NORBLIN FACTORY IN WARSAW

Significant milestone to build strong position in premium fashion segment

PRM

- Area of 600 sqm.
- A unique place on the map of Warsaw presenting a selective portfolio of high fashion brands, including those so far unavailable in our part of Europe
- In addition to fashion, the interior is filled with art, design and culture, including a dedicated vinyl zone

Answer

- Area of 2,000 sqm.
- The Answer.com store features, among others, a café, tailor alteration zone, product personalization and event space events, as well as VIP fitting rooms with the service of a personal stylist
- Unique design, including custom furniture and giant display cases

- **Concept stores are an important aspect of image and marketing**
- **Exclusive brands often require physical presence and direct interaction with customers**

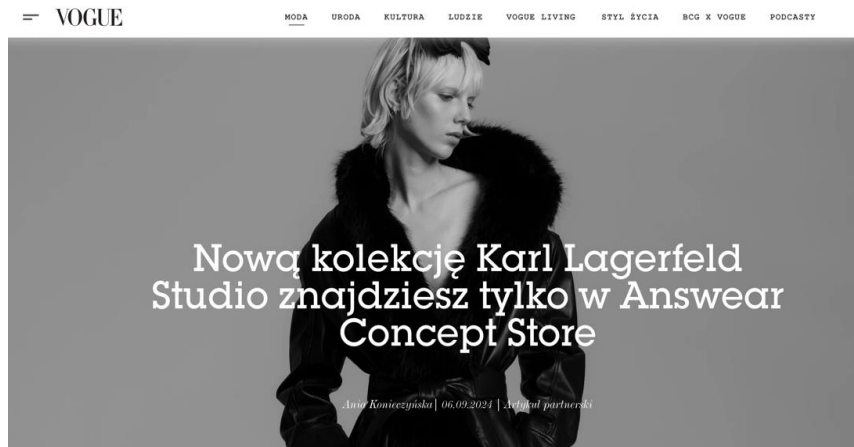


FIRST ACTIVITIES IMPLEMENTED IN CONCEPT STORE ANSWEAR

Collaboration with renowned brands for fashion events

Answer

- Organization of events with top fashion brands (Karl Lagerfeld, RayBan, Puma, INTU, MMC, Dr. Martens)
- Plans to organize more major events by the end of the year

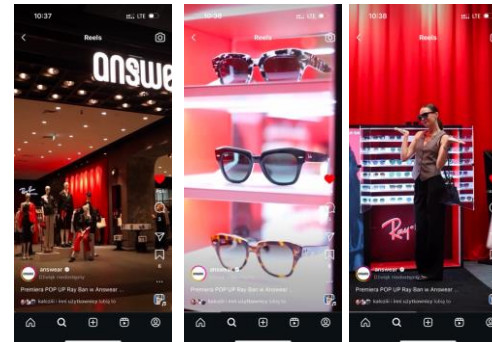


Premiere of the latest Karl Lagerfeld Studio collection available in Poland only at Answer Concept Store exclusively

Partner of the autumn edition of the popular Puma Slow Space workshop, held at the Concept Store



Ecological workshops with INTU combined with an exhibition of upcycled products, opportunity to fix your clothes in the customization zone



Premiere of Ray Ban eyewear collection featuring Lenny Kravitz - an event for influencers, media and fans of the brand

FIRST ACTIVITIES IMPLEMENTED IN CONCEPT STORE PRM

Collaboration with renowned brands for fashion events

PRM

- New location opens door to partnerships with more top brands
- Collaborations based on providing space for partners to display product
- A place to properly serve high-end customers and build a community around the brand

Porsche Trick & Tunes in PRM

The dedicated event for VIP customers of the Porsche brand and the continuation of the cooperation in the form of an all-day skateboard competition.



Vinyl Corner in PRM

The opening of a vinyl corner in cooperation with Poland's most popular jazzman, Wojtek Mazolewski, which attracted numerous local opinion leaders



Brand zone of adidas Originals

The dedicated area in the Concept Store for the brand, allowing for proper display of top model



| 05

**ANSWEAR
STRENGTHENS ITS
BRAND**



NEXT PART OF THE CAMPAIGN „DRESS YOUR LIFE WITH PRECIOUS THINGS”

- Answear, pursuing a premiumization strategy, introduced a new communication platform with the slogan “Dress your life with precious things” emphasizing fashion, intangibles and the products offered. The descriptor “Premium Fashion Brands” was also added, referring to the core of segment
- “Dress your life with precious things” launched in May 2024, and the Q3 2024 saw another iteration of the campaign, launched in mid-September. It was implemented as a mix of TV and digital campaigns, which are natural environments for e-commerce players, and in selected countries it was further supported by offline activities such as cinemas and radio.
- The first phase of the campaign significantly strengthened the brand power and perception of Answear:
 - Brand strength increased by 3 p.p. year-on-year, compared to competitors, who recorded results ranging from +1 p.p. to -1 p.p.
 - Spontaneous awareness among premium customers grew by +4 p.p. year-on-year, while competitors' results ranged from +1 p.p. to -11 p.p.
 - Aided awareness increased by 6 p.p. year-on-year, compared to competitors, who reported results between +2 p.p. and -3 p.p.



| 05

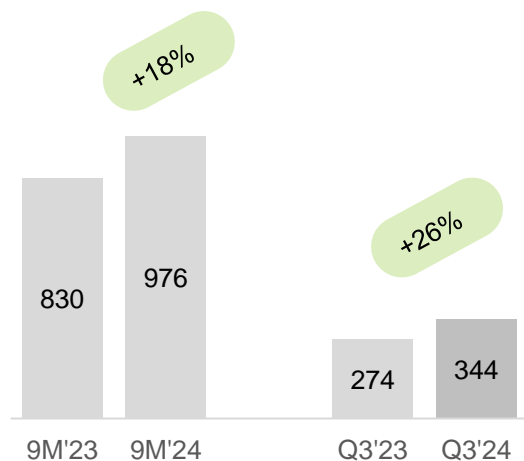
**ONE OF THE LEADERS
IN FASHION
E-COMMERCE IN CEE**



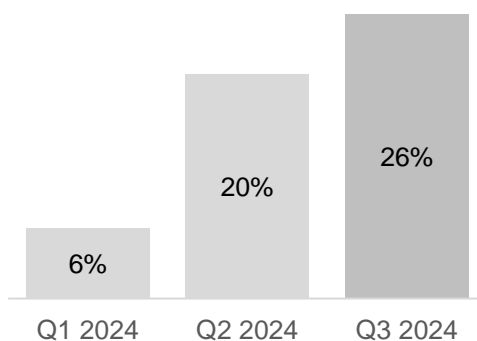
WE CONSISTENTLY INCREASE THE SCALE OF OPERATIONS

Despite the challenging market environment

Revenues (PLN m)

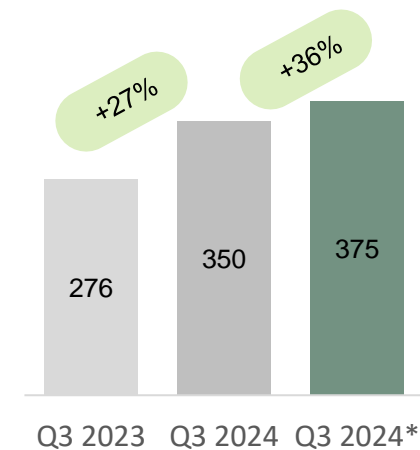
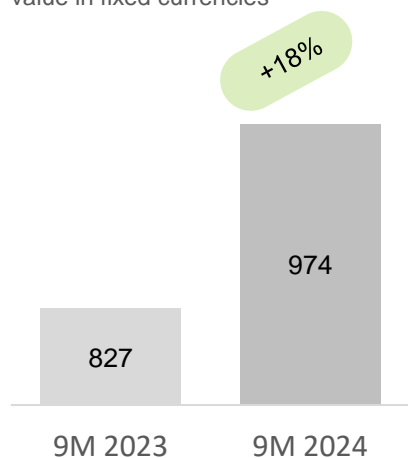


Dynamics of revenues

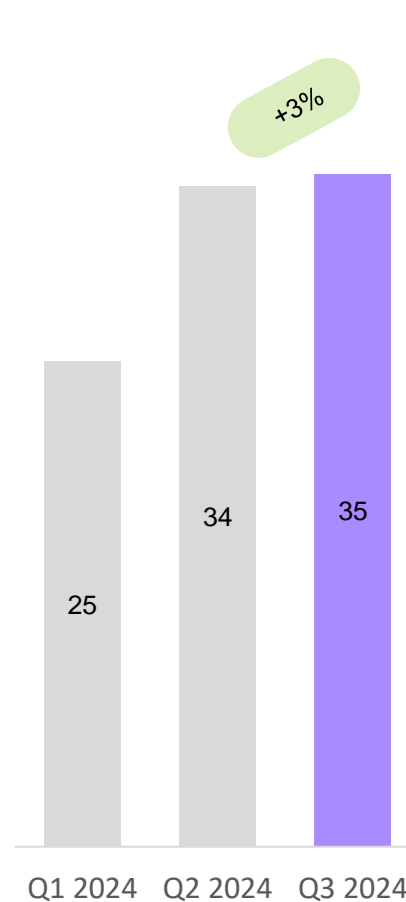


Online sales (PLN m)

*value in fixed currencies



PRM's revenues (PLN m)

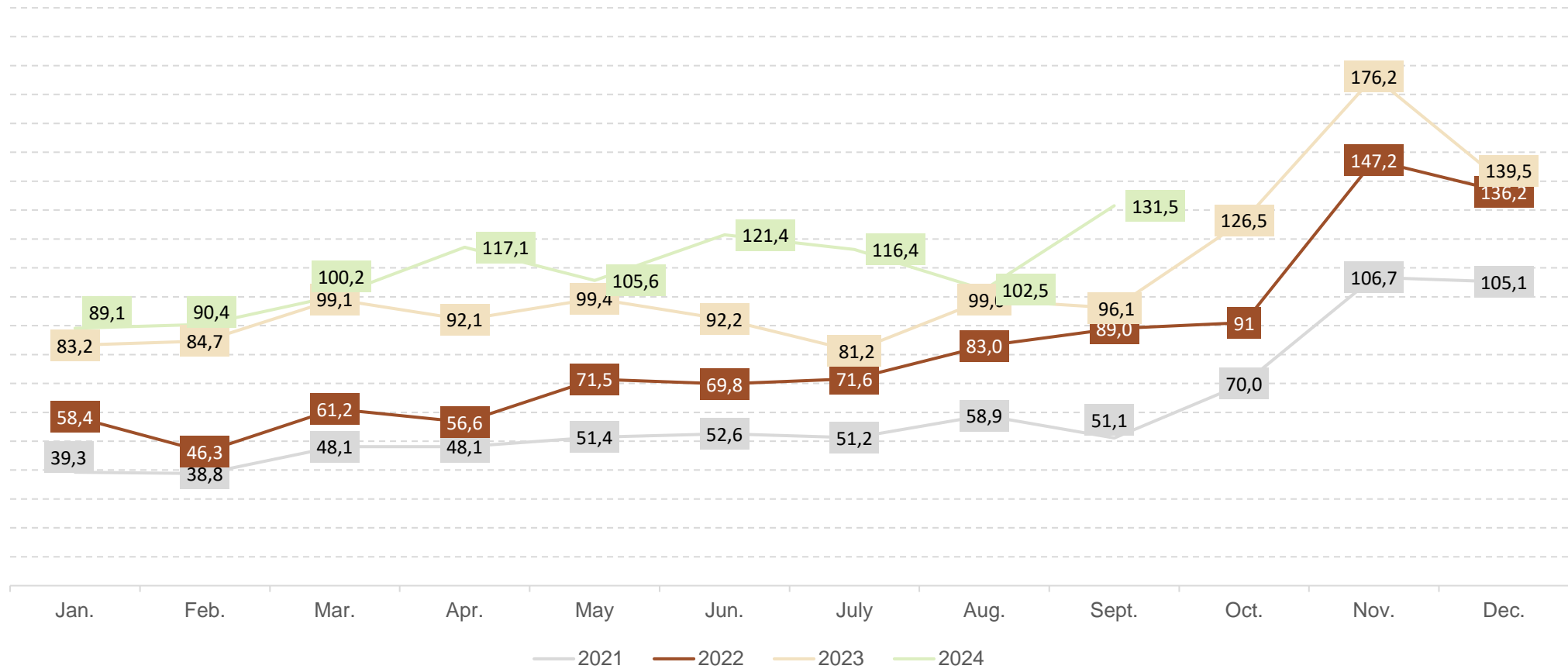


- Continued growth despite unfavorable external factors, with solid growth in sales momentum in Q3, confirming a return to the former growth trajectory and encouraging optimism for future periods
- High sales momentum driven by effective use of the summer sales period, supported in July by extensive offline marketing activities
- Consistent improvement in sales performance of the PRM brand, which more than tripled year-on-year revenue growth in Q3
- Negative macroeconomic trends, weakening consumer demand, low retail sales figures, intensified price competition and appreciation of the PLN

ONLINE SALES (PLN m)

- Warm winter - February with record high temperatures
- March and April with high sales of well well-chosen offerings for the SS24 season
- May with a higher share of marketing spending building premium brand awareness

- June supported by TV campaign as well as well-started summer sales period
- Sprzedaż czerwca i lipca wspierana kampanią telewizyjną, jak i dobrze wykorzystanym okresem letniej wyprzedaży.
- August with optimization of marketing costs
- September with change in weather positively driving sales of AW collections



THE APPRECIATION OF PLN HAS ADVERSELY AFFECTED ON SALES AND BUSINESS MARGINS

EUR/PLN from 1.01.2023 till 30.09.2024



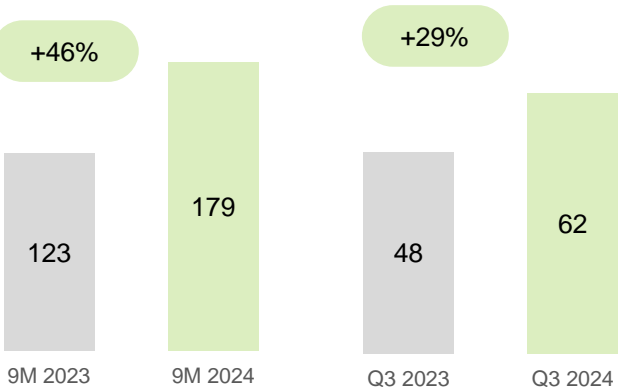
UAH/PLN from 1.01.2023 till 30.09.2024



- The strengthening of the zloty against the EUR and most CEE currencies negatively affected sales dynamics and margins, with about 75% of Answear's sales outside Poland
- Approximately 24% of online sales generated in the Ukrainian market, which, with the depreciation of the hryvnia against the zloty, affected the decline in revenues
- Limited ability to respond to the strengthening of the zloty with price increases due to the challenging competitive environment and weak consumer demand

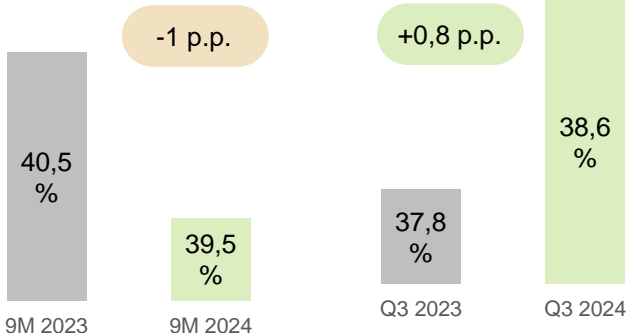
RETURN TO GROWTH AND GENERATE PROFITABILITY DESPITE THE BURDEN OF A PERIOD OF INVESTMENTS IN MARKETING, PRM BRAND AND THE DIFFICULT MARKET ENVIRONMENT

Marketing costs (PLN m)



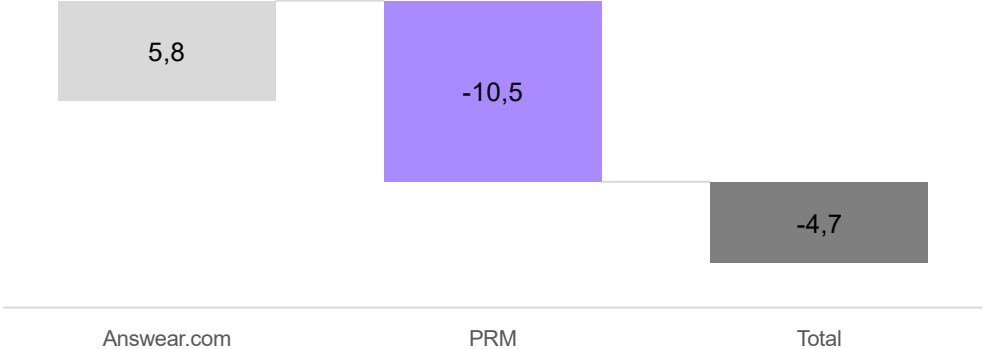
- Record high marketing expenditures
- Conducting a wide-ranging campaign in 10 markets about Answear's repositioning to the premium segment
- Decrease in CSR ratio in Q3 2024 to 18.7% vs. 22.6% in H1 2024

Gross margin (%)



- First quarter of sales margin improvement this year
- Despite the appreciation of the Polish currency and the weakening of the Ukrainian hryvnia

EBITDA (PLN m) (for 9M 2024)



EBITDA (PLN m) (for Q3 2024)



THE PERIOD OF INVESTMENTS IN THE DEVELOPMENT OF THE NEW BRAND AND THE OPENING OF CONCEPT STORES

Capital expenditures

9M 2024

PLN 28,2 m

2023

PLN 11,6 m

Main expenditures:

PLN 19,3 m Answer concept store investment and PR

PLN 5,1 m Expanding the platform

PLN 1,5 m Warehouse equipment

PLN 2,0 m IT hardware and systems

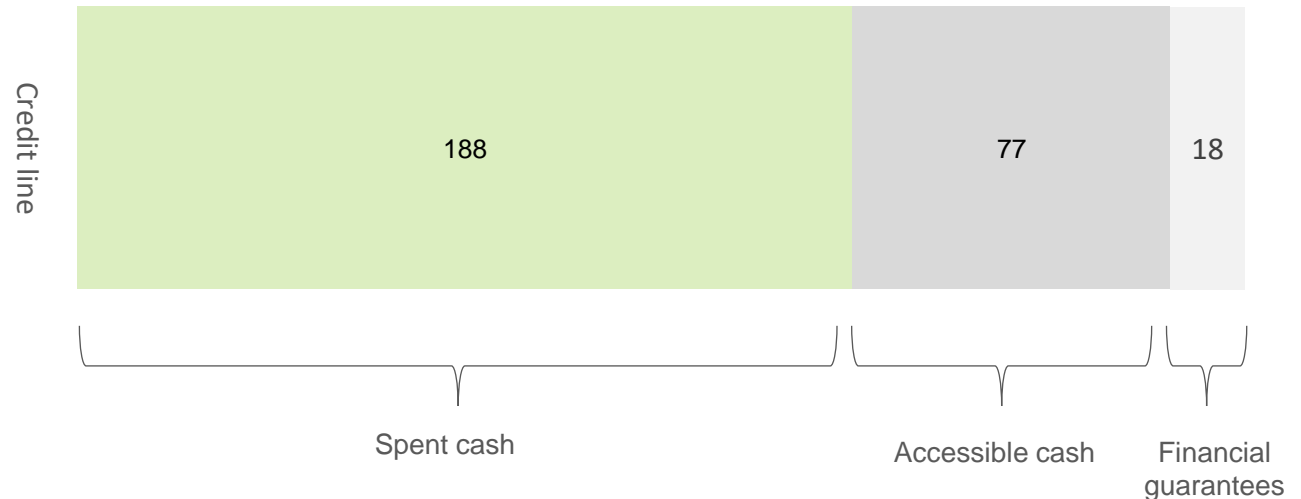
PLN 0,2 m Equipment, hardware and photo

Accessible credit lines as of September 30, 2024 (PLN m)

Stable cash position giving room for growth and carrying out investments

Fruitful cooperation with financing banks on increasing credit capacity - increasing financing by PLN 20 million at PKO and PLN 20 million at mBank

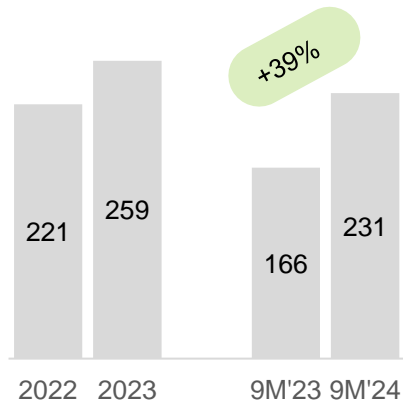
Securing financing for further growth in the next fiscal year



FOREIGN EXPANSION

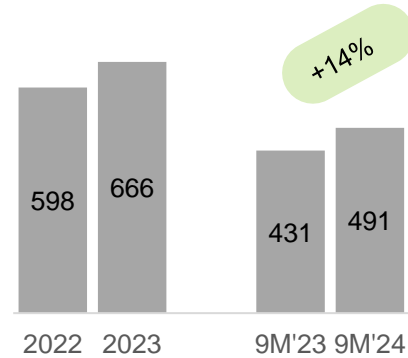
Geographic distribution of revenues

Poland (PLN m)



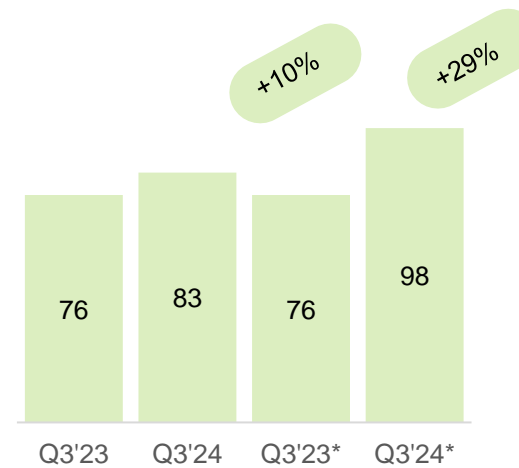
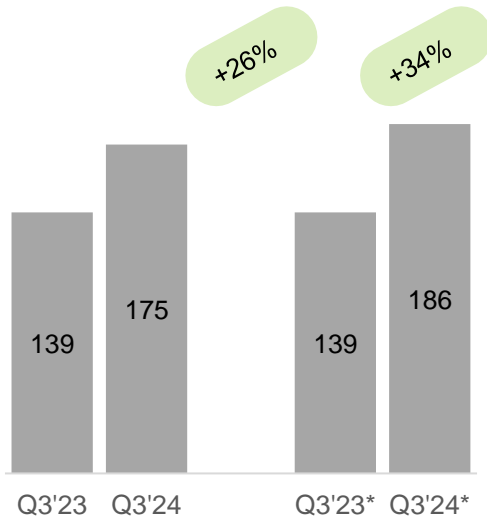
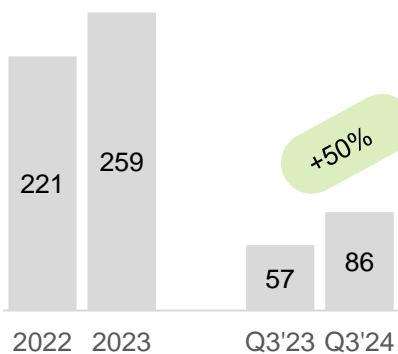
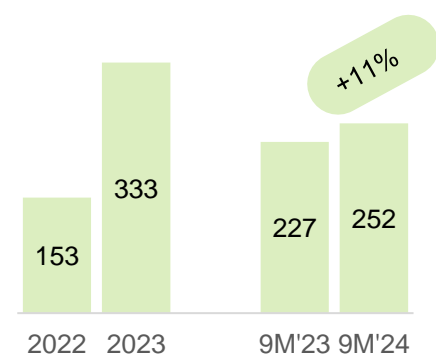
EU countries (without Poland)
(PLN m)

*in fixed currencies



Non-EU countries (PLN m)

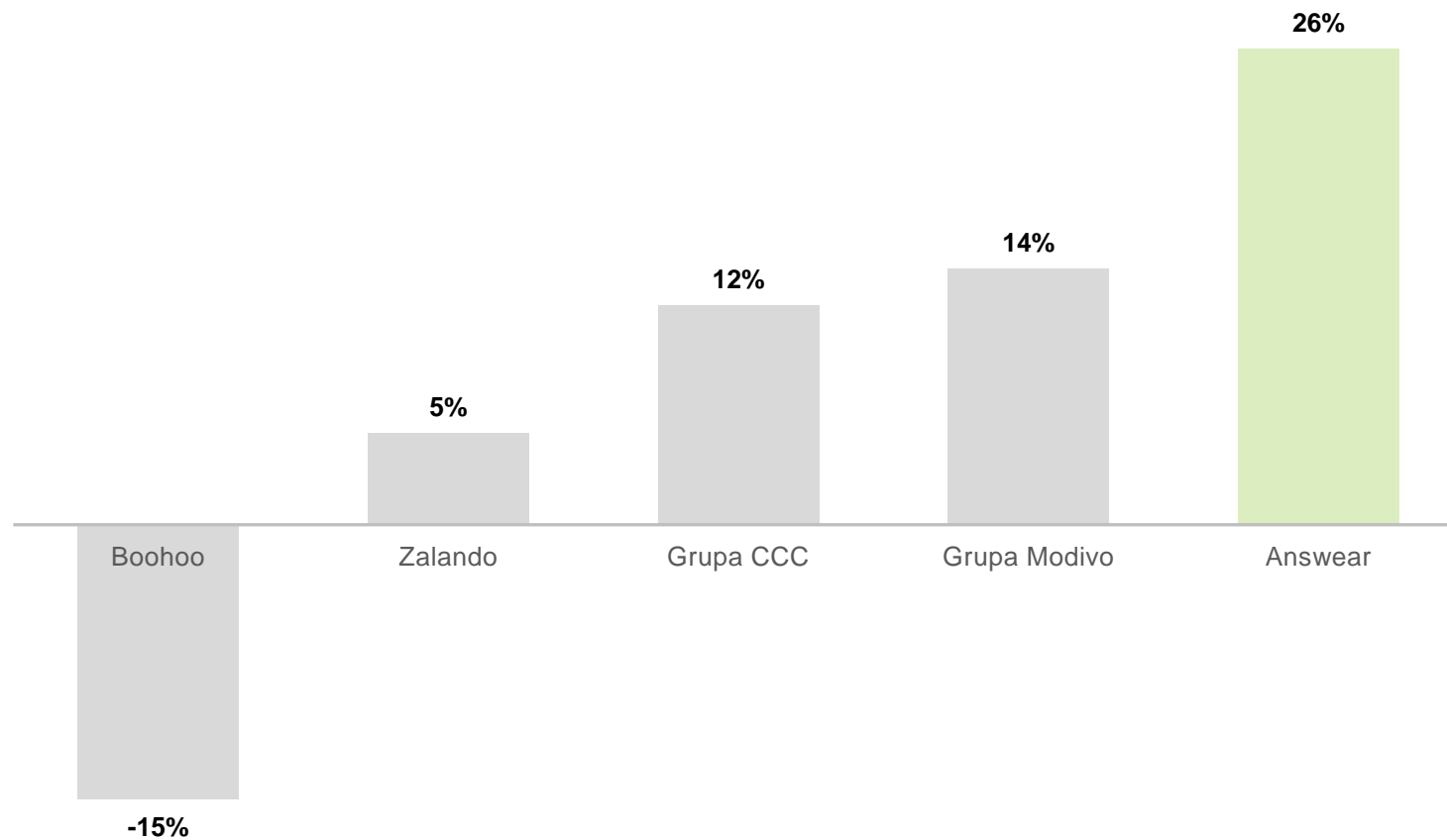
*in fixed currencies



- Geographically diversified sales make the Company immune to local turbulence and downturns
- Strong growth in the Polish market, where the opening of Answear and PRM stationary stores and a wide-ranging marketing campaign contributed to a 50% y-o-y increase in sales in Q3 2024
- Limited momentum in the Ukrainian market due to reduced consumer demand, ongoing hostilities, periodic blackouts and depreciation of the hryvnia.

ANSWEAR.COM IS THE LEADER IN GROWTH VS. PEERS IN 2024

Top-line dynamics

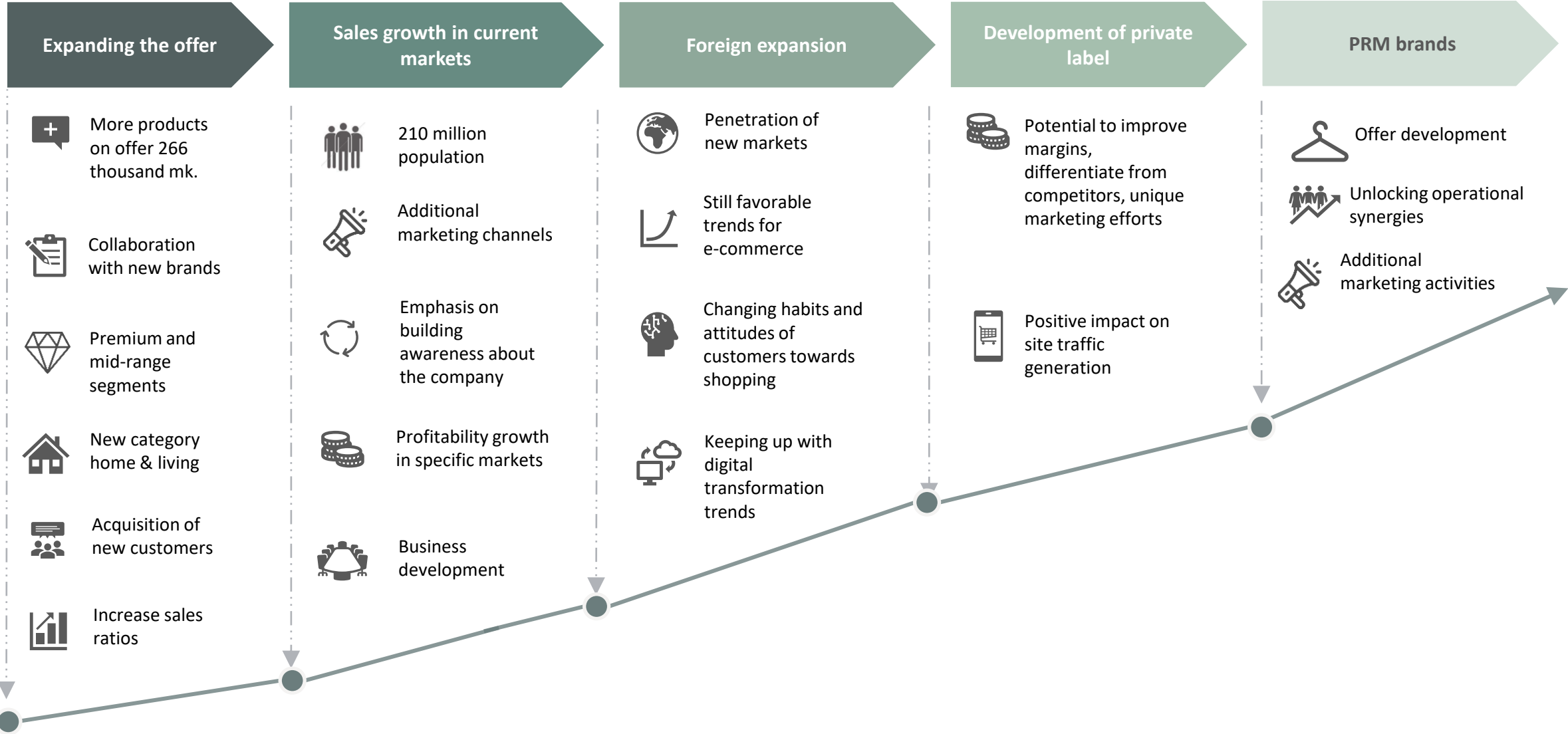


*Preliminary Q3 2024 results for Modivo Group and CCC Group
Results for Q3 2024 for Zalando
Results for Q2 2024 ending August 31 for Boohoo*



DEVELOPMENT STRATEGY

Strategy and development prospects



Outlook for 2024

General assumptions of the results in 2024

H1 2024

- Weakness in the consumer market
- Investments in the PRM brand:
 - Increase product offerings, launch new brands
 - Strengthening the position of the PRM brand in the market, increasing marketing expenditures in all channels and markets
 - Opening a concept store at the Norblin Factory in Warsaw in April 2024
- Investing in the Answear brand - repositioning to the “accessible premium” segment
 - Wide image campaigns in the spring and fall of this year
 - Opening a concept store at the Norblin Factory in May 2024.
 - Further expansion of product offerings

H2 2024 / 2025

- Gradual improvement in consumer sentiment
- Continued revenue growth for PRM, achieving scale effects and break-even point (BEP)
- Strengthening Answear's position in the premium market segment
- Expansion of the product range for both brands
- Low base and absence of negative currency exchange effects in Q4 will support accelerated revenue growth for the company
- Implementation of Answear.com's autumn campaign, "Dress your life with precious things", during a peak sales period – expected to result in a lower percentage of marketing expenses relative to sales

ATTRACTION OF ANSWEAR

Why Answer.com?

01

We maintain a high revenue growth rate despite a challenging market environment, the repositioning of Answer.com, and significant investments in the development of the PRM brand, the opening of concept stores, and the execution of branding-focused marketing campaigns.

02

The PRM brand holds significant growth potential in the attractive luxury segment, characterized by lower competition. This strategy enables access to a new customer base and maximizes the use of existing resources.

03

High potential from **repositioning Answer** into the **premium segment**, achieving differentiation from key competitors.

04

Further increase in average order value driven by the expansion of the product range and the growing share of premium brands.

05

Expanding the product range – introducing new brands, new product categories, and developing private label products, enabling the company to **reach a broader customer base and achieve higher profitability**.

06

Optimization of marketing expenses, PRM brand development costs, and Answer's repositioning costs is expected to result in higher profitability in future quarters.





answear.

**THANKS FOR
YOUR ATTENTION**

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