



answer.

**LIFESPIRATION
STARTS
HERE.**

ANSWEAR.COM S.A.

Investor Presentation
Results for Q1 2022

MAY 2022

TODAY'S PRESENTERS

Krzysztof Bajótek, CEO and Jacek Dziaduś, CFO

MANAGERS



**Krzysztof
Bajótek**

President of the
Management
Board,
Founder and co-
owner



Jacek Dziaduś
CFO

- Founder and CEO of many clothing companies, including Artman (debut on the Warsaw Stock Exchange in 2004, House and Mohito brands, now with more than 500 stationary stores throughout Poland) - sold in 2008 to the Polish clothing giant LPP
- Responsible for the Company's development strategy
- 27 years of professional experience

- Joined Answear in Q3 2020
- For the last 10 years he has been associated with the furniture industry in the Nowy Styl Group where he held the position of Director of Controlling and Accounting. Previously, he worked at KPMG Audit Polska.
- Responsible for the finance and controlling of the Company
- 17 years of professional experience

answear.com

EXPERIENCE

M O H I T O



house

medicine
EVERYDAY THERAPY

EXPERIENCE



Nowy Styl Group

SUMMARY OF Q1 2022

answear.com

Dynamic growth of one of the fashion e-commerce leaders in CEE

YoY revenue growth

44%

Revenues in Q1 2022 amounted to PLN 178 million, online sales of PLN 166 million - an increase of 32%

% margin of sales

39%

In Q1 2021, the margin was 45%. Thanks to an increase in the average basket value, the margin per transaction remained at the same level as last year: PLN 73.1 vs PLN 73.5 in Q1 2021

EBITDA

**3,5
mln PLN**

Normalized EBITDA⁽¹⁾ in Q1 2022 amounted to PLN 5.5 million or 3.1% of sales revenues, compared to PLN 9.1 million in Q1 2021

AOV growth

291 PLN

versus PLN 255 in Q1 2021 - an increase of 14%

Conversion

1,96%

in Q1 2022 vs. 2.03% in Q1 2021
Conversion in the "old" 7 markets increased from 2.01% to 2.04%

Increased number of customers

27%

1.6 million unique active customers across 10 markets in the CEE region.

Logistics cost index

15,6%

to online sales vs. 15.2% in Q1 2021

Marketing cost index

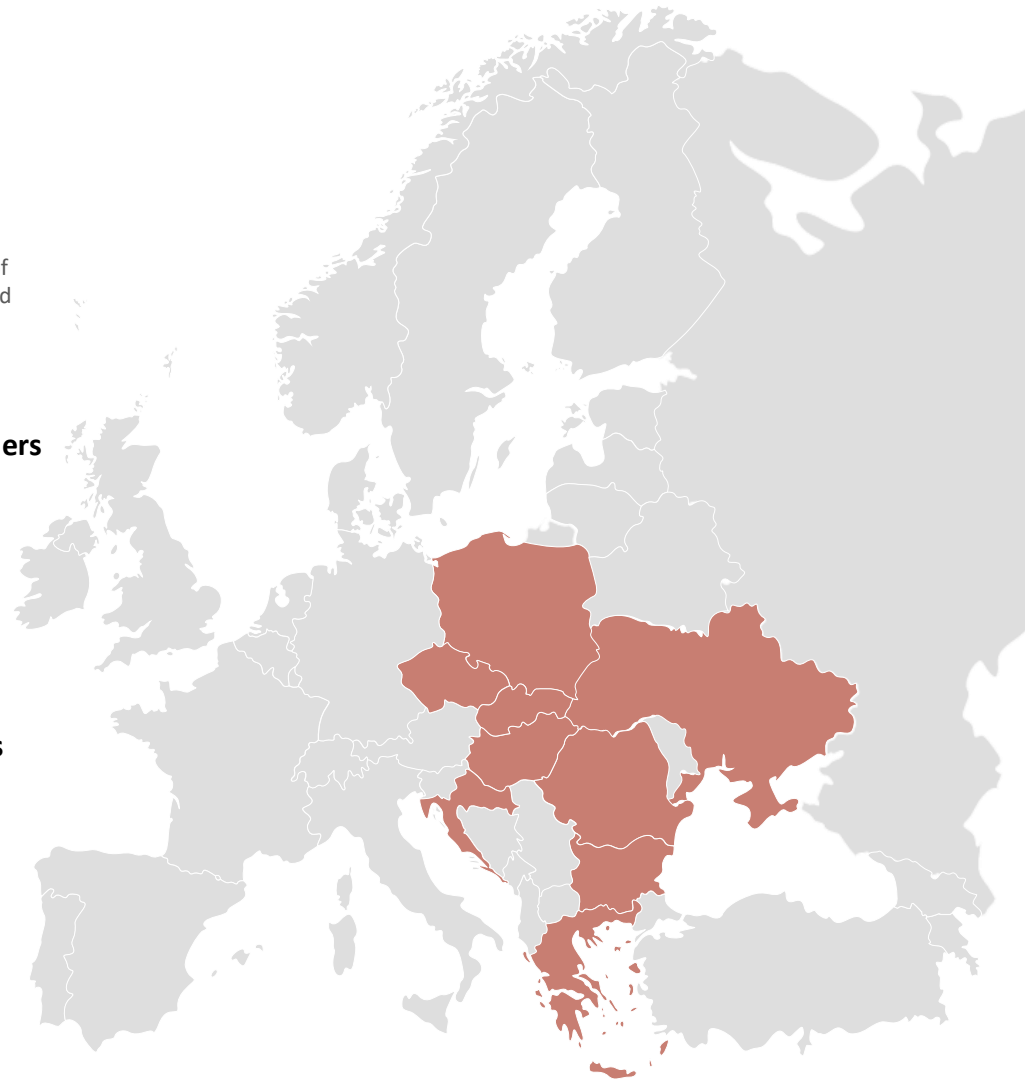
17,2%

vs. 16.5% in Q1 2021 (related to online sales)

Increase i00n number of SKU's

97%

Steadily increasing width of offer on Answear websites. Number of SKU's in Q1 2022 amounted to 185 thousand.



Q1 2022 HIGHLIGHTS

ANSWEAR.com

MAINTAINING A HIGH GROWTH RATE DESPITE ADVERSE MARKET CONDITIONS

- Outbreak of war in Ukraine
- Slowdown in online sales growth, partial return of customers to traditional stores
- Declining consumer sentiment , caused by rising inflation, the outbreak of war and concerns about the health of the market

STRENGTHENING OF ANSWEAR.COM'S MARKET POSITION - AT THE EXPENSE OF COMPETITORS EXPERIENCING LOWER GROWTH

- Q1 2022 revenue growth of 44% YoY
- Development of new markets in Greece, Croatia and Cyprus

CONSISTENT DEVELOPMENT AND ENRICHMENT OF THE PRODUCT OFFER

- Rapid expansion of product offering - SKU's up 97%
- Successful launch of new home & lifestyle category
- Development of own brand - answer lab



Q1 2022 HIGHLIGHTS

RUNNING FURTHER TV CAMPAIGNS IN ALL MARKETS

- Brand awareness television campaign implemented in all markets of operation
- Activities aimed at increasing customer loyalty and return
- Very good "share of voice" - on most markets Answear was a leader, or one of the leaders of our category

ANSWEAR.COM JOINS THE SWIG80 INDEX

- Joining the group of companies with the highest turnover and capitalization on the WSE (excluding WIG20 and mWIG40)



SITUATION IN UKRAINE

CHALLENGES

- Suspension of shipments in an important market - Ukraine accounted for 16% of Company-wide turnover in 2021
- In the first few days since the invasion, buying sentiment in other markets has deteriorated
- Answear.com has established write-downs on inventory remaining in delivery to customers from before the war broke out

CHANCES

- Successful test sales in non-combat areas of the test sales in April, which performed very well
- Company expects increased interest in Ukrainian market – „case covid-19”, desire to return to „normality”
- Ukrainian market does not generate significant fixed costs, allows flexible management of marketing budget



SITUATION IN UKRAINE

Answer.com support

INCOME FROM ANSWEAR.LAB COLLECTION "NO SHAME. NO FEAR"

HELPING THE TEAM IN LVIV

COOPERATION WITH SIEMACHA FOUNDATION AND RAFAŁ SONIK

JOINT ACTION OF THE PRACODAWCY RP

SUPPORT FOR EMPLOYEES AND THEIR RELATIVES

CLOTHES FOR PEOPLE COMING TO KRAKOW



answer.com

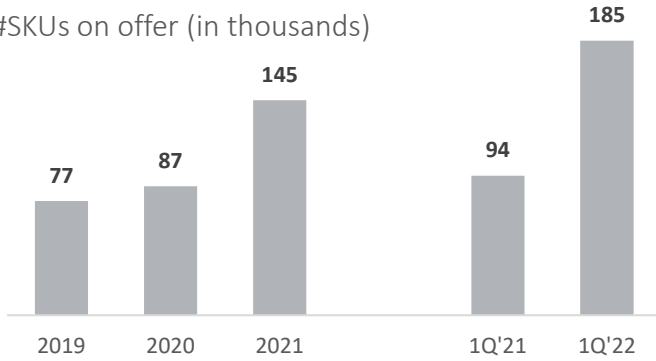


CONSTANTLY EXPANDED PRODUCT RANGE

Tailored to the target group, needs and tastes of customers in the CEE region, optimized for sales and margins.

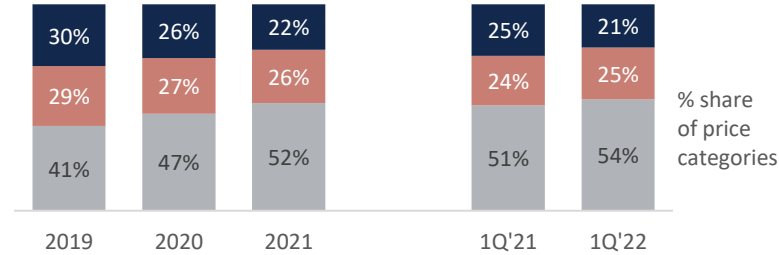
Increasing the range of offerings

#SKUs on offer (in thousands)



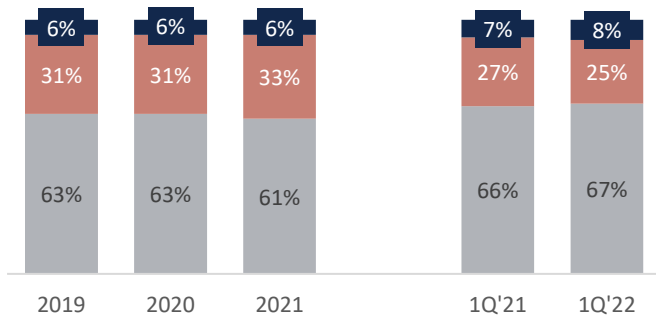
Focus on premium products

■ Premium brands ■ Mid-price range ■ Budget brands



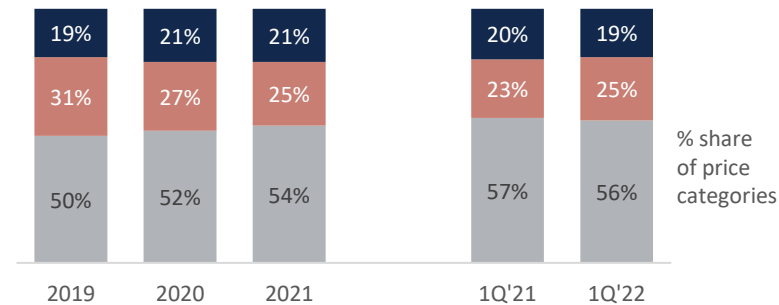
Breakdown by gender

■ Women's ■ Men's ■ For kids



The dominant position of clothing

■ Clothing ■ Footwear ■ Accessories



- Nearly doubling the range of offerings in Q1 2022 to 185,000 SKU's
- Consistent development of the premium segment, which positively affects the average order value
- Dominant share of women's products

ANSWEAR LAB

An important element of the strategy - it drives margins, differentiates Answear's offer from its direct competitors and attracts customers

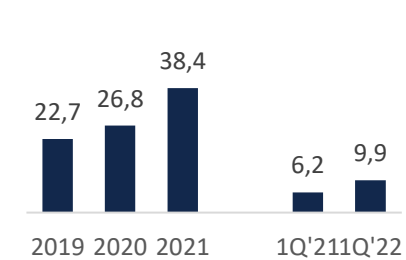
ANSWEAR LAB DEVELOPMENT



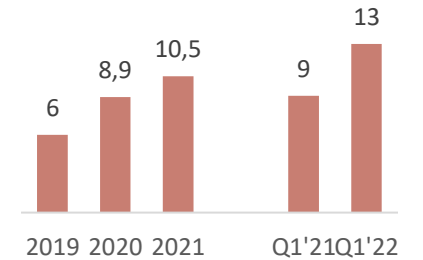
Characteristics

- **One of the best-selling** brands in the portfolio (5.5% of sales)
- The primary choice of customers in the **lower price segment**
- Ability to generate relatively **high margins**
- Delivering **the latest fashion trends and best-selling products** in short runs and on short notice (benchmark Zara, Asos)
- **Dedicated thematic collections** such as limited collection KING, collections created for women "Girl Power", "My body My choice" and "No shame. No fear.", whose face was Sasha Sidorenko

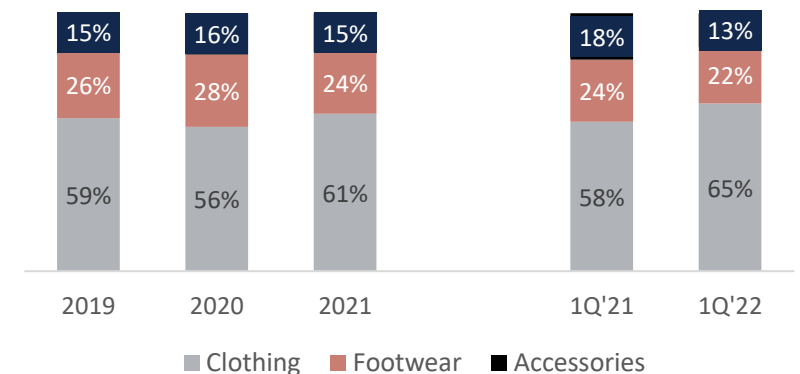
Sales (million PLN)



No. of SKUs (thousands)



Online sales by product category



NEW PRODUCT CATEGORY

Opens up new sources of revenue generation, potential to increase AOV, purchase frequency and reach new customers

HOME & LIFESTYLE



Characteristics

- Interesting, designer products with potential e.g. as a gift
- Diversifying the offer and expanding into areas **complementary to fashion**
- **Attractive product margins** - uniqueness of the offer, "at 1 price" sales without promotions
- **Low return rate** - products without sizes
- **Good rotation** - products less susceptible to seasonality

answer.com



MARKETING CAMPAIGNS

Consistent building of brand awareness and strengthening Answear position as one of the leaders on the CEE fashion market

MARKETING STRATEGY



Characteristics

- Standout "lifespiring" marketing communication
- Focusing on strong and independent women
- New product categories

Activities in Q1'22

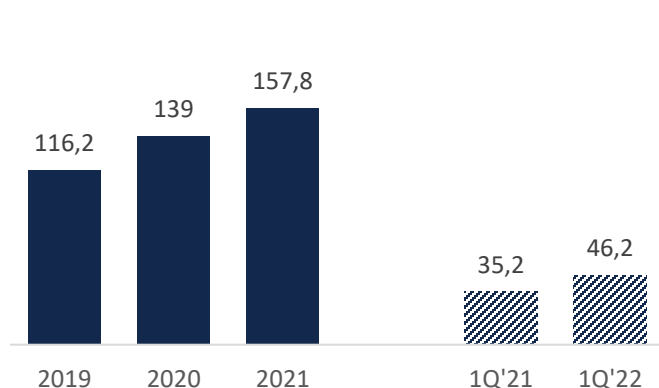
- **January campaign on TV and VOD in all 10 markets** focused on building brand awareness
- **Very good "share of voice"** - on most markets Answear was a leader, or one of the leaders of our category
- **Big success of the campaign** - increased brand awareness
- Launching another, **even stronger TV campaign** in March



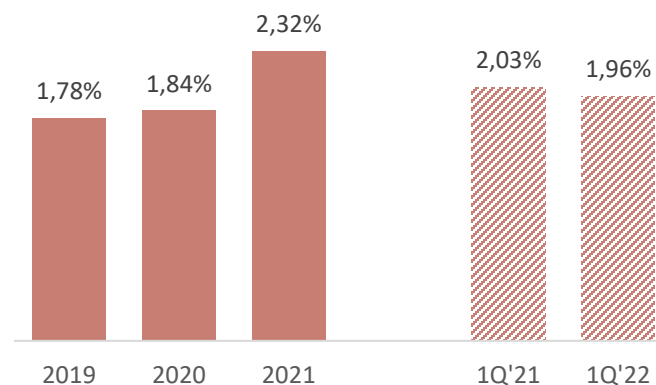
OPERATIONAL KPI

Steadily improving key business KPIs directly impact sales growth

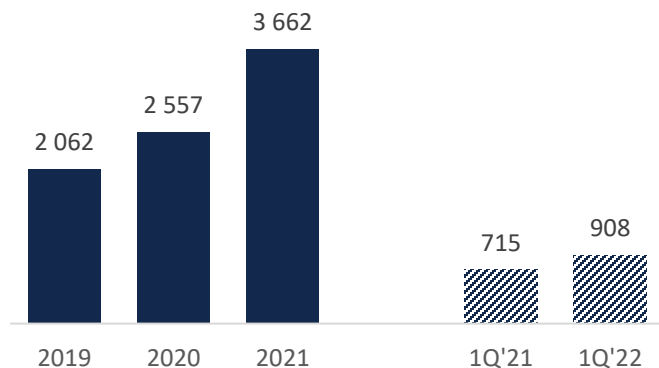
Number of visits (million)



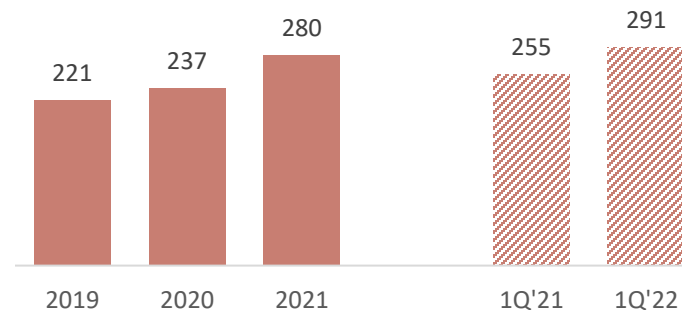
Conversion rate



Number of orders (thousand)⁽¹⁾



Average order value (PLN)⁽²⁾



- Systematic increase in the number of visits to the platform, on average in Q1 2022 Answear recorded over 15 million visits/month
- Slight decline in conversions due to weakened demand due to the outbreak of war in Ukraine and the presence of three new markets
- Record-breaking average order value achieved by expanding the product range, focusing on the premium brand segment and appropriately profiled marketing activities

Explanation:

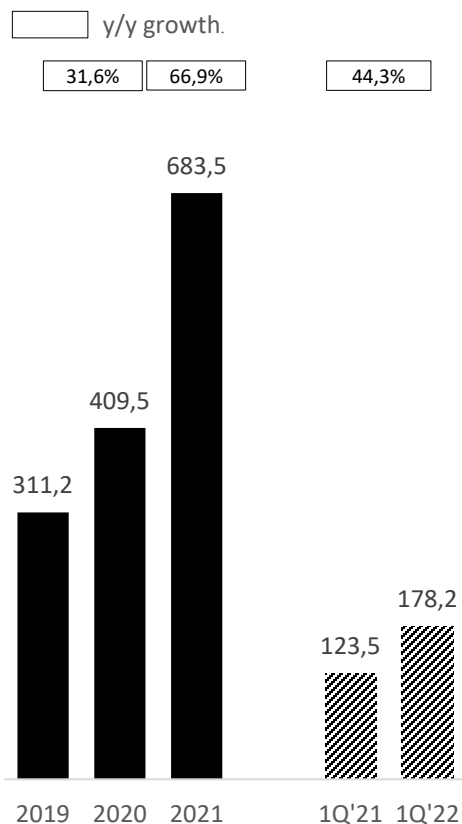
(1) Number of orders before return

(2) Based on sales and number of orders before returns

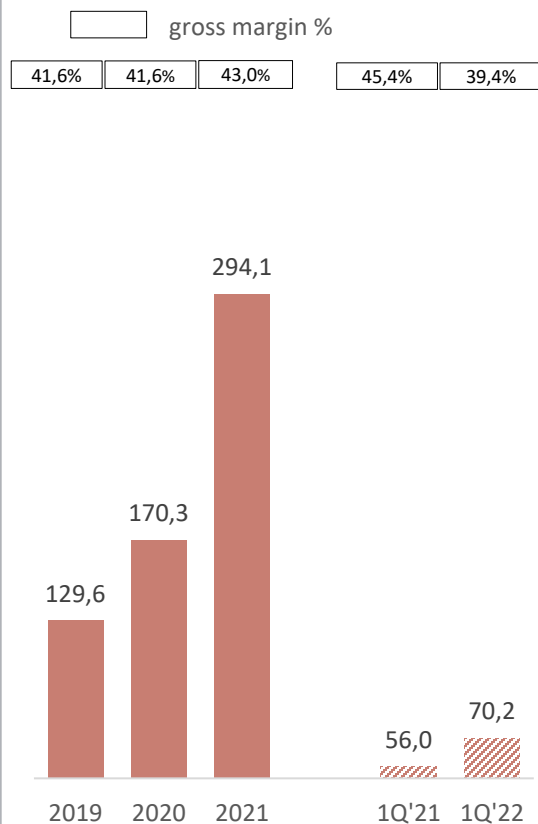
DYNAMIC GROWTH OF RESULTS

Growth opens space to further scale the business

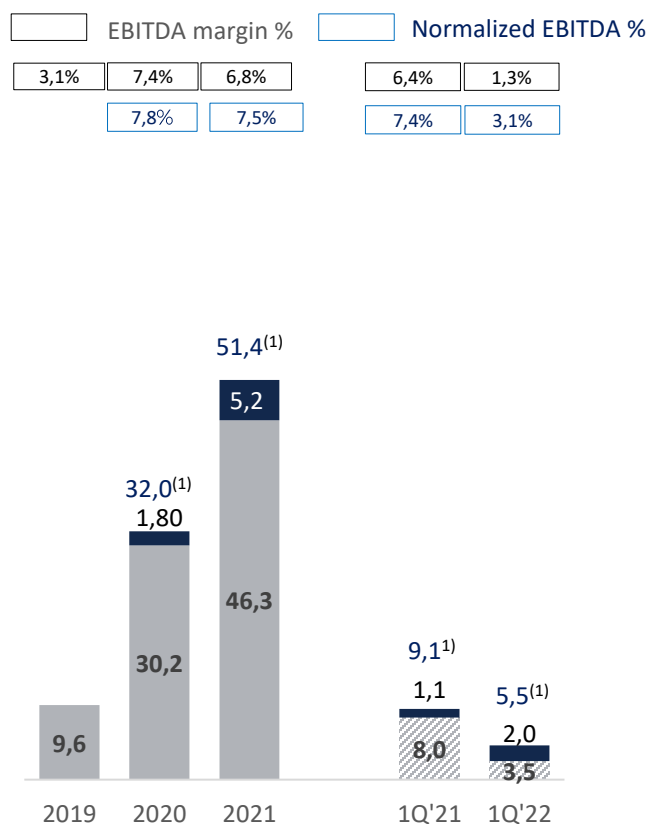
Total revenues (million PLN)



Gross margin (million PLN)



EBITDA (million PLN)⁽¹⁾⁽²⁾



- Dynamic sales growth of over 44% in Q1'22 despite the war in Ukraine and unfavorable market environment
- Halted sales in the Ukrainian market since the Russian military invasion and lowered sentiment in the first weeks of the war in other markets
- Seasonally lowered margin due to sales period and large discounts
- Selling some of last year's merchandise at higher discounts had the effect of reducing margins

Explanation:

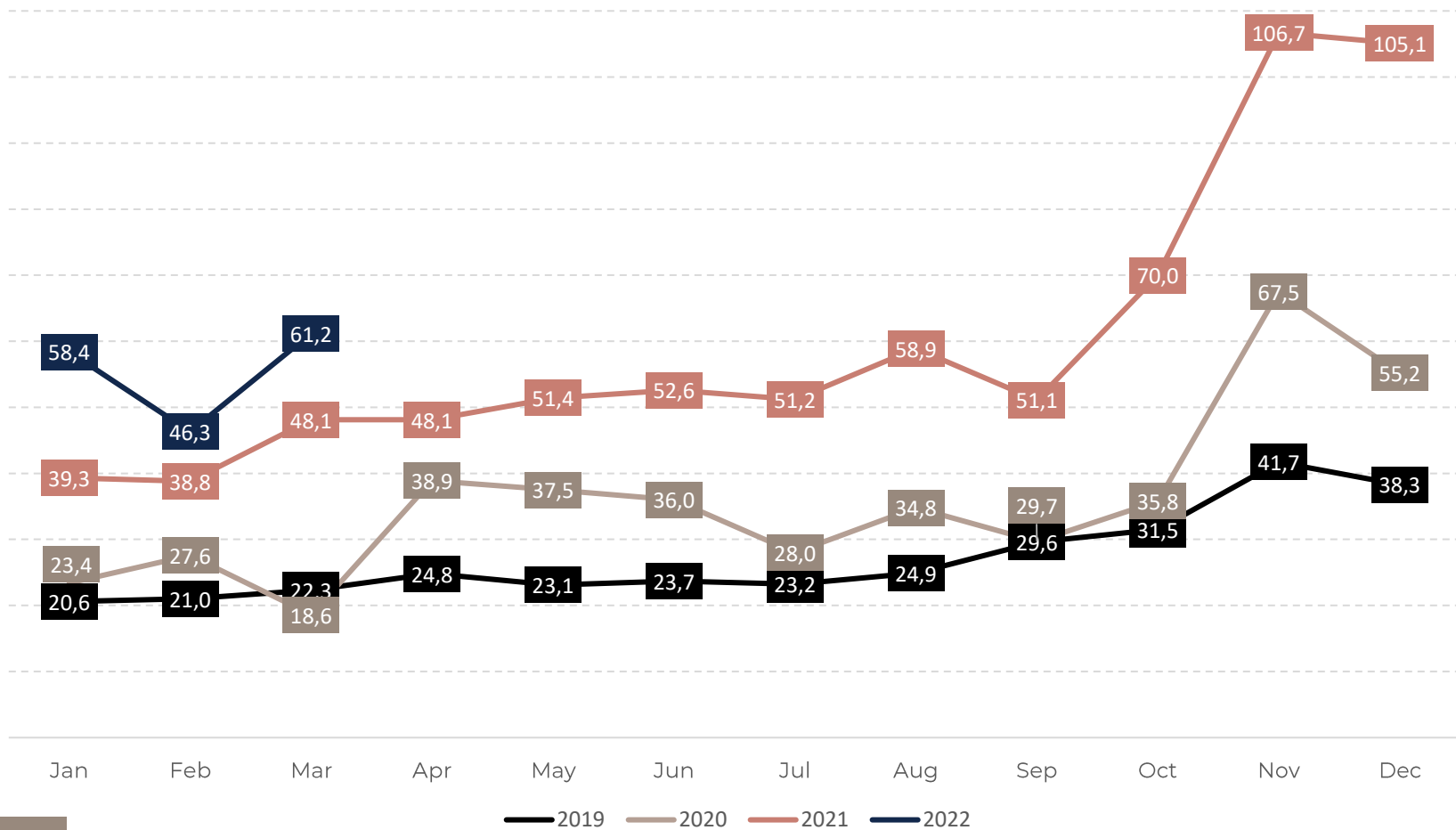
(1) Normalized EBITDA

(2) EBITDA adjusted for: cost of incentive program and one-off events related to the war in Ukraine

ONLINE SALES

Online sales by month show sustained strength in market position

ANSWEAR.com



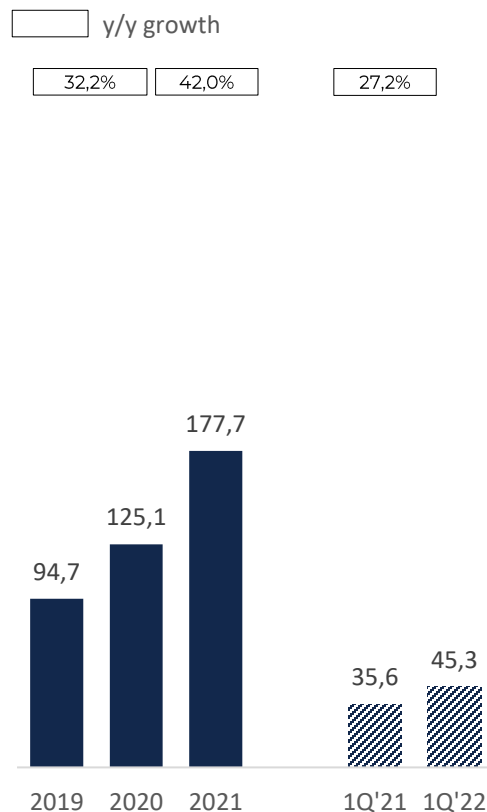
- Increased sales in January and the first days of February, making good use of the period of ongoing sales at that time
- Suspension of supplies in the Ukrainian market at the outbreak of war
- Gradual recovery of sales in March, levels comparable to original plans (except for the Ukrainian market)

GEOGRAPHIC DIVERSIFICATION OF BUSINESS

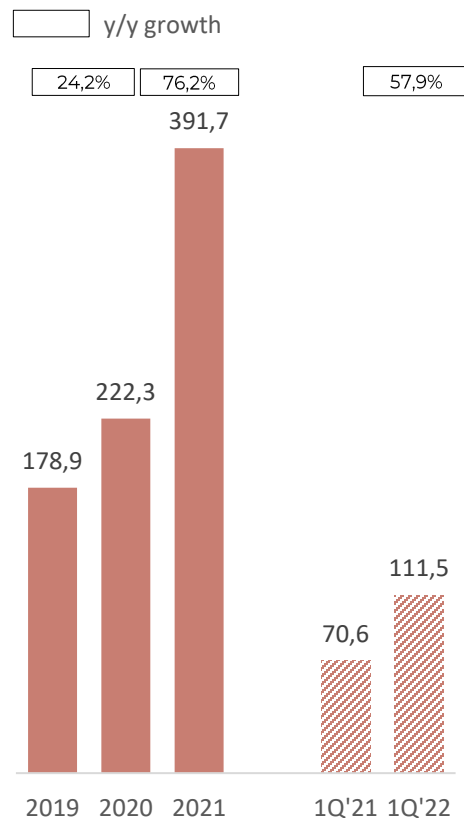
Geographic diversification of business helps build growth effectively

Revenues by segment:

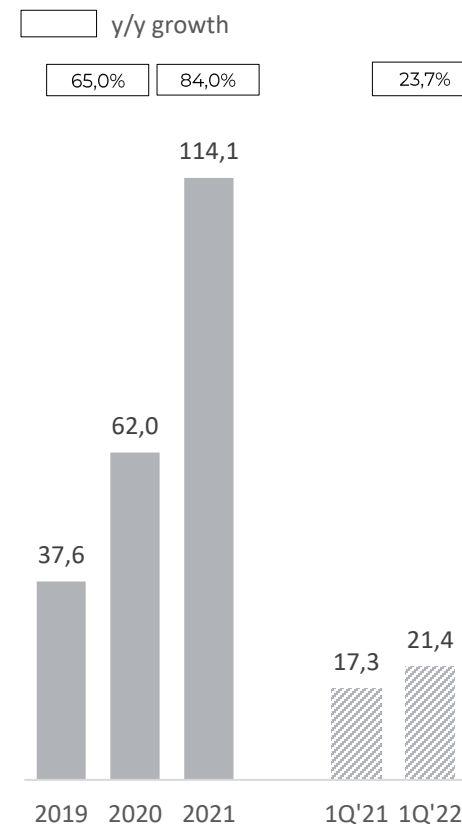
Poland (million PLN)



EU countries outside Poland (million PLN)



Countries outside EU (million PLN)

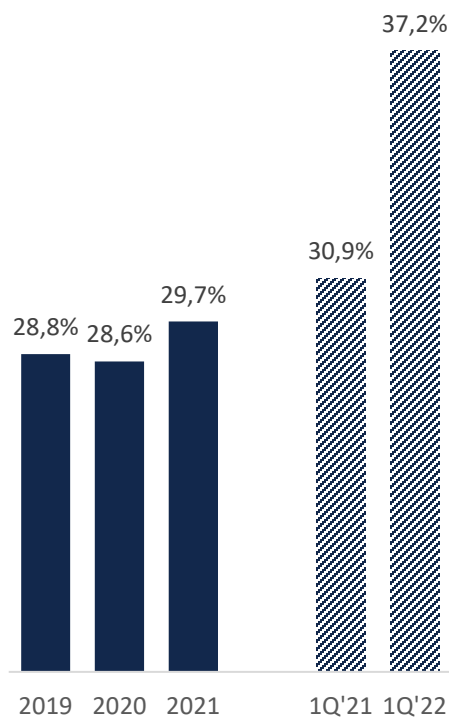


- Sales are geographically diversified
- Poland is the largest market and accounts for over 25% of total revenues
- Dynamic growth of nearly 60% y/y. EU markets (excluding Poland)
- Almost 24% growth in the Ukrainian market despite suspension of sales in the first days of February

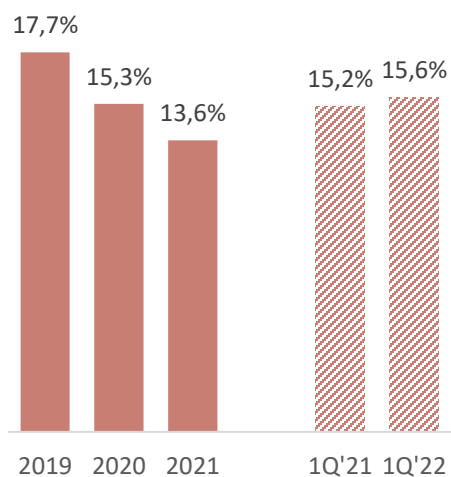
BUSINESS EFFICIENCY

Key business performance parameters held steady

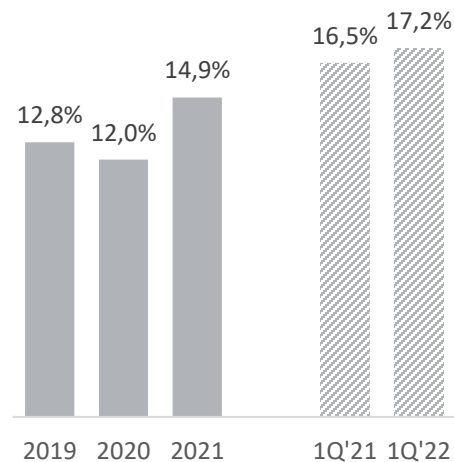
% of returns⁽¹⁾



% of logistics costs⁽²⁾



% of marketing costs⁽²⁾



- Overstated return ratio due to large difference in sales levels 4Q2021vs. 1Q2022
- Systematically delivered returns from the Ukrainian market, due to the suspension of sales, also affected the inflated ratio for the whole business
- Operating leverage due to the increasing scale of operations allows costs to remain constant and stable

Explanation:

- (1) % of online sales before returns
- (2) % of online sales after returns

EFFECTIVE BUSINESS MODEL

Client-centricity combined with high operational efficiency and cost minimization

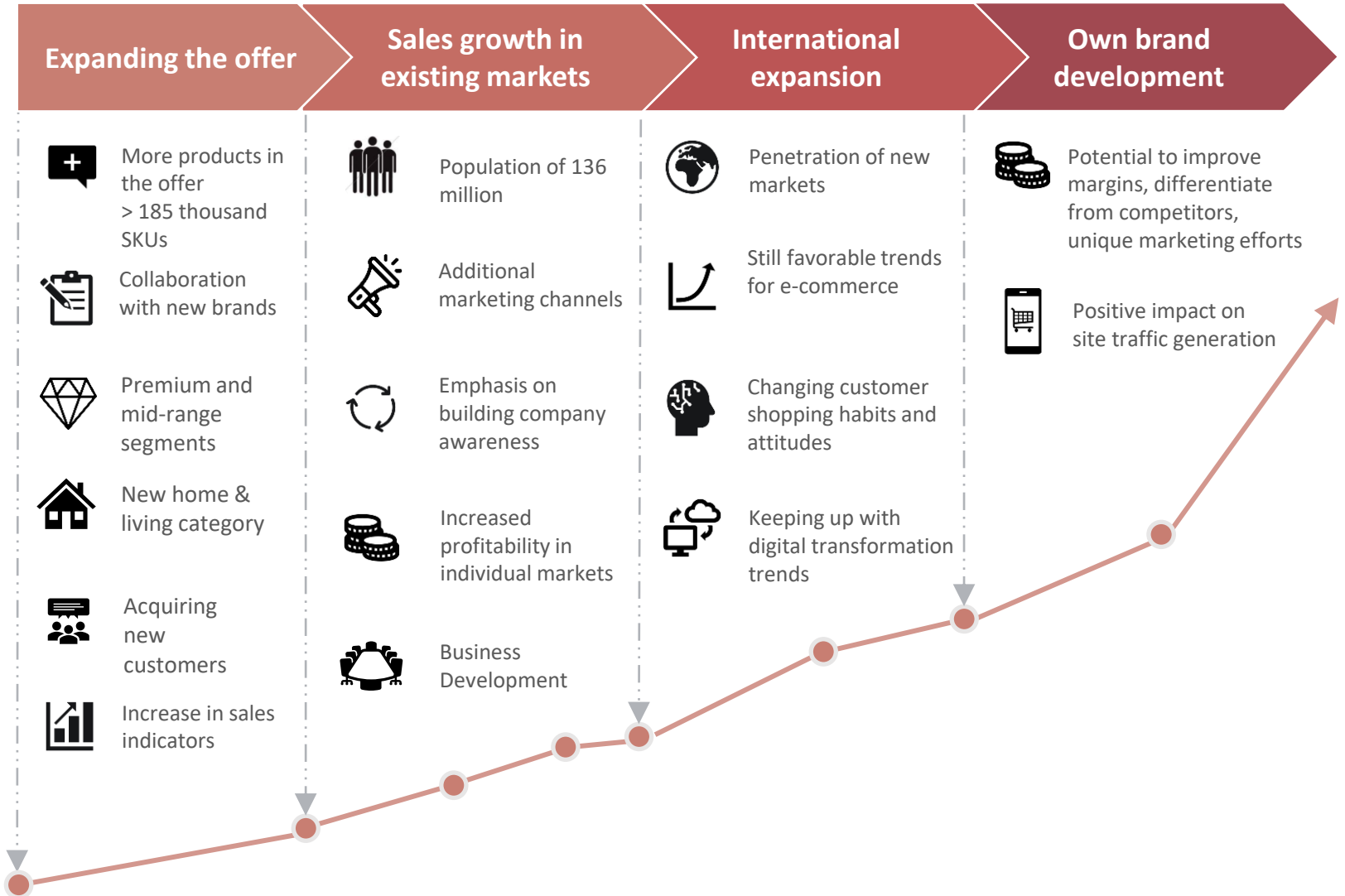


answer.com

- A self-sustaining business model focused entirely on customer satisfaction and loyalty
- High level of customer satisfaction, in a market that prefers diversity - this gives the potential for high business profitability
- Understanding of customer needs, tastes and local market trends
- In-house IT team and modern platform with advanced UX
- Fastest possible delivery in CEE

DEVELOPMENT STRATEGY

Strategy and development outlook



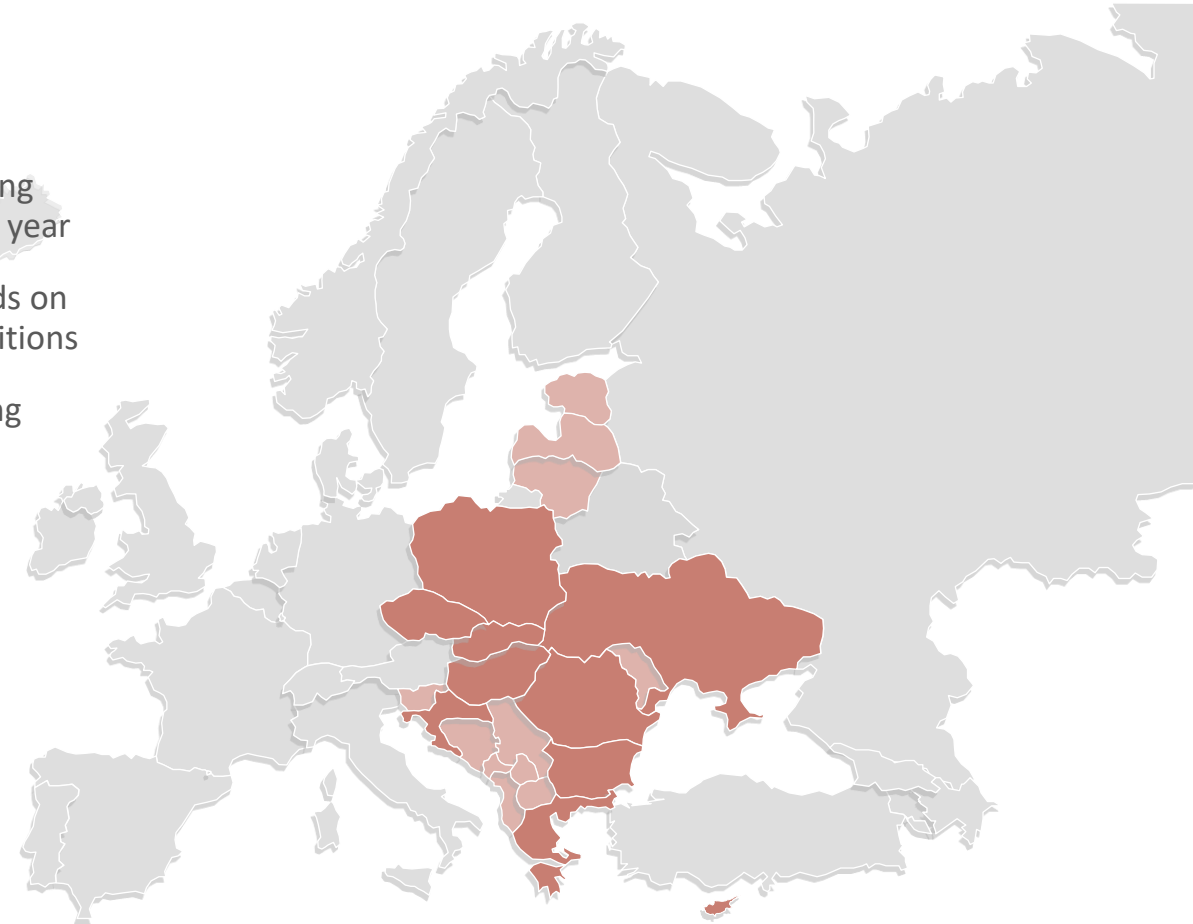
FURTHER INTERNATIONAL EXPANSION



NEW MARKETS

Further foreign expansion

- At least 1 new market in 2022, opening before the end of the first half of the year
- Entry into additional markets depends on market situation and economic conditions
- Perspective on entering the remaining Baltic and Balkan countries by 2025
- Dynamic, real-time decisions



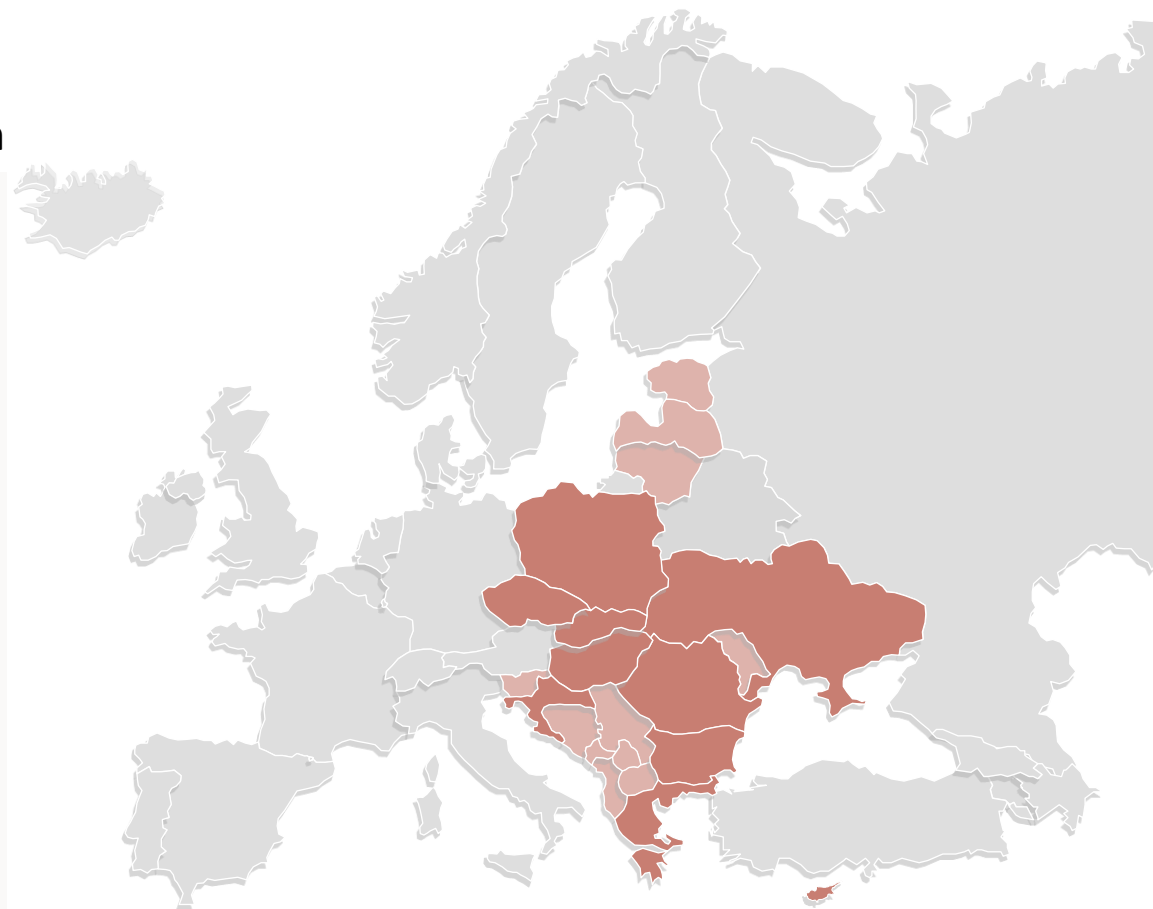
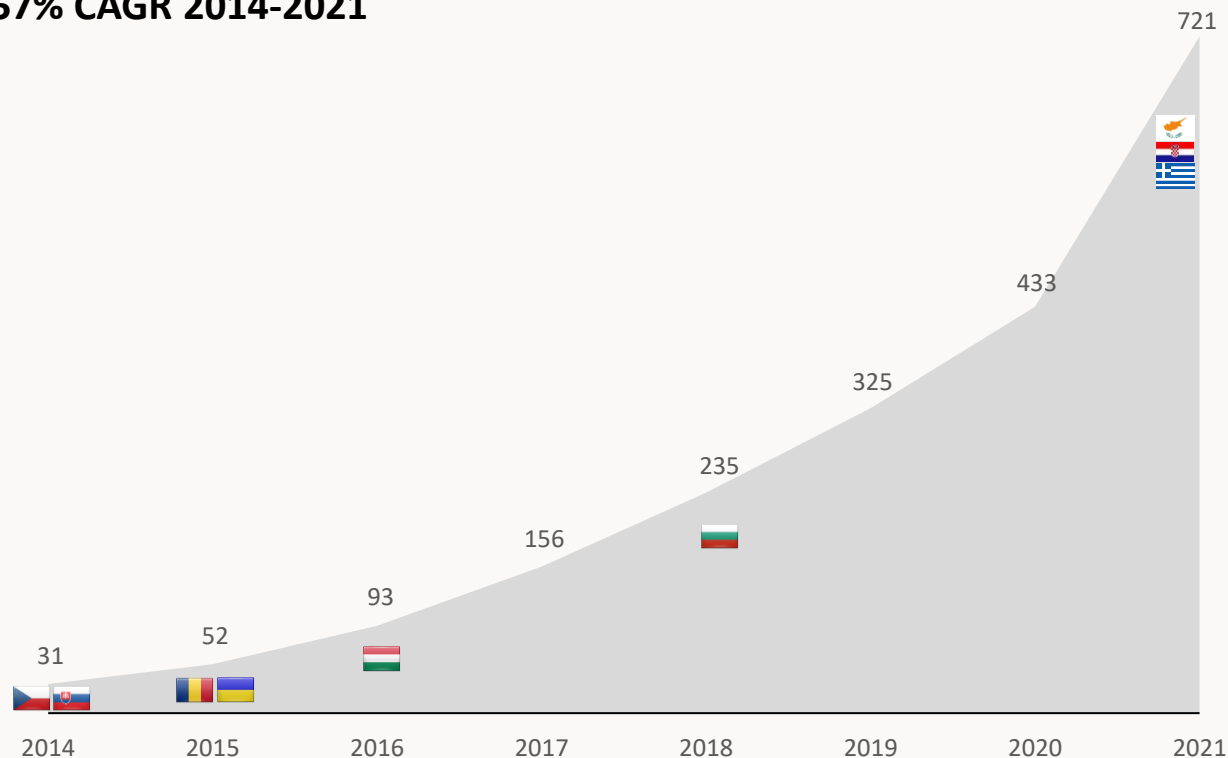
Legend ■ Current markets ■ Potential directions

CONSISTENT BUILDING OF A LEADER IN CEE

Dynamically growing business, scaled to new markets in CEE region.
New markets are fuel for dynamic growth in the coming years.

Online sales (million PLN) and development of foreign expansion

57% CAGR 2014-2021



Legend ■ Current markets ■ Potential directions

SUMMARY

Why Answear.com?

- **Maintained high growth rate (+44% of sales revenue)** despite difficult Q1 situation related to the outbreak of war and challenging market environment
- **Optimistic outlook related to the Ukrainian market** - desire to return to normalcy
- **Strengthening positions in old markets - high growth rates**
- **Potential for new markets;** Greece, Cyprus, Croatia + next in 2022 – 2025
- **Steady increase in the value of the average order** resulting from the expansion of the product range and the growing share of premium brands
- **Expanding the product offer** - new brands, new product categories and development of private label, thanks to which the company can **reach out to new customers more broadly**
- **Potential for improved profitability associated with increased business scale**



ANSWEAR.com

THANK YOU

CONTACT US:

investor.relations@answear.com

p.strzyzewski@innervalue.pl

