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**LIFESPIRATION
STARTS
HERE.**

**Investor presentation
9m 2022**

November 2022



SUMMARY 9m 2022

answear.com

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

Revenue growth

44%

Revenues in 9m 2022 amounted to PLN 609 million, and in Q3 2022 alone, revenues amounted to PLN 233 million, an increase of 51%

Average order value

303 PLN

vs. PLN 262 in 9m 2021 - 16% increase

Logistic costs optimisation

13,0%

to online sales vs. 14.8% in 9m 2021

EBITDA

38,3 m PLN

Growth of nearly 35% y-o-y - in 9m 2021: PLN 27.7 million. Normalized EBITDA⁽¹⁾ in 9m 2022 was PLN 42.9m, or 7.0% of sales revenue

Increase in the number of website visits

32%

141m vs 107m in 9m 2021

Growth in SKUs

54%

206k units at the end of September 2022 vs. 134k at the end of September 2021



KEY EVENTS OF Q3 2022

CONTINUATION OF DYNAMIC GROWTH

- Q3 2022 revenue growth of 51% y-o-y. (PLN 233.5 million)
- Margin improvement, EBITDA in Q3 2022 amounted to PLN 17.1 million
- Consistently pursued strategy to improve product offerings and increase share of premium brands

SUCCESSFUL RETURN TO THE UKRAINIAN MARKET

- In the nine-month period of 2022 the company achieved 16.7% growth in this market, despite the fact that sales were held back for more than 2 months in the first half of the year
- Expected further improvement in buying sentiment

MARKETING CAMPAIGN

- Answear continues marketing activities in the area of TV and online video in the form of sponsorship billboards
- An interesting and non-obvious message attracts customers and helps realize higher sales increases

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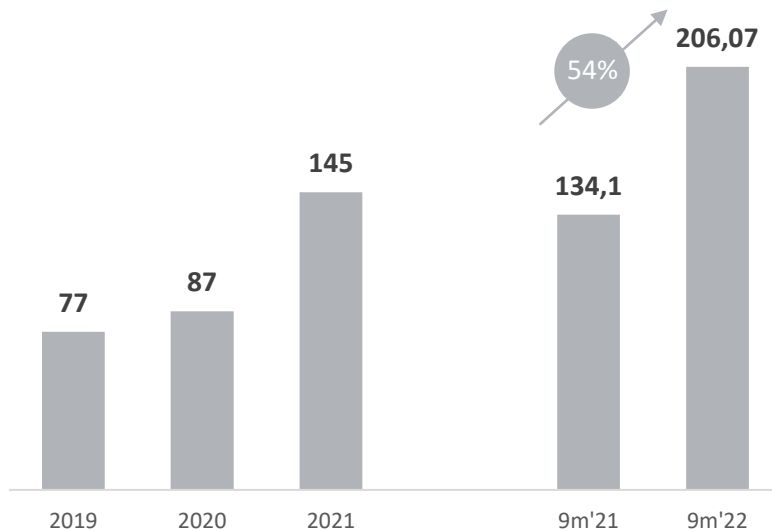


FURTHER EXPANSION OF THE PRODUCT PORTFOLIO

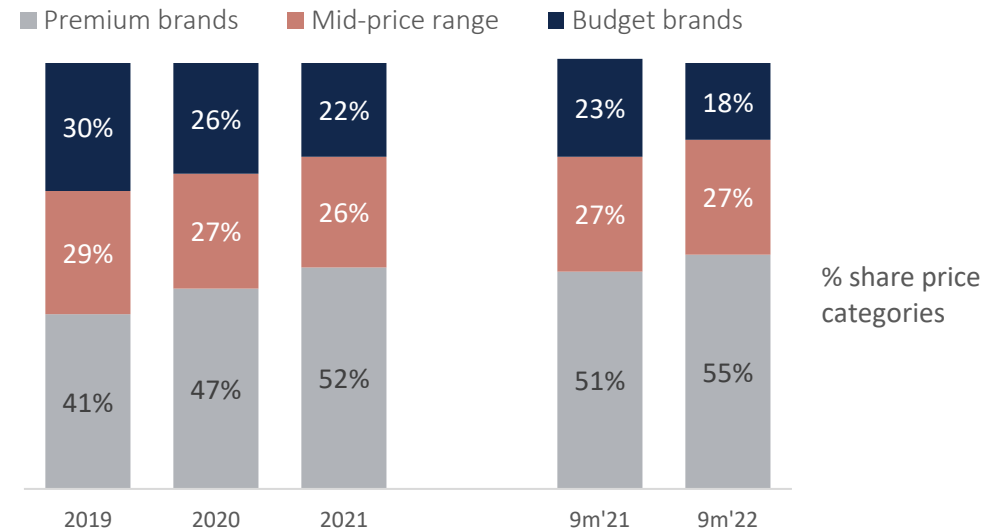
Tailored to the target group, needs and tastes of customers in the CEE region, optimised for sales and margins

Increasing the range of offerings

#SKUs on offer (in thousands)



Focus on Premium segment



- 54% year-on-year increase number of SKU's
- Huge range of more than 206,000 unique products available in stock for immediate ordering

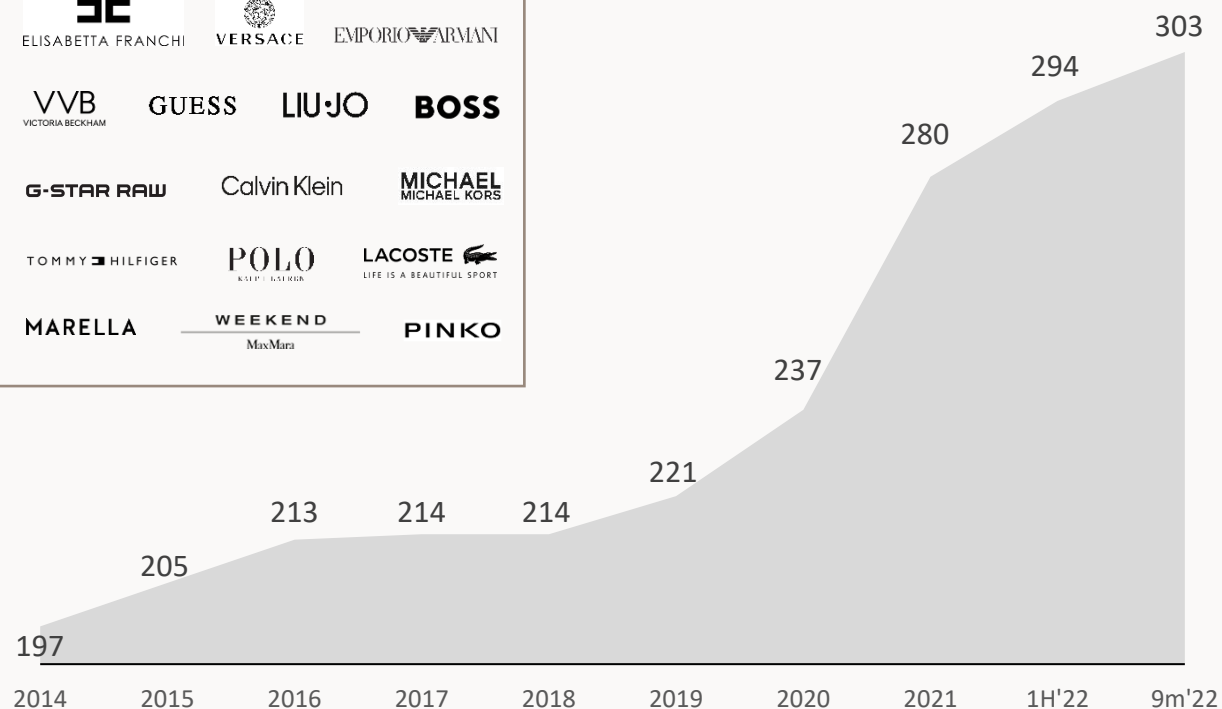
- 4 p.p growth in premium brand category
- Consistent development of the premium segment, which has a positive impact on the average order value

CONSISTENT IMPROVEMENT IN AOV

The steadily increasing average order value is the result of consistent development of the product offering, especially in the premium segment.

Average order value (PLN)

Selected premium brands on offer



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ANSWEAR LAB

An important part of the strategy, it drives margins, differentiates Answear's offering from its direct competitors and attracts customers.

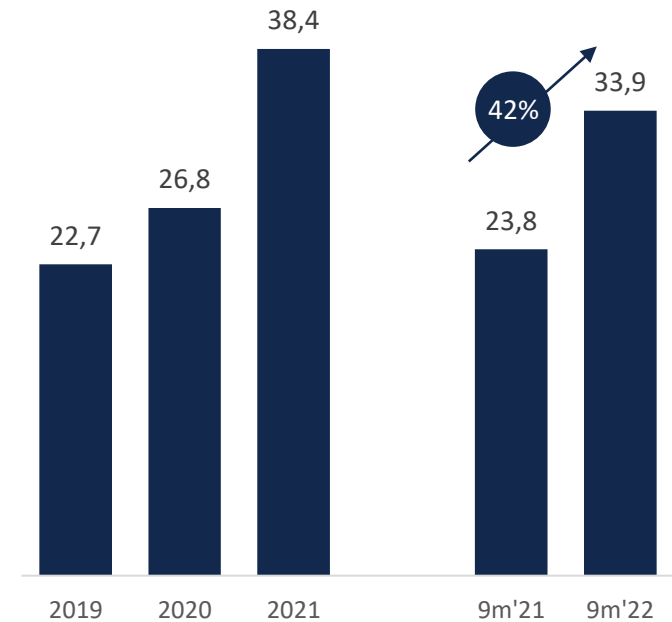
GROWTH OF ANSWEAR LAB



Characteristics

- **One of the best-selling brands** in the portfolio (5.6% of sales)
- The primary choice of customers in the **lower price segment**
- An opportunity 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 themed collections** including the limited collection "No shame. No fear." the face of which was Sasha Sidorenko, "Be Brave", as well as the latest collection "Shero" which was created on the occasion of the next edition of the #Wszechmocne plebiscite

Answear LAB Sales (million PLN)



NEW PRODUCT CATEGORY

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

HOME & LIFESTYLE



Characteristics

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

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MARKETING CAMPAIGNS

answear.com

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

MARKETING STRATEGY



Characteristics

- Distinctive, "lifespining" marketing messages
- Focus on strong and independent women
- New product categories
- Interesting and non-obvious message

Activities in 9m 2022

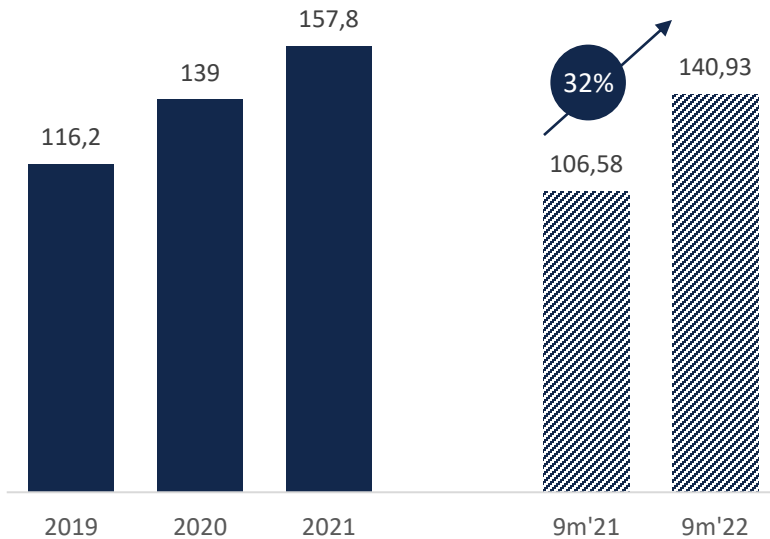
- **Three wide-ranging TV and VOD** media campaigns based on the sponsorship billboard formula in all markets
- **Big success of the campaign** - increases in brand awareness



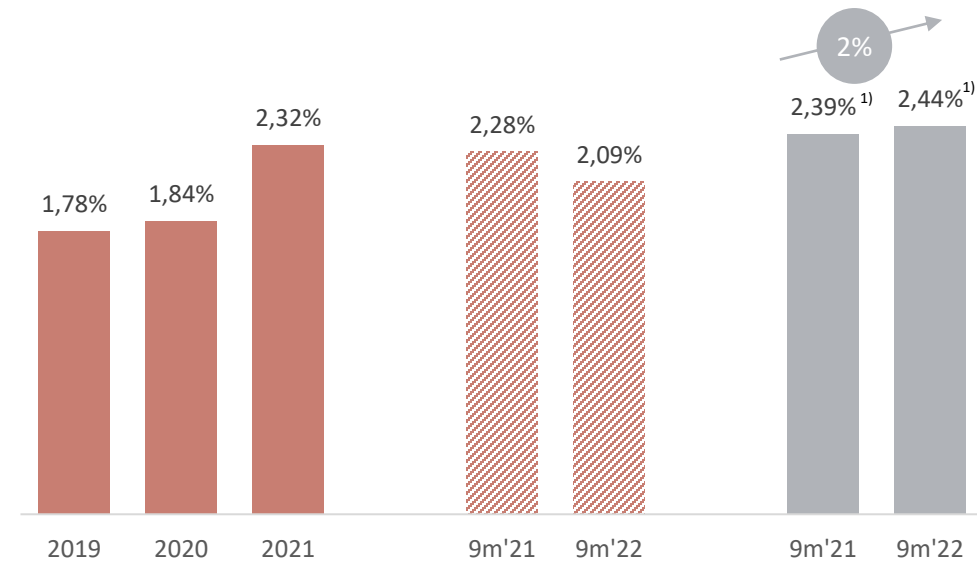
OPERATIONAL KPIs

Steadily improving key business KPIs have a direct impact on sales growth

Number of visits (million)



Conversion rate



- A systematic increase in the number of visits to the platform, averaged monthly in the 9 months of 2022. Answer recorded nearly 16 million visits/month.

- Slight decline in conversion, due to weakened demand due to the outbreak of war in Ukraine and the presence of three new markets.
- Conversion cleared in the impact of the Ukrainian market and new markets increased by more than 2% y-o-y.

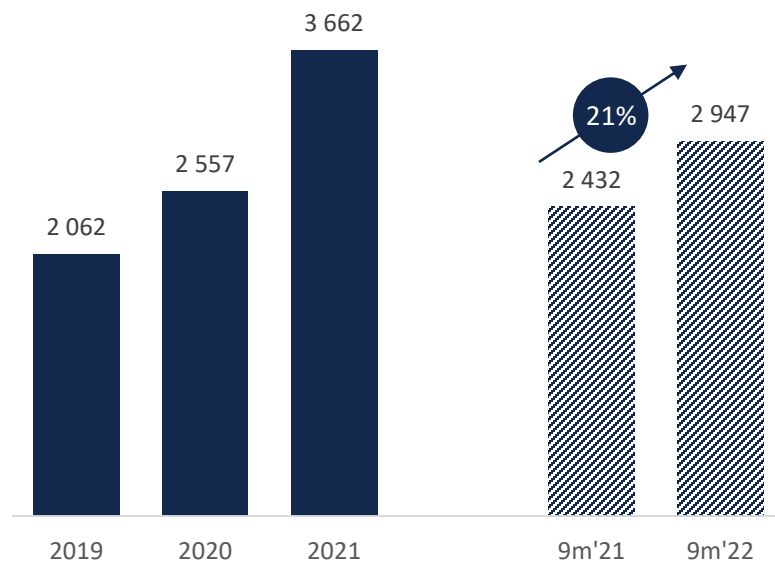
Explanation:

(1) Conversion in "old" markets without Ukraine

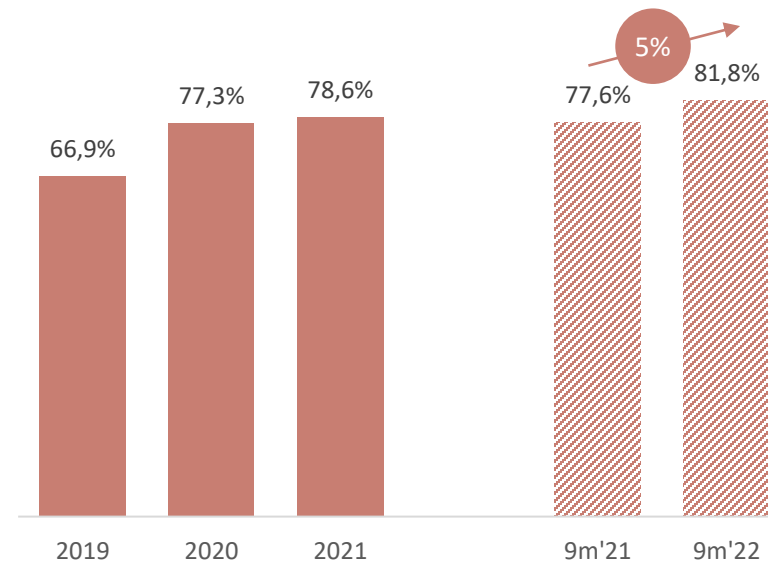
OPERATIONAL KPIs

Steadily improving key business KPIs have a direct impact on sales growth.

Number of orders (thou.)⁽¹⁾



„Mobile” visits as a % of total visits



- The rapidly growing number of visits, despite a slight decline in the conversion rate, translated into a dynamic increase in the number of orders.

- Improvement in mobile channel visit share rate, driven by mobile app launch in all markets.
- Mobile app is the best converting source of customer order acquisition.

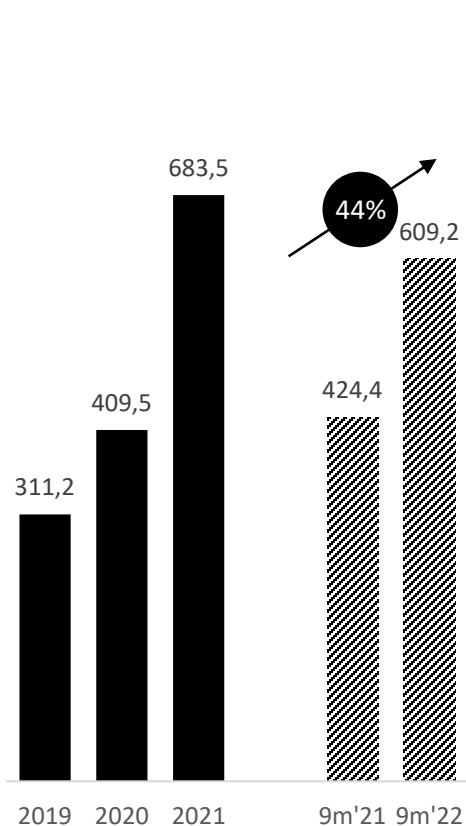
Explanation:

(1) Number of orders before return

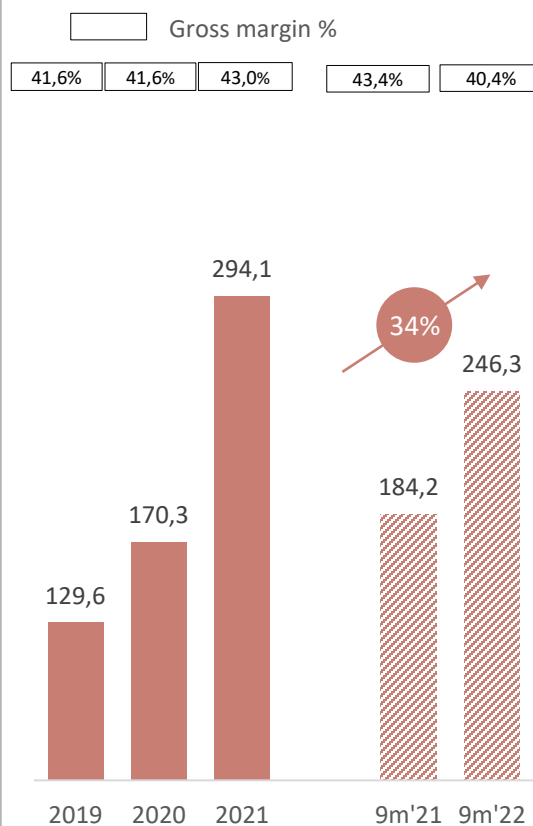
DYNAMIC GROWTH OF RESULTS

Growth opens up space to further scale the business

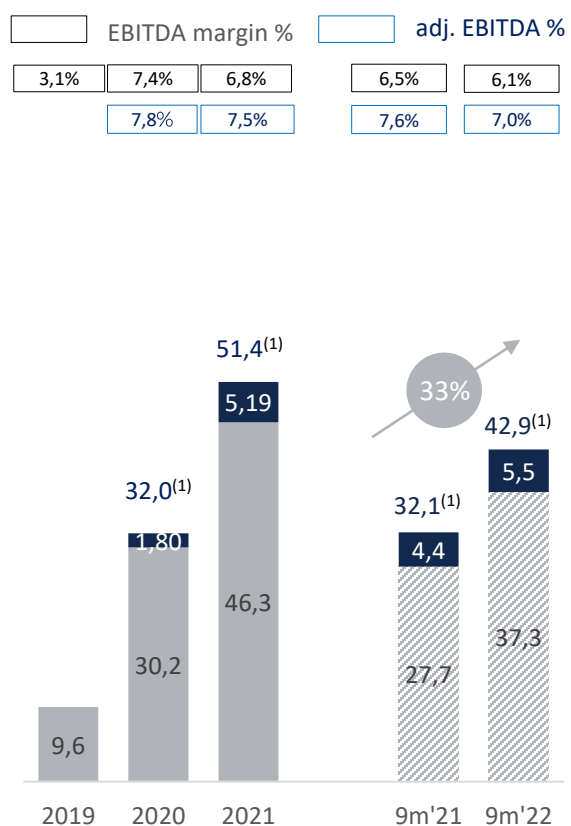
Total revenue (milion PLN)



Gross profit (milion PLN)



EBITDA (milion PLN)⁽¹⁾⁽²⁾



- Dynamic sales growth despite complex macroeconomic and geopolitical situation, up 51% y-o-y in Q3 2022 alone.
- Gross margin gently weaker in Q3 2022 due to sales of the SS22 collection during the summer sales period
- EBITDA growth due to increased sales, dilution of fixed costs, and improvement in key operating performance indicators

Explanation:

(1) Normalized EBITDA is the profit from operations excluding the costs of the incentive program (which is a non-cash expense) and non-recurring events (aid to Ukraine PLN 1.1 million) and increased by depreciation and amortization

(2) Normalized EBITDA additionally taking into account one-time event - aid to Ukraine PLN 1.2 million

NET PROFIT IMPACTED BY MSSF 16 VALUATION

Unrealized foreign exchange differences from the valuation of long-term leases affected the level of net income presented:

REPORTED PERIOD:

Net profit for 9m 2022	PLN 5.3m
Including foreign exchange losses on valuation of IFRS16 liabilities	PLN -6.2m
Net income for 9m 2022 <u>without IFRS16 valuation:</u>	PLN 11.5m
Last year:	
Reported net income for 9m 2021:	PLN 11.9m

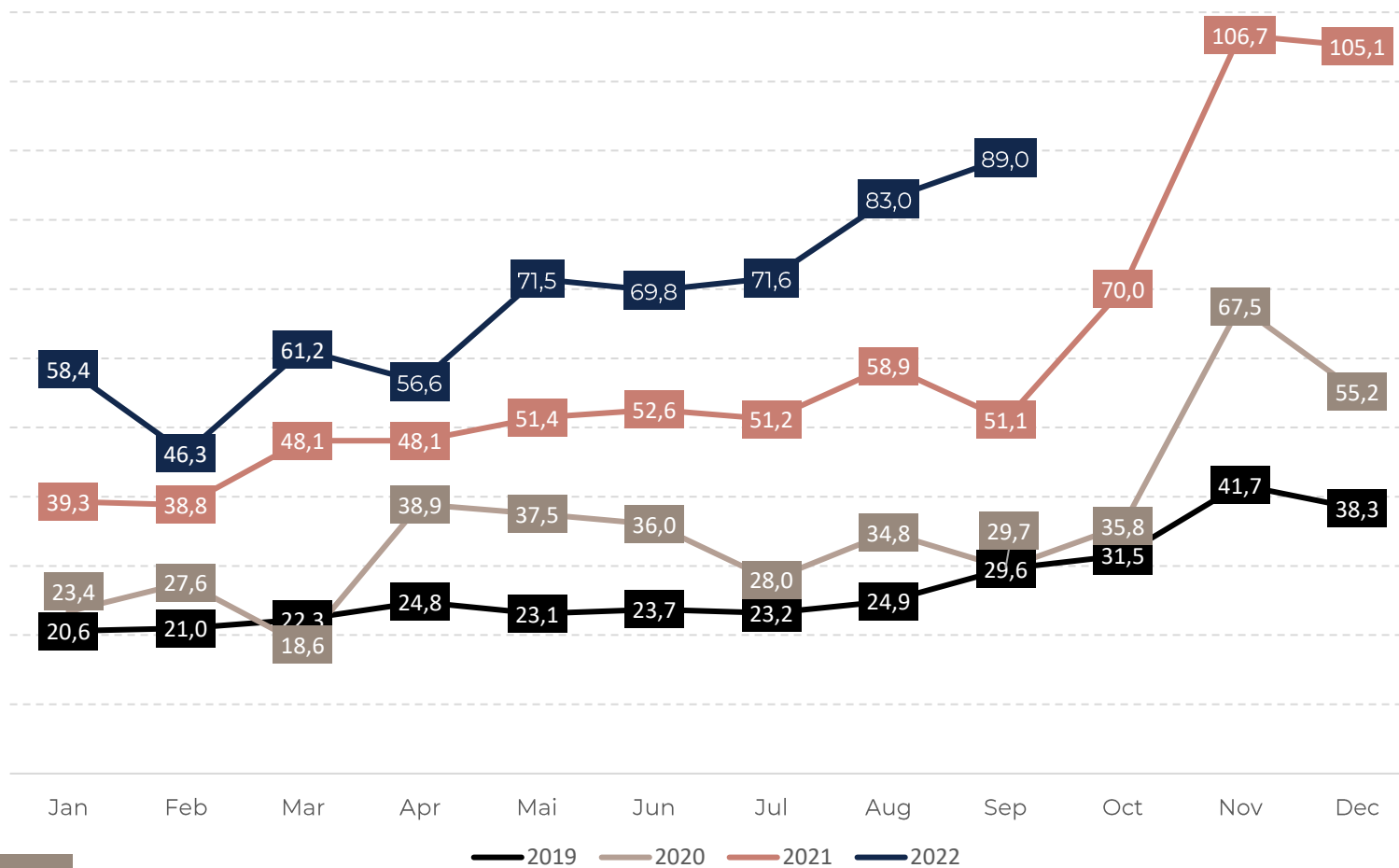
3Q 2022:

Net profit for 3Q 2022	PLN 1,4m
Including foreign exchange losses on valuation of IFRS16 liabilities	PLN -4,7m
Net income for 3Q 2022 <u>without IFRS16 valuation:</u>	PLN 6,1 m
Last year:	
Reported net income for 3Q 2021:	PLN 3,1m

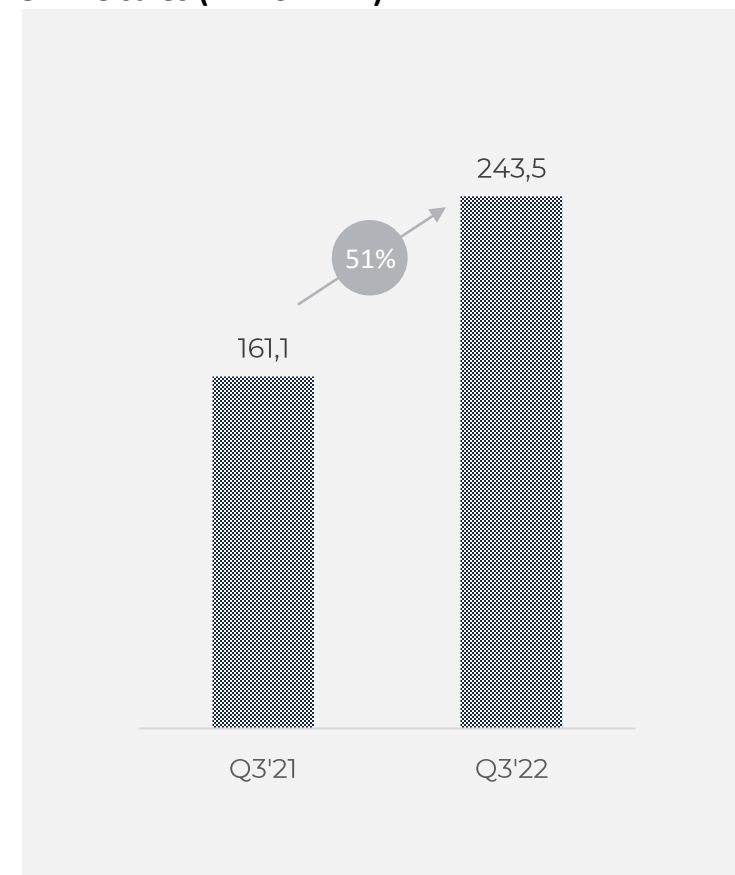
- EUR / PLN exchange rate:
 - @ 30.09.2022: 4,87
 - @ 30.06.2022: 4,68
 - @ 31.12.2021: 4,60
- Net profit impacted by unrealized exchange differences on valuation of liabilities under IFRS16
- Non-cash cost, not charged to cashflow, resulting from balance sheet valuation of liabilities
- The cost of servicing the Company's debt in 9m 2022 is PLN 3.4m + PLN 1.6m in commissions and guarantees

ONLINE SALES

Online sales by month show a sustained strengthening of the market position



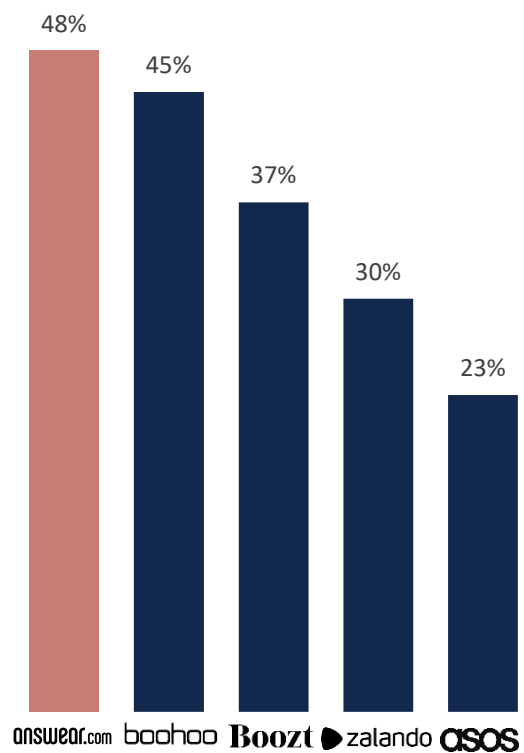
Online sales (million PLN)



ANSWEAR.COM VS. PEERS

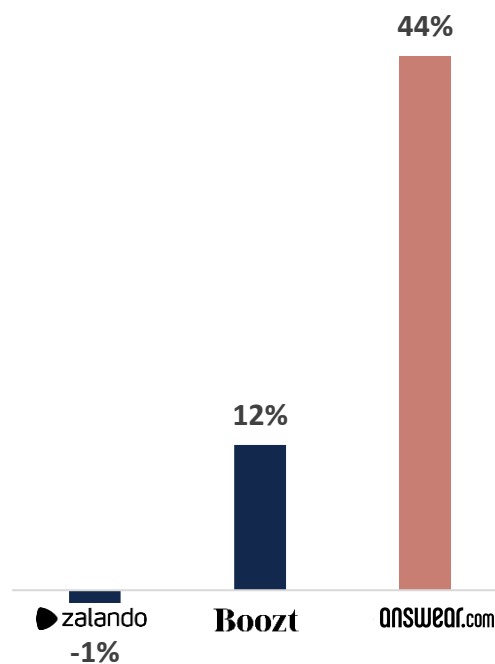
Fastest growing company in the sector

Revenue CAGR 19-21



Source: Bloomberg

Top-line dynamics in 9m'22

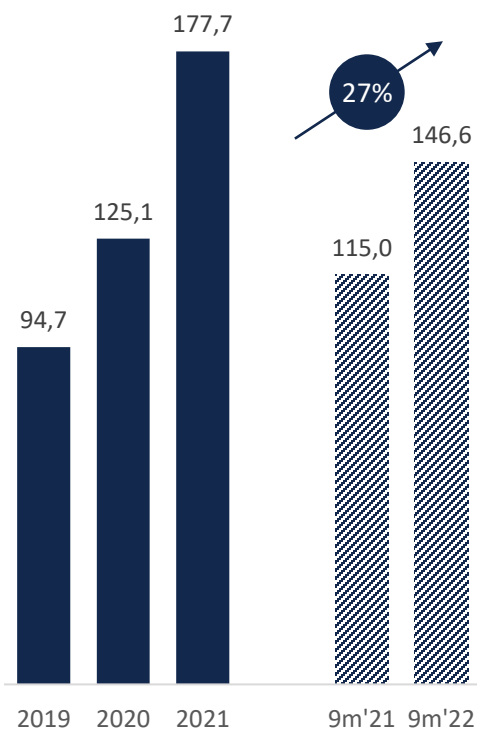


GEOGRAPHICAL DIVERSIFICATION OF BUSINESS

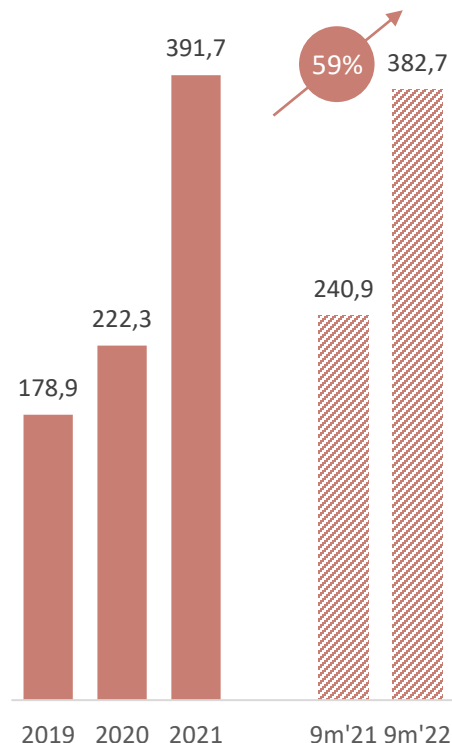
Geographical diversification of the business allows growth to be built effectively

Revenue by segment:

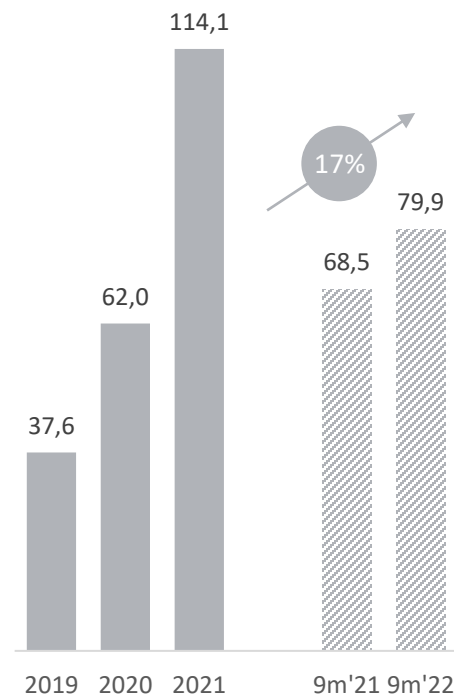
Poland (million PLN)



EU countries outside Poland (million PLN)



Countries outside the EU (million PLN)

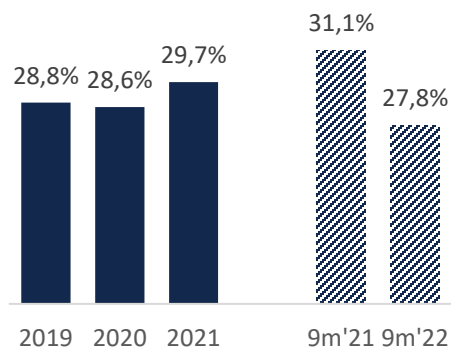


- Sales are geographically diversified
- 28% of the value of realized y-o-y growth was given by new markets, and the remaining 72% of growth is given by "old" markets
- Poland is the largest market and accounts for nearly 26% of total revenues
- Systematic rebuilding of the Ukrainian market

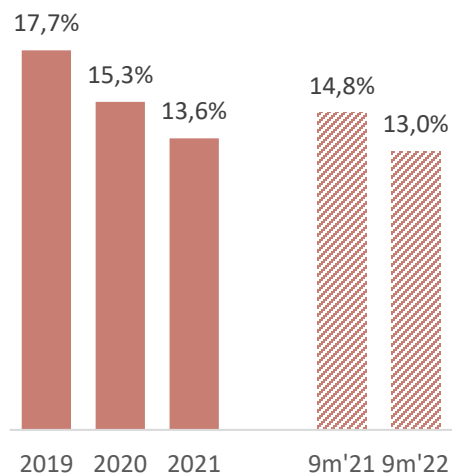
BUSINESS EFFICIENCY

Key business performance parameters hold steady

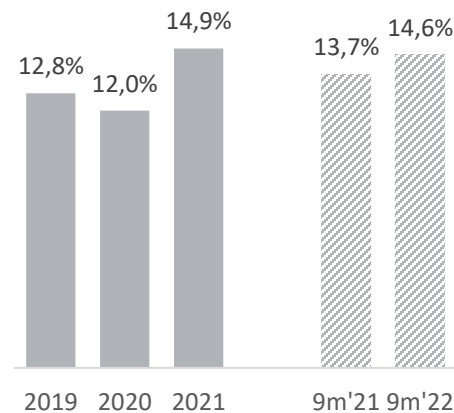
% of returns (1)



% of Logistics costs (2)



% of Marketing costs (2)



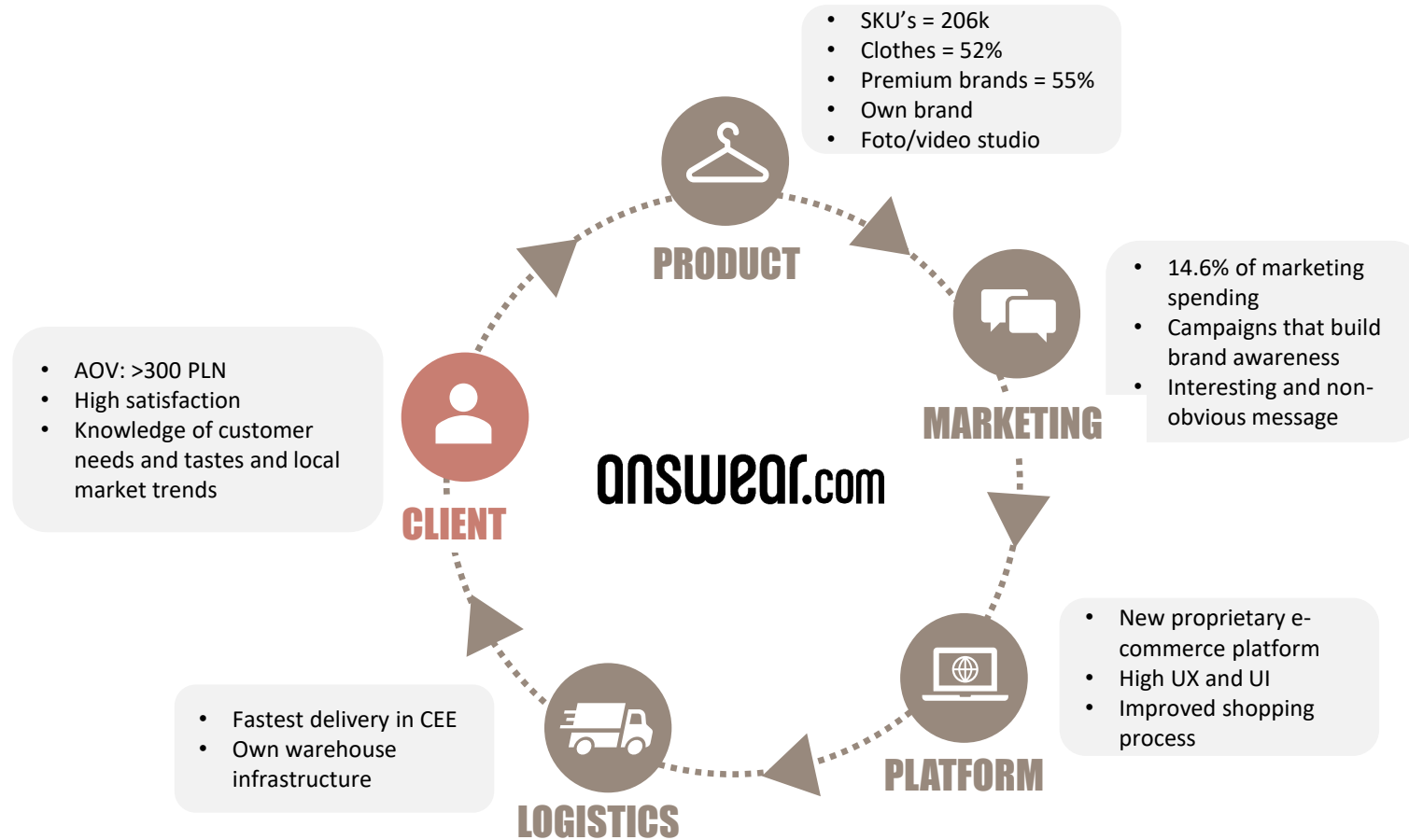
- The return ratio for 9m 2022 declined in line with the trend observed since the beginning of the year, as well as due to dynamic sales in the third quarter of this year.
- Operational leverage through increasing scale of operations to optimize logistics costs
- The increase in marketing costs is a result of the Company's announced actions regarding television campaigns, including in newly opened markets

Explanations:

- (1) % of on-line sales before returns
- (2) % of on-line sales after returns

EFFECTIVE BUSINESS MODEL

"Client-centricity" combined with high operational efficiency and cost minimisation



EFFICIENT OPERATING MODEL

OWN INFRASTRUCTURE



NEW WAREHOUSE

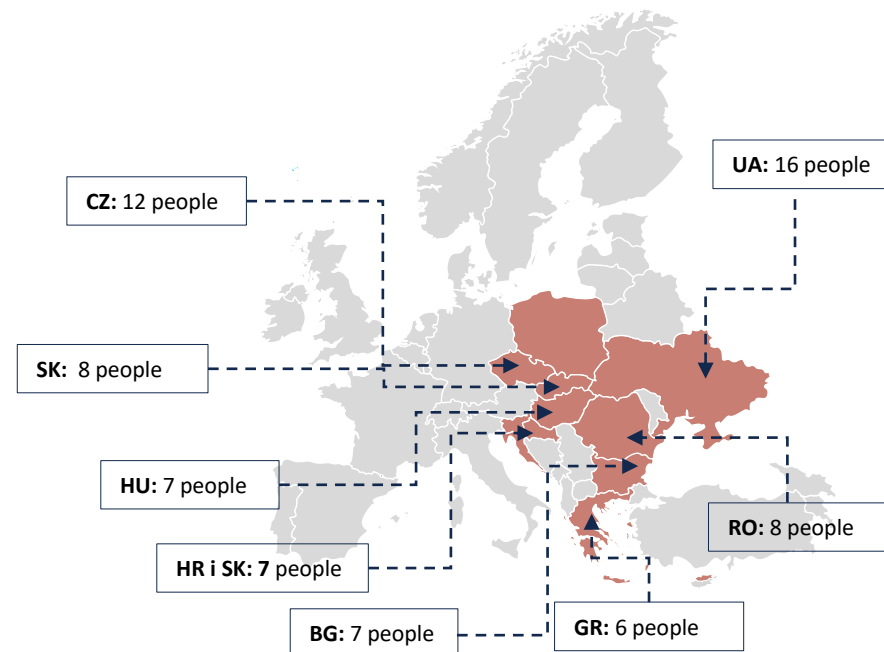
- Kraków, Kokotów 7R Solution Park
- 39,000 m2 (with gradual subletting of unused space)
- 500 million GMV - potential revenue, 4-storey mezzanine floor



NEW PHOTO STUDIO

- 2,100 m2, 11 photo-video studios, 2 image content studios 14 packshot stations
- 6,800 SKUs - current maximum weekly capacity

LOCAL STRUCTURES

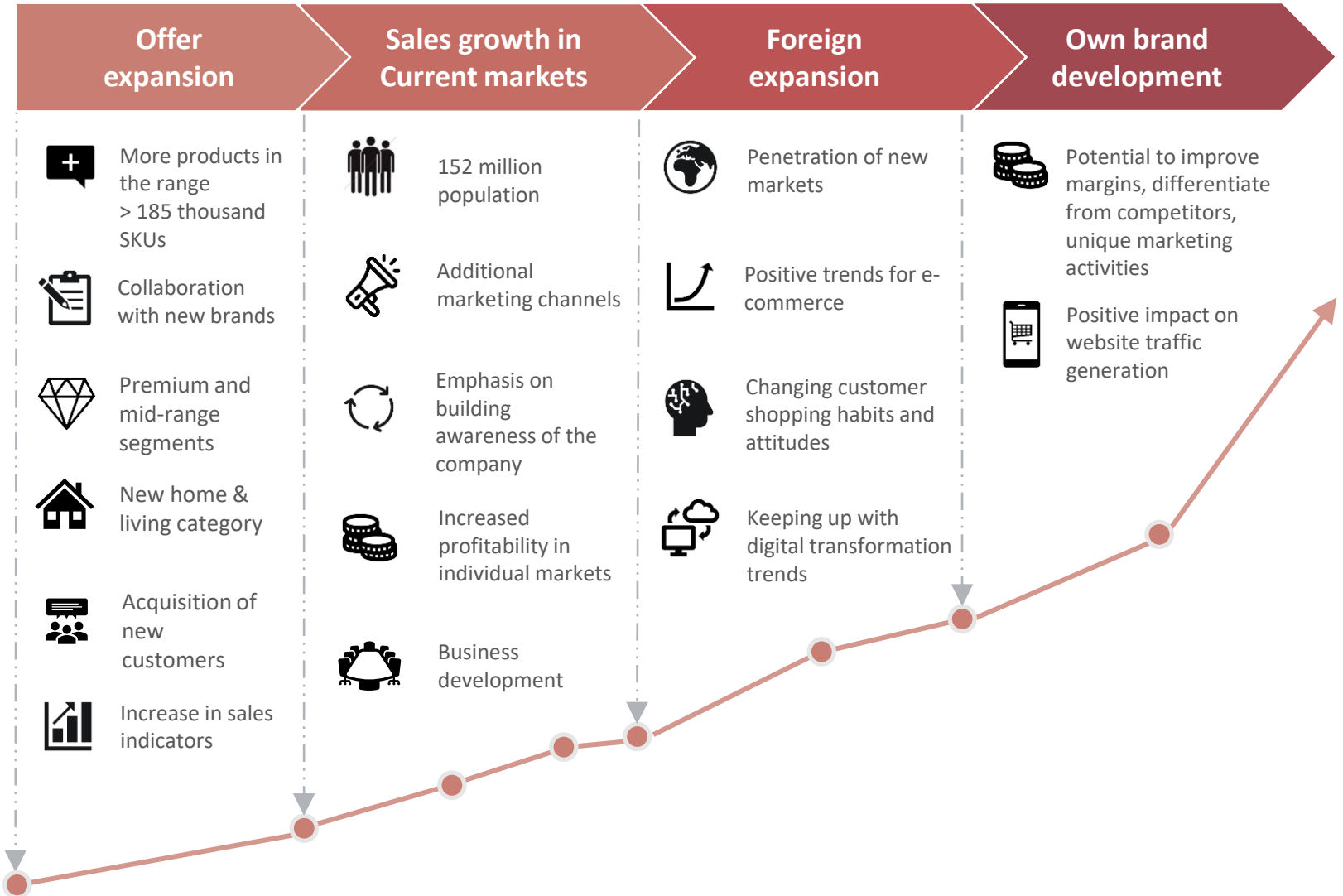


THE FASTEST DELIVERY TIME



DEVELOPMENT STRATEGY

Strategy and development outlook



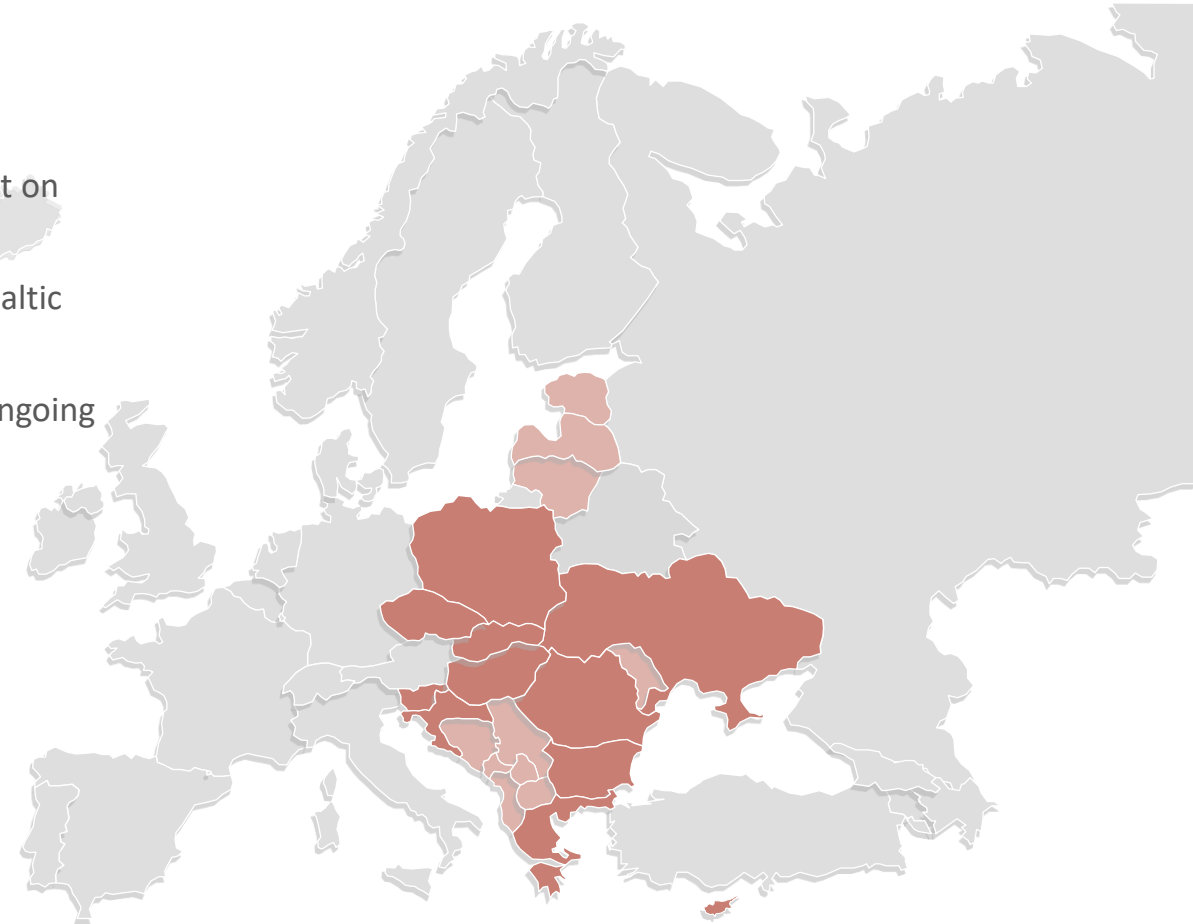
FURTHER FOREIGN EXPANSION



NEW MARKETS

Further foreign expansion

- Entry into further markets dependent on market situation and prosperity
- Prospect of entering the remaining Baltic and Balkan countries by 2025
- Decisions taken dynamically, on an ongoing basis



Legend ■ Current markets ■ Potential directions

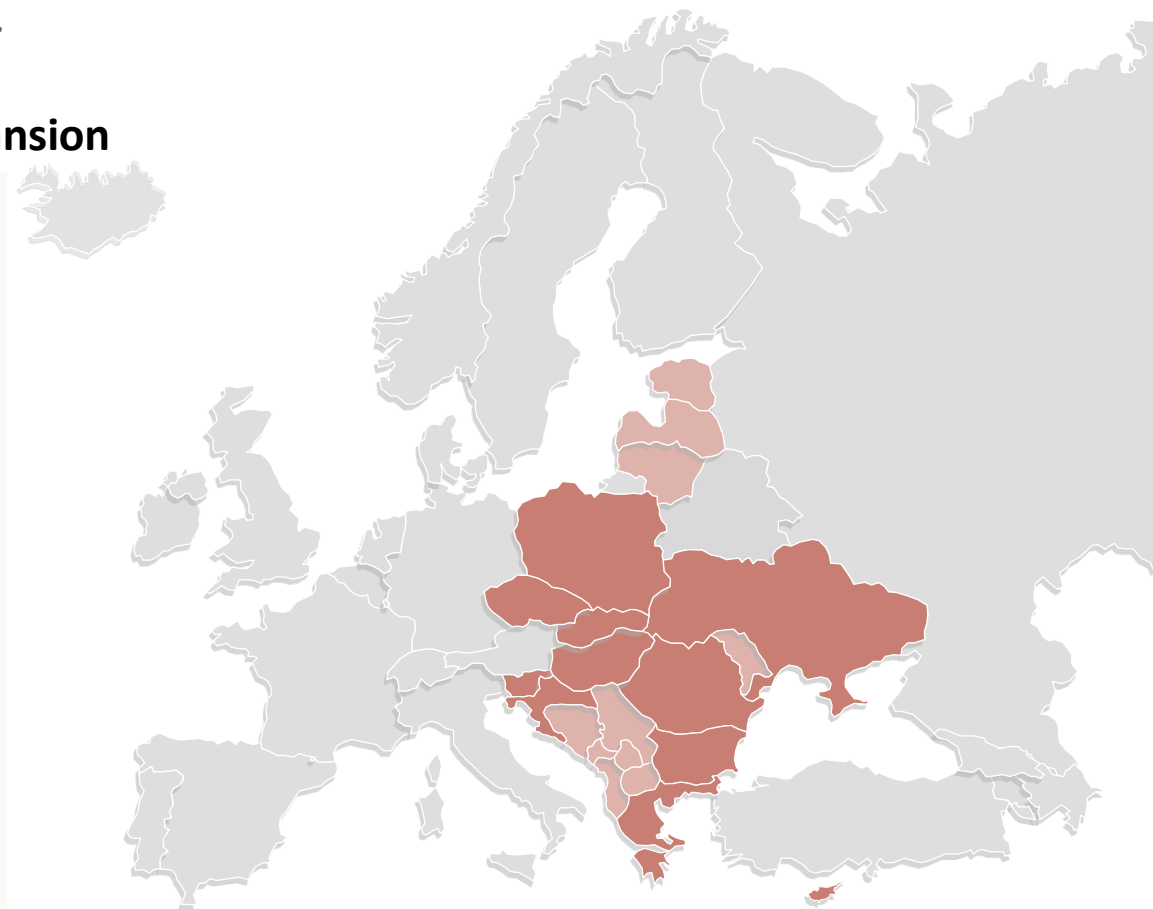
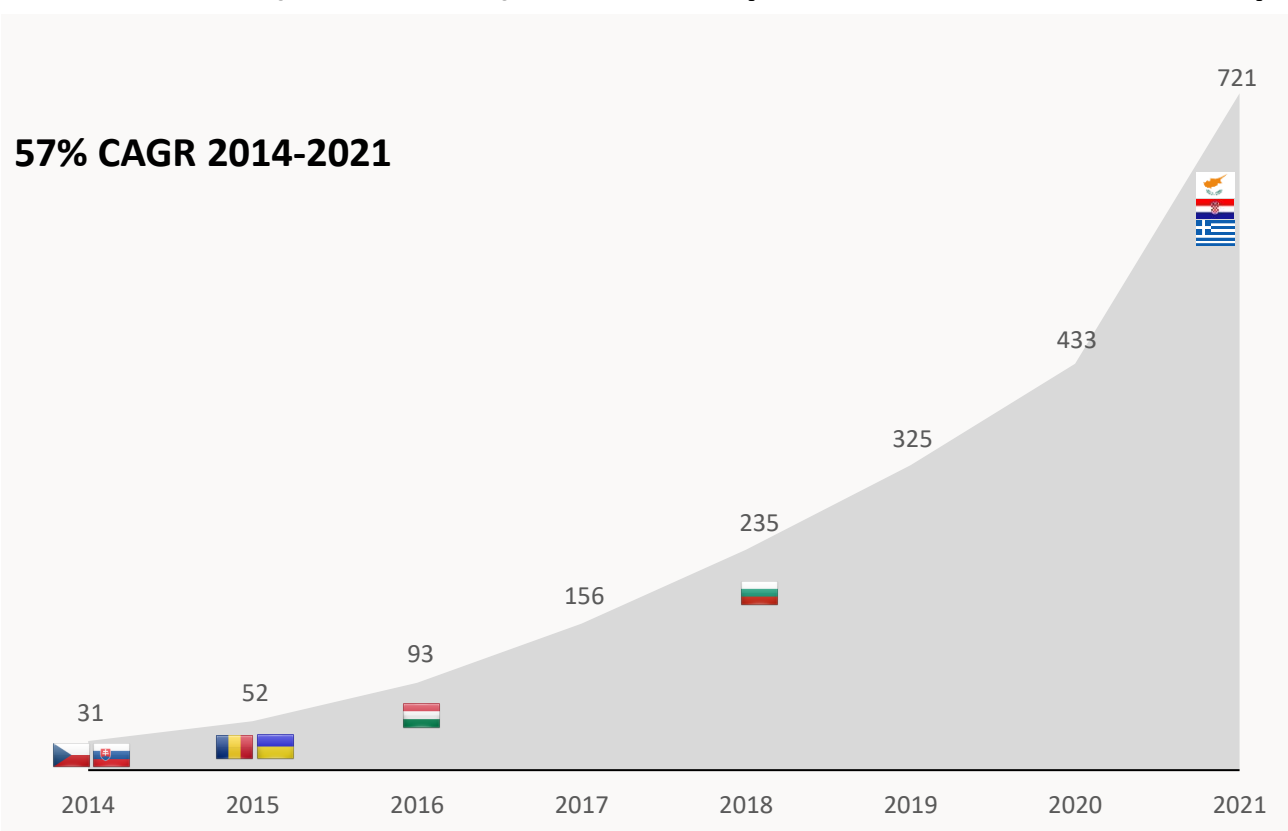
CONSISTENT BUILDING OF LEADERSHIP IN CEE

Dynamically growing business, scaled to additional markets in the CEE region.

New markets are the fuel for dynamic growth in the years to come.

Online sales (million PLN) and development of international expansion

57% CAGR 2014-2021



Legend ■ Current markets ■ Potential directions

SUMMARY

Why Answear.com?

- **Maintained high growth rate (+51% of sales revenue)** despite challenging market environment
- **Improved profitability** due to increased scale of business
- **Recovery of the Ukrainian market** - returning to the situation before the outbreak of war
- **Strengthening positions in old markets** - high growth rates
- **Potential of newly opened markets:** Greece, Cyprus, Croatia, Slovenia + others 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 range** - new brands, new product categories and the development of private label, enabling the company to **reach new customers more widely**

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A woman with short dark hair, wearing a sleeveless, tiered, light yellow dress with a subtle floral pattern, is walking on a cobblestone street. She is looking to her right. The background shows a paved area with some fallen leaves.

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**THANK YOU
FOR YOUR
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