

The image shows two women sitting on a plush, tufted red velvet sofa. The woman on the left is wearing a black beret and a patterned tracksuit with a repeating geometric design in black and beige. The woman on the right is wearing a white quilted tracksuit and a matching patterned headband. The background is a dark, paneled wall with decorative starburst patterns. The overall mood is sophisticated and urban.

**answear.**

**LIFESPIRATION  
STARTS  
HERE.**

# **Investor presentation 2023**

March 2023

# TODAY'S PRESENTERS

ANSWEAR.com

## ANSWEAR.com MANAGEMENT BOARD



**Krzysztof  
Bajotek**

CEO

Founder and co-  
owner

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



**Jacek Dziaduś**

CFO

- CFO of the Company, joined Answear in Q3 2020
- Previously, he spent 10 years in international business at the Nowy Styl Group, where he served as director of controlling and accounting. He also gained experience and knowledge at KPMG Audit Polska
- Responsible for the Company's finances and controlling
- 17 years of professional experience

### EXPERIENCE

M O H I T O



house

**medicine**  
EVERYDAY THERAPY

### EXPERIENCE



**Nowy Styl Group**

# SUMMARY 2022

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

## Revenue growth

**42%**

Revenues in 2022 amounted to PLN 973 million (in 2021: PLN 683 million), and on-line sale PLN 981 million (in 2021: PLN 721 million)

## AOV growth

**PLN  
315**

vs. PLN 280 in 2021 – 13% increase. In 4Q2022 AOV had a record value of PLN 349.

## Logistics cost rate

**12,8%**

vs. 13.6% in 2021. Logistics cost rate to online sales.

## EBITDA

**PLN  
61.8m**

Growth of more than 33% y-o-y – in 2021 EBITDA amounted to PLN 46.3 million. Normalised EBITDA (1) amounted to PLN 67.2 million

## Increase in the number of customers

**33%**

1.8 million unique active customers in 11 markets in the CEE region.

## Growth in SKUs

**202  
thou.**

Constantly increasing the offer of Answear's products.





# KEY EVENTS OF 2022

## CONTINUATION OF DYNAMIC GROWTH

- 2022 revenue growth of 42% y-o-y (PLN 973m)
- Margin improvement, EBITDA in 2022 amounted to PLN 61.8m
- Consistently pursued strategy to improve product offerings and increase share of premium brands

## SUCCESSFUL RETURN TO THE UKRAINIAN MARKET

- In 2022 the company achieved 34% growth in this market, despite the fact that sales were held back for more than 2 months in the first half of the year
- Awards for best apparel online store and best multibrand store in 2022 - leader in the fashion segment

## MARKETING CAMPAIGN

- Continuation of image activities on TV and online video channels
- An interesting and non-obvious message attracts customers and helps realize higher sales increases (also in the future)

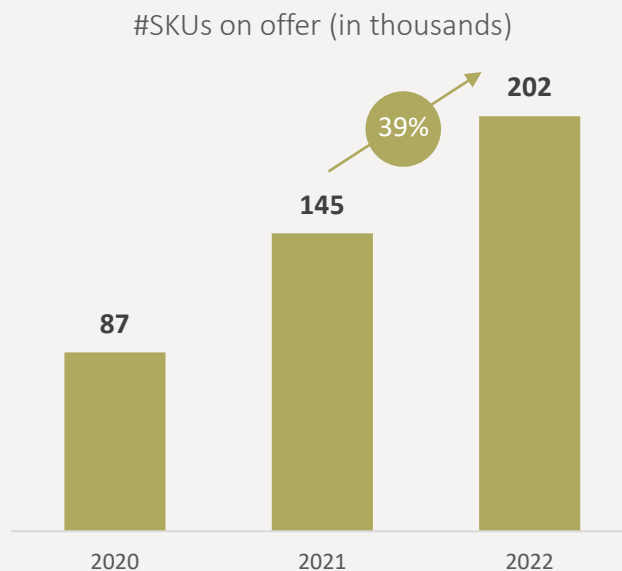
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# CONSTANTLY EXPANDED PRODUCT PORTFOLIO

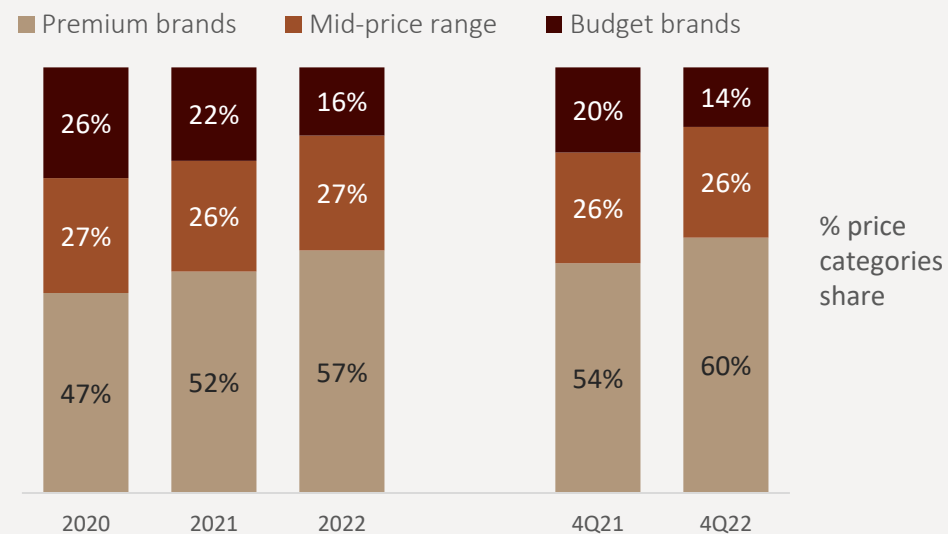
Constantly developed and optimized product offer, adjusted to CEE markets and Answear.com positioning in terms of brands, products and assortment groups selection

## Increasing the range of offerings



- 39% year-on-year increase number of SKU's
- Huge range of 202.000 unique products available in stock for immediate ordering

## Focus on Premium segment



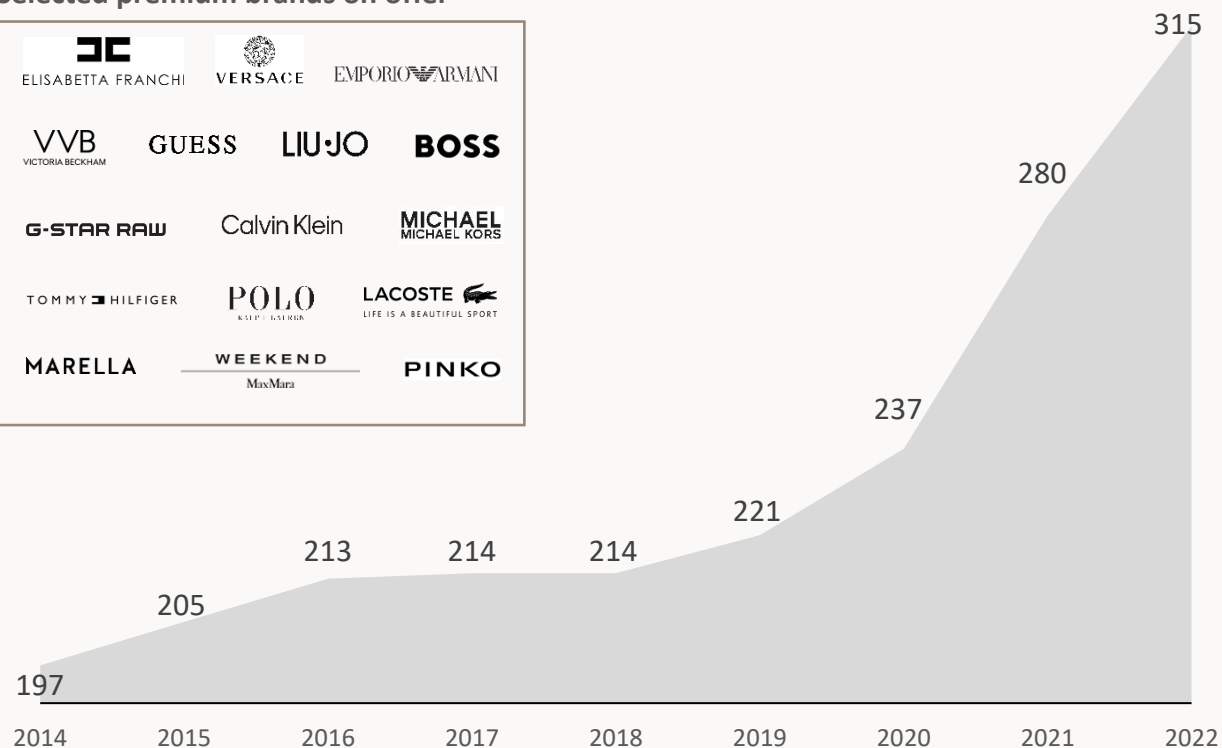
- 6 p.p. growth in premium brand category in 4Q2022
- Targeting offering more expensive premium products and gradually replacing cheaper brands with Answear LAB

# 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



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

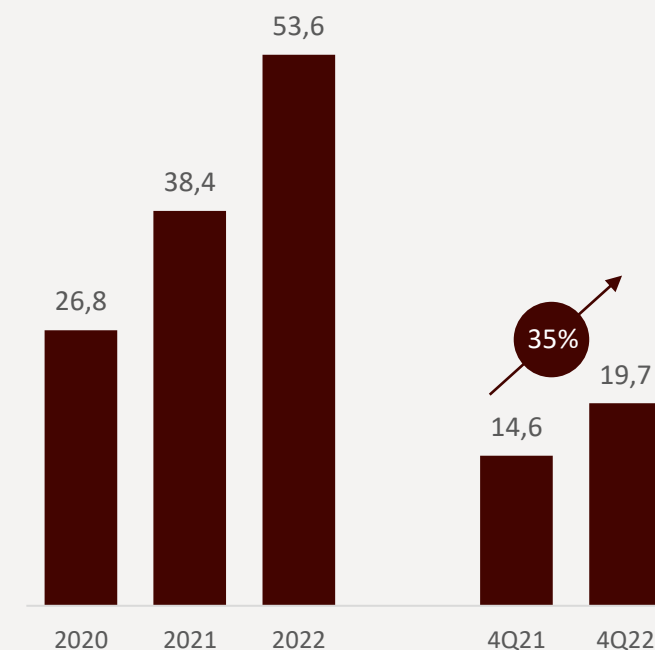
## ANSWEAR LAB DEVELOPMENT



### Characteristics

- **One of the best-selling brands** in the portfolio (5.4% 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

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





# MARKETING CAMPAIGNS

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

## MARKETING STRATEGY



### Characteristics

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

### Activities in 2022

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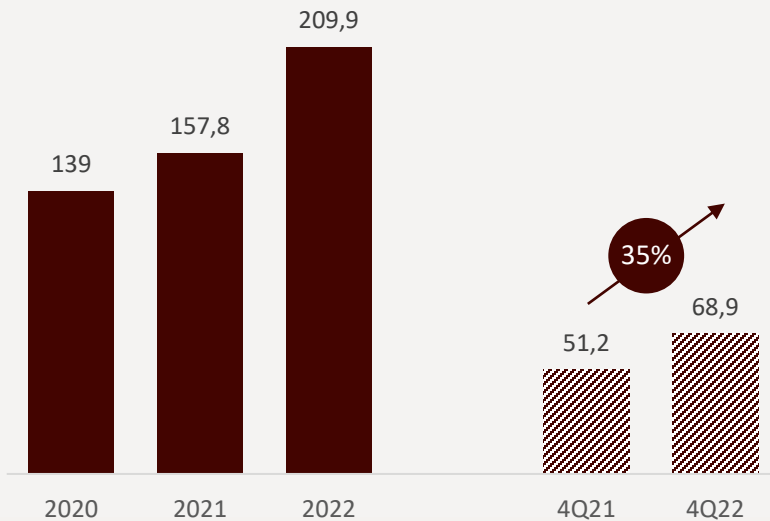
- **Three wide-reach TV and VOD** media campaigns in all markets
- **Big success of the campaign** - increases in brand awareness



# OPERATIONAL KPIs

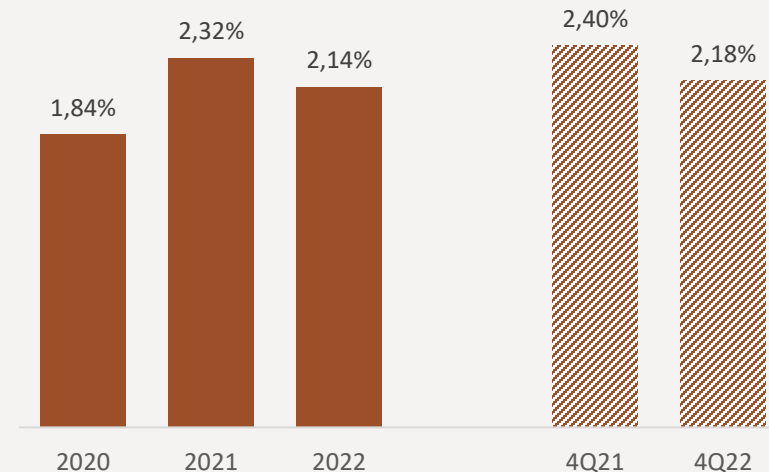
Steadily improving key business KPIs have a direct impact on sales growth

### Number of visits (million)



- A systematic increase in the number of visits to the platform, averaged monthly in the 2022. Answer recorded over 17 million visits/month.

### Conversion rate

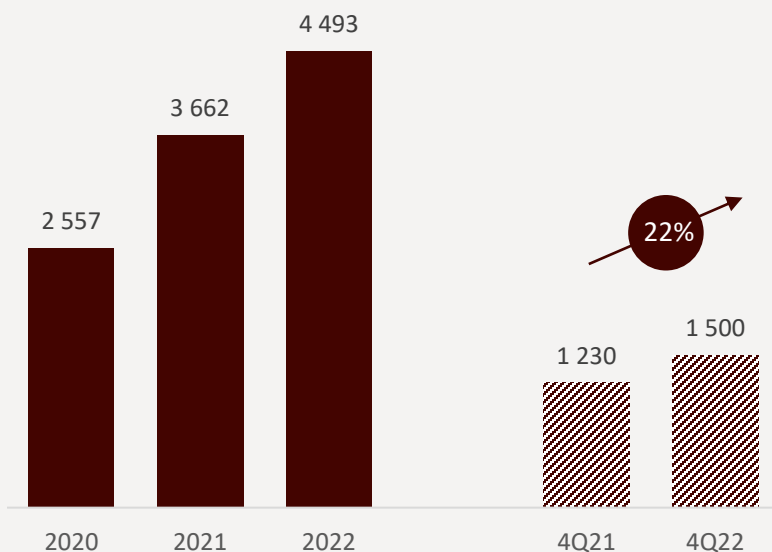


- Slight decline in conversion, due to weakened demand due to the outbreak of war in Ukraine and the presence of four new markets.
- Conversion cleared in the impact of the Ukrainian market and new markets increased from 2,29% to 2,32% y-o-y.

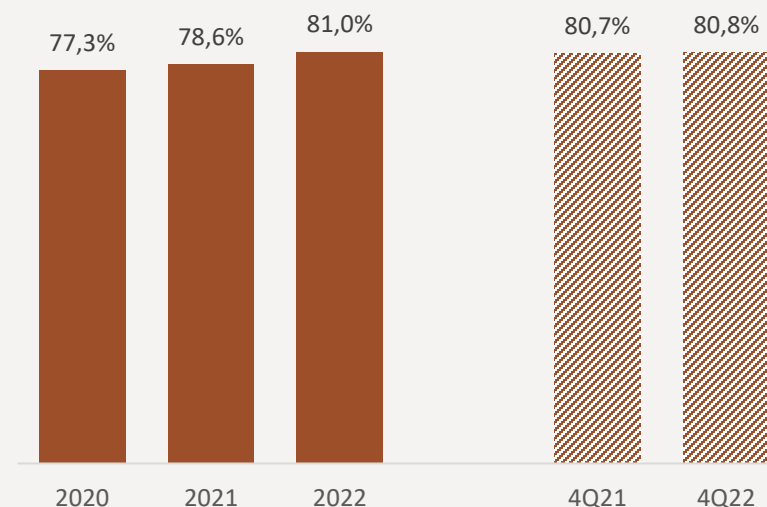
# OPERATIONAL KPIs

Continuous improvement and optimization with a direct impact on the Company's bottom line

### Number of orders (thou.)<sup>(1)</sup>



### „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.

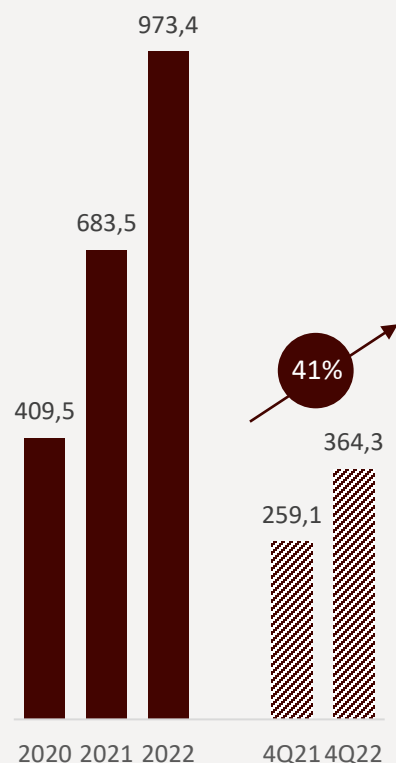
- Improvement in mobile channel visit share rate, driven by mobile app launch in all UE markets.
- Mobile app is the best converting source of customer order acquisition.



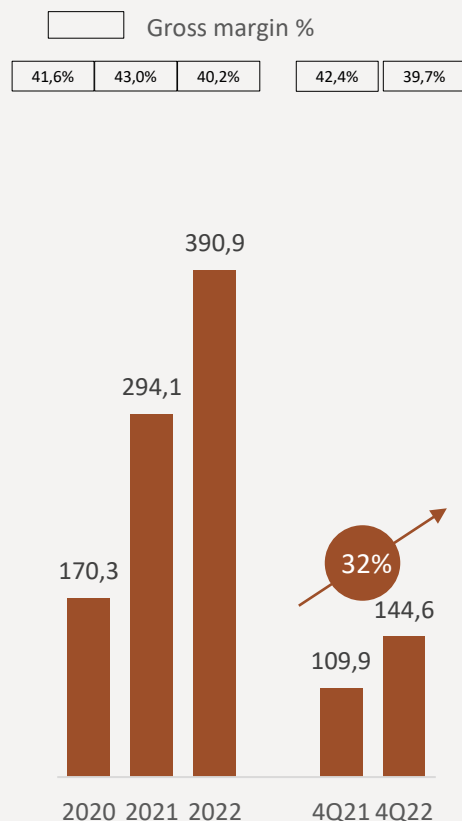
# DYNAMIC GROWTH OF RESULTS

Growth opens up space to further scale the business

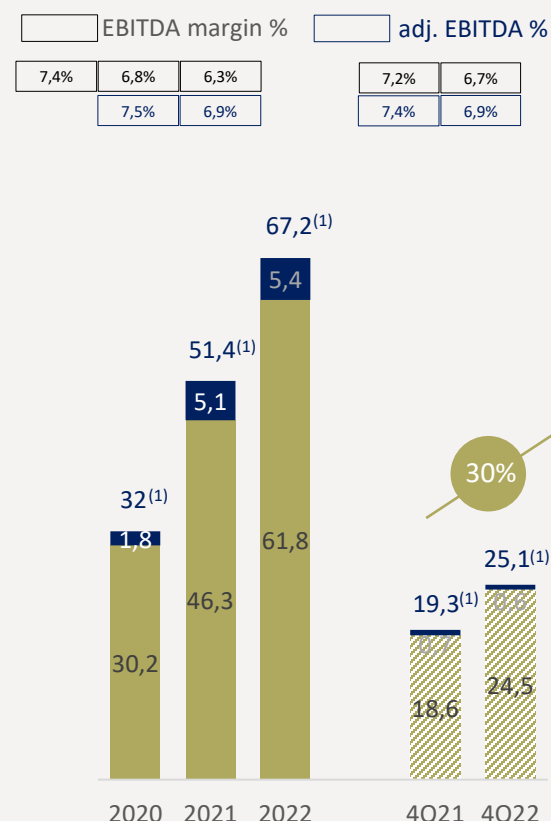
Total revenue (milion PLN)



Gross profit (milion PLN)



EBITDA (milion PLN)



- Dynamic sales growth despite complex macroeconomic and geopolitical situation, in Q4 2022 increase by 40,6% y-o-y.

- The decrease in % margin in the report is also due to a decrease in the proportion of sales on a commission basis in the second half of the year and lower profitability on margin in the Ukrainian market

- Increase in EBITDA due to increased sales, dilution of fixed costs and improvement in key operating performance indicators, despite increased marketing expenses

Explanation:

(1) Normalized EBITDA is the profit from operations excluding the costs of the incentive program (which is a non-cash expense) and increased by depreciation and amortization

# NET PROFIT INFLUENCED BY FX DIFFERENCES

Exchange rate differences had a negative impact on the net result for 2022, but the strengthening of the PLN exchange rate in Q4 weakened the impact of the valuation on the level of net profit presented:

## REPORTED PERIOD:

Net profit for 2021, including:	PLN 25,9m
exchange rate losses on settlements	PLN -3,0m
<u>foreign exchange losses on valuation of IFRS16 liabilities:</u>	<u>PLN -1,6m</u>
Net profit for 2022 <b>excluding exchange rate differences:</b>	<b>PLN 30,5m</b>

## LAST YEAR:

Net profit for 2021:	PLN 22,9m
exchange rate losses on settlements	PLN -2,9m
<u>foreign exchange losses on valuation of IFRS16 liabilities:</u>	<u>PLN -0,1m</u>
Net profit for 2021 <b>excluding exchange rate differences:</b>	<b>PLN 25,9m</b>

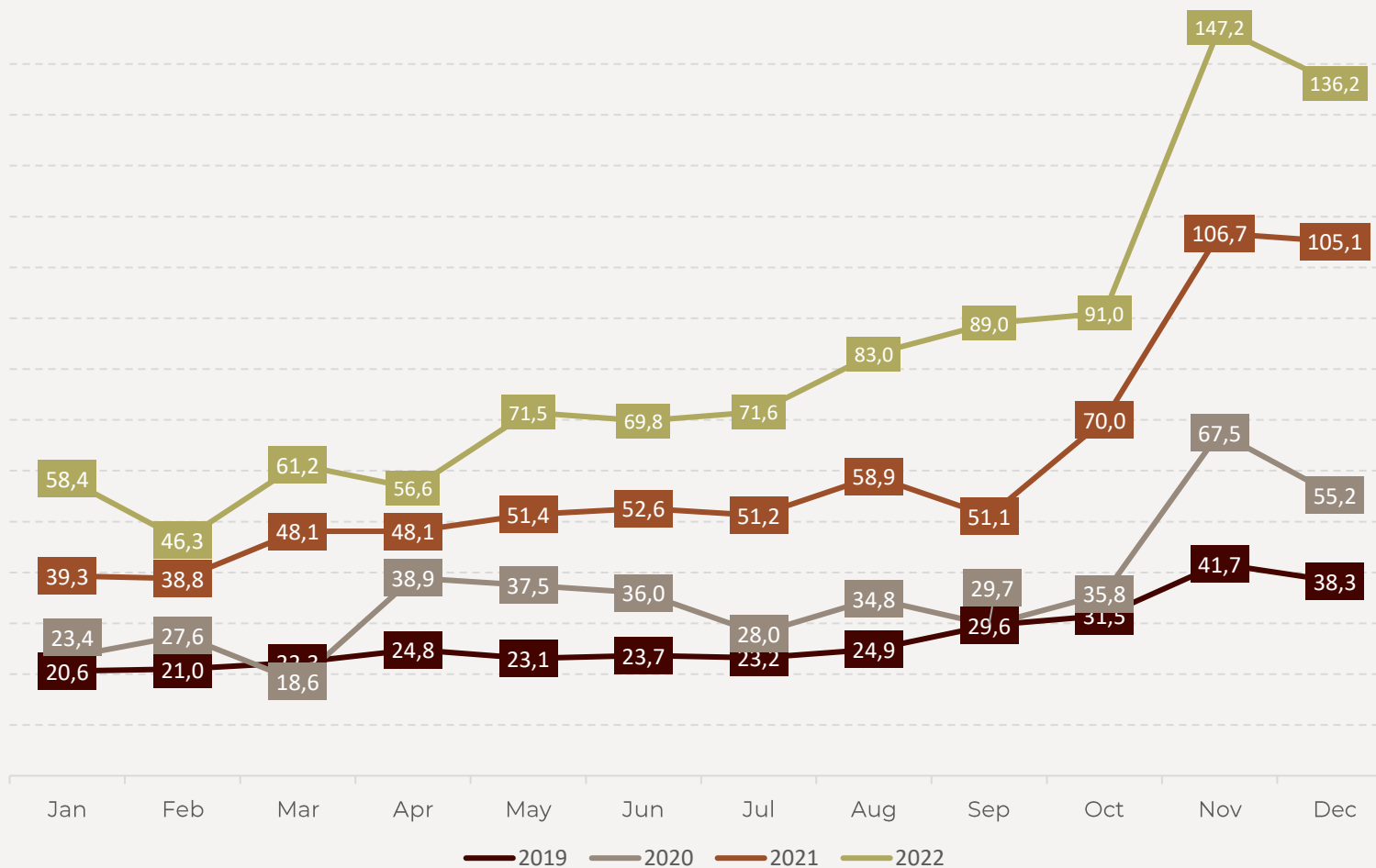
## STRUCTURE OF FINANCIAL COSTS in 2022:

• Interest on debt financing	PLN 6,0m
• Bank commissions, guarantees	PLN 2,0m
• Interest on an IFRS16 liability	PLN 3,4m
• IFRS16 foreign exchange losses	PLN 1,6m
• <u>Foreign exchange losses on settlements</u>	<u>PLN 3,0m</u>
<b>TOTAL</b>	<b>PLN 16,0m</b>

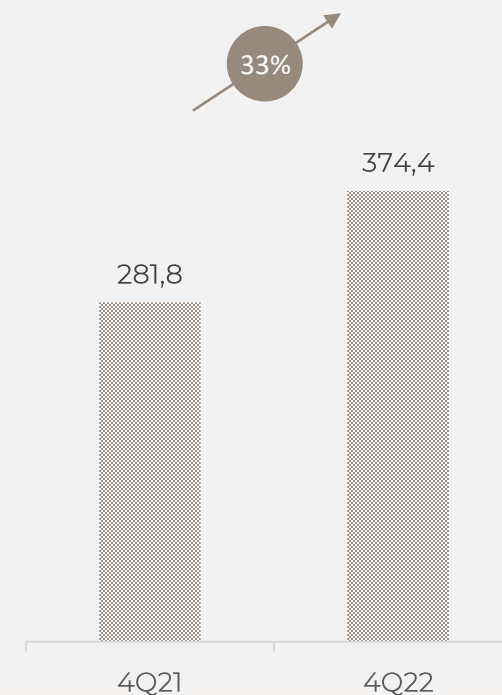
- EUR / PLN exchange rate:
  - @ 31.12.2022: 4,69
  - @ 30.09.2022: 4,87
  - @ 30.06.2022: 4,68
  - @ 31.12.2021: 4,60

# ONLINE SALES

Steadily increasing online sales by month indicate consistent and sustainable strengthening of the brand's position in the market



Online sales (million PLN)

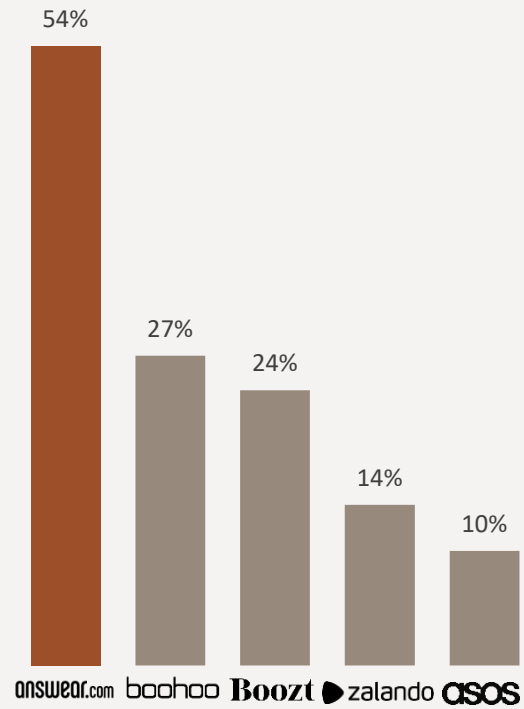




# ANSWEAR.COM VS. PEERS

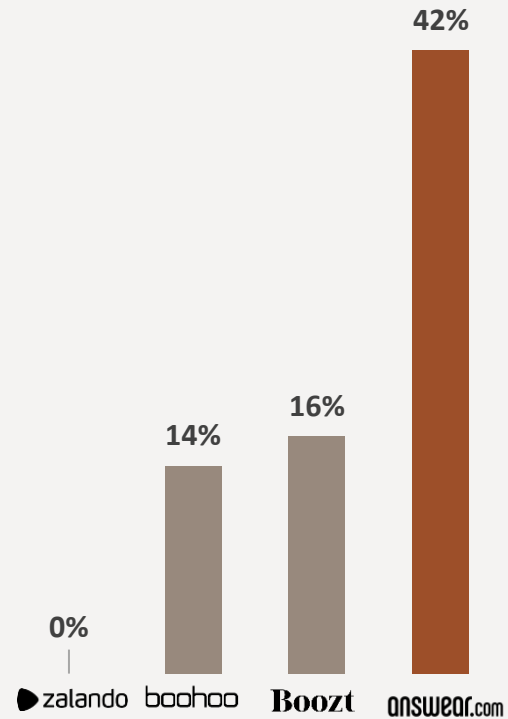
Fastest growing company in the sector

### Revenue CAGR 20-22



Source: Bloomberg

### Top-line dynamics in 2022



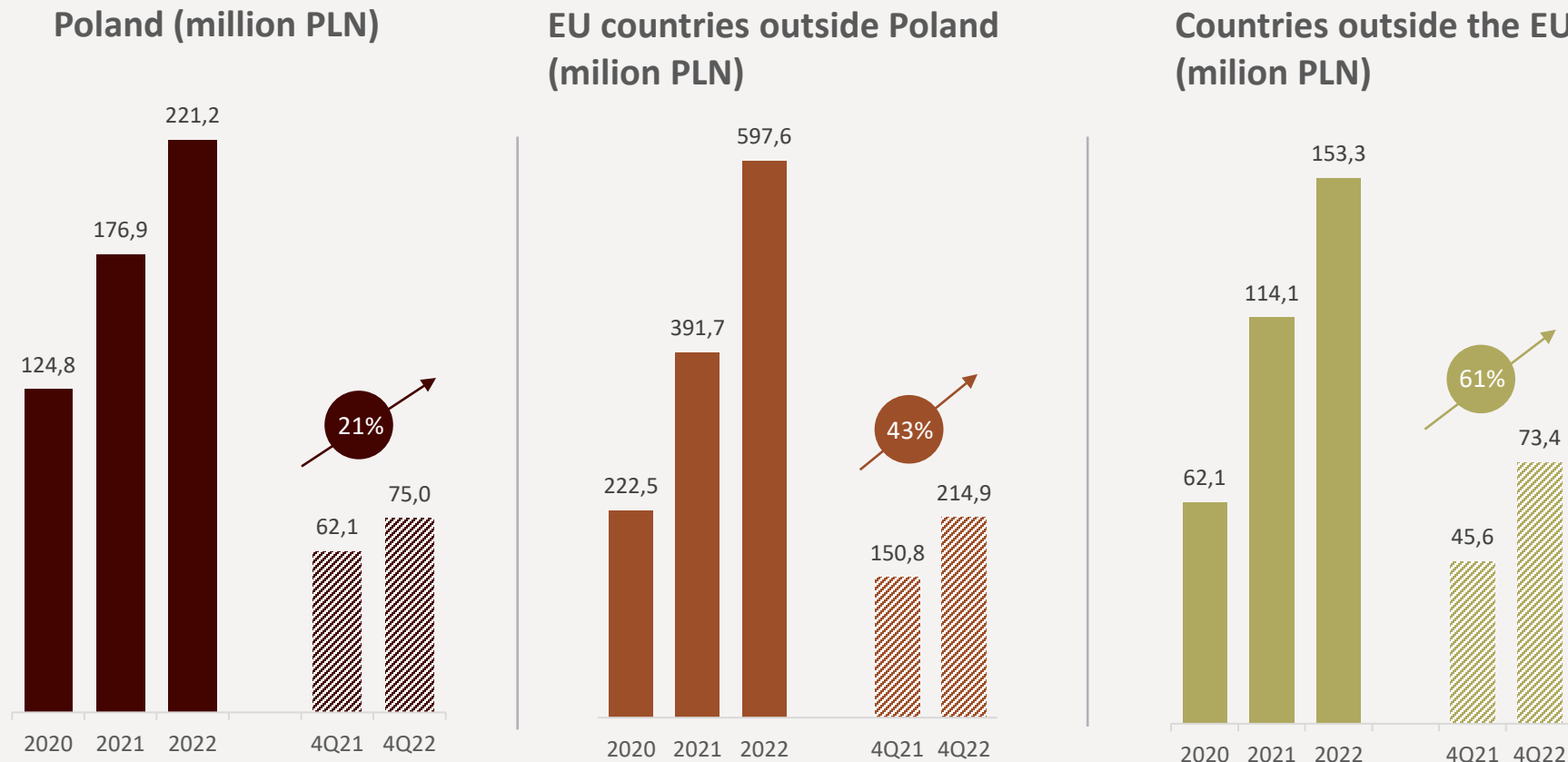
answear.com



# GEOGRAPHICAL DIVERSIFICATION OF BUSINESS

Geographic diversification of business allows to build growth efficiently and in the long term

## REVENUE BY SEGMENT:

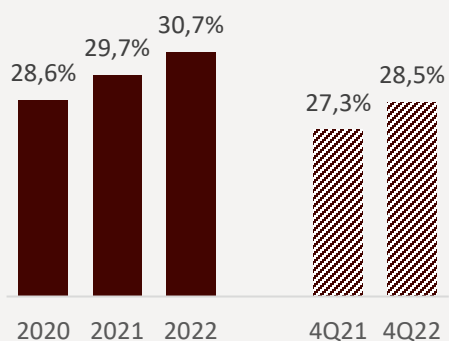


- Sales are geographically diversified
- Poland is the largest market and accounts for nearly 23% of total revenues
- Systematic rebuilding of the Ukrainian market

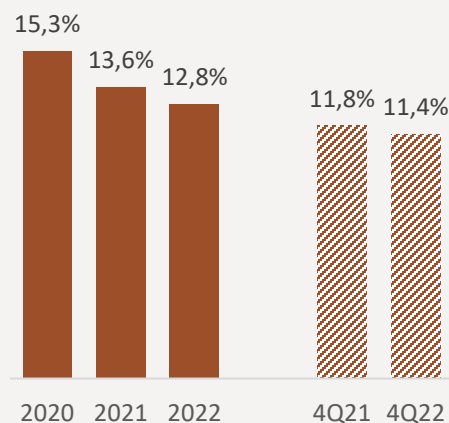
# BUSINESS EFFICIENCY

Key business performance parameters are maintained at levels that ensure improved profitability of the Company

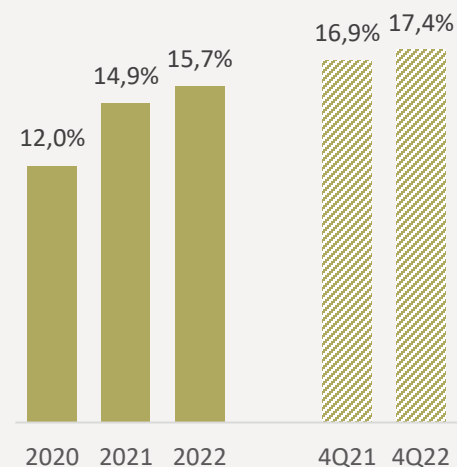
% of returns<sup>(1)</sup>



% logistics costs<sup>(2)</sup>



% marketing costs<sup>(2)</sup>



- The return ratio in 2022 grew by 1 p.p. to 30.7%, still at a low level, especially given the realized sales growth rate
- 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 minimization



# EFFICIENT OPERATING MODEL

## OWN INFRASTRUCTURE



### NEW WAREHOUSE

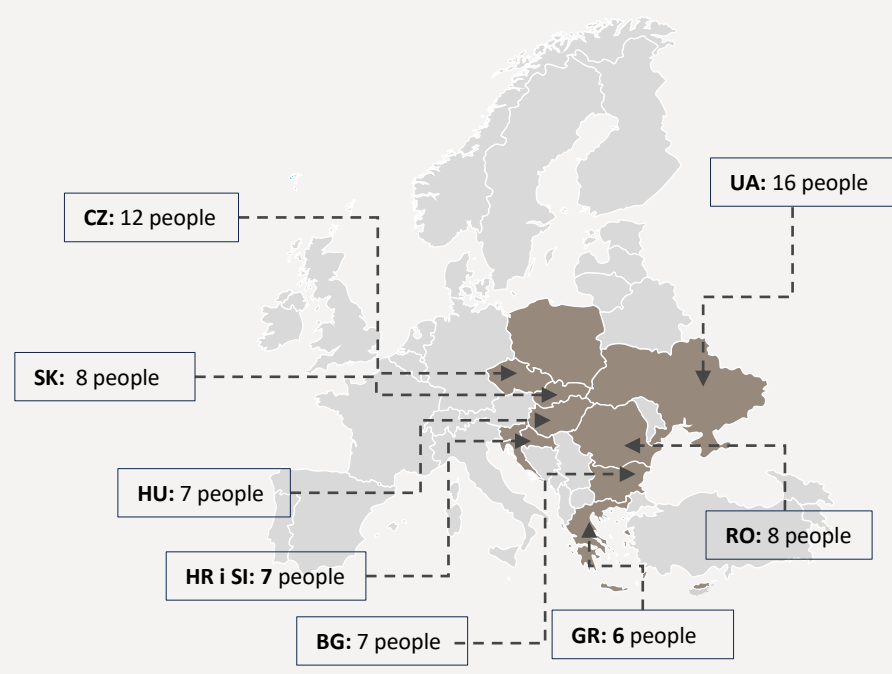
- Kraków, Kokotów 7R Solution Park
- 39,000 m2 (with gradual subletting of unused space)
- 500 million GMV - potential revenue, 4-storey mezzanine floor



### NEW PHOTO-VIDEO STUDIO

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

## LOCAL STRUCTURES

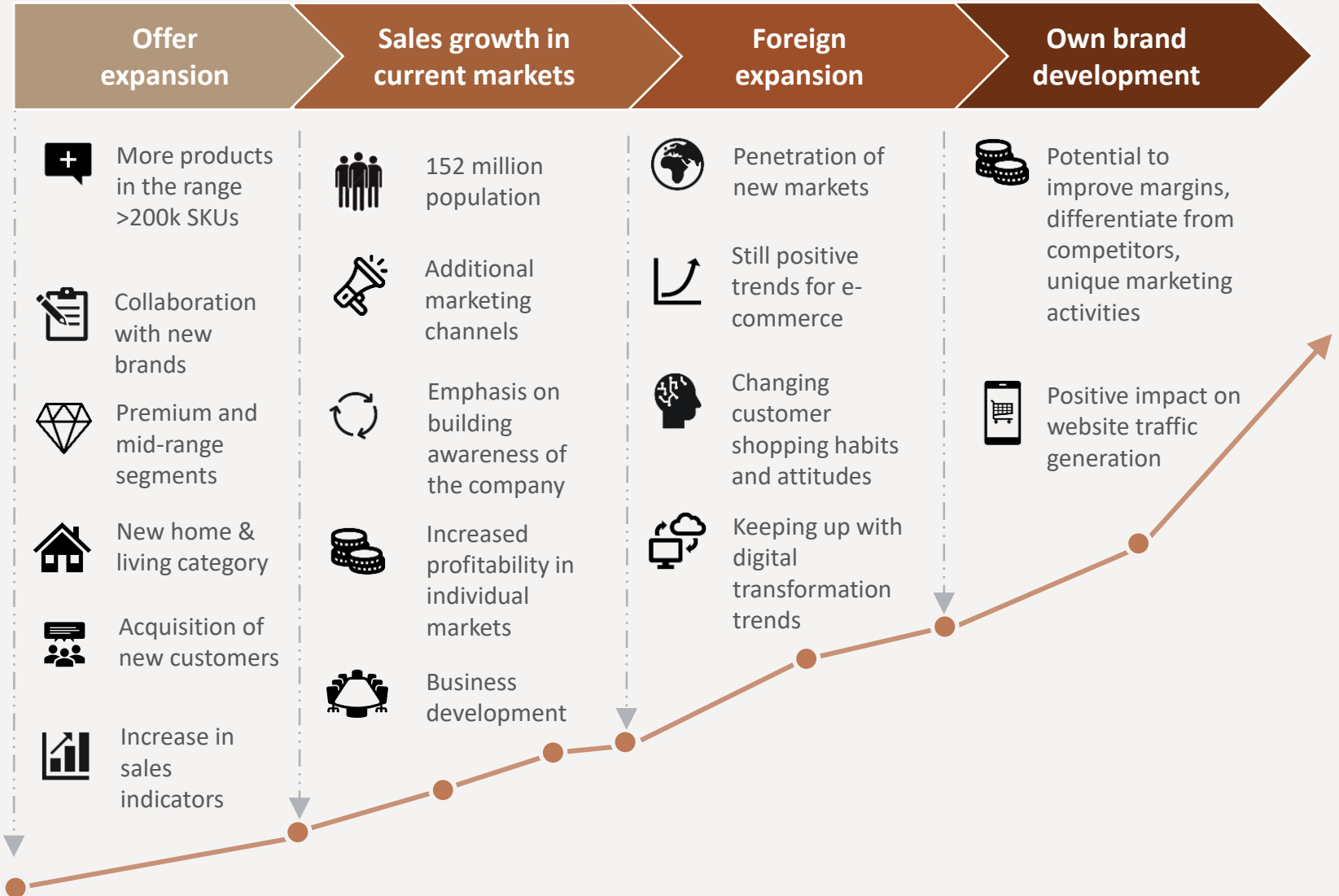


## THE FASTEST DELIVERY TIME

	<b>24h</b> (working days)
	1-2 working days
	1-2 working days
	1-2 working days
	2-3 working days
	2-5 working days
	2-3 working days
	3-6 working days
	1-3 working days
	1-3 working days
	7-9 working days

# DEVELOPMENT STRATEGY

## Strategy and development outlook





# ACQUISITION OF SNEAKERSTUDIO AND PRM

Acquisition of an organized part of the enterprise separated from the Fashion Tends Group company



- It is a **market leader in the sale of sneaker footwear and streetwear** in the mid-premium segment in Poland and Ukraine and the second largest sneaker store in CEE
- The business coverage is **mainly in CEE**
- One of the **key partners in the region for adidas Originals, New Balance, Veja or Carhartt**



- A new concept that is in line with current market trends and offers **luxury streetwear & fashion products aimed at the millennial and GEN-Z generation.**
- **Unique product offering** including top-shelf **adidas** or well-known and respected Western European brands such as **Marni, Y-3, Rick Owens, A.P.C., MISBHV and A-Cold-Wall**
- Products are sold through a global website and a stationary boutique in Warsaw.

- CONSOLIDATING ITS POSITION AS ONE OF THE FASHION E-COMMERCE LEADERS IN CEE
- CONTINUOUS DEVELOPMENT, INCREASING REVENUE AND IMPROVING PROFITABILITY
- ANSWEAR THE MOST INSPIRING ONLINE FASHION HOUSE WITH SELECT PREMIUM FASHION, SPORTS, HOME & LIFESTYLE OFFERINGS

## Revenues

## AOV

## % of revenues from CEE

PLN  
**136m**

Revenue for the full year 2022 of the acquired ZCP according to preliminary results

PLN  
**322**

AOV of ecommerce ZCP vs. PLN 303 at Answear\*

**60%**

60% of revenue from sales through its own ecommerce stores from countries Answear currently sells to\*

\*for the period 9M2022

# ACQUISITION POTENTIAL

ANSWEAR.com

Combining PRM/Sneakerstudio's unique branding with Answear's scale and agility is a springboard for further rapid growth




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
- High AOVs

answear.

- 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

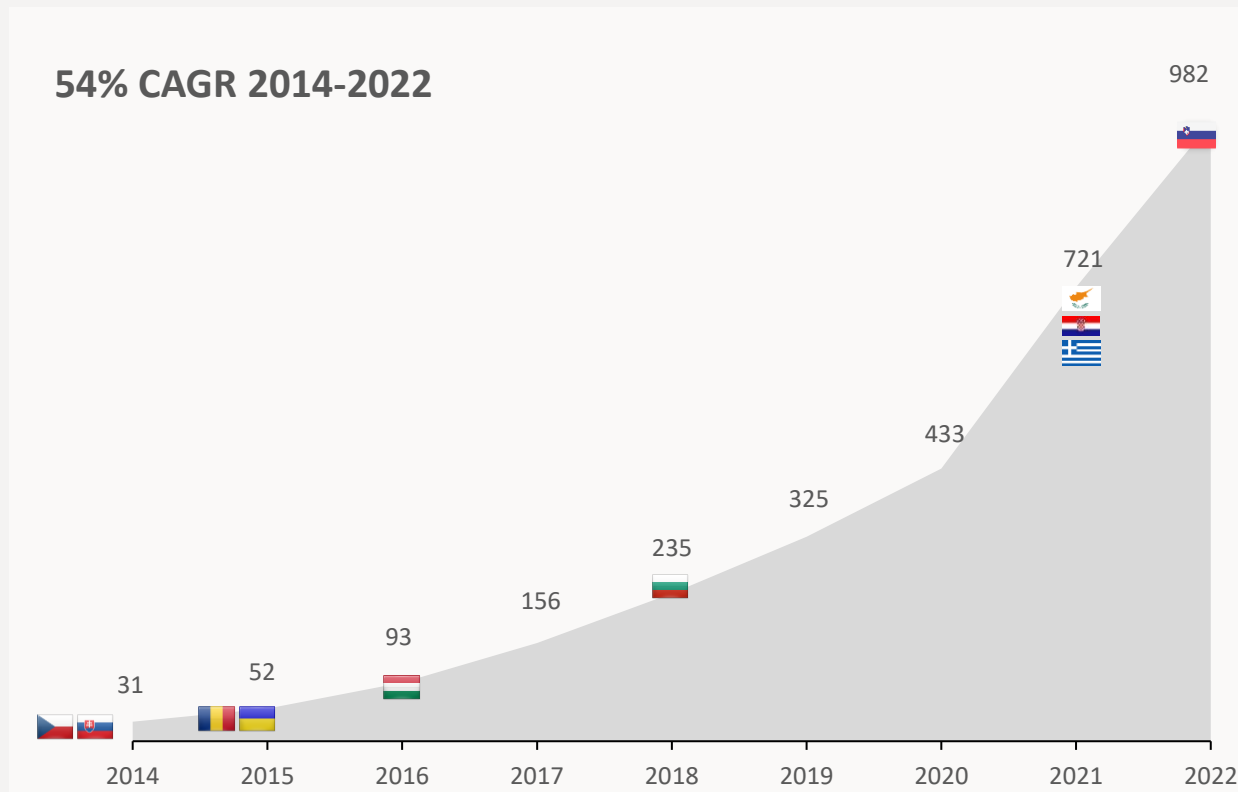
- 
- Accelerate development and revenue growth
  - Improve conversion and efficiency of ongoing advertising activities
  - Improve process and cost efficiency
  - Achieving good profitability

# 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



#ResponsibleFashion, #ResponsibleEmployer, #ResponsibilityToTheEnvironment

## Identified Objectives:



- ✓ Human Rights Policies
- ✓ Employee Rights Policy
- ✓ Anti-Corruption Policy
- ✓ Social Responsibility and Environmental Policy and Environmental Protection



#PowerForUkraine



Girl Power



Wear&Share

# SUMMARY

## WHY ANSWEAR.COM?

- **Maintained high growth rate (+42% 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 2023 - 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**
- **Development of new PRM/Sneakers Studio brand**

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**THANK YOU  
FOR YOUR  
ATTENTION**

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