

The background of the advertisement features 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 setting appears to be an interior space with dark wood paneling and decorative starburst patterns on the wall.

answear.

**LIFESPIRATION
STARTS
HERE.**

INVESTOR PRESENTATION Q1 2023

May 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
- 19 years of professional experience

EXPERIENCE

M O H I T O



house

medicine
EVERYDAY THERAPY

EXPERIENCE



Nowy Styl Group

SUMMARY Q1 2023

ANSWEAR.com

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

Revenue growth y/y

52%

Revenues in Q1 2023 amounted PLN 271,1 milion (in Q1 2022 : PLN 178,2 milion)

Net Profit

**PLN
3,4 m**

vs. PLN 3,3 milion loss in Q1 2022

Logistics cost rate

13,5%

vs. 15.6% in Q1 2022. Logistics cost rate to online sales

EBITDA

**PLN
15,3 m**

Growth of more than 337% – in Q1 2022 EBITDA amounted to PLN 3,5 milion

AOV growth

**PLN
335**

vs. PLN 291 in Q1 2022 – it is 15,1% increase

Growth in product

**218
Thou.**

Constantly increasing the offer of Answear's products.



KEY EVENTS OF Q1 2023

CONTINUATION OF DYNAMIC GROWTH AND IMPROVING PROFITABILITY

- One of Europe's fastest growing e-commerce platforms in the fashion industry
- Revenue growth in Q1 2023 of 52% y-o-y. (PLN 271.1 million)
- Improved margins, EBITDA in Q1 2023 amounted to PLN 15.3 million
- Consistent increase in share of premium brands in the offer (59% in Q1 2023)
- Good performance of foreign markets

CONCLUSION OF AGREEMENT TO ACQUIRE ZCP FASHION TRENDS GROUP

- Acquisition of Sneakerstudio and PRM brands - sales leaders in the sneaker & streetwear segment in Central & Eastern Europe.
- Strengthening Answear.com's position as one of the leading fashion ecommerce players operating in CEE markets and the Answear brand itself towards premium fashion & lifestyle
- Expansion of the company's business into new segments and customer groups

WIDE-RANGING MEDIA CAMPAIGN IN ALL MARKETS

- Increased marketing budget to PLN 40.5 million vs. PLN 28.5 million last year
- TV campaign in the form of sponsorship billboards



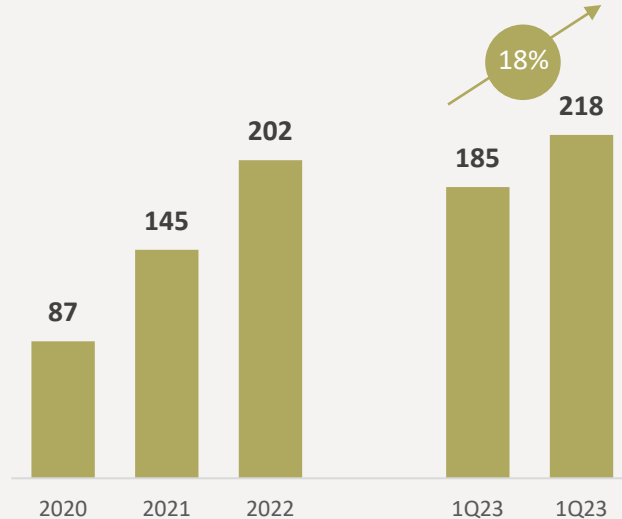
ANSWEAR.com

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

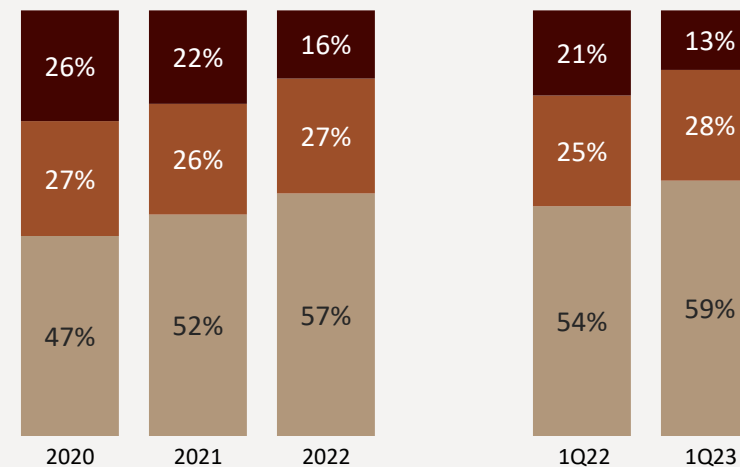
#products on offer (in thousands)



- 18% year-on-year increase number of products in 1Q23
- Huge range of 218.000 unique products available in stock for immediate ordering

Focus on Premium segment

■ Premium Brands ■ Mid-price range ■ Budget brands



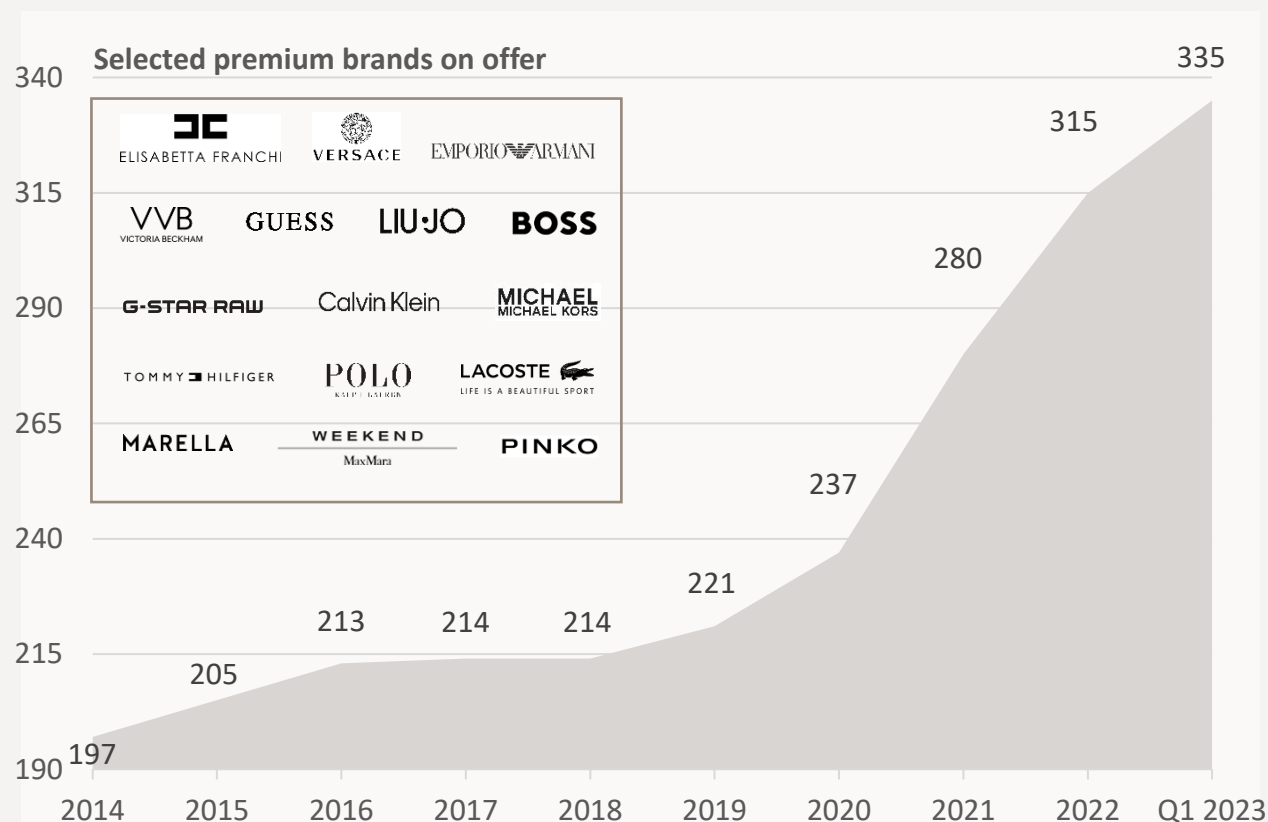
% price categories share

- 5 p.p. growth in premium brand category in 1Q 2023
- 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)



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

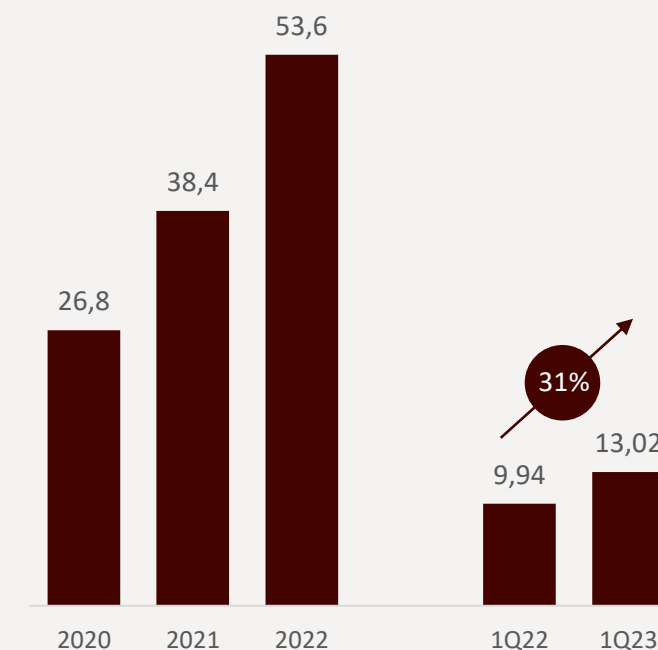
ANSWEAR LAB DEVELOPMENT



Characteristics

- **Answer Lab sales in Q1 2023 up 31% over Q1 2022**
- **One of the best-selling brands** in the portfolio (4,8% 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** such as the limited-edition "SISTERHOOD" collection, which celebrates female friendship and solidarity on many levels, or the "Determined to rise" collection, which pays tribute to all women who, despite adversity, keep picking themselves up and going on

Answer LAB Sales (million PLN)



ACQUISITION OF SNEAKERSTUDIO AND PRM

Combination of two unique branding of PRM and Sneakerstudio with the scale and agility of Answear is a springboard for further rapid growth

INFORMATION ABOUT BRANDS – ORGANIZED PART OF THE ENTERPRISE (OPE) FTG:



- It's 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

PRM

- 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.

PRELIMINARY PROCESS MAP:



ACQUISITION POTENTIAL

Possibility to unleash operational synergies

Sneakerstudio & 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

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**



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

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

Activities in Q1 2023

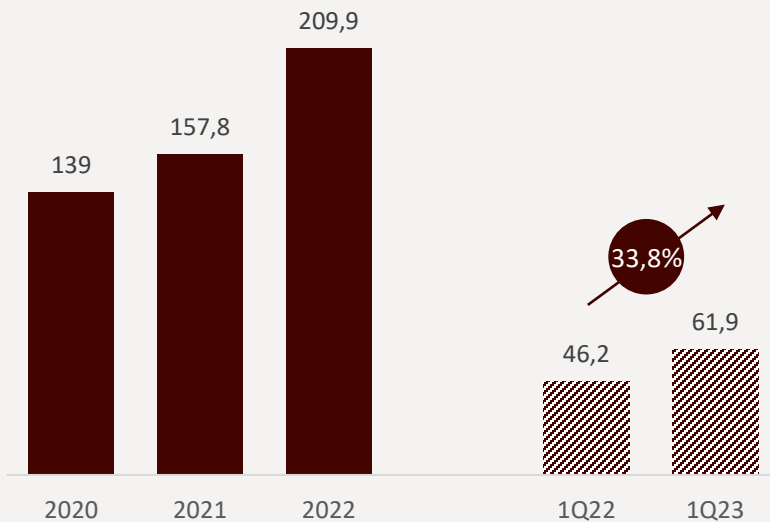
- **Broad reach campaign** in all markets of operation, including 4 newly opened ones
- **Big success of the campaign** - increases in brand awareness
- **Increasing the marketing budget to PLN 40.5 million** in Q1 2023, up from PLN 28.5 million in the same period last year



OPERATIONAL KPIs

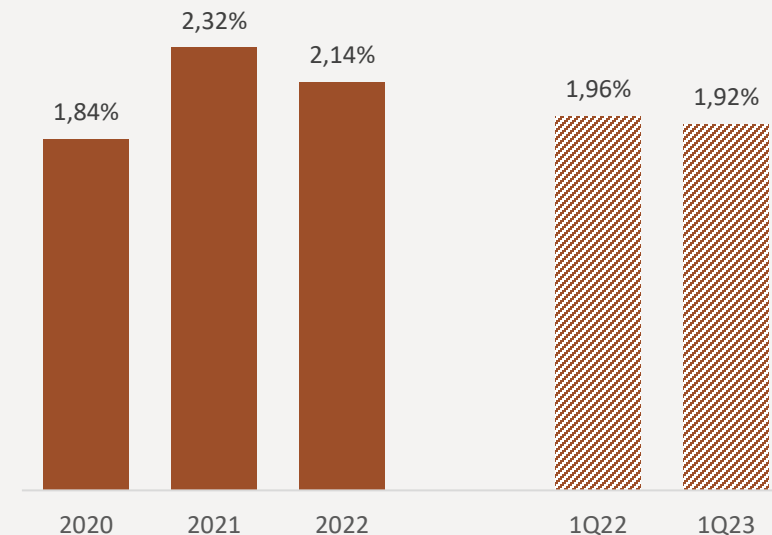
Steadily improving key business KPIs have a direct impact on sales growth

Number of visits (million)



- A systematic increase in the number of visits to the platform, averaged monthly in the Q1 2023. Answer recorded over 20 million visits/month.

Conversion rate

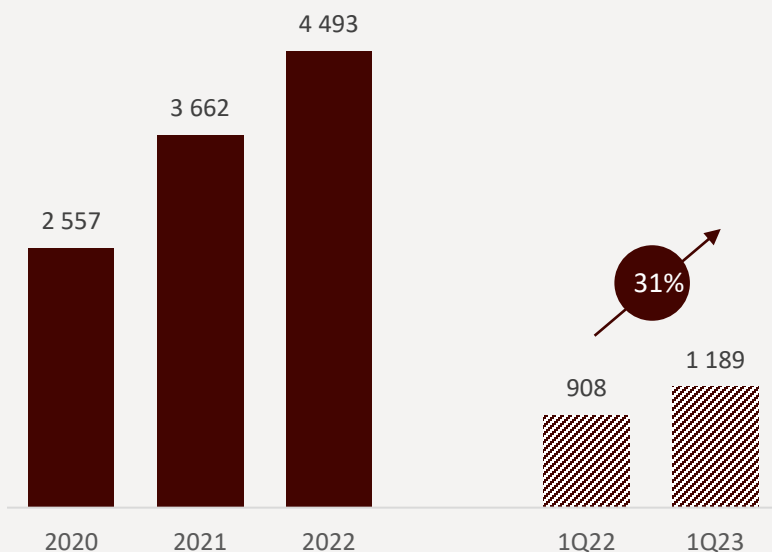


- Slight decline in conversions, due to changes in product offerings, with an increasing share of premium products at the expense of low-end brands
- Eliminating customer service methods that generate high % returns and increase logistics costs
- Growing share of sales in new markets, which in the first stage of development have lower conversions than markets where the Company has been present for a long time

OPERATIONAL KPIs

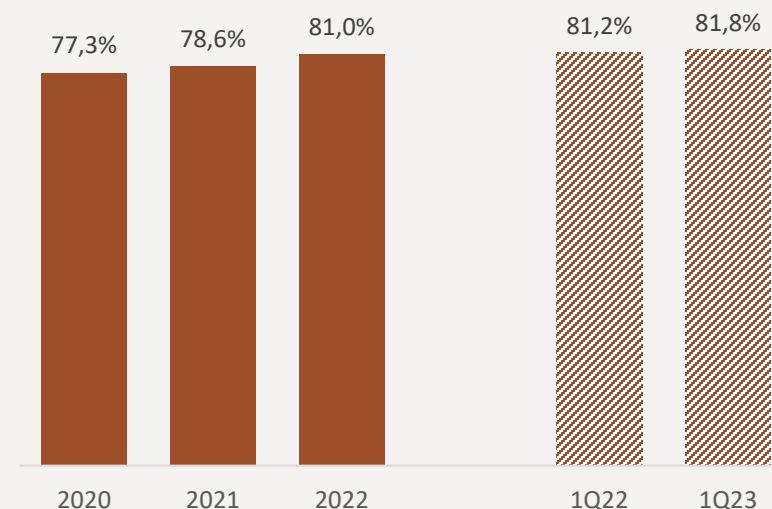
Continuous improvement and optimization with a direct impact on the Company's bottom line

Number of orders (thou.)



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

„Mobile“ visits as a % of total visits

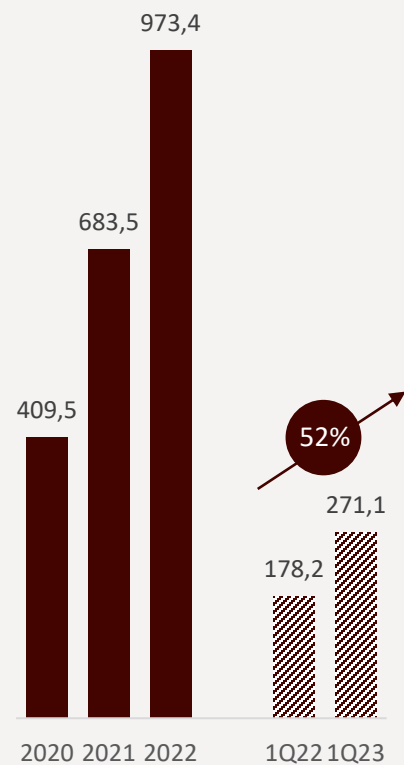


- Improvement in mobile channel visit share rate, driven by mobile app launch in all UE markets.
- Mobile app is the best converting source of customer order acquisition.

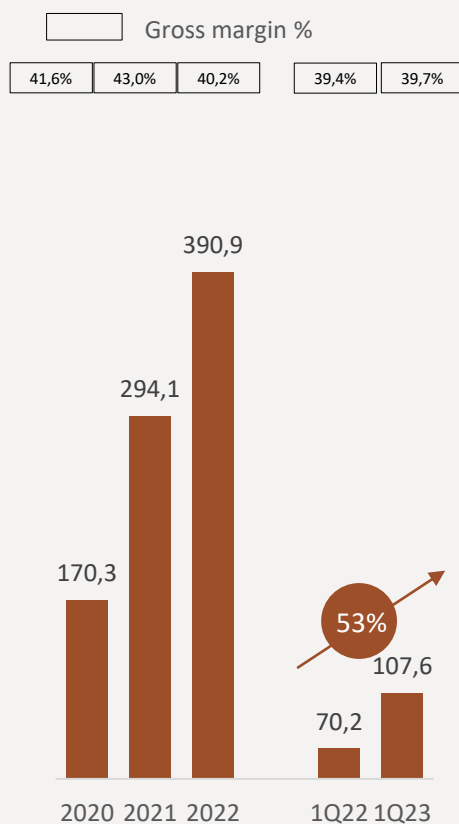
DYNAMIC GROWTH OF RESULTS

Growth opens up space to further scale the business

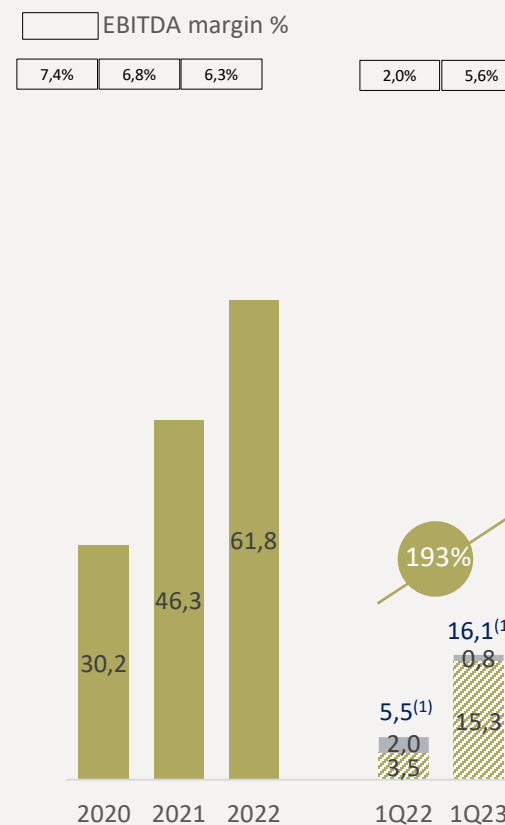
Total revenue (million PLN)



Gross profit (million PLN)



EBITDA (million PLN)



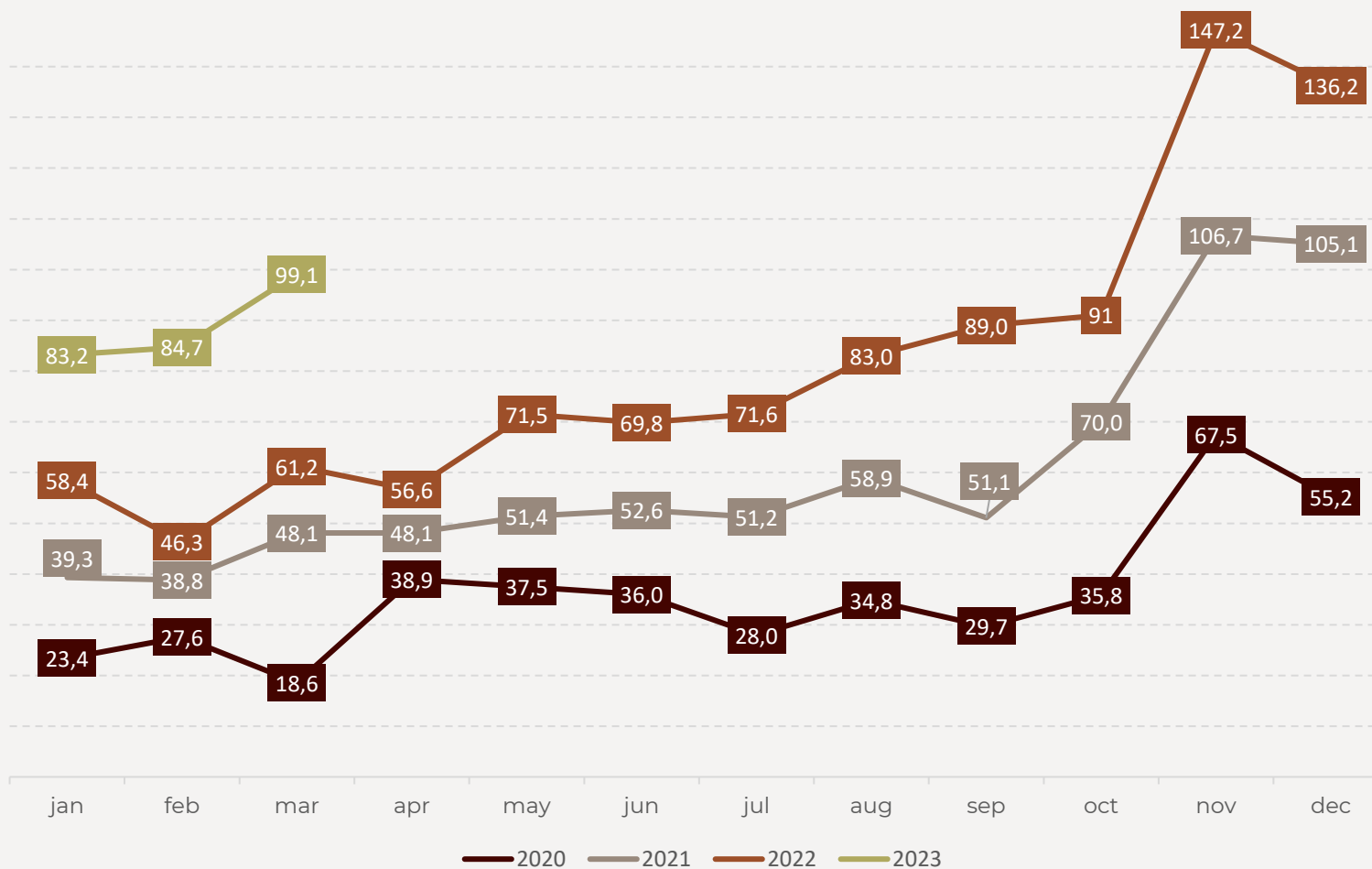
- Dynamic sales growth despite complex macroeconomic and geopolitical situation, in Q1 2023 increase by 52% y-o-y.
- The sales margin was 39.7%, which is an improvement compared to the same period of the first three months of last year.
- Increase in EBITDA due to increased sales, dilution of fixed costs and improvement in key operating performance indicators, despite increased marketing expenses

Explanation:

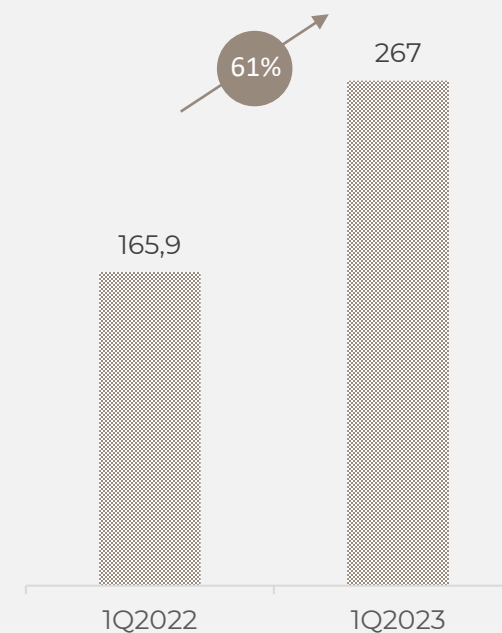
(1) Normalized EBITDA is the profit from operations excluding the costs of the incentive program (which is a non-cash expense) and increased by depreciation and amortization

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)

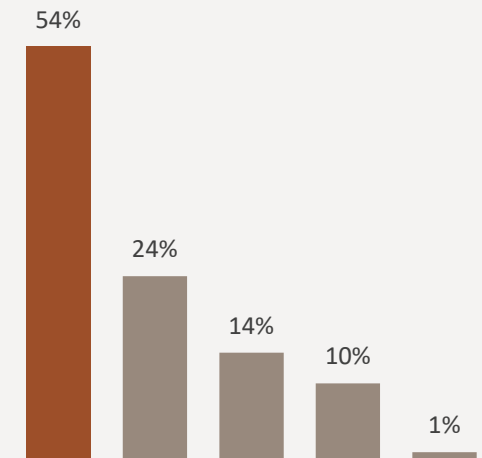


ANSWEAR.COM VS. PEERSY

Fastest growing company in the sector

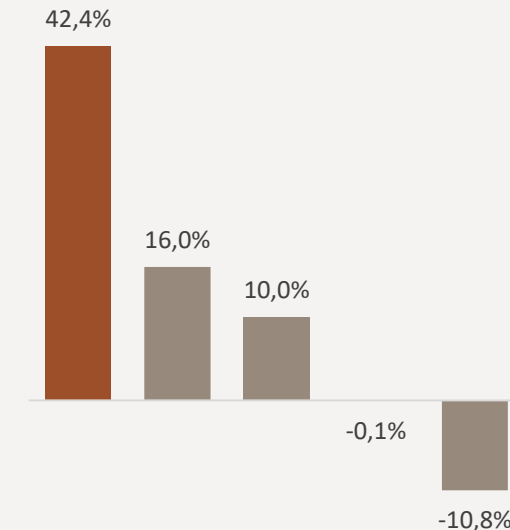
Reevenue CAGR 20-22*

*About You 21-22



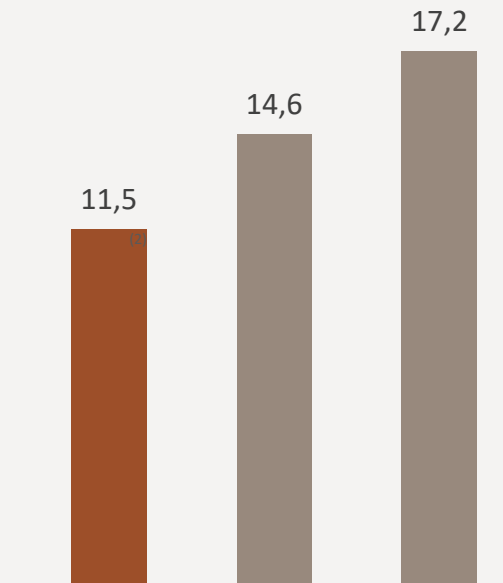
ANSWEAR.com Boozt zalando ABOUT YOU boohoo

Top-line dynamics in 2022



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EV/EBITDA multiple ⁽¹⁾



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Source: Yahoo Finance

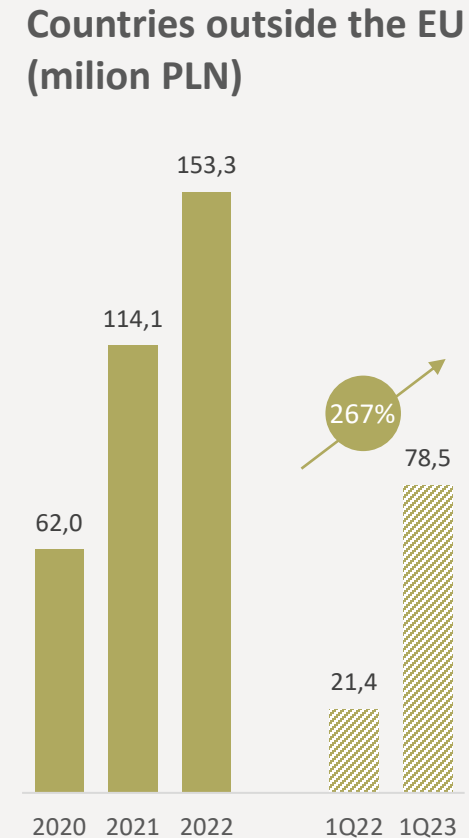
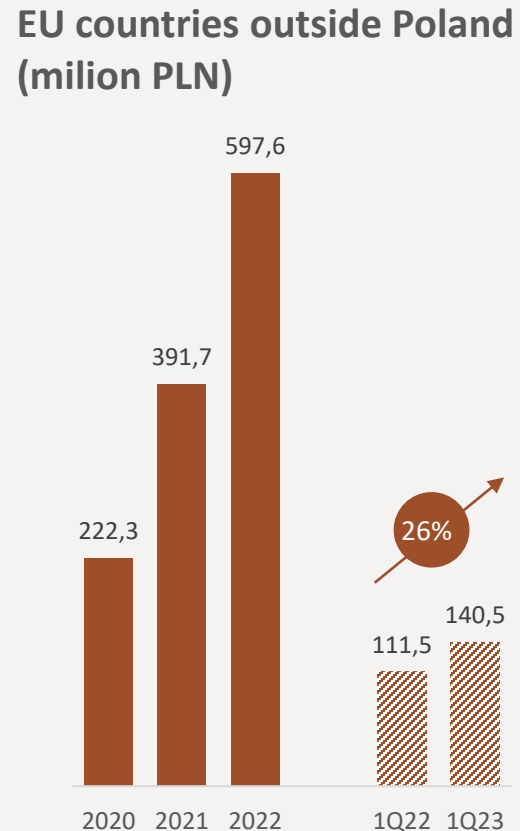
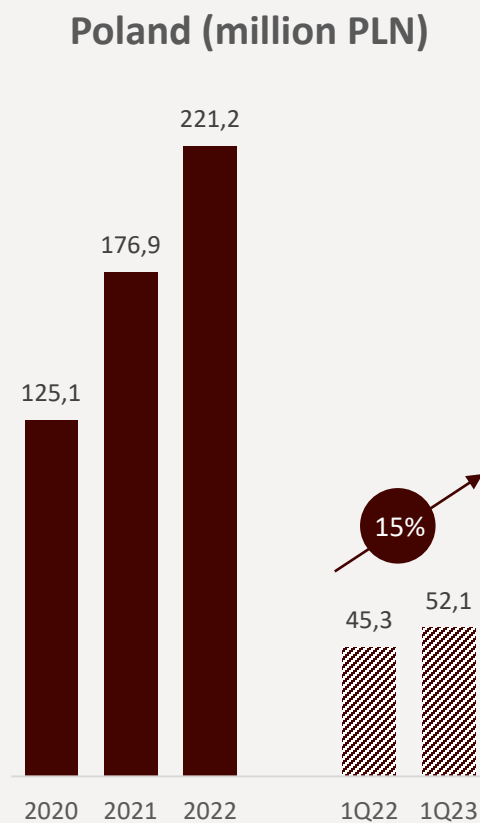
⁽¹⁾ Multipliers based on TTM data from Yahoo Finance for a given company

⁽¹⁾ Multiplier based on LTM Q1 2023 data

GEOGRAPHICAL DIVERSIFICATION OF BUSINESS

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

REVENUE BY SEGMENT:

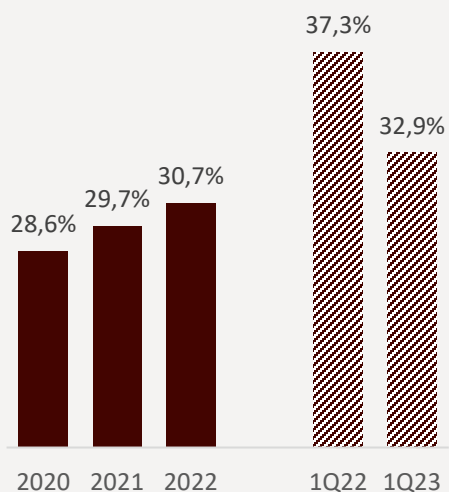


- Sales are geographically diversified, with a certain level of marketing budget we allocate expenses maximize the company's revenue
- Very good performance of Ukrainian market - Answear became fashion e-commerce leader on this market
- Poland accounts for 20% of total revenues

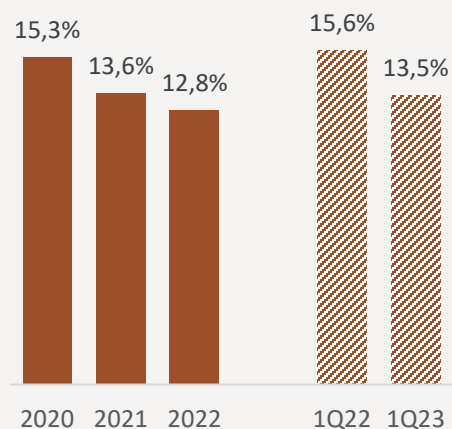
BUSINESS EFFICIENCY

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

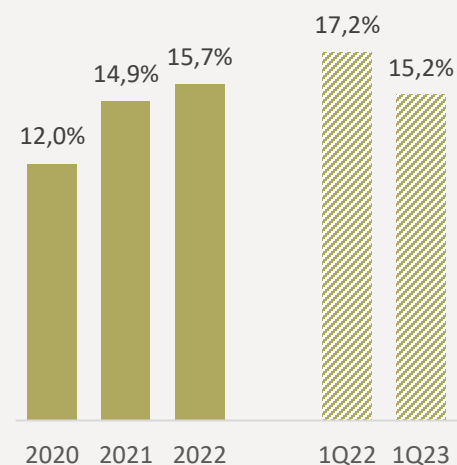
% of returns⁽¹⁾



% Logistics costs⁽²⁾



% marketing costs⁽²⁾



- The return ratio in Q1 2023 decreased by more than 4 p.p. to 32.9%, still at a low level, especially given the realized sales growth rate
- Operational leverage through increasing scale of operations to optimize logistics costs
- The scale of operations and the increasing value of the average order allows us to more effectively dilute the costs of wide-ranging marketing campaigns, which resulted in the optimization of the indicator in Q1 2023.

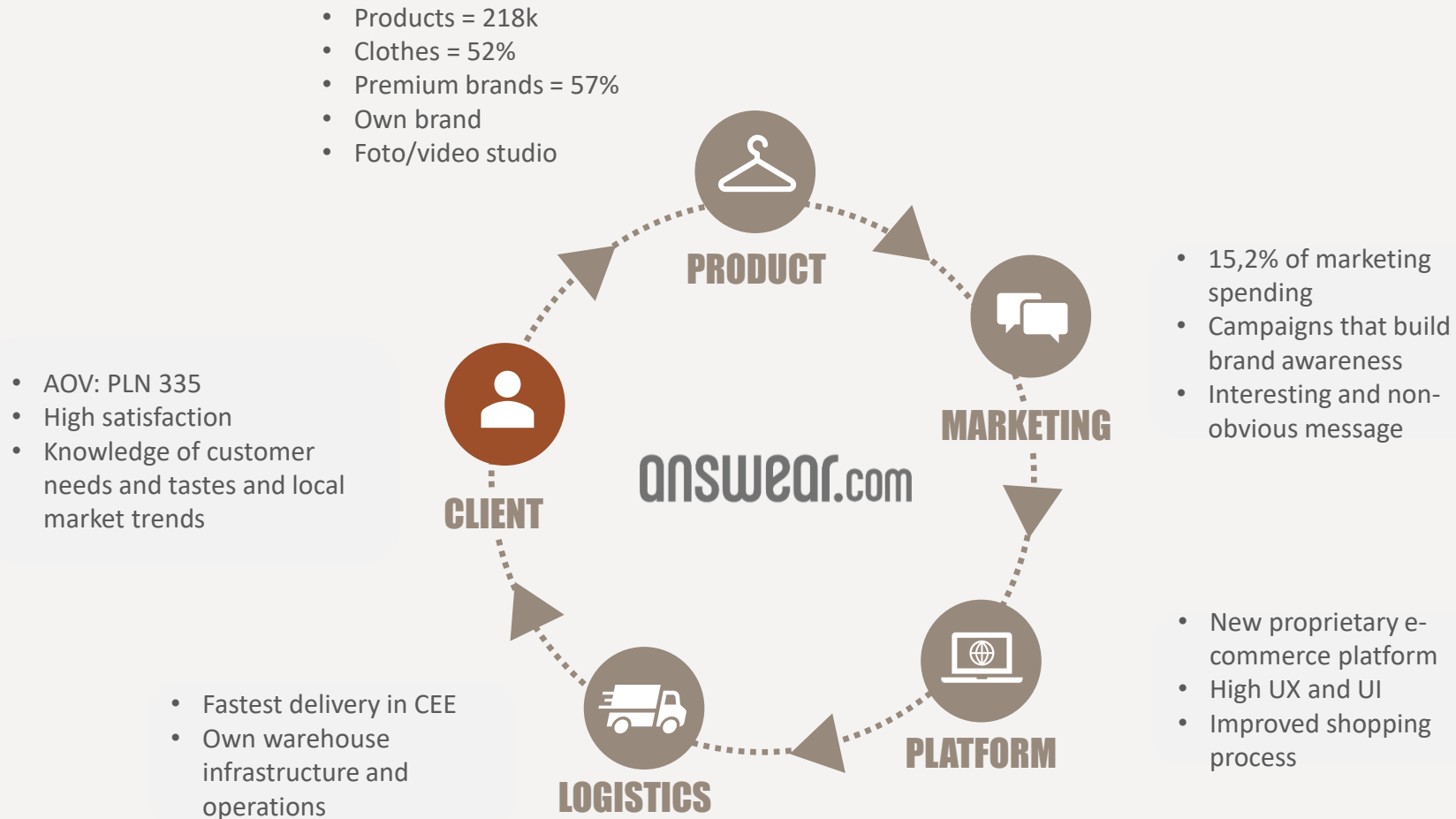
Explanations:

(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

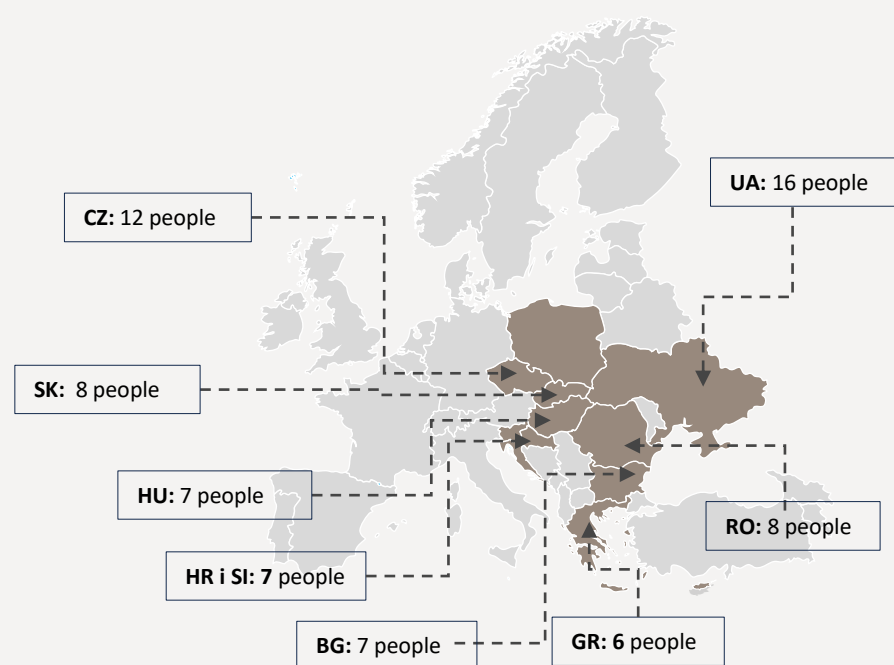
- Kraków, Kokotów 7R Solution Park
- 39,000 m2 (with gradual subletting of unused space)
- 500 million GMV - potential revenue, 4-storey mezzanine floor



NEW PHOTO-VIDEO STUDIO

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

Local structures

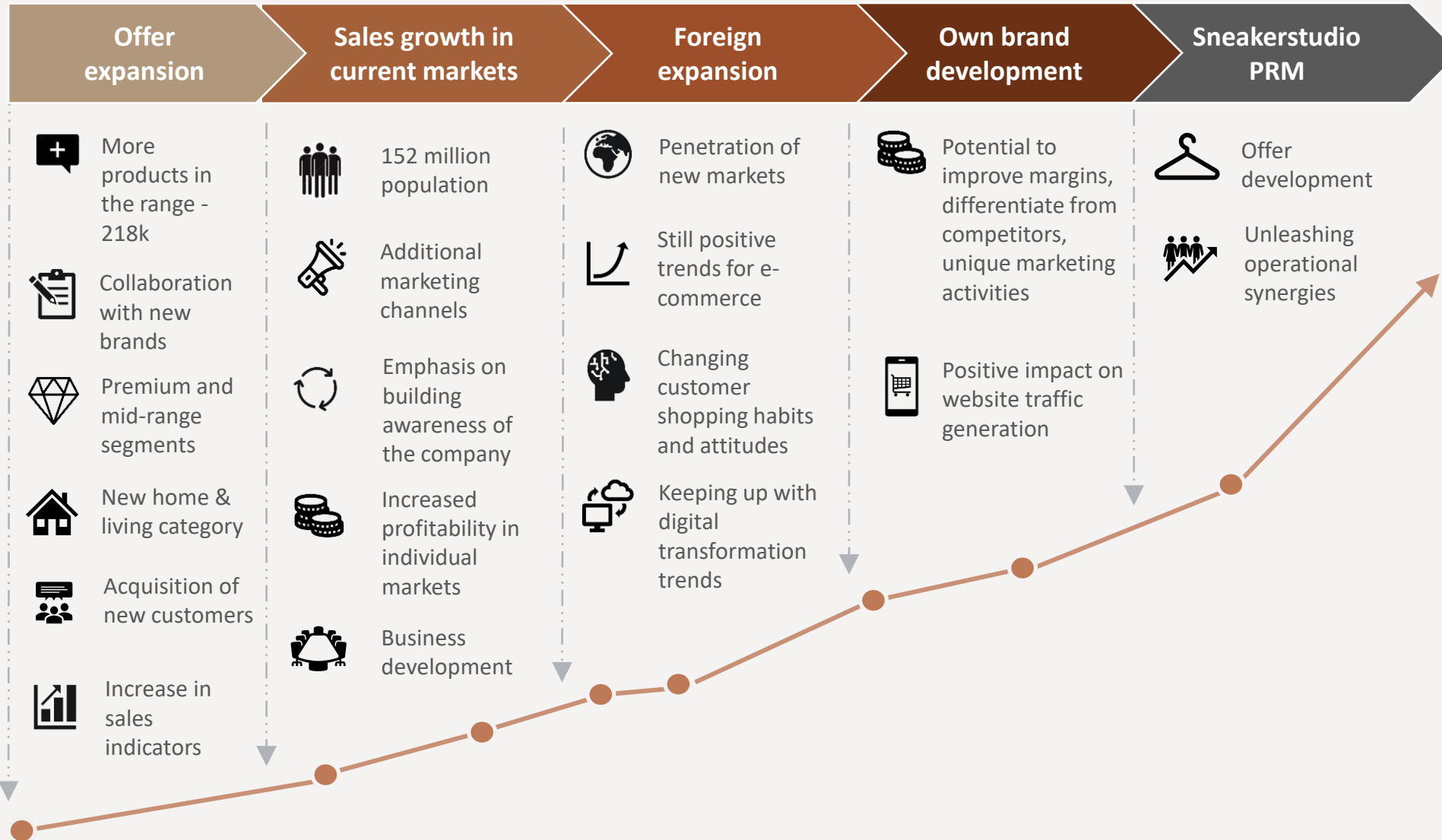


The fastest delivery time



DEVELOPMENT STRATEGY

Strategy and development outlook



#ResponsibleFashion, #ResponsibleEmployer, #ResponsibilityForTheEnvironment

Identified Objectives:



✓ Packaging are created in 71% from recycled materials



✓ With Guaranteed Renewable Energy Sales Certificates - Answear has been able to reduce its carbon footprint in the 2nd range of emissions



✓ The total value of donations made to charity in 2022 amounted to more than PLN 1.3 million



✓ Animal fur is not sold under the Fur Free Retailer program at Answear.com



✓ In accordance with the Human Rights Policy and the Labor Issues Policy, employees are hired on the basis of equal opportunity, regardless of age, gender, race, color, religion or origin



#StandWithUkraine



Girl Power



Wear&Share

SUMMARY

WHY ANSWEAR.COM?

- **Maintained high growth rate (52% growth of sales revenue in Q1 2023)** despite challenging market environment
- **Improved profitability** due to increased scale of business
- **Development of acquired brands PRM and Sneakers Studio** - fuel for further dynamic growth
- **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**

ANSWEAR.COM



**THANK YOU
FOR YOUR
ATTENTION**

FEEL FREE TO CONTACT US:

investor.relations@answear.com

p.strzyzewski@innervalue.pl

