

**answer.**

**LIFESPIRATION  
STARTS  
HERE.**

# **INVESTOR PRESENTATION H1 2023**

September 2023



# INTRODUCTION



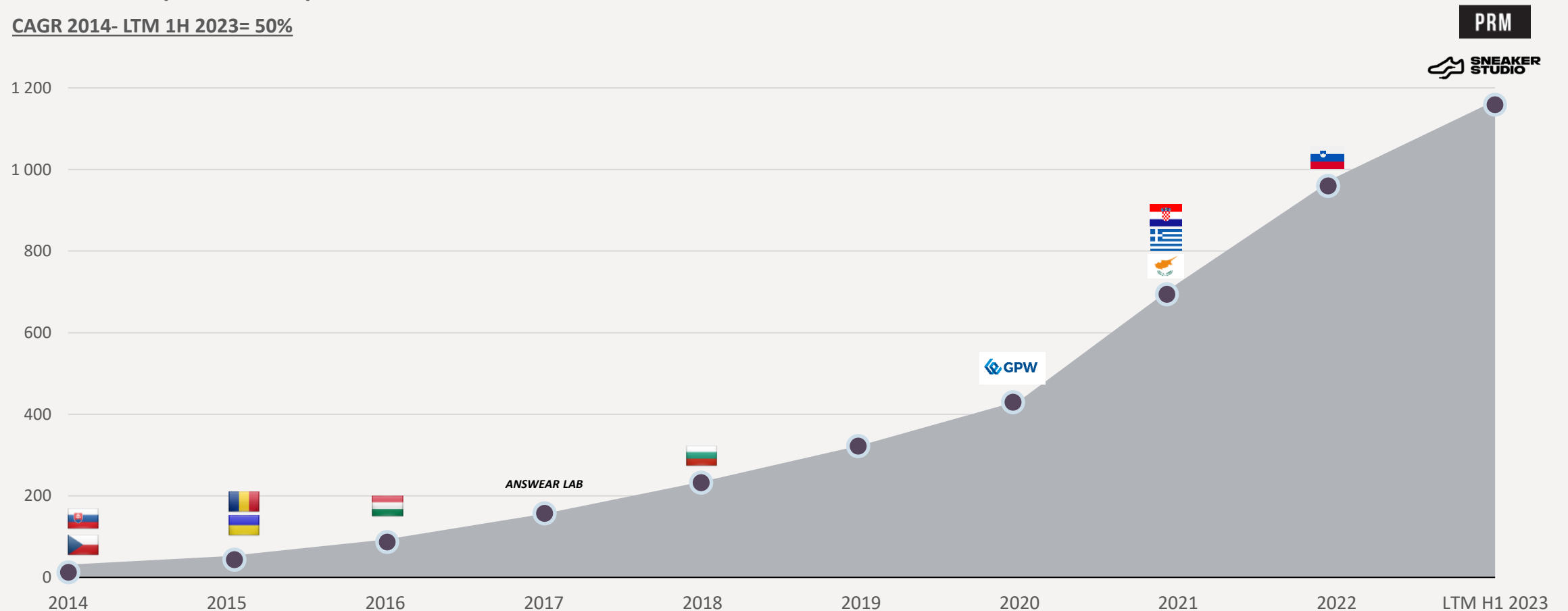
# FASTEST GROWING FASHION E-COMMERCE IN EUROPE

ANSWEAR.com

Passing the PLN 1 billion revenue mark with an average annual growth rate of 50% for nearly a decade

Online sales (PLN million)

CAGR 2014- LTM 1H 2023= 50%

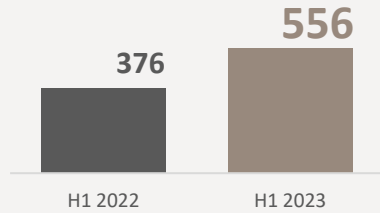




# SUMMARY H1 2023

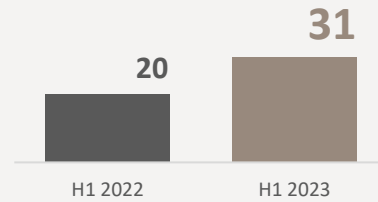
## Revenue (PLN million)

+48% y/y



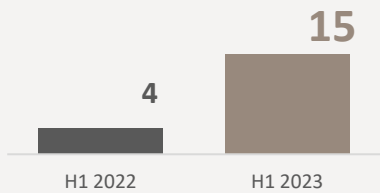
## EBITDA (PLN million)

+55% y/y



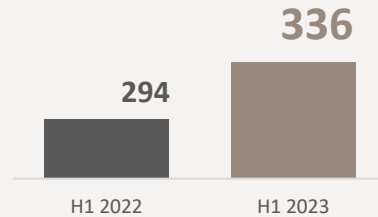
## Net profit (PLN million)

+282% y/y



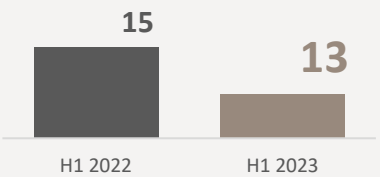
## AOV (PLN)

+42 zł y/y



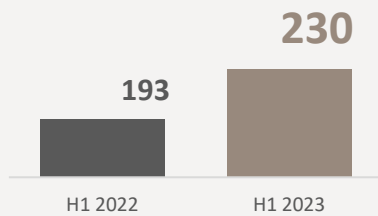
## % Logistics costs (vs. sales)

-2 p.p. y/y



## #colourmodels (thou.)

+19% y/y



# KEY EVENTS OF H1 2023

## MAINTAINING DYNAMIC GROWTH AND IMPROVED PROFITABILITY

- One of the fastest-growing e-commerce platforms in Europe in the fashion industry
- Online sales growth in H1 2023 of 51% y/y. (PLN 550.8 million)
- Improved margins, EBITDA in H1 2023 reached PLN 31.3 million
- Good performance of foreign markets

## ACQUISITION OF PRM AND SNEAKERSTUDIO

- Acquisition of Sneakerstudio and PRM brands - sales leaders in the sneaker & streetwear segment in Central & Eastern Europe
- Expansion of the company's business into new segments and customer groups
- Integration and operational success in the first weeks of operation - including relocating inventory, launching new domains, starting cross-selling activities and acquiring new brands
- Continuation of further integration process

## WIDE-RANGING MEDIA CAMPAIGN IN ALL MARKETS

- Campaign in wide-ranging media focused on building brand awareness
- Very good results of the marketing campaign, as for Poland, the reach built allowed to reach more than 1.5 million people from the target group





**ANSWEAR.COM**



# COMPREHENSIVE PRODUCT PORTFOLIO

answear.com

In 1H 2023 Answear.com had 230,000 modelocolors



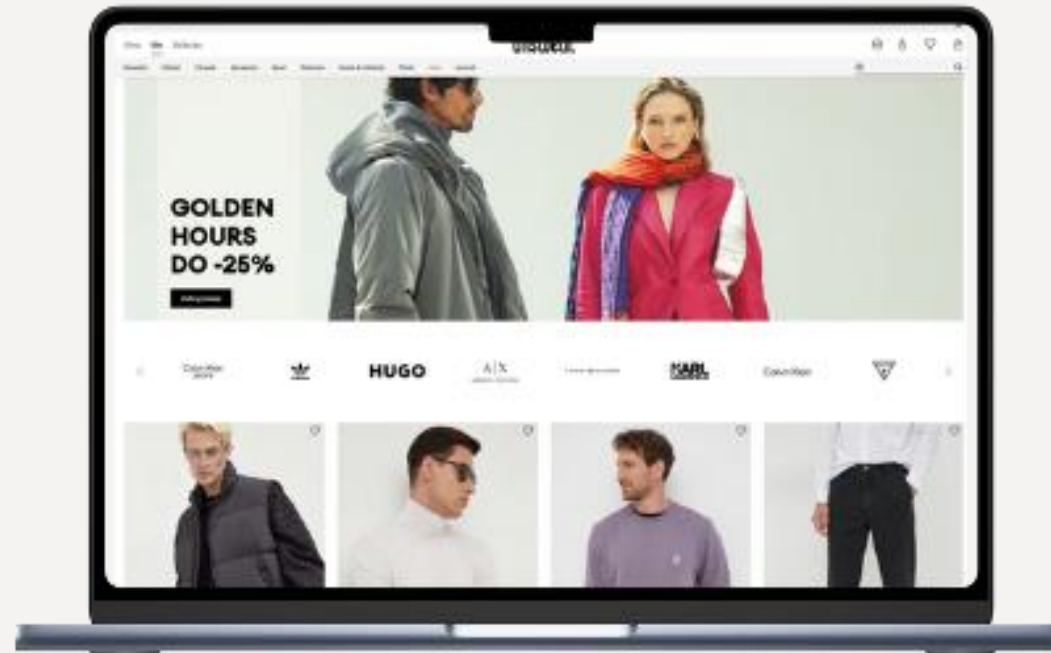
Apparel  
49%



Footwear  
30%



Accessories  
21%



58%

Premium brands



29%

Mid range - commercial



13%

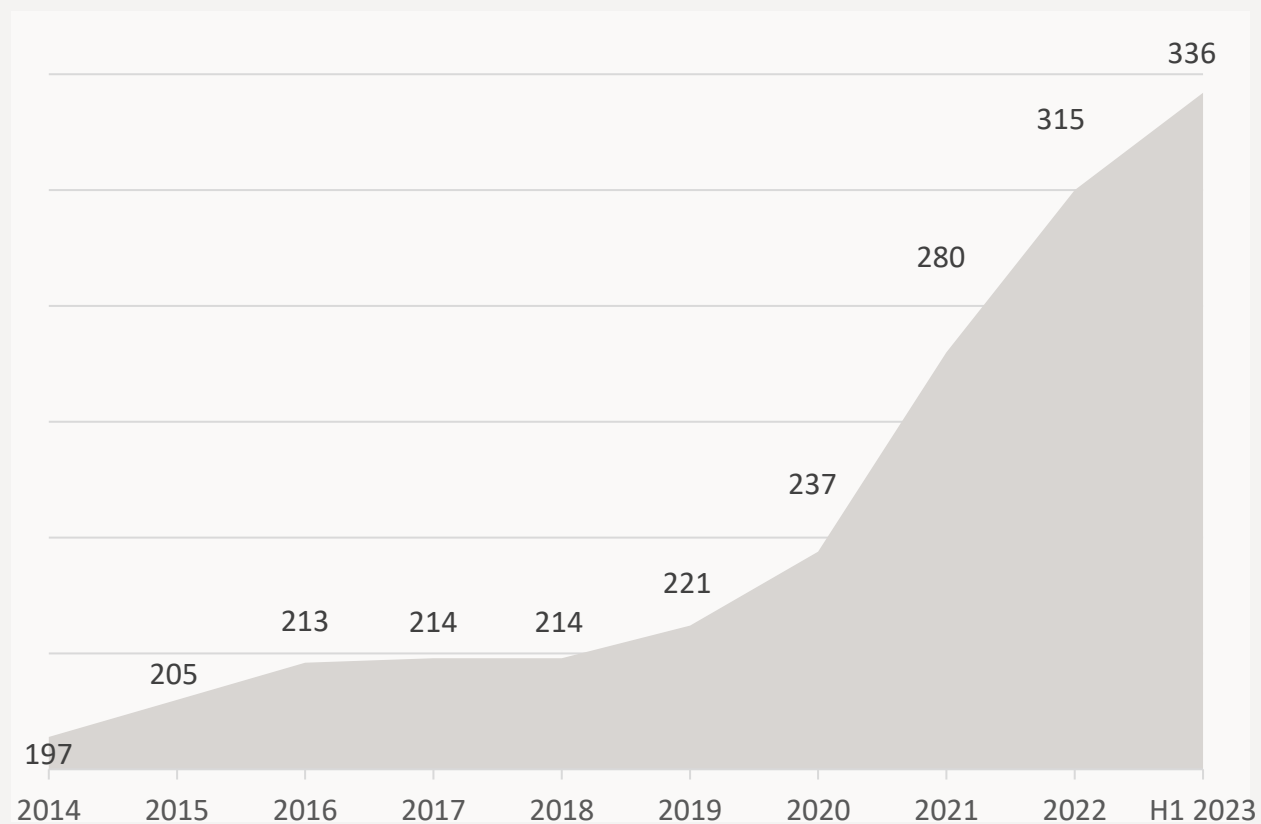
„Entry” segment brands



# CONSISTENT IMPROVEMENT IN AOV

The constantly increasing average order value as the result offering development, especially in the premium segment.

Average order value (PLN)



ANSWEAR.com





# FULL CONTROL OVER KEY E-COMM PROCESSES.

ANSWEAR.com

## LOGISTICS



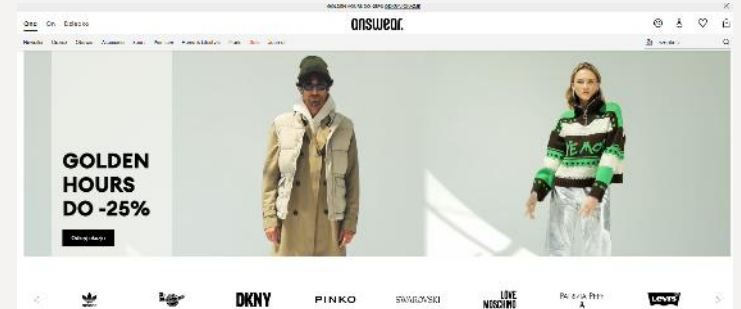
- Central warehouse in Kokotow (near Cracow)
- 39,000 sqm (with gradual sublease of unused space)
- 500 million GMV - potential revenue, 4-story mezzanine level
- Answear.com has local logistics centers and uses local couriers to offer the fastest and cheapest delivery in the region.

## PHOTO-VIDEO STUDIO














- In-house photo/video facilities of 6,800 sqm including 11 photo/video studios, 2 image content studios
- Answear.com individually does photo shoots of new products. In addition, the vast majority of them have video, which distinguishes the company from its competitors and improves purchase conversion.

## E-COMMERCE APP AND PLATFORM



- Enhanced platform and mobile application offered in all markets where Answear.com operates
- The platform uses the latest technology and modern technical infrastructure
- Features high UX, responsiveness and an improved shopping process.

										
24h*	1-2 days*	1-2 days	1-2 days	4-9 days	2-5 days	2-3 days	3-6 days	1-3 days	1-3 days	7-9 days

\*working days

**PRM**

**ENTERING A NEW  
SEGMENT OF LUXURY  
SNEAKERS &  
STREETWEAR**



# SNEAKERSTUDIO AND PRM ACQUISITION

## Carve out of Organised Business Part from Fashion Trends Group (FTG).



- **Market leader in sneaker footwear** and streetwear sales in the mid-premium segment in Poland and Ukraine and the second largest sneaker store in CEE
- 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 offering **luxury streetwear & fashion products targeting the millennial and GEN-Z generation**
- **Unique product offer** including top-shelf adidas or brands known and appreciated in Western Europe such as **Marni, Y-3, Rick Owens, A.P.C., MISBHV or A-Cold-Wall**
- Products are sold through a global website and a stationary boutique in Warsaw.

\*Organised Business Part



### Transaction structure

- Payment with 350,000 Answear.com shares and 100,000 convertible warrants until 2033.
- Preliminary calculation of net assets as of the acquisition date is -6.9 million PLN
- Adoption of an incentive program for FTG shareholder Mr. Lukasz Lepczynski - according to the agreement up to 250,000 shares
- The issue price was set at PLN 29 per share/subscription warrant



## Key features

### Rising popularity

The streetwear and sneaker market is experiencing rapid growth in popularity among young people around the world. Street culture and fashion have become extremely important aspects for young consumers looking for unique and stylish clothes and shoes.

### Collaborations and limited collections

Streetwear brands and sneaker manufacturers often collaborate with famous people, other brands and artists to create limited edition collections. These exclusive products are often highly coveted by collectors and fans, and their release becomes an important event.

### Expression of individuality

Streetwear and sneakers give people the opportunity to express their individuality and style. Consumers care about wearing clothes and shoes that are authentic, original and reflect their personalities.

## Streetwear entered the world of high-fashion

- High-fashion brands are collaborating with streetwear brands to make high-fashion brands even more desirable among younger generations, and for streetwear brands to gain luxury status
- Some streetwear brands, through their high price tag, are perceived to be luxury brands

**Gucci x The North Face**  
**Gucci x Adidas**  
**Prada x Adidas**  
**Jacquemus x Nike**  
**Tiffany x Nike**  
**Louis Vuitton x Supreme**

**2/3**

Customers say streetwear will not go out of fashion <sup>1)</sup>

**62%**

of customers specify that sneakers are the products they are most likely to purchase<sup>1)</sup>

**185 mld USD**

The value of the global streetwear market, which accounts for about 10% of the total global apparel and footwear market<sup>1)</sup>

**37 mld PLN**

Value of the Polish luxury goods market in 2022 (up 19% year-on-year)<sup>2)</sup>

<sup>1)</sup> Strategy& - Streetwear: the new exclusivity

<sup>2)</sup> KPMG – Rynek dóbr luksusowych w Polsce

# 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
- In-house developed 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



# EVEN STRONGER OUTREACH TO THE GENERATION Z

ANSWEAR.com

## Gen Z features

01. High purchasing awareness - greater appetite for good quality products
02. A strong need to stay in line with current cultural trends - fashion trends matter less than staying in line with one's circle of friends or social media trends
03. A truly 'omnichannel' customer - the need to reach customers through an efficient online but also offline experience, which positively impacts the growth of alternative/niche brands
04. A shift away from elegant forms of dress-code towards comfort, looser clothes and comfortable sneakers
05. Growing need for work-life balance and meeting one's material needs
06. According to the KPMG report, Gen Z buys things with the greatest frequency and collects clothes and seeks limited editions

## 50% of global consumption

this percentage of global consumption will be the responsibility of the Gen Z generation together with the millennials in 2025

**3x**

## faster rising expenses

of current 20-year-olds and representatives of the Alpha generation than older age groups<sup>1)</sup>

<sup>1)</sup> Deloitte

<sup>2)</sup> Bain & Company



# UNLEASHING OPERATIONAL SYNERGIES

## Use of a shared customer base

- cross-selling activities

## Optimization of marketing activities

- Use of IT tools and systems, marketing tools, analytical tools

## Margin improvement

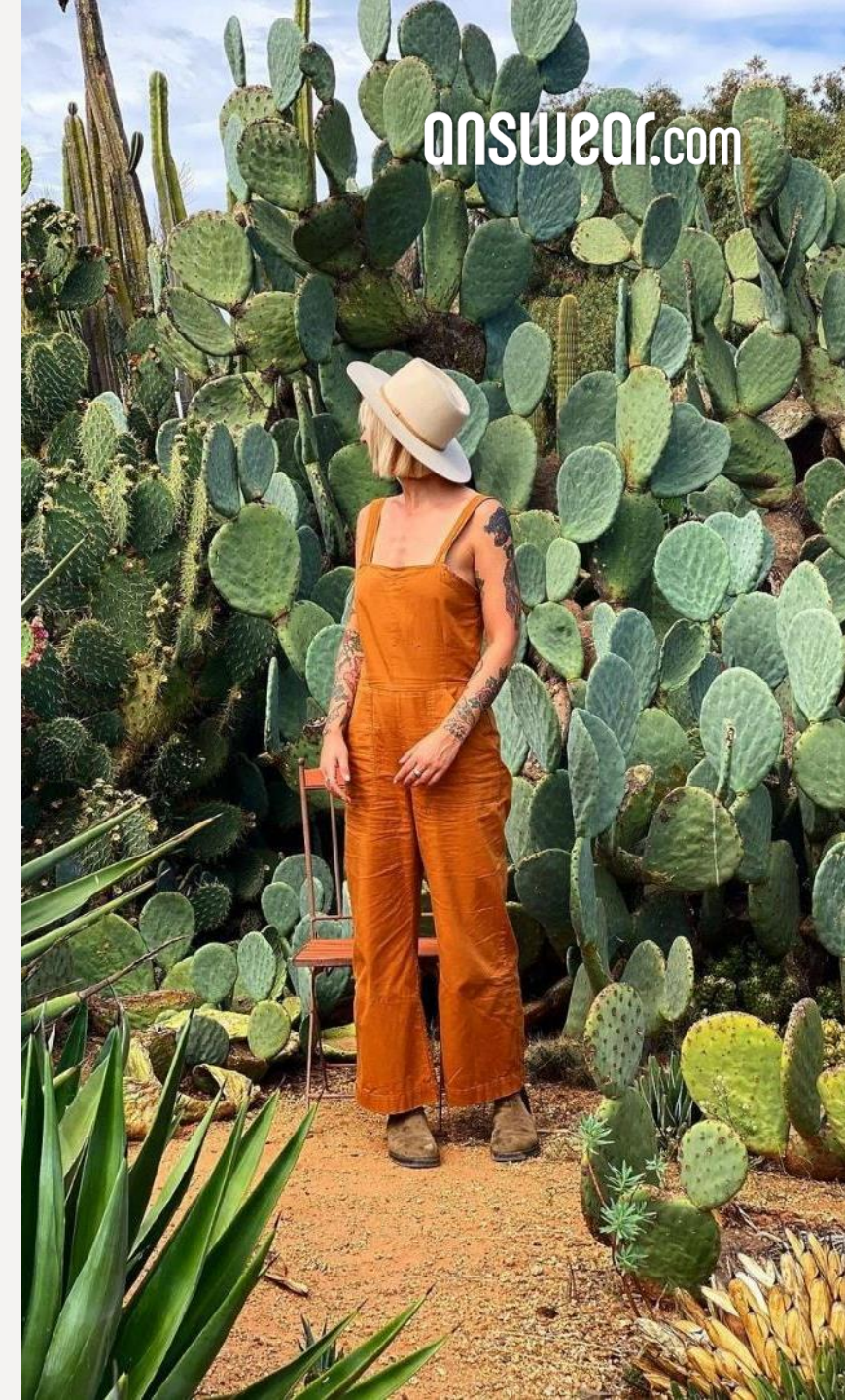
- due to the scale of business and greater purchasing power
- negotiation of commercial terms with key partners

## Cost optimization

- costs of the purchasing and product management department
- costs of delivery to customers
- costs of warehousing and warehouse operations (receipt/dispatch/return of goods)
- marketing activities
- creation of product and marketing content
- fixed costs

## Strengthening the product offering

- increase the potential to further expand the offer and acquire valuable brands for distribution - as of June 30, 2023, there were 160 brands in PRM's offer, of which 6 new brands were acquired in the first month after the acquisition
- sharing inventory
- improving product rotation
- strengthening the product offer on Answear
- wzmocnienie oferty produktowej na stronie Answear



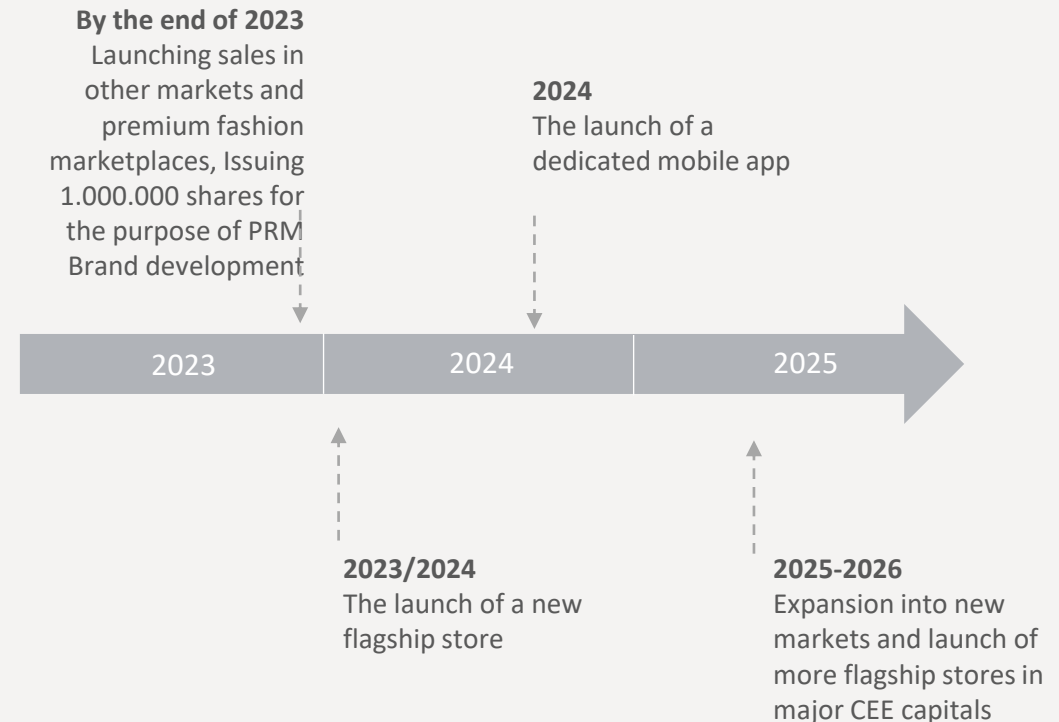
# FIRST SUCCESSES AND THE PLAN FOR FURTHER ACTION

## Operational and integration success

June 2023

- ✓ Transportation of all PRM inventory to the central warehouse in Kokotow
- ✓ Launch of new 4 PRM sites built on e-commerce engine created by Answear.com
- ✓ Enabling cross-selling of PRM offer on Answear sites - 2.5 million PLN of sales on Answear sites
- ✓ Successful system integration and faster-than-anticipated
- ✓ rebuilding of the store's organic position
- ✓ Rebranding Sneakerstudio into PRM.com
- ✓ Acquisition of new brands for cooperation: Ambush, Common Projects, Fred Perry, Maison Kitsune, Pangaia.

## Further process roadmap





# One of the fashion e-commerce leaders in CEE





# POSITIONING AGAINST COMPETITORS



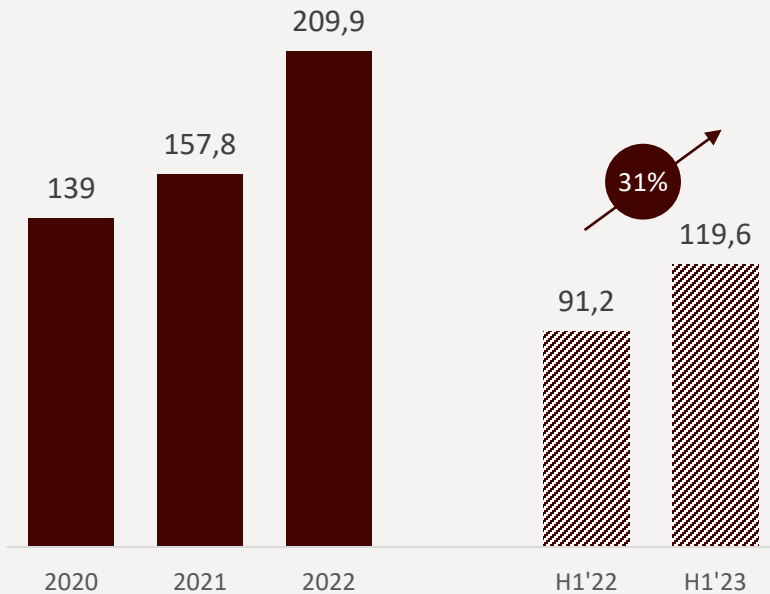
- Answear as a store offering selected brands and the best premium & lifestyle products, featuring fast and convenient delivery and the best customer shopping experience
- PRM as a leading store in the high-end fashion & streetwear segment featuring top global luxury brands and a wide range of high-end sneakers, including numerous limited collections

(1) Product specialization /Market fit: - Customer taste and needs - Specific target group - Level of customer service.

# KEY BUSINESS KPIs

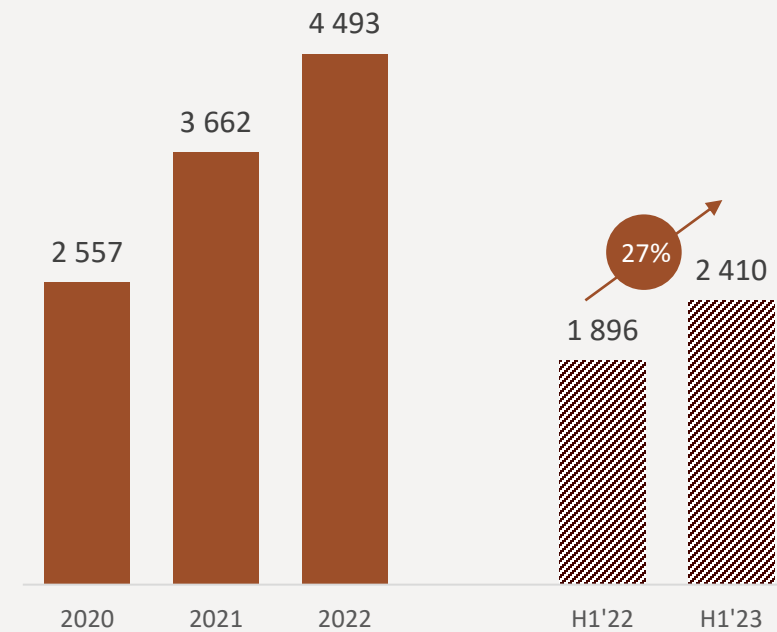
## Steadily improving KPIs despite large scale of business operations

Number of visits (million)



- Systematic increase in the number of visits to the platform, on average we recorded 20 million visits/month in 1H2023.
- Improvement in the share of visits in the mobile channel, driven by the launch of the mobile application in all EU markets

Number of orders (thou.)

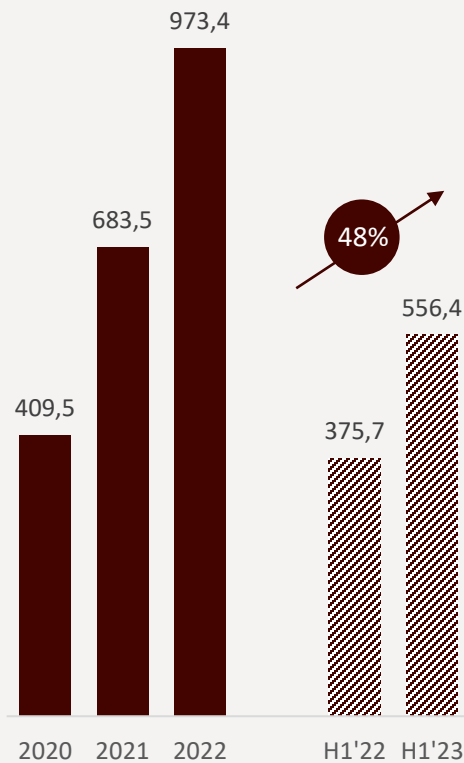


- The rapidly growing number of visits, despite a slight decrease in the conversion rate, translated into a dynamic increase in the number of orders

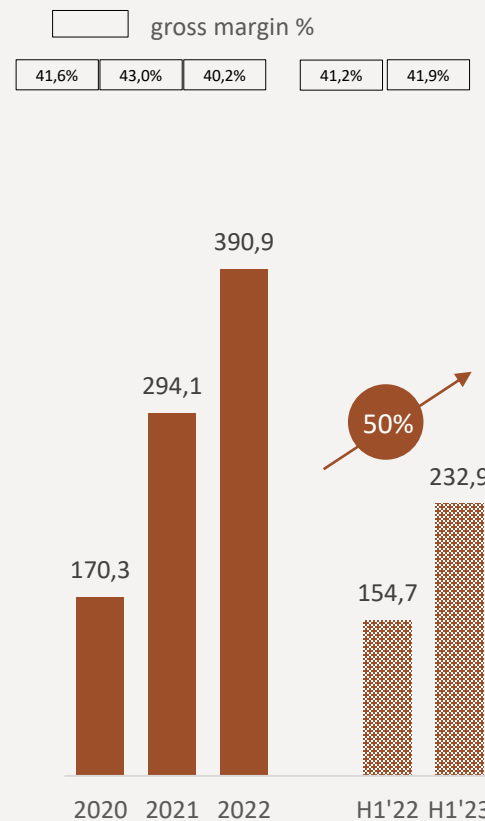
# FINANCIAL DATA

## Dynamic growth in revenue and profitability

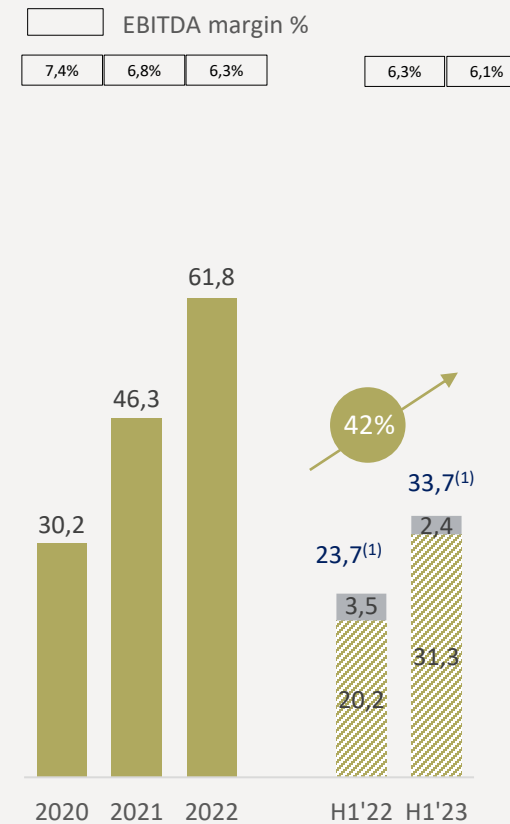
Total revenue (PLN million)



Gross margin (PLN million)



EBITDA (PLN million)



- Dynamic sales growth despite complex macroeconomic and geopolitical situation
- The margin on sales was 41.9%, an improvement of 0.7 p.p. over last year, and this despite a decrease in the share of sales on a commission basis and the devaluation of the hryvnia
- Increase in EBITDA due to increased sales, dilution of fixed costs and improvement in key operating performance indicators, despite increased marketing expenses and costs associated with the acquisition of PRM

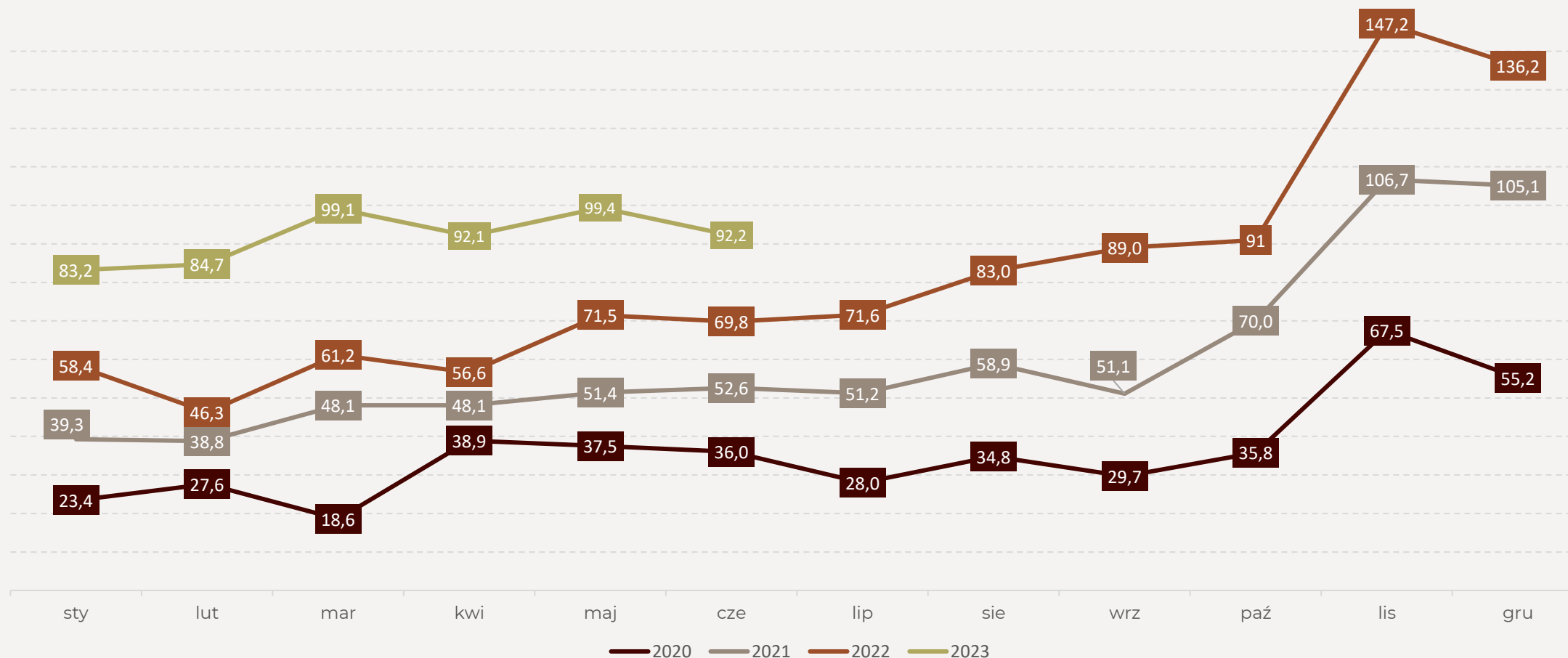
Explanation:

(1) Normalized EBITDA is the profit from operations excluding incentive program costs (which are non-cash expenses) and non-recurring events and plus depreciation and amortization



# ONLINE SALES

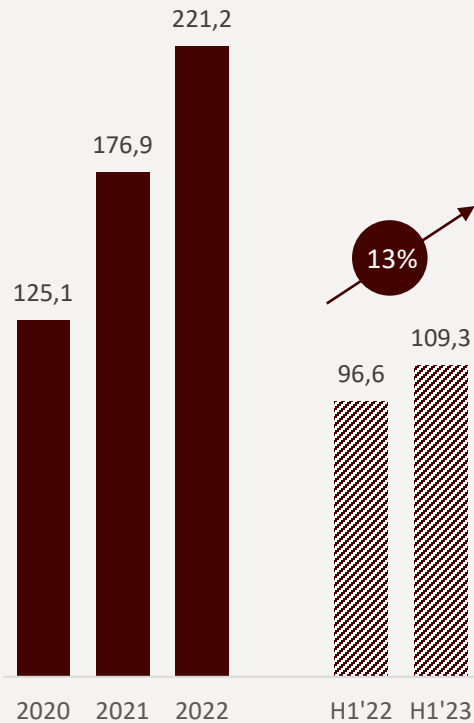
Steadily increasing online sales by month indicate consistent and sustainable strengthening of the brand's position in the market



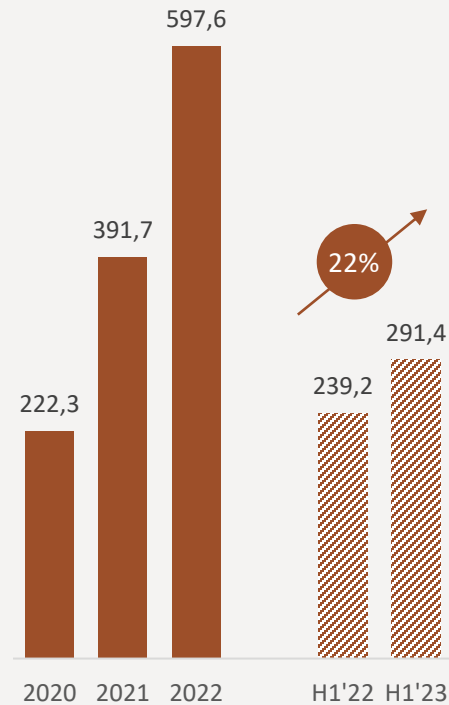
# GEOGRAPHIC DISTRIBUTION OF REVENUES

Diversification provides business stability and resilience to local turbulence

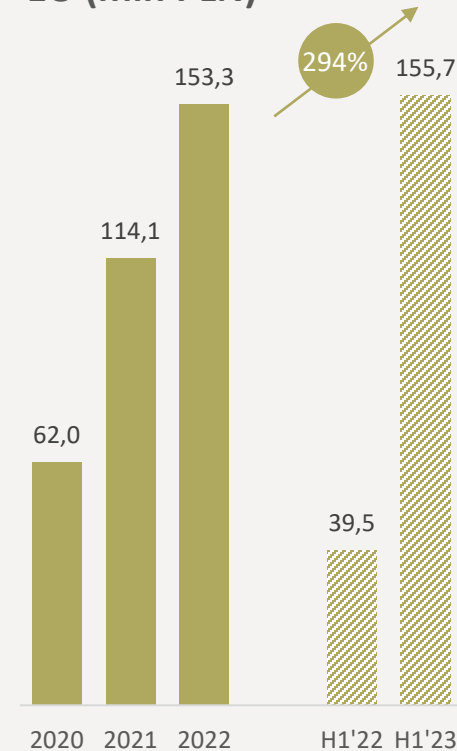
Poland (mln PLN)



EU countries outside Poland (mln PLN)



Countries outside the EU (mln PLN)

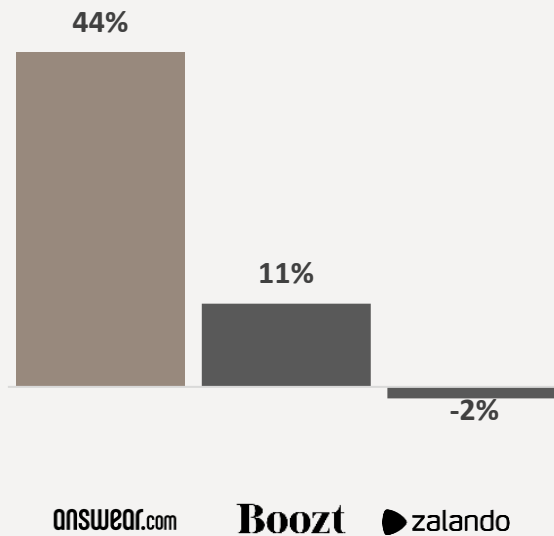


- Sales are geographically diversified, with a certain level of marketing budget we allocate expenses maximize the company's revenue
- Very good performance of Ukrainian market - Answear became fashion e-commerce leader on this market
- Poland accounts for 20% of total revenues

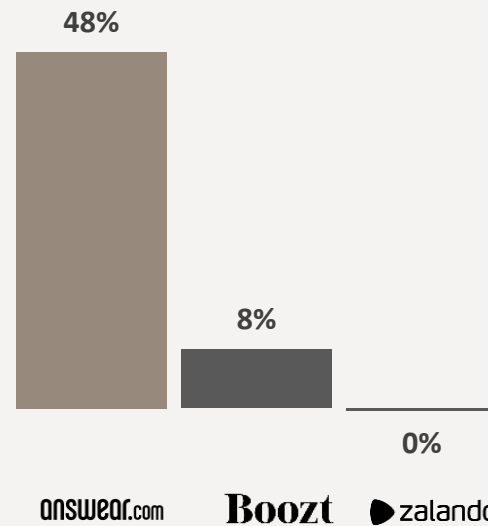
# ANSWEAR.COM VS. PEERSY

Fastest growing company in the sector

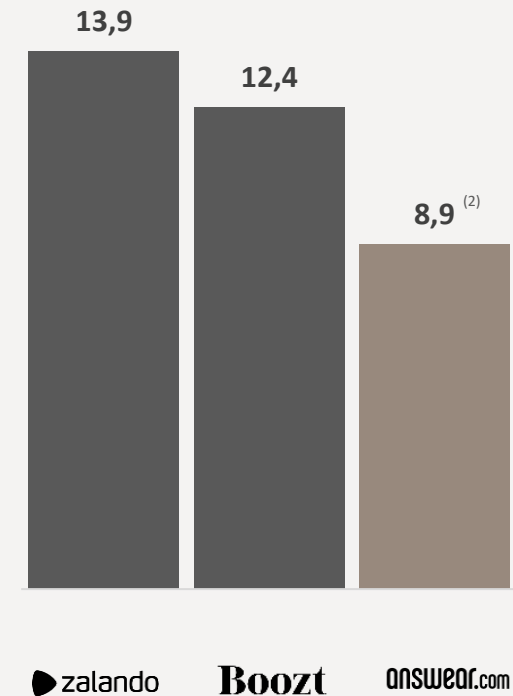
Revenue CAGR H1 21 – H1 23



Top-line dynamics in H1 2023 r.



EV/EBITDA multiplier <sup>(1)</sup>



Source: Stooq, Yahoo Finance, Investing.com, StockWatch.com

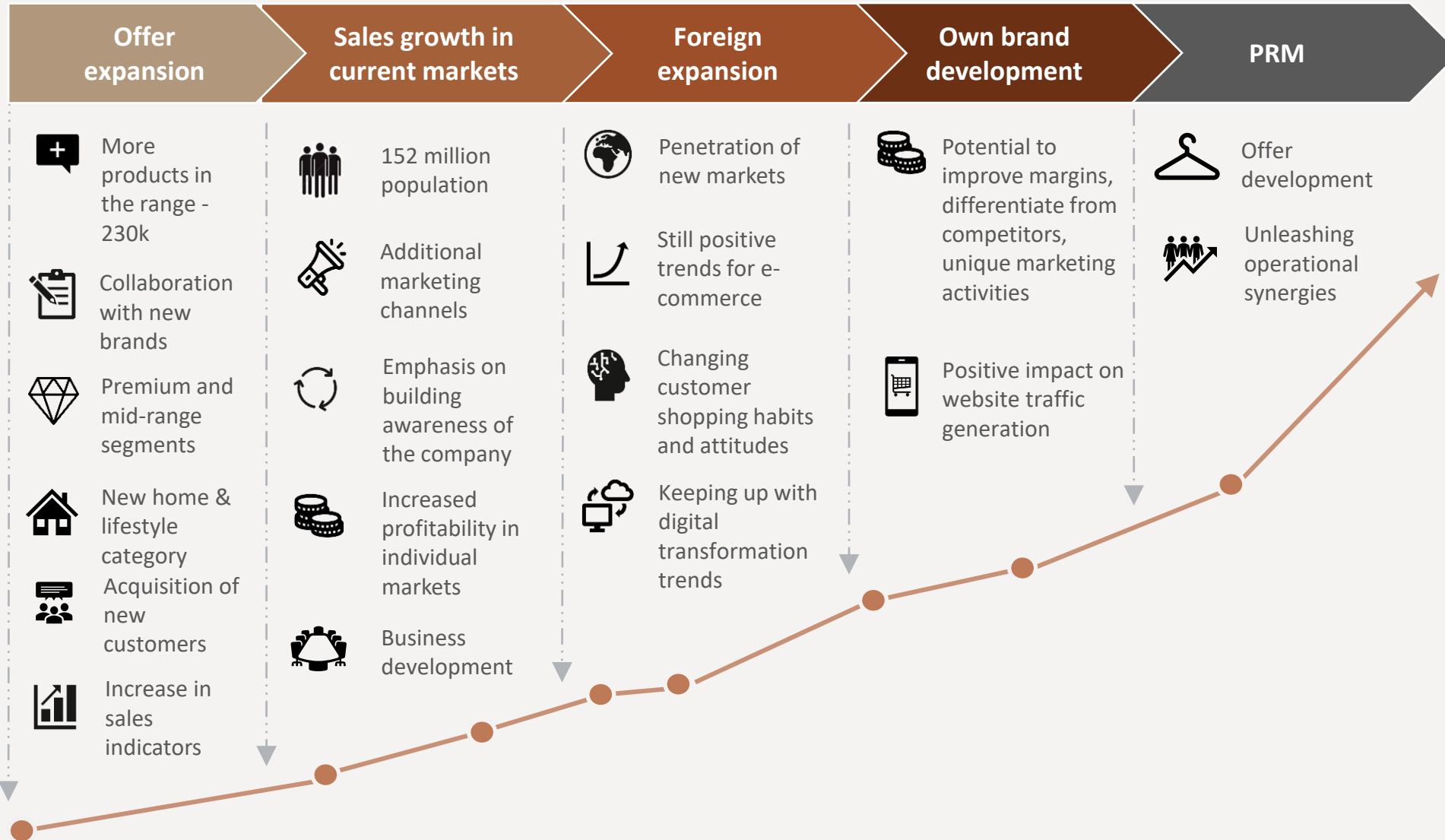
<sup>(1)</sup> Multipliers based on TTM data from Yahoo Finance for a given company

<sup>(2)</sup> Multiplier based on H1 2023 data (excluding IFRS debt) and capitalization as of September 22, 2023



# DEVELOPMENT STRATEGY

## Strategy and development outlook



# SUMMARY

## WHY ANSWEAR.COM?

01. **Maintained high growth rate** despite challenging market environment with significant **improvement in profitability** due to increase in business scale
02. **Development of the acquired brands PRM and Sneakers Studio** - fuel for further dynamic growth, differentiate from the competition, reach a **new group of customers** and enter a new segment of **luxury sneakers & streetwear**
03. **Potential of new markets** and **strengthening positions in old markets**, including the dynamic recovery of the Ukrainian market
04. **Steady increase in the value of the average order** resulting from the expansion of the product range and the growing share of premium brands
05. **Expanding the product range** - new brands, new product categories and the development of private label, enabling the company to **reach new customers more widely**





**THANK YOU  
FOR YOUR  
ATTENTION**

**FEEL FREE TO CONTACT US:**

[investor.relations@answear.com](mailto:investor.relations@answear.com)

[p.strzyzewski@innervalue.pl](mailto:p.strzyzewski@innervalue.pl)

