

answer.

# INVESTOR PRESENTATION 3Q 2023

November 2023

# INTRODUCTION



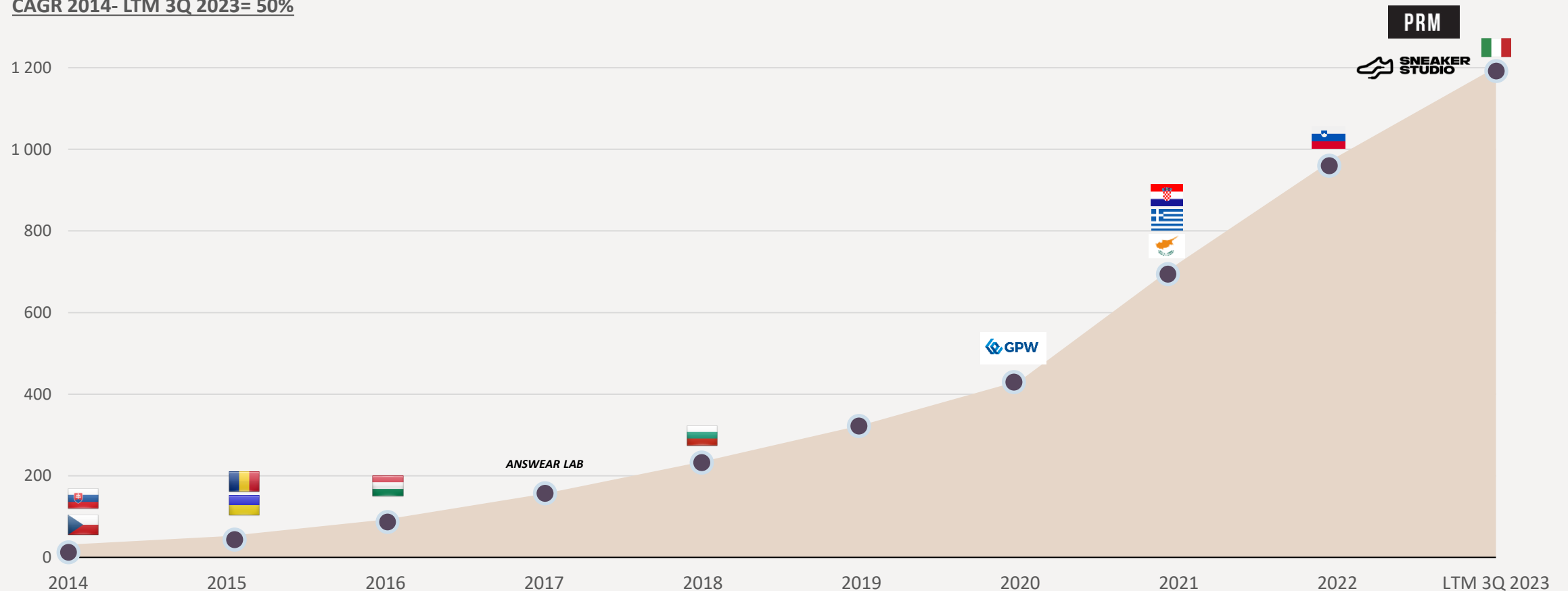
# FASTEST GROWING FASHION E-COMMERCE IN EUROPE

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 3Q 2023= 50%

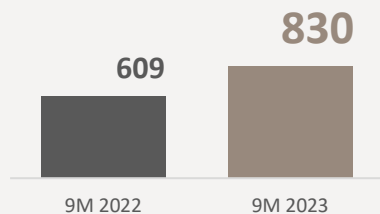




# SUMMARY 9M 2023

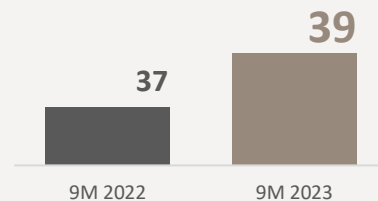
## Revenue (PLN million)

+36% y/y



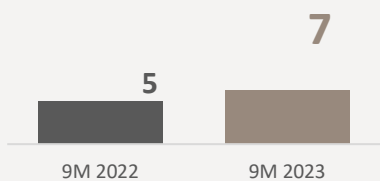
## EBITDA (PLN million)

+3% y/y



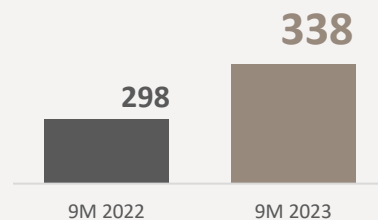
## Net profit (PLN million)

+25% y/y



## AOV (PLN)

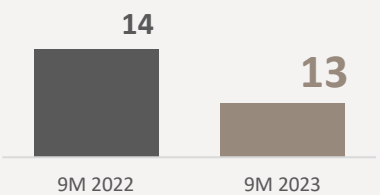
+40 zł y/y



## % Logistics costs

(vs. sales)

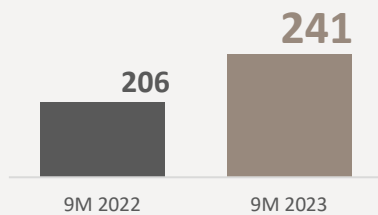
-1 p.p. y/y



## #colourmodels

(thou.)

+17% y/y



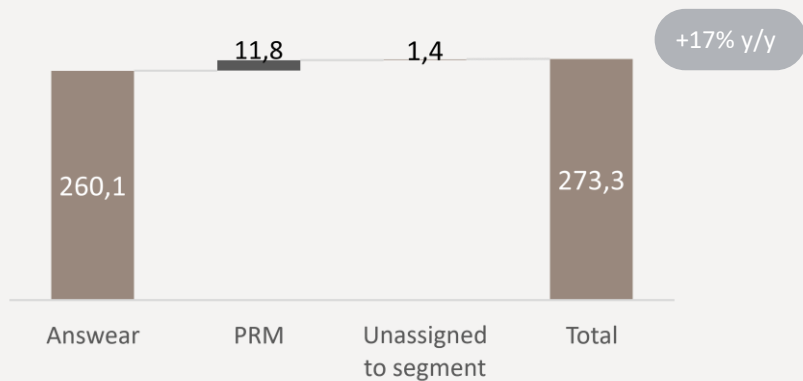
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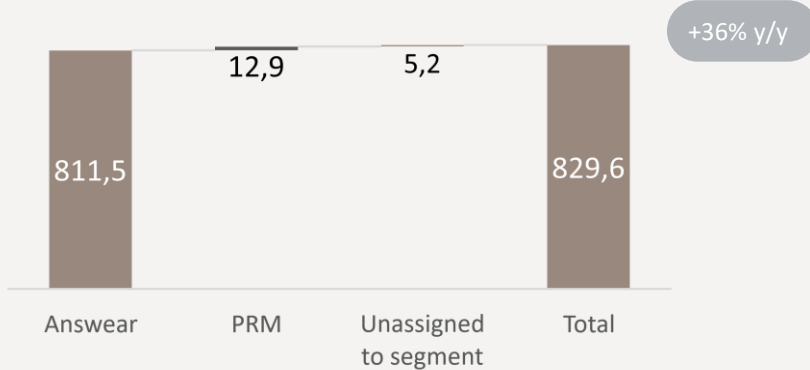
# FINANCIAL RESULTS SUMMARY

## Results under pressure from difficult market environment and PRM losses

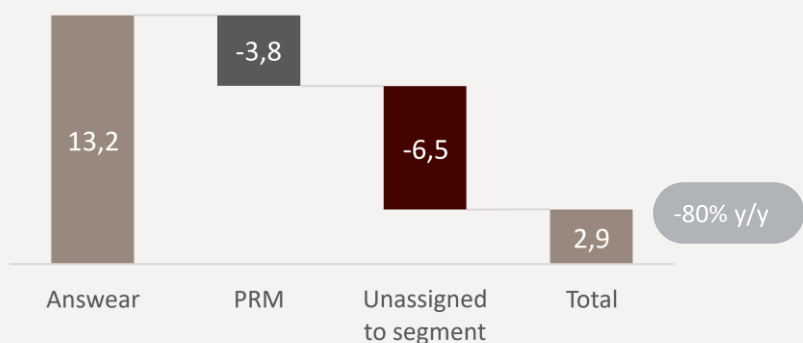
Revenues (PLN million)



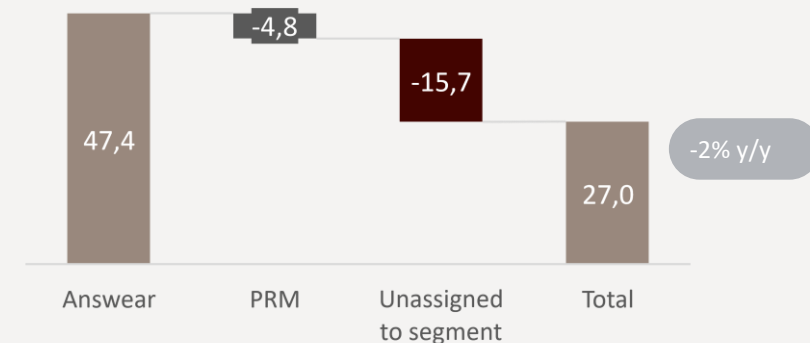
Revenue (PLN million) after 9M 2023



Operating profit (PLN million) in Q3 2023



Operating profit (PLN million) after 9M 2023



answer.

- Difficult macroeconomic conditions, economic slowdown and weakening consumer demand affect sales indicators
- Unfavorable weather conditions in the past quarter, with unusually high temperatures in September 2023 in Europe
- PRM generated a loss, contribution to profitability expected in 2024.
- Despite the mentioned negative factors, Answer posted 17% growth at the revenue level
- The results should be analyzed over a 9-month horizon, as the weak Q3 is also the result of higher-than-planned sales in H1

# KEY EVENTS OF 3Q 2023

answear.

## CONTINUATION OF DYNAMIC TOP LINE GROWTH

- One of the fastest-growing e-commerce platforms in Europe in the fashion industry, despite challenging market conditions
- Sales growth after 9m2023 by 36% y/y. (PLN 829 million)
- Good performance of foreign markets, especially the Ukrainian market

## DEVELOPMENT AND INTEGRATION OF PRM

- Acquisition of new brands for the product offering
- Launching in more foreign markets
- Continuation of further integration process

## RAISING PLN 29 MILLION FOR PRM BRAND DEVELOPMENT

- Conducting a share issue (SPO) of up to 1 million shares at a maximum price of PLN 29.
- Funds raised will be used to expand product offerings, opening and developing operations in new markets, as well as marketing expenses

## SIGNING OF LEASE AGREEMENT FOR FIRST B&M STORE

- The off-line store for Answear and PRM will be located in Norblin Factory in Warsaw.
- Entering on-site sales will provide better conditions for brand cooperation, as well as better customer outreach





**ANSWEAR.COM**



# COMPREHENSIVE PRODUCT PORTFOLIO

In 3Q 2023 Answear.com had 241,000 SKUs



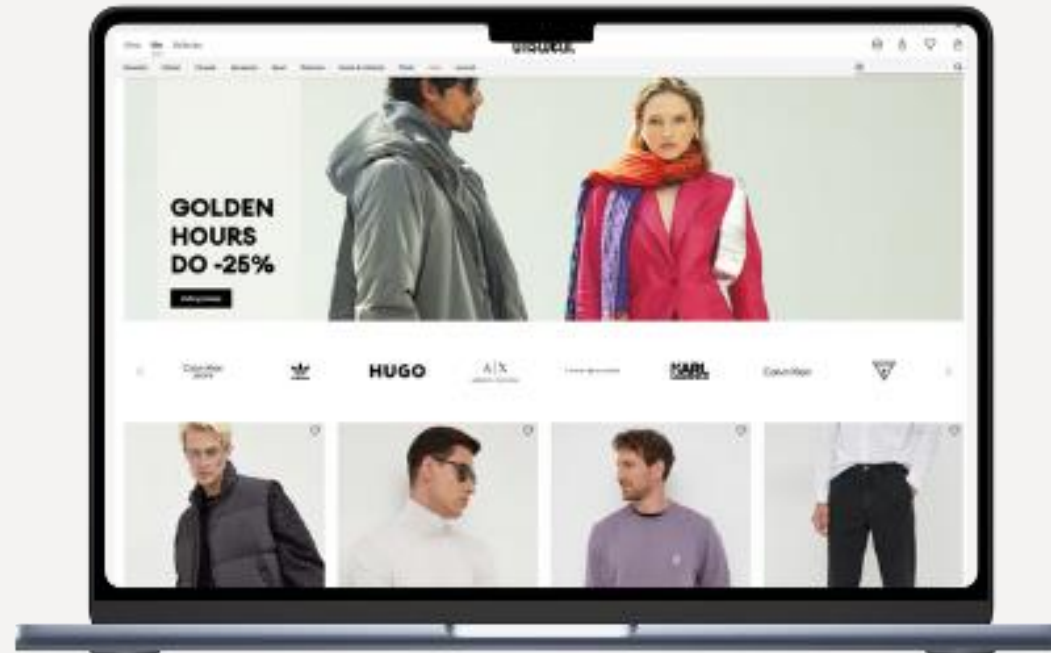
Apparel  
48%



Footwear  
30%



Accessories  
22%



59%

Premium brands



29%

Mid range - commercial



12%

„Entry” segment brands

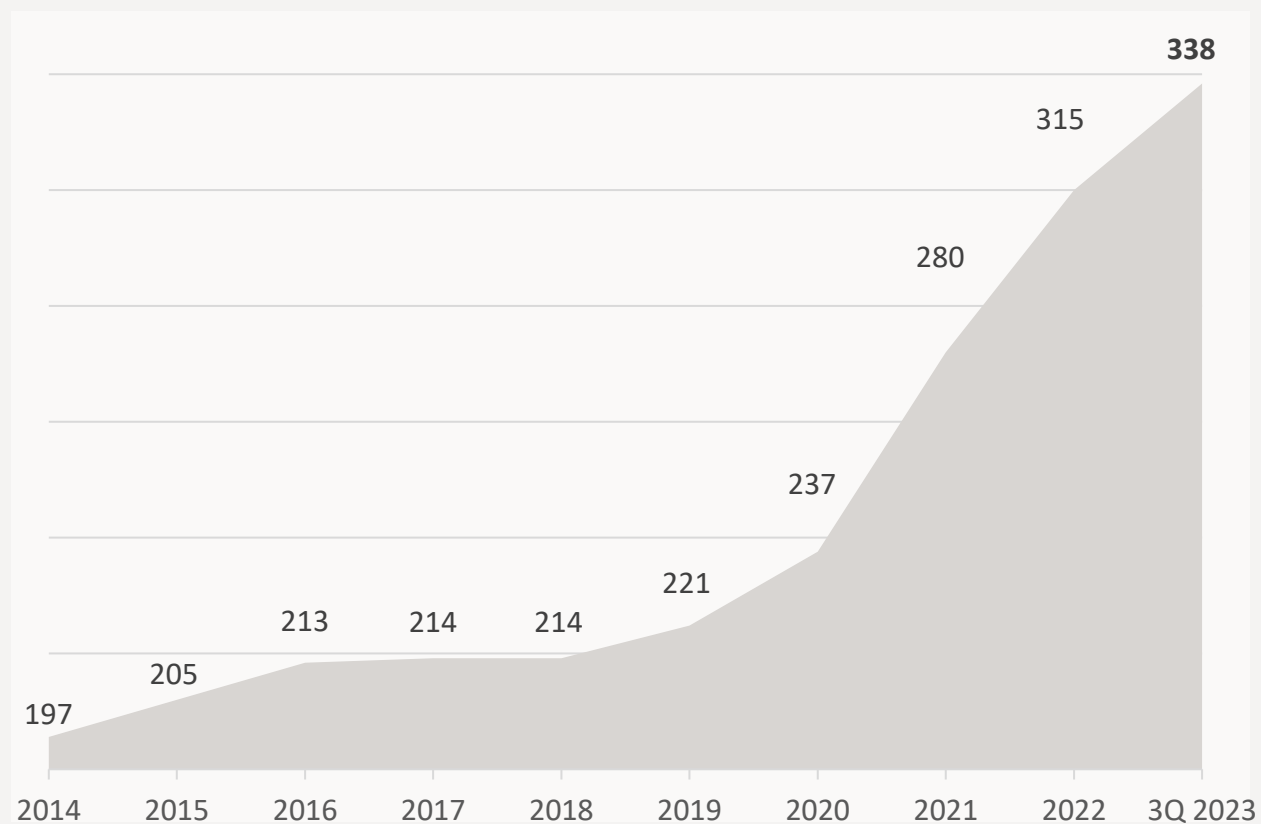




# CONSISTENT IMPROVEMENT IN AOV

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

Average order value (PLN)



answear.



# FULL CONTROL OVER KEY E-COMM PROCESSES

## LOGISTICS



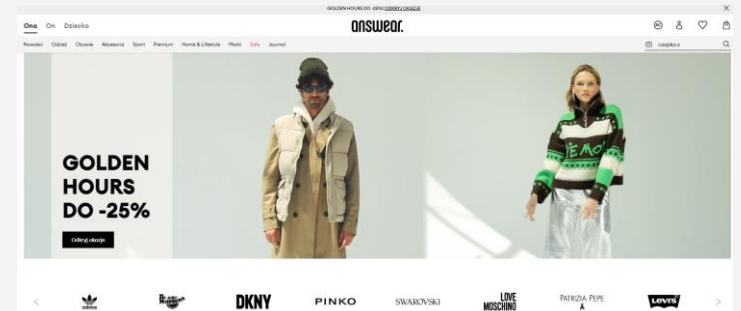
- Central warehouse in Kokotow (near Cracow)
- 39,000 sqm (with gradual sublease of unused space)
- 500 million GMV - potential revenue, 4-story mezzanine level
- Answear.com has a central logistics center and uses local couriers & local courier hubs to offer the fastest and the most cost-efficient delivery 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 created in-house for and scaled for all markets where Answear.com operates
- The platform uses the latest technology and modern technical infrastructure
- High UX, responsiveness and a smooth shopping journey process

|                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 24h<br>(work days) | 1-2<br>work days | 1-2<br>work days | 1-2<br>work days | 4-9<br>work days | 2-5<br>work days | 2-3<br>work days | 3-6<br>work days | 1-3<br>work days | 1-3<br>work days | 7-9<br>work days | 1-4<br>work days |

**PRM**

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



ONSWEAR.COM



# SNEAKERSTUDIO AND PRM ACQUISITION

## Purchase of Organised Business Part from Fashion Trends Group (FTG)

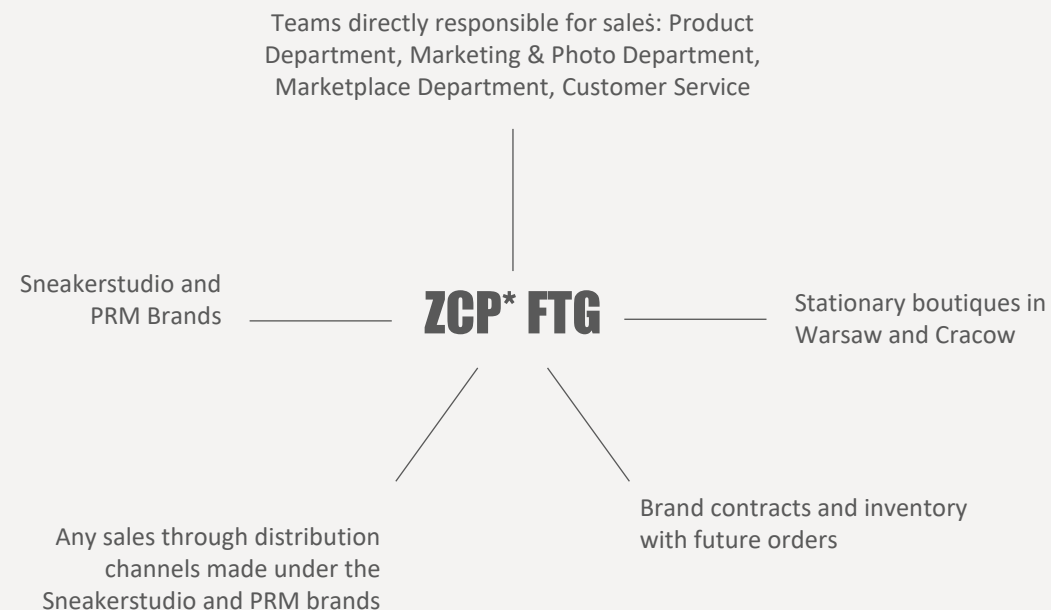


- **Market leader in sneakers** and streetwear sales in the mid-premium segment in Poland and Ukraine and the second-largest sneaker store in CEE
- Business covers **mainly CEE region**
- Key partner in the region for **adidas Originals, New Balance, Veja or Carhartt**

### PRM

- A new concept offering **luxury streetwear & fashion products targeting the millennial and GEN-Z**
- **Unique product offer** including top-shelf adidas or brands 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 flagship store 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 125,000 shares
- The issue price was set at PLN 29 per share/subscription warrant

# 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



## 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>

**USD 185 billion**

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

**PLN 37 billion**

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




# OBTAINING PLN 29 MILLION FOR DEVELOPMENT OF PRM

- Answear.com successfully conducted an SPO, in which it placed all shares and raised PLN 29 million.
- The funds raised will be used to expand the product offering, open and develop operations in new markets, as well as marketing expenses

## Acquired brands in PRM offerings in Q3 2023



## PRM's foreign expansion

|   |   |  |
|---|---|--|
|  June 2023  |  July 2023    |  September 2023 |
|  June 2023 |  July 2023   |  September 2023 |
|  June 2023 |  July 2023   |  November 2023  |
|  June 2023 |  August 2023 |  |

## Further PRM development plans

**By the end of 2023**  
Launching sales in other markets and premium fashion marketplaces

**2024/25**  
The launch of a dedicated mobile app

2023

2024

2025

**2023/2024**  
The launch of a new flagship store

**2025-2026**  
Expansion into new markets and launch of more flagship stores in major CEE capitals

**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

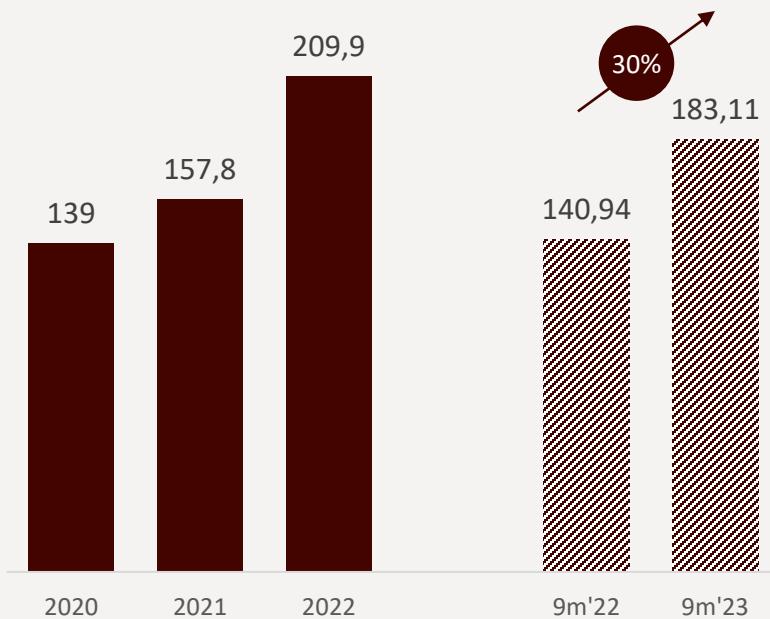
(1) Product specialization /Market fit: - Customer taste and needs - Specific target group - Level of customer service.



# KEY BUSINESS KPIs

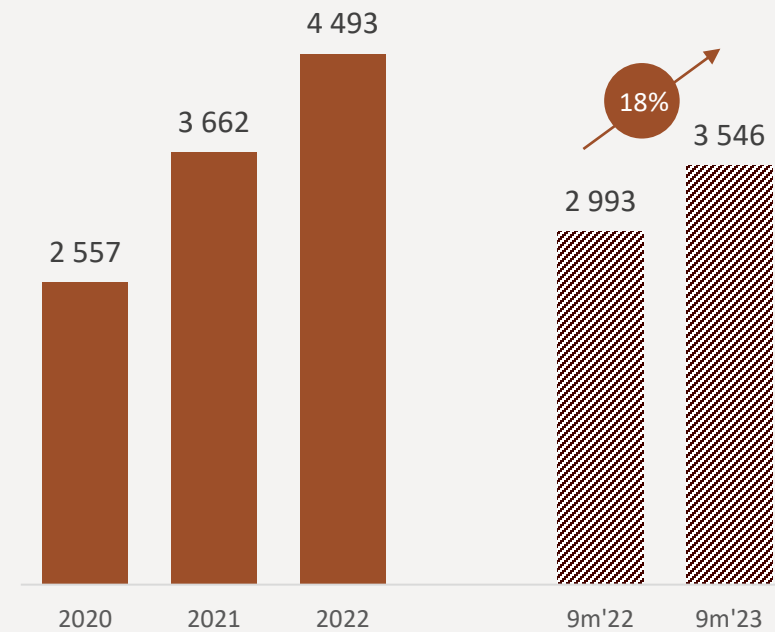
## Constantly improving KPIs despite large scale of business operations

Number of visits (million)



- Systematic increase in the number of visits to the platform, on average we recorded 20 million visits/month in 9M 2023.
- 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.)

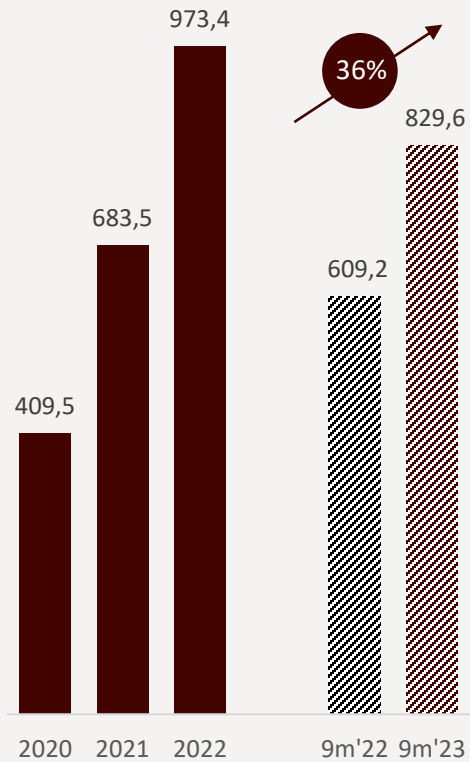


- The rapidly growing number of visits, despite a slight decrease in the conversion rate, translated into a dynamic increase in the number of orders

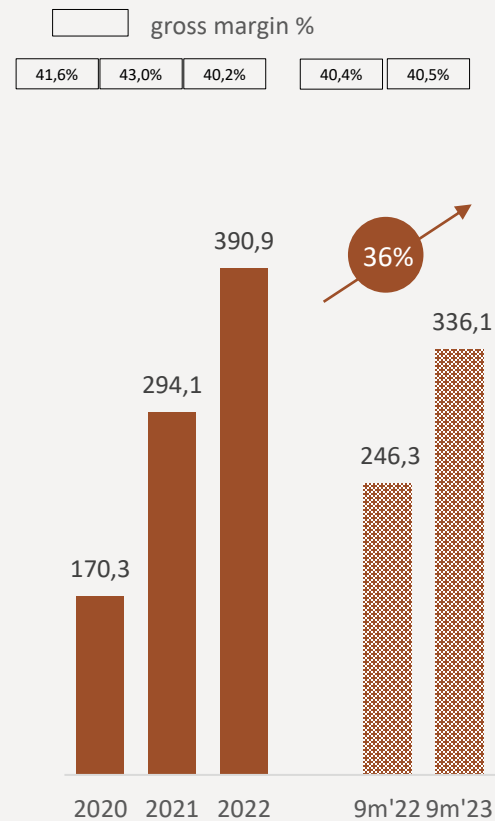
# FINANCIAL DATA

## Dynamic growth in revenue and profitability

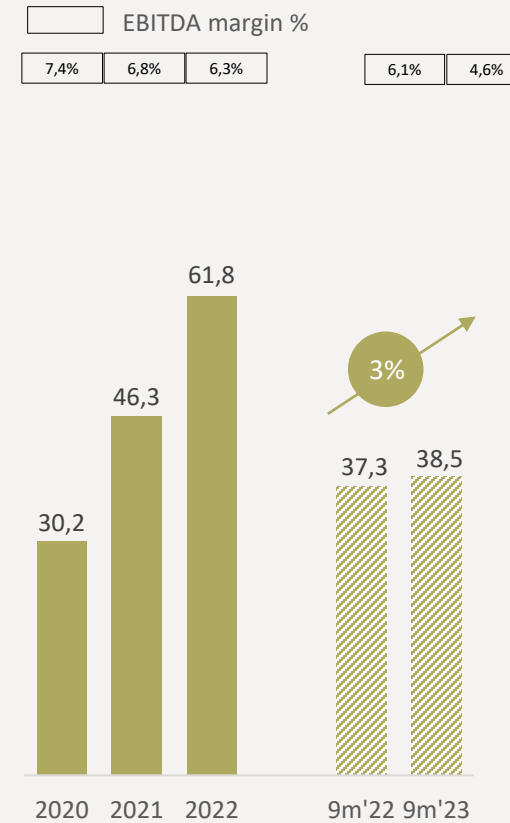
Total revenue (PLN million)



Gross margin (PLN million)



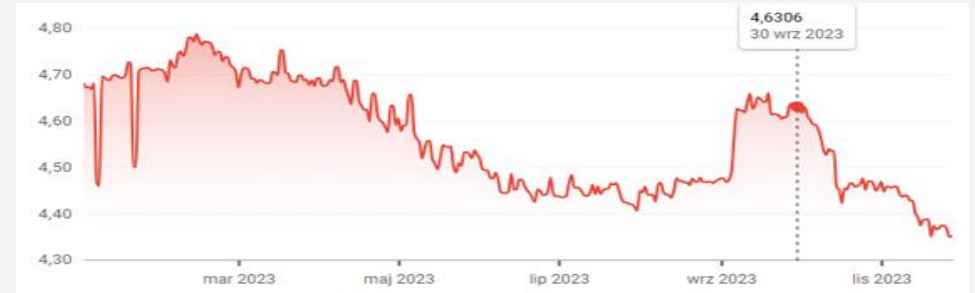
EBITDA (PLN million)



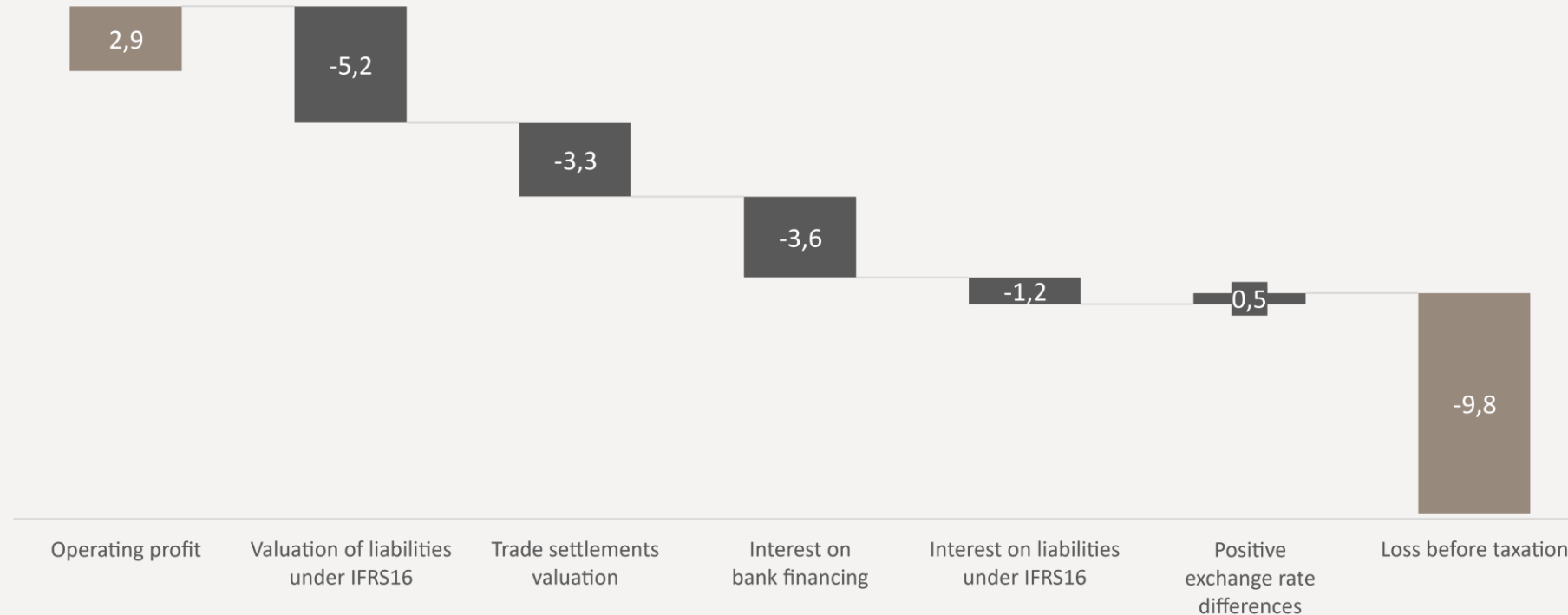
- Dynamic sales growth despite complex macroeconomic and geopolitical situation
- The margin on sales was **40.5%**, an improvement of **0.1** p.p. over last year, and this despite a decrease in the share of sales on a commission basis and the devaluation of the hryvnia
- Similar EBITDA level as last year. The result was pressured by lower than expected sales growth in Q3 and negative PRM profitability

## Q3 2023 profitability under pressure from foreign exchange differences

- A strong reduction in interest rates, unexpected by the market, weakened the PLN in the second half of September.
- Impact on Q3 financing costs through valuation of IFRS16 liabilities and valuation of settlements in foreign currencies (EUR)



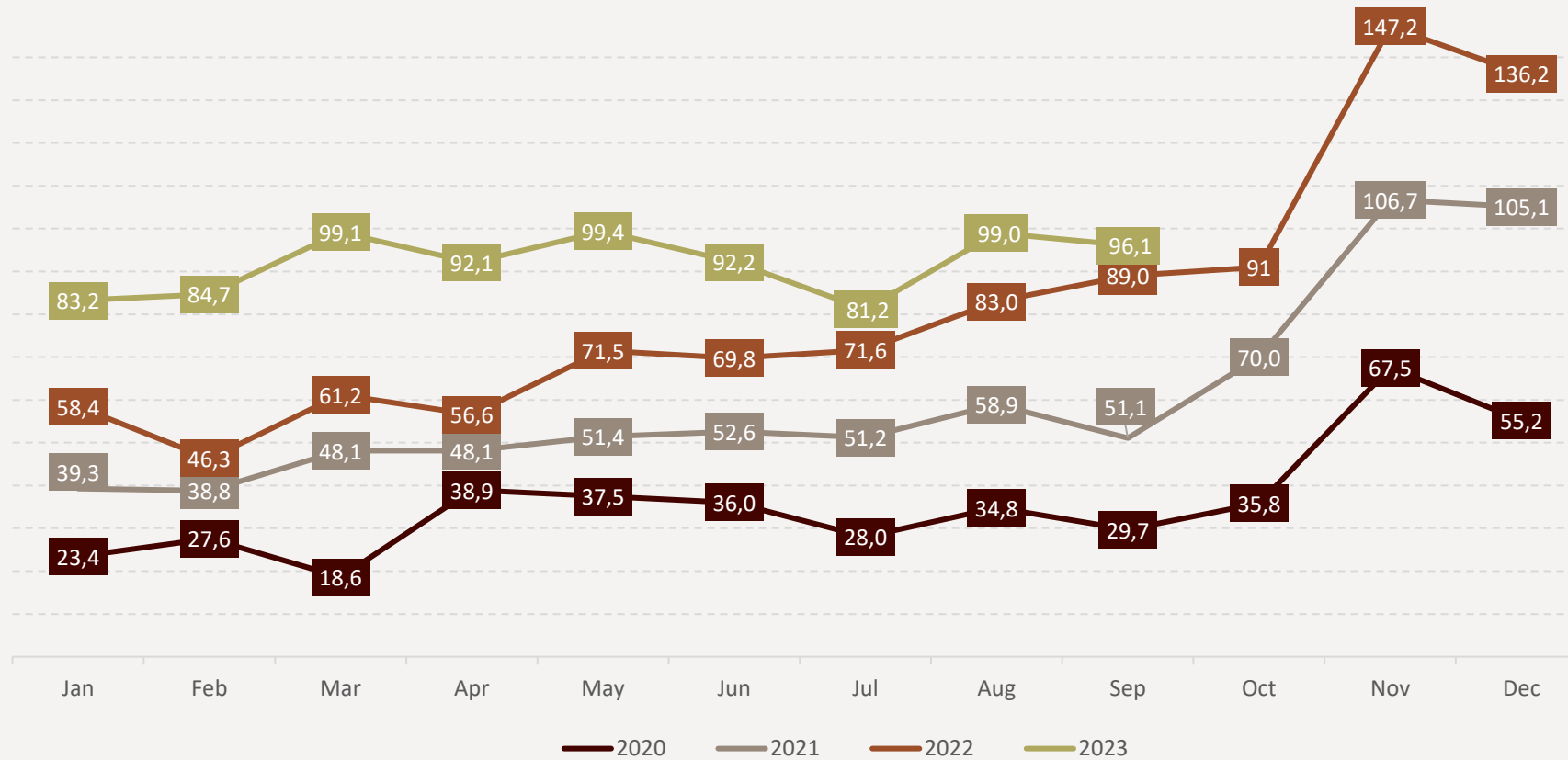
Financial costs (PLN million)





# ONLINE SALES

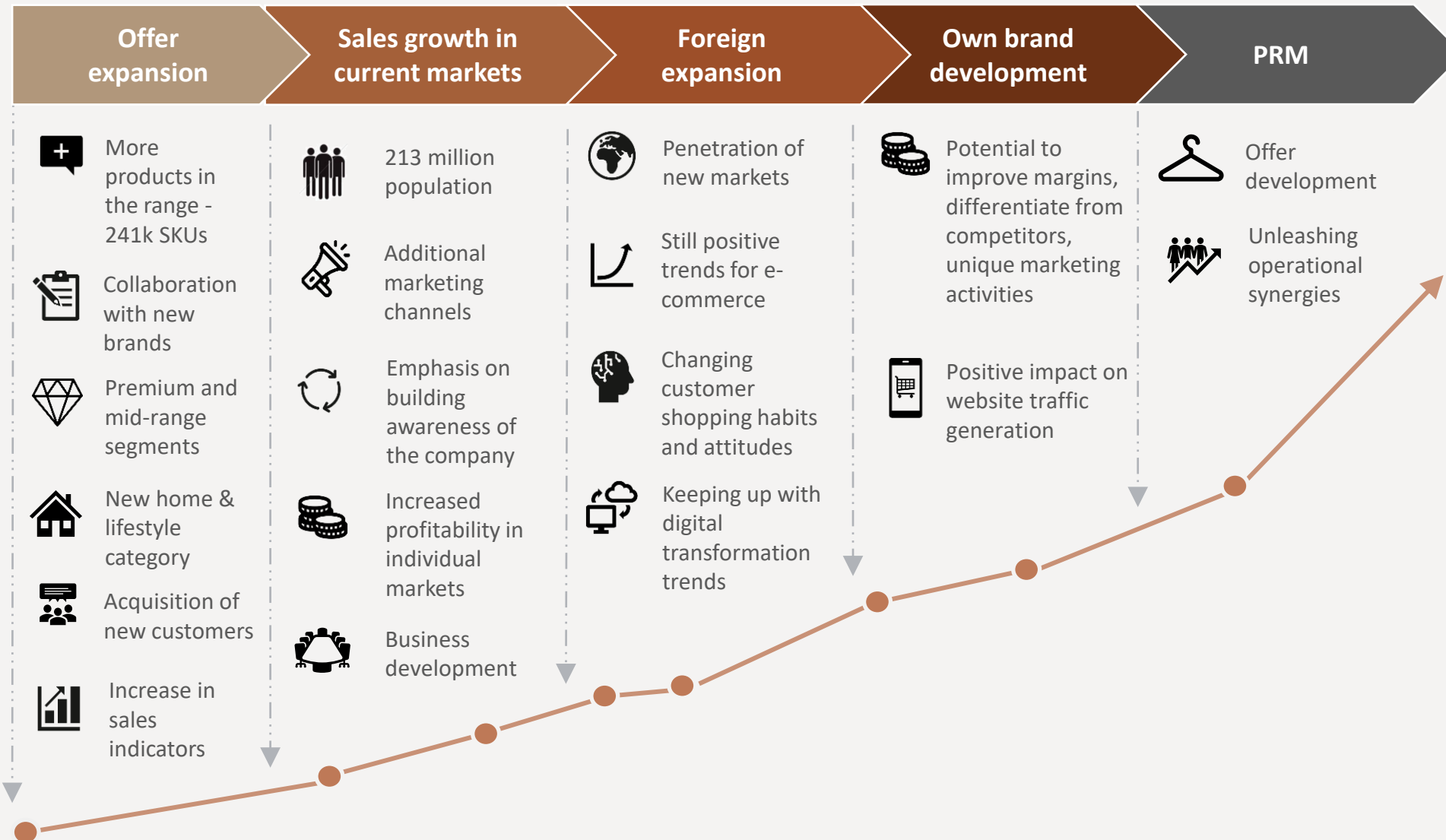
Constantly increasing online sales indicate consistent and sustainable strengthening of the brand's position in the market



- Weakening demand since mid-June seen in all CEE markets
- Summer sales period with a fierce price battle, which Answear entered with a sold-out SS23 collection after a very good first half of the year
- Record temperatures in September 2023:
  - The average air temperature in September 2023 in Poland was 17.7 degrees Celsius, as much as 3.9 degrees higher than the long-term average (1991-2020)
  - Poland is Answear's northernmost market

# DEVELOPMENT STRATEGY

## Strategy and development outlook



# SUMMARY

## WHY ANSWEAR.COM?

01. **Maintained high growth rate** despite challenging market environment despite challenging market environment and below-target performance in Q3 2023
02. **Development of the new store PRM** - 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:**

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**answear.**

A woman with dark hair is standing in a doorway, looking back over her shoulder. She is wearing a long, double-breasted houndstooth coat over a white top and white trousers. The background consists of dark vertical panels and a lighter wall.