

INVESTOR PRESENTATION 2023

March 2024

answer.



| 01

Introduction



KEY EVENTS IN 2023

01. **We are growing dynamically, increasing our scale of operations**, staying ahead of the competition and maintaining solid profitability despite the challenging market situation and a period of investment in PRM brand development
02. We **acquired the PRM brand and Sneakerstudio at a very attractive price**, so we entered a brand new prospective and **rapidly growing luxury-streetwear segment** and can **reach a new target group**
03. **We developed and invested in the PRM brand, including the launch of 12 online stores, sales development, and marketing**, which resulted in negative profitability, but will pay off in the future, as the premium segment can be counted on to achieve higher margins and transaction profitability
04. **We increased marketing expenditures by 44% to.**
 - The launch of the new **PRM brand** and
 - Answear's repositioning** to premium segment
05. **We have entered the Italian market.** It is our 12th market and the **first in Western Europe**
06. **We adjusted to the difficult market situation in H2 2023** by, among other things, flexibly managing procurement budgets, optimizing inventory, issuing 1 million shares, and prolonging and **raising bank financing capacities**



FASTEST GROWING FASHION E-COMMERCE IN EUROPE

We have surpassed PLN 1 billion in revenue with an average annual growth rate of 51% for nearly a decade

Online sales (million PLN)

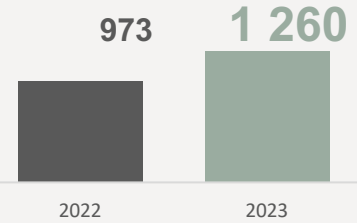
CAGR 2014- 2023 = 51%



GOOD RESULTS DESPITE CHALLENGING MARKET SITUATION IN 2023

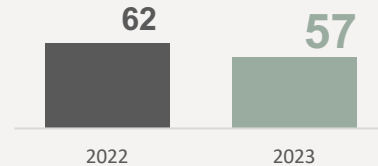
Revenues (million PLN)

+29% y/y



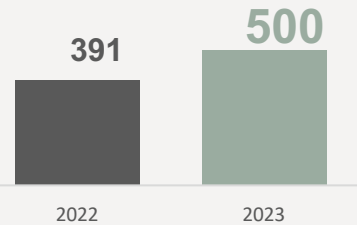
EBITDA (million PLN)

-8,5% y/y



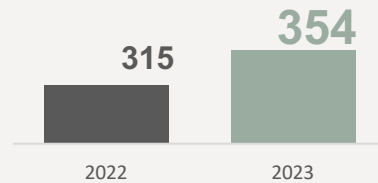
Gross margin (million PLN)

+28% y/y



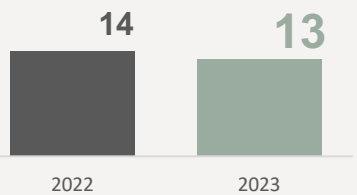
AOV (in PLN)

+39 PLN y/y



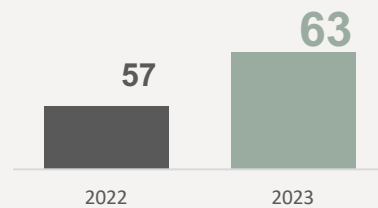
% of logistics costs (vs. sales)

-1 p.p. y/y



Share of premium brands in the offer (%)

+6 p.p. y/y



| 02

ANSWEAR.COM



WE HAVE A COMPREHENSIVE OFFER

In 2023, Answear.com had 225,000 SKU's and more than 820 global brands

PRM

~ 15k
SKU's

LAB

~ 10k
SKU's



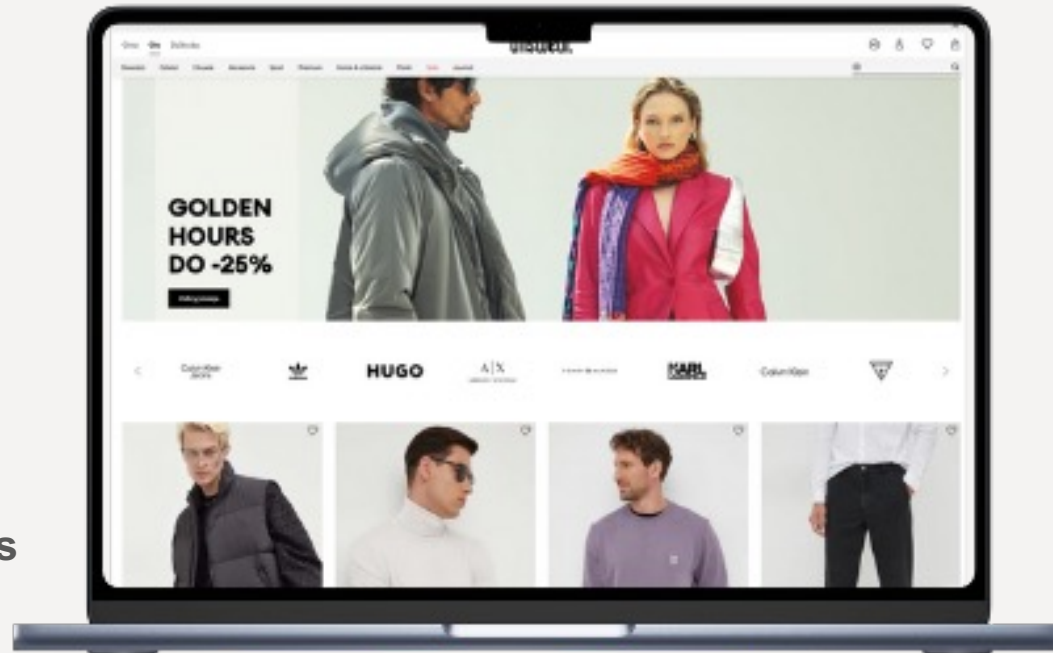
Clothing
47%



Footwear
30%



Accessories
23%



63%

Premium brands



26%

Mid-range products



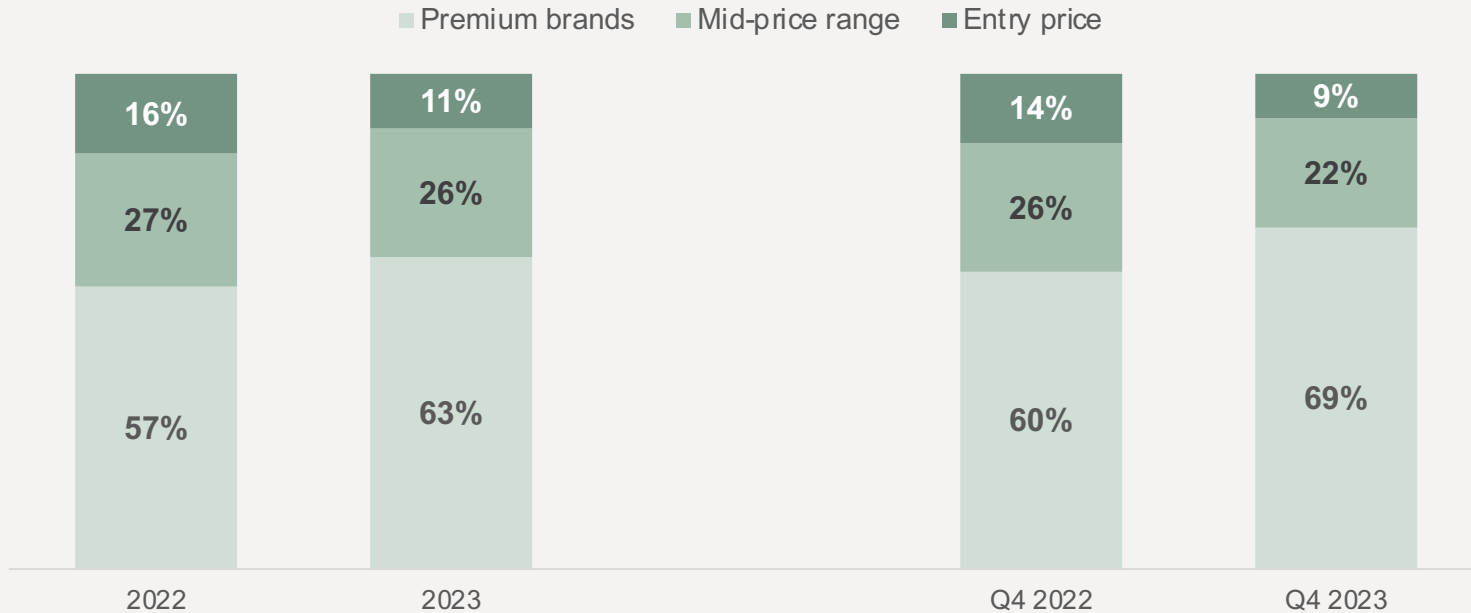
11%

"Entry" brands



FOCUS ON PREMIUM BRANDS....

Share % of price categories offered



Brands obtained in 2023

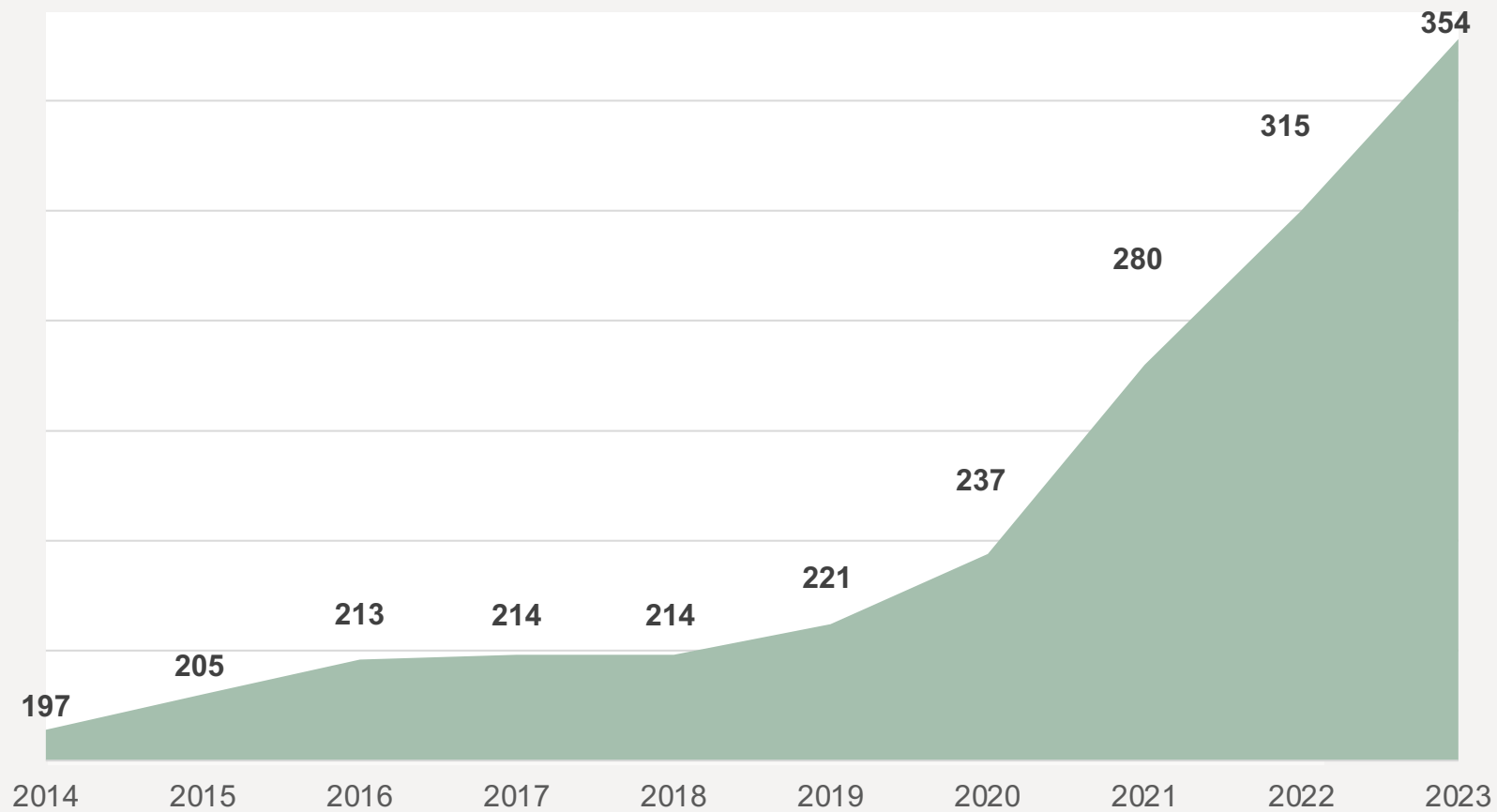


answer.

- We consistently develop the premium segment, which has a positive impact on average order value and margins achieved
- We select only the best, most popular and best-selling brands
- We develop Answer LAB in the budget segment, targeting higher margins, comparable to industry standards for private labels

...WHICH DIRECTLY AFFECTS THE IMPROVEMENT OF AOV

Average order value (PLN)



EFFICIENT OPERATING MODEL

Full control of key processes

LOGISTICS



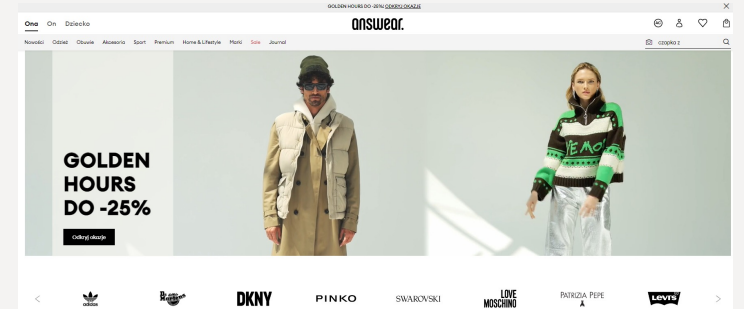
- Central warehouse in Kokotow (next to Krakow)
- 39,000 sqm (with gradual release of subleased space - 3,000 sqm as of today)
- 500 million GMV potential revenue, 4-storey mezzanine to increase space by another 20,000 sqm
- Answear.com has local logistics centers and uses local couriers to offer the fastest and cheapest delivery in the region.

STUDIO FOTO-VIDEO



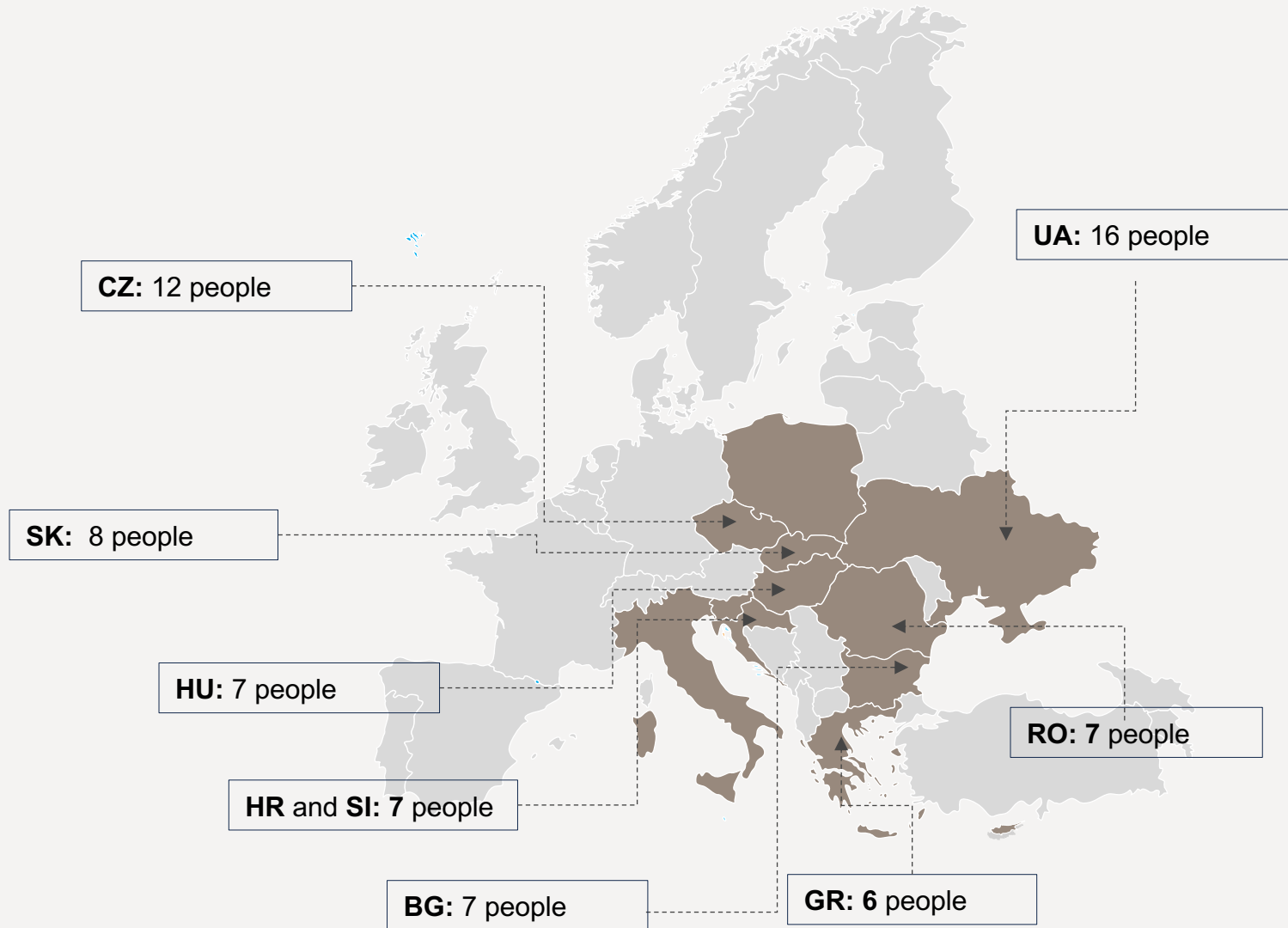
- Own photo/video facilities with an area of 2,100 m2 comprising 12 photo/video studios, 1 "Rainbow" image studio and 12 packshot stations
- Answear.com individually does photo shoots of new products. In addition, the vast majority of them have video, which sets the company apart from its competitors and improves shopping conversions.

E-COMMERCE PLATFORM AND APP



- Improved platform and mobile app offered in all markets where Answear.com operates
- The platform uses the latest technology and modern technical infrastructure
- It is characterized by high UX, speed of operation and an improved shopping process.

FASTEST DELIVERY, EASIEST RETURNS IN CEE

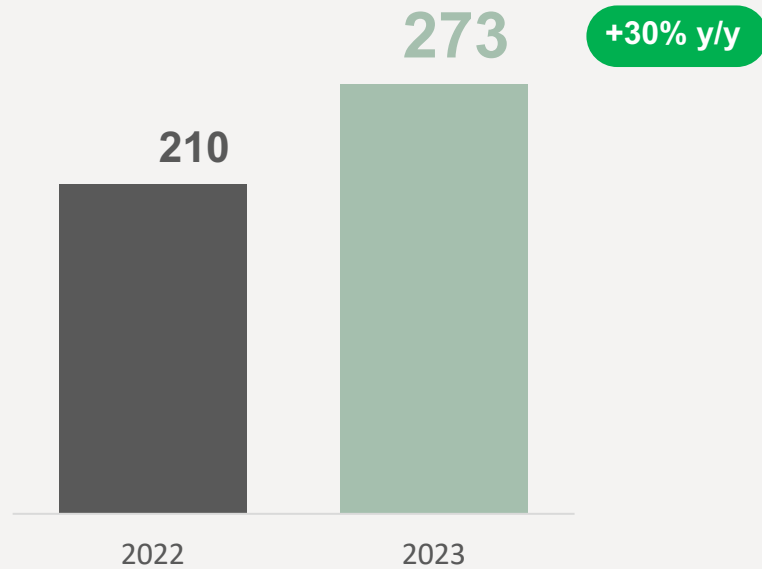


FASTEST DELIVERY

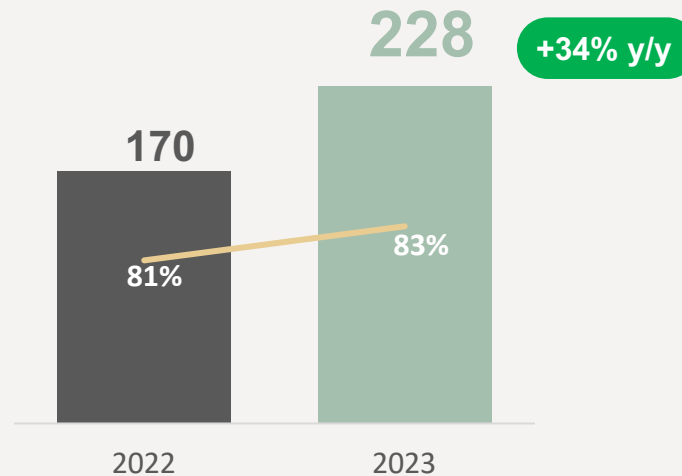
	24h
	1-2 days
	1-2 days
	1-2 days
	4-7 days
	2-5 days
	2-3 days
	3-6 days
	1-3 days
	1-3 days
	7-9 days
	1-4 days

CONSTANTLY INCREASE WEBSITE TRAFFIC

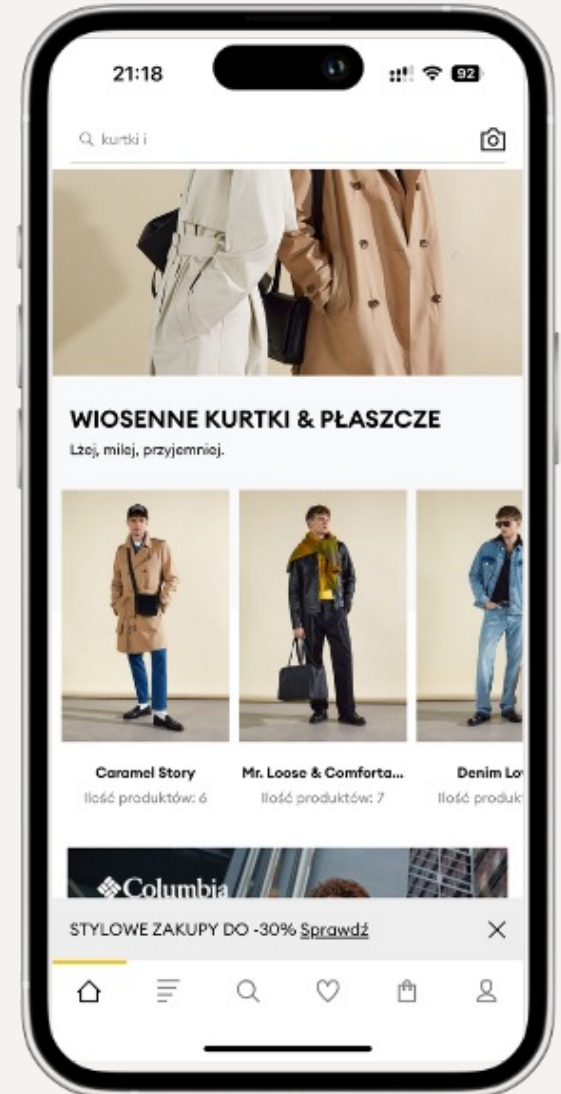
Number of visits (million)



Number (million) and % share in mobile channel in total visits



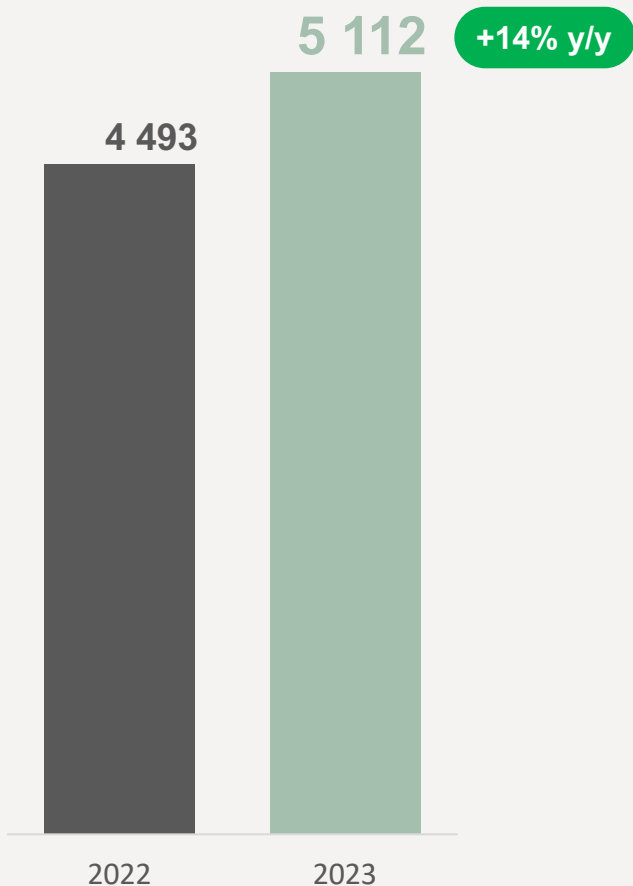
- In 2023 we recorded more than 23 million visits each month
- The mobile app is the best converting source of customer order acquisition, with about 1.3 million people using it as of the end of 2023



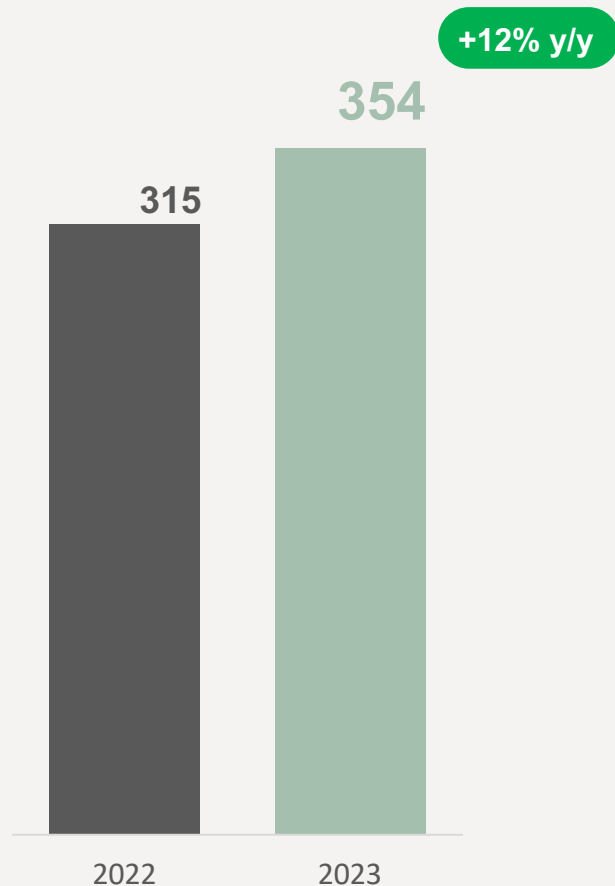
HIGH CUSTOMER RETURN RATE

While acquiring new buyers

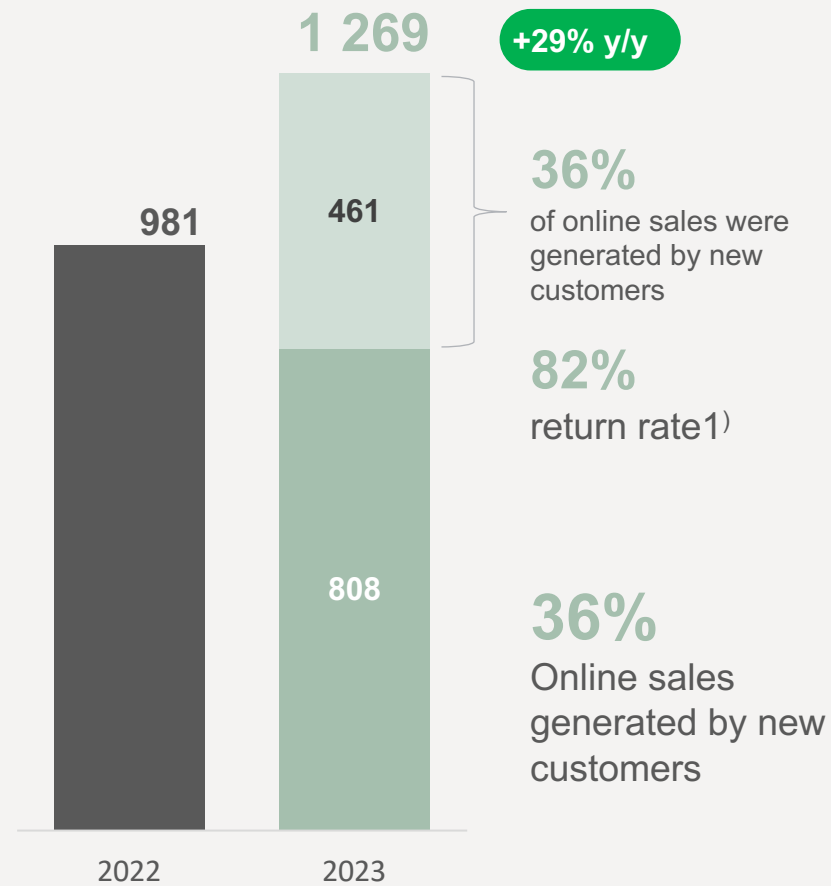
Number of orders (thousands)



Average order value (PLN)



Online sales (million PLN)



(1) The recurrence rate is the result of dividing the revenue generated by active customers in a given year (excluding revenue generated by new customers from that year) and the revenue generated by active customers in the previous year

| 03

PRM

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



SNEAKERSTUDIO AND PRM ACQUISITION

Investment and development of new PRM brand

Answer merged Sneakerstudio and PRM into one brand PRM

- **Offering select high-end sneaker & clothing brands**, as well as unique collaborations and activities that promote broader culture and design
- **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
- One of **the key partners in the region for adidas Originals, New Balance, Veja or Carhartt**
- **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**

Structure of transactions

PLN 11.9 million

Shares 350,000
Issue price PLN 29
Valuation on the day of transaction 34 PLN

PLN 3.0 million

Warrants 100,000
Issue price PLN 29
Valuation as of 31.12.2023: PLN 30

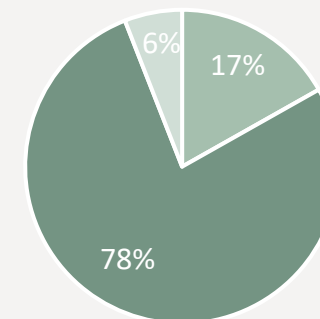
PLN 4.2 million

Incentive program 125,000
Issue price PLN 29
Valuation on the day of transaction 34 PLN

PLN 19.1 million

Very attractive acquisition amount, based on sale of ZCP for 2022, P/S ratio is 0.12x

PRM offer



■ Clothing ■ Footwear ■ Accessories

BRANDS
~200

SKU
~15k

M A R N I
A.P.C.
A-COLD-WALL*
MISBHV
Rich Owens

Loans provided by Answer.com

-6.9 million PLN

Net assets of ZCP at the time of acquisition

PLN 8 million

Bridge loan during the transition period

- The loan can be treated as a component of a cash transaction
- The loan was offset with Answer debt as of the date of acquisition

POTENTIAL FOR ACQUISITION

Ability to release 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 products

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**



PRM BRAND DEVELOPMENT AND INVESTMENT

Supported by the acquired PLN 29 million in SPO

Expansion of product offerings














- Acquisition of 38 new brands since June
- Offer development underway - a "snowball effect" is underway - good brands attract others



IN
PROCESS

Opening of new markets

 june 2023	 july 2023	 september 2023
 june 2023	 july 2023	 september 2023
 june 2023	 august 2023	 november 2023
 june 2023	 august 2023	

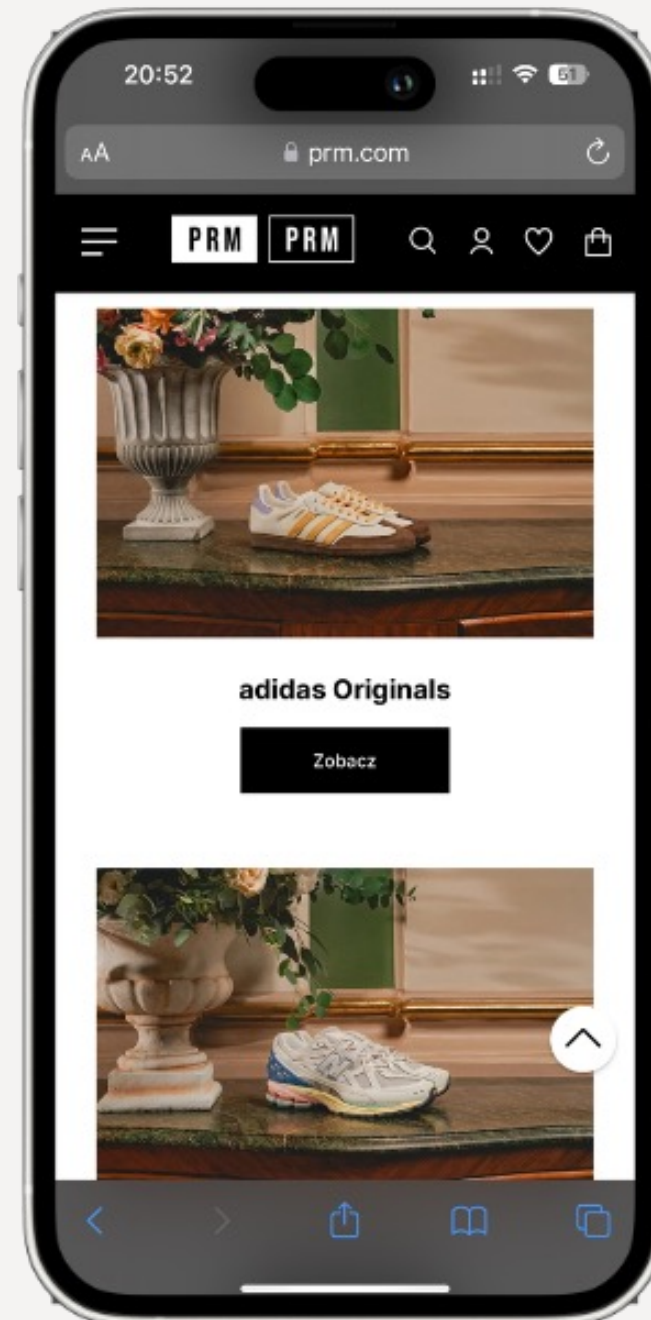


Marketing

- Launching a new flagship store at the Norblin Factory
- Conducting an extensive image campaign
- Marketing and building brand awareness
- Improving stocking and developing the offer

IN
PROCESS

- Early-stage investments have impacted reduced profitability
- We expect significant gains in the coming periods, due to the premium segment with high margins and transaction profitability



| 04

ONE OF THE FASHION E-COMMERCE LEADERS IN CEE

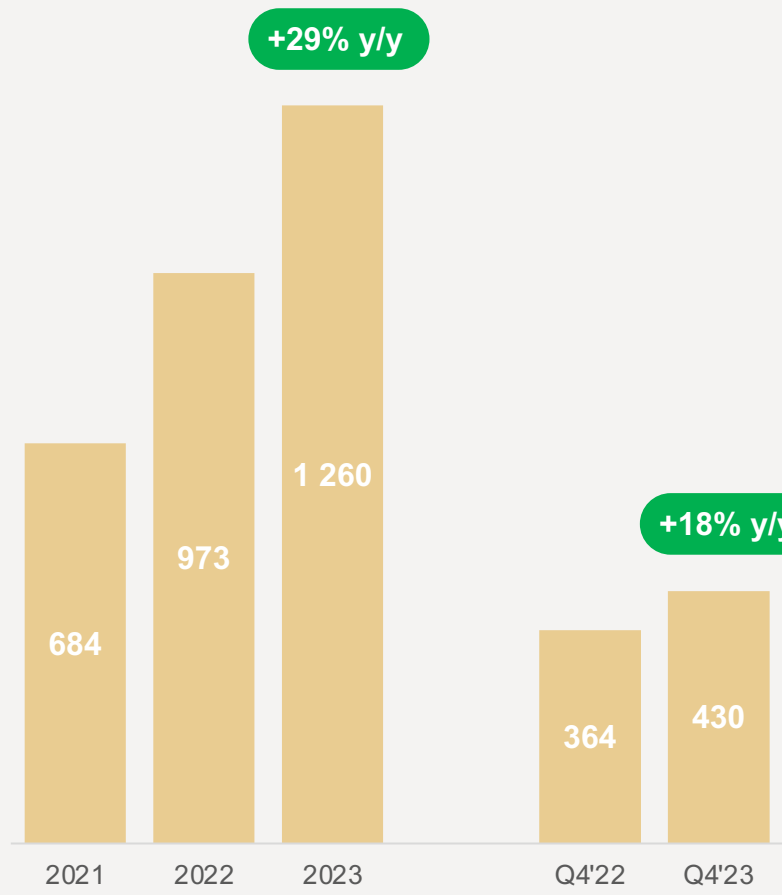


CONSISTENTLY INCREASE THE SCALE OF OPERATIONS

Despite the challenging market environment



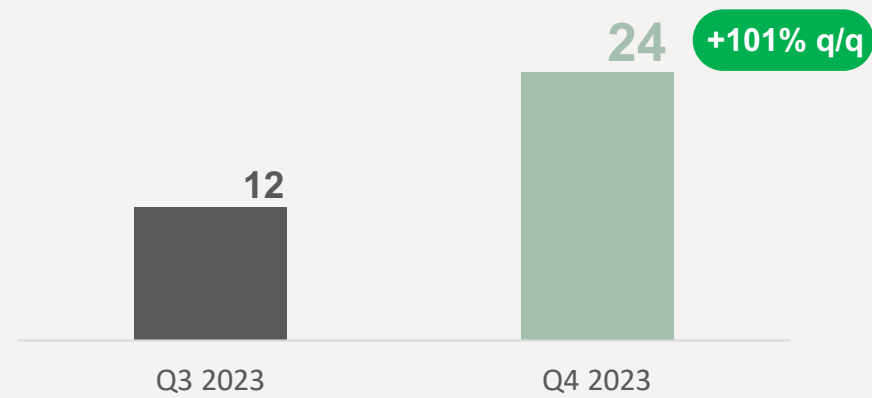
Sales revenue (million PLN)



Sales revenue in 2023 (PLN million)



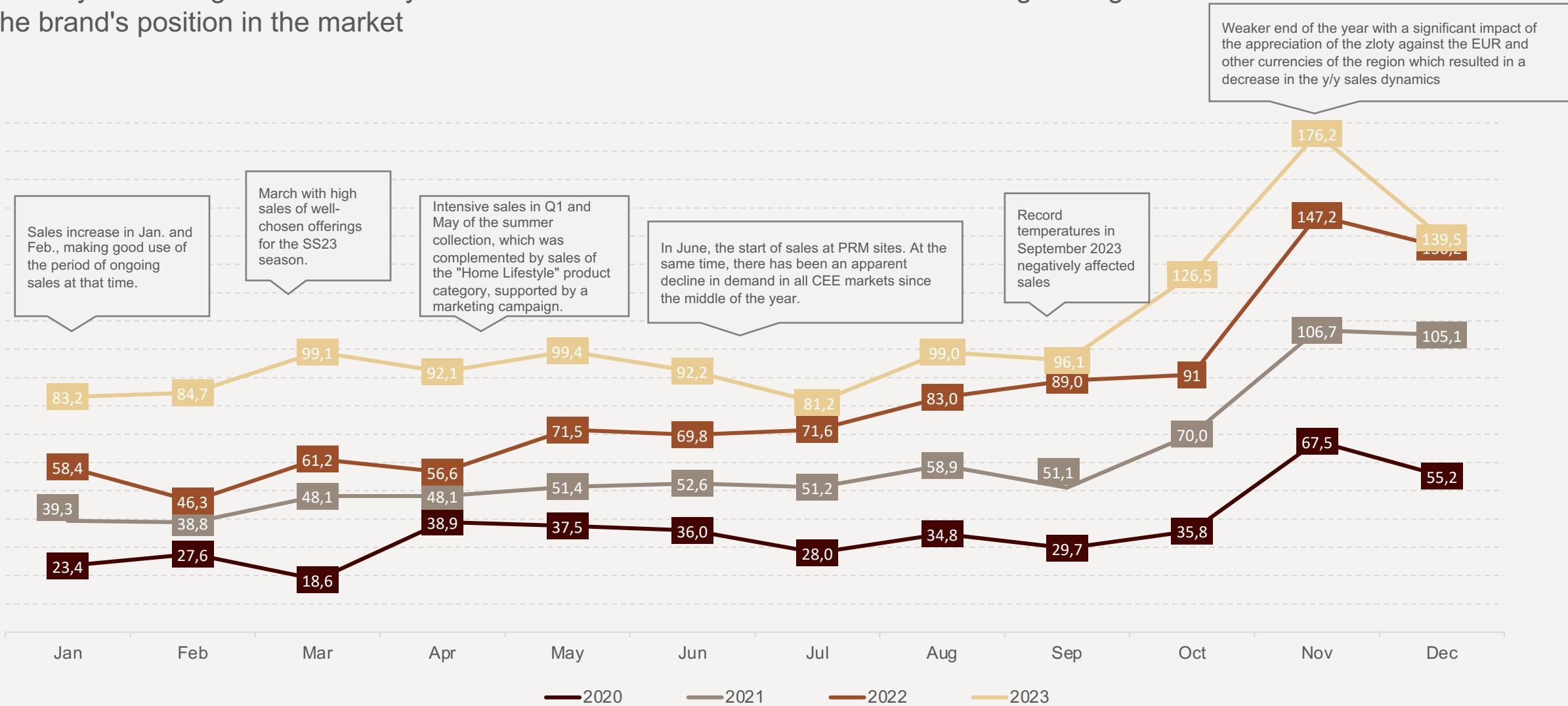
PRM sales revenue in 2023 (PLN million)



- Continued growth despite unfavorable external factors, including macroeconomic and geopolitical factors, affecting sales
- Negative macroeconomic trends, weakening consumer demand, low retail sales rates and increased price competition
- Carrier blockage at the Polish-Ukrainian border in Q4 2023 resulting in longer delivery times and reduced propensity for customers to order in Ukraine, which impacted sales.

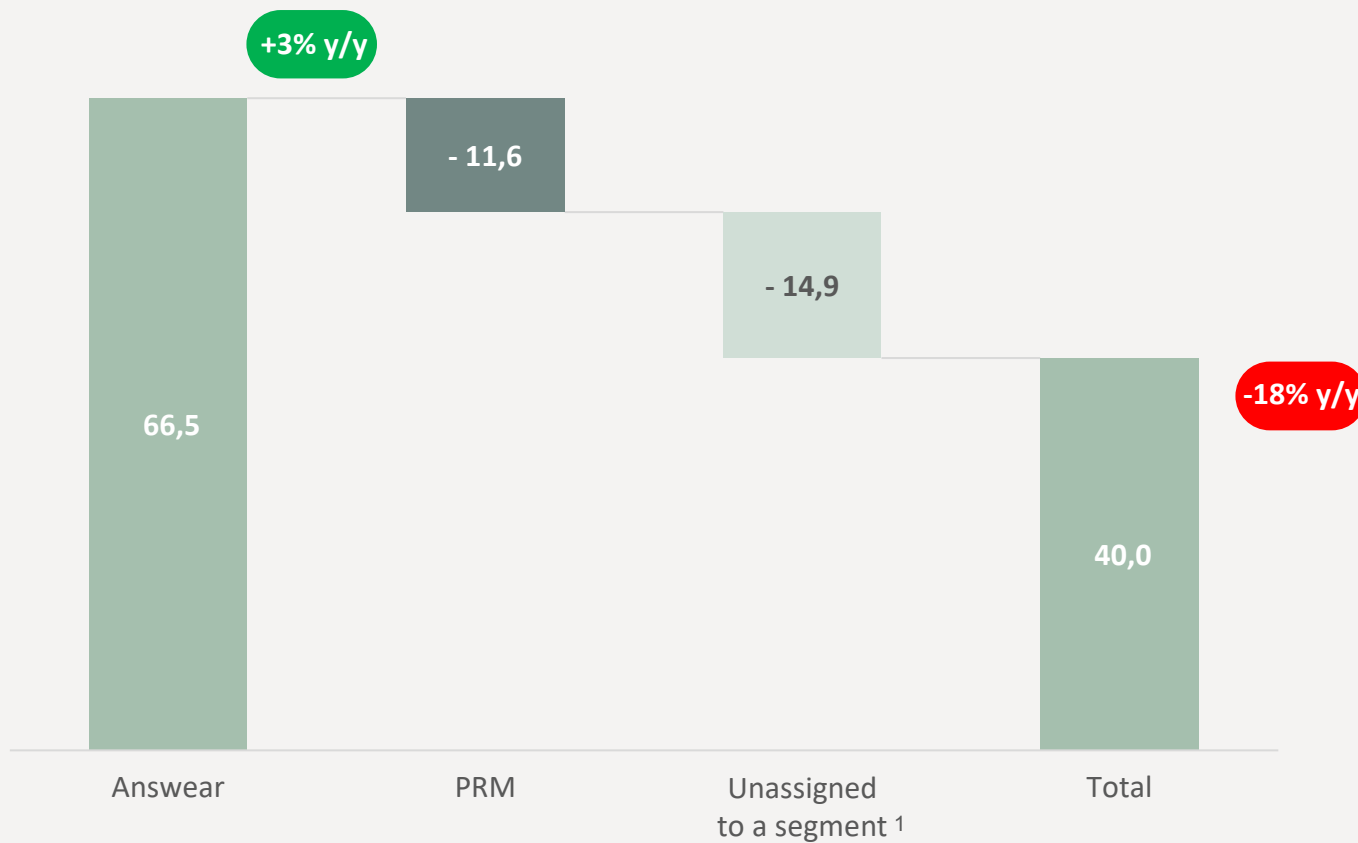
ONLINE SALE

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

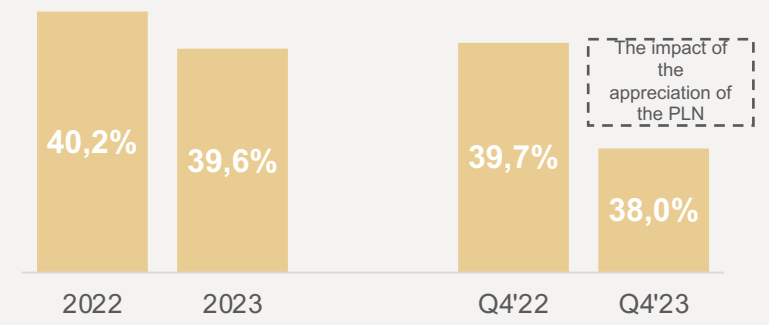


PROFITABILITY BURDENED BY PRM BRAND INVESTMENT PERIOD AND DIFFICULT MARKET ENVIRONMENT

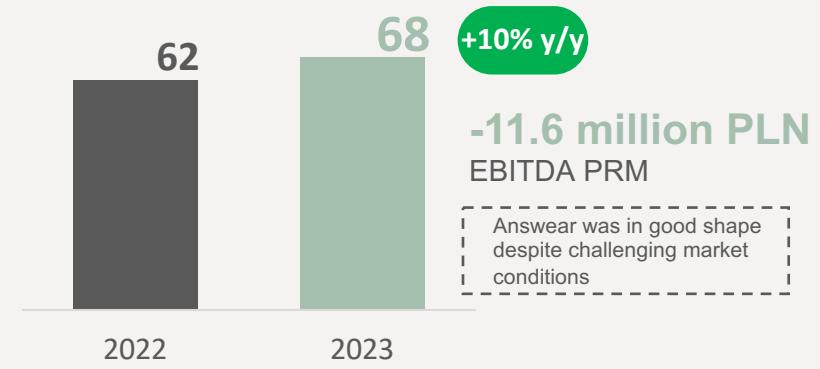
EBIT (PLN million) in 2023



Gross margin (%)



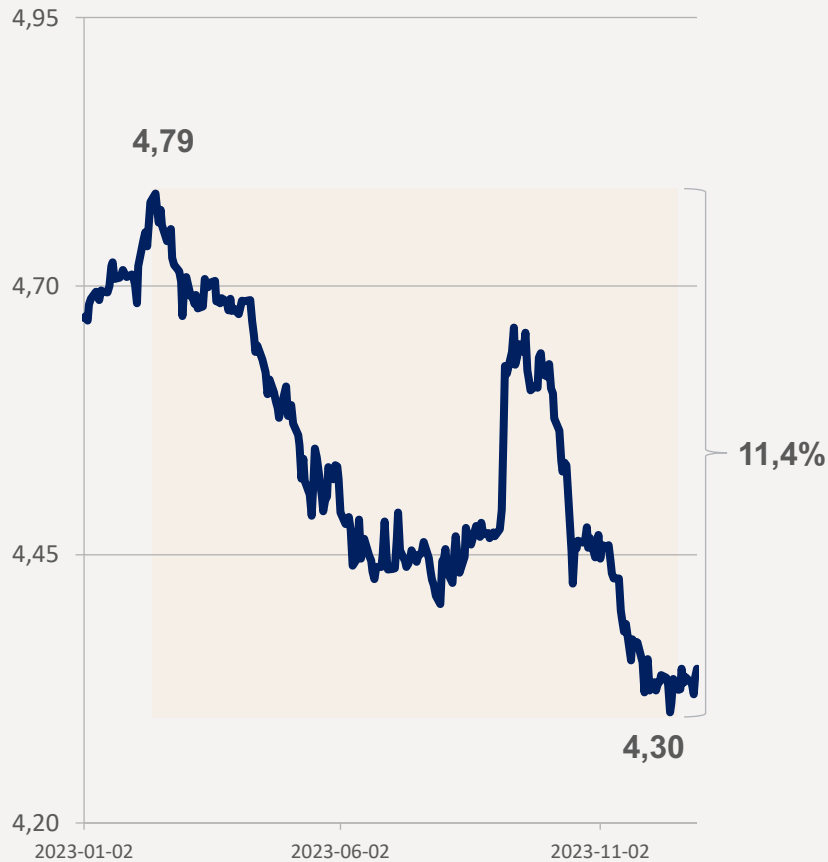
Answear.com's EBITDA excluding PRM (PLN million)



(1) In addition to the product segments, the Company mainly reports depreciation and amortisation expenses (16.5 mln PLN) and other items in the income statement totalling 1.6 mln PLN that are not directly related to the profitability of individual brands (result of the sale of complaints, one-off costs of the acquisition of ZCP, differences in the presentation of exchange rate differences on revenues from sales to customers in Ukraine in Q1 2008 before the release of the hryvnia exchange rate by the NBP and others).

APPRECIATION OF THE ZLOTY ADVERSELY AFFECTED SALES AND BUSINESS MARGINS

EUR/PLN rate in 2023



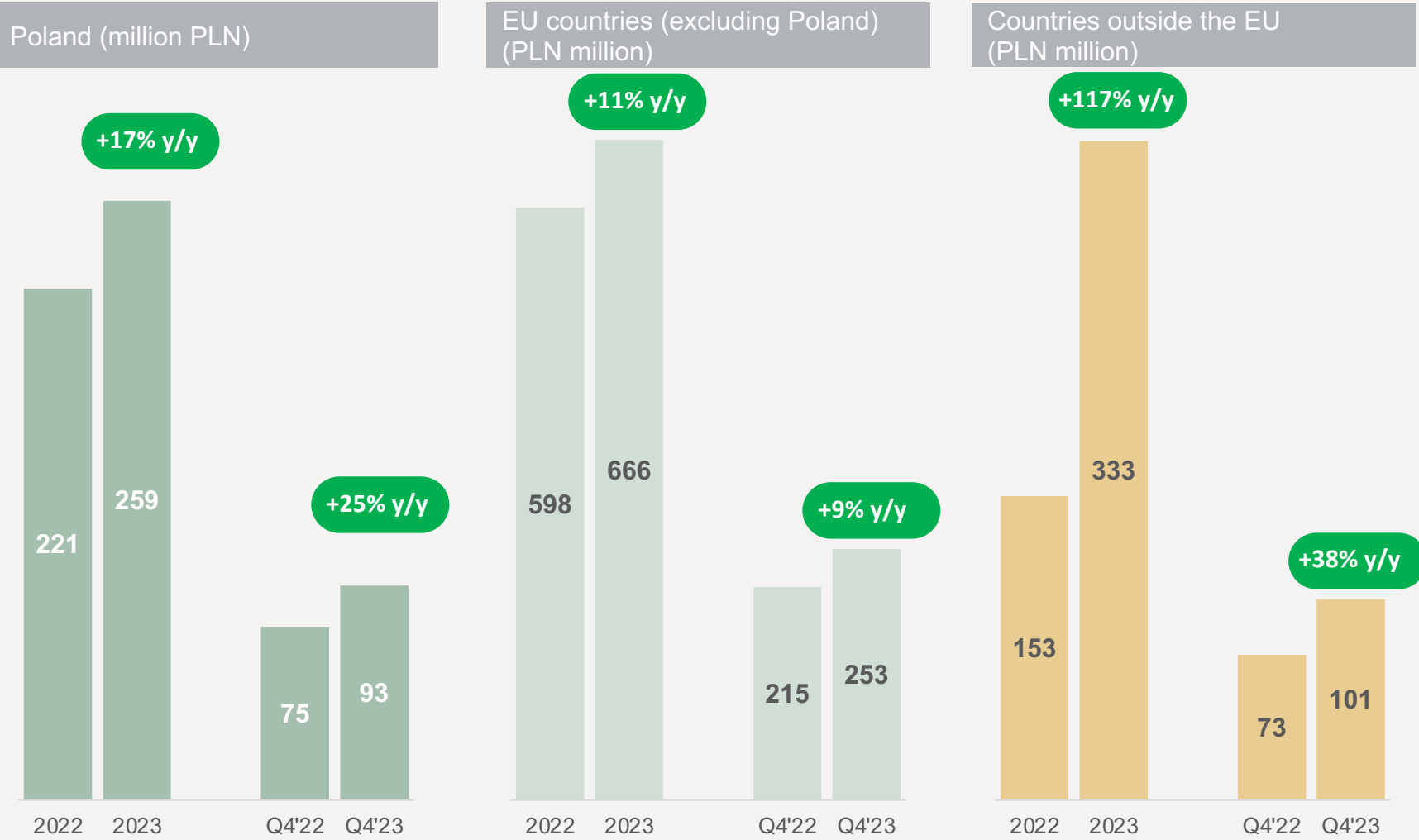
UAH/PLN rate in 2023



- Strengthening of the zloty against the EUR and most CEE currencies negatively affected sales dynamics and margin, with about 80% of Answear's sales outside Poland
- Approximately 24% of online sales generated in the Ukrainian market, which, with the depreciation of the hryvnia against the zloty, affected the decline in revenues
- Limited ability to react to the strengthening of the zloty. sub-price increases due to the challenging competitive environment and weak consumer demand

GEOGRAPHIC DIVERSIFICATION

Geographic breakdown of revenues

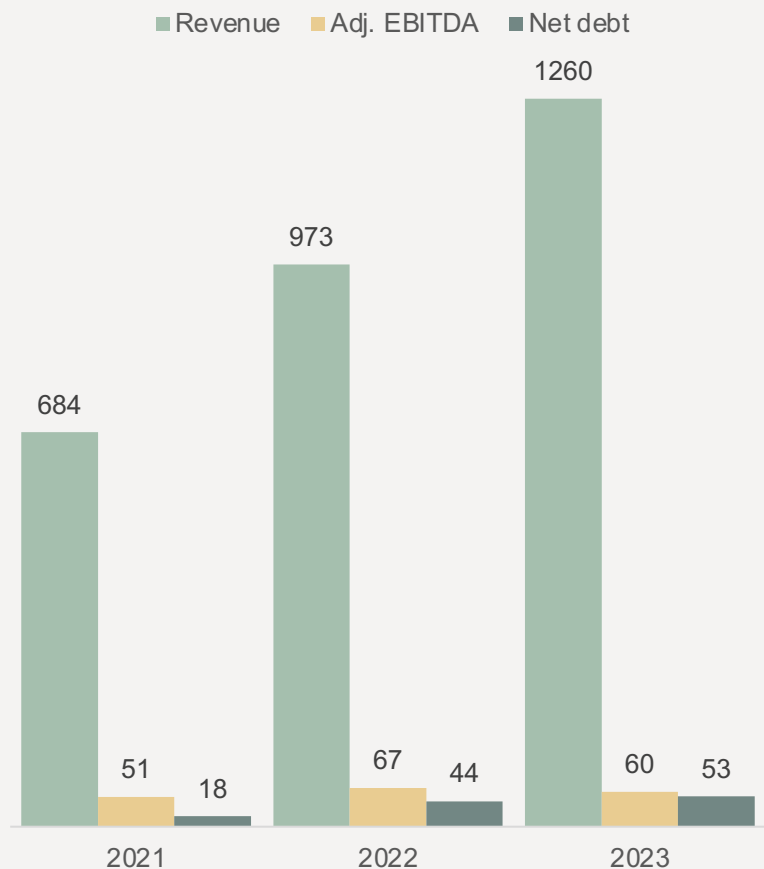


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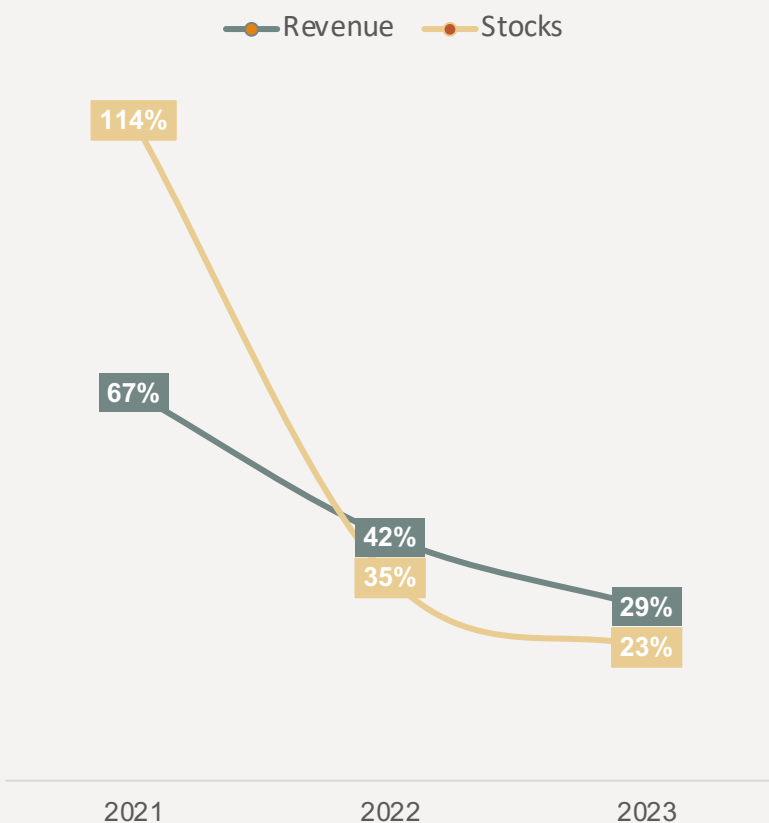
- Geographically diversified sales make the Company immune to local turbulence and downturns
- Poland is now responsible for around 20% of total revenues and is growing steadily despite a high base
- Very good performance of the Ukrainian market - Answer has become the fashion e-commerce leader on that market rebuilding its position and sales after it was halted in the first half of last year due to the outbreak of war

HIGH EFFICIENCY OF OPERATION

Sales revenue, adjusted EBITDA and net debt (PLN million)¹⁾



Comparison of annual revenue and inventory dynamics

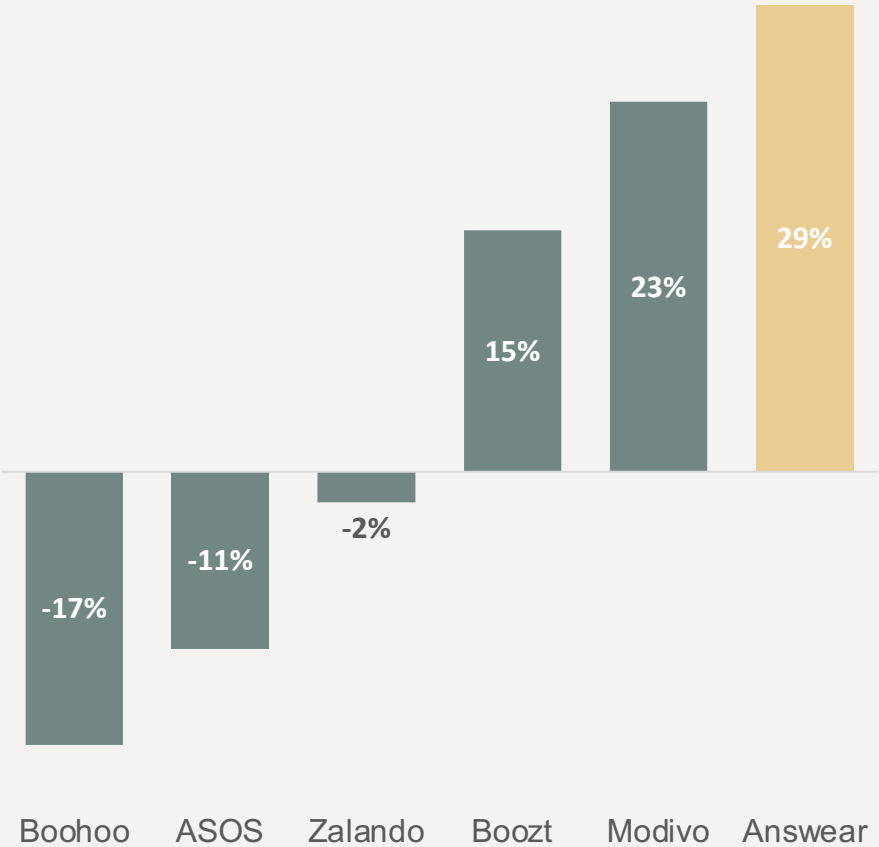


- The cash conversion cycle in 2023 improved year-on-year by 5 days, despite a more challenging environment in the second half of the year
- The continued improvement in the inventory turnover ratio results in a proportionally smaller increase in inventory balances than the increase in sales revenue.
- As of Dec. 31, 2023, we had 54 million in inventory of the PRM brand, which is just entering a growth trajectory
- Increase in working capital through the use of available credit lines and factoring agreements, as well as the issuance of series L shares for the development of the PRM brand

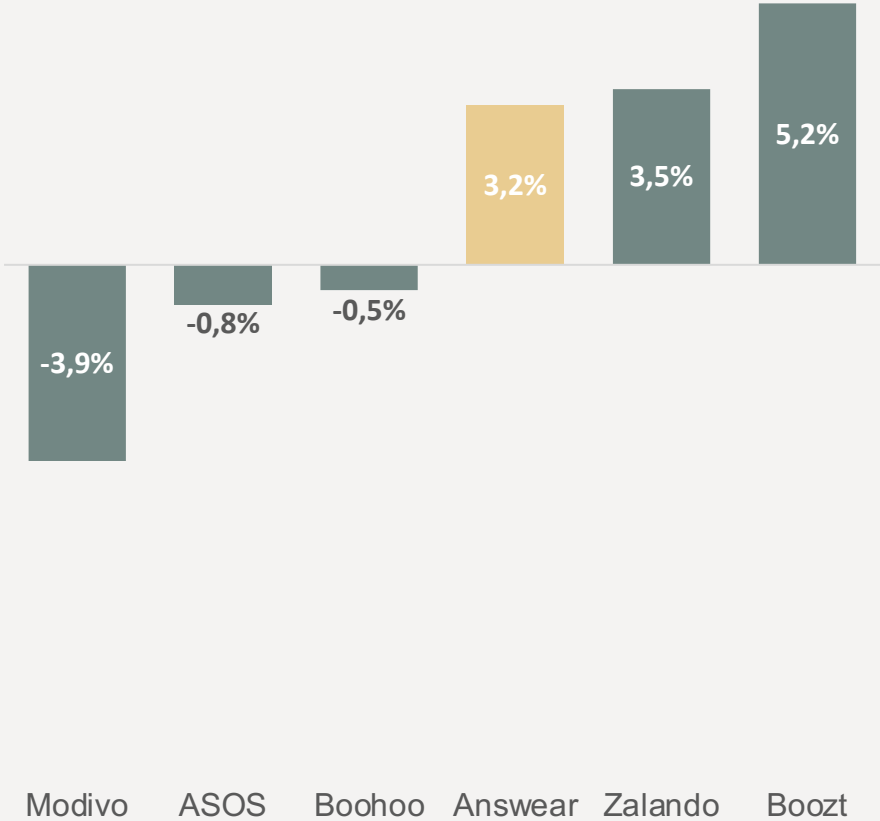
(1) Net debt (without IFRS16 but with mezzanine finance lease)

ANSWEAR.COM LEADER IN GROWTH VS. PEERS IN 2023

Top-line dynamics

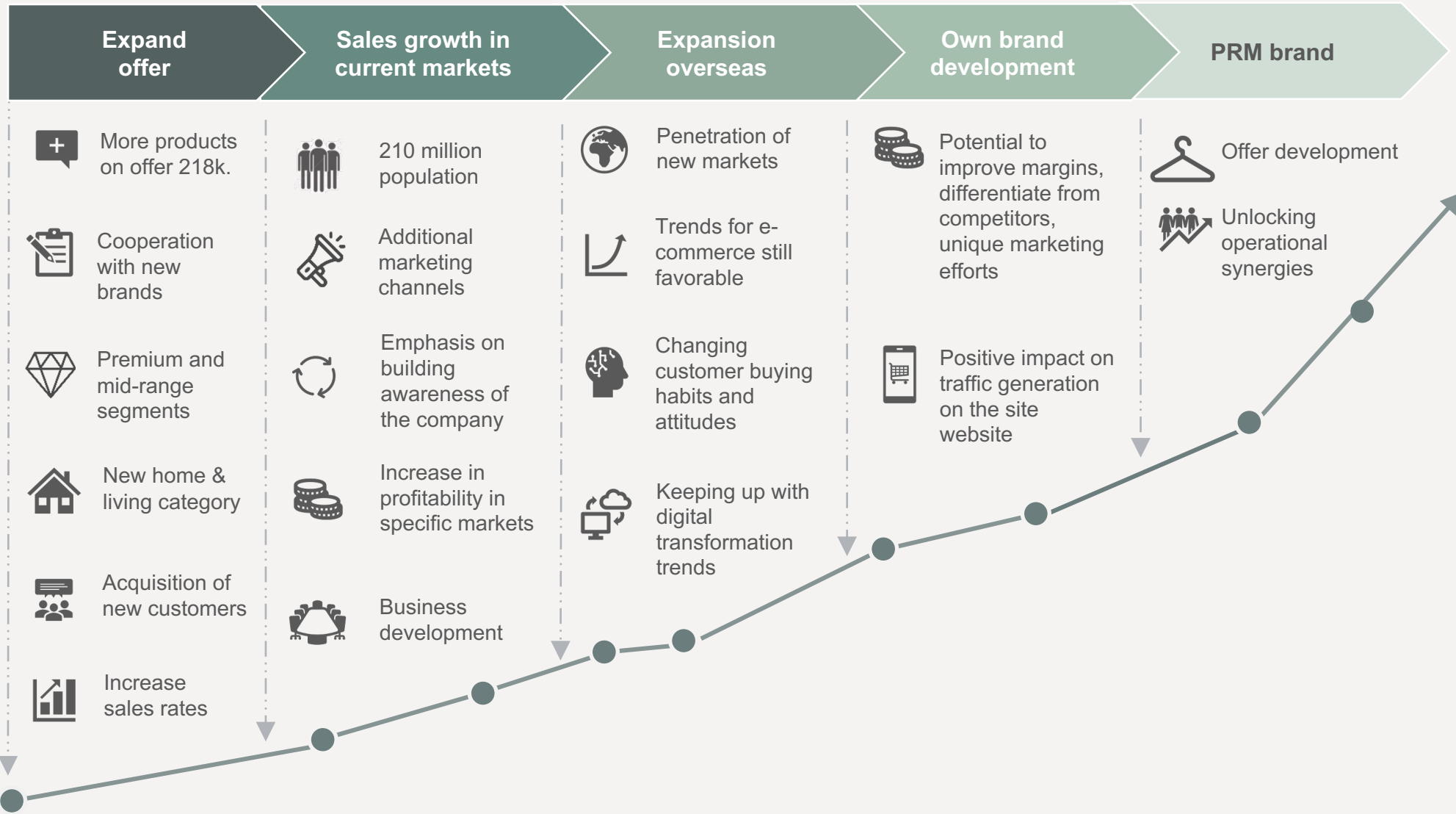


EBIT margin



DEVELOPMENT STRATEGY

Strategy and growth prospects



Outlook 2024

Assumed overall performance in 2024

H1 2024

- Consumer market weakness
- Invest in the PRM brand:
 - Increase product range, launch new brands
 - Strengthen PRM brand position in the market, increase marketing spend across all channels and markets
 - Opening of a concept store in the Norblin factory in Warsaw in April 2024
- Investment in the Answear brand - repositioning towards the 'accessible premium' segment:
 - Extensive image campaigns in spring and autumn this year
 - Opening of a concept store in the Norblin Factory in May 2024
 - Continue to expand the product range

H2 2024

- Consumer sentiment expected to improve
- Revenue growth in the PRM segment, achieving economies of scale and BEP by the end of 2024
- Strengthen Answear's market position in the premium segment
- Increased product offering across both brands

ATTRACTIVENESS OF ANSWEAR

Why Answear.com?

01. **Maintain high growth rates and solid profitability** despite a very challenging market environment and the costs associated with developing the PRM brand in 2023
02. The year 2023 is a time for investment and development of the acquired PRM brand, which will provide 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 for new markets**, entry into the large Western Italian market, 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 product offerings** - new brands, new product categories and private label development, allowing the Company to **reach new customers more widely**
06. One of the few 2020-2022 IPOs on the WSE whose **share price has remained above the IPO price at all times**



A woman with dark hair pulled back, wearing a white off-the-shoulder dress and a gold bracelet, holds a pair of black and white shoes. The background is a light-colored wooden wall.

answear.

**THANK YOU FOR
YOUR
ATTENTION**

WELCOME TO CONTACT US:

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