

WITTCHEN

QUARTERLY RESULTS
Q3 2024

November 22, 2024, Palmiry

Elegance & Young

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01

BUSINESS SUMMARY



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OMNICHANNEL

ONLINE SALES

Own e-shops and external marketplaces

53
online stores: 7 own e-shops, 46 marketplaces (+3 y/y)

48.8%
Sales 9M24

865k
orders in 9M24, i.e. +2% y/y, with a slightly lower sales value.
Product quantities sold: +10% y/y 9M24

OFFLINE SALES

Brick-and-mortar shops under the Wittchen and Wittchen Travel brands

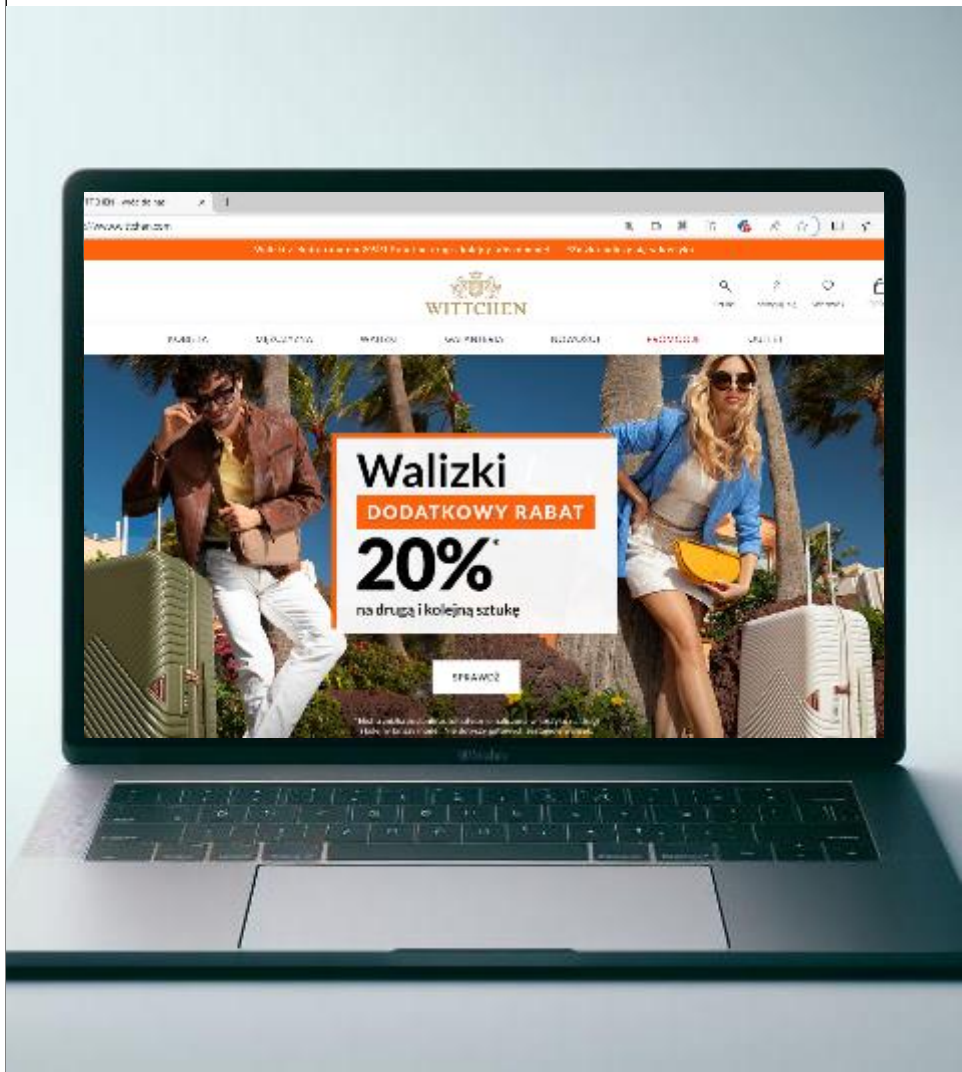
10,367 m2 (+649 m2 fl/fl)
117 retails stores at the end of 3Q24:
91 - Poland, 7 - Czech Republic,
3 - Hungary, 1 - Slovakia, 2 - Romania,
2 - Austria, 1 - Germany and 10 franchise stores in Ukraine.

39.8%
Sales 9M24

OTHER SALES

Business clients, wholesale

11.4%
Sales 9M24

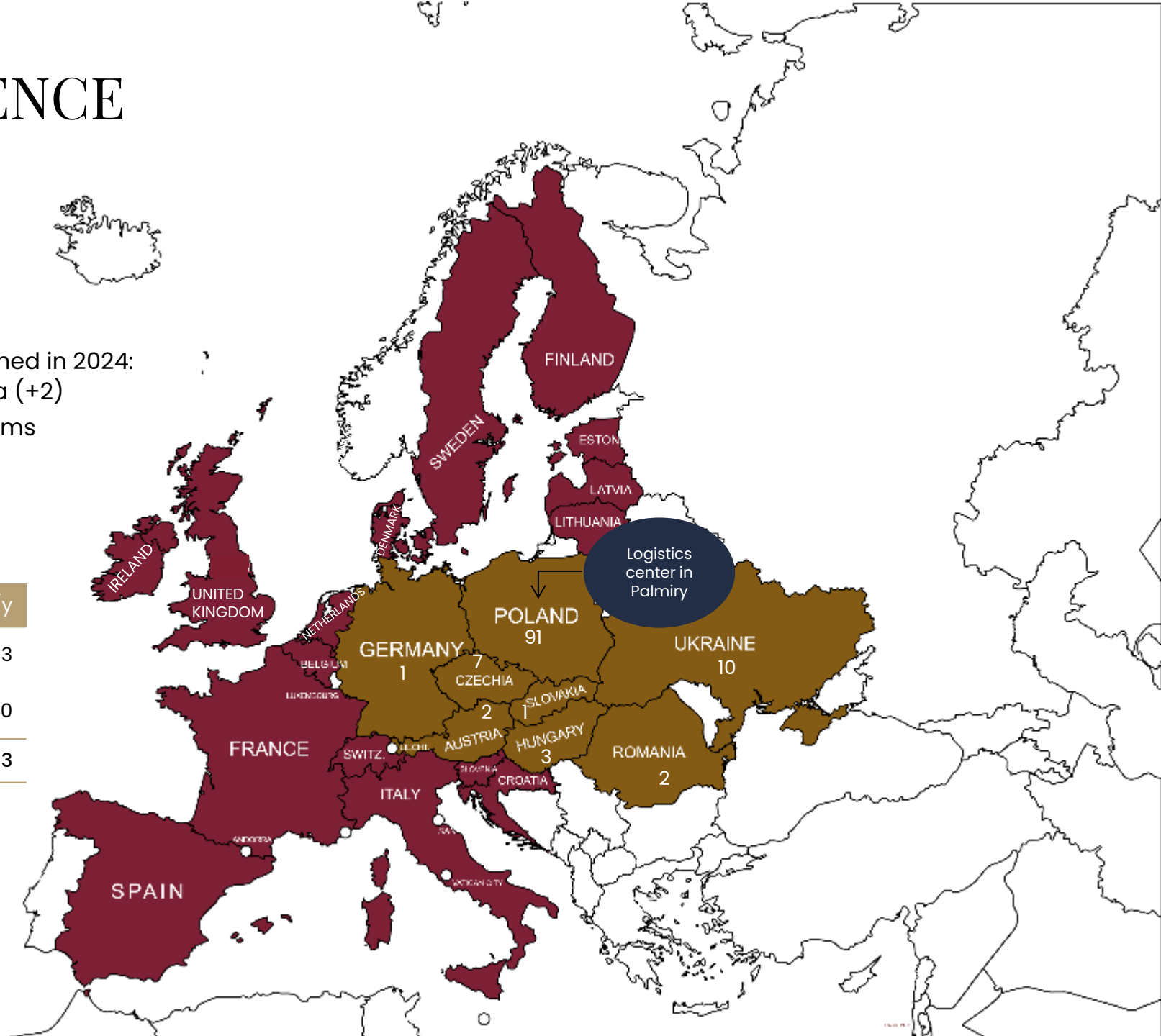


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GROWING PRESENCE IN EUROPE

- Own online shops in 7 countries (end of 3Q24)
- 5 new brick-and-mortar stores opened in 2024: Austria (+2), Germany (+1), Romania (+2)
- Presence on 46 marketplace platforms in 24 European countries

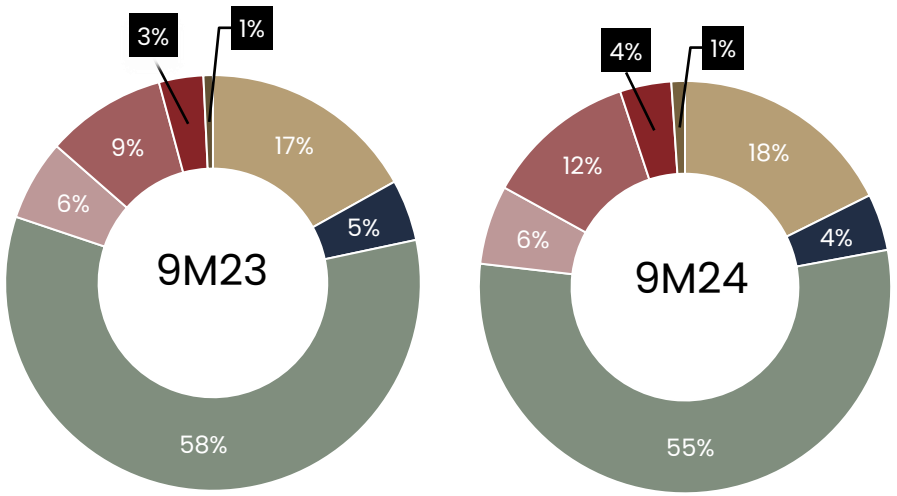
Stationary stores	3Q24	y/y
Wittchen	103	+3
Wittchen Travel	14	0
Together	117	+3



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PRODUCT PORTFOLIO FITTING CUSTOMERS AND ENVIRONMENT



Suitcases
Bags
Clothes and accessories
Briefcases, pouches, cosmetic bags
Wallets
Others
Services

Luggage, our core product category, faces fierce competition.

Increase in the share of handbags and backpacks in total sales. Offer for both women and men.

Strengthening the offer of clothing and accessories.



02

FINANCIAL RESULTS



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3Q24 RESULTS

REVENUE

115.3 mPLN
-10.0 % y/y

GROSS SALES MARGIN

60.1%
-2.2 pp . y/y

EBIT

11.5 mPLN
-51.2% y/y

EBIT MARGIN

10.0%
-8.5 pp y/y

NET PROFIT

8.7 mPLN
-49.8% y/y

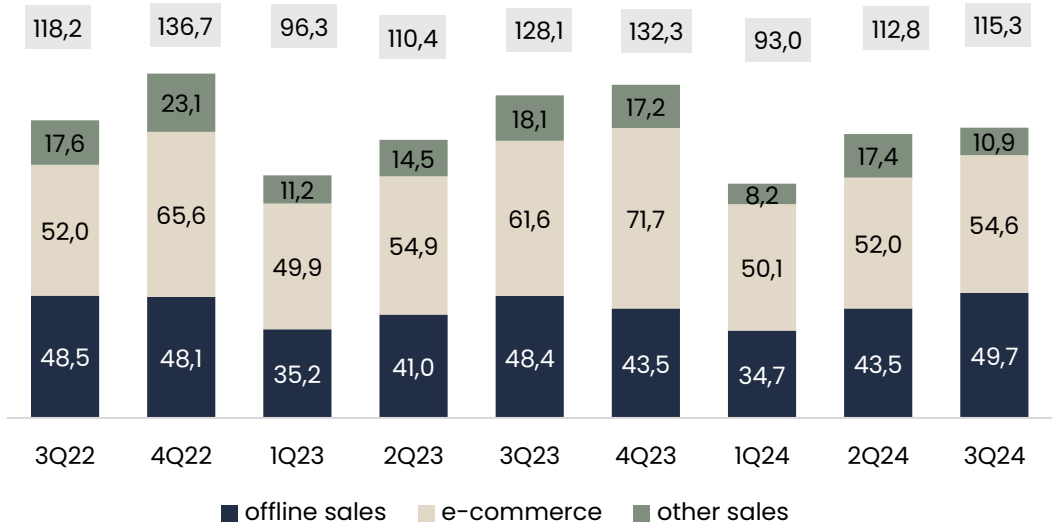


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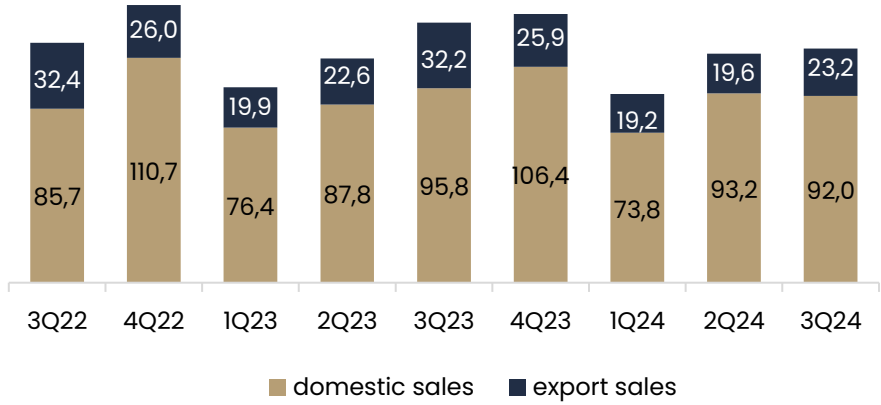
3Q24 OFF-LINE SALES GROWTH (NEW SHOWROOMS ABROAD)

- Sales growth in showrooms by 2.7% y/y (+1.3 mPLN), due to the increase in the number of showrooms abroad (+6 showrooms y/y)
- E-commerce sales down 11.3% (-7.0 mPLN), despite growing sales volume
- B2B sales down 39.4% y/y (-7.1 mPLN), including marketplaces (wholesale)
- Foreign sales down 27.9% year-on-year, due to cooling German economy, impact of the strengthening of the złoty against the euro and currencies of Central Europe region
- Share of foreign sales in 3Q24 at 20% vs. 25% in 3Q23

Quarterly sales
(PLN million)



Quarterly sales
(PLN million)

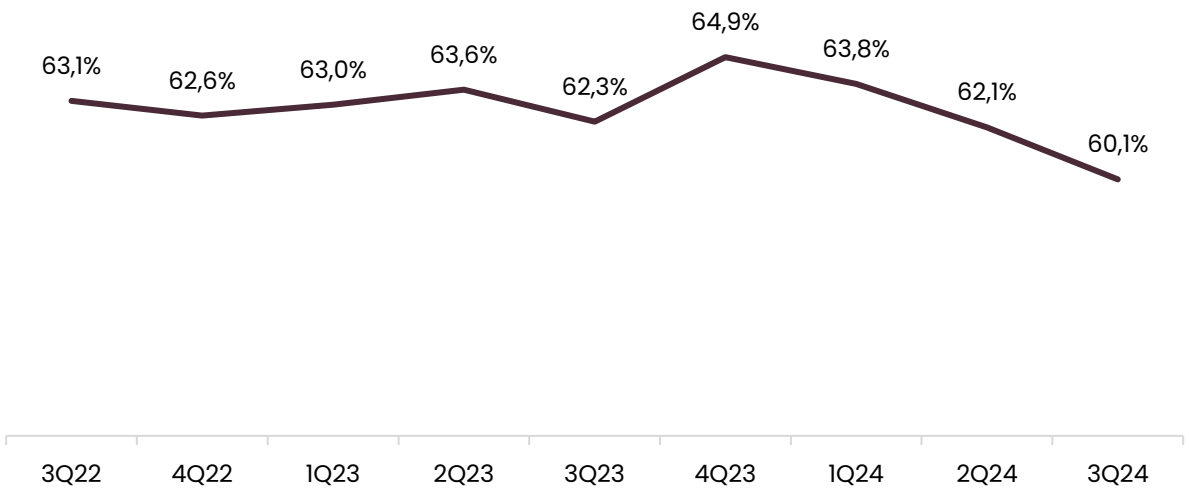


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MAINTAINING HIGH GROSS SALES MARGIN

Quarterly gross sales margin



- Pressure of prices drives gross margin level slightly down in 3Q24
- Increased sea freight costs impacting COGS in Q3
- Strong competition on the market, especially in the suitcase category

Key elements affecting gross margin:
purchasing cost
transportation costs
PLN/USD/EUR exchange rates
discounts
consumer demand

Gross margin above 60% despite challenging market environment

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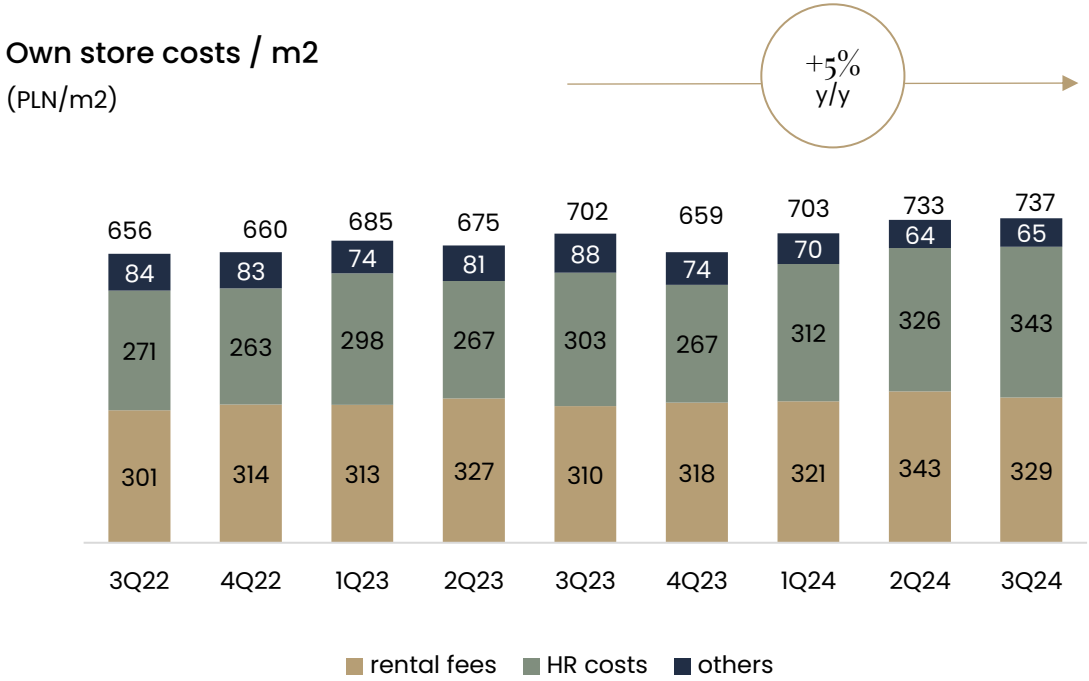
SHOPS COSTS UNDER CONTROL

- Inflationary pressure on costs of own stores - increase in costs/m2 in 3Q24 by 5% y/y:
  - +6% YoY increase in rental rates: increase in electricity charges and other operating costs plus higher costs of foreign showrooms, mitigated by decline in EUR/PLN exchange rate
  - +13% YoY increase in HR costs/m2 due to wage pressure resulting from increase in the minimum wages in Poland as well as higher wages in foreign stores
  - -27% YoY decrease in other store costs/m2 – optimization of transport and IT costs
  - +2% YoY increase in selling costs/m 2
  - Stable general administrative costs/m 2

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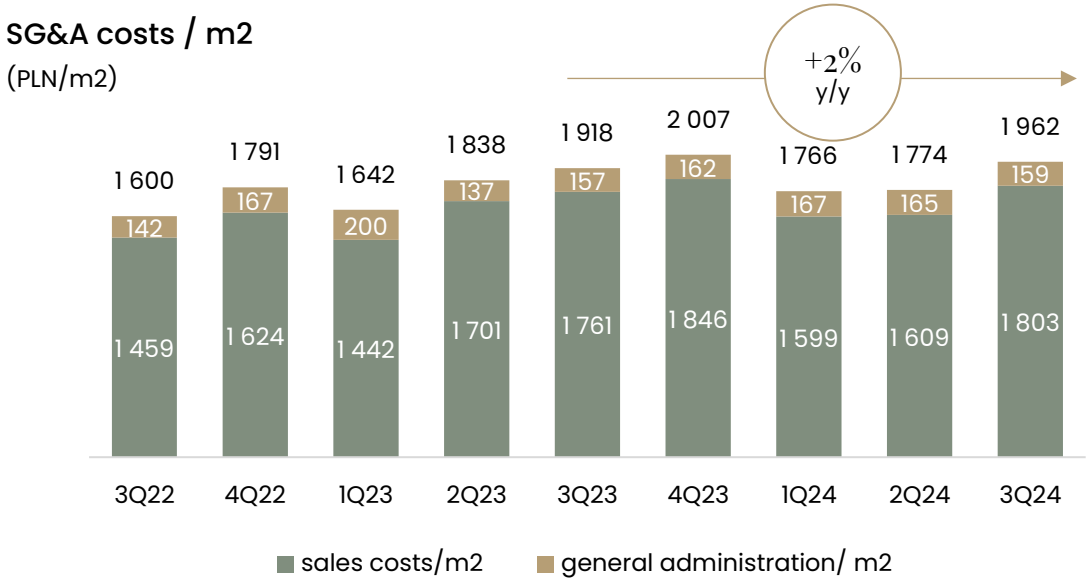
Own store costs / m2

(PLN/m2)



SG&A costs / m2

(PLN/m2)



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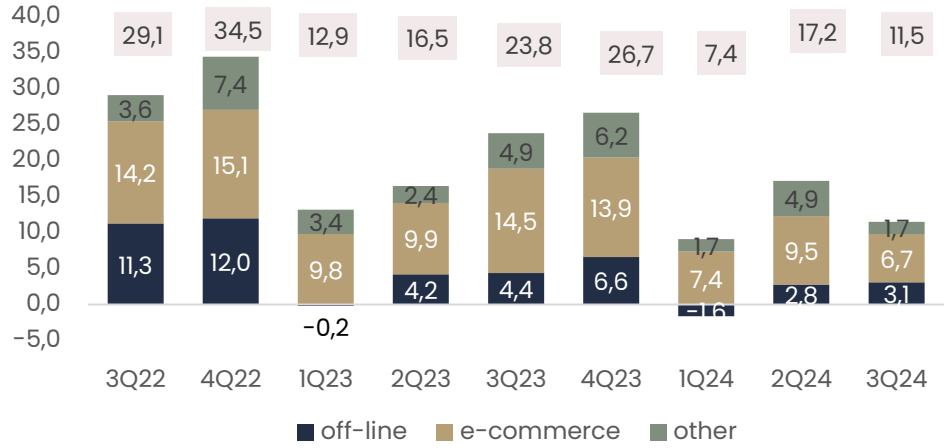
LOWER EBIT, MAINLY IN ONLINE CHANNEL

- Online channel under heavy pressure, mainly abroad
- In the B2B segment, significant impact of larger marketplaces
- Offline with an increase in HR costs and rents, but the decrease in results was relatively lowest (positive impact of new foreign showrooms generating new sales)

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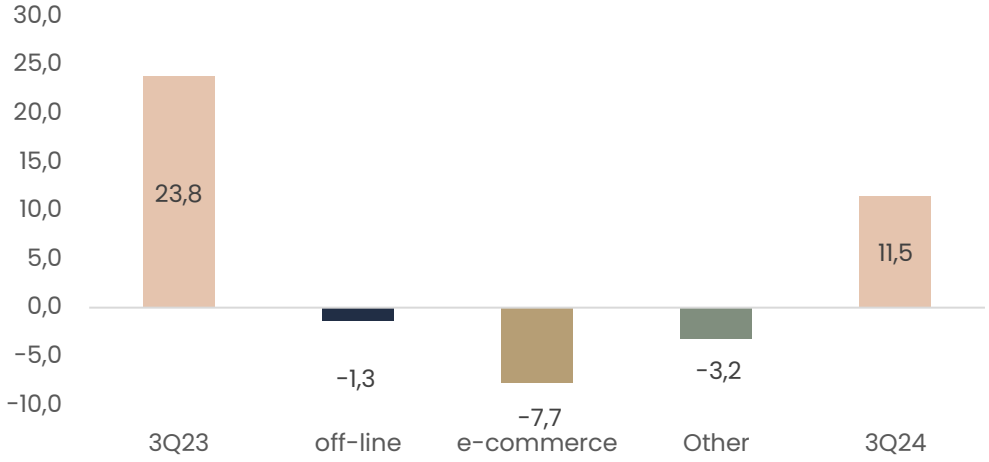
Breakdown of profit on core business

(PLN million, IFRS16)



Change in the result on core business y/y

(PLN million, IFRS16)



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3Q24 RESULTS

- Gross margin of 60.1%
- 3Q24 significantly below expectations due to economic conditions abroad, price pressure, higher sea freight costs and intensified competition in the suitcase segment
- SG&A costs under control (+3% y/y)

PLN million, IFRS16	3Q24	3Q23	y/y
Revenues	115.3	128.1	-10.0%
Gross margin on sales (%)	60.1%	62.3%	-2.2 pp .
SG&A	57.7	56.0	3.0%
Costs as % of sales	50.1%	43.8%	6.3%
Operating profit	**11.5**	**23.7**	**-51.2%**
Operating margin (%)	10.0%	18.5%	8.5 pp .
Net profit	8.7	17.4	-49.8%
EBITDA	19.3	30.5	-36.6%
EBITDA margin (%)	16.8%	23.8%	-7.0 pp .

Lower sales in 3Q24 affecting profitability

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9M24 RESULTS (YTD)

- Sales for 9M24 slightly lower than for the same period of 2023
- Maintaining a high gross margin of 61.9%
- Strengthening zloty generating negative impact on financial revenues
- Result of financial items was lower by approx. mPLN 1.1, mainly due to interests on leasing (IFRS16) and exchange rate differences (statistical items)

PLN million, IFRS16	9M24	9M23	y/y
Revenues	321.1	334.8	-4.1%
Gross margin on sales (%)	61.9%	62.9%	-1.0 pp
SG&A	162.5	157.5	3.2%
Costs as % of sales	50.6%	47.0%	3.6 pp
Operating profit	**35.0**	**51.9**	**-32.6%**
Operating margin (%)	10.9%	15.5%	-4.6 pp
Net profit	25.4	40.6	-37.5%
EBITDA	57.9	72.8	-20.6%
Margin (%)	18.0%	21.8%	-3.7pp.

The third quarter with an impact on the 9M24 results

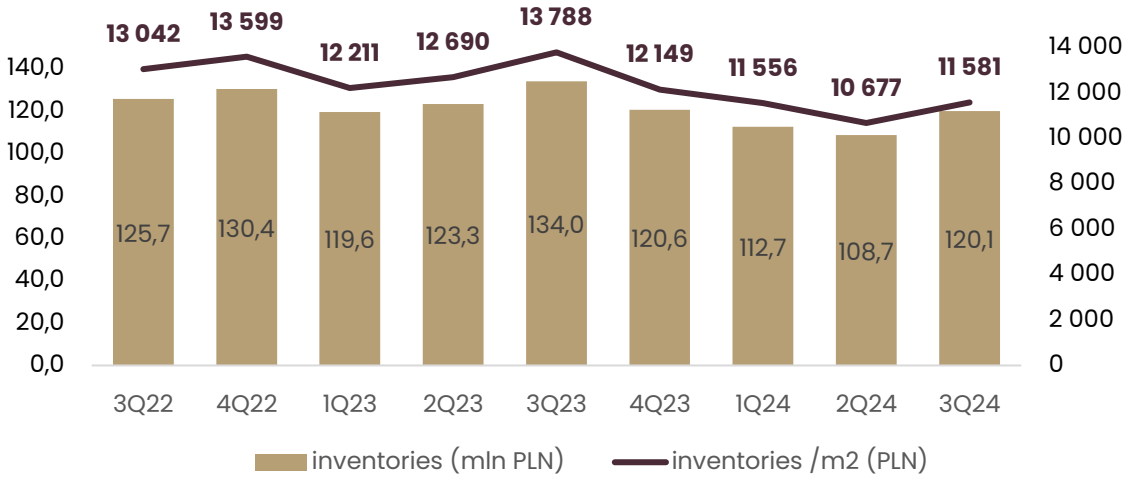
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OPTIMUM STOCK LEVELS

- Adjusting inventory levels to market needs (reducing inventory levels by 10% y/y)
- Inventories per m2 decreased by 18% y/y (optimization)
- Trade payables financed inventories by 37% in 3Q24 as compared to 30% in 3Q23

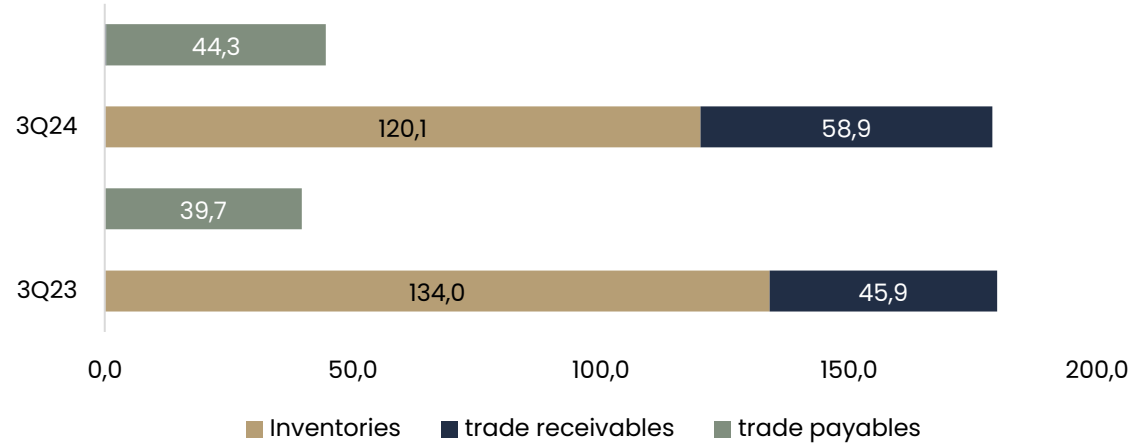
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Total inventory and inventory per m ^{2}



Working capital

(PLN million)



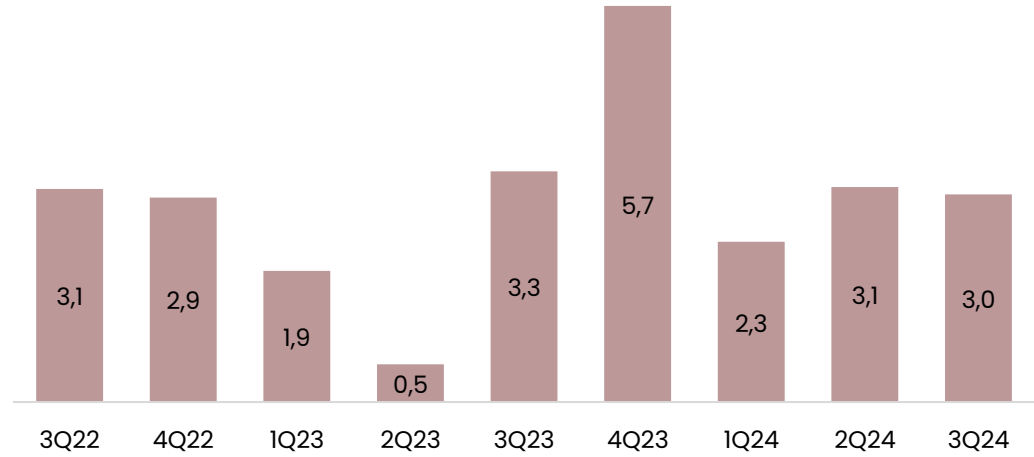
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INVESTMENTS AND DEBT

- In 3Q24, Capex was mainly related to IT, e-commerce and foreign and domestic showrooms (modernizations and new openings)
- Planned investments in 2024 after revision:
  - PLN 6.5 million – salons (limitation vs. budget)
  - PLN 5.4 million – IT and e-commerce (budget without significant changes - adjustment to current needs)
  - PLN 0.3 million – hall expansion and logistics: documentation and design work in 2024
- Financing structure taking into account the construction of a new warehouse adapted to the investment horizon (external financing)

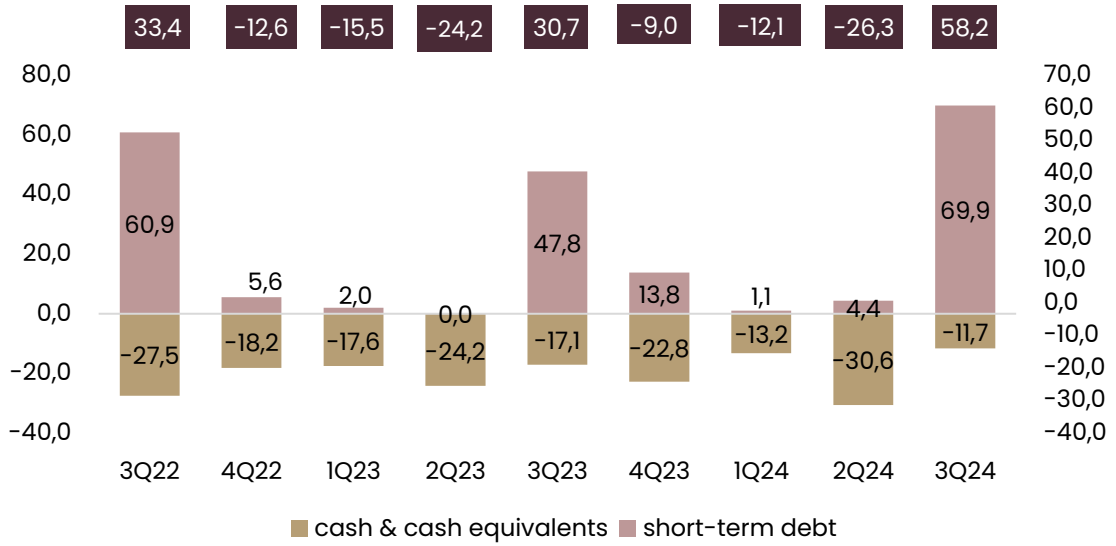
Quarterly capital expenditure

(PLN million)



Net debt

(PLN million, MSR17)



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3Q24 SUMMARY

01. Sales value down 10% YoY with volume up 8% YoY

02. Gross sales margin: 60.1%

03. EBITDA margin: 16.8%

04. Stable cash flow from operating activities

05. Flexible inventory management: PLN 120.1 million at the end of 3Q24`



03

PLANS 2024+



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ASSUMPTIONS FOR 4Q24

1. Improving the terms of cooperation with marketplaces
2. Advertising campaign in Poland (including TV advertising) and brand strengthening on foreign markets
3. Expanding the product range on leading platforms
4. Preparatory activities of new hall construction (documentation and designs)

CHANCES
building a brand abroad
expanding the range on marketplace platforms
optimization of commission costs

RISKS
weakening consumer demand
supply chain lability and transportation costs
increased competition, including Asian sales platforms



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WITTCHEN GROUP SUMMARY

01. Sales and profitability under pressure from recession and competition

02. New partners and solutions supporting e-commerce sales

03. Expanding the products range

04. Wittchen remains a profitable company

05. Goal: return to growth trend



04

QUESTIONS AND ANSWERS



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05

SUPPORTIVE SLIDES

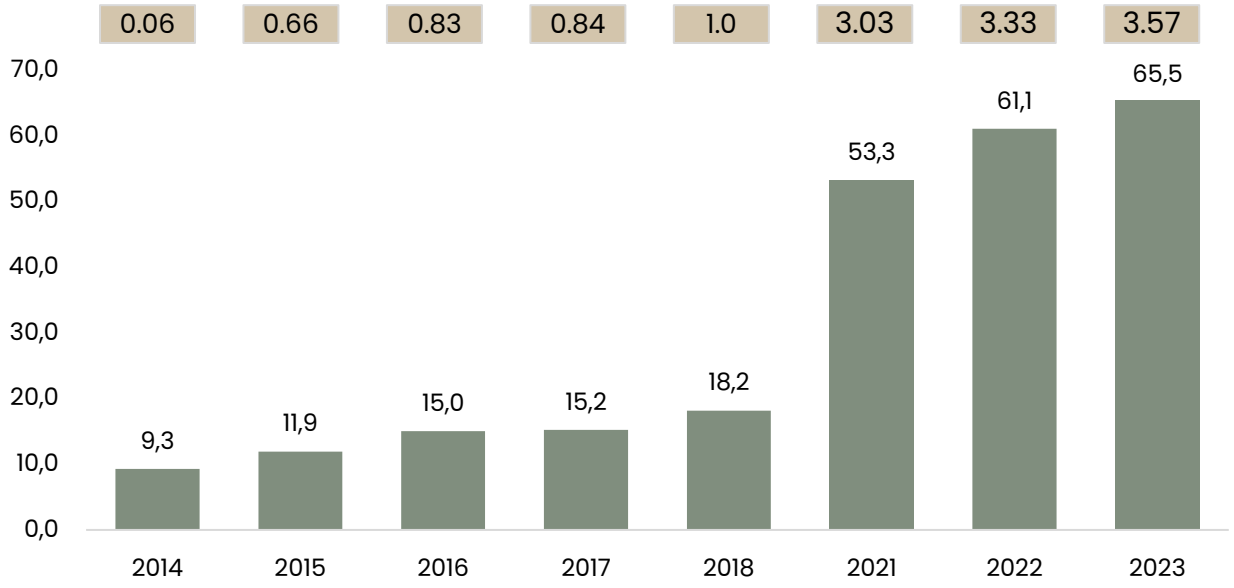


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DIVIDENDS

(PLN million, dividends shown under the year of payment)

Dividend per share



- Dividend of PLN 3.57 per share from 2023 profit
- **Dividend yield of 10.8% - one of the highest among WSE-listed companies in 2024.**



SIMPLE STRUCTURE OF THE CAPITAL GROUP

Wittchen SA

owner of the office and logistics centre in Palmiry, purchase and sale of the Group's goods, conclusion of lease agreements for company showrooms, owner of the WITTCHEN trademarks and licensee of the VIP COLLECTION mark.

100%	100%	100%	100%	100%	100%	100%	100%
Wittchen Premium Sp. z o. o. (Poland)	**Wittchen Travel Sp. z o. o. (Poland)**	**Wittchen SRO (The czech republic)**	**Wittchen Hungary Kft (Hungary)**	**Wittchen GmbH (Germany)**	**Wittchen Romania SRL (Romania)**	**Wittchen Slovakia SRO (Slovakia)**	**Wittchen Austria GmbH (Austria)**
does not conduct business	concluding part of the lease agreements for retail showrooms, which are then sublet to the Company	sales of the Group's products, both through retail outlets and online sales in the Czech Republic, headquartered in Prague	sales of the Group's products, both through retail outlets and online sales in Hungary, headquartered in Budapest	sales of the Group's products, both through retail outlets and online sales in Germany, headquarters in Berlin	sales of the Group's products, both through retail outlets and online sales in Romania, headquarters in Bucharest	stationary sales of the Group's products in Slovakia, headquarters in Bratislava	sales of the Group's products, both through retail outlets and online sales in Austria, registered office in Vienna

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OWN E-STORES IN 7 COUNTRIES

they build the reputation of the Wittchen brand

they work in the local language

they use local forms of payment

and are handled by the logistics center in Palmiry



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STABLE NUMBER OF STORES

Number of stores	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
Poland	97	96	95	94	94	93	91	91	91
The czech republic	6	6	7	7	7	7	7	7	7
Hungary	3	3	3	3	3	3	3	3	3
Slovakia						1	1	1	1
Romania						1	1	1	2
Germany								1	1
Austria								2	2
Ukraine (franchise)	10	10	10	10	10	10	10	10	10
Together	**116**	**115**	**115**	**114**	**114**	**115**	**113**	**116**	**117**

Number of stores	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
Living room	94	93	93	92	92	95	93	96	96
Outlet	21	21	21	21	21	20	20	20	21
Stand	1	1	1	1	1	0	0	0	0
Together	**116**	**115**	**115**	**114**	**114**	**115**	**113**	**116**	**117**

Number of stores	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
Wittchen	99	98	100	100	100	101	99	102	103
Wittchen Travel	17	17	15	14	14	14	14	14	14
Together	**116**	**115**	**115**	**114**	**114**	**115**	**113**	**116**	**117**

Number of stores	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
My own	106	105	105	104	104	105	103	106	107
Franchise (sponsorship)	10	10	10	10	10	10	10	10	10
Together	**116**	**115**	**115**	**114**	**114**	**115**	**115**	**116**	**117**

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STABLE SURFACE

m2	3Q'22	4Q2'2	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
Poland	8,000	7 952	8 036	7 960	7 960	8 006	7 826	7 883	7 918
The czech republic	508	508	629	629	629	629	629	629	629
Hungary	249	249	249	249	249	249	249	249	249
Slovakia						92	92	92	92
Romania						73	73	73	225
Germany								158	158
Austria								216	216
Ukraine	880	880	880	880	880	880	880	880	880
Together	**9 637**	**9 589**	**9 794**	**9 718**	**9 718**	**9 929**	**9 749**	**10 180**	**10 367**

m2	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
Living room	7 797	7 749	7 907	7 831	7 831	8 119	7 939	8 370	8 404
Outlet	1 826	1 826	1 873	1 873	1 873	1 810	1 810	1 810	1 963
Stand	14	14	14	14	14	0	0	0	0
Together	**9 637**	**9 589**	**9 794**	**9 718**	**9 718**	**9 929**	**9 749**	**10 180**	**10 367**

m2	3Q22	4Q22	1Q'23	2Q23	3Q23	4Q23	1Q'24	2Q'24	3Q'24
Wittchen	8 322	8 322	8 588	8 588	8 588	8 799	8 619	9 050	9 237
Wittchen Travel	1 315	1 267	1 206	1 130	1 130	1 130	1 130	1 130	1 130
Together	**9 637**	**9 589**	**9 794**	**9 718**	**9 718**	**9 929**	**9 749**	**10 180**	**10 367**

m2	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24
My own	8 757	8 709	8 914	8 838	8 838	9,049	8 869	9 300	9 487
Franchise (sponsorship)	880	880	880	880	880	880	880	880	880
Together	**9 637**	**9 589**	**9 794**	**9 718**	**9 718**	**9 929**	**9 749**	**10 180**	**10 367**

OFFICE AND LOGISTICS SPACE

Parameters	Office building	Logistics Center 1	Logistics Center 2 (new warehouse)
Construction cost (excluding land purchase costs)	17,708 thousand	13,608 thousand	16,316 thousand
Put into use	25/10/2017	31.12.2010	16/07/2020
Volume	11,289.2 m3	59,446 m3	99,277.83 m3
Building area	980.7 m2	5 325 m2	8,271.52 m2
Usable area	3,079.3 m2	5,357.6 m2	8,543.93 m2
Number of floors	4 floors (ground floor + 3 floors)	hall - 1 above-ground floor; technical building - 3 floors (ground floor + 2 floors)	hall + pumping station - 1 floor; technical building - 2 floors with mezzanine

RETAIL AND BUSINESS CUSTOMERS

RETAIL CUSTOMERS

Customers of our brick-and-mortar stores, e-shops and marketplaces

91 %
revenues in 3Q24

BUSINESS CUSTOMERS

Domestic and foreign business partners (wholesale)

9%
revenues in 3Q24



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QUARTERLY FINANCIAL RESULTS

PLN million	3Q22	4Q22	1Q'23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Revenues	118.2	136.7	96.3	110.4	128.1	132.3	93.0	112.8	115.3
Gross profit on sales	74.6	85.5	60.7	70.2	79.8	85.8	59.3	70.0	69.2
Margin (%)	63.1%	62.6%	63.0%	63.6%	62.3%	64.9%	63.81%	62.1%	60.1%
SG&A costs	45.5	51.1	47.7	53.7	56.0	59.1	51.9	52.8	57.7
Other operating activities	0.2	0.1	-0.5	-0.7	-0.1	-0.9	-0.6	-0.7	0.0
Operating profit	29.3	34.6	12.5	15.8	23.7	25.8	6.9	16.5	11.5
Margin (%)	24.8%	25.3%	12.9%	14.3%	18.5%	19.5%	7.40%	14.7%	10.0%
Net financial activity	-6.9	1.5	0.6	2.0	-3.8	-0.2	-0.9	-0.8	-0.7
Tax	-4.6	-7.1	-3.0	-4.6	-1.8	-5.3	-1.1	-4.0	-2.2
Net profit	17.9	29.0	10.1	13.2	18.0	20.7	4.9	11.8	8.7
EBITDA	36.2	40.7	19.5	22.9	30.5	33.7	14.1	24.4	19.3
Margin (%)	30.6%	29.8%	20.2%	20.7%	24%	25.0%	15.20%	21.7%	16.8%

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- The dominant position in tangible fixed assets is the net value of company's headquarters in Palmiry, the logistics centre and investments in own showrooms.
- Trade receivables include receivables from business partners, settlements with payment card operators and prepayments to foreign suppliers.
- Trade payables stands in most for settlements with suppliers.

Elegance & Young

SAFE BALANCE

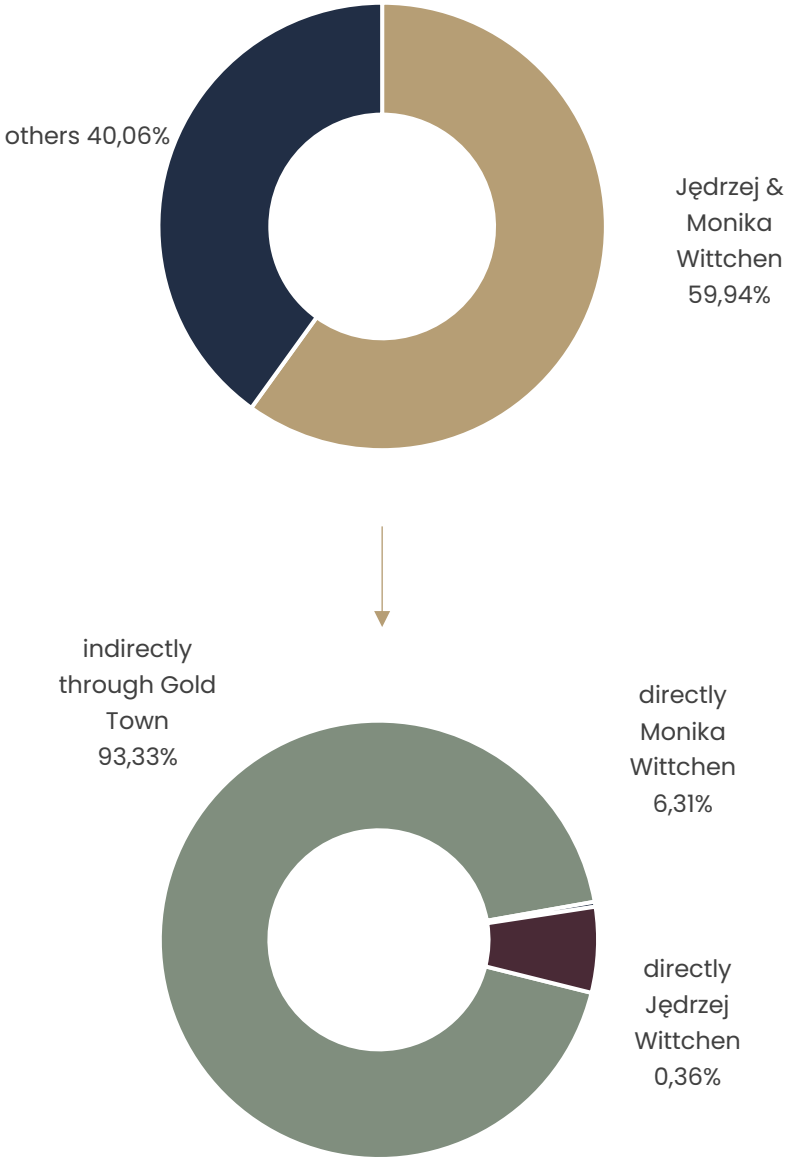
	3Q23	3Q24
Fixed assets	**144.5**	**160.2**
tangible fixed assets	72.4	73.8
intangible assets and goodwill	27.1	28.8
assets under the right of use	43.7	54.4
Current assets	**196.9**	**194.4**
supplies	134	120.1
trade receivables	45.9	58.9
cash	17.1	11.7
Assets	**342.0**	**354.6**
Equity capital	**195.5**	**176.9**
Long-term liabilities	**36.3**	**44.8**
interest liabilities	0.0	0.0
lease liabilities (IFRS16)	31.1	39.7
accruals	5.1	4.9
Short-term liabilities	**109.7**	**132.9**
other financial liabilities	47.8	69.9
lease liabilities (IFRS16)	18.3	16.0
trade liabilities	39.7	44.3
Equity and liabilities	**342.0**	**354.6**

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FAMILY COMPANY, STABLE SHAREHOLDING

As of September 30, 2024	Number of shares/votes	% participation
Jędrzej and Monika Wittchen	11 051 244	59.94%
indirectly through Gold Town	10 313 776	55.94%
directly Jędrzej Wittchen	40 160	0.22%
directly Monika Wittchen	697 308	3.78%
Others (free float)	7 384 852	40.06%
Together	**18 436 096**	**100.0%**

* Mr. Jędrzej Wittchen and Ms. Monika Wittchen each hold 50% of the shares in the Wittchen Family Foundation Fundacja Rodzinna, which holds 100% of the shares in Gold Town Inv . Ltd.



GLOSSARY OF TERMS

B2B SEGMENT	Revenues from business customers.
B2C SEGMENT	Revenues from retail customers.
SALES (PLN/M ^{2} PER MC)	Quarterly sales (stores, internet, other sales)/ average working area / 3.
OWN STORES COSTS/M2 (PLN PER MC)	Quarterly costs of own stores/ average working area of own stores/ 3.
OPERATING COSTS (SG&A)/M2 (PLN PER MC)	Quarterly group SG&A costs / average total store area/ 3.
STOCK/M2	Group inventories at the end of the period/group area at the end of the period.
EBITDA	Operating profit (EBIT) increased by depreciation and amortization from the cash flow statement.

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