

Ethos Limited

Investor Presentation

Q1FY23 | July 2022

May 2022

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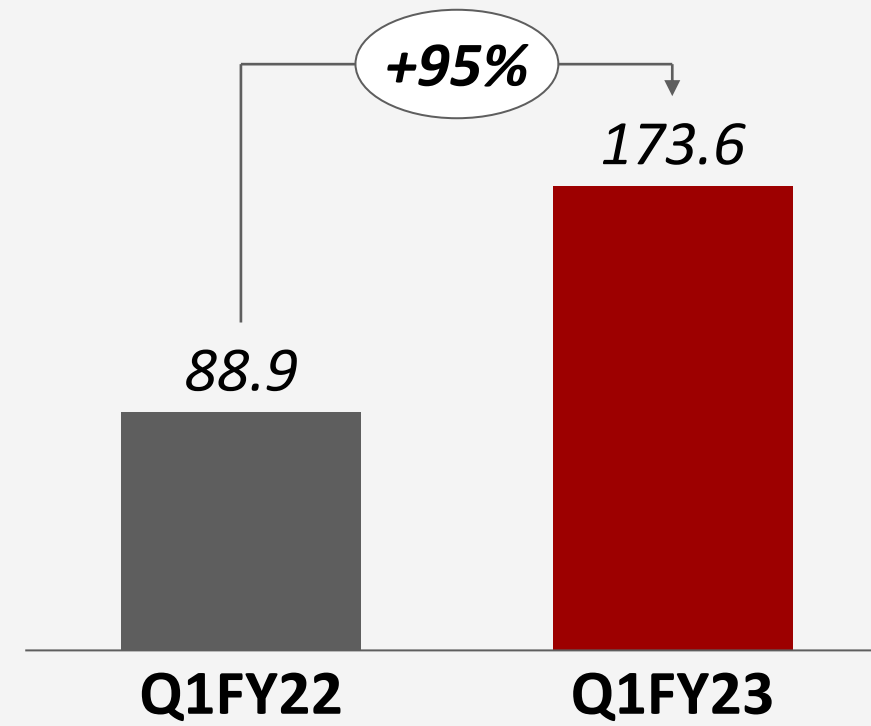
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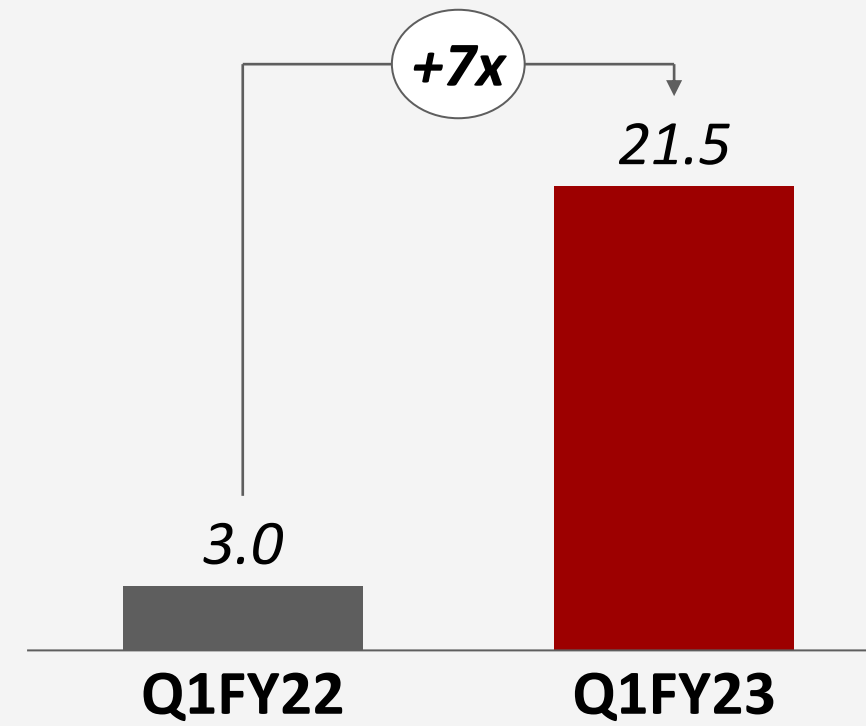
All Figures in Rs. Crs.

Q1FY23

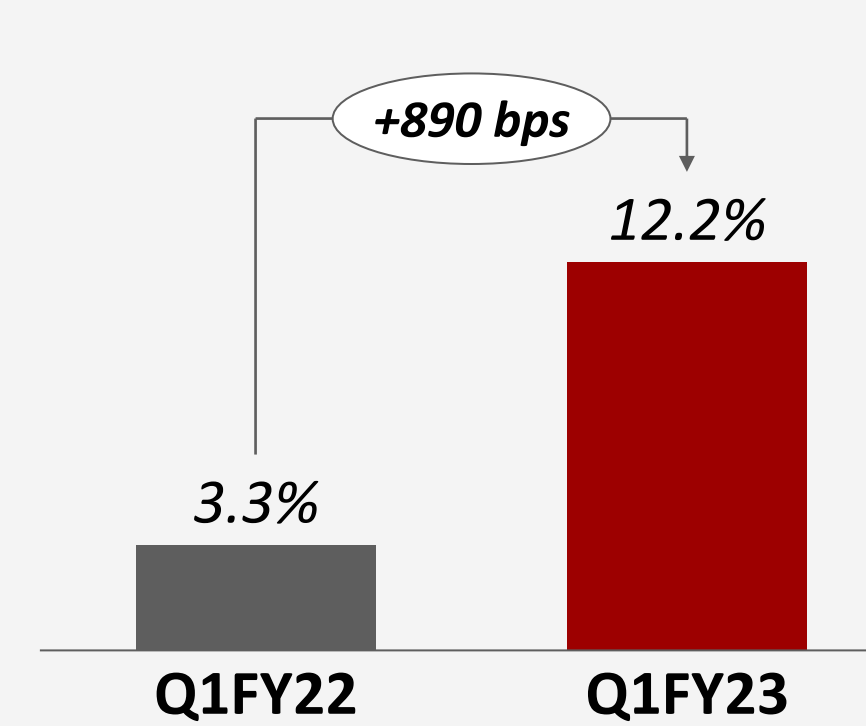
Revenue from operations



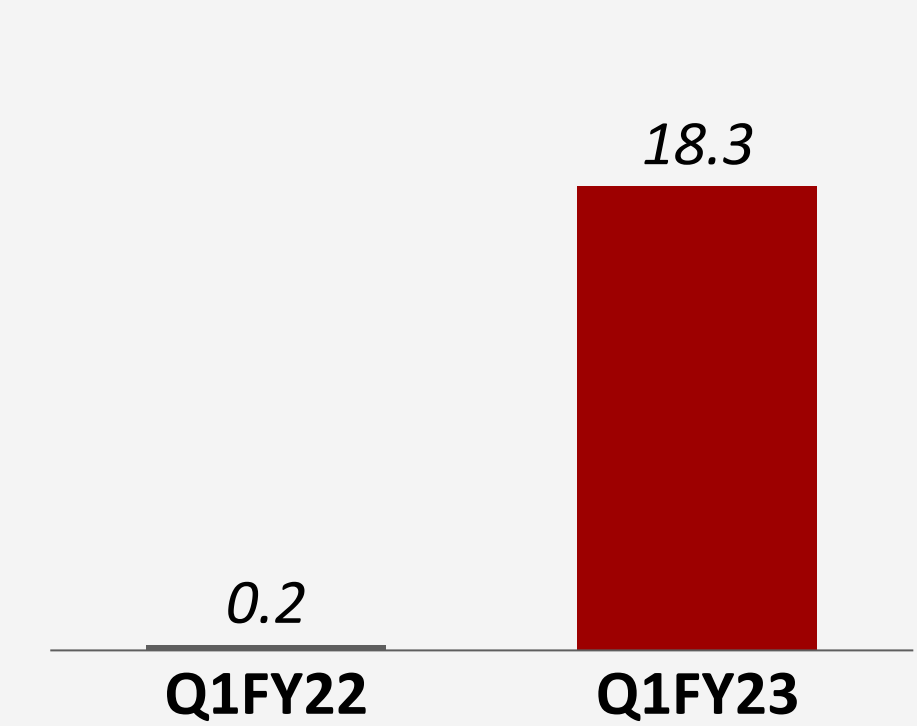
EBITDA



EBITDA Margin

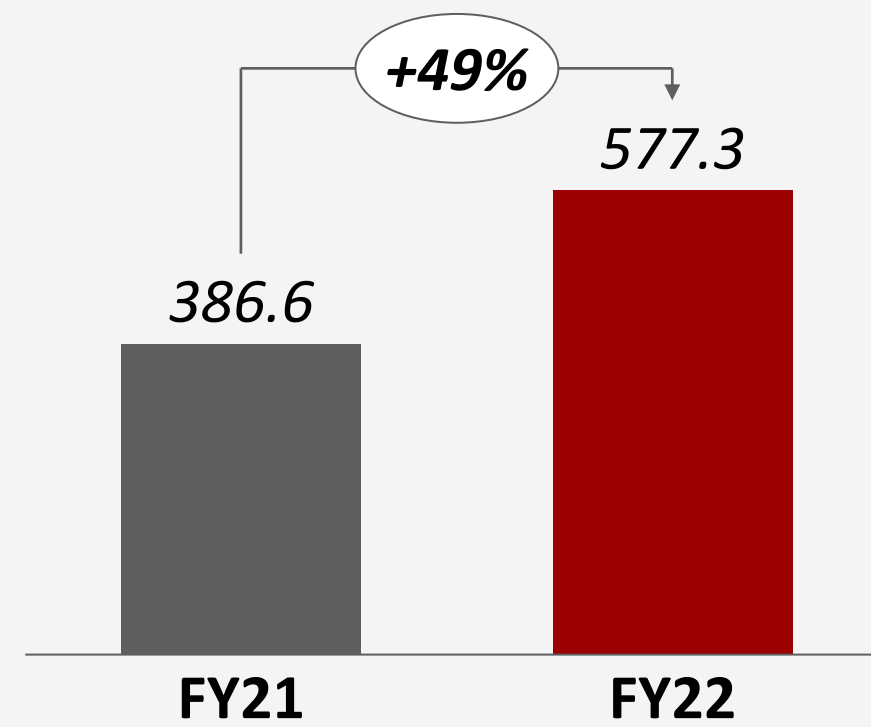


PBT

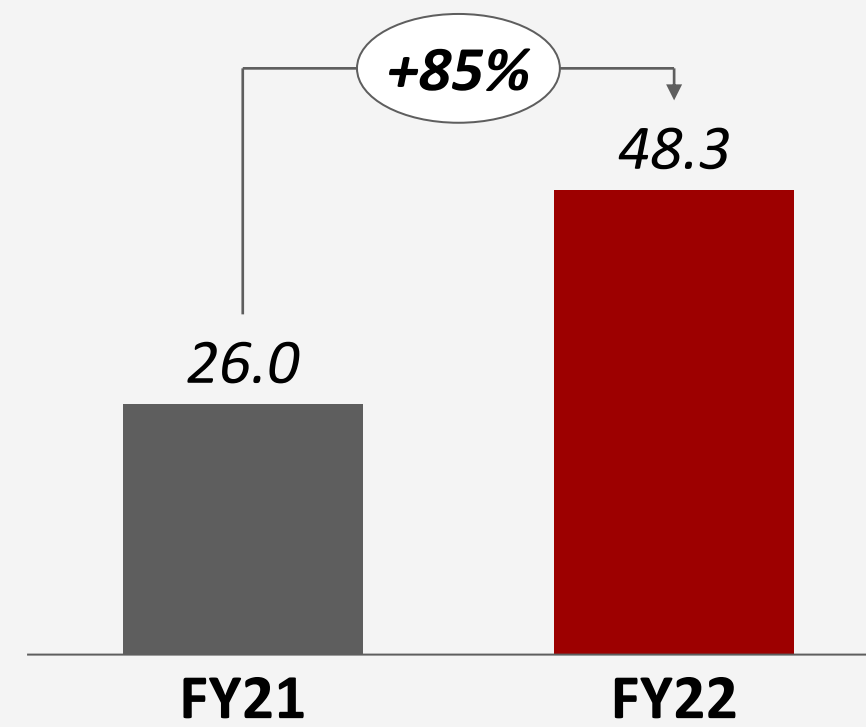


FY22

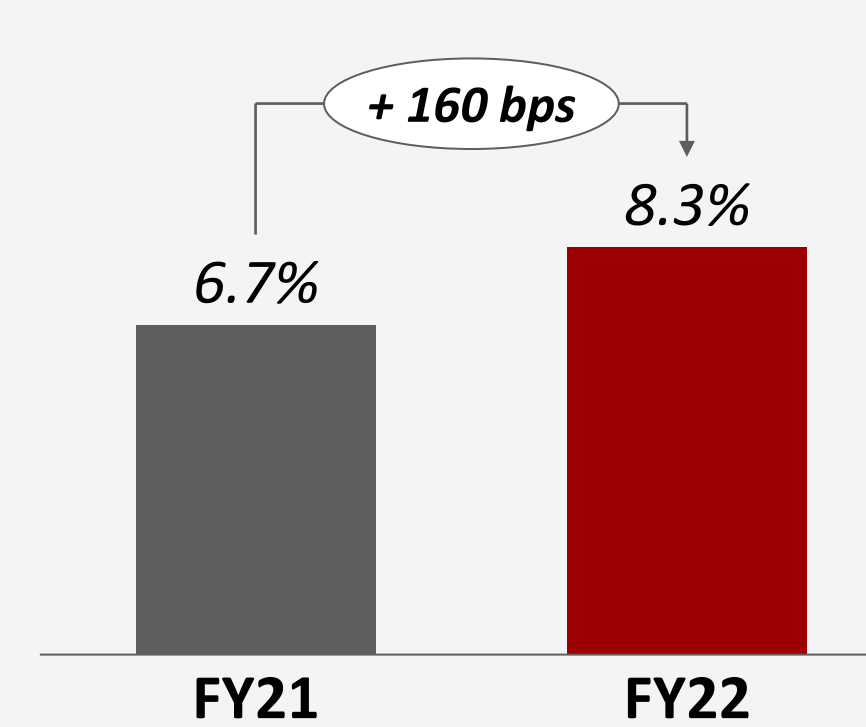
Revenue from operations



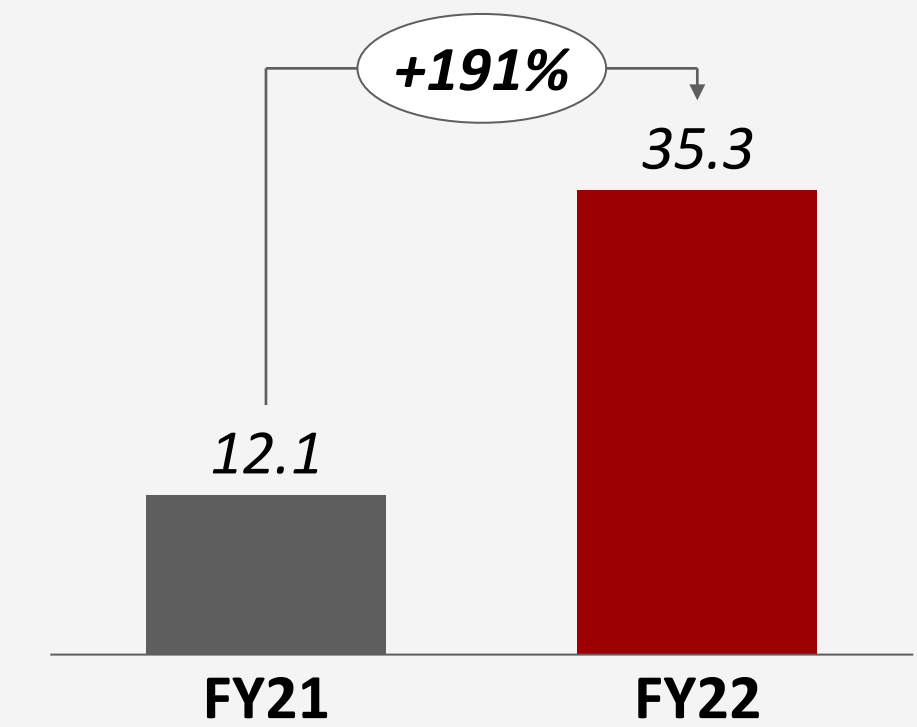
EBITDA



EBITDA Margin

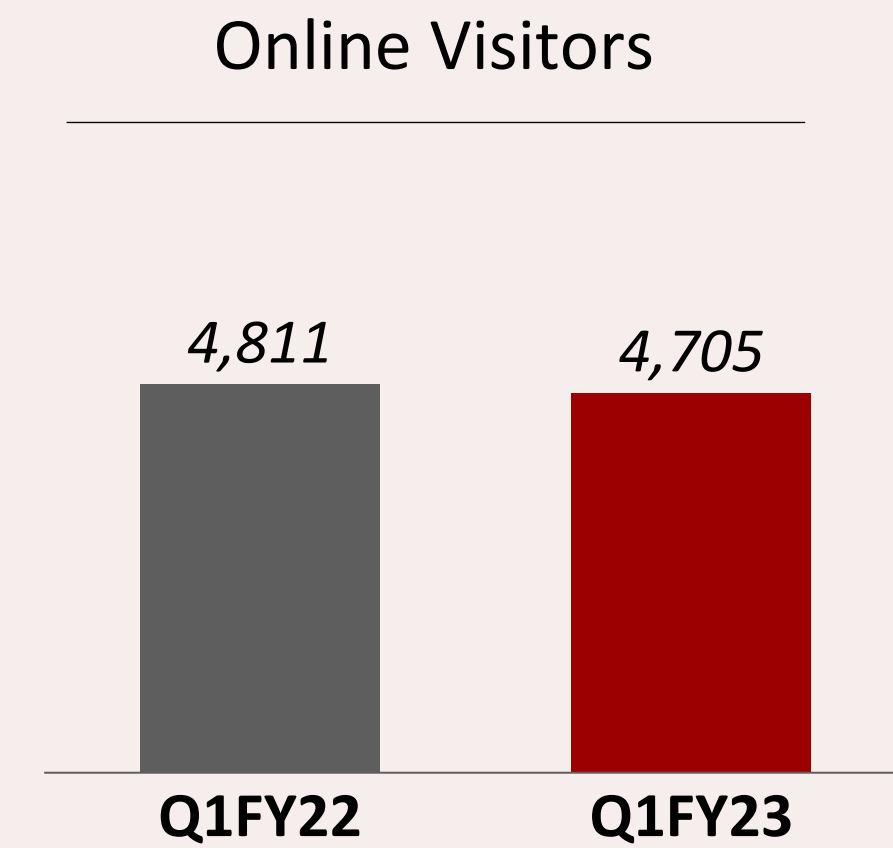
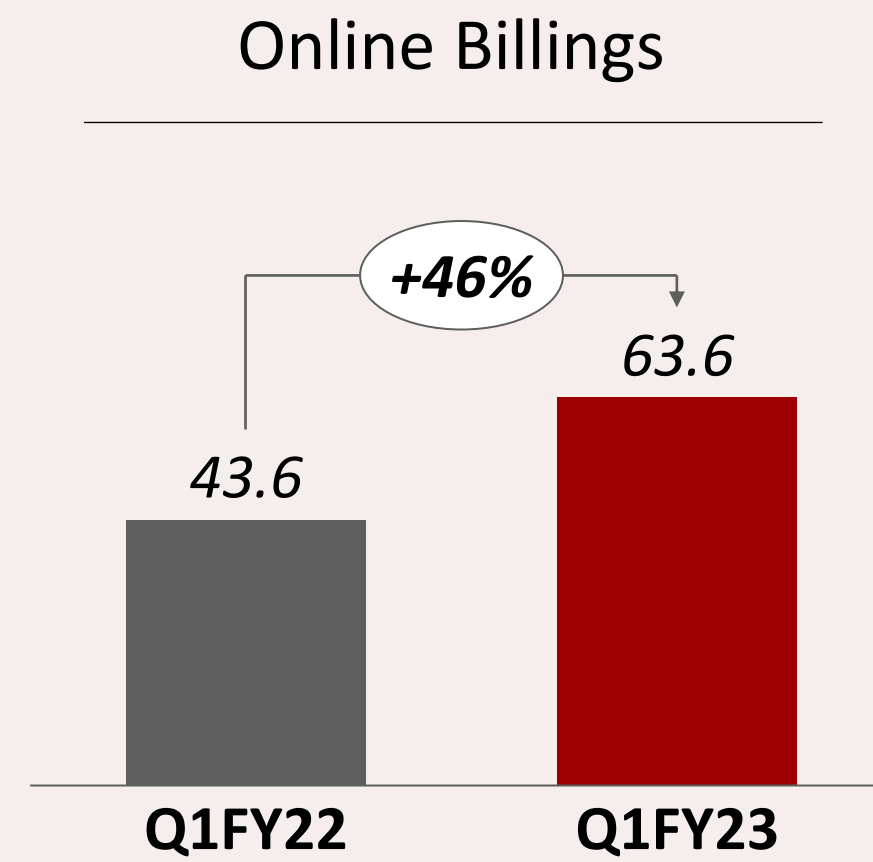
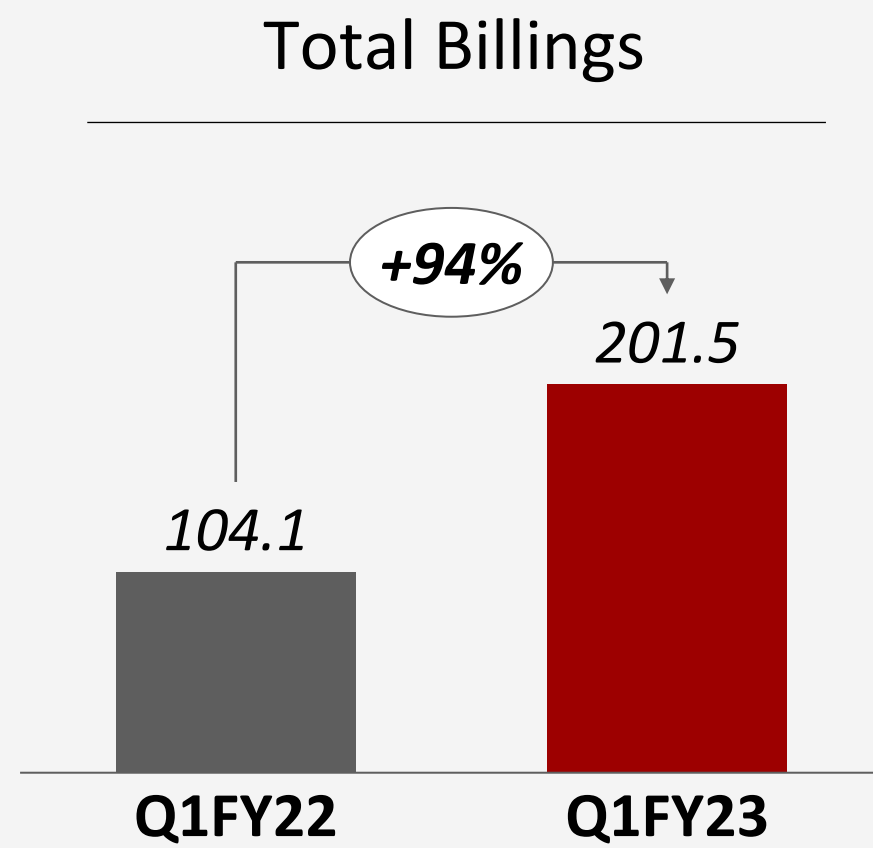


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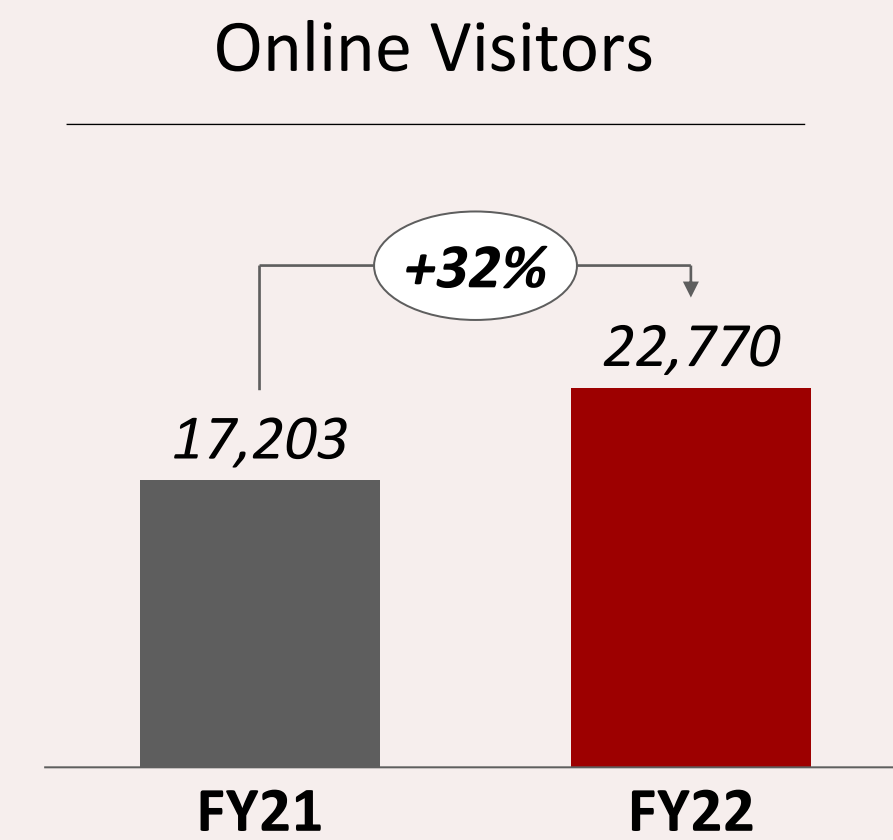
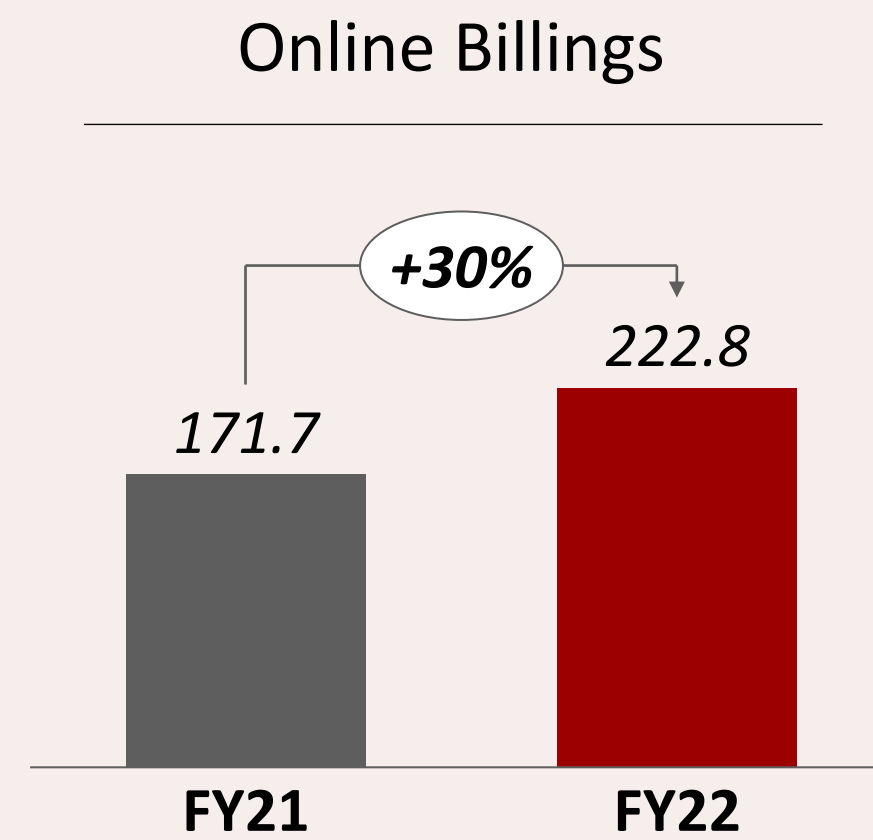
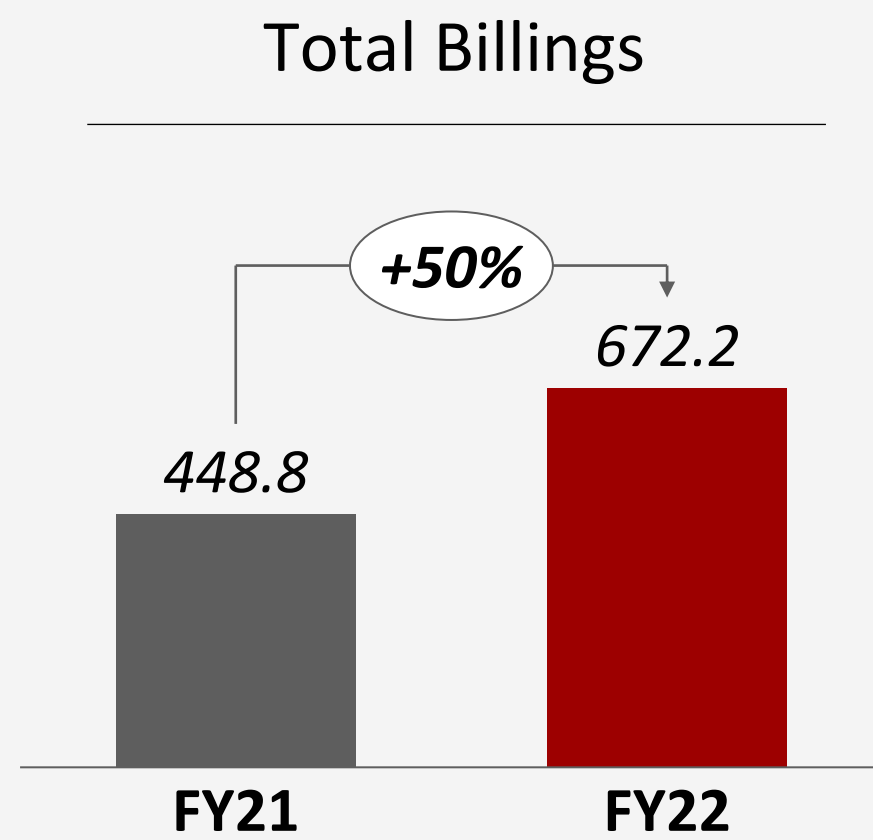


All Figures in Rs. Crs. Except for online visitor shown in '000

Q1FY23



FY22



Our omni channel strategy has resulted in strong growth offline as well as online

Profit and Loss (in Rs. Crs)	Q1FY23	Q1FY22	YoY	FY22	FY21	YoY
Revenue from Operations	173.6	88.9	95%	577.3	386.6	49%
Other Income	2.2	1.1		4.4	1.9	
Total Income	175.8	90.0		581.7	388.5	
Cost of Goods Sold	118.9	63.6		411.1	282.2	
Gross Profit (Revenue from operations - COGS)	54.7	25.3	116%	166.2	104.4	59%
Gross Profit Margin	31.5%	28.5%		28.8%	27.0%	
Employee Cost	12.4	8.5		42.4	29.3	
Other Expenses	23.0	14.9		79.9	51.0	
Normalized EBITDA including other income	21.5	3.0	619%	48.3	26.0	85%
Normalized EBITDA Margin	12.2%	3.3%		8.3%	6.7%	
Depreciation	2.0	1.5		6.9	7.7	
Normalized EBIT	19.5	1.5	-	41.4	18.4	125%
Finance Cost	1.4	1.2		6.2	6.4	
Share in Profit/(loss) in JV and Associates	0.2	-0.1		0.1	0.2	
Normalized PBT	18.3	0.2	-	35.3	12.1	191%

Key Highlights

- Company recorded its highest ever quarterly EBITDA & PAT in Q1FY23 on the back of robust demand and focused marketing initiatives
- Strong revenue growth across offline and online channels
- Higher share of inhouse brand sales continue to aid margin expansion
- EBITDA Margin continue to expand on the back of cost optimization initiatives and operating leverage benefits

Reported Profit and Loss (in Rs. Crs)	Q1FY23	Q1FY22	YoY	FY22	FY21	YoY
Revenue from Operations	173.6	88.9	95%	577.3	386.6	49%
Other Income	2.2	5.1		12.8	16.4	
Total Income	175.8	94.1		590.1	403.0	
Cost of Goods Sold	118.9	63.6		411.1	282.2	
Gross Profit (Revenue from operations - COGS)	54.7	25.3	116%	166.2	104.4	59%
Gross Profit Margin	31.5%	28.5%		28.8%	27.0%	
Employee Cost	12.4	8.5		42.4	29.3	
Other Expenses	15.2	10.1		57.2	35.4	
EBITDA including other income	29.3	11.8	148%	79.4	56.1	42%
EBITDA Margin	16.6%	12.6%		13.5%	13.9%	
Depreciation	8.1	7.0		31.5	32.5	
EBIT	21.1	4.8	336%	47.9	23.6	103%
Finance Cost	4.2	3.7		16.4	17.0	
Share in Profit/(loss) in JV and Associates	0.2	-0.1		0.0	0.1	
Profit before Tax	17.1	1.1	-	31.5	6.7	372%
Tax	4.3	0.3		8.1	2.0	
Profit After Tax	12.8	0.8	-	23.4	4.7	397%
Profit After Tax Margin	7.3%	0.9%		4.0%	1.2%	

Equity & Liabilities (in Rs. Crs)	Mar-21	Mar-22
Total Equity	156.9	231.7
Share Capital	18.2	19.1
Other Equity	138.7	212.6
Non-Current Liabilities	88.6	109.2
Financial Liabilities		
Borrowings	17.1	27.6
Lease Liabilities	69.1	79.5
Other Financial Liabilities	0.9	0.7
Provisions	1.6	1.4
Current Liabilities	148.0	163.4
Financial Liabilities		
Borrowings	34.9	31.8
Trade Payables	72.0	83.5
Lease Liabilities	19.1	22.4
Other Financial Liabilities	9.7	9.5
Current tax liabilities (net)	0.6	0.2
Provisions	2.5	3.2
Other current liabilities	9.2	12.8
Total Equity & Liabilities	393.5	504.4

Assets (in Rs. Crs)	Mar-21	Mar-22
Non - Current Assets	137.0	167.9
Property Plant & Equipments	30.7	37.3
CWIP	3.8	
Investment in joint venture	0.8	1.6
Intangible assets	0.6	0.7
Right of use asset	81.2	91.6
Intangible assets under development	0.1	
Financial Assets		
Loans	0.1	0.0
Other Financial Assets	8.9	11.1
Deferred Tax Assets (Net)	8.2	9.1
Non - Current Assets (Net)	1.5	1.9
Other Non Current Assets	1.2	14.8
Current Assets	256.5	336.4
Inventories	197.8	249.9
Financial Assets		
Trade receivables	12.2	5.2
Cash and cash equivalents	18.3	37.7
Bank balances other than cash and cash equivalents	2.2	2.2
Loans	0.2	0.3
Other Financial Assets	10.1	7.1
Other Current Assets	15.8	34.1
Total Assets	393.5	504.4



Signed exclusive distribution partnership with Jacob & Co.

- ✓ As a watchmaker known for creating haute horlogerie pieces, Jacob & Co. is revered worldwide; and Ethos will now make its treasured watches accessible to the Indian market as its exclusive retailer
- ✓ The partnership will unlock access to the brand's unique collections for Ethos customers pan-India



Signed exclusive distribution partnership with Norqain

- ✓ Founded in 2018, NORQAIN makes 100% mechanical watches that are completely built in-house with unparalleled attention to detail and supreme craftsmanship.
- ✓ NORQAIN makes its retail debut in India exclusively through Ethos Watch Boutiques, joining Ethos' portfolio of exclusive brands

About GPHG - Grand Prix d'Horlogerie de Genève

- Often referred to as the watch industry “Oscars”, the GPHG is a not-to-be-missed event in the watchmaking calendar and one of the sector’s most famous media showcases
- The main purpose of the Foundation of the GPHG is to highlight and yearly reward the most remarkable contemporary creations and promote the watchmaking art worldwide
- In the run-up to the annual awards ceremony, the GPHG organises a travelling exhibition stopping off in the world's major cities presenting the nominated watches



GPHG, the premier Luxury award platform in the world, based in Geneva, has chosen Ethos as the partner for the pre-award 2022 exhibition in New Delhi

The 2022 GPHG New Delhi event series will be held in October with ETHOS as the sole watch retail partner



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BOUTIQUES

About The Company & Industry

Ethos

Ethos is India's largest luxury and premium watch retailer employing over 424* people



Delivering a content-led luxury retail experience to our customers through our online and physical presence.

The company retails 50+ premium & luxury watch brands in India. Customers can choose from over 7,000 premium, bridge to luxury, luxury and high luxury watches
Exclusive brands - 35



In addition to premium and luxury watch retail, company also undertake retail of certified pre-owned luxury watches since Fiscal 2019



In addition to our chain of 50 physical retail stores in 17 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms

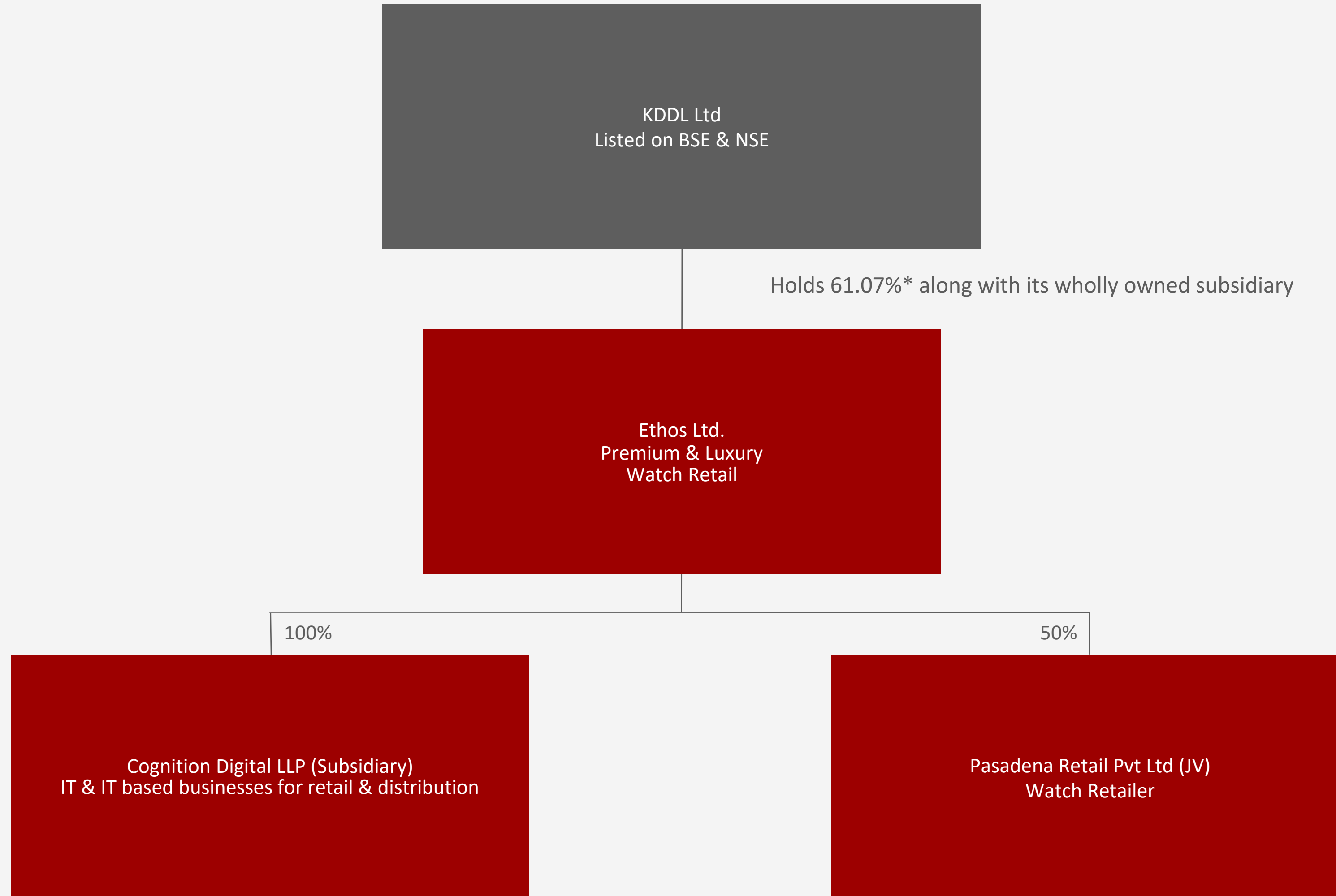


Recently entered into an agreement with Rimowa, for retailing their range of luxury luggage and Messika for retailing their range of luxury Jewellery in India

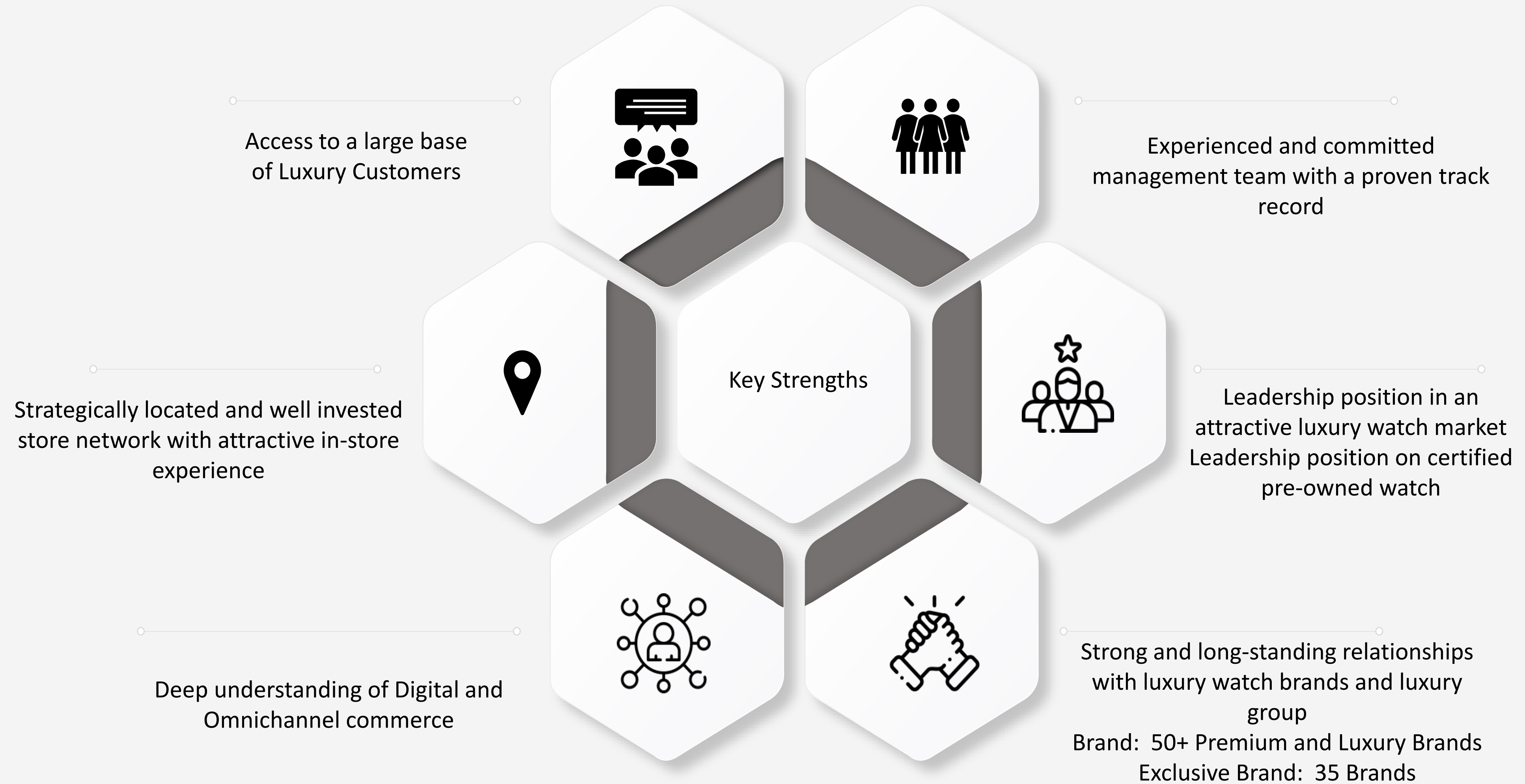


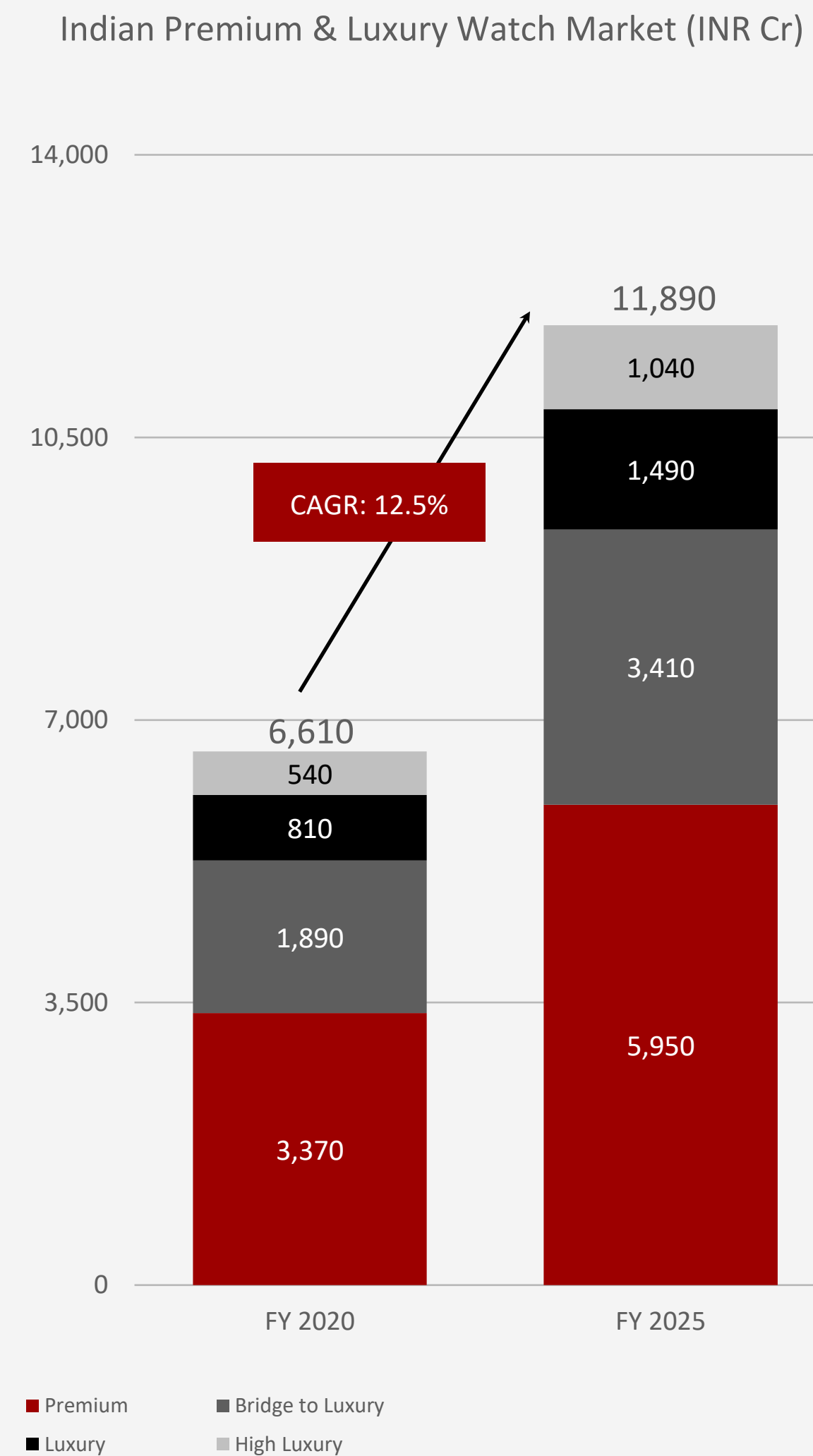
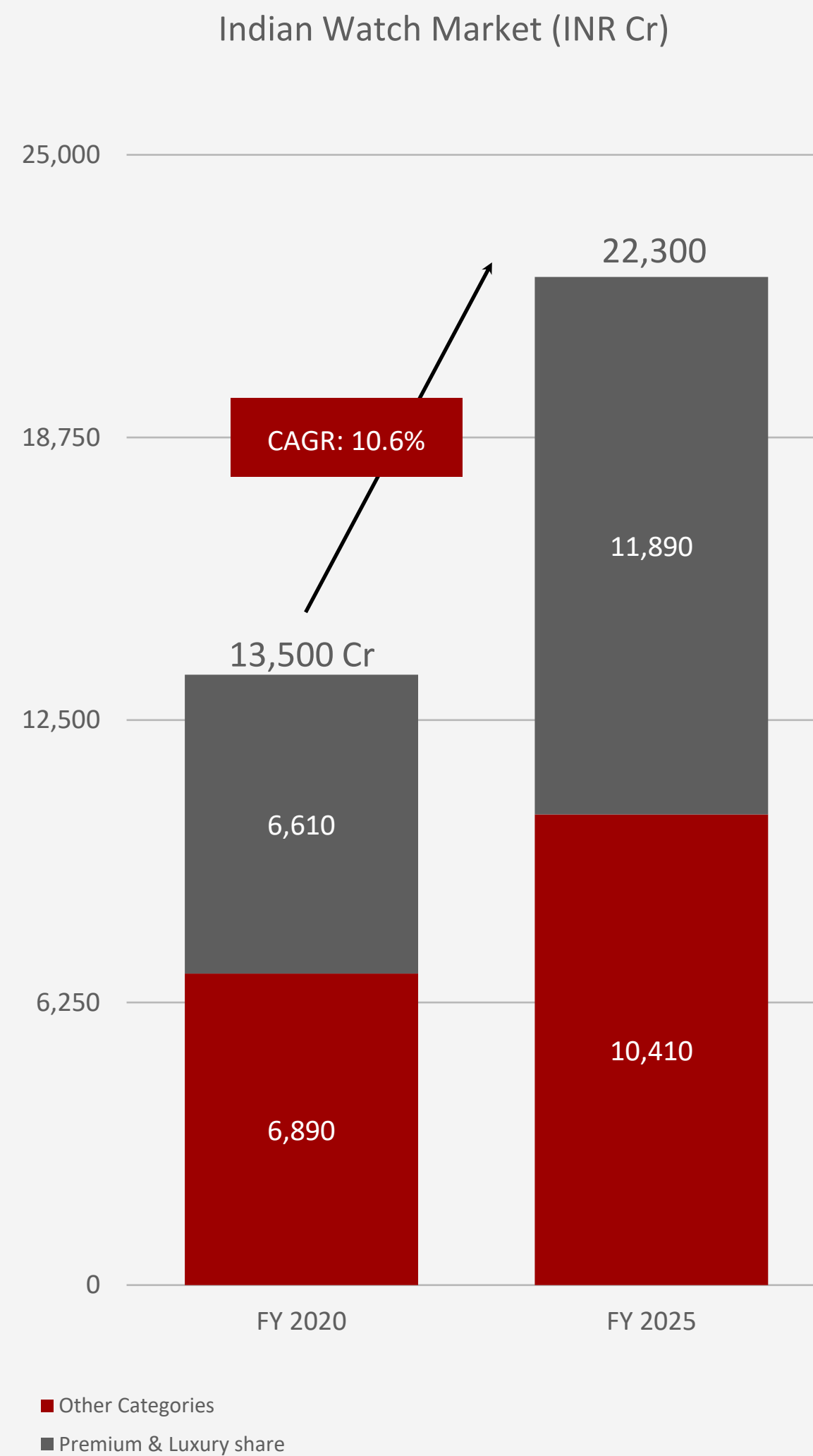
Note (*): As on March 31, 2022, Company had 424 employees on its rolls

Our Group Structure



Note (*): Post Issue





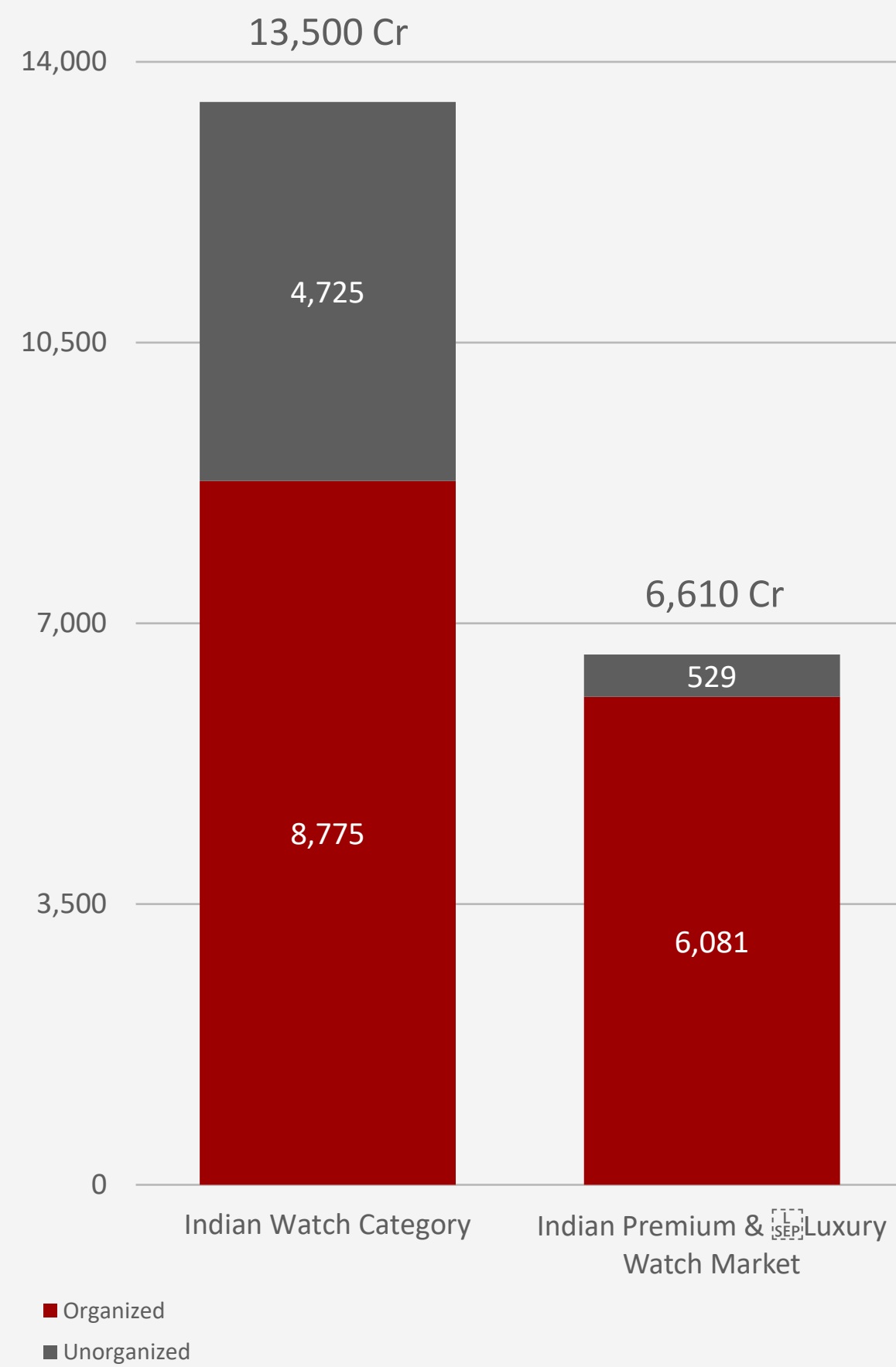
Favourable Macro Factors

- Rise in Indian Urbanization
- Increase in Disposable Income
- Growth and Adoption of Luxury Brands in India
- Favourable reforms - GST, UPI, FDI in Multi brand retail
- Robust rise of Ecommerce on the back of faster penetration of internet

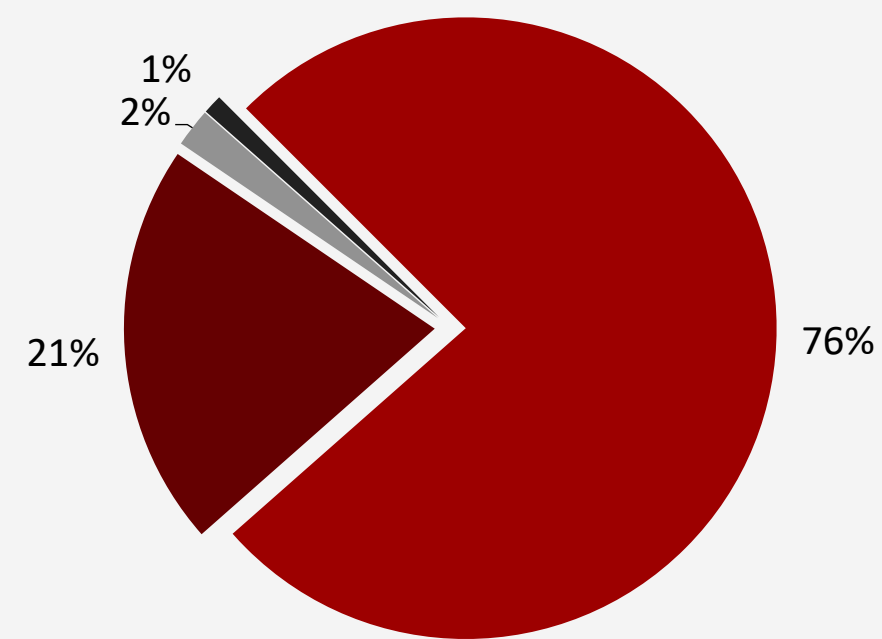
Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited

Not including Certified Pre-owned watch business

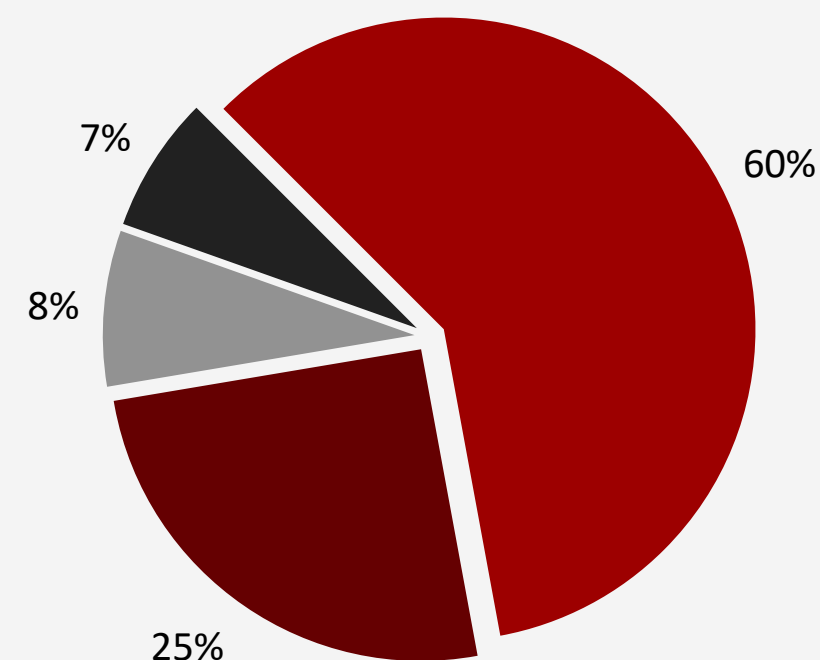
Premium & Luxury Watch market is highly organised on the back of growth of Vertical Specialists (FY20)



% Channel Share in Luxury Segment



% Channel Share in Premium & Luxury Segment



Vertical Specialist MBO holds the Key to Indian Premium & Luxury watch Market

- While Premium and Bridge to Luxury sell majority through Organised channel, and Luxury players exclusively through Organised Market, which is why the organised market contributes to 92% of the market
- Globally and in India, Vertical Specialist MBO led retailing is the dominant route to market (RTM for luxury and premium watches given that it is cost effective and provides wider market access for luxury brands)















Ethos is well positioned as India's leading Vertical Specialists for Premium & Luxury category

















Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited

Offering a sizeable portfolio of Premium and Luxury watches in India enabling us to retail 50 Premium and Luxury watch brands

- Relationships with owners of Luxury watch brands typically take many years to develop and are difficult to replicate
- Ethos has benefitted from its Promoter's (KDDL Ltd.) long-standing relationships with luxury watch brands. Since 1981, KDDL undertook export of watch dials, thereby gaining valuable insights in the watch industry, which has been instrumental in building strong relationships with the brands Ethos retails
- For brands like Carl F. Bucherer, Raymond Weil, Oris SA, Corum, Parmigiani, Urwerk, Bovet, Arnold & Sons, Girard – Perregaux, H. Moser & Cie among others which are retailed exclusively by Ethos in the Indian market.
- Brands like Omega, Rado, Tissot, Longines, Baume Mercier, IWC Schaffhausen, Jaeger LeCoultre, Carl F. Bucherer, Hublot and Zenith have been ongoing for more than a decade

Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited

 <p>JACOB & Co.</p>	 <p>NORQAIN SWISS MADE WATCHES</p>	 <p><i>H. Moser & Cie.</i> VERY RARE</p>	 <p>URWERK[®] DAUMGARTNER & FREI / GENEVE</p>	 <p>PARMIGIANI FLEURIER</p>	 <p>LOUIS MOINET 1806</p>
 <p>GIRARD-PERREGAUX</p>	 <p>CARL F. BUCHERER LUCERNE 1888</p>	 <p>BOVET 1822 <i>Celebrating 200 Years of Timeless Art & Engineering Brilliance</i></p>	 <p>CORUM CRAFT YOUR DREAMS</p>	 <p>BAUME & MERCIER MAISON D'HORLOGERIE GENEVE 1830</p>	 <p>NOMOS GLASHÜTTE</p>
 <p>ORIS HÖLSTEIN 1904</p>	 <p>GRAHAM WATCHMAKERS SINCE 1695</p>	 <p>CZAPEK GENÈVE</p>	 <p>ANGELUS</p>	 <p>ARMIN STROM SWISS WATCH MANUFACTURE</p>	 <p>ARNOLD & SON 1764</p>

Retailers	Global/Indian	Loyalty Program	Instagram Followers	Facebook Likes on Page	Twitter Followers	Website Ranking in India*
Hodinkee	Global	✗	1,94,000	1,91,086	70,400	-
Ethos	Indian	✓	1,64,000	1,57,655	4,935	8 th
Bucherer	Global	✗	1,22,000	74,939	9,622	-
The Hour Glass	Global	✗	57,300	64,469	-	-
Watches of Switzerland	Global	✓	53,200	1,95,555	5,620	-
Kapoor Watch Company	Indian	✗	44,200	1,04,355	641	75 th
Helios	Indian	✗	33,600	1,40,724	-	27 th
Johnson	Indian	✗	22,800	1,96,306	-	-
Zimson	Indian	✗	9,400	21,802	337	-
Kamal Watch Company	Indian	✗	8,000	35,610	-	-

Ethos social media presence is ranked second globally amongst all major watch retailers

Ethos is the only Indian Luxury watch retailer offering loyalty program for its customers

Ethos has the highest reach on social media platforms such as Instagram and Twitter with over 1,64,000 followers on Instagram.

It is also ranked 8th in website ranking (in category – Jewellery and Luxury products) in India- which is highest among the Premium & Luxury Watch vertical specialists in India.

Note: (*) includes all Jewellery and Luxury product websites

Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited

Only Indian player to offer Loyalty program + Social media presence led to over 35% of business coming from repeat customers

- 50 retail stores offering over 7,000 varied premium and luxury watches and about 30,000 watches in stock at any given time
- 14 Ethos Summit Stores and 1 Airport store (that houses bridge to luxury, luxury and high luxury brands),
- 14 MBOs and 10 Ethos Boutiques both housing bridge to luxury and premium brands
- 10 Luxury segment mono-brand boutiques offering a single luxury watch brand
- 1 CPO luxury watch lounge for Pre-Owned watches



Our Omnichannel Approach

- ✓ Our in-store channel allows customers to order products online and fulfilled by our store.
1. Purchase Ethos online platform (Website/App) with home delivery
 2. Book a viewing in-store or at Home/Office, and
 3. Services to collect the product in-store

Creating engaging shopping experience over the years has enabled us to build a large Luxury Customer base

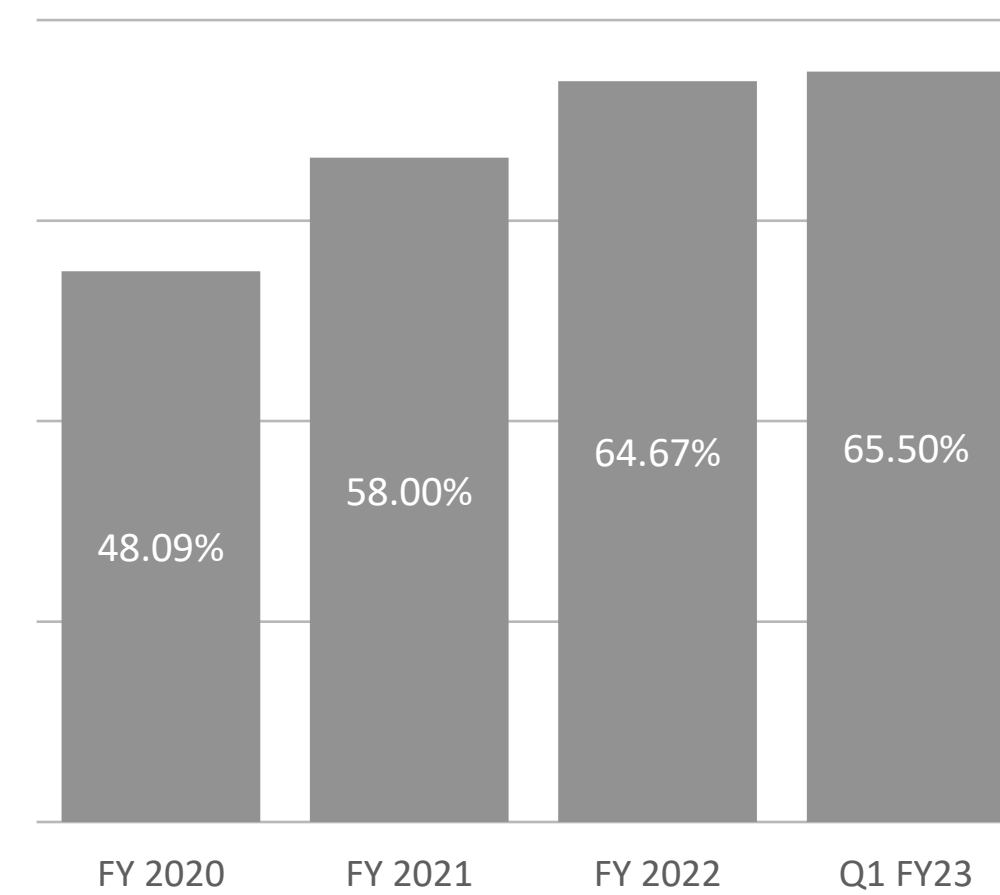
Factors leading to surge in the demand for luxury goods, including watches:

- ✓ Rise in the number of HNI's in fast growing economies, such as China and India has led to increase in the wealth of people
- ✓ Rise and Acceptability of Ecommerce in India have also been favourable

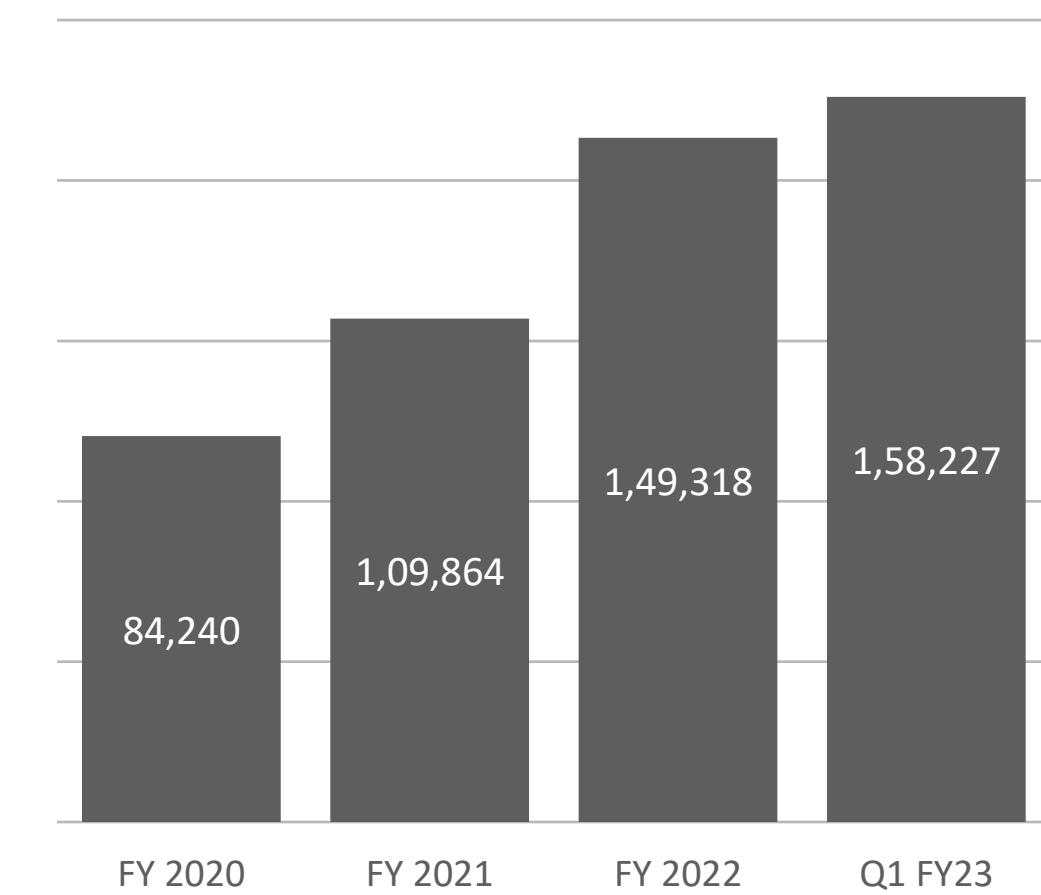


Demand for our products is directly proportional to the number of HNIs

Share of Luxury & High luxury watch sales



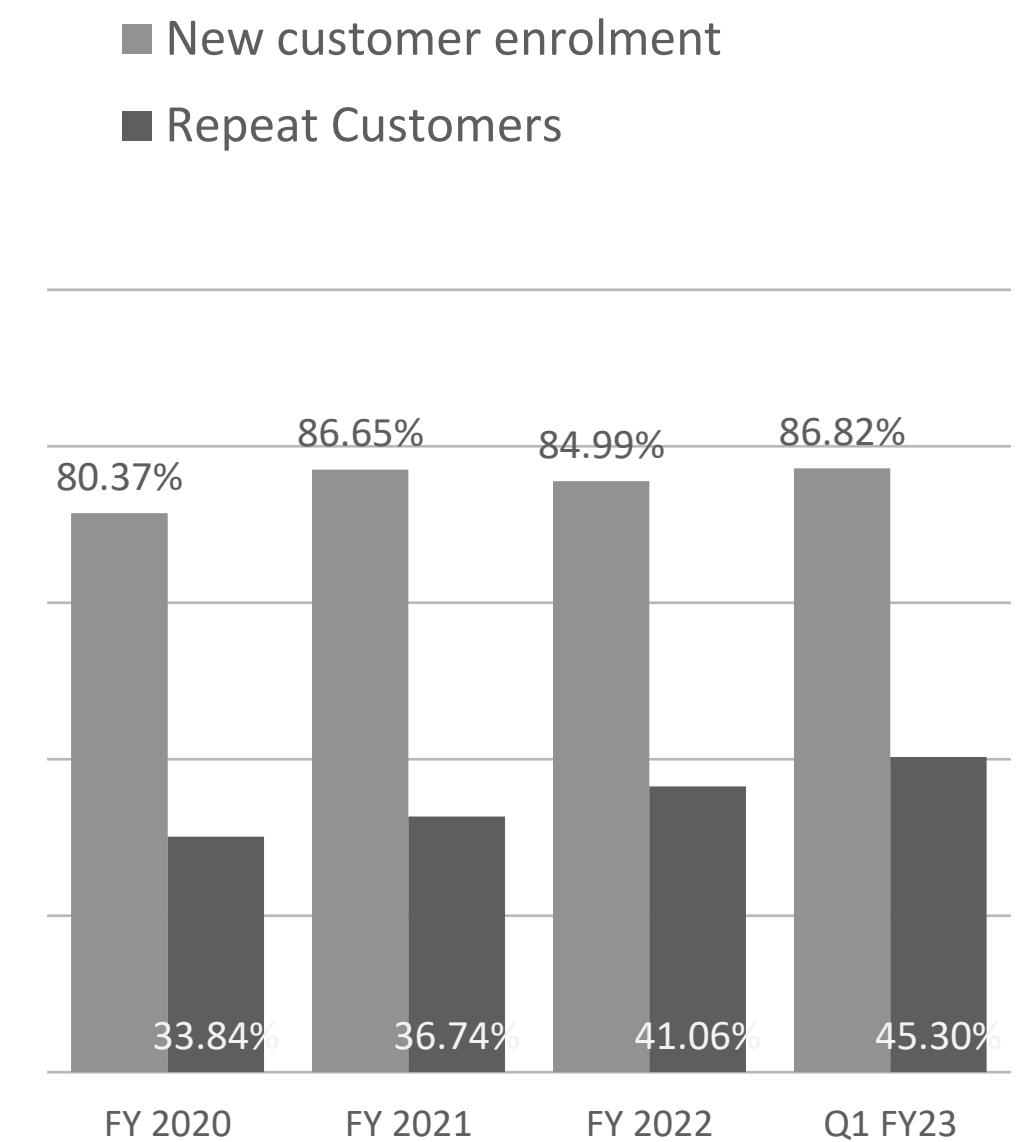
Average Selling Price per watch (INR)



“Club Echo” - Our Loyalty program – subscribed by over 2,83,300* registered HNI Customers

- ✓ Dynamic Incentive Scheme to our repeat customers
- ✓ Delightful & Rewarding shopping experience
- ✓ Captures Key Customer Information and Buying trends
- ✓ Outbound Customer Services unit at Mohali, Punjab

- ✓ Designing appropriate reward and communication strategies
- ✓ Drive highly accurate social media and digital campaigns by targeting known watch customers
- ✓ Greater customer satisfaction & Commitment
- ✓ Helps us to generate profitability by:
 - Reducing Servicing costs & Price sensitivity
 - Increased Spending & Favourable recommendations passed on to potential customers



Insights from our HNI customer database enables us to deliver value by Extending into other Premium & Luxury Product categories



Map not to scale

ETHOS WATCH BOUTIQUES

Our Store Locations

We have 50 stores across 17 cities in India, including one duty free store at the Delhi international airport.

Spread across the major metros, our boutiques house the finest selection from over 61 of the world's top luxury watch brands.





Yashovardhan Saboo
Managing Director

- An MBA from IIM, Ahmedabad
- Promoter of our company & has vast experience of working in manufacturing & retail industry
- Also, Promoter of KDDL Ltd
- Conferred with “Udyog Ratna” award from PHDCCI in 2005.



Pranav Shankar Saboo
Chief Executive Officer

- Associated with Ethos Ltd since 2015
- Also, the founder and on the board of Dream Digital Technology Ltd, a multi-faceted digital marketing company
- Has built strong brand relationships and architected the digital business platform



Ritesh Agrawal
Chief Financial Officer

- 17 years of experience in finance
- An associate member of the ICAI & holds a bachelor’s degree in commerce from Sambalpur University
- Previously been associated with Spencer’s Retail Ltd, Baxter Pharmaceuticals Pvt Ltd, Intertek India Pvt Ltd and PWC



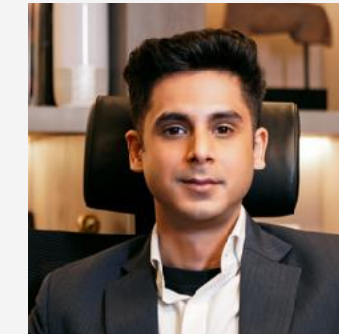
Manoj Subramaniam
COO

- A Bcom from S.I.E.S. College of Commerce and Economics and an MBA from Institute for Technology and Management in academic association with New Hampshire
- Previously, worked with Swatch Group, Swiss Watch House LLC and Just Lifestyle etc.



Juhi Chaturvedi
Head of Merchandising Department

- Holds a bachelor’s degree in science from Government M.L.B. Girls’ College, Bhopal and diploma in materials management from Rani Durgavati Vishwavidyalaya.
- Previously associated with Indian Army as Major.



Gurshaan Singh
Technology, Marketing & Internet Operations

- A post-graduate in management from Indian School of Business
- Previously, worked with Fintellix Solutions Pvt. Ltd., IndusInd Bank.



Patrik Paul Hoffman
Non-Independent Director

- Educated from Business School of the Association of Commerce, Switzerland. Also completed Marketing Management, International Management, Sales Management, Marketing Research and Marketing Decision Making from Andrews University, USA.
- 30+ years of experience in the watch industry and has been at leadership positions with global watch brands and retailers.



Anil Khanna
Independent Director

- Holds a degree in Bachelor of Arts (Economics, Mathematics) and is also a qualified CA from ICAI
- He holds Diploma in information system audit and is Certified Forensic Accountant and Fraud Detector from ICAI



Nagarajan Subramanian
Independent Director

- Holds a degree in BTech (Mechanical Engineering) from College of Engineering, Madras and a PGDM from IIM - Ahmedabad
- Prior to joining Ethos, he was associated with Titan Industries Ltd., Walt Disney India Pvt. Ltd.
- Currently, running “entheos consulting”, a boutique consultancy firm focusing on lifestyle retailing advisory



Chitranjan Agarwal
Additional Director (Non-Independent)

- Holds a degree in Bachelor of Commerce from Government College, Chandigarh and LLB from University of Delhi.
- Qualified CA from ICAI and holds a valid Certificate of Practice and is practicing as an Independent CA since October 1990
- Holds a Certificate in Corporate Social Responsibility and Certificate in Goods and Services Tax from ICAI
- Holds Certificate on the Global Financial Crisis from Yale University



Neelima Tripathi
Independent Director

- A practicing advocate by profession and is registered with the Bar Council of Delhi, also a qualified CA from ICAI
- 20+ years of experience in handling civil litigations, arbitrations, appearances at tribunals, courts, commissions etc.



Sundeep Kumar
Independent Director

- Holds a bachelor’s degree in economics from Delhi University and MBA from IIM - Ahmedabad
- Has rich experience in field of communication and general management.
- Has been heading Corporate Affairs and Communication of Dalmia Bharat also worked with Novartis Healthcare in the past



Dilpreet Singh
Independent Director

- Holds a bachelor’s degree in law from the Delhi University and a master of personal management and industrial relations University Business School, Chandigarh
- Currently an employability consultant at Amazon Web Services India (AISPL).
- He has served in various capacities within IBM, including VP, HR head, HR leader and Director of HR



Mohaimin Altaf
Independent Director

- Bachelor of Arts in Economics and Master of Business Administration from the Wharton School, University of Pennsylvania
- Prior to joining our Company, he worked as a Strategy and M & A Analyst with Morgan Stanley, New York.



Manoj Gupta
Executive Director

- Holds degree in BA from University of Punjab and has done advance diploma in tool and die making from Central scientific instruments organization, Indo-Swiss Training Centre
- Prior to joining Ethos, worked with Titan Industries Ltd, was also associated with KDDL Ltd. Later was transferred to Ethos as VP Operations – Summit

ēthos | WATCH
BOUTIQUES

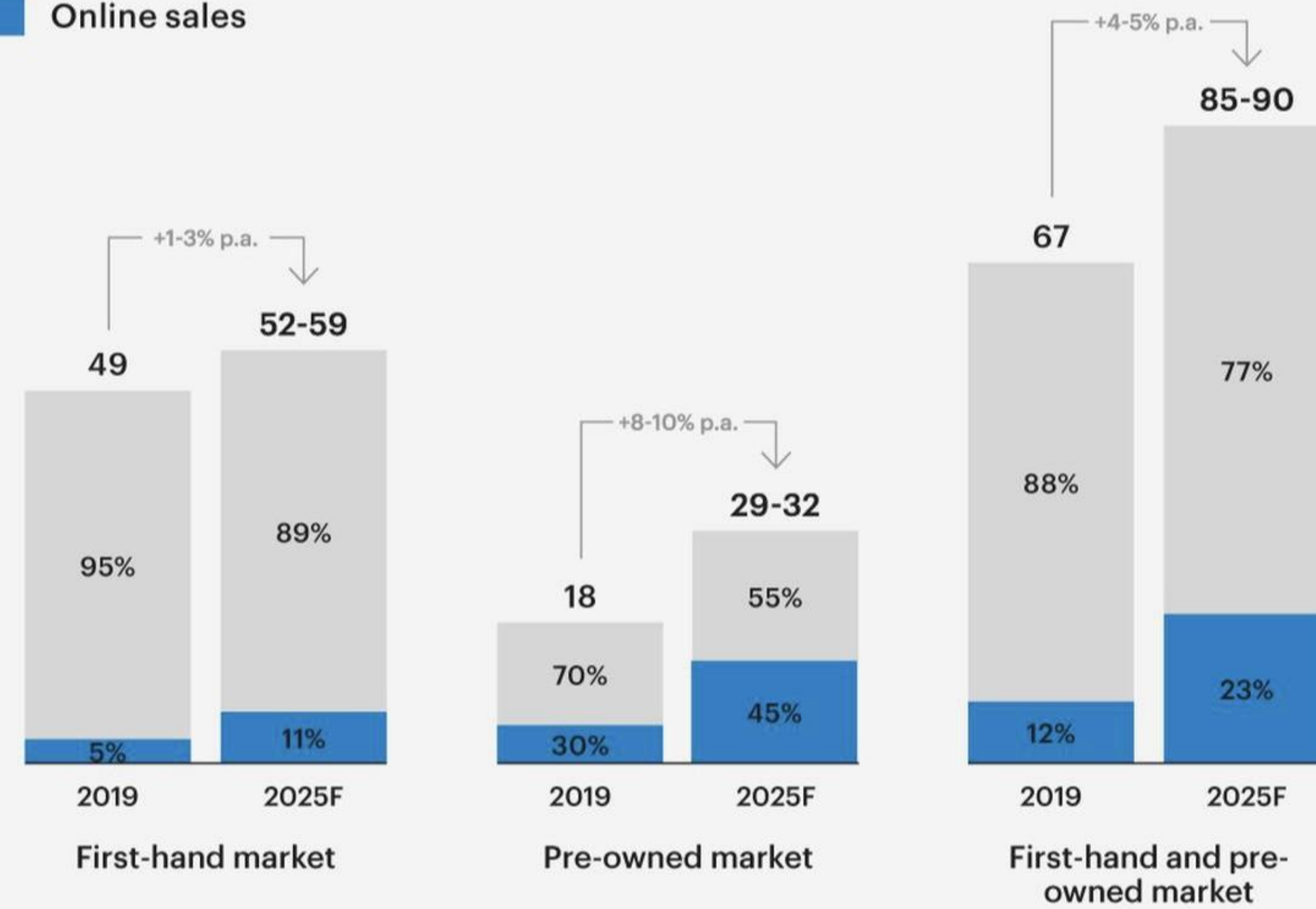
Strategy Overview



Growth of the pre-owned watch market is expected to far outpace that of the first-hand market, with online sales leading the way

USD BILLION; SHARE OF SALES BY CHANNEL (%)

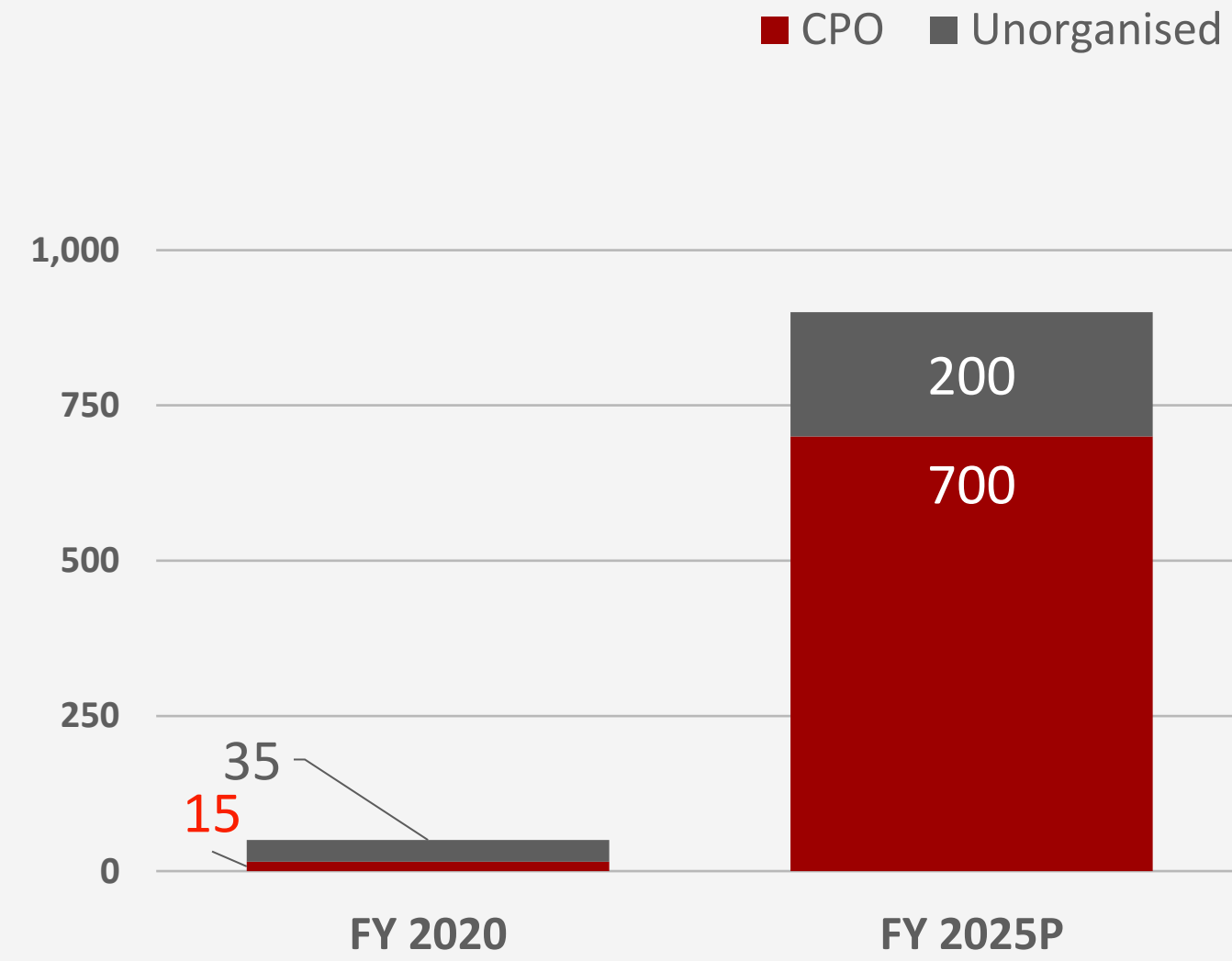
Offline sales
Online sales



Note: All market valuation figures are approximates
Source: McKinsey analysis, expert interviews



India Unorganized & CPO
Luxury Watch Market* (INR Crs)

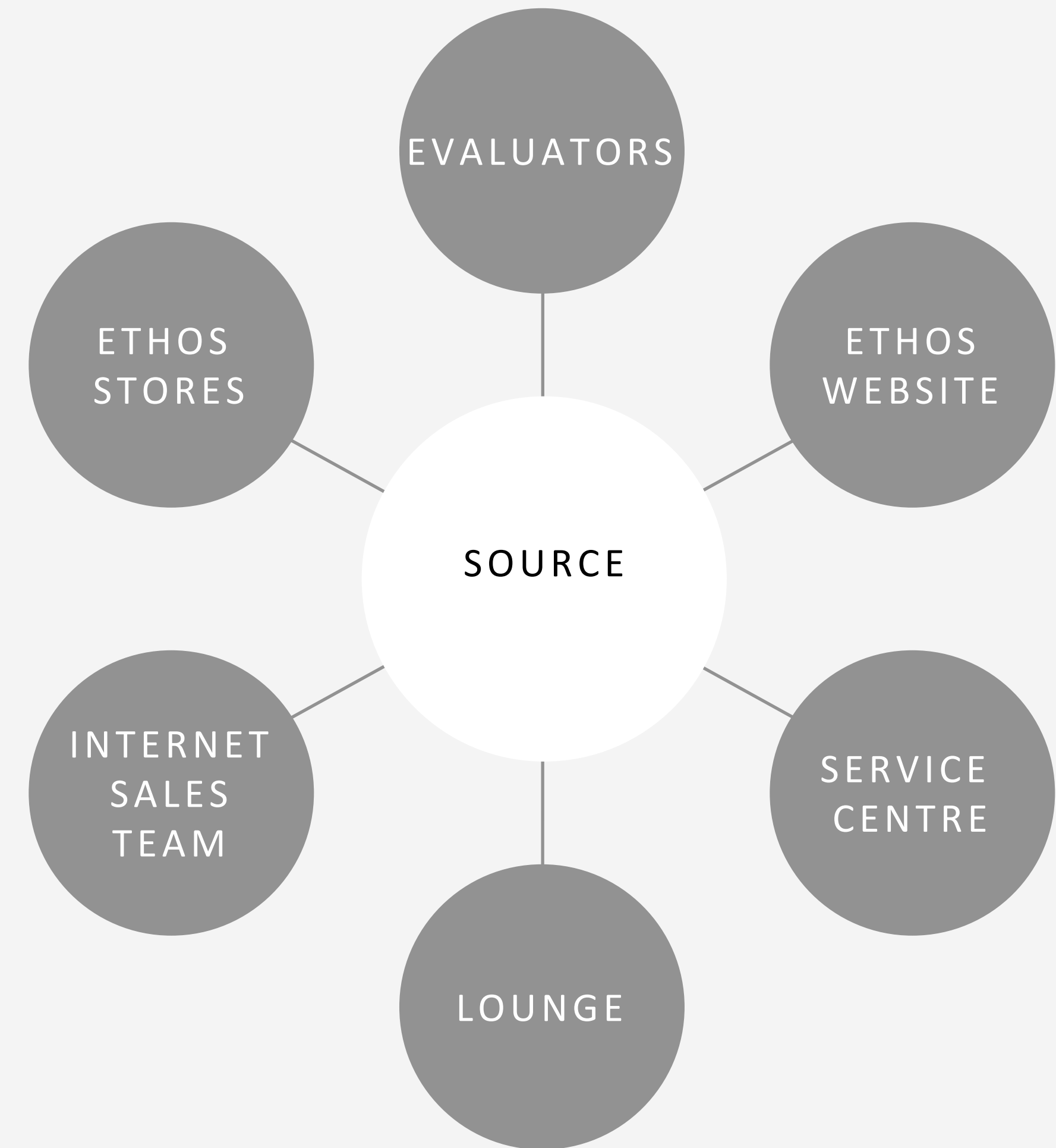


Launch of Website on 17 February, 2022: www.secondmovement.com
Daily Average Traffic – 4,300 visitors



** Market Size of Pre-owned watches (Source Technopak Report FY20 & FY25, estimate for other years by prorating)

- **First Mover Advantage** - Ethos is the only organised player in India with the capability of certifying, buying and restoring pre-owned watches.
- **Scale is critical.** The large digital reach and transaction points across 50 boutiques in India allows us to transact with more customers and buy/sell the largest selection of pre-owned watches.
- **Existing Ethos infrastructure** of Finance, Marketing, Sales, Digital, Loyalty base etc to be extended to Second Time Zone
- **State-of-the-art service center** allows us to service all watches and offer 2 years warranty.
- **Lounges** : Special lounges dedicated for pre-owned products to add credibility and experience.



Category Extension | *Creating a house of luxury retail beyond watches*

Expand into adjacent luxury offerings like hard luxury in various product categories such as eyewear, jewelry, luggage, cosmetics, writing Instruments.



MESSIKA
PARIS

Jewellery

- We have entered into a contract with Messika group to be the exclusive partner and reseller for Messika Jewellery in India.
- Founded in 2005, the Messika Maison is now firmly anchored in the French jewellery tradition. The Maison is recognised for its diamond expertise and unique craftsmanship expressed through modern jewellery designs and exceptional high jewellery creations.

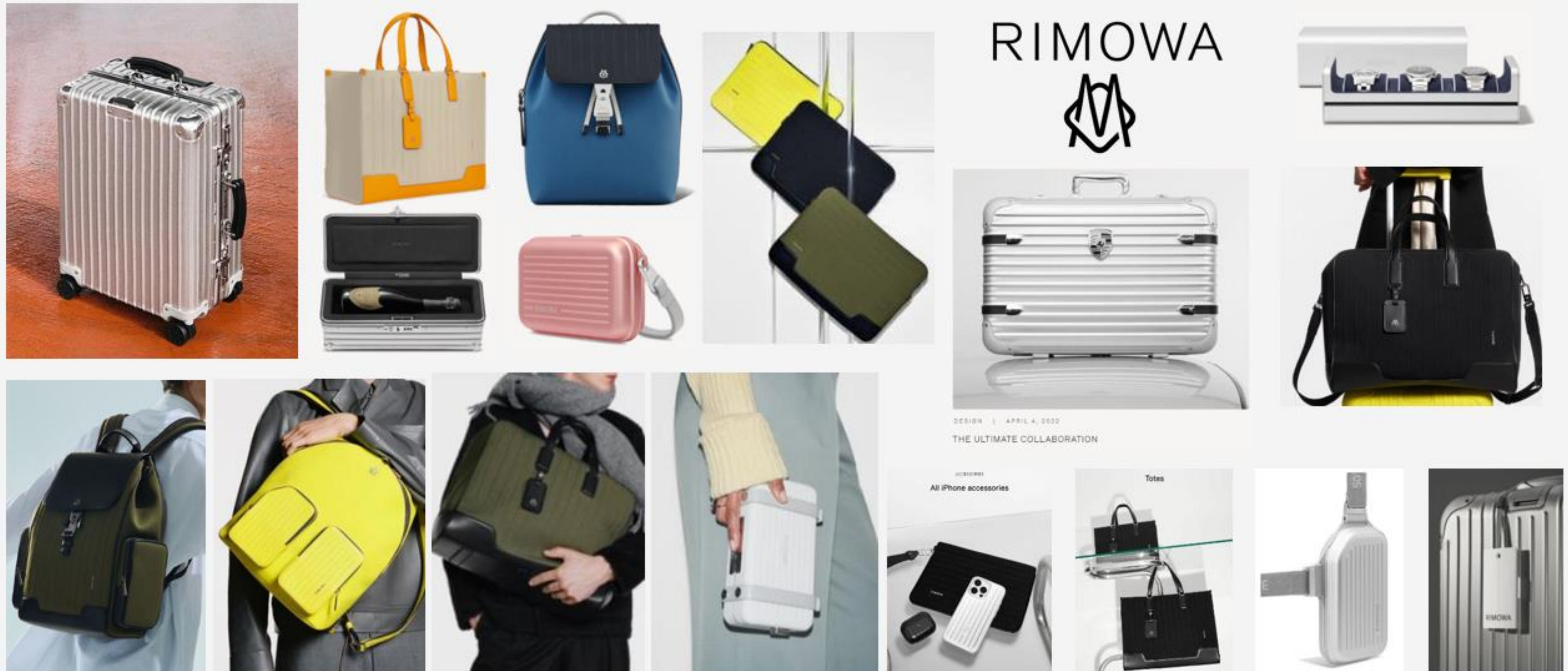


RIMOWA

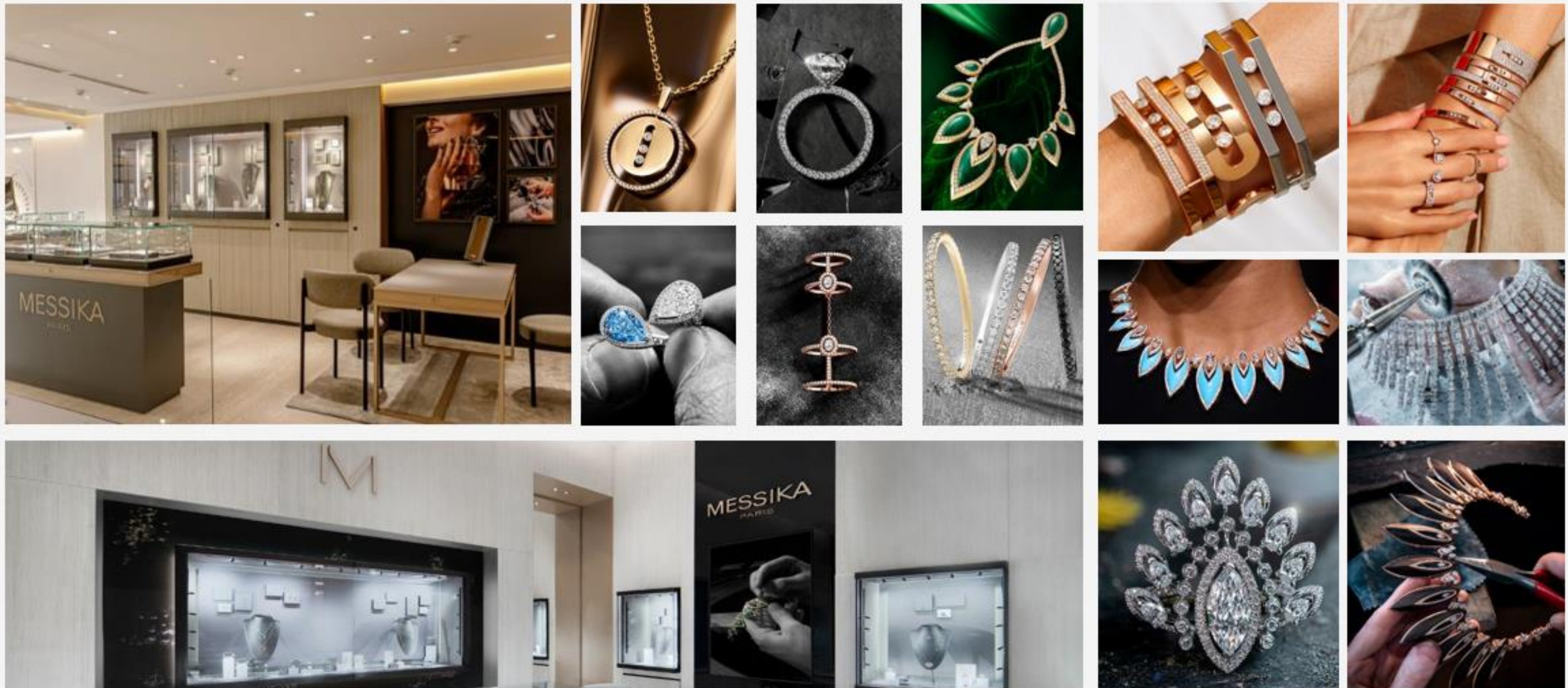
Luggage

- We have entered into a FRANCHISE CONTRACT with RIMOWA for the opening of the first Rimowa store in Jio World Plaza, Mumbai. Founded in 1898 in Cologne (Germany), RIMOWA is in a LVMH brands portfolio since 2017. Rimowa is the global leader in premium luggage and essential tools for a lifetime of travel Since 1898.

Company entered into an agreement with Rimowa, for retailing their range of Luxury luggage



Company entered a contract with Messika group to be the exclusive partner and reseller for Messika Jewelry in India



Source: <https://www.messika.com/>

The Brand Names mentioned are the property of their respective owners and are used here for identification purposes only

ēthos | WATCH
BOUTIQUES

Our Flagship Stores













For further information, please contact:	
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