



## Detsky Mir Group Adjusted EBITDA Increased by 37.3% YoY in Q1 2021

Moscow, Russia, 29 April 2021 – Detsky Mir Group (the “Group”, “Detsky Mir” or the “Company”, MOEX: DSKY), the largest children’s goods retailer in Russia and Kazakhstan, announces its unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the first quarter ended 31 March 2021.

### Q1 2021 Financial Highlights<sup>1</sup>

- The Group’s gross merchandise value (GMV)<sup>2</sup> increased by 15.6% to RUB 39.6 bn (incl. VAT).
- Total online sales<sup>3</sup> increased 1.8x to RUB 10.9 bn (incl. VAT); online share in Russia increased 1.6x to 28.6%.
- The Group’s revenue<sup>4</sup> increased by 15.0% to RUB 35.7 bn.
- Gross profit grew by 16.1% to RUB 10.5 bn; gross margin was 29.6% (+0.3 p.p. year-on-year).
- SG&A<sup>5</sup> as a percentage of revenue decreased by 1.0 p.p. to 21.0%.
- Adjusted EBITDA<sup>6</sup> increased by 37.3% to RUB 3.1 bn; adjusted EBITDA margin was 8.7% (+1.4 p.p. year-on-year). EBITDA<sup>7</sup> amounted to RUB 2.8 bn (+47.2% year-on-year).
- Adjusted net profit<sup>8</sup> amounted to RUB 1.5 bn vs RUB 15 m in the same period of last year; net profit totaled RUB 1.3 bn.
- The net debt/adjusted EBITDA LTM ratio<sup>9</sup> improved to 1.4x as of 31 March 2021 vs 1.6x as of 31 March 2020. The net debt was RUB 24.0 bn (-0.9% year-on-year).

### Q1 2021 Group Business Development

- Using its marketplace model (third-party sellers or manufacturers may sell their goods on the Company website or mobile app for a fee), Detsky Mir piloted the sale of Women’s Clothing, a new category. The Company will continue to actively develop this pilot in Q2 2021.
- The Company signed a basic agreement to open an 8,000 sq. m regional distribution center in Kazan, based on Russian Post’s fulfillment center. It was commissioned at the end of April 2021.
- Detsky Mir piloted a subscription delivery service for recurring orders, including diapers, baby food and pet food. Full-scale rollout is planned for Q2 2021.
- In Kazakhstan, the Company launched an iOS and Android app, as well as courier delivery for online orders in 11 cities and next-day delivery in a number of cities.
- Detsky Mir continued to expand its network of pickup points with new logistics partners: 500 pickup points were added through handset retailer Svyaznoy, the logistics service SberLogistics brought 1,700 pickup points, while the TelePort chain gave our customers access to 570 parcel lockers. The total number of partner pickup points and parcel lockers increased 2.1x to 12,200 year-to-date.
- The Company successfully completed a pilot project selling digital services and partner services through its own mobile application, starting to develop a full-fledged platform.

### Q1 2021 Key Events

- Detsky Mir’s shareholders elected a new Board of Directors, composed of five independent directors, four representatives of the major shareholder Gulf Investments Limited (Altus Capital), and one non-executive director. Maria Gordon was elected Chairwoman of the Company’s Board of Directors and Pavel Grachev was elected Deputy Chairman of the Board. More information on the members of the Board and its committees is available on the [Company website](#).
- Detsky Mir became the first Russian contributor to Zero Discharge of Hazardous Chemicals program (ZDHC), an international initiative aimed at reducing the negative impact of the textile and footwear industry on the environment around the world.
- The rating agency Expert RA revised its rating for Detsky Mir under its updated methodology, upgrading it by one notch to ruAA– with a stable outlook. Previously, Detsky Mir’s credit rating stood at ruA+, with a stable outlook.
- According to Data Insight Ranking of the largest Russian online stores in 2020, Detsky Mir moved up to 14th place vs 17th place a year earlier by sales and achieved 4th place by the number of orders.

- In 2020, Detsky Mir ranked among the Top 30 most mentioned e-commerce retailers on social media, according to Brand Analytics.
- Detsky Mir achieved International CX World Awards 2020/2021, the largest professional award in the customer experience industry.
- As part of the first stage of this year's Participate! program, the Detsky Mir Charitable Foundation donated more than 1.4 million items to disadvantaged children and sent about 15 tons of aid to children's homes in the Rostov Region, while the annual initiative Comfort to Shelters saw more than 1.3 tons of pet food donated to homeless animals.

### Maria Davydova, CEO of PJSC Detsky Mir:

*"Detsky Mir had an outstanding first quarter in 2021: we not only managed to up the pace of business growth, we also secured a significant increase in EBITDA and net profit. Even with an uncertain market outlook, we are bullish on the future of the Company and believe our chosen strategy is solid.*

*"First, we find our impressive online sales figures encouraging, as even off a high base from last year following the surge in demand for online shopping, they continue to outpace the market. A strategic priority for us now is to further increase the share of our online channel in total sales to 45%. Still, by actively developing our own marketplace and expanding our product assortment, we see a good chance of exceeding this target.*

*"The Detsky Mir Development Strategy to 2024, which was approved last summer, envisages a doubling of GMV in four years, driven by increased investment in infrastructure and new business verticals. The Company's plans for 2021 include the launch of at least 70 new Detsky Mir stores, 100 Detmir Pickup retail outlets and 70 Zoozavr stores. At the same time, we will grow our network of partner pickup points to 20,000.*

*"Furthermore, Detsky Mir plans to open its first new digital-format store in Q2 to provide a superior customer experience for those willing to pick up their online order in-store. We will use the outcomes of this pilot to come up with a mid-term modernization roadmap for the whole network of our stores.*

*"In April, we opened our second regional distribution center, located in Kazan. Our logistics infrastructure is soon to be reinforced with three more facilities: two regional distribution centers will be opened in the Novosibirsk and Leningrad Regions by the beginning of 2022, while a federal distribution center will be opened outside Yekaterinburg in January 2022, bringing total warehouse floor space to over 200,000 sq. m. Meanwhile, building up our retail infrastructure will ensure better penetration for our express delivery service out in the Russian regions.*

*"The Detsky Mir team will definitely bring new improvements to the user experience and functionality of our mobile platform, as this is now the major engine of online sales at the Company. We have sound plan for new features this year, including delivering children's goods in one hour, adding a 'pay in installments' option and launching delivery of orders on-demand from our store. We aim to become one of the top Russian mobile apps in the Shopping category.*

*"I would also like to draw your attention to the fact that Detsky Mir's net profit (RAS) for Q4 2020 increased by 10.8% to RUB 4.5 bn. We will recommend that the Board of Directors and shareholders distribute all net profit as a final dividend for 2020, making Detsky Mir not only a growth stock, but an attractive dividend story."*

### Detsky Mir Group's Gross Merchandise Value (GMV) & Revenue

GMV, RUB m (incl. VAT)	Q1 2021	Q1 2020	Change
Russia	37,888	33,006	+14.8%
Kazakhstan	1,379	1,088	+26.8%
Belarus	376	192	+95.6%
<b>Group</b>	<b>39,643</b>	<b>34,285</b>	<b>+15.6%</b>

  

Total online sales, RUB m (incl. VAT)	Q1 2021	Q1 2020	Change
Russia	10,824	6,073	+78.2%
Kazakhstan	115	38	+201.8%
Belarus	-	-	-
<b>Group</b>	<b>10,939</b>	<b>6,112</b>	<b>+79.0%</b>

Online share in total sales, %	Q1 2021	Q1 2020	Change
Russia	28.6%	18.4%	+10.2 p.p.
Kazakhstan	8.3%	3.5%	+4.8 p.p.
Belarus	-	-	-
<b>Group</b>	<b>27.6%</b>	<b>17.8%</b>	<b>+9.8 p.p.</b>

Revenue, RUB m	Q1 2021	Q1 2020	Change
Detsky Mir in Russia	33,987	29,605	+14.8%
Detsky Mir in Kazakhstan	1,231	974	+26.4%
Detmir in Belarus	326	170	+91.6%
Zoozavr	113	68	+67.2%
Other	-	203	-
<b>Group</b>	<b>35,657</b>	<b>31,020</b>	<b>+14.9%</b>

Despite strong economic and pandemic-related headwinds both in Russia and globally, Detsky Mir further accelerated its business growth in Q1 2021, with the Group's gross merchandise value (GMV) increasing by 15.6% year-on-year to RUB 39.6 bn.

The key drivers of GMV growth: (1) a sharp growth in online sales, thanks to faster delivery times and a smoother user experience (2) a normalization in customer traffic at Detsky Mir stores vs. the same period in 2020 (3) a full ramp-up of stores opened in 2019 and 2020 (4) the development of an exclusive assortment of private labels and direct imports (5) price leadership across all categories.

In the reporting quarter, the Company maintained high growth rates for its online platform in Russia (+78.2%), and increased this channel's share in total sales 1.6x to 28.6%. This is still one of the highest results in the online segment. At 83.6%, the vast majority of Detsky Mir's online sales continue to be collected from retail stores and pickup points.

A total of 74% of all online orders were placed through the Company's mobile app, which has been downloaded almost 9 m times since launch<sup>10</sup>. The platform's monthly active users (MAU<sup>11</sup>) increased 3.4x year-on-year to 3.0 m.

Detsky Mir's product assortment<sup>12</sup> on its online platforms grew to 321,000 SKUs over the quarter, with more than 800 new brands now available to our customers. The marketplace's contribution to Group GMV exceeded RUB 399 m, representing almost 4% of the Company's total online sales in Russia.

Stores in Kazakhstan and Belarus are showing one of the highest sales growth rates in the retail segment, already accounting for over 4% of total Group sales. In Kazakhstan, the Company's online channel has achieved its first major breakthrough: its share increased 2.4x year-on-year to 8.3%.

Toys and Apparel & Footwear led the charge in sales growth in Q1. In January, Detsky Mir had a bumper winter sales season, and followed this up with impressive results in the Men's day and Women's day period in late February to early March. The Company also posted impressive sales growth rates for its spring collection of Apparel & Footwear, thanks to the compounding effect of a warm March and a low base from the COVID-19 pandemic.

This resulted in the Toys category's share in total sales increasing by 1.4 p.p. year-on-year to 32.3%, while the share of Apparel & Footwear in sales saw a growth of 1.6 p.p. year-on-year to 25.5%. The latter category's sales increased 2.3x in the online channel.

In parallel to this, Detsky Mir continued to actively develop its private labels and switch to direct contracts with producers, securing the best prices on the market. Sales of private labels and direct imports in Russia grew by 18.3%, accounting for 40.4% of total sales (+1.4 p.p. year-on-year).

### Like-For-Like Revenue at Detsky Mir Stores<sup>13</sup>

Like-for-like (Russia, Kazakhstan and Belarus)	Q1 2021	Q1 2020	Change
Like-for-like revenue growth	7.9%	4.0%	+3.9 p.p.
Like-for-like number of tickets growth	4.5%	4.4%	+0.1 p.p.

Like-for-like average ticket growth	3.2%	(0.4%)	+3.6 p.p.
<b>Like-for-like (Russia)</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Change</b>
Like-for-like revenue growth	7.5%	3.5%	+4,0 p.p.
Like-for-like number of tickets growth	4.5%	3.9%	+0,6 p.p.
Like-for-like average ticket growth	2.9%	(0.4%)	+3,3 p.p.

In the reporting quarter, total like-for-like sales in all countries across our footprint increased by 7.9%, driven by effective pricing and an increase in the share of high-margin categories, and bolstered by customer traffic returning to normal levels in the brick-and-mortar segment. The Company succeeded in attracting new customers, with a 4.5% increase in like-for-like (LFL) number of tickets at Detsky Mir stores. LFL sales grew 7.5% in Russia, 17.4% in Kazakhstan and 42.5% in Belarus.

### The Group's Retail Chains Expansion<sup>14</sup>

Number of stores	Q1 2021	Q1 2020	Change
<b>Group</b>	<b>880</b>	<b>846</b>	<b>+4.0%</b>
Detsky Mir in Russia	783	726	+7.9%
Detsky Mir in Kazakhstan	41	38	+7.9%
Detmir in Belarus	13	8	+62.5%
ELC & ABC	-	58	-
Zoozavr	21	11	+90.9%
Detmir Pickup	22	5	+340.0%
<b>Selling space ('000, sq. m)</b>	<b>902</b>	<b>847</b>	<b>+6.5%</b>
<b>Total space ('000, sq. m)</b>	<b>1,123</b>	<b>1,054</b>	<b>+6.5%</b>

In Q1, the total number of the Group stores had increased by 4.0% year-on-year to 880, spread across 350 cities and towns of Russia, Kazakhstan and Belarus. Detsky Mir opened twelve new stores in Q1 2021: five Detsky Mir branded stores, six Detmir Pickup stores and one Zoozavr stores.

The Group's total selling space increased by 6.5% to 902,000 sq. m, while the total floor space of stores amounted to 1,123,000 sq. m. The total number of partner pickup points and parcel lockers increased 2.1x to 12,200 year-to-date.

The Company operates two federal distribution centers in the Moscow Region and one regional distribution center in the Rostov Region. Total warehouse space was 138,000 sq. m.

### Consolidated Statement of Profit or Loss Highlights<sup>15</sup>

Russian Ruble (RUB), million	IAS 17		Change	IFRS 16	
	Q1 2021	Q1 2020		Q1 2021	Q1 2020
<b>Revenue</b>	<b>35,672</b>	<b>31,020</b>	<b>+15.0%</b>	<b>35,672</b>	<b>31,020</b>
<b>Gross profit</b>	<b>10,550</b>	<b>9,085</b>	<b>+16.1%</b>	<b>10,550</b>	<b>9,085</b>
<i>% of revenue</i>	29.6%	29.3%	+0.3 p.p.	29.6%	29.3%
<b>Selling, general and administrative expenses</b>	<b>(7,479)</b>	<b>(6,826)</b>	<b>+9.6%</b>	<b>(4,928)</b>	<b>(4,386)</b>
<i>% of revenue</i>	(21.0%)	(22.0%)	(1.0 p.p.)	(13.8%)	(14.1%)
Other operating income	31	1	-	41	1
<b>EBITDA</b>	<b>2,830</b>	<b>1,922</b>	<b>+47.2%</b>	<b>5,391</b>	<b>4,362</b>
<i>% of revenue</i>	7.9%	6.2%	+1.7 p.p.	15.1%	14.1%
<b>Adjusted EBITDA</b>	<b>3,103</b>	<b>2,260</b>	<b>+37.3%</b>	<b>5,664</b>	<b>4,700</b>
<i>% of revenue</i>	8.7%	7.3%	+1.4 p.p.	15.9%	15.2%

<b>Profit/(loss) for the period</b>	<b>1,313</b>	<b>(255)</b>	<b>-</b>	<b>1,294</b>	<b>(353)</b>
% of revenue	3.7%	(0.8%)	+4.5 p.p.	3.6%	(1.1%)
<b>Adjusted profit/(loss) for the period</b>	<b>1,532</b>	<b>15</b>	<b>-</b>	<b>1,512</b>	<b>(83)</b>
% of revenue	4.3%	0.05%	+4.2 p.p.	4.2%	(0.3%)
<b>Net debt</b>	<b>24,042</b>	<b>24,259</b>	<b>(0.9%)</b>	<b>24,042</b>	<b>24,259</b>
<b>Lease liabilities</b>	<b>-</b>	<b>-</b>		<b>36,831</b>	<b>33,998</b>
Net debt / EBITDA	1.4	1.7			
Net Debt / adjusted EBITDA LTM	1.4	1.6			

In Q1 2021, strong revenue growth combined with a growing share of high-margin categories in total sales and operational efficiency gains enabled the Company to boost adjusted EBITDA by 37.3% year-on-year to RUB 3.1 bn. Adjusted EBITDA margin grew 1.4 p.p. year-on-year to 8.7%.

Gross profit margin in Q1 2021 increased by 0.3 p.p. year-on-year to 29.6%, driven by the following factors: (1) an increase in the share of high-margin products and private labels in total sales (2) an increase in recognized supplier bonuses as some marketing activities were shifted from December 2020 (3) an increase in transportation expenses, due to higher fares and an increase in the share of direct deliveries in online orders (4) price investment.

Detsky Mir is committed to the continuous enhancement of operational efficiency by reducing operating costs. In Q1 2021, rental expenses as a percentage of revenue decreased by 0.6 p.p. year-on-year. The Company cut personnel costs as a percentage of revenue by 0.2 p.p. year-on-year. Replacing paper marketing materials with electronic communications enabled the Company to cut marketing expenses as a percentage of revenue by 0.2 p.p. year-on-year.

As a result, adjusted SG&A less amortization, depreciation and LTI expenses as a percentage of revenue decreased in Q1 2021 to 21.0%, down 1.0 p.p. from the same period last year.

### Selling, General and Administrative (SG&A) Expenses

Russian Ruble (RUB), million	IAS 17		Change	IFRS 16	
	Q1 2021	Q1 2020		Q1 2021	Q1 2020
<b>Payroll</b>	<b>3,002</b>	<b>2,662</b>	<b>+12.8%</b>	<b>3,002</b>	<b>2,662</b>
% of revenue	8.4%	8.6%	(0.2 p.p.)	8.4%	8.6%
<b>Rent &amp; Utilities</b>	<b>3,021</b>	<b>2,810</b>	<b>+7.5%</b>	<b>471</b>	<b>370</b>
% of revenue	8.5%	9.1%	(0.6 p.p.)	1.3%	1.2%
<b>Advertising &amp; Marketing</b>	<b>201</b>	<b>259</b>	<b>(22.5%)</b>	<b>201</b>	<b>259</b>
% of revenue	0.6%	0.8%	(0.2 p.p.)	0.6%	0.8%
<b>Other</b>	<b>1,254</b>	<b>1,095</b>	<b>+14.5%</b>	<b>1,254</b>	<b>1,095</b>
% of revenue	3.5%	3.5%	-	3.5%	3.5%
<b>Selling, general and administrative expenses (excl. D&amp;A and LTI)</b>	<b>7,479</b>	<b>6,826</b>	<b>+9.6%</b>	<b>4,928</b>	<b>4,386</b>
% of revenue	21.0%	22.0%	(1.0 p.p.)	13.8%	14.1%
<b>Depreciation and amortization expenses</b>	<b>627</b>	<b>686</b>	<b>(8.6%)</b>	<b>2,682</b>	<b>2,606</b>
% of revenue	1.8%	2.2%	(0.5 p.p.)	7.5%	8.4%
<b>Additional bonus accruals under the LTI program</b>	<b>273</b>	<b>338</b>	<b>(19.1%)</b>	<b>273</b>	<b>338</b>
% of revenue	0.8%	1.1%	(0.3 p.p.)	0.8%	1.1%

In Q1 2021, net interest expenses as a percentage of revenue decreased by 0.4 p.p. year-on-year on the back of the decrease in net debt and cost of debt. Detsky Mir's average weighted cost of debt as at the end of the reporting period declined by 1.9 p.p. to 6.6%.

Income tax expense for Q1 2021 stood at RUB 433 m, compared to income tax benefit of RUB 251 m for the same period last year. The effective income tax rate was 24.8%. Costs related to the depreciation of fixed assets and the amortization of intangible assets as a percentage of revenue fell by 8.6% year-on-year to RUB 627 m, following a decrease in CAPEX in 2020 and an increase in the share of fully depreciated fixed assets.

During the reporting period, Detsky Mir experienced FX losses totaling RUB 56 m, compared to a loss of RUB 1,267 m in the same period last year. The key drivers included the revaluation of foreign currency liabilities (accounts payable to suppliers of goods), as well as the result of executing previously opened forwards and revaluing new ones. Cash FX losses amounted to RUB 196 m.

Adjusted net profit for the reporting quarter was RUB 1.5 bn vs. a profit of RUB 15 m for the same period last year. Adjusted net profit margin was 4.3%.

## Consolidated Cash Flow Statement Highlights

Russian Ruble (RUB), million	IAS 17		Change	IFRS 16	
	Q1 2021	Q1 2020		Q1 2021	Q1 2020
Adjusted EBITDA	3,103	2,260	+37.3%	5,664	4,700
Add/(deduct):					
Change in working capital	(7,368)	(7,680)	(4.1%)	(7,280)	(7,616)
Net interest and income tax paid	(1,049)	(881)	+19.1%	(1,580)	(1,523)
Other operating cash flows	371	(79)	-	357	(81)
<b>Net cash used in operating activities</b>	<b>(4,944)</b>	<b>(6,380)</b>	<b>(22.5%)</b>	<b>(2,839)</b>	<b>(4,520)</b>
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(326)</b>	<b>+189.9%</b>	<b>(945)</b>	<b>(326)</b>
<b>Net cash generated from financing activities</b>	<b>5,273</b>	<b>15,754</b>	<b>(66.5%)</b>	<b>3,168</b>	<b>13,894</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>(616)</b>	<b>9,048</b>	<b>-</b>	<b>(616)</b>	<b>9,048</b>
<b>Effect of changes in foreign exchange rates</b>	<b>(196)</b>	<b>19</b>	<b>-</b>	<b>(196)</b>	<b>19</b>

In Q1 2021, operating cash flow before changes in working capital (adjusted EBITDA) grew by 37.3% year-on-year, reaching RUB 3.1 bn. Investments in working capital dropped by 4.1% year-on-year to RUB 7.4 bn. This was driven mainly by the improvement in inventory turnover thanks to high sales growth.

Net interest expenses and income tax in the reporting period increased by 19.1% to RUB 1.0 bn. The Company's other operating cash income was RUB 371 m, vs. a loss of RUB 79 m in the same period last year. The growth in other operating cash flows is linked to changes in non-cash items (provisions for inventory write-downs and depreciation of fixed assets, LTI expenses, and other).

As a result, cash invested in operating activities decreased by 22.5% year-on-year to RUB 4.9 bn in Q1 2021.

Cash used to finance investment activity and to acquire fixed and intangible assets increased 2.9x year-on-year to RUB 945 m. Significantly higher CAPEX was driven by an advance payment to the sum of RUB 688 m for the construction of our third federal distribution center, located in the Urals. CAPEX for the retail chain's expansion totaled RUB 59 m in Q1 2021. Investment in IT development amounted to RUB 105 m.

Cash from financing activities in the reporting period amounted to RUB 5.3 bn vs. RUB 15.8 bn in the same period last year. The decrease was driven by debt reduction.

As of 31 March 2021, the Company's total debt was RUB 25.1 bn, including short-term (22.9%) and long-term (77.1%) debt. Net debt decreased by 0.9% year-on-year to RUB 24.0 bn amid higher cash liquidity at the Company. All of the Company's debt is denominated in Russian rubles. As of 31 March 2021, the Company's available undrawn credit limit with leading Russian and international banks totaled RUB 32.5 bn. Net debt/adjusted EBITDA decreased to 1.4x against 1.6x at March-end 2020.

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Detsky Mir's management will host a conference call today at 16:00 (Moscow time) / 14:00 (London time) / 9:00 (New York time) to discuss the Company's Q1 2021 unaudited IFRS Financial Results.

The dial-in numbers for the conference call are:

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[Replay Link](#)

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**Detsky Mir Group (MOEX: DSKY)** is a multi-format digital retailer and the leader in the children's goods sector in Russia and Kazakhstan, as well as a significant player in Belarus. The Group comprises the Detsky Mir and the Detmir Pickup retail chains, the detmir.ru online store and marketplace, as well as the Zoozavr pet supplies retail chain. Detsky Mir Group operates 880 stores located in 350 cities and towns in Russia, Kazakhstan and Belarus as of 31 March 2021. The total space of the retail chains was approximately 1,123,000 sq. m. The total warehouse space was 138,000 sq. m.

**Detsky Mir's shareholder structure:** Gulf Investments Limited (Altus Capital) – 25%; Free-float – 75% (incl. quasi-treasury shares and shares held by management and directors – 0.7% of total shares).

**Websites:** detmir.ru, ir.detmir.ru

**Disclaimer:**

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" the negative of such terms or other similar expressions. Detsky Mir wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Detsky Mir does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Detsky Mir, including, among others, general economic conditions, the competitive environment, risks associated with operating in the Russian Federation, rapid technological and market change in the industries Detsky Mir operates in, impact of COVID-19 pandemic on macroeconomic situation on the markets of presence and financial results of Detsky Mir and its subsidiaries, as well as many other risks specifically related to Detsky Mir and its operations.

**Notes:**

(1) Hereinafter, the data on comparative dynamics are given year-on-year, the Company's consolidated financial measures for 2020–2021 and related interim periods are based on proforma financial information prepared as if IFRS 16 "Leases" had not been adopted, and thus do not represent IFRS measures.

(2) Hereinafter, GMV (gross merchandise value) includes purchases at the Group's retail stores and goods and services sold through the website and mobile application, which may be own or third-party goods and services. GMV includes value added tax, net of discounts given to customers and net of returns and cancelled orders during the reporting period.

(3) Hereinafter, total online sales include all sales through the Company website and mobile app, including home delivery and in-store pickup. It includes value added tax, net of discounts given to customers and net of returns and cancelled orders during the reporting period.

(4) Hereinafter, revenue is net of value added tax and includes revenue from the sale of goods as well as fees charged by the Group to third-party sellers for selling their goods through the Group marketplace. Detsky Mir in Russia includes all sales of children's goods in Russia, as well as the sales results of the Detmir Pickup chain. Zoozavr includes all sales of pet products, including sales made via the Company website and mobile app. Other includes the results of ELC and ABC stores.

(5) Hereinafter, selling, general and administrative expenses is calculated as selling, general and administrative expenses adjusted for depreciation and amortization expenses, additional share-based compensation expense and cash bonuses under the LTI program.





## Attachment A

*EBITDA* is calculated as profit for the period before income tax expense, foreign exchange (loss)/gain, gain on acquisition of controlling interest in associate, finance expense, finance income, depreciation and amortization. *EBITDA margin* is calculated as *EBITDA* for a given period divided by revenue for the same period expressed as a percentage. Our *EBITDA* may not be similar to *EBITDA* measures of other companies; is not a measurement under accounting principles generally accepted under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of profit and loss. We believe that *EBITDA* provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of businesses and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. *EBITDA* is commonly used as one of the bases for investors and analysts to evaluate and compare the periodic and future operating performance and value of companies.

*Adjusted EBITDA* and *Adjusted profit for the period* are used to evaluate the financial performance of the Group. This represents an underlying financial measure adjusted for one-off gains and losses. We believe that adjusted measures provide investors with additional useful information to measure our underlying financial performance, particularly from period to period, because these measures are exclusive of certain one-off gains and losses.

EBITDA and Adjusted EBITDA of the first quarter can be reconciled to our consolidated statements of profit and loss as follows:

RUB m	IAS 17		IFRS 16	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
<b>Profit / (Loss) for the period</b>	<b>1,313</b>	<b>(255)</b>	<b>1,294</b>	<b>(353)</b>
<i>Add / (deduct):</i>				
Finance income	(2)	(8)	(4)	(9)
Finance expense	403	485	935	1,127
Foreign exchange loss	56	1,267	56	1,267
Income tax expense / (benefit)	433	(251)	428	(276)
Depreciation and amortization	627	686	2,682	2,606
<b>EBITDA</b>	<b>2,830</b>	<b>1,922</b>	<b>5,391</b>	<b>4,362</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program)	273	338	273	338
<b>Adjusted EBITDA</b>	<b>3,103</b>	<b>2,260</b>	<b>5,664</b>	<b>4,700</b>

Adjusted profit for the period of the first quarter can be reconciled to our consolidated statements of profit and loss as follows:

RUB m	IAS 17		IFRS 16	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
<b>Profit / (Loss) for the period</b>	<b>1,313</b>	<b>(255)</b>	<b>1,294</b>	<b>(353)</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program) with related tax effects	218	270	218	270
<b>Adjusted profit / (Loss) for the period</b>	<b>1,532</b>	<b>15</b>	<b>1,512</b>	<b>(83)</b>

## Attachment B

### Detsky Mir Group

#### Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income with application of IFRS 16 "Leases" (in millions of Russian Rubles)

	Three months ended March 31,	
	2021	2020
Revenue	35,672	31,020
Cost of sales	(25,122)	(21,935)
Gross profit	10,550	9,085
Selling, general and administrative expenses	(7,882)	(7,330)
Other operating income, net	41	1
Operating profit	2,709	1,756
Finance income	4	9
Finance expenses	(935)	(1,127)
Foreign exchange loss, net	(56)	(1,267)
Profit/(loss) before tax	1,722	(629)
Income tax (expense)/benefit	(428)	276
Profit/(loss) for the period	1,294	(353)
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Effect of translation to presentation currency	(9)	8
Total comprehensive income/(loss) for the period	1,285	(345)

## Detsky Mir Group

### Unaudited Consolidated Statement of Financial Position with application of IFRS 16 "Leases" (in millions of Russian Rubles)

	31 March 2021	31 March 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,654	9,472
Intangible assets	1,442	1,346
Right-of-use assets	33,760	32,113
Deferred tax assets	2,512	2,576
Other non-current assets	130	144
<b>Total non-current assets</b>	<b>47,498</b>	<b>45,651</b>
<b>CURRENT ASSETS</b>		
Inventories	42,827	38,121
Trade receivables	3,091	1,719
Advances paid and other receivables	1,684	1,764
Prepaid income tax	186	72
Cash and cash equivalents	1,014	10,836
<b>Total current assets</b>	<b>48,802</b>	<b>52,512</b>
<b>TOTAL ASSETS</b>	<b>96,300</b>	<b>98,163</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1	1
Treasury shares	(278)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(6,930)	(7,650)
Currency translation reserve	117	126
<b>Total equity deficit</b>	<b>(1,297)</b>	<b>(2,137)</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	28,579	26,853
Long-term loans and borrowings	19,310	14,700
Deferred tax liabilities	90	100
<b>Total non-current liabilities</b>	<b>47,979</b>	<b>41,653</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	29,204	25,925
Short-term loans and borrowings and current portion of long-term loans and borrowings	5,746	20,395
Lease liabilities	8,252	7,144
Advances received, other payables and accrued expenses	5,923	4,724
Deferred revenue	474	407
Income tax payable	19	52
<b>Total current liabilities</b>	<b>49,618</b>	<b>58,647</b>
<b>Total liabilities</b>	<b>97,597</b>	<b>100,300</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>96,300</b>	<b>98,163</b>

## Detsky Mir Group

### Unaudited Consolidated Statement of Cash Flows with application of IFRS 16 "Leases" (in millions of Russian Rubles)

	Three months ended March 31,	
	2021	2020
<b>Operating activities:</b>		
<b>Profit/(loss) for the period</b>	<b>1,294</b>	<b>(353)</b>
Adjustments for:		
Depreciation and amortization expense	2,682	2,606
Finance expenses	935	1,127
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	552	247
Income tax expense/(benefit) recognized in profit or loss	428	(276)
Expense on equity-settled share-based compensation	100	11
Foreign exchange loss, net	56	1,267
Finance income	(4)	(9)
Other	(22)	(1)
Changes in working capital:		
Decrease in trade receivables	579	2,329
Increase in advances paid and other receivables	(123)	(238)
(Increase)/decrease in inventories	(875)	274
Decrease in trade payables	(6,781)	(8,437)
Decrease in advances received, other payables and accrued expenses	(27)	(1,515)
Decrease in deferred revenue	(53)	(29)
<b>Cash used in operations</b>	<b>(1,259)</b>	<b>(2,997)</b>
Interest paid	(654)	(829)
Interest received	2	8
Income tax paid	(928)	(702)
<b>Net cash used in operating activities</b>	<b>(2,839)</b>	<b>(4,520)</b>
<b>Investing activities:</b>		
Payments for property, plant and equipment	(871)	(294)
Payments for intangible assets	(79)	(44)
Proceeds from sale of property, plant and equipment	5	12
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(326)</b>
<b>Financing activities:</b>		
Purchase of treasury shares	-	(90)
Repayment of loans and borrowings	(14,407)	(16,386)
Lease payments	(2,105)	(1,860)
Proceeds from loans and borrowings	19,680	32,230
<b>Net cash generated by financing activities</b>	<b>3,168</b>	<b>13,894</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(616)</b>	<b>9,048</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,826</b>	<b>1,769</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	(196)	19
<b>Cash and cash equivalents, end of the period</b>	<b>1,014</b>	<b>10,836</b>

## Detsky Mir Group

Had the Group continued applying IAS 17 instead of IFRS 16, Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income would have been as follows:

(in millions of Russian Rubles)

	Three months ended March 31,	
	2021	2021
Revenue	35,672	31,020
Cost of sales	(25,122)	(21,935)
<b>Gross profit</b>	<b>10,550</b>	<b>9,085</b>
Selling, general and administrative expenses	(8,378)	(7,850)
Other operating income, net	31	1
<b>Operating profit</b>	<b>2,203</b>	<b>1,236</b>
Finance income	2	8
Finance expenses	(403)	(485)
Foreign exchange loss, net	(56)	(1,267)
<b>Profit/(loss) before tax</b>	<b>1,746</b>	<b>(506)</b>
Income tax (expense)/benefit	(433)	251
<b>Profit/(loss) for the period</b>	<b>1,313</b>	<b>(255)</b>
<b>Other comprehensive income:</b>		
Items that may be reclassified subsequently to profit or loss		
Effect of translation to presentation currency	5	9
<b>Total comprehensive income/(loss) for the period</b>	<b>1,318</b>	<b>(246)</b>

## Detsky Mir Group

Had the Group continued applying IAS 17 instead of IFRS 16, Unaudited Consolidated Statement of Financial Position would have been as follows:

(in millions of Russian Rubles)

	31 March 2021	31 March 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,654	9,472
Intangible assets	1,442	1,346
Deferred tax assets	1,836	2,134
Other non-current assets	225	247
<b>Total non-current assets</b>	<b>13,157</b>	<b>13,199</b>
<b>CURRENT ASSETS</b>		
Inventories	42,827	38,121
Trade receivables	3,091	1,719
Advances paid and other receivables	2,042	2,131
Prepaid income tax	186	72
Cash and cash equivalents	1,014	10,836
<b>Total current assets</b>	<b>49,160</b>	<b>52,879</b>
<b>TOTAL ASSETS</b>	<b>62,317</b>	<b>66,078</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1	1
Treasury shares	(278)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(4,227)	(5,885)
Currency translation reserve	132	127
<b>Total equity/ (equity deficit)</b>	<b>1,421</b>	<b>(371)</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans and borrowings	19,310	14,700
Deferred tax liabilities	90	100
<b>Total non-current liabilities</b>	<b>19,400</b>	<b>14,800</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	29,204	25,925
Short-term loans and borrowings and current portion of long-term loans and borrowings	5,746	20,395
Advances received, other payables and accrued expenses	6,053	4,870
Deferred revenue	474	407
Income tax payable	19	52
<b>Total current liabilities</b>	<b>41,496</b>	<b>51,649</b>
<b>Total liabilities</b>	<b>60,896</b>	<b>66,449</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,317</b>	<b>66,078</b>

## Detsky Mir Group

Had the Group continued applying IAS 17 instead of IFRS 16, Unaudited Consolidated Statement of Cash Flows would have been as follows:

(in millions of Russian Rubles)

	Three months ended March 31,	
	2021	2020
<b>Operating activities:</b>		
<b>Profit/(loss) for the period</b>	<b>1,313</b>	<b>(255)</b>
Adjustments for:		
Depreciation and amortization expense	627	686
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	552	247
Income tax expense recognized in profit or loss	433	(251)
Finance expenses	403	485
Expense on equity-settled share-based compensation	100	11
Foreign exchange loss, net	56	1,267
Finance income	(2)	(8)
Other	(11)	(1)
Changes in working capital:		
Decrease in trade receivables	579	2,329
Increase in advances paid and other receivables	(203)	(283)
(Increase)/decrease in inventories	(875)	274
Decrease in trade payables	(6,781)	(8,437)
Decrease in advances received, other payables and accrued expenses	(33)	(1,534)
Decrease in deferred revenue	(53)	(29)
<b>Cash used in operations</b>	<b>(3,895)</b>	<b>(5,499)</b>
Interest paid	(123)	(187)
Interest received	2	8
Income tax paid	(928)	(702)
<b>Net cash used in operating activities</b>	<b>(4,944)</b>	<b>(6,380)</b>
<b>Investing activities:</b>		
Payments for property, plant and equipment	(871)	(294)
Payments for intangible assets	(79)	(44)
Proceeds from sale of property, plant and equipment	5	12
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(326)</b>
<b>Financing activities:</b>		
Purchase of treasury shares	-	(90)
Proceeds from loans and borrowings	19,680	32,230
Repayment of loans and borrowings	(14,407)	(16,386)
<b>Net cash generated by financing activities</b>	<b>5,273</b>	<b>15,754</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(616)</b>	<b>9,048</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,826</b>	<b>1,769</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	(196)	19
<b>Cash and cash equivalents, end of the period</b>	<b>1,014</b>	<b>10,836</b>