



Detsky Mir: Q1 GMV Growth Accelerated to 15.6% and Online Sales Increased 1.8x

Moscow, Russia, 15 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 operating results for the first quarter ended 31 March 2021.

Q1 2021 Operating Highlights¹

- The Group’s gross merchandise value (GMV)² increased by 15.6% to RUB 39.6 bn (incl. VAT).
- Total online sales³ in Russia increased 1.8x to RUB 10.9 bn (incl. VAT).
 - The share of online sales in the Company’s total sales in Russia increased 1.6x to 28.6%.
 - The share of online orders placed via our mobile app in Russia was 74.0%.
- The Group’s assortment grew 2.8x to 321,000 SKUs.
- Sales of private labels and direct imports in Russia⁴ grew by 18.3%, accounting for 40.4% of total sales (+1.4 p.p. year-on-year).
- Transactions in Russia involving a loyalty card accounted for 85.9% of total Company sales (+4.6 p.p. year-on-year).
 - The total number of Company loyalty card holders in Russia increased 11.2% to 27.5 m.
 - The number of active loyalty card holders⁵ amounted to 10.8 m, with the number of active online loyalty card holders⁵ increasing by 92.4% to 3.7 m (34.0% of all active cardholders).
- The total number of Group stores amounted to 880 (+4.0% year-on-year), across 350 cities and towns in Russia, Kazakhstan and Belarus. Detsky Mir opened 12 new stores in Q1 2021. The Group’s selling space increased by 6.5% year-on-year to 902,000 sq. m., the total space of the retail chains amounted to 1,123,000 sq. m.
- The company operates two federal distribution centers in the Moscow region and one regional warehouse in the Rostov region. The total warehouse space was 138,000 sq. m.
- The total number of partner pickup points and parcel lockers increased 2.1x to 12,200 year-to-date.

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. Commissioning is slated for 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 Company ran a pilot project selling digital services and partner services through its own mobile application, under which more than 70 mobile apps and about 30 services for the whole family were made available. The pilot is expected to be completed in Q4 2021.
- Detsky Mir signed an IaaS contract to set up a backup data center, to provide redundancy for critical business systems and reduce the risk of losing business-critical data. Commissioning is scheduled for Q4 2021.
- Thanks to a strong Cyber Monday campaign, held from 25 to 29 January 2021, the Company’s online sales increased 2.3x year-on-year and continued to show one of the highest growth rates in the Russian e-commerce segment. On 25 January, Cyber Monday itself, online sales hit a peak at 40.1% of Detsky Mir’s total

sales in Russia, with the share of orders made via the Company's mobile app during the campaign reaching 73.5%.

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.
- In 2020, Detsky Mir ranked among the Top 30 most mentioned e-commerce retailers on social media, according to Brand Analytics.
- At the International CX World Awards 2020, Detsky Mir was shortlisted for the categories Customer Experience During COVID and Best Use of Customer Insight & Feedback.
- 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 Group once again stepped up the pace of its business growth and consolidation of the children's goods market right across its footprint in Q1 2021. Our focus on digitalization and improving the customer experience, all while developing our assortment and logistics, has proved to be the right strategic course of action and is already making a significant contribution to the Company's strong performance.

"We were able to increase Group GMV by 15.6% in the reporting quarter to RUB 39.6 bn. The online channel is currently the main driver of sales growth for us, accounting for almost a third of the Group's business. Online sales in Russia grew 1.8x to RUB 10.9 bn in Q1, which continues to be one of the strongest results in the digital segment. Customer traffic in our traditional segment simultaneously started a trajectory of steady growth. LFL store sales across all countries of operation grew by 7.9%, while LFL number of tickets increased by 4.5%.

"In January, Detsky Mir had a bumper winter sales season, and we followed this up with impressive results in the Men's day and Women's day period in late February to early March. We were also able to make a strong start to the sales season for our spring collection of Apparel and Footwear, thanks to the compounding effect of a warm March and a low base, brought about by the COVID-19 lockdown at the end of March 2020. This resulted in the share of sales in the Toys category in total sales increasing by 1.4 p.p. year-on-year to 32.3%. The share of Apparel & Footwear in sales saw a growth of 1.6 p.p. year-on-year to 25.5%, with a 2.3x increase in sales in the online channel.

"Our unique assortment of private labels and direct imports, which we buy directly from manufacturers, is just one of our key competitive advantages, making Detsky Mir's price tags the most attractive in the market. This assortment accounts for almost half of Company total sales, and 80% of Russia's urban population can order from it online and pick up their goods at any Detsky Mir Group store as little as 60 minutes afterwards. We also launched a two-hour super-express delivery service directly from our stores across over 280 cities in Russia. The main task facing us now is to further increase the share of sales for our private labels, while strengthening our logistics infrastructure.

"I would like to draw your attention to some of the first highlights in the development of Detsky Mir's own marketplace, launched in early October 2020. We were able to grow the product assortment on Detsky Mir's online platforms to 321,000 SKUs in the reporting quarter, with more than 800 new brands 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.

"We also saw solid growth in sales of pet products (+67.2%) over Q1 2021. At more than half of all pet products sales, our online channel accounts for a significant portion of this business – much like with our core children's segment.

"At the beginning of March, our shareholders elected a new Board of Directors. It is my pleasure to extend a warm welcome to our new independent directors and representatives of Altus Capital, the major shareholder. Independent directors now make up half of the Board, including the Chairwoman. This is one of the highest levels of board independence in Russia, and it means that Detsky Mir's Board has an even more important role to play in growing the Company into the leading digital retailer in the children's and family goods market."

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%
Group	39,643	34,285	+15.6%

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	-	-	-
Group	10,939	6,112	+79.0%

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	-	-	-
Group	27.6%	17.8%	+9.8 p.p.

Revenue ⁶ , 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	-
Group	35,657	31,020	+14.9%

Online Performance

Online metrics (Web and mobile platforms)	Q1 2021	Q1 2020	Change
Online visits, m	141.6	77.8	+82.0%
Online orders, m	7.4	3.9	+92.1%
Conversion Rate	5.2%	4.9%	+0.3 p.p.

Marketplace metrics (Russia)	Q1 2021	Q1 2020	Change
Marketplace sales, RUB m (incl. VAT)	399	25	+15.9x
Share of total online sales, %	3.7%	0.4%	+3.3 p.p.
Online assortment ⁷ , SKUs	321,000	115,000	+179.1%

Online order pickup options (Russia), %	Q1 2021	Q1 2020	Change
Click & collect	86.3%	85.7%	+0.6 p.p.
Courier delivery	13.7%	14.3%	-0.6 p.p.

Online orders by platform (Russia), %	Q1 2021	Q1 2020	Change
Mobile platform	74.0%	25.3%	+48.7 p.p.
Web platform	26.0%	74.7%	-48.7 p.p.

Mobile app metrics (Russia)	Q1 2021	Q1 2020	Change
Installations ⁸ , m	8.7	2.1	+314.1%
MAU ⁹ , m	3.0	0.9	+236.9%

Like-For-Like Revenue at Detsky Mir Stores¹⁰

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.

Like-for-like (Russia)	Q1 2021	Q1 2020	Change
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.

Loyalty Program

Detsky Mir's loyalty program (Russia)	Q1 2021	Q1 2020	Change
Total loyalty card holders, m	27.5	24.7	+11.2%
Share of loyalty card holders in total sales, %	85.9%	81.3%	+4.6 p.p.
Active loyalty card holders, m	10.8	10.6	+1.2%
Online active loyalty card holders, m	3.7	1.9	+92.4%
Share of online active loyalty card holders, %	34.0%	17.9%	+16.1 p.p.

Group's Retail Chains Expansion¹¹

Number of stores	Q1 2021	Q1 2020	Change
Group	880	846	+4.0%
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%
Selling space ('000, sq. m)	902	847	+6.5%
Total space ('000, sq. m)	1,123	1,054	+6.5%

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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.
- (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) Sales of private labels and direct imports in Russia include sales of all children's goods in Russia, including through the Company website and mobile application.
- (5) Hereinafter, cardholders who made at least one purchase at Detsky Mir during the last 12 months are considered active. Online loyalty card holders who made at least one online purchase through the Company website or mobile application within the last 12 months are considered active cardholders.
- (6) 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. Data is based on preliminary analytical reporting; final data will be published along with Q1 2021 financial results.
- (7) Includes all merchandise featured on the Company website and mobile app.
- (8) Reflects the total number of app installations between its launch (December 2019) and the end of the reporting period.
- (9) MAU – monthly active users – the average number of active mobile app users in a month.
- (10) LFL revenue growth in Russian rubles, LFL number of tickets growth and LFL average ticket growth are based on stores in operation for at least 12 full calendar months preceding the reporting date. A store is considered comparable and is included in the calculation of the monthly like-for-like if the difference between the number of days worked in comparable months does not exceed three working days.
- (11) In order to improve margins by accelerating the opening of our small-format Detmir Pickup stores, the Group decided to close its ELC and ABC stores in Q3 2020, which accounted for less than 0.3% of total Group revenue in 2020.