



Detsky Mir

Investor Presentation

Leading children's goods retailer in Russia

Disclaimer



THIS DOCUMENT IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES

Certain information in this document is forward-looking, and reflect Detsky Mir's current expectations and projections about future events, which reflect various assumptions made by Detsky Mir. These assumptions may or may not prove to be correct and no representation is made as to the accuracy of such information. By their nature, forward-looking statements involve known and unknown risk and uncertainty because they relate to future events and circumstances. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Detsky Mir does not undertake any obligation to update or revise any forward-looking statements in this document, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

This document is strictly confidential to the recipient may not be distributed to the press or any other person, and may not be reproduced in any other form. No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of Detsky Mir or any of its directors, officers or employees or any other person as to the accuracy or completeness of the information contained in this document and no liability whatsoever is accepted by Detsky Mir or its affiliates, advisors, agents, directors, officers or employees nor any other person for any loss howsoever arising, directly or indirectly, from any errors or omissions of information or use of such information or otherwise arising in connection therewith.

This document does not constitute an offer of securities for sale in the United States of America. Neither this document nor any copy of it, nor the information contained herein, in whole or in part, may be taken or transmitted into, or distributed, directly or indirectly in or to the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. No securities of Detsky Mir have been or will be registered under the United States Securities Act of 1933 or the securities laws of any state of the United States, and unless so registered may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This document is only addressed to persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto). In addition, in the United Kingdom, this document is only directed at (1) qualified investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or high net worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated.

This document is not an offer or an invitation to make offers or advertisement of securities in the Russian Federation.



Detsky Mir at a glance

Russia's Children goods retail market leader with strong growth and attractive shareholder returns



Key facts



Undisputed #1 player

22% share of total children's goods market in Russia in 2020



Iconic brand

with 98% prompted awareness⁽¹⁾



880 branded stores in 350 cities

in Russia, Kazakhstan and Belarus, of which 837 Detsky Mir, 21 Zoozavr stores and 22 Detmir Pickup⁽²⁾



Prime locations

in modern shopping malls with average store selling space of ~1,100 sqm



Top-4 online retailer in Russia by number of orders

+2.4x online sales growth in 2020

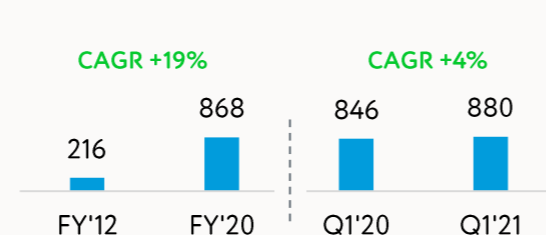


Publicly listed

on the Moscow Stock Exchange since February 2017 with current free-float of 75%

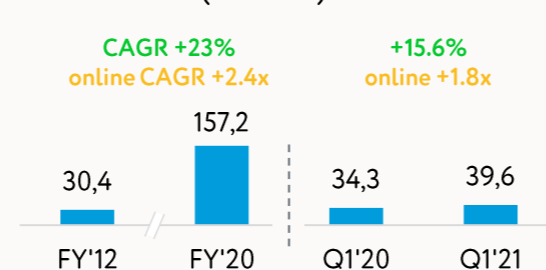
Strong operational and financial results⁽³⁾

Total number of stores



+93
New store openings in FY 2020

Total GMV⁽⁴⁾ (RUB bn)

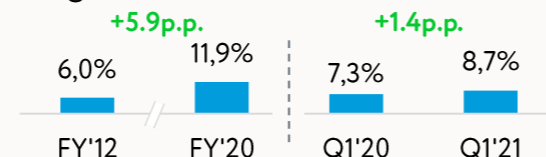


+7.9%
LFL in Q1 2021 (Detsky Mir's Group)

29%
Share of online sales in Russia Q1 2021

86%
Cash conversion⁽⁴⁾ FY 2020

Adjusted EBITDA⁽⁶⁾ margin



100%
Dividend payout ratio⁽⁷⁾

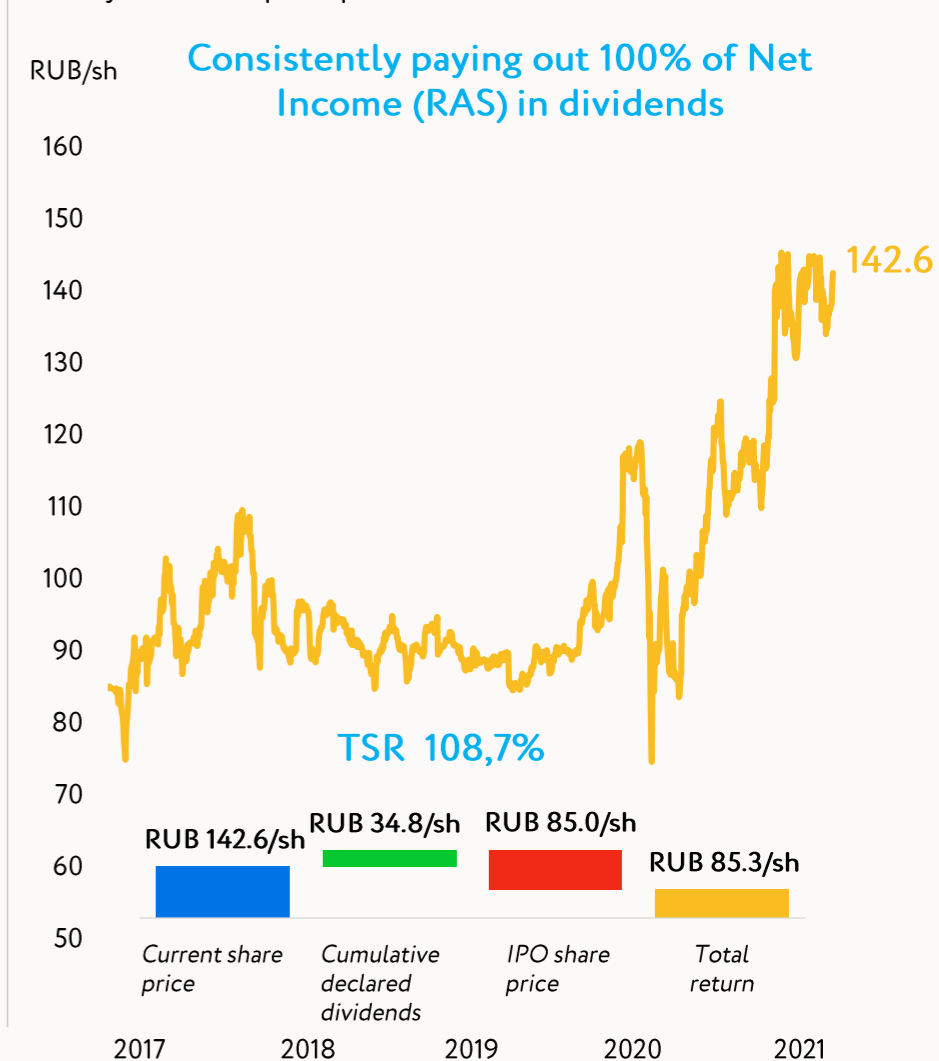
1.1x
Net debt/adj. EBITDA 2020

Revenue breakdown, 2020



Generating attractive returns for investors

Detsky Mir share price performance since IPO



Source: Company data, Ipsos Comcon, MOEX as of 31 March 2021

(1) "Children Goods Market in Russia" report by Ipsos Comcon ("Ipsos Comcon report"). Consumer survey conducted in December 2020

(2) As of 31 March 2021

(3) Under IAS 17

(4) Calculated as (Adj. EBITDA - Capex) / Adj. EBITDA

(5) GMV 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 (incl. value added tax, net of discounts given to customers and net of returns and cancelled orders)

(6) Adjusted for the one-off effect relating to additional bonus accruals and Income received from partial termination of employees' right to receive shares under the LTI program (as percentage of Revenue)

(7) Based on net profit under Russian Accounting Standards

(8) Including large items, stationery, sports and seasonal goods



Strategic priorities

Our Strategy 2020 – key building blocks

Solidify leadership in the children's goods retail

Accelerated investment in logistics

Continuous expansion of omni-channel proposition driving both offline and online sales

Enter digital services and products market

Implementing best-in-class UX and CX across the channels

Developing family marketplace

Aggressive roll-out of Zoozavr store network and online platform



New verticals

Progressing on Strategy 2020 execution

2024 Targets⁽¹⁾

Omni-channel retail platform



Opening **230+** Detsky Mir stores (2021-2023) and **800+** Detmir pick-up points (2021-2024)



Targeting **45%** share of online sales

Accelerated investment in logistics



c.**80%** of online orders to be delivered next-day



Launch of **2** Federal DCs and **3** Regional DCs

Enhancing UX/CX



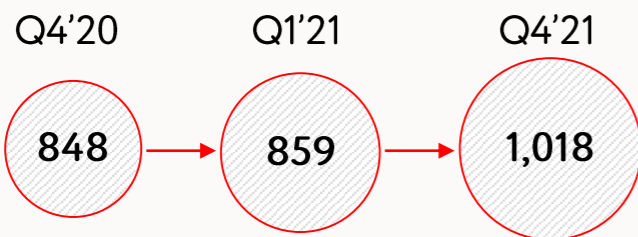
Store digitalisation with **70% NPS** across channels



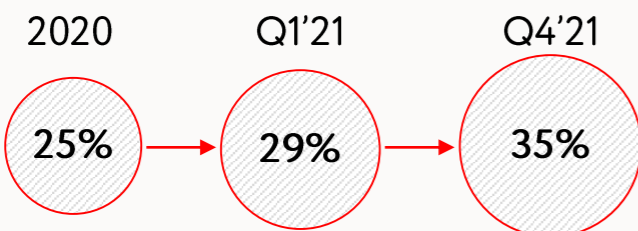
Mobile-first concept with **best-in-class** app

Performance update

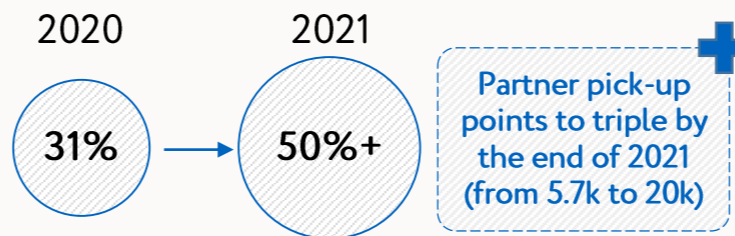
(# of Detsky Mir stores and Detmir pick-up points)



(% share of online sales)



(% of next-day)



Launched a **second Regional DC** in Kazan (April 2021)

Launching a **third federal DC** in the Ural region and **two Regional DCs** in the Northern and Siberian regions in Q1'22

Detsky Mir 3.0 digital concept approved, opening of the debut store in Q2'21

Modernisation of existing stores in mid-term

Enhanced UX in Q1'21

Subscription delivery service for recurring orders

Courier delivery service (next-day) in Kazakhstan

iOS and Android Apps in Kazakhstan

(1) As was presented at the Capital Market Day (August 2020).
Source: Company data.

Progressing on Strategy 2020 execution (cont'd)

2024 Targets⁽¹⁾

Performance update

Marketplace to drive assortment breadth



Leadership in assortment breadth
(2,400k SKUs)



GMV to reach a **double-digit share** of our online sales

(# of SKUs)

Q4'20

Q1'21

Q4'21

250

321

c.1,000

3.7% share of GMV in online in Q1'21

Launched a full-feature IT platform for merchants' accounts

Zoozavr – specialised pet supplies retailer



500 Zoozavr stores in mid-term,
share of online **30%+**

30% private label share in mid-term

(Zoozavr stores in operation)

Q4'20

Q1'21

Q4'21

20

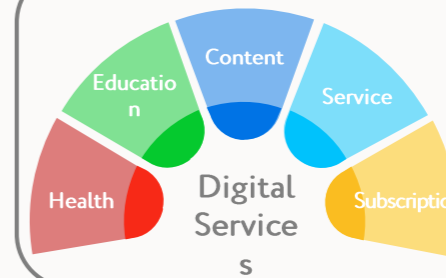
21

90

50% share of online sales in Q1'21

7 private label brands across categories comprising **600** SKUs to be launched in Q1'22

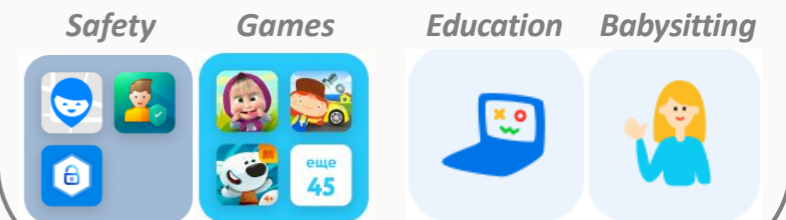
Digital services for children



Enter digital services and products market

20 partners were selected to participate in a pilot stage of digital products marketplace

70 mobile apps and **30** services tested on Android platform in Moscow region



(1) As was presented at the Capital Market Day (August 2020).
Source: Company data.



Our investment story

Detsky Mir – leading specialized children's goods retailer in Russia

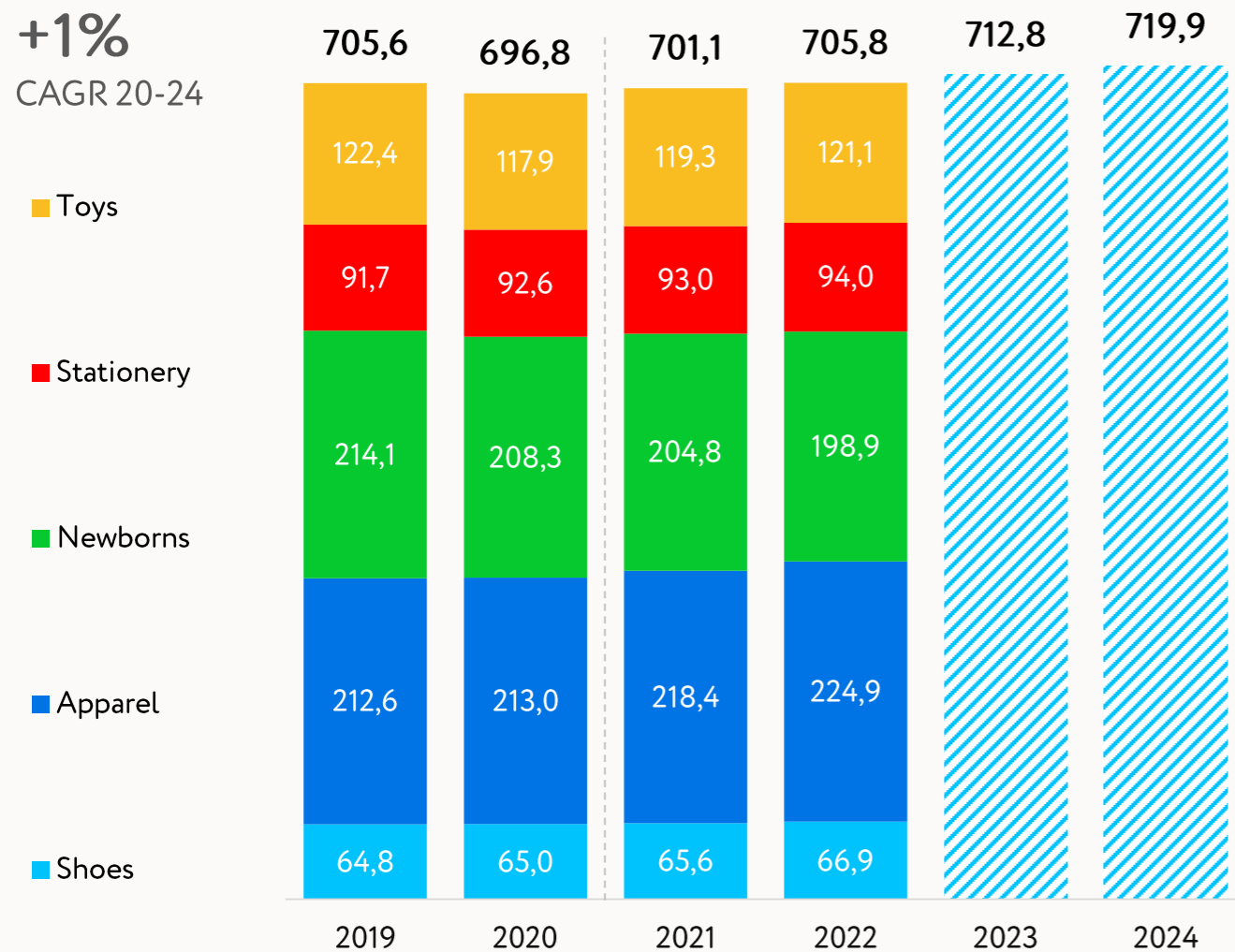


-  Undisputed market leader in children's goods retail market in Russia with significant growth potential in online 1
-  Category-defining brand with highly popular customer proposition 2
-  Unique omni-channel model with multiple initiatives for further enhancement 3
-  Emerging new strong layers of growth beyond core business model 4
-  Asset-light cash-generative business model providing for strong returns on capital and consistent dividend payments 5
-  Strong management team with well-established market-oriented governance practices 6

Solid addressable market for Detsky Mir

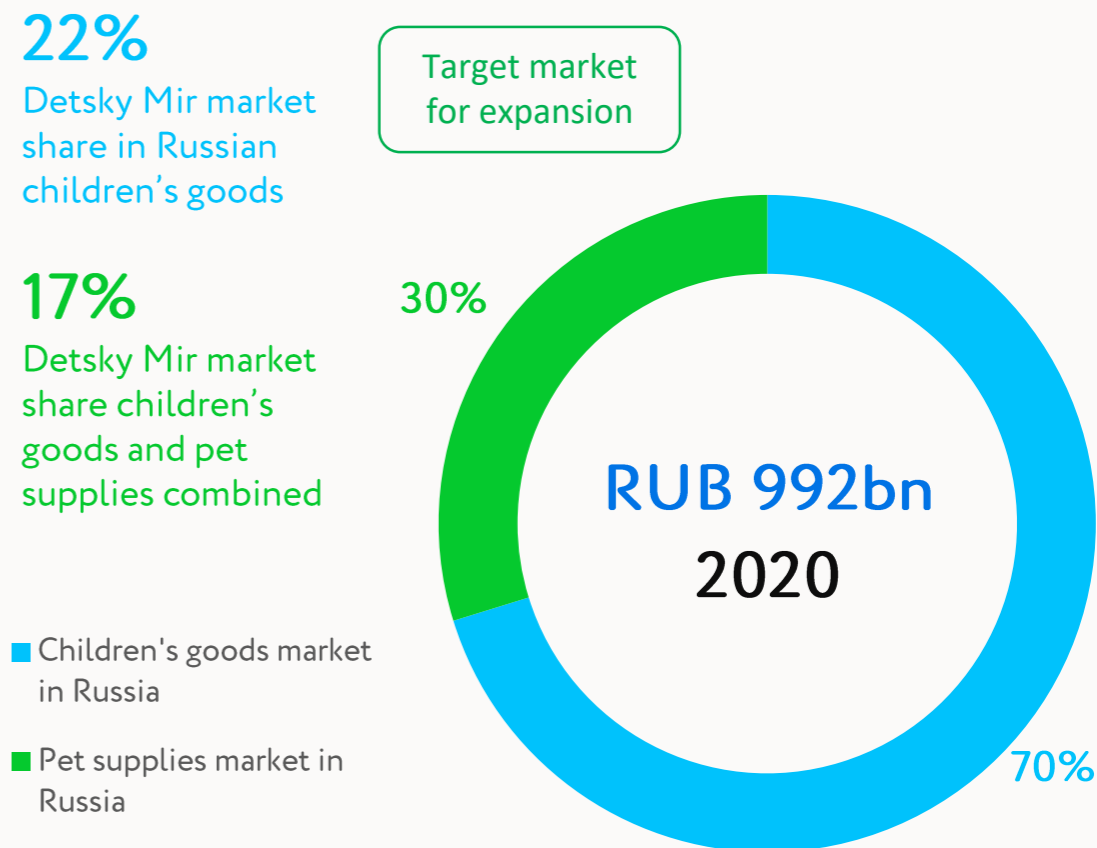
Healthy outlook on key market...

Russian children's goods market in all Russian cities⁽¹⁾ (RUB bn)



...with further growth potential in other categories

Market size in all Russian cities⁽¹⁾ (RUB bn)

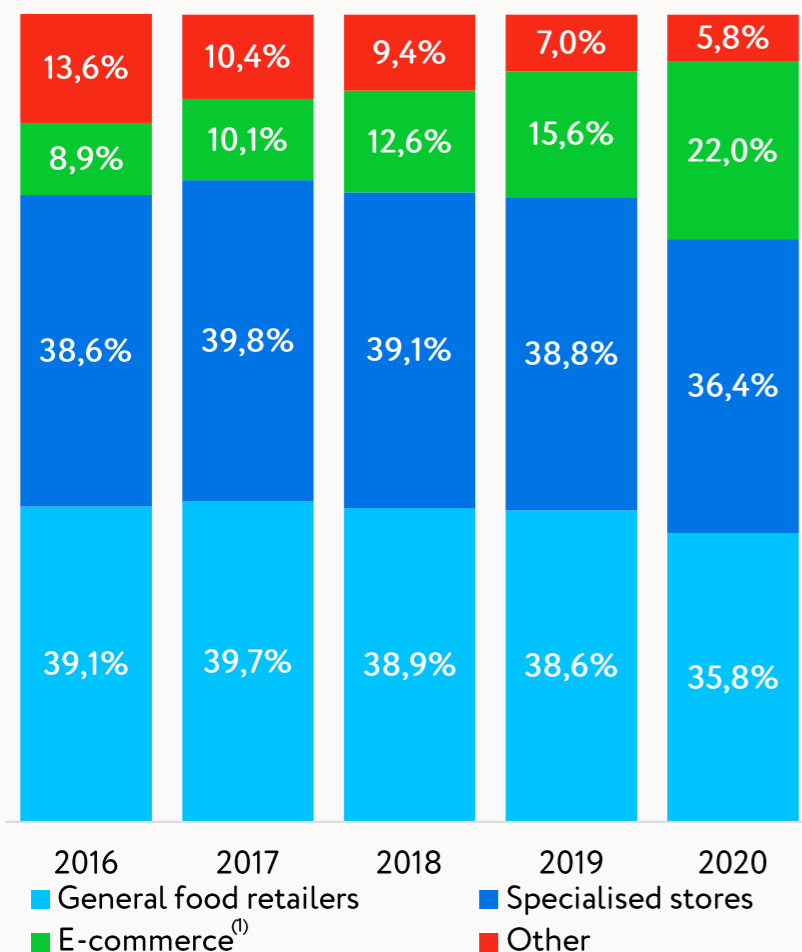


(1) Market volume is counted in retail prices including VAT (10%, except for pets products, charged with 20% VAT) in all Russian cities (population). Detsky Mir share estimation is based on total Detsky Mir sales. Source: Company data, Ipsos Comcon report, Euromonitor.

Market environment evolution

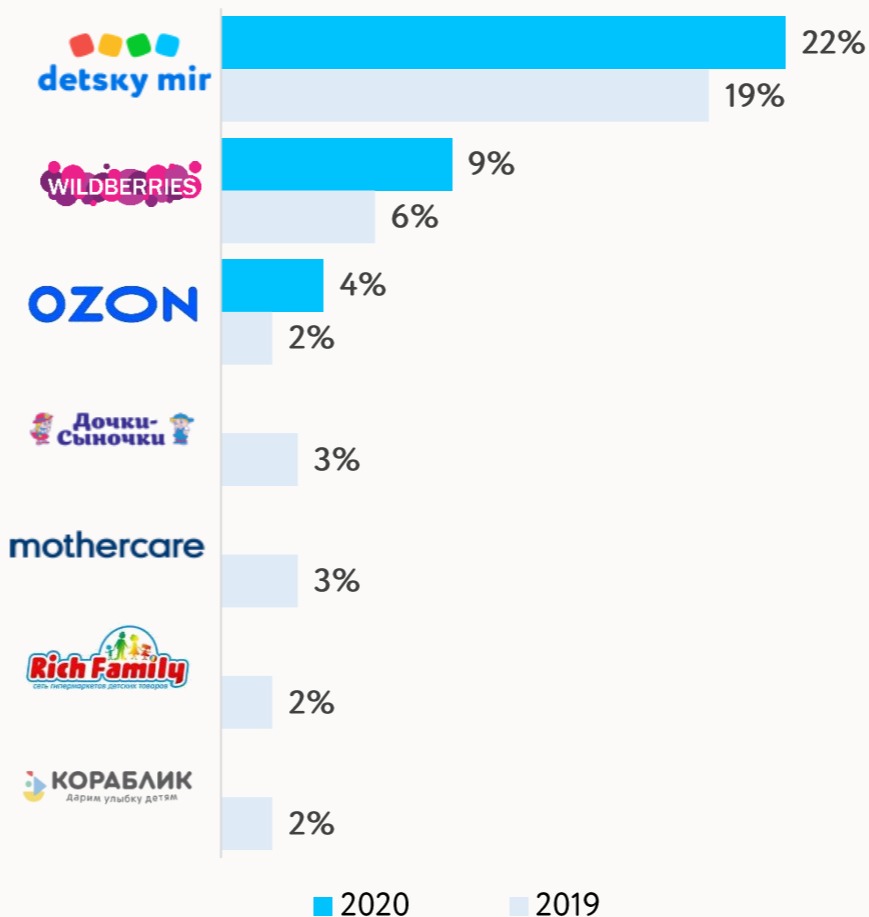
Online is one of the most fast-growing channels ...

Russian children's goods market breakdown by channels (%)



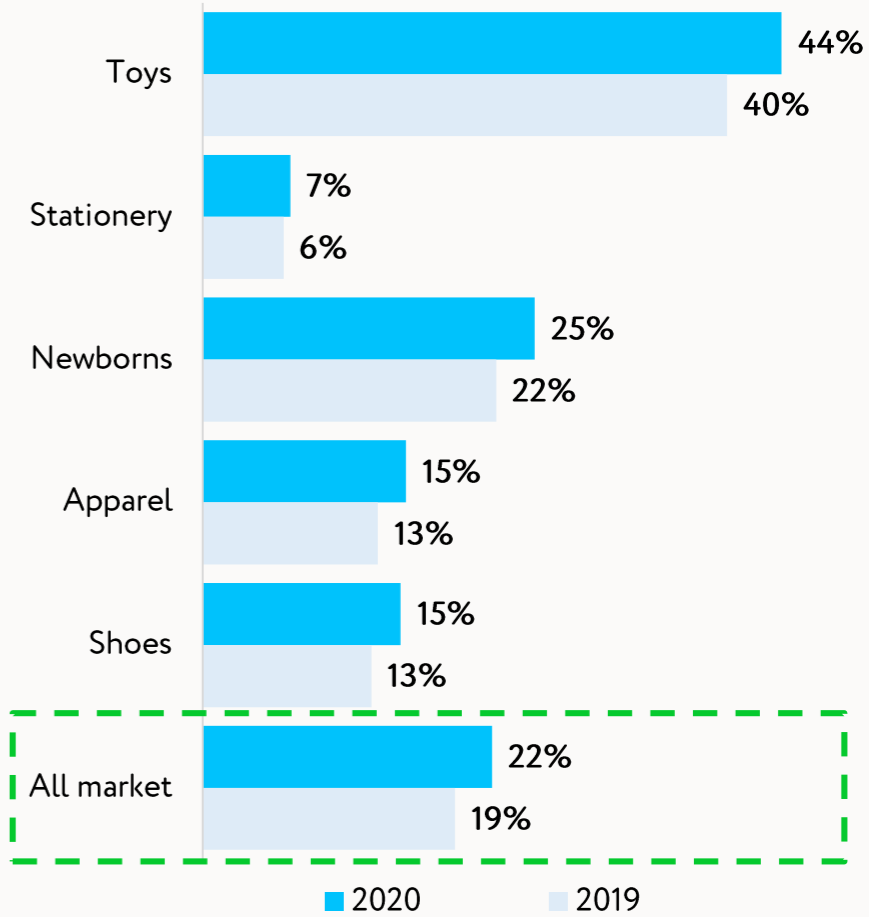
...while Detsky Mir maintains dominant market position ...

Market share in total children's goods retail in Russia⁽²⁾ (%)



...building on its market leadership in all segments

Detsky Mir market share by segment⁽²⁾ (%)



(1) Represents children's goods ordered online (excluding online stores of offline retailers from other sales channels).

(2) Market share is based on sales (including VAT of c. 10%) and market volume estimation in Russian total urban population. Market share for Detsky Mir is based on the consolidated IFRS data (excl. Kazakhstan, Belarus and Zoozavr stores).

Source: Company data, Ipsos Comcon report, SPARK, Data Insight.

Category-defining brand with highly popular customer proposition

Leading customer proposition

Brand positioning

Iconic Russian household name with 70-year history
98% prompted awareness⁽¹⁾
82% unprompted awareness⁽¹⁾

Product offering and convenience

One-stop-shop across key children's categories
Product offering of ~20,000 SKUs for a typical store and ~321,000 SKUs for online
Fast fashion (8 seasons)
Full omni-channel model with convenient delivery options
Convenient locations in high foot traffic areas

Attractive pricing and promotions

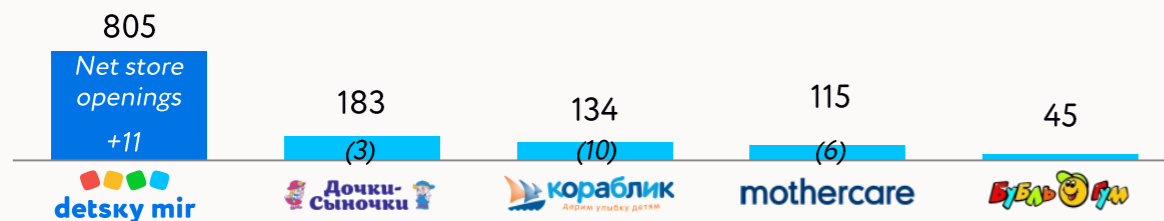
Price segment from medium to medium-low
We aim to offer highly competitive pricing in baby food and hygiene products
Periodic sales and promotions

Loyalty program

c.27.5m loyalty cards
c.10.8m active loyalty cards⁽²⁾ (34% online customers)
c.16.1m contact base of users as of March 2021
Average ticket for loyalty card holders is significantly higher vs. customers without cards

Bigger, better and more recognizable than the competition

Number of stores (Q1 2021)⁽³⁾



Brand recognition (Aided and Spontaneous awareness, December 2020)



Well-balanced product mix across traffic generators and high-margin products

Product segment	Gross margin	Traffic generation	Revenue breakdown ⁽⁴⁾ (2020 and 2019)	
Newborns	✓	✓ ✓ ✓	30%	31%
Toys	✓ ✓	✓ ✓	31%	32%
Fashion	✓ ✓ ✓	✓	29%	27%
Large items and other	✓ ✓	✓ ✓	10%	10%

Source: Detsky Mir for Company and peers data; Ipsos Comcon for brand recognition metrics

(1) Based on consumer survey conducted in December 2020

(2) Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 31 December 2020 are considered active

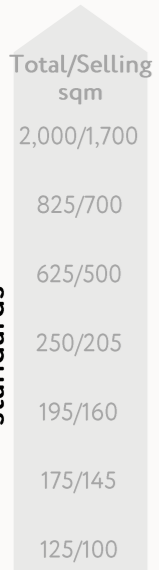
(3) Excluding Kazakhstan and Belarus stores, as well as Zozavr stores

(4) Retail revenue only

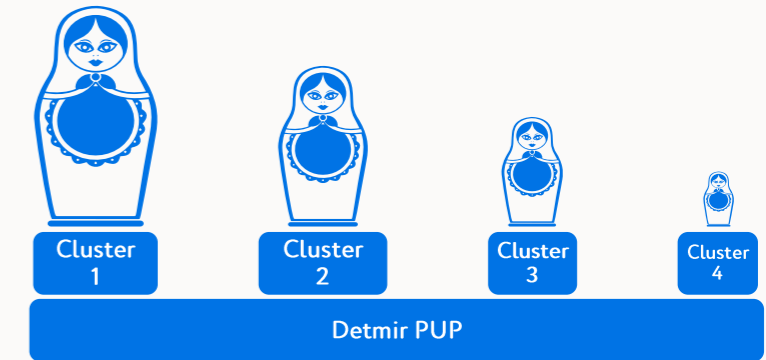
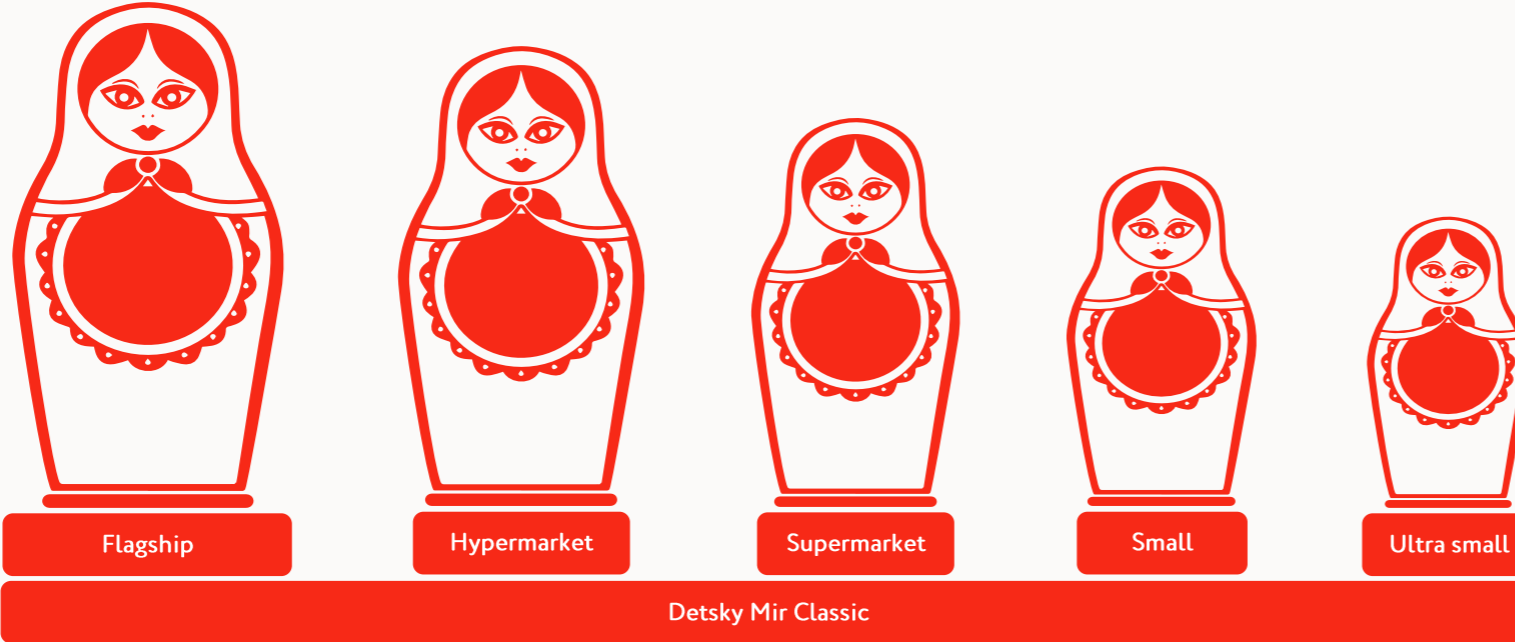
Embedded formats strategy with solid expansion pipeline

Pickup points are a unifying feature of all formats

Modernised diversified formats with unified standards



Format with game zones

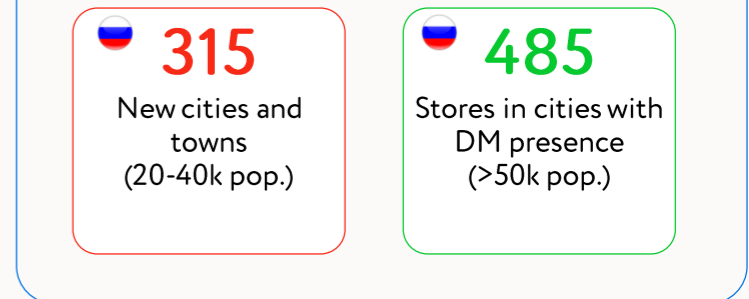


Clear medium-term white space

Detsky Mir Classic: 230+ new stores (2021-2023)



Detmir PUPs: 800+ new stores (2021-2024)



Source: Company data

Digital transformation of retail chain



New store format: compact Detmir Pick-Up-Points (PUPs)

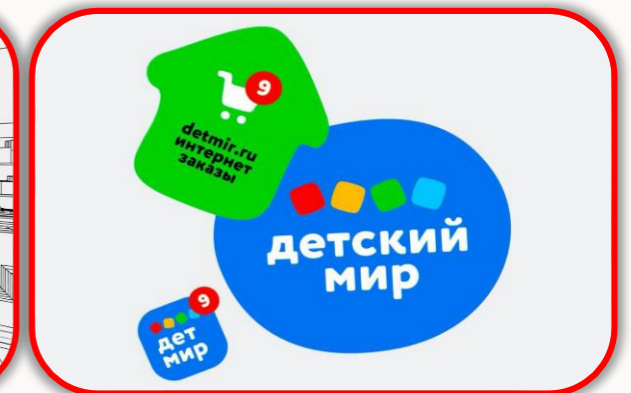
- ✓ Pick-ups with an unlimited shelf from DCs plus ~2,000 SKUs in-store
- ✓ Capture smaller cities with 5k-100k population, expanding our market size by 30+% to c.RUB 700bn
- ✓ 800+ stores medium-term, 1,200+ more stores longer term
- ✓ High-single-digit EBITDA margin
- ✓ 30%+ IRR on 7-year cash flows (w/o terminal value)
- ✓ Relies on regional DCs coverage within 500m, Store capex RUB 3-4m



Source: Company data

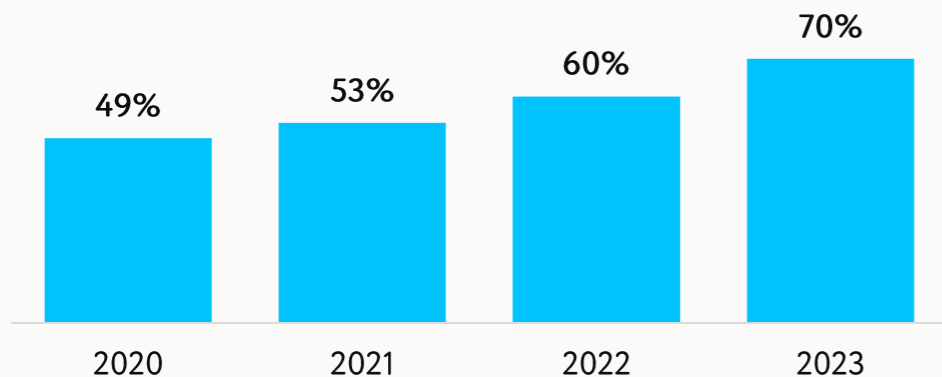
Detsky Mir 3.0

- ✓ Full digital transformation and modernisation of all existing stores in the mid-term (<RUB 1m capex per store) to make them fully online and pick-up capable
- ✓ New store openings under Detsky Mir 3.0 concept since 2021 with store capex unchanged
- ✓ Store format: 900-1,000sqm total area; simplified store design allowing for more space for products and customer zones
- ✓ Omni-channel design concept providing unified customer communication in stores and online
- ✓ Clear and accessible navigation
- ✓ Digital look & feel for shoppers implemented at new stores
- ✓ Automated solutions: electronic price tags, employee apps, self-checkouts

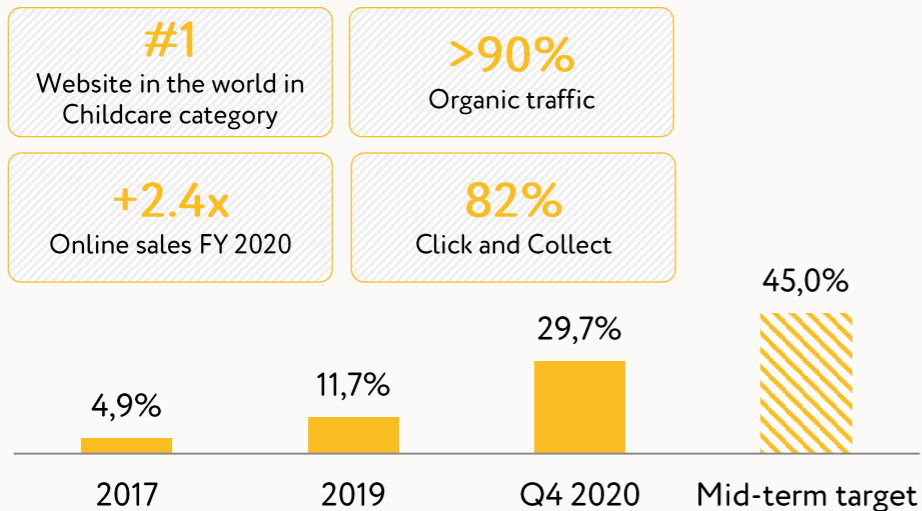


Investing in mobile app as key driver to deliver strategic objectives



Targeting 70% NPS across the channels in mid-term

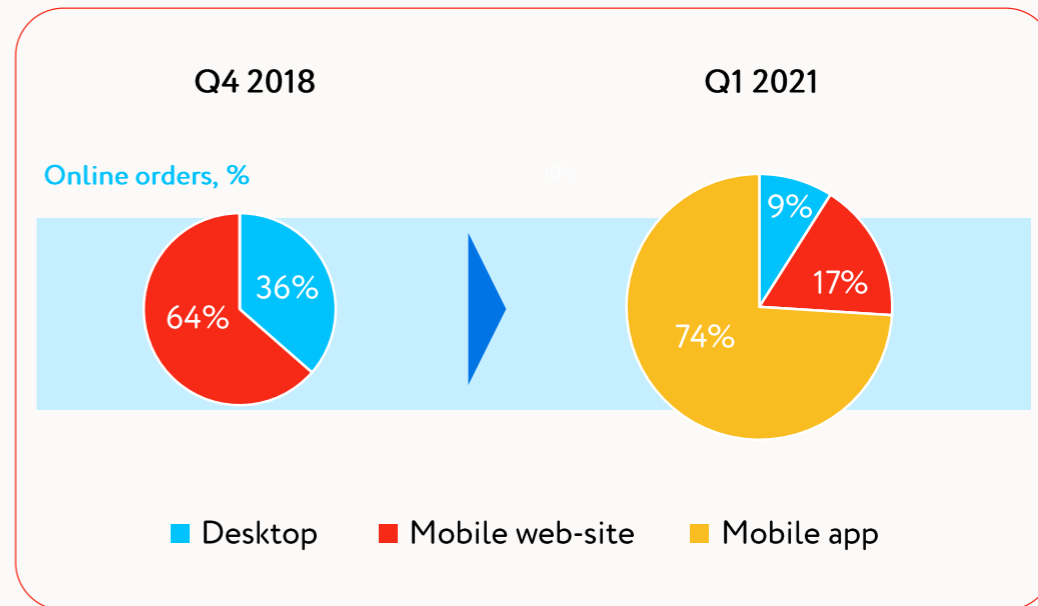


Share of online sales⁽¹⁾



“Mobile first” concept – Detsky Mir mobile app

- 8.7 million downloads⁽²⁾
- #40 ↑ #10 App ranking in Shopping category⁽³⁾ 
- #36 ↑ #10 App ranking in Shopping category⁽³⁾ 



Developing Tier 1 app

- ✓ Catalogue
- ✓ Filters and sorting
- ✓ Shopping cart and checkout
- ✓ Favourites
- ✓ Online payment
- ✓ Personal account with order history
- 🕒 Search
- 🕒 Chat support
- 🕒 Recurring orders subscription
- 🕒 Personalised product recommendations



✓ Provided now 🕒 Pending shortly

Source: Company data, AppAnnie, SimilarWeb
 (1) As % of total revenue in Russia
 (2) Cumulative number of downloads since launch as of Q1 2021
 (3) As of 31 December 2020 vs. 24 November 2019 based on AppAnnie data

Detsky Mir marketplace

Why DM Marketplace?

- ✓ Provide our shoppers with broadest possible assortment they have come to expect
- ✓ Provide our suppliers a great platform to reach customers and manage inventory
- ✓ Lower costs than competitors by building on top of existing infrastructure
- ✓ Limited capex and no extra working capital

DM Marketplace profile



Assortment

Initially focus on children's FMCG and fashion



Pricing

Mid-to mid-high price segments



Economics

3PL commission-based model



Customers

Shoppers: same target base, same loyalty program
Merchants: local producers and well-known international brands



Service platform

DM provides interface and logistics / delivery on same platform as its 1P e-Commerce



New verticals

To be launched based on success of core categories

Source: Company data

Long-term vision

- Overtake key local competition in relevant SKUs (2,400k SKUs)
- GMV representing double-digit share of our online sales
- 19-22% fixed/actual commission rate
- Cost structure
 - Mainly logistics, delivery, personnel
 - Low marketing cost vs other MPs thanks to "free" traffic / strong brand

Q1 2021 highlights

751

Number of suppliers added

3.7%

Share of marketplace in total online sales (%)

321

GMV (RUBm)

836

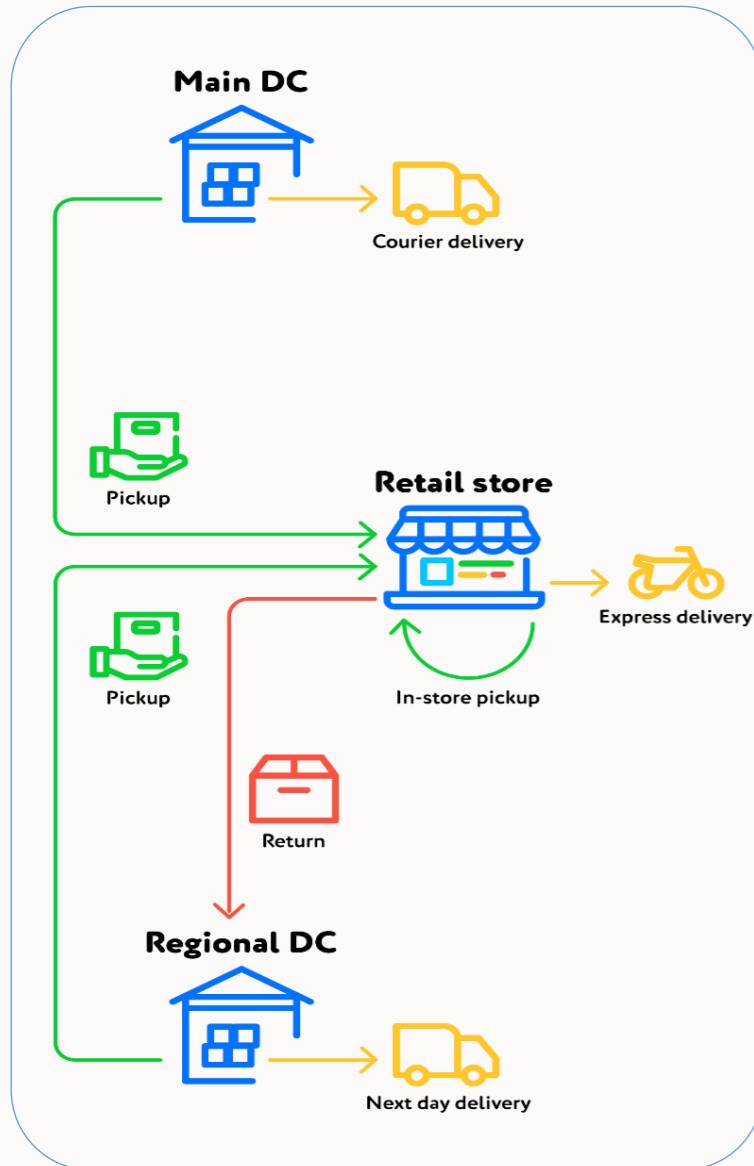
Brands shipped

Key initiatives in 2021

- ✓ Achieve 5% share of GMV in e-commerce
- ✓ Transition to a structural commission (similar to Ozon and Wildberries)
- ✓ Deeper monetisation of merchants
- ✓ Automation of logistics processes
- ✓ Improvement of reverse logistics management

3 complementary channels to optimise speed and coverage of courier delivery

Omni-channel delivery platform



 Assortment

Main DC


2.4m SKUs

Regional DCs

200k SKUs

“Last mile”
through retail
chain

20k-30k SKUs

 Number of
locations

2 Main DC⁽¹⁾
+ 2 DCs in the
pipeline

2 Regional DC
+ 2 DCs in the
pipeline

500
stores

 Coverage

95%
of Russia
population

500km from
Regional DCs,
84% of Russia
population

5km within stores
30% of Russia
population

 Speed

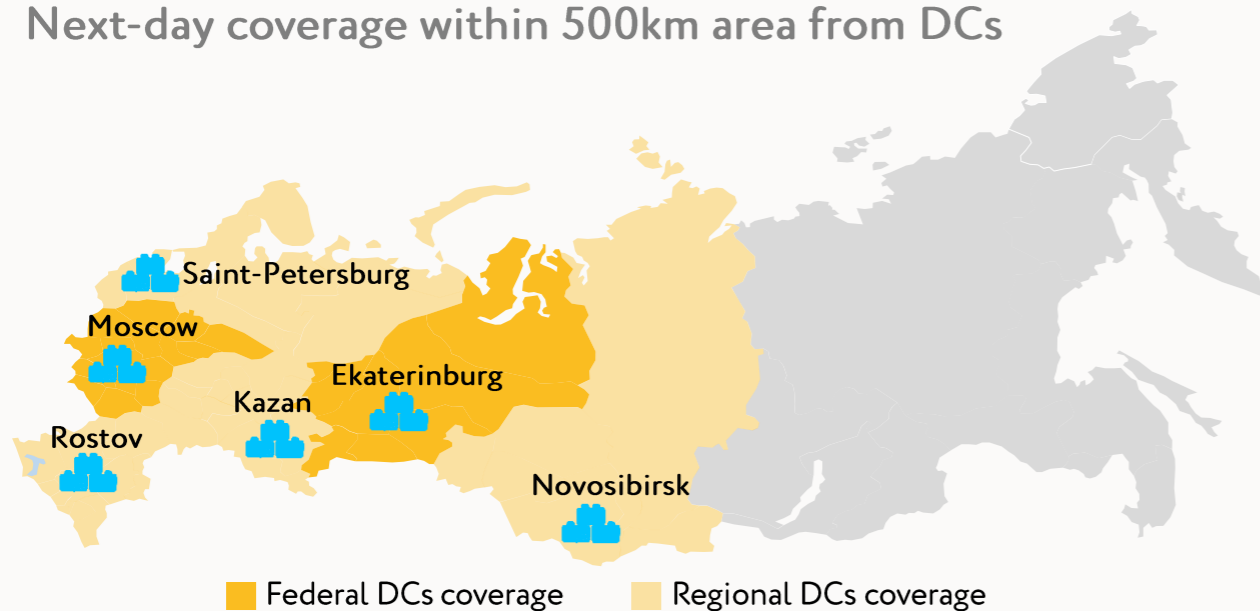
1-20 days

Next-day

Same-day
~3 hours

Roll-out of regional DCs to boost availability of next-day delivery

Next-day coverage within 500km area from DCs

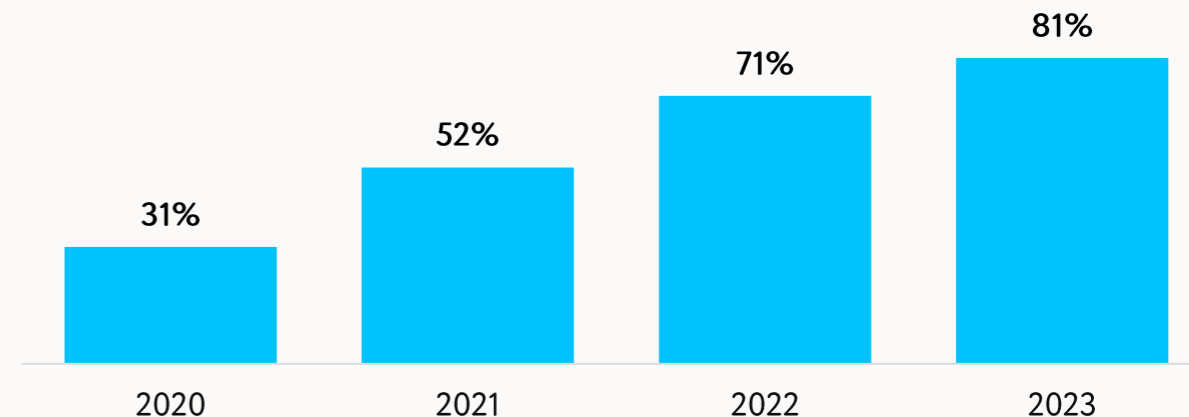


Distribution centers overview

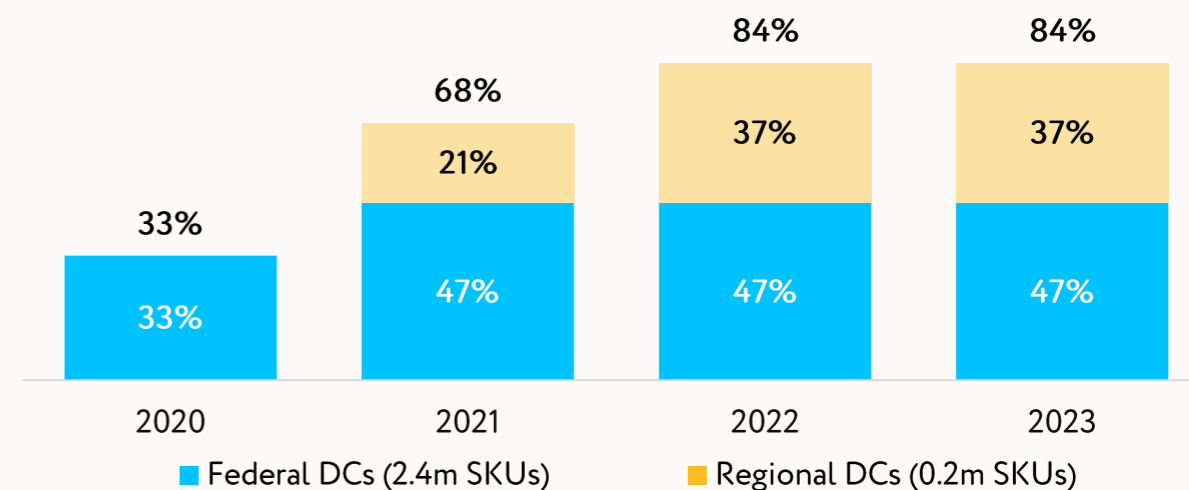
Distribution center	Launch	SKUs, m	Population, m
Moscow (Bekasovo 1 and 2)	Opened	2.4	48.3
Rostov	Opened	0.2	15.9
Kazan	Opened	0.2	14.9
Ekaterinburg	Q1 2022	2.4	20.5
Saint-Petersburg	Q1 2022	0.2	9.5
Novosibirsk	Q1 2022	0.2	14.4
Federal DC #4	2023	2.4	TBU
Total			123.5

Growing availability of next-day delivery

Share of next-day delivery in total revenue, (%)



Federal and Regional DCs Coverage as % of Russia population, (%)



Zoozavr – entering promising pets supplies market

Store Format

- 200sqm total/170sqm selling area
- At shopping center or street retail, close to a chain food retailer
- Comprehensive assortment:
 - ~6.5k SKUs in store
 - >10.0k SKUs online – Upcoming private labels range
- Store capex of RUB 3-4m
- Cross-integration with DM: stores, ordering, pickups, logistics
- Effective online coverage of entire Russia via DM's footprint



Why Zoozavr?

- Russian pet supplies market is large at RUB 296bn (2020)
- Solid market growth outlook
 - 8.3% 2020-24E CAGR, outpacing children's goods
 - Rising pet ownership rate, while children's birth rates are sluggish
 - Same low elasticity to macro as children's goods
- High fragmentation with weak competition
 - Top 5 specialist players account for only 8% market share
 - No highly recognized brand or large, well-funded and efficient player
- Large overlap with children's goods target customers and suppliers

Performance highlights in 2020

- ✓ ~RUB 350m sales
- ✓ Share of online sales reached 56% in total sales
- ✓ Loyalty program members generated ~75% of total sales

Immediate steps

- ✓ 70+ new stores in 2021
- ✓ Launch of 7 private labels with 600 SKUs in 1Q'22
- ✓ Develop veterinary supplies category to differentiate vs. online competition



Entering digital services and products market in mid-term

Pilot results

- In December 2020, the pilot stage of digital products marketplace was launched in our mobile app
- 20 partners were selected and 70 apps for children and parents added (including parental control and GPS locators, educational apps for toddlers, entertainment and games, etc.)
- 30 new services such as babysitting and dog walking, cleaning, online medicine, husband for an hour services added in March 2021
- In April 2021, we successfully finished a pilot stage, starting to develop a full-fledged platform

Key benefits

For Customers

- High confidence in brand
- Savings from accumulation and using points across multiple products
- Unique customer experience at all touchpoints
- The right content at the right time

For Detsky Mir

- Business diversification
- Retention and growth of the target audience
- Building long-term relationships with clients
- More data on household members
- Increased purchase frequency

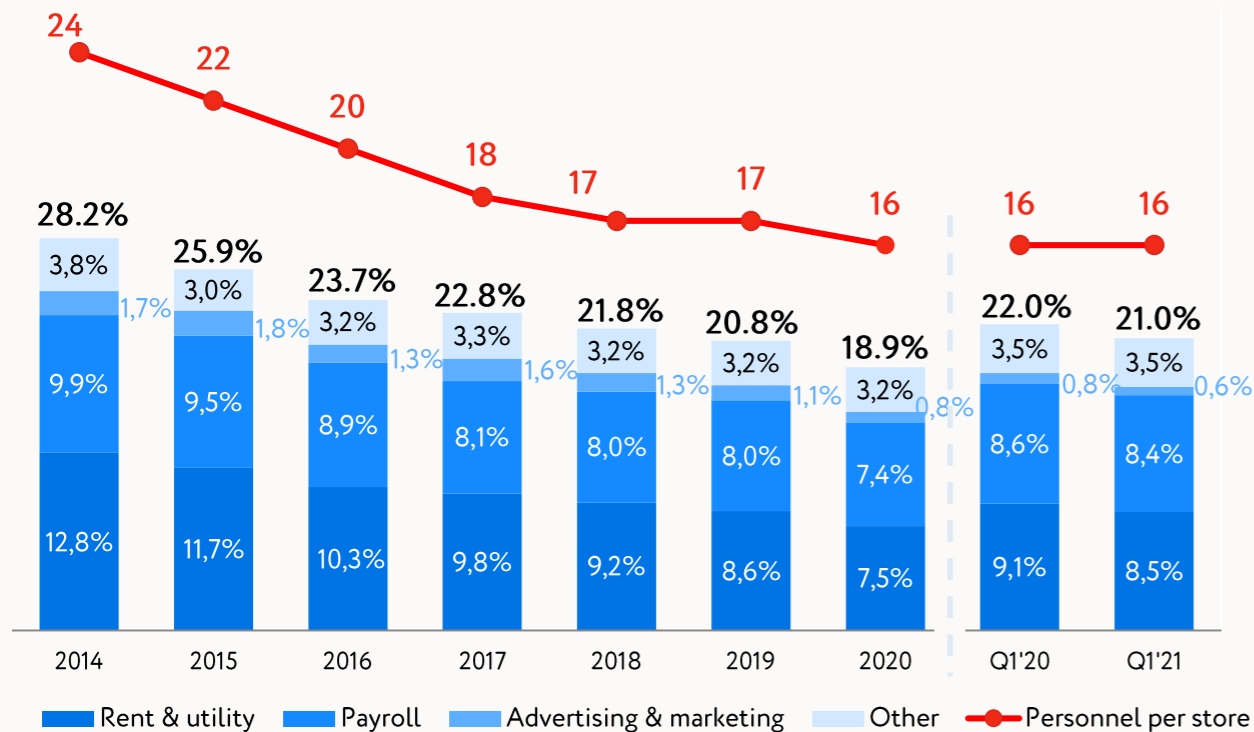
Focus on execution excellence to achieve superior operating margins

Improvement of 160bps in adjusted EBITDA⁽¹⁾ margin since 2014 driven by:

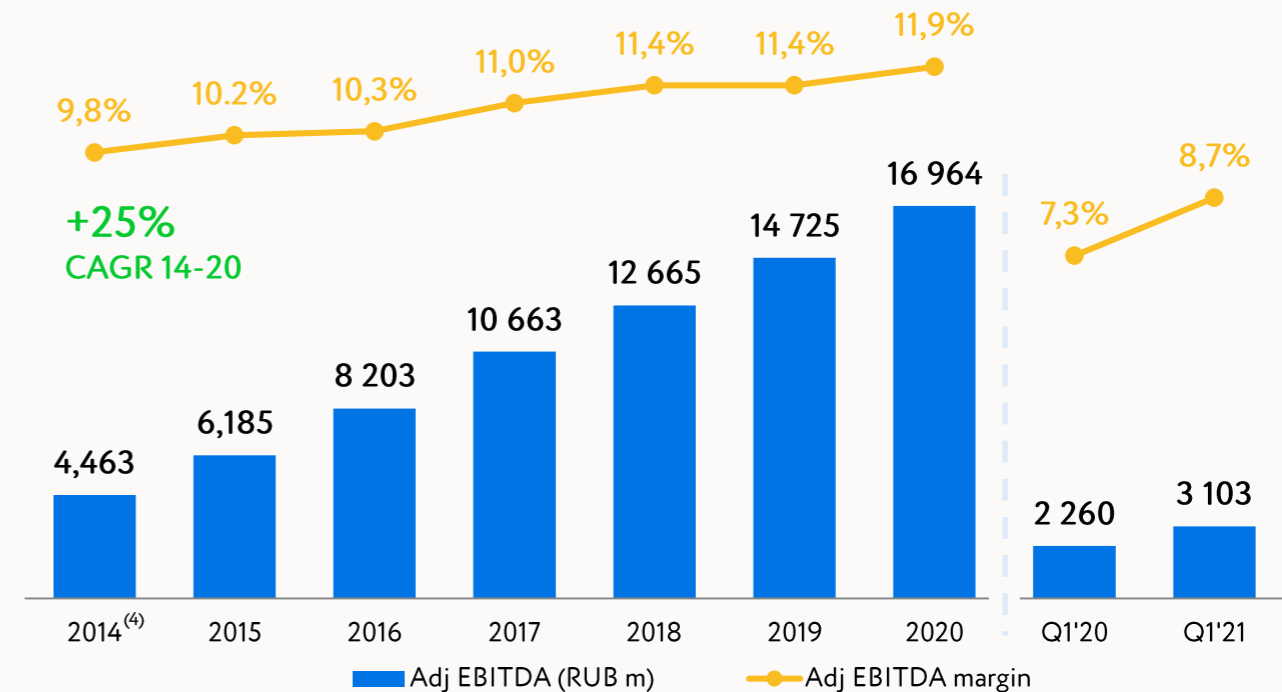
- ✓ Reduction of average personnel per store from 24 in 2014 to 16 in Q1 2021 enabled by greater business processes automation and adoption of advanced software, resulting in reduced time and effort required per transaction
- ✓ Decline in rental costs as % of sales driven by improving sales density and negotiation of favourable rental terms and received discounts from landlords, supported by our status of "anchor" traffic generator for shopping malls
- ✓ Reduction in adjusted SG&A as % of revenue by over 930 bps over 2014-2020 (-100bps YoY in Q1 2021)



Adjusted SG&A expenses⁽²⁾ as % of sales and personnel per store⁽³⁾



Adjusted EBITDA⁽¹⁾



Source: Company data

Note: The Group's consolidated financial statements for 2013 under US GAAP and for 2014-2020 under IFRS and as restated according to IAS 17 for 2018-21. For the line items and the periods presented, there was no difference between the figures under US GAAP and IFRS
 (1) Adjusted EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program; (2) Adjusted SG&A expenses are calculated excluding depreciation and amortisation and additional bonus payments under the LTI program; (3) Excluding personnel in headquarters; (4) Less one-off RUB 1,164m net gain from disposal of Yakimanka store

Asset-light cash-generative business model providing for strong returns on capital and consistent dividend payments

Attractive new store economics and disciplined roll-out ...

- Capex of c. RUB 13m per 1 standard DM store
- Strict investment criteria: IRR hurdle rate of 40% on 7-year cash flows (not accounting for terminal value)
- Total maturity period – 18-24 months
- Targeted EBITDA breakeven in 6 months after a store opening
- Payback period of 2.5-3.0 years



... supported by well-controlled rental costs

- Prime locations in high-traffic modern shopping malls
- Most rental agreements with right to lease for more than 5 years and fixed annual increases
- Unilateral termination rights for Detsky Mir (with reasonable notice periods)
- Limited currency risk for leased properties (denominated in respective local currencies in Russia, Kazakhstan and Belarus, or with fixed caps for USD and EUR exchange rates)

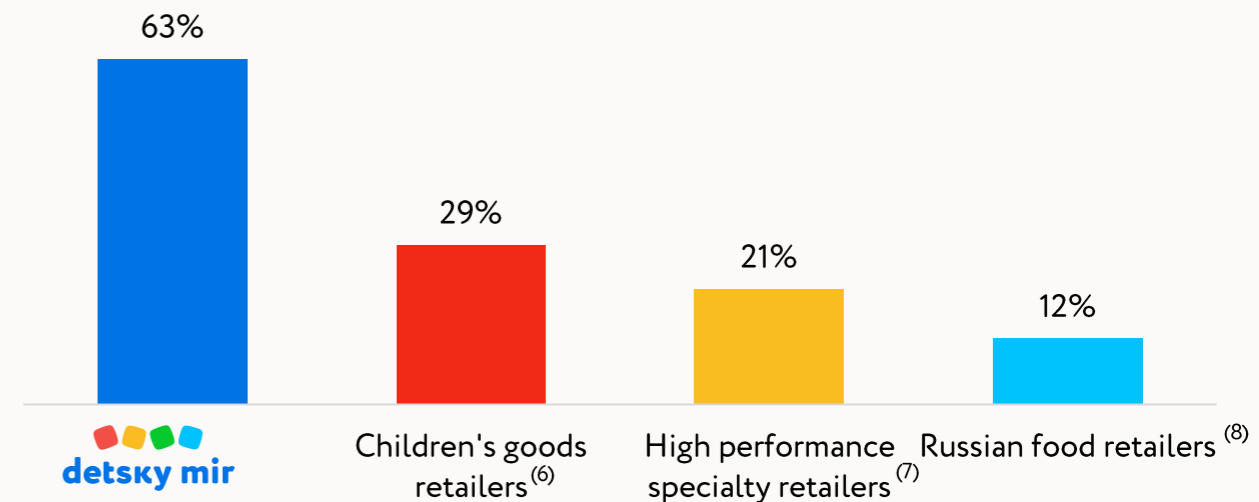


Resulting in strong returns ...

	2014	2015	2016	2017	2018	2019	2020
Revenue growth	26%	33%	31%	22%	14%	16%	11%
Selling space growth	22%	26%	21%	15%	12%	10%	6%
Adj. EBITDA ⁽¹⁾ , RUB bn	4.5 ⁽²⁾	6.2	8.2	10.7	12.7	14.7	17.0
Capex, RUB bn	(1.9)	(5.3)	(1.7)	(2.5)	(3.8)	(3.5)	(2.4)
Dividends, RUB bn	(1.9)	(3.0)	(4.4)	(4.8)	(6.1)	(7.0)	(7.8)
Adj. net debt ⁽³⁾ / Adj. EBITDA LTM ⁽¹⁾	0.6x	1.7x	1.4x	1.0x	1.4x	1.2x	1.1x
ROIC^{(4), (5)}	71%	62%	71%	78%	70%	63%	76%

... and a leading ROIC⁽⁴⁾ in global retail context

FY 2019, median values for respective peer groups



Source: Companies' disclosure and reporting

Note: The Group's consolidated financial statements for 2013 under US GAAP and 2014-2020 under IFRS (before IFRS16). For the line items and the years presented, there was no difference between the calculation of numbers or presentation under US GAAP and IFRS

(1) Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program

(2) Less RUB 1,164m net gain from disposal of Yakimanka store

(3) Adj. Net Debt is calculated as total borrowings (long term borrowings and short-term borrowings and current portion of long-term borrowings) less cash and cash equivalents adjusted for amounts receivable under the loan issued to CJSC "DM-Finance" (RUB 5.2bn in 2014, RUB 5.8bn in 2015 and RUB 1.1bn in 2016)

(4) Calculated as operating profit divided by average capital invested (simple average of capital invested as at the respective dates). Capital invested is calculated as net debt plus total equity/(equity deficit)

(5) Adjusted for amounts receivable under the loan issued to CJSC "DM-Finance" in 2014, 2015 and 2016; as well as for net book value of the building occupied by the Bekasovo distribution center of RUB 3.1bn (for 2015 only, given it was completed in 2015, but was not operational for the most of 2015)

(6) Five Below, Children's Place, Carters, Jumbo and Baby Bunting; (7) Clicks, Lojas Renner, LPP, CCC, Raia Drogasil, B&M, Liverpool and XXL; (8) X5, Magnit and Lenta

Strong management team with well-established public market-oriented governance practices

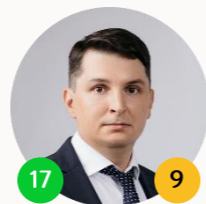
Highly experienced management



Maria Davydova
Chief Executive Officer
Held senior positions at Enter Svyaznoy, Arbat Prestige



Anna Garmanova
Chief Financial Officer
Held senior positions at Podruzhka, Understanding and Reconciliation Fund



Farid Kamalov
Chief Operating Officer
Held senior positions at MediaMarkt, Korablik, M.Video



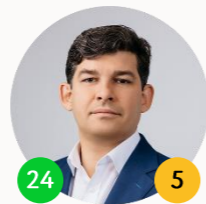
Konstantin Frischberg
Commercial Director-FMCG
Held senior positions at Enter, Wikimart, Samsung Electronics



Maria Volodina
Commercial Director – Apparel and Footwear
Held senior positions at Sela, Reebok Rus, Kira Plastinina, TJ Collection





Nikolay Ermakov
Chief Technical Officer
Held senior positions at X5 Retail Group, Gett and Rambler & Co



Pavel Pischikov
E-Commerce Director
Held senior positions at Dochki-Sinochki ("Daughters and Sonnies") and X5 Retail Group



Denis Gurov
Logistics Director
Previously Logistics Director at Dixy Group and Pharmacy Chain 36,6

 Years of sector experience  Years with Detsky Mir

Management incentive programs

- IPO LTI program completed in Feb 2020
- New LTI program adopted by the Board for the period of 2020-2023
- New programme based on the same principles – c. 40 key employees; payout up to 4.6% of total shareholder return (growth in market capitalization + dividends) over the life of the programme

Strong governance framework

BoD of 10 members
with **50% INEDs**
(incl. **Independent Chairwoman**)

Audit, Strategy and ESG, and Nomination and Remuneration committees

Audit, as well as Nomination and Remuneration committees –
100% INEDs

Prominent shareholder base

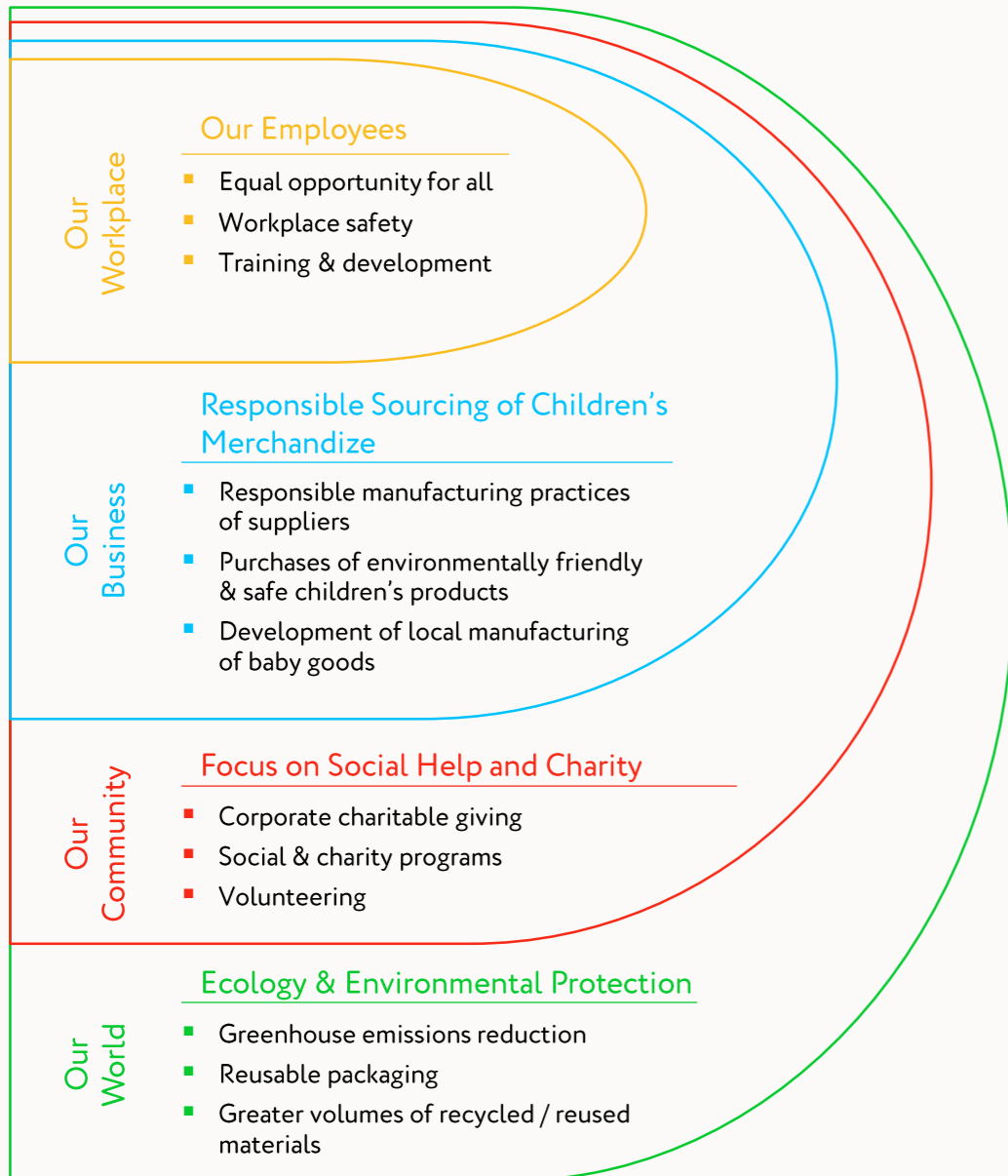
Altus Capital⁽¹⁾ – 25%
Free float⁽²⁾ – 75%



4 ESG

Focus on ESG evolution

4 Pillars of Sustainability Strategy



Key Achievements in 2020

- Sustainable Development Workgroup headed by CFO
- Enhanced prerogatives of BoD Strategy & Sustainable Development Committee
- ESG Analysis and Road Map
- Greenhouse emissions report (1,2&3 scope ratios)

Extensive work with suppliers

- 100% signed to Supplier Code of Conduct
- 100% comply with Prohibited & Restricted Chemical List
- Zero Discharge of Hazardous Chemicals program: 69% of purchases in clothing and 37% in shoes
- Improved energy efficiency at DCs & stores, eco requirements for transportation & logistics services

Eco programs at stores & offices: collection of clothing, shoes, appliances, batteries & paper for reuse / recycle

2021 ESG Targets

- Develop & implement long-term Sustainable Development strategy and incorporate it to management incentives
- Develop of long-term partnerships and joint initiatives in environmental and responsible waste management areas
- Improve ESG ratings (currently "B" from MSCI)
- Better Cotton Initiative: 2% share of cotton goods purchased
- Audit suppliers' compliance with sustainable development principles
- Improve ratio of Zero Discharge of Hazardous Chemicals in clothing and shoes

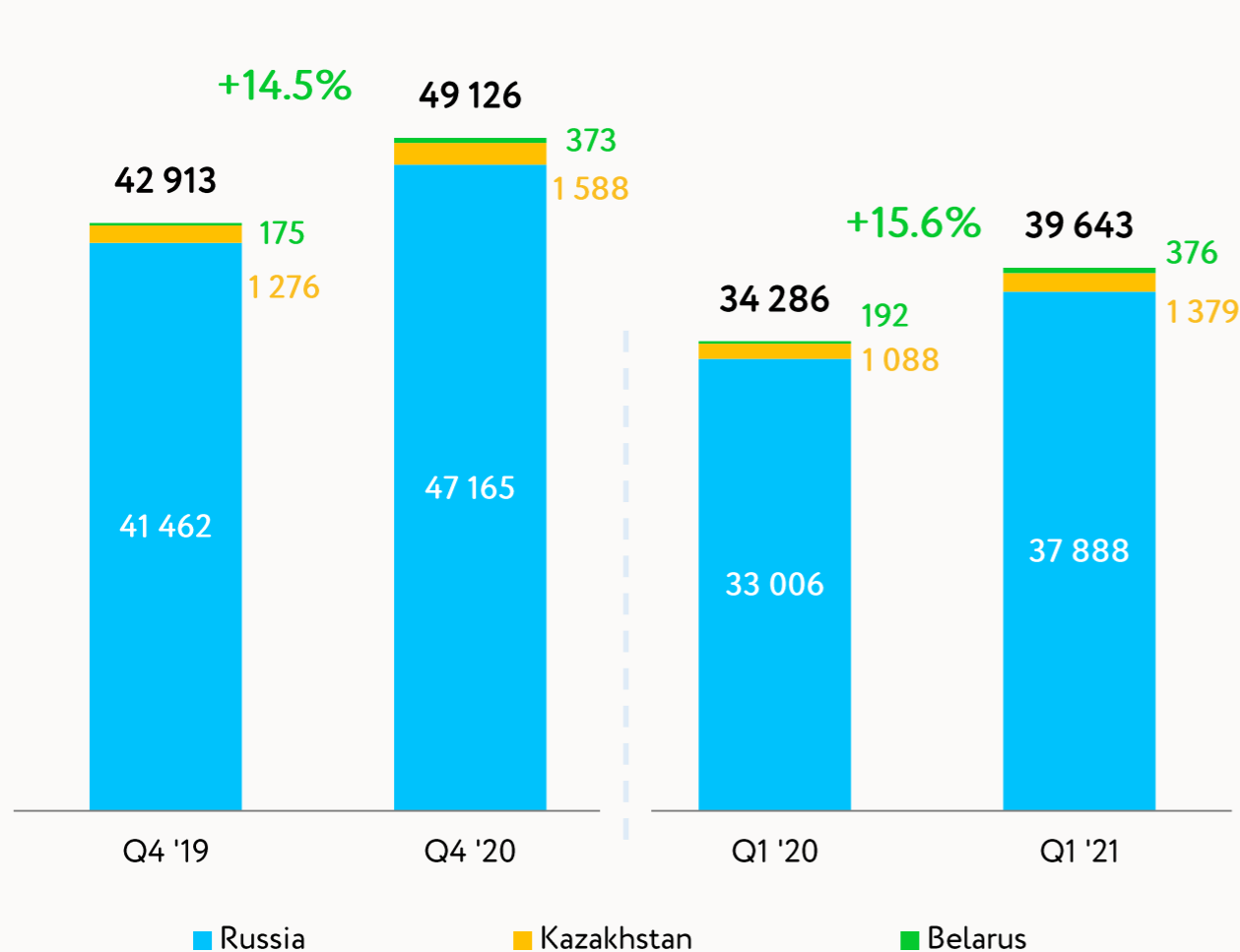


Recent financial performance

Continued top-line growth

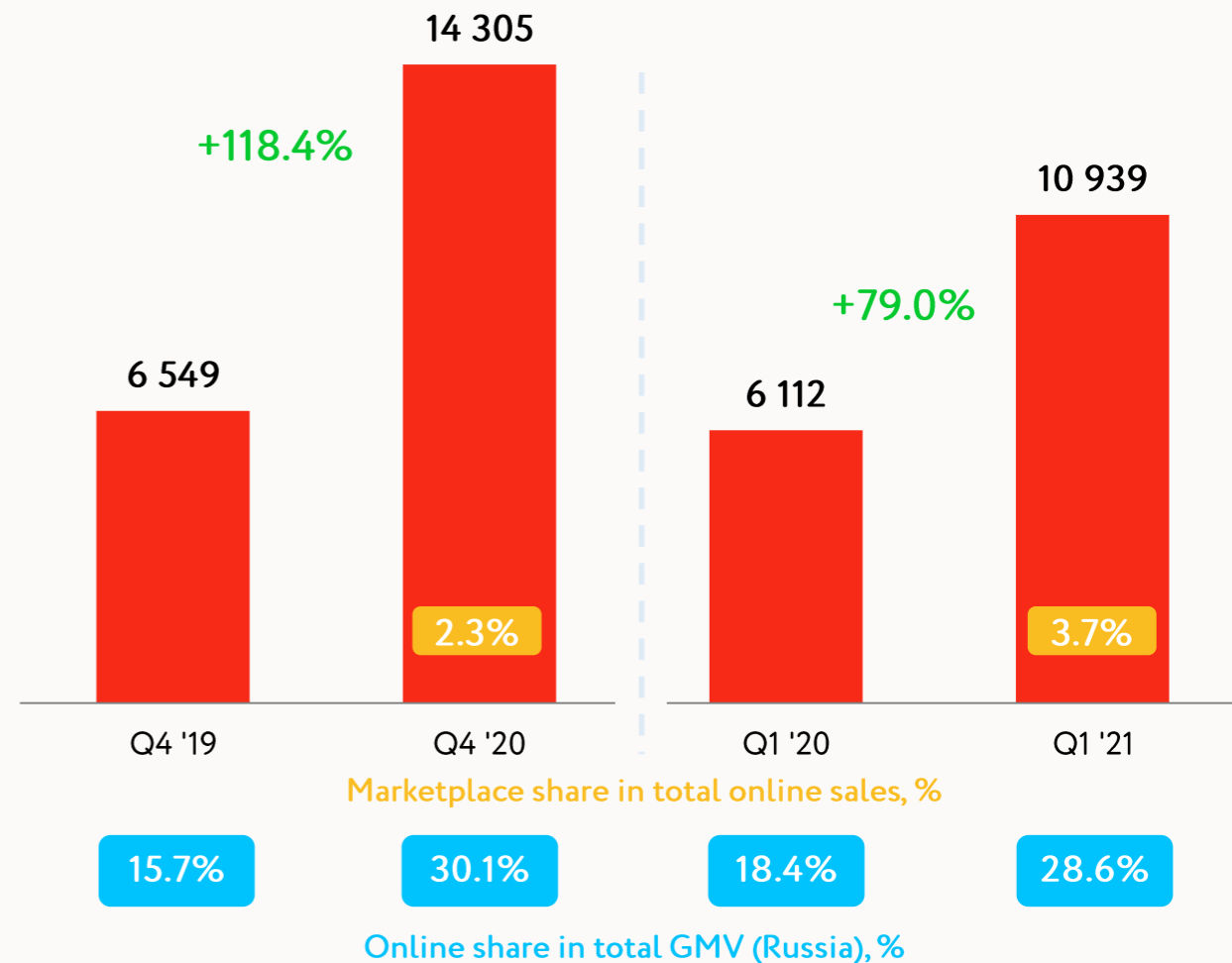
Total GMV⁽¹⁾ growth accelerated...

(RUB m) incl. VAT



...thanks to explosive growth in online sales⁽²⁾

(RUB m) incl. VAT



(1) 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.

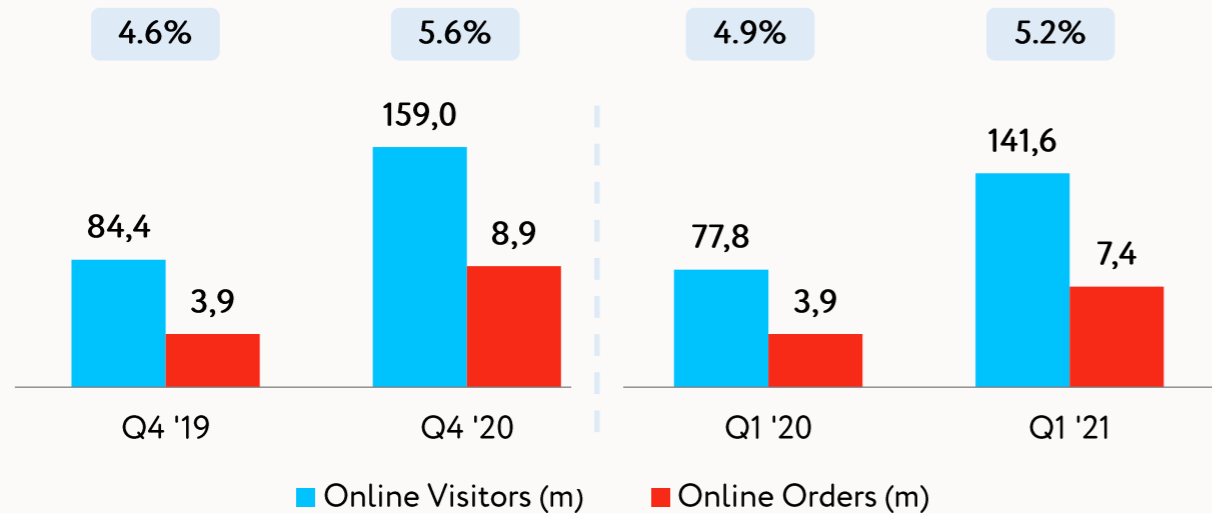
(2) Hereinafter, total online sales include all sales through the Company website and mobile app, including home delivery and in-store pickup. It includes value added tax, net of discounts given to customers and net of returns and cancelled orders during the reporting period.

Source: Company data.

Solid online performance with strong loyal customer base

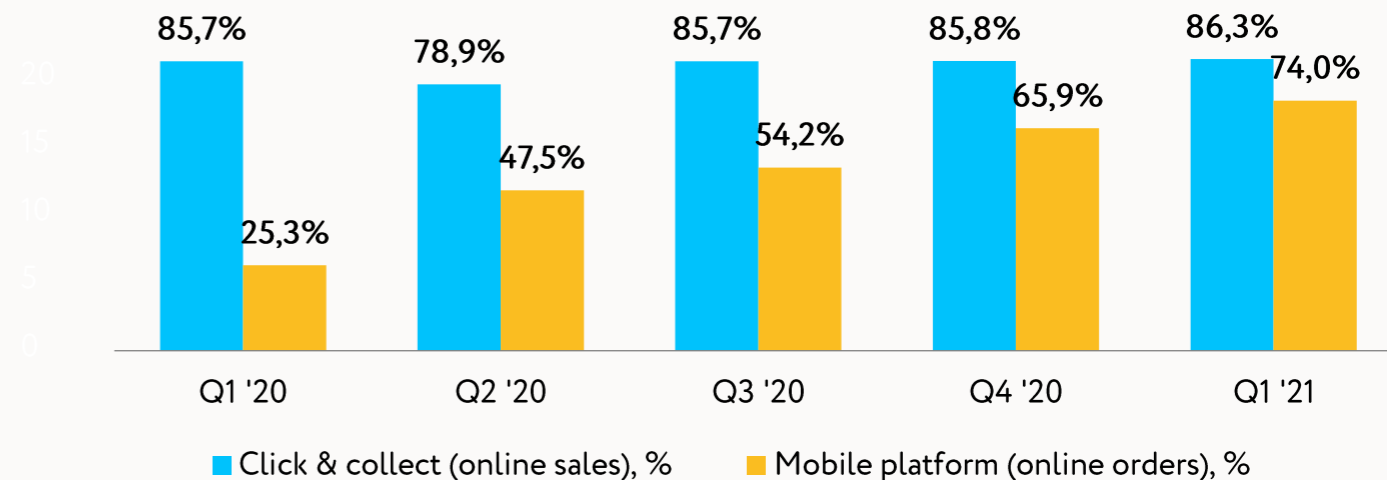
Continuous growth in traffic and improving conversion rate

(Web and mobile platforms)



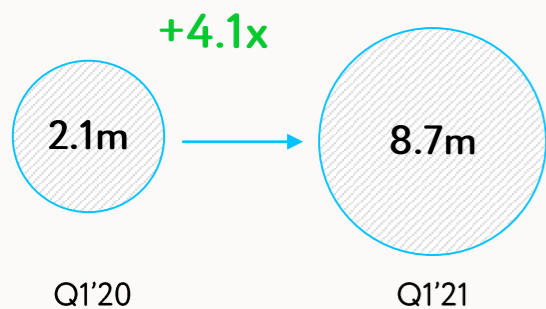
Click & collect and Mobile app are largest channels

(Russia)

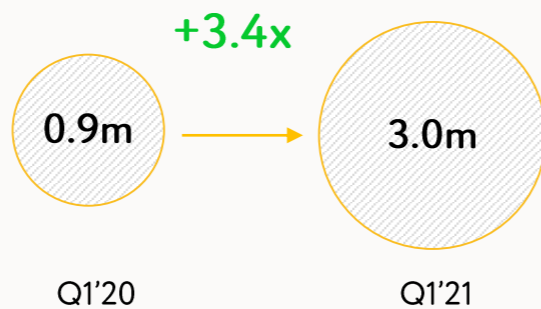


Healthy mobile app metrics

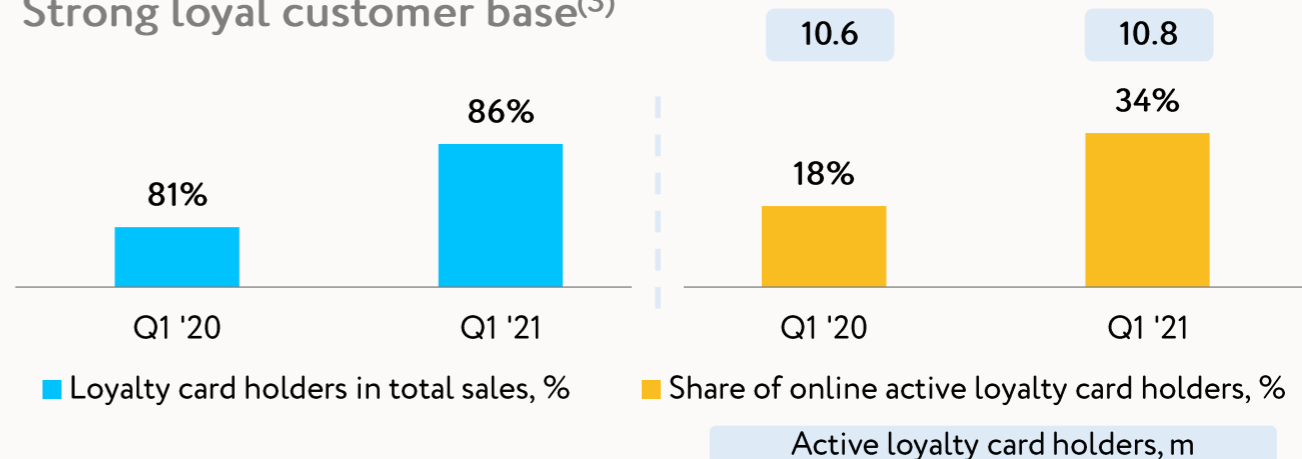
Installations⁽¹⁾



MAU⁽²⁾



Strong loyal customer base⁽³⁾



(1) Reflects the total number of app installations between its launch (December 2019) and the end of the reporting period.

(2) MAU - monthly active users - the average number of active mobile app users in a month.

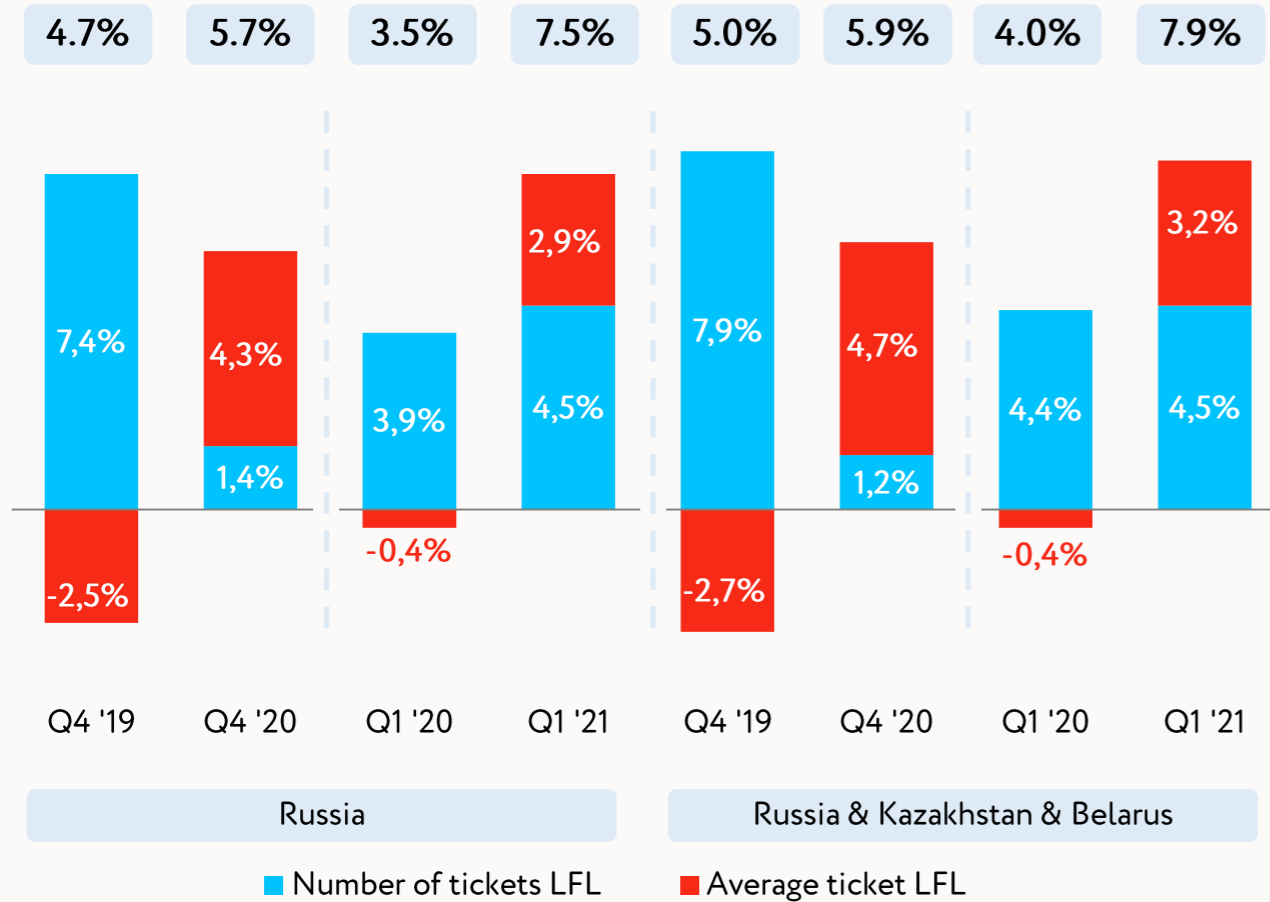
(3) Cardholders who made at least one purchase at Detsky Mir during the last 12 months are considered active. Online loyalty card holders who made at least one online purchase through the Company website or mobile application within the last 12 months are considered active cardholders.

Source: Company data.

Retail chain started a trajectory of steady growth

Robust like-for-like sales⁽¹⁾

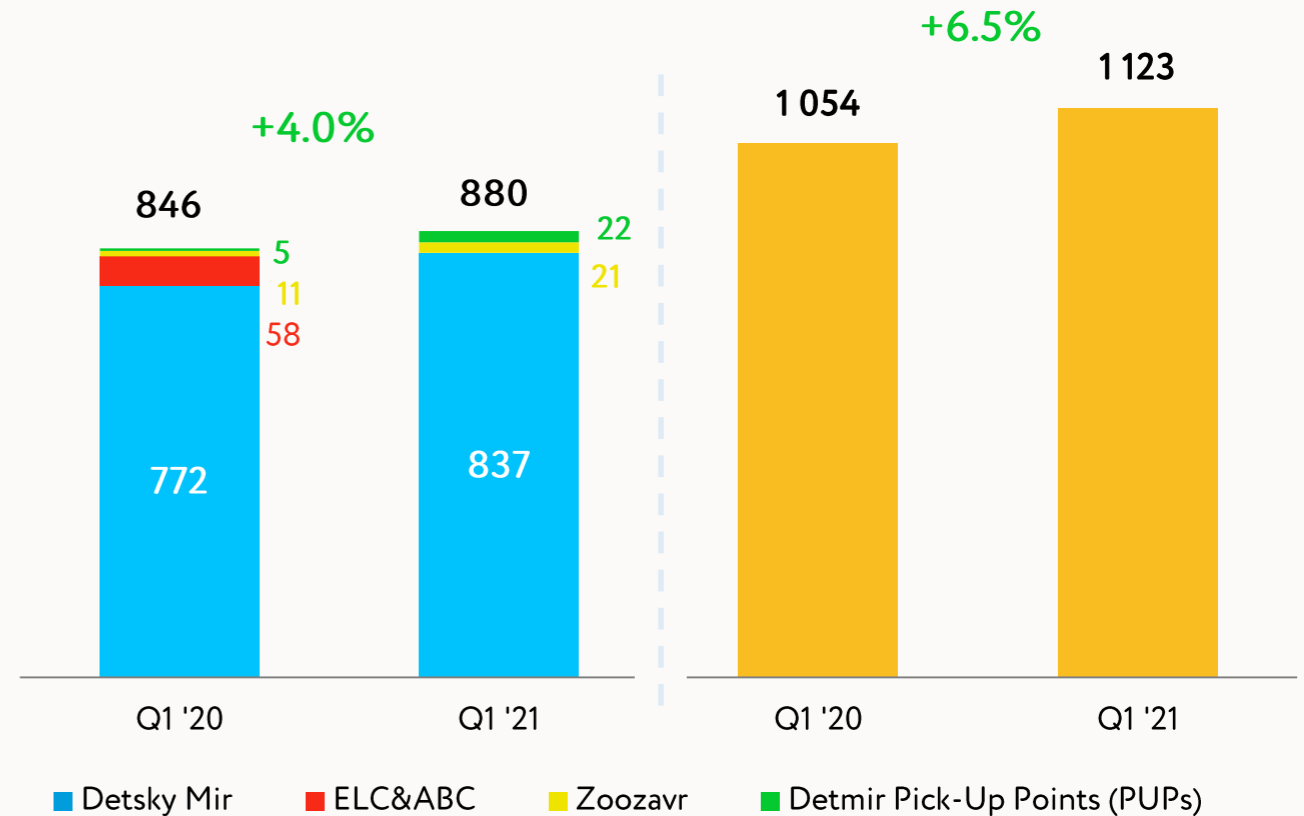
(RUB m)



Group's retail chains expansion⁽²⁾

of stores

Total space (sqm 000s)
Selling area (80%)



(1) 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.

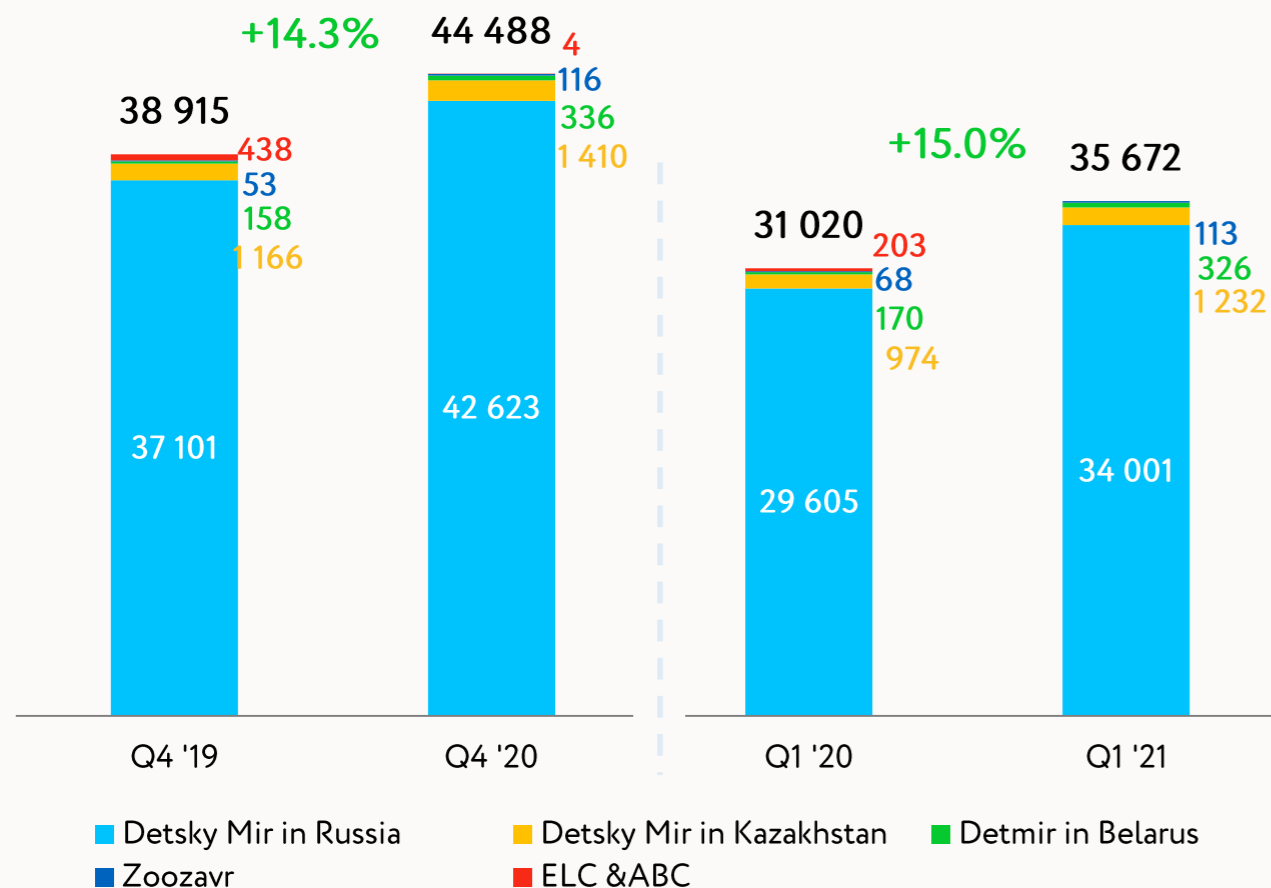
(2) In order to improve margins by accelerating the opening of our small-format Detmir Pickup stores, the Group decided to close its ELC and ABC stores in Q3 2020, which accounted for 0.8% of total Group revenue in 2019.

Source: Company data.

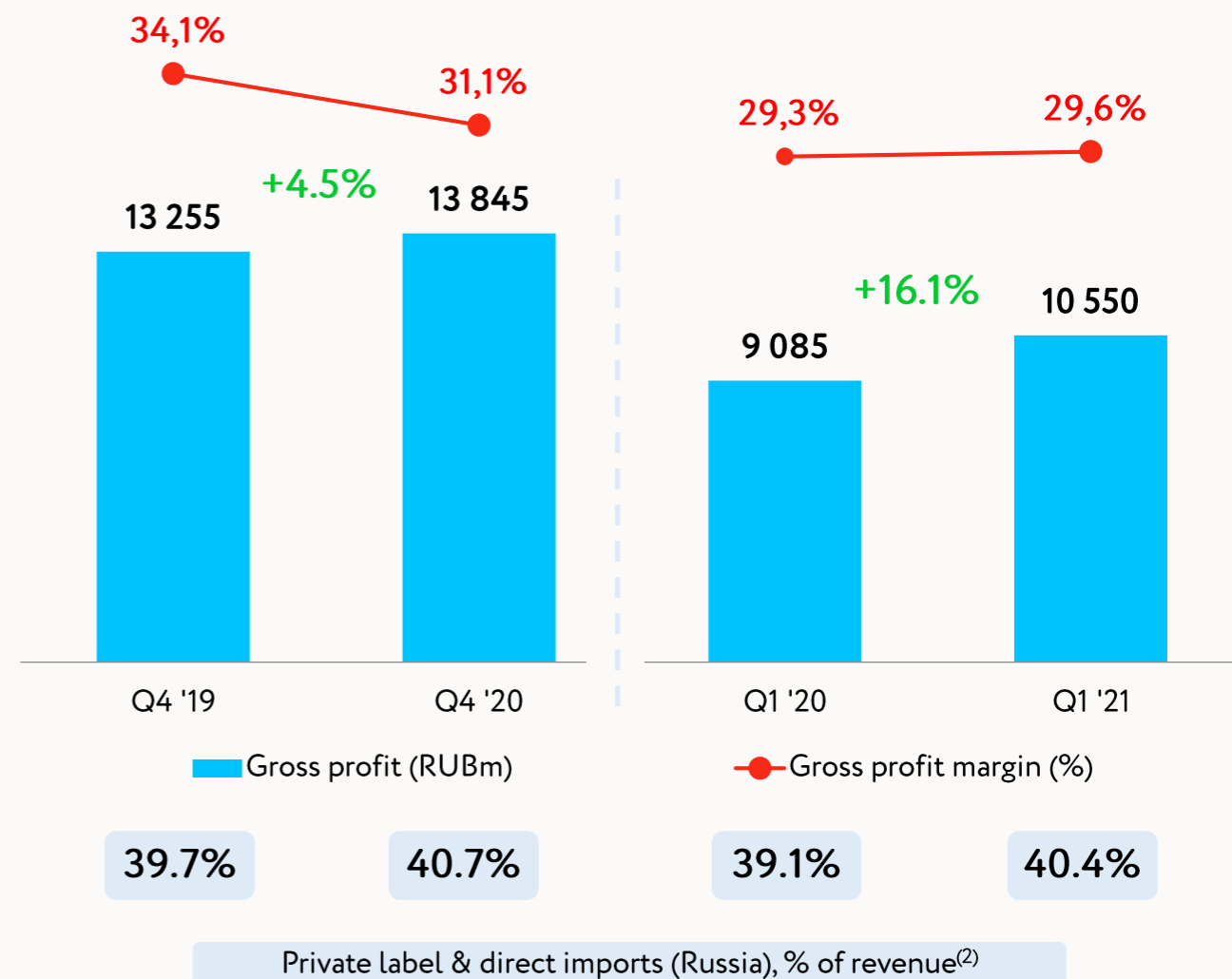
High revenue growth and solid gross margin driven by private-label expansion

Group revenue is growing across all segments⁽¹⁾

(RUB m)



Keep investing gross margin in price leadership



Source: Company data.

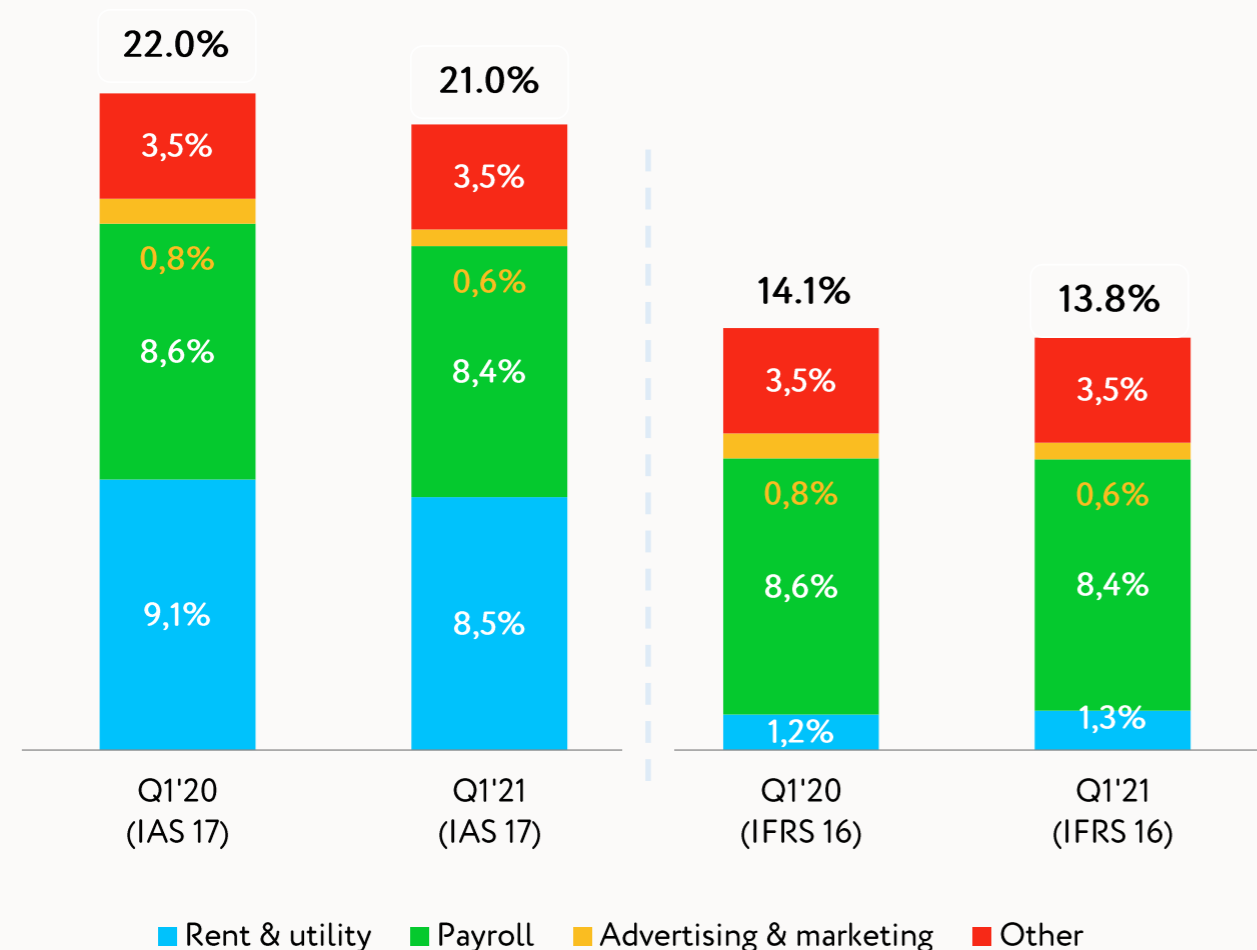
(1) Hereinafter, revenue is net of value added tax and includes revenue from the sale of goods as well as fees charged by the Group to third-party sellers for selling their goods through the Group marketplace. Detsky Mir in Russia includes all sales of children's goods in Russia, as well as the sales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

(2) 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.

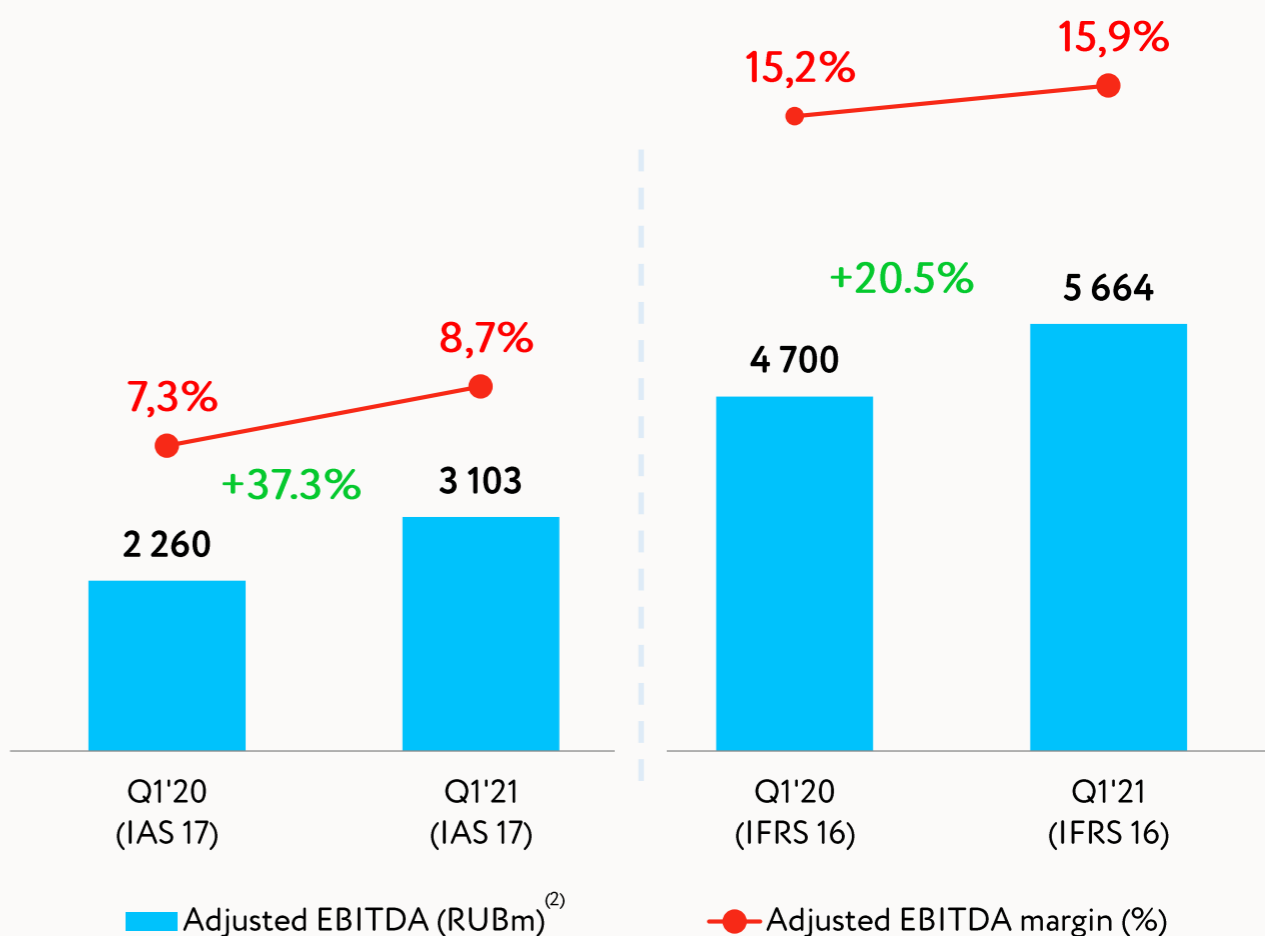
Consistently strong profitability

Optimising payroll and rental costs...

Adjusted SG&A expenses⁽¹⁾ as % of revenue



... drive solid profitability



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

(2) Hereinafter, adjusted 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, adjusted for share-based compensation expense and cash bonuses under the LTI program.

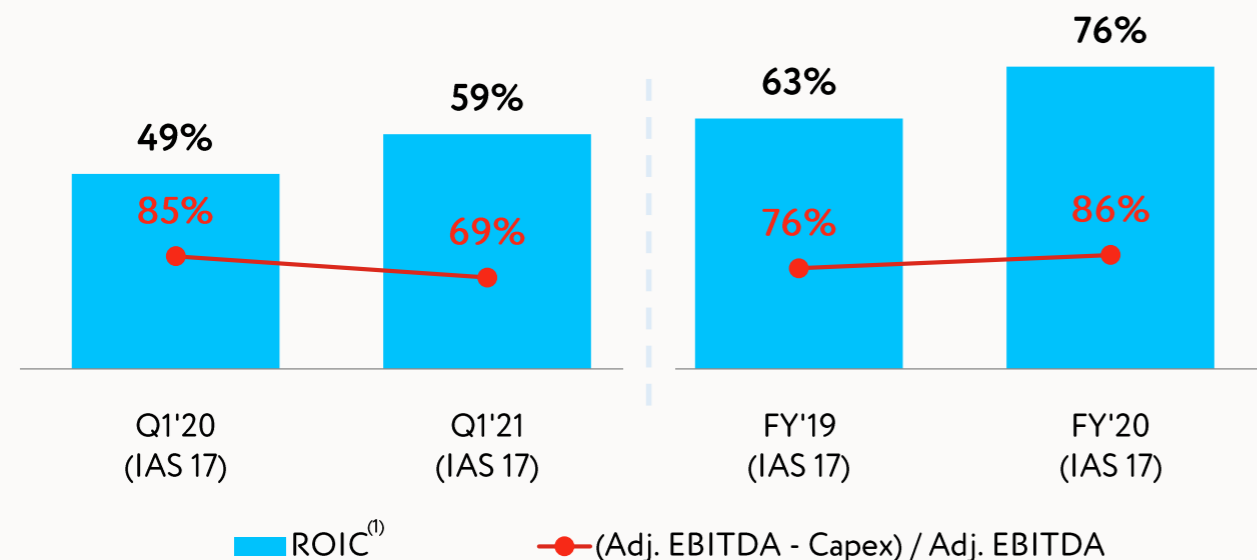
Source: Company data.

Strong cash flow conversion

Comments

- Improvement in operating cash flow driven by high EBITDA growth and decrease in NWC investments
- Low finance expense on the back of decrease in debt and interest rate
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements
 - Capex grew by 2.8x YoY due to an advance payment for the construction of the third federal distribution center, located in the Ural region (RUB 688 m)

Strong return on investment capital



Cash flow evolution

(RUB m)	Q1'20 IAS 17	Q1'21 IAS 17	Q1'20 IFRS 16	Q1'21 IFRS 16
Adjusted EBITDA	2,260	3,103	4,700	5,664
Changes in NWC	(7,680)	(7,368)	(7,616)	(7,280)
Cash income taxes paid	(702)	(928)	(702)	(928)
Net finance expense paid	(179)	(121)	(821)	(652)
Other operating cash flow	(79)	371	(81)	357
Operating cash flow	(6,380)	(4,944)	(4,520)	(2,839)
CAPEX	(338)	(950)	(338)	(950)
DC construction	(28)	(668)	(28)	(668)
Store openings, IT & maintenance	(310)	(262)	(310)	(262)
Free cash flow	(6,718)	(5,894)	(4,858)	(3,789)
Investment cash flow	(326)	(945)	(326)	(945)
Financial cash flow	15,754	5,273	13,894	3,168
Change in cash	9,048	(616)	9,048	(616)
Effect of changes in foreign exchange rates	19	(196)	19	(196)

(1) Calculated as operating profit for the past 12-months period, divided by average capital invested (simple average of the balance of capital invested at the end of respective periods). Capital invested is calculated as net debt plus total equity/(equity deficit).
 Source: Company data.

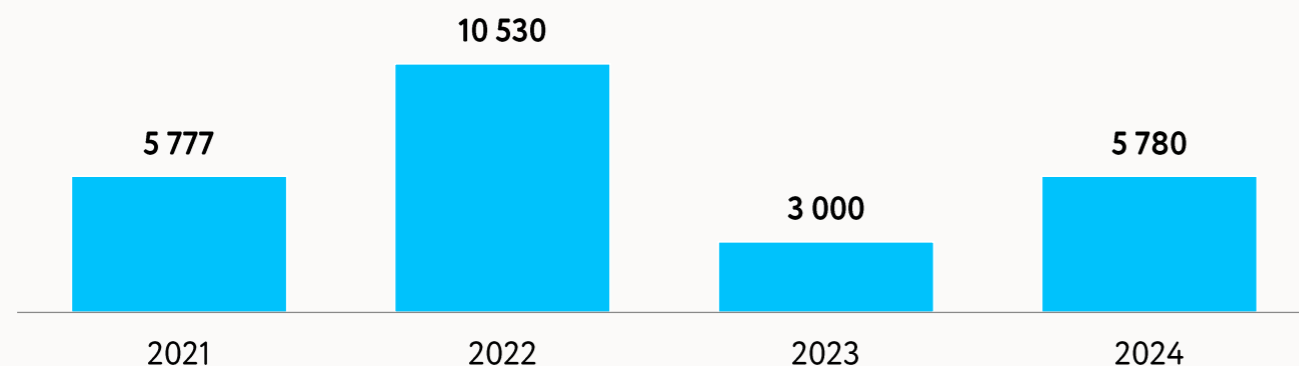
Conservative financial policy

Comments

- Commitment to a conservative financial policy
 - Fully RUB-denominated debt to match RUB revenue, mostly fixed rates
 - Relationships with multiple Russian and international banks
- Net debt / adj. EBITDA LTM ratio as of 31 March 2021 is 1.4 vs. 4.0x average covenant level across the loan portfolio (IAS 17)
 - Decreased YoY thanks to CAPEX and NWC optimisation
- Weighted average interest rate⁽¹⁾ – 6.6% (as of Q1'21)
- No contingent off-balance sheet liabilities
- Available undrawn credit limit of RUB 32.5 bn for refinancing of the current credit portfolio aiming at its further diversification

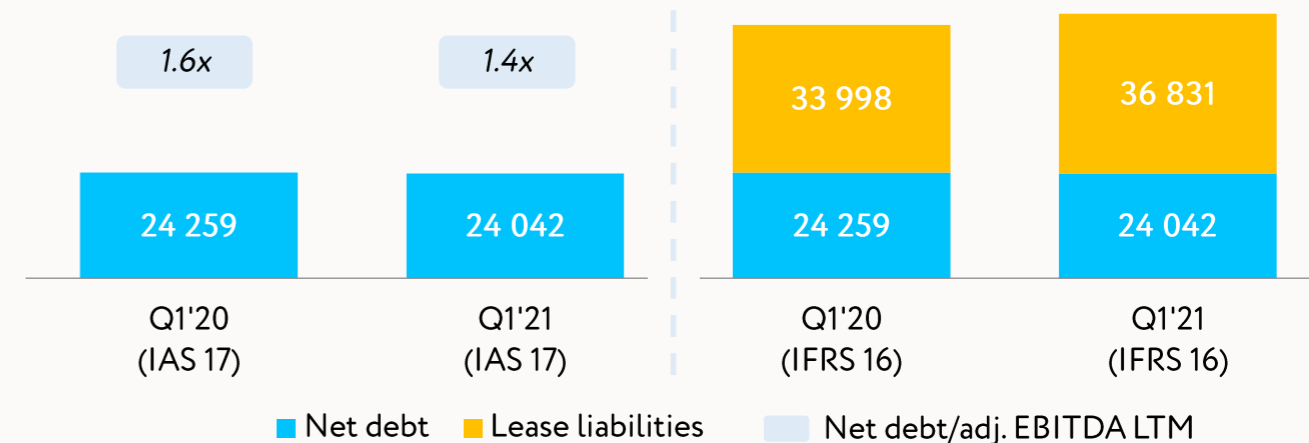
Debt maturities as of 31 March 2021

(RUB m)



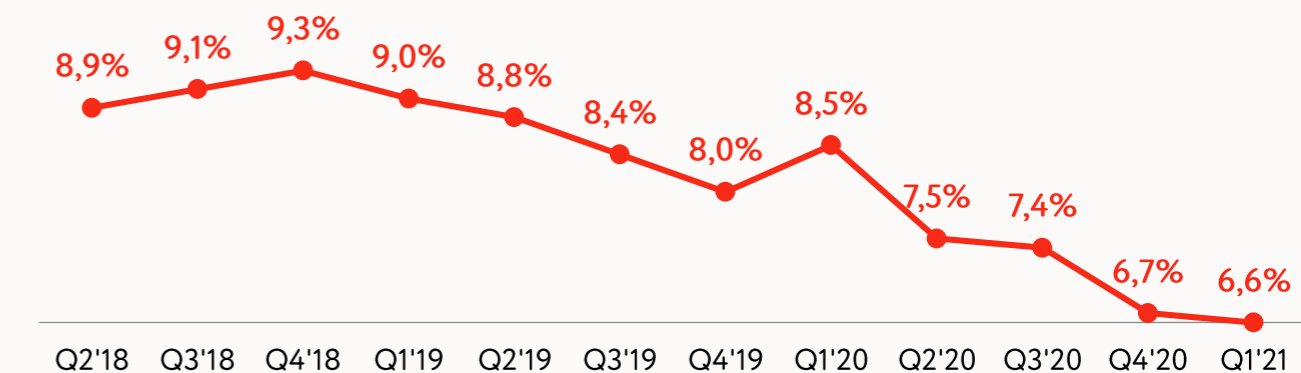
Leverage

Q1'21 total debt – RUB 25.1 bn



Weighted average interest rate⁽¹⁾

(%)



(1) Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified.
Source: Company data

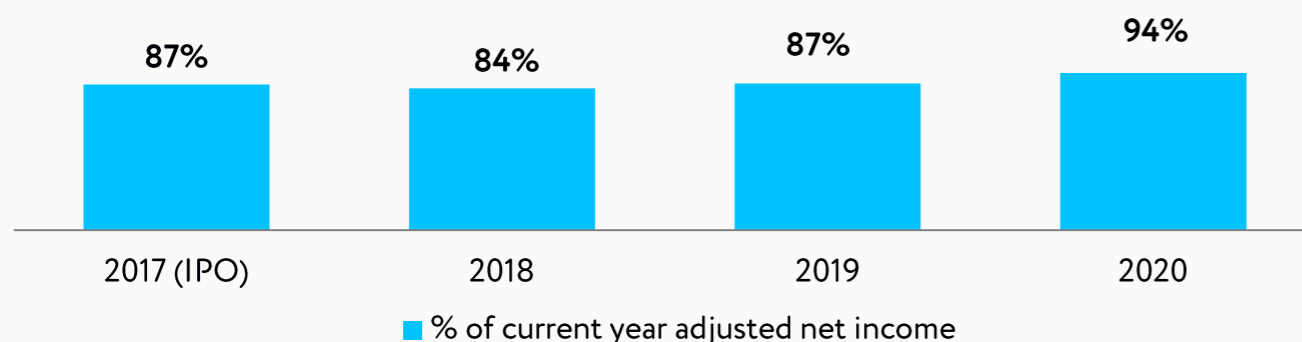
Sustainably high returns to shareholders

Comments

- Asset-light cash generative model underpins significant dividend paying capacity
 - Dividends as major differentiator from most Russian high-growth retailers
 - Able to consistently maintain sound leverage levels despite significant dividend payout
- Dividend policy: payout ratio of at least 50% of consolidated IFRS net income for the previous year
 - Historically, paying out up to 100% of net income under RAS
 - Typically two dividend payments per year (9m interim and full year)
- In 2020, Detsky Mir paid out final dividends of RUB 4.1 bn for Q4 2019, as well as interim dividends of RUB 3.7 bn for 9m 2020
- FX losses of RUB 2.1 bn affected adjusted net profit in FY'20 (69% non-cash)
- Executive Board will recommend to pay out the full net profit for Q4'20 as a final dividend of RUB 4.5 bn (+10.8% YoY) in 2021

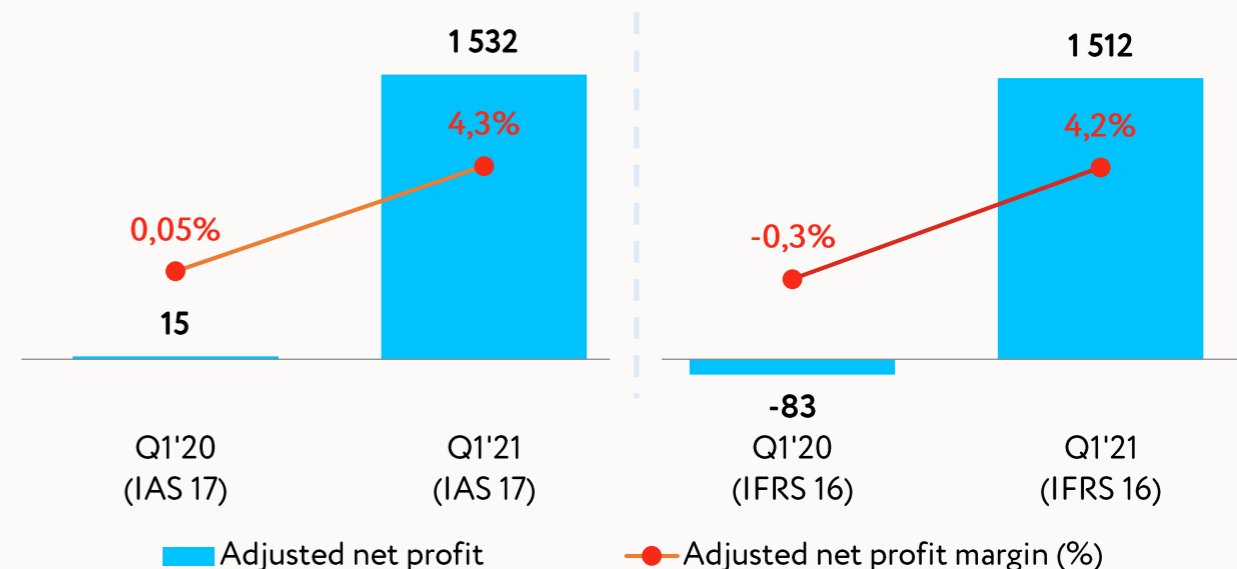
Dividends as % of adjusted net income

(IAS 17)



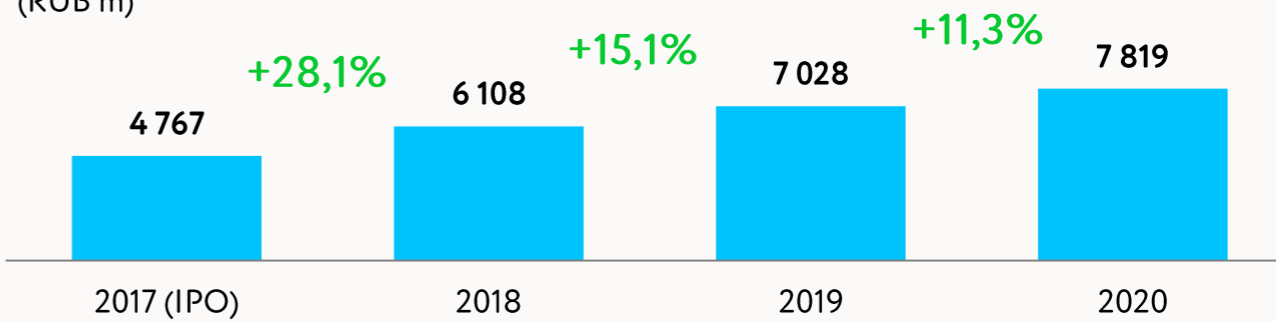
Adjusted net income⁽¹⁾

(RUB m)



History of declared dividends

(RUB m)



(1) Hereinafter adjusted net profit is calculated as profit for the period adjusted for the share-based compensation expense and cash bonuses under the LTI program
Source: Company data







Short and mid-term guidance reiterated

	FY2020	Guidance
New store openings	<ul style="list-style-type: none"> Detsky Mir: 71 Detmir PUP: 12 Zoozavr: 10 	<ul style="list-style-type: none"> Detsky Mir: 70 in 2021; 230 in medium-term Detmir PUP: 100 in 2021; 800 in medium-term Zoozavr: 70 in 2021; 500 in medium-term
Revenue	<ul style="list-style-type: none"> 3.9% total LFL growth (RUS & KZ) 11.0% total revenue growth Share of online sales at 25% 	<ul style="list-style-type: none"> New strategic initiatives (Zoozavr, Detmir PUP, Marketplace) allow the Company to double total GMV in medium-term Online sales share increased to 45% in medium-term
Adjusted EBITDA margin	<ul style="list-style-type: none"> 11.9% under IAS17 18.0% under IFRS16 30.8% gross margin Rent & utility expenses of 7.5% and personnel expenses of 7.4% of sales 	<ul style="list-style-type: none"> 10% area under IAS17 Double-digit under IFRS16 Continued gross margin investment in traffic Grow share of higher-margin PL sales to ~60% Reduced personnel & rental expense margins thanks to efficiency
Leverage	<ul style="list-style-type: none"> 1.1x leverage 	<ul style="list-style-type: none"> Disciplined financial policy with target leverage below 2.0x despite accelerated investment in logistics and IT
Dividends	<ul style="list-style-type: none"> 94% of IFRS net income 100% of RAS net income 	<ul style="list-style-type: none"> Payout ratio of at least 50% of IFRS net income (IAS17) Management recommendation - 100% of RAS net income



Appendix

New Government measures to support birth rates and boost disposable income for families with children

Allowance per child	Before changes	After Changes (2021)
 1 st child	–	RUB 483k
 2 nd child	RUB 467k	RUB 156k
 3 rd child	–	RUB 639k
 1 st child	c.540k children	
 2 nd child	c.560k children	
 3 rd child	c.230k children	
Total program	c. RUB 260bn	c. RUB 450bn
Cumulative incremental funds available	+RUB 190bn	

Additional payments of **c. RUB 600bn** for families with children starting from June 2020

- One-off payments related to COVID-19
 - RUB 15k per child in Q2 2020 for children <3 years old
 - RUB 10k per child for children 3-16 years old in June
 - RUB 10k per child for children <16 years old in July
 - RUB 5k per child for children <8 years old in December

Supporting measures have been updated starting from 2021

- Ongoing support for lower income families: **50%, 75% or 100% of the living wage** payments per month depending on the family income for children 3-7 years old accruing from January 2021
- Ongoing payment of **RUB 7.1k** per month for children <1.5 years old starting from February 2021
- One-off payment of **RUB 18.9k** for the birth of a child starting from February 2021

In April 2021, the President instructed the Federal Assembly to prepare a comprehensive system of support measures for families with children by July 2021

- Ongoing payments of **RUB 6.4k** per month for pregnant women with low income
- A lump sum payment in August 2021 in the amount of **RUB 10k** for families with schoolchildren and future first-graders
- Ongoing payments of **RUB 5.7k** per month for children growing up in single-parent families
- **Sick leaves** for child care (<7 years old) to be paid at **100% of the parent's income**

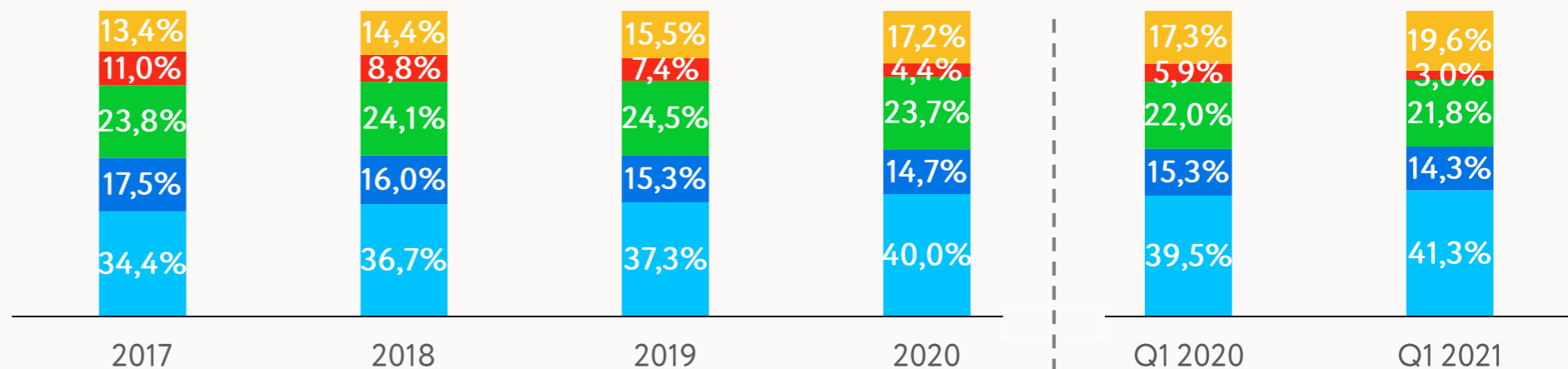
Gaining market share in baby food and diapers segments

Baby food sales by channel in Russia

+1.5x

Detsky Mir's market share growth over 4 years

- Supermarkets
- Hypermarkets
- Minimarkets
- Specialised stores
- Detsky Mir

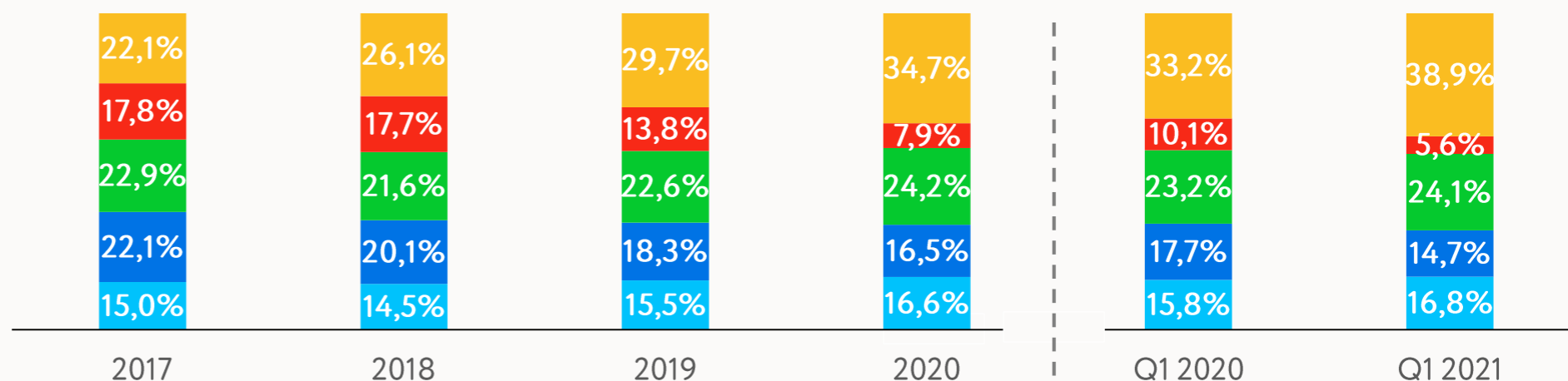


Diapers sales by channel in Russia

+1.8x

Detsky Mir's market share growth over 4 years

- Supermarkets
- Hypermarkets
- Minimarkets
- Specialised stores
- Detsky Mir



Top management compensation structure overview

Annual compensation structure

		CEO	«CEO-1»	«CEO-2»
Fixed		50%	50%-80%	70%-85%
Variable	Total	50%	20%-50%	15%-30%
	Incl. Financial ¹	25%	4%-15%	3%-9%
	Incl. Financial ²	25%	16%-35%	10.5%-24%

Last LTI programme

At IPO

- %-based payment linked to valuation increase at IPO
- Amount calculated as 3% from the differential between new liquidity event (i.e. IPO) price and RCIF price in 2015
- 50%/50% cash and share based payments (via purchases of shares in the open market)

After IPO

- Approved by the Board of Directors in August 2017
- Covers the 3-year period to February 2020, the third anniversary of the Company's IPO, senior management in continuing employment by the Company as of that anniversary will be eligible for cash payments from a pool equivalent in value to up to 4.6% of the increase in the Company's stock market value (including dividend payments) over the period
- The LTIP also provides for additional cash payments expected to total around RUB 500m (plus any social taxes)

New equity-based compensation programme

The new 3-year LTIP

- Approved by the Board of Directors in October 2019
- Covers the 3-year period from the end date of the previous program (Feb 8, 2020) to February 7, 2023
- Senior management team in continuing employment by the Company and in program membership as of April 30, 2024 will be eligible for the Company's share grants and cash payments from a bonus fund valued at up to 4.6% of the increase in the Company's stock market value (incl. dividend payments) over the period. The new LTIP includes more than 40 key employees of the Company

Incentive program to cement the management's long-term focus on shareholder value creation

¹ Financial KPIs – EBITDA, net income, revenues

² Functional KPIs – specific operational KPIs, individual for each role

Consolidated statement of profit or loss highlights

Russian Ruble (RUB), million	IAS 17		Change YoY	IFRS 16	
	Q1 2020	Q1 2021		Q1 2020	Q1 2021
Revenue	31,020	35,672	+15.0%	31,020	35,672
Gross profit	9,085	10,550	+16.1%	9,085	10,550
<i>% of revenue</i>	29.3%	29.6%	+0.3 p.p.	29.3%	29.6%
Selling general and administrative expenses⁽¹⁾	(6,826)	(7,479)	+9.6%	(4,386)	(4,928)
<i>% of revenue</i>	(22.0%)	(21.0%)	(1.0 p.p.)	(14.1%)	(13.8%)
Other operating expenses	1	31	-	1	41
EBITDA	1,922	2,830	+47.2%	4,362	5,391
<i>% of revenue</i>	6.2%	7.9%	+1.7 p.p.	14.1%	15.1%
Adjusted EBITDA⁽²⁾	2,260	3,103	+37.3%	4,700	5,664
<i>% of revenue</i>	7.3%	8.7%	+1.4 p.p.	15.2%	15.9%
Profit/(loss) for the period	(255)	1,313	-	(353)	1,294
<i>% of revenue</i>	(0.8%)	3.7%	+4.5 p.p.	(1.1%)	3.6%
Adjusted profit/(loss) for the period⁽³⁾	15	1,532	-	(83)	1,512
<i>% of revenue</i>	0.05%	4.3%	+4.2 p.p.	(0.3%)	4.2%

Note: The Company has applied IFRS 16 "Leases" for its unaudited financial results beginning on January 1, 2018. However, this table provides a comparison of key financial indicators on an IAS 17 basis, as in management's opinion, this approach allows the Company to more accurately assess the trends and dynamics of its business growth. This table also provides our financial results on an IFRS 16 basis.

(1) 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.

(2) Adjusted 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, adjusted for share-based compensation expense and cash bonuses under the LTI program.

(3) Adjusted net profit is calculated as profit for the period adjusted for the share-based compensation expense and cash bonuses under the LTI program.

Source: Company data

Consolidated statement of financial position

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
ASSETS				
Non-current assets	13,199	13,157	45,651	47,498
Property, plant and equipment	9,472	9,654	9,472	9,654
Intangible assets	1,346	1,442	1,346	1,442
Right-of-use assets	2,134	1,836	32,113	33,760
Other non-current assets	247	225	2,720	2,642
Current assets	52,879	49,160	52,512	48,802
Inventories	38,121	42,827	38,121	42,827
Trade receivables	1,719	3,091	1,719	3,091
Cash and cash equivalents	10,836	1,014	10,836	1,014
Other current assets	2,203	2,228	1,836	1,870
TOTAL ASSETS	66,078	62,317	98,163	96,300
EQUITY AND LIABILITIES				
Liabilities	66,449	60,896	100,300	97,597
Long-term loans and borrowings	14,700	19,310	14,700	19,310
Lease liabilities (non-current)	-	-	26,853	28,579
Other non-current liabilities	100	90	100	90
Short-term loans and borrowings	20,395	5,746	20,395	5,746
Lease liabilities (current)	-	-	7,144	8,252
Trade payables	25,925	29,204	25,925	29,204
Other current liabilities	5,329	6,546	5,183	6,416
Total equity/ (equity deficit)	(371)	1,421	(2,137)	(1,297)
TOTAL EQUITY AND LIABILITIES	66,078	62,317	98,163	96,300

Source: Company data

Consolidated statement of cash flow

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
OPERATING ACTIVITIES:				
Profit/(loss) for the period	(255)	1,313	(353)	1,294
Non-cash adjustments	2,436	2,158	4,972	4,727
Changes in working capital	(7,680)	(7,366)	(7,616)	(7,280)
Interest paid	(187)	(123)	(829)	(654)
Interest received	8	2	8	2
Income tax paid	(702)	(928)	(702)	(928)
Net cash used in operating activities	(6,380)	(4,944)	(4,520)	(2,839)
INVESTING ACTIVITIES:				
Payments for property, plant and equipment	(294)	(871)	(294)	(871)
Payments for intangible assets	(44)	(79)	(44)	(79)
Proceeds from sale of property, plant and equipment	12	5	12	5
Net cash used in investing activities	(326)	(945)	(326)	(945)
FINANCING ACTIVITIES:				
Purchase of treasury shares	(90)	-	(90)	-
Repayment of loans and borrowings	(16,386)	(14,407)	(16,386)	(14,407)
Lease payments	-	-	(1,860)	(2,105)
Proceeds from loans and borrowings	32,230	19,680	32,230	19,680
Net cash generated by financing activities	15,754	5,273	13,894	3,168
Net (decrease)/increase in cash and cash equivalents	9,048	(616)	9,048	(616)
Cash and cash equivalents, beginning of the period	1,769	1,826	1,769	1,826
Effect of changes in foreign exchange rates on cash and cash equivalents	19	(196)	19	(196)
Cash and cash equivalents, end of the period	10,836	1,014	10,836	1,014

Contact information

We have prepared a short feedback survey on our investment case and IR activities. The survey should take just a few minutes.

Your feedback and opinions are important and valuable to us.

Please follow this link to fill in the feedback survey. All results are anonymous. Thank you in advance.

[Feedback Survey](#)

Please find below the link to the updated IR Calendar.

[Investor Calendar](#)



Sergey Levitskiy

Head of Strategy and Investor Relations

slevitskiy@detmir.ru

+7 495 781 08 08 (ext. 2315)