



Detsky Mir

Investor Presentation

Leading children's goods retailer in Russia

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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 99% prompted awareness¹



868 branded stores in 331 cities

in Russia, Kazakhstan and Belarus, of which 832 Detsky Mir, 20 Zoozavr stores and 16 Detmir Pickup²



Prime locations

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



Top-3 online children's goods retailer

+2.4x online sales growth in 2020

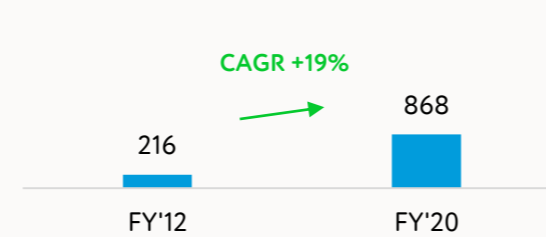


Publicly listed

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

Strong operational and financial results³

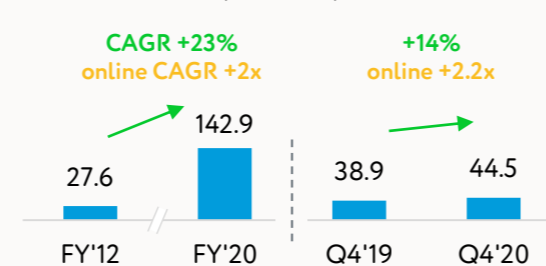
Total number of stores



+93

New store openings in FY 2020

Total revenue (RUB bn)



+5.9%

LFL in Q4 2020 (Russia and Kazakhstan)

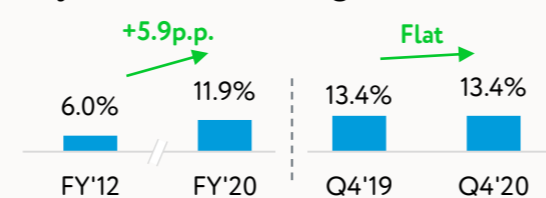
30%

Share of online revenue in Russia Q4 2020

86%

Cash conversion⁴ FY 2020

Adjusted EBITDA⁵ margin



100%

Dividend payout ratio⁶

1.1x

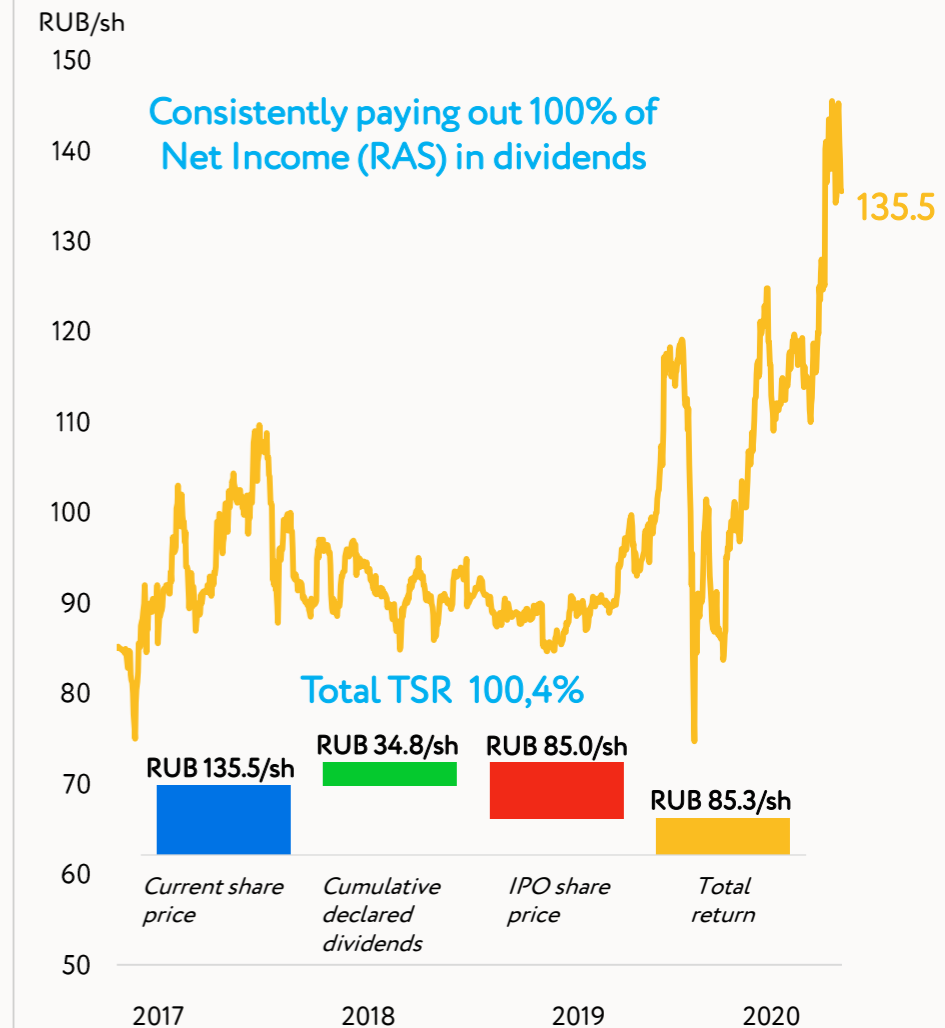
Net debt/adj. EBITDA 2020

Revenue breakdown, 2020



Generating attractive returns for investors

Detsky Mir share price performance since IPO



Source: Company data, Ipsos Comcon, MOEX as of 31 December 2020

¹ "Children Goods Market in Russia" report by Ipsos Comcon ("Ipsos Comcon report"). Consumer survey conducted in December 2017

² As of 31 December 2020

³ Under IAS 17

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

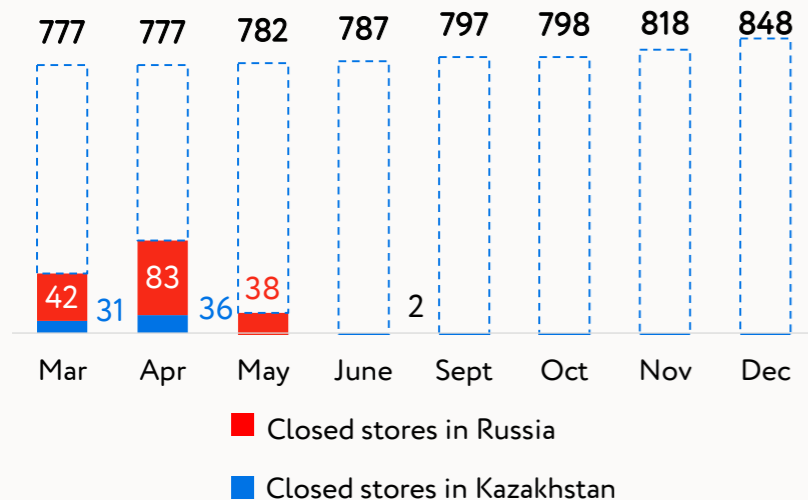
⁵ Under IAS 17 Adjusted for the one-off effect relating to additional bonus accruals and Income received from partial termination of employees' right to receive shares under the LTI program

⁶ Based on net profit under Russian Accounting Standards

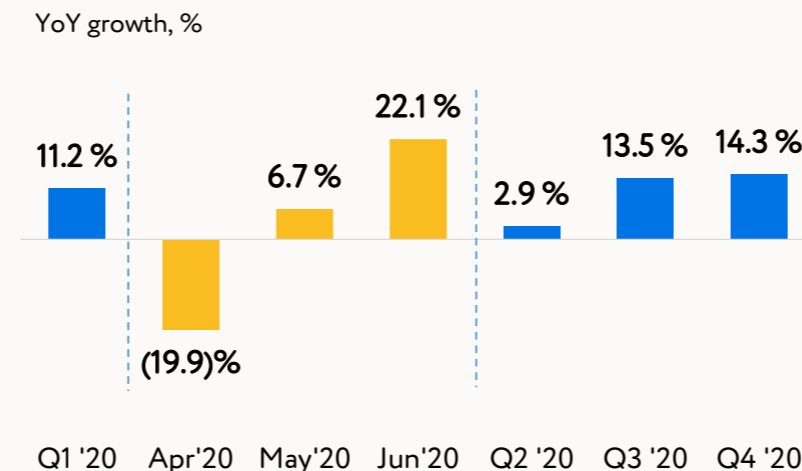
⁷ Including large items, stationery, sports and seasonal goods

Impact of Covid on business performance

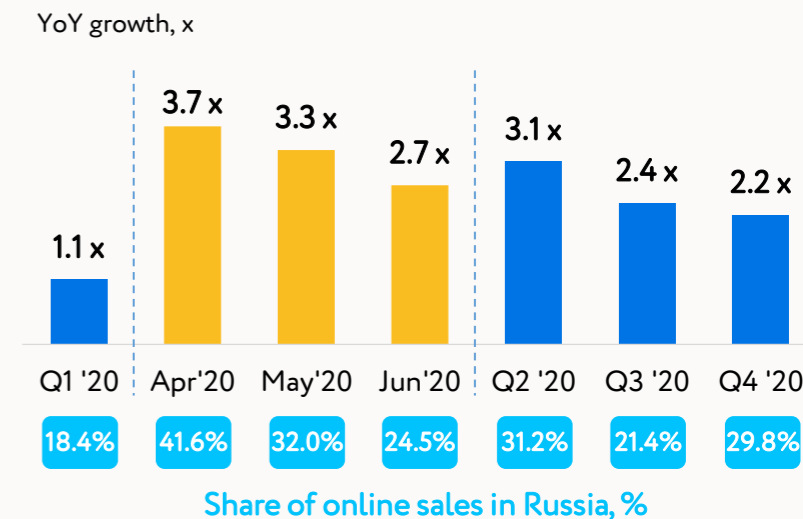
DM store closings were limited



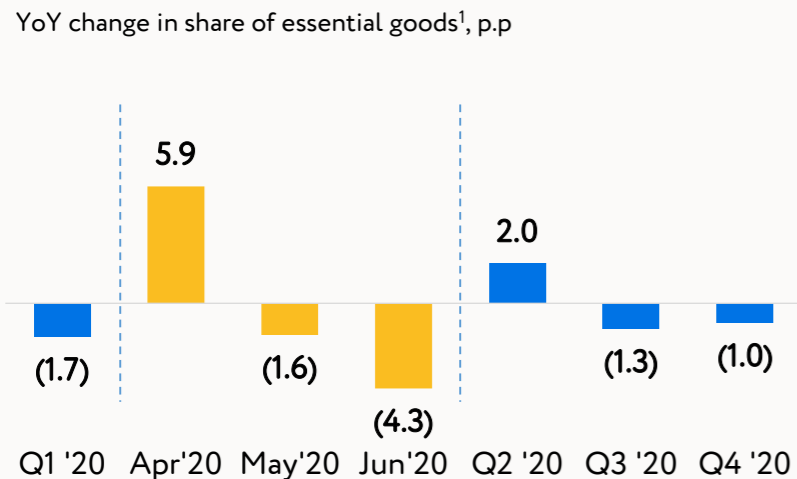
Sales rapidly recovered ...



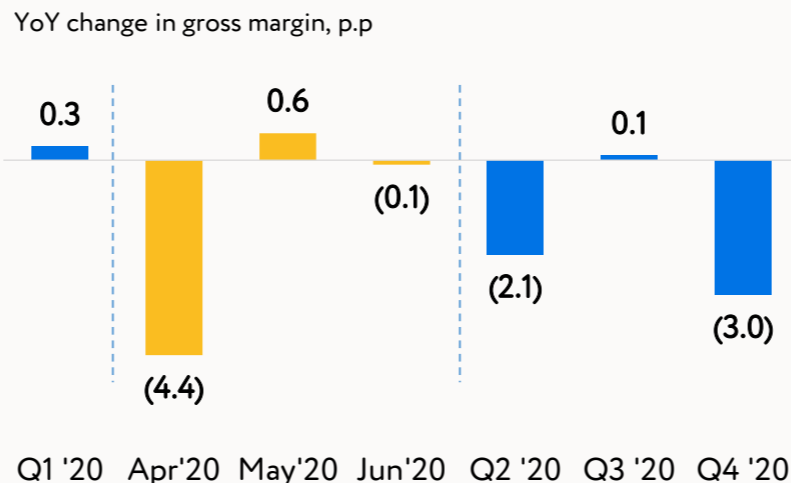
...thanks to explosive growth in online sales



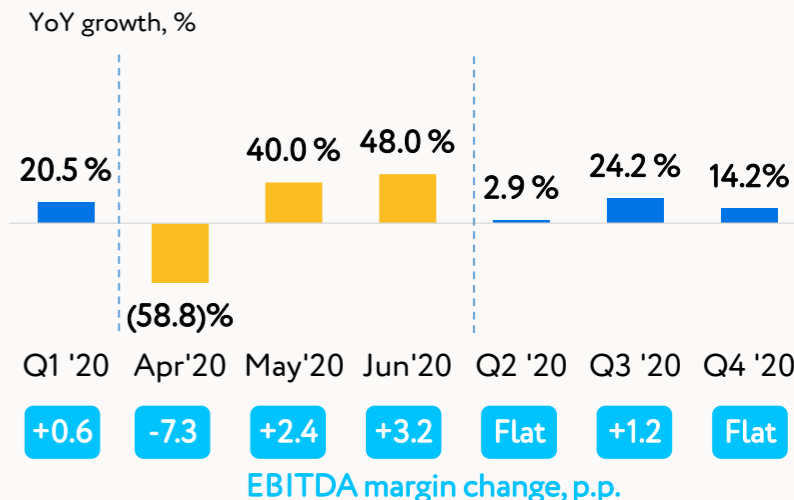
Change in the share of essential goods¹...



...negatively affected gross margin...



... while cost measures helped to restore EBITDA growth



Source: Company data
¹ Essential goods include newborn category



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 Targets¹

Omni-channel retail platform



Opening **300+** Detsky Mir stores and **800+** Detmir pick-up points



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



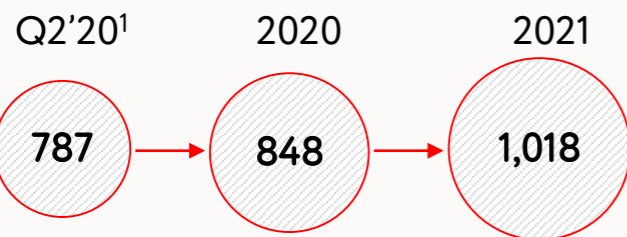
Store digitalisation with **70% NPS** across channels



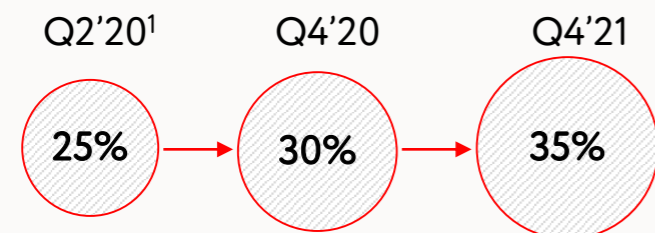
Mobile-first concept with **best-in-class** app

Performance update

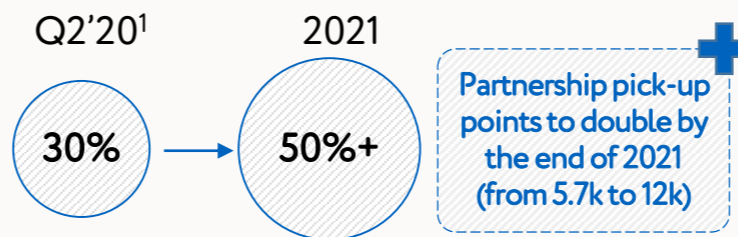
(# of Detsky Mir stores and Detmir pick-up points)



(% share of online sales)



(% of next-day)



Signed a preliminary agreement on opening **a second Regional DC** in Q2'21

Signed an agreement to construct **a third federal DC** in Yekaterinburg in Q1'22

Detsky Mir 3.0 digital concept approved, opening of stores in the new format since 2021

Modernisation of existing stores in mid-term, including **120** stores in 2021

Enhanced UX in our mobile app in 2020

- Revamped shopping cart
- New personal account
- Apple / Android Pay
- Favourites

Source: Company data

¹As was presented at the Capital Market Day (August 2020)

Progressing on Strategy 2020 execution (cont'd)

2024 Targets¹

Performance update

Marketplace to drive assortment breadth



Leadership in the assortment breadth (2,400k SKUs)



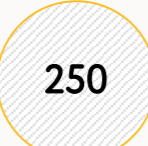
GMV to reach a double-digit share of our online sales

(# of SKUs)

Q2'20¹

2020

2021



2.4% share of GMV in online in Q4'20

Launching a full-featured IT platform for merchants' accounts (first stage of a full scale rollout of marketplace)

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)

Q2'20¹

2020

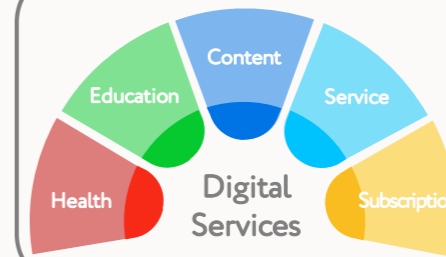
2021



56% share of online sales in 2020

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

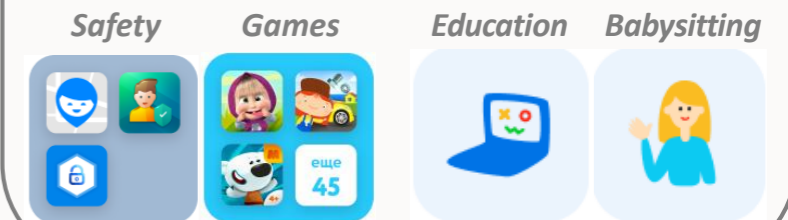
Digital services for children



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



Source: Company data

¹As was presented at the Capital Market Day (August 2020)



Our investment story

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

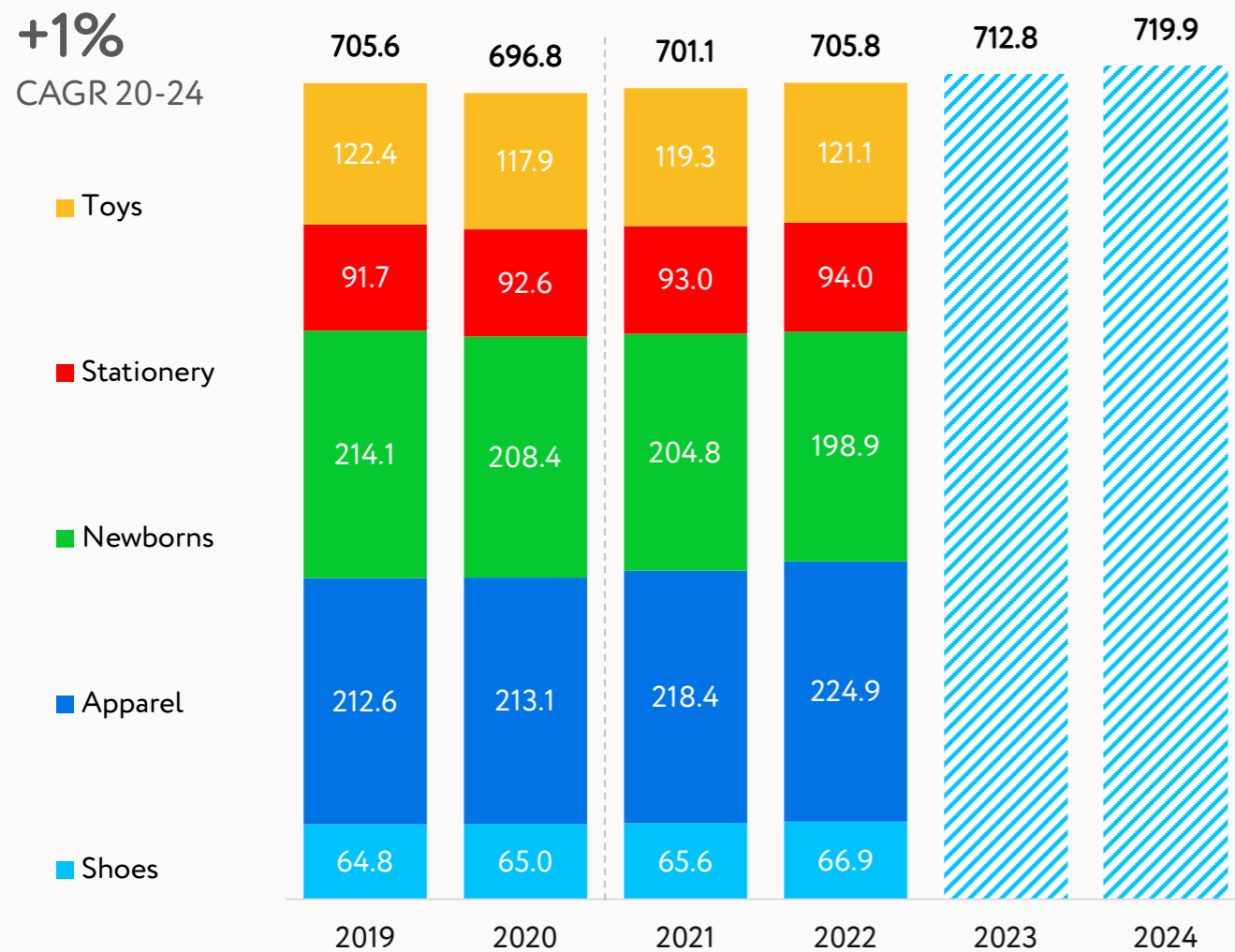


-  Undisputed market leader in children's goods retail market in Russia with significant growth potential in online 1
-  Category-defining brand with highly popular customer proposition 2
-  Unique omni-channel model with multiple initiatives for further enhancement 3
-  Emerging new strong layers of 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 (RUBbn)¹



...with further growth potential in other categories

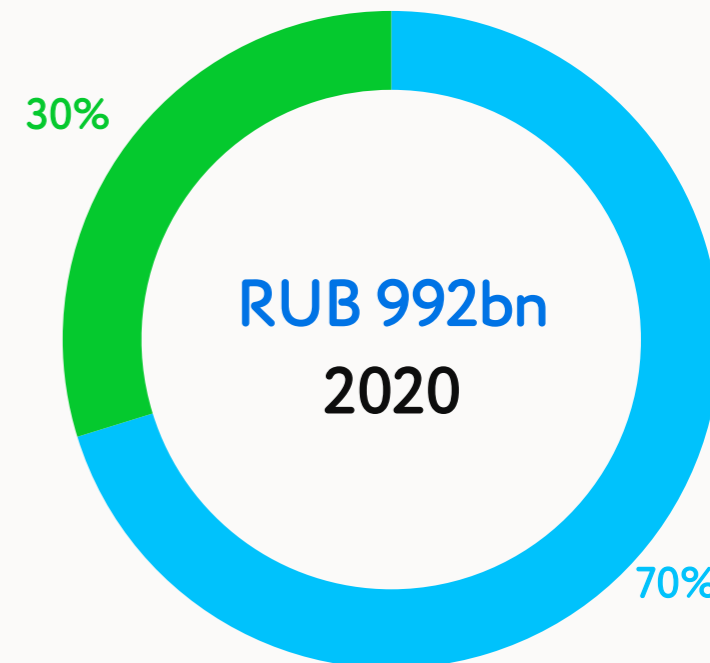
Market size in all Russian cities (RUB bn)¹

22%
Detsky Mir market share in Russian children's goods

17%
Detsky Mir market share children's goods and pet supplies combined

Target market for expansion

- Children's goods market in Russia
- Pet supplies market in Russia



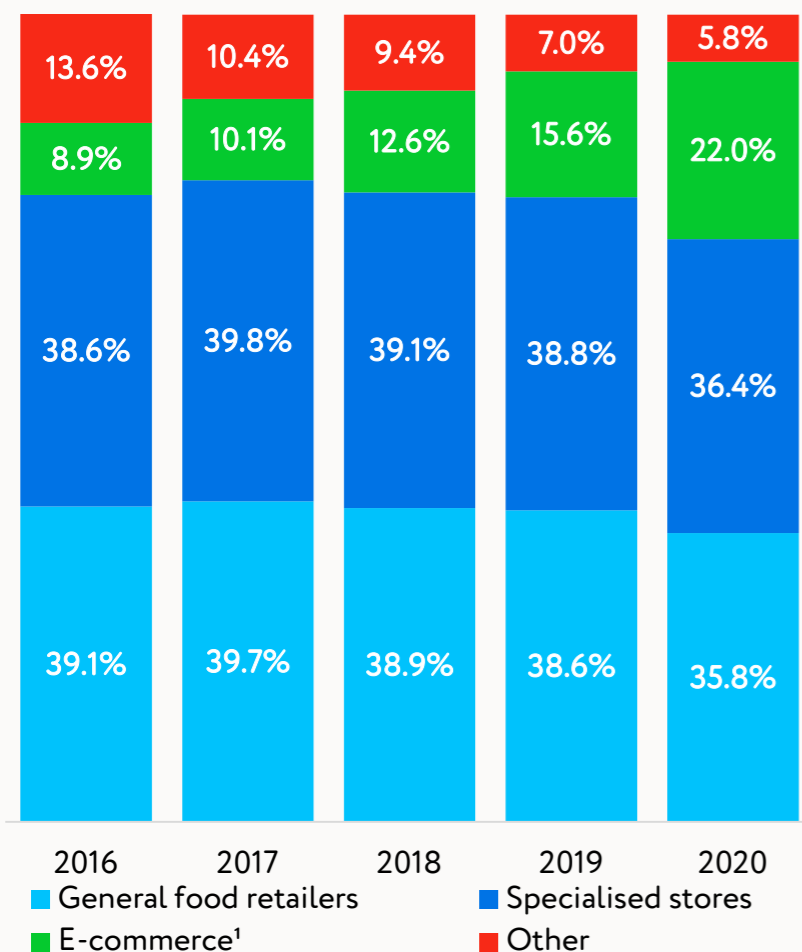
Source: Company data, Ipsos Comcon report, Euromonitor.

¹Market 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.

Market environment evolution

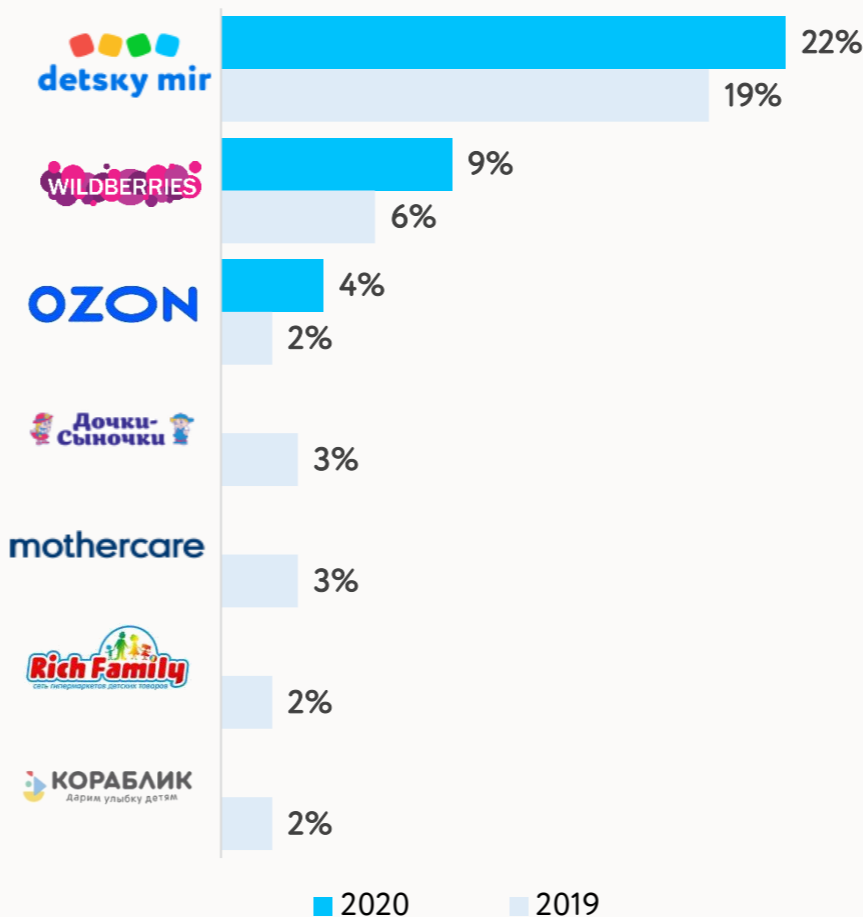
Online is one of the most fast-growing channels ...

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



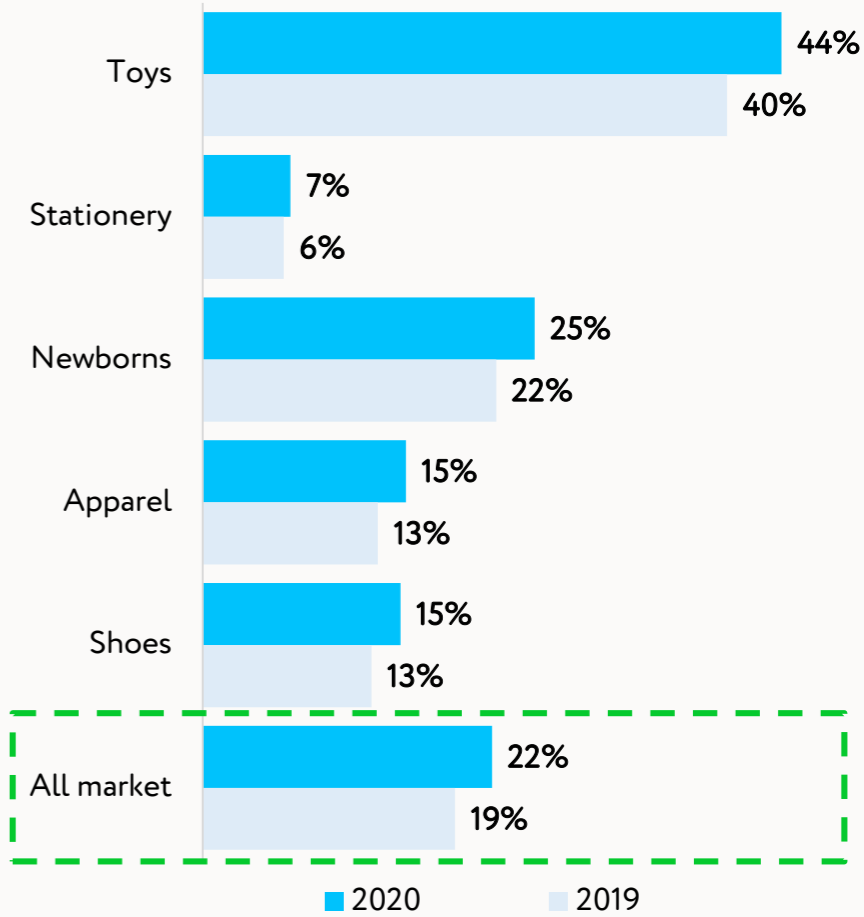
...while Detsky Mir maintains dominant market position ...

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



...building on its market leadership in all segments

Detsky Mir market share by segment³ (%)



Source: Company data, Ipsos Comcon report, SPARK, Data Insight, Company's data

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

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

³Market volume is counted in retail prices including VAT (10%) in Russian total urban population. Detsky Mir share estimation is based on total Detsky Mir sales.

Category-defining brand with highly popular customer proposition

Leading customer proposition

Brand positioning

Iconic Russian household name with 70-year history
99% prompted awareness¹
92% unprompted awareness¹

Product offering and convenience

One-stop-shop across key children's categories
Product offering of ~20,000 SKUs for a typical store and ~250,000 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

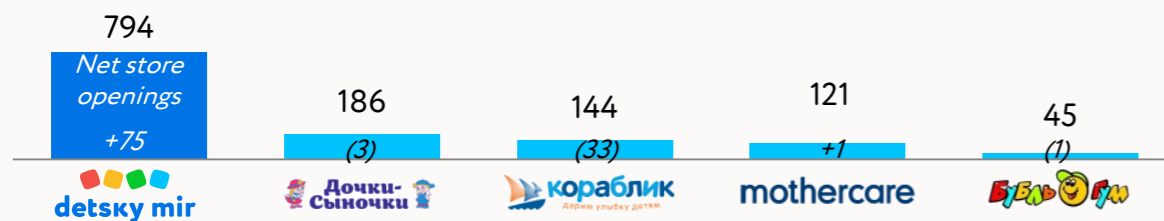
Price segment from medium to medium-low
We aim to offer highly competitive pricing in baby food and hygiene products
Periodic sales and promotions

Loyalty program

c.26.8m loyalty cards (c.10.7m active loyalty cards²)
c.15.9m contact base of users as of December 2020
Average ticket for loyalty card holders is significantly higher vs. customers without cards

Bigger, better and more recognizable than the competition

Number of stores (2020)³



Brand recognition (Aided and Spontaneous awareness, February 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 February 2020

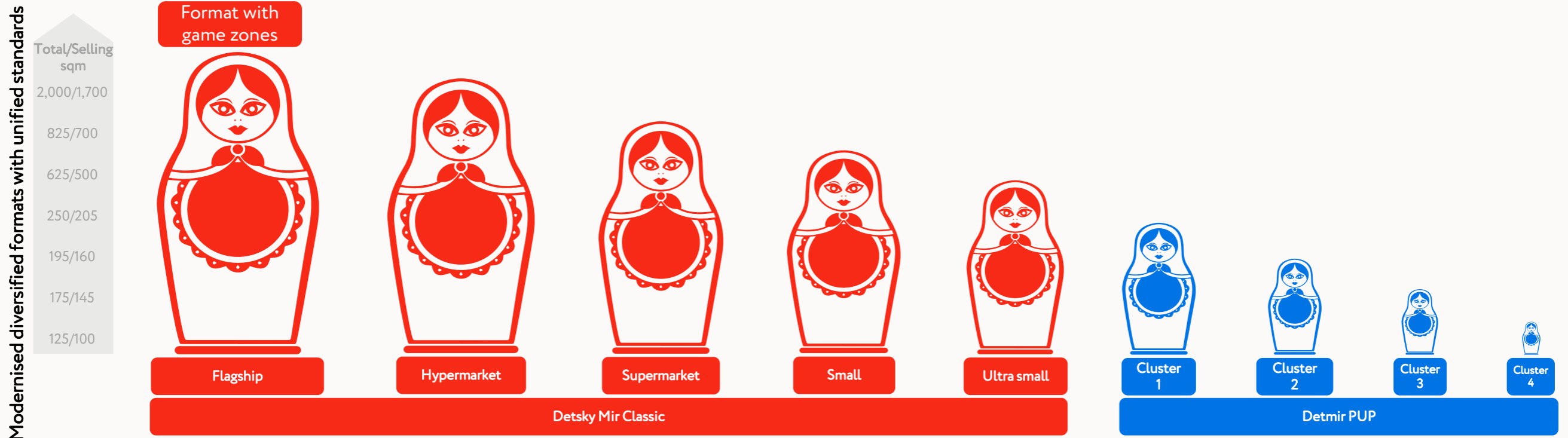
² Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 31 December 2020 are considered active

³ Excluding Kazakhstan and Belarus; excluding ELC&ABC and Zozavr stores

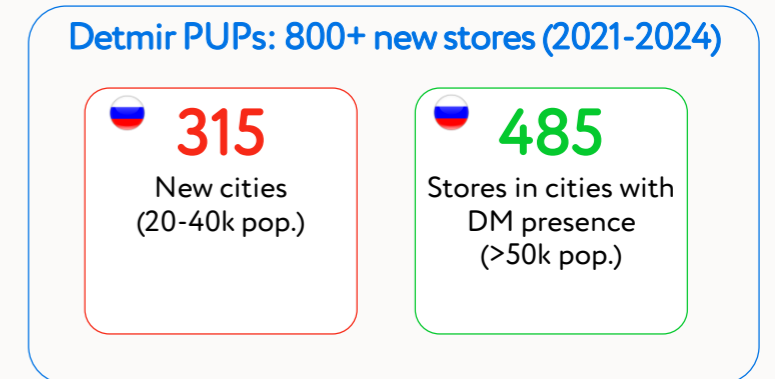
⁴ Retail revenue only

Embedded formats strategy with solid expansion pipeline

Pickup points are a unifying feature of all formats



Clear medium-term white space



Source: Company data



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

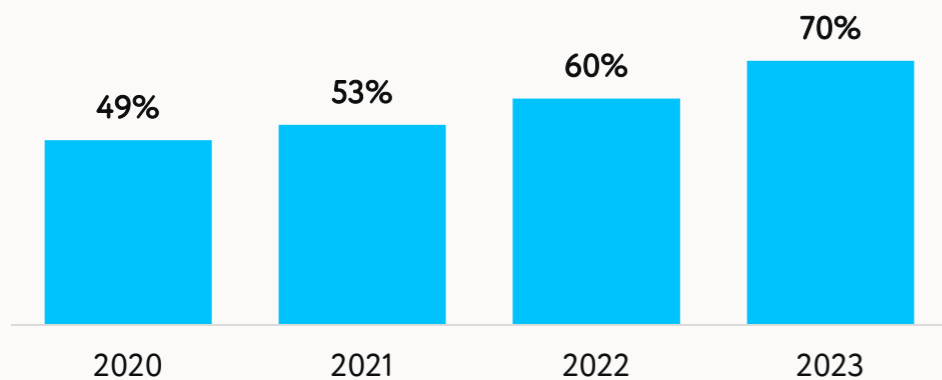
Detsky Mir 3.0

- ✓ 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, including c.120 stores in 2021
- ✓ 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

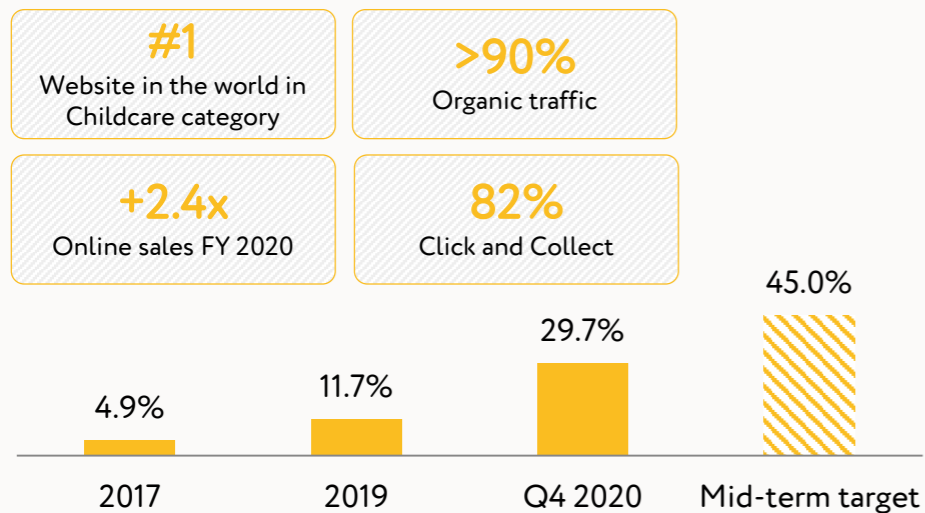


Investing in mobile app as key driver to deliver strategic objectives



Targeting 70% NPS across the channels in mid-term

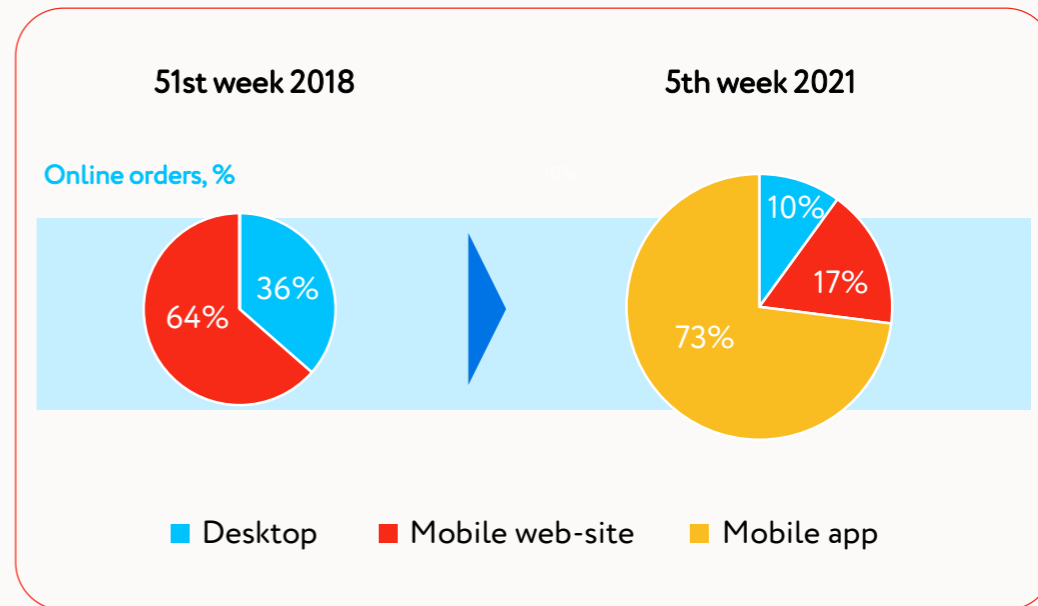


Share of online sales¹



“Mobile first” concept – Detsky Mir mobile app

- 6.7 million downloads²
- #40 ↑ #10 App ranking in Shopping category³ 
- #36 ↑ #10 App ranking in Shopping category³ 



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 5th week of 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

Long-term vision

- Overtake key local competition in relevant SKUs (2,400k SKUs)
- GMV representing double-digit share of our online sales
- 20-25% fixed/actual commission rate
- Cost structure
 - Mainly logistics, delivery, personnel
 - Low marketing cost vs other MPs thanks to "free" traffic / strong brand
- Upper single-digits EBITDA-to-GMV ratio

2020 highlights

548

GMV (RUBm)

Positive

EBITDA-to-GMV (%)

2.4%

Share of marketplace GMV in total e-commerce (%)¹

465

Number of suppliers added

437

Brands shipped

Key initiatives in 2021

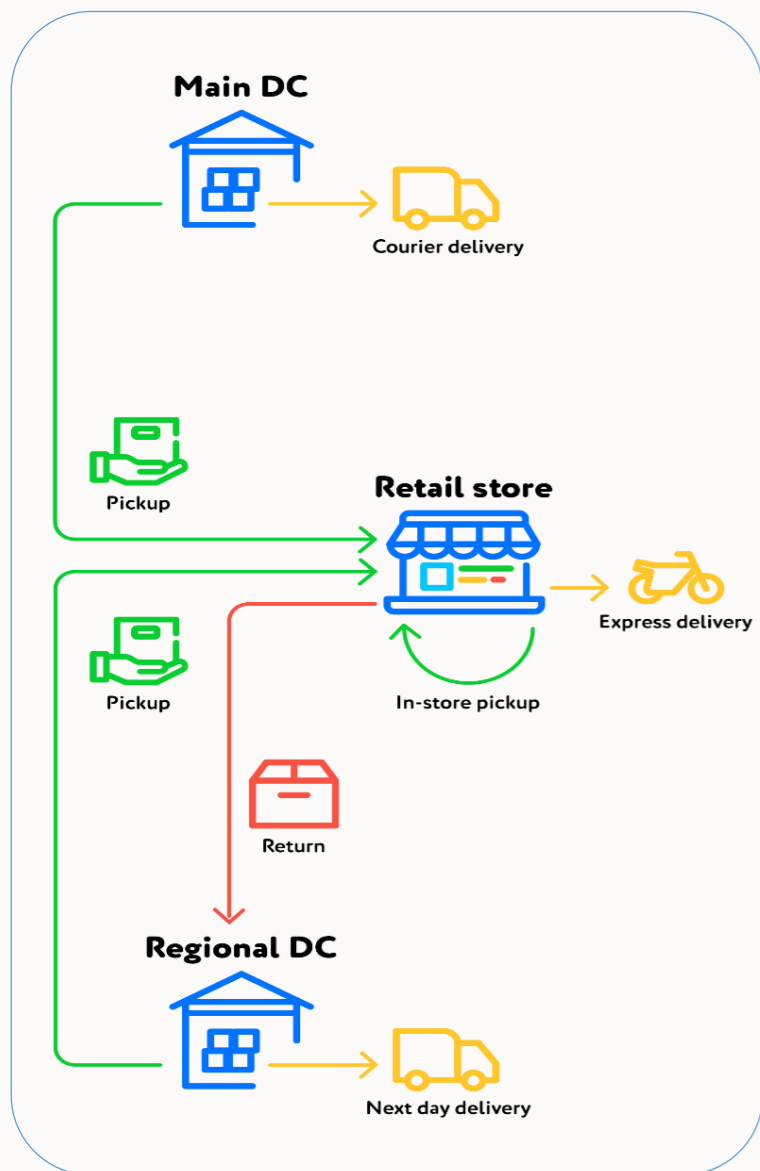
- ✓ Achieve 5% share of GMV in e-commerce
- ✓ Transition to a structural commission (similar to Ozon and Wildberries)
- ✓ Deeper monetisation of merchants
- ✓ Automation of logistics processes
- ✓ Improvement of reverse logistics management


Source: Company data

¹Data for Q4'20

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

2¹ Main DC
+ 2 DCs in the pipeline

1 Regional DC
+ 3 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

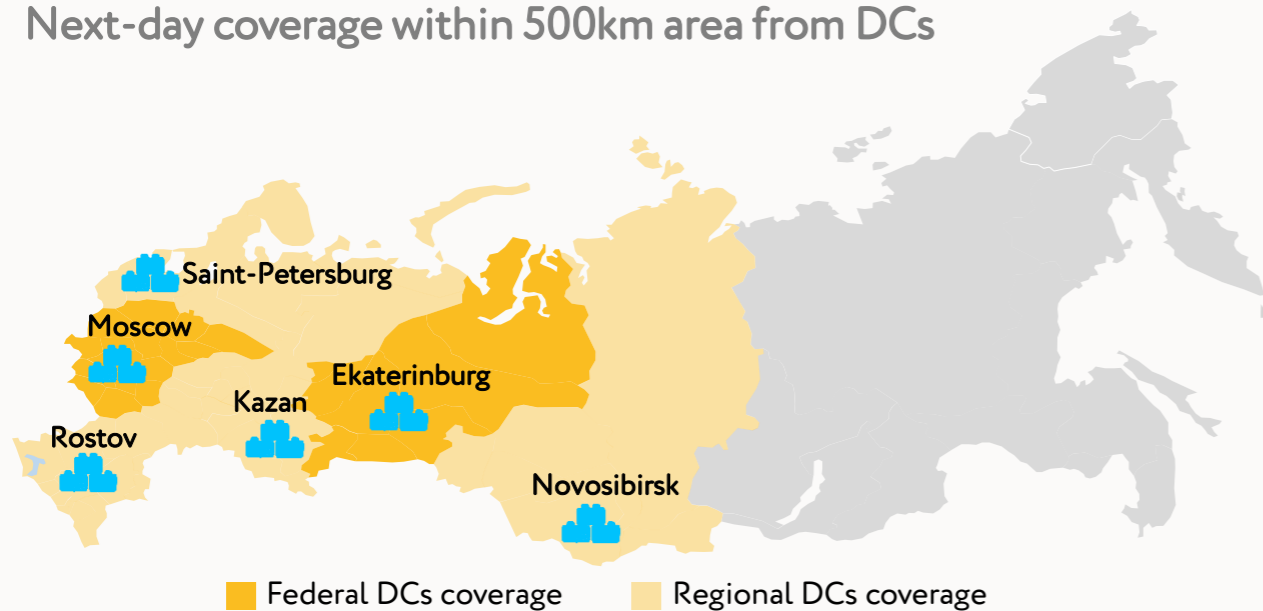
1-20 days

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



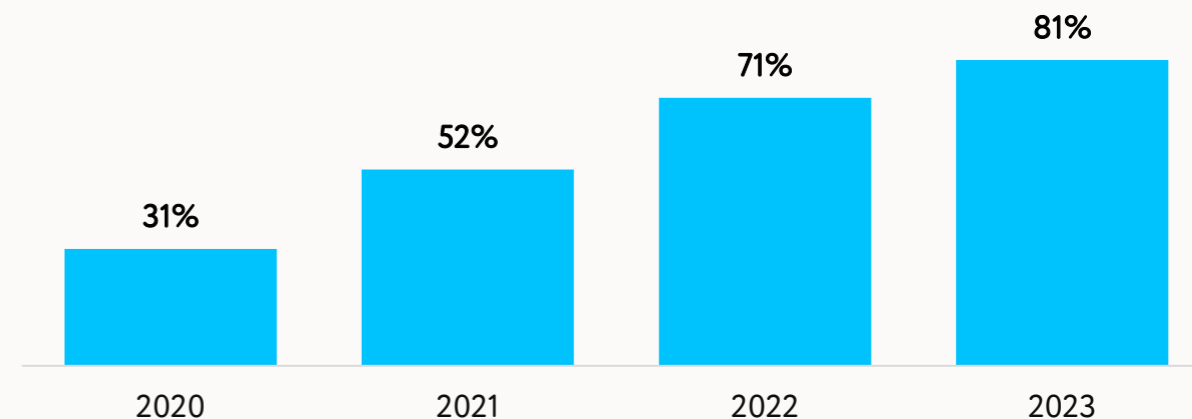
Distribution centers overview

Distribution center	Launch	SKUs, m	Population, m
Moscow (Bekasovo 1 and 2)	Opened	2.4	48.3
Rostov	Opened	0.2	15.9
Kazan	Q2 2021	0.2	14.9
Ekaterinburg	Q1 2022	2.4	20.5
Saint-Petersburg	2022	0.2	9.5
Novosibirsk	2022	0.2	14.4
Federal DC #4	2024	2.4	TBU
Total			123.5

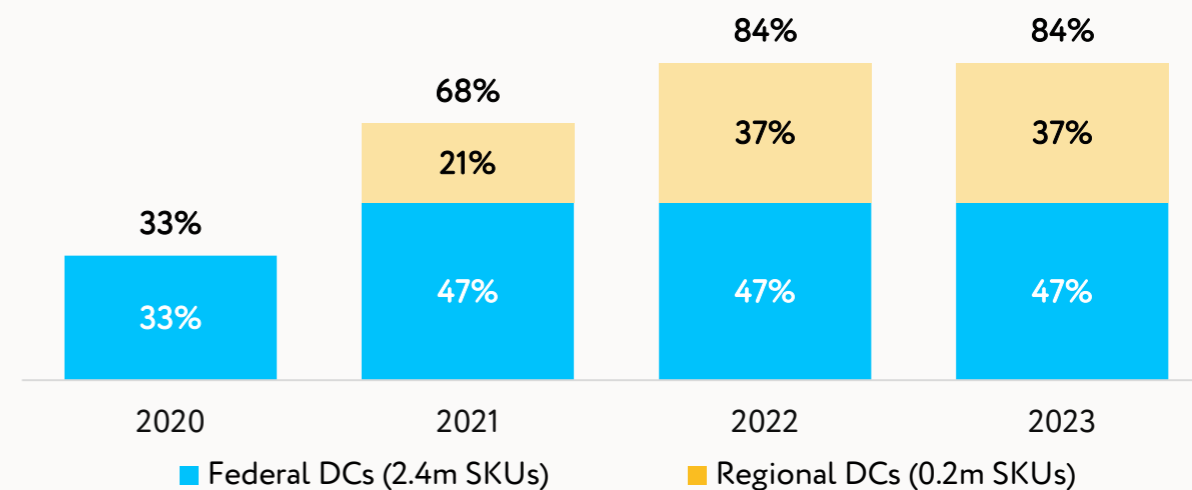
Source: Company data

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 first 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
- Next decision milestone in Q4 2021

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

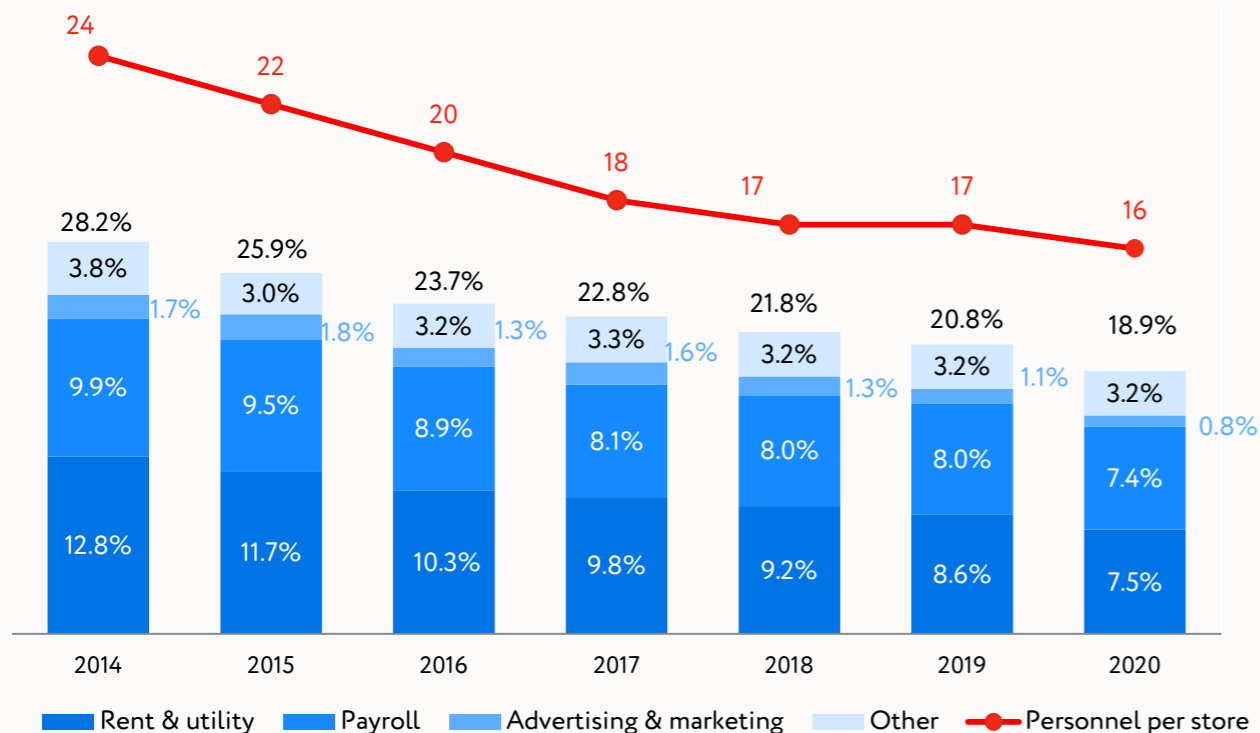
Focus on execution excellence to achieve superior operating margins

Improvement of 160bps in adjusted EBITDA¹ margin since 2014 driven by:

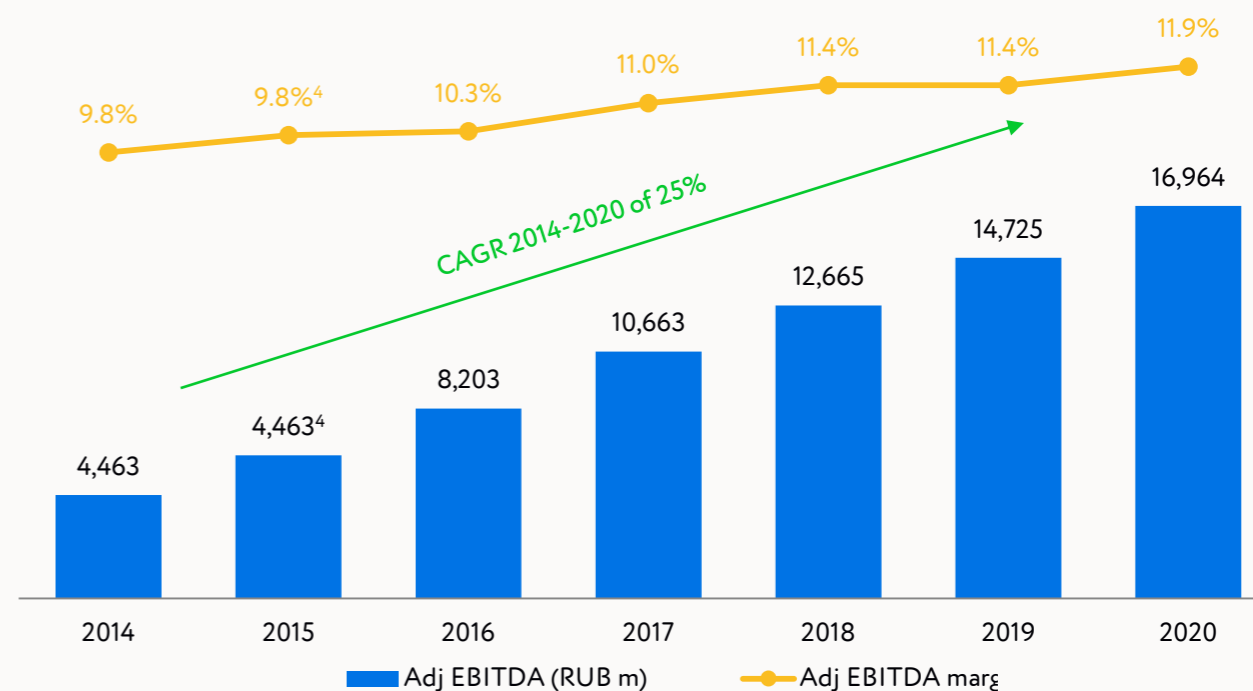
- ✓ Reduction of average personnel per store from 24 in 2014 to 16 in 2020 enabled by greater business processes automation and adoption of advanced software, resulting in reduced time and effort required per transaction
- ✓ Decline in rental costs as % of sales driven by improving sales density and 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 (-190bps YoY in 2020)



Adjusted SG&A expenses² as % of sales and personnel per store³



Adjusted EBITDA¹



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 2018-19. 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)

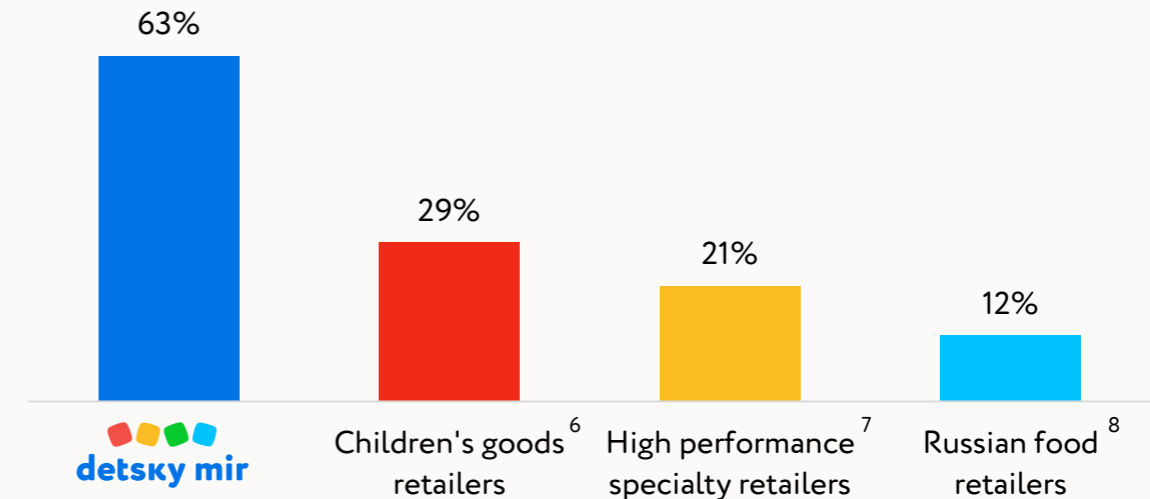


Resulting in strong returns ...

	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 ROIC⁴ 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 XS, 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. 20 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
including 3 INEDs

Audit, Strategy and ESG, and Nomination and Remuneration committees

Audit, as well as Nomination and Remuneration committees are chaired by INEDs

Prominent shareholder base

Altus Capital¹ – 25%
Free float² – 75%



4 ESG

Taking Next Step Towards Independent Governance

INED Nominees by the BoD



Andrey Anischenko

- Director of Skillbox
- Digital services, IT, marketing



Maria Gordon

- BoD member at MOEX, Polyus & Alrosa
- Finance, governance, capital markets, IR
- Nominated for Chairperson¹



Michael Foss

- Co-founder & BoD member of Independent Pet Partners
- Non-food retail, finance, strategy, governance



Pavel Boyarinov

- Co-founder & CEO of Production Company Orion
- Non-food retail, e-commerce



Stanislav Kotomkin

- Co-founder of AMF International Flower Delivery Network
- Non-food retail, e-commerce



Alexander Shevchuk

- Executive Director at the Association of Professional Investors
- Finance, governance

Non-INED Nominees by the BoD



Maria Davydova

- CEO of Detsky Mir
- Children's retail, pet supplies, e-commerce



Tony Maher

- Chairman of Progress - largest baby food supplier
- Retail, children's food, consumers good, governance

Non-INED Nominees by Altus/Gulf



Pavel Grachev

- CEO of Polyus



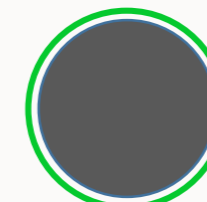
Mikhail Stiskin

- CFO of Polyus



Dmitri Klenov

- CEO of Altus Capital
- Managing Gulf Investments



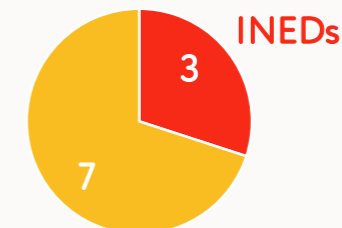
Vladimir Klimanov

- Deputy Director of M&A at Polyus

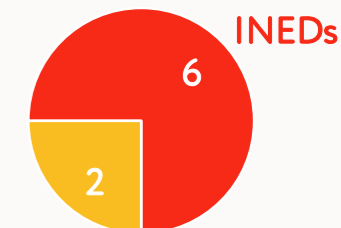
Extraordinary General Meeting of Shareholders (EGM) will be held on 12 March 2021

A total of 10 directors may be elected to Detsky Mir's Board of Directors

Current BoD



Nominees by the BoD



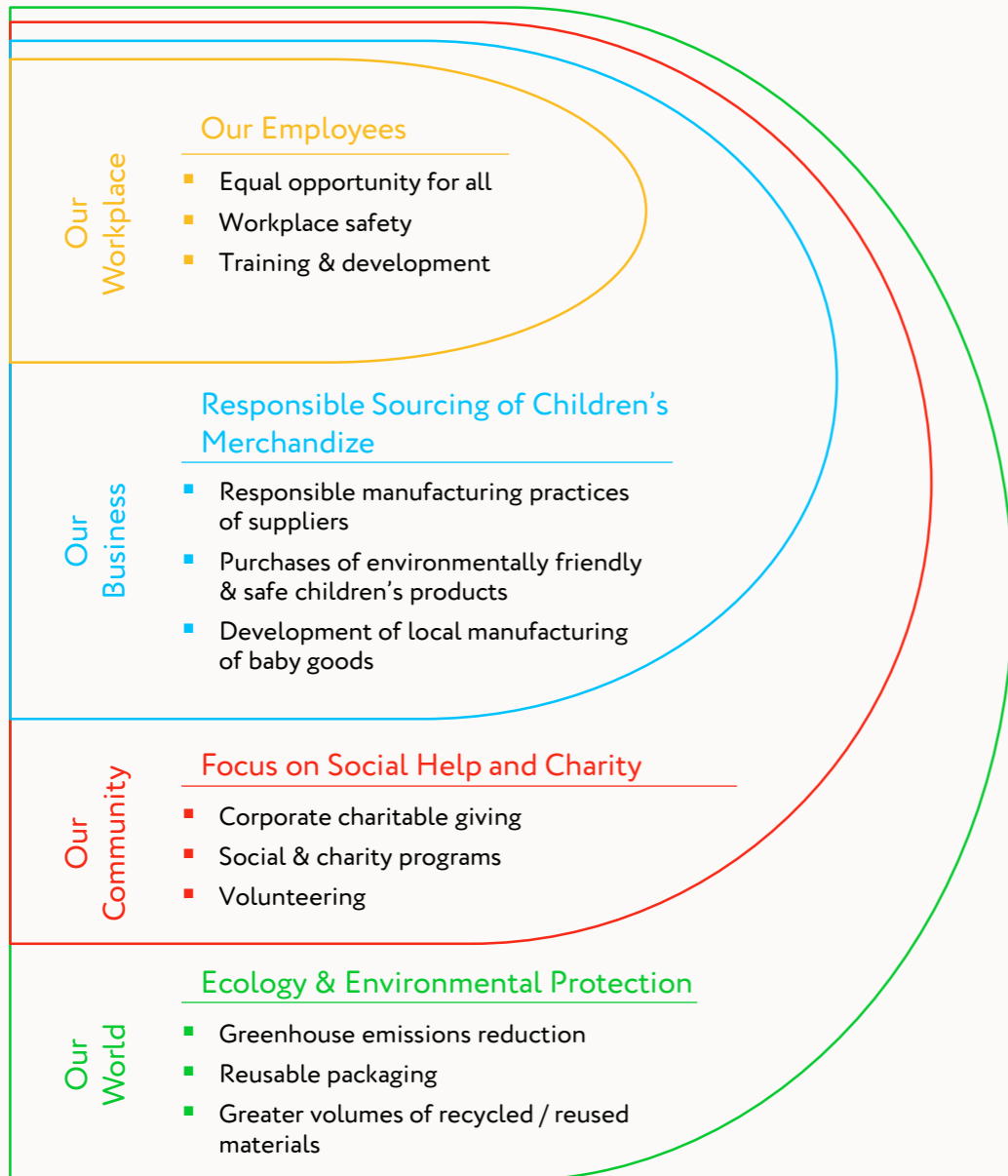
Note: ¹In accordance with applicable law, the Chairman of the Board of Directors is elected by the Board of Directors from among the members of the Board of Directors.

New candidates

Candidates for re-election

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

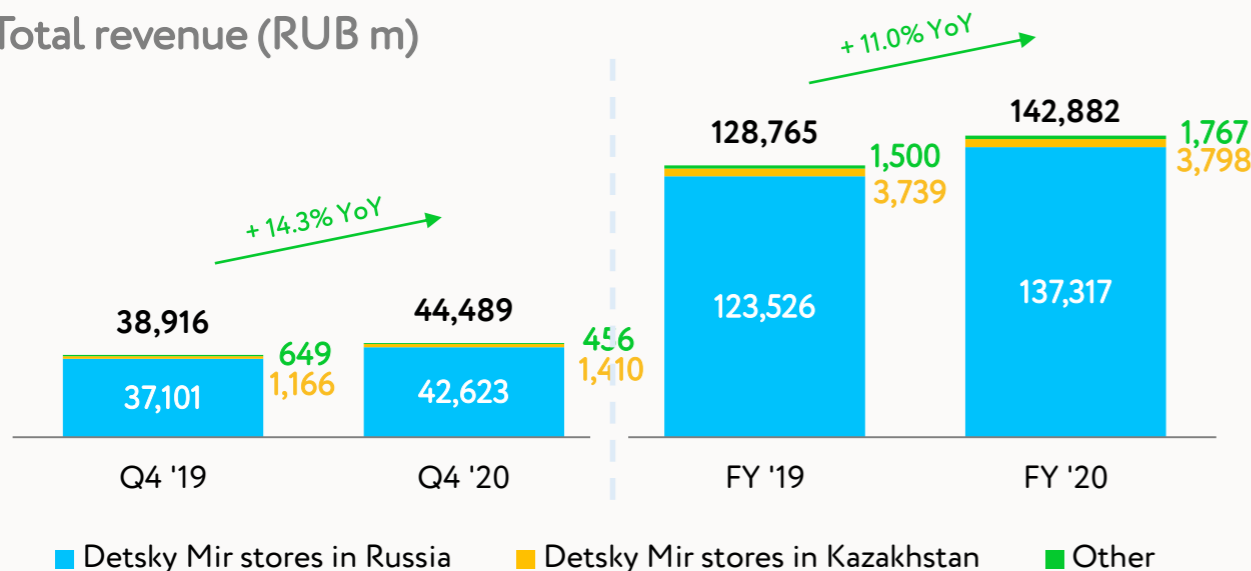
 Improve ratio of **Zero Discharge of Hazardous Chemicals** in clothing and shoes



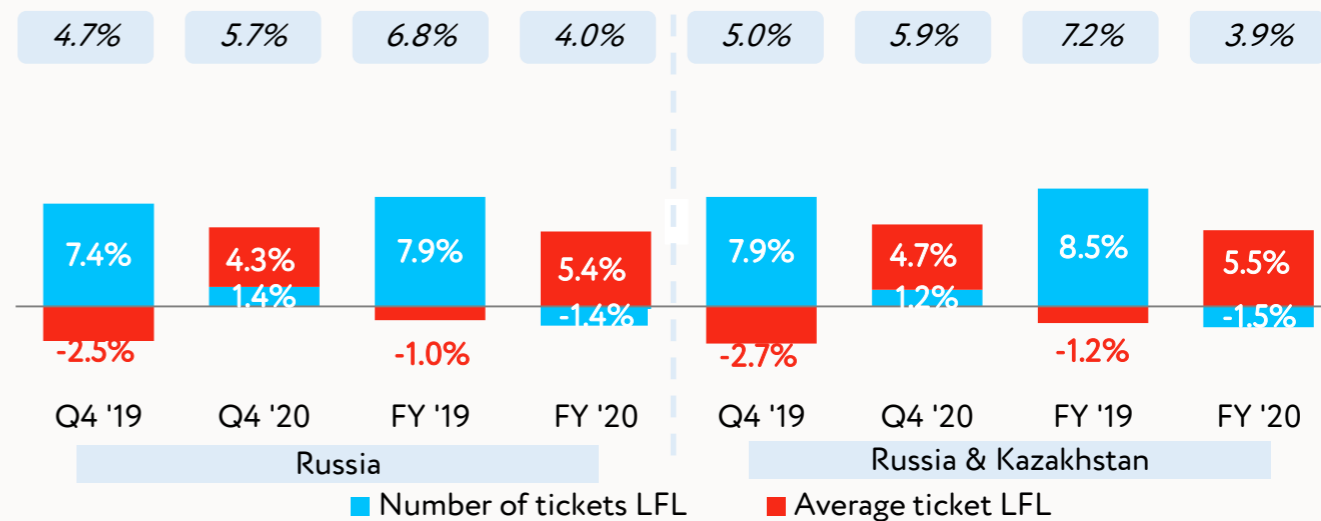
Recent financial performance

Continued top-line growth

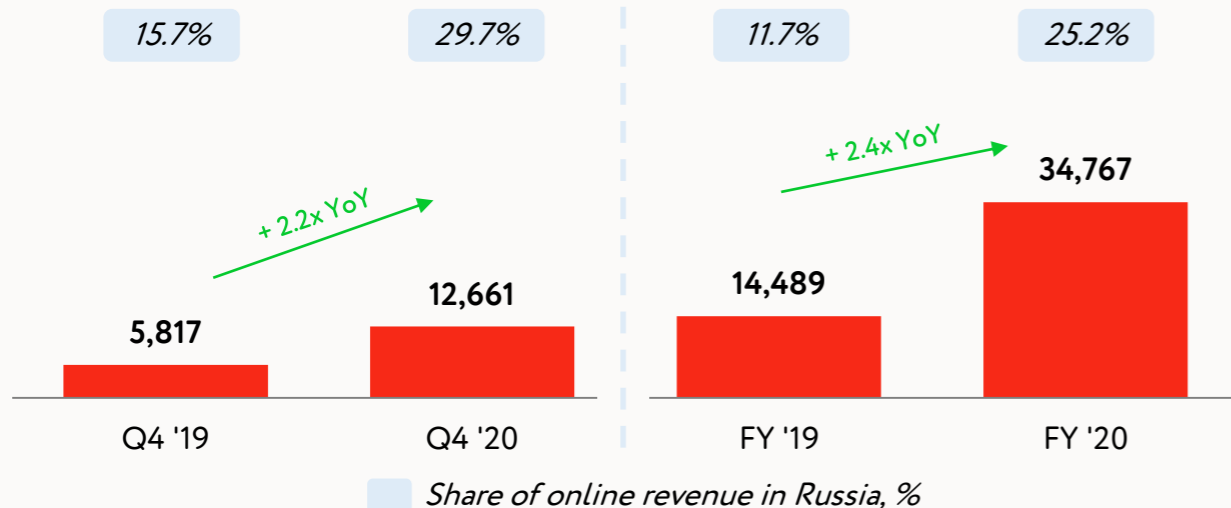
Total revenue (RUB m)



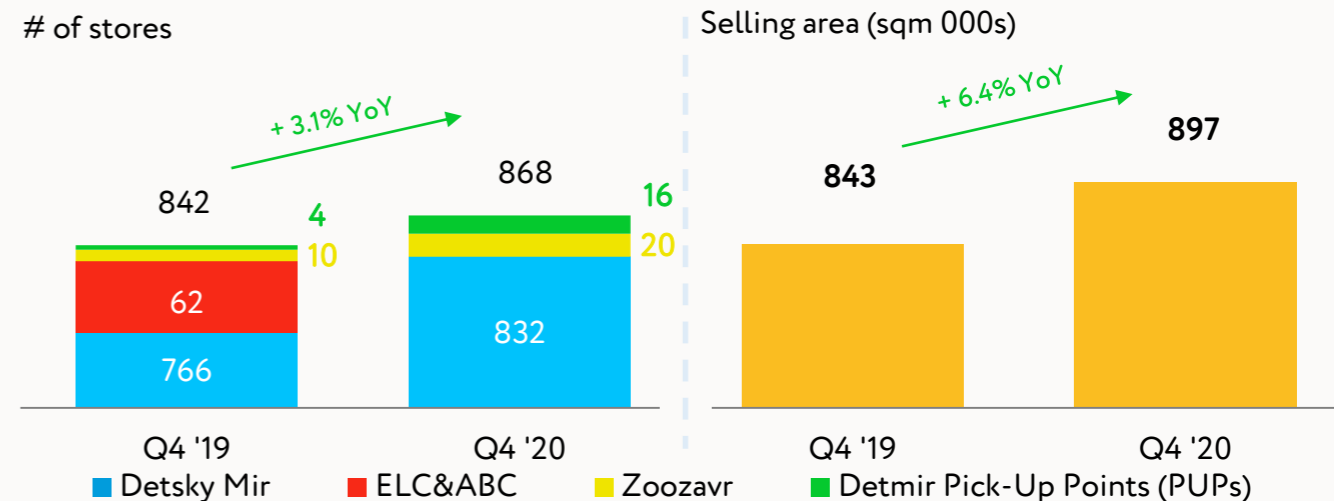
Like-for-like sales growth



E-commerce revenue (RUB m)



Retail chain



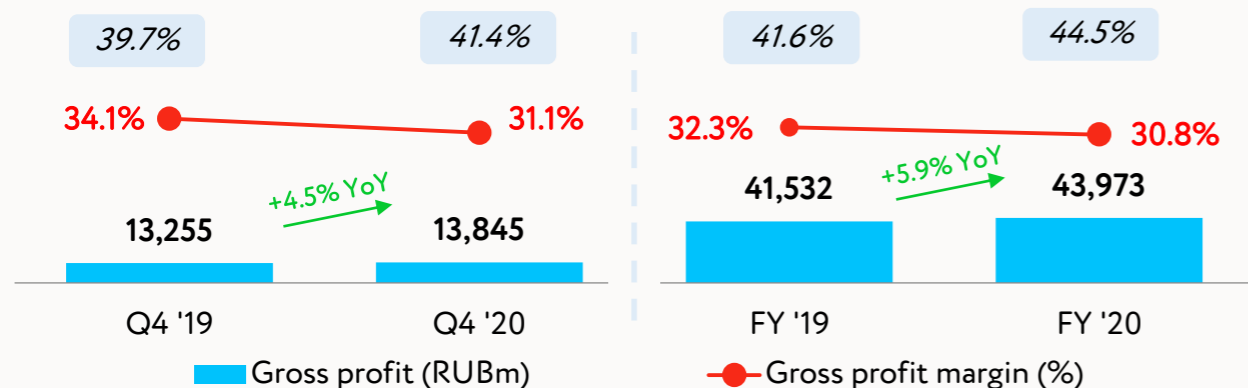
Source: Company data. The Company's consolidated financial measures for 2019-2020 and related interim periods are based on proforma financial information prepared as if IFRS 16 'Leases' had not been adopted, and thus do not represent IFRS measures.

¹ This segment includes performance of ELC, ABC, Zoozavr stores as well as Detsky Mir retail chain in Belarus

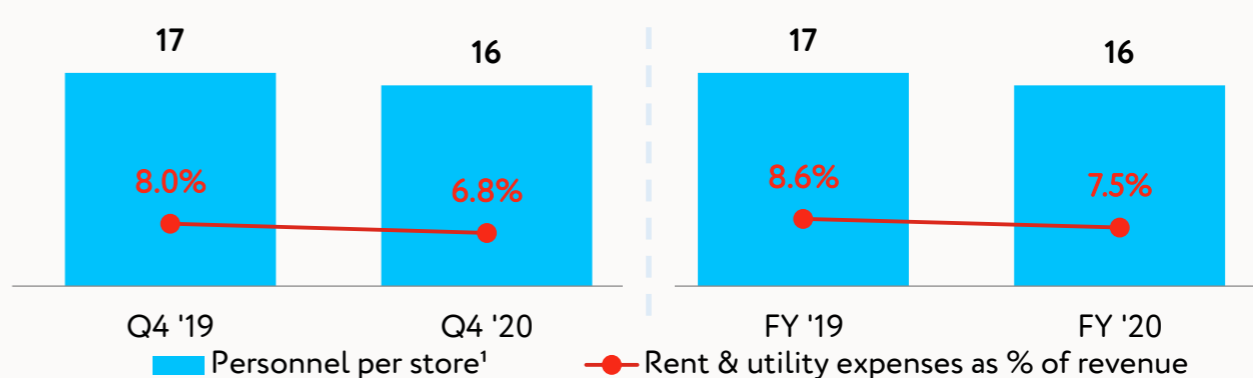
Consistently strong profitability

Keep investing gross margin in price leadership ...

Private label & direct imports, % of revenue

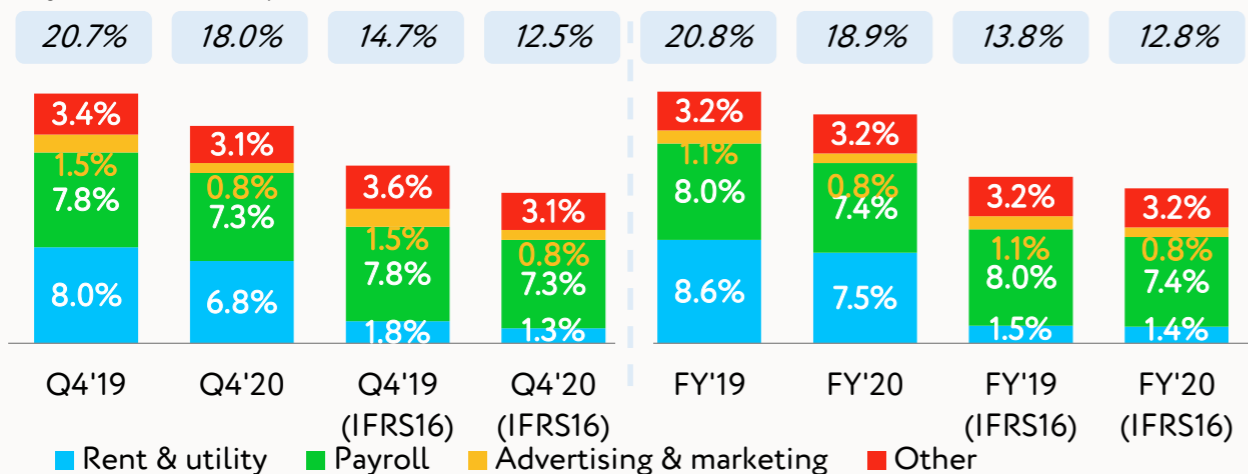


... while optimising store personnel and reducing rental costs ...

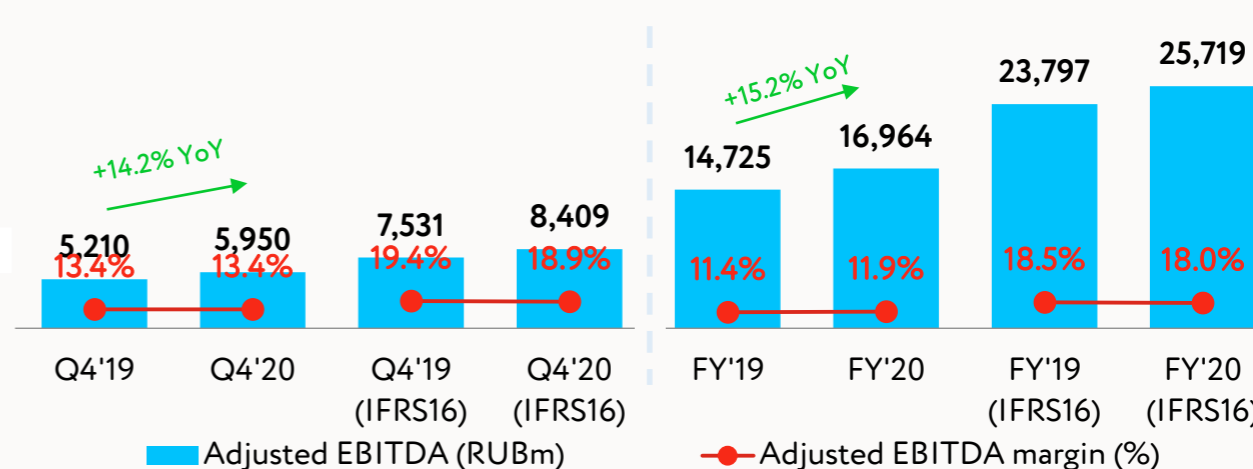


... to reduce SG&A expenses as % of revenue...

Adjusted SG&A expenses² as % of revenue



... and drive solid profitability



Source: Company data. The Company's consolidated financial measures for 2019-2020 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.

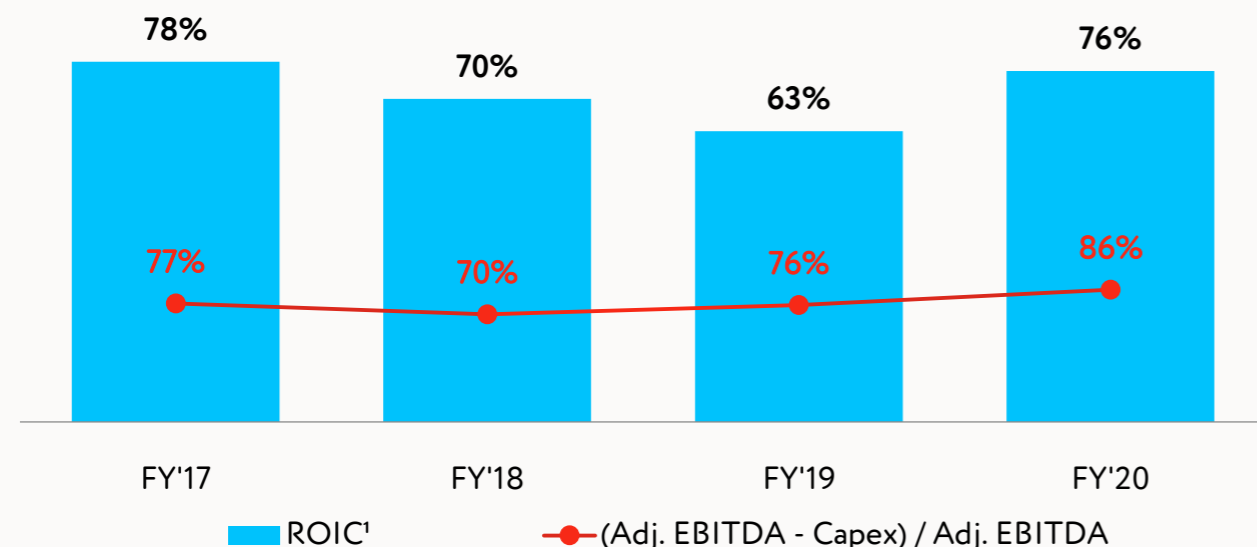
¹ Excluding personnel in headquarters. ² Hereinafter, adjusted selling, general and administrative expenses is calculated as selling, general and administrative expenses adjusted for depreciation and amortisation expenses, additional share-based compensation expense and cash bonuses under the LTI program.

Strong cash flow conversion

Comments

- Strong cash conversion (Adj. EBITDA - Capex) / Adj. EBITDA driven by high ROIC
- Solid operating cash flow despite an increase in NWC in Q2 due to COVID-19
- Low finance expense on the back of the flat net debt and decrease in interest rate
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements
 - Capex decreased by 31,6% YoY thanks to a less aggressive store expansion, as well as the absence of one-off capital expenses which were made in 2019

Strong cash conversion and financial returns



Source: Company data

Note: The Company's consolidated financial measures for 2019-2020 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

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);

² In 2019, the increase in capital expenses was driven by a RUB 844m payment (net of VAT) for the acquisition

Cash flow (RUB m)

	2019	2020	FY'19 IFRS 16	FY'20 IFRS 16
Adjusted EBITDA	14,725	16,964	23,797	25,719
Changes in NWC	284	(4,298)	308	(4,342)
Cash income taxes paid	(1,696)	(1,980)	(1,696)	(1,980)
Net finance expense paid	(2,023)	(1,911)	(4,596)	(4,219)
Other operating cash flow	348	1,576	414	1,542
Operating cash flow	11,638	10,351	18,228	16,720
CAPEX	(3,507)	(2,400)	(3,507)	(2,400)
DC construction	(449)	(600)	(449)	(600)
Store openings, IT & maintenance ²	(3,058)	(1,800)	(3,058)	(1,800)
Free cash flow	8,131	7,951	14,721	14,320
Investment cash flow	(3,467)	(2,358)	(3,467)	(2,358)
Financial cash flow	(9,322)	(7,302)	(15,912)	(13,671)
Change in cash	(1,151)	691	(1,151)	691
Effect of changes in foreign exchange rates	(415)	(634)	(415)	(634)

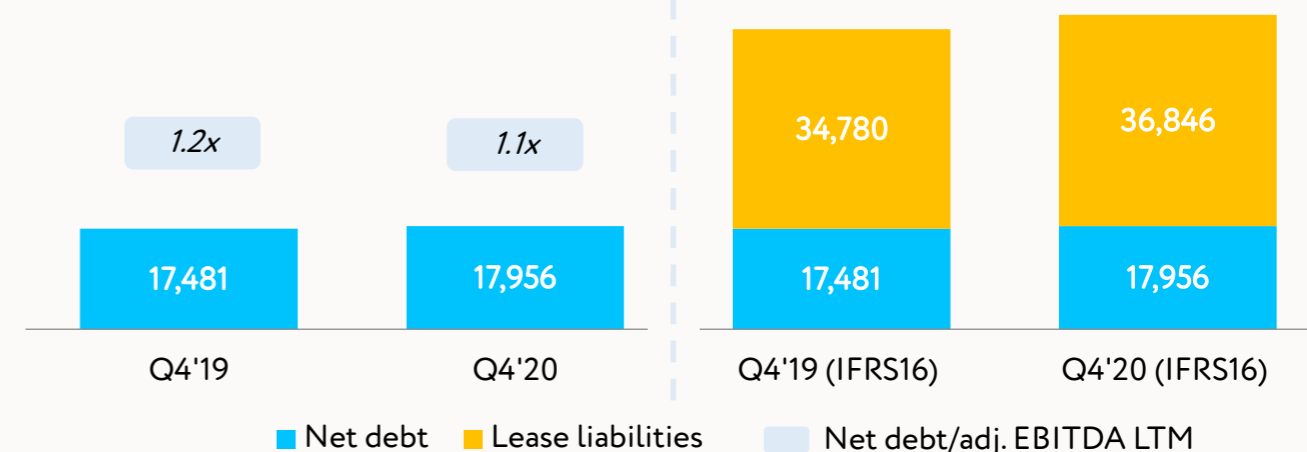
Conservative financial policy

Comments

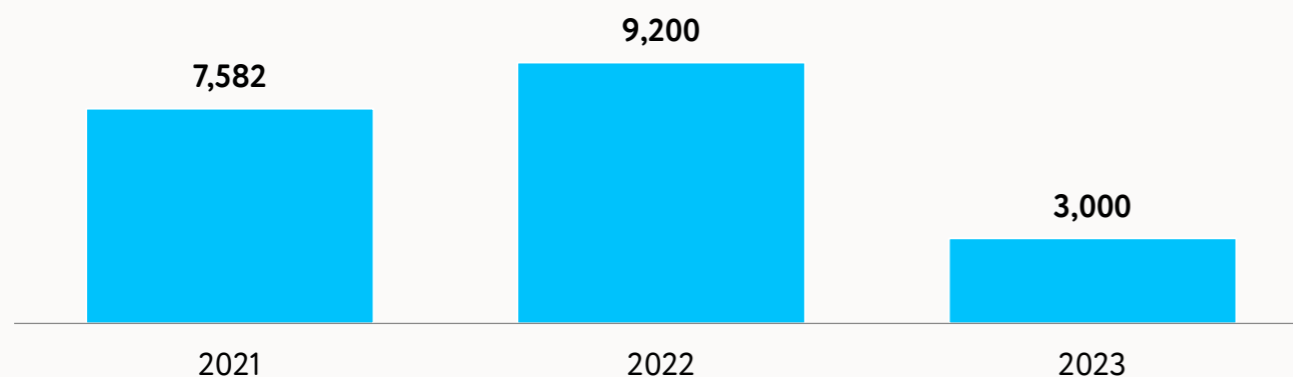
- Commitment to a conservative financial policy
 - Fully RUB-denominated debt to match RUB revenue, mostly fixed rates
 - Relationships with multiple Russian and international banks
- Net debt / adj. EBITDA LTM ratio as of 31 December 2020 is 1.1 vs. 4.0x average covenant level across the loan portfolio (before IFRS-16)
 - Decreased YoY thanks to CAPEX and NWC optimisation
- Weighted average interest rate¹ –6.7% (as of Q4'20)
- No contingent off-balance sheet liabilities
- Available undrawn credit limit of RUB 34.3 bn for refinancing of the current credit portfolio aiming at its further diversification

Leverage

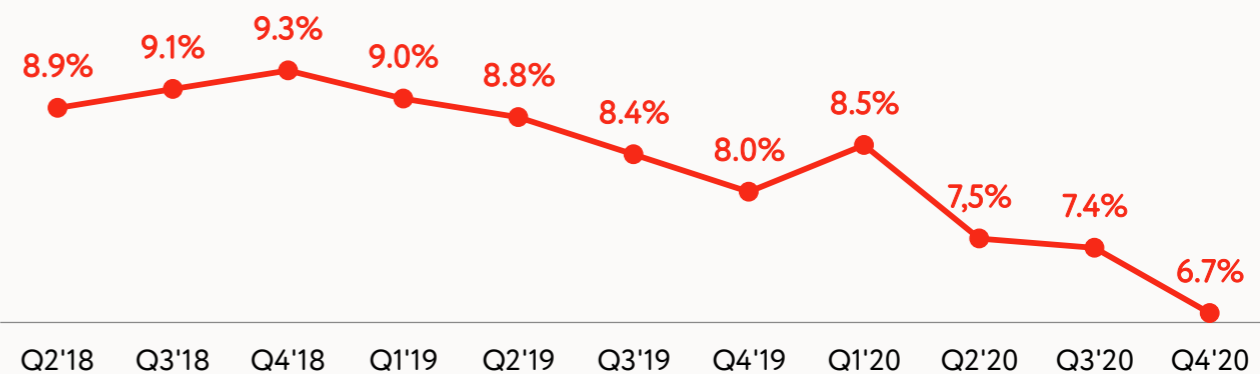
Q4'20 total debt – RUB 19.8bn



Debt maturities as of 31 December 2020 (RUB m)



Weighted average interest rate¹ (%)



Source: Company data

Note: The Company's consolidated financial measures for 2019-2020 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

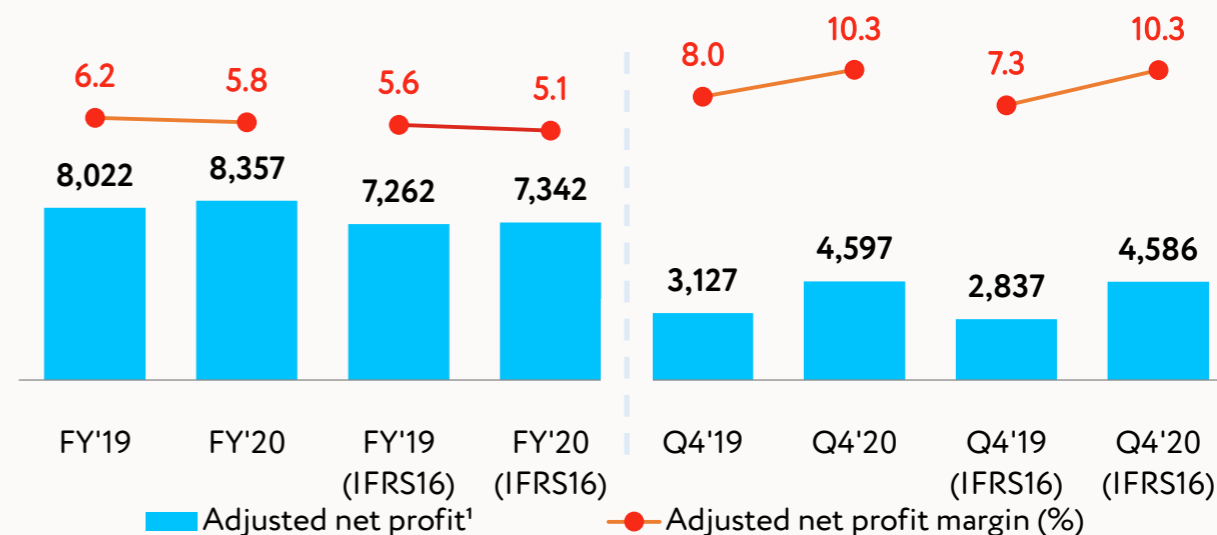
¹ Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified

Sustainably high returns to shareholders

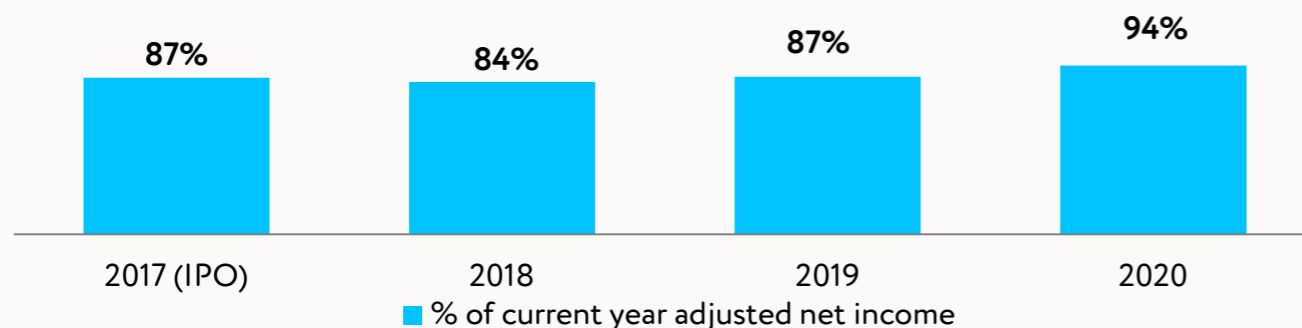
Comments

- 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)
- Detsky Mir paid out interim dividends of RUB 3.7bn for 9m 2019 in Q4 2019, and dividends of RUB 4.1bn for Q4 2019 in Q2-Q3 2020
- Detsky Mir paid out interim dividends of RUB 3.8bn for 9m 2020 in Q4 2020
- FX losses of RUB 2.1bn affected adjusted net profit in FY'20 (69% non-cash)
- Executive Board will recommend to pay out final dividend for Q4'20 of RUB 4.5bn (+c.10% YoY) in 2021

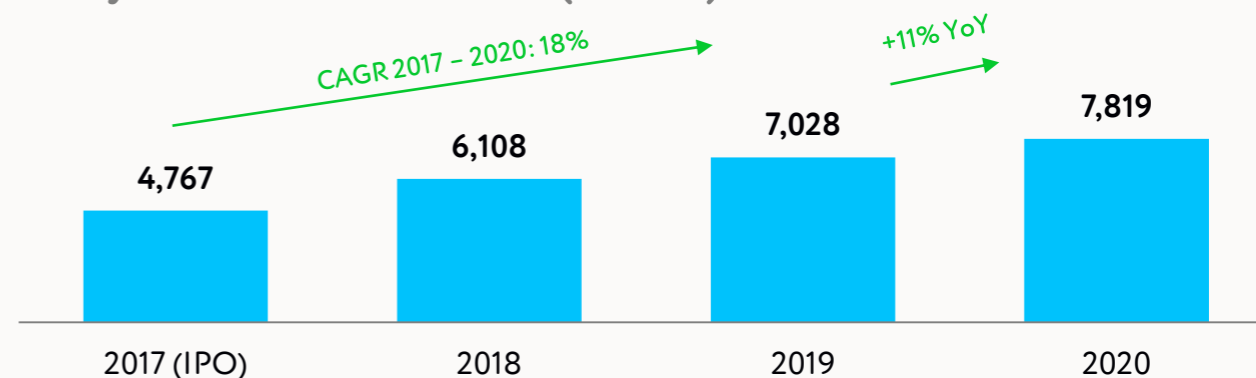
Adjusted net income (RUB m)¹



Dividends as % of adjusted net income



History of declared dividends (RUB m)



Source: Company data

Note: The Company's consolidated financial measures for 2019-2020 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







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

Short and mid-term guidance reiterated

	FY2020	Guidance
New store openings	<ul style="list-style-type: none">Detsky Mir: 71Detmir PUP: 12Zoozavr: 10	<ul style="list-style-type: none">Detsky Mir: 70 in 2021; 230 in medium-termDetmir PUP: 100 in 2021; 800 in medium-termZoozavr: 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 growthShare of online sales at 25.2%	<ul style="list-style-type: none">New strategic initiatives (Zoozavr, Detmir PUP, Marketplace) allow the Company to double total sales in medium-termOnline revenue share increased to 45% in medium-term
Adjusted EBITDA margin	<ul style="list-style-type: none">11.9% under IAS1718.0% under IFRS1630.8% gross marginRent & utility expenses of 7.5% and personnel expenses of 7.4% of sales	<ul style="list-style-type: none">10% area under IAS17Double-digit under IFRS16Continued gross margin investment in trafficGrow 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 income100% 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

 **6** 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	

- New measures announced in the President’s address to the nation on 15 January 2020
 - Approved by the State Duma and the Federation Council on 20 February 2020 and 26 February 2020, respectively
- Strictly defined use of proceeds, overwhelmingly linked to purchases of housing and compensation of mortgage payments
- Nonetheless, significant indirect benefit for the children’s market given extension of overall funds available to families
 - Incremental funds available = c. 1/3 of the total children’s good market size
- Russian Government expects substantial positive impact of the new measures on the actual birth rates
 - Supporting demographics remains of paramount importance for the Government

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

- **One-off payments related to COVID-19**
 - RUB 15^{thd} per child in Q2 2020 for children <3 years old
 - RUB 10^{thd} per child for children 3-16 years old in June
 - RUB 10^{thd} per child for children <16 years old in July
 - RUB 5^{thd} per child for children <8 years old in December
- **Ongoing support for lower income families**
 - RUB 5.5^{thd} per child per month for children 3-7 years old accruing from January 2020

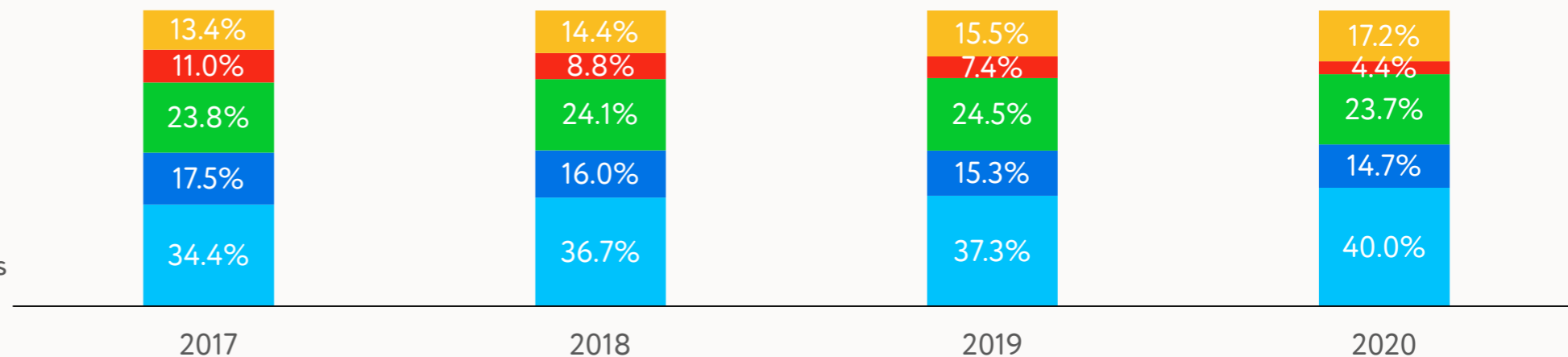
Gaining market share in baby food and diapers segments

Baby food sales by channel in Russia

+1.3x

Detsky Mir's market share growth over 3 years

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

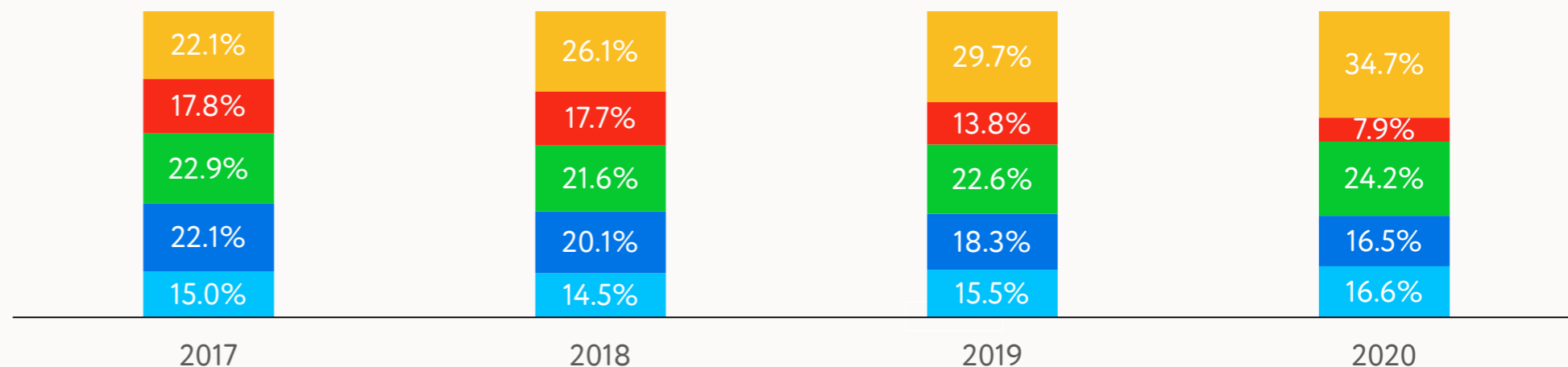


Diapers sales by channel in Russia

+1.6x

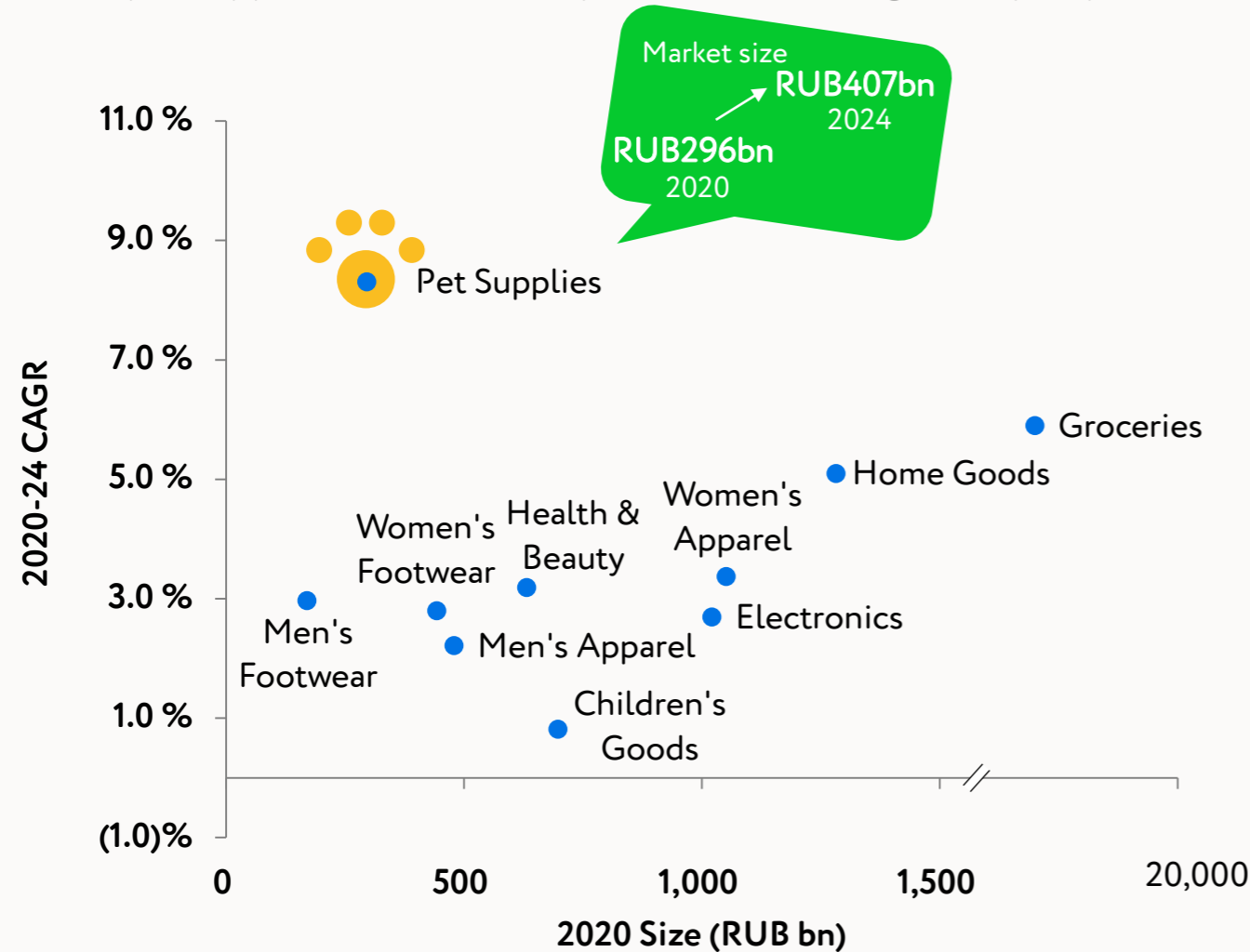
Detsky Mir's market share growth over 3 years

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



Pet supplies – a very promising market for Detsky Mir

Russia pet supplies market is best positioned from a growth prospective



Top pet supplies specialists in Russia are small & fragmented – opportunity for DM to gain sizeable market share¹

Top 5 specialist players have only 8% of the market

Company	Market Share (%)	# Stores	Sales (RUB bn)
Бетховен	2.7%	105	6.7
ЧЕТЫРЕ ЛАПЫ	2.7%	230	6.7
Ае'Мурррр + Cats&Dogs	1.5%	200	3.7
ЗООГАЛЕРЕЯ	1.1%	100+	2.8
PETSHOP.RU	0.4%	-	1.0
ЛЮБИМЧИК ЗООМАГАЗИН	0.1%	143	0.9

Source: Euromonitor (Retail Value RSP); Company data
¹Market shares, number of stores and sales are given for 2019

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%
	<i>Incl. Financial¹</i>	25%	4%-15%	3%-9%
	<i>Incl. Financial²</i>	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 20 key employees of the Company

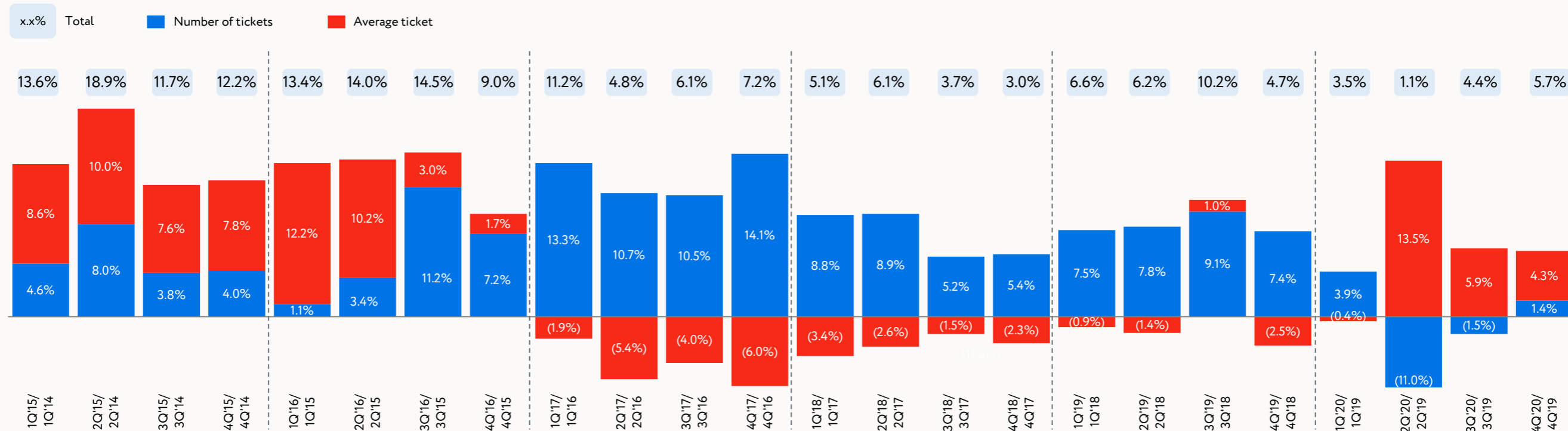
Incentive program to cement the management's long-term focus on shareholder value creation

¹ Financial KPIs – EBITDA, net income, revenues

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

Robust like-for-like performance

Like-for-like revenue growth (Russia)



LFL growth

Total
Average ticket
Number of tickets

LFL growth 2016

12.3%
5.9%
6.0%

LFL growth 2017

7.2%
(4.4%)
12.2%

LFL growth 2018

4.3%
(2.4%)
6.9%

LFL growth 2019

6.8%
(1.0%)
7.9%

LFL growth 2020

4.0%
5.4%
(1.4%)

Detsky Mir (Russia) demonstrated attractive LFL revenue growth rate (+4.0%) in 2020

Financial performance summary

(RUB m, unless specified otherwise)¹

	2017	2018	2019	2020
Number of stores	622	743	842	868
Detsky Mir and Detmir Pickup	578	673	770	848
ELC, ABC, Zoozavr stores	44	70	72	20
Selling space (k sqm)	688	768	843	897
Revenue	97,003	110,874	128,764	142,882
% total sales growth	21.9%	14.3%	16.1%	11.0%
% LFL sales growth (RUS & KZ)	7.2%	4.9%	7.2%	3.9%
Revenue per sqm ² (RUB thousand / sqm)	151	152	160	164
Online sales ³	4,637	8,771	14,489	34,767
Share of online sales in Russia	4.9%	8.2%	11.7%	25.2%
Gross profit	32,798	36,829	41,532	43,973
Margin, %	33.8%	33.2%	32.3%	30.8%
Gross profit per sqm² (RUB thousand / sqm)	51	51	52	51
Adjusted SG&A	22,127	24,116	26,799	27,063
% of revenue	22.8%	21.8%	20.8%	18.9%
Adjusted EBITDA	10,663	12,666	14,725	16,964
Margin, %	11.0%	11.4%	11.4%	11.9%
Adjusted profit for the period	5,501	7,229	8,022	8,357
Margin, %	5.7%	6.5%	6.2%	5.8%
Total debt	13,591	21,470	19,250	19,782
Cash and cash equivalents	(3,155)	(3,335)	(1,769)	(1,826)
Net debt	10,436	18,135	17,481	17,956
Net debt / LTM Adjusted EBITDA	1.0x	1.4x	1.2x	1.1x
Capex	(2,468)	(3,794)	(3,507)	(2,400)
% of revenue	2.5%	3.4%	2.7%	1.7%
Dividends declared	4,767	6,108	7,028	7,819

Comments

Sales growth

- Strong support from online channel and company's rapid adjustment to the pandemic-affected environment conditions
- Lower LFL Sales growth rate caused by lower traffic because of the government's measures on the lockdown but supported but stronger average ticket size growth

Improved operating efficiency

- Declining gross margin due to investment in price leadership to support LFL growth
- Improvement in SG&A by 1.9 p.p YoY driven by increased operational efficiency

Superior EBITDA margin

- Increase in EBITDA margin supported by significant discounts from landlords during lockdown
- Substantial share of variable part in the payroll allowed to brought the SG&A share down as well

Capex

- Asset-light business model allows to achieve superior cash flow generation

Conservative financial policy

- Net debt / adj. EBITDA as of 31-Dec-2020 is 1.1x vs. 4.0x average leverage covenant level across the loan portfolio

Attractive returns for shareholders

- Continuous dividend payout track record
- Yearly dividend payments increased by 1.6x from 2017 (IPO)

Source: Company data

¹ The Company's consolidated financial measures for 2017-2020 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 Calculated per average space for the period

³ Online sales (including sales via "in-store pickup" service)

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](#)



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