



## Detsky Mir Grows Adjusted EBITDA 21.4% in 9M 2021

Moscow, Russia, 8 November 2021 – Detsky Mir Group (“Detsky Mir” or the “Company”, MOEX: DSKY), a multi-vertical digital retailer and the leader in the children’s goods sector in Russia and Kazakhstan, announces its unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the third quarter and nine months ended 30 September 2021.

### Q3 2021 Financial Highlights<sup>1</sup>

- The Group’s gross merchandise value (GMV)<sup>2</sup> increased 16.4% to RUB 49.5 bn (incl. VAT).
- Total online sales<sup>3</sup> in Russia increased 43.7% to RUB 12.7 bn (incl. VAT);
  - the share of online sales in Russia stood at 27.0%.
- The Group’s revenue<sup>4</sup> increased 14.0% to RUB 43.9 bn.
- Gross profit increased 14.5% to RUB 13.9 bn, with a gross margin of 31.7%.
- SG&A<sup>5</sup> as a percentage of revenue increased 0.6 p.p. to 18.5%.
- Adjusted EBITDA<sup>6</sup> increased 12.5% to RUB 5.8 bn;
  - adjusted EBITDA margin was 13.3%.
- EBITDA<sup>7</sup> totaled RUB 5.9 bn (+13.8% year-on-year).
- Adjusted net profit<sup>8</sup> amounted to RUB 3.6 bn; net profit totaled RUB 3.7 bn.
- The net debt/adjusted EBITDA LTM ratio<sup>9</sup> stood at 1.2x. Net debt was RUB 23.2 bn.
- Sales of private labels and direct imports in Russia totaled a record 53.0% of total sales (+4.0 p.p. year-on-year).
- The Company opened 85 new stores: 19 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 3 Detmir stores in Belarus, 34 Detmir Mini stores, and 27 Zoozavr stores.
- The total number of Group stores amounted to 1,014 (+25.2% year-on-year), across 418 cities and towns in Russia, Kazakhstan, and Belarus.
- The Group’s total selling space increased 10.3% to 947,000 sq. m, while the total floor space of stores amounted to 1,179,000 sq. m.
- Total warehouse space was 175,000 sq. m.

### 9M 2021 Financial Highlights

- The Group’s GMV increased 20.7% to RUB 131.0 bn (incl. VAT).
- Total online sales volume in Russia increased 42.7% to RUB 35.2 bn (incl. VAT);
  - the share of online sales in Russia was 28.2%.
- The Group’s revenue increased 18.9% to RUB 117.0 bn.
- Gross profit increased 20.8% to RUB 36.4 bn, with a gross margin of 31.1%.
- SG&A as a percentage of revenue increased 0.4 p.p. to 19.8%.
- Adjusted EBITDA increased 21.4% to RUB 13.4 bn;
  - adjusted EBITDA margin was 11.4% (+0.2 p.p. year-on-year).

- **EBITDA** totaled RUB 14.2 bn (+33.6% year-on-year).
- **Adjusted net profit for the period** came in at RUB 8.0 bn (+111.5% year-on-year); **net profit** totaled RUB 8.8 bn.
- **Sales of private labels and direct imports** in Russia totaled 47.5% of total sales (+3.7 p.p. year-on-year).
- **The Company opened** 146 new stores: 39 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 7 Detmir stores in Belarus, 67 Detmir Mini stores, and 31 Zoozavr stores.

## Q3 2021 Key Events

- Detsky Mir made a decision to strengthen its C-suite team, driven by the fast pace at which the Company's new ambitious strategy, business verticals, and digital transformation are being implemented and deployed. Anna Garmanova, Chief Financial Officer (CFO) at Detsky Mir, left the Company effective 1 August 2021. Andrey Spivak took up the roles of CFO and Member of the Management Board from 16 August. Mr. Spivak has over 19 years of experience in retail and FMCG (Magnit, X5 Retail Group, Wrigley Ukraine, and Wrigley Russia). Sergey Li was appointed Chief Operating Officer (COO) and Member of the Management Board from 15 July. Mr. Li has over 17 years of experience in retail (M.Video–Eldorado, M.Video, Sulpak (Kazakhstan), and Philips). Another appointment was Mikhail Makhyanov, starting as Head of Investor Relations from 16 August. Mr. Makhyanov has more than 7 years of experience working at public companies and in capital markets (Polyus and Renaissance Capital).
- Maria Davydova ranked among the top three CEOs according to the updated ranking by Institutional Investor, a leading global financial periodical. The Detsky Mir team came second in both the overall ranking of management teams and among IR teams.
- Detsky Mir and PinUp Production released A Cozy Autumn with Detsky Mir! – a hygge style promotional video to support the new autumn collection.

## Key Events After the Reporting Date

- 7 November 2021, the Board of Directors decided to recommend to the EGM (to be held by absentee vote with the final date for receipt of completed ballots on December 15, 2021) to approve an interim dividend for the nine months of 2021 totaling RUB 3.8 bn, representing a payment of RUB 5.20 per ordinary share. The Board also recommended that the EGM set the record date establishing eligibility to receive the dividend as 26 December 2021. The recommended amount of dividends represents 60% of adjusted RAS net profit for nine months 2021<sup>10</sup>. According to the Board of Directors and management, the recommended amount of interim dividends represents a comfortable level of payment amid higher market volatility and uncertainty around the timing and further restrictive measures on the back of COVID-19 pandemic in 2021. Management and the Board of Directors will discuss the final dividend payment based on the results of the fourth quarter, including the remaining part of retained earnings of previous periods.
- Starting from Q4 2021 the Company will adopt the changes in Russian Accounting Standards (RAS) in application to accounting of inventories<sup>11</sup>. This change will bring RAS reporting closer to IFRS where the goods are reported at their actual cost, taking into account all discounts, bonuses provided by the suppliers. The company will adopt the standard and reflect it in the final RAS reporting for 2021. The effect on the RAS results (including RAS net profit) is subject to further assessment and will be reflected in the full year RAS accounts. This change will not affect the Company's IFRS reporting.
- Detsky Mir won one of the most prestigious professional awards in e-commerce and omnichannel, Large Turnover 2021, in the Breakthrough of the Year category and was a finalist of its Grand Prix.
- Detsky Mir's marketplace was recognized as the best niche marketplace in 2021 according to ECOM AWARDS, an e-commerce and retail professional award launched this year.
- The Company launched its third regional distribution center in the Novosibirsk Region. The fulfillment center, hosted by Russian Post, will ensure next-day delivery of at least 80% of online orders to Detsky Mir customers in the Siberian Federal District. At the fulfillment warehouse, Russian Post will be able to store simultaneously up to 200,000 SKUs from Detsky Mir's product assortment, while shipping up to 90,000 online orders per month. The center will be able to handle goods of all categories, from diapers and toys to children's furniture, strollers and pet supplies.

## ESG Highlights

- Three thousand customers of the Zoozavr chain took part in a campaign to help homeless pets. More than 890 kg of pet food and treats for dogs and cats were collected, as well as over 150 items of essential goods, including hygiene products, toys, and pads.
- The Detsky Mir Charitable Foundation donated over RUB 1 m worth of warm outerwear, mattresses, and diapers, as well as toys, books, stationery, and arts and crafts supplies to large families in the Rostov, Yaroslavl, Ryazan, and Moscow Regions, along with the cities of Moscow and Saint Petersburg.
- Detsky Mir supported the Time for Good Deeds annual charity campaign. A donation worth about RUB 9 m included goods that children need: apparel, footwear, hygiene products, toys, books, and stationery.
- The Detsky Mir Charitable Foundation helped disadvantaged children to get ready to go back to school, collecting and donating more than 1.8 m goods through a charity campaign – stationery, exercise books, apparel, footwear, and kits for first-graders. Assistance was provided to more than 650,000 children in difficult life situations.
- The Detsky Mir Charitable Foundation supported social projects run by non-profit organizations and social institutions in eight Russian regions. A donation worth over RUB 2.2 m was distributed among several social institutions for children, non-profit and charitable organizations, families in difficult life situations, as well as organizations supporting homeless pets.
- Detsky Mir sent almost two tonnes of clothing and shoes for recycling year-to-date (in the first half of 2021).

## Maria Davydova, CEO of PJSC Detsky Mir:

*"We are delighted with our third quarter results, as the Group posted a 12.5% increase in adjusted EBITDA for the quarter and a cumulative year-to-date growth of 21.4%. Thanks to a bumper back-to-school season and a soaring share of private label and direct import sales, which hit a record 53.0% in Russia, we were able to maintain a strong EBITDA margin of 13.3% despite the expected increase in payroll costs driven by workforce shortages across the country.*

*We continue our robust market consolidation, with our total revenue up 18.9% for 9M 2021, to reaffirm our status as the absolute leader in the children's goods market in Russia and Kazakhstan. Our standout success was the continuing strong growth in online sales: in the third quarter, total online sales in Russia grew 43.7%, while the share of online sales reached 27.0%.*

*We maintain our focus on leveraging our existing logistics, retail, and digital infrastructure and ramping it up to deliver strong performance in both the offline and online segments. In October we launched our third regional distribution center in Novosibirsk, which enables accelerated deliveries of all items ordered for our customers across the entire Siberian Federal District.*

*With a new lockdown imposed throughout Russia in early November to curb the spread of COVID-19, some of our stores made changes to their routine: from reducing their assortment and operating only as pickup points to the complete suspension of operations. Nonetheless, it was business as usual for most of our stores.*

*Due to the limited operations of our stores in early November amid COVID-19 and uncertainty about the future restrictions, the Company recommends to the shareholders to distribute 60% of the adjusted RAS net profit for 9 months of 2021 as interim dividends, that is, RUB 3.8 billion. However, the Company's dividend policy remains unchanged and the final dividend recommendation will depend on the fourth quarter results.*

*We believe that last year's results proved our omnichannel model to be highly resilient, and we are optimistic about how we will weather this crisis as we have the necessary capabilities and expertise to pivot to online and promptly respond to changes in our customers' behaviors."*

# OPERATING HIGHLIGHTS

## Detsky Mir Group's GMV & Revenue<sup>12</sup>

GMV, RUB m (incl. VAT)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
<b>Group</b>	<b>49 524</b>	<b>42 549</b>	<b>16.4%</b>	<b>130 983</b>	<b>108 495</b>	<b>20.7%</b>
Russia	47 081	41 359	13.8%	124 826	105 103	18.8%
Kazakhstan	1 835	880	108.5%	4 736	2 672	77.2%
Belarus	608	310	96.1%	1 421	720	97.4%
<b>Total online sales, RUB m (incl. VAT)</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>Δ, %</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>Δ, %</b>
<b>Group</b>	<b>12 971</b>	<b>8 941</b>	<b>45.1%</b>	<b>35 708</b>	<b>24 882</b>	<b>43.5%</b>
Russia	12 730	8 859	43.7%	35 199	24 674	42.7%
Kazakhstan	237	82	189.0%	505	208	142.8%
Belarus	4	-	-	4	-	-
<b>Online share in total sales, %</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>Δ, %</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>Δ, %</b>
<b>Group</b>	<b>26.2%</b>	<b>21.0%</b>	<b>5.2 p.p.</b>	<b>27.3%</b>	<b>22.9%</b>	<b>4.4 p.p.</b>
Russia	27.0%	21.4%	5.6 p.p.	28.2%	23.5%	4.7 p.p.
Kazakhstan	12.9%	9.3%	3.6 p.p.	10.7%	7.8%	2.9 p.p.
Belarus	0.7%	-	-	0.3%	-	-
<b>Revenue, RUB m</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>Δ, %</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>Δ, %</b>
<b>Group</b>	<b>43 942</b>	<b>38 538</b>	<b>14.0%</b>	<b>117 009</b>	<b>98 394</b>	<b>18.9%</b>
Detsky Mir in Russia	41 517	37 235	11.5%	111 008	94 695	17.2%
Detsky Mir in Kazakhstan	1 643	780	110.6%	4 240	2 388	77.6%
Detmir in Belarus	524	279	87.8%	1 235	645	91.5%
Zoozavr	258	90	186.7%	526	236	122.9%
Other	-	154	-	-	430	-

In Q3 2021, the Group's GMV increased 16.4% year-on-year to RUB 49.5 bn. The Group's total sales in the third quarter grew as footfall stabilized year-on-year following the lifting of COVID-19 restrictions and selling space grew organically. Another contributing factor was the stronger seasonal demand (back-to-school preparations) for our exclusive brands (including private labels and direct imports) and one-off social benefits paid out in advance of the school year.

Despite a high base effect from the spike in demand for online shopping last year, the Company's online segment continued its double-digit growth. In the third quarter, our total online sales in Russia grew 43.7%, with their share in total sales in Russia standing at 27.0%.

The Company has launched an online store in Belarus, which currently only offers the in-store pickup option. Detsky Mir is increasing sales in its online segment in Kazakhstan, which continues to grow at a double-digit pace.

The Company delivered a strong performance in the third quarter through the successful launch of its school apparel and footwear collections. In Q3 2021, apparel and footwear accounted for 36% of total sales in Russia (+3.0% year-on-year) while stationery, books, and multimedia stood at 7% of total sales (+0.1% year-on-year). The share of private labels in apparel and footwear is 98%. Other best-selling categories included toys (25%) and products for newborns (28%).

Detsky Mir continues to strengthen its position in private labels and switch to direct contracts with manufacturers. Sales of private labels and direct imports in Russia grew to a record 53% (+4.0 p.p. year-on-year). This growth was primarily driven by an increase in the share of apparel and footwear sales, as well as in the share of private labels in stationery, books and multimedia, and in large-size products.

## Online Performance<sup>13</sup>

Online metrics (Web and mobile platforms)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Online visits, m	170.5	107.6	58.5%	451.6	291.6	54.9%
Online orders, m	8.4	5.8	44.8%	23.3	15.3	52.3%
Conversion Rate	4.9%	5.4%	(0.5) p.p.	5.2%	5.2%	0.0 p.p.
Marketplace metrics (Russia)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Marketplace sales, RUB m (incl. VAT)	919	116	692.2%	1901	465	308.8%
Share of total online sales, %	7.1%	1.3%	5.8 p.p.	5.3%	1.9%	3.5 p.p.
Online assortment, SKUs	480	91	427.5%	480	91	427.5%
Online orders by delivery (Russia), %	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Click & collect	87.1%	85.7%	1.4 p.p.	86.8%	83.3%	3.5 p.p.
Courier delivery	12.9%	14.3%	(1.4) p.p.	13.2%	16.7%	(3.5) p.p.
Online orders by platform (Russia), %	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Mobile platform	79.4%	67.5%	11.9 p.p.	78.5%	63.5%	15.1 p.p.
Web platform	20.6%	32.6%	(11.9) p.p.	21.5%	36.5%	(15.1) p.p.
Mobile app metrics (Russia)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Installations, m	11.4	5.7	100.0%	11.4	5.7	100.0%
MAU, m	3.5	2.0	75.0%	3.2	2.0	60.0%

Online sales continued to grow throughout the third quarter following an increase in web traffic, primarily via the mobile app. The number of online visitors increased by 58.5% in Q3 2021 to 170.5 million. The share of online orders grew by 44.8% to 8.4 million. Conversion rate reduced by 0.5 p.p. in Q3 to 4.9%, but remained unchanged year-on-year in 9M 2021 at 5.2%.

In-store pickup from chain stores remains the most popular delivery option in the online segment. This channel's share in total online sales increased to 87.1% over the quarter, up 1.4% p.p. year-on-year. This increase is due to the low base from 2020, when courier delivery was more in-demand amid lockdown.

The mobile app continues to gain popularity among our customers, with the share of online orders placed on the app growing to 79.4% in Q3 2021. Since launch, the app has been downloaded almost 11.4 million times. The monthly active users (MAU) of the mobile platform grew by 75% to 3.5 million.

Detsky Mir's online assortment has increased to 480,000 SKUs year-to-date. In Q3 2021, the marketplace's contribution to the Group's GMV amounted to 7.1% of the Group's total online sales in Russia.

## Like-For-Like (LFL) Sales Growth at Detsky Mir Stores<sup>14</sup>

Like-for-like (Russia, Kazakhstan and Belarus)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Like-for-like revenue growth	6.3%	3.9%	2.4 p.p.	8.9%	3.0%	5.9 p.p.
Like-for-like number of tickets growth	4.1%	(2.1)%	6.2 p.p.	9.1%	(2.7)%	11.8 p.p.
Like-for-like average ticket growth	2.2%	6.0%	(3.8) p.p.	(0.2)%	5.8%	(6.0) p.p.
Like-for-like (Russia)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Like-for-like revenue growth	5.9%	4.4%	1.5 p.p.	8.4%	3.2%	5.2 p.p.
Like-for-like number of tickets growth	1.7%	(1.5)%	3.2 p.p.	8.7%	(2.5)%	11.2 p.p.
Like-for-like average ticket growth	4.1%	5.9%	(1.8) p.p.	(0.3)%	5.8%	(6.1) p.p.
Like-for-like (Kazakhstan)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Like-for-like revenue growth	98.3%	(45.3)%	143.6 p.p.	40.4%	(5.3)%	45.7 p.p.
Like-for-like number of tickets growth	101.9%	(52.2)%	154.1 p.p.	33.4%	(12.3)%	45.7 p.p.
Like-for-like average ticket growth	(1.8)%	14.6%	(16.4) p.p.	5.2%	7.9%	(2.7) p.p.
Like-for-like (Belarus)	Q3 2021	Q3 2020	Δ, %	9M 2021	9M 2020	Δ, %
Like-for-like revenue growth	12.4%	59.6%	(47.2) p.p.	23.4%	70.9%	(47.5) p.p.
Like-for-like number of tickets growth	1.0%	48.0%	(47.0) p.p.	15.2%	52.5%	(37.3) p.p.
Like-for-like average ticket growth	11.3%	7.8%	3.5 p.p.	7.1%	12.0%	(4.9) p.p.

In the third quarter, Detsky Mir's total like-for-like sales grew 6.3% year-on-year across all countries of operation, driven by stronger consumer demand amid stabilized footfall vs. last year following the easing of COVID-19 restrictions, the one-off payment of social benefits by the Russian government for the back-to-school season, and stronger sales in apparel and footwear and in stationery.

The greatest growth in like-for-like sales came from Kazakhstan. This is, in many respects, down to the low base effect: most of our stores in Kazakhstan were forced to temporarily close in Q3 2020 to curb the spread of COVID-19.

In Belarus, we see footfall stabilizing as the new stores that opened in 2019 and 2020 fully ramped up.

## Group Retail Chain Expansion<sup>15</sup>

Retail Chain	Number of stores			Selling space ('000 sq. m.)		
	Q3 2021	Q3 2020	Δ, %	Q3 2021	Q3 2020	Δ, %
<b>Group</b>	<b>1 014</b>	<b>810</b>	<b>25.2%</b>	<b>947</b>	<b>858</b>	<b>10.3%</b>
Detsky Mir in Russia	817	744	9.8%	874	811	7.7%
Detsky Mir in Kazakhstan	43	39	10.3%	40	37	8.7%
Detmir in Belarus	20	9	122.2%	17	8	121.3%
Detmir mini	83	5	1 560.0%	11	1	1 000.0%
Zoozavr	51	13	292.3%	5	2	150.0%
<b>Total space ('000 sq. m)</b>	<b>1 179</b>	<b>1 050</b>	<b>12.3%</b>			

As at Q3-end, the total number of Group stores had increased 25.2% year-on-year to 1,014, spread across 418 cities and towns in Russia, Kazakhstan and Belarus. The relatively strong year-on-year increase in store count was organic growth, as well as the closure of ABC and ELC stores in Q3 2020. In Q3 2021, the Company opened 85 new stores: 19 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 3 Detmir stores in Belarus, 34 Detmir Mini stores, and 27 Zoozavr stores.

The Group's total selling space increased 10.3% to 947,000 sq. m, while the total floor space of stores amounted to 1,179,000 sq. m.

The Company continues to expand its logistics infrastructure, including by adding new partner pickup points and automated parcel lockers, the number of which has quadrupled to 25,000 since the start of the year.

The Company operates two federal distribution centers in the Moscow Region and three regional warehouses in the Rostov, Kazan, and Novosibirsk Regions. Total warehouse space is 175,000 sq. m.

## Loyalty Program<sup>16</sup>

Detsky Mir's loyalty program (Russia)	Q3 2021	Q3 2020	Δ, %
Total loyalty card holders, m	28.8	26.0	10.8%
Share of loyalty card holders in total sales, %	86.4%	83.0%	3.4 p.p.
Active loyalty card holders, m	11.3	10.7	5.6%
Online active loyalty card holders, m	4.1	2.8	46.4%
Share of online active loyalty card holders, %	36.3%	26.2%	10.1 p.p.

The number of loyalty program members in Russia is constantly growing, with 28.8 million cardholders as at September-end 2021 (an increase of 2.8 million cards year-on-year). The share of purchases made by loyalty card holders amounted to 86.4% of total tickets (+3.4 p.p. year-on-year).

There are now 11.3 million active loyalty card holders. The number of active digital loyalty card holders increased by 46.4% to 4.1 million, which represents 36.3% of the total number of active cards.



# FINANCIAL HIGHLIGHTS

## Consolidated Statement of Profit or Loss Highlights<sup>17</sup>

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	Q3 2021	Q3 2020	Δ, %	Q3 2021	Q3 2020	Δ, %
<b>Revenue</b>	<b>43 942</b>	<b>38 538</b>	<b>14.0%</b>	<b>43 942</b>	<b>38 538</b>	<b>14.0%</b>
<b>Gross profit</b>	<b>13 928</b>	<b>12 162</b>	<b>14.5%</b>	<b>13 928</b>	<b>12 162</b>	<b>14.5%</b>
<i>% of revenue</i>	<i>31.7%</i>	<i>31.6%</i>	<i>0.1 p.p.</i>	<i>31.7%</i>	<i>31.6%</i>	<i>0.1 p.p.</i>
<b>Selling, general and administrative expenses</b>	<b>(8 114)</b>	<b>(6 912)</b>	<b>17.4%</b>	<b>(5 537)</b>	<b>(4 765)</b>	<b>16.2%</b>
<i>% of revenue</i>	<i>18.5%</i>	<i>17.9%</i>	<i>0.6 p.p.</i>	<i>12.6%</i>	<i>12.4%</i>	<i>0.2 p.p.</i>
Other operating income	28	(56)	-	39	(61)	-
<b>EBITDA</b>	<b>5 876</b>	<b>5 162</b>	<b>13.8%</b>	<b>8 464</b>	<b>7 304</b>	<b>15.9%</b>
<i>% of revenue</i>	<i>13.4%</i>	<i>13.4%</i>	<i>0.0 p.p.</i>	<i>19.3%</i>	<i>19.0%</i>	<i>0.3 p.p.</i>
<b>Adjusted EBITDA</b>	<b>5 842</b>	<b>5 194</b>	<b>12.5%</b>	<b>8 430</b>	<b>7 336</b>	<b>14.9%</b>
<i>% of revenue</i>	<i>13.3%</i>	<i>13.5%</i>	<i>(0.2) p.p.</i>	<i>19.2%</i>	<i>19.0%</i>	<i>0.2 p.p.</i>
<b>Profit/(loss) for the period</b>	<b>3 665</b>	<b>2 325</b>	<b>57.6%</b>	<b>3 559</b>	<b>2 039</b>	<b>74.5%</b>
<i>% of revenue</i>	<i>8.3%</i>	<i>6.0%</i>	<i>2.3 p.p.</i>	<i>8.1%</i>	<i>5.3%</i>	<i>2.8 p.p.</i>
<b>Adjusted profit/(loss) for the period</b>	<b>3 638</b>	<b>2 351</b>	<b>54.7%</b>	<b>3 532</b>	<b>2 065</b>	<b>71.0%</b>
<i>% of revenue</i>	<i>8.3%</i>	<i>6.1%</i>	<i>2.2 p.p.</i>	<i>8.0%</i>	<i>5.4%</i>	<i>2.6 p.p.</i>
<b>Net debt</b>	<b>23 226</b>	<b>18 242</b>	<b>27.3%</b>	<b>23 226</b>	<b>18 242</b>	<b>27.3%</b>
<b>Lease liabilities</b>	-	-	-	<b>37 950</b>	<b>35 064</b>	<b>8.2%</b>
Net debt / EBITDA	1.2x	1.2x				
Net Debt / adjusted EBITDA LTM	1.2x	1.1x				

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	9M 2021	9M 2020	Δ, %	9M 2021	9M 2021	Δ, %
<b>Revenue</b>	<b>117 009</b>	<b>98 394</b>	<b>18.9%</b>	<b>117 009</b>	<b>98 394</b>	<b>18.9%</b>
<b>Gross profit</b>	<b>36 403</b>	<b>30 128</b>	<b>20.8%</b>	<b>36 403</b>	<b>30 128</b>	<b>20.8%</b>
<i>% of revenue</i>	<i>31.1%</i>	<i>30.6%</i>	<i>0.5 p.p.</i>	<i>31.1%</i>	<i>30.6%</i>	<i>0.5 p.p.</i>
<b>Selling, general and administrative expenses</b>	<b>(23 163)</b>	<b>(19 065)</b>	<b>21.5%</b>	<b>(15 442)</b>	<b>(12 797)</b>	<b>20.7%</b>
<i>% of revenue</i>	<i>19.8%</i>	<i>19.4%</i>	<i>0.4 p.p.</i>	<i>13.2%</i>	<i>13.0%</i>	<i>0.2 p.p.</i>
Forgivable loan (one-off)	1 255	-	-	1 255	-	-
Other operating income	127	(49)	-	164	(22)	-
<b>EBITDA</b>	<b>14 163</b>	<b>10 598</b>	<b>33.6%</b>	<b>21 921</b>	<b>16 893</b>	<b>29.8%</b>
<i>% of revenue</i>	<i>12.1%</i>	<i>10.8%</i>	<i>1.3 p.p.</i>	<i>18.7%</i>	<i>17.2%</i>	<i>1.5 p.p.</i>
<b>Adjusted EBITDA</b>	<b>13 367</b>	<b>11 014</b>	<b>21.4%</b>	<b>21 125</b>	<b>17 309</b>	<b>22.0%</b>
<i>% of revenue</i>	<i>11.4%</i>	<i>11.2%</i>	<i>0.2 p.p.</i>	<i>18.1%</i>	<i>17.6%</i>	<i>0.5 p.p.</i>
<b>Profit/(loss) for the period</b>	<b>8 838</b>	<b>3 427</b>	<b>157.9%</b>	<b>8 675</b>	<b>2 423</b>	<b>258.0%</b>
<i>% of revenue</i>	<i>7.6%</i>	<i>3.5%</i>	<i>4.1 p.p.</i>	<i>7.4%</i>	<i>2.5%</i>	<i>4.9 p.p.</i>
<b>Adjusted profit/(loss) for the period</b>	<b>7 950</b>	<b>3 760</b>	<b>111.4%</b>	<b>7 787</b>	<b>2 756</b>	<b>182.5%</b>
<i>% of revenue</i>	<i>6.8%</i>	<i>3.8%</i>	<i>3.0 p.p.</i>	<i>6.7%</i>	<i>2.8%</i>	<i>3.9 p.p.</i>
<b>Net debt</b>	<b>23 226</b>	<b>18 242</b>	<b>27.3%</b>	<b>23 226</b>	<b>18 242</b>	<b>27.3%</b>
<b>Lease liabilities</b>	-	-	-	<b>37 950</b>	<b>35 064</b>	<b>8.2%</b>
Net debt / EBITDA	1.2x	1.2x				
Net Debt / adjusted EBITDA LTM	1.2x	1.1x				

The Company's adjusted EBITDA increased 12.5% over the quarter to RUB 5.8 bn. The key growth drivers included an increase in sales amid stabilized footfall, organic growth in selling space, a rise in LFL sales, the one-off payment of social benefits by the Russian government, and strong performance during the back-to-school season.

Adjusted EBITDA margin reached 13.3%, down 0.2 p.p. year-on-year, affected by higher payroll and logistics costs due to tougher competition for labor amid workforce constraints caused by COVID-19. Margins were boosted by the high share of private labels and direct imports in total sales, hitting a record 53.0% in the third quarter.

The adjusted EBITDA for 9M 2021 grew 21.4%, and the Company succeeded in increasing adjusted EBITDA margin to 11.4% for the nine months, up 0.2 year-on-year.

Adjusted net profit for Q3 2021 was RUB 3.6 bn vs. RUB 2.4 bn for the same period last year. Adjusted net profit margin was up 2.2 p.p. to 8.3%.

During the reporting period, Detsky Mir experienced FX losses totaling RUB 138 m, compared to a loss of RUB 1,088 m in the same period last year. The key drivers included the revaluation of foreign currency liabilities (accounts payable to suppliers of goods), as well as the result of executing previously opened forwards and revaluing new ones.



## Selling, general and administrative expenses

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	Q3 2021	Q3 2020	Δ, %	Q3 2021	Q3 2020	Δ, %
<b>Payroll</b>	<b>3 089</b>	<b>2 534</b>	<b>21.9%</b>	<b>3 089</b>	<b>2 534</b>	<b>21.9%</b>
% of revenue	7.0%	6.6%	0.4 p.p.	7.0%	6.6%	0.4 p.p.
<b>Rent &amp; Utilities</b>	<b>3 183</b>	<b>2 794</b>	<b>13.9%</b>	<b>607</b>	<b>646</b>	<b>(6.0)%</b>
% of revenue	7.2%	7.2%	0.0 p.p.	1.4%	1.7%	(0.3) p.p.
<b>Advertising &amp; Marketing</b>	<b>302</b>	<b>345</b>	<b>(12.5)%</b>	<b>302</b>	<b>345</b>	<b>(12.5)%</b>
% of revenue	0.7%	0.9%	(0.2) p.p.	0.7%	0.9%	(0.2) p.p.
<b>Other</b>	<b>1 540</b>	<b>1 239</b>	<b>24.3%</b>	<b>1 539</b>	<b>1 240</b>	<b>24.1%</b>
% of revenue	3.5%	3.2%	0.3 p.p.	3.5%	3.2%	0.3 p.p.
<b>Selling, general and administrative expenses (excl. D&amp;A and LTI)</b>	<b>8 114</b>	<b>6 912</b>	<b>17.4%</b>	<b>5 537</b>	<b>4 765</b>	<b>16.2%</b>
% of revenue	18.5%	17.9%	0.6 p.p.	12.6%	12.4%	0.2 p.p.
<b>Depreciation and amortization expenses</b>	<b>646</b>	<b>678</b>	<b>(4.7)%</b>	<b>2 768</b>	<b>2 607</b>	<b>6.2%</b>
% of revenue	1.5%	1.8%	(0.3) p.p.	6.3%	6.8%	(0.5) p.p.
<b>Additional bonus accruals under the LTI program</b>	<b>(34)</b>	<b>32</b>	<b>(206.3)%</b>	<b>(34)</b>	<b>32</b>	<b>(206.3)%</b>
% of revenue	(0.1)%	0.1%	(0.2) p.p.	(0.1)%	0.1%	(0.2) p.p.

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	9M 2021	9M 2020	Δ, %	9M 2021	9M 2021	Δ, %
<b>Payroll</b>	<b>9 051</b>	<b>7 348</b>	<b>23.2%</b>	<b>9 051</b>	<b>7 348</b>	<b>23.2%</b>
% of revenue	7.7%	7.5%	0.2 p.p.	7.7%	7.5%	0.2 p.p.
<b>Rent &amp; Utilities</b>	<b>9 247</b>	<b>7 682</b>	<b>20.4%</b>	<b>1 527</b>	<b>1 425</b>	<b>7.2%</b>
% of revenue	7.9%	7.8%	0.1 p.p.	1.3%	1.4%	(0.1) p.p.
<b>Advertising &amp; Marketing</b>	<b>695</b>	<b>772</b>	<b>(10.0)%</b>	<b>695</b>	<b>772</b>	<b>(10.0)%</b>
% of revenue	0.6%	0.8%	(0.2) p.p.	0.6%	0.8%	(0.2) p.p.
<b>Other</b>	<b>4 170</b>	<b>3 263</b>	<b>27.8%</b>	<b>4 169</b>	<b>3 252</b>	<b>28.2%</b>
% of revenue	3.6%	3.3%	0.3 p.p.	3.6%	3.3%	0.3 p.p.
<b>Selling, general and administrative expenses (excl. D&amp;A and LTI)</b>	<b>23 163</b>	<b>19 065</b>	<b>21.5%</b>	<b>15 442</b>	<b>12 797</b>	<b>20.7%</b>
% of revenue	19.8%	19.4%	0.4 p.p.	13.2%	13.0%	0.2 p.p.
<b>Depreciation and amortization expenses</b>	<b>1 911</b>	<b>2 079</b>	<b>(8.1)%</b>	<b>8 174</b>	<b>7 827</b>	<b>4.4%</b>
% of revenue	1.6%	2.1%	(0.5) p.p.	7.0%	8.0%	(1.0) p.p.
<b>Additional bonus accruals under the LTI program</b>	<b>459</b>	<b>416</b>	<b>10.3%</b>	<b>459</b>	<b>416</b>	<b>10.3%</b>
% of revenue	0.4%	0.4%	0.0 p.p.	0.4%	0.4%	0.0 p.p.

Selling, general and administrative expenses (excluding depreciation, amortization and LTI) came in at 18.5% of revenue, up 0.6 p.p. year-on-year. The cost growth was primarily driven by an increase in payroll due to tougher competition and workforce shortages amid the pandemic-induced crisis. Meanwhile, rent expenses remained flat at 7.2% of revenue year-on-year.

## Consolidated Cash Flow Statement Highlights

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	Q3 2021	Q3 2020	Δ, %	Q3 2021	Q3 2020	Δ, %
<b>Adjusted EBITDA</b>	<b>5 842</b>	<b>5 194</b>	<b>12.5%</b>	<b>8 430</b>	<b>7 336</b>	<b>14.9%</b>
<i>Add/(deduct):</i>	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<i>Change in working capital</i>	1 239	4 179	(70.4)%	1 316	4 295	(69.4)%
<i>Net interest and income tax paid</i>	(714)	(503)	41.9%	(1 314)	(1 076)	22.1%
Other operating cash flows	486	704	(31.0)%	474	710	(33.2)%
<b>Net cash used in operating activities</b>	<b>6 853</b>	<b>9 574</b>	<b>(28.4)%</b>	<b>8 906</b>	<b>11 265</b>	<b>(20.9)%</b>
<b>Net cash used in investing activities</b>	<b>(1 808)</b>	<b>(544)</b>	<b>232.4%</b>	<b>(1 808)</b>	<b>(544)</b>	<b>232.4%</b>
<b>Net cash generated from financing activities</b>	<b>(4 687)</b>	<b>(10 306)</b>	<b>(54.5)%</b>	<b>(6 740)</b>	<b>(11 997)</b>	<b>(43.8)%</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>358</b>	<b>(1 276)</b>	<b>(128.1)%</b>	<b>358</b>	<b>(1 276)</b>	<b>(128.1)%</b>
<b>Effect of changes in foreign exchange rates</b>	<b>(133)</b>	<b>(159)</b>	<b>(16.4)%</b>	<b>(133)</b>	<b>(159)</b>	<b>(16.4)%</b>

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	9M 2021	9M 2020	Δ, %	9M 2021	9M 2020	Δ, %
<b>Adjusted EBITDA</b>	<b>13 367</b>	<b>11 014</b>	<b>21.4%</b>	<b>21 125</b>	<b>17 309</b>	<b>22.0%</b>
<i>Add/(deduct):</i>	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<i>Change in working capital</i>	(9 562)	(6 568)	45.6%	(9 477)	(6 523)	45.3%
<i>Net interest and income tax paid</i>	(2 845)	(2 321)	22.6%	(4 548)	(4 126)	10.2%
Other operating cash flows	1 028	1 105	(7.0)%	989	1 068	(7.4)%
<b>Net cash used in operating activities</b>	<b>1 988</b>	<b>3 230</b>	<b>(38.5)%</b>	<b>8 089</b>	<b>7 728</b>	<b>4.7%</b>
<b>Net cash used in investing activities</b>	<b>(3 742)</b>	<b>(1 192)</b>	<b>213.9%</b>	<b>(3 742)</b>	<b>(1 192)</b>	<b>213.9%</b>
<b>Net cash generated from financing activities</b>	<b>1 259</b>	<b>(1 807)</b>	<b>(169.7)%</b>	<b>(4 842)</b>	<b>(6 305)</b>	<b>(23.2)%</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>(495)</b>	<b>231</b>	<b>(314.3)%</b>	<b>(495)</b>	<b>231</b>	<b>(314.3)%</b>
<b>Effect of changes in foreign exchange rates</b>	<b>(286)</b>	<b>(504)</b>	<b>(43.3)%</b>	<b>(286)</b>	<b>(504)</b>	<b>(43.3)%</b>

In Q3 2021, operating cash flow before changes in working capital (adjusted EBITDA) grew 12.5% year-on-year, reaching RUB 5.8 bn. The Company generated RUB 1.2 bn of income from working capital (a drop of 70.4% year-on-year). Changes in working capital were driven by inventory investments, as procurement was stepped up ahead of the high season, as well as lower trade payables. Cash received from operating activities amounted to RUB 6.9 bn (down 28.4% year-on-year).

Cash used to finance investment activities and to acquire fixed and intangible assets increased to RUB 1.8 bn (+232.4% year-on-year). The increase in capital expenditures was driven by continued investment in the construction of our third federal distribution center in the Urals, as well as an increasingly accelerating rate of store openings vs. the same period last year. By the end of the third quarter, the Company had invested RUB 374 m in the expansion of its retail network, RUB 574 m in IT infrastructure, and RUB 793 m in other infrastructure projects, including the construction of a federal distribution center.

Cash used in financing activities in the reporting period amounted to RUB 4.7 bn vs. RUB 10.3 bn in the same period last year. During the reporting period, the Company paid out RUB 4.5 bn in dividends to shareholders.

As of 30 September 2021, Detsky Mir's total debt was RUB 24.3 bn, with short-term loans accounting for 31.6% and long-term loans accounting for 68.4%. Net debt increased 27.3% year-on-year to RUB 23.2 bn due to higher borrowings, while net debt/adjusted EBITDA for the period remained almost flat at 1.2x. All of the Company's debt is denominated in Russian rubles.

Detsky Mir's average weighted cost of debt as at the end of the reporting period grew 0.6 p.p. year-on-year to 8.04% per annum. In the reporting period, the Bank of Russia raised its key interest rate by 1.25 p.p., from 5.50% to 6.75%, a year-on-year change of 2.50 p.p. As of 30 September 2021, the Company's available undrawn credit limit with leading Russian and international banks totaled RUB 37.0 bn.

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## Conference Call Information

Detsky Mir's management will host a conference call to discuss the Company's Q3 & 9M 2021 unaudited IFRS financial results.

### Date

- 8 November 2021

### Time

- 4:00 pm Moscow
- 2:00 pm Paris
- 1:00 pm London
- 8:00 am New York

The webcast will be streamed live at [Presentation to discuss the results of Q3 2021](#)

The dial-in numbers for the conference call are:

- **Russia** +7 495 283 9858
- **UK** +44 203 984 9844
- **USA** +1 718 866 4614
- **Paris** +33 1758 50 878

### PIN for participants

- 288 543#

A recording of the conference call will be available on Detsky Mir's website at [ir.detmir.ru](http://ir.detmir.ru)

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**Detsky Mir Group** (MOEX: DSKY) is a multi-vertical digital retailer and the leader in the children's goods sector in Russia and Kazakhstan, as well as a significant player in Belarus. The Group comprises the Detsky Mir and the Detmir Mini retail chains, the [detmir.ru](http://detmir.ru) online store and marketplace, as well as the Zoozavr pet supplies retail chain. As of 30 September 2021, the Group operates 1,014 stores across 418 cities and towns in Russia, Kazakhstan and Belarus. The Group's total selling space is 1,179,000 sq. m.

**Detsky Mir's shareholder structure:** Gulf Investments Limited (Altus Capital) – 29.9%; free-float – 70.1%, including quasi-treasury shares and shares held by management and directors (0.3%).

**Websites:** [detmir.ru](http://detmir.ru), [ir.detmir.ru](http://ir.detmir.ru)

### Disclaimer

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might", the negative of such terms or other similar expressions.

Detsky Mir wishes to warn you that these statements are only predictions and that actual events or results may differ materially. Detsky Mir does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Detsky Mir, including, among others, general economic conditions, the competitive environment, risks associated with operating in the Russian Federation, rapid technological and market changes in the industries in which Detsky Mir operates, the impact of the COVID-19 pandemic on the macroeconomic situation in the markets of presence and the financial results of Detsky Mir Group, as well as other risks specifically related to Detsky Mir and its operations.

#### Notes:

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- (1) The data on comparative dynamics are given year-on-year and exclude the effect of the new IFRS 16 – Leases accounting standard. The Company's consolidated financial metrics for 2020 and 2021 and related interim periods are based on proforma financial information prepared as if IFRS 16 – Leases had not been adopted, and thus do not represent IFRS measures.
- (2) Gross merchandise value (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. GMV includes value added tax, net of discounts given to customers and net of returns and canceled orders during the reporting period.
- (3) 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 canceled orders during the reporting period.
- (4) 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.
- (5) Selling, general and administrative expenses (SG&A) are calculated as selling, general and administrative expenses adjusted for depreciation of fixed assets and amortization of intangible assets, as well as share-based and cash bonus payments to the management under the Long-Term Incentive (LTI) program.
- (6) Adjusted EBITDA is calculated as profit for the period before income tax, FX gain/(loss), finance income, finance expense, depreciation of fixed assets and amortization of intangible assets, adjusted for a one-off forgivable loan and share-based and cash bonus payments to the management under the Long-Term Incentive (LTI) program. See Attachment A.
- (7) See Attachment A for definitions and reconciliation of EBITDA to IFRS financial metrics.
- (8) Adjusted net profit (net profit) is calculated as profit for the period adjusted for a one-off forgivable loan and the share-based and cash bonus payments to the management under the Long-Term Incentive (LTI) program. See Attachment A.
- (9) Net debt is calculated as total borrowings (defined as long-term loans and borrowings, short-term loans and borrowings, and the current portion of long-term loans and borrowings) less cash and cash equivalents. Lease liabilities are not included in the calculation of net debt. Adjusted EBITDA LTM is calculated as adjusted EBITDA for the last 12 months.
- (10) Adjusted profit under RAS for 9 months of 2021 amounted to 6.3 billion rubles and is calculated as net profit under RAS for 9 months in the amount of 7.6 billion rubles less a one-time income received from a government subsidy in the form of forgiven debt in Q2 2021 in the volume of 1.3 billion rubles. The company does not plan to distribute the received subsidy as dividends in 2021.
- (11) Due to the mandatory applications of new Russian Accounting Standards (RAS) the accounting for "Inventories" in RAS accounts changes from 2021 onwards as per the Federal Accounting Standard FSBU 5/2019 "Inventories", approved by Decree of the Ministry of Finance of Russia dated November 15, 2019 No. 180n. from 01.01.2021.
- (12) Detsky Mir in Russia includes all sales of children's goods in Russia, as well as the sales of the Detmir Mini chain (Detmir Pickup was renamed to Detmir Mini in Q3 2021). Zoozavr includes all sales of pet products, including sales made via the Company website and mobile app. Other includes the results of ELC and ABC stores.
- (13) Online assortment (number of SKUs) includes all merchandise featured on the Company website and mobile app. Installations of the mobile app reflects the total number of app installations between its launch (December 2019) and the end of the reporting period. MAU – monthly active users – indicates the average number of active mobile app users in a month.
- (14) LFL sales 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 LFL if the difference between the number of days worked in comparable months does not exceed three working days.
- (15) In order to improve margins by accelerating the opening of our small-format Detmir Mini stores, the Group decided to close its ELC and ABC stores in Q3 2020, which accounted for less than 0.8% of total Group revenue in 2019.
- (16) Cardholders who made at least one purchase at Detsky Mir during the last 12 months are considered active. Digital 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.
- (17) Despite the fact that the Company has adopted IFRS 16 – Leases for its audited financial results early (from 1 January 2018), key financial metrics in the unaudited statements have been compared as though IFRS 16 had not been applied, as in management's opinion, this approach allows the Company to more accurately assess the trends and dynamics of its business growth. This section also sets out our financial results in accordance with IFRS 16 – Leases.

## Attachment A

EBITDA is calculated as profit for the period before income tax, FX gain/(loss), finance expense, finance income, depreciation of fixed assets and amortization of intangible assets, as well as profit from acquiring controlling stakes in subsidiary companies. EBITDA margin is calculated as EBITDA expressed as a percentage of revenue. Our definition of EBITDA may differ from that of other companies; it is not an IFRS measure and should be considered in addition to, but not as a substitute for, the information contained in our consolidated financial statements. We believe that EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund capital expenditures, acquisitions of businesses and other investments and our ability to raise finance and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash expenses associated with long-term assets acquired or created in prior periods. Our approach to EBITDA calculation is commonly used by investors and analysts to evaluate and compare the current and future operating performance and value of companies.

Adjusted EBITDA and adjusted profit for the period are used to evaluate the operating performance of companies and represent financial metrics adjusted for one-off gains and losses beyond business operations. We believe that adjusted metrics provide investors with additional useful information to measure our financial performance, particularly comparable data from period to period, because they exclude one-off gains and losses.

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
<b>Profit / (Loss) for the period</b>	<b>3 665</b>	<b>2 325</b>	<b>3 559</b>	<b>2 039</b>
<i>Add / (deduct):</i>				
Finance income	(7)	(8)	(8)	(10)
Finance expense	572	519	1 172	1 092
Foreign exchange loss	138	1 088	138	1 088
Income tax expense / (benefit)	862	560	835	488
Depreciation and amortization	646	678	2 768	2 607
<b>EBITDA</b>	<b>5 876</b>	<b>5 162</b>	<b>8 464</b>	<b>7 304</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program)	(34)	32	(34)	32
<b>Adjusted EBITDA</b>	<b>5 842</b>	<b>5 194</b>	<b>8 430</b>	<b>7 336</b>

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
<b>Profit / (Loss) for the period</b>	<b>3 665</b>	<b>2 325</b>	<b>3 559</b>	<b>2 039</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program) with related tax effects	(27)	26	(27)	26
<b>Adjusted profit</b>	<b>3 638</b>	<b>2 351</b>	<b>3 532</b>	<b>2 065</b>

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	9M 2021	9M 2020	9M 2021	9M 2020
<b>Profit / (Loss) for the period</b>	<b>8 838</b>	<b>3 427</b>	<b>8 675</b>	<b>2 423</b>
<i>Add / (deduct):</i>				
Finance income	(11)	(74)	(15)	(76)
Finance expense	1 439	1 769	3 142	3 573
Foreign exchange loss	80	2 559	80	2 559
Income tax expense / (benefit)	1 906	838	1 865	587
Depreciation and amortization	1 911	2 079	8 174	7 827
<b>EBITDA</b>	<b>14 163</b>	<b>10 598</b>	<b>21 921</b>	<b>16 893</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program)	459	416	459	416
Forgivable loan (one-off)	(1 255)	-	(1 255)	-
<b>Adjusted EBITDA</b>	<b>13 367</b>	<b>11 014</b>	<b>21 125</b>	<b>17 309</b>

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	9M 2021	9M 2020	9M 2021	9M 2020
<b>Profit / (Loss) for the period</b>	<b>8 838</b>	<b>3 427</b>	<b>8 675</b>	<b>2 423</b>
<i>Reverse effect of:</i>				
Additional bonus accruals under the LTI program / (Income received from partial termination of employees' right to receive shares under the LTI program) with related tax effects	367	333	367	333
Forgivable loan (one-off)	(1 255)	-	(1 255)	-
<b>Adjusted profit</b>	<b>7 950</b>	<b>3 760</b>	<b>7 787</b>	<b>2 756</b>



## Attachment B (IFRS 16)

### Detsky Mir Group

### Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

(in millions of Russian Rubles)

	For the nine months ended 30 September	
	2021	2020
Revenue	117,009	98,394
Cost of sales	(80,606)	(68,266)
<b>Gross profit</b>	<b>36,403</b>	<b>30,128</b>
Selling, general and administrative expenses	(24,075)	(21,040)
Forgivable loan	1,255	-
Other operating income/(expenses), net	164	(22)
<b>Operating profit</b>	<b>13,747</b>	<b>9,066</b>
Finance income	15	76
Finance expenses	(3,142)	(3,573)
Foreign exchange loss, net	(80)	(2,559)
<b>Profit before income tax</b>	<b>10,540</b>	<b>3,010</b>
Income tax expense	(1,865)	(587)
<b>Profit for the period</b>	<b>8,675</b>	<b>2,423</b>
<b>Other comprehensive loss:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Effect of translation to presentation currency	(7)	(67)
<b>Total comprehensive income for the period</b>	<b>8,668</b>	<b>2,356</b>

# Detsky Mir Group

## Unaudited Consolidated Statement of Financial Position

(in millions of Russian Rubles)

	30 September 2021	30 September 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	10,933	8,836
Intangible assets	1,677	1,452
Right-of-use assets	34,715	31,983
Deferred tax assets	2,532	2,497
Other non-current assets	140	118
<b>Total non-current assets</b>	<b>49,997</b>	<b>44,886</b>
<b>CURRENT ASSETS</b>		
Inventories	47,790	38,259
Trade receivables	3,375	2,805
Advances paid and other receivables	1,715	1,113
Prepaid income tax	4	6
Cash and cash equivalents	1,045	1,496
<b>Total current assets</b>	<b>53,929</b>	<b>43,679</b>
<b>TOTAL ASSETS</b>	<b>103,926</b>	<b>88,565</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1	1
Treasury shares	(323)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(3,934)	(8,893)
Currency translation reserve	119	95
<b>Total equity/ (equity deficit)</b>	<b>1,656</b>	<b>(3,411)</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	29,561	27,640
Long-term loans and borrowings	16,610	11,000
Deferred tax liabilities	96	101
<b>Total non-current liabilities</b>	<b>46,267</b>	<b>38,741</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	32,668	28,630
Short-term loans and borrowings and current portion of long-term loans and borrowings	7,661	8,738
Lease liabilities	8,389	7,424
Advances received, other payables and accrued expenses	6,342	7,307
Deferred revenue	555	501
Income tax payable	388	635
<b>Total current liabilities</b>	<b>56,003</b>	<b>53,235</b>
<b>Total liabilities</b>	<b>102,270</b>	<b>91,976</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>103,926</b>	<b>88,565</b>

# Detsky Mir Group

## Unaudited Consolidated Statement of Cash Flows

(in millions of Russian Rubles)

For the nine months ended 30 September

	2021	2020 (restated) <sup>1</sup>
<b>Operating activities:</b>		
<b>Profit for the period</b>	<b>8,675</b>	<b>2,423</b>
Adjustments for:		
Depreciation and amortization expense	8,174	7,827
Finance expenses	3,142	3,573
Income tax expense recognized in profit or loss	1,865	587
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	1,451	1,541
Expense on equity-settled share-based compensation	133	34
Foreign exchange loss, net	80	2,559
Finance income	(15)	(76)
Change in estimated breakage of bonus points under loyalty program	(28)	(51)
Forgivable loan	(1,255)	-
Other	(108)	(40)
Changes in working capital:		
Decrease in trade receivables	295	1,237
(Increase)/decrease in advances paid and other receivables	(189)	358
Increase in inventories	(6,683)	(1,147)
Decrease in trade payables	(2,981)	(6,339)
Increase/(decrease) in advances received, other payables and accrued expenses	25	(748)
Increase in deferred revenue	56	116
<b>Cash generated by operations</b>	<b>12,637</b>	<b>11,854</b>
Interest paid	(2,766)	(3,213)
Interest received	10	72
Income tax paid	(1,792)	(985)
<b>Net cash generated by operating activities</b>	<b>8,089</b>	<b>7,728</b>
<b>Investing activities:</b>		
Payments for property, plant and equipment	(3,074)	(771)
Payments for intangible assets	(682)	(449)
Proceeds from disposal of property, plant and equipment	14	28
<b>Net cash used in investing activities</b>	<b>(3,742)</b>	<b>(1,192)</b>
<b>Financing activities:</b>		
Purchase of treasury shares	-	(90)
Repayment of loans and borrowings	(36,925)	(54,922)
Lease payments	(6,101)	(4,498)
Dividends paid	(4,466)	(2,205)
Proceeds from loans and borrowings	42,650	55,410
<b>Net cash used in financing activities</b>	<b>(4,842)</b>	<b>(6,305)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(495)</b>	<b>231</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,826</b>	<b>1,769</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	(286)	(504)
<b>Cash and cash equivalents, end of the period</b>	<b>1,045</b>	<b>1,496</b>

<sup>1</sup> In order to improve the presentation of certain lines in the interim condensed consolidated statement of cash flows the Group made the following presentation changes:

1) Separation of the effect of changes in foreign exchange rates for the half-year ended 30 September 2020: "Decrease in trade payables" line was increased by RUB 504 million, whereas "Effect of changes in foreign exchange rates" line was changed for the respective amount.

2) Separation of the change in estimated breakage of bonus points under loyalty program for the half-year ended 30 September 2020: "Increase in deferred revenue" line was increased by RUB 51 million, whereas "Change in estimated breakage of bonus points under loyalty program" line was changed for the respective amount.

## Attachment C (IAS 17)

### Detsky Mir Group

### Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income (in millions of Russian Rubles)

	For the nine months ended 30 September	
	2021	2020
<b>Revenue</b>	117,009	98,394
Cost of sales	(80,606)	(68,266)
<b>Gross profit</b>	<b>36,403</b>	<b>30,128</b>
Selling, general and administrative expenses	(25,533)	(21,560)
Forgivable loan	1,255	-
Other operating income/(expenses), net	127	(49)
<b>Operating profit</b>	<b>12,252</b>	<b>8,519</b>
Finance income	11	74
Finance expenses	(1,439)	(1,769)
Foreign exchange loss, net	(80)	(2,559)
<b>Profit before income tax</b>	<b>10,744</b>	<b>4,265</b>
Income tax expense	(1,906)	(838)
<b>Profit for the period</b>	<b>8,838</b>	<b>3,427</b>
<b>Other comprehensive (loss)/income:</b>		
Items that may be reclassified subsequently to profit or loss		
Effect of translation to presentation currency	(13)	7
<b>Total comprehensive income for the period</b>	<b>8,825</b>	<b>3,434</b>

# Detsky Mir Group

## Unaudited Consolidated Statement of Financial Position (in millions of Russian Rubles)

	30 September 2021	30 September 2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	10,933	8,836
Intangible assets	1,677	1,452
Deferred tax assets	1,820	1,829
Other non-current assets	235	215
<b>Total non-current assets</b>	<b>14,665</b>	<b>12,332</b>
<b>CURRENT ASSETS</b>		
Inventories	47,790	38,259
Trade receivables	3,375	2,805
Advances paid and other receivables	2,092	1,400
Prepaid income tax	4	6
Cash and cash equivalents	1,045	1,496
<b>Total current assets</b>	<b>54,306</b>	<b>43,966</b>
<b>TOTAL ASSETS</b>	<b>68,971</b>	<b>56,298</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1	1
Treasury shares	(323)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(1,087)	(6,221)
Currency translation reserve	115	136
<b>Total equity/ (equity deficit)</b>	<b>4,499</b>	<b>(698)</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans and borrowings	16,610	11,000
Deferred tax liabilities	96	101
<b>Total non-current liabilities</b>	<b>16,706</b>	<b>11,101</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	32,668	28,630
Short-term loans and borrowings and current portion of long-term loans and borrowings	7,661	8,738
Advances received, other payables and accrued expenses	6,494	7,391
Deferred revenue	555	501
Income tax payable	388	635
<b>Total current liabilities</b>	<b>47,766</b>	<b>45,895</b>
<b>Total liabilities</b>	<b>64,472</b>	<b>56,996</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>68,971</b>	<b>56,298</b>

# Detsky Mir Group

## Unaudited Consolidated Statement of Cash Flows

(in millions of Russian Rubles)

	For the nine months ended 30 September	
	2021	2020 (restated) <sup>2</sup>
<b>Operating activities:</b>		
<b>Profit for the period</b>	<b>8,838</b>	<b>3,427</b>
Adjustments for:		
Depreciation and amortization expense	1,911	2,078
Income tax expense recognized in profit or loss	1,906	838
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	1,451	1,541
Finance expenses	1,439	1,769
Expense on equity-settled share-based compensation	133	34
Foreign exchange loss, net	80	2,559
Finance income	(11)	(74)
Change in estimated breakage of bonus points under loyalty program	(28)	(51)
Forgivable loan	(1,255)	-
Other	(69)	(2)
Changes in working capital:		
Decrease in trade receivables	295	1,237
(Increase)/decrease in advances paid and other receivables	(288)	393
Increase in inventories	(6,683)	(1,147)
Decrease in trade payables	(2,981)	(6,339)
Increase/(decrease) in advances received, other payables and accrued expenses	39	(828)
Increase in deferred revenue	56	116
<b>Cash generated by operations</b>	<b>4,833</b>	<b>5,551</b>
Interest paid	(1,063)	(1,408)
Interest received	10	72
Income tax paid	(1,792)	(985)
<b>Net generated by operating activities</b>	<b>1,988</b>	<b>3,230</b>
<b>Investing activities:</b>		
Payments for property, plant and equipment	(3,074)	(771)
Payments for intangible assets	(682)	(449)
Proceeds from disposal of property, plant and equipment	14	28
<b>Net cash used in investing activities</b>	<b>(3,742)</b>	<b>(1,192)</b>
<b>Financing activities:</b>		
Purchase of treasury shares	-	(90)
Proceeds from loans and borrowings	42,650	55,410
Dividends paid	(4,466)	(2,205)
Repayment of loans and borrowings	(36,925)	(54,922)
<b>Net cash generated by/(used in) financing activities</b>	<b>1,259</b>	<b>(1,807)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(495)</b>	<b>231</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,826</b>	<b>1,769</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	(286)	(504)
<b>Cash and cash equivalents, end of the period</b>	<b>1,045</b>	<b>1,496</b>

<sup>2</sup> In order to improve the presentation of certain lines in the interim condensed consolidated statement of cash flows the Group made the following presentation changes:

1) Separation of the effect of changes in foreign exchange rates for the half-year ended 30 September 2020: "Decrease in trade payables" line was increased by RUB 504 million, whereas "Effect of changes in foreign exchange rates" line was changed for the respective amount.

2) Separation of the change in estimated breakage of bonus points under loyalty program for the half-year ended 30 September 2020: "Increase in deferred revenue" line was increased by RUB 51 million, whereas "Change in estimated breakage of bonus points under loyalty program" line was changed for the respective amount.