

Detsky Mir's GMV Increases 16.9% in 2021

Moscow, Russia, 25 January 2022. Detsky Mir Group ("Detsky Mir", the "Group" 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 operating results for the fourth quarter and twelve months ended 31 December 2021.

Q4 2021 Operating Highlights¹

- The Group's gross merchandise value (GMV)² increased 8.5% to RUB 53.3 bn (incl. VAT).
- Total online sales³ in Russia grew 33.2% to RUB 18.9 bn (incl. VAT):
 - The share of online sales in Russia reached 37.4%.
- The Group's net revenue increased by 6.3% to RUB 47.3 bn.
- Sales of private labels and direct imports in Russia⁴ totaled 42.7% of total sales.
- The Company opened 105 new stores: 33 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 1 Detmir store in Belarus, 27 Detmir Mini stores, and 42 Zootavr stores.
- The total number of Group stores amounted to 1,119 (+28.9% year-on-year) across 445 cities and towns in Russia, Kazakhstan, and Belarus.
- The Group's total selling space increased 9.3% year-on-year to 980,000 sq. m.
- Total warehouse space was 175,000 sq. m.

FY 2021 Operating Highlights

- The Group's GMV increased 16.9% to RUB 184.3 bn (incl. VAT).
- Total online sales in Russia increased 39.1% to RUB 54.0 bn (incl. VAT):
 - The share of online sales in Russia reached 30.8%.
- The Group's net revenue increased by 15.0% to RUB 164.3 bn.
- Sales of private labels and direct imports in Russia totaled 46.2% of total sales (+1.7 p.p. year-on-year).
- The Company opened 251 new stores: 72 Detsky Mir branded stores in Russia, 4 Detsky Mir stores in Kazakhstan, 8 Detmir stores in Belarus, 94 Detmir Mini stores, and 73 Zootavr stores.

Q4 2021 Key Events

- Detsky Mir shareholders approved an interim dividend of RUB 3,842,800,000 for 9M 2021, or RUB 5.20 per ordinary share. The dividend amounted to 60% of the adjusted RAS profit for 9M 2021.⁵ The dividend payout for 2021 will total RUB 8.3 bn, up about 7% compared to that for 2020.
- 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.
- Black Friday brought in more than 1.5 million orders for Detsky Mir. Over the course of the event, more than 1.5 million orders were placed on our online store and mobile app, generating a total of RUB 3 bn. The biggest discounts were available from 6:00 pm on 25 November until 11:59 pm on 26 November, when more than 450,000 orders were placed for a total of more than RUB 930 m, up 37% from 2020.

- The Global Shopping Day set a number of online sales records for Detsky Mir. At the sale's peak on 11 November, 273,000 orders were placed via our online platform and marketplace for a total of RUB 570 m – a 63% increase on last year's event. At the same time, the range of products on offer topped 320,000 SKUs, with over 80% of our marketplace sellers taking part in the sales event, and the order processing speed reaching 18,000 fulfillments per hour.
- Detsky Mir opened its milestone 900th branded store and its 100th Detmir Mini store. The new branded store with floor space of more than 1,200 sq. m is located in a shopping mall in Krasnokamensk. The milestone small-format Detmir Mini store with floor space of 167 sq. m opened in Novovoronezh.
- Detsky Mir celebrated 10 years of operating in Kazakhstan. The first Detsky Mir branded store in Kazakhstan opened on 9 December 2011 in the Tulpar shopping mall, Astana. Today, Detsky Mir Group is the leader in the children's goods sector in Kazakhstan. Over the past five years, the Company has expanded its presence in the country more than sixfold, growing the chain from 7 to 45 stores, with the current floor space totaling 40,000 sq. m.
- Detsky Mir won silver on Russia's Best Employers List by Forbes and KPMG. In the third ranking of the country's top employers, which rated 104 companies, Forbes and KPMG focused on corporate ESG practices. The panel of expert judges who compiled the ranking comprised specialists from rating agencies, environmentalists, and sustainability experts.
- The IR team at Detsky Mir Group was recognized as Russia's best: the Company was placed top in the Best Corporate by Small Cap IR Russia 2021 category. This IR ranking has long been considered a top international recognition of investor engagement efforts by companies and their management teams.
- The Detsky Mir flagship store in the MEGA Teply Stan shopping mall earned a finalist finish in the Global Retail Real Estate Awards, an annual international industry award to celebrate achievements in retail and retail real estate.
- 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.


ESG Highlights

- In December, the Detsky Mir Charitable Foundation, part of Detsky Mir Group, announced that it would work with the Stolitsa Miloserdia Charitable Foundation, Pharmeco Group, and MC Intermark Auto to donate items to orphans and children from large and low-income families in St. Petersburg and the Novosibirsk Region. The donations, worth over RUB 6 m, included goods that children need: hygiene products, toys, apparel, furniture, strollers, and sporting goods.
- The Detsky Mir Charitable Foundation and Kimberly-Clark's Huggies brand launched their first joint charity campaign – Appreciating Every Night. The initiative is aimed at helping children in hospices or palliative care units of hospitals.
- On the eve of its 17th anniversary, the Detsky Mir Charitable Foundation upgraded its visual identity. The logo retained the instant recognizability of the Detsky Mir brand but acquired its own identity: the signature colored cubes were replaced with hearts, which symbolize human emotions, care, and attention. The new logo and branding were launched on the Foundation's home page at bf.detmir.ru and will later be rolled out across Detsky Mir Group's retail stores.
- Three thousand customers of the Zozavr 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.

Maria Davydova, CEO of PJSC Detsky Mir:

"Last year proved that our decision to pursue an omnichannel growth strategy was a sound one. By delivering on our strategy, we have consolidated our leadership in the children's goods market, becoming one of the largest and fastest-growing e-commerce players in the Children's category. Key achievements include expanding the retail chain's footprint, strengthening our federal and regional logistics infrastructure, seamlessly expanding our assortment by growing our online marketplace, as well as cutting down on delivery lead times for online orders and improving customer service quality across all sales channels.

2021 brought unprecedented new challenges for Detsky Mir and retail as a whole. From ongoing uncertainty amid the spread of COVID-19, new regulatory constraints, and shifts in the operational and logistics environment to



rising inflation and the labor shortage – this series of challenges allowed us to once again prove just how effective our business model is and strengthen our leadership in the children’s goods market, both offline and online.

External factors, coupled with effective pricing, product range expansion, and rapid order fulfillment, helped drive a 34.7% increase in online store sales in Q4 2021, while the online segment made up a record 36.1% of Group sales.

We maintain our focus on building out an exclusive product offering through private labels and direct imports. Last year, the share of private labels and direct imports in total annual sales increased by 1.7 p.p. year-on-year to 46.2%.

We ended the year having broken a string of records in our online business; for example, during the height of November’s Black Friday sale, we processed orders totaling more than RUB 930 m, an impressive 37% increase from last year’s promotion. On top of this, the online channel’s total share of sales at Detsky Mir in Russia reached a record 37.4% in the quarter.

I should also highlight that we have met our annual expansion target for the retail chain, with most store openings, 105 new stores, taking place during the fourth quarter of 2021.

Our top priority in 2022 continues to be the further consolidation of the children’s goods market, with our key focus being on effectively expanding our underlying logistics, retail, and digital infrastructure to deliver solid performance both offline and online in a shifting market environment. Achieving leadership across all e-comm products in terms of mobile app and online store usability, and launching new digital services continue to be a key pillar of our digital strategy.”

OPERATING HIGHLIGHTS

Detsky Mir Group's GMV & Revenue⁶

GMV, RUB m (incl. VAT)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Group	53 325	49 127	8.5%	184 277	157 622	16.9%
Russia	50 425	47 165	6.9%	175 220	152 268	15.1%
Kazakhstan	2 191	1 589	37.9%	6 927	4 261	62.6%
Belarus	709	373	90.1%	2 130	1 093	94.9%
Total online sales, RUB m (incl. VAT)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Group	19 265	14 305	34.7%	54 940	39 187	40.2%
Russia	18 881	14 178	33.2%	54 047	38 851	39.1%
Kazakhstan	356	127	180.3%	862	335	157.3%
Belarus	28	-	-	31	-	-
Online share in total sales, %	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Group	36.1%	29.1%	7.0 p.p.	29.8%	24.9%	4.9 p.p.
Russia	37.4%	30.1%	7.3 p.p.	30.8%	25.5%	5.3 p.p.
Kazakhstan	16.2%	8.0%	8.2 p.p.	12.4%	7.9%	4.5 p.p.
Belarus	3.9%	-	-	1.5%	-	-
Revenue, RUB m	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Group	47 295	44 489	6.3%	164 303	142 882	15.0%
Detsky Mir in Russia	44 323	42 624	4.0%	155 330	137 317	13.1%
Detsky Mir in Kazakhstan	1 955	1 409	38.8%	6 195	3 798	63.1%
Detmir in Belarus	610	336	81.5%	1 845	981	88.1%
Zoozavr	407	116	250.9%	933	351	165.8%
Other	-	4	(100.0)%	-	435	(100.0)%

In Q4 2021, the Group's GMV increased 8.5% year-on-year to RUB 53.3 bn. The increase in the Group's GMV in the fourth quarter was driven by the organic growth of selling space and by increased seasonal demand (the run up to New Year) for our exclusive products (which include private labels and direct imports), despite a headwind from the COVID-19 restrictions imposed on the operation of stores during the first week of November in Russia. Between 28 October and 7 November, about 3% of stores were closed, 35% of stores had limited operations (only offering the in-store pickup option or a limited product assortment), and 62% were operating as normal. In November and December, about 30%–40% of shopping malls in Russia hosting our stores demanded that shoppers produce a QR code confirming that they were vaccinated or had antibodies in line with restrictions imposed by local authorities, which also had a negative impact on GMV.

In the fourth quarter, our total online sales in Russia grew 33.2%, with their share in total sales in Russia standing at a record 37.4%. Online demand was spurred by footfall restrictions, as well as a good pre-New Year season and successful traditional promotions such as Black Friday.

Detsky Mir is increasing sales in its online segment in Kazakhstan, which continues to grow at a double-digit pace. In Q3 2021, the Company launched an online store in Belarus, which currently only offers the in-store pickup option.

In Q4 2021, the net revenue of Zoozavr pet supplies stores grew 251% to RUB 407 m.

The Company demonstrated strong performance in the fourth quarter thanks to a successful holiday season and strong sales in the toys, and apparel and footwear categories. In Q4 2021, the toys category accounted for 40% of total sales (down 1.0 p.p. year-on-year) and the apparel and footwear category for 25% (up 1.0 p.p. year-on-year). Another major sales category, products for newborns, came in at 27% (flat year-on-year).

Detsky Mir continues to reinforce its exclusive product assortment position. Full-year sales of private labels and direct imports in Russia grew to 46.2% of revenue (+1.7 p.p. year-on-year). This growth was primarily driven by an increase in the share of apparel and footwear sales (where private labels and direct imports account for 97%), as well as in the share of private labels in products for newborns, and in large-size products.

Online Performance⁷

Online metrics (Web and mobile platforms)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Online visits, m	221.8	159.0	39.5%	664.4	450.6	47.4%
Online orders, m	11.1	8.9	24.7%	34.3	24.3	41.2%
Conversion Rate	5.0%	5.6%	(0.6) p.p.	5.2%	5.4%	(0.2) p.p.
Marketplace metrics (Russia)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Marketplace sales, RUB m (incl. VAT)	1 591	329	383.6%	3 477	548	534.5%
Share of total online sales, %	8.3%	2.3%	6.0 p.p.	6.3%	1.4%	3.5 p.p.
Online assortment, SKUs	920	250	268.0%	920	250	268.0%
Online orders by delivery (Russia), %	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Click & collect	85.3%	85.8%	(0.5) p.p.	86.3%	84.1%	2.2 p.p.
Courier delivery	14.7%	14.2%	0.5 p.p.	13.7%	15.9%	(2.2) p.p.
Online orders by platform (Russia), %	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Mobile platform	79.2%	64.0%	15.2 p.p.	78.6%	56.9%	21.7 p.p.
Web platform	20.8%	36.0%	(15.2) p.p.	21.4%	43.1%	(21.7) p.p.
Mobile app metrics (Russia)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Installations, m	13.1	7.4	77.0%	13.1	7.4	77.0%
MAU, m	4.1	2.6	57.7%	3.4	2.4	41.7%

Online sales continued to grow throughout the fourth quarter following an increase in web traffic, primarily via the mobile app. The number of online visitors increased by 39.5% in Q4 2021 to 221.8 million. Online orders increased 24.7% to 11.1 million. Conversion for the fourth quarter dropped 0.6 p.p. to 5.0%.

In-store pickup from branded stores remains the most popular delivery option in the online segment. However, this channel's share in total online sales decreased to 85.3% over the quarter, down 0.5% p.p. year-on-year. The drop in in-store pickup was driven by a stronger demand for courier delivery amid the circuit-breaker lockdown imposed in late October and early November.

The mobile app continues to gain popularity among our customers, with the share of online orders placed on the app growing to 79.2% in Q4 2021. Since launch, the app has been downloaded almost 13.1 million times. The mobile platform's monthly active users (MAU) grew by 57.7% to 4.1 million.

Detsky Mir's online assortment has increased to 920,000 SKUs year-to-date. In Q4 2021, the marketplace's contribution to the Group's GMV amounted to 8.3% of the Group's total online sales in Russia.

Like-For-Like (LFL) Sales Growth at Detsky Mir Stores⁸

Like-for-like (Russia, Kazakhstan and Belarus)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Like-for-like revenue growth	-2.3%	6.1%	(8.4) p.p.	5.4%	4.1%	1.3 p.p.
Like-for-like number of tickets growth	-8.5%	1.4%	(9.9) p.p.	3.8%	-1.4%	5.2 p.p.
Like-for-like average ticket growth	6.8%	4.6%	2.2 p.p.	1.5%	5.6%	(4.1) p.p.
Like-for-like (Russia)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Like-for-like revenue growth	-3.0%	5.7%	(8.7) p.p.	4.9%	4.0%	0.9 p.p.
Like-for-like number of tickets growth	-9.2%	1.4%	(10.6) p.p.	3.4%	-1.4%	4.8 p.p.
Like-for-like average ticket growth	6.8%	4.2%	2.6 p.p.	1.5%	5.5%	(4.0) p.p.
Like-for-like (Kazakhstan)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Like-for-like revenue growth	29.5%	8.4%	21.1 p.p.	36.0%	-0.7%	36.7 p.p.
Like-for-like number of tickets growth	22.9%	-6.9%	29.8 p.p.	29.6%	-10.6%	40.2 p.p.
Like-for-like average ticket growth	5.4%	16.4%	(11.0) p.p.	4.9%	11.1%	(6.2) p.p.
Like-for-like (Belarus)	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Like-for-like revenue growth	11.0%	62.8%	(51.8) p.p.	20.8%	72.2%	(51.4) p.p.
Like-for-like number of tickets growth	2.0%	36.3%	(34.3) p.p.	11.0%	44.8%	(33.8) p.p.
Like-for-like average ticket growth	8.8%	19.4%	(10.6) p.p.	8.8%	18.9%	(10.1) p.p.

In the fourth quarter, Detsky Mir's total like-for-like sales fell 2.3% year-on-year across all countries of operation, driven primarily by the October and November 2021 lockdown (absent in 2020) in Russia and the continuing restrictions requiring electronic proof of vaccination or antibodies when visiting shopping malls in some Russian regions.

Other countries of operation showed positive performance. 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 Q4 2021 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 Expansion⁹

Retail Chain	Number of stores			Selling space (k sq m)		
	4Q 2021	4Q 2020	Δ, %	4Q 2021	4Q 2020	Δ, %
Group	1 119	868	28.9%	980	897	9.3%
Detsky Mir in Russia	850	778	9.3%	897	843	6.4%
Detsky Mir in Kazakhstan	45	41	9.8%	42	38	10.5%
Detmir in Belarus	21	13	61.5%	18	11	63.6%
Detmir mini	110	16	587.5%	15	3	400.0%
Zoozavr	93	20	365.0%	9	2	350.0%

As at Q4-end, the total number of Group stores was up 28.9% year-on-year to 1,119, spread across 445 cities and towns in Russia, Kazakhstan, and Belarus. The relatively strong year-on-year increase in store count was organic growth, supported by the closure of ABC and ELC stores in Q3 2020. In Q4 2021, the Company opened 105 new stores: 33 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 1 Detmir store in Belarus, 27 Detmir Mini stores, and 42 Zoozavr stores.

The Group's total retail selling space increased 9.3% year-on-year to 980,000 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.

In Q4 2021, Detsky Mir launched a regional distribution center in Novosibirsk. The Company currently 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 Program¹⁰

Detsky Mir's loyalty program (Russia)	4Q 2021	4Q 2020	Δ, %
Total loyalty card holders, m	29.6	26.8	10.4%
Share of loyalty card holders in total sales, %	86.5%	84.3%	2.2 p.p.
Active loyalty card holders, m	11.4	10.8	5.6%
Online active loyalty card holders, m	4.3	3.4	26.5%
Share of online active loyalty card holders, %	38.1%	31.5%	6.6 p.p.

The number of loyalty program members in Russia is constantly growing, with 29.6 million cardholders as at quarter-end (an increase of 10.4 million cards year-on-year). The share of purchases made by loyalty card holders amounted to 86.5% of total tickets (+2.2 p.p. year-on-year).

There are now 11.4 million active loyalty card holders. The number of active digital loyalty card holders increased by 26.5% to 4.3 million, which represents 38.1% of the total number of active cards.

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 online store and marketplace, as well as the Zoozavr pet supplies retail chain. As of 31 December 2021, the Group operates 1,119 stores across 445 cities and towns in Russia, Kazakhstan, and Belarus. The Group's total selling space is 980,000 sq. m.

Detsky Mir's shareholder structure: Storale Limited – 15.1%; Gulf Investments Limited (Altus Capital) – 15.0%; free float – 69.9%, including quasi-treasury shares and shares held by management and directors (0.3%).

Websites: detmir.ru, ir.detmir.ru

Disclaimer:

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

Detsky Mir wishes to 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 change in the industries Detsky Mir operates in, the impact of the COVID-19 pandemic on the macroeconomic situation in the markets of presence and financial results of Detsky Mir and its subsidiaries, as well as other risks specifically related to Detsky Mir and its operations.

Notes:

(1) The data on comparative dynamics are given year-on-year and exclude the effect of the 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) Adjusted RAS profit for 9M 2021 amounted to RUB 6.3 bn and was calculated as RAS net profit for 9M 2021 of RUB 7.6 bn less a one-off RUB 1.3 bn income received from a government subsidy in the form of canceled debt in Q2 2021. The Company does not plan to distribute the received subsidy as a dividend in 2021.

(6) 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.

(7) Online assortment (number of SKUs) includes all merchandise featured on the Company website and mobile app. Installations of the mobile app reflect 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.

(8) LFL RUB sales growth, 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.

(9) 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.

(10) 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.