



Detsky Mir Grows its Share of Online Sales to 36% in Q4 2021

Moscow, Russia, 15 March 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 unaudited consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for the fourth quarter of 2021 (Q4 2021) and its audited consolidated financial results in accordance with IFRS for the full year ending 31 December 2021 (FY 2021).

Q4 2021 Financial 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 revenue⁴ increased 6.3% to RUB 47.3 bn.
- Gross profit increased 1.4% to RUB 14.0 bn
 - Gross margin was 29.7%
- SG&A⁵ as a percentage of revenue increased 2.2 p.p. to 20.2%.
- Adjusted EBITDA⁶ fell 21.8% to RUB 4.7 bn
 - Adjusted EBITDA margin reached 9.8%
- EBITDA⁷ totaled RUB 4.6 bn (–18.3% year-on-year).
- Adjusted net profit⁸ amounted to RUB 2.4 bn; net profit totaled RUB 2.3 bn.
- The net debt/adjusted EBITDA LTM ratio⁹ stood at 1.4x. Net debt was RUB 25.0 bn.
- Sales of private labels and direct imports in Russia 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 Zoozavr 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 981,000 sq. m.
- Total warehouse space was 175,000 sq. m.

FY 2021 Financial 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 revenue increased 15.0% to RUB 164.3 bn
- Gross profit increased 14.7% to RUB 50.4 bn
 - Gross margin was 30.7%
- SG&A as a percentage of revenue increased 1.0 p.p. to 19.9%

- **Adjusted EBITDA** grew 6.2% to RUB 18.0 bn
 - **Adjusted EBITDA margin** reached 11.0% (–0.9 p.p. year-on-year)
- **EBITDA** totaled RUB 18.8 bn (+15.6% year-on-year)
- **Adjusted net profit for the period** came in at RUB 10.3 bn (+23.8% year-on-year); **net profit** totaled RUB 11.2 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 Zoozavr 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 2021.¹⁰ 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. 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 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.
- 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.

Key Events After the Reporting Date

- Detsky Mir opened a new distribution center in Yekaterinburg. With 63,000 sq. m. of floor space and a design capacity of 2.4 million SKUs, the new distribution center will support delivery of goods to Detsky Mir chain stores and next-day deliveries of at least 80% of all online orders across the Ural Federal District. Goods destined for the Russian Far East and Kazakhstan will also be handled by the center.

- The Company announced the launch of an open market buyback program of its ordinary shares listed on the Moscow Exchange totaling up to RUB 3.5 bn over a period until 9 August 2022 unless extended or terminated by the Company earlier.

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.
- 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.

Maria Davydova, CEO of PJSC Detsky Mir:

"Dear shareholders, colleagues, customers and partners,

We have successfully overcome the challenges and difficulties that defined 2021. Working in a complex epidemiological, economic and operating environment, we have only become tougher and more united. Detsky Mir has learned to be flexible while staying resilient. We have successfully adapted to a dynamically changing environment, redefined our processes, including logistics, and thus gained an extensive experience of operating in an uncertain market.

Detsky Mir delivered solid financial performance in 2021, with revenue up 15% to RUB 164.3 bn. Effective pricing, together with 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.

As 2022 unfolds, all Russian businesses, including us, are facing new major challenges. We are leveraging our years of experience and our expertise to safeguard the interests of our shareholders and partners, and we will do our best to maintain a vast assortment of reasonably priced goods our customers need across our footprint. Detsky Mir's retail stores and online platforms are operating as normal, and we are doing our best to ensure the continued smooth operation of our supply chain.

Detsky Mir's financial position remains strong, thanks to discipline and the Company's ability to generate substantial operating cash flow. Our net debt/adjusted EBITDA ratio sat at a comfortable 1.4x as of year-end 2021, all while we continued to deliver on our investment program.

In the current highly uncertain environment, our main objective remains to ensure business continuity while making sure we meet all our obligations to customers and partners in a timely manner. We decided to cancel our management conference call, where we were supposed to discuss the Company's FY 2021 financial performance due to the constantly changing market conditions. At the same time, we will be happy to answer any questions you might have."

OPERATING HIGHLIGHTS

Detsky Mir Group's GMV & Revenue¹¹

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	39 186	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%	164 300	142 882	15.0%
Detsky Mir in Russia	44 323	42 624	4.0%	155 329	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%	931	351	165.2%
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 Performance¹²

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%	4.9 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 Stores¹³

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 Expansion¹⁴

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%	981	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 981,000 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 Program¹⁵

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% 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.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Profit or Loss Highlights¹⁶

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	Q4 2021	Q4 2020	Δ, %	Q4 2021	Q4 2020	Δ, %
Revenue	47,291	44,488	6.3%	47,291	44,488	6.3%
Gross profit	14,040	13,845	1.4%	14,040	13,845	1.4%
<i>% of revenue</i>	<i>29.7%</i>	<i>31.1%</i>	<i>(1.4) p.p.</i>	<i>29.7%</i>	<i>31.1%</i>	<i>(1.4) p.p.</i>
Selling, general and administrative expenses	(9,534)	(7,998)	19.2%	(6,775)	(5,540)	22.3%
<i>% of revenue</i>	<i>20.2%</i>	<i>18.0%</i>	<i>2.2 p.p.</i>	<i>14.3%</i>	<i>12.5%</i>	<i>1.8 p.p.</i>
Forgivable loan (one-off)	-	-	-	-	-	-
Other operating income	146	102	-	146	104	-
EBITDA	4,593	5,625	(18.3)%	7,352	8,085	(9.1)%
<i>% of revenue</i>	<i>9.7%</i>	<i>12.6%</i>	<i>(2.9) p.p.</i>	<i>15.5%</i>	<i>18.2%</i>	<i>(2.7) p.p.</i>
Adjusted EBITDA	4,652	5,949	(21.8)%	7,411	8,409	(11.9)%
<i>% of revenue</i>	<i>9.8%</i>	<i>13.4%</i>	<i>(3.6) p.p.</i>	<i>15.7%</i>	<i>18.9%</i>	<i>(3.2) p.p.</i>
Profit/(loss) for the period	2,344	4,337	(46.0)%	2,227	4,326	(48.5)%
<i>% of revenue</i>	<i>5.0%</i>	<i>9.7%</i>	<i>(4.7) p.p.</i>	<i>4.7%</i>	<i>9.7%</i>	<i>(5.0) p.p.</i>
Adjusted profit/(loss) for the period	2,391	4,596	(48.0)%	2,274	4,585	(50.4)%
<i>% of revenue</i>	<i>5.1%</i>	<i>10.3%</i>	<i>(5.2) p.p.</i>	<i>4.8%</i>	<i>10.3%</i>	<i>(5.5) p.p.</i>
Net debt	25,078	17,956	39.7%	25,078	17,956	39.7%
Lease liabilities	-	-	-	40,837	36,846	10.8%
Net debt / EBITDA	1.3x	1.1x				
Net Debt / adjusted EBITDA LTM	1.4x	1.1x				

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	2021	2020	Δ, %	2021	2021	Δ, %
Revenue	164,300	142,882	15.0%	164,300	142,882	15.0%
Gross profit	50,443	43,973	14.7%	50,443	43,973	14.7%
<i>% of revenue</i>	<i>30.7%</i>	<i>30.8%</i>	<i>(0.1) p.p.</i>	<i>30.7%</i>	<i>30.8%</i>	<i>(0.1) p.p.</i>
Selling, general and administrative expenses	(32,697)	(27,063)	20.8%	(22,217)	(18,337)	21.2%
<i>% of revenue</i>	<i>19.9%</i>	<i>18.9%</i>	<i>1.0 p.p.</i>	<i>13.5%</i>	<i>12.8%</i>	<i>0.7 p.p.</i>
Forgivable loan (one-off)	1,255	-	-	1,255	-	-
Other operating income	273	53	-	310	82	-
EBITDA	18,756	16,223	15.6%	29,273	24,978	17.2%
<i>% of revenue</i>	<i>11.4%</i>	<i>11.4%</i>	<i>0.0 p.p.</i>	<i>17.8%</i>	<i>17.5%</i>	<i>0.3 p.p.</i>
Adjusted EBITDA	18,019	16,963	6.2%	28,536	25,718	11.0%
<i>% of revenue</i>	<i>11.0%</i>	<i>11.9%</i>	<i>(0.9) p.p.</i>	<i>17.4%</i>	<i>18.0%</i>	<i>(0.6) p.p.</i>
Profit/(loss) for the period	11,182	7,764	44.0%	10,902	6,749	61.5%
<i>% of revenue</i>	<i>6.8%</i>	<i>5.4%</i>	<i>1.4 p.p.</i>	<i>6.6%</i>	<i>4.7%</i>	<i>1.9 p.p.</i>
Adjusted profit/(loss) for the period	10,341	8,356	23.8%	10,061	7,341	37.1%
<i>% of revenue</i>	<i>6.3%</i>	<i>5.8%</i>	<i>0.5 p.p.</i>	<i>6.1%</i>	<i>5.1%</i>	<i>1.0 p.p.</i>
Net debt	25,078	17,956	39.7%	25,078	17,956	39.7%
Lease liabilities	-	-	-	40,837	36,846	10.8%
Net debt / EBITDA	1.3x	1.1x				
Net Debt / adjusted EBITDA LTM	1.4x	1.1x				

The Company's adjusted EBITDA decreased 21.8% over the fourth quarter to RUB 4.7 bn. This was driven by a drop in footfall – and thus revenue – amid the COVID-19 restrictions imposed on the operation of stores during the first week of November in Russia.

Adjusted EBITDA margin reached 9.8%, down 3.6 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 42.7% in the fourth quarter.

The adjusted EBITDA for FY 2021 grew 6.2%, while adjusted EBITDA margin was 11.0% for 2021, down 0.9 p.p. year-on-year.

Adjusted net profit for Q4 2021 was RUB 2.4 bn vs. RUB 4.6 bn for the same period last year. Adjusted net profit margin was down 5.2 p.p. to 5.1%.

During the reporting period, Detsky Mir experienced FX losses totaling RUB 313 m, compared to a gain of RUB 466 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		
	Q4 2021	Q4 2020	Δ, %	Q4 2021	Q4 2020	Δ, %
Payroll	4,386	3,243	35.2%	4,386	3,243	35.2%
% of revenue	9.3%	7.3%	2.0 p.p.	9.3%	7.3%	2.0 p.p.
Rent & Utilities	3,234	3,025	6.9%	461	560	(17.7)%
% of revenue	6.8%	6.8%	0.0 p.p.	1.0%	1.3%	(0.3) p.p.
Advertising & Marketing	362	369	(1.9)%	362	369	(1.9)%
% of revenue	0.8%	0.8%	0.0 p.p.	0.8%	0.8%	0.0 p.p.
Other	1,552	1,361	14.0%	1,566	1,368	14.5%
% of revenue	3.3%	3.1%	0.2 p.p.	3.3%	3.1%	0.2 p.p.
Selling, general and administrative expenses (excl. D&A and LTI)	9,534	7,998	19.2%	6,775	5,540	22.3%
% of revenue	20.2%	18.0%	2.2 p.p.	14.3%	12.5%	1.8 p.p.
Depreciation and amortization expenses	695	615	13.0%	2,872	2,586	11.1%
% of revenue	1.5%	1.4%	0.1 p.p.	6.1%	5.8%	0.3 p.p.
Additional bonus accruals under the LTI program	59	324	(81.8)%	59	324	(81.8)%
% of revenue	0.1%	0.7%	(0.6) p.p.	0.1%	0.7%	(0.6) p.p.

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	2021	2020	Δ, %	2021	2021	Δ, %
Payroll	13,437	10,591	26.9%	13,437	10,591	26.9%
% of revenue	8.2%	7.4%	0.8 p.p.	8.2%	7.4%	0.8 p.p.
Rent & Utilities	12,481	10,707	16.6%	1,988	1,985	0.2%
% of revenue	7.6%	7.5%	0.1 p.p.	1.2%	1.4%	(0.2) p.p.
Advertising & Marketing	1,057	1,141	(7.4)%	1,057	1,141	(7.4)%
% of revenue	0.6%	0.8%	(0.2) p.p.	0.6%	0.8%	(0.2) p.p.
Other	5,722	4,624	23.7%	5,735	4,620	24.1%
% of revenue	3.5%	3.2%	0.3 p.p.	3.5%	3.2%	0.3 p.p.
Selling, general and administrative expenses (excl. D&A and LTI)	32,697	27,063	20.8%	22,217	18,337	21.2%
% of revenue	19.9%	18.9%	1.0 p.p.	13.5%	12.8%	0.7 p.p.
Depreciation and amortization expenses	2,606	2,694	(3.3)%	11,046	10,413	6.1%
% of revenue	1.6%	1.9%	(0.3) p.p.	6.7%	7.3%	(0.6) p.p.
Additional bonus accruals under the LTI program	518	740	(30.0)%	518	740	(30.0)%
% of revenue	0.3%	0.5%	(0.2) p.p.	0.3%	0.5%	(0.2) p.p.

Selling, general, and administrative expenses (excluding depreciation, amortization and LTI) came in at 20.2% of revenue, up 2.2 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 6.8% of revenue year-on-year.

Consolidated Cash Flow Statement Highlights

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	Q4 2021	Q4 2020	Δ, %	Q4 2021	Q4 2020	Δ, %
Adjusted EBITDA	4,652	5,949	(21.8)%	7,411	8,409	(11.9)%
<i>Add / (deduct):</i>	-	-	0.0%	-	-	0.0%
<i>Change in working capital</i>	(340)	2,330	(114.6)%	(381)	2,241	(117.0)%
<i>Net interest and income tax paid</i>	(1,387)	(1,570)	(11.7)%	(2,118)	(2,073)	2.2%
<i>Other operating cash flows</i>	779	412	89.1%	792	415	90.8%
Net cash used in operating activities	3,704	7,121	(48.0)%	5,704	8,992	(36.6)%
Net cash used in investing activities	(1,484)	(1,166)	27.3%	(1,484)	(1,166)	27.3%
Net cash generated from financing activities	789	(5,495)	(114.4)%	(1,211)	(7,366)	(83.6)%
Net increase in cash & cash equivalents	3,009	460	554.1%	3,009	460	554.1%
Effect of changes in foreign exchange rates	(247)	(130)	90.0%	(247)	(130)	90.0%

Russian Ruble (RUB), million	IAS 17			IFRS 16		
	2021	2020	Δ, %	2021	2020	Δ, %
Adjusted EBITDA	18,019	16,963	6.2%	28,536	25,718	11.0%
<i>Add / (deduct):</i>	-	-	0.0%	-	-	0.0%
<i>Change in working capital</i>	(9,902)	(4,238)	133.6%	(9,858)	(4,282)	130.2%
<i>Net interest and income tax paid</i>	(4,232)	(3,891)	8.8%	(6,666)	(6,199)	7.5%
<i>Other operating cash flows</i>	1,807	1,517	19.1%	1,781	1,483	20.1%
Net cash used in operating activities	5,692	10,351	(45.0)%	13,793	16,720	(17.5)%
Net cash used in investing activities	(5,226)	(2,358)	121.6%	(5,226)	(2,358)	121.6%
Net cash generated from financing activities	2,048	(7,302)	(128.0)%	(6,053)	(13,671)	(55.7)%
Net increase in cash & cash equivalents	2,514	691	263.8%	2,514	691	263.8%
Effect of changes in foreign exchange rates	(533)	(634)	(15.9)%	(533)	(634)	(15.9)%

In Q4 2021, operating cash flow before changes in working capital (adjusted EBITDA) declined 21.8% year-on-year to RUB 4.7 bn. The Company made a working capital loss of RUB 340 m. 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 3.7 bn (-48.0% year-on-year).

Cash used to finance investment activities and to acquire fixed and intangible assets increased to RUB 1.5 bn (+27.3% year-on-year). The growth in capital expenditure was driven by an increasingly accelerating rate of store openings vs. the same period last year. By the end of the fourth quarter, the Company had invested RUB 422 m in the expansion of its retail network and RUB 259 m in IT infrastructure.

Cash used in financing activities in the reporting period amounted to RUB 789 m vs. RUB 5.5 bn in the same period last year. During the reporting period, the Company paid out RUB 8.3 bn in dividends to shareholders.

As of 31 December 2021, Detsky Mir's total debt was RUB 28.9 bn, of which short-term loans accounted for 47.7% and long-term loans 52.3%. Net debt increased 39.7% year-on-year to RUB 25 bn due to higher borrowing, while net debt/adjusted EBITDA stood at 1.4x. All of the Company's debt is denominated in Russian rubles.

Detsky Mir's average weighted cost of debt as of the end of the reporting period amounted to 8.9% per annum. In the reporting period, the Bank of Russia raised its key interest rate by 1.75 p.p., from 6.75% to 8.5%, a year-on-year change of 4.25 p.p. As of 31 December 2021, the Company's available undrawn credit limit with leading Russian and international banks totaled RUB 37.5 bn.

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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 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 981,000 sq. m.

Detsky Mir's shareholder structure: Storale Limited – 15.1%; Gulf Investments Limited (Altus Capital) – 15.0%; free float – 69.4%, including quasi-treasury shares and shares held by management and directors (0.5%).

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) 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 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Profit / (Loss) for the period	2,344	4,337	2,227	4,326
<i>Add / (deduct):</i>				
Finance income	(6)	(5)	(8)	(6)
Finance expense	592	419	1,322	923
Foreign exchange loss	313	(466)	313	(466)
Income tax expense / (benefit)	655	725	626	722
Depreciation and amortization	695	615	2,872	2,586
EBITDA	4,593	5,625	7,352	8,085
<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)	59	324	59	324
Forgivable loan (one-off)	-	-	-	-
Adjusted EBITDA	4,652	5,949	7,411	8,409

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Profit / (Loss) for the period	2,344	4,337	2,227	4,326
<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	47	259	47	259
Forgivable loan (one-off)	-	-	-	-
Adjusted profit	2,391	4,596	2,274	4,585

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	2021	2020	2021	2020
Profit / (Loss) for the period	11,182	7,764	10,902	6,749
<i>Add / (deduct):</i>				
Finance income	(17)	(79)	(23)	(82)
Finance expense	2,031	2,188	4,464	4,496
Foreign exchange loss	393	2,093	393	2,093
Income tax expense / (benefit)	2,561	1,563	2,491	1,309
Depreciation and amortization	2,606	2,694	11,046	10,413
EBITDA	18,756	16,223	29,273	24,978
<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)	518	740	518	740
Forgivable loan (one-off)	(1,255)	-	(1,255)	-
Adjusted EBITDA	18,019	16,963	28,536	25,718

Russian Ruble (RUB), million	IAS 17		IFRS 16	
	2021	2020	2021	2020
Profit / (Loss) for the period	11,182	7,764	10,902	6,749
<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	414	592	414	592
Forgivable loan (one-off)	(1,255)	-	(1,255)	-
Adjusted profit	10,341	8,356	10,061	7,341

Attachment B

Detsky Mir Group

Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income prepared in accordance with IFRS (in millions of Russian Rubles)

	2021	2020
Revenue	164,300	142,882
Cost of sales	(113,857)	(98,909)
GROSS PROFIT	50,443	43,973
Selling, general and administrative expenses	(33,781)	(29,490)
Forgivable loan	1,255	-
Other operating income, net	310	82
OPERATING PROFIT	18,227	14,565
Finance income	23	82
Finance expenses	(4,464)	(4,496)
Foreign exchange loss, net	(393)	(2,093)
PROFIT BEFORE INCOME TAX	13,393	8,058
Income tax expense	(2,491)	(1,309)
PROFIT FOR THE YEAR	10,902	6,749
Other comprehensive loss:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Effect of translation to presentation currency	(9)	(35)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10,893	6,714

Detsky Mir Group

Audited Consolidated Statement of Financial Position prepared in accordance with IFRS

(in millions of Russian Rubles)

	At 31 December 2021	At 31 December 2020
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	11,639	9,274
Intangible assets	1,769	1,524
Right-of-use assets	37,427	33,726
Deferred tax assets	2,999	2,811
Other non-current assets	139	124
Total non-current assets	53,973	47,459
CURRENT ASSETS		
Inventories	52,724	42,494
Trade receivables	4,454	3,670
Advances paid and other receivables	2,770	1,535
Prepaid income tax	8	10
Cash and cash equivalents	3,807	1,826
Total current assets	63,763	49,535
TOTAL ASSETS	117,736	96,994
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1	1
Treasury shares	(323)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(5,503)	(8,145)
Currency translation reserve	117	126
Total equity/ (equity deficit)	85	(2,632)
NON-CURRENT LIABILITIES		
Lease liabilities	32,409	28,619
Long-term loans and borrowings	15,110	12,200
Deferred tax liabilities	162	92
Total non-current liabilities	47,681	40,911
CURRENT LIABILITIES		
Trade payables	39,415	35,770
Short-term loans and borrowings and current portion of long-term loans and borrowings	13,775	7,582
Lease liabilities	8,428	8,227
Advances received, other payables and accrued expenses	6,219	5,261
Deferred revenue	1,380	1,241
Income tax payable	753	634
Total current liabilities	69,970	58,715
Total liabilities	117,651	99,626
TOTAL EQUITY AND LIABILITIES	117,736	96,994

Detsky Mir Group

Audited Consolidated Statement of Cash Flows prepared in accordance with IFRS

(in millions of Russian Rubles)

	2021	2020
Operating activities:		
Profit for the year	10,902	6,749
Adjustments for:		
Depreciation and amortization expense	11,046	10,413
Finance expenses	4,464	4,496
Income tax expense recognized in profit or loss	2,491	1,309
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	2,173	2,081
Foreign exchange loss, net	393	2,093
Expense on equity-settled share-based compensation	215	188
Change in estimated breakage of bonus points under loyalty program	102	(58)
Finance income	(23)	(82)
Gain on settlement of equity-settled share-based compensation	(52)	-
Change in estimated breakage of gift cards	(120)	-
Forgivable loan	(1,255)	-
Other	(19)	12
Changes in working capital:		
(Increase)/decrease in trade receivables	(784)	373
Increase in advances paid and other receivables	(1,147)	(132)
Increase in inventories	(12,403)	(5,912)
Increase in trade payables	3,479	1,507
Increase/(decrease) in advances received, other payables and accrued expenses	840	(412)
Increase in deferred revenue	157	294
Cash generated by operations	20,459	22,919
Interest paid	(4,238)	(4,297)
Interest received	16	78
Income tax paid	(2,444)	(1,980)
Net cash generated by operating activities	13,793	16,720
Investing activities:		
Payments for property, plant and equipment	(4,263)	(1,705)
Payments for intangible assets	(994)	(695)
Proceeds from sale of property, plant and equipment	31	42
Net cash used in investing activities	(5,226)	(2,358)
Financing activities:		
Purchase of treasury shares	-	(90)
Repayment of loans and borrowings	(50,861)	(63,315)
Dividends paid	(8,292)	(7,775)
Lease payments	(8,101)	(6,369)
Proceeds from loans and borrowings	61,201	63,878
Net cash used in financing activities	(6,053)	(13,671)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,514	691
CASH AND CASH EQUIVALENTS, beginning of the year	1,826	1,769
Effect of changes in foreign exchange rates on cash and cash equivalents	(533)	(634)
CASH AND CASH EQUIVALENTS, end of the year	3,807	1,826

Attachment C

Detsky Mir Group

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

As if IAS 17 "Leases" was applied

	2021	2020
Revenue	164,300	142,882
Cost of sales	(113,857)	(98,909)
GROSS PROFIT	50,443	43,973
Selling, general and administrative expenses	(35,821)	(30,497)
Forgivable loan	1,255	-
Other operating income, net	273	53
OPERATING PROFIT	16,150	13,529
Finance income	17	79
Finance expense	(2,031)	(2,188)
Foreign exchange loss, net	(393)	(2,093)
PROFIT BEFORE TAX	13,743	9,327
Income tax expense	(2,561)	(1,563)
PROFIT FOR THE YEAR	11,182	7,764
Other comprehensive loss:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Effect of translation to presentation currency	(16)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11,166	7,761

Detsky Mir Group

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

As if IAS 17 "Leases" was applied

	31 December 2021	31 December 2020
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	11,639	9,274
Intangible assets	1,769	1,524
Deferred tax assets	2,259	2,140
Other non-current assets	245	219
Total non-current assets	15,912	13,157
CURRENT ASSETS		
Inventories	52,724	42,494
Trade receivables	4,454	3,670
Advances paid and other receivables	3,081	1,812
Prepaid income tax	8	10
Cash and cash equivalents	3,807	1,826
Total current assets	64,074	49,812
TOTAL ASSETS	79,986	62,969
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1	1
Treasury shares	(323)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(2,539)	(5,462)
Currency translation reserve	111	127
Total equity	3,043	52
NON-CURRENT LIABILITIES		
Long-term loans and borrowings	15,110	12,200
Deferred tax liabilities	162	92
Total non-current liabilities	15,272	12,292
CURRENT LIABILITIES		
Trade payables	39,415	35,770
Short-term loans and borrowings and current portion of long-term loans and borrowings	13,775	7,582
Advances received, other payables and accrued expenses	6,348	5,398
Deferred revenue	1,380	1,241
Income tax payable	753	634
Total current liabilities	61,671	50,625
Total liabilities	76,943	62,917
TOTAL EQUITY AND LIABILITIES	79,986	62,969

Detsky Mir Group

Unaudited Consolidated Statement of Cash Flows

(in millions of Russian Rubles)

As if IAS 17 "Leases" was applied

	2021	2020
OPERATING ACTIVITIES:		
Profit for the year	11,182	7,764
Adjustments for:		
Depreciation and amortization expense	2,606	2,694
Income tax expense recognized in profit or loss	2,561	1,563
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	2,173	2,081
Finance expenses	2,030	2,188
Foreign exchange loss, net	393	2,093
Expense on equity-settled share-based compensation	215	188
Change in estimated breakage of bonus points under loyalty program	102	(58)
Finance income	(17)	(79)
Gain on settlement of equity-settled share-based compensation	(52)	-
Change in estimated breakage of bonus points under gift cards	(120)	-
Forgivable loan	(1,255)	-
Other	8	47
Changes in working capital:		
(Increase)/decrease in trade receivables	(784)	373
Increase in advances paid and other receivables	(1,179)	(88)
Increase in inventories	(12,403)	(5,912)
Increase in trade payables	3,479	1,507
Increase/(decrease) in advances received, other payables and accrued expenses	828	(412)
Increase in deferred revenue	157	294
Cash generated by operations	9,924	14,242
Interest paid	(1,804)	(1,989)
Interest received	16	78
Income tax paid	(2,444)	(1,980)
Net cash generated by operating activities	5,692	10,351
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(4,263)	(1,705)
Payments for intangible assets	(994)	(695)
Proceeds from sale of property, plant and equipment	31	42
Net cash used in investing activities	(5,226)	(2,358)
FINANCING ACTIVITIES:		
Purchase of treasury shares	-	(90)
Proceeds from loans and borrowings	61,201	63,878
Repayment of loans and borrowings	(50,861)	(63,315)
Dividends paid	(8,292)	(7,775)
Net cash used in financing activities	2,048	(7,302)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,514	691
CASH AND CASH EQUIVALENTS, beginning of the year	1,826	1,769
Effect of changes in foreign exchange rates on cash and cash equivalents	(533)	(634)
CASH AND CASH EQUIVALENTS, end of the year	3,807	1,826