



# Detsky Mir's GMV Increases 7.6% in Q1, with Online Sales Growing 19.9%

Moscow, Russia, 19 April 2022 – Detsky Mir (“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 first quarter ended 31 March 2022.

## Q1 2022 Operating Highlights<sup>1</sup>

- The Group’s gross merchandise value (GMV)<sup>2</sup> increased 7.6% to RUB 42.7 bn (incl. VAT).
- The Group’s total online sales<sup>3</sup> grew 19.9% to RUB 13.1 bn (incl. VAT):
  - The share of online sales in Russia reached 32.0%.
- The Group’s net revenue<sup>4</sup> increased 6.1% to RUB 37.9 bn.
- Sales of private labels and direct imports in Russia<sup>4</sup> totaled 44.8% of total sales.
- The Company opened 8 new stores: 3 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 2 Detmir stores in Belarus, and 1 Zoozavr store.
- The total number of Group stores amounted to 1,125 (up 27.8% year-on-year) across 447 cities and towns in Russia, Kazakhstan and Belarus.
- The Group’s total selling space increased 8.9% year-on-year to 982,000 sq. m.
- Total warehouse space was 238,000 sq. m.

## Q1 2022 Key Events

- Detsky Mir launched a new distribution center in PNK Park Berezovsky, a Class A+ industrial park near Yekaterinburg. With 63,000 sq. m of floor space and a design capacity of 2.4 million SKUs, the distribution center will support the smooth 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 distribution center’s throughput is expected to be over 35,000 orders per day. The launch of the new warehouse facility will also create 1,000 new jobs for local communities.
- The Company cut the prices of essential goods to make them as affordable as possible. Items include baby and toddler food, baby hygiene products, baby feeding supplies, and a selection of items from our apparel and footwear category. The total list of these essential goods encompasses about 90 SKUs from the Detsky Mir product assortment.
- Detsky Mir introduced a range of temporary support measures for its suppliers. Amid increased consumer demand and supply chain difficulties, the Company has suspended its penalty system for under-deliveries and also reduced its review period for suppliers’ new prices to five working days until the end of April 2022.
- Detsky Mir has automated its transport management processes. The Company announced the introduction of a carrier web portal that integrates with its in-house automated Transport Management System (TMS), unlocking streamlined management of transport processes and monitoring at all stages.
- The rating agency RAEX (Expert RA) affirmed Detsky Mir’s credit rating at ruAA- with a stable outlook.
- Detsky Mir Group named Georgy Kononov as its New Chief Operating Officer. Georgy will oversee the ongoing development of the Group’s various store formats and sales channels, and be responsible for increasing space productivity, introducing state-of-the-art technologies, and accelerating our digital transformation.

- Elvira Kakurkina was appointed as the new Commercial Director for Consumer Goods at Detsky Mir Group. Elvira will be responsible for managing procurement and assortment, developing category strategies, defining our assortment policy, overseeing pricing and promotions, and expanding the Company's market share across a range of categories, including newborn products (food, diapers, large-size products, and hygiene products), toys, sports, and stationery.
- Detsky Mir celebrated five years since its IPO on the Moscow Exchange. In February 2017, Detsky Mir held a successful IPO on the Moscow Exchange, a move that played a pivotal role in the Company's corporate development and that was Russia's first major market transaction targeting international investors since 2014. Since the IPO, the Group's Gross Merchandise Value (GMV) has more than doubled from RUB 88.7 billion to RUB 184.3 billion.
- In a bid to grow its digital product offering, Detsky Mir has published its first mobile game aimed at children. Risovashka is a mobile app that lets users bring children's drawings to life as cartoons. The app fosters creative thinking and imagination among children, all while cutting down screen time. Over 80 different stories are currently available on the app.
- The Company announced the launch of an open market buyback program for its ordinary shares listed on the Moscow Exchange totaling up to RUB 3.5 billion over a period until 9 August 2022 unless extended or terminated by the Company earlier.


## ESG Highlights

- The Detsky Mir Charitable Foundation announced the 2021 results of its key campaigns: "Uchastvuyte!" ("Participate!") and "Uyut v Priyut" ("Comfort to Shelters"). Over the reporting period, the Foundation collected and donated more than RUB 1 billion worth of goods.
- The Company sent goods to the Kaluga-based homeless animal shelter "Podari Zhizn" ("Gift of Life"). At the beginning of March 2022, the Detsky Mir Charitable Foundation donated more than 1,500 items to Podari Zhizn, including food and items needed to furnish and insulate animal enclosures. The donation was worth over RUB 1.8 million.
- The Detsky Mir chain and the Meine Liebe household chemicals brand launched a learning club for children's sustainability influencers. In a series of 10 sessions held over 3 months, the free learning club will cover the basics of social media presence and activity, digital security, creating thoughtful content, choosing different techniques, and other important details, as well as the importance of developing various social skills, from finding topics to cover and persuading and working your audience, to appearing in front of a camera and being flexible to feedback and external changes.
- Detsky Mir launched a book recycling project at its stores in Krasnodar. The pilot project will see books collected at 11 Detsky Mir stores in Krasnodar until 30 April 2022, with all books collected to be sent for recycling. A decision on further expanding the initiative will be made based on the pilot project's performance.
- Detsky Mir teamed up with the World Wildlife Fund (WWF) to design and launch a limited collection of T-shirts and sweatshirts for 2 to 6 year olds that feature images of vulnerable species of animals that can be found in Russia, including the bowhead whale, snow leopard, polar bear, sea otter, oriental stork, as well as the symbol of the WWF – the panda. All garments in the collection are made using Better Cotton Initiative-certified cotton.
- Detsky Mir and Dmitrov RTI Plant, Russia's largest recycling plant, announced the results of their 2021 campaign The New Life of Your Unwanted Clothes and Shoes and Its Benefits for You. In the reporting year, 2.7 tonnes of waste from shoe and textile manufacturing were collected and handed over for recycling.

## Maria Davydova, CEO of PJSC Detsky Mir:

*"The first quarter of 2022 was marked by serious challenges for the Company, the retail sector and the broader Russian economy – our key market. Forex volatility, a significant acceleration in inflation, supply chain disruptions, the rising cost of debt, announcements that suppliers would cut back or outright terminate operations in Russia, compounded by many other factors, forced us to act swiftly and decisively to seek a way out of any situation that arose. Thanks to many years of experience and a wealth of accumulated knowledge, on top of the Company's business flexibility, Detsky Mir successfully adapted its business processes to the rapidly-changing conditions.*

*The Group's GMV rose 7.6% in Q1 2022 to reach RUB 42.7 billion. We observe a slowdown in sales growth on the back of the ongoing coronavirus pandemic, coupled with challenging macroeconomic conditions and changing consumer behavior in Russia. However, protecting the interests of our customers and providing a wide range of*



*the goods they need at affordable prices across all regions of operation remain top of mind for us in any market. We cut the prices of essential goods to make them as affordable as possible, including baby and toddler food, diapers, and children's apparel and footwear. We have also decided to halt our capex program in a highly uncertain macroeconomic environment.*

*Amid the ongoing coronavirus pandemic and supported by the Company's assortment expansion and high order processing speeds, online sales enjoyed further growth in popularity in the first quarter. In the reporting period, digital sales were up 19.9% year-on-year, with the total share of online sales reaching 30.7%. We will continue working towards achieving our 2020–2024 strategy's target share of online sales.*

*Amid changing consumer behavior, the development of an exclusive offering at affordable prices remains an important focus for us. In Q1 2022, sales of private labels and direct imports in Russia totaled 44.8% of total sales (up 4.3 p.p. year-on-year). During the reporting period, we launched a range of private labels in the pet supplies segment, which have already received great feedback from consumers, and we have continued to develop our existing private labels in the children's goods segment.*

*In the current highly uncertain environment, our main objective remains to ensure smooth business operations while making sure we meet all our obligations to customers and partners in a timely manner. We maintain our focus on further consolidating the market, developing our private labels and delivering strong performance both offline and online."*

# OPERATING HIGHLIGHTS

## Detsky Mir Group's GMV & Revenue<sup>5</sup>

GMV, RUB m (incl. VAT)	1Q 2022	1Q 2021	Δ, %
<b>Group</b>	<b>42,645</b>	<b>39,634</b>	<b>7.6%</b>
Russia	40,097	37,879	5.9%
Kazakhstan	1,903	1,379	38.0%
Belarus	645	376	71.5%
<b>Total online sales, RUB m (incl. VAT)</b>	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Δ, %</b>
<b>Group</b>	<b>13,100</b>	<b>10,922</b>	<b>19.9%</b>
Russia	12,818	10,812	18.6%
Kazakhstan	246	110	123.6%
Belarus	36	0	-
<b>Online share in total sales, %</b>	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Δ, %</b>
<b>Group</b>	<b>30.7%</b>	<b>27.6%</b>	<b>3.1 p.p.</b>
Russia	32.0%	28.5%	3.5 p.p.
Kazakhstan	12.9%	8.0%	4.9 p.p.
Belarus	5.6%	0.0%	5.6 p.p.
<b>Revenue, RUB m</b>	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Δ, %</b>
<b>Group</b>	<b>37,851</b>	<b>35,672</b>	<b>6.1%</b>
Detsky Mir in Russia	35,355	34,001	4.0%
Detsky Mir in Kazakhstan	1,673	1,232	35.8%
Detmir in Belarus	559	326	71.7%
Zoozavr	264	113	133.0%

In Q1 2022, the Group's GMV increased 7.6% year-on-year to RUB 42.7 billion. The increase in the Group's GMV in the first quarter was driven by the organic growth of selling space in the countries where the Group operates. The headwinds affecting sales volumes were the spread of the new COVID-19 variant and changes in consumer behavior amid a challenging macroeconomic environment, inflationary pressure and currency volatility in Russia. Group sales in Kazakhstan and Belarus have continued to grow apace. In Q1 2022, GMV in Kazakhstan increased 38% year-on-year to RUB 1.9 billion. Sales in Belarus rose 71.5% to RUB 645 million.

In the reporting quarter, our total online sales grew 19.9%, with their share in total sales in Russia standing at 32.0% (up 3.5 p.p. year-on-year). The ongoing pandemic spurred demand in the online segment. Detsky Mir's online sales have continued to grow in Kazakhstan, where the online segment is expanding at around double-digit rates. In the first quarter, the Group's online GMV in Kazakhstan increased 123.6%.

The Group's net revenue grew by 6.1% year-on-year. The Group's revenue in Kazakhstan increased by 35.8%, while net revenue was up 71.7% year-on-year in Belarus. In the reporting period, the net revenue of Zoozavr pet supplies stores grew 133% to RUB 264 million.

Products for newborns and toys were the most popular categories in the first quarter. Products for newborns represented 34.1% of the sales mix (up 0.5 p.p. year-on-year). Toys made up 29.5% (down 2.8 p.p. year-on-year). Another top-performing category, apparel and footwear, came in at 27.1% (up 1.5 p.p. year-on-year).

Detsky Mir continues to reinforce its exclusive product assortment position. Q1 2022 sales of private labels and direct imports in Russia grew to 44.8% of total sales (up 4.3 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 96%), as well as in the share of private labels in products for newborns and toys.

## Online Performance<sup>6</sup>

Online metrics (Web and mobile platforms)	1Q 2022	1Q 2021	Δ, %
Online visits, m	177.9	145.3	22.5%
Online orders, m	7.5	7.3	2.7%
Conversion Rate	4.2%	5.0%	(0.8) p.p.
Marketplace metrics (Russia)	1Q 2022	1Q 2021	Δ, %
<b>Marketplace sales, RUB m (incl. VAT)</b>	<b>1,144</b>	<b>399</b>	<b>186.7%</b>
Share of total online sales, %	8.7%	3.7%	5.0 p.p.
Online assortment, SKUs	878	217	304.6%
Online orders by delivery (Russia), %	1Q 2022	1Q 2021	Δ, %
Click & collect	82.8%	85.7%	(2.9) p.p.
Courier delivery	17.2%	14.3%	2.9 p.p.
Online orders by platform (Russia), %	1Q 2022	1Q 2021	Δ, %
Mobile platform	82.0%	74.0%	8.0 p.p.
Web platform	18.0%	26.0%	(8.0) p.p.
Mobile app metrics (Russia)	1Q 2022	1Q 2021	Δ, %
Installations, m	13.8	8.7	58.6%
MAU, m	3.8	3.0	26.7%

Online sales continued to grow throughout the first quarter following an increase in web traffic, primarily via the mobile app. The number of online visitors increased by 22.5% in the reporting quarter to 177.9 million. Online orders were up 2.7% to 7.5 million. Conversion dropped 0.8 p.p. to 4.2% in Q1 2022.

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 82.8% over the quarter, down 2.9% p.p. year-on-year. The drop in in-store pickup was driven by a stronger demand for courier delivery amid the spread of the new COVID-19 variant, as well as the Q1 2022 introduction of prepayment for orders placed through this delivery channel.

The mobile app continues to gain popularity among our customers, with the share of online orders placed on the app growing to 82.0% in Q1 2022 (up 8.0 p.p. year-on-year). Since launch, the app has been downloaded 13.8 million times. The mobile platform's monthly active users (MAU) grew by 26.7% to 3.8 million.

Detsky Mir's online assortment has increased to 878,000 SKUs over the year. In Q1 2022, the marketplace's contribution to the Group's GMV amounted to 8.7% of the Group's total online sales in Russia (up 5.0 p.p. year-on-year).

## Like-For-Like (LFL) Sales Growth at Detsky Mir Stores<sup>7</sup>

Like-for-like (Russia, Kazakhstan and Belarus)	1Q 2022	1Q 2021	Δ, %
<b>Like-for-like revenue growth</b>	<b>-2.1%</b>	<b>7.9%</b>	<b>(10.0) p.p.</b>
Like-for-like number of tickets growth	-13.6%	4.5%	(18.1) p.p.
Like-for-like average ticket growth	13.3%	3.2%	10.1 p.p.
Like-for-like (Russia)	1Q 2022	1Q 2021	Δ, %
<b>Like-for-like revenue growth</b>	<b>-3.0%</b>	<b>7.5%</b>	<b>(10.5) p.p.</b>
Like-for-like number of tickets growth	-14.3%	4.5%	(18.8) p.p.
Like-for-like average ticket growth	13.1%	2.9%	10.2 p.p.
Like-for-like (Kazakhstan)	1Q 2022	1Q 2021	Δ, %
<b>Like-for-like revenue growth</b>	<b>14.7%</b>	<b>17.4%</b>	<b>(2.7) p.p.</b>
Like-for-like number of tickets growth	5.5%	5.9%	(0.4) p.p.
Like-for-like average ticket growth	8.8%	10.8%	(2.0) p.p.
Like-for-like (Belarus)	1Q 2022	1Q 2021	Δ, %
<b>Like-for-like revenue growth</b>	<b>10.8%</b>	<b>42.5%</b>	<b>(31.7) p.p.</b>
Like-for-like number of tickets growth	2.7%	26.9%	(24.2) p.p.
Like-for-like average ticket growth	7.9%	12.3%	(4.4) p.p.

In the reporting quarter, total like-for-like (LFL) sales in all countries across our footprint declined by 2.1%. The fall in LFL sales was driven by a drop in consumer demand amid a challenging macroeconomic environment, a significant acceleration in inflation and the ongoing pandemic, with continued 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 LFL sales came from Kazakhstan. This is, in many respects, due to the low base effect: most of our stores in Kazakhstan were forced to temporarily close in Q1 2021 to curb the spread of COVID-19.

In Belarus, we see footfall stabilizing as the new stores that opened in 2019–2021 fully ramped up.

## Group Retail Chain Expansion<sup>8</sup>

Retail Chain	Number of stores		
	1Q 2022	1Q 2021	Δ, %
<b>Group</b>	<b>1,125</b>	<b>880</b>	<b>27.8%</b>
Detsky Mir in Russia	851	783	8.7%
Detsky Mir in Kazakhstan	47	41	14.6%
Detmir in Belarus	23	13	76.9%
Detmir mini	110	22	400.0%
Zoozavr	94	21	347.6%
<b>Total space ('000 sq. m)</b>	<b>982</b>	<b>902</b>	<b>+8.9%</b>

As at Q1-end, the total number of Group stores was up 27.8% year-on-year to 1,125, spread across 447 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 Q1 2022, the Company opened 8 new stores: 3 Detsky Mir branded stores in Russia, 2 Detsky Mir stores in Kazakhstan, 2 Detmir stores in Belarus, and 1 Zoozavr store. The Group's total retail selling space increased 8.9% year-on-year to 982,000 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 grown to 45,000 since the start of the year.

In the first quarter, Detsky Mir launched a new federal distribution center in the Urals. The Company currently operates three federal distribution centers in the Moscow Region and Yekaterinburg and three regional distribution centers in the Rostov and Novosibirsk Regions, as well as in the Republic of Tatarstan. Total warehouse space is 238,000 sq. m.

## Loyalty Program<sup>9</sup>

Detsky Mir's loyalty program (Russia)	1Q 2022	1Q 2021	Δ, %
Total loyalty card holders, m	30.5	27.6	10.6%
Share of loyalty card holders in total sales, %	87.1%	85.9%	1.2 p.p.
Active loyalty card holders, m	11.7	10.9	6.9%
Online active loyalty card holders, m	4.3	3.7	18.7%
Share of online active loyalty card holders, %	37.2%	33.5%	3.7 p.p.

The number of loyalty program members in Russia is constantly growing, with 30.5 million cardholders as at quarter-end (an increase of 2.9 million cards year-on-year). The share of purchases made by loyalty card holders amounted to 87.1% of total tickets (up 1.2 p.p. year-on-year).

There are now 11.7 million active loyalty card holders. The number of active digital loyalty card holders increased by 18.7% to 4.3 million, which represents 37.2% of the total number of active cards.

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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. Detsky Mir Group operates 1125 stores located in 447 cities and towns in Russia, Kazakhstan and Belarus as of March 31 2022. The total space of the retail chains was approximately 982,000 sq. m.

**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 caution 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:

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(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 2021 and 2022 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) 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). Zoolavr includes all sales of pet products, including sales made via the Company website and mobile app.

(6) 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.

(7) 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.

(8) 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 0.8% of total Group revenue in 2019.

(9) 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.