



Investor Presentation

Leading children's goods digital
retailer in Russia and Kazakhstan and
significant market player in Belarus

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Detsky Mir at a glance

Russia's Children goods retail market leader with strong growth profile

Detsky Mir at glance



Undisputed #1 player

- 24% share of total children's goods market in Russia in 2021⁽¹⁾



Iconic brand

- with 98% prompted awareness⁽¹⁾



Omni-channel with focus on online

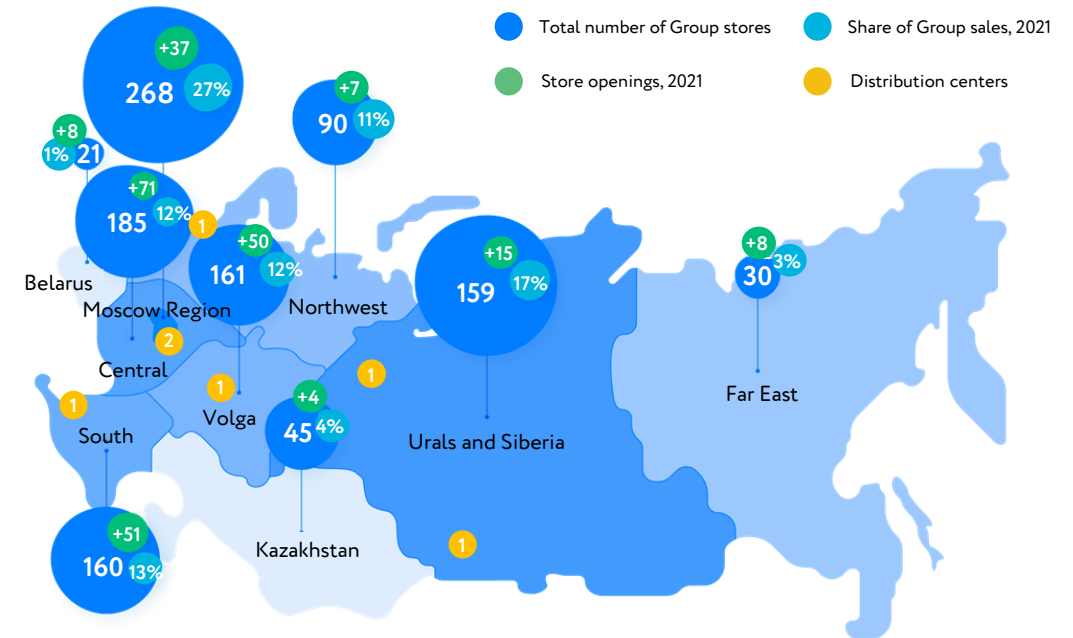
- 80% CAGR '18-21 in online sales
- 36% share of online in total sales in Q4 2021



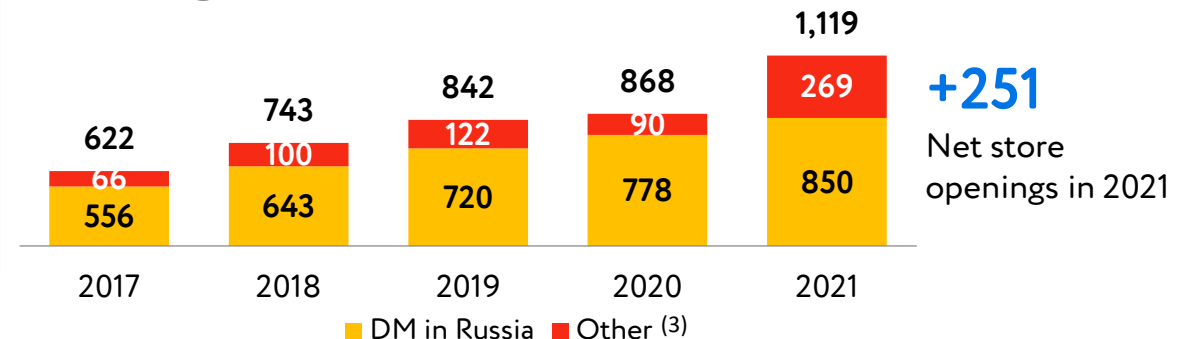
Private label & exclusive assortment

- 46% share of private label & direct imports in total sales in 2021 in Russia

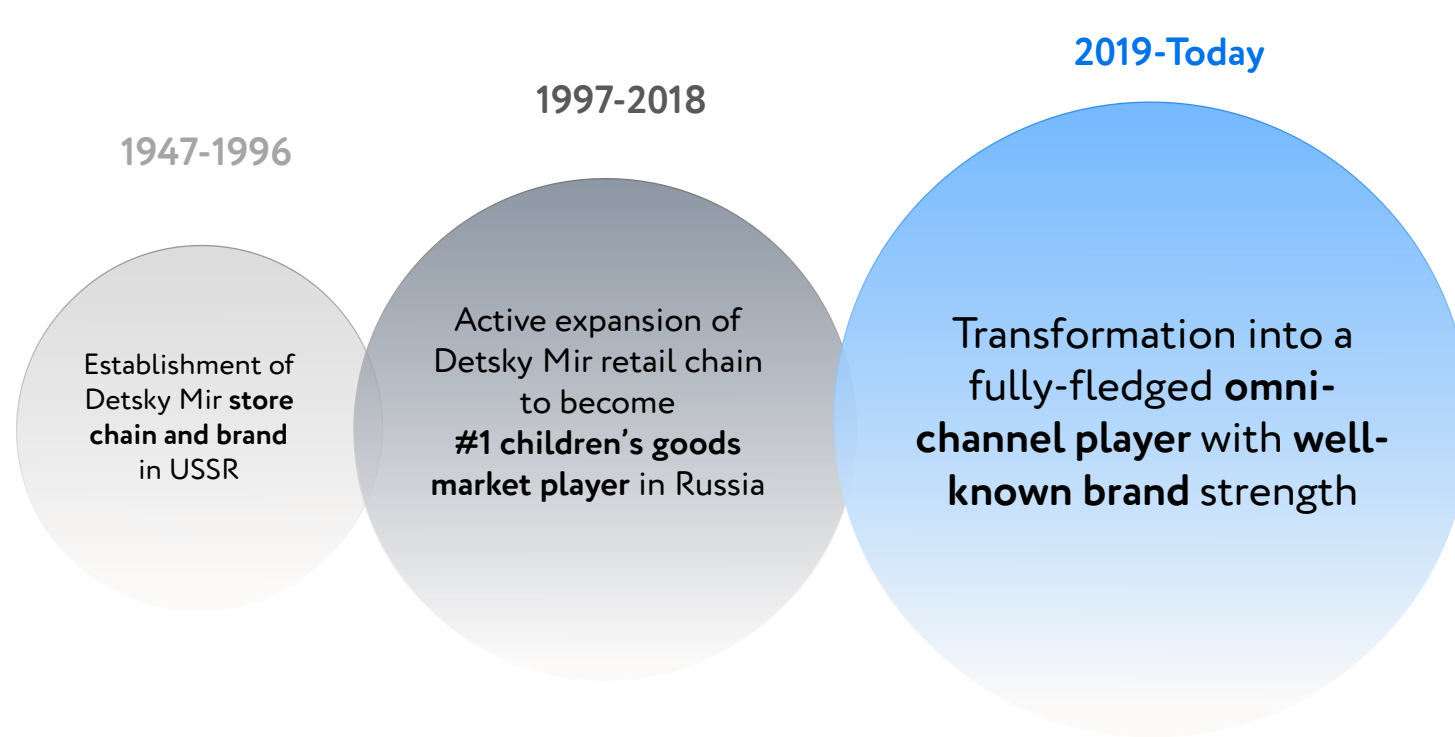
Geography of operations⁽²⁾



Stable growth of number of stores



Iconic brand with 75 years of history



Revenue has increased **~6x** since 2012 while number of stores performed **5.2x** growth reaching **1,119 stores** by December 2021

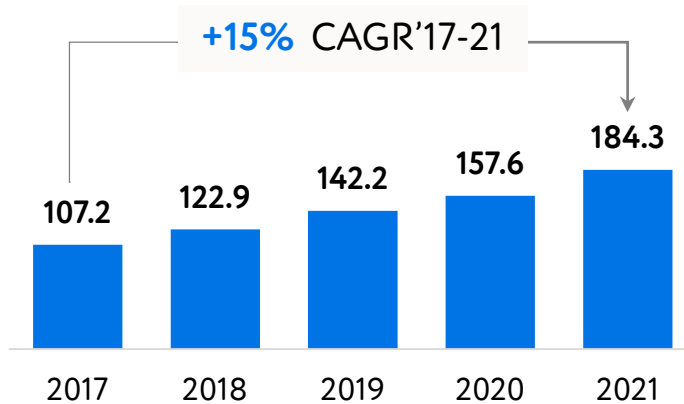
- **1947**
 - ✓ First store with the name of "Detsky Mir" was established
- **1997**
 - ✓ Sistema consolidated 100% of "Detsky Mir" company
- **2011-2012**
 - ✓ Launch of e-commerce
 - ✓ Entering Kazakhstan market
 - ✓ Acquisition of ELC retail chain in Russia
- **2015-2017**
 - ✓ Sale of 23.1% in DM to RCIF
 - ✓ Successful IPO on MOEX with over 30.5% free float
- **2019**
 - ✓ Launch of own marketplace
 - ✓ Entering Belarus market
- **2020-2021**
 - ✓ New Strategy 2020 – 2024
 - ✓ Online channel development with focus on mobile
 - ✓ Introduction of Detsky Mir 3.0
 - ✓ Developing new verticals (Zoozavr), digital services and own marketplace



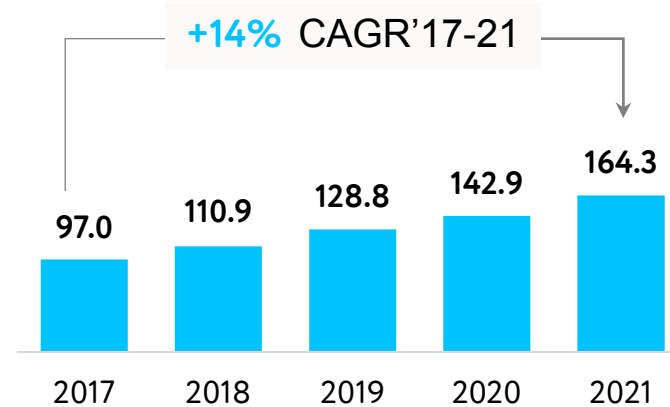
Focus on the total shareholder return

Sustainable financial performance enhancing attractive shareholder returns

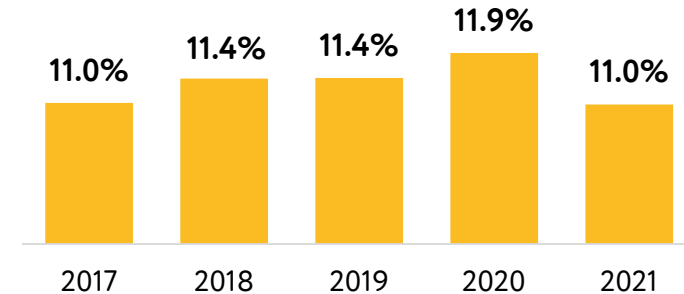
Total GMV⁽¹⁾ (RUB bn)



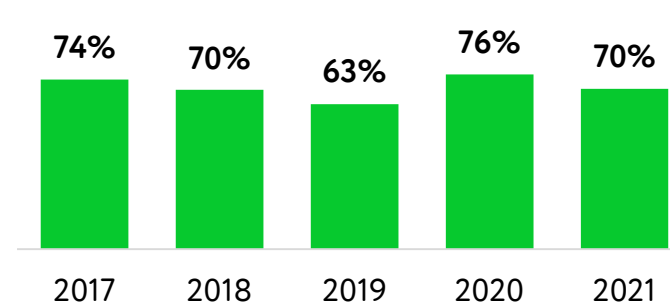
Revenue (RUB bn)



Adjusted EBITDA^{(2),(3)} margin



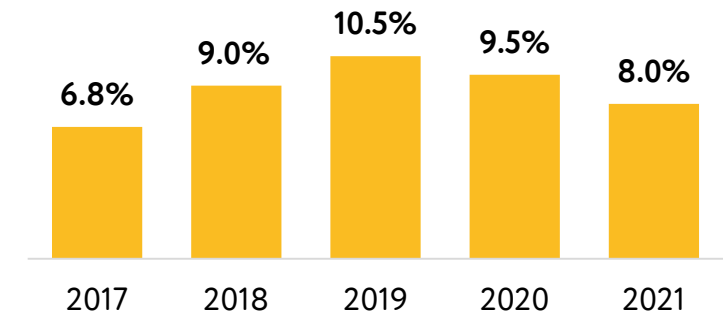
ROIC^{(3),(4)}



Generating attractive returns for investors

Historical dividend payments ~100% RAS
Net Income

Dividend yield (DPS declared/Average Share price for the year)



Sources: Company data, Ipsos Comcon, Bloomberg as of 7 February 2022

Notes: (1) 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 (incl. value added tax, net of discounts given to customers and net of returns and cancelled orders); (2) Adjusted for the one-off effect relating to additional bonus accruals and Income received from partial termination of employees' right to receive shares under the LTI program (as percentage of Revenue); (3) Under IAS 17; (4) Calculated as operating profit divided by average capital invested (simple average of capital invested as at the respective dates). Capital invested is calculated as net debt plus total equity/(equity deficit)

Continuous Focus on ESG

Environmental



40% of hangers

are made of recycled plastic by the end of 2021



6.6 kt of waste for recycling

were collected at the Company's distribution centers



- 26% reduction of GHG emission⁽¹⁾ intensity in 2021 vs 2018

From 0.89 in 2018 to 0.66 tons of CO₂ per RUB m in 2021



71% and 44% of the purchases

in the Clothing and Footwear categories were made from participating suppliers in the ZDHC initiative



BCI's cotton processing standards

are applied to the Company's own line of Baby Go and Futurino brands

Social



RUB 2.6bn

paid to the national and regional budgets as social payments



81% women employment rate

with minimal gender pay gap (0.90 ratio of basic salary of women to men)



Over RUB 1bn

The total value of goods donated to charitable causes in 2021



25.3% of total sales

Are children's goods manufactured in countries where the Company operates



More than 900 beneficiaries

Received help due to Participate! Campaign in 2021

Governance



5 INEDs out of 10

BoD members



Independent Chairwoman

heads the BoD



Transparent compensation system

Information is disclosed based on the principles of regularity, consistency and availability



Zero

tolerance to corruption



100% of suppliers signed

Supplier Code of Conduct

International sustainability initiatives supported by Detsky Mir

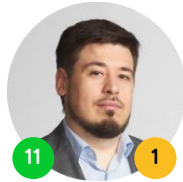


Strong Management team

Highly experienced management



Maria Davydova
Chief Executive Officer
Held senior positions at Enter Svyaznoy, Arbat Prestige



Andrey Spivak
Chief Financial Officer
Held senior positions at Magnit, X5 Retail Group, Wrigley



Georgy Kononov
Chief Operating Officer
Held senior positions at M.Video-Eldorado, The Nuance Group and Arial Runway Duty Free



Andrey Osokin
Chief Marketing Officer
Held senior positions at Goods.ru, Otto Group, Baon-Desam and Unitex



Elvira Kakurkina
Commercial Director-FMCG
Held senior position at Auchan



Maria Volodina
Commercial Director – Apparel and Footwear
Held senior positions at Sela, Kira Platinina, Reebok Rus, TJ Collection



Nikolay Ermakov
Chief Technical Officer
Held senior positions at X5 Retail Group, Gett and Rambler & Co



Pavel Pischikov
E-Commerce Director
Held senior positions at Dochki-Sinochki and X5 Retail Group



Denis Gurov
Logistics Director
Previously Logistics Director at Dixy Group, Pharmacy Chain 36,6 and DHL





Artem Gubanov
RE and Development Director
Held various positions in Ramstore, Walmart International and Korablik



Anastasia Yaroshevskaya
HR Director
Held senior position at Hoff, engaged in consulting projects with Talent Code



Vladimir Ilmetov
Security Director
Held senior positions at Moscow Bank for Reconstruction and Development, OGK-3 and Novikombank

 Years of sector experience  Years with Detsky Mir

Management incentive programs

- IPO LTI program completed in Feb 2020
- New LTI program, targeted at increase in market capitalization, was adopted by the Board for the period of 2020-2023
- New program based on the same principles – more than 40 key employees; payout up to 4.6% of total shareholder return (growth in market capitalization + dividends) over the life of the program in the form of cash and Company's shares
- In 2022, the Company plans to increase the number of LTI program participants



Detsky Mir Today

Leading specialized children's goods retailer



Market leader in children's goods retail market in Russia and Kazakhstan

1



Unparalleled customer value proposition with the **focus on private label** and digital experience

2



Unique omni-channel model with **significant growth potential**, including new verticals

3



Asset-light business with strong returns on capital and **consistent dividend payments**

4



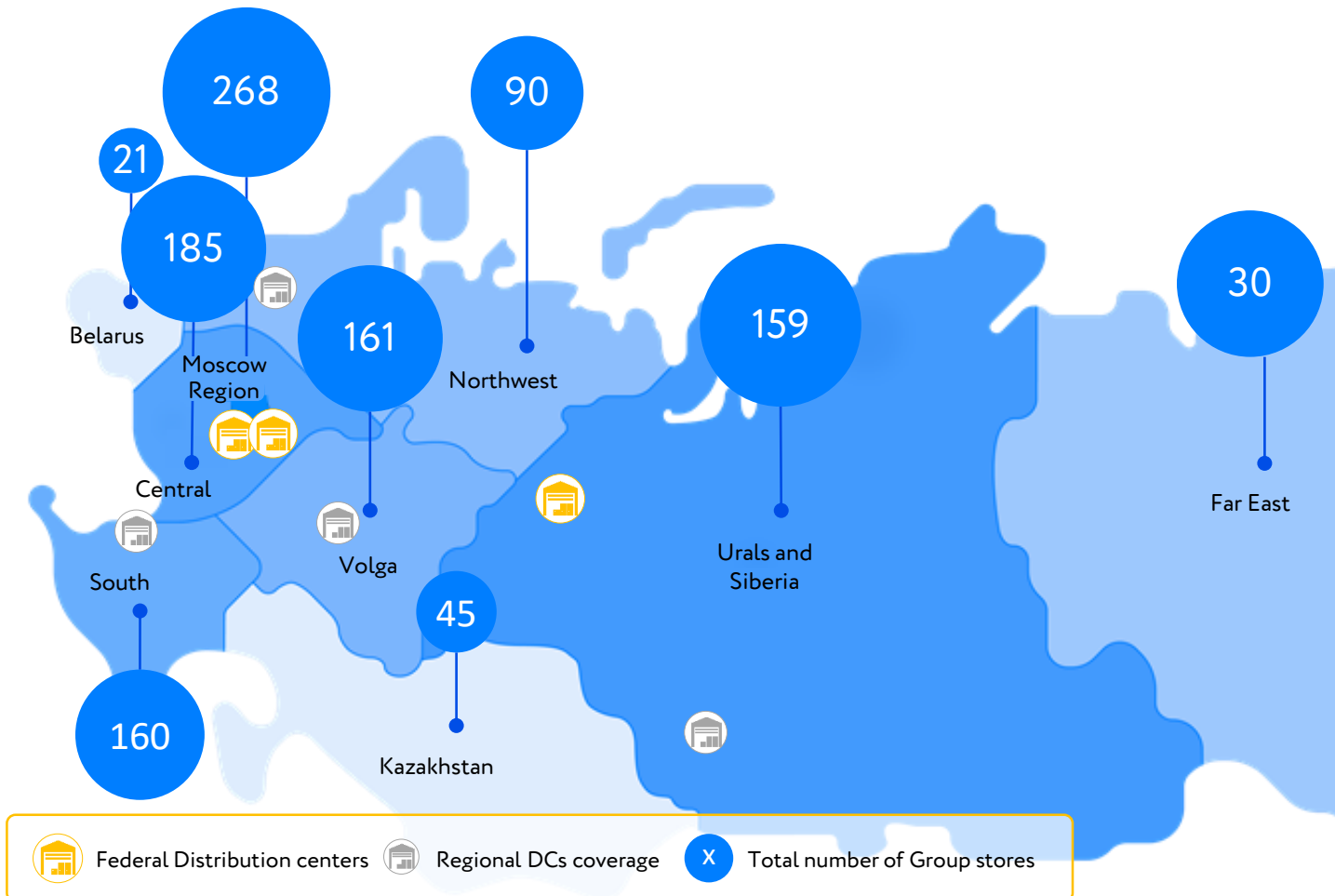
Experienced management team and strong adherence to ESG best practice

5

Detsky Mir – increasing footprint in Russia and CIS

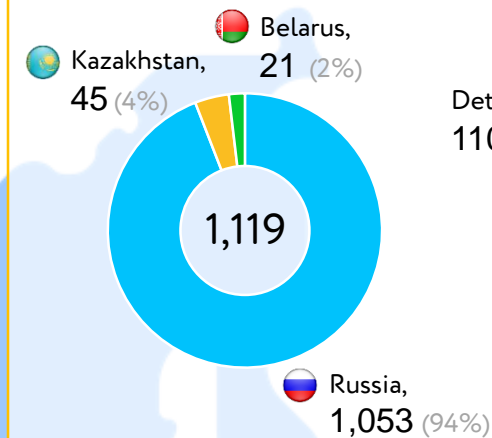
Nº1 Children's goods market player in Russia
With **24%** market share⁽¹⁾

Nº1 Children's goods market player in Kazakhstan
With **~30%** market share by selling space

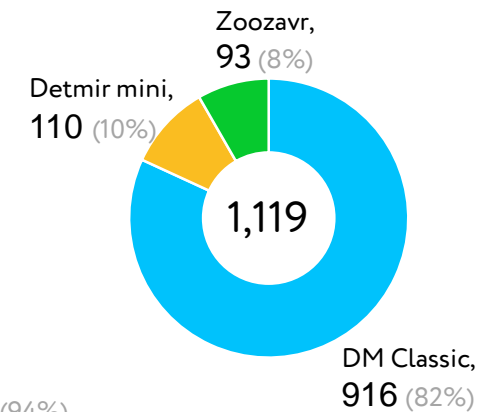


Retail chain structure, 2021

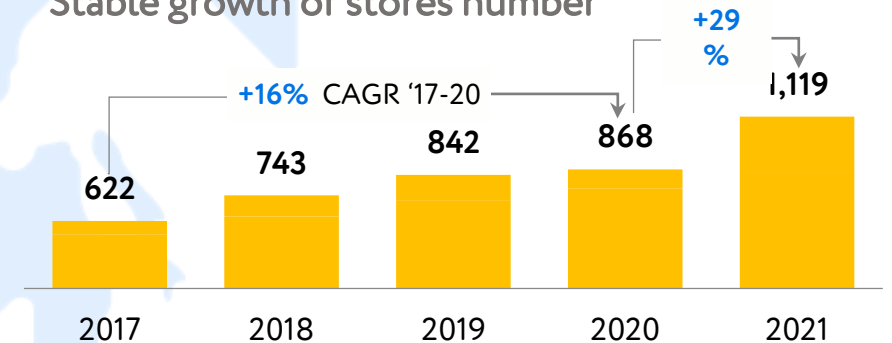
By geography



By format



Stable growth of stores number



Detsky Mir – core store format overview

Detsky Mir Classic

- ✓ Presence in large cities with >100k population
- ✓ Sales channel mix with **focus on in-store** (70% offline, 30% online)
- ✓ Product assortment is almost equally allocated across toys, products for newborns and apparel & footwear
- ✓ **18-24 months** stores maturity period
- ✓ **2.5 - 3.0 years** payback period
- ✓ **99%** stores leased

1,057 sqm
Average selling space⁽¹⁾

20-30k
in-store SKUs

850
of stores

RUB 1,210
Average ticket



Detsky Mir Mini⁽²⁾

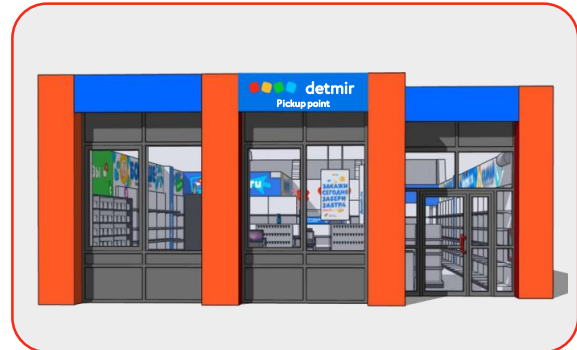
- ✓ Presence in smaller cities with **5k-100k** population, expanding Company's market size by **30%+** to c. RUB 700bn
- ✓ **Balanced sales channel mix** (50% offline, 50% online)
- ✓ **800+** stores in medium-term, **1,200+** additional stores in longer term
- ✓ Pick-ups with an **unlimited shelf** from DCs focused on products for newborns, clothing, footwear
- ✓ Relying on regional DCs coverage **within 500km**

138 sqm
Average selling space⁽¹⁾

~2k
in-store SKUs

110
of stores

RUB 856
Average ticket



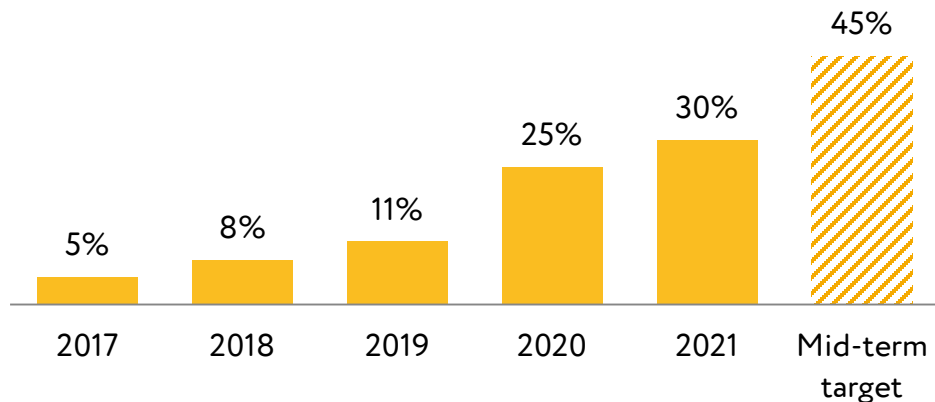
Unlocking online growth through omni-channel model

Efficient online channel



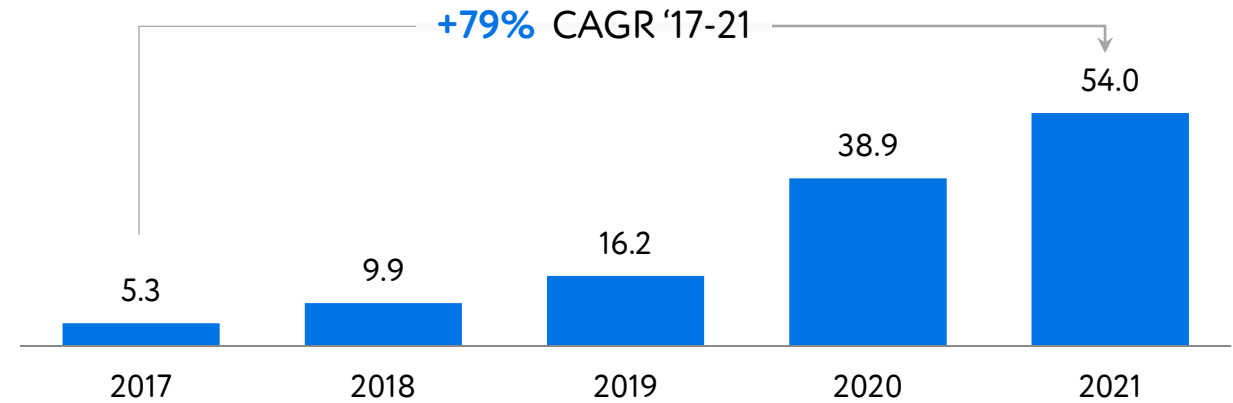
Rapidly shifting to online channel

Online sales as % of total GMV



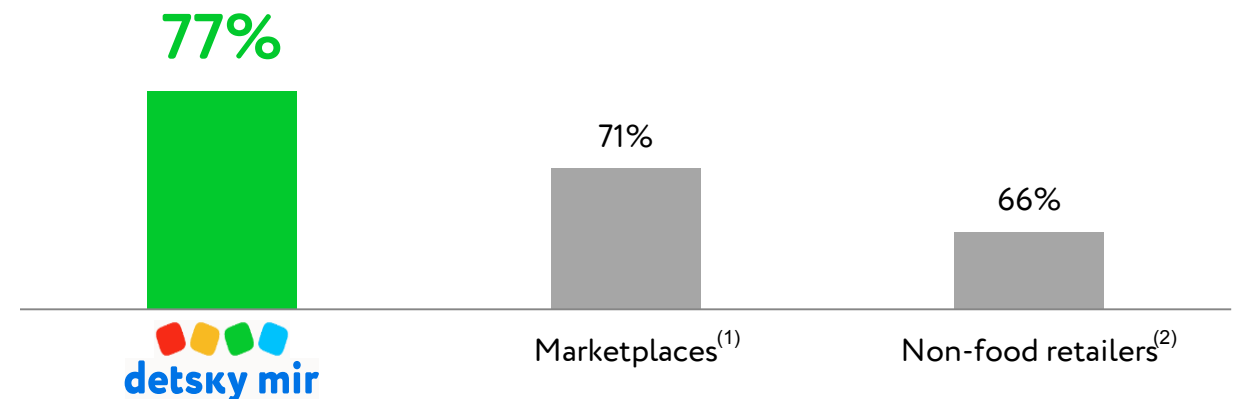
Accelerated growth on the back of the unique omni-infrastructure

Online sales, RUB bn



Outperforming pure e-commerce players and traditional retailers in online

Online sales CAGR'18-21, %



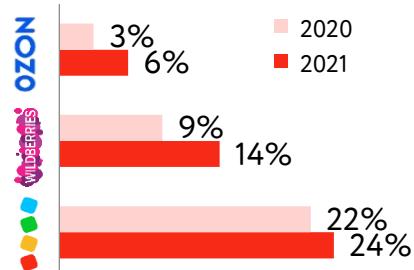
Unique customer value proposition: tackling online competition via a better offering



Price Leadership

- **4-7%** below Ozon/WB⁽¹⁾
- Enabled by **buying power** in children's goods purchase volumes (market share gap):
 - **Threefold** overall
 - Over **tenfold** in 1P

Market share in total children's goods retail in Russia, %



Focus on Private Label & Exclusive Products

- Large and growing share of **exclusive** assortment
- **46.2%**
Private labels & direct imports, 2021, % of sales
- **Direct contracts** with large manufacturers
 - Purchase prices optimization, efficient assortment management & better quality control

382

Producers among Detsky Mir suppliers



Online Delivery Convenience

- **60 minute click-and-collect** covers **80%** of Russia's population for 20-30k SKUs⁽²⁾
- **37k** own and partners' pickup points in 2,187 cities
- **60-120 minute** express courier delivery for 20-30k SKUs
- **Next-day delivery** from regional DC

86.3%

Total orders fulfilled via pickup

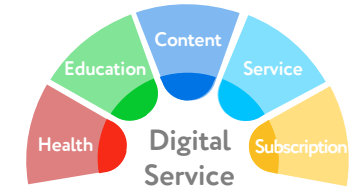
110

DM Mini (in-store compact Pick-Up-Points)



Mobile App & Digital Store Concept

- Introduction of digital services in Dec'20 – Mar'22
- In 1H'22, section "Digital services" is planned to be launched in mobile app



- ✓ Educational apps
- ✓ Online games
- ✓ Babysitting
- ✓ Dog walking
- ✓ Cleaning
- ✓ Online medicine
- ✓ Husband for an hour

12 partners selected for development of digital products marketplace

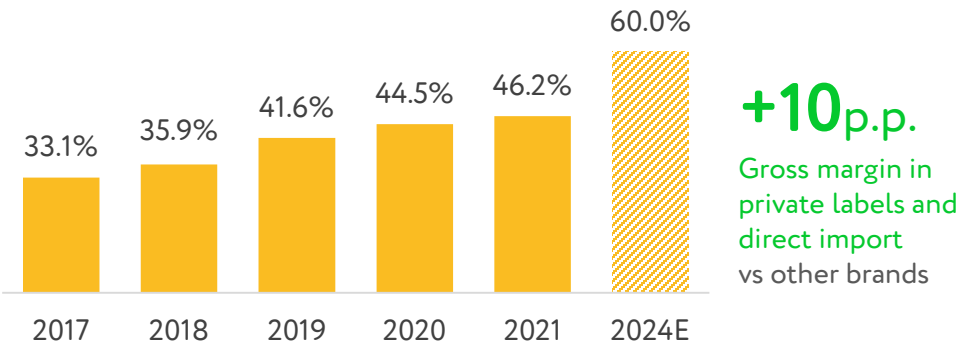
2 games launched in pilot version

1 game release is expected in Apr'22

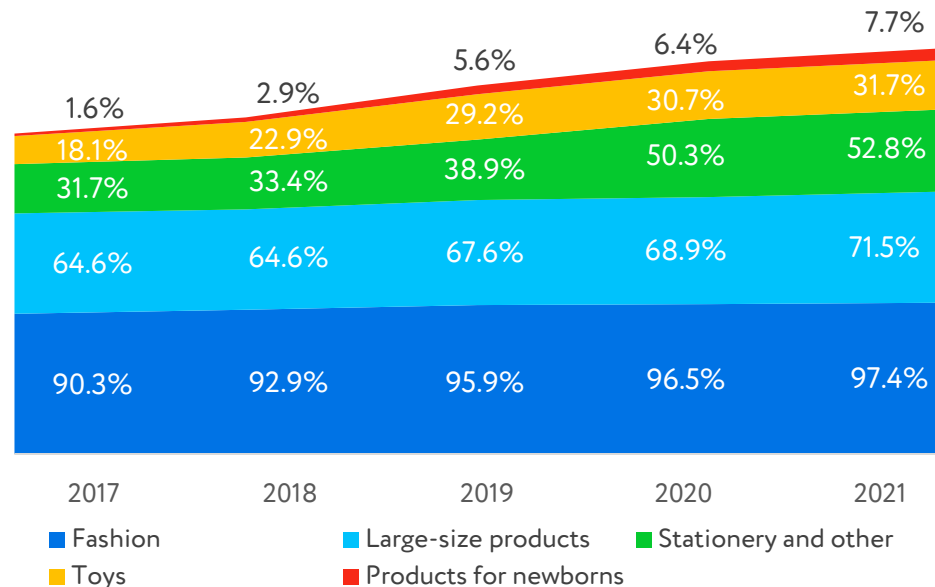
Private label and direct import – value accretive differentiating factor

Private label development is to support margin growth

Share of private labels and direct imports in total sales, %



Share of private labels and direct imports in sales by category, %







Sources: Company data

Exclusive value offers and direct contracts with large manufacturers

Private labels & direct imports % in total sales, 2021 (vs 2017)

Own brands

Fashion	Large-Size products	Stationery and others	Toys	Products for newborns
97.4% (90.3% in 2017)	71.5% (64.6% in 2017)	52.8% (31.7% in 2017)	31.7% (18.1% in 2017)	7.7% (1.6% in 2017)
				

Well-balanced product mix across traffic generators and high-margin products



Detsky Mir marketplace contributes to the wide assortment

DM Marketplace profile



Assortment

Focus on children's FMCG and fashion



Pricing

Mid- to mid-high price segments



Economics

- ✓ 3PL commission-based model



Users

- ✓ **Customers:** same target base, same loyalty program
- ✓ **Merchants:** local producers and well-known international brands



Service platform

Interface and logistics / delivery on same platform as DM's 1P e-Commerce



Growth

- ✓ Focus on children's goods
- ✓ New categories (pet supplies)

Key developments in 2021

3.5

GMV (RUB bn)

6.3%

Share of marketplace in total online sales

2.1k

Number of suppliers added

920k

SKUs

Transition to a **structural commission** (similar to Ozon and Wildberries)

Deeper monetisation of merchants

Automation of logistics processes

Improvement of **reverse logistics** management

Long-term vision



2,400k SKUs - overtaking key local competitors in relevant categories



Double-digit share of marketplace in total online sales



19-22% fixed / actual **commission** rate



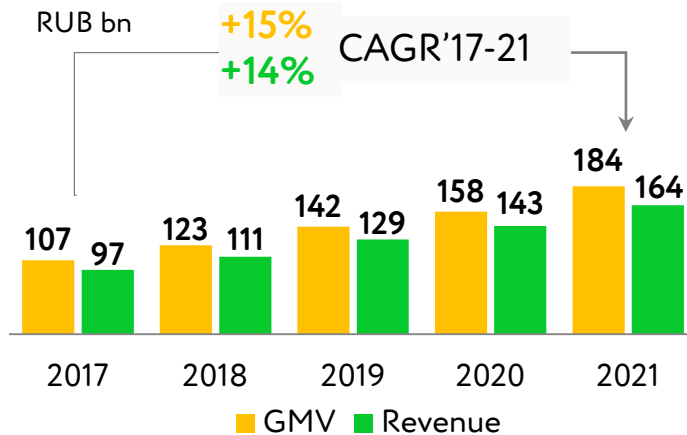
Lean costs structure – primarily logistics and payroll



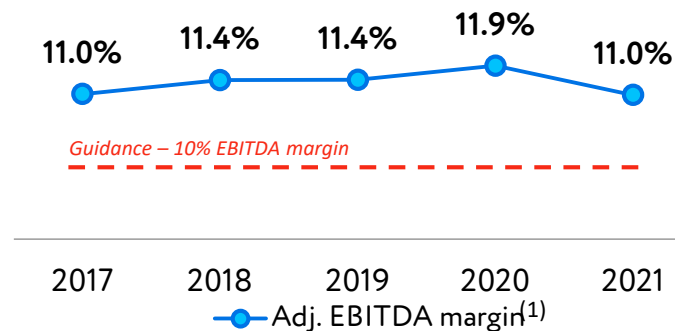
Low marketing cost vs other MPs thanks to "free" traffic / strong brand

Solid execution track-record and continuous growth

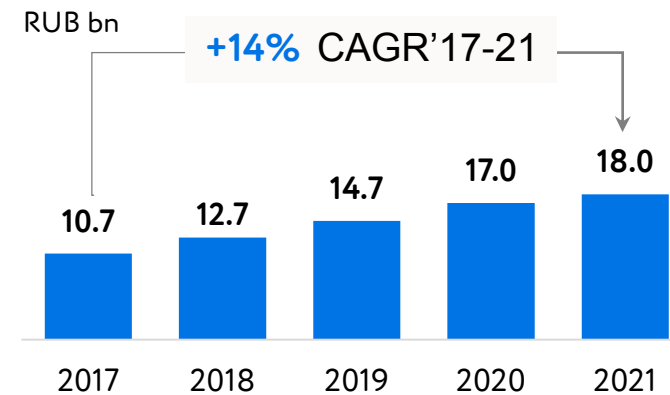
Strong growth profile



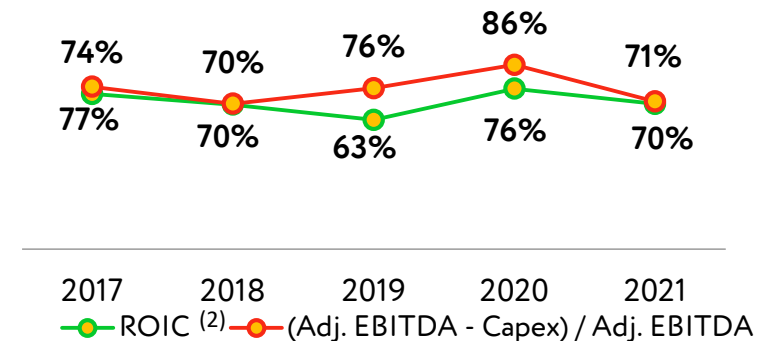
Historical delivery on double-digit EBITDA margin guidance









Sustainable increase in EBITDA⁽¹⁾



Strong return on investment capital



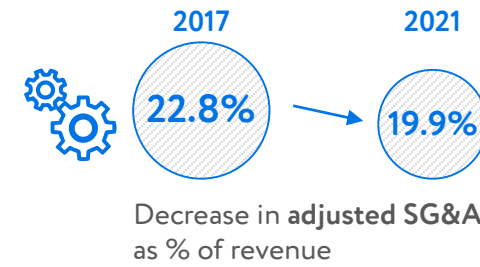
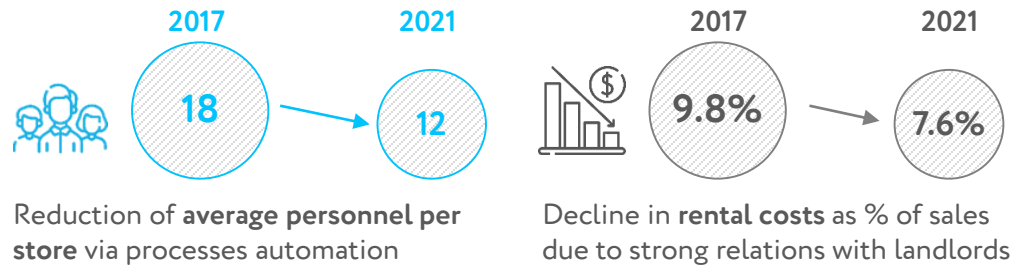
Future growth drivers

-  **Organic growth**, new store openings in mid-term
-  Expansion of new **DM mini format**
-  **Online** growth and development of **mobile channel**
-  **Marketplace** development
-  **New verticals** (incl. pet supplies)
-  Entering **digital services** and products market

Effectively mitigating external risks (COVID, supply chain disruption, online competition) and delivering on the EBITDA margin guidance

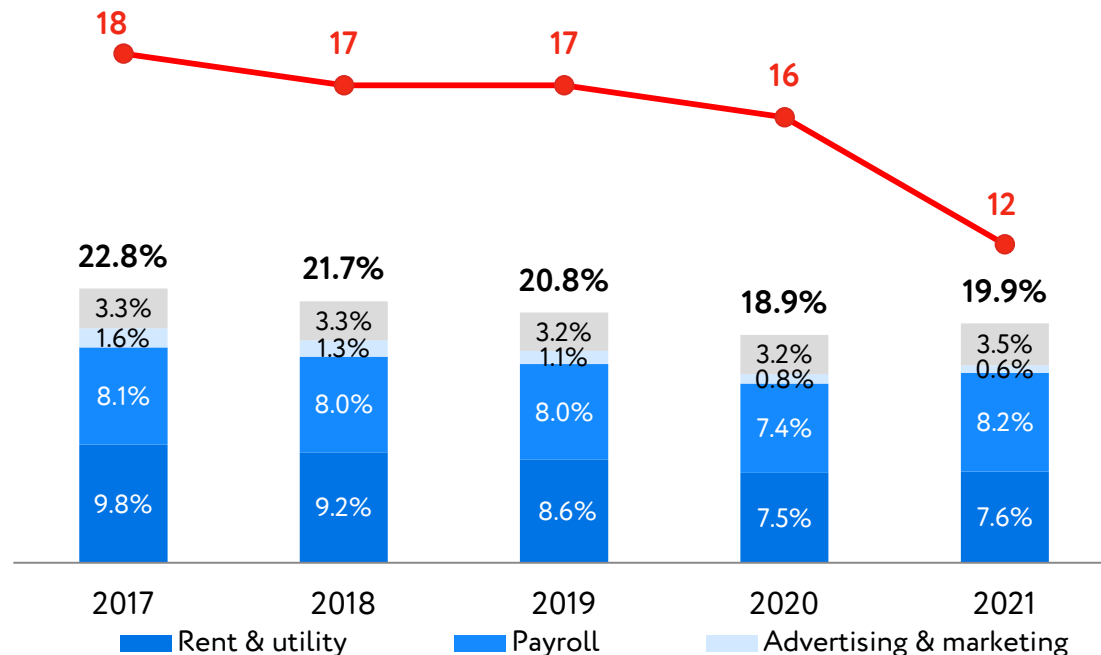
Focus on execution excellence to achieve superior operating margins

Gradual costs reduction

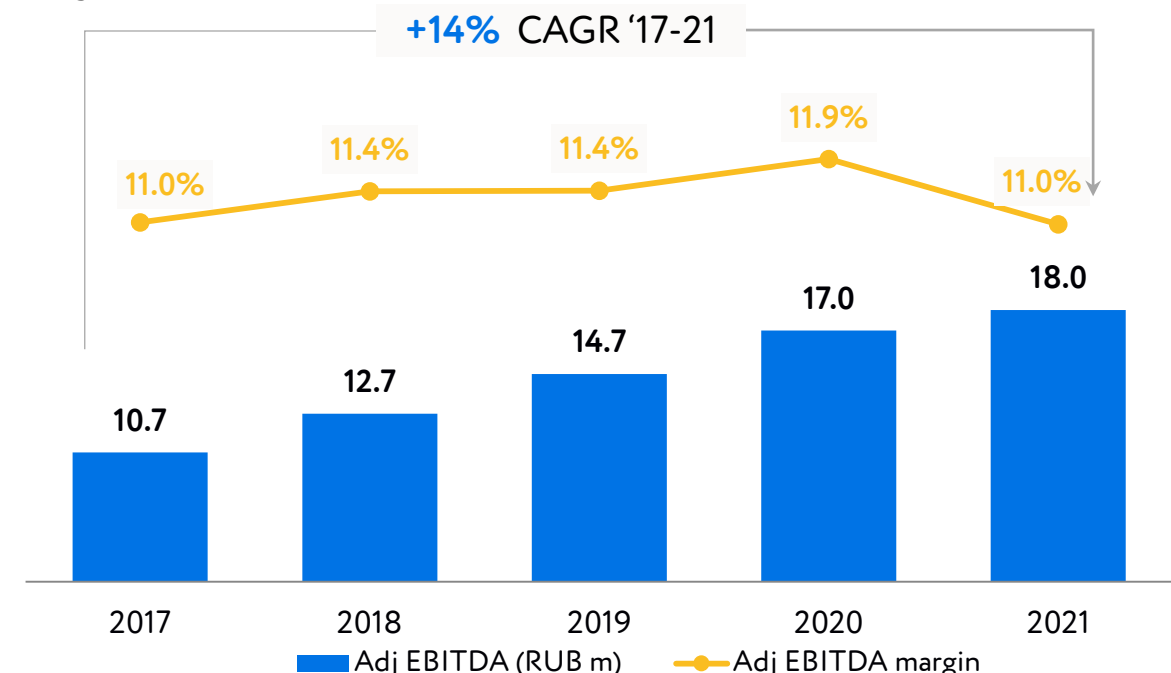


Sustainably high EBITDA margin despite the negative external factors

Adjusted SG&A expenses⁽¹⁾ as % of sales and personnel per store⁽²⁾



Adjusted EBITDA⁽³⁾



Sources: Company data

Notes: The Group's consolidated financial statements for 2013 under US GAAP and for 2014–2020 under IFRS and as restated according to IAS 17 for 2018–21. For the line items and the periods presented, there was no difference between the figures under US GAAP and IFRS;

(1) Adjusted SG&A expenses are calculated excluding depreciation and amortisation and additional bonus payments under the LTI program; (2) Excluding personnel in headquarters; (3) Under IAS 17

Asset-light cash-generative business model providing for strong returns on capital and consistent dividend payments

Asset-light business model

3.2%

Capex, % of revenue, 2021

7.6%

Rental costs, % of revenue, 2021

99%

Leased stores

40%

IRR on 7-year cash flows

Cash-generative with sustainable EBITDA margin

11.0%

Adj. EBITDA margin^{(1),(2)}, 2021

14.0%

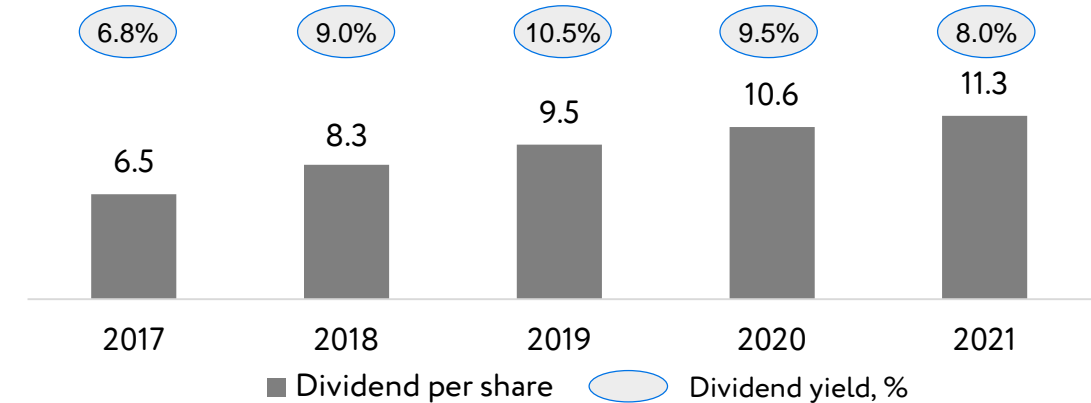
Adj. EBITDA⁽²⁾ CAGR '17-21

71%

Cash conversion⁽²⁾, 2021

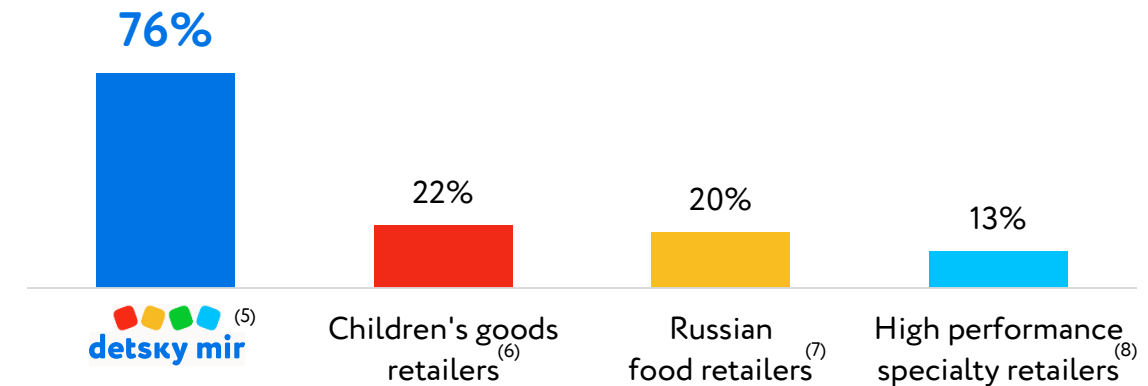
Growing dividends with paying out 100% of Net Income (RAS)

Dividend per share and dividend yield⁽³⁾



Leading ROIC⁽⁴⁾ in global retail context

FY 2020, median values for respective peer groups



Sources: Company data, Companies' disclosure and reporting

Notes: (1) Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, share-based compensation and cash bonuses under the LTI program; (2) Under IAS 17; (3) Calculated as declared dividend per share divided by average share price for the year; (4) Calculated as operating profit divided by average capital invested (simple average of capital invested as at the respective dates). Capital invested is calculated as net debt plus total equity/(equity deficit); (5) Adjusted for amounts receivable under the loan issued to CJSC "DM-Finance" in 2014, 2015 and 2016; as well as for net book value of the building occupied by the Bekasovo distribution center of RUB 3.1bn (for 2015 only, given it was completed in 2015, but was not operational for the most of 2015); (6) Five Below, Carters, Jumbo and Baby Bunting; (7) X5, Magnit and Lenta; (8) Clicks, Lojas Renner, LPP, Raia Drogasil, B&M, Liverpool and XXL

Why is our offline channel so important?

Purposes of DM store visiting

Emotional purposes

-   Choose gift for a child
-   Store visit purposefully at the child's wish
-   Impulsive shopping (customers passed by DM store)
-   Visiting a store for entertainment



 – Frequency of mentioning the purpose of DM store visiting

Practical purposes

- Buy new apparel & footwear  
- Pickup an online order  
- Large targeted purchase of necessary goods  
- Buy staples in small amounts  

70%

Detsky Mir clients prefer buying offline⁽¹⁾

98%

Detsky Mir brand awareness

#1

Source of family entertainment – **shopping centers**

98%

Share of DM stores located in shopping malls

86%

The share of **click & collect** (fast delivery, post-payment and no min limit for orders)

Strong presence in offline channel allows Detsky Mir to deliver unique customer experience, which is highly appreciated by our clients, who prefer in-store shopping

Shopping malls – core family entertainment centers

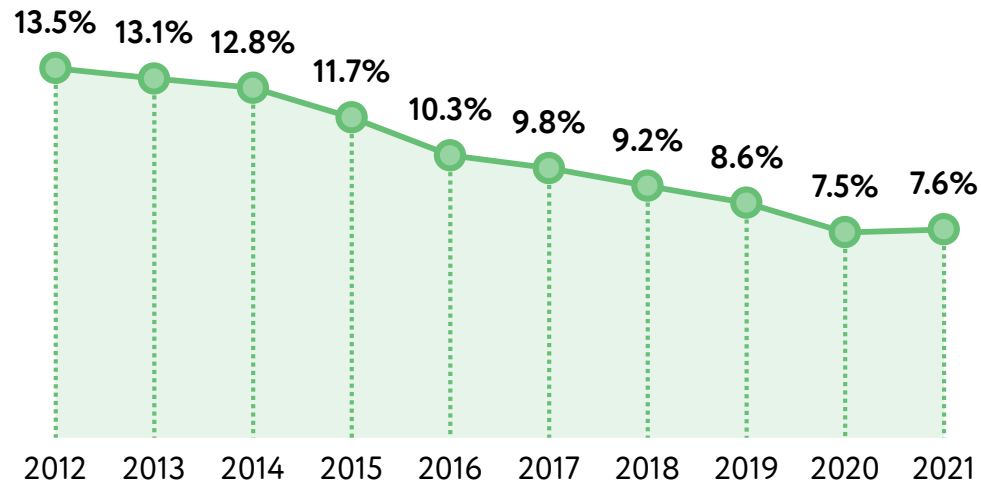
Detsky Mir is a **core tenant** for shopping malls

98%

Share of Detsky Mir stores located in shopping malls

Favorable rental terms lead to costs saving

Rental expenses % of revenue



Detsky Mir is a **must** for the most shopping malls



Exceptional **brand** awareness boosts traffic generation



Detsky Mir is a large and financially sound counterparty with **strong bargain power**



Shopping malls in Russia – **#1 source of family entertainment**



Favorable rental terms



Our Strategy 2021 – key building blocks

Solidify leadership in the children's goods retail

Investment in logistics – enhancing our delivery options

- ✓ 84% Next Day Delivery Coverage of Russian Population by 2022

Further roll-out of private label and exclusive offering

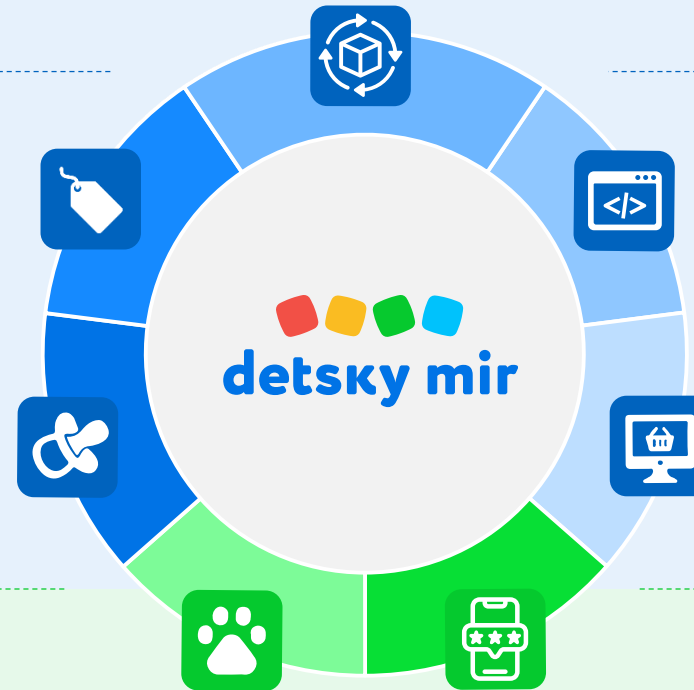
- ✓ 60% private label share in the sales by 2024

Continuous expansion of omni-channel proposition driving both offline and online sales

- ✓ 2x GMV growth '20-24

Pet supplies stores – penetrating new market

- ✓ Promising unconsolidated new market



Implementing best-in-class UX and CX across the channels

- ✓ An emerging go-to app for anything children's goods related

Marketplace as a tool to enrich the assortment

- ✓ 2.4m SKUs by 2024 – the leading children's goods assortment





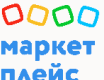

Digital services – further unlocking value of our mobile app

- ✓ A promising new source of monetization / traffic

New verticals

Strategy execution progress: Further consolidation of children's goods market

Continuous omni-channel retail platform development and growth

	2020	2021	Mid-term target
 Number of stores ⁽¹⁾	848	1,026	~1,970
 Distribution centers	2 Federal 1 Regional	2 Federal 3 Regional ⁽²⁾	4 Federal 4 Regional
 Online sales share of GMV (Russia)	25.5%	30.8%	45.0%
 Marketplace GMV % of online GMV	1.4%	6.3%	~10%
 Number of SKUs (incl. Marketplace)	250k	920k	~2.4m
 Private label share of revenue	44.5%	46.2%	60.0%

Sources: Company data

Notes: (1) Only including Detsky Mir Classic and DM Mini stores, not including pet supplies stores; (2) In October 2021 (past the reporting date) the Company launched its third Regional Distribution Center in Novosibirsk






Strategy execution progress:

Enhancement of customer and user experience

Mobile-first concept with best-in-class app








New features introduced to the mobile app, 2021 achievements included

-  Launch of DM mobile app in Belarus and Kazakhstan, launch of Zoozavr mobile app
-  Updated search engine with an improved user interface
-  Quick second order function and improved mobile app area "My orders"
-  Login and registration via social networks
-  Product recommendations and chat with customer support

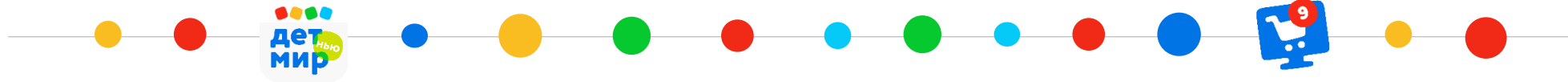
Detsky Mir 3.0 successful pilot and further roll-out



DM 3.0 store concept was introduced in Q2 2021 to support online sales growth and improve customer experience:

-  30 stores in DM 3.0 format (incl. 27 new stores & 3 renovated stores), as of Dec'21
-  Unified customer communication in stores and online leads to NPS increase
-  All new stores will be opened in 3.0 format since 2021
-  Full digital transformation and modernisation of existing stores in the mid-term
-  Simplified store design and Omni-channel design concept improving user experience

Modernisation of existing stores - Detsky Mir 3.0



- ✓ **Detsky Mir 3.0** debut store opened in Q2 2021
- ✓ New store openings under **Detsky Mir 3.0 concept** since 2021 with store capex unchanged
- ✓ Full digital transformation and modernisation of existing stores in the mid-term
- ✓ Simplified store design allowing for more space and customer zones with **clear and accessible navigation**
- ✓ Omni-channel design concept providing **unified customer communication** in stores and online

30 stores

In DM 3.0 format
(incl. 27 new stores⁽¹⁾ &
4 renovated stores),
as of Dec'21

107 stores

have been modernized
with an order pick up
area as of Dec'21



Order pickup area



Expanded checkout area with self-checkouts



Expanded lanes



Storage area for online orders



Digital assistants

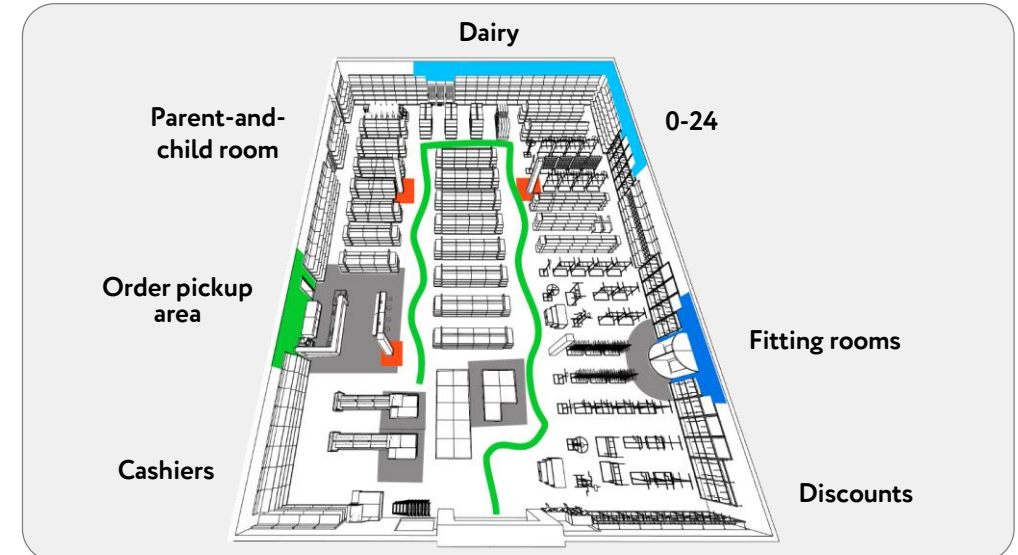


Employee apps



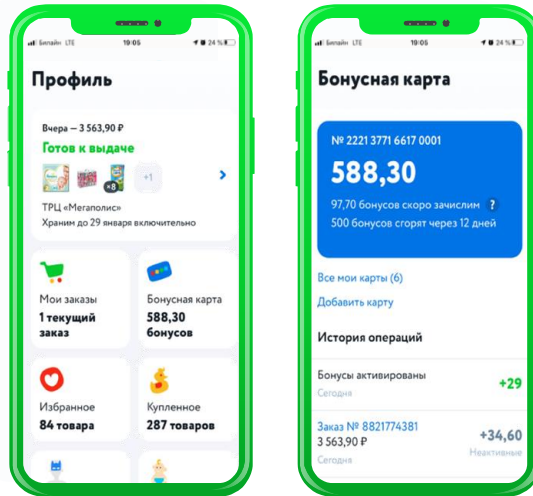
Parent-and-child room

Detsky Mir 3.0 zoning

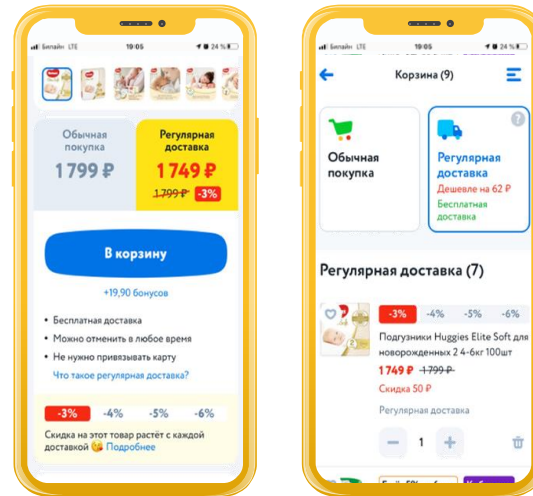


Initiatives to achieve best-in-class mobile user experience

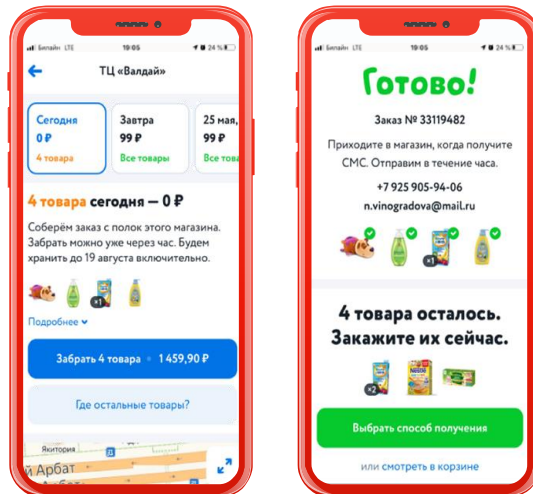
New personal account



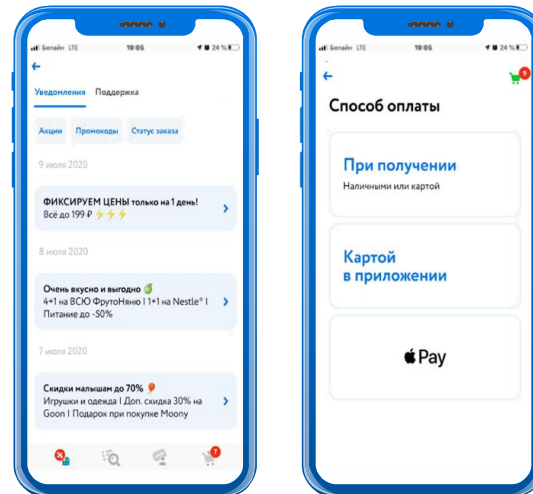
Subscription



Shopping cart

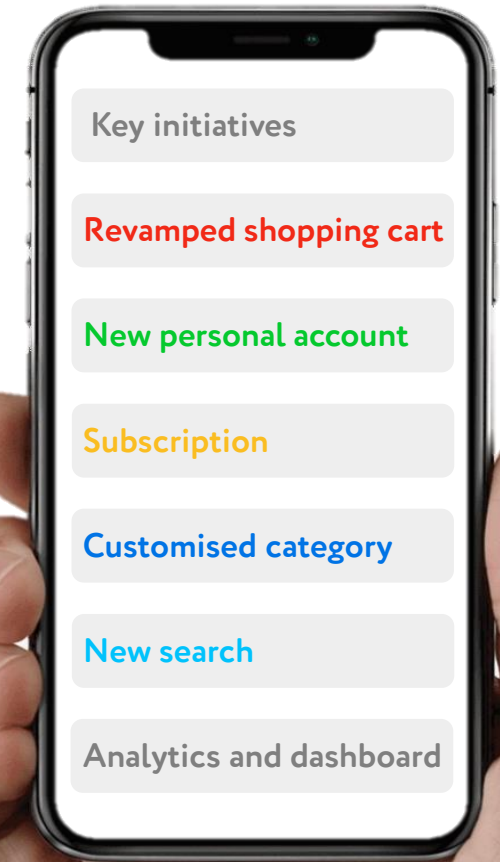


Notifications & Payment options



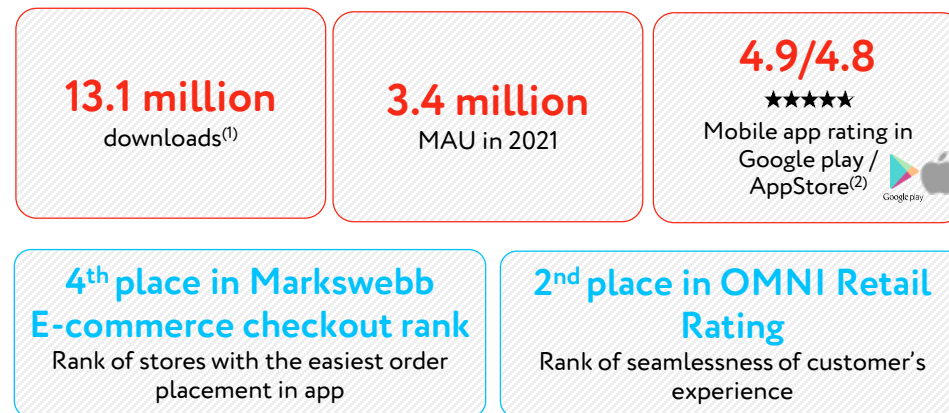
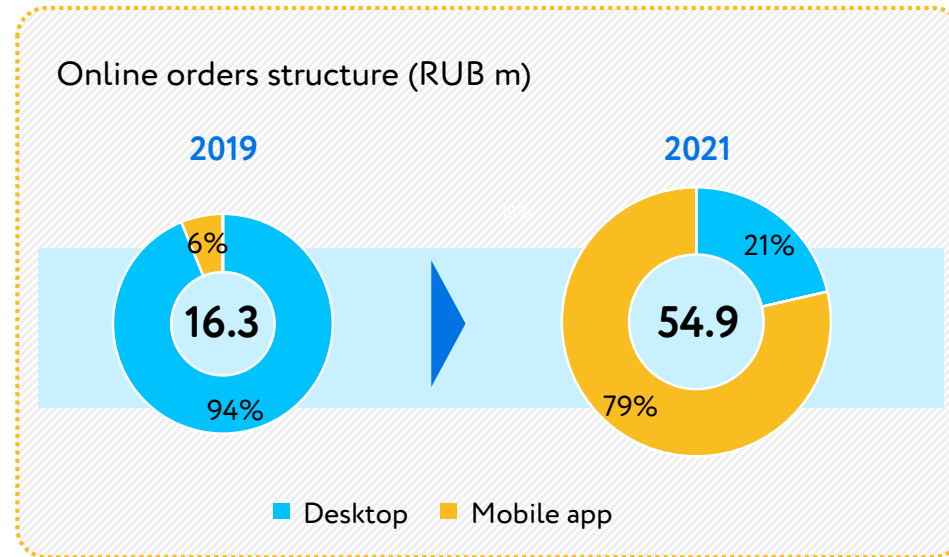
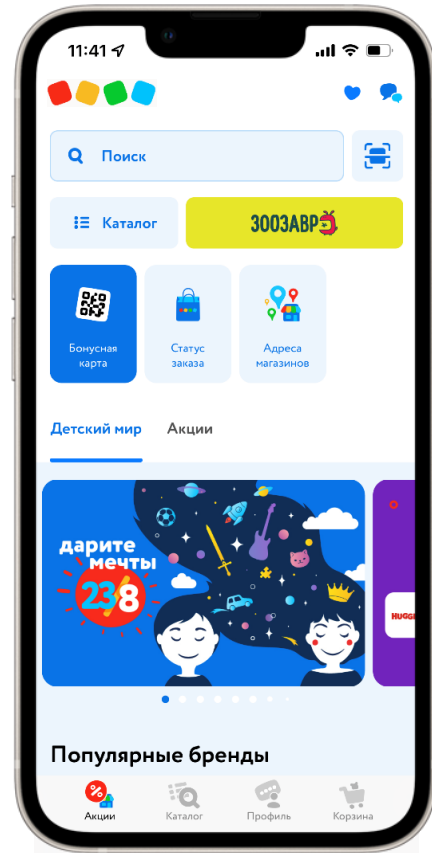
New planning and prioritisation

- Explore customers needs
- Define targets with a focus on NPS growth & UX improvement
- Prioritise based on impact on UX
- Assign responsibilities
- Collect users' feedback
- Single projects backlog and KPIs for multiple departments

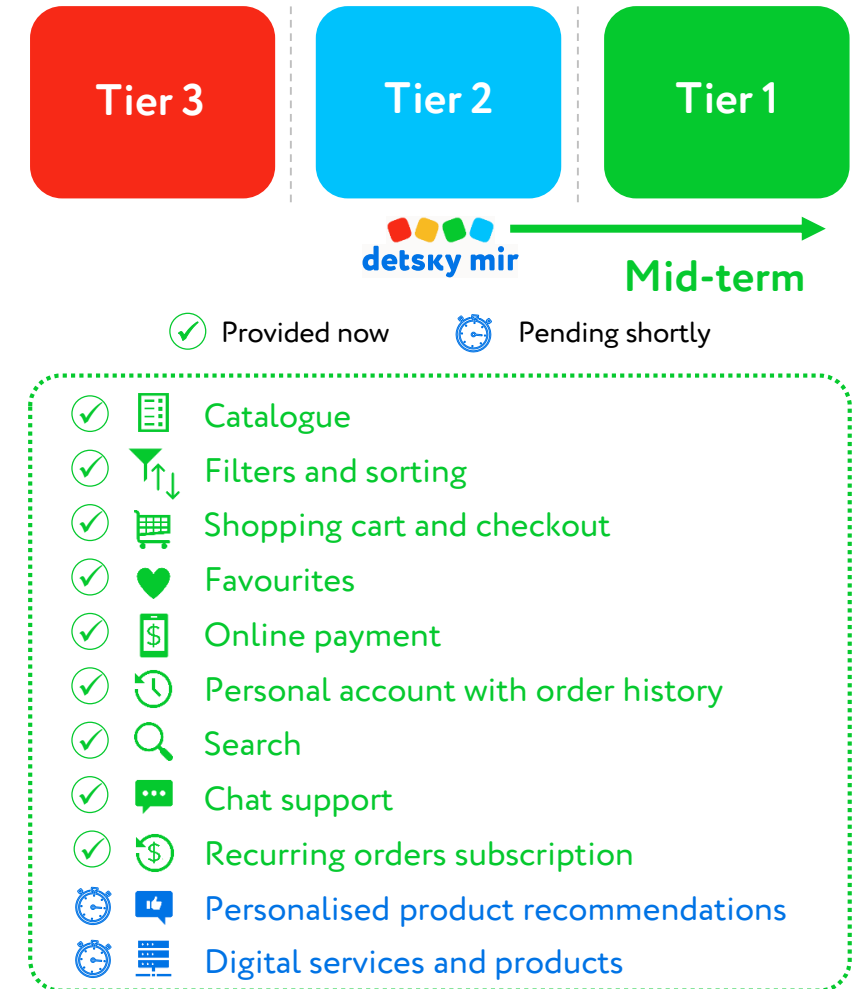


Investing in mobile app as key driver to deliver strategic objectives

Detsky Mir mobile app – a go to app for anything children's goods related

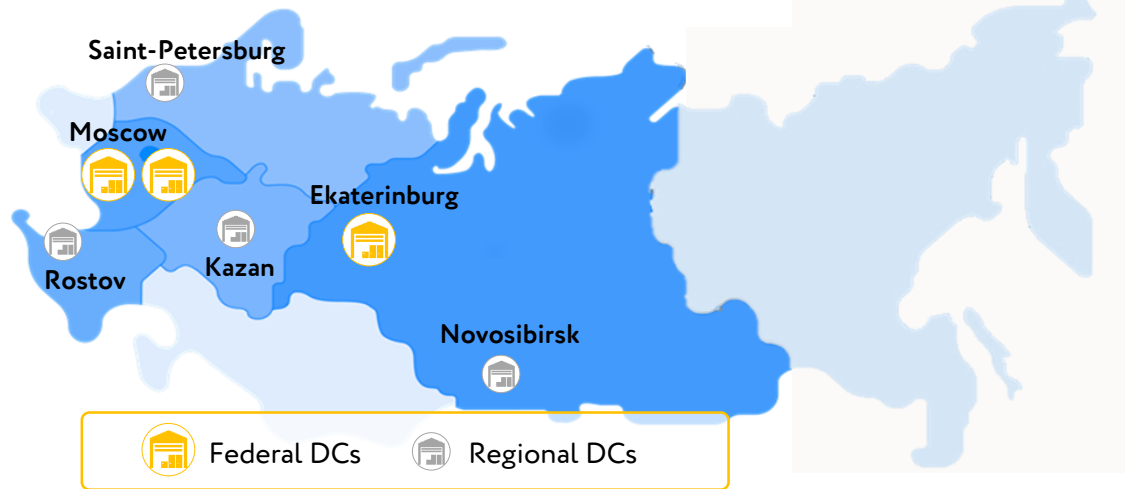


Developing Tier 1 app



Roll-out of regional DCs to boost availability of next-day delivery

Next-day coverage within 500km area from DCs








Distribution centers overview

Distribution center	Space, k sq.m	SKUs, m	Population coverage, m
Moscow (Bekasovo 1 and 2)	71.0 63.0	2.4	48.3
Rostov ⁽¹⁾	5.5	0.2	15.9
Kazan	8.0	0.2	14.9
Novosibirsk	10.0	0.2	14.4
Ekaterinburg	63.0	2.4	20.5
Saint-Petersburg ⁽²⁾	10.0	0.2	9.5
Federal DC ⁽³⁾		2.4	
Total	230.5		123.5

Sources: Company data

Notes: (1) Planned expansion to 7k sq.m in 2022; (2) Planned to open in Q1 2022; (3) Planned to open in 2024

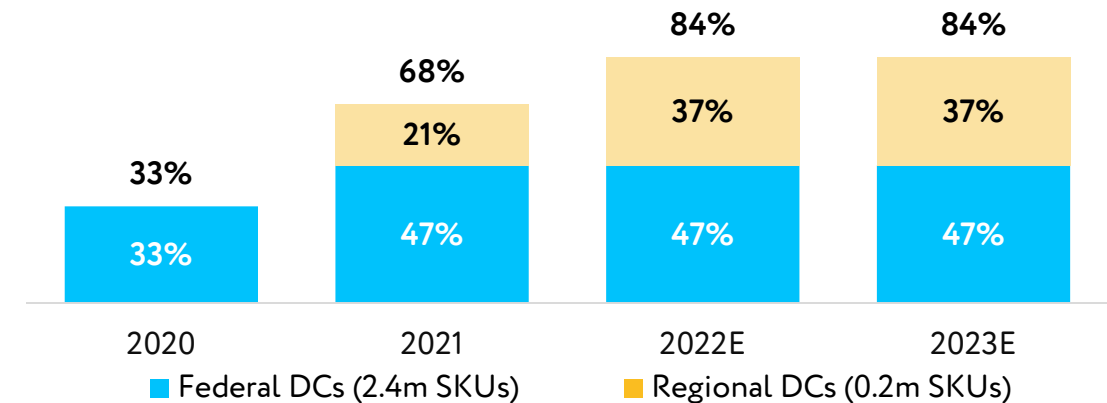
New Federal Distribution Center in Ekaterinburg

-  Launched in **Feb 2022**
-  ~ **RUB 3.5bn** Total Capex
-  **2.4m** SKUs
-  **64k m²** storage area
-  **80%** next-day delivery coverage of **20.5m** population



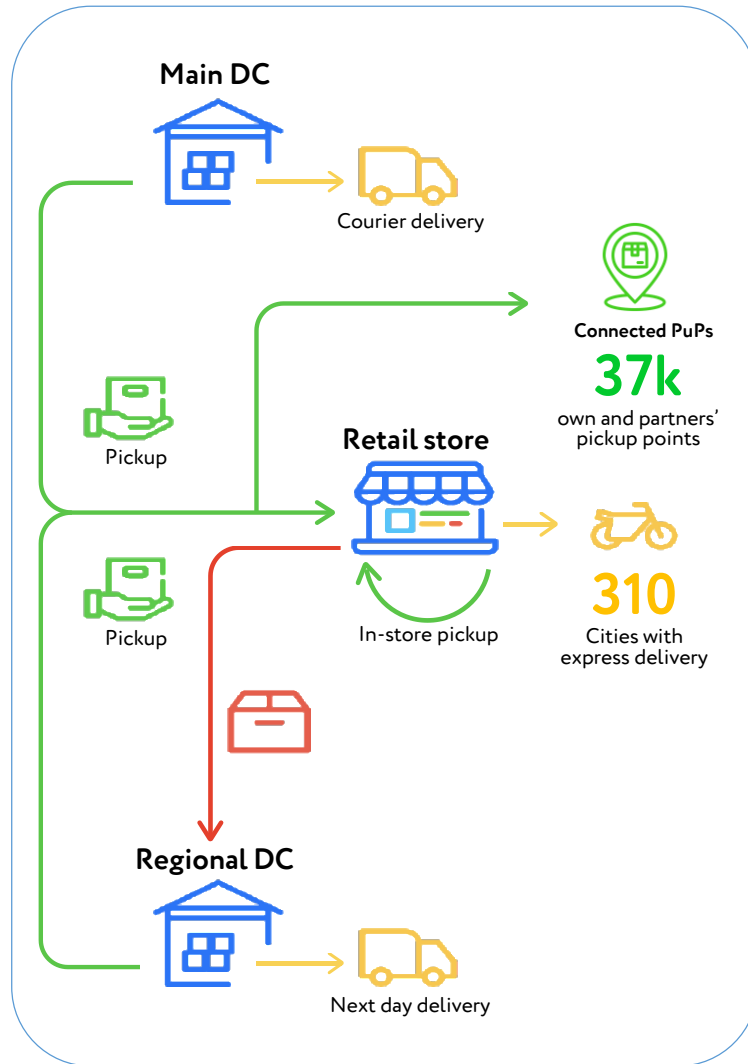
Growing availability of next-day delivery

Federal and Regional DCs Coverage as % of Russia population, (%)



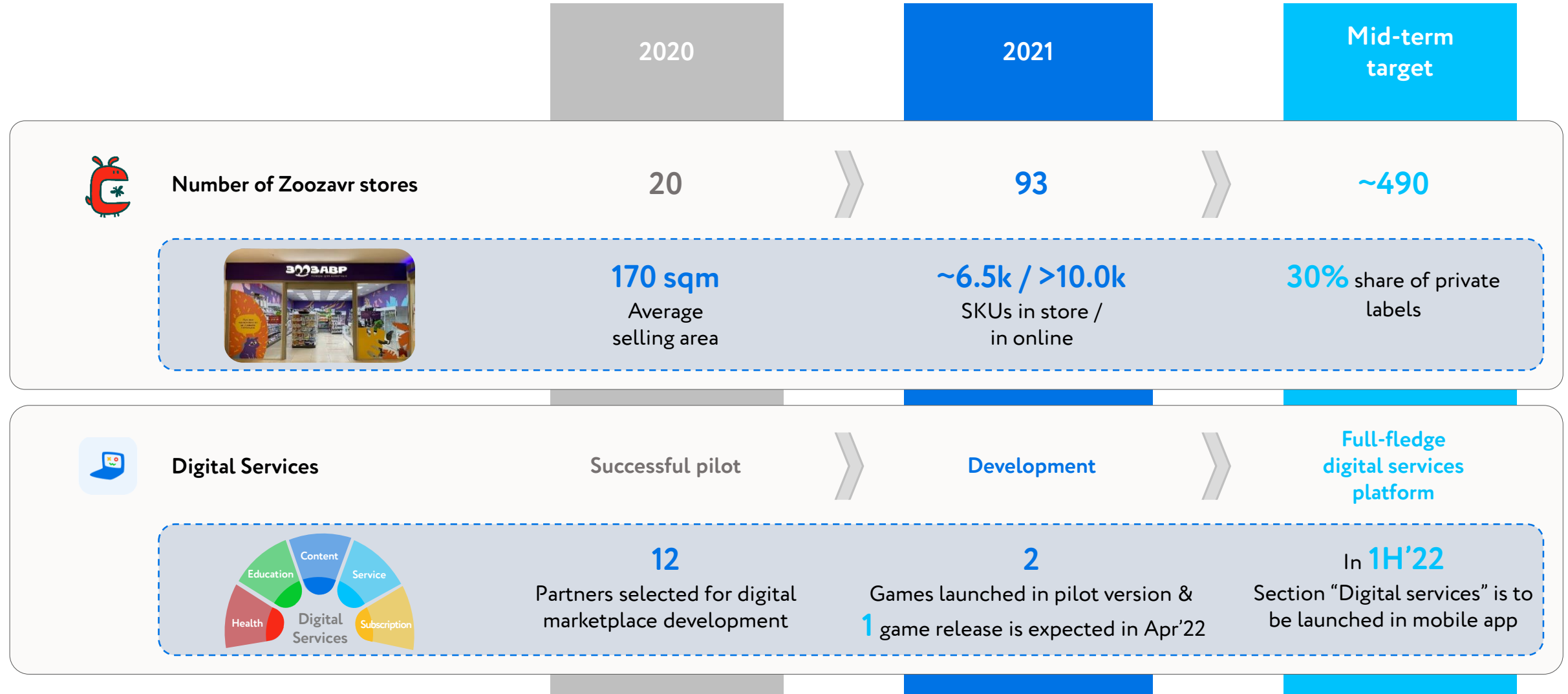
3 complementary channels to optimise speed and coverage of courier delivery

Omni-channel delivery platform



	Main DC	Regional DCs	"Last mile" through retail chain
Assortment	2.4m SKUs	200k SKUs	<40k SKUs
Number of locations	2 Main DC ⁽¹⁾ + 2 DCs in the pipeline	2 Regional DC + 2 DCs in the pipeline	950 stores
Coverage	95% of Russia population	500km from Regional DCs, 84% of Russia population	5km within stores 30% of Russia population
Speed	1-20 days	Next-day	Same-day ~2 hours

Continued development of our complementary sources of growth



Zoozavr – entering promising pets supplies market

Store Format

- 100sqm total / 85sqm selling area
- At shopping center or street retail, close to a chain food retailer
- Comprehensive assortment:
 - ~3k SKUs in store
 - >10.0k SKUs online – Upcoming private labels range
- Cross-integration with DM: stores, ordering, pickups, logistics
- Effective online coverage of entire Russia via DM's footprint



Why Zoozavr?

- Russian pet supplies market is large at RUB 296bn (2020)
- Solid market growth outlook
 - 8.3% 2020-24E CAGR, outpacing children's goods
 - Rising pet ownership rate, while children's birth rates are sluggish
 - Same low elasticity to macro as children's goods
- High fragmentation with weak competition
 - Top 5 specialist players account for only 8% market share
 - No highly recognized brand or large, well-funded and efficient player
- Large overlap with children's goods target customers and suppliers

Performance highlights in 2021

- ✓ ~RUB 930m revenue
- ✓ Share of online sales reached 66% in total sales
- ✓ Loyalty program members generated ~75% of total sales

Immediate steps

- ✓ 73 new stores in 2021
- ✓ Launch of 5 private labels with 600 SKUs in Q1 2022
- ✓ Develop veterinary supplies category to differentiate vs. online competition

“Beyond retail” – digital services as the next growth layer



Entering digital services and products market in mid-term

Pilot results

- **Pilot stage** of digital products marketplace launched in Dec'20
- Selection of **20 partners** & adding **70 apps** to mobile app (incl. parental control & GPS, educational apps, entertainment and games)
- Adding **30 new services** in Mar'21 (incl. babysitting, dog walking, cleaning, online medicine, husband for an hour services)
- Starting to develop a **full-fledged platform** in Apr'21
- **12 partners** were finally selected for development of DM digital products marketplace
- **1 game** release is expected in Apr'22
- Section “Digital services” is planned **to be launched in mobile app** in 1H 2022

Key benefits

For Partners

- ✓ Free traffic and loyal audience

For Customers

- ✓ High confidence in brand
- ✓ Trustworthy content
- ✓ Unique customer experience at all touchpoints

For Detsky Mir

- ✓ Business diversification
- ✓ Additional source of monetizing traffic and audience
- ✓ Building long-term relationships with clients

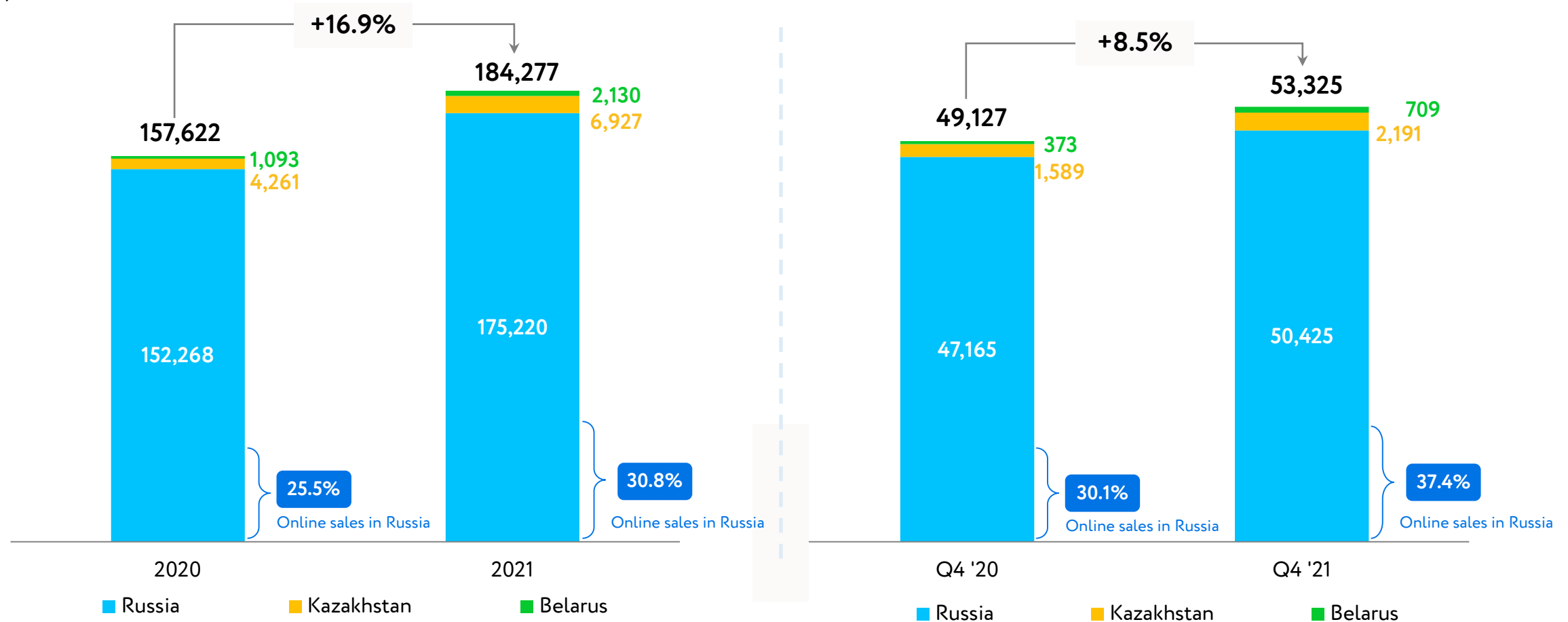


Recent financial performance

Continued top-line growth

Total GMV⁽¹⁾ growth accelerated, including growth of online sales⁽²⁾

(RUB m) incl. VAT



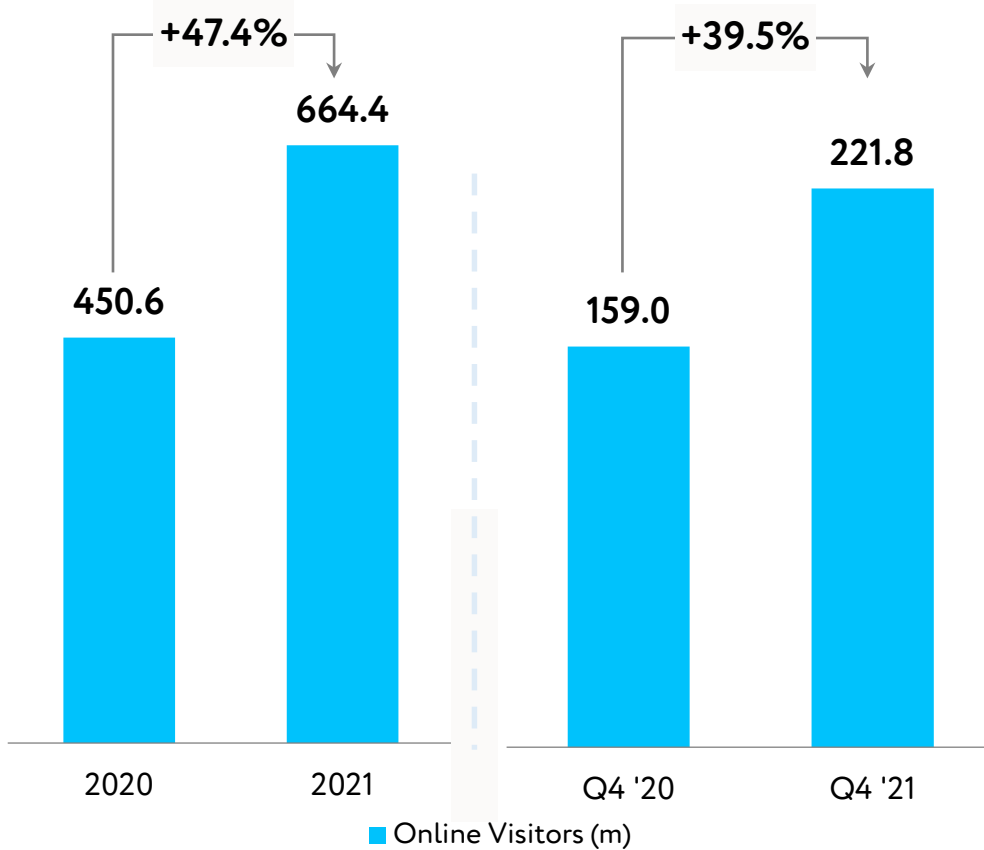
Source: Company data

Notes: (1) Hereinafter, GMV (gross merchandise value) 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 cancelled orders during the reporting period; (2) Hereinafter, 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 cancelled orders during the reporting period

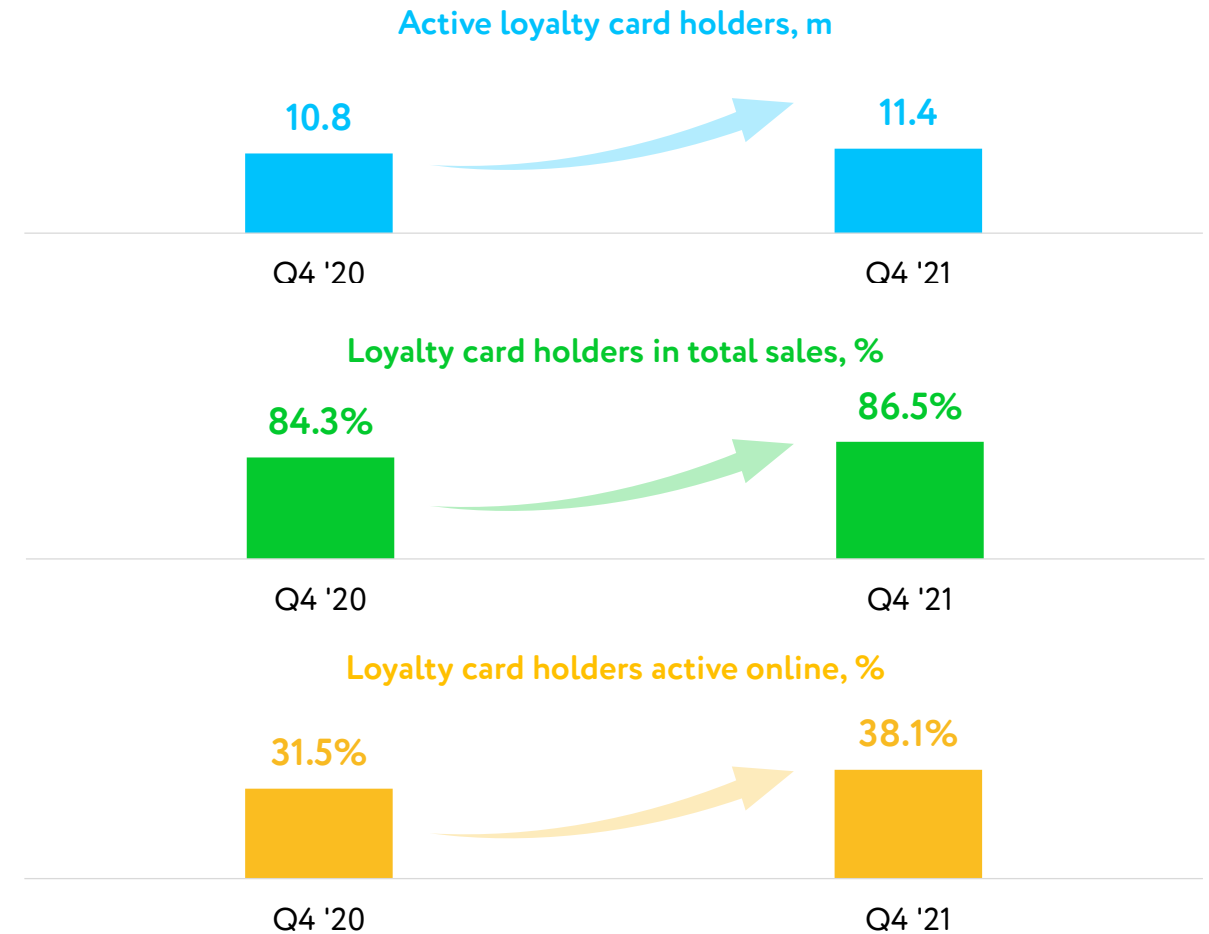
Solid online growth with strong loyal customer base

Continuous growth in online traffic

(Web and mobile platforms)



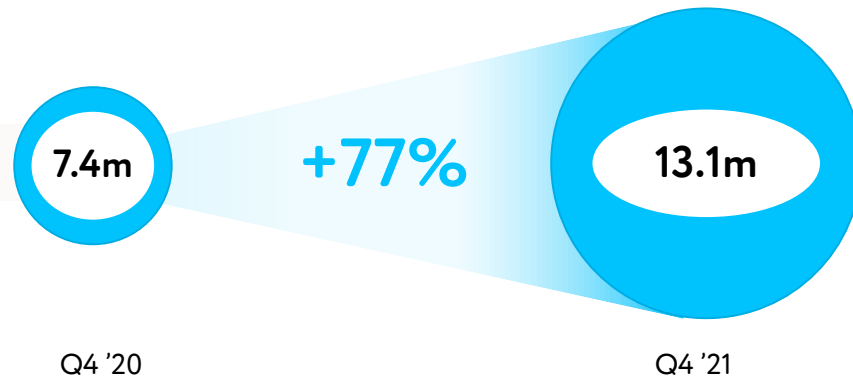
Strong loyal customer base⁽¹⁾



Best-in-class mobile app performance

Strong mobile app metrics

Installations⁽¹⁾

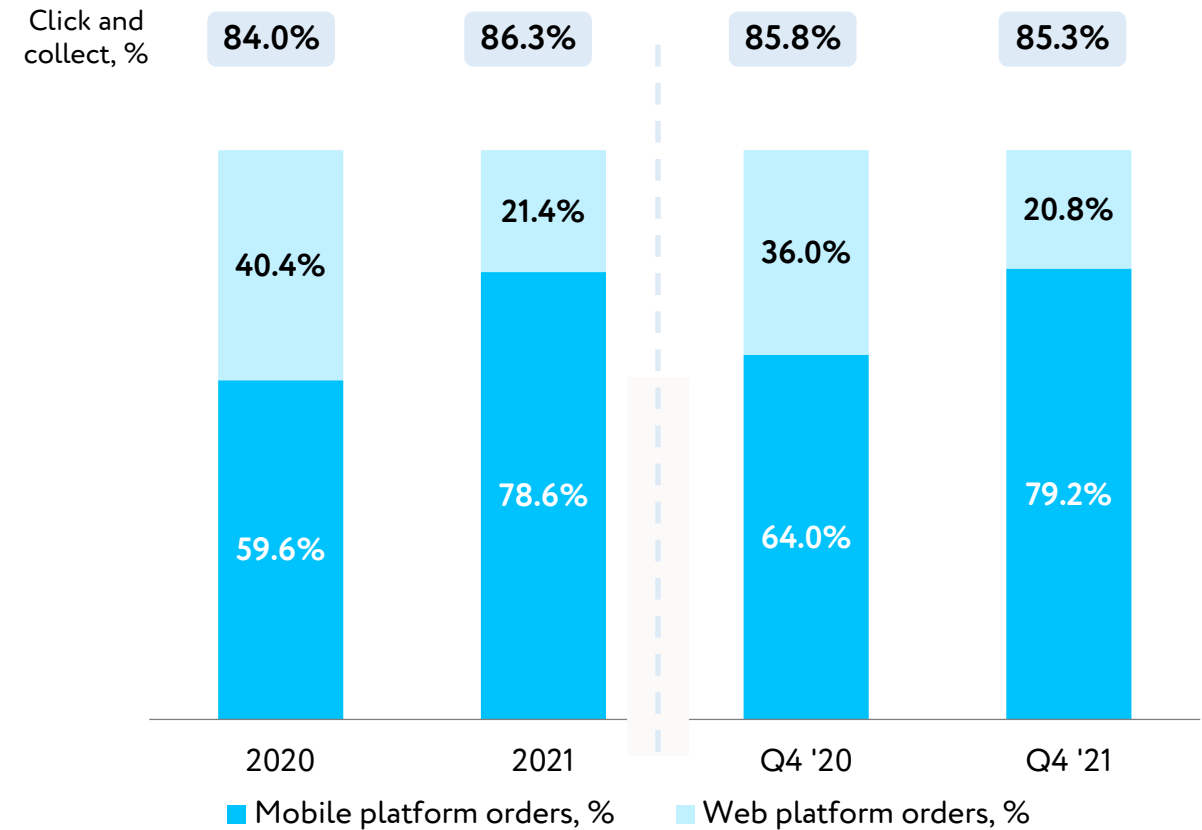


MAU⁽²⁾



Mobile app is the largest online channel

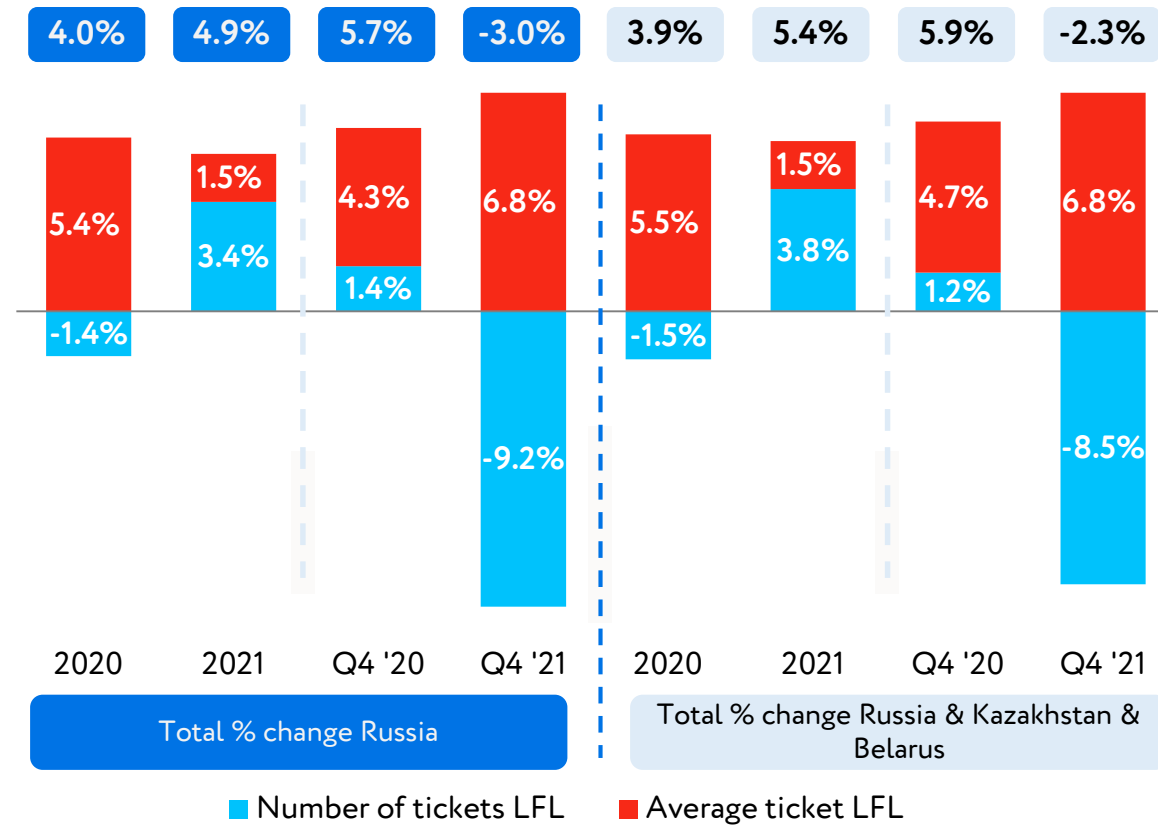
(Online orders, Russia)



Retail chain started a trajectory of accelerated growth

Robust like-for-like sales⁽¹⁾

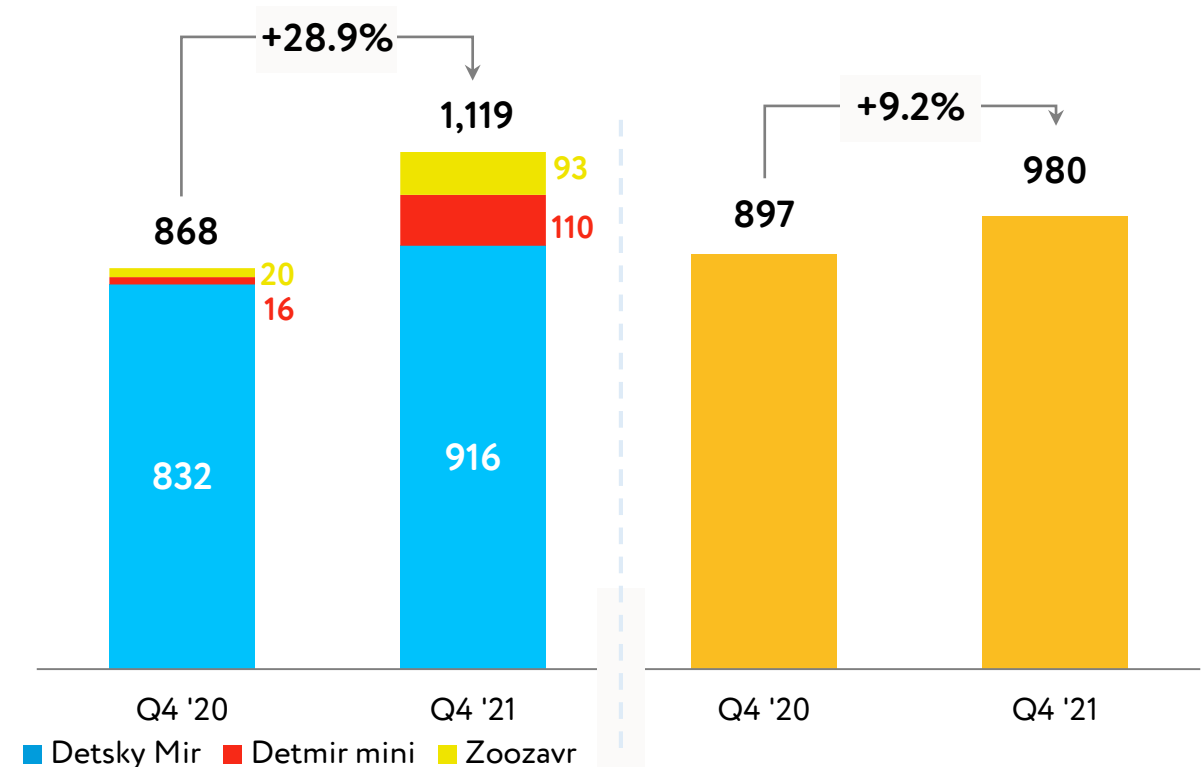
(RUB m)



Group's retail chains expansion⁽²⁾

of stores

Total selling space (sqm 000s)



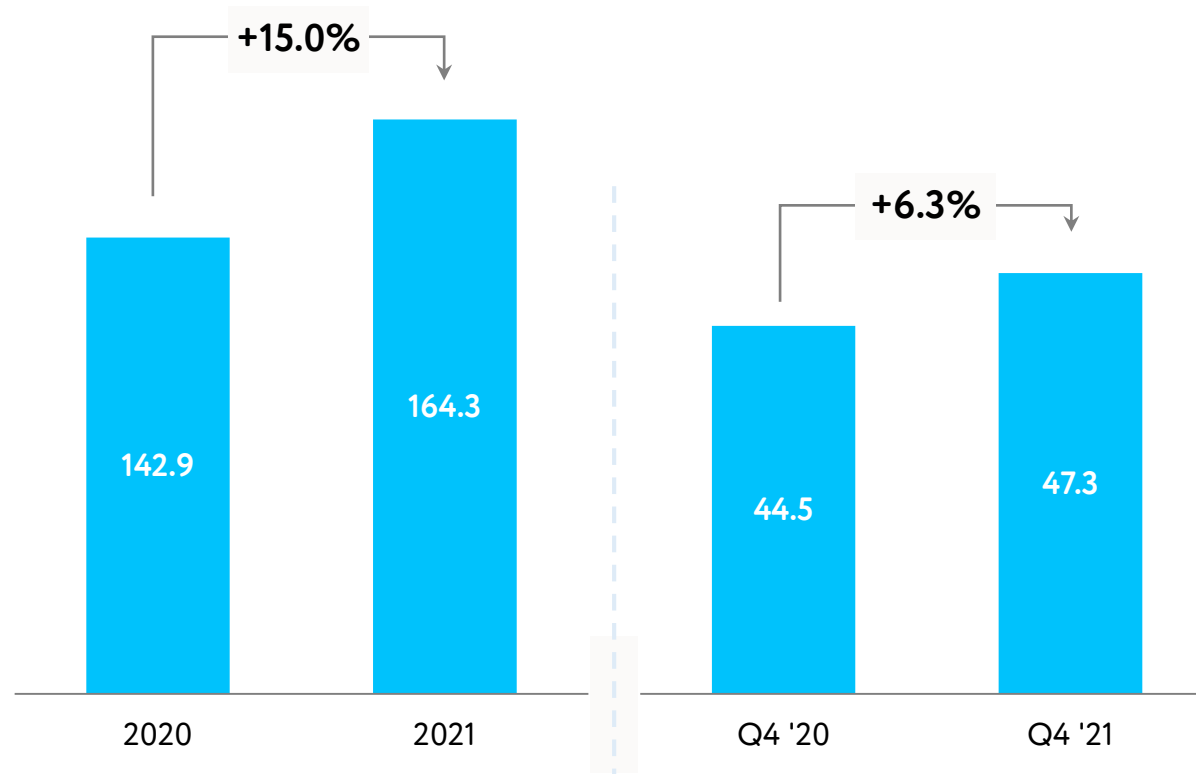
Sources: Company data.

Notes: (1) LFL revenue 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 like-for-like if the difference between the number of days worked in comparable months does not exceed three working days; (2) 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

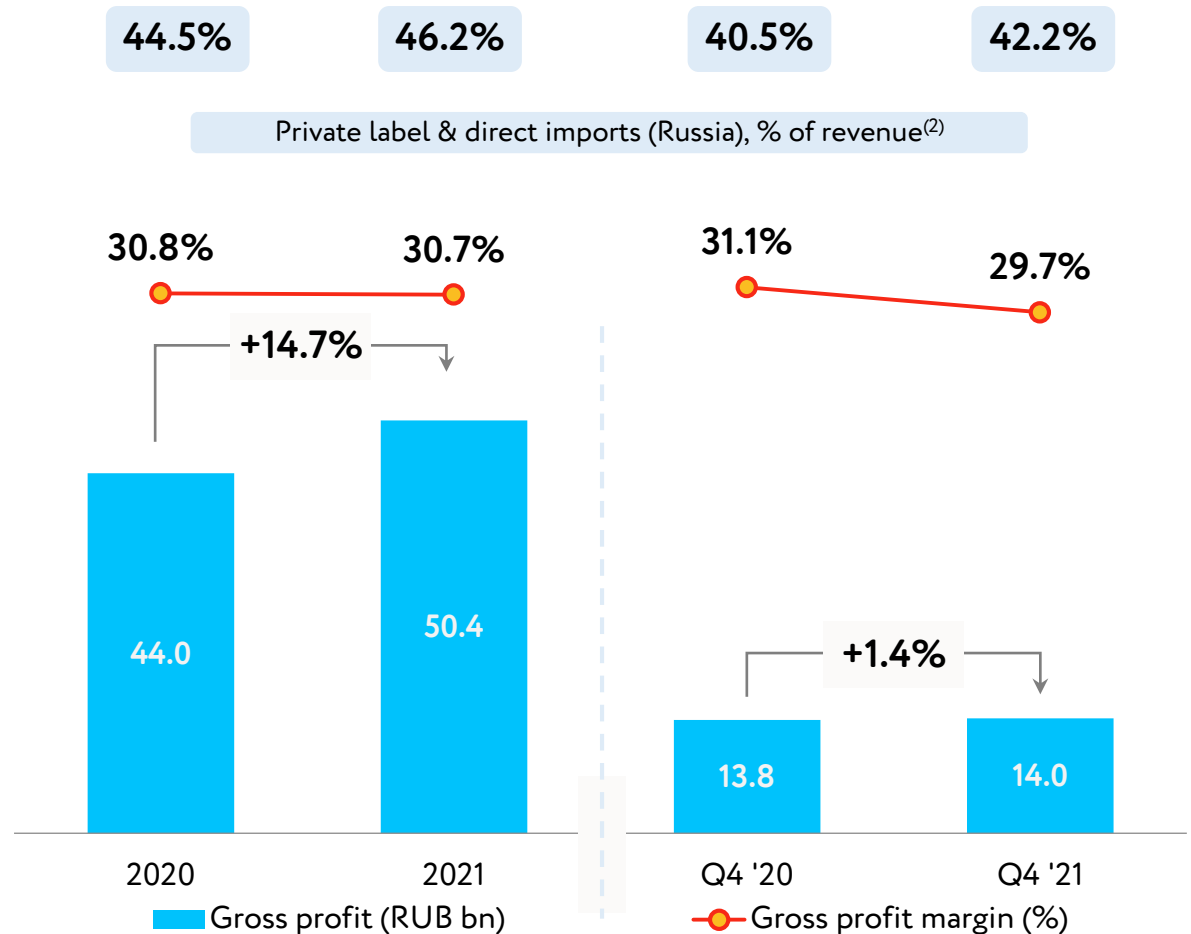
High gross margin driven by private label expansion

Group revenue is growing across all segments⁽¹⁾

(RUB bn)



While gross margin is supported by private label share increase



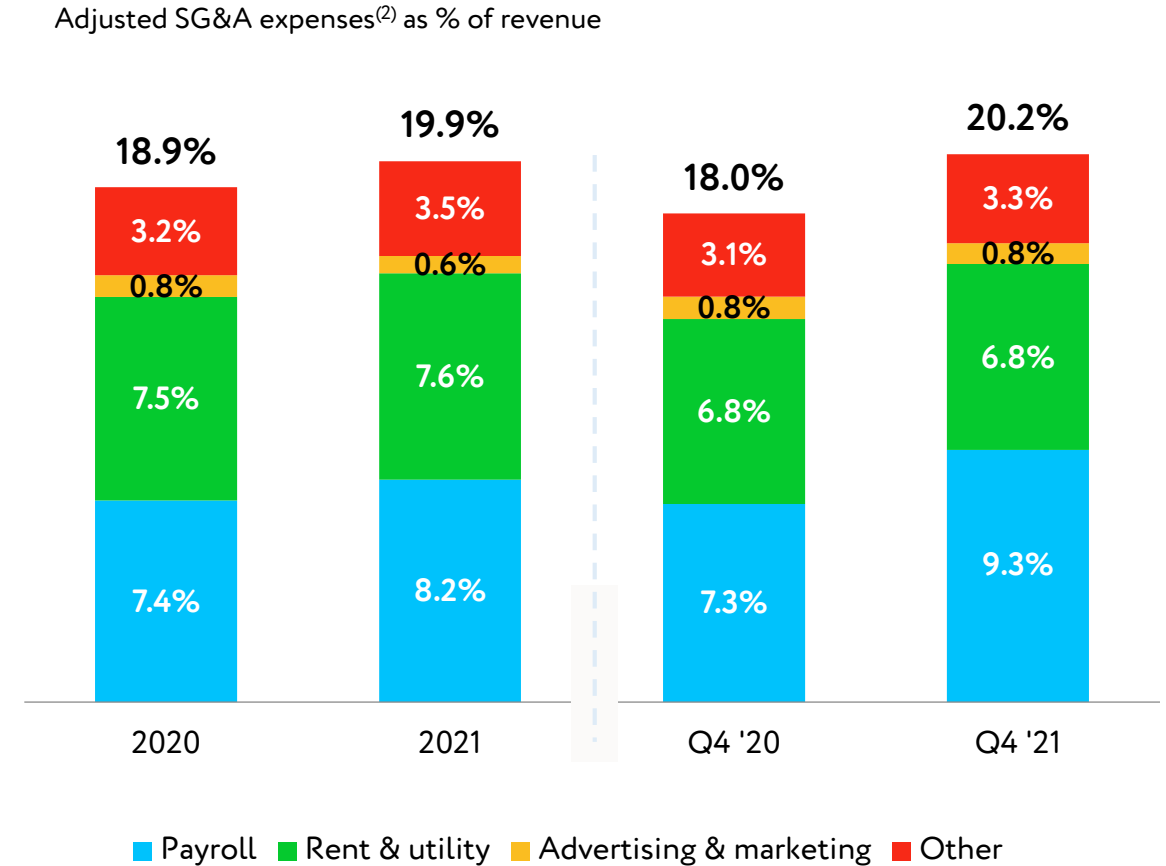
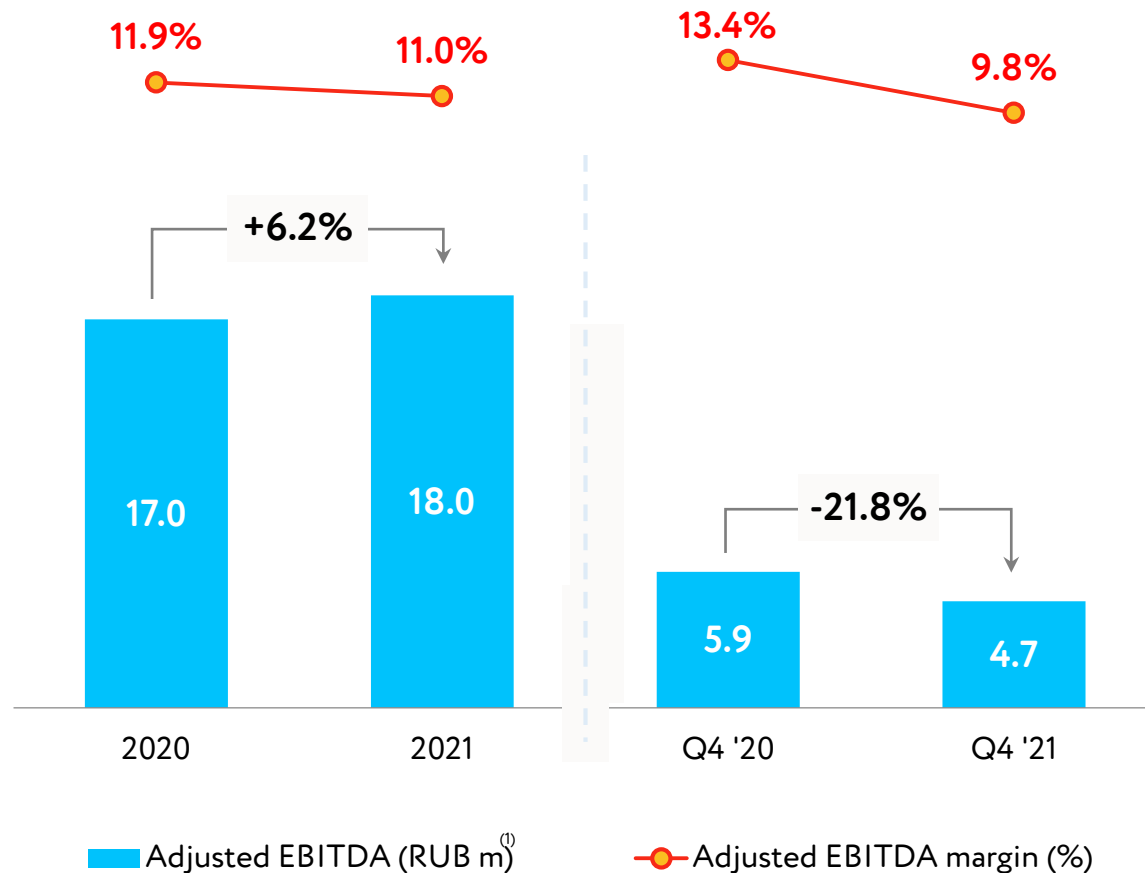
Sources: Company data

Notes: (1) Hereinafter, 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. Detsky Mir in Russia includes all sales of children's goods in Russia, as well as the sales results of the Detmir Mini chain. Zoozavr includes all sales of pet products, including sales made via the Company website and mobile app; (2) Sales of private labels and direct imports in Russia include sales of all children's goods in Russia, including through the Company website and mobile app

Consistently strong profitability

Continuous delivery of the solid double-digit profitability...

... despite of the expected payroll increase amid country-wide workforce shortages



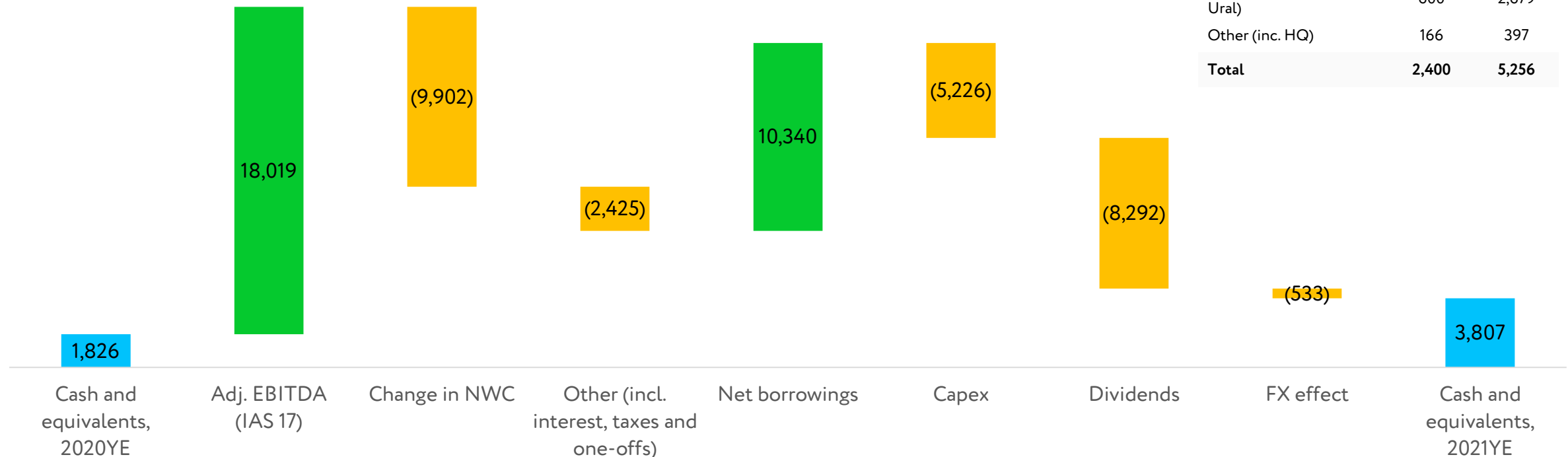
Sources: Company data

Notes: (1) Hereinafter, adjusted EBITDA is calculated as profit for the period before income tax expense, foreign exchange (loss)/gain, gain on acquisition of controlling interest in associate, finance expense, finance income, depreciation and amortization, adjusted for share-based compensation expense and cash bonuses under the LTI program and one-off (income) / expense items; (2) Hereinafter, adjusted selling, general and administrative expenses is calculated as selling, general and administrative expenses adjusted for depreciation and amortisation expenses, additional share-based compensation expense and cash bonuses under the LTI program

Cash flow evolution

2021 cash flow evolution

(RUB m)



Capex breakdown

CAPEX (RUB m)	2020	2021
New openings	833	1,082
IT	801	1,098
Infrastructure (inc. DC Ural)	600	2,679
Other (inc. HQ)	166	397
Total	2,400	5,256

- Solid operating cash flow driven by high EBITDA growth
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements

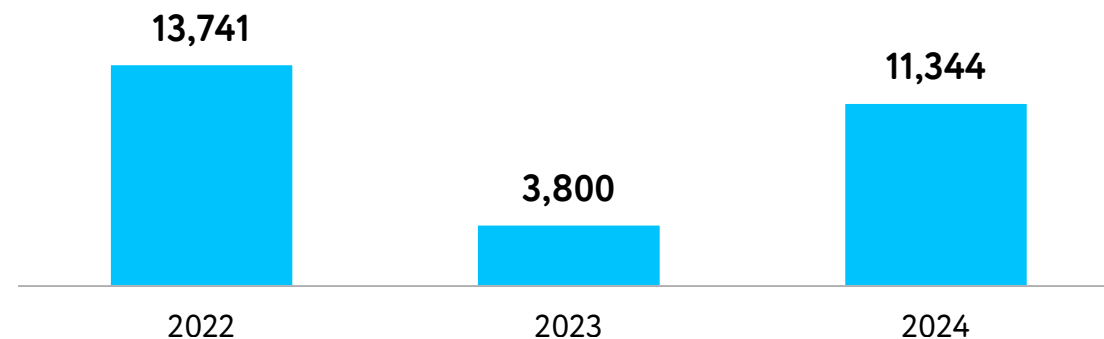
Conservative financial policy

Comments

- Commitment to a conservative financial policy
 - Fully RUB-denominated debt to match RUB revenue, mostly fixed rates
 - Relationships with multiple Russian and international banks
- Net debt / Adj. EBITDA ratio as of 31 December 2021 is 1.4x vs. 4.0x average covenant level across the loan portfolio (IAS 17)
- Weighted average interest rate⁽¹⁾ – 8.5% (as of Q4 '21)
- No contingent off-balance sheet liabilities
- Available undrawn credit limit of RUB 37.5bn for refinancing of the current credit portfolio aiming at its further diversification

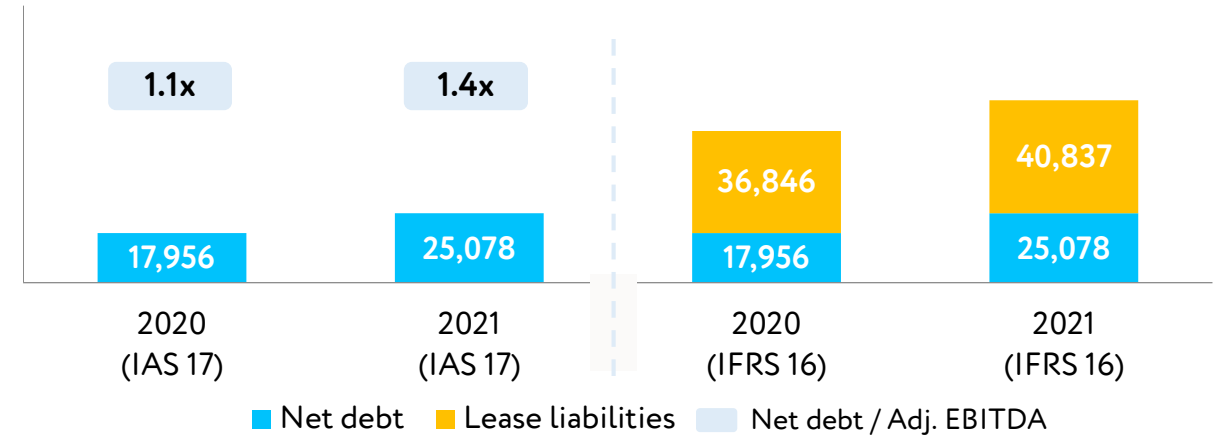
Debt maturities as of 31 December 2021

(RUB m)

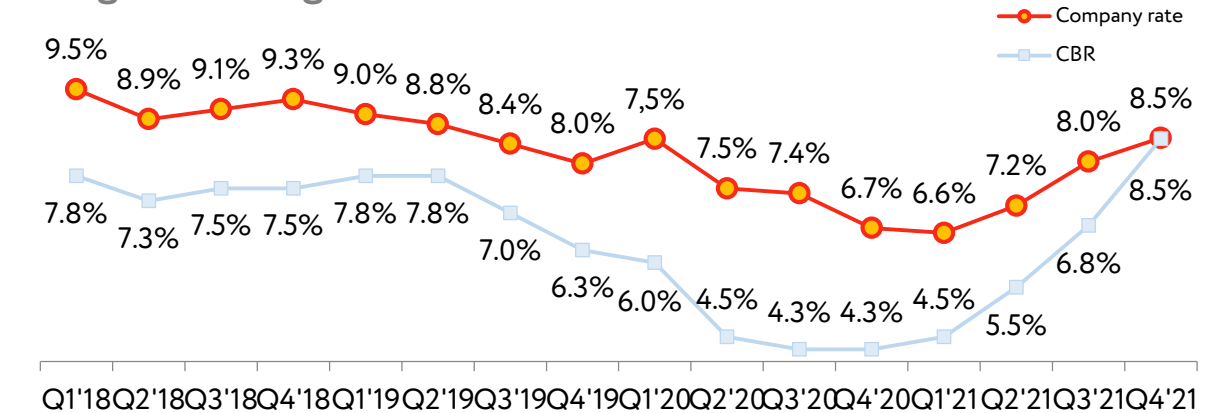


Leverage

2021 total debt – RUB 28.9bn



Weighted average interest rate⁽¹⁾



Sustainably high returns to shareholders

Asset-light cash generative model underpins significant dividend paying capacity:

50% of NI

minimum payout ratio according to the dividend policy

Up to 100% of NI

historical payout ratio

2x per year

dividend payments frequency

Maintaining sound leverage <2.0x

despite significant dividend payout

RUB 3.8bn

recommended interim dividends for 9M 2021

+

RUB 4.5bn

final dividends for Q4 2020

=

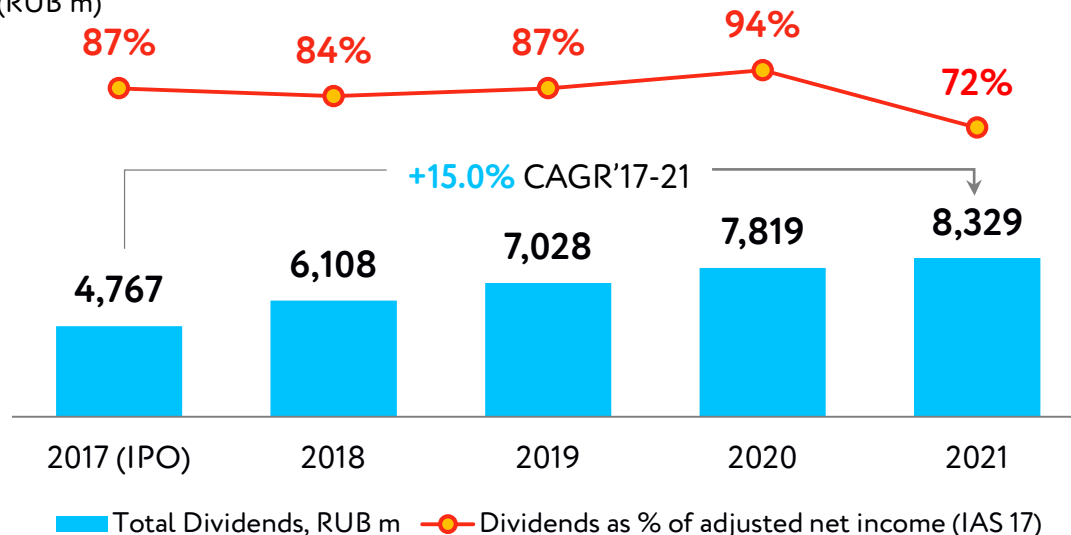
RUB 8.3bn

dividends to be paid in 2021

(+7% y-o-y increase)

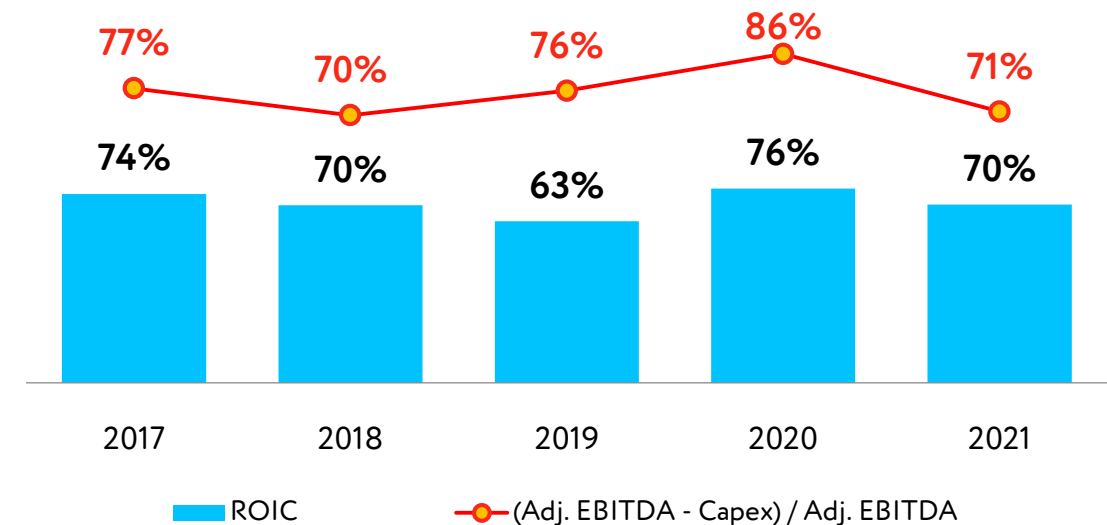
History of paid dividends

(RUB m)



Strong return on invested capital⁽¹⁾

(%)



Impact of Covid on business performance

Lockdown and continuous restrictions



On 28 Oct – 7 Nov 2021 Russia faced an almost **country-wide lock down regime**

In those days, we had the following situation in terms of our stores:

- 3%** stores were closed
- 35%** stores worked in a limited capacity (pick-up points only and/or shrank SKUs)
- 62%** stores were open without any restrictions

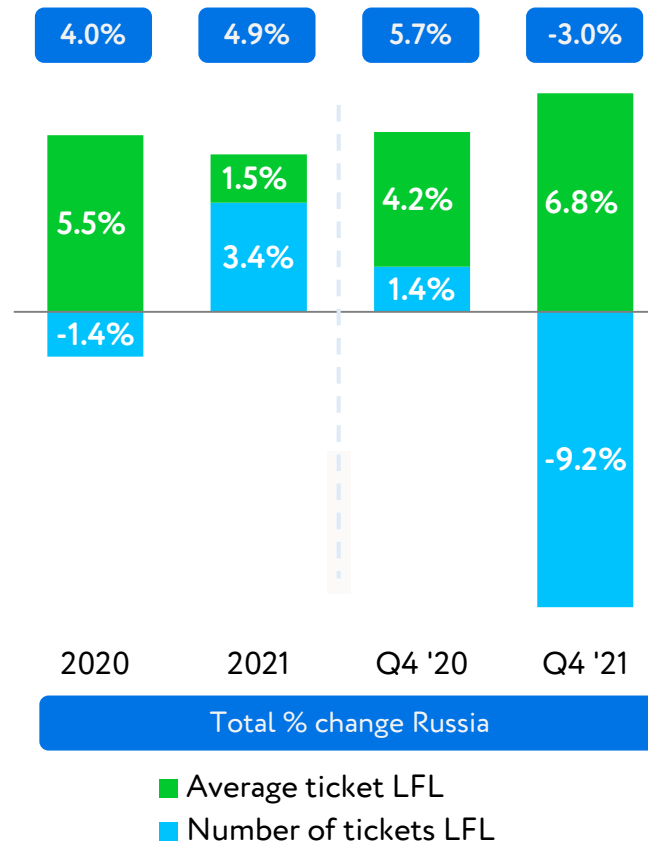


QR⁽¹⁾ codes became necessary to visit shopping malls in some of the regions

- 40%** shopping malls we were operating in required QR codes in Nov-Dec 2021
- 40%** Detsky Mir stores are currently affected by QR codes requirements

Restrictions in Russia negatively affected LfL dynamics in Q4

(RUB m)



Company Responses and Initiatives



Employee & Customer Safety First!

- ✓ Intense regular **disinfections & social distancing** measures at stores, facilities & workplaces
- ✓ 100% office personnel **working remotely**
- ✓ Secured stocks of **protective equipment**
- ✓ **Contactless pickup & delivery** protocols



Omnichannel fueled online sales

- ✓ Online sales grew **33.2%** q-o-q
- ✓ Online sales share reached record **37.4%**
- ✓ Increased **online promos**
- ✓ Increased demand for **courier delivery**
- ✓ Increased **online logistics** capacity



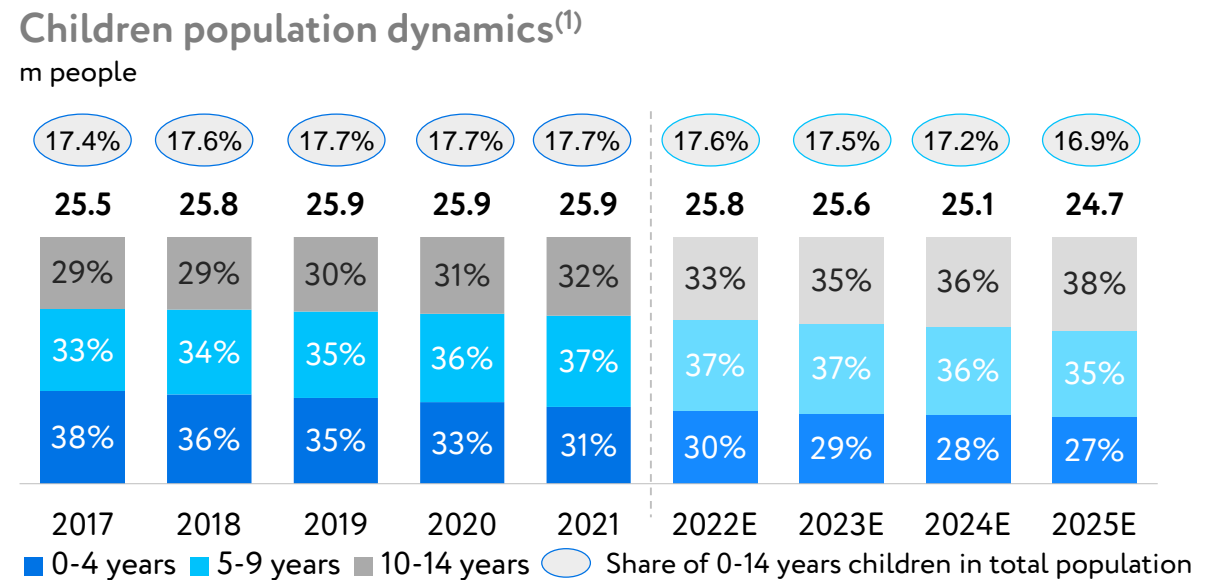
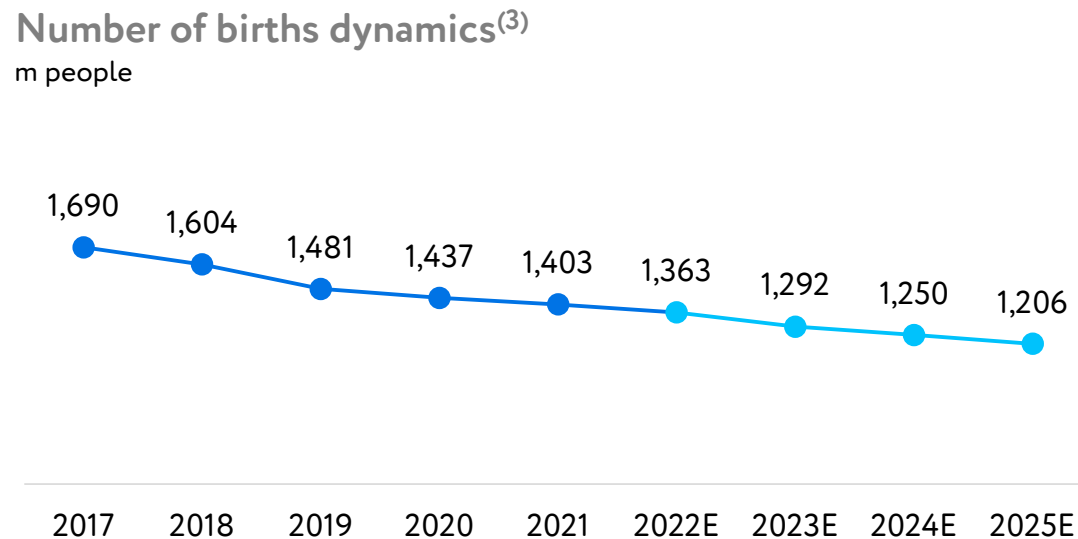
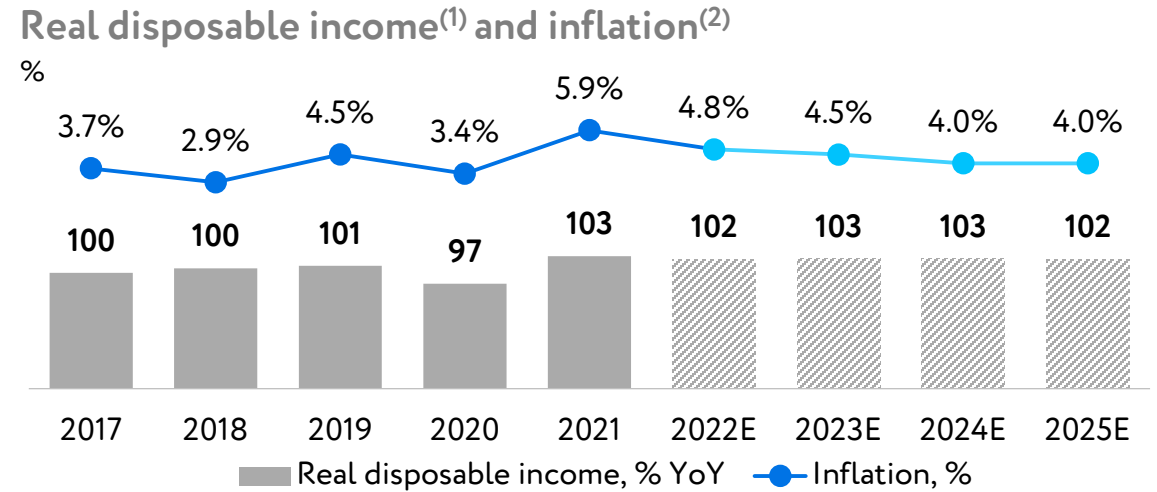
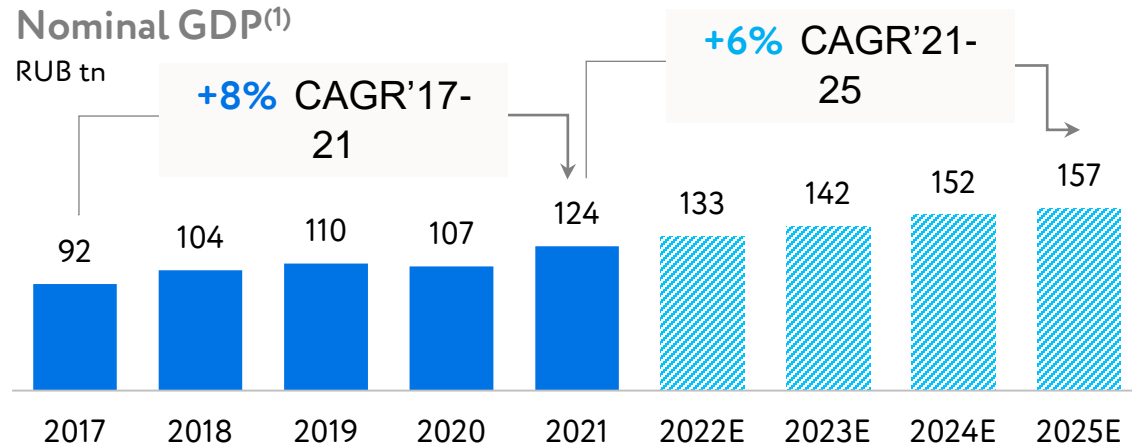
Operating & Financial Resilience

- ✓ All stores working in **full capacity**
- ✓ SG&A cost margin⁽²⁾ increased by **1.0 p.p.** y-o-y to 19.9% in 2021
- ✓ **Capex increase** due to new stores openings and redesign of existing stores
- ✓ **1.4x** Net debt / Adj. EBITDA⁽²⁾



Macro and competitive environment

Macro environment in Russia



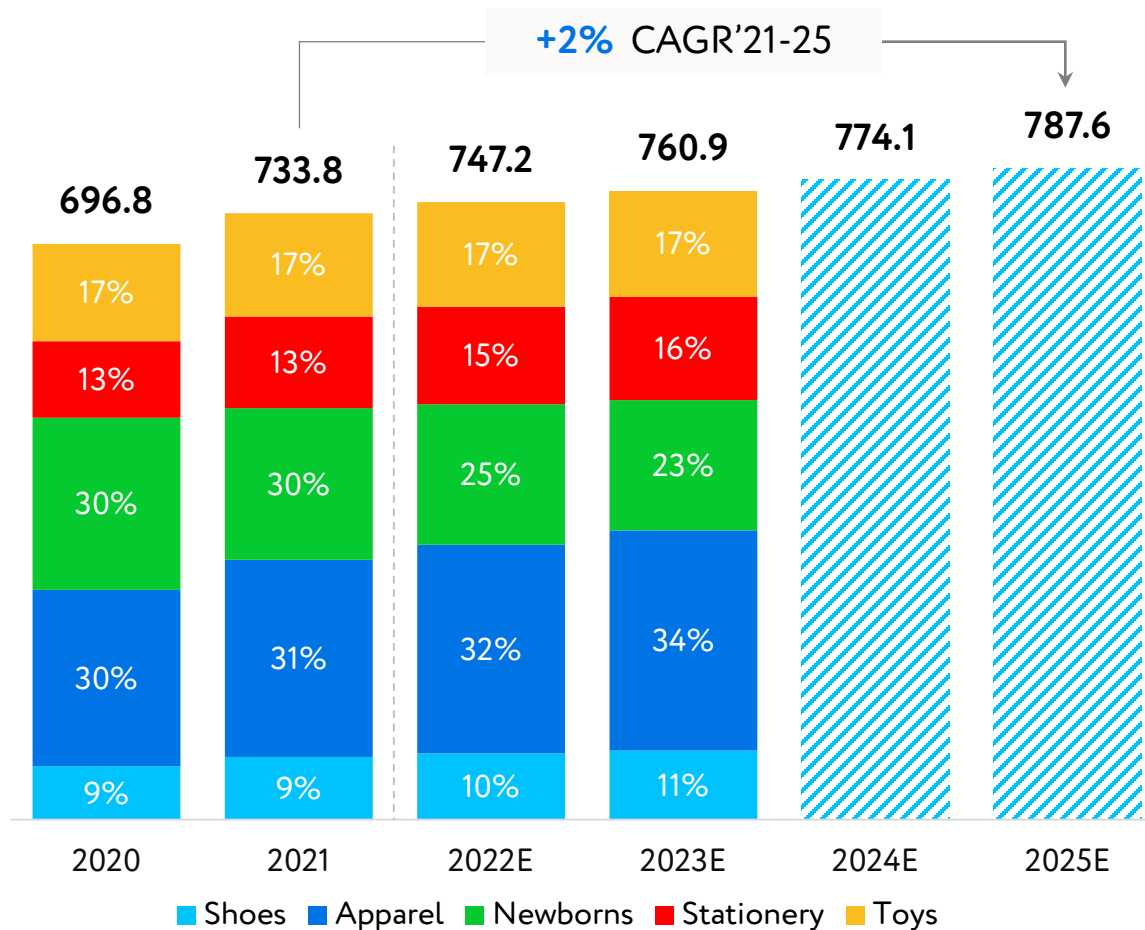
Sources: Ipsos Comcon report, IMF

Notes: (1) For 2020-2024 – Medium-term forecast of the socio-economic development of the Russian Federation until 2024 (basic scenario). For 2025 – Long-term forecast of the socio-economic development of the Russian Federation until 2036 (basic scenario); (2) Average consumer prices; (3) Rosstat

Solid addressable market for Detsky Mir

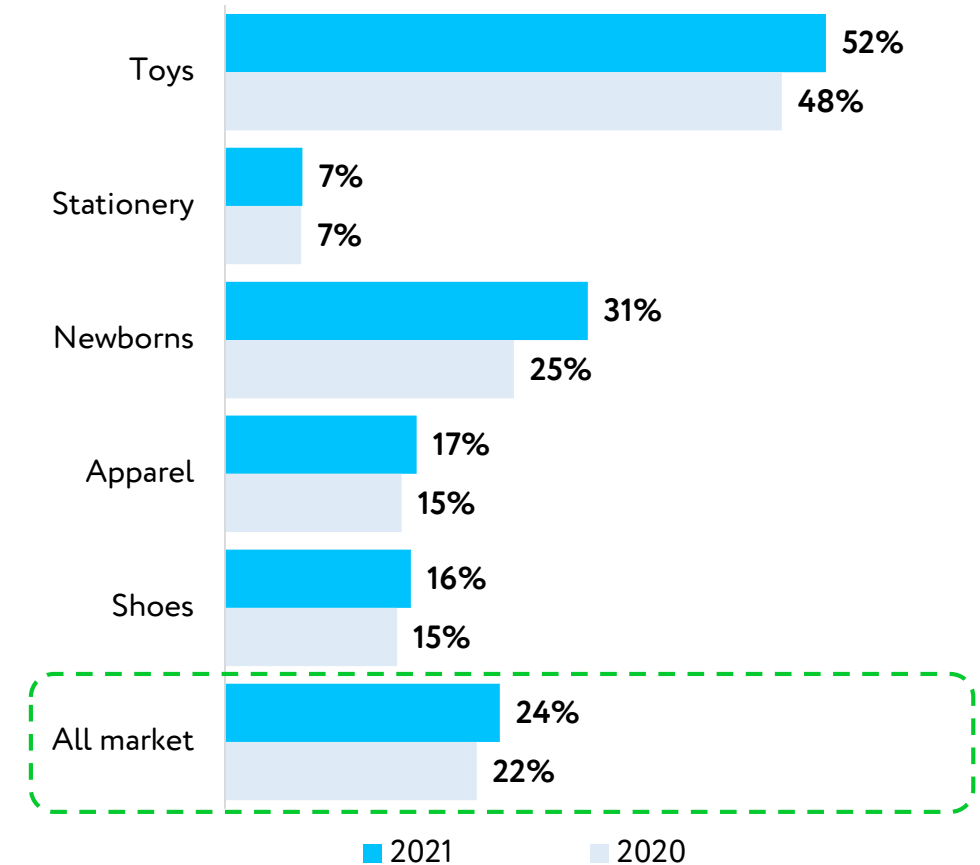
Healthy outlook on key market segments ...

Russian children's goods market in all Russian cities⁽¹⁾ (RUB bn)



... with DM gaining market leadership across all categories

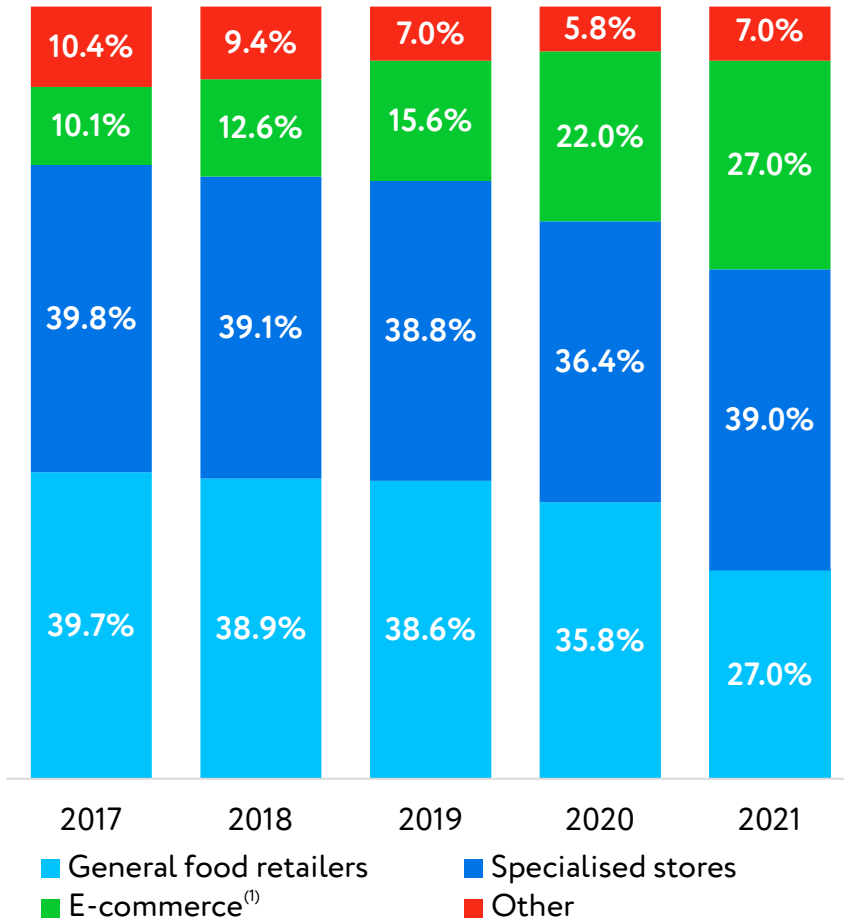
Detsky Mir market share by segments⁽²⁾ (%)



Market environment evolution

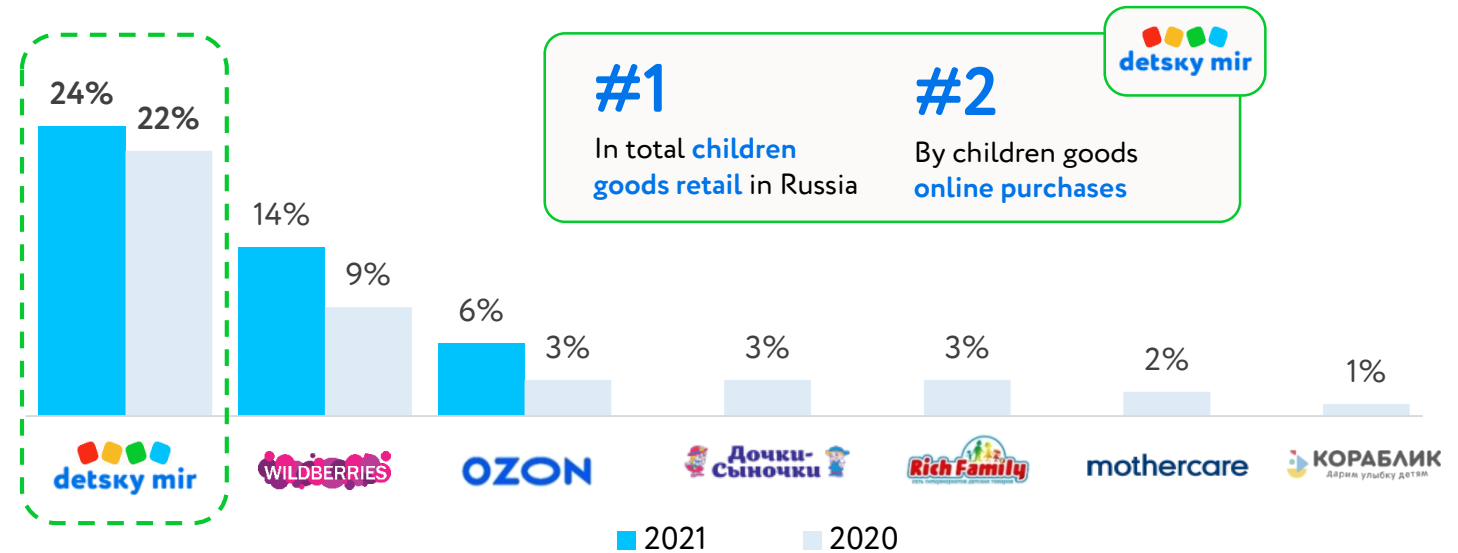
Online is one of the most fast-growing channels ...

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



... while DM maintains leading positions in both offline & online

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



Key competitive strengths allowing Detsky Mir to sustain market leadership



Sources: Company data, Ipsos Comcon report, SPARK, Data Insight

Notes: (1) Represents children's goods ordered online (excluding online stores of offline retailers from other sales channels); (2) Market share is based on sales (including VAT of c. 10%) and market volume estimation in Russian total urban population. Market share for Detsky Mir is based on the consolidated IFRS data (excl. Kazakhstan, Belarus and Zoozavr stores)

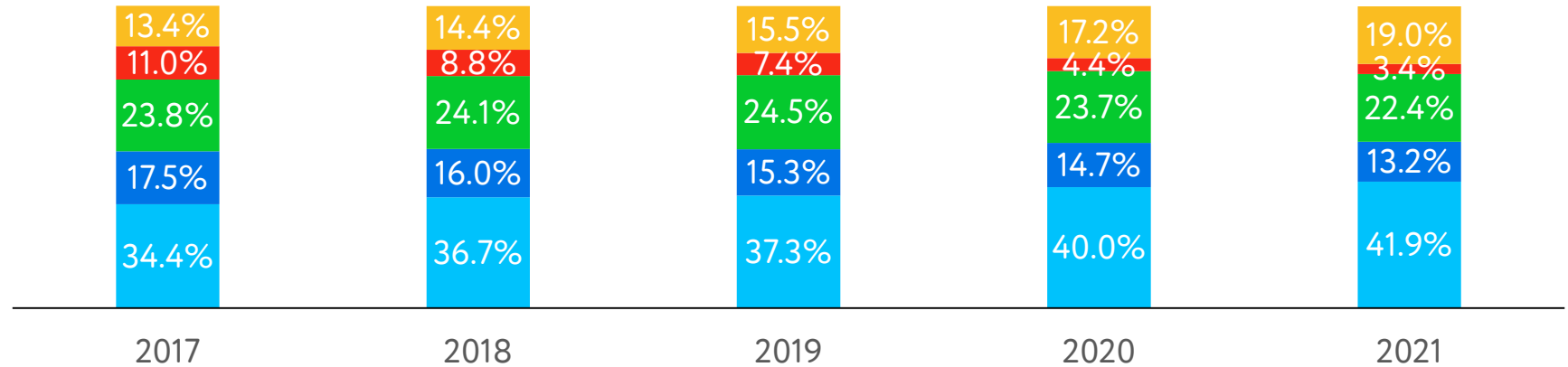
Gaining market share in baby food and diapers segments

Baby food sales by channel in Russia

+1.4x

Detsky Mir's market share growth over 4 years

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

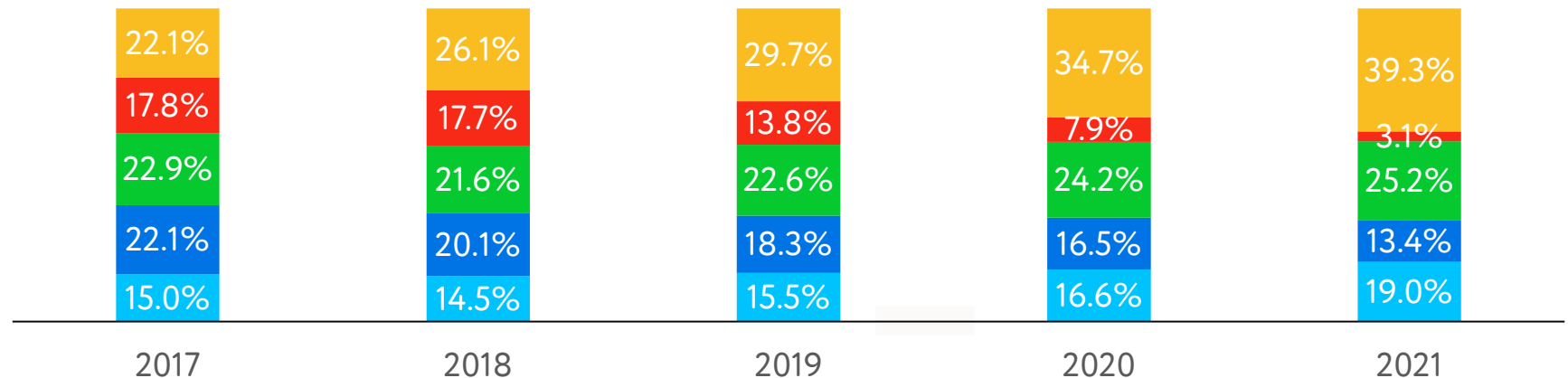


Diapers sales by channel in Russia

+1.8x

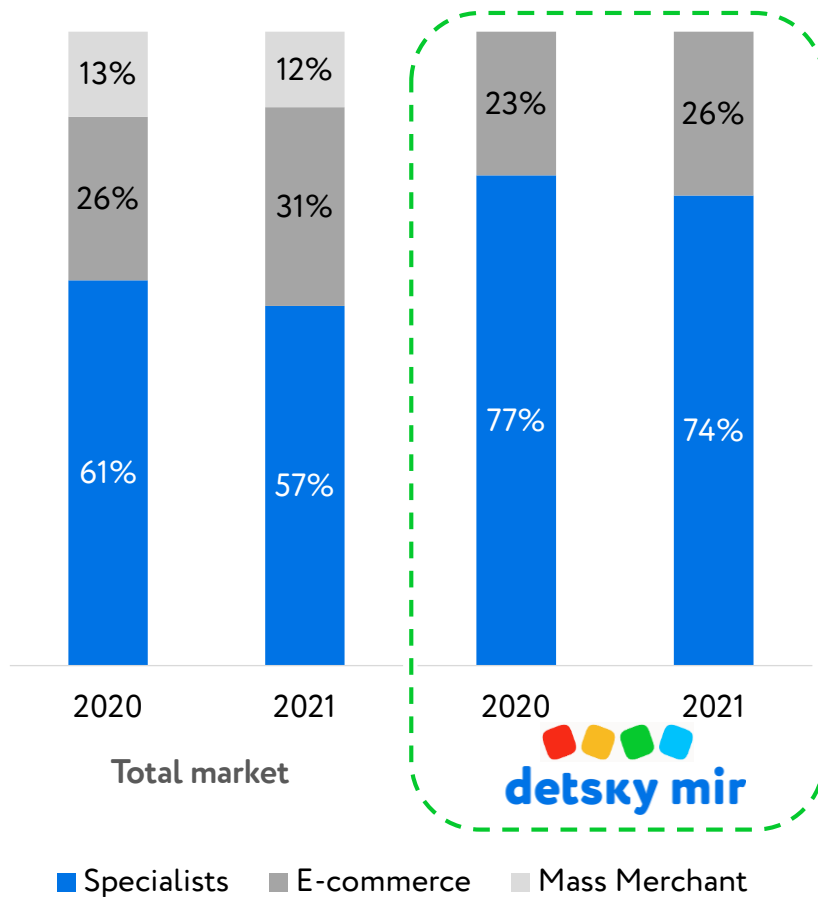
Detsky Mir's market share growth over 4 years

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



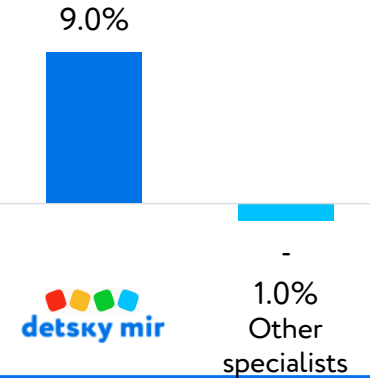
Gaining market share in toys segment

Toys market and DM sales structure by channels

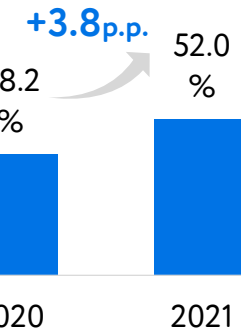


Sales growth 2020-21

Specialist retailers



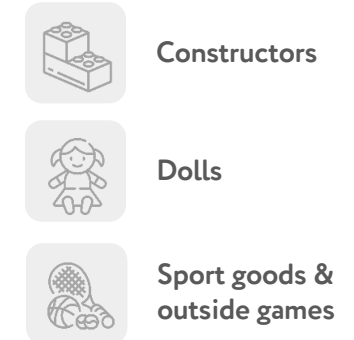
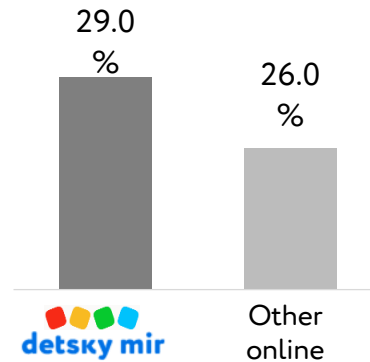
DM market shares



Key categories enhancing growth



Online retailers





Sustainable Development

Sustainability Priorities and Action Areas



Priorities

Relevant SDGs¹

Action areas



Focus goals



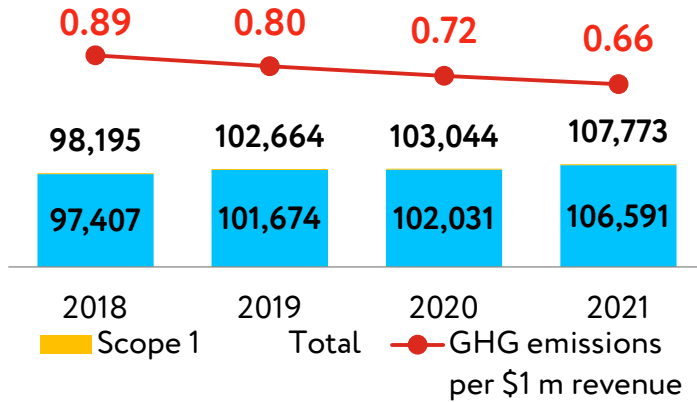
Additional goals

Ecology & Environmental Protection



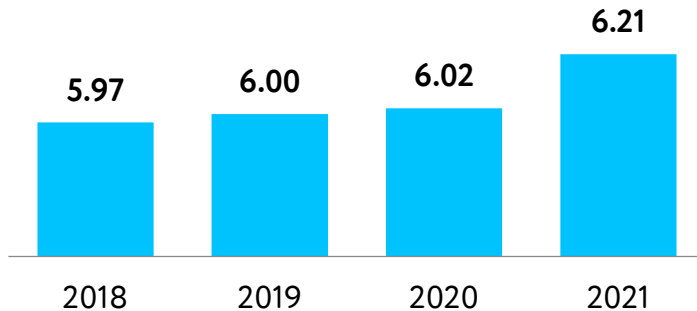
GHG emissions

(Equivalent tons of CO₂)



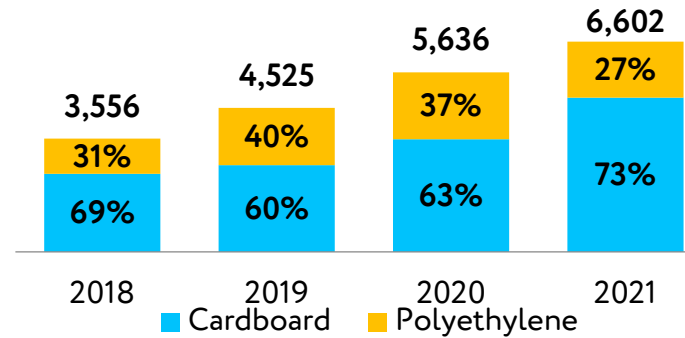
Water consumption

('000 litres)



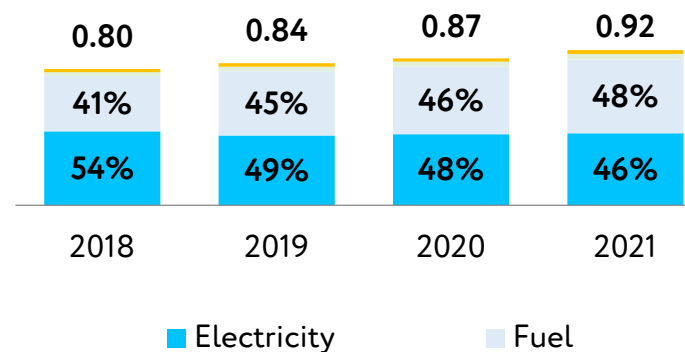
Collection of waste for recycling

(tons)



Total energy consumption

(m GJ)



Green World Project

Areas of focus

-  Collection of batteries and used accumulators
-  Collection of wastepaper for recycling
-  Collection of used household appliances
-  Disposal of capsules from coffee machines
-  Collection of clothing and footwear for recycling
-  Separate waste collection
-  Kind Caps



Responsible Product Sourcing

Key aspects of Responsible Product Sourcing



Setting out unified requirements for suppliers

SUPPLIER CODE OF CONDUCT covers 4 spheres:



Labor and workforce, incl. prohibition of child labor, discrimination, harassment



Health, safety, environment and quality, incl. compliance with quality, waste, emission safety requirements, trainings for employees



Business ethics and anti-corruption



Management systems, incl. legal compliance, subcontractor communications, risk management

100%

of suppliers

Signed
SUPPLIER CODE OF CONDUCT
in 2021



Ensuring safe products

- The Company supports the **ZDHC initiative** by encouraging suppliers and manufacturers to participate
- In addition to regulatory compliance, the Company has **developed a chemicals policy** for suppliers

71% / 44%

of clothes / footwear

Were purchased from suppliers participated in ZDHC initiative

Ø ZDHC

19%

of cotton products

Will be made from organic processes and obtained under the BCI initiative in 2022



100%

of suppliers

Met an internally established list of restricted chemicals in 2021



Increasing share of locally produced goods

- The Company **supports local manufacturers** of children's products, i.e., goods produced in Russia, Kazakhstan, and Belarus
- The Company is reducing the share of distributors among their suppliers by entering into **direct contracts with large manufacturers**

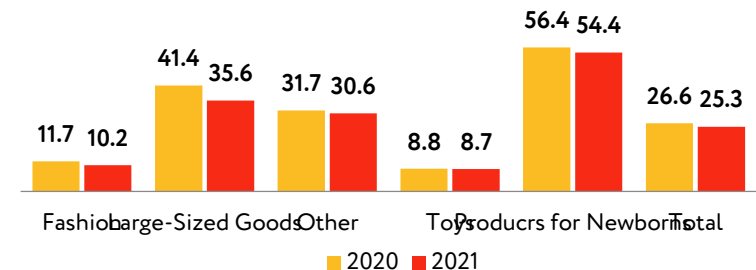
Share of sales of locally manufactured goods

(%)

25%

of children's goods

Were purchased from local manufacturers in 2021



70%

of contracts

Are signed directly with the large manufacturers

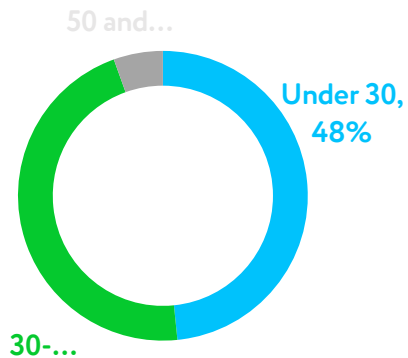
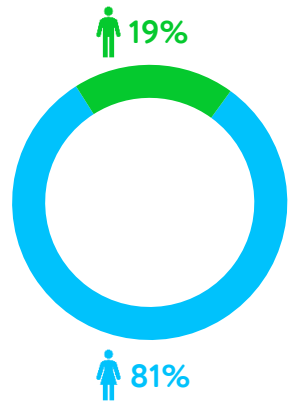
Employees as a Core Value



Employee structure

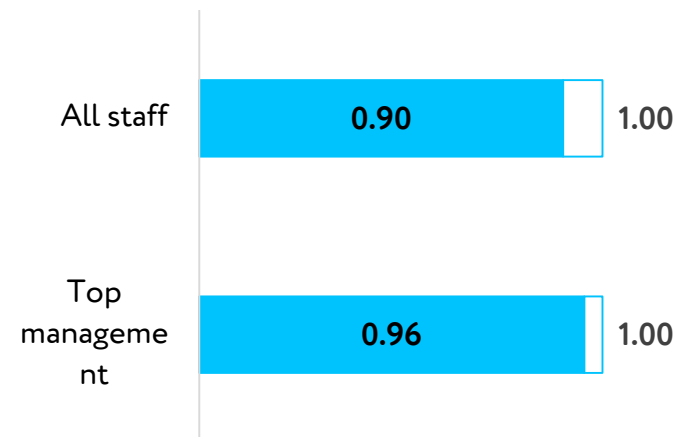
By gender, 2021

By age, 2021

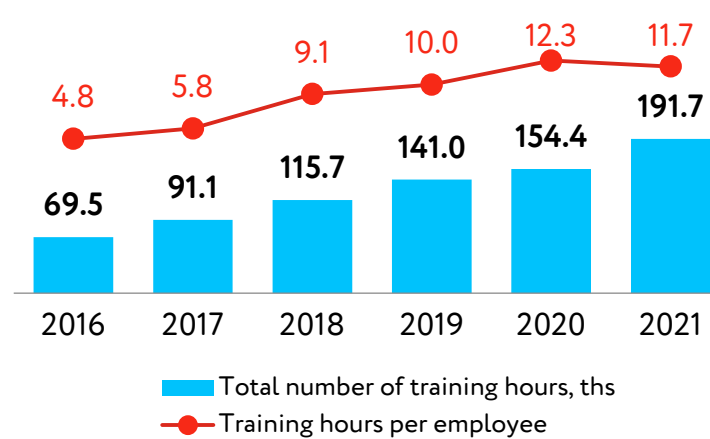


Gender Pay Gap

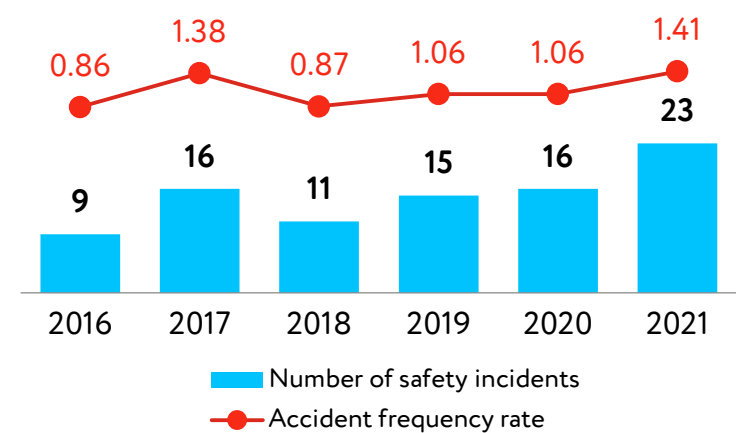
Ratio of basic salary of women to men, 2021



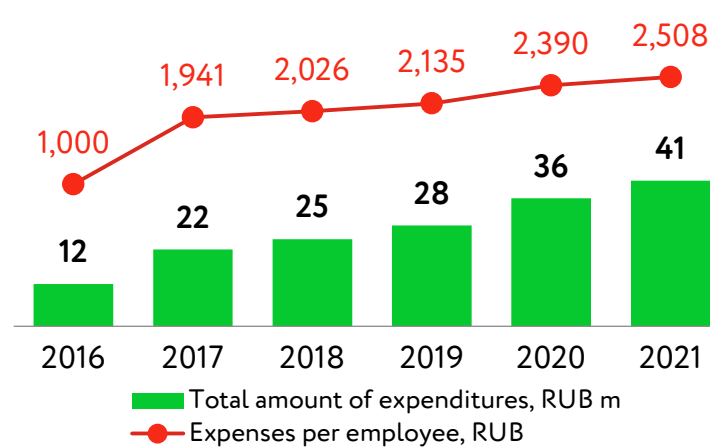
Number of employee training hours



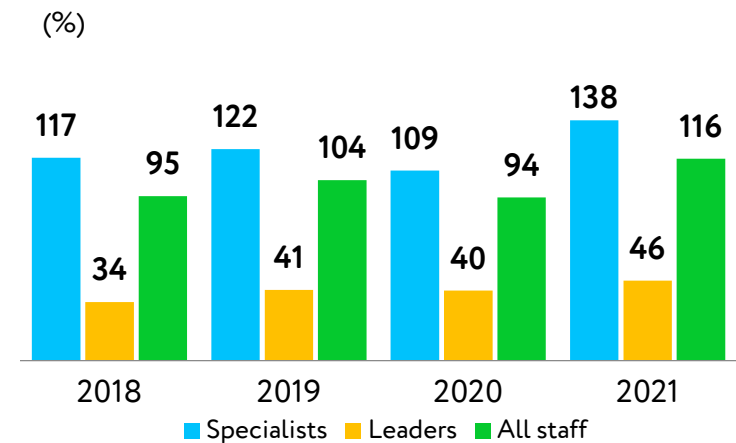
Number of injuries



Investments in occupational health and safety

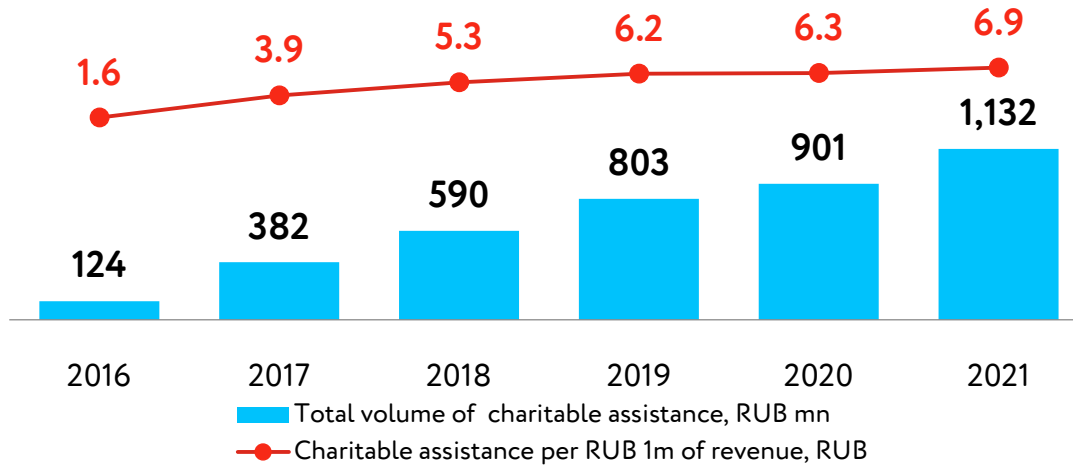


Annual staff turnover (%)



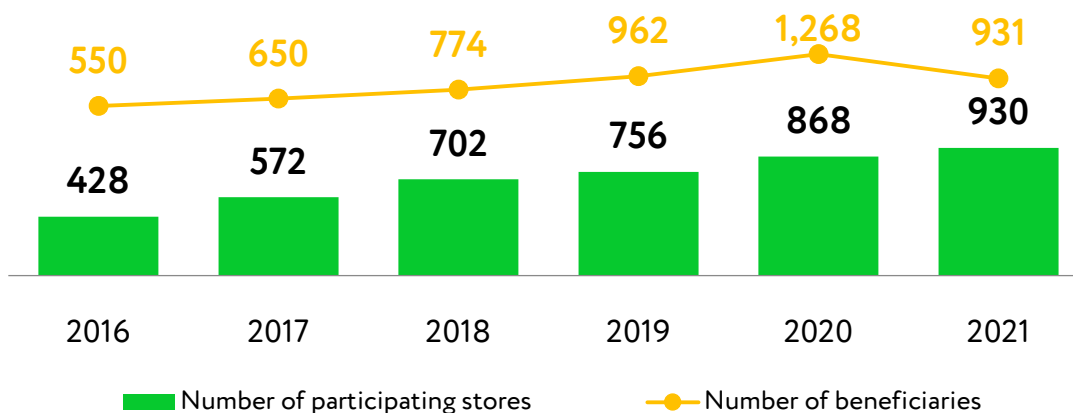
Social and Charitable Projects

Total volume of charitable assistance to children and homeless animals



Participate! campaign highlights

The major project which makes up the majority of all donations



The Participate! campaign

Project aimed to help orphans and children left without parental care, children living in childcare institutions, children from low-income families and children with special needs



15 years

The Participate! charity campaign has been operating

>300 cities

across 3 countries took part in the campaign

RUB 1,048m

Value of gifts collected in 2021

The Support project

Project aimed to help seriously ill children



25 operations performed

25 children operated

RUB 34.6m collected in 2021

Comfort in shelter campaign

Project aimed to help homeless animals



1 ton

of feed was collected and transferred to shelters

>450 units

of essential goods were supplied to homeless animals

RUB 4.5m

total value of donations in 2021

Strong Independent Governance Framework

INEDs



Maria Gordon

Chairwoman,
Head of Nomination and Remuneration Committee

- BoD member at MOEX, Polyus & Alrosa



David Rönnerberg

Independent Director

- CEO of Musti Group (a Scandinavian omnichannel pet supplies retailer)



Alexander Shevchuk

Independent Director

- Executive Director at the Association of Professional Investors



Michael Foss

Independent Director

- Co-founder & BoD member of Independent Pet Partners



Andrey Anischenko

Independent Director

- Co-founder of Skillbox
- Member of the BoD of Grape LLC and Possible LLC

Non-INEDs



Pavel Grachev

Deputy Chairman, Non-Executive Director.
Head of Strategy and ESG Committee

- CEO of Polyus
- Member of the BoD at RusHydro and Federal Grid Company



Dmitri Klenov

Non-Executive Director

- CEO of Altus Capital
- Member of the BoD at Pharmacy Chain 36.6 and Sakhalin Shipping Company



Mikhail Stiskin

Non-Executive Director

- CFO of Polyus
- Chairman of the BoD of Lenzoloto Gold Mining Company



Tony Maher

Non-Executive Director

- Chairman of Progress - largest baby food supplier
- Director at Da Vinci Capital
- Member of the BoD at LPQ Russia and MD Medical Group



Vladimir Klimanov

Non-Executive Director

- Investment Director of Veta Capital Partners LLC
- Deputy M&A Director at Management Company Polyus

BoD of 10 members with **50% INEDs**
(incl. **Independent Chairwoman**)

INEDs

Non-INEDs



Committees of the BoD:



Audit

100% INEDs



Nomination and Remuneration

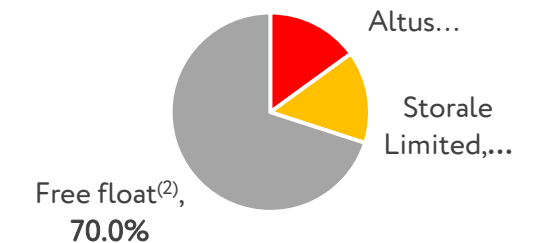
100% INEDs



Strategy and ESG

50% INEDs

Prominent shareholder base





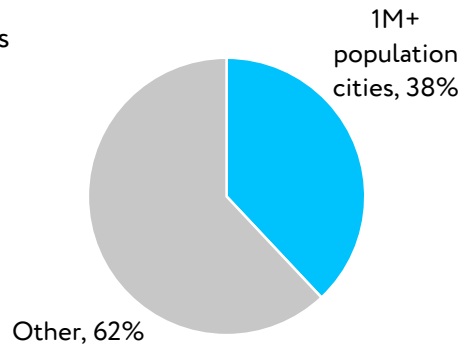
Appendix

Who is DM's customer?

#1 federal chain,
62% customers live
in smaller cities / towns



Geographical structure, 2021⁽¹⁾

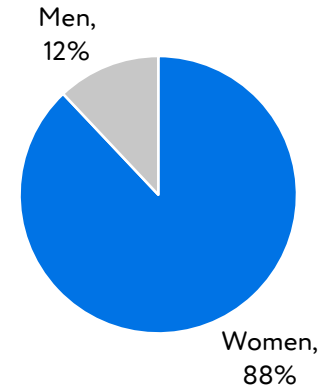


Women

88% sales are
generated by women



Sales structure by gender, 2021⁽²⁾

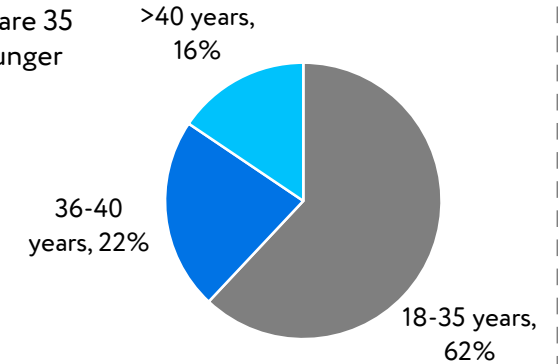


18-35 age

62% of clients are 35
years old or younger



Sales structure by age, 2021⁽³⁾



Children and average salary of DM customers⁽³⁾

	1 child	2 children
% share of clients	39.3%	40.5%
Monthly income	RUB 40-90k	RUB 30-60k



70%

clients prefer buying offline⁽¹⁾



Pet owners

53% clients have pets⁽¹⁾



Loyalty program overview

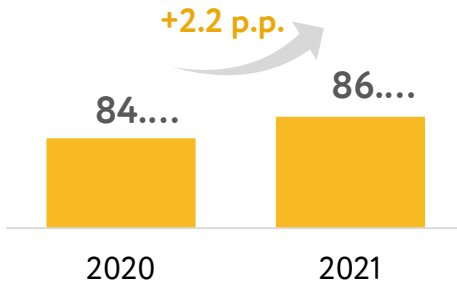
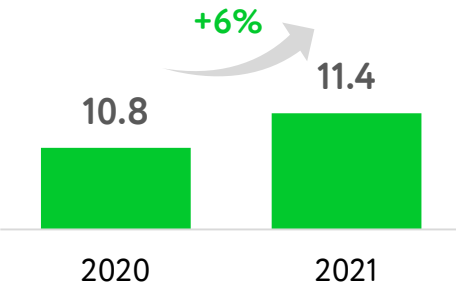
Loyalty program – Detsky Mir in Russia

The loyalty card accrues bonus points, which can be further used to pay for **up to 100% of purchase**:

- ✓ **5% bonus points** accrued on purchases in Clothes and Footwear categories
- ✓ **2% bonus points** accrued on purchases in other categories

active loyal customers (m)

Loyal customers share in GMV



29.6m

Total number of issued loyalty cards

38.1%

Share of online active loyalty card holders, 2021

+77%

Higher average ticket of loyalty card holders compared to others



Key initiatives of new loyalty program

Family profile for loyalty program

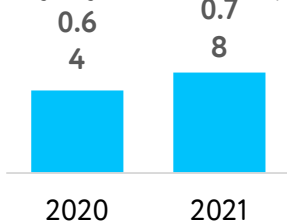
- ✓ Capability of using a single loyalty profile by several people both for online and in-store purchases
- ✓ Earning and spending bonus points with higher convenience

Update of the loyalty program customer base to active customers

- ✓ Customers' personal data update (incl. their children's age)
- ✓ Focus on current customers' preferences and needs

Loyalty program – DM in Kazakhstan

loyalty card holders (m)



74%

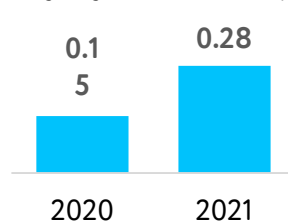
Share of loyal customers in GMV

+41%

Higher average ticket of loyalty card holders

Loyalty program – DM in Belarus

loyalty card holders (m)



79%

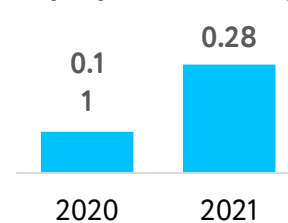
Share of loyal customers in GMV

+60%

Higher average ticket of loyalty card holders

Loyalty program – Zoozavr

loyalty card holders (m)







69%

Share of loyal customers in GMV

+85%

Higher average ticket of loyalty card holders

New Government measures to support birth rates and boost disposable income for families with children

Allowance per child	Before changes (2020)	After Changes (2022)
1 st child 	–	RUB 524k ⁽¹⁾
2 nd child 	RUB 467k	RUB 169k ⁽¹⁾ / RUB 693k ^{(1),(2)}
1 st child 	c.540k children	
2 nd child 	c.560k children	
Total program	c. RUB 260bn	c. RUB 440bn
Cumulative incremental funds available	+RUB 180bn	

- Strictly defined use of proceeds, overwhelmingly linked to purchases of housing and compensation of mortgage payments
- Incremental funds available = c. 1/3 of the total children's good market size
- Russian Government expects substantial positive impact of the new measures on the actual birth rates
 - Supporting demographics remains of paramount importance for the Government

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

- One-off payments related to COVID-19
 - RUB 15k per child in Q2 2020 for children <3 years old
 - RUB 10k per child for children 3-16 years old in June
 - RUB 10k per child for children <16 years old in July
 - RUB 5k per child for children <8 years old in December

Supporting measures have been updated starting from 2021

- Ongoing support for lower income families: **50%, 75% or 100% of the living wage** payments per month depending on the family income for children 3-7 years old accruing from January 2021
- Ongoing payment of **RUB 7.7k⁽¹⁾** per month for children <1.5 years old starting from February 2022
- One-off payment of **RUB 20.5k⁽¹⁾** for the birth of a child starting from February 2022

In April 2021, the President instructed the Federal Assembly to prepare a comprehensive system of support measures for families with children by July 2021

- Ongoing payments of **RUB 6.4k** per month for pregnant women with low income
- A lump sum payment in August 2021 in the amount of **RUB 10k** for families with schoolchildren and future first-graders
- Ongoing payments of **RUB 5.7k** per month for children growing up in single-parent families
- Sick leaves** for child care (<7 years old) to be paid at **100% of the parent's income**

In February 2022, the Government announced maternity allowance indexation

Top management compensation structure overview

Annual compensation structure

		CEO	«CEO-1»	«CEO-2»
Fixed		50%	50%-80%	60%-85%
Variable	Total	50%	20%-50%	15%-40%
	<i>Incl. Financial⁽¹⁾</i>	30%	5%-20%	4%-14%
	<i>Incl. Functional⁽²⁾</i>	20%	15%-30%	10%-26%

Last LTI programme

At IPO

- %-based payment linked to valuation increase at IPO
- Amount calculated as 3% from the differential between new liquidity event (i.e. IPO) price and RCIF price in 2015
- 50%/50% cash and share based payments (via purchases of shares in the open market)

After IPO

- Approved by the Board of Directors in August 2017
- Covers the 3-year period to February 2020, the third anniversary of the Company's IPO, senior management in continuing employment by the Company as of that anniversary will be eligible for cash payments from a pool equivalent in value to up to 4.6% of the increase in the Company's stock market value (including dividend payments) over the period
- The LTIP also provides for additional cash payments expected to total around RUB 500m (plus any social taxes)

New equity-based compensation programme

The new 3-year LTIP

- Approved by the Board of Directors in October 2019
- Covers the 3-year period from the end date of the previous program (Feb 8, 2020) to February 7, 2023
- Senior management team in continuing employment by the Company and in program membership as of April 30, 2024 will be eligible for the Company's share grants and cash payments from a bonus fund valued at up to 4.6% of the increase in the Company's stock market value (incl. dividend payments) over the period. The new LTIP includes more than 40 key employees of the Company
- In 2022, the Company plans to increase the number of LTI program participants

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