

## Detsky Mir's GMV Increased by 11.6% in Q2 2022

Moscow, Russia, 19 July 2022 – Detsky Mir Group (“Detsky Mir”, the “Group” or the “Company”, MOEX: DSKY), an omnichannel digital retailer and the leader in the children’s goods sector in Russia and Kazakhstan, announces its operating results for the second quarter ended 30 June 2022.

### Q2 2022 Operating Highlights<sup>1</sup>

- The Group’s gross merchandise value (GMV)<sup>2</sup> increased 11.6% to RUB 46.7 bn (incl. VAT).
- The Group’s total online sales<sup>3</sup> grew 7.3% to RUB 12.7 bn (incl. VAT):
  - The share of online sales in Russia reached 27.9%.
- The Group’s net revenue<sup>4</sup> increased 10.5% to RUB 41.3 bn.
- Sales of private labels and direct imports in Russia<sup>5</sup> came in at 56.7% of total sales (up 8.8 p.p.).
- The mobile app’s monthly active users (MAU)<sup>6</sup> grew 29.0% to 4.0 million.
- Total marketplace sales in Russia increased 140.5% to RUB 1.4 bn (incl. VAT):
  - The marketplace’s share in total online sales in Russia was 11.0%.
- The total number of Group stores amounted to 1,123 (up 194 stores year-on-year) across 442 cities and towns in Russia, Kazakhstan and Belarus.
- The Group’s total selling space increased 6.5% year-on-year to 981,000 sq. m.
- Total warehouse space was 238,000 sq. m.

### H1 2022 Operating Highlights

- The Group’s GMV increased 9.7% to RUB 89.3 bn (incl. VAT).
- The Group’s total online sales grew 13.4% to RUB 25.8 bn (incl. VAT):
  - The share of online sales in Russia reached 29.9%.
- The Group’s net revenue increased 8.3% to RUB 79.2 bn.
- Sales of private labels and direct imports in Russia came in at 51.0% of total sales.
- The net increase in the Group’s store count was four stores.

### Q2 2022 Key Events

- Between March and May 2022, the share of private labels in sales at Detsky Mir increased across several categories. The share of private labels in diaper sales more than doubled year-on-year to 33.2% (+19.4 p.p. compared to the same three-month period last year). In toys, private labels grew 9.6 p.p. to 40% year-to-date, while in apparel and footwear they accounted for 98.8% of revenue, a 1.6 p.p. increase year-to-date. In pet supplies, the share of the Company’s private labels, launched just this year, was 10.1%.
- An option for payment via the Faster Payments System (FPS) is now available at more than 900 of our branded stores across all Russian cities within the Group’s footprint. The wide range of partner banks makes the FPS payment option available all across Russia. An FPS online payment service will soon also be available on detmir.ru.

## ESG Highlights

- The Detsky Mir Charitable Foundation launched a new project to support families – the Kids Card, which is aimed at families facing difficulties, from those with many children, to those raising children with disabilities, as well as single-parent families. The neediest families receiving support from social protection agencies in the Krasnoyarsk and Altai Territories, the Republic of Mari El, the Karachayevo-Circassian Republic, and the Kabardino-Balkarian Republic, as well as the Kurgan Region, were all issued a Kids Card with a face value of RUB 5,000 per child under 18.
- Moya Goroshinka, Detsky Mir's private label collection of apparel for newborns was recognized as the Product of the Year and received the ECO BEST independent public award for the best environmental and resource-saving products and practices.
- Appreciating Every Night, a joint initiative of the Detsky Mir Charitable Foundation (part of Detsky Mir Group) and Kimberly-Clark Corporation, won the annual Best Social Projects in Russia program, the country's largest corporate social responsibility-themed event.
- Detsky Mir worked with Meine Liebe to launch a charity campaign to furnish orphanages with home accessories, helping teach children in their care to adapt to independent life.

## Maria Davydova, CEO of PJSC Detsky Mir:

*"In the first half of 2022, despite high levels of uncertainty in the retail industry and the wider Russian economy, the Group delivered strong operational results with GMV rose 9.7% to RUB 89.3 billion, while GMV for Q2 2022 grew 11.6% and reached RUB 46.7 billion. We also expect an increase in operating profit (adjusted EBITDA) for the period.*

*Responding to the challenges of the first half of 2022, we optimized our logistic routes while continuing to work on improving related processes. We also maintain our focus on selecting and adding products from new suppliers to our product mix to mitigate the potential risk of certain brands leaving the Russian market. At the same time, the Company implements strategic initiatives to increase the share of private labels and direct imports in total sales in Russia, which reached 56.7% in the second quarter of 2022 (up 8.8 p.p. year-on-year).*

*We continue implementing our key digital projects and promoting our online channels. For example, the marketplace's contribution to the Group's GMV rose to a record high of 11.0% of the Group's total online sales in Russia (up 6.1 p.p. year-on-year). Total marketplace sales in Russia soared 140.5% year-on-year to RUB 1.4 billion. Detsky Mir's online assortment has increased to 902,000 unique SKUs over the year.*

*We have noted a moderate overall recovery in consumer confidence in the second quarter of 2022, yet will continue to factor in the ongoing high uncertainty around key macro indicators in the second half of 2022 when making both operational and investment decisions."*

# OPERATING HIGHLIGHTS

## Detsky Mir Group's GMV & Revenue<sup>7</sup>

GMV, RUB m (incl. VAT)	2Q 2022	2Q 2021	Δ, %	H1 2022	H1 2021	Δ, %
<b>Group</b>	<b>46,697</b>	<b>41,831</b>	<b>11.6%</b>	<b>89,342</b>	<b>81,463</b>	<b>9.7%</b>
Russia	44,295	39,871	11.1%	84,392	77,750	8.5%
Kazakhstan	1,766	1,522	16.0%	3,669	2,900	26.5%
Belarus	636	438	45.2%	1,281	813	57.6%
Total online sales, RUB m (incl. VAT)	2Q 2022	2Q 2021	Δ, %	H1 2022	H1 2021	Δ, %
<b>Group</b>	<b>12,690</b>	<b>11,822</b>	<b>7.3%</b>	<b>25,790</b>	<b>22,744</b>	<b>13.4%</b>
Russia	12,380	11,663	6.1%	25,198	22,475	12.1%
Kazakhstan	249	159	56.6%	495	269	84.0%
Belarus	61	-	-	97	-	-
Online share in total sales, %	2Q 2022	2Q 2021	Δ, %	H1 2022	H1 2021	Δ, %
<b>Group</b>	<b>27.2%</b>	<b>28.3%</b>	<b>(1.1) p.p.</b>	<b>28.9%</b>	<b>27.9%</b>	<b>1.0 p.p.</b>
Russia	27.9%	29.3%	(1.4) p.p.	29.9%	28.9%	1.0 p.p.
Kazakhstan	14.1%	10.4%	3.7 p.p.	13.5%	9.3%	4.2 p.p.
Belarus	9.6%	0.0%	9.6 p.p.	7.6%	0.0%	7.6 p.p.
Revenue, RUB m	2Q 2022	2Q 2021	Δ, %	H1 2022	H1 2021	Δ, %
<b>Group</b>	<b>41,318</b>	<b>37,395</b>	<b>10.5%</b>	<b>79,167</b>	<b>73,067</b>	<b>8.3%</b>
Detsky Mir in Russia	38,762	35,489	9.2%	73,943	69,490	6.4%
Detsky Mir in Kazakhstan	1,608	1,364	17.9%	3,281	2,597	26.3%
Detmir in Belarus	564	386	46.1%	1,122	712	57.7%
Zoozavr	383	155	147.1%	821	268	206.3%

In Q2 2022, the Group's GMV grew 11.6% year-on-year to RUB 46.7 billion. The increase in the Group's GMV in the second quarter came on the back of organic growth of selling space throughout 2021 in the countries where the Group operates, as well as the gradual recovery in consumer demand. Group sales in Kazakhstan and Belarus have continued to grow apace. In Q2 2022, GMV in Kazakhstan increased 16.0% year-on-year to RUB 1.8 billion. Sales in Belarus rose 45.2% to RUB 636 million.

In H1 2022, our total online sales grew 13.4%, with their share in total sales in Russia standing at 29.9% (up 1.0 p.p. year-on-year).

Sales growth rates in the click & collect and courier delivery channels were even higher, with total sales through these channels up 26.6% year-on-year in H1 2022.

Online sales in Kazakhstan continued to grow rapidly: in Q1 2022, the Group's online GMV in Kazakhstan increased 56.6%.

The Group's net revenue grew by 10.5% year-on-year. The Group's revenue in Kazakhstan increased by 17.9%, while net revenue was up 46.1% year-on-year in Belarus. In the reporting period, the net revenue of Zoozavr pet supplies stores grew 147.1% to RUB 383 million.

In Q2 2022, the apparel and footwear category was the top performer. Apparel and footwear represented 36.3% of the sales mix (up 5.6 p.p. year-on-year), while products for newborns accounted for 30.8% (down 2.0 p.p. year-on-year). Another top-performing category, toys, came in at 22.8% (down 2.8 p.p. year-on-year).

Detsky Mir continues to reinforce its exclusive product offering. In Q2 2022, sales of private labels and direct imports in Russia grew to 56.7% of total sales (up 8.8 p.p. year-on-year). This growth was primarily driven by an increase in the share of toys sales, up 10.3 p.p. (where private labels and direct imports account for 42.7%), as well as in the share of private labels in large-size products (up 8.6 p.p.) and in products for newborns (up 8.5 p.p.).

Despite the macroeconomic volatility, Detsky Mir partially contained retail prices inflation through an effective procurement campaign at the end of 2021 and during Q1 2022.

## Online Performance<sup>8</sup>

Online metrics (website and mobile app)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Online visits, m	195.7	108.8	79.9%	373.6	250.4	49.2%
Online orders, m	9.3	10.4	(10.3)%	14.9	15.2	(2.0)%
Marketplace metrics (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Marketplace sales, RUB m (incl. VAT)	1,395	580	140.5%	2,539	975	160.4%
Share of total online sales	11.0%	4.9%	6.1 p.p.	9.8%	4.3%	5.5 p.p.
Online assortment, '000 SKUs	902	324	178.4%	902	324	178.4%
Online orders by delivery (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Click & collect	86.6%	87.2%	(0.6) p.p.	84.6%	86.5%	(1.9) p.p.
Courier delivery	13.4%	12.8%	0.6 p.p.	15.4%	13.5%	1.9 p.p.
Online orders by platform (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Mobile app	85.0%	82.0%	3.0 p.p.	82.0%	76.0%	6.0 p.p.
Website	15.0%	18.0%	(3.0) p.p.	18.0%	24.0%	(6.0) p.p.
Mobile app metrics (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Installations, m	14.7	9.8	50.0%	14.7	9.8	50.0%
MAU, m	4.0	3.1	29.0%	4.0	3.1	29.0%

The share of online sales declined in the second quarter as COVID-19 restrictions were lifted. As a result, we are observing a reversal in the flow of consumer demand to the offline channel. Nonetheless, the number of online visitors increased 79.9% in the reporting quarter to 195.7 million.

In Q1 2022, the marketplace's contribution to the Group's GMV amounted to a record 11.0% of the Group's total online sales in Russia (up 6.1 p.p. year-on-year). Total marketplace sales in Russia soared 140.5% year-on-year to RUB 1.4 billion. Detsky Mir's online assortment has increased to 902,000 unique SKUs over the year.

In-store pickup from branded stores remains the most popular delivery option in the online segment. This channel's share in total online sales in the reporting quarter was 86.6%.

The mobile app continues to gain popularity among our customers, with the share of online orders placed on the app growing to 85.0% in Q2 2022 (up 3.0 p.p. year-on-year). Since launch, the app has been downloaded 14.7 million times. The mobile platform's monthly active users (MAU) grew 29.0% to 4.0 million.

## Like-For-Like (LFL) Sales Growth at Detsky Mir Stores<sup>9</sup>

Like-for-like (Russia, Kazakhstan and Belarus)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Like-for-like revenue growth	3.6%	13.5%	(9.9) p.p.	0.8%	10.6%	(9.8) p.p.
Like-for-like number of tickets growth	-12.3%	24.9%	(37.2) p.p.	-13.9%	13.5%	(27.4) p.p.
Like-for-like average ticket growth	18.2%	-9.1%	27.3 p.p.	15.9%	-2.6%	18.5 p.p.
Like-for-like (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Like-for-like revenue growth	3.7%	12.8%	(9.1) p.p.	0.4%	10.1%	(9.7) p.p.
Like-for-like number of tickets growth	-13.1%	24.5%	(37.6) p.p.	-13.7%	13.3%	(27.0) p.p.
Like-for-like average ticket growth	19.4%	-9.4%	28.8 p.p.	16.3%	-2.8%	19.1 p.p.
Like-for-like (Kazakhstan)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Like-for-like revenue growth	19.1%	55.0%	(35.9) p.p.	17.2%	29.0%	(11.8) p.p.
Like-for-like number of tickets growth	6.4%	63.0%	(56.6) p.p.	6.0%	22.0%	(16.0) p.p.
Like-for-like average ticket growth	11.9%	-5.0%	16.9 p.p.	10.5%	5.8%	4.7 p.p.
Like-for-like (Belarus)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Like-for-like revenue growth	24.9%	29.3%	(4.4) p.p.	18.2%	35.4%	(17.2) p.p.
Like-for-like number of tickets growth	10.8%	24.0%	(13.2) p.p.	6.9%	25.4%	(18.5) p.p.
Like-for-like average ticket growth	12.7%	4.3%	8.4 p.p.	10.6%	8.0%	2.6 p.p.

In the reporting quarter, total like-for-like (LFL) sales in all countries across our footprint increased 3.6%. The Company showed an increase in LFL sales vs. the strong performance in Q2 2021, as well as vs. the negative sales trend in Q1 2022 (when LFL sales dropped 2.1%). LFL sales growth in Russia was driven by the gradual recovery in consumer demand, as well as by LFL average ticket growth.

## Group Retail Chain Expansion<sup>10</sup>

Retail chain	Number of stores		
	Q2 2022	Q2 2021	Δ, %
<b>Group</b>	<b>1,123</b>	<b>929</b>	<b>20.9%</b>
Detsky Mir in Russia	853	798	6.9%
Detsky Mir in Kazakhstan	47	41	14.6%
Detmir in Belarus	23	17	35.3%
Detmir Mini	110	49	124.5%
Zoozavr	90	24	275.0%
<b>Total space ('000 sq. m)</b>	<b>981</b>	<b>921</b>	<b>+6.5%</b>

As at Q2-end, the total number of Group stores was up 20.9% year-on-year to 1,123, spread across 442 cities and towns in Russia, Kazakhstan and Belarus. The relatively strong year-on-year increase in store count was driven by organic growth in 2021. The Group's total retail selling space increased 6.5% year-on-year to 981,000 sq. m. Over the course of the reporting quarter, the Company opened 7 new stores on a gross basis, while the investment program was suspended in Q1 2022, due to highly uncertain macroeconomic environment.

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 43,000 since the start of the year.

As at the reporting date, the Company 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>11</sup>

Detsky Mir's loyalty program (Russia)	Q2 2022	Q2 2021	Δ, %	H1 2022	H1 2021	Δ, %
Total loyalty card holders, m	30.1	28.0	7.4%	30.1	28.0	7.4%
Share of loyalty card holders in total sales	89.4%	87.0%	2.4 p.p.	88.3%	86.5%	1.9 p.p.
Active loyalty card holders, m	12.2	11.1	9.3%	12.2	11.1	9.3%
Active digital loyalty card holders, m	4.4	3.8	16.2%	4.4	3.8	16.2%
Share of active digital loyalty card holders	36.2%	34.0%	2.1 p.p.	36.2%	34.0%	2.1 p.p.

The number of loyalty program members in Russia is constantly growing, with 30.1 million cardholders as at quarter-end (an increase of 2.1 million cards year-on-year). The share of purchases made by loyalty card holders amounted to 89.4% of total tickets (up 2.4 p.p. year-on-year).

There are now 12.2 million active loyalty card holders. The number of active digital loyalty card holders increased 16.2% to 4.4 million, which represents 36.2% 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 Zootavr pet supplies retail chain. As of 30 June 2022, the Group operates 1,123 stores across 442 cities and towns in Russia, Kazakhstan and Belarus. The Group's total selling space is 981,000 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.

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### 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 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) 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 application.
- (6) MAU – monthly active users – indicates the average number of active mobile app users in a month.
- (7) 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). Zootavr includes all sales of pet products, including sales made via the Company website and mobile app.
- (8) 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.
- (9) 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.
- (10) 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.

(11) 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.

