



Q2 and H1 2021 Unaudited Financial Results

Leading children's goods retailer in Russia

August 2021

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Q2 and H1 2021 Highlights

H1 2021

Q2 2021

1 Accelerated top-line growth

2 Explosive online sales growth

3 Continuous retail chain expansion

4 Superior EBITDA growth and margin

5 Strong return on investment capital

- Total GMV growth accelerated to **23.6%** (total revenue growth was **22.0%**)

- **43.0%** total online sales growth
- **28.0%** online sales share

- **61** new stores: **24** Detsky Mir, **33** Detsky Mir PUP, **4** Zoozavr

- Adj. EBITDA growth of **29.3%**,
- Adj. EBITDA margin at **10.3%**

- Total declared dividend payment for 2020 amounts to **RUB 8.2bn** (5.4% increase YoY)
- Decline in net debt/ adj. EBITDA LTM to **1.3x** vs **1.6x**

- Total GMV growth accelerated to **32.2%** (total revenue growth was **29.6%**)

- **20.6%** total online sales growth
- **28.3%** online sales share

- **49** new stores: **19** Detsky Mir, **27** Detsky Mir PUP, **3** Zoozavr

- Adj. EBITDA growth of **24.2%**,
- Adj. EBITDA margin at **11.8%**

Progressing on Strategy 2020 execution

2024 Targets⁽¹⁾

Performance update

Omni-channel retail platform

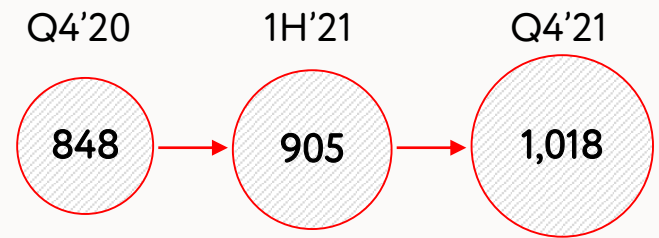


Opening **230+** Detsky Mir stores (2021-2023) and **800+** Detmir pick-up points (2021-2024)

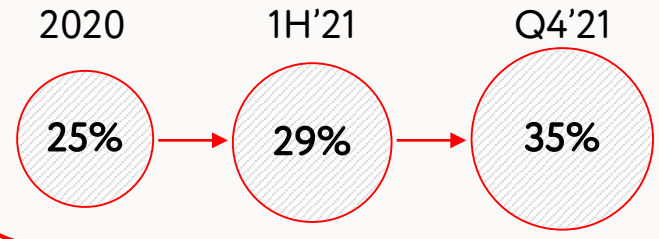


Targeting **45%** share of online sales

(# of Detsky Mir stores and Detmir pick-up points)



(% share of online sales)



Accelerated investment in logistics

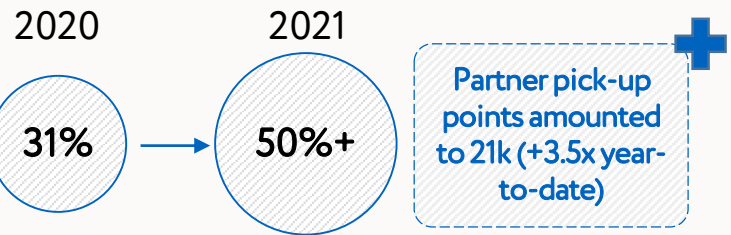


c.80% of online orders to be delivered next-day



Launch of **2** Federal DCs and **3** Regional DCs

(% of next-day)



Launched **a second Regional DC** in Kazan (April 2021)

Launching **a third federal DC** in the Ural region and **two Regional DCs** in the Northern and Siberian regions in Q1'22

Enhancing UX/CX



Store digitalisation with **70% NPS** across channels



Mobile-first concept with **best-in-class** app

Detsky Mir 3.0 digital concept approved, opening of the debut store in Q2'21

Modernisation of existing stores in mid-term

Enhanced UX in 1H'21

Subscription delivery service for recurring orders

Courier delivery service (next-day) in Kazakhstan

iOS and Android Apps in Kazakhstan

(1) As was presented at the Capital Market Day (August 2020).
Source: Company data.

Progressing on Strategy 2020 execution (cont'd)

2024 Targets⁽¹⁾

Performance update

Marketplace to drive assortment breadth



Leadership in assortment breadth
(2,400k SKUs)



GMV to reach a **double-digit share** of our online sales

(# of SKUs)

Q4'20

250

Q2'21

422

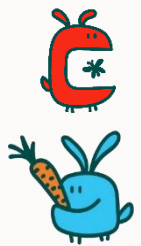
Q4'21

c.1,000

5% share of GMV in online in Q2'21

Launched a full-feature IT platform for merchants' accounts

Zoozavr – specialised pet supplies retailer



500 Zoozavr stores in mid-term,
share of online **30%+**

30% private label share in mid-term

(Zoozavr stores in operation)

Q4'20

20

Q2'21

24

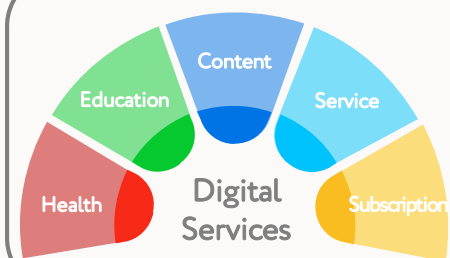
Q4'21

90

50% share of online sales in Q2'21

7 private label brands across categories
comprising **600** SKUs to be launched in
Q1'22

Digital services for children



Enter digital
services and
products market

20 partners were selected to participate in a
pilot stage of digital products marketplace

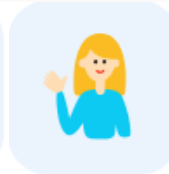
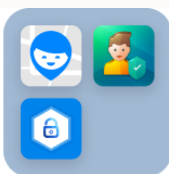
70 mobile apps and **30** services tested on
Android platform in Moscow region

Safety

Games

Education

Babysitting

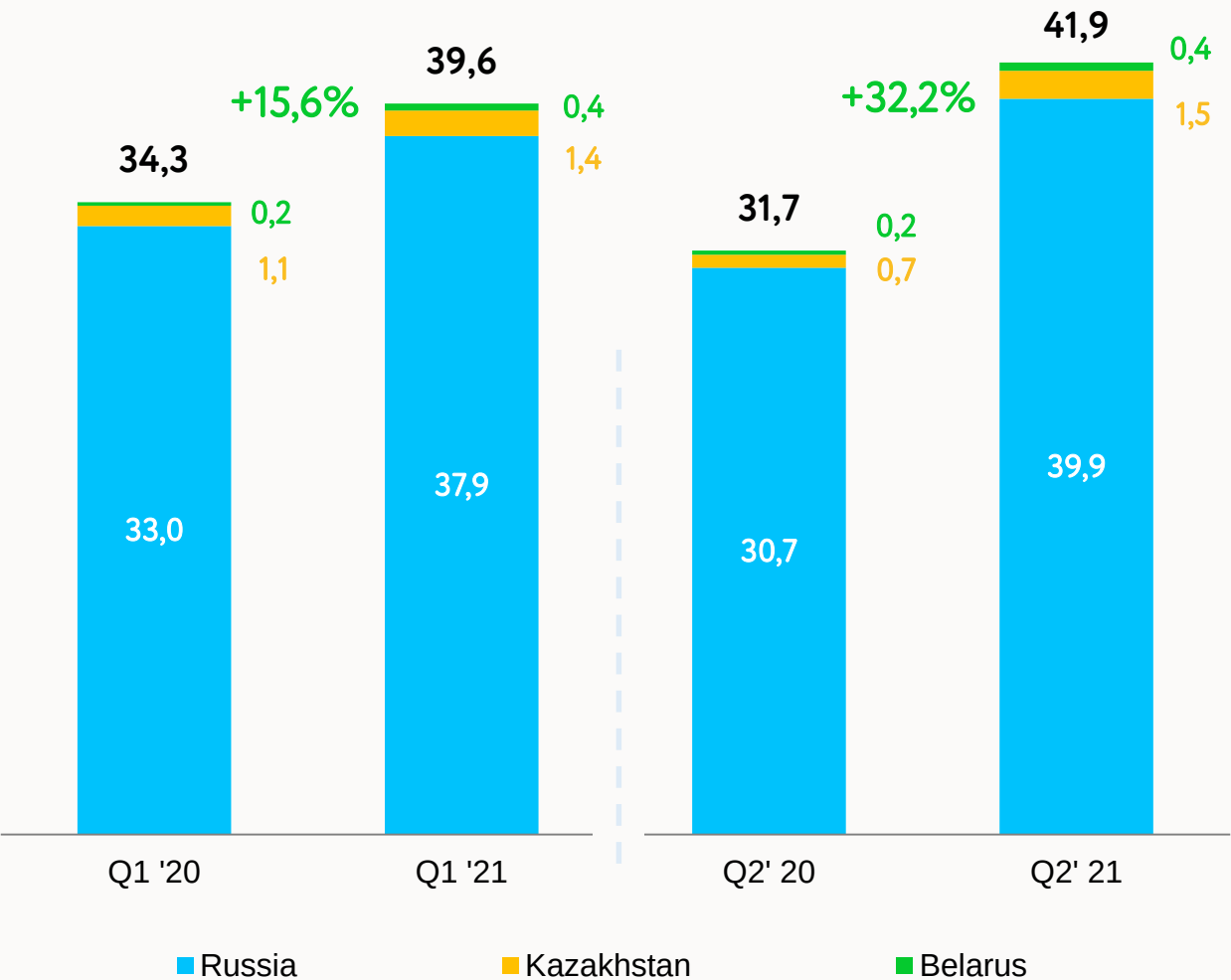


(1) As was presented at the Capital Market Day (August 2020).
Source: Company data.

Continued top-line growth

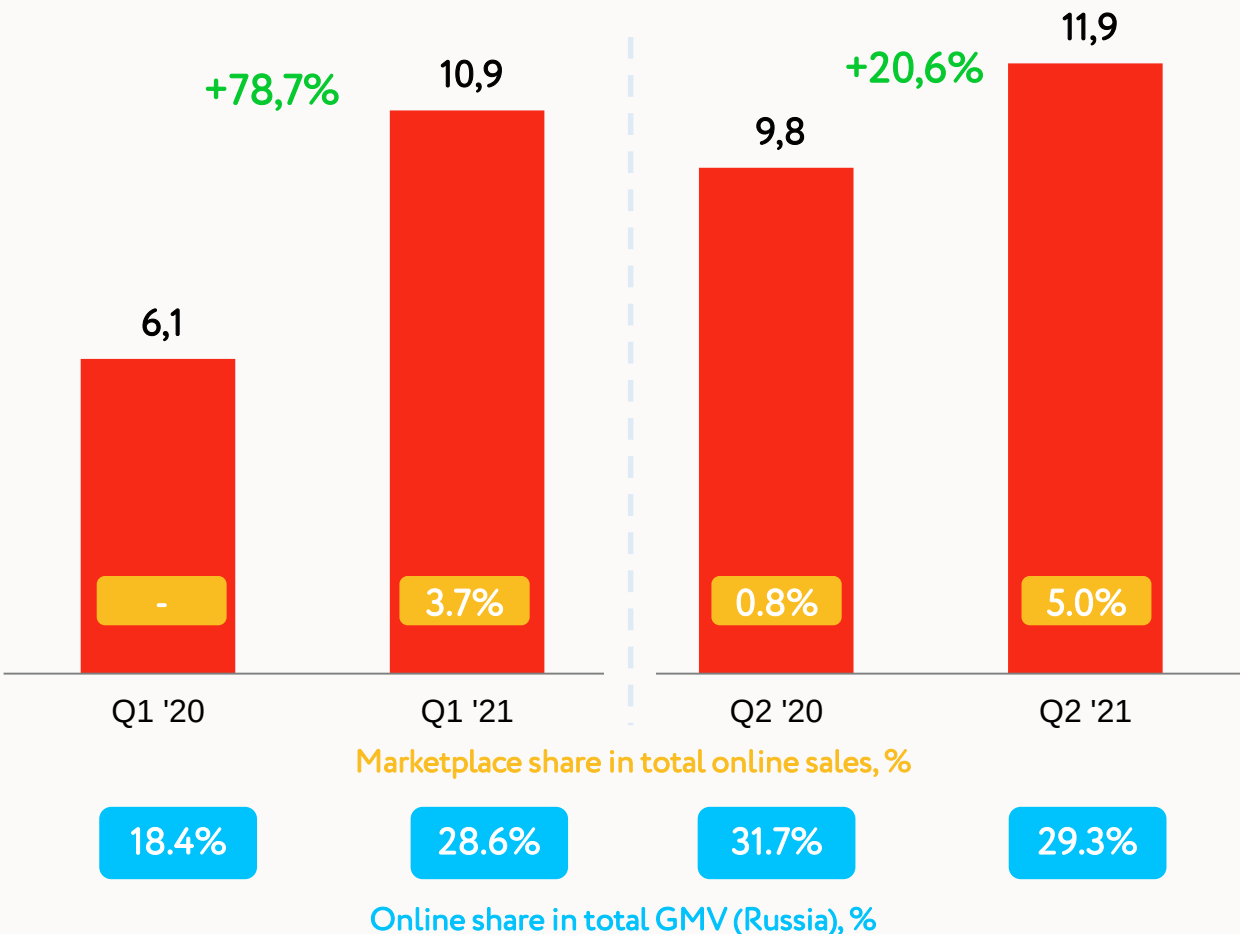
Continued GMV⁽¹⁾ growth...

(RUB bn) incl. VAT



...as well as online sales despite of demand structural shift⁽²⁾

(RUB m) incl. VAT



(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.

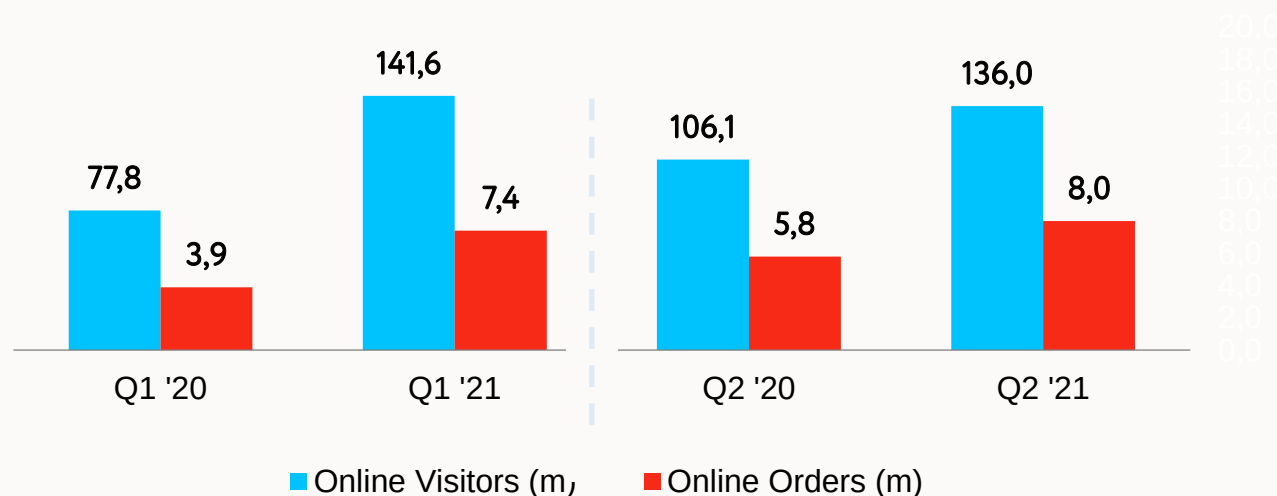
(2) Hereinafter, total online sales include all sales through the Company website and mobile app, including home delivery and in-store pickup. It includes value added tax, net of discounts given to customers and net of returns and cancelled orders during the reporting period.

Source: Company data.

Solid online performance with strong loyal customer base

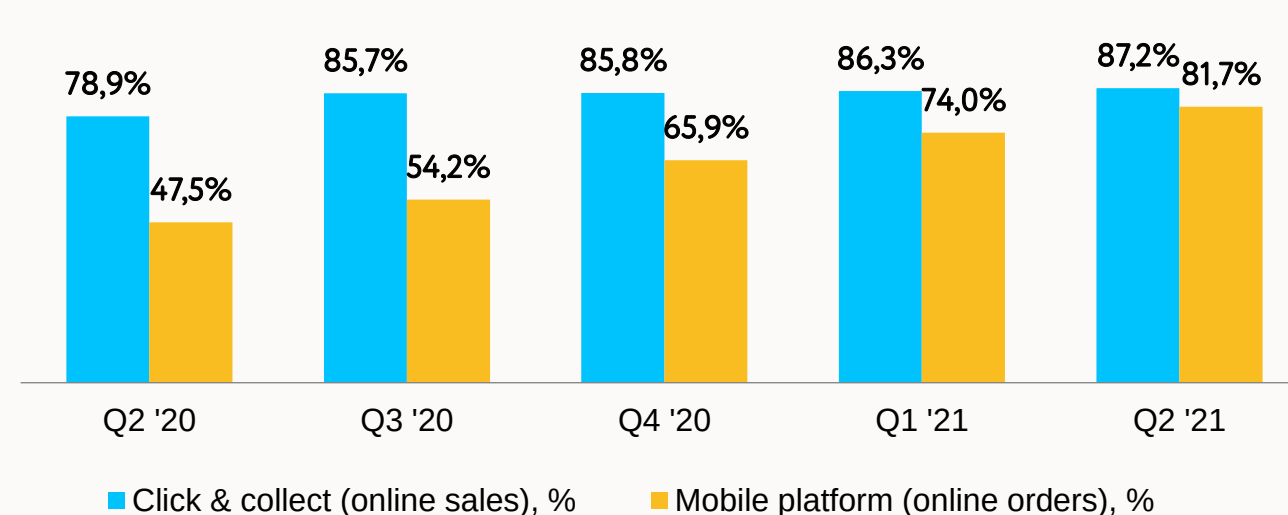
Continuous growth in traffic and improving conversion rate

(Web and mobile platforms)



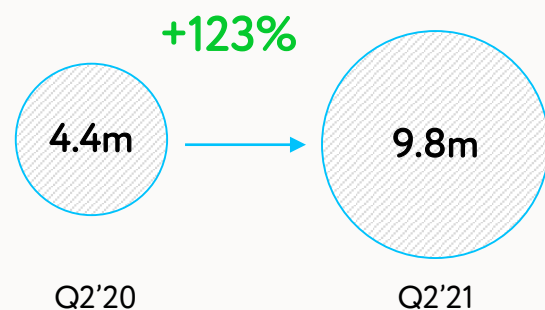
Click & collect and Mobile app are largest channels

(Russia)

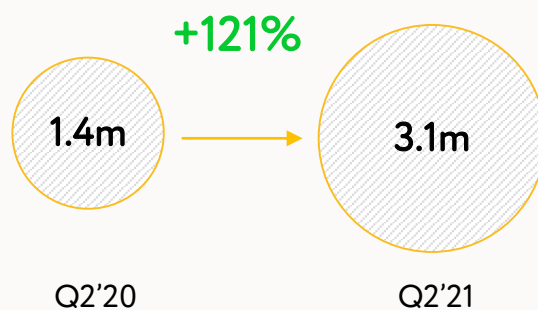


Healthy mobile app metrics

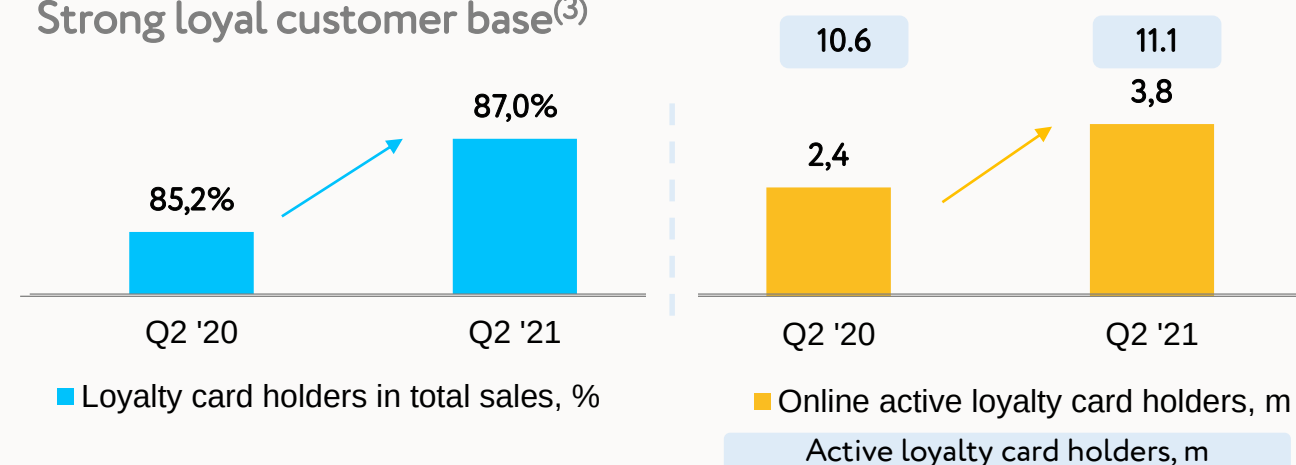
Installations⁽¹⁾



MAU⁽²⁾



Strong loyal customer base⁽³⁾



(1) Reflects the total number of app installations between its launch (December 2019) and the end of the reporting period.

(2) MAU – monthly active users – the average number of active mobile app users in a month.

(3) Cardholders who made at least one purchase at Detsky Mir during the last 12 months are considered active. Online 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 cardholders.

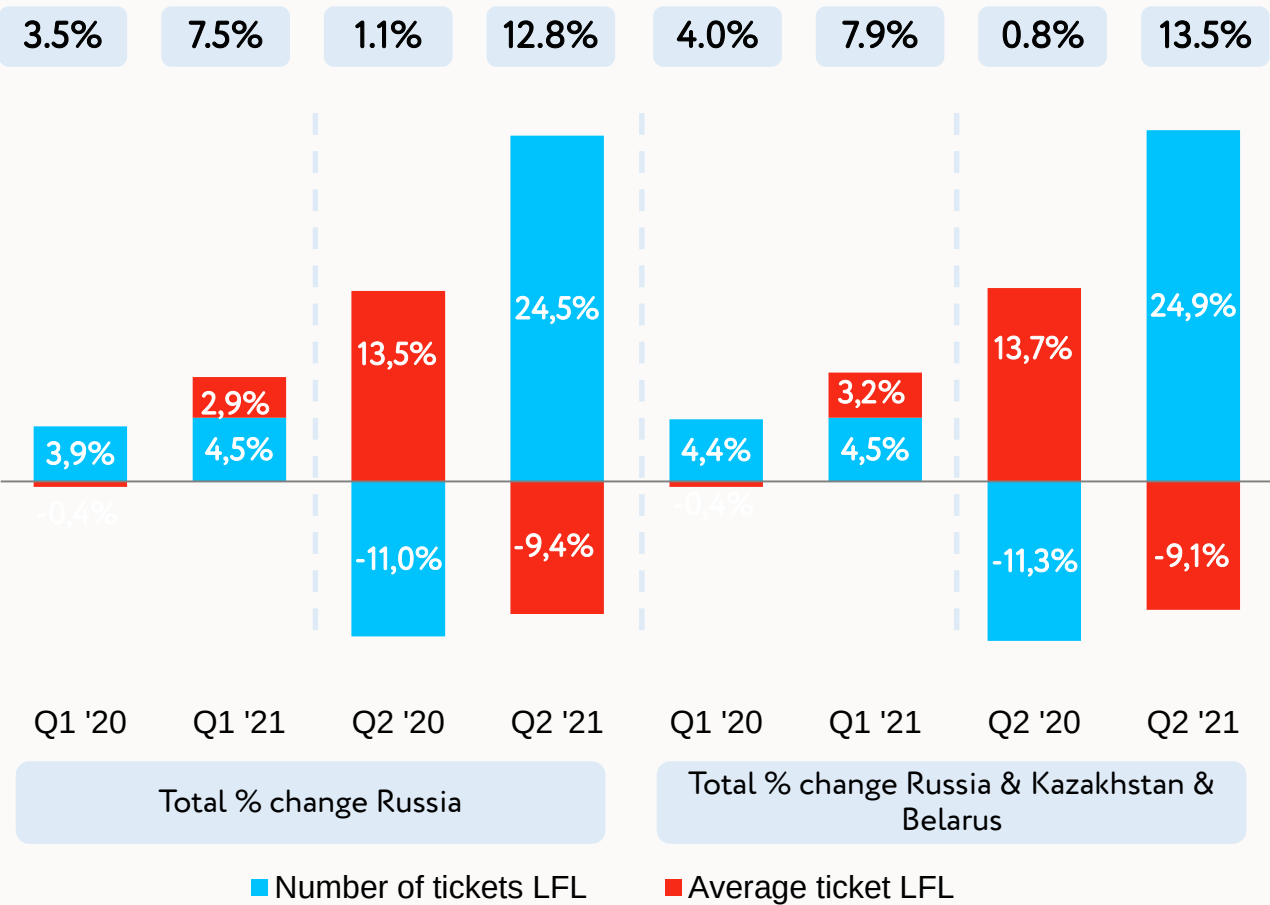
Source: Company data.

Retail chain started a trajectory of accelerated growth



Robust like-for-like sales⁽¹⁾

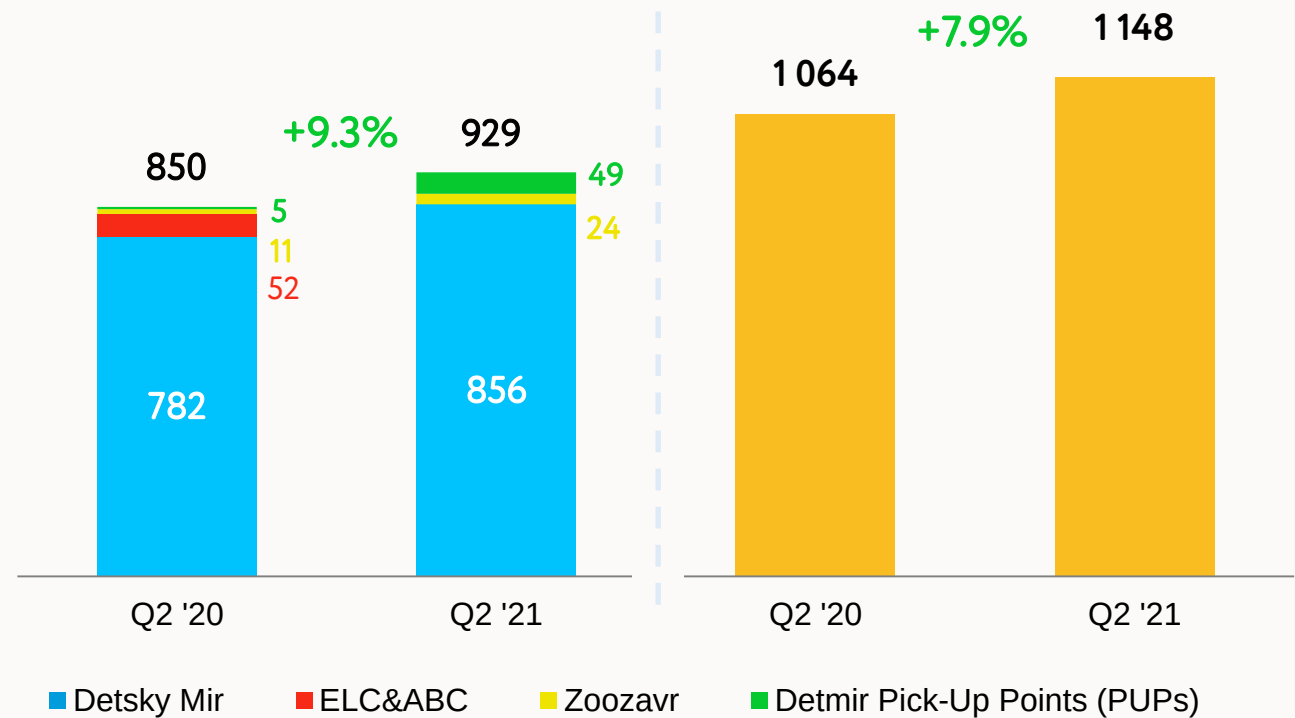
(RUB m)



Group's retail chains expansion⁽²⁾

of stores

Total space (sqm 000s)
Selling area (80%)



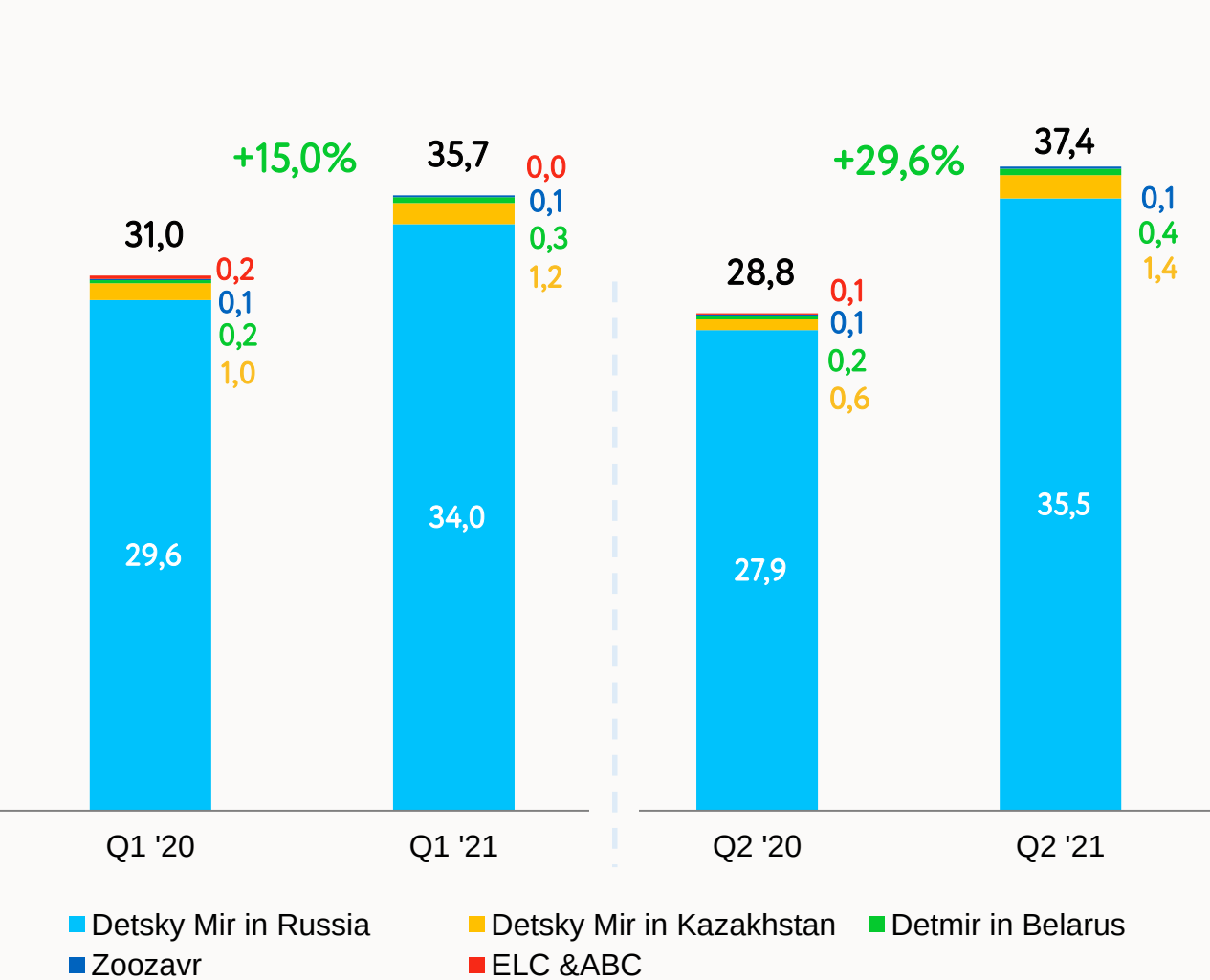
(1) LFL revenue growth in Russian rubles, LFL number of tickets growth and LFL average ticket growth are based on stores in operation for at least 12 full calendar months preceding the reporting date. A store is considered comparable and is included in the calculation of the monthly like-for-like if 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 Pickup 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.

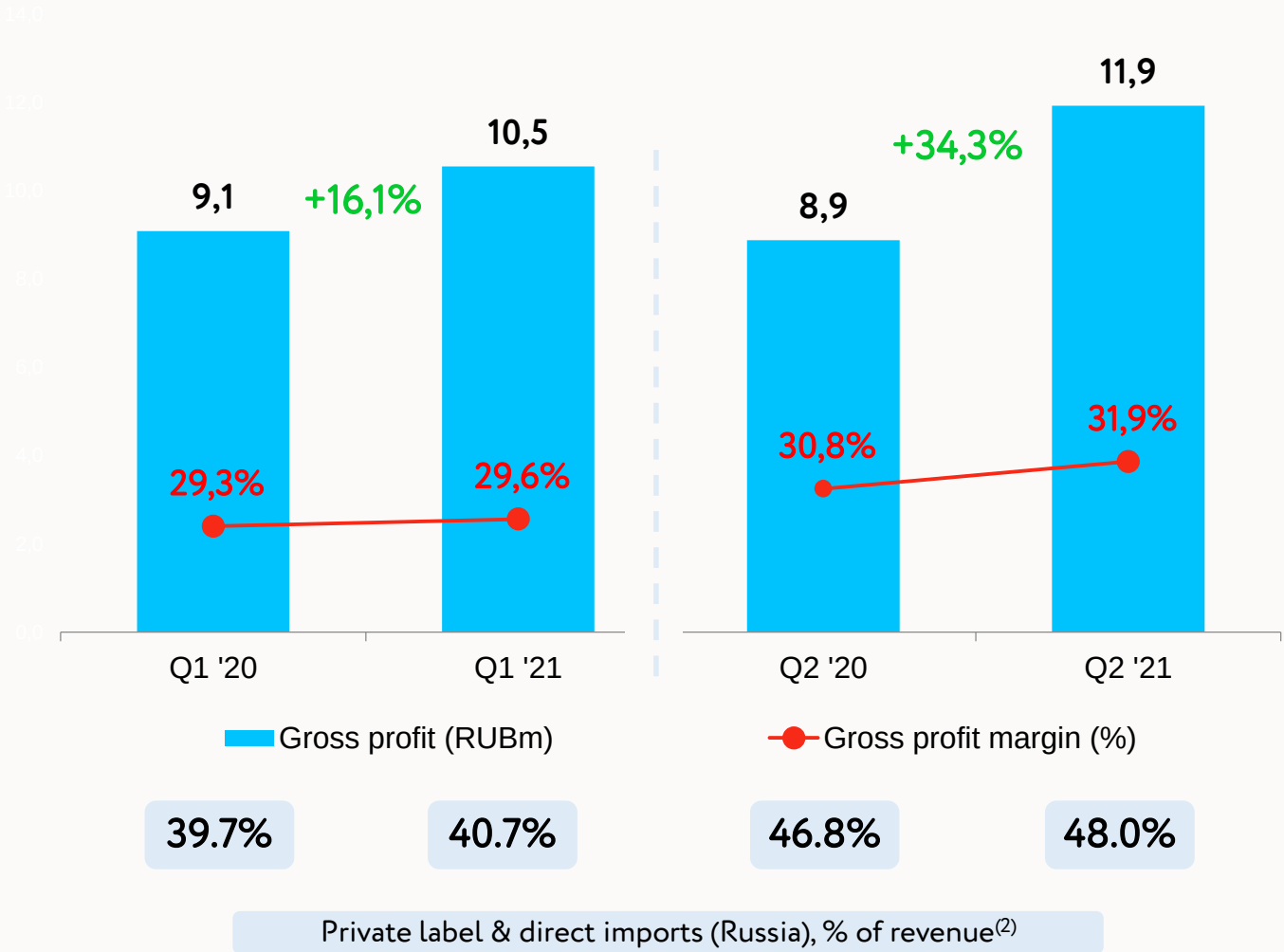
Source: Company data.

High gross margin driven by private-label expansion

Group revenue is growing across all segments⁽¹⁾
(RUB bn)



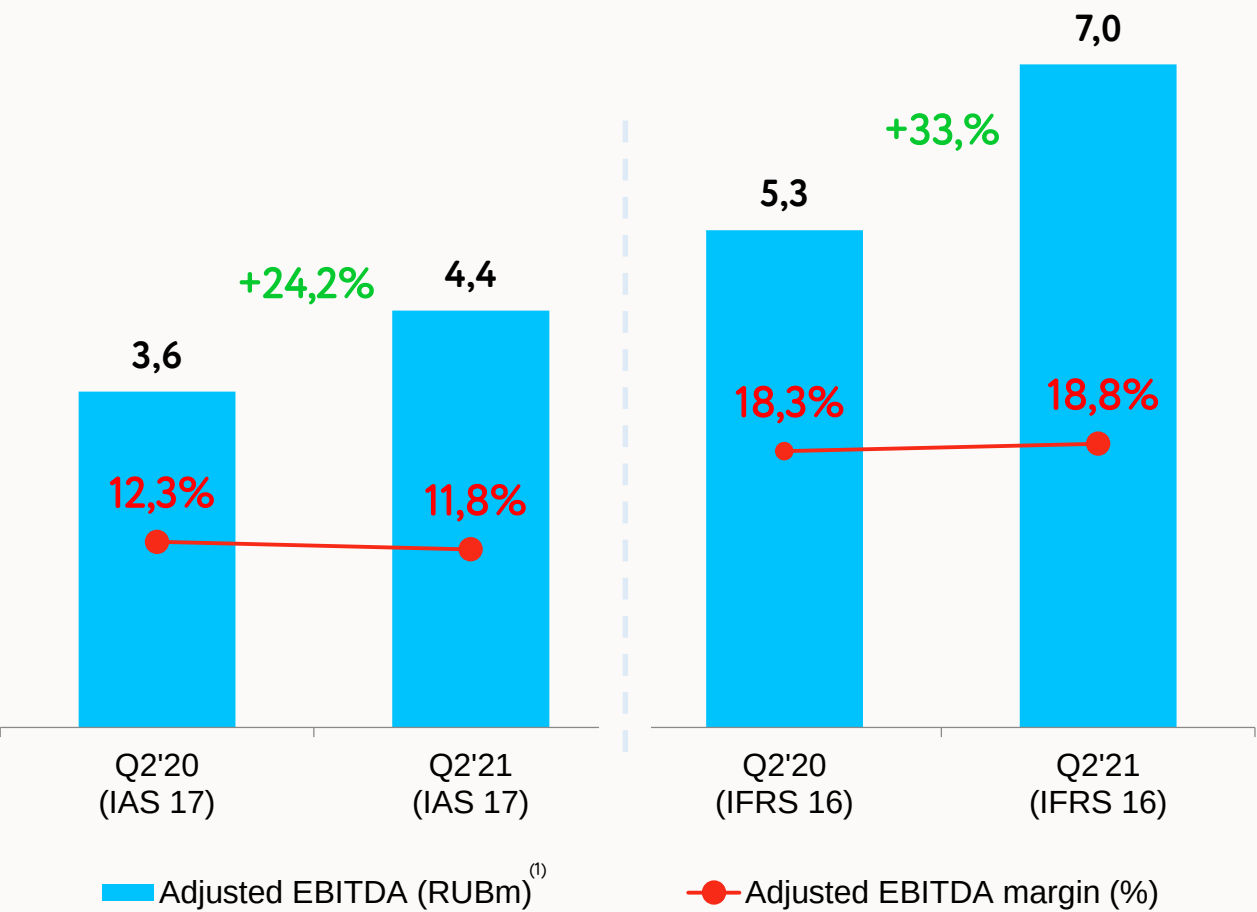
Keep investing gross margin in price leadership



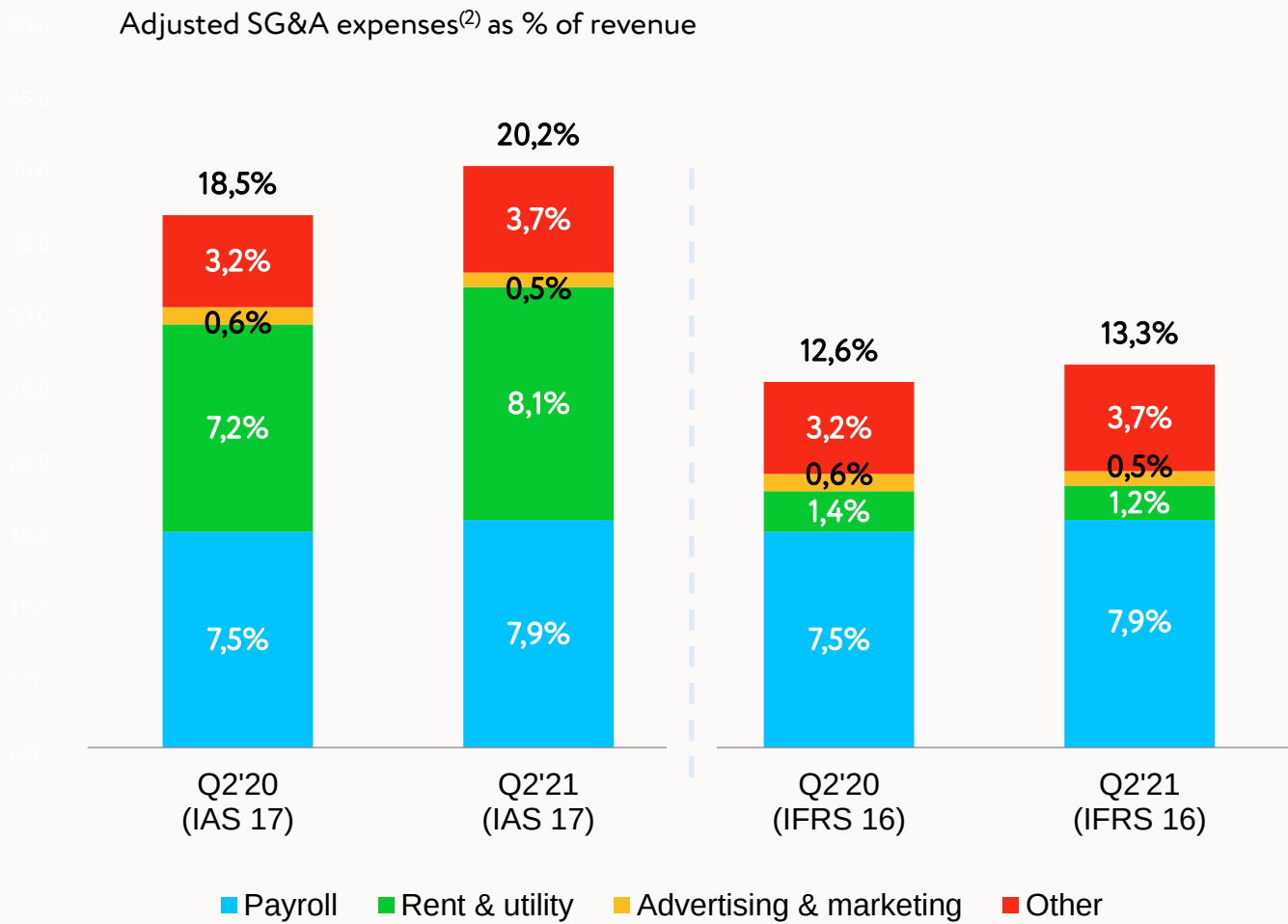
Source: Company data.
(1) Hereinafter, revenue is net of value added tax and includes revenue from the sale of goods as well as fees charged by the Group to third-party sellers for selling their goods through the Group marketplace. Detsky Mir in Russia includes all sales of children's goods in Russia, as well as the sales results of the Detmir Pickup 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 application.

Consistently strong profitability

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



... despite of the expected rental and payroll increase in the stabilized market



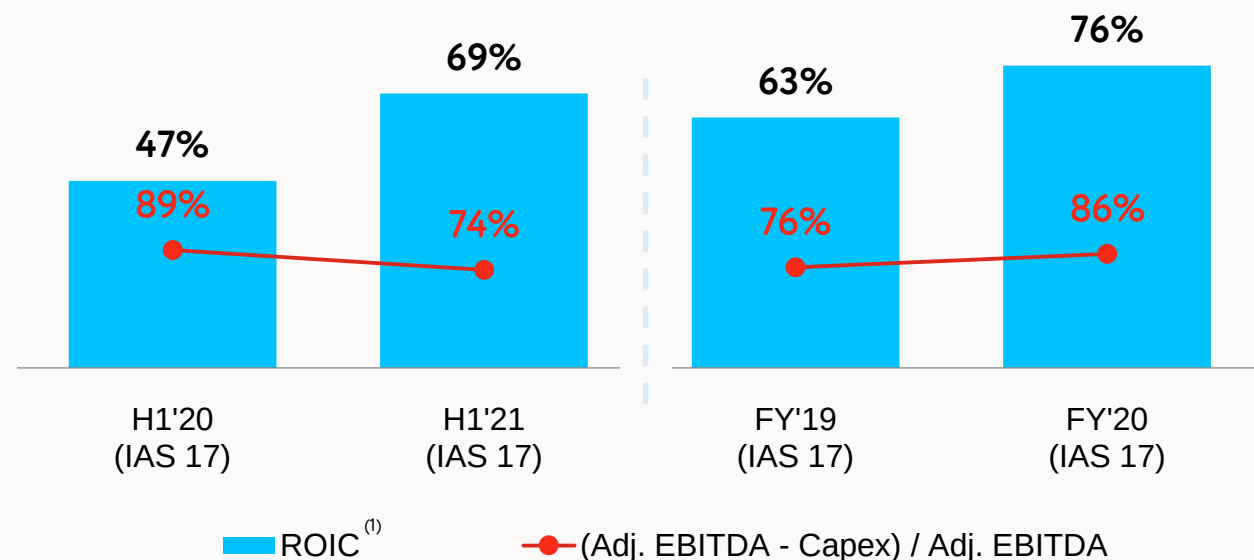
(1) Hereinafter, adjusted EBITDA is calculated as profit for the period before income tax expense, foreign exchange (loss)/gain, gain on acquisition of controlling interest in associate, finance expense, finance income, depreciation and amortization, adjusted for share-based compensation expense and cash bonuses under the LTI program.
(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.
Source: Company data.

Strong cash flow conversion and return on investment capital

Comments

- Solid operating cash flow driven by high EBITDA growth
- Low finance expense on the back of decrease in debt and interest rate
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements

Strong return on investment capital



Cash flow evolution

(RUB m)

	Q2'21	Q2'20	Q2'21	Q2'20
	IAS 17	IAS 17	IFRS 16	IFRS 16
Adjusted EBITDA	4 422	3 560	7 031	5 274
<i>Add / (deduct):</i>				
<i>Change in working capital</i>	(3 433)	(3 067)	(3 513)	(3 202)
<i>Net interest and income tax paid</i>	(1 082)	(937)	(1 654)	(1 527)
<i>Other operating cash flows</i>	171	480	158	438
Net cash used in operating activities	79	36	2 022	983
Net cash used in investing activities	(989)	(322)	(989)	(322)
Net cash generated from financing activities	673	(7 255)	(1 270)	(8 202)
Net increase in cash & cash equivalents	(237)	(7 905)	(237)	(7 905)
Effect of changes in foreign exchange rates	43	(364)	43	(364)

(1) Calculated as operating profit for the past 12-months period, divided by average capital invested (simple average of the balance of capital invested at the end of respective periods). Capital invested is calculated as net debt plus total equity/(equity deficit).
Source: Company data.

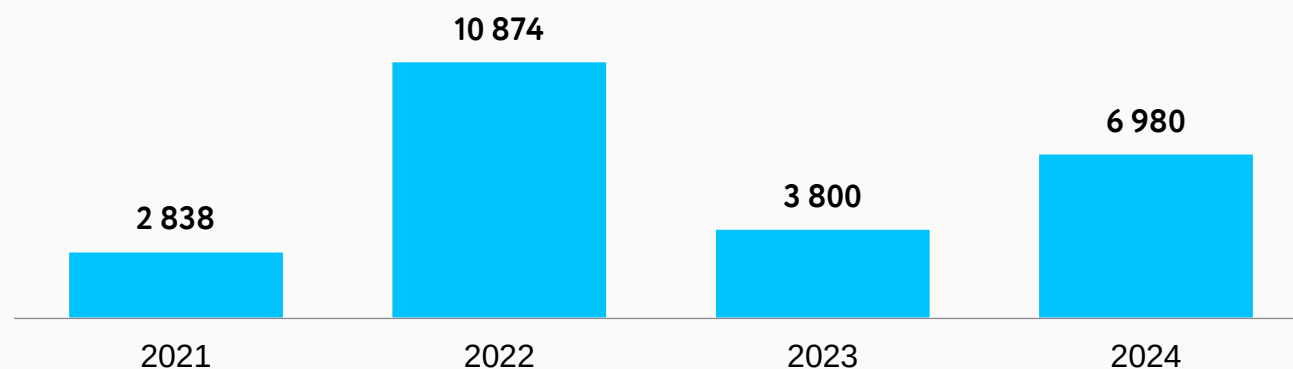
Conservative financial policy

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 LTM ratio as of 30 June 2021 is 1.3 vs. 4.0x average covenant level across the loan portfolio (IAS 17)
- Weighted average interest rate⁽¹⁾ – 7.15% (as of Q2'21)
- No contingent off-balance sheet liabilities
- Available undrawn credit limit of RUB 33.9 bn for refinancing of the current credit portfolio aiming at its further diversification

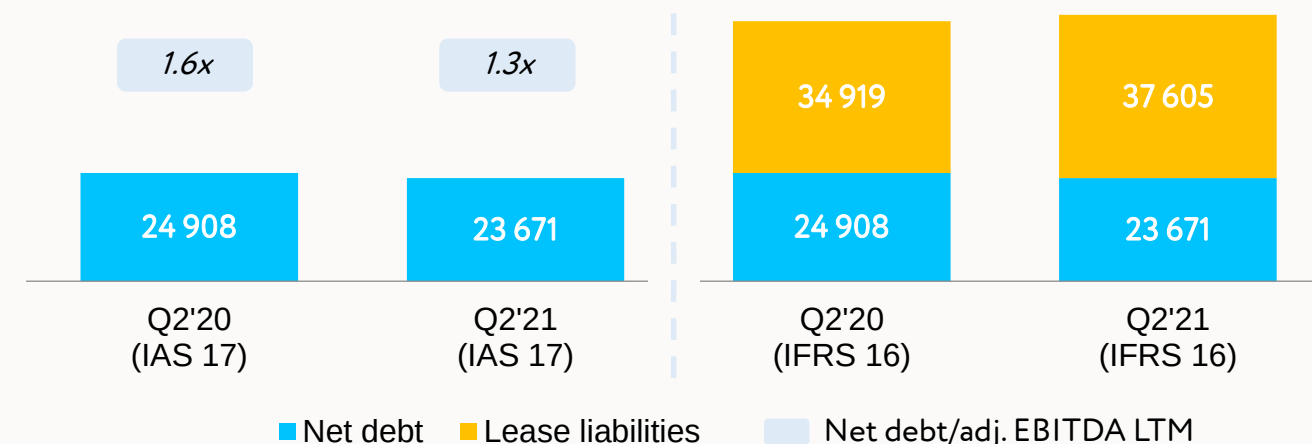
Debt maturities as of 31 March 2021

(RUB m)



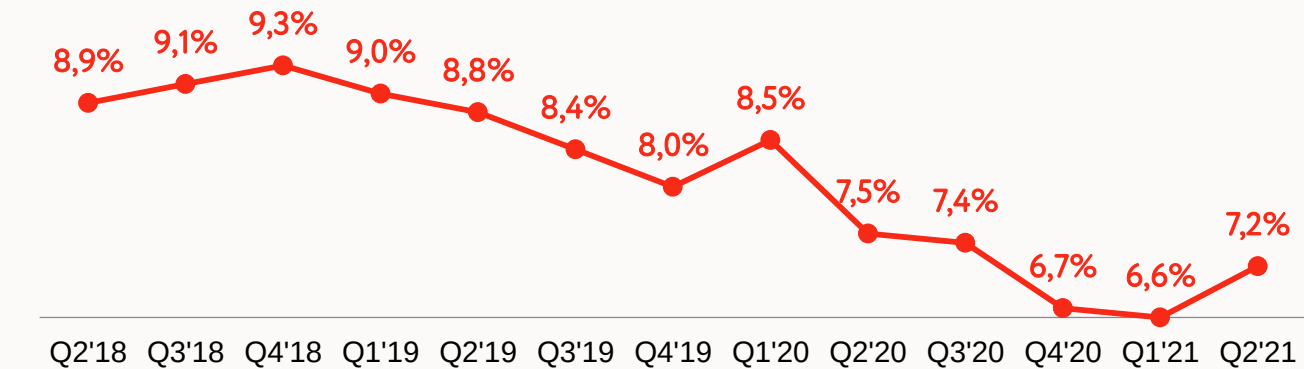
Leverage

Q2'21 total debt – RUB 24.5 bn



Weighted average interest rate⁽¹⁾

(%)



(1) Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified.
Source: Company data

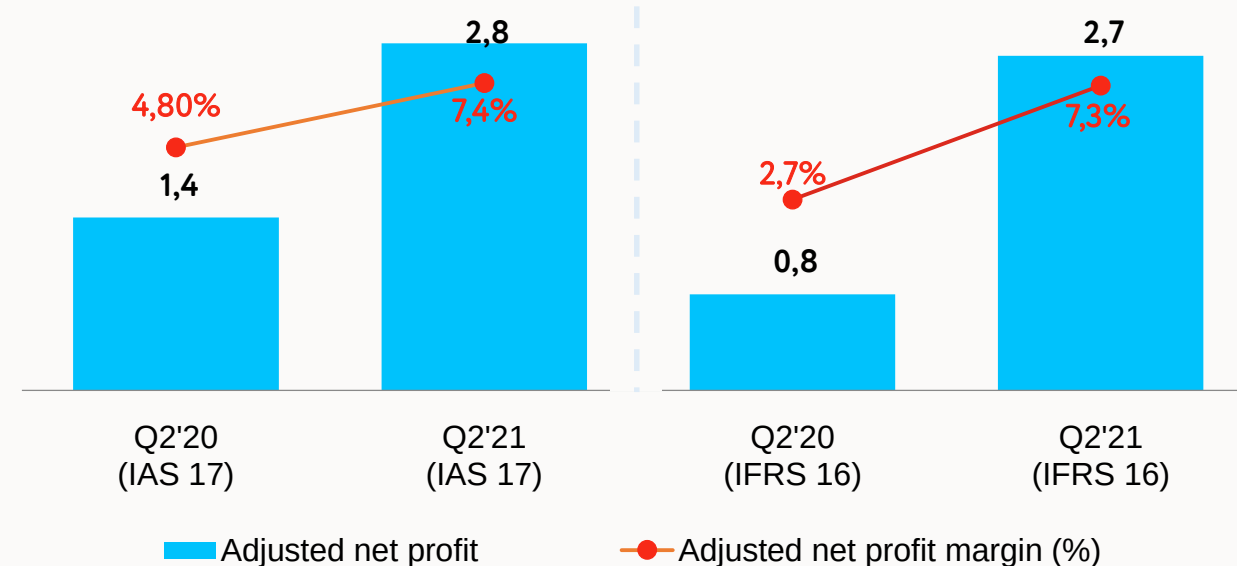
Sustainably high returns to shareholders

Comments

- Asset-light cash generative model underpins significant dividend paying capacity
 - Dividends as major differentiator from most Russian high-growth retailers
 - Able to consistently maintain sound leverage levels despite significant dividend payout
- Dividend policy: payout ratio of at least 50% of consolidated IFRS net income for the previous year
 - Historically, paying out up to 100% of net income under RAS
 - Typically two dividend payments per year (9m interim and full year)
- In 2021, Detsky Mir paid out total of RUB 8.2bn for 2020 year (9m interim RUB 3.7bn and final dividend RUB 4.5bn) which represents 5.4% increase YoY

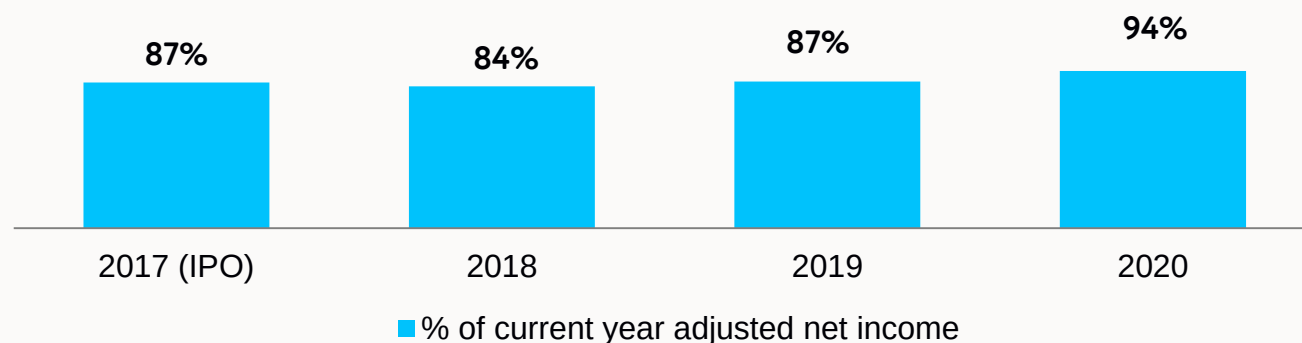
Adjusted net income⁽¹⁾

(RUB bn)



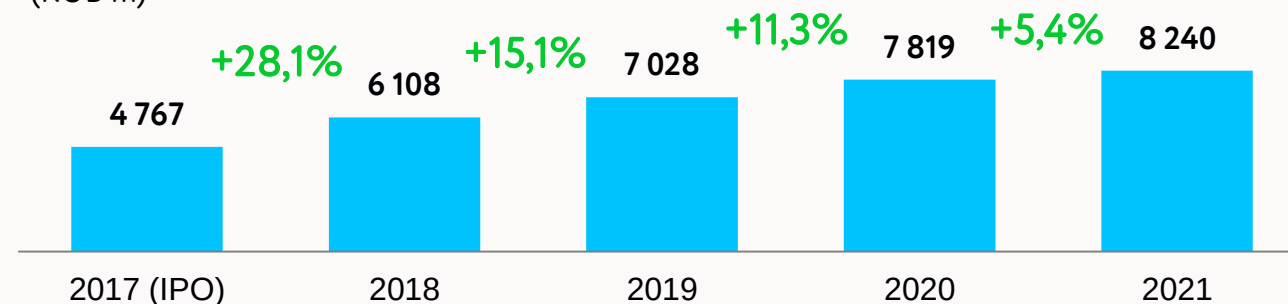
Dividends as % of adjusted net income

(IAS 17)



History of declared dividends

(RUB m)



(1) Hereinafter adjusted net profit is calculated as profit for the period adjusted for the share-based compensation expense and cash bonuses under the LTI program
Source: Company data

Short and mid-term guidance reiterated

	FY2020	Guidance
New store openings	- Detsky Mir: 71 - Detmir PUP: 12 - Zoozavr: 10	- Detsky Mir: 70 in 2021; 230 in medium-term - Detmir PUP: 100 in 2021; 800 in medium-term - Zoozavr: 70 in 2021; 500 in medium-term
Revenue	3.9% total LFL growth (RUS & KZ) 11.0% total revenue growth - Share of online sales at 25%	- New strategic initiatives (Zoozavr, Detmir PUP, Marketplace) allow the Company to double total GMV in medium-term - Online sales share increased to 45% in medium-term
Adjusted EBITDA margin	11.9% under IAS17 18.0% under IFRS16 30.8% gross margin - Rent & utility expenses of 7.5% and personnel expenses of 7.4% of sales	10% area under IAS17 - Double-digit under IFRS16 - Continued gross margin investment in traffic - Grow share of higher-margin PL sales to ~60% - Reduced personnel & rental expense margins thanks to efficiency
Leverage	1.1x leverage	Disciplined financial policy with target leverage below 2.0x despite accelerated investment in logistics and IT
Dividends	94% of IFRS net income 100% of RAS net income	- Payout ratio of at least 50% of IFRS net income (IAS17) - Management recommendation - 100% of RAS net income



Appendix

Strong independent governance framework

INED



Maria Gordon

- Chairwoman
- BoD member at MOEX, Polyus & Alrosa



Andrey Anischenko

- Co-founder of Skillbox



Michael Foss

- Co-founder & BoD member of Independent Pet Partners



David Rönnerberg

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



Alexander Shevchuk

- Executive Director at the Association of Professional Investors

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

Audit, Strategy and ESG, and Nomination and Remuneration committees

Audit, as well as Nomination and Remuneration committees –
100% INEDs

Prominent shareholder base

Altus Capital⁽¹⁾ – 29.9%

Free float⁽²⁾ – 70.1%

Non-INED



Pavel Grachev

- Deputy Chairman
- CEO of Polyus



Dmitri Klenov

- CEO of Altus Capital



Tony Maher

- Chairman of Progress - largest baby food supplier



Mikhail Stiskin

- CFO of Polyus



Vladimir Klimanov

- Investment Director of Veta Capital Partners LLC

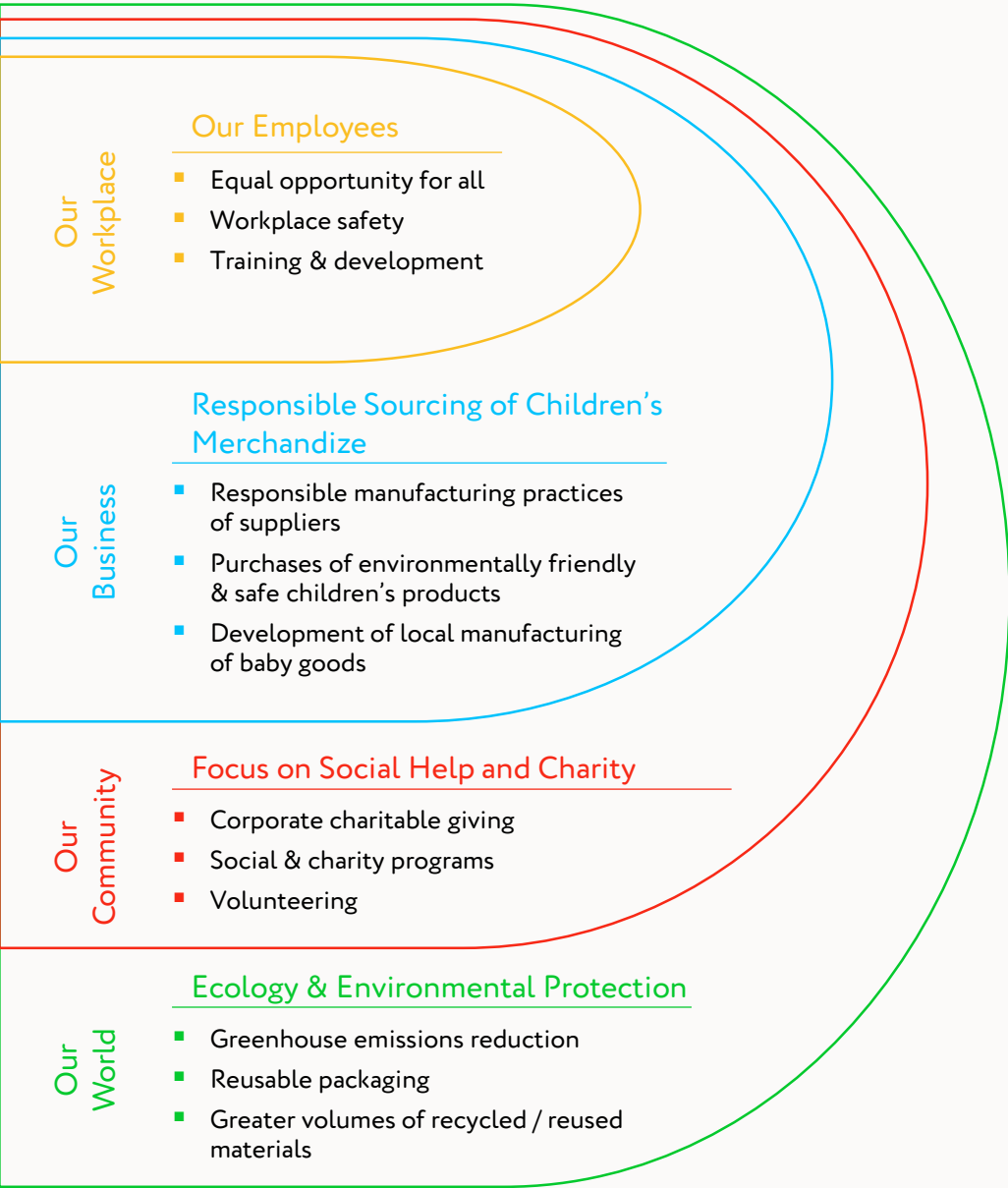
(1) Gulf Investments Limited

(2) Including quasi-treasury shares and shares held by management and directors (0.3% of total shares)

Source: Company data

Focus on ESG evolution

4 Pillars of Sustainability Strategy



Key Achievements in 2020

Sustainable Development Workgroup headed by CFO

Enhanced prerogatives of BoD Strategy & Sustainable Development Committee

ESG Analysis and Road Map

Greenhouse emissions report (1,2&3 scope ratios)

Extensive work with suppliers

- 100% signed to Supplier Code of Conduct
- 100% comply with Prohibited & Restricted Chemical List
- Zero Discharge of Hazardous Chemicals program: 69% of purchases in clothing and 37% in shoes

Improved energy efficiency at DCs & stores, eco requirements for transportation & logistics services

Eco programs at stores & offices: collection of clothing, shoes, appliances, batteries & paper for reuse / recycle

2021 ESG Targets

✓ Develop & implement **long-term Sustainable Development strategy** and incorporate it to **management incentives**

✓ Develop of **long-term partnerships and joint initiatives** in environmental and responsible waste management areas

✓ Improve **ESG ratings** (currently "B" from MSCI)

✓ **Better Cotton Initiative:** 2% share of cotton goods purchased

✓ Audit suppliers' compliance with sustainable development principles

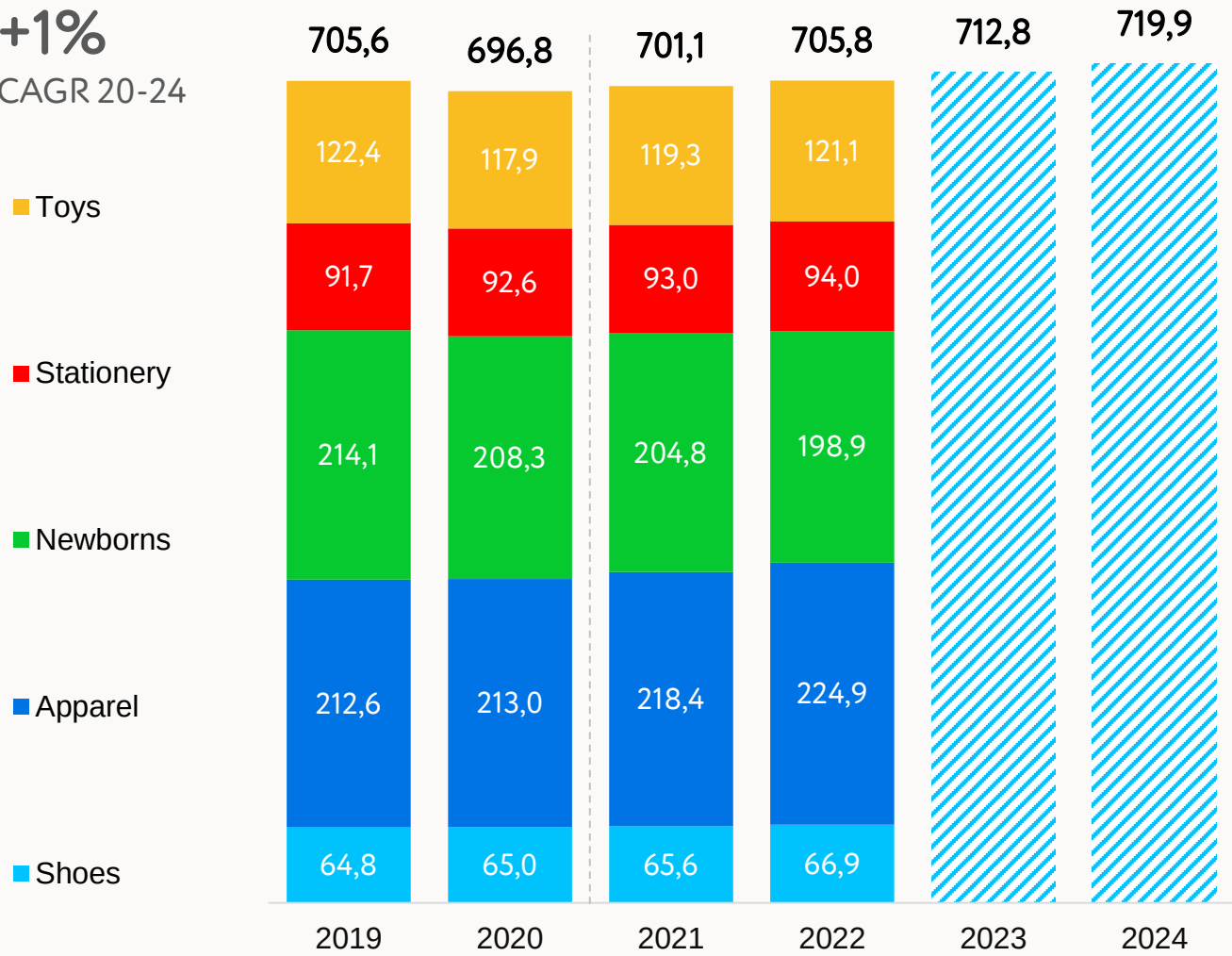
✓ Improve ratio of **Zero Discharge of Hazardous Chemicals** in clothing and shoes

Solid addressable market for Detsky Mir



Healthy outlook on key market...

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



...with further growth potential in other categories

Market size in all Russian cities⁽¹⁾ (RUB bn)

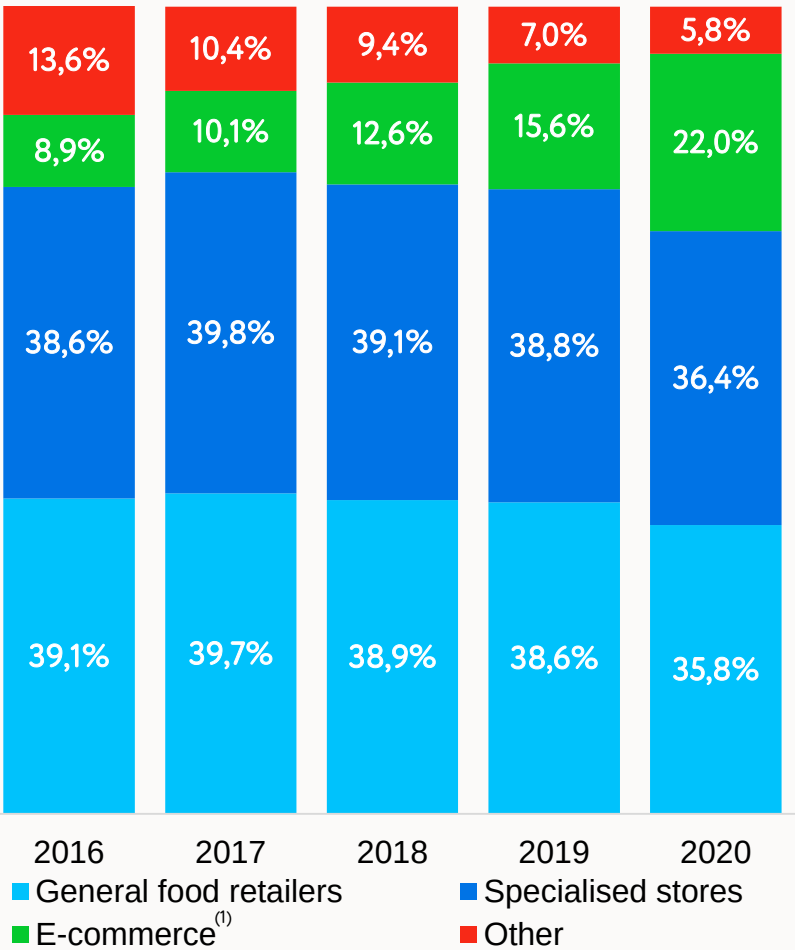


(1) Market volume is counted in retail prices including VAT (10%, except for pets products, charged with 20% VAT) in all Russian cities population). Detsky Mir share estimation is based on total Detsky Mir sales.
Source: Company data, Ipsos Comcon report, Euromonitor.

Market environment evolution

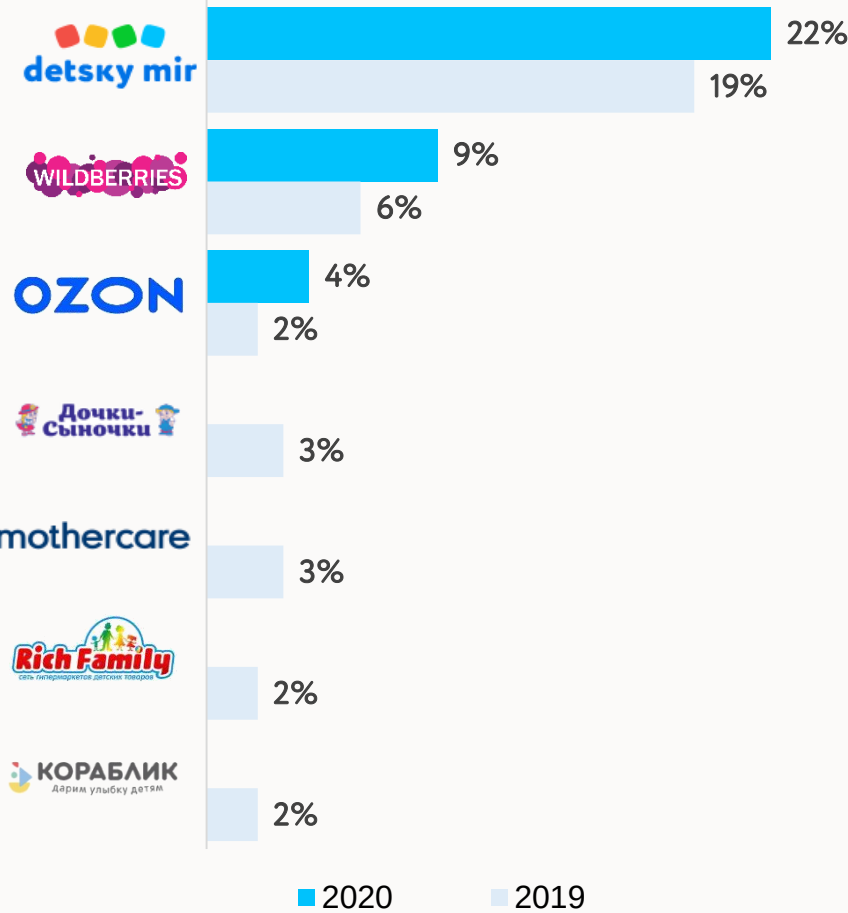
Online is one of the most fast-growing channels ...

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



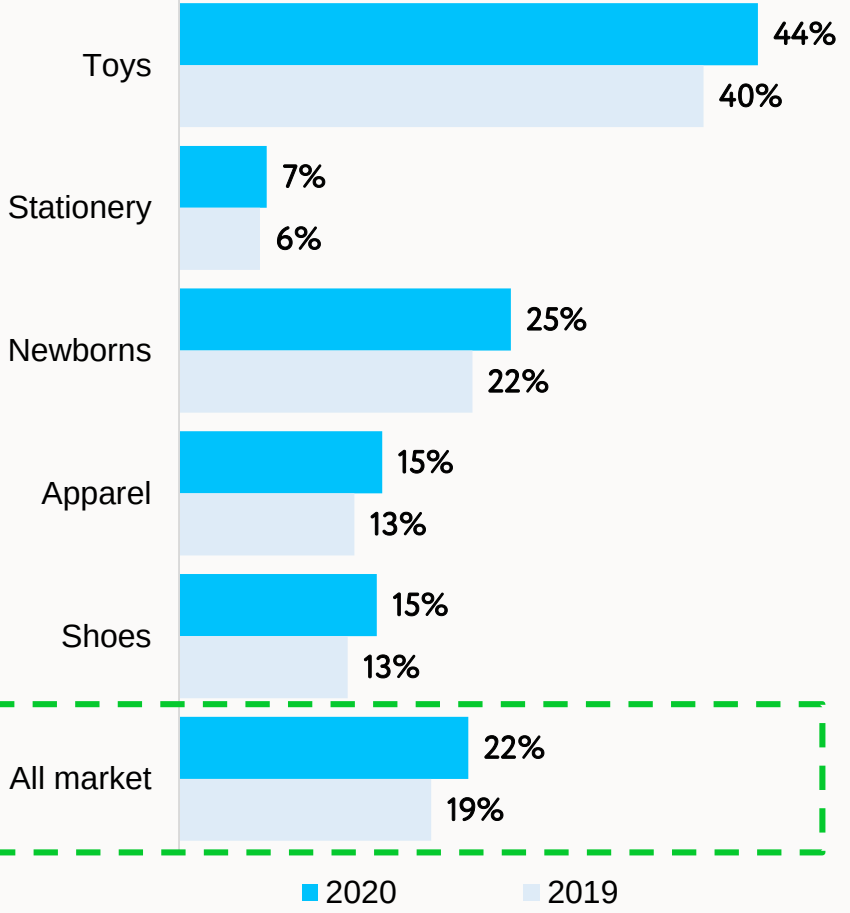
...while Detsky Mir maintains dominant market position ...

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



...building on its market leadership in all segments

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

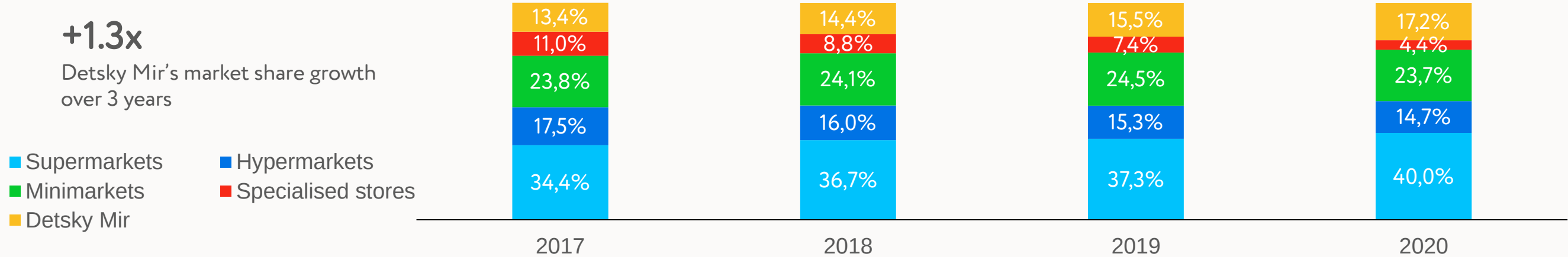


(1) Represents children’s goods ordered online (excluding online stores of offline retailers from other sales channels).
(2) Market share is based on sales (including VAT of c. 10%) and market volume estimation in Russian total urban population. Market share for Detsky Mir is based on the consolidated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

Gaining market share in baby food and diapers segments



Baby food sales by channel in Russia



Diapers sales by channel in Russia

