

IN 2H 2020 OR GROUP'S NET PROFIT WAS RUB 868 MLN

29 March 2021, Russia, Novosibirsk: OR GROUP (formerly Obuv Rossii Group; MOEX: ORUP/ hereinafter referred to as "Company" or "OR PJSC", jointly with affiliates and associated companies referred to as the "Group"); is a modern trading platform which comprises the westfalika.ru marketplace, an ecosystem of services and a network of 836¹ outlets in 333 cities and towns of Russia, announces audited financial results in accordance with International Financial Reporting Standards (IFRS) for the full year ended on 31 December 2020.

2H 2020 FINANCIAL HIGHLIGHTS:

- Group's audited consolidated revenue in the 2nd half of 2020 decreased by 18.2% and amounted to RUB 6.808 bln, compared to RUB 8.318 bln in the second half of 2019.
- Total like-for-like revenue of OR GROUP decreased by 18.4%.
- Gross profit decreased by 13.6% to RUB 3.954 bln, compared to RUB 4.574 bln in the 2nd half of 2019. The gross profit margin for the second half of 2020 was 58.1%.
- EBITDA² decreased by 24.6% and amounted to RUB 1.876 bln compared to RUB 2.487 bln in the 2nd half of 2019. EBITDA margin for the 2nd half of 2020 was 27.5%.
- Net profit decreased by 36.4% to RUB 0.868 bln, compared to RUB 1.365 bln in the 2nd half of 2019. Net profit margin was 12.8%.

FY 2020 FINANCIAL HIGHLIGHTS:

- Group's audited consolidated revenue in 2020 decreased by 21.4% to RUB 10.772 bln compared to RUB 13.702 bln in 2019. Besides, in April 2020, all the stores of the Group were closed due to lockdown, and a part of them was opened in May-June. Despite the opening of outlets, restrictions continued to be in force in the country.
- Total like-for-like revenue of OR GROUP decreased by 11.9%.
- Gross profit decreased by 17.6% to RUB 6.231 bln compared to RUB 7.562 bln in 2019. The gross profit margin was 57.8% in 2020.
- EBITDA decreased by 35.8% and amounted to RUB 2.302 bln compared to RUB 3.583 bln in 2019. EBITDA margin was 21.4% in 2020.
- Net profit decreased by 66.6% RUB to 0.563 bln compared to RUB 1.687 bln in 2019. The net margin was 5.2% in 2020.
- Nnet debt/EBITDA increased to 5.47h compared to 3.27h in 2019.
- The number of funds and cash equivalents amounted to RUB 0.434 bln in 2020.

¹ As of 29.03.2021

² EBITDA = Profit (Loss) before tax + (Interest payable - Interest Income + Depreciation and intangible assets).

KEY FINANCIAL AND OPERATING HIGHLIGHTS FOR 2H AND FY 2020.

OPERATING HIGHLIGHTS

Indicator	31.12.2020	31.12.2019	Δ, %
Number of stores of OR GROUP	840	908	(7.5%)
DOS ³	665	736	(9.6%)
Franchise	175	172	1.7%
DOS selling space, thousand sq.m.	56.4	61.9	(8.8%)
Number of loyalty cards' holders, mln people	2.841	2.550	11.4%

Indicator	2H 2020	2H 2019	Δ, p.p.	12M 2020	12M 2019	Δ, p.p.
Total like-for-like revenue growth⁴	(18.4%)	3.6%	(20.7 p.p.)	(11.9%)	5.2%	(17.2 p.p.)

Indicator	2H 2020	2H 2019	Δ, %	12M 2020	12M 2019	Δ, %
GMV ⁵ , RUB bln	6.434	n/a	n/a	10.312	n/a	n/a
including revenue of westfalika.ru, bln	0.940	0.017	5,498.7%	1.218	0.017	7,150.7%
Online sales, RUB bln	0.600	0.632	(5.1%)	0.901	1.014	(11.2%)
Share of westfalika.ru in the revenue, %	22.9%	15.2%	7.7 p.p.	19.9%	14.8%	5.1 p.p.

FINANCIAL HIGHLIGHTS

Billion Russian rubles	2H 2020	2H 2019	Δ, %	12M 2020	12M 2019	Δ, %
Revenue	6.808	8.318	(18.2%)	10.772	13.702	(21.4%)
westfalika.ru trading platform	2.624	4.167	(37.0%)	4.527	6.872	(34.1%)
wholesale revenue	2.814	2.943	(4.4%)	3.549	4.703	(24.5%)
cash loans revenue	1.371	1.208	13.4%	2.696	2.128	26.7%
Gross profit	3.954	4.574	(13.6%)	6.231	7.562	(17.6%)
Gross margin, %	58.1%	55.0%	3.1 p.p.	57.8%	55.2%	2.7 p.p.
SG&A	(1.771)	(2.009)	(11.8%)	(3.550)	(3.845)	(7.7%)
% of revenue	26.0%	24.1%	1.9 p.p.	33.0%	28.1%	4.9 p.p.
Charge of allowance for expected credit losses	(0.344)	(0.221)	56.0%	(0.776)	(0.496)	56.5%
EBITDA	1.876	2.487	(24.6%)	2.302	3.583	(35.8%)
EBITDA margin, %	27.5%	29.9%	(2.4 p.p.)	21.4%	26.1%	(4.8 p.p.)

³ DOS - Directly Operated Stores

⁴ The increase in comparable revenue growth calculated as per results of OR GROUP outlets that operated within two full periods being compared. Data on trade revenue for April 2020/April 2019 were excluded from the calculation of the indicator for 12 months of 2020 since OR GROUP's outlets did not operate in April 2020 due to quarantine restrictions.

⁵ The Gross Merchandising Value (GMV) is the total value of goods and orders sold via the OR GROUP trading platform, as well as VAT, the instalment commission, the service turnover and other commission income.

Billion Russian rubles	2H 2020	2H 2019	Δ, %	12M 2020	12M 2019	Δ, %
Net profit	0.868	1.365	(36.4%)	0.563	1.687	(66.6%)
<i>Net profit margin, %</i>	<i>12.8%</i>	<i>16.4%</i>	<i>(3.7 p.p.)</i>	<i>5.2%</i>	<i>12.3%</i>	<i>(7.1 p.p.)</i>
Net debt	12.599	11.702	7.7%	12.599	11.702	7.7%
<i>Net debt/EBITDA</i>	<i>5.47</i>	<i>3.27</i>	<i>2.21</i>	<i>5.47</i>	<i>3.27</i>	<i>2.21</i>

Indicator	2H 2020	2H 2019	Δ, %	12M 2020	12M 2019	Δ, %
Average commission rate on installment loans,%	5.6%	0.8%	4.8 p.p.	4.6%	0.8%	3.8 p.p.
Average interest rate on cash loans, %	182.5%	181.3%	1.2 p.p.	184.7%	187.9%	(3.2 p.p.)

Indicator	31.12.2020	31.12.2019	Δ, %
Instalment portfolio size, billion rubles	2.562	3.201	(20.0%)
Cash loan portfolio size, billion rubles	2.934	2.502	17.3%
Installment loan loss provisions for the period, RUB bln	0.138	0.159	(12.8%)
Cash loan loss provisions for the period, RUB bln	0.324	0.192	68.9%
Cost of risk on instalment, % ⁶	4.4%	3.2%	1.2 p.p.
Cost of risk on cash loans ⁷ , %	6.4%	3.6%	2.8 p.p.

⁶ Cost of risk on instalment = Additional accrual of a reserve on an instalment for the principal debt for the period / Issues for the period.

⁷ Cost of risk on cash loans = Additional accrual of a reserve on cash loans for the principal debt for the period / Issues for the period.

Anton Titov, CEO OR GROUP, commented:

In 2020, we, like the rest of the country, experienced two periods of quarantine restrictions in April and May and from October till December. These restrictions affected mostly the non-food retail sector given the full closure of retail outlets. Besides, the need for social distance in a short time dramatically changed consumer behaviour by re-directing even the most conservative audience to online shopping.

Despite the unprecedented quarantine restrictions imposed in all the regions during the first half 2020, in the second half of the year the Company demonstrated strong performance due to business diversification, retail format modernization, development of marketplace, online sales and financial services. Overall, I think we ended the year with good results by net profit and EBITDA margin despite the difficult economic situation in 2020.

At the end of 2020, an important event in the history of the company occurred: we announced the rebranding and changed our positioning. The Group went beyond the fashion segment and became a general (multicategory) retailer to develop a modern trading platform, marketplace and ecosystem of services.

Following market trends and responding to customer requests, we are actively developing online sales, the share of which in westfalika.ru revenue grew to 19.9% in 2020. The volume of online sales exceeded 900 million rubles. In 2021, we will continue to develop in this direction and we plan to increase the share of online sales up to 30% of the trading platform sales. In the med-term, the share will exceed 50%.

In December 2020, an updated westfalika.ru site started operation in the marketplace format. Now the online platform offers a variety of stock of both own brands and partners' ones. The marketplace format is considered more promising, so we strive to get the maximum synergy effect from merging offline and online sales channels. OR GROUP has a vast geographic footprint across the country, which gives a great advantage in terms of online sales development.

Issuance of cash loans is also one of the key areas for the company. During the limited operation of stores, we continued to accept payments and to issue loans remotely. The revenue growth in this direction was more than 26%. The share in the revenue from cash loans exceeded 25% in 2020.

In 2021, the Group is planning to improve the diversified business model, to increase the volume of sales of partner products in the retail network and on westfalika.ru, to develop a services ecosystem for our customers.

COMPANY PROFILE:

OR GROUP (previous "Obuv Rossii Group"; MOEX: ORUP) is a modern trading platform comprising the westfalika.ru marketplace, an ecosystem of services and a network of retail and service outlets under the Westfalika brand which has 836⁸ outlets in 333 cities and towns of Russia.

In October 2017, OR GROUP raised 5.9 billion rubles in an IPO on the Moscow Exchange, OR PJSC was the issuer.

In December 2020, the Expert RA rating agency assigned a credit rating of OR GROUP at the ruBBB level. The rating forecast is "developing".

In 2020, revenue amounted to RUB 10.8 bln, net profit was RUB 0.6 bln and EBITDA was RUB 2.3 bln (according to the Group's audited financial results under IFRS).

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Disclaimer:

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